Item No. 13

Meeting Date **Wednesday 24th June 2026**

Glasgow City Integration Joint Board

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

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Outturn Report 2025-26

Purpose of Report:	To provide a high-level overview of the Integration Joint Board's draft outturn position for 2025-26.

Background/Engagement:	The financial position of the Glasgow City Integration Joint Board (IJB) 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 ☐ Not Applicable ☒

Recommendations:	The Integration Joint Board is asked to: a) Note the contents of this report; and b) Note that IJB Finance, Audit Scrutiny Committee approved the transfer of £8.829m to General Reserves and £22.779m to Earmarked Reserves on 10 June 2026. This enables completion of the annual accounts by the statutory deadline of 30 September 2026.

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:	Not applicable at this time.
Personnel:	Not applicable at this time.
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:	Not applicable at this time.
Fairer Scotland Compliance:	The expenditure on services supports the delivery a Fairer Scotland.
Financial:	In accordance with the Integration Joint Board's Reserves Policy, approved in March 2025, 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 equating to 2% of net expenditure. The Medium Term Financial Outlook also recommends a target of 2% to be achieved over the medium term.
Legal:	Not applicable at this time.
Economic Impact:	Not applicable at this time.
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 transfer of the planned underspend as a result of budget smoothing to General Reserves to increase the provision available to support the IJB over the medium term.

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

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.

Implications for Glasgow City Council:	The Integration Scheme clearly outlines the responsibilities of Partners and the IJB if spending exceeds budget plans. The Council has provided the IJB with a commitment that the additional costs linked to asylum will be fully funded. The additional net cost arising from the impact of Home Office asylum decisions is £38.424m. This report builds in the funding from the Council.

Implications for NHS Greater Glasgow & Clyde:	The Integration Scheme clearly outlines the responsibilities of Partners and the IJB if spending exceeds budget plans.

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. Purpose

1.1. To provide a high-level overview of Glasgow City IJB's draft outturn position for 2025-26.

1.2. This report was considered by the IJB Finance, Audit and Scrutiny Committee on 10 June 2026 where it approved the transfer of funds to reserves. This enables the completion of the IJB's accounts by the statutory deadline of 30 September 2026.

2. Background

2.1. The 2025-26 budget was approved by the IJB on 19 March 2025. 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: Rapid Rehousing Transition Plan	160,000	0	160,000
Scottish Government: Scottish Recommended Allowance Kinship Care	292,000	0	292,000
Scottish Government: Ukraine and Others Resettlement	242,000	0	242,000
Scottish Government: Prisoner Early Release	239,000	0	239,000
Scottish Government: Holiday Activities for Disabled Children	142,000	0	142,000
Scottish Government: Children's Social Care Pay	6,000	0	6,000
Scottish Government: Whole Family Wellbeing Fund (Children's Services)	538,278	0	538,278
Scottish Government: Sexual Health Services Prevention and Screening Drives	49,700	0	49,700
Scottish Government: Nurse Rebanding	487,181	0	487,181
Scottish Government: Childhood Immunisations	152,451	0	152,451
Scottish Government: Health & Wellbeing Survey	250,000	0	250,000
Scottish Government: Reduced Working Week / Nursing Rebanding	5,492,639	0	5,492,639
Scottish Government: Unscheduled Care Monies	18,046,853	0	18,046,853
Scottish Government Funding: Mental Health Associated Cost of Teaching	1,249,257	0	1,249,257
Scottish Government: Agenda For Change Guarantee	356,733	0	356,733
Scottish Government: Adults With Incapacity	266,000	0	266,000
Scottish Government: Long Covid Support Fund	178,551	0	178,551
Scottish Government: Mental Health Practitioners Capacity Funding	234,000	0	234,000
Scottish Government Modern Apprentice Funding (Pharmacotherapy)	148,181	0	148,181
Scottish Government: General Medical Services Uplift 2025/26	12,183,652	0	12,183,652
Scottish Government: Family Health Services	7,293,455	-405,136	6,888,319
Scottish Government: Alcohol & Drug Partnership Realignment	-106,468	0	-106,468
Glasgow City Council: Net Cost of Home Office Asylum Decisions	38,424,040	0	38,424,040
Grossing Up of Spend: All Client Groups	34,058,335	-34,058,335	0
Other Minor Adjustments	119,428	0	119,428
Total	**120,503,267**	**-34,463,471**	**86,039,796**

2.3. IJBs and Health Boards are required to agree a figure for the sum set aside to be included in their respective 2025-26 annual accounts. The Set-Aside figures are based on actual expenditure. For 2025-26 this has been confirmed as £287.666m.

