

Appendix A: Finance Update as at end June 2023

Period 3	Full Year	Period	Period	Period	Variance	Forecast	Full Year	App B
	Revised Budget	Budget	Actual	Variance	Percent		Variance	
	£'000	£'000	£'000	£'000	%	£'000	£'000	
Mainstream:								
Community Health Services	42,310	10,672	10,845	173	1.6%	42,902	592	a
Aberdeen City share of Hosted Services (health)	30,781	7,877	7,474	(403)	(5.1)%	29,194	(1,587)	b
Learning Disabilities	41,050	10,277	9,685	(592)	(5.8)%	40,377	(673)	c
Mental Health and Addictions	26,250	6,642	6,633	(9)	(0.1)%	26,226	(24)	d
Older People & Physical and Sensory Disabilities	100,494	25,123	24,762	(361)	(1.4)%	98,752	(1,742)	e
Directorate	2,076	519	519	0	-	2,076	0	
Criminal Justice	167	42	42	0	-	167	0	
Housing	1,748	437	437	0	-	1,748	0	
Primary Care Prescribing	44,003	10,743	11,666	923	8.6%	47,666	3,663	f
Primary Care	43,699	11,011	10,901	(110)	(1.0)%	42,606	(1,093)	g
Out of Area Treatments	1,750	437	676	239	54.7%	2,603	853	h
Set Aside Budget	52,719	13,180	13,180	0	-	52,719	0	
City Vaccinations	2,747	712	712	0	-	2,747	0	
Transforming Health and Wellbeing	3,250	826	826	0	-	3,250	0	
Uplift Funding	0	0	0	0	-	0	0	
	<b>393,044</b>	<b>98,498</b>	<b>98,358</b>	<b>(140)</b>	<b>(0.1)%</b>	<b>393,033</b>	<b>(11)</b>	
Funds:								
Integration and Change	85	86	86	0	-	85	0	
Winter Funding	2,102	539	539	0	-	2,102	0	
Primary Care Improvement Fund	793	255	255	0	-	793	0	i
Action 15 Mental Health	12	12	12	0	-	12	0	
Alcohol Drugs Partnership	6	6	6	0	-	6	0	
	<b>2,998</b>	<b>898</b>	<b>898</b>	<b>0</b>	<b>-</b>	<b>2,998</b>	<b>0</b>	
	<b>396,042</b>	<b>99,396</b>	<b>99,256</b>	<b>(140)</b>	<b>(0.1)%</b>	<b>396,031</b>	<b>(11)</b>	

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

**a Community Health Services (Forecast Position - £592,000 overspend)**

Major Variances:

(72,000) Across non-pay budgets  
47,000 Under recovery on income  
617,000 Staff Costs

Staffing costs projected overspend due to unfunded savings target offset by underspends in AHPs and Nursing. This is augmented by an under recovery on income.

Underspend in Non pay is largely due to Property costs and Equipment costs.

All savings targets are now realigned to one budget code within community health.

**b Hosted Services (Forecast Position £1,587,000 underspend)**

The Hosted Services position is now reporting an underspend due to the allocation of cost pressure funding from the Integrated Joint Board and an ongoing service redesign.

**Intermediate Care:** Has an overspend position in city despite an allocation of additional funding. The Grampian Wide service has an overspend position due to locum costs, agency nursing costs and an overspend in medical supplies mainly in rehab.

**Grampian Medical Emergency Department (GMED):** Currently underspent as 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 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 (Forecast Position - £673,000 underspend)**

**Council:** £727,000 underspent on staffing due to staff vacancies and £251,000 underspend on other costs.

**NHS:** This is partially offset by a pressure of £305,000 arising due to a high dependency patient that is not funded.

**d Mental Health & Addictions (Forecast Position - £24,000 underspend)**

**Council:** £90,000 underspent due to staffing vacancies.

**NHS:** £66,000 over due to various small overspends across the service.

**e Older People & Physical and Sensory Disabilities (Position £1,742,000 underspend)**

£915,000 underspent on staffing, £585,000 underspend on supplies & services and £242,000 of other various small underspends across the service, including additional client income received.

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

**f Primary Care Prescribing (Forecast Position – £3,662,000 overspent)**

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

For April the number of items prescribed continues to increase and is 4.59% greater than April 22. (The number of items for NHSG may now exceed 10.5 Million in 23/24) This, coupled with a continuance of average item price increase to current April level of £11.53/item.

For comparison, the average item price in April 22 after Tariff reduction was £10.62.

The position for May and June assumes this price will continue and that volume pattern will be sustained.

The current prescribing position will need to be discussed at Primary Care Prescribing Group to consider any further mitigation measures.

The above noted does not include impact of 23/24 Tariff price increase of £20m across Scotland outlined in PCA(P)(2023) 23 to be implemented from May 23 where funding has still to be confirmed.

**g Primary Care Services (Forecast Position - £1,093,000 underspend)**

The GP contract uplift for 2023/24 has yet to be concluded and a breakeven position has been assumed for Global Sum to date.

The existing cost pressure on enhanced services has reduced following resumption of normal processes for recording and claiming as actual claims are reduced.

