



## RISK, AUDIT AND PERFORMANCE COMMITTEE

<b>Date of Meeting</b>	19 November 2025
<b>Report Title</b>	Q2 – 2025/2026 Budget and Savings Monitoring Update including per Service Line
<b>Report Number</b>	HSCP.25.090
<b>Lead Officer</b>	Fiona Mitchelhill Chief Officer - ACHSCP
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<b>Consultation Checklist Completed</b>	No
<b>Directions Required</b>	No
<b>Exempt</b>	No
<b>Appendices</b>	None
<b>Terms of Reference</b>	Clauses 15 – 19 of the Terms of Reference for the Aberdeen City IJB

### 1. Purpose of the Report

- 1.1. To summarise the financial performance, in reference to the budget approved for 2025/26 fiscal year, of the second quarter (Q2) ending 30 September 2025 for the services within the remit of the Integration Joint Board (IJB);
- 1.2. To present the projected results up to the end of FY 2025 – 2026; and
- 1.3. To advise on any areas of risk and management mitigating action.

### 2. Recommendations

- 2.1. It is recommended that the Risk, Audit, and Performance Committee:



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- a) Notes the results hereinunder shown for the following periods and the related risks and mitigating measures:
- Updated funding / income for the year 2025/26
  - Projected / forecasted costs of services / expenditure up to the end of the fiscal year, 31 March 2026
  - Q2 / 2025/26 Costs of Services against budget for the same period

### 3. Summary of Key Information

#### 3.1. Funding availability (INCOME):

- a.) In reiteration and with due consideration to the approved IJB Budget 2025/26<sup>1</sup>, and Medium Term Financial Forecast (MTFF) approved 1 July 2025<sup>2</sup>, the budget funding for 2025/26 was valued at £439.094million with savings of c.£14m also approved. The updated funding of £442.863million was updated with the change in the Set Aside and eNIC values during the Q1 discussions.

PARTICULARS REPORTED Q1 / 2025 - 2026	ACC £'000	NHS £'000	TOTAL £'000
Funding commitments 2025 - 2026	(135,958)	(233,755)	(369,713)
Set Asides	(1,771)	(59,238)	(61,009)
eNIC	(303)	(929)	(1,232)
Additional contribution	(4,200)	(6,709)	(10,909)
<b>GROSS INCOME 2025 - 2026</b>	<b>(142,232)</b>	<b>(300,631)</b>	<b>(442,863)</b>

- b.) As of Q2 / 2025/26, the funding status had been updated to consider the funding adjustments from the local government to the NHSG. Funding structure from the ACC remains the same.

PARTICULARS AS AT Q2 - 2025 / 2026	ACC £'000	NHS £'000	TOTAL £'000
<b>INCOME</b>			
Funding commitments 2025-2026	(135,958)	(251,454)	(387,412)
Set Asides	(1,771)	(59,238)	(61,009)
eNIC	(303)	(929)	(1,232)
Additional contribution	(4,200)	(6,709)	(10,909)
<b>TOTAL INCOME</b>	<b>(142,232)</b>	<b>(318,330)</b>	<b>(460,562)</b>

Additional funding from the NHSG applies to:

- a.) Primary Care Improvement (Ring-fenced up to £7.9m)

<sup>1</sup> [Budget 25-26 Report.pdf](#) – 18 March 2025

<sup>2</sup> [HSCP.25.053 IJB MTFF paper.pdf](#)



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- b.) Various mental health and substance abuse requirements (Ring-fenced up to £4.3m)
- c.) Community services (Ring-fenced up to £0.3m)
- d.) City Vaccinations (Tranche 2 up to £1.1m)
- e.) Hosted Services alignment (up to £3.9m)
- f.) Other minor adjustments (up to £0.2m)

### 3.2. Cost of Services (Expenditures):

- a.) Projected / forecasted (outturns) up to the year end 2025/26 pertaining to the costs of services are as follows:

PROJECTED GROSS EXPENDITURES COST OF SERVICES FY 25-26 (Following review of Q2 performance)	Forecast Y/E 25-26	Updated Annual Budget	FORECAST against BUDGET
Criminal Justice	190	172	18
Adult Social Care Directorate	2,214	2,093	120
Learning Disabilities	51,718	47,847	3,871
Mental Health & Subs Misuse	36,373	33,736	2,637
Adult Svcs OP & Physical Dis	105,146	111,733	(6,587)
Strategy & Transformation	3,423	3,717	(294)
Transformation Projects	-	-	-
Housing (Set Aside)	1,771	1,771	-
Community Health Services	51,193	49,798	1,395
Aberdeen City share of Hosted Services (health)	35,697	35,697	(0)
Primary Care Prescribing	47,739	44,503	3,236
Primary Care	57,530	58,778	(1,248)
Out of Area Treatments	3,343	2,750	593
Set aside Budget	59,238	59,238	-
City Vaccinations	2,108	2,634	(526)
Uplift Funding	2,837	6,096	(3,259)
Net Resource Transfer	(0)	0	(0)
<b>TOTAL GROSS EXPENDITURES / COST OF SERVICES</b>	<b>460,519</b>	<b>460,563</b>	<b>(43)</b>

