

REPORT TO GRAMPIAN NHS BOARD – 10 APRIL 2025

2025-2026 IJB REVENUE BUDGET - ABERDEENSHIRE

1 Purpose of the Report

This Report Updates the Grampian NHS Board on the 2025-26 Aberdeenshire IJB Revenue Budget

2 Recommendation

The Board is asked to note the 2025/26 IJB Budget for Aberdeenshire and the savings project on which the budget and Recovery Plan are predicated.

3 Background

- 3.1 The Public Bodies (Joint Working) (Scotland) Act 2014 requires all local authorities and health boards to integrate adult community health and social care services. Within Aberdeenshire this integration is facilitated through an Integration Joint Board (IJB), comprising representatives from Aberdeenshire Council and NHS Grampian.
- 3.2 Aberdeenshire Council and NHS Grampian are partners contributing resources, including financial resources to the Aberdeenshire IJB. The financial governance is set out in the Integration Scheme.
- 3.3 During the preparation of this indicative budget, officers from both partner organisations have collaborated with HSCP officers to advise on and develop the cost structures for the services delivered by their respective organisations on behalf of the IJB.

4 2025/26 IJB Revenue Budget

- 4.1 The IJB considered and agreed an Indicative Budget Proposal on [19 February 2025](#), and the rationale behind that proposal was set out in Section 7 of the Report.
- 4.2 The IJB will have no reserves as it enters 2025-26.
- 4.3 The starting point for the 2025/26 IJB Budget setting process is the forecast over budget position for 2024/25 of £26.287 million at the end of October 2024, which was reported to the [IJB on 11 December 2024](#).

- 4.4 The IJB agreed an Indicative Budget of £421.759 million for 2025-26 at its meeting on [19 February 2025](#). The IJB agreed an indicative budget so that any additional requests for financial resources from the funding partners could be integrated into the partners' budget setting processes.
- 4.5 The Indicative Budget for 2025-26 was predicated on 2.5% Efficiencies across the various budget pages and budget holders are currently identifying strategies to achieve these savings. The details of these measures will be monitored and reported to the IJB through the financial and performance reporting framework throughout 2025/26.
- 4.6 The Indicative Budget included a number of savings projects, which are set out in the Table below:

Proposed Savings	£
Removal of Temporary Contracts	1,390,665
Leadership Review	100,000
Care Home Establishment Review	1,265,827
Review of Social Care Transport Service	838,391
Review and Rationalisation of In-House Care Home Provision	827,368
Review and Rationalisation of In-House LD Day Care Provision	104,634
Review of Older People's Day Care Services	146,125
Review and Redesign of In-House Home Care and ARCH	3,107,500
Savings Total	7,780,510

- 4.7 The IJB as part of the Indicative Budget for 2025-26 agreed to recommend to Aberdeenshire Council that it approve charges for 2025-26 that had been calculated based on a Full Cost Recovery Model. It was estimated this would generate additional income of £3.303 million.
- 4.8 The Chief Officer formally wrote to NHS Grampian and Aberdeenshire Council on 11 March 2025, as instructed by the IJB, to underwrite the anticipated funding gap of £17.155 million for 2025/26 based on the split set out in paragraph 7.10 of the Indicative Budget Report of [19 February 2025](#).
- 4.9 Aberdeenshire Council met on [27 February 2025](#) and agreed it's 2025/26 Revenue Budget. The Council agreed the following in relation to the IJB when it set its budget.
- Agreed the revised fees and charges from 1 April 2025, as detailed in Appendices 9 and 9A. This included the IJB Charges for 2025/26.
 - Agreed to underwrite a £7.377 million budget shortfall to enable the Integration Joint Board (IJB) to establish a balanced budget by March 2025.

- Agreed to request that the IJB provide quarterly financial performance reports to Full Council outlining service delivery performance against allocated budget, progress on scheduled savings, development and progress with transformation projects and oversight of risks, including their likelihood of materialising, in accordance with the Scheme of Integration.

