

Meeting:	NHS Grampian Board Meeting
Meeting date:	October 2025
Item Number:	6.2
Title:	Integration Joint Boards (IJBs) Finance Report
Responsible Executives:	Alex Stephen, Director of Finance
Report Author:	Alex Stephen, Director of Finance

1 Purpose and recommendations

This paper is presented to the Board for assurance

Recommendation

The Board is requested to:

- **Discuss and note** the update on the Integration Joint Boards' (IJBs) financial position for 2025/26.

This report relates to:

- NHS Grampian Strategy: Plan for the Future
- NHS Grampian's Medium Term Financial Framework
- Financial Sustainability

This aligns to the following NHS Scotland quality ambition(s):

- Safe
- Effective
- Person Centred

This subject matter of this report is relevant to the mitigation of the following strategic risks (further information provided in the Risk section below)

- Inability to achieve the aspirations set out in Plan for the Future due to financial resource constraints and inefficiencies.

2 Report summary

2.1 Situation

The purpose of this report is to provide:

1. An overview and further detail of the Integration Joint Boards' financial position for the financial year 2025/26

2.2 Background

Each year Aberdeen City, Aberdeenshire and Moray Councils (Councils) and NHS Grampian provide a significant level of financial resources (£1.1 billion in total) to the IJBs to support the delivery of the services formally delegated to the IJBs through the Integration Schemes. The financial resource provided by the Councils and NHS Grampian loses its identity once passed through and is no longer Council or NHS Funding. This allows each IJB to develop and agree its own plan on how to use this funding to best deliver services to meet local needs.

The Integration Schemes set out the arrangements which should be put in place should an IJB overspend in any financial year. Any overspend remaining after the use of available reserves, is split between the relevant Council and NHS Grampian based on the level of funding passed through by the end of the financial year.

Whilst a significant level of funding is delegated to the IJBs and the baseline budgets are large, it can be difficult to influence spend in some of these budgets with a significant amount of funding being used to support the nationally agreed General Medical Services contract, and community prescribing costs which are influenced by both economic factors and the health profile of the local community.

Prior to COVID the main budget risk for the IJBs was the community prescribing costs, which can often see large variations due to factors where the IJBs have limited control and influence. However, post COVID the majority of the financial challenges are being experienced within the social care budgets, where costs and demand are greater than the level of budget available.

In the financial year 2024/25 all three Integration Joint Boards required additional financial support from NHS Grampian and their respective Council. The following financial positions were recorded for each Integration Joint Board:

Table 1: 2024/25 Integrated Joint Board Financial Positions

	2024/25 Overspend before Reserves	2024/25 Overspend After Reserves	2024/25 NHS Grampian Deficit Contribution
Aberdeenshire IJB	£24m	£24m	£14m
Aberdeen City IJB	£17m	£10m	£6m
Moray IJB	£5m	£4m	£2m
Total	£46m	£38m	£22m

All three IJBs approved substantial savings programmes (£39.6 million in total) to reduce costs in 2025/26. Even after these programmes financial deficits were still predicted and a provision was added to the NHS Grampian budget to provide for potential financial deficits.

2.3 Assessment

As highlighted in the finance monitoring report, discussions have taken place with the IJBs at managerial level which indicate that the current forecast outturn for the three IJBs is

within the provision for IJB overspends reflected in the NHS Grampian budget. Table 2 outlines the latest 2025/26 forecast financial outturn which has informed the reduction in the provision for IJB overspends reflected in the forecast.

Table 2: Integration Joint Board Forecast Outturn

	Date reported to IJB	2025/26 IJB Variance agreed at start of financial year	2025/26 Forecast IJB Variance including commitment to underwrite overspends	2025/26 Forecast NHSG Contribution
Aberdeenshire IJB	3rd September 2025	£17m	£19m	£11m
Aberdeen City IJB	30 th September 2025	£11m	£11m	£7m
Moray IJB	25 th September 2025	£5m	£5m	£3m
Risk Provision				£2m
Total		£33m	£35m	£23m

The forecast includes £23 million in relation to expected contributions to cover the costs associated with overspends in our three IJBs. This figure comprises of £21 million relating to current estimated overspends with a further £2 million included in the current forecast to reflect the risk around the IJB financial positions. This is an improvement from the financial recovery plan submitted to Government in May 2025 which included a £26 million provision for contributions to Integrated Joint Board overspends.

