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Item No: 8

Meeting Date: Wednesday 25th June 2025

**Glasgow City
Integration Joint Board**

Report By: Duncan Black, Chief Officer, Finance and Resources

Contact: Duncan Black

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Outturn Report 2024/25

Purpose of Report:

To provide a high-level overview of the Integration Joint Board's draft outturn position for 2024/25, and to seek approval for the transfer of funds to reserves to allow completion of the Integration Joint Board's accounts by the statutory deadline of 30th September 2025.

Background/Engagement:

The financial position of the Glasgow City Integration Joint Board is monitored on an ongoing basis throughout the financial year and reported to the Board or Finance, Audit and Scrutiny Committee.

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 ☒
IJB Finance and Audit Scrutiny Committee
Not Applicable ☐

Recommendations:

The Integration Joint Board is asked to:

a) Note the contents of this report;

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	<p>b) Approve the transfer of £9.331m to general reserves, in line with the budget smoothing strategy approved as part of the 2024-25 budget;</p> <p>c) Approve the transfer of the operational underspend of £0.381m and the redistribution of earmark reserves of £0.096m to create an earmark reserve of £0.477m which can be used to support the delivery of the service prioritisation exercise over the next three years; and</p> <p>d) Approve the transfer of £6.811m to earmarked reserves as outlined in paragraph 5.8 for consideration by the IJB.</p>
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Relevance to Integration Joint Board Strategic Plan:

It is important for the long term financial stability of both the Integration Joint Board and of the parent bodies that sufficient usable funds are held in reserve to manage unanticipated pressures from year to year.

Implications for Health and Social Care Partnership:

Reference to National Health & Wellbeing Outcome(s):	None.
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Personnel:	None.
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Carers:	None.
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Provider Organisations:	None.
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Equalities:	None.
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Fairer Scotland Compliance:	None.
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Financial:	In accordance with the Integration Joint Board's Reserves Policy, approved in December 2016, it is recommended that the IJB holds sufficient funds in reserve to manage unanticipated pressures from year to year. Reserves must be reviewed on an annual basis to support budget planning and delivery of the service plan strategy. The IJB Reserve Policy recommends holding general reserves which equates to 2% of net expenditure. The Medium-Term Financial Outlook also recommends a target of 2% to be achieved over the medium term.
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Legal:	None.
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Economic Impact:	None.
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Sustainability:	Holding General Reserves significantly below the 2% target level represents a significant risk to the IJB. Reserves is a key component of the IJB's funding strategy. General Reserves are not held to meet any specific liability and offer the IJB some flexibility to deal with unforeseen events or emergencies. It is also important for the long-term financial stability and the sustainability of the IJB that sufficient General Reserves are held in reserve to manage unanticipated pressures from year to year. This report recommends the re-distribution of earmarked reserves to General Reserves to increase the provision available to support the IJB over the medium term.
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Sustainable Procurement and Article 19:	None.
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Risk Implications:	It is important that sufficient usable funds are held in reserve to manage unanticipated pressures from year to year. Holding General Reserves significantly below the 2% target level represents a significant risk to the IJB. However, it is recognised that this will not always be possible to secure and is subject to the financial position of the IJB each year. The IJB will continue to work towards the target of 2% where this can be delivered within the financial position.
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Implications for Glasgow City Council:	None.
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Implications for NHS Greater Glasgow & Clyde:	None.
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Direction Required to Council, Health Board or Both	
Direction to:	
1. No Direction Required	<input type="checkbox"/>
2. Glasgow City Council	<input checked="" type="checkbox"/>
3. NHS Greater Glasgow & Clyde	<input type="checkbox"/>
4. Glasgow City Council and NHS Greater Glasgow & Clyde	<input type="checkbox"/>

1. Purpose

- 1.1. To provide a high-level overview of Glasgow City Integration Joint Board's (IJB) draft outturn position for 2024/25, and to seek approval for the transfer of funds to reserves to allow completion of the IJB's accounts by the statutory deadline of 30th September 2025.

