

<b>Meeting:</b>	NHS Grampian Board Meeting
<b>Meeting date:</b>	19 February 2026
<b>Item Number:</b>	9.2
<b>Title:</b>	Integration Joint Boards (IJBs) Finance Report
<b>Responsible Executive:</b>	Alex Stephen (Director of Finance)
<b>Report Author:</b>	Grant Burt (Senior Finance Manager)

## **1 Purpose and recommendations**

### **This is presented to the Board for:**

- Assurance

### **Recommendations(s):**

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**

The purpose of this report is to provide:

1. 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 Integration Joint Boards (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 Integration Joint Boards (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 (Quarter 3)	28 <sup>th</sup> January 2026	£17m	£11m	£6m
Aberdeen City IJB (Quarter 3)	3 <sup>rd</sup> February 2026	£11m	£10m	£7m
Moray IJB (Quarter 3)	29 <sup>th</sup> January 2026	£5m	£8m	£4m
Risk Provision				£6m
<b>Total</b>				<b>£23m</b>

The forecast incorporates a provision of £23 million for deficit support funding towards IJB deficits. This comprises £17 million for deficit support funding and an additional £6 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 provision for deficit support funding for IJBs.

Moray IJB’s position has deteriorated relative to its approved financial plan and a recovery plan has been put in place by its senior leadership to address this deterioration. This deterioration has been partially offset by an improved forecast from Aberdeenshire IJB. At this stage, the overall provision for IJB deficit support remains at £23 million, with an increased risk provision to accommodate any further potential deterioration across IJB financial positions. This approach ensures the Board is positioned to respond to any adverse movements, given the heightened pressures anticipated over the winter period and the significant operational challenges currently facing the Board.

Further information is provided in the appendixes to this report along with links to the IJBs papers.

**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.
  - o There is a requirement to recover the financial position by redesigning services and implementing cost control measures to achieve savings.
  - o 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.
  - o 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.

### 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 Grampian at quarterly and monthly meetings.

## **2.4 Recommendation(s)**

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) reviewed the financial position to December 2025, considered the forecast outturn for 2025/26, assessed the emerging in-year pressures for 2026, and noted progress toward delivery of the IJB's Recovery Plan at its meeting on 28 January.

### 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 £9.027 million as of 31 December 2025, compared to the approved budget. The revised year-end forecast is now projecting an underspend of £6.122 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 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, £11.033 million of the underwriting support is expected to be required from partners with NHS Grampian expected to contribute £6.234 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	2,208	(899)
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	100	0
Establishment Review – In-House Care Homes	1,265	400	(865)
<b>Total</b>	<b>7,779</b>	<b>5,062</b>	<b>(2,717)</b>

The figures above were presented to the IJB meeting on 28th January. At the same meeting, the IJB agreed 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

Ongoing scrutiny of these schemes is subject to close monitor and scrutiny by the IJB's Senior Management Team ensuring there continues to be targeted mitigating actions to fully achieve delivery of the IJB's financial plan and savings programme for this financial year.

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

## **Recovery Plan**

The IJB Board considered an update on the Recovery Plan for 2025/26, which has helped to stabilise the financial position through the plan acting as a road map to recovery through targeted action around planned savings, programme, enhanced budgetary oversight and cost recovery of which, 70% are on a recurring basis.

There remains further ongoing work in progress for further areas of improvement around sustainable redesign of pathways across community capacity, internal home care and home care services –linked- to the IJBs strategic plan to respond agilely to the risks and challenges it continues to face around demand, workforce pressures, fragility in the care market inflation.

## **Medium Term Financial Strategy**

The Integration Joint Board considered a draft of its Medium-Term Financial Strategy (MTFS) covering the five year period of 2025/26 -2023/31 at the IJB meeting on the 10<sup>th</sup> of December 2025. The Integration Joint Board (IJB) continues to operate in a challenging financial environment, with historic overspends and reliance on underwriting support.

The draft MTFS for 2025/26–2030/31 sets out the financial framework required to support safe, effective and sustainable health and social care services. The MTFS highlights significant future financial pressures driven by rising demand, demographic change in Aberdeenshire. It presents three financial scenarios, ranging from full funding of assessed need to options requiring substantial service reduction if no additional resources are secured. The draft has been formally shared with NHS Grampian and Aberdeenshire Council, with a request that these scenarios inform their budget-setting processes.

## **Budget setting 2026/27**

The budget for the 2026/27 financial year will be formally approved by the IJB in it's March 2026 meeting and will take into account the Scottish Government's budget announcement, following which the funding partners will set their respective budgets, informing the financial parameters within which the IJB will be required to operate.