Monthly meetings are in place between the Director of Finance and the Chief Finance Officers in the three IJBs to complement current arrangements (including Chief Executives and Chief Officers) to manage and monitor performance. A protocol has been developed which once implemented will help to formalise the flow of financial information. To complement this arrangements are in the process of being made to implement whole system service planning.

The appendices to this report contain additional financial information on the three IJBs financial performance for 2025/26. There is also a link to the most recent financial paper produced for each IJB.

Table 3: Risks and Assumptions

	Risk Level	Controls
There is provision in the Board's financial plan for a contribution to any overspends incurred by the three IJBs however there remains a risk should IJBs overspend beyond this level.	High	Regular review of IJB positions. Monthly meetings to discuss IJB financial positions set up with IJB Chief Finance Officers and the Director of Finance to

		complement meetings already in place between Chief Executive and IJB Chief Officers. Enhanced monitoring to NHSG Board.
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2.3.1 Quality / Patient Care

Each IJB is required to consider the impact of their decisions on quality and patient care.

2.3.2 Workforce

Each IJB is required to consider the impact of their decision on the workforce, having due regard to the policies of the Councils and NHS.

2.3.3 Financial

The financial position and risk is highlighted throughout this report.

2.3.4 Risk Assessment / Management

- Relates to Corporate Risk 3130: An Inability to achieve the aspirations set out in Plan for the Future due to financial resource constraints and inefficiencies.
 - There is a requirement to recover the financial position by redesigning services and implementing cost control measures to achieve savings.
 - Failure to do so may result in:
 - Further escalation on the Scottish Government's performance framework.
 - Inability to financially support current levels of service provision and workforce size.
 - Inability to meet financial targets and resources prioritised to deal with operational pressures at the expense of delivering the annual delivery programme.
 - Impact on the delivery of programmes and patient care.
 - Inability to create the conditions for sustainable change.
 - Exacerbating health inequalities and population health outcomes.
 - This risk is recognised as a high risk on the NHS Grampian risk register and was formally reviewed at the Performance, Assurance, Finance and Infrastructure Committee in September.

2.3.5 Equality and Diversity, including health inequalities

Each IJB is required to consider any equality, diversity and health inequalities implications when making decisions.

2.3.6 Other impacts

All are outlined above.

2.3.7 Communication, involvement, engagement and consultation

Each IJB is responsible for considering communication, involvement, engagement and consultation requirements of its decisions.

2.3.8 Route to the Meeting

Regular information is exchanged between the IJBs and the Councils/NHS at quarterly and monthly meetings.

2.4 Recommendation

The Board is asked to note and discuss the update on the Integration Joint Boards' revenue financial position for 2025/26.

3. List of appendices

The following appendices are included with this report:

- Appendix 1 – Aberdeenshire IJB
- Appendix 2 – Aberdeen City IJB
- Appendix 3 – Moray IJB

Quarter 1 Financial Monitoring

Service	Budget £'000	Outturn Q1 £'000	(Over)/Underspend £'000
Allied Health Professionals	8,996	9,859	(863)
Frailty Pathway	1,003	830	173
Aberdeenshire Pharmacy Service	736	698	37
Community Hospitals	21,293	22,068	(775)
Inverurie HUB project	1,689	1,536	153
Dental	3,044	3,295	(250)
District Nursing	7,275	6,939	335
Health Centres Management	(302)	(409)	106
Health Visiting	6,485	6,625	(141)
Other Direct Patient Care	971	1,360	(390)
Public Health	712	660	51
Specialist Nursing	1,196	1,224	(28)
Support Services	4,674	4,821	(148)
Primary Care	51,856	50,115	1,741
GP Prescribing	60,431	60,431	0
Aberdeenshire Share of Hosted Services	20,071	20,511	(440)
Services Hosted by Aberdeenshire	0	0	0
Out of Area	2,977	3,087	(110)
Adult Social Care Directorate	11,510	9,051	2,459
Criminal Justice	69	2	67
Adult Services OP and Physical	194,676	198,744	(4,068)
Mental Health and Substance Use	26,842	26,670	172
Funds	11,864	11,815	49
Set Aside Budget	38,784	38,784	0
2025-26 Position	476,851	478,718	(1,867)

Financial Update and Context

At the end of Quarter 1 Aberdeenshire IJB was forecasting an overspend at year end of £1.867m. This overspend is after the £17.155m underwriting from funding partners for 2025/26. In addition to the £17.155m, to achieve a balanced budget there were three key elements agreed:

1.Ensure all charging for services achieves full cost recovery

This was implemented from April 2025.

