



## INTEGRATION JOINT BOARD

<b>Date of Meeting</b>	5 December 2023
<b>Report Title</b>	Quarter 2 (2023/24) Financial Monitoring Update – period ended 30 September 2023
<b>Report Number</b>	HSCP23.095
<b>Lead Officer</b>	Paul Mitchell, Chief Finance Officer
<b>Report Author Details</b>	Paul Mitchell, Chief Finance Officer PauMitchell@aberdeencity.gov.uk
<b>Consultation Checklist Completed</b>	Yes
<b>Directions Required</b>	No
<b>Exempt</b>	No
<b>Appendices</b>	Appendix A -Finance Update as at end September 2023  Appendix B - Variance Analysis  Appendix C - Progress in implementation of agreed savings – September 2023  Appendix D - Budget Reconciliation  Appendix E - Budget Virements  Appendix F - Summary of risks and mitigating action
<b>Terms of Reference</b>	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 30 September 2023 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 so that budgets more closely align to anticipated income and expenditure.

### 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; and
- c) Approves the use of uncommitted reserves to balance the final year-end position if required (para 3.10)

### 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.

#### Aberdeen City IJB Financial Information

- 3.2. 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 30 September 2023 is as follows:



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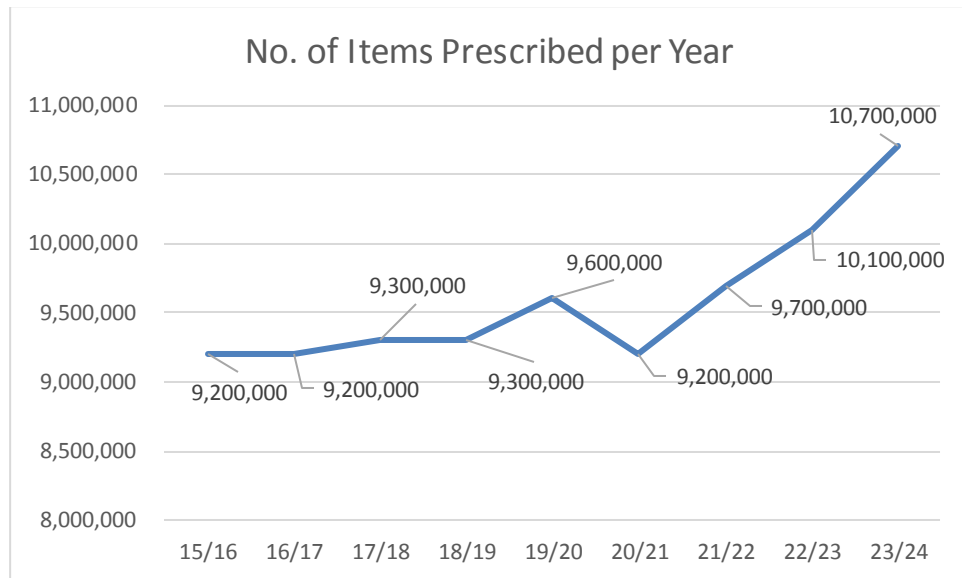
	<b>As at 30 Sep 2023</b>
	<b>£'000</b>
<b>Overspend\Underspend) as at (Appendices A and B)</b>	<b>5,432</b>
<b>Represented by:</b>	
Overspend on Primary Care Prescribing	<b>4,332</b>
Overspend\Underspend) on Mainstream Budgets	<b>1,100</b>
Appendix B	<b>5,432</b>

- 3.3.** The mainstream position is showing an overspend on the budget and information on the individual variances to date are contained in Appendix B.
- 3.4.** Primary Care Prescribing received a significant budget uplift of £4.578m (11.5%) in 23/24. An under provision in 22/23 of £0.570m left £4.008m uplift available for 23/24 (10.0%). The level of uplift for 23/24 was based on the estimates during the budget setting process. Unfortunately this does not appear to have been sufficient as the projected overspend on that budget is £4.332m (9.8%). That means, if forecasts are realised, the prescriptions budget uplift for 23/24 would have required to have been 22.3% in order to balance.
- 3.5.** Pressures on the Prescribing budget are being reported across Grampian and nationally. The matter is being escalated to government levels across various networks including the Chief Officer and Chief Finance Officer networks.