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- 1.2. The Annual Accounts provide an overview of financial performance in 2024/25 for the IJB. This report was considered by the IJB Finance, Audit and Scrutiny Committee on 11th June 2024.

2. Background

- 2.1. The 2024/25 budget was approved by the IJB on [20th March 2024](#). In order to monitor financial performance accurately, budgets have been updated each period to reflect new monies, operational changes and any additional approvals. There have also been adjustments to income and expenditure budgets, and budget realignments between and within care groups, to reflect service reconfigurations.

- 2.2. The significant budget changes since Month 10/Period 11 are as follows:

Explanation	Changes to Expenditure Budget	Changes to Income Budget	Net Expenditure Budget Change
Scottish Government Funding: Enhance MH Outcomes Framework	£-496,609	£0	£-496,609
Scottish Government Funding: Long Covid Support Fund	£165,894	£0	£165,894
Income: Power of Attorney Campaign	£167,083	£-167,083	£0
Scottish Government Funding: Inclusion Health Glasgow	£944,175	£0	£944,175
Scottish Government Funding: Open University Students Backfill	£167,499	£0	£167,499
Scottish Government Funding: GP Global Sum Contribution	£-558,163	£0	£-558,163
Scottish Government Funding: Prescribing	£2,700,000	£0	£2,700,000
Scottish Government Funding: I.T. Projects	£93,461	£0	£93,461
Scottish Government Funding: Harm Reduction/ Naloxone	£282,174	£0	£282,174
Scottish Government Funding: Apremilast uplift to HSCPs	£135,000	£0	£135,000
Scottish Government Funding: Adjustment to Flu Funding to Reflect Actuals	£-373,645	£0	£-373,645
Scottish Government Funding: Reduced Working Week	£111,167	£0	£111,167
Scottish Government Funding: General Medical Services Uplift 2024-25	£10,067,000	£0	£10,067,000
Scottish Government Funding: Non-Cash Limited 24-25 Budget Requirement	£10,538,647	£0	£10,538,647
Scottish Government Funding: Non-Cash Limited Income Offset Required Budget Uplift 2024-25	£0	£-2,892,470	£-2,892,470

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Income: Young Persons Guarantee	£129,376	-£129,376	£0
Council Funding: Correction of Property Management Budget	£1,022,811	£0	£1,022,811
Grossing Up of Spend: All Client Groups	£34,151,224	-£34,151,224	£0
Scottish Government Funding: Ukraine	£220,000	£0	£220,000
Other Minor Adjustments	£249,831	-£185,164	£64,667
Total	£59,716,925	-£37,525,317	£22,191,608

- 2.3. IJBs and Health Boards are required to agree a figure for the sum set aside to be included in their respective 2024/25 annual accounts. Similar to last year the set aside figures will be based on actual expenditure. The set aside figure for 2024/25 has been confirmed as £271.170m.

3. Reserves Policy

- 3.1 At its meeting of 9th December 2016, the IJB approved the Reserves Policy, which recommended creation of reserves of up to 2% of net expenditure.
- 3.2 Reserves is a key component of the IJB's funding strategy. The IJB held reserves of £66.894m at 31st March 2024, of which £58.452m was earmarked to support the delivery of projects which span financial years and is required to enable the IJB to deliver on national outcomes. The remaining balance of £8.442m is general reserves which are not held to meet any specific liability and offer the IJB some flexibility to deal with unforeseen events or emergencies. This equated to 0.48% of the IJB's net expenditure in 2024/25.
- 3.3 Based on 2024/25 net expenditure the target of 2% would represent a target general reserve of £35.3m. This amount refers to general reserves only and excludes any earmarked reserves which are held for specific purposes.
- 3.4 It is important for the long-term financial stability and the sustainability of the IJB that sufficient usable funds are held in reserve to manage unanticipated pressures from year to year. Similarly, it is also important that in-year funding available for specific projects and government priorities are earmarked and carried forward into the following financial year, either in whole or in part, to allow for the spend to be committed and managed in a way that represents best value for the IJB in its achievement of the national outcomes.

