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Aberdeen City Health & Social Care Partnership
A caring partnership

To: Members of the Integration Joint Board

Town House,
ABERDEEN 3 May 2024

INTEGRATION JOINT BOARD

The undernoted items are circulated in connection with the meeting of the **INTEGRATION JOINT BOARD** on **TUESDAY, 7 MAY 2024 at 10.00 am.**

ALAN THOMSON
INTERIM CHIEF OFFICER - GOVERNANCE

BUSINESS

PERFORMANCE AND FINANCE

- 6.1 Quarter 4 Financial Monitoring Update Report - HSCP.24.041 (Pages 3 - 22)

Should you require any further information about this agenda, please contact Emma Robertson, emmrobertson@aberdeencity.gov.uk

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INTEGRATION JOINT BOARD

Date of Meeting	7 May 2024
Report Title	Quarter 4 (2023/24) Financial Monitoring Update – period ended 31 March 2024
Report Number	HSCP24.041
Lead Officer	Paul Mitchell, Chief Finance Officer
Report Author Details	Paul Mitchell, Chief Finance Officer PauMitchell@aberdeencity.gov.uk
Consultation Checklist Completed	Yes
Directions Required	No
Exempt	No
Appendices	Appendix A -Finance Update as at end March 2024 Appendix B - Variance Analysis Appendix C - Progress in implementation of agreed savings – March 2024 Appendix D - Budget Virements Appendix E - Summary of risks and mitigating action
Terms of Reference	1 - Any functions or remit which is, in terms of statute or legal requirement, bound to be undertaken by the IJB itself



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1. Purpose of the Report

- a) To summarise the revenue budget performance to 31 March 2024 for the services within the remit of the Integration Joint Board (IJB), to advise on areas of risk and management mitigating action and to approve the budget virements.

2. Recommendations

2.1. It is recommended that the Integration Joint Board:

- a) Notes this report in relation to the IJB budget and the information on areas of risk and management action that are contained herein;
- b) Approves the budget virements indicated in Appendix E;
- c) Approves the use of uncommitted reserves to balance the final year-end position (para 3.4); and
- d) Instruct the Chief Officer to ensure that the scope of the planned internal audit on Budget Setting and Monitoring includes the funding of the IJB and governance around how changes are made during the year, and how decisions are made regarding the use of IJB reserves and balances. Therefore to receive recommendations on what could be done to mitigate changes made to the year-end position for 2023/24 described in the report, happening again.

3. Summary of Key Information

Background

- 3.1. During the budget setting process for the financial year 2023/24, significant pressures and savings were highlighted and agreed. These are accounted for in the full year revised budget column per Appendix A.
- 3.2. The forecast overspend as at Quarter 2, reported to the IJB on 5 December 2023 was £5.432m. As part of preparing the MTFF, reported to the IJB on 26 March 2024, reduced the forecast to £4.563m. The final outturn for 2023/24 is £10.774m.



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3.3. Included in the year-end position is the return of an over accrual on the supplier sustainability payments. During the repayment of the Covid Reserve in 2022/23, a provision was made for supplier sustainability claims that remained to be confirmed and paid. The provision was over accrued by £2.814m. Throughout the year, the working assumption, based on the knowledge that other IJB's were given authority to retain similar additional funds, was that Aberdeen City would be treated in a consistent manner. During the closure of the 2022/23 external audit in March 2024, confirmation was required in respect of this approach. Following discussions, the Scottish Government has decided that Aberdeen City IJB must return this funding, the beneficiary of which will be NHS Grampian. The Scottish Government confirmed that this approach is consistent with the previously issued letters, but leaves an anomaly in respect of the treatment of similar funds within other IJBs, where they have retained that funding.

Aberdeen City IJB Financial Information

3.4. To maintain a consistent approach with the financial position reported in previous financial years, a prudent methodology continues to be taken in respect of forecasting. The financial position of the IJB as at 31 March 2024 is as follows:

**As at
31 Mar 2024**
£'000

Overspend (Appendices A and B)

Quarter 3 forecast – per MTFF	4,563
Covid overprovision returned	2,814
Movement in Quarter 4	3,397
	10,774

Represented by:

Overspend on Older People & Physical and Sensory Disabilities	6,379
Overspend on Learning Disabilities	3,023
Overspend on Primary Care Prescribing	1,783
Overspend on Mental Health and Addictions	836
Overspend/(Underspend) on Mainstream Budgets	(1,247)
	10,774



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3.5. The mainstream position is showing an overspend on the budget and information on the individual variances to date are contained in Appendix B.

