

Appendix A: Finance Update as at end September 2023

Period 6	Full Year	Period	Period	Period	Variance	Forecast	Full Year	App B
	Revised	Budget	Actual	Variance	Percent		Variance	
	£'000	£'000	£'000	£'000	%	£'000	£'000	
Mainstream:								
Community Health Services	43,262	21,446	22,327	881	4.1%	44,574	1,312	a
Aberdeen City share of Hosted Services (health)	30,998	15,605	15,788	183	1.2%	31,577	579	b
Learning Disabilities	40,980	20,500	22,118	1,618	7.9%	41,064	84	c
Mental Health and Addictions	26,217	13,161	13,527	366	2.8%	26,279	62	d
Older People & Physical and Sensory Disabilities	100,485	50,242	54,157	3,915	7.8%	100,570	85	e
Directorate	1,976	988	1,157	169	17.1%	1,968	(8)	
Criminal Justice	167	84	83	(1)	(1.2)%	151	(16)	
Housing	1,750	875	875	0	-	1,750	-	
Primary Care Prescribing	44,003	21,699	23,667	1,968	9.1%	48,335	4,332	f
Primary Care	43,699	21,907	21,617	(290)	(1.3)%	43,234	(465)	g
Out of Area Treatments	1,750	874	1,339	465	53.2%	2,927	1,177	h
Set Aside Budget	52,719	26,360	26,360	0	-	52,719	-	
City Vaccinations	3,094	1,564	1,332	(232)	(14.8)%	2,648	(446)	i
Transforming Health and Wellbeing	3,587	1,739	1,671	(68)	(3.9)%	3,535	(52)	j
Uplift Funding	2,112	0	0	0	-	900	(1,212)	
	396,799	197,044	206,018	8,974	4.6%	402,231	5,432	
Funds:								
Integration and Change	427	197	197	0	-	427	-	
Winter Funding	6,178	2,457	2,457	0	-	6,178	-	
Primary Care Improvement Fund	7,017	3,565	3,565	0	-	7,017	-	k
Action 15 Mental Health	12	12	12	0	-	12	-	
Alcohol Drugs Partnership	1,730	868	868	0	-	1,730	-	
	15,364	7,099	7,099	0	-	15,364	-	
	412,163	204,143	213,117	8,974	4.4%	417,595	5,432	

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

a Community Health Services (Forecast Position - £1,312,000 overspend)

Major Variances:

(343,000) Across non-pay budgets
236,000 Under recovery on income
(1,205,000) Staff Costs

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

b Hosted Services (Forecast Position - £579,000 overspend)

The Hosted Services position is now reporting an overspend mainly due to the allocation of cost pressure funding from the Integrated Joint Board.

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 - £84,000 overspend)

Council: £282,000 overspent on staffing, as service is almost fully staffed and a 6% pay award has been assumed for the forecast. Offset by £71,000 overrecovery on client receipts and savings on Commissioned Services of £389,000.

NHS: A pressure of £262,000 has arisen due to a high dependency patient that is not funded.

d Mental Health & Addictions (Forecast Position - £62,000 overspend)

Council: £109,000 overspent on commissioned services mainly due to a 6% uplift agreed on NCHC. Offset by £125,000 underspend on staffing due to vacancies & £105,000 income overrecovery, mostly client receipts.

NHS: £183,000 over due to various small overspends across the service.

e Older People & Physical and Sensory Disabilities (Position - £85,000 overspend)

Council: £1,055,000 underrecovery on income, mostly client receipts although 2 new financial assessment officers are being recruited by the IJB (starting on the 3rd January 2024), to reduce the backlog. Offset by £363,000 underspend on direct payments to clients, £329,000 on Commissioned Services and £278,000 underspend on staffing due to vacancies.

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

f Primary Care Prescribing (Forecast Position – £4,332,000 overspent)

This position is after an annual budget uplift of £4,578,000 in Aberdeen City IJB.

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 NHSG in 22/23)

For 2023/24 the number of items prescribed continues to increase and is estimated to be 5.9% greater than 22/23. (The number of items for NHSG may now exceed 10,700,000 in 23/24) This is coupled with a continuance of average item price increase to the current level of £11.76/item.

NHS Scotland Practitioner Services are still in the process of transferring to a new IT system for processing scripts. This new system nDCVP went live on 1st July 2023, and unexpected technical challenges are continuing which delays input of actual data necessitating five months accrual which increases uncertainty in current position.

The position for May to September includes estimated further increase in volume using local derived intelligence in relation to the number of paid items assuming current price will continue. This assumption mirrors separate update information received from Primary Care Technical Group chair in relation to increasing volume. In the absence of any price information the estimate has remained at £11.76/item.

g Primary Care Services (Forecast Position - £465,000 underspend)

The GP contract uplift for 23/24 has been concluded and high-level allocation information has been received. Detailed information is to be received to allow delegation to budgets and an overall a breakeven position has been assumed for Global Sum to date.

The reduced cost pressure on enhanced services remains broadly consistent with August following resumption of normal processes for recording and claiming in 23/24. Recalculation in relation to Diabetes Enhanced Service for 23/24 is underway and this will increase the overspend in the second half of 23/24 and will be included in forecast position.

The estimated premises position remains favourable with a reduced underspend as anticipated following budget realignment in 23/24 within City and Shire.

Board Administered funds have a consistent underspend to M6 reflecting the pattern of current expenditure. This includes seniority payments alongside sickness and maternity claims received in M6.

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

h Out of Area Treatments (Forecast Position - £1,177,000 overspend)

NHSG Out of area placements to month 6 are reporting a £465,000 overspend for period to date, with a forecast overspend for year of £1,177,000.

This is an increased overspend of £178,000 on the 12 month forecast position of last month, and this change relates to one placement now having additional nursing charges (with assumption made here that these will continue).

i City Vaccinations (Forecast Position - £446,000 underspend)

Council: No variance.
NHS: Underspend in Pay due to vacancies.

j Strategy & Transformation (Forecast Position - £52,000 underspend).

Council: £51,000 overspent on staffing as a 6% pay award has been assumed for the forecast, offset by £10,000 of various small underspends across the service.
NHS: Overspend on pay due to unfunded posts.

k Funds (Forecast Position - balanced)

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

Appendix C: Progress in implementation of savings – September 2023

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 and placements are regularly, unfortunately, no savings are anticipated this financial year. Work continues and it is hoped that savings will materialise in 2024/25	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 increase in the number of items prescribed continues to rise along with the average cost per item. Significant pressure is being reported on this budget with no savings being made this year.	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)

Appendix D: Budget Reconciliation

	NHSG £	ACC £	IJB £
ACC per full council:	0	122,530,373	
NHS per letter from Director of Finance:	255,435,656		
Budget NHS per letter		0	
	<hr/>	<hr/>	
	255,435,656	122,530,373	
Reserves Drawdown			
Quarter 1	18,079,037		
Quarter 2	16,118,946		
Quarter 3			
Quarter 4			
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	289,633,640	122,530,373	412,164,013

Appendix E: Budget Virements (balancing)

Social Care 4-6		£
ljb Budget V2	Learning Disabilities	(70,000)
ljb Budget V2	Mental Health/Substance Misuse	(3,000)
ljb Budget V2	Older People and Physical Disability	(64,000)
ljb Budget V2	Strategy & Transformation	137,000
ljb Staff Budget Virement	Mental Health/Substance Misuse	(55,172)
ljb Staff Budget Virement	Older People and Physical Disability	55,172
Total Virements		-

Appendix F: 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-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.
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 CareFirst. 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 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.
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.