4. Outturn Position

- 4.1 The IJB is operating in an increasingly challenging environment with funding not keeping pace with increasing demand for service and increasing costs linked to delivery. This requires the IJB to have robust financial management arrangements in place to deliver services within the funding available.
- 4.2 The IJB closed with an operational underspend of £0.4m and is shown in the table below.

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	Note	£ million
Operational Service Delivery - Pressures		
Mental Health Inpatient staffing pressures	1	4.2
Residential Pressures	2	2.9
Non-Delivery of Savings	3	3.1
Increased demand for extra contractual referrals in Mental Health Inpatient Services	4	1.7
Increased demand for direct assistance payments	5	2.0
Increase in prescribing costs and volumes	6	1.1
Overspend in transport costs due to increases in price	7	1.0
Increased cost in Prison Service due to new pharmacy contract and drug prices	8	0.4
Total Pressures in Operational Service Delivery		16.4
Operational Service Delivery - Underspends		
Underspend as a result of vacancies and staff turnover	9	-9.5
Underspend as a result of additional income recoveries	10	-4.3
Underspend in provision for inflation/contract uplifts	11	-1.8
Underspend in personalisation/purchased services	12	-1.2
Total Underspends in Operational Service Delivery		-16.8
Net Underspend in Operational Service Delivery		-0.4
Planned Budgeted Underspend As A Result of Budget Smoothing	13	-9.3
Local and national priorities which will not be completed until future financial years	14	-6.8
Expenditure from prior years incurred in this year to be funded from earmarked reserves	15	21.6
Net Overspend per Income and Expenditure Statement in Annual Accounts		5.1

Notes – Impact of Operational Service Delivery

1. The overspend in Mental Health is mainly attributable to increased spend on agency and bank nursing due to the increased needs of patients in these services and the consistently high number of enhanced observations required and spend required to provide sick leave and vacancy cover. Management actions were agreed during 2023-24 and 2024-25 to reduce the level of bank and agency spending with a specific focus on reduced

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observations and the skills mix of the workforce. This has reduced the level of overspend and this work will continue into 2025-26.

2. There is an overspend in Residential Services in both Older People and Children Services and it is linked to the use of agency and overtime directly attributed to increased care needs of residents and additional cover required to meet staff sickness levels and vacancies. A review of staffing has been undertaken during 2024-25 and revised staffing structures will be implemented during 2025-26 which will be reflective of service need.
3. At £30m, this year's savings programme represented the most challenging the IJB has set for delivery. Delays to approving the savings and delays in delivery have impacted on the level of savings secured during 2024-25. In November it was estimated that 85% of the savings would be secured. The final position was delivery of 88% of the programme, which was a shortfall of £3.6m, offset with £0.5m of 2025-26 savings delivered early as part of recovery planning. Prescribing represents £1.9m of this shortfall and this has been factored into the budgets set for 2025-26 which has re-baselined the funding requirements. Delivery of the remaining balance of £1.7m will continue to be pursued in 2025-26.
4. This overspend in extra contractual referrals in Mental Health Inpatient Services is reflective of both demand and the complexity of demand which is resulting in an increase in these referrals. Discussions have commenced with the other HSCPs in Greater Glasgow and Clyde in relation to future arrangements for these contractual arrangements.
5. The increase in direct assistance is due to an increase in Section 29 payments linked to accommodation costs for care leavers including student accommodation.
6. Glasgow City IJB's spend on medicines per capita remains well below the NHSGGC average, once the demographics and morbidity of our patient population have been taken into account (annualised cost per weighted patient); despite this, there were substantial cost pressures on our Prescribing Budget in 2024-25, driven primarily by an increase in the global price of drugs but also by a sustained prescribing volume growth at pre-pandemic levels, new effective evidence based treatments, and a number of other drivers of inflation. An overspend of £5.9m was forecasted in November to the IJB reflecting these pressures. This has subsequently been reduced to £1.1m and is mainly as a result of a reduction in the anticipated growth in global prices, and maximising income from other sources including rebates.
7. Increases in transport costs linked to fuel increases, increases in vehicle hire, taxi charges and repairs due to ageing fleets. A review of budgets will take place in 2025-26 to identify opportunities for re-alignment.
8. This overspend in the Prison Team reflects the outcome of the negotiation of a national tender which has seen an increase on costs linked to the delivery