A summary of the year-end variances, as detailed in Appendix B is as follows:-

Commissioned Care	10,259
Primary Care Prescribing	1,783
Premises Costs	750
Primary Care	(1,329)
Income	(867)
Various smaller variances	178
	10,774

3.6. Pressure on Commissioned Care has arisen due to several elements, including:-

- National Care Home Contract
 - The nationally agreed uplift was 6%, the budgeted rate per the MTFF was 3%
 - The increased costs totalled £1.7m, for which no additional funding was received, as originally anticipated when preparing the MTFF.
- Increased demand
 - Based on currently available information, the number of clients receiving a care package have increased by approximately 930 (18%) during the year.
 - Work is ongoing to analyse and review all care packages, as the additional cost incurred in 2023/24 is unsustainable in future years.
- Transition Cases
 - Included in the MTFF was a budget of £670,000 for clients transitioning from Children Services to Adult Social Care.
 - The actual cost of those cases exceeded the budget by £713,000
- Pay Award
 - The final pay award for 2023/24 was an average of 6%, only 2% was included in the MTFF. Additional funding was



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received to off-set part of the increase. The net increase to the IJB was £300,000.

- The pay award increase was a significant budget pressure for our Arm's Length External Organisation, Bon Accord Care.
- Initial estimates were a shortfall in funding of £1.85m. This was reduced to £1.5m at the yearend. Internal savings were made, with a final year-end shortfall of £670,000 being required from the Commissioned Care budget.

3.7. The final outturn on Primary Care Prescribing is an overspend, although this is less than previously forecasted. The positive movement is a result of actual information now being available from the national IT system, with only two months estimates included in the final figure. Work continues to review all spend on Prescribing.

3.8. Premises Costs have increased due to a late re-charge from Aberdeen City Council for property rental costs that spanned two financial years. This pressure has been adjusted for in 2024/25.

3.9. Primary Care

- This budget has again resulted in an underspend, mainly due to a reduction in Premises Costs and the reduction in seniority payments, sickness levels and maternity claims.

3.10. Income

- Additional Income recoveries were included in the 2023/24 MTF due to the recruitment of additional Financial Assistants to clear the back-log in Financial Assessments.
- This has resulted in a positive movement on the level of Income that the IJB has managed to recover.

3.11. The impact of the final outturn on the unearmarked Reserve is to reduce the balance from £15.165m to £4.391m.

3.12. The budget overspend for 2023/24 will have an impact on the budget requirements for 2024/25. The IJB cannot maintain the current level of expenditure, therefore, budget holders have been allocated additional saving



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targets across all budget lines for 2024/25 to ensure that the expenditure is limited to the budget set per the MTFF at the March 2024 committee.

4. Implications for IJB

4.1. Every organisation must manage the risks inherent in the operation of large and complex budgets. These risks are minimised by the regular review of financial information by budget holders and corporately by the Board and the Risk Audit & Performance Committee. This report is part of that framework and has been produced to provide an overview of the current financial operating position.

Key underlying assumptions and risks are set out within the Appendices to this report.

4.2. **Equalities, Fairer Scotland and Health Inequality** – there are no implications arising from this report.

4.3. **Financial** – the financial implications are contained throughout the report.

4.4. **Workforce** – there are no workforce implications arising from this report.

4.5. **Legal** – there are no legal implications arising from this report.

4.6. **Other** – there are no other implications arising from this report

5. Links to ACHSCP Strategic Plan

5.1. A balanced budget and the medium financial strategy are a key component of delivery of the strategic plan and the ambitions included in this document.

6. Management of Risk

6.1. Identified risk(s)

See directly below.



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6.2. Link to risks on strategic or operational risk register:

- Strategic Risk 1
 - The strategic commissioning of services from third and independent sector providers requires both providers and ACHSCP to work collaboratively (provider with provider and provider and ACHSCP) in order to strategically commission and deliver services to meet the needs of local people. This is a new dynamic, based on mutual trust.
 - Limitations to the extent with which strategic commissioning of services progresses between ACHSCP and third and independent providers of health and social care.
- Strategic Risk 2
 - There is a risk of financial failure, that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and project an overspend.

6.3. How might the content of this report impact or mitigate these risks:

Good quality financial monitoring will help budget holders manage their budgets. By having timely and reliable budget monitoring any issues are identified quickly, allowing mitigating actions to be implemented where possible.

