



## RISK, AUDIT AND PERFORMANCE COMMITTEE

<b>Date of Meeting</b>	10 September 2024
<b>Report Title</b>	Quarter 1 (2024/25) Financial Monitoring Update – period ended 30 June 2024
<b>Report Number</b>	HSCP.24.063
<b>Lead Officer</b>	Fraser Bell, Chief Operating Officer
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<b>Consultation Checklist Completed</b>	Yes
<b>Appendices</b>	None

### 1. Purpose of the Report

- a) To summarise the revenue budget performance to 30 June 2024 for the services within the remit of the Integration Joint Board (IJB), to advise on any 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 Risk, Audit and Performance Committee:

- a) Notes this report in relation to the IJB budget and the information on areas of risk and management action; and
- b) Approves the budget virements set out in the report.

### 3. Summary of Key Information

#### Background



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- 3.1. During the budget setting process for the financial year 2024/25, significant pressures and savings were highlighted and agreed. These were set out in the context of increasing levels of demand on ACHSCP services. This demand flows from significant levels of health debt created by, for example, Covid-19 and the restrictions put in place to mitigate the impact of Covid-19. There is also an ageing population with corresponding increases in long term health conditions and complex care needs. To manage the increase in demand, the ACHSCP is developing a digital innovation programme and is continuing to invest in preventative activities. Proposals to develop digital capability will be presented to the Integration Joint Board at its meeting on 24 September 2024. However, it has also had to decommission the capacity it held in community settings, including 43 interim beds, 20 rehabilitation beds, and 5 end of life beds.
  
- 3.2. Included within the Medium-Term Financial Framework, were agreed savings of £8.209m. Following an overspend in 2023/24, further additional savings were allocated across a range of services for 2024/25 requiring additional measures such as restricting recruitment, enhanced scrutiny of existing and proposed care packages and the limitation of budget uplifts to providers. These measures combined are mitigating the forecast 2024/25 position set out below. However, as noted below, there continues to be a sustained pressure on the IJB's budget.

### Aberdeen City IJB Financial Information

- 3.3. A prudent methodology continues to be taken in respect of forecasting. The financial position of the IJB as at 30 June 2024, which projects a £622,000 overspend at the end of the financial year, is as follows:



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Period 3	Full Year	Period	Period	Period	Variance	Forecast	Full Year
	Revised						
	Budget	Budget	Actual	Variance	Percent	Forecast	Variance
	£'000	£'000	£'000	£'000	%	£'000	£'000
<b>Mainstream:</b>							
Community Health Services	45,191	10,914	11,410	496	4.5%	45,941	750
Aberdeen City share of Hosted Services (health)	29,569	7,412	7,694	282	3.8%	30,756	1,187
Learning Disabilities	40,980	10,248	10,540	292	2.8%	41,426	446
Mental Health and Addictions	26,029	6,399	6,763	364	5.7%	27,819	1,790
Older People & Physical and Sensory Disabilities Directorate	100,367	25,092	26,135	1,043	4.2%	103,100	2,733
Criminal Justice	2,678	670	534	(136)	(20.3)%	1,601	(1,077)
Housing	167	42	42	0	-	167	-
Primary Care Prescribing	1,750	437	437	0	-	1,750	-
Primary Care	51,148	12,668	11,760	(908)	(7.2)%	46,649	(4,499)
Out of Area Treatments	45,937	11,562	11,352	(210)	(1.8)%	45,424	(513)
Set Aside Budget	2,750	687	573	(114)	(16.6)%	2,873	123
City Vaccinations	55,550	13,888	13,888	0	-	55,550	-
Transforming Health and Wellbeing	2,666	669	621	(48)	(7.2)%	2,643	(23)
Uplift Funding	3,571	895	816	(79)	(8.8)%	3,276	(295)
	697	(9)	0	9	(100.0)%	697	-
	<b>409,050</b>	<b>101,574</b>	<b>102,565</b>	<b>991</b>	<b>1.0%</b>	<b>409,672</b>	<b>622</b>
<b>Funds:</b>							
Transformation Projects - Mental Health Funds	(0)	(0)	(0)	(0)	240.0%	0	(0)
Integration and Change	0	0	0	(0)	(52.2)%	0	0
Winter Funding	0	0	0	0	-	0	-
Risk Fund	0	0	0	0	-	0	-
Primary Care Improvement Fund	7,178	1,890	1,596	(294)	(15.6)%	7,178	-
Action 15 Mental Health	1,392	350	347	(3)	(0.9)%	1,392	-
Alcohol Drugs Partnership	1,999	501	313	(188)	(37.5)%	1,999	-
	<b>10,569</b>	<b>2,741</b>	<b>2,256</b>	<b>(485)</b>	<b>(17.7)%</b>	<b>10,569</b>	<b>(0)</b>
	<b>419,619</b>	<b>104,315</b>	<b>104,821</b>	<b>506</b>	<b>0.5%</b>	<b>420,241</b>	<b>622</b>

**3.4.** Prescribing received a significant budget uplift this financial year of £6m. This reflected a sustained upward pressure on the budget and projection data made available to the IJB at the time of setting the budget. Spend levels for the year to date are only marginally above 23/24 levels, with a forecast underspend of approximately £4.5m. This is helping to offset some of the overspending elsewhere. However, it should be noted that the year-end projection for prescriptions is based on the limited prescribing data available at this early stage of the year. The market can fluctuate significantly through increases in drug costs due to reductions in supply. There is a significant risk that the prescription underspend cannot be sustained at current levels which could have a detrimental impact on the overall financial position at the end of the year. Coordinated efforts at a national and regional level are being made to ensure best value across prescription budgets. This includes the



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promotion of alternative and better value medicines and the reduction of waste.

