



**Item No. 8**

**Meeting Date**

**Wednesday 7<sup>th</sup> February 2024**

**Glasgow City  
Integration Joint Board  
Finance, Audit and Scrutiny Committee**

**Report By:** Sharon Wearing, Chief Officer, Finance and Resources

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**Glasgow City Integration Joint Board Budget Monitoring for Month 9 and Period 10  
2023/24**

**Purpose of Report:**

This report outlines the financial position of the Glasgow City Integration Joint Board as at 15<sup>th</sup> December 2023 for Council and 31<sup>st</sup> December 2023 for Health and highlights any areas of budget pressures and actions to mitigate these pressures.

**Background/Engagement:**

The financial position of Glasgow City Integration Joint Board is monitored on an ongoing basis throughout the financial year and reported to each meeting of the Board.

**Governance Route:**

The matters contained within this paper have been previously considered by the following group(s) as part of its development.

HSCP Senior Management Team ☐

Council Corporate Management Team ☐

Health Board Corporate Management Team ☐

Council Committee ☐

Update requested by IJB ☐

Other ☐

Not Applicable ☒

**Recommendations:**

The IJB Finance, Audit and Scrutiny Committee is asked to:

- a) note the contents of this report; and
- b) approve the recurring funding for the packages of care outlined at section 5.2.9

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### Relevance to Integration Joint Board Strategic Plan:

This report outlines expenditure against budget in delivery of the range of Health and Social Care services described within the Integration Joint Board Strategic Plan 2023-26.

### Implications for Health and Social Care Partnership:

#### Reference to National Health & Wellbeing Outcome:

N/A

#### Personnel:

N/A

#### Carers:

Expenditure in relation to carer's services is included within this report.

#### Provider Organisations:

Expenditure on services delivered to clients by provider organisations is included within this report.

#### Equalities:

N/A

#### Fairer Scotland Compliance:

The expenditure on services supports the delivery a Fairer Scotland.

#### Financial:

All financial consequences are detailed within this report.

#### Legal:

N/A

#### Economic Impact:

N/A

#### Sustainability:

N/A

#### Sustainable Procurement and Article 19:

N/A

#### Risk Implications:

In setting its budget in March, the IJB recognised that not all costs pressures could be fully funded from savings. The budget paper proposed the use of £17.166m of general reserves to fund the pressures identified within homelessness, prescribing and the risks associated with inflation. The report to the November IJB confirmed that based on updated forecasts the need for general reserves had increased to £24.3m.

The IJB is facing a homelessness emergency due to a range of factors including funding, accommodation cost and demand pressures. Given the scale of the financial pressure being faced in the current financial year and the forecasts for 2024-25 to 2026-27, it is recognised that further recovery planning will be challenging.

Operating in this climate is no longer sustainable. The system is already working under extreme pressure, and

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|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                          | <p>this cannot be sustained over the medium term. This requires the organisation to fundamentally reset service delivery to a level which is sustainable both in terms of meeting the demands of the population of Glasgow City but also be sustainable within the financial envelope which is available. The Executive Team are currently working on a reshaping of services and the updating of the medium-term financial strategy to support implementation.</p> <p>The acceleration of Home Office asylum decisions will impact on the financial sustainability of the IJB, if additional funding is not secured.</p> <p>There continues to be a high level of volatility linked to demand and cost pressures. As a result of this, the outturn and recovery plan will be subject to close monitoring and is also likely to change.</p> <p>The recurring implications of these pressures will also need to be considered as part of the 2024-25 budget exercise.</p> |
| <b>Implications for Glasgow City Council:</b>            | <p>The cost and demand pressures being faced will have implications for service delivery in 2023-24 and future years where decisions will be required to deliver recurring funding solutions. The Integration Scheme clearly outlines the responsibilities of Partners and the IJB if spending exceeds budget plans. Partners will be kept updated on financial performance during the year. Discussions have already commenced with the Council in relation to the impact of accelerated decision making by the Home Office.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Implications for NHS Greater Glasgow &amp; Clyde:</b> | <p>The cost and demand pressures being faced will have implications for service delivery in 2023-24 and future years where decisions will be required to deliver recurring funding solutions. The Integration Scheme clearly outlines the responsibilities of Partners and the IJB if spending exceeds budget plans. Partners will be kept updated on financial performance during the year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

### 1. Purpose

- 1.1. This monitoring statement provides a summary of the financial performance of Glasgow City Integration Joint Board for the period 1 April 2021 to 15<sup>th</sup> December 2023 for Council and 31<sup>st</sup> December for Health.
- 1.2. It is based on information contained in the respective financial systems and includes accruals and adjustments in line with its financial policies.