Some of the unfavourable variances against budget is a result of:

- i. Mental Health and Learning Disabilities: Transitioning costs from child to adult learning disabilities coming in later during the year and was not considered at the time the annual budget was prepared
- ii. Across service lines: Increased rates in commissioning costs, agency locums across the OAP, AMS, and SMS pathways
- iii. Primary Care Prescribing: Increased volumes of prescriptions while at the same time, there is an increase in prescription rates
- iv. Community Health: Additional nursing costs for clients on out of area placements
- v. Across service lines: Staffing costs brought on by long-term absences, where the costs of absent staff and their fillers add up to the pressure.



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- b.) Noting the current income level of £460.6m, and the projected expenditure of £460.5m, an underspend of £0.43k is indicated at year end.

PARTICULARS AS AT Q2 - 2025 / 2026	ACC £'000	NHS £'000	TOTAL £'000
<b>PROJECTED GROSS EXPENDITURES COST OF SERVICES FY 25-26 (Following review of Q2 performance)</b>			<b>Forecast Y/E 25-26</b>
Criminal Justice			190
Adult Social Care Directorate			2,214
Learning Disabilities			51,718
Mental Health & Subs Misuse			36,373
Adult Svcs OP & Physical Dis			105,146
Strategy & Transformation			3,423
Transformation Projects			-
Housing (Set Aside)			1,771
Community Health Services			51,193
Aberdeen City share of Hosted Services (health)			35,697
Primary Care Prescribing			47,739
Primary Care			57,530
Out of Area Treatments			3,343
Set aside Budget			59,238
City Vaccinations			2,108
Uplift Funding			2,837
Net Resource Transfer			(0)
<b>TOTAL GROSS EXPENDITURES / COST OF SERVICES</b>			<b>460,519</b>
<b>INCOME</b>			
Funding commitments 2025-2026	(135,958)	(251,454)	(387,412)
Set Asides	(1,771)	(59,238)	(61,009)
eNIC	(303)	(929)	(1,232)
Additional contribution	(4,200)	(6,709)	(10,909)
<b>TOTAL INCOME</b>	<b>(142,232)</b>	<b>(318,330)</b>	<b>(460,562)</b>
<b>(SURPLUS) / DEFICIT ON PROVISION OF SERVICES</b>			<b>(43)</b>

- c.) As of the end of 30 September 2025, there is an overspend in the cost of services compared to the YTD budget, the unfavourable variance of which is / are caused by the aforementioned causes from a.i to a.v above.



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GROSS EXPENDITURES COST OF SERVICES UP TO Q2 / 25-26:	YTD (Q2)	Updated YTD Budget	YTD Q2 against YTD Budget
Criminal Justice	(97)	86	(183)
Adult Social Care Directorate	1,103	1,047	57
Learning Disabilities	29,389	23,923	5,466
Mental Health & Subs Misuse	18,649	16,864	1,784
Adult Svcs OP & Physical Dis	52,581	55,866	(3,286)
Strategy & Transformation	1,738	1,858	(120)
Transformation Projects	-	-	-
Housing (Set Aside)	-	886	(886)
Community Health Services	25,278	24,885	393
Aberdeen City share of Hosted Services (health)	17,271	17,857	(586)
Primary Care Prescribing	23,349	22,211	1,138
Primary Care	28,599	29,428	(830)
Out of Area Treatments	1,595	1,428	167
Set aside Budget	29,619	29,619	-
City Vaccinations	978	748	230
Uplift Funding	-	2,702	(2,702)
Net Resource Transfer	(0)	0	(0)
<b>TOTAL GROSS EXPENDITURES / COST OF SERVICES</b>	<b>230,052</b>	<b>229,408</b>	<b>644</b>

### 4. Implications for IJB

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 collectively by the Board and the Risk Audit and Performance Committee. This report is part of that framework and has been produced to provide an overview of the current financial operating position.

#### 4.1. Equalities, Fairer Scotland and Health Inequality

There are no implications arising from this report.

#### 4.2. Financial

The financial implications are contained within this report and further noted in section / clause 5.

#### 4.3. Workforce

There are no major direct workforce implications arising from the recommendations of this report. The search for the Deputy CFO – IJB has



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now been finalised and a candidate had been identified. Specific commencement date will be announced outwith this Committee session. In addition, linked to point 4.2 above and section / clause 5 below, the relevance of financial literacy amongst the operations team is vital.

