



INTEGRATION JOINT BOARD

Date of Meeting	2 December 2025
Report Title	Q2 – 2025 / 2026 Financial Performance; and Indicative results for year end 2025 / 2026
Report Number	HSCP.25.081
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Consultation Checklist Completed	No
Directions Required	No
Exempt	No
Appendices	None
Terms of Reference	The IJB shall consider the any other matter that the Chief Officer determines appropriate to report to the IJB (clause 1c); <i>and</i> Remit and Responsibilities duly noted under “Financials” (clause 15 – 19)

1. Purpose of the Report

- 1.1. To provide an indicative status or projection of the Integration Joint Board's year-end financial performance for fiscal year 2025 – 2026;
- 1.2. To present the financial performance of the Integration Joint Board (IJB) for the six (6) months period Q2 – 2025/2026, i.e., April – September; and
- 1.3. To update on existing activities that further guarantee financial governance of the IJB.



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2. Recommendations

2.1. It is recommended that the Integration Joint Board (IJB) notes the following:

- a) The indicative / projected financial performance of the IJB for the fiscal period 2025 / 2026;
- b) The financial performance of the IJB in Q2 – 2025/2026 (i.e., 6 months period) in relation to the updated 2025-2026 funding availability;
- c) The deterioration of the Costs of Services against budget from Q1 to Q2 further emphasizing the need to meet current year savings targets, and the potentiality of extending these savings targets to the incoming fiscal year;
- d) The update on on-going work in regards to the administration of client care requirements and the role it plays in tracking the management of IJB's financial performance and position;
- e) The link-up between the objectives of the public consultation and the savings targets being reviewed by the IJB, the message here being the prioritization of care demands whilst the IJB identifies areas of costs management efficiencies; and
- f) The impact of the KPMG Diagnostics Report to the IJB in reference to the Level 4 investigation of the NHSG.

3. Strategic Plan Context

Public consultation materials have been prepared and are to run until 14th December 2025 after having been released to the public on 18th November 2025. In the meantime, on-going dissertations of costs pressures and savings targets, both within the current period (2025 – 2026), and for the upcoming fiscal years (both immediate and medium-term, 2026 – 2030), aiming to align with IJB's strategic objectives are being carried out.

4. Summary of Key Information

4.1. **Updated Funding (Income) against Costs of Services projected to year end 2025 – 2026:**

- a.) With additional ring-fenced funding, the total income had increased from Q1 to Q2 by £17m brought about by, among others:
 - 4.1.a.1. Primary Care Improvement (Ring-fenced up to £7.9m)
 - 4.1.a.2. Various mental health and substance misuse requirements (Ring-fenced up to £4.3m)
 - 4.1.a.3. Community services (Ring-fenced up to £0.3m)
 - 4.1.a.4. City Vaccinations Tranche 2 (up to £1.1m)
 - 4.1.a.5. Hosted Services alignment (up to £3.9m)



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4.1.a.6. Other minor adjustments (up to £0.2m)

b.) Projected year-end results for 2025 – 2026 following the release of Q2 performance figures indicate a small surplus of £43k.

PARTICULARS AS AT Q2 - 2025 / 2026	ACC £'000	NHS £'000	TOTAL £'000
PROJECTED GROSS EXPENDITURES COST OF SERVICES FY 25-26 (Following review of Q2 performance)			Forecast Y/E 25-26
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)
TOTAL GROSS EXPENDITURES / COST OF SERVICES			460,519
INCOME			
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)
TOTAL INCOME	(142,232)	(318,330)	(460,562)
(SURPLUS) / DEFICIT ON PROVISION OF SERVICES			(43)

4.2. The deterioration of the year end surplus from Q1's projection of £197k to Q2's projection of £43k above results from the following factors. Although there had been an updated budget to allow for costs increases (as shown in the table below), the projected costs of services towards year-end require further control and scrutiny:

a.) Across Service Lines: Staffing issues - ranging from absence factors such as role covers for permanent staff who are currently on leave or are off ill, to cost uplifts, the percentage of which are finalised from government later than the budget finalisation stage.



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- b.) Across Service Lines: Commissioning costs increase resulting from revised contractual rates from suppliers and amended care package costs of clients.
- c.) Primary Care Prescribing: Increased prescription rates running along with increased volume of prescription requirements.
- d.) Community Health Services: Increased nursing costs brought about by out of area client placements.
- e.) Learning Disabilities and Mental Health: Transition costs for children moving into adult care brought about by the assessment timings not aligning with the budget finalisation timeframe.

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)
TOTAL GROSS EXPENDITURES / COST OF SERVICES	460,519	460,563	(43)

4.3. Q2 – 2025 / 2026 Costs of Services highlight the points noted in clause 4.2.



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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)
TOTAL GROSS EXPENDITURES / COST OF SERVICES	230,052	229,408	644

4.4. Provider contracts review, Client care management, Systems and Database update:

- An extensive systems work via MS Dynamics 365 is still 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 structure, i.e., portion chargeable to the client as well as to the IJB (on non-residential care). As on-going configuration works are currently being done, a viable presentation may be available by end of Q3.
- On-going provider contracts review are in place not only to identify further savings, but also to structure clarity in invoicing administration and its clearance.

4.5. The KPMG Diagnostics Report for the Level 4 investigation of the NHSG had been published on NHSG's website last 9th October 2025.¹ Recommendations for a closer scrutiny of IJB's financial performance to further identify opportunities for cost savings while optimising current services have been mentioned in this report and requires onward compliance and escalation by the partners, i.e., the Council and NHSG.

5. 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 IJB and the

¹ [KPMG Diagnostics Report](#)



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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.

5.1. Equalities, Fairer Scotland and Health Inequality

There are no implications arising from the recommendations in this report.

5.2. Financial

The financial implications are contained within this report. Pending the results of the public consultation, there should be an alignment exercise of cost savings planned to care demands from the public.

5.3. Workforce

As noted in the Strategic Plan Context section, on-going work is being carried out to align all financial reporting works with the Strategic Plan and any workforce / staffing plans are duly noted. In addition, the IJB's Deputy Chief Finance Officer vacancy has now been filled, and further updates will be provided outwith this committee session.

5.4. Legal

There are no direct legal implications arising from this report.

5.5. Unpaid Carers

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

5.6. Information Governance

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

5.7. Environmental Impacts

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



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5.8. Sustainability

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

5.9. Other

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