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### 2. Summary Position

- 2.1. Net expenditure is £12.468m higher than budget to date. Gross expenditure is £12.158m (1.09%) overspent and income is under-recovered by £0.310m (0.15%).
- 2.2. Appendix 1 shows the current budget variance by both care group and subjective analysis.

### 3. Budget Changes

- 3.1 Throughout the financial year, adjustments are made to the original approved budget as a result of additional funding allocations and service developments. To period Month 9/Period 10 the net expenditure budget has increased by £14.825m. The changes to the gross expenditure and income budgets are analysed in the table below.

| Explanation                                                                | Changes to Expenditure Budget | Changes to Income Budget | Net Expenditure Budget Change |
|----------------------------------------------------------------------------|-------------------------------|--------------------------|-------------------------------|
| Council: Funding for 23/24 Pay Award                                       | £11,179,200                   |                          | £11,179,200                   |
| Re-alignment of Budget to Reflect Increase in Income Recovery From Clients | £300,000                      | -£300,000                | £0                            |
| Scottish Government Funding - Outcomes Framework Dental Bundle             | £70,372                       | £0                       | £70,372                       |
| Scottish Government Funding - Associated Cost of Teaching                  | £1,240,332                    | £0                       | £1,240,332                    |
| Scottish Government Funding - National Psychological Support Service       | £287,583                      | £0                       | £287,583                      |
| Scottish Government Funding - Long Covid Support Fund Tranche 2            | £166,828                      | £0                       | £166,828                      |
| Scottish Government Funding - Dementia Post Diagnosis                      | £419,614                      | £0                       | £419,614                      |
| Scottish Government Funding - Additional Pay Policy (Medical)              | £1,483,998                    | £0                       | £1,483,998                    |
| Scottish Government Funding - Medical Contract Reform                      | £116,702                      | £0                       | £116,702                      |
| NES Income Uplift                                                          | £54,864                       | -£54,864                 | £0                            |
| Council: Transfer of Budgets to meet IT Service Charges                    | -£74,024                      |                          | -£74,024                      |
| Transfer of Budgets for Specialist Children Services                       | -£65,887                      | £0                       | -£65,887                      |
| Minor income adjustment                                                    | -£51,448                      | £51,448                  | £0                            |
| <b>Total</b>                                                               | <b>£15,128,134</b>            | <b>-£303,416</b>         | <b>£14,824,718</b>            |

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### **4. Transformation Programme**

- 4.1 The Integration Transformation Board continues to meet to secure the delivery of in-year savings. The overall savings target for 2023/24 is £21.576m. At this stage of the year, it is anticipated that actual savings realised will be £21.502m representing 99.6% of the target.
- 4.2 The unachieved savings target from prior years is £0.569m. At this stage of the year, it is anticipated that £0.140m is forecast to be achieved. The gap is primarily in relation to transport savings. Procurement options are currently being explored and implemented. Delivery of savings could be impacted by current market conditions.
- 4.3 The savings realised are reflected in the overall financial position reported in this monitoring statement.
- 4.4 The Integration Transformation Board has also been monitoring the transformation agenda to support future year budget planning. This includes the following areas of work:
- Review of financial planning assumptions for 2024/25
  - Updates on recovery planning in significant areas of budget pressure including homelessness, prescribing, inpatient staffing and residential staffing
  - Transformation programmes including Maximising Independence, Day Care Service Review, Admin Review and a Review of Supported Living Services

