



RISK, AUDIT AND PERFORMANCE COMMITTEE

Date of Meeting	26 January 2021
Report Title	Quarter 3 Financial Monitoring and Mobilisation Plan Update
Report Number	HSCP21.013
Lead Officer	Alex Stephen, Chief Finance Officer
Report Author Details	Alex Stephen, Chief Finance Officer
Consultation Checklist Completed	Yes
Directions Required	No
Appendices	a) Finance Update as at end December 2020 b) Variance Analysis c) Mobilisation Plan Costings Update d) Progress in implementation of agreed savings – December 2020 e) Budget Reconciliation f) Budget Virements g) Summary of risks and mitigating action

1. Purpose of the Report

- a) To summarise the current year revenue budget performance for the services within the remit of the Integration Joint Board (IJB) as at Period 9 (end of December 2020).
- b) To highlight the current forecast in relation to the additional costs of COVID-19 to be reclaimed from the Scottish Government.
- c) To advise on any areas of risk and management action relating to the revenue budget performance of the Integration Joint Board services.
- d) To note the budget virements so that budgets are more closely aligned to anticipated income and expenditure (see Appendix F).



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2. Recommendations

2.1. It is recommended that the Risk, Audit and Performance Committee:

- 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) Notes the budget virements indicated in Appendix F.

3. Summary of Key Information

Background

3.1 The IJB considered reports on the 9 June 2020, 11 August 2020 and the 28 October 2020, which highlighted the estimated costs of the mobilisation plan and the risk that particularly the indirect costs of COVID-19 on the IJB budget may not be funded by the Scottish Government.

New Information on COVID-19 Costs and Funding since 28 October 2020

3.2 Since the 28 October 2020 the following allocations have been received from the Scottish Government, highlighted in grey below:

Funding Received to Date for Mobilisation Plan

Social care sustainability tranche 1	£1,856,000	Council
Social care sustainability tranche 2	£928,000	Council
September allocation from '£1.1 billion allocation'	£5,369,000	Council\NHS
Scottish Living Wage	£324,848	Council
Prescribing	£388,000	Health
Primary Care GPs	£787,174	Health
November top up allocation for sustainability payments	£2,729,720	Council transferred in January
December allocation for winter plan funding - Sustainability	£1,750,000	Council transferred in January
Total Mobilisation Plan Funding Received	£14,132,742	
December allocation for winter plan funding - Additional Staffing	£1,250,000	Council\Health transferred in January
December allocation for winter plan funding - Admin	£180,000	Council\Health transferred in January
	£15,562,742	



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- 3.3 The funding received has aligned with the expenditure included on the mobilisation plan costing to date. As highlighted previously the mobilisation plan costings were based on estimates in March 2020 and as the pandemic response continues and the guidance in relation to social care provider payments is changed then the costs continue to move on the mobilisation plan.
- 3.4 In regard to the allocations the letters from the Scottish Government have indicated that Chief Finance Officers and Directors of Finance can approach the Scottish Government if the basis for allocation does not meet local requirements. Based on the information and funding received to date Aberdeen City IJB's local requirements have been met, apart from the items where a decision on allocation has still to be made.
- 3.5 In relation to savings undelivered, those which were originally included against the staffing budgets have largely been delivered, as it has not been possible to recruit to the normal levels. Locum spend has reduced in some services this financial year, however, has increased in community mental health services where recruitment to medical posts has proven challenging. On the social care side of the budget, savings were expected to be delivered at the start of year have not been delivered and have been included on the mobilisation plan from the outset as a result. A funding allocation for the undelivered savings is expected in January.
- 3.6 In relation to social care sustainability costs these continue to be refined and the sustainability scheme has recently been extended by the Scottish Government. Further information on the social care payments and forecast continues to be requested on a regular basis by the Scottish Government to substantiate the payments.

Aberdeen City IJB Financial Information

- 3.7 A prudent approach has been taken in forecasting the level of additional income to be received from the Scottish Government for the cost implications of COVID-19 and therefore for the time being only income that has been received is accounted for in the financial monitoring. The financial position of the IJB at the 31 December 2020 is as follows:



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	£'000	£'000
Overspend as at 31 December 2020 (Appendices A and B)		3,456
Represented by:		
Overspend\(\Underspend) on Mainstream Budgets (Appendix B)	(55)	
Costs of COVID-19 – Included on Mobilisation Plan (Appendix C) on Prescribing line	409	
Costs of COVID-19 – Included on Mobilisation Plan (Appendix C)	3,102	
		3,456

- 3.8 In quarter 2 an overspend of £1.2 million was forecast on the prescribing budget, this has been reduced to £409,000 as additional funding of £388,000 has been received for the increase in the cost of two drugs due to COVID and there has also been a reduction in the average unit cost of drugs.
- 3.9 As highlighted in the report to the urgent IJB meeting on 28 October 2020 there has been a movement in the level of planned care at home hours. Some of this increase is temporary and due to respite and day care services not being available, and some is a result of supporting people at home, instead of a residential setting, during the first lockdown. As indicated in the report, these costs are being added to the mobilisation plan as a direct cost of COVID.
- 3.10 Whilst the IJB does have a small risk fund held in reserve, the Chief Finance Officer does not recommend that this is used to cover any shortfall. The Scottish Government have confirmed that additional funding will be provided to cover the costs of COVID-19 but until all the funding is distributed and the final financial position is known there remains a risk of overspend, particularly given the move into the second phase of providing services during the COVID pandemic. Should the Chief Finance Officer feel that the financial risk has increased as a result of new information becoming available then a special meeting of the IJB will be called at short notice with the permission of the Chair of the IJB and as stated in the Standing Orders.
- 3.11 Information on the variances to date are contained in the appendices, along with the budget virements and an updated mobilisation plan costing.



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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 Risk, Audit & Performance Systems 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** – there are no equalities implications arising from this report.

4.3 **Fairer Scotland Duty** – there are no Fairer Scotland Duty implications arising from this report.

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

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

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

4.7 **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.

5.2 **Management of Risk**

5.3 **Identified risks(s)**

See directly below.

5.4 **Link to risks on strategic or operational risk register:** 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.



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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.

Approvals	
	Sandra Macleod (Chief Officer)
	Alex Stephen (Chief Finance Officer)