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Appendix A: Finance Update as at end March 2024

Period 12	Full Year	Full Year	Full Year	Variance	App B
	Full Year Budget £'000	Full Year Actual £'000	Full Year Variance £'000	Variance Percent %	
Mainstream:					
Community Health Services	46,154	46,116	(38)	(0.1)%	a
Aberdeen City share of Hosted Services (health)	31,031	31,323	292	0.9%	b
Learning Disabilities	41,992	45,015	3,023	7.2%	c
Mental Health and Addictions	26,149	26,985	836	3.2%	d
Older People & Physical and Sensory Disabilities	100,825	107,204	6,379	6.3%	e
Directorate	2,424	2,209	(215)	(8.9)%	f
Criminal Justice	167	147	(20)	(12.0)%	
Housing	2,258	2,258	0	-	
Primary Care Prescribing	44,566	46,349	1,783	4.0%	g
Primary Care	46,424	45,095	(1,329)	(2.9)%	h
Out of Area Treatments	1,750	2,503	753	43.0%	i
Set Aside Budget	55,550	55,550	0	-	
City Vaccinations	3,071	3,058	(13)	(0.4)%	j
Transforming Health and Wellbeing	3,380	3,208	(172)	(5.1)%	k
Uplift Funding	670	165	(505)	(75.4)%	l
	406,411	417,185	10,774	2.7%	

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Appendix B: An analysis of the variances on the mainstream budget is detailed below:

a Community Health Services (Position - £38,000 underspend)

Major Variances:

(539,000) Across non-pay budgets
(339,000) Over recovery on income
840,000 Staff Costs

Staffing costs projected overspend due to unfunded savings target offset by underspends in Allied Health Professions (AHPs) and Nursing.

This is augmented by an over recovery on income. Non pay is largely due to Property costs and Equipment costs. All savings targets are now realigned to one budget code within community. Income mainly relates to primary care and AHPs.

b Hosted Services (Position £292,000 overspend)

The Hosted Services are reporting an overspend across Grampian.

Intermediate Care - City led: Has an overspend position in city despite an allocation of additional funding. The Grampian Wide service has an overspend position due to locum costs, bank nursing as a result of one to one care and sick leave.

Grampian Medical Emergency Department (GMED) - Moray led: Has an underspend position as this was allocated additional IJB funding. Relates mainly to pay costs and the move to provide a safer more reliable service which has been a greater uptake of shifts across the service. Non-pay overspend due to repair costs not covered by insurance, increased costs on software and hardware support costs, increased usage of medical surgical supplies and an increase in drug costs.

Hosted services are led by one Integrated Joint Boards (IJB), however, the costs are split according to the projected usage of the service across the three IJBs. Decisions required to bring any budget back into balance may need to be discussed with the three IJBs, due to the impact on service delivery.

c Learning Disabilities (Position - £3,023,000 overspend)

Council: £2,984,000 overspent on commissioned services, due to an increase in client demand and the effect of the 6% uplift agreed on National Care Home Contract (NCHC), the Medium Term Financial Framework (MTFF) had projected 3% and had predicted that additional funding would follow the final agreement. £346,000 overspent on staffing, as service is almost fully staffed and a 6% pay award was confirmed and paid in December 2023. The 23/24 MTFF had a budget assumption of a 2% pay increase. £78,000 overspent on supplies & services and £20,000 of other various small overspends across the service. Partially offset by £325,000 over recovery on income, mainly on client receipts.

NHS: Various small underspends across the service that total £80,000.

d Mental Health & Addictions (Position - £836,000 overspend)

Council: £642,000 overspent on commissioned services, due to an increase in client demand and the effect of the 6% uplift agreed on NCHC, the MTFF had projected 3% and £25,000 of other various small overspends across the service.

NHS: £169,000 over due to various small overspends across the service.

