

Meeting:	NHS Grampian Board Meeting
Meeting date:	11 December 2025
Item Number:	8.2
Title:	Integration Joint Boards (IJBs) Finance Report
Responsible Executive:	Alex Stephen (Director of Finance)
Report Author:	Grant Burt (Senior Finance Manager)

1 Purpose and recommendations

This is presented to the Board for:

- Assurance

Recommendation:

The Board is requested to:

- **Discuss and note** the update on the Integration Joint Boards' financial position for the period 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

This report provides an overview of the Integration Joint Boards' financial position for the financial year 2025.

2.2 Background

Each year, Aberdeen City Council, Aberdeenshire Council, Moray Council, and NHS Grampian collectively provide a significant level of financial resources to the Integration Joint Boards (IJBs) under the Integration Scheme. For the current year, total contributions from NHS Grampian amount to approximately £1.1 billion.

Once transferred, these resources are pooled and lose their individual identity as Council or NHS funding. This arrangement enables each IJB to exercise full discretion in developing and approving financial plans that allocate resources in a manner best suited to meeting local needs and delivering delegated services effectively.

While a significant level of funding is delegated to the IJBs and baseline budgets are substantial, the ability to influence expenditure within certain areas remains limited. A considerable proportion of resources is committed to supporting the nationally agreed General Medical Services (GMS) contract and community prescribing costs, both of which are largely driven by external factors. These include prevailing economic conditions and the health profile of the local population.

The Integration Schemes set out the arrangements 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.

In the financial year 2024/25 all three Integration Joint Boards required additional financial support from NHS Grampian and their respective Council. This resulted in NHS Grampian providing a net deficit contribution of £22 million.

2.3 Assessment

In line with the financial monitoring report, ongoing discussions with the IJBs indicate that the current forecast outturn for all three IJBs remains within the provision for overspends included in the NHS Grampian financial plan.

Table 1 outlines the latest available 2025/26 forecast financial outturn, which has informed the reduction in the provision for IJB overspends reflected in the forecast.

Table 1: Integration Joint Board Forecast Outturn

	Date reported to IJB	2025/26 Forecast IJB Variance agreed at the start of financial year	2025/26 latest Forecast IJB Variance pre additional partner contributions	2025/26 Forecast NHSG Contribution
Aberdeenshire (Month 7)	28 th November 2025	£17m	£13m	£7m
Aberdeen City IJB (Quarter 2)	2 nd December 2025	£11m	£11m	£7m
Moray IJB (Quarter 2)	27 th November 2025	£5m	£9m	£5m
Risk Provision				£4m
Total				£23m

The latest forecast incorporates a provision of £23 million to meet expected contributions towards IJB overspends. This comprises £19 million for currently estimated overspends and an additional £4 million to reflect risk associated with IJB financial positions. This represents an improvement on the financial recovery plan submitted to the Scottish Government in May 2025, which included a provision of £26 million.

Moray IJB has highlighted a deterioration in its forecast following Quarter 2 monitoring for its financial position, offset by an improvement from Aberdeenshire IJB forecast. Aberdeen City IJB has reported a small deterioration in position. This overall improvement has allowed for an increase in the risk provision held to address any further deterioration in IJB financial positions, particularly given the potential for heightened pressures during the winter period. Further information is provided in the appendixes to this report along with links to the IJBs papers.

As part of risk management arrangements, the following measures remain in place to understand, collaborate and manage the risk to all three IJBs and NHS Grampian and are summarised in the below table.

Table 2: Risk & mitigating actions of IJBs' financial positions

Risk	Risk Level	Mitigation
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 discussing IJB financial positions continue in place with IJB Chief Finance Officers and the NHSG Director of Finance.

		<p>Regular meetings between the IJB Chief Officers and NHSG Chief Executive.</p> <p>Enhanced monitoring to NHSG Board.</p>
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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 for the IJB

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 2025.

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, and 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. Appendix/List of appendices

The following appendix/appendices are included with this report:

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

Appendix 1 Aberdeenshire IJB

The Integration Joint Board (IJB) considered the financial position up to July 2025, the forecast outturn for 2025/26 and the in-year pressures at the meeting held on the 8th October 2025. On 28th November 2025, the IJB Board members participated in a Development Session where an update on the financial position of the Integration Joint Board was presented. Following this, members endorsed the financial position for inclusion within NHS Grampian's December Board report.

Performance & Forecast Outturn

The IJB forecasted a £0.932 million deficit against its £476 million budget for March 2026 in July 2025. Stronger governance and financial controls have delivered a year-to-date underspend of £8.228 million as of 31 October 2025, compared to the approved budget. The revised year-end forecast is now projecting an underspend of £4.103 million.

The 2025/26 budget included one-off underwriting funding commitments totalling £17.155 million from its partners, which has not been baselined for future years. This funding was provided on the clear expectation that the Aberdeenshire Health and Social Care Partnership would deliver in-year savings, reducing reliance on additional support going forward. Since the original budget included partner underwriting, the forecast equates to an overspend of £13.052 million against underlying recurring funding. Based on the improved forecast, £13.052 million of the underwriting support is expected to be required from partners, with NHS Grampian expected to contribute £7 million.

