Item No: 12

Meeting Date: **Wednesday 23rd September 2026**

Glasgow City
Integration Joint Board

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

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Financial Outlook Update

Purpose of Report:	This report provides a high-level update to the financial outlook as at September 2026.

Background/Engagement:	The IJB Medium Term Financial Outlook 2026-2029 was approved by the IJB on 18 March 2026. This paper provides an update on the current year position and the assumptions underlying the 2027/28 forecast budget gap.

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 Integration Joint Board is asked to: a) Note the 2026/27 in year position; b) Note the updated financial projections that will inform budget planning for 2027/28; and c) Note the projected pressures on the homelessness budget and potential for an extraordinary IJB meeting in October.

Relevance to Integration Joint Board Strategic Plan:

This report outlines the updated financial outlook, which relates to the approved IJB Budget strategy for the support and delivery of the Integration Joint Board Strategic Plan.

Implications for Health and Social Care Partnership:

Reference to National Health & Wellbeing Outcome(s):	Not applicable at this time.
Personnel:	Implications for Personnel will be established through the annual budget setting and monitoring process.
Carers:	Implications for Carers will be established through the annual budget setting and monitoring process.
Provider Organisations:	Implications for Commissioned Services will be established through the annual budget setting and monitoring process.
Equalities:	Not applicable at this time.
Fairer Scotland Compliance:	Not applicable at this time.
Financial:	The IJB has an approved Financial Strategy, 'STEP Forward', to meet the budget gap of £103m identified in the Medium Term Financial Outlook. The 2027/28 updated financial outlook provides an indicative budget gap of £43m. There is significant uncertainty around this current projection, primarily relating to homelessness, prescribing, funding assumptions, and the pace and momentum of the STEP Forward programme. The Chief Financial Officer is therefore regularly updating these projections and assumptions and will advise the IJB if any urgent recovery action is required.
Legal:	The Integration Scheme requires Glasgow City Council and NHS Greater Glasgow and Clyde to consider budget proposals based on the Strategic Plan as part of their respective annual budget setting processes. This is required to include assumptions on a range of issues including but not limited to: • activity changes • cost inflation • efficiencies • performance against outcomes • legal requirements

	• transfer to or from amounts sets aside by the Health Board • adjustments to address equity of resource allocation

Economic Impact:	Not applicable at this time.

Sustainability:	The financial position of the IJB is dependent on the funding allocations received from the Council and the Health Board. The financial pressures facing the IJB are significant and are reflective of both cost and demand pressures. The funding allocations received in recent years do not fully meet these pressures. This Medium-Term Financial Outlook sets out the financial pressures facing the IJB over the next 3 year period. The STEP Forward programme is the IJB's strategic response to this challenge and is tasked with meeting the gap in a sustainable way, whilst minimising adverse impacts on strategic priorities and statutory duties.

Sustainable Procurement and Article 19:	Not applicable at this time.

Risk Implications:	There are a number of assumptions underlying the updated Financial Outlook. These are continually monitored and updated.

Implications for Glasgow City Council:	None at this time.

Implications for NHS Greater Glasgow & Clyde:	None at this time.

Direction Required to Council, Health Board or Both	
Direction to:	
1. No Direction Required	☒
2. Glasgow City Council	☐
3. NHS Greater Glasgow & Clyde	☐
4. Glasgow City Council and NHS Greater Glasgow & Clyde	☐

1. Background and Purpose

1.1. The IJB's Medium-Term Financial Outlook 2026-2029 was approved by the IJB on 18 March 2026. This identified a budget gap of £103m over that 3-year period, with £40m identified in 2027/28. The IJB has also agreed on a financial strategy centered upon the STEP Forward programme, which is charged with identifying savings to meet this scale of financial pressure, ensuring financial sustainability, whilst minimising adverse impacts on strategic priorities and statutory duties.

1.2. The 2026/27 IJB approved budget included £20m of savings to be achieved from STEP Forward, with £10m of reserves to be utilised to reflect the timing of reviews delivering savings during the year. This means that the programme has to deliver £10m of savings in year, with a further £10m identified to be delivered from 1 April 2027.