Appendix B: An analysis of the variances on the mainstream budget is detailed below:

e Older People & Physical and Sensory Disabilities (Position £3,566,000 overspend)

Council: £5,810,000 overspend on commissioned services, as with the overspend on Learning Disabilities and Mental Health, this was due to an increase in client demand and the effect of the 6% nationally agreed uplift on the NCHC rate, again, the MTFF had projected 3%. £2,814,000 of this overspend is due to the Scottish Government reclaiming an overprovision on the Covid Supplier Sustainability payments. £792,000 overspent on unanticipated property costs, mainly due to a late and back-dated multi-year charge from Aberdeen City Council for a property. These overspends were partially offset by £89,000 underspend on supplies & services and £203,000 over recovery of income as 2 new financial assessment officers have now started dealing with the backlog of client assessments.

f Directorate (Position - £215,000 underspend)

Council: £147,000 underspend on supplies & services, mainly as the IJB's contribution to D365 licencing was lower than expected. £102,000 underspend on staffing due to vacancies. Offset by £34,000 various small overspends across the service.

g Primary Care Prescribing (Position – £1,783,000 overspend)

The year end position for 22/23 included an under accrual of £570,000 which impacts on position for 23/24. *(March 2023 was the greatest monthly spend recorded for Prescribing in NHSGrampian in 22/23)*

For April 23 to January 24, the actual number of items prescribed continued to increase and is 3.87% greater than the same period in 22/23. *(The total number of items for NHSG may still exceed 10.54 million in 23/24)* This is coupled with estimated average item price of £11.42/item. For comparison, the average item price in April 22 after Tariff reduction was £10.62.

NHS Scotland Practitioner Services transferred to a new IT system for processing scripts in 23/24. This new Data Capture Validation and Pricing system, (nDCVP), went live on 1st July 2023, and the impact of unexpected technical challenges have been addressed and data release brought up to expected levels with a two-month accrual required.

The position for February 24 to March 24 includes estimated increase in volume using local derived intelligence and national forms & items information in relation to the number of paid items at assumed price. The price estimate has been revised to an estimated £11.42/item from January 24 using December 23 actual value.

During the 23/24 budget setting process, Prescribing received an uplift of £4.5m (11%).
The final overspend is over and above that uplift.

h Primary Care Services (Position - £1,329,000 underspend)

The GP contract uplift for 2023/24 was concluded in 2023 and high-level allocation information was received. Final detailed allocation information has been affirmed in February 24 after queries from Boards nationally. Detailed delegation to budgets have been applied and an overall underspend position for Global Sum is continuing and reflected in the current levels of payment made to practices.

The cost pressure on enhanced services still remains consistent following review of diabetes enhanced service where performance thresholds were recalculated, and attainment improved creating increased payment.

The estimated premises position has an increased underspent following earlier budget realignment for 23/24 within Aberdeen City and Shire and a further budget allocation from Aberdeen City

Board Administered funds remain underspend to M12 reflecting the pattern of current expenditure. This includes seniority payments alongside sickness and maternity claims received to M12.

Appendix B: An analysis of the variances on the mainstream budget is detailed below:

i Out of Area Treatments (Position - £753,000 overspend)

The final outturn has improved from previous forecasts. This is mainly due to updated arrangements for a placement in England and improvements in the additional nursing and pricing estimates. This pressure was addressed specifically in the 24/25 MTF by a budget allocation of £1,000,000 for one year only, to allow for the review of all packages to be undertaken

j City Vaccinations (Position - £13,000 underspend)

Council: £21,000 underspent on staffing as there has been a slight reduction in hours worked at the centre by Council staff.

NHS: Various small overspend across multiple budgets that total £8,000

k Strategy & Transformation (Position - £173,000 underspend).

Council: £133,000 underspent on Carers Support, mostly development. Offset by £15,000 overspend on staffing because a 6% pay award was agreed in December 2023 and £16,000 overspent on training courses.

NHS: £70,000 underspend due to vacancies as the transformation team is now fully funded.

l Uplift Funding (Position - £505,000 underspend)

Unallocated funding remaining to off-set the overall out-turn position.

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Appendix C: Progress in implementation of savings – March 2024

