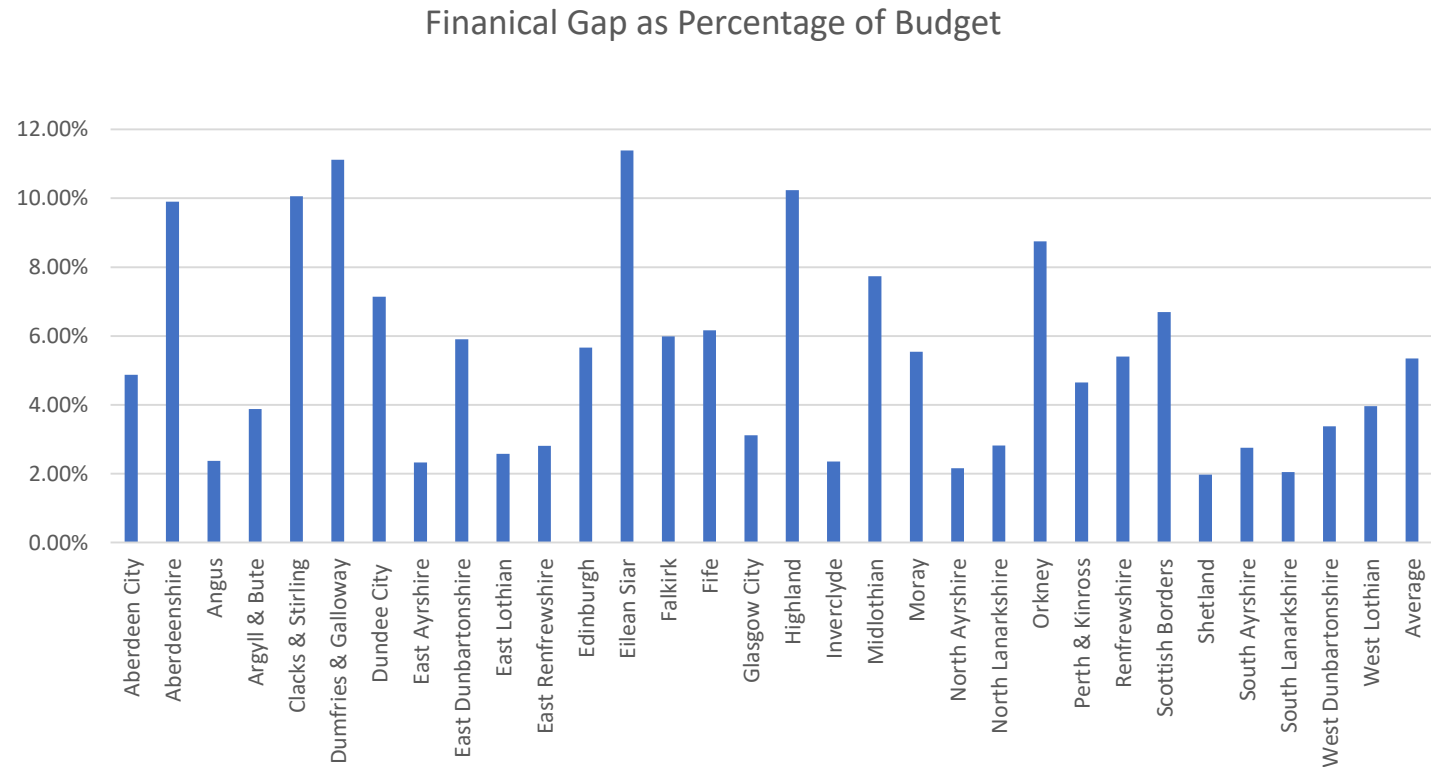


IJB Budget Position:  
Critical Pressures and Risks for  
2025/26

NHS Grampian Board Update – 10<sup>th</sup>  
April 2025

# National 2025/26 Anticipated Position

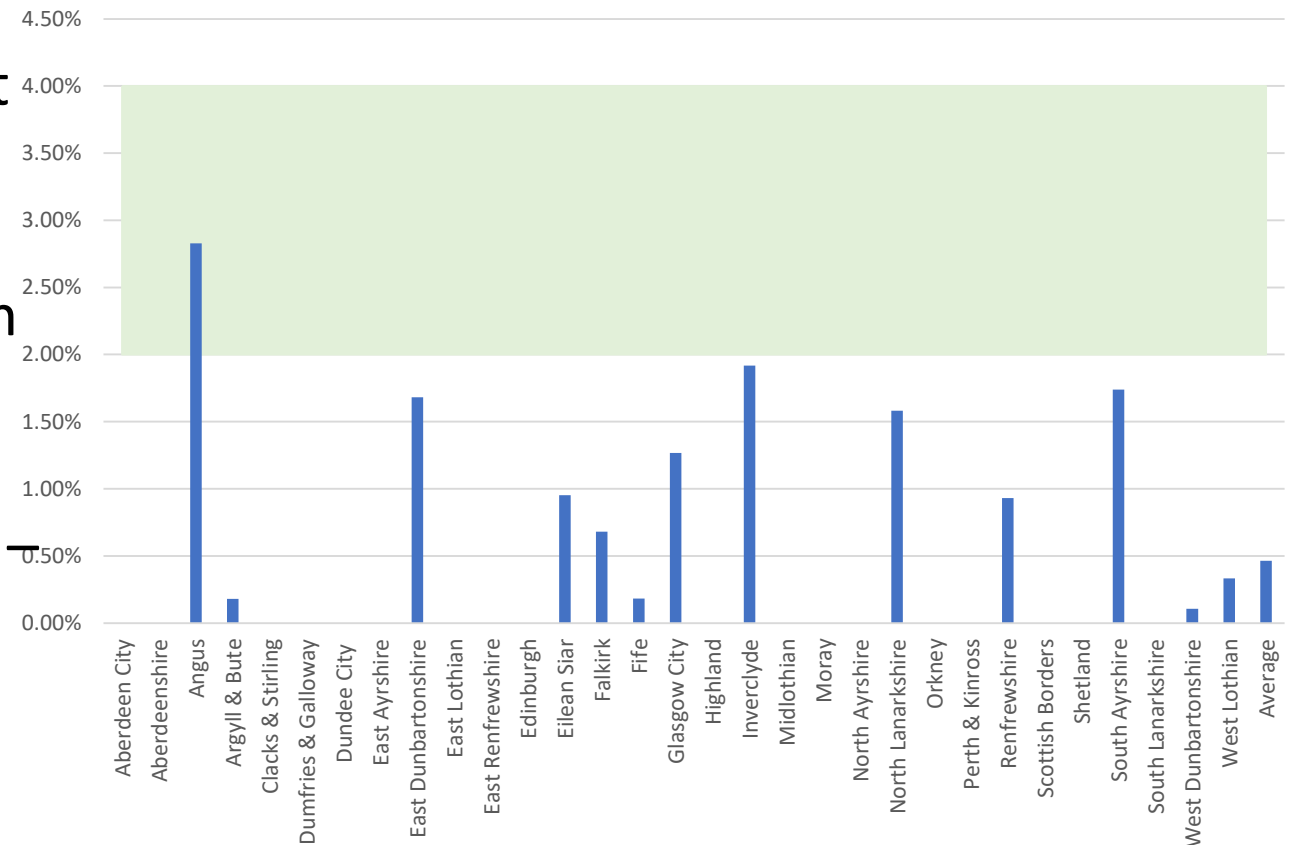
- Estimated financial gap of £562.4m – to stand still
- Average of 5.35% with gaps ranging from 1.97% to 11.39%
- Pressures across the system including
  - Prescribing
  - Demand
  - Pay Pressures
  - Contract Inflation
  - National Insurance (potential underestimate)



# Financial Sustainability – Nationally Worsening Position