2.Efficiency savings on budget lines

2.5% efficiencies were applied to budgets for 2025/26.

3. Savings

An ambitious savings programme was put in place to deliver significant service change in some social care services. It was recognised at an early stage in the financial year that these savings would not be achieved in the way originally planned and work was undertaken to develop alternatives. Since the end of Quarter 1 it is now anticipated that most of the savings will be achieved in year, and the remaining savings will be achieved in future years.

Savings Projects	Planned Saving	Saving expected	Savings not achievable
	£'000	£'000	£'000
Cessation of Fixed Term Contracts	1,390	1,390	0
In-House Care at Home & ARCH Redesign ***	3,107	***0	(3,107)
Activity Hubs Review (North)	146	149	3
Review of Older People's Residential Care Homes	827	0	(827)
Assisted Transport Policy for Adult Social Work Services	839	649	(190)
Review of Learning Disability Day Services	105	166	61
Leadership Review	100	100	0
Establishment Review – In-House Care Homes	1,265	400	(865)
Efficiency savings	8,009	8,009	0
Total	15,788	10,863	(4,925)

*** Original planned savings will not be achieved. Alternatives have been developed and will be presented to IJB on 8 October 2025. These new proposals should deliver the saving in full.

Senior Management Team (SMT) are maintaining close oversight and scrutiny of finances. Significant work has also been undertaken to improve governance, and to instil good financial discipline and strong budget management across services.

Below are links to the full budget monitoring report and appendices that were presented to Aberdeenshire IJB on 3 September 2025.

[2025-2026 FINANCIAL UPDATE AND RECOVERY PLAN UPDATE.pdf](#)

Quarter 1 Financial Monitoring

PARTICULARS (SERVICE LINES SPENDS)	Budget (A) TOTAL 25/26 £'000	Outturns after Q1 (B) 2025 - 2026 £'000	(Over) / Underspend A - B £'000
Criminal Justice	172	-222	-50
Adult Social Care Directorate	2,093	-2,256	-163
Learning Disabilities	47,847	-49,742	-1,896
Mental Health & Subs Misuse	29,002	-30,200	-1,198
Adult Svcs OP & Physical Dis	111,733	-109,769	1,964
Strategy & Transformation	3,589	-3,295	294
Transformation Projects	128	-174	-46
Housing (Set Aside)	1,771	-1,771	00
Community Health Services	47,290	-50,069	-2,779
Aberdeen City share of Hosted Services (health)	31,749	-31,013	735
Primary Care Prescribing	45,217	-46,477	-1,260
Primary Care	50,820	-50,067	753
Out of Area Treatments	2,750	-3,170	-420
Set aside Budget	63,036	-59,238	3,798
City Vaccinations	1,496	-2,136	-640
Uplift Funding	5,447	-4,342	1,105
Resource Transfer	-1,276	1,276	00
TOTAL BUDGET (SPENDS LESS SAVINGS)	442,863	-442,666	197

Budget Savings

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
TOTAL	14,353

Financial Update explaining the financial position

At the end of Quarter 1 Aberdeen City IJB is currently forecasting a small underspend of £196,844 will be delivered by the end of the financial year. This underspend is after £10,490,000 of additional funding has been provide by Aberdeen City Council (£4,200,000) and NHS Grampian (£6,700,000). At the beginning of the financial year budget savings totalling £14,353,000 were approved by the IJB, of this it is anticipated £14,353,000 will be delivered by the end of the financial year. A link to the full budget monitoring report is attached below. [HSCP.25.070 Sept 2025 - Financials.pdf](#)

