



INTEGRATION JOINT BOARD

Date of Meeting	24 September 2024
Report Title	Integration Joint Board Budget Protocol
Report Number	HSCP.24.054
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Consultation Checklist Completed	Yes
Directions Required	No
Exempt	No
Appendices	a. Integration Joint Board Budget Protocol
Terms of Reference	The budget protocol forms a part of the work around the Medium Term Financial Framework and therefore is within the following section of the terms of reference: “3. Approval of the Medium Term Financial Framework”

1. Purpose of the Report



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1.1. This report presents the Integration Joint Board (IJB) with a Budget Protocol for approval.

2. Recommendations

2.1. It is recommended that the Integration Joint Board:

- a) Approves the Integration Joint Board Budget Protocol as at Appendix A with effect from 25 September 2024.

3. Strategic Plan Context

3.1. The strategic plan outlines finance as a key enabler, specifically recognising that “*whilst demand is increasing, finances are not necessarily keeping apace, so we need to make sure that we make the best use of our restricted budgets*” with a commitment to refreshing our Medium Term Financial Framework (MTFF) annually. The budget protocol presented at Appendix A aims to ensure that the process of refreshing the MTFF is as robust as possible.

3.2. The strategic plan also outlines the Aberdeen City Health & Social Care Partnership’s (ACHSCP) commitment to keeping our services person-centred with robust communication and engagement at its core, in line with the national integration principles.

4. Summary of Key Information

4.1. Aberdeen City IJB, as well as all authorities across Scotland, is finding itself navigating more complex challenges, unprecedented pressures and more difficult decisions when it comes to setting a balanced budget. This is evidenced across the country where the projected funding gap for 2023/24 almost tripled, in comparison with the previous year¹.

4.2. This financial landscape makes it more important than ever that the budget process involves clear and open conversations with IJB partners, workforce, people who use services and other stakeholders around the difficult choices required to achieve financial stability.

¹ [Integration Joint Boards' Finance and performance 2024 \(audit.scot\)](https://www.audit.scot/IntegrationJointBoards/Financeandperformance2024)



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- 4.3. A recent Audit Scotland report into the finance and performance of the IJBs highlighted the need for our budget processes to involve collaboration and clear conversation with all of our stakeholders, internally and externally, around the difficult choices required to achieve financial stability.
- 4.4. The budget protocol outlines the key stages of the ACHSCP budget setting protocol. Whilst many elements of this process were in place already, the budget protocol formalises the process and makes several important commitments in line with the recommendations of the audit report:
- 4.4.1. Enhanced opportunities for engagement with Aberdeen City Council, NHS Grampian, the third and independent sectors; and the people we serve, including committing to undertaking to formal consultation exercises annually, in partnership with Aberdeen City Council
 - 4.4.2. Early focus on developing savings options in the first quarter of the new financial year to allow plenty of time to work collaboratively with our stakeholders throughout the financial year.
 - 4.4.3. Ensuring that Integrated Impact Assessments (IIAs) are created as early as possible and updated throughout the process, to allow for a robust and comprehensive consideration of the impacts of our difficult decisions.
 - 4.4.4. Structured and regular updates for the IJB relating to the budget process ensuring greater oversight throughout the financial year, ahead of budget setting in the Spring.
- 4.5. As the budget protocol is being proposed to the IJB mid-year, the protocol, if approved, would be implemented in full for the first time during 2025/26.

5. Implications for IJB

- 5.1. **Equalities, Fairer Scotland and Health Inequality:** The budget protocol enhances our compliance with the Public Sector Equality Duty under the Equality Act 2010 and it will help facilitate a culture change in the organisation relating to IIAs during the budget setting process.



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- 5.2. **Financial:** The financial implications are detailed throughout the report and at Appendix 1. There are no financial implications relating to increased costs or costs specific to the budget setting protocol, however the budget protocol will have a positive impact by reducing the likelihood that the IJB is unable to set a balanced budget.
- 5.3. **Workforce:** There are no direct workforce implications arising from the recommendations of this report.
- 5.4. **Legal:** The Chief Finance Officer for the Aberdeen City Health & Social Care Partnership is required to set out a balanced financial plan for services delegated to the Integration Joint Board in accordance with the Integration Scheme. The budget protocol, as outlined in this report and Appendix A, will help to ensure that the Chief Finance Officer is able to meet this duty in a timely and effective manner.
- 5.5. **Unpaid Carers:** There are no direct implications for Unpaid Carers arising from the recommendations of this report.
- 5.6. **Information Governance:** There are no direct implications for information governance arising from the recommendations of this report.
- 5.7. **Environmental Impacts:** There are no direct environmental impacts arising from the recommendations of this report.
- 5.8. **Sustainability:** The budget protocol, as outlined in Appendix A, will allow ACHSCP to give due consideration to economic sustainability annually as it sets its budget.
- 5.9. **Other:** NA

6. Management of Risk

Risk Appetite Statement

The risk appetite statement for the IJB outlined a low to medium tolerance for financial risk and emphasises that the Board must make maximum use of resources available and also acknowledge the challenges regarding financial certainty.



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In 2023/24, only 25 of 32 IJBs managed to agree their 2023/24 budget before the start of the financial year. One of the main reasons for this was there were delays in agreeing the savings plans submitted. The Budget Protocol outlined at Appendix A will reduce the risk of Aberdeen City IJB being either delayed or unable to set a balanced budget by ensuring robust engagement with board members and early oversight of and contribution to developing savings options.

- 6.1. Identified risks(s):** The IJB has identified the risk of financial failure and projection of overspend within its strategic risk register.

Control: Approving the budget protocol, as attached at Appendix A, would add an additional control against this risk by providing ACHSCP with a robust, commonly understood process to address budget setting early within the financial year. It reduces the likelihood of this risk by maximising opportunities to identify savings options with full partner, staff and public engagement. If this protocol is not adopted, then these benefits cannot be realised and will not help protect mitigate against the risk of financial failure.

Additional risks include:

- There is a medium risk of negative response amongst the general public to ACHSCP's budget measures. Adopting the proposed protocol will help to mitigate both the likelihood and impact of this risk by ensuring that we are fully listening to the concerns and priorities of the public, as well as identifying impacts on those with protected characteristics. If the proposed protocol is not adopted, there is an increased likelihood of a negative response in the general public.
- There is a medium risk that savings options generated have unintended consequences across our services and partners. By adopting the budget protocol, we ensure, as much as possible, that opportunities to identify these consequences across the system are identified and considered as appropriate.

- 6.2. Link to risks on strategic or operational risk register:** Strategic risk register – risk number 2:

Description of Risk: Cause-IJB financial failure and projection of overspend



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Event: Demand outstrips available budget

Consequence: IJB can't deliver on its strategic plan priorities, statutory work, and projects.