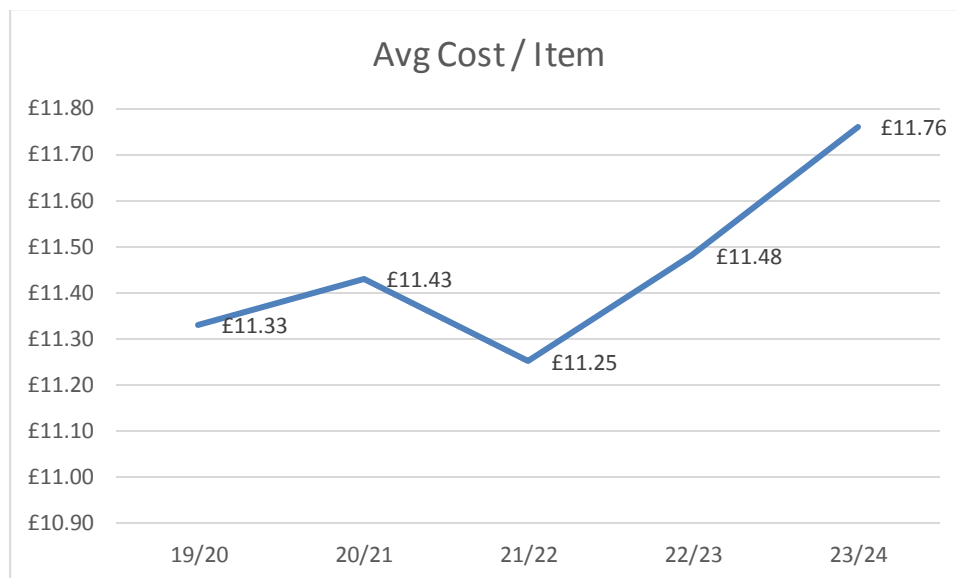


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3.6. The estimated level of items prescribed this year across Grampian is 10,700,000. This is a year on year increase of 5.9%. The trend since 2015/16 is as follows:-



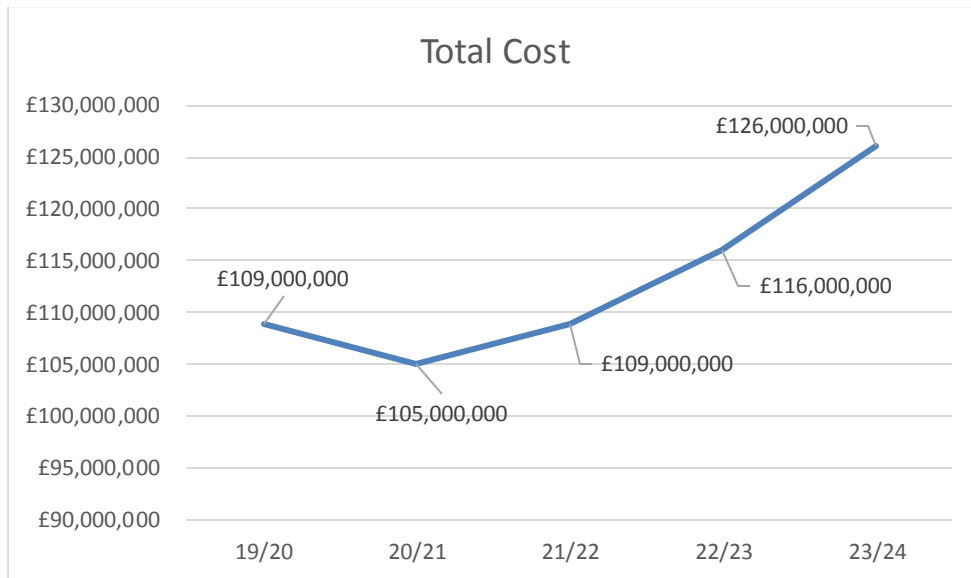
3.7. The average cost per item is increasing as follows:-





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- 3.8.** The rising levels of items prescribed, coupled with the increase in the average cost is resulting in the additional spend and budget pressures. Across Grampian the total costs are:-



- 3.9.** Section 12.8 of the [Integration Scheme](#) details the required process for dealing with a projected year-end overspend. The Senior Leadership Team continue to monitor the financial position; the expectation is that there will be further savings achieved to mitigate the overspend to Mainstream Budgets as referred to at section 3.2 of this report prior to the year-end.
- 3.10.** The likelihood is that the IJB will not be able to mitigate in full the forecasted overspend relating to Primary Care Prescribing by 31<sup>st</sup> March 2024. It is therefore requested, as per section 12.8.4.1 of the Integration Scheme, to allow for the use of uncommitted reserves to balance the year-end position. This would result in the IJB not requiring any financial support from NHS Grampian or Aberdeen City Council. The impact on the reserves would be to reduce the balance from £12.482m to £7.050m. This limits the opportunities for the IJB to innovate and redesign services for the future.
- 3.11.** Any final budget overspend for 23/24 will have an impact on the budget requirements for 24/25. As mentioned in paragraph 4.3 above, the increase



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in the Primary Care Prescribing budgeted spend is significant and the IJB may have to increase their budget provision accordingly.

- 3.12.** The forecast report that forms the basis for our 24/25 budget requirements is still to be prepared by NHSG, it is expected that this report will be available in early January 2024. Scenario planning will be included in the budget workings to give the IJB the ability to determine the final level of the budget increase for Prescribing and the risks and mitigating actions required to balance the overall budget around each of the options. Should prescribing costs for 24/25 continue to increase at the current rate, the IJB will require to reallocate budget from other IJB services so that a balanced budget for 24/25 can be set. This may have a significant impact on the ability to delivery current initiatives set out in the IJB's Delivery Plan and impact on our ability to deliver services as we do currently.

### **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



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### Links to ACHSCP Strategic Plan

- 4.7. 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. Management of Risk

#### 5.1. Identified risk(s)

See directly below.

#### 5.2. 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.

#### 5.3. 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.