Work is progressing on the finalisation of savings plans to support a balanced budget for 2026/27. These savings schemes are structured across a three-year period, reflecting the time for the scoping, design and implementation of complex schemes in support of sustainable transformation and long term financial stability.

Further information can be found in the links to the full budget monitoring report and appendices presented to Aberdeenshire IJB on 28th January 2026:

[Aberdeenshire IJB Revenue Budget Update](#)

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

[Aberdeenshire Appendix 2 - Budget Movements](#)

## 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
<b>Total</b>	<b>460,563</b>	<b>460,520</b>	<b>44</b>

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
<b>Total</b>	<b>14,353</b>

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 2<sup>nd</sup> December 2025:

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

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

## Moray IJB

The Integration Joint Board (IJB) considered the financial position to December 2025, reviewed the forecast outturn for 2025/26, assessed the emerging in-year pressures, and noted progress on delivery of the IJB's Recovery Plan at its meeting held on 29 January 2025.

### Performance & Forecast Outturn

A year to date overspend against budget of £5.1 million, was reported to the IJB Board for the period ending December 31 2025. The IJB is forecasting a £8.23 million deficit against its £214 million budget, representing an improvement of £0.55 million compared to the second quarter forecast. This position will require £4 million of deficit support.

Figure 1 summarises the forecast outturn by service line for the IJB.

**Table 1: Quarter 3 Forecast and Outturn for Moray IJB**

Area	Quarter 3		
	Budget £'000	Forecast spend £'000	Outturn £'000
Community Hospitals	7,351	7,353	(2)
Community Nursing	6,227	6,425	(198)
Learning Disabilities	20,827	21,669	(842)
Mental Health	12,287	12,776	(489)
Addictions	1,919	1,950	(31)
Adult Protection & Improvement	279	277	2
Care Services provided in-house	24,692	25,013	(321)
Older People & PSD Services	28,130	29,805	(1,675)
Intermediate Care & OT	1,882	2,045	(164)
Care Services provided by external contractors	2,035	2,065	(30)
Other Community Services	10,031	10,294	(263)
Admin & Management	1,769	2,185	(416)
Other Operational Services	1,486	1,322	164
Primary Care Prescribing	21,392	21,392	(0)
Primary Care Services	22,682	22,944	(262)
Hosted Services	6,419	6,458	(39)
Out of Area	1,780	1,682	98
Improvement Grants	1,060	910	150
Children & Justice Services	21,256	22,216	(960)
Other non-recurring Strategic Funds in the ledger	6,157	6,078	78
Other resources not included in ledger under Core and Strategic	(1,239)	1,795	(3,033)
<b>Total</b>	<b>198,422</b>	<b>206,654</b>	<b>(8,233)</b>

The IJB continues to experience significant financial pressures across key operational areas. Mental Health services report a year-to-date overspend of £0.32 million, mainly due to ongoing reliance on locum medical staffing, Mental Health Act-related activity, and higher Assessment and Care package costs, with a forecast year-end overspend of £0.489 million.

Older People and Physical Sensory Disability services show a year-to-date overspend of £1.657 million, driven by increased nursing-level care home placements and growth in externally commissioned care at home and short-break services; the position is forecast to increase to £1.675 million by year-end reflecting ongoing demand pressures.

Intermediate Care & Occupational Therapy is forecast to be overspent by £0.167 million, largely due to increased equipment costs linked to rising complexity of need. Other Community Services report a £0.262 million, primarily due to AHP staffing pressures..

Children’s, Families & Justice Services present a year-to-date overspend of £0.567 million, driven by out-of-area placements, transport, self-directed support and continuing care pressures, with a projected year-end overspend of £0.960 million.

### 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 31 Dec 2025 £'000	Reduction in overspend expected at 31 Dec 2025 £'000
Building Resilience	2,626	680	560	1,290
Home first	1,445	358	208	726
Partners in Care	1,821	641	526	725
Already implemented	3,577	2,645	2,495	38
<b>Total</b>	<b>9,469</b>	<b>4,324</b>	<b>3,789</b>	<b>2,779</b>

Against the full-year plan of £9.469 million, £3.789 million has been achieved by 31 December 2025, with a delivery of £2.779 million reduction. 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 £3.133 million of savings now confirmed as unachievable in 2025/26.

The Budget Savings Oversight Group continues to meet regularly to strengthen governance, support Senior Responsible Officers and apply a structured project management approach, with the Chief Officer chairing and Senior Management Team members participating. Grip and control measures remain in place, including weekly financial recovery meetings with senior finance leads and the review of high-cost packages supported by the Resource Management Group.

Further information can be found in the link to the full budget monitoring report and appendices presented to Moray IJB Board on 29th January 2026:

[Papers for Moray IJB Board January 29 2026](#)