3. Reserves Policy

3.1 At its meeting of 19 March 2025, 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 £61.843m at 31 March 2025, of which £37.564m 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 £24.279m 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 1.4% of the IJB's net expenditure in 2025-26.

3.3 Based on 2025-26 net expenditure the target of 2% would represent a target General Reserve of £37.033m. 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 As detailed in the table and notes below, the IJB closed with an operational underspend of £0.6m.

	Note	£ million
Operational Service Delivery - Pressures		
Mental Health Staffing Pressures	1	9.4
Health Visiting Staffing Pressures	2	2.1
Unfunded District Nursing Rebanding	3	2.4
Residential Pressures in Children and Families	4	1.0
Increased Demand for Direct Assistance Payments	5	4.2
Increased Homelessness Pressures	6	3.6
Total Pressures in Operational Service Delivery		**22.7**
Operational Service Delivery - Underspends		
Underspend as a Result of Vacancies and Staff Turnover	7	(7.9)
Underspend as a Result of Additional Income Recoveries	8	(7.3)
Underspend in Personalisation/Purchased Services	9	(0.7)
Underspend in Prescribing Costs	10	(7.4)
Total Underspends in Operational Service Delivery		**(23.3)**
Net Underspend in Operational Service Delivery		**(0.6)**

	Note	£ million
Planned Budgeted Underspend As A Result of Budget Smoothing	11	(8.2)
Local and National Priorities Which Will Not be Completed Until Future Years	12	(22.8)
Expenditure from Prior Years Incurred in This Year to be Funded from Earmarked Reserves	13	4.4
Net Underspend per Income and Expenditure Statement in Annual Accounts		**(27.2)**

Notes – Impact of Operational Service Delivery

1. The overspend in Mental Health is mainly attributable to increased spend on bank nursing. This is due to increased contractual referrals, higher number of enhanced observations and spend required to provide sick leave and vacancy cover. Management continue to take actions to reduce the level of bank spending with specific focus on reduced observations and skills mix of the workforce.

2. The overspend in Health Visiting is due to lower than budgeted turnover and 79% of staff at the top of the salary scale.

3. Following a job evaluation review, Band 6 District Nursing staff were regraded to Band 7, backdated to 1 May 2002 at a total cost of £2.4m. This was not funded by the Scottish Government. A review of the staffing structure will take place during 2026-27 to ensure it is reflective of service need.

4. There is an overspend in residential services within Children and Families. This is linked to the use of overtime directly attributed to increased care needs and additional cover required to meet staff sickness levels and vacancies.

5. The increased demand in Self Directed Support Payments – Options 2 and 3 within Learning Disabilities and Mental Health has resulted in an overspend within Adult Services.

6. The overspend within Homelessness Services is largely due to increased property repairs, utility costs, legal expenses and interpreting costs.

7. 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.

8. Additional income was recovered mainly through recovery of financially assessed client contributions and additional income secured through service level agreements.

9. 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 leads to 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.

10. Prescribing volumes have been lower than anticipated with an average volume growth of 1.5% against a budget of 3%. Price per item is also lower due to price tariff adjustments, lower costs of Dapagliflozin, aggressive market conditions and other global factors. In year savings delivered were £3.4m against a 2025/26 target of £4.6m. The net impact of price, volumes and saving delivery resulted in an overall prescribing underspend of £7.4m.

11. As part of the 2025-26 budget an additional £8.250m of savings were taken to smooth the impact of the 2026-27 increase in costs when employer superannuation rates are increased by Strathclyde Pension Fund for Council employees.

12. A number of commitments made in 2025-26 in relation to local and national priorities will not be completed until future years (£22.779m). These include funding received from the Scottish Government, Health Board and Council to fund priorities such as unscheduled care and a reduced working week for Health Board employees. 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.