The estimated premises position remains favourable but with reduced underspends following budget realignment in 23/24 within City and Shire.

Board Administered funds have a reduced underspend to M3 reflecting the pattern of current expenditure including revised seniority payments which are reduced alongside sickness and maternity claims received.

**h Out of Area Treatments (Forecast Position - £853,000 overspend)**

The number of placements remain high and with the pressure on salary costs and the rates requested by the suppliers, this budget is under considerable pressure.

Client placements are under constant review to try and find a similar level of care within Aberdeen City at a reduced cost to the Service.

**i Funds (Forecast Position - balanced)**

Income will match expenditure at the end of the financial year.

**Appendix C: Progress in implementation of savings – June 2023**

<b>Programme for Transformation:</b>	<b>Agreed Target £'000</b>	<b>Status</b>	<b>Forecast £'000</b>
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 seek alternatives to medicines (social prescribing), ensuring our prescribing processes and management of patients using medicines is as efficient as it can be and also stopping the prescription of drugs where there is evidence of little clinical value  Status - The budget is regularly reviewed and greater focus has been placed on the Primary Care Prescribing Group to materialise savings.	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)
	<b>(9,423)</b>		<b>(7,473)</b>

## Appendix D: Budget Reconciliation

	<b>NHSG</b>	<b>ACC</b>	<b>IJB</b>
	<b>£</b>	<b>£</b>	<b>£</b>
ACC per full council:	0	122,528,677	
NHS per letter from Director of Finance:	255,435,656		
Budget NHS per letter		0	
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	255,435,656	122,528,677	
Reserves Drawdown			
Quarter 1	18,079,037		
Quarter 2			
Quarter 3			
Quarter 4			
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>273,514,694</b>	<b>122,528,677</b>	<b>396,043,370</b>

## Appendix E: Budget Virements (balancing)

Health 1 - 3		£
HCH REALIGNMENT	City H&SCP Core	191,092
HCH REALIGNMENT	City Primary Care	(191,092)
CITY PAY AWARD HSCP	Uplift Adjustments	(5,766,986)
CITY PAY AWARD HSCP	City H&SCP Core	4,350,408
CITY PAY AWARD HSCP	Strategy and Transformation	169,166
CITY PAY AWARD HSCP	City Learning Disabilities	156,969
CITY PAY AWARD HSCP	City Community Mental Health	1,090,443
HCSW REGRADE	Uplift Adjustments	(115,241)
HCSW REGRADE	City H&SCP Core	53,129
HCSW REGRADE	City Prior Year	6,844
HCSW REGRADE	City Learning Disabilities	698
HCSW REGRADE	City Community Mental Health	5,155
HCSW REGRADE	Ring Fenced Funding	49,414
<b>Total Virements</b>		<b>(0)</b>

Social Care 1-3		£
Clear S57136 Budget and Clear S60212 Budget	Strategy & Transformation	-
Remove Original Ijb Budget Allocation 23/24	Directorate	(12,887,499)
Remove Original Ijb Budget Allocation 23/24	Learning Disabilities	(36,833,190)
Remove Original Ijb Budget Allocation 23/24	Mental Health/Substance Misuse	(12,357,456)
Remove Original Ijb Budget Allocation 23/24	Older People and Physical Disability	(99,008,377)
Remove Original Ijb Budget Allocation 23/24	Strategy & Transformation	(1,441,231)
Remove Original Ijb Budget Allocation 23/24	Transformation Projects	(904,283)
Remove Original Ijb Budget Allocation 23/24	Resource Transfer	42,804,382
Remove Original Ijb Budget Allocation 23/24	Criminal Justice	(153,213)
Revised Ijb Budget Allocation V1 23/24	Directorate	2,076,288
Revised Ijb Budget Allocation V1 23/24	Learning Disabilities	39,575,580
Revised Ijb Budget Allocation V1 23/24	Mental Health/Substance Misuse	13,104,220
Revised Ijb Budget Allocation V1 23/24	Older People and Physical Disability	100,358,917
Revised Ijb Budget Allocation V1 23/24	Strategy & Transformation	1,631,736
Revised Ijb Budget Allocation V1 23/24	Transformation Projects	205,313
Revised Ijb Budget Allocation V1 23/24	Resource Transfer	(36,338,612)
Revised Ijb Budget Allocation V1 23/24	Criminal Justice	167,425
<b>Total Virements</b>		<b>0</b>

**Appendix F: Summary of risks and mitigating action**

	<b>Risks</b>	<b>Mitigating Actions</b>
<b>Community Health Services</b>	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.
<b>Hosted Services</b>	There is the potential of increased activity in the activity-led Forensic Service.  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.
<b>Learning Disabilities</b>	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.
<b>Mental Health and Addictions</b>	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.
<b>Older people services incl. physical disability</b>	There is a risk that staffing levels change which would have an impact on the current 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.
<b>Prescribing</b>	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.  The drug budget position across Grampian is a core item on the agenda for the Primary Care Prescribing Group meeting on 20th September 2023.
<b>Out of Area Treatments</b>	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.