### **5. Reasons for Major Budget Variances**

#### **5.1 Children and Families**

- 5.1.1 Net expenditure is underspent by £0.821m.
- 5.1.2 Employee costs is underspent by £0.989m. Health Visiting is overspent by £0.710m primarily due to incremental drift and the level of trainees currently in the trainee programme. There is also an overspend of £0.981m due to the overtime requirement for absence cover in the Children's Houses. These are offset by a number of vacancies across the service. Recruitment plans continue to be progressed to fill vacancies as quickly as possible, however this is proving challenging in the current market.
- 5.1.3 Supplies and Service costs is overspent by £0.352m mainly relating to food provisions predominantly in the Children's Houses where costs have increased due to inflation, and furniture and equipment.
- 5.1.4 Third Party Payments is underspent by £1.090m. There are underspends in Provided Fostering of £1.658m, Purchased Placements of £0.589m, Supported Carers of £0.178m, Personalisation of £0.183m and Public Agencies of £0.096m, offset by overspends in Residential Schools of £0.793m, Kinship of £0.595m, and Community based Respite of £0.276m, all based on placement numbers and demand.
- 5.1.5 Transfer Payments is overspent by £2.365m. There is an overspend in Direct Payments of £0.408m and Direct Assistance of £1.968m which reflects the

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level of demand and support required in these areas including supporting families with no recourse to public funds.

- 5.1.6 There is an over-recovery in income of £1.511m which mainly relates to UASC (Unaccompanied Asylum Seeking Children) income from the Home Office, the recovery of surpluses from Direct Payment accounts, and Scottish Government funding for Family Nurse Partnership provision.

## 5.2 Adult Services

- 5.2.1 Net expenditure is overspent by £6.821m.
- 5.2.2 This is mainly attributable to significant overspends within Homelessness (6.049m) and Mental Health services (£5.240m).
- 5.2.3 Within Homelessness, the most significant overspend is in third party payments, £2.551m overspent, which is due to high demand in B&B accommodation, £1.980m of this relates to positive decisions for asylum seekers, where we are seeing a significant spike in activity, and £1.367m of spend relates to the relaxation of Local Connection legislation. This increase in demand is also impacting on the cost of B & B accommodation available. Income is £4.281m under recovered. Housing Benefit subsidy is under-recovered by £8.753m, as a result of the high numbers in Bed & Breakfast accommodation. This is partly offset by additional funding for Syrian, Afghan and Ukrainian refugees of £4.578m. In addition, employee costs are £0.794m underspent due to vacancies which is partly offset by overtime costs.
- 5.2.4 Work continues to mitigate this overspend however demand is currently outstripping any progress being made in reducing costs.
- 5.2.5 An overspend of £5.240m in Mental Health is mainly attributable to a net overspend of £3.552m on employee costs. Due to consistently high numbers of enhanced observations, sick leave and vacancy cover, significant spend on agency and bank staff has been incurred. This is partially offset by underspends in Community and Specialist Services due to turnover and vacancies. Supplementary staffing expenditure continues to reduce as a result of localities reducing their use of bank/agency nursing in line with the agreed action plan.
- 5.2.6 Third party in Mental Health is overspent by £1.003m relating mainly to Extra Contractual Referrals (£1.759m). This is partly offset by an £0.756m underspend within residential/non-residential services due to under-occupancy and delays in starting the complex needs hospital discharge placements. Additionally, supplies are overspent by £0.630m due to pressures on various budget lines including drugs, taxis, equipment.
- 5.2.7 Employee costs are underspent by £2.793m due to vacancies, turnover and delays in recruitment. Third Party payments are underspent by £1.406m which is mainly due to an underspend in Residential/Non-Residential services because of delays in support packages starting and under-occupancy in services. Family Health Service is underspent by £0.736m and there is an over recovery of income of £0.592m for direct payment surplus recoveries.

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5.2.8 Offsetting the underspends is an overspend on supplies mainly within Prison Healthcare (£0.802m) due to cost pressures associated with the new national pharmacy contract.

5.2.9 Adult Services has recently assessed the needs of 6 adults who required individual support packages at a combined cost of £1.852m per annum recurringly. These packages of care have been recommended following consideration of a range of service options to meet these individual care needs. The IJB is asked to approve these commitments on a recurring basis funded from within existing budgets.

### **5.3 Older People and Physical Disability**

5.3.1 Net expenditure is overspent by £0.908m.

5.3.2 Employee costs are underspent by £0.350m. There is an overspend in Residential & Day Care and Care Services of £0.912m due to the continued use of agency and overtime directly attributed to staff sickness levels and vacancies. Mental Health inpatients is overspent by £2.305m due to constant observations and cover for vacancies and staff sickness. These overspends are off-set with underspends due to vacancies across Older People. Recruitment plans continue to be progressed to fill vacancies as quickly as possible to reduce the use of agency and overtime, however this underspend reflects the challenges of recruiting in the current market.