Delivery of Savings

As part of the 2025/26 budget-setting process, the IJB approved a savings programme across a range of initiatives. The IJB considered delivery against the below schemes at the October integration Joint Board meeting.

Table 2 – Summary of Savings Projects for Aberdeenshire IJB

Saving project	Planned Saving £'000	Saving expected £'000	Saving not achievable £'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	146	149	3
Review of Older Peoples 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	61	-39
Establishment Review – In-House Care Homes	1,265	400	-865
Total	7,779	2,815	-4,964

The figures above were presented to the IJB meeting on 8th October. At the same meeting, the IJB considered a paper on alternative savings for In House Care at Home and ARCH Redesign.

These alternative savings will deliver £2.208 million of savings bringing the total in year savings expected to £5.062 million

Work continues to identify cost reduction options and develop a Medium-Term Financial Strategy to address structural challenges and reduce reliance on partner funding.

2026/27 Budget setting

The Integration Joint Board has commenced the planning for the budget-setting process for the 2026/27 financial year. This process is undertaken in accordance with the IJB's statutory responsibilities and governance framework, ensuring that financial planning aligns with strategic priorities and the Medium-Term Financial Strategy.

Further information can be found in the links to the full budget monitoring report and appendices presented to Aberdeenshire IJB on 8th October 2025:

[Aberdeenshire IJB Revenue Budget Update](#)

[Aberdeenshire IJB Appendix 1 - Financial Position by Service](#)

[Aberdeenshire Appendix 2 - Variance Explanations](#)

Appendix 2 Aberdeen City IJB

The Aberdeen City IJB Audit and Risk Performance Committee and the Integration Joint Board at their November and December 2025 meetings considered Quarter 2 results, forecast outturn, and in-year pressures.

Performance & Forecast Outturn

The IJB is forecasting a £0.044 million surplus against its £460 million budget representing a deterioration of £0.154 million compared to its Q1 forecasts. This forecast assumes contributions totalling £11 million from partners to cover overspends reported in the IJB as per Table 1. Table 1 summarises the forecast outturn by service line for the IJB.

Table 1: Quarter 2 Forecast and Outturn for Aberdeen City IJB

Area	Quarter 2		
	Budget £'000	Forecast spend £'000	Outturn £'000
Criminal Justice	172	190	(-18)
Adult Social Care	2,093	2,214	(-121)
Learning Disabilities	47,847	51,718	(-3,871)
Mental Health & Addictions	33,736	36,373	(-2,637)
Adult Services OP & Physical Disabilities	111,733	105,146	6,587
Strategy & Transformation	3,717	3,423	294
Transformation Projects	0	0	0
Housing (Set Aside)	1,771	1,771	0
Community Health Services	49,798	51,193	(-1,395)
Aberdeen City share of Hosted Health services	35,697	35,697	0
Primary Care Prescribing	44,503	47,739	(-3,236)
Primary Care	58,778	57,530	1,248
Out of Area Treatments	2,750	3,343	(-593)
Set Aside Budget	59,238	59,238	0
City Vaccinations	2,634	2,108	526
Uplift Funding	6,096	2,837	3,259
Total	460,563	460,520	44

The forecast highlights emerging financial pressures during the year, which have been mitigated through savings measures. Key pressure drivers include unanticipated expenses from transitions, increased needs for clients in commissioned services and in-house services in Community Mental Health and Learning Disabilities services, increased workforce and staffing costs due to higher commissioning rates, agency locum usage in mental health and substance use services, and long-term absence cover across multiple pathways.

Additional pressures include from rising prescription volumes and unit costs in Primary Care Prescribing, as well as extra nursing costs for patients placed out of area within Community Health.

Delivery of Savings

As part of the 2025/26 budget-setting process, the IJB approved a savings programme totalling £14.35 million, across a range of initiatives set out below in table 2.

Table 2 Aberdeen City IJB Savings measures

Approved saving	Amount £'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 for Older People & Learning Disability	3,328
Review of Day Care Provision	1,449
Key commissioned service provider review	4,599
Review mix of residential care provision	336
Review out of area care	174
Supplier review	1,035
Total	14,353

Throughout the financial year, work has progressed to deliver these approved savings, with success achieved to date. In particular, the Service Provider Review has delivered savings to date of £2.3 million, alongside ongoing contract re-negotiations with service providers.

2026/27 Budget setting

The Integration Joint Board has commenced the budget-setting process for the financial year 2026/27. This process is undertaken in accordance with the IJB's statutory responsibilities and governance framework, ensuring that financial planning aligns with strategic priorities and the Medium-Term Financial Framework.

As part of this process, a series of proposals have been developed to address anticipated cost pressures and deliver sustainable services within the resources available. To ensure transparency and stakeholder engagement, the IJB has launched a public consultation on these proposals.

