



RISK, AUDIT AND PERFORMANCE COMMITTEE

Date of Meeting	27 April 2021
Report Title	Quarter 4 (20/21) Financial Monitoring Update
Report Number	HSCP.21.049
Lead Officer	Alex Stephen, Chief Finance Officer
Report Author Details	Alex Stephen, Chief Finance Officer alestephen@aberdeencity.gov.uk
Consultation Checklist Completed	Yes
Directions Required	No
Appendices	a) Finance Update as at end March 2021 b) Variance Analysis c) Mobilisation Plan Costings Update d) Progress in implementation of agreed savings – March 2021 e) Budget Reconciliation f) Budget Virements g) Summary of risks and mitigating action

1. Purpose of the Report

- a) To summarise the 2020/2021 revenue budget performance for the services within the remit of the Integration Joint Board (IJB) as at Period 12 (end of March 2021).
- b) To highlight the current forecast in relation to the additional costs of covid 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 approve 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 (RAPC):
- a) Notes this report in relation to the Integration Joint Board (IJB) budget and the information on areas of risk and management action that are contained herein.
 - b) Approves 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, 28 October 2020 and 27 January 2021, which highlighted the estimated costs of the mobilisation plan and the risk that particularly the indirect costs of covid on the IJB budget may not be funded by the Scottish Government.

New Information on Covid Costs and Funding since 27 January 2021

- 3.2 Since the 27 January 2021 the following allocations highlighted in grey have been received from the Scottish Government:

Funding Received for Mobilisation Plan

Social care sustainability tranche 1	£1,856,000
Social care sustainability tranche 2	£928,000
September allocation from '£1.1 billion allocation'	£5,369,000
Primary Care GPs	£787,174
November top up allocation for sustainability payments	£2,729,720
December allocation for winter plan funding and Sustainability	£3,180,000
Final Tranche 2 February 2021	£2,813,260
Total Mobilisation Plan Funding Received	£17,663,154

Other IJB funding received:

Scottish Living Wage	£324,848
Adult Social Care Winter Plan - Tranche 2	£2,000,650
Complex Care Change Funding	£876,523
Further IA Covid Support	£3,695,837
ADP, PCIP and Action 15 Underspends	£2,800,000
£500 to NHS ACHSCP Staff	£338,818
4% Pay Award to NHS ACHSCP Staff from December	£660,000
Total other Funding Received	£10,696,676



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- 3.3 The local mobilisation plan funding received has aligned with the additional expenditure incurred by the IJB for covid. As highlighted previously the mobilisation plan costings were based on estimates in March 2020 and as the pandemic response continued and the guidance in relation to social care provider payments changed, then the costs continue to move on the mobilisation plan. Further covid funding of £3.7 million, above the level included in the mobilisation plan, was received on 5 February 2021, and it was necessary to use some of this funding to cover an increase in the supplier sustainability costs at the end of the financial year, largely due to an increase in under occupancy payments as providers were unable to take new clients due to covid outbreaks.
- 3.4 Included within the additional funding received on 5 February 2021 were funds in regard to the underspends on the Primary Care Improvement Fund, Action 15 and Alcohol and Drugs Partnership funding which have accumulated over previous financial years and were being held by the Scottish Government on the IJB's behalf. Additional funding was also received for winter pressures and for a complex care change fund. None of this funding was anticipated in the quarter 3 financial estimates and this therefore creates an underspend in the IJB accounts, with majority requiring to be earmarked in the IJB's reserves for original intended purpose.
- 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. The funding allocation in February 2021 provided additional funding to compensate the IJB for the savings which were undelivered in 2020-21.

Aberdeen City IJB Financial Information

- 3.6 Throughout the financial year a prudent approach was taken in forecasting the level of additional income to be received from the Scottish Government for the cost implications of covid and only income that has been received was accounted for in the financial monitoring. This largely explains the overspend position forecast in December. The financial position of the IJB at the 31 December 2020 and 31 March 2021 is as follows:



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	£'000 31 December 2020	£'000 31 March 2021
Overspend\ (Underspend) as at (Appendices A and B)	3,456	(12,841)
Represented by:		
Overspend\ (Underspend) on Mainstream Budgets (Appendix B)	(55)	(2,889)
Overspend\ (Underspend) on Additional Funding Received Quarter 4	0	(9,952)
Costs of covid – Included on Mobilisation Plan (Appendix C) on Prescribing line	409	0
Costs of covid – Included on Mobilisation Plan (Appendix C)	3,102	0
	3,456	(12,841)

- 3.7 The mainstream position improved in the last quarter, with the financial position on the majority of the line improving against budget. With there being an underspend of £1.5 million on the social care budget and £1.4 million on the health delegated services, this needs to be taken in the context of a £354 million mainstream budget.
- 3.8 The IJB is permitted to carry funds forward between financial years using its reserves and at the start of this financial year had a reserve of £2.6 million. A reserves strategy forms part of the IJB financial regulations and the Chief Finance Officer regularly reviews this strategy and during each budget setting process takes a view on the adequacy of the level of reserves. During this budget process the Chief Finance officer recommended that the risk fund be increased to £2.5 million should the financial position allow. Based on the underspend generated in 2020-21, Aberdeen City has a reserves balance of £15.4 million at the end of the financial year. It is necessary to earmark some of these funds to the purpose for which the additional funding was initially received.



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Earmarked Funds:	£'000
Primary Care Improvement Fund	2,541
Action 15	693
Alcohol and Drugs Partnership	1,321
Complex Care	877
Covid	2,534
Miscellaneous Earmarked Funding	1,007
Risk Fund	2,500
Integration and Change Fund	3,969
Total Reserves	15,442

- 3.9 An integration and change fund earmarked reserve of £4 million has been created for future service transformation. However, given the uncertainty in relation to how covid may impact on the delegated services it is not recommended that this be allocated to specific projects at this point in time.
- 3.10 Information on the variances to date are contained in the appendices, along with the budget virements and an updated mobilisation plan costing.

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.



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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.

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)