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of pharmacy costs. This service is also impacted by the global increase to drug prices experienced in our prescribing budgets. A national review of this contract is underway, and work is in place to secure further efficiencies from this contract which will be targeted to reduce this overspend further in 2025-26.

9. Staffing pressures continue to be experienced across all services due to high turnover levels, high sickness levels and challenges in recruitment. This is not unique to Glasgow and is experienced in the wider UK. These challenges are not new to the IJB, however the scale of them is increasing. We continue to focus on the recruitment of staff utilising a range of measures such as advertising campaigns both at a local and national level, aligning recruitment timescales with the availability of newly qualified professionals and undertaking targeted recruitment and training strategies to develop existing and new staff to meet the skills requirements of our services. In September the IJB agreed to slow down recruitment processes for some posts to increase savings from employee turnover as part of recovery planning. The impact of this is also reflected in these figures. A review of the controls on recruitment timescales put in place during 2024-25 has been undertaken and decisions have already been taken to shorten these to support delivery of services in 2025-26.
 10. Additional income recovered mainly through recovery of financially assessed client contributions and additional income secured through service level agreements.
 11. As part of budget planning for 2024-25 budget provision has been made for the cost of inflation and anticipated contractual uplifts. This has been less than the budget provision made for 2024-25 resulting in an underspend. This will roll forward into 2025-26 and will be required to meet an increase in contractual uplifts already being experienced.
 12. Commissioned services continue to face challenges to complete assessments and/or put services in place because of the staff pressures experienced across the sector. This is resulting in delayed start dates which mean in year costs are part year only and results in an underspend in personalisation and purchase services. These staffing pressures are not unique to Glasgow and are being experienced across the UK and include high turnover levels, high sickness levels and challenges in recruitment making it difficult to secure staffing levels to maintain services to meet demand. The level of underspend is less than in previous years, demonstrating that the sector is starting to recover but remains challenged.
- 4.3 In addition to this there are local and national priorities which will not be completed until future years (£6.8m). These include funding received from the Scottish Government, Health Board and Council to fund priorities such as prescribing, mental health and homelessness. This relates to ring-fenced funding which has been received or allocated to meet specific commitments and must be carried forward to meet the conditions attached to the receipt of this funding.

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5. Reserves Position

- 5.1 The IJB aims to hold uncommitted reserves equating to 2% of net expenditure, however it is recognised that this will not always be possible to secure and is subject to the financial position of the IJB each year. Holding general reserves is recognised as best practice and provides the IJB with the financial capacity to manage financial risks from year to year.
- 5.2 In November, the IJB agreed to transfer £6.5m from earmarked reserves to general reserves as part of recovery planning. It was forecast that this would be required to deliver a break-even position in 2024-25. This was not required mainly because of the reduction in the overspend in prescribing and the additional income recoveries secured during 2024-25.
- 5.3 As part of the 2024-25 budget an additional £9.3m of savings were taken to smooth the impact of the increase in costs which is anticipated in 2026-27 when employer superannuation rates are increased by Strathclyde Pension Fund for Council employees. This additional saving generated a planned underspend in 2024-25 which the IJB agreed would be taken to General Reserves if a break-even position or underspend was secured in operational service delivery. As this has been secured this report recommends the transfer of this planned underspend of £9.331m to general reserves as part of the closure of the annual accounts.
- 5.4 If approved this will result in a general reserve of £24.3m, which is 1.4% of net expenditure and is below the target set of 2%. The 2025-26 budget strategy plans to deliver an underspend of £8.3m to support budget smoothing of the planned increase in superannuation rates in 2026-27. If this is secured during 2025-26 this will increase general reserves to £32.6m, which would be 1.8% of net expenditure.
- 5.5 Each year a full review of reserves is also undertaken to determine if any can be re-allocated to support the IJB over the medium term. This review has concluded, and it is proposed to re-classify £0.096m as there are no longer commitments or planned expenditure as due as liable.