5.3.3 There is an overspend of £0.744m in Transport due to increased vehicle hire charges and repair costs for an ageing fleet. Plans are currently underway to renew the fleet.

5.3.4 There is an underspend of £1.336m across Purchased Services. This is reflective of current demand levels which continue to be closely monitored and difficulties in finding external provision of low-level support to Carers.

5.3.5 There is an overspend of £1.906m in Supplies and Services. There is an overspend of £1.532m in the continence service driven by increased prices and demand, Equipu service is overspent by £0.463m due to increased demand. Overspends are partly offset by underspends in Alarms equipment of £0.180m which reflects current demand levels and underspends within Carers of £0.213m in respect of funding received for a short break bureau, this funding is no longer required due to a duplication with the service being developed by the Glasgow carers centres.

5.3.6 Income is over recovered by £0.570m mainly within residential long stay.

### **5.4 Resources**

5.4.1 Net expenditure is underspent by £0.502m.

5.4.2 Employee costs is underspent by £0.933m due to a number of vacancies. Recruitment plans continue to be progressed to fill these as quickly as possible, however this is proving challenging in the current market.

5.4.3 Premises costs is overspent by £0.108m due to various minor works.

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- 5.4.4 Transport costs is overspent by £0.238m mainly in relation to Transport and Support Service (TASS) in Technical Care and is linked to taxi and external vehicle hire.
- 5.4.5 Supplies and Services is overspent by £0.756m. Within Technical Care Services, Equipu is overspent by £0.825m and Ceiling Track Hoists by £0.096m while Stairlifts are underspent by £0.404m contributing to a net overspend of £0.506m based on activity levels and reflected by an over-recovery in income charged to partners below. The balance of £0.250m overspend is made up of a number of overspends in relation to Grounds Maintenance, Office Supplies, Health Centres and recharges for the Employee Assistance Scheme.
- 5.4.6 Income is over-recovered by £0.685m. Within Technical Care Services there is a net over-recovery of £0.638m in respect of EquipU, Stairlifts, and Ceiling Track and Hoists, and an under-recovery in Linguistics of £0.120m. There is a further over-recovery of £0.180m due to staffing recharges.

### **5.5 Criminal Justice**

- 5.5.1 Net expenditure is underspent by £0.172m. This is within the non-Section 27 grant funded element of the service and is due to turnover in employee costs and reduced spend on purchased services.

### **5.6 Primary Care**

- 5.6.1 Primary Care is showing an overspend position of £6.234m.
- 5.6.2 There is an underspend within Prescribing Support Services and Health Improvement Teams of £0.473m, which is mainly as a result of vacancies.
- 5.6.3 Prescribing is currently reporting an overspend of £6.707m. Prescribing volumes and prices remain volatile and this represents a major area of risk for the IJB. Issues with the new national IT system are being resolved and data to the end of August has now been received. We await further analysis on this and once available will include details on price and volumes in future reports.

## **6. Forecasted Outturn and Recovery Plan**

- 6.1 In setting its budget in March, the IJB recognised that not all costs pressures could be fully funded from savings. The budget paper proposed the use of £17.166m of general reserves to fund the pressures identified within homelessness, prescribing and the risks associated with inflation. In the report to the IJB in November, a forecasted overspend of £24.3m for the year, net of recovery plans was reported. This would require to be met from general reserves.
- 6.2 A review of outturns has been undertaken and confirms that there is no change to the forecast from November and continues to forecast £24.3m overspent.



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- 6.3 The Executive Team is currently working on reshaping of services and the updating of the medium-term financial strategy to support implementation. The IJB continues to work closely with Glasgow City Council to pursue funding for the costs associated with the accelerated asylum decisions by the Home Office.

### **7. Action**

- 7.1 The Chief Officer, along with the Health and Social Care Partnership Senior Management Team continues to manage and review the budget across all areas of the Partnership. The Executive Team is currently working on reshaping of services and the updating of the medium-term financial strategy to support implementation.
- 7.2 This will be the subject of updates to future IJB meetings.

### **8. Conclusion**

- 8.1 Net expenditure is £12.468m higher than budget to date. In line with budget plans this will require to be funded from General Reserves.