This consultation provides service users, partners, and the wider community with the opportunity to contribute to the decision-making process and inform the final budget position. Feedback received will be considered by the IJB as part of the budget setting process.

Further information can be found in the links to the full budget monitoring report and appendices presented to Aberdeen City's Risk Audit and Performance Committee and IJB Board on 17th November 2025 and 2nd December 2025:

[Aberdeen City IJB Board Revenue Budget Update](#)

[Aberdeen City IJB \(RAPC\) Budget and Savings Update](#)

Moray IJB

The Integration Joint Board (IJB) at their November meeting considered Quarter 2 results, forecast outturn, and in-year pressures and financial recovery plan.

Performance & Forecast Outturn

The IJB is forecasting a £8.9 million deficit against its £212.5 million budget, representing a deterioration of £4.1 million compared to the first Quarter forecast. The IJB financial plan did not reflect any contributions from Funding Partners. Figure 1 summarises the forecast outturn by service line for the IJB.

Table 1: Quarter 2 Forecast and Outturn for Moray IJB

Area	Quarter 2		
	Budget £'000	Forecast spend £'000	Outturn £'000
Community Hospitals	7,351	7,539	(187)
Community Nursing	6,214	6,393	(179)
Learning Disabilities	20,843	20,768	75
Mental Health	12,162	12,676	(514)
Addictions	1,682	1,633	49
Adult Protection & Improvement	281	280	1
Care Services provided in-house	23,683	24,796	(1,114)
Older People & PSD Services	28,174	29,370	(1,197)
Intermediate Care & OT	1,926	2,244	(318)
Care Services provided by external contractors	1,711	2,119	(408)
Other Community Services	10,101	10,636	(535)
Admin & Management	1,449	2,368	(920)
Other Operational Services	1,490	1,513	(22)
Primary Care Prescribing	21,392	21,691	(299)
Primary Care Services	21,314	21,461	(146)
Hosted Services	5,825	6,160	(336)
Out of Area	1,780	1,675	105
Improvement Grants	1,060	1,010	50
Children & Justice Services	21,248	22,317	(1,069)
Other non-recurring Strategic Funds in the ledger	5,860	4,990	869
Other resources not included in ledger under Core and Strategic	1,327	4,014	(2,687)
Total	196,873	205,654	(8,781)

The deterioration is driven by several factors, including increased staffing costs within in-house care services following recruitment improvements, resulting in an overspend of £1.1 million. Prescribing costs added £0.79 million of pressure due to a reduction in the Scottish Government tariff, while unprecedented demand from large families entering the Children and Families service contributed a £1 million overspend.

Additionally, £3.8 million of planned savings have slipped, with £3.1 million now expected in 2026/27 and £0.75 million unlikely to be achieved. Funding shortfalls have also impacted the position, with no allocation for the pay award (£0.429 million) and lower-than-anticipated employer NIC funding (£0.229 million) and emerging pressures from high-cost care packages have added a further £0.325 million to the forecast.

Delivery of Savings

As part of the 2025/26 budget-setting process, the IJB approved an efficiencies programme totalling £9.46 million, across a range of initiatives and monitored by the Budget Savings Oversight Group chaired by the Chief Officer and members of the senior management team. These are summarised below in table 2.

Table 2 – Summary of Efficiencies for Moray IJB.

Efficiencies	Full Year Target £'000	Savings expected progress at 30 Sept 2025 £'000	Savings actual progress at 30 Sept 2025 £'000	Reduction in overspend expected at 30 Sept 2025 £'000
Building Resilience	2,626	453	374	860
Home first	1,445	239	139	484
Partners in Care	1,821	428	361	483
Already implemented	3,577	1,763	1,664	25
Total	9,469	2,883	2,538	1,852

Against the full-year plan of £9.469 million, £2.538 million has been achieved by 30 September 2025, with a further £1.852 million reduction in overspend. Progress has been made in many areas but some projects that have been risk assessed as red have slipped. The risk of non-delivery has increased, with £3.039 million of savings now confirmed as unachievable in 2025/26 alongside £0.75 million of non-recurring savings.

In response to this, the IJB has developed a Recovery and Transformation plan. The plan is a number of emergency measures to mitigate against the deterioration. It aims to address the worsening forecast overspend of £8.8 million through a combination of providing grip and control and additional in year recovery measures.

These include weekly financial recovery meetings and enhanced oversight by the Budget Savings Oversight Group have been established to strengthen grip and control alongside additional actions, which include targeted cost containment by reviewing non-essential expenditure, rapid review of out-of-area placements, and tighter workforce controls such as vacancy scrutiny and restrictions on agency and overtime usage. The plan also focuses on accelerating delivery of savings projects where possible and reconfiguring services to improve efficiency.

Further information can be found in the link to the full budget monitoring report and appendices presented to Moray IJB Board on 27th November 2025:

[Moray IJB Revenue Budget Monitoring Quarter 2 25/26](#)