1.3. Given the scale of the financial challenge, this paper provides an update to the key financial assumptions that will be used to inform the financial budget planning for 2027/28.

1.4. The IJB has also received regular updates and reports on the significant financial risks around the homelessness budget, with a projected pressure of £56m in 2026/27 to be funded by the Council. This paper also provides an update on the position looking ahead to 2027/28.

2. 2026/27 Update

2.1 The IJB Finance Audit and Scrutiny Committee received the month 4 / period 4 budget monitoring report on 9 September 2026. This identified a year-to-date net overspend position of £2.1m. Contributing to this overspend position is the delay to the delivery of STEP Forward savings. The programme is now fully up and running, as outlined in previous papers to the IJB and reference is made to agenda items 13 and 14. The £3.3m of 2026/27 approved savings out with STEP Forward are 87% delivered at month 4 / period 4.

2.2 As is normal practice, services are looking to offset current year budget overspends within overall resources and full year projections are currently being worked up. However, it is assumed that should the proposed STEP Forward savings at agenda item 13 be approved, and the momentum in the programme is sustained, then no formal financial recovery action is required at this time.

2.3 The risks and uncertainties within the 2026/27 position are noted below and are being closely monitored:

- Demand pressures within adults and older people mental health budgets, and within Children's Services.
- Prescribing is reporting overall inline at this point in the year, but volumes and price fluctuations remain and have the potential to significantly impact the outturn position.
- STEP Forward savings delivery.

3. 2027/28 Financial Outlook Assumptions Update

3.1 The key assumptions for 2027/28 within the Medium-Term Financial Outlook are set out below, which underpin the £40m projected gap:

- Health - pay award fully funded
- Council flat cash; Council pay award 3%
- Council employers' superannuation 17.5% down to 15% (subject to Strathclyde Pension Fund Committee approval)
- Scottish Living Wage uplift fully funded (or matched to funding)
- Prescribing 10% pressure

- Demographics 3% pressure
- Health – NRAC funding allocation pressure £5m
- Homelessness fully funded

3.2 Since these assumptions were set, the Council has agreed a new pay and grading scheme with a projected additional cost pressure of £57.2m in 2027/28. The Council is also assuming a potential additional employer's superannuation saving of £48.3m (subject to Strathclyde Pension Fund decision making) reflecting a contribution rate of 6.5%. The net effect of both to the IJB is not yet known, but a working assumption of £3m additional net pressure is recommended at this stage. This makes a projected gap for 2027/28 of £43m.

4. Homelessness Update

4.1 As noted above, the 2026/27 approved IJB budget and the Medium-Term Financial Outlook assumed that the projected significant homelessness pressures are fully funded by the Council. The projected costs for 2026/27 are around £56m, rising to around £75m in 2027/28. It should be noted that these are the net projected overspends on the homelessness budget after significant mitigation activity undertaken by HSCP officers as set out in the 10-year Homelessness Temporary Accommodation Strategy approved by the IJB on 13 May 2026.

4.2 These projections continue to fluctuate but are being closely monitored and HSCP and GCC senior officers continue to meet with the Scottish Government given the threat these projections poseF to the Council's and HSCP's financial sustainability. In August 2026, the Deputy First Minister confirmed that the 2027/28 Local Government Settlement will include specific provisions to provide financial support and that the Council can therefore assume in its financial projections that the Local Government Settlement will include a meaningful contribution towards Glasgow's unique issues on homelessness.

4.3 The quantum of any financial contribution is currently not confirmed. If the IJB is required to contribute significantly to the 2027/28 projected homelessness pressure of £75m then this would be in addition to the projected budget gap of £43m outlined above. Depending on the scale of that contribution, in order to ensure financial stability looking ahead to the 2027/28 budget, then the Depute Chief Officer – Finance and Resources may request an extraordinary meeting of the IJB in October to agree proactive financial recovery measures.

5. Recommendations

5.1 The Integration Joint Board is asked to:

a) Note the 2026/27 in year position;
b) Note the updated financial projections that will inform budget planning for 2027/28; and
c) Note the projected pressures on the homelessness budget and potential for an extraordinary IJB meeting in October 2026.