- 3.5.** During the budget setting process, funding is allocated to budget lines based on reasonable assumptions regarding income and expenditure. To date, not all income that is assumed to be received from the Scottish Government in-year has been confirmed. For example, it is anticipated that Community Health Services will receive £1.3m in funding based on previous awards. This has yet to be confirmed. Furthermore, the IJB was advised in July by the Scottish Government that mental health funding that would benefit Community Health Services and Mental Health and Learning Disabilities services will reduce by £120k this year. Given the national financial challenges, there is a risk that the assumed in-year income from Scottish Government will not be made available or may be reduced below assumed levels. This would, untreated, create additional pressures to the IJB's budget and affected overall year-end projections levels.
- 3.6.** There is a risk that cost based assumptions are lower than anticipated. A pay deal for NHS Grampian staff within ACHSCP is anticipated to be fully funded. However, there is a risk that the cost to the IJB of a pay deal for council staff across Scotland in 2024/25 is higher than budgeted for as a result of it not being fully funded. An assumption has been made for the increase in the National Care Home Rate. If this rate, negotiated at a national level, is agreed at a rate that is higher than budgeted for, there could be a significant detrimental impact on the IJB's budget.
- 3.7.** Given the projected overspend position, and the risks set out above, active consideration is being given to additional means to reducing the projected overspend. These would likely have a negative impact on the delivery of the IJB's Delivery Plan for Year 3 of its Strategic Plan and on performance levels. Amongst the areas under consideration are recruitment and procurement of care in the community.
- 3.8.** Robust arrangements in respect of vacancy control are in place. However further restraints could be put in place. This could include the pausing of all non-frontline services recruitment, regard to Scottish Government expectations would be considered. This would have to be considered against other competing factors. As part of the Agenda for Pay settlement in



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2023/24, arrangements to reduce the working week (at no pay detriment) are being introduced. As part of the first phase of the implementation, for ACHSCP Nursing alone this could amount to the potential reduction of approximately 30 whole time equivalent per year (of which there is a risk that IJB may not be fully compensated for). This arrives at the same time as the implementation of the Health and Care (Staffing) (Scotland) Act 2019 which sets minimum levels of staffing. Further reductions in recruitment would therefore have to be considered against the backdrop of a reduction in capacity and legislative requirements regarding staffing levels.

- 3.9.** Management have identified key areas for further review as part of the Quarter 1 position that will enhance planning and monitoring to reduce financial risk during the remaining financial year. The key areas include
- older people & sensory needs and disabilities (care packages) - spend varies depending on individual needs and demand. Monitoring continues on control of care package spend
  - prescription charges – this can be volatile due to medicine availability and market conditions; new medications and prescribing. Medical Director continues to work with prescribers on medicine switches to reduce spend with no detriment to efficacy of medicines
  - hospital discharges – with national mission to reduce the number of delayed people in hospital there has been significant focus on this area, our numbers are increasing due to the reduction of capacity in community settings to reduce spend.

Part of the monitoring will be to analyse the cost of the services and the impact on costs for the whole system, including IJB, NHS and Council.

## 4. VIREMENTS

- 4.1.** Further information on the virement process is contained within paragraph 3.4 and Appendix 1 of the [IJB Financial Regulations](#).
- 4.2.** Virements required in the first quarter and which balance to zero are set out below:



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### Appendix E: Budget Virements (balancing)

Health 1-3		£
EST ADJUSTMENT	City Prior Year Reserve	(1,145,143)
EST ADJUSTMENT	Ring Fenced Funding	1,145,143
CITY ACTION 15	City Prior Year Reserve	(1,389,512)
CITY ACTION 15	Ring Fenced Funding	1,389,512
CITY ADP DRAWDOWN	City Prior Year Reserve	(1,996,916)
CITY ADP DRAWDOWN	Ring Fenced Funding	1,996,916
PCIP REALIGN	City Prior Year Reserve	6,272,882
PCIP REALIGN	Ring Fenced Funding	(6,272,882)
TARGET REALIGN	City Vaccinations	184,000
TARGET REALIGN	City Core	(184,000)

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Total Virements -

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Health 4-6 £

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Total Virements -

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Health 7-9 £

### 5. Implications for IJB

- 5.1. 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.
- 5.2. **Equalities, Fairer Scotland and Health Inequality** – there are no implications arising from this report.
- 5.3. **Financial** – the financial implications are contained throughout the report.



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- 5.4. **Workforce** – there are no workforce implications arising from this report.
- 5.5. **Legal** – there are no legal implications arising from this report.
- 5.6. **Other** – there are no other implications arising from this report

### 6. Links to ACHSCP Strategic Plan

- 6.1. 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.

### 7. Management of Risk

#### 7.1. Identified risks

Risks associated with the IJB's 24/25 budget are outlined in the report above. There is a link to Strategic Risk 2 in the IJB's Strategic Risk Register: *a risk of financial failure, that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and project an overspend.*

#### 7.2. How might the content of this report impact or mitigate these risks:

Financial monitoring will help budget holders manage their budgets. By having timely and reliable budget monitoring any issues can be identified quickly, allowing mitigating actions to be implemented where possible.