### **4.4. Legal**

There are no direct legal implications arising from this report.

### **4.5. Unpaid Carers**

There are no direct implications relating to unpaid carers arising from the recommendations of this report.

### **4.6. Information Governance**

There are no direct information governance implications arising from the recommendations of this report.

### **4.7. Environmental Impacts**

There are no direct environmental implications arising from the recommendations of this report.

### **4.8. Sustainability**

There are no direct sustainability implications arising from the recommendations of this report.

### **4.9. Other**

There are no other direct implications arising from the recommendations of this report.

## **5. Management of Risk**

### **5.1. Identified risks(s) considering the Strategic Risk Register**

- a) Financial sustainability: The approved budget for 2025/26 includes additional funding from both Partners and amounts to £10.909m. This has helped the UB avoid implementing the full range of budget saving options this year, that would have impacted on citizens, service users and the Health and Social Care system. The fact this funding is not assumed to



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be recurring presents the IJB with a financial challenge in future years, and this was captured in the approved MTFF, 1 July 2025.2025/26

- b) In the current year the following are contributing to on-going pressures:
- i. Staffing costs not only resulting from annual pay awards but also from (Note point 3.2.a.v above)
    - Absences and the need to fill those absences
    - Staff utilisation and operational costs efficiency
  - ii. Provider care costs with the IJB contractually obligated, based on existing contracts, to fund the running costs of most care providers. 20% of existing contracts are on block – funding basis which means that whether or not we are utilising space, we are paying for said space.
  - iii. Upcoming increases in prescription rates compounded by the fact that the volume of prescriptions are increasing as noted in point 3.2.a.iii above
  - iv. Care needs (demand for services):
    - Ever-changing care needs, general trend is rising, with aging population
    - Young people (i.e., children) transitioning to adult social care needs.
- c) The Level 4 corrective actions instigated for NHSG were published 9 October 2025<sup>3</sup>. And in line with this, the IJB expects that the existing Integration Scheme's<sup>4</sup> definition of each partner's funding contribution in line with its planned service deliveries will remain intact. Currently, the funding proportion averages:
- i. ACC: 30 – 35%
  - ii. NHSG: 65 – 70%

### 5.2 How might the content of this report impact or mitigate the known risks:

- a) The impact is clear: The recognition of the relationship between funding – supply-demand cannot be underestimated.
- b) To mitigate future financial risk the IJB will work together to deliver further financial savings plans.

For fiscal year 2025 – 2026, an iteration of the savings objectives are noted hereunder. Noting the causes of the unfavourable variances in the Costs of Services as per point 3.2 and 5.1 above, and the overspends reported as of

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<sup>3</sup> [KPMG Report](#)

<sup>4</sup> [Integration Scheme](#)



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Q2 and projected towards year-end, work is on-going to recognise these savings targets.

Budget Saving Category	Budget Saving £'000
Managing staff vacancies	1,346
Anticipated savings from post reduction	884
Reducing bank nursing expenditure	999
Estates savings - consolidation of properties	153
Utility savings	50
Review of care provision older people and learning disability	3,328
Review of day care provision	1,449
Key commissioned service provider review	4,599
Reviewing mix of residential care provision	336
Review out of area care	174
Supplier review	1,035
<b>TOTAL</b>	<b>14,353</b>

Vital to note though:

- i. Service provider under review is currently on track to break even hence meeting the £4.599m target, savings to date is £2.3m
  - ii. Supplier or Provider contracts review is on-going with existing contracts currently under negotiations.
- c) In the future, the following estimated savings requirements<sup>5</sup> will have to be thoroughly reviewed. It must be noted that these savings estimates can further increase depending on on-going performance delivery of the IJB, i.e., overspends and reliance on additional funding mean more savings are required.

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
<b>Estimated Summary position</b>				
Estimated in year savings required		(14,045)	(1,929)	(1,585)

Based on the identified risks above, the following are currently being prioritised by the senior leadership team of the IJB:

- i. Staff costings (Absence management + staff utilisation)

<sup>5</sup> [The IJB MTFF presented in July 2025's IJB Board meeting](#)



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- ii. Supplier / Provider care review, which then feeds into the scenario study of a key service provider
  - iii. Stringent Services Lines' financial performance monitoring: project timeline, immediate via point c below and the regularised budget holder meetings
- b) In reference to the above point 5.2-c.iii, there is an extensive systems work via MS Dynamics 365 being carried out to monitor clients, their care package status, along with their financial assessments that will enable the IJB to track not just the ever-changing client care requirements but also its related costs. As on-going configuration works are currently being done, a viable presentation of a sample dashboard may only be presented at the close of Q3 / 2025/26.