4.10 The IJB approved the 2025/26 Revenue Budget of **£421.759 million**, which was presented to the Board on [19 March 2025](#) and included the amendments to the 2025-26 Indicative Budget set out below.

The Table below sets out the basis on which the 2025/26 IJB Revenue Budget was set.

	£000	£000
2024/25 Revenue Budget Forecast		436,247
Non-Recurring Spend		(17,643)
2024/25 Revenue Budget Forecast as at 30/11/24		418,604
2025/26 Budget Pressures		22,057
– Pay Award		
– Real Living Wage		
– NI Employer’s Contribution Increase		
– National Care Home Contract (9%)		
– General Inflation		
– NHS Pay Award		
Current Funding Contribution:		(401,629)
– NHS Grampian Funding	(202,019)	
– Aberdeenshire Council Funding	(171,180)	
– Resource Transfer	(28,430)	
New Funding		(2,150)
Efficiencies 2.5%		(8,009)
Savings		(7,779)
– Cessation of Fixed Term Contracts	(1,390)	
– Review of transport service	(839)	
– Review and rationalisation of In-House Care Home provision	(827)	
– Review and rationalisation of Learning Disabilities Day Care	(105)	
– Leadership Review	(100)	
– Review of Older People’s Day Services	(146)	
– Review and redesign of In-House Home Care Services	(3,107)	
– Establishment Review – In-House Care Homes	(1,265)	
Increase in Charges		(3,939)
Shortfall underwritten by funding partners		(17,155)
– Aberdeenshire Council		
– NHS Grampian		

4.11 Governance and Financial Management

The HSCP is undertaking a leadership approach review, and this will see a move to strengthen functional management. This will complement the sponsorship roles by SMT members for the delivery of the main savings proposals.

The financial update report to the IJB will assess the HSCP's progress in delivering the recovery plan, achieving cost savings, and implementing necessary service changes to achieve efficiencies.

Aberdeenshire Council has requested that the IJB provide quarterly financial performance reports to Full Council outlining service delivery performance against allocated budget, progress on scheduled savings, development and progress with transformation projects and oversight of risks, including their likelihood of materialising, in accordance with the Scheme of Integration. NHS Grampian will receive a Quarterly Report with the same information.

4.12 2025/26 Charges

Work has commenced to inform service users of the approved charge increases, with plans in place to send notification letters ahead of the new financial year following Aberdeenshire Council's approval of new charges for 2025/26. The Table below sets out the number of service users affected by the increase in charges.

Chargeable Service	24-25 Charge	Frequency	25-26 Proposed Charge
Community Alarm/Telecare	£195.00	Yearly	£314.00
VSH Support Charge	£482.10	Weekly	£775.89
VSH Meals	£29.10	Weekly	£35.00
Care Homes (In-House) (after free personal care has been deducted)	£887.30	Weekly	£1,586.79
Home Care (In-House)	£31.09	Hourly	£61.34
Supported Living (In-House)	£21.94	Hourly	£29.24
LD Day Services (In-House)	£48.55	Daily	£148.04
Residential LD (In-House) (after free personal care has been deducted)	£1,372.30	Weekly	£2,401.30
Older People Activity Hubs (In-House)	£36.47	Daily	£40.83
Transport	£8.45	One- Way	£12.00

In addition, clients are receiving an information leaflet – 'Worrying About Money', outlining options for those who may require financial assistance.

The Council's Tackling Poverty and Equalities Team will be offering self-funding clients in residential and very sheltered housing complexes an income maximisation check.

A Briefing was issued to all members of the IJB on 27 February setting out the number of service users who would be liable for the full charge and the mitigating actions, which the service is taking to support service users.

4.13 Service Reviews

An [Update Report](#) on the Service Reviews, which comprise the Savings Projects was considered by the IJB on 19 March 2025.

