



INTEGRATION JOINT BOARD

Date of Meeting	7 May 2024
Report Title	Quarter 4 (2023/24) Financial Monitoring Update – period ended 31 March 2024
Report Number	HSCP24.041
Lead Officer	Paul Mitchell, Chief Finance Officer
Report Author Details	Paul Mitchell, Chief Finance Officer PauMitchell@aberdeencity.gov.uk
Consultation Checklist Completed	Yes
Directions Required	No
Exempt	No
Appendices	Appendix A -Finance Update as at end March 2024 Appendix B - Variance Analysis Appendix C - Progress in implementation of agreed savings – March 2024 Appendix D - Budget Virements Appendix E - Summary of risks and mitigating action
Terms of Reference	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 31 March 2024 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.

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;
- c) Approves the use of uncommitted reserves to balance the final year-end position (para 3.4); and
- d) Instruct the Chief Officer to ensure that the scope of the planned internal audit on Budget Setting and Monitoring includes the funding of the IJB and governance around how changes are made during the year, and how decisions are made regarding the use of IJB reserves and balances. Therefore to receive recommendations on what could be done to mitigate changes made to the year-end position for 2023/24 described in the report, happening again.

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.
- 3.2. The forecast overspend as at Quarter 2, reported to the IJB on 5 December 2023 was £5.432m. As part of preparing the MTFF, reported to the IJB on 26 March 2024, reduced the forecast to £4.563m. The final outturn for 2023/24 is £10.774m.



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3.3. Included in the year-end position is the return of an over accrual on the supplier sustainability payments. During the repayment of the Covid Reserve in 2022/23, a provision was made for supplier sustainability claims that remained to be confirmed and paid. The provision was over accrued by £2.814m. Throughout the year, the working assumption, based on the knowledge that other IJB's were given authority to retain similar additional funds, was that Aberdeen City would be treated in a consistent manner. During the closure of the 2022/23 external audit in March 2024, confirmation was required in respect of this approach. Following discussions, the Scottish Government has decided that Aberdeen City IJB must return this funding, the beneficiary of which will be NHS Grampian. The Scottish Government confirmed that this approach is consistent with the previously issued letters, but leaves an anomaly in respect of the treatment of similar funds within other IJBs, where they have retained that funding.

Aberdeen City IJB Financial Information

3.4. 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 31 March 2024 is as follows:

**As at
31 Mar 2024**
£'000

Overspend (Appendices A and B)

Quarter 3 forecast – per MTFF	4,563
Covid overprovision returned	2,814
Movement in Quarter 4	3,397
	10,774

Represented by:

Overspend on Older People & Physical and Sensory Disabilities	6,379
Overspend on Learning Disabilities	3,023
Overspend on Primary Care Prescribing	1,783
Overspend on Mental Health and Addictions	836
Overspend/(Underspend) on Mainstream Budgets	(1,247)
	10,774



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- 3.5. The mainstream position is showing an overspend on the budget and information on the individual variances to date are contained in Appendix B.

A summary of the year-end variances, as detailed in Appendix B is as follows:-

Commissioned Care	10,259
Primary Care Prescribing	1,783
Premises Costs	750
Primary Care	(1,329)
Income	(867)
Various smaller variances	178
	10,774

- 3.6. Pressure on Commissioned Care has arisen due to several elements, including:-

- National Care Home Contract
 - The nationally agreed uplift was 6%, the budgeted rate per the MTFF was 3%
 - The increased costs totalled £1.7m, for which no additional funding was received, as originally anticipated when preparing the MTFF.
- Increased demand
 - Based on currently available information, the number of clients receiving a care package have increased by approximately 930 (18%) during the year.
 - Work is ongoing to analyse and review all care packages, as the additional cost incurred in 2023/24 is unsustainable in future years.
- Transition Cases
 - Included in the MTFF was a budget of £670,000 for clients transitioning from Children Services to Adult Social Care.
 - The actual cost of those cases exceeded the budget by £713,000
- Pay Award
 - The final pay award for 2023/24 was an average of 6%, only 2% was included in the MTFF. Additional funding was



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received to off-set part of the increase. The net increase to the IJB was £300,000.

- The pay award increase was a significant budget pressure for our Arm's Length External Organisation, Bon Accord Care.
- Initial estimates were a shortfall in funding of £1.85m. This was reduced to £1.5m at the yearend. Internal savings were made, with a final year-end shortfall of £670,000 being required from the Commissioned Care budget.

- 3.7.** The final outturn on Primary Care Prescribing is an overspend, although this is less than previously forecasted. The positive movement is a result of actual information now being available from the national IT system, with only two months estimates included in the final figure. Work continues to review all spend on Prescribing.
- 3.8.** Premises Costs have increased due to a late re-charge from Aberdeen City Council for property rental costs that spanned two financial years. This pressure has been adjusted for in 2024/25.
- 3.9.** Primary Care
- This budget has again resulted in an underspend, mainly due to a reduction in Premises Costs and the reduction in seniority payments, sickness levels and maternity claims.
- 3.10.** Income
- Additional Income recoveries were included in the 2023/24 MTF due to the recruitment of additional Financial Assistants to clear the back-log in Financial Assessments.
 - This has resulted in a positive movement on the level of Income that the IJB has managed to recover.
- 3.11.** The impact of the final outturn on the unearmarked Reserve is to reduce the balance from £15.165m to £4.391m.
- 3.12.** The budget overspend for 2023/24 will have an impact on the budget requirements for 2024/25. The IJB cannot maintain the current level of expenditure, therefore, budget holders have been allocated additional saving



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targets across all budget lines for 2024/25 to ensure that the expenditure is limited to the budget set per the MTFF at the March 2024 committee.

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

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.

6. Management of Risk

6.1. Identified risk(s)

See directly below.



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6.2. Link to risks on strategic or operational risk register:

- Strategic Risk 1
 - The strategic commissioning of services from third and independent sector providers requires both providers and ACHSCP to work collaboratively (provider with provider and provider and ACHSCP) in order to strategically commission and deliver services to meet the needs of local people. This is a new dynamic, based on mutual trust.
 - Limitations to the extent with which strategic commissioning of services progresses between ACHSCP and third and independent providers of health and social care.
- 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.

6.3. 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.