Proposed Redistribution of Earmarked Reserves	£000's
Winter Planning - Children and Families - Spend Less than Reserve	47
Glasgow Multi Agency Risk Assessment Service - Spend Less than Reserve	36
Public Protection Posts - Spend Less than Reserve	13
Total	96

- 5.6 In closing the accounts, the IJB is required to decide how it wishes to treat the underspend within the accounts. This report recommends the earmark of the £0.096m highlighted above and the operational underspend of £0.381m to create an earmark reserve of £0.477m which can be used to support the delivery of the service prioritisation exercise which will be undertaken over the next three years.

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- 5.7 Each year an element of expenditure is planned to be met from earmarked reserves and is funded from the balances we hold in reserves. In 2024-25 £21.6m of earmarked reserves have been drawn down to meet this expenditure.
- 5.8 This report also recommends the earmarking of £6.8m referred to in section 4.4 to enable these local and national priorities to be delivered in future financial years. The full detail is shown in the table below.

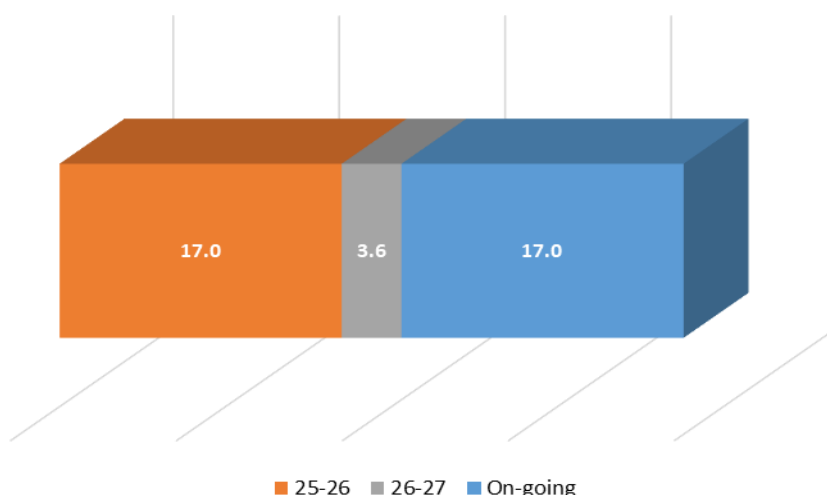
Local and National Priorities Which Will Not Be Completed Until Future Years	£000's
Scottish Government: Naloxone for Police Scotland	280
Scottish Government: Lillias Unit	181
Scottish Government: Gender Service	285
Scottish Government: Cervical Screening Mental Health Inpatients	35
Scottish Government: Call Before You Convey	247
Scottish Government: Enhanced Mental Health Outcome Framework	444
Scottish Government: Asylum Dispersal Funding	949
Scottish Government: Move on Grant Funding	192
Scottish Government: Mental Health Officers	234
Scottish Government: Mental Health - Children and Families	127
Scottish Government: Long Covid	40
Other Funding: My Body Back Grant	10
Other Funding: Anti-Poverty Posts	139
Other Funding: Equipu Partnership	404
HSCP Funds: GP IT System	93
HSCP Funds: Prescribing	2,700
HSCP Funds: Property Infrastructure Works	450
Total	6,811

- 5.9 This will result in the following IJB position for the IJB.