### **9. Recommendations**

The IJB Finance, Audit and Scrutiny is asked to:

- a) note the contents of this report and
- b) approve the recurring funding for the packages of care outlined in section 5.2.9

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## Appendix 1

Glasgow City Integration Joint Board

Budget Monitoring Statement to end October/Period 9 2023/24

### 1. Budget Variance by Care Group

| Annual Net Expenditure Budget<br>£000 |                       | Actual Net Expenditure to Date<br>£000 | Budgeted Net Expenditure to Date<br>£000 | Variance to Date<br>£000 |
|---------------------------------------|-----------------------|----------------------------------------|------------------------------------------|--------------------------|
| 168,845                               | Children and Families | 126,065                                | 126,886                                  | -821                     |
| 375,054                               | Adult Services        | 258,987                                | 252,166                                  | 6,821                    |
| 371,554                               | Older People          | 258,050                                | 257,142                                  | 908                      |
| 53,703                                | Resources             | -41,056                                | -40,554                                  | -502                     |
| -738                                  | Criminal Justice      | 1,288                                  | 1,460                                    | -172                     |
| 417,761                               | Primary Care          | 316,012                                | 309,778                                  | 6,234                    |
| <b>1,386,179</b>                      | <b>Total</b>          | <b>919,346</b>                         | <b>906,878</b>                           | <b>12,468</b>            |

|                  |                                |
|------------------|--------------------------------|
|                  | Funded By :-                   |
| 520,925          | Glasgow City Council           |
| 859,275          | NHS Greater Glasgow & Clyde    |
| 5,979            | Drawdown of Earmarked Reserves |
| <b>1,386,179</b> |                                |

### 2. Reserve Position at End October/Period 9 2023/24

|                    | Balance at<br>01.04.23<br>£000 | Drawdown to<br>Date<br>£000 | Balance at<br>End Oct/P9<br>£000 |
|--------------------|--------------------------------|-----------------------------|----------------------------------|
| General Reserves   | 26,930                         | -12,468                     | 14,462                           |
| Earmarked Reserves | 55,482                         | -5,979                      | 49,503                           |

### 3. Forecasted Reserve Position at 31st March 2024

|                    | Balance at<br>01.04.23<br>£000 | Forecasted<br>Drawdown<br>£000 | Forecasted<br>Balance at<br>31.03.24<br>£000 |
|--------------------|--------------------------------|--------------------------------|----------------------------------------------|
| General Reserves   | 26,930                         | -24,300                        | 2,630                                        |
| Earmarked Reserves | 55,482                         | -40,780                        | 14,702                                       |

### 4. Budget Variance by Subjective Analysis

| Annual Budget<br>£000 |                          | Actual to Date<br>£000 | Budget to Date<br>£000 | Variance to Date<br>£000 |
|-----------------------|--------------------------|------------------------|------------------------|--------------------------|
|                       | <b>Expenditure</b>       |                        |                        |                          |
| 624,255               | Employee costs           | 454,009                | 456,820                | -2,811                   |
| 27,080                | Premises Costs           | 10,108                 | 9,481                  | 627                      |
| 6,063                 | Transport Costs          | 5,406                  | 4,340                  | 1,066                    |
| 68,402                | Supplies and Services    | 61,045                 | 55,446                 | 5,599                    |
| 356,314               | Third party Costs        | 258,549                | 259,766                | -1,217                   |
| 50,397                | Transfer Payments        | 45,594                 | 43,409                 | 2,185                    |
| 698                   | Capital Financing Costs  | 2                      | 0                      | 2                        |
| 140,779               | Prescribing              | 111,559                | 104,852                | 6,707                    |
| 245,460               | Family Health Services   | 183,061                | 183,061                | 0                        |
| <b>1,519,448</b>      | <b>Total Expenditure</b> | <b>1,129,333</b>       | <b>1,117,175</b>       | <b>12,158</b>            |
|                       |                          |                        |                        |                          |
| <b>133,269</b>        | <b>Income</b>            | <b>209,987</b>         | <b>210,297</b>         | <b>-310</b>              |
|                       |                          |                        |                        |                          |
| <b>1,386,179</b>      | <b>Net Expenditure</b>   | <b>919,346</b>         | <b>906,878</b>         | <b>12,468</b>            |