13. 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 2025-26, £4.379m of Earmarked Reserves have been drawn down to meet this expenditure.

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 As part of the 2025-26 budget an additional £8.250m 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 2025-26 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 was achieved, IJB FASC on 10 June 2026 approved the transfer of this planned underspend to General Reserves.

5.3 In closing the accounts, the IJB is required to decide how it wishes to treat the operational underspend within the accounts. IJB FASC approved the transfer of the £0.579m operational underspend to General Reserve alongside the planned budget smoothing underspend. This will result in a General Reserve of £33.108m, which is 1.8% of net expenditure and is below the target set of 2%. It is noted that the 2026-27 approved IJB Budget included a planned £10m use of General Reserves. Should the IJB outturn on budget for 2026-27 then this would result in General Reserves of £23.108m (1.2%) by 31st March 2027.

5.4 As detailed in Section 4.2, £4.379m of expenditure was met from Earmarked Reserves in 2025-26.

5.5 IJB FASC on 10 June 2026 approved the earmarking of £22.779m as referred to in Section 4.2 to enable these local and national priorities to be delivered in future financial years. The full detail is shown in the following table.

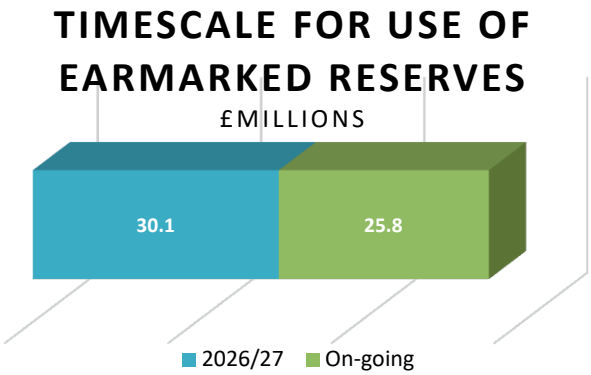
Local and National Priorities Which Will Not Be Completed Until Future Years	**£000's**
Scottish Government: Unscheduled Care - Hospital at Home	700
Scottish Government: Unscheduled Care	14,393
Scottish Government: Adults with Incapacity	266
Scottish Government: Reduced Working Week	4,335
Scottish Government: Band 5 to 6 Nursing Rebanding	1,158
Scottish Government: Lillias Centre Custody Unit	250
Scottish Government: Gender Services	400
Scottish Government: My Body Back	43
Other Funding: CORRA Drug Checking Service	68
Other Funding: COSLA Asylum Team	20
Other Funding: Health Improvement (Health & Wellbeing Survey)	205
Other Funding: EquipU Partners	459
Other Funding: Health and Social Care Scotland	182
HSCP Funds: Care Safe	50
HSCP Funds: Property Infrastructure	250
Total	**22,779**

5.6 This will result in the following IJB position for the IJB.

	2025/26			
	Transfers Out £000	**Transfers In £000**	**Redistribution of Reserves £000**	**Balance as at 31st March 2026 £000**
Earmarked	(4,379)	22,779	-	**55,964**
Contingency		8,829	-	**33,108**
General Fund	(4,379)	31,608	-	**89,072**

5.7 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 these requirements.

5.8 The graph below illustrates the expected timescale for the use of Earmarked Reserves with £30.1m (54%) expected to be drawn down in 2026-27. The remaining £25.8m (46%) 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 2026-27.



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 2026-27, the IJB recognised that there are a number of risks which may require access to General Reserves to mitigate against these during 2026-27. These include the volatile nature of prescribing costs and additional inflationary pressures including those due to geopolitical developments. It will also help to support the implementation of the significant savings programme (£23m) and the wider budget strategy which is required to be delivered. It is 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.

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 1.8% in General Reserves (projected to be 1.2% by 31 March 2027), 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; and
b) Note that IJB Finance, Audit Scrutiny Committee approved the transfer of £8.829m to General Reserves and £22.779m to Earmarked Reserves on 10 June 2026. This enables completion of the annual accounts by the statutory deadline of 30 September 2026.