Quarter 1 Budget Monitoring

JOINT FINANCE REPORT APRIL 2025 - JUNE 2025										
		DO NOT CHANGE								
	Para Ref	Approved Annual Net Budget £'s 2025-26	Annual Net Budget £'s 2025-26	Budget (Net) To Date £'s 2025-26	Actual To Date £'s 2025-26	Variance £'s 2025-26	Variance % 2025-26	Most recent Forecast £'s 2025-26	Variance To Budget £'s 2025-26	Forecast Variance % 2025-26
Community Hospitals	4.1	6,600,692	7,334,690	1,964,851	2,157,541	(192,690)	(3)	8,105,450	(770,760)	(11)
Community Nursing		6,484,911	6,194,711	1,534,260	1,539,506	(5,246)	(0)	6,215,695	(20,984)	(0)
Learning Disabilities		17,865,037	20,066,159	4,528,208	4,407,413	120,795	1	19,582,981	483,178	2
Mental Health		11,945,985	11,906,709	3,047,551	3,043,521	4,031	0	11,890,587	16,122	0
Addictions		1,221,222	1,238,382	304,925	446,942	(142,017)	(11)	1,640,785	(402,403)	(32)
Adult Protection & Health Improvement		265,307	273,454	62,457	60,900	1,558	1	267,223	6,231	2
Care Services provided in-house	4.4	25,594,449	22,865,584	5,574,405	5,887,750	(313,345)	(1)	24,118,963	(1,253,379)	(5)
Older People & PSD Services	4.6	25,172,334	27,823,280	6,670,307	7,200,071	(529,764)	(2)	29,942,336	(2,119,056)	(8)
Intermediate Care & OT		1,904,400	1,927,282	483,378	624,278	(140,900)	(7)	2,490,883	(563,601)	(29)
Other Community Services		10,220,408	10,099,636	2,504,705	2,562,125	(57,420)	(1)	10,329,316	(229,680)	(2)
Admin & Management	4.8	1,401,172	2,757,182	1,132,602	1,357,587	(224,985)	(8)	3,657,123	(899,941)	(33)
Other Operational Services		1,253,043	1,490,367	371,050	365,920	5,130	0	1,469,847	20,520	1
Primary Care Prescribing	4.9	18,727,506	21,718,506	5,405,912	5,283,441	122,471	1	21,228,622	489,884	2
Primary Care Services		20,020,057	21,314,118	5,328,530	5,378,456	(49,926)	(0)	21,513,822	(199,704)	(1)
Hosted Services		5,906,873	5,551,813	1,419,760	1,454,698	(34,938)	(1)	5,691,565	(139,752)	(3)
Out of Area		720,131	1,780,000	419,118	399,712	19,406	1	1,702,376	77,624	4
Improvement Grants		1,060,200	1,060,200	214,271	214,270	0	0	1,060,200	0	0
Childrens & Justice Services		19,482,682	20,592,093	5,251,772	5,259,861	(8,089)	(0)	20,624,450	(32,357)	(0)
Total Moray IJB Core		178,049,573	185,994,166	46,218,061	47,643,992	(1,425,931)	(1)	191,532,223	(5,538,057)	(3)
Other non-recurring Strategic Funds in the ledger		1,194,806	4,097,819	1,401,859	1,359,225	42,634	1	3,793,975	170,538	4
Total Moray IJB Including Other Strategic funds in the ledger		179,244,379	190,091,985	47,619,920	49,003,217	(1,383,297)	(1)	195,326,198	(5,367,519)	(3)
Other resources not included in ledger under core and strategic:		18,960,861	4,380,390	(853,800)	(218,762)	(635,038)	(14)	2,479,124	682,187	16
Total Moray IJB (incl. other strategic funds) and other costs not in ledger		198,205,240	194,472,375	46,766,120	48,784,455	(2,018,334)	(1)	197,805,322	(4,685,332)	(2)
Set Aside Budget		15,638,000	15,638,000			-		15,638,000	0	0
Overall Total Moray IJB		213,843,240	210,110,375	46,766,120	48,784,455	(2,018,334)	(1)	213,443,322	(4,685,332)	(2)
Funded By:										
NHS Grampian			120,508,039							
Moray Council			89,602,336							
Total			210,110,375							

Budget Savings

Efficiencies	Full Year Target	Savings expected progress at 30 June 2025	Savings actual progress at 30 June 2025
	£'000	£'000	£'000
Building Resilience	2,626	656	227
Home first	1,445	361	69
Partners in Care	2,021	505	214
Already implemented	3,377	844	844
Total Projected Efficiencies	9,469	2,366	1,354

Financial Update explaining the financial position

At the end of Quarter 1 Moray IJB is currently forecasting an overspend of £4.685m at the end of the financial year. This overspend is after budget realignments and savings have been applied to services. Not all savings have yet been allocated totalling £2.6m, which is included in the forecast position above. The Budget Savings Oversight Group continues to meet regularly to strengthen governance, provide support to the Senior Responsible Officers (SRO) and provide a project management approach.

A link to the full budget monitoring report is attached below.

[Document.ashx](#)