

## REPORT TO ABERDEENSHIRE INTEGRATION JOINT BOARD 10 MAY 2023

### IJB REVENUE BUDGET UPDATE

#### 1 Recommendation

The Integration Joint Board (IJB) is recommended to:

##### 1.1 Consider and comment on the IJB Revenue Budget Update.

#### 2. Reason for Report

2.1 This report provides an update with regards the IJB Revenue Budget.

#### 3. Financial Implications from 2021/22

3.1 The audited Annual Accounts show an overall surplus as at 31<sup>st</sup> March 2022 of £44.861 million. This was largely due to additional funding allocated to the IJB in early 2022 by the Scottish Government. The underspend against the revenue budget for 2021/22 was £3.311 million. The overall position is shown in the table below: -

	<b>31/03/22</b>
	<b>£m</b>
<b>General Fund Reserve</b>	5.908
<b>Earmarked Reserves:-</b>	
Covid	16.205
Primary Care Improvement Fund	5.752
Winter Pressure Funding	3.786
Risk Fund	3.050
Transformation Funding	2.727
Mental Health Action 15/Facilities	2.589
Service Capacity and Redesign	2.000
Alcohol & Drug Partnership	1.267
Community Living Change Fund	0.815
Stonehaven Dental Practice	0.400
Mental Health Officer	0.174
JES – Analogue to Digital	0.050
Criminal Justice	0.017
Miscellaneous	0.121
<b>Total Reserves</b>	<b>44.861</b>

3.2 £2m of the 2021/22 underspend was utilised in the creation of a Service Capacity and Redesign reserve as approved by the IJB in August 2022 to support the review of our Strategic Priorities and to also support achievement of savings and efficiencies to meet the challenges faced by potentially reduced funding, coupled with increased costs. The plans for this reserve will be presented in detail to the Partnerships SMT and progress reviewed by IJB.

## **4. IJB Revenue Budget 2022/23 Update**

4.1 Work is ongoing to finalise the draft outturn and the unaudited annual accounts for financial year 2022/23. The draft outturn will be reported to the next meeting of the IJB and the unaudited accounts to the IJB Audit Committee in July 2023.

### **4.2 IJB Covid Reserves**

The Scottish Government's Director of Health Finance and Governance in a letter dated 12<sup>th</sup> September stated that there have been a number of significant changes to Public Health policies in relation to Covid over the summer, resulting in the profile of Covid spend reducing significantly compared to when funding was provided to IJBs for Covid purposes in February 2022.

In response to this, the Scottish Government will reclaim surplus Covid reserves to be redistributed across the sector to meet current Covid priorities. The detail of this will follow at an IJB level and the process and timetable will follow through further communications. In order for the sector to have sufficient levels of Covid funding, compliance with current policies is required.

This is an in year adjustment to reserves and is not an approach that will impact on future years. Future Covid related costs will need to be considered as part of the overall budget envelope that is agreed through the usual Scottish Government budget process in 2023-24 and beyond.

Further to this the Interim Deputy Director – NHS, Integration and Social Care Finance confirmed the following -

- We plan to use the Q2 return numbers to inform the full year spend projection,
- Adjustment through the November allocation letter in early December.
- No adjustments should be made for Unscheduled care and PPE. PPE will not be charged for in 2022/23 and will still be met by NSS.
- Due to the wider financial challenge this year, IJBs must continue to bear down on Covid costs. IJBs should utilise other funding streams and reserve balances such as interim care, care at home and other residual reserve balances to meet pressures on additional capacity.

Quarter 2 information was forwarded to the Scottish Government in October 2022 and we received confirmation of the adjustment through the revised allocation letter in April 2023. The Scottish Government have confirmed that a final reconciliation will be undertaken based on position as at 31 March 2023 to ensure that there is no detrimental impact on IJBs.

## **5. IJB Revenue Budget 2023/24 Update**

5.1 The IJB Revenue Budget for 2023/24 was approved by the IJB on 29 March 2023. The budget approved was for £393.5m and contained assumptions made on pressures impacting on 2023/24, both in terms of inflation and demographics.

The impact of these assumptions were that the funding received by the IJB was not sufficient to meet expected costs and therefore as part of the approved balanced budget the following adjustments were approved –

- efficiency savings of £3.5m
- vacancy management factor of £1.2m
- use of general reserve of £3.05m

The total of these measures means that £7.75m was required to be identified to balance the budget for 2023/24.

As identified in the budget report there are risks associated with this strategy and the one off use of reserves to balance the budget.

- 5.2 Scrutiny and control of the budget for 2023/24 is paramount to be able to achieve the approved balanced budget position.

Monthly budget monitoring will be undertaken, with the forecast outturn position for the financial year 2023/24 updated with the focus on the high value/high risk budget lines, based on recurring pressures identified from previous financial years.

In conjunction with budget holders and finance colleagues we will monitor the progress and impact of the efficiency savings identified in section 5.1 to ensure their achievement and when we identify issues identify mitigations at an early stage.

This work will follow on from the updated Medium Term Financial Strategy which is being presented to IJB in June 2023 in conjunction with an updated Reserves Strategy as we look to 2024/25 and the challenges of setting a balanced budget with reducing reserves and pressures our funding. It is highly likely that additional savings and efficiencies will require to be identified to achieve a balanced position through the budget setting process for 2024/25.

## **6. Risks**

- 6.1 IJB Risk 1 Sufficiency and affordability of resource.

## **7. Monitoring**

- 7.1 The Chief Officer and the Legal Monitoring Officer within Business Services of the Council have been consulted in the preparation of this report and any comments have been incorporated.

## **8. Equalities, Staffing and Financial Implications**

- 8.1 An equality impact assessment is not required because the recommended actions are not considered to have a differential impact on people with protected characteristics.
- 8.2 Any staffing and financial implications arising directly as a result of this report are narrated in the report.

**Chris Smith**  
**Chief Finance and Business Officer**  
Reported prepared 28 April 2023