5 Risks

- 5.1 There are several significant risks associated with setting a budget for demand led services. Foremost among these is ensuring that financial resources are sufficient to deliver services that meet the scope and standards expected by clients and the wider public. Insufficient funding can compromise the availability of services resulting in longer wait times, leading to potential dissatisfaction among service users.
- 5.2 The risk around sufficiency of financial resources impacts on the sufficiency of the workforce resources and the delivery of the IJB's strategic priorities. Given that the IJB has experienced an overspend for two consecutive financial years, the most immediate and pressing risk is the failure to stabilise its finances.
- 5.3 The Chief Social Work Officer's (CSWO) professional view is that whilst the 2025/26 will bring risk, it would be possible to deliver on IJB's statutory responsibilities within the budget, which has been agreed. Had the budget been based on savings and efficiencies of £39 million predicted pressure, the IJB would in the professional opinion of the CSWO not have been able to meet its core statutory responsibilities
- 5.4 The [Draft Recovery Plan](#) which was considered by the IJB on [19 February 2025](#) and the proposed Revenue Budget, as well as the efficiency and savings proposals which form the basis of the budget, are essential components of the stabilisation process for the IJB finances.

6 2024/25 Revenue Budget Update

- 6.1 The current year's forecast financial performance shows an improving position with the over budget position reducing from £26.543m at the end of December to £24.968m at the end of January.
- 6.2 The Table below details the forecast by spend classification and variance from budget for 2024/25. It has been prepared based on the spend information and known commitments to January 2025.

Type of Spend	Revised Base Budget £'000	24-25 YTD Budget £'000	24-25 YTD Actual Jan 25 £'000	Variance YTD £'000	24-25 Forecast Jan 25 £'000	24-25 Forecast Variance £'000
01.Staff Costs	162,908	134,829	200,266	(65,437)	177,281	(14,373)
02.Premises Costs	4,197	3,512	6,148	(2,636)	5,085	(888)
03.Transport	2,934	2,449	3,557	(1,108)	3,590	(655)
04.Supplies & Services	127,281	105,714	175,807	(70,093)	128,111	(830)
05.Third Parties	135,835	113,374	124,286	(10,912)	145,999	(10,163)
09.Grants	(7,233)	(5,973)	(6,829)	856	(8,195)	963
10.Income	(16,102)	(13,515)	(16,283)	2,767	(17,083)	981
Total	409,821	340,390	486,952	(146,562)	434,788	(24,968)

6.3 The five service areas showing the highest forecast over budget positions are as follows: -

- Older People Care Management £9.466m
- Adult Services Community Care £3.744m
- Headquarters £2.766m
- Older People Residential Care £2.501m
- Community Mental Health £1.827m

6.4 The services areas which are forecasting the largest under budget positions at the end of January 2025 are shown below:

- Aberdeenshire Share of Hosted Services £0.718m
- Adult Services Mental Health £0.551m
- Allied Health Professionals £0.435m
- GP prescribing £0.426m
- Older People Day Care £0.355m

7 Equalities, Staffing and Financial Implications

7.1 The Chief Officer, along with the Chief Finance Officer and the Legal Monitoring Officers within Business Services of the Council have been consulted in the preparation of this report and their comments have been incorporated within the report.

7.2 Integrated Impact Assessments have been carried out as part of the development of the 2025/26 Indicative Revenue Budget in relation to the proposals around charges and the various service review and redesign proposals.

7.3 Given that each separate decision made when setting the budget may impact on the lives of people with protected characteristics, the importance of the cumulative impact on the decisions being taken is recognised, including the cumulative impact of service changes and unintended consequences on communities where multiple organisations might have reduced services. The HSCP is committed to place-based working, an approach where partners work together with communities, to consider a 'place' in its entirety, including its assets and interconnections: coordinating activity with a view to reducing inequality and improving the health and wellbeing of its people.

- 7.4 The HSCP remains cognisant of the potential risks and unintended impacts to other parts of the system from its decision-making processes. As per the approach to date, the HSCP senior management team will maintain close dialogue with partners as risks are identified and required mitigations associated with delivery of this budget.
- 7.6 Any staffing and financial implications arising directly as a result of this report are narrated in the report.

Pam Milliken
Chief Officer

Report prepared by Susan Donald, Interim Chief Finance and Business Officer for IJB and Corporate Finance Manager, Aberdeenshire Council
Date: 25 March 2025