Programme for Transformation:	Agreed Target £'000	Status	Forecast £'000
Reshaping our approach to commissioning services	(2,434)	Description - A review of all supplier contracts will take place, with a view to reducing the costs where appropriate. Status - With the increased level of pay awards, cost of living increases and ongoing inflationary pressures faced by our providers, the full saving is challenging, but the service is confident that this will be made	(2,434)
Primary Care	(650)	Description - Regular yearly savings that were not previously budgeted for were taken this year as permanent savings. Status - These savings are already being made.	(650)
Out of Area Placements	(600)	Description - To bring clients back with Aberdeen City with a similar level of care for a reduced cost to the Service. Status - The budget is regularly reviewed and although no savings have made to date, it is hope that savings will materialise prior to the year-end	0
Prescribing	(1,350)	Description - To bring clients back with Aberdeen City with a similar level of care for a reduced cost to the Service. Status - The budget is regularly reviewed and although no savings have made to date, it is hope that savings will materialise prior to the year-end	0
Vacancy management	(1,000)	Description - With the natural delay in replacing staff, savings have been historically made on vacancy turnover. Status - As in previous years, regular movement of staff will continue and this saving is expected to materialise.	(1,000)
Increased Income	(1,000)	Description - A back-log in financial assessments has resulted in the IJB failing to maximise their income. Status - Two additional Finance Assistants are to be employed on a fixed term basis to review all financial assessments and clear the back-log. This will ensure that all clients are paying the correct contribution to their care	(1,000)
Cost recovery from Partners	(888)	Description - To recharge other IJBs for staffing that is paid by Aberdeen City which do work across Grampian. Status - Regular quarterly recharges have been agreed	(888)
Whole system and connected remobilisation	(1,501)	Description - undertake a strategic review of the data, demographic and demand picture to understand the "bed base" for unscheduled care. Status - The budget is regularly reviewed and the saving is expected to materialise.	(1,501)
	(9,423)		(7,473)

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Appendix D: Budget Virements

Health 9-12		£
BAND 2 TO 3 RVR	Uplift Adjustments	49,414
BAND 2 TO 3 RVR	Ring Fenced Funding	(49,414)
DWD ICF	City Prior Year Reserve	(328,898)
DWD ICF	Ring Fenced Funding	328,898
Total Virements		-

Social Care 10-12		£
Self Directed Support Transformation Funding As Per Annex G Directorate		6,000
Ijb Budget V5	Learning Disabilities	876,523
Ijb Budget V5	Mental Health/Substance Misuse	166,243
Ijb Budget V5	Older People and Physical Disability	571,874
Ijb Budget V5	Resource Transfer	(1,614,640)
Ijb Budget V6	Older People and Physical Disability	0
IJB Pay award 23/24	Learning Disabilities	200,000
IJB Pay award 23/24	Mental Health/Substance Misuse	96,000
IJB Pay award 23/24	Older People and Physical Disability	400,000
Total Virements		702,000

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Appendix E: Summary of risks and mitigating action

	Risks	Mitigating Actions
Community Health Services	The current financial position is dependent on vacancy levels.	Monitor levels of staffing in post compared to full budget establishment. A vacancy management process has been created which will highlight recurring staffing issues to senior staff.
Hosted Services	There is the potential of increased activity in the activity in all Hosted Services There is the risk of high levels of use of expensive locums for intermediate care, which can put pressure on hosted service budgets.	Work is being undertaken at a senior level to consider future service provision and how the costs of this can be minimised. The movement of staff from elsewhere in the organisation may help to reduce locum services.
Learning Disabilities	There is a risk of fluctuations in the learning disabilities budget because of: Staff vacancy levels Expensive support packages Increase in provider rates	Monitor levels of staffing in post compared to full budget establishment. Review packages to consider whether they are still meeting the needs of the clients. All learning disability packages are going for peer review at the fortnightly resource allocation panel.
Mental Health and Addictions	Increase in activity in needs led service. Potential complex needs packages being discharged from hospital. Increase in consultant vacancies resulting in inability to recruit which would increase the locum usage. Average consultant costs £12,000 per month average locum £30,000 per month.	Work has been undertaken to review levels through using D365 Review potential delayed discharge complex needs and develop tailored services. A group has been established in the city to look at supplementary staffing on a regular basis.
Older people services incl. physical disability	There is a risk that staffing levels change which would have an impact on the financial position. There is the risk of an increase in activity in needs led service, which would also impact the financial position.	Monitor levels of staffing in post compared to full budget establishment. Regular review packages to consider whether they are still meeting the needs of the clients.
Prescribing	There is a risk of increased prescribing costs as this budget is impacted by volume and price factors, such as the increase in drug prices due to short supply. As both of which are forecast on basis of available date and evidence at start of each year by the Grampian Medicines Management Group	Monitoring of price and volume variances from forecast. Review of prescribing patterns across General Practices and follow up on outliers. Implementation of support tools – Scriptswitch, Scottish Therapeutic Utility. Poly pharmacy and repeat prescription reviews to reduce wastage and monitor patient outcomes.
Out of Area Treatments	There is a risk of an increase in number of Aberdeen City patients requiring complex care from providers located out with the Grampian Area, which would impact this budget.	Groups to be re-established reviewing placements and considering if these patients can be cared for in a community setting.

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