		2024/25			
Balance at 31 March 2024		Transfers Out	Transfers In	Redistribution of Reserves	Balance at 31 March 2025
£000		£000	£000	£000	£000
58,452	Earmarked	(21,574)	7,192	(6,506)	37,564
8,442	Contingency		9,331	6,506	24,279
66,894	General Fund	(21,574)	16,523	-	61,843

- 5.10 The IJB needs to have a transparent and prudent reserves policy. This policy is required to ensure that reserves are identified for a purpose and held against planned expenditure or held as a general reserve as a contingency to cushion the impact of unexpected events or emergencies. Reserves of IJB's should not be built unnecessarily. Glasgow City IJB's current reserve policy complies with all of these requirements.
- 5.11 The graph below illustrates the expected timescale for the use of earmarked reserves with £17m (45%) expected to be drawn down in 2025-26 and £3.6m (10%) in 2026-27. The remaining £17m (45%) are for projects which will span more than one financial year and there is no definitive end date, however monies will begin to be drawn down in 2025-26.

TIMESCALE FOR USE OF EARMARKED RESERVES



6. Risks and Budget Pressures

- 6.1 As described at section 3, it is important that sufficient usable funds are held in reserve to manage unanticipated pressures from year to year. The Medium-Term Financial Outlook considered a number of areas of risk and the potential financial implications for the IJB.
- 6.2 When setting the budget for 2025-26 the IJB recognised that there are a number of risks which may require access to general reserves to mitigate against during 2025-26. These include funding settlements for changes to national insurance rates and thresholds for our own employees and the implication of this for costs of services provided by the third and independent sector, prescribing, demographic pressures and pay settlements. It will also help to support the implementation of the significant savings programme and the wider budget strategy which is required to be delivered. It is also important for long-term financial stability and the sustainability of the IJB that sufficient General Reserves are held in reserve to manage unanticipated pressures from year to year.

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- 6.3 All of these risks require the IJB to hold a contingency which is sufficient to enable the IJB to respond and continue to remain financially viable. As result, this report recommends the holding of 1.4% in general reserves, whilst we continue to work towards the target set of 2%.

7. Recommendations

- 7.1 The Integration Joint Board is asked to:

- a) Note the contents of this report;
- b) Approve the transfer of £9.331m to general reserves, in line with the budget smoothing strategy approved as part of the 2024-25 budget;
- c) Approve the transfer of the operational underspend of £0.381m and the redistribution of earmark reserves of £0.096m to create an earmark reserve of £0.477m which can be used to support the delivery of the service prioritisation exercise over the next three years; and
- d) Approve the transfer of £6.811m to earmarked reserves as outlined in paragraph 5.8 for consideration by the IJB.



Direction from the Glasgow City Integration Joint Board

1	Reference number	250625-8
2	Report Title	Outturn Report 2024-25
3	Date direction issued by Integration Joint Board	25 June 2025
4	Date from which direction takes effect	25 June 2025
5	Direction to:	Glasgow City Council only
6	Does this direction supersede, revise or revoke a previous direction – if yes, include the reference number(s)	No
7	Functions covered by direction	All functions delegated to the IJB from Glasgow City Council and NHS Greater Glasgow and Clyde.
8	Full text of direction	Glasgow City Council is directed to carry forward reserves totalling £6.811m on behalf of the IJB as outlines in section 5 of the report.
9	Budget allocated by Integration Joint Board to carry out direction	£6.811m in reserves carried forward.
10	Performance monitoring arrangements	In line with the agreed Performance Management Framework of the Glasgow City Integration Joint Board and the Glasgow City Health and Social Care Partnership.
11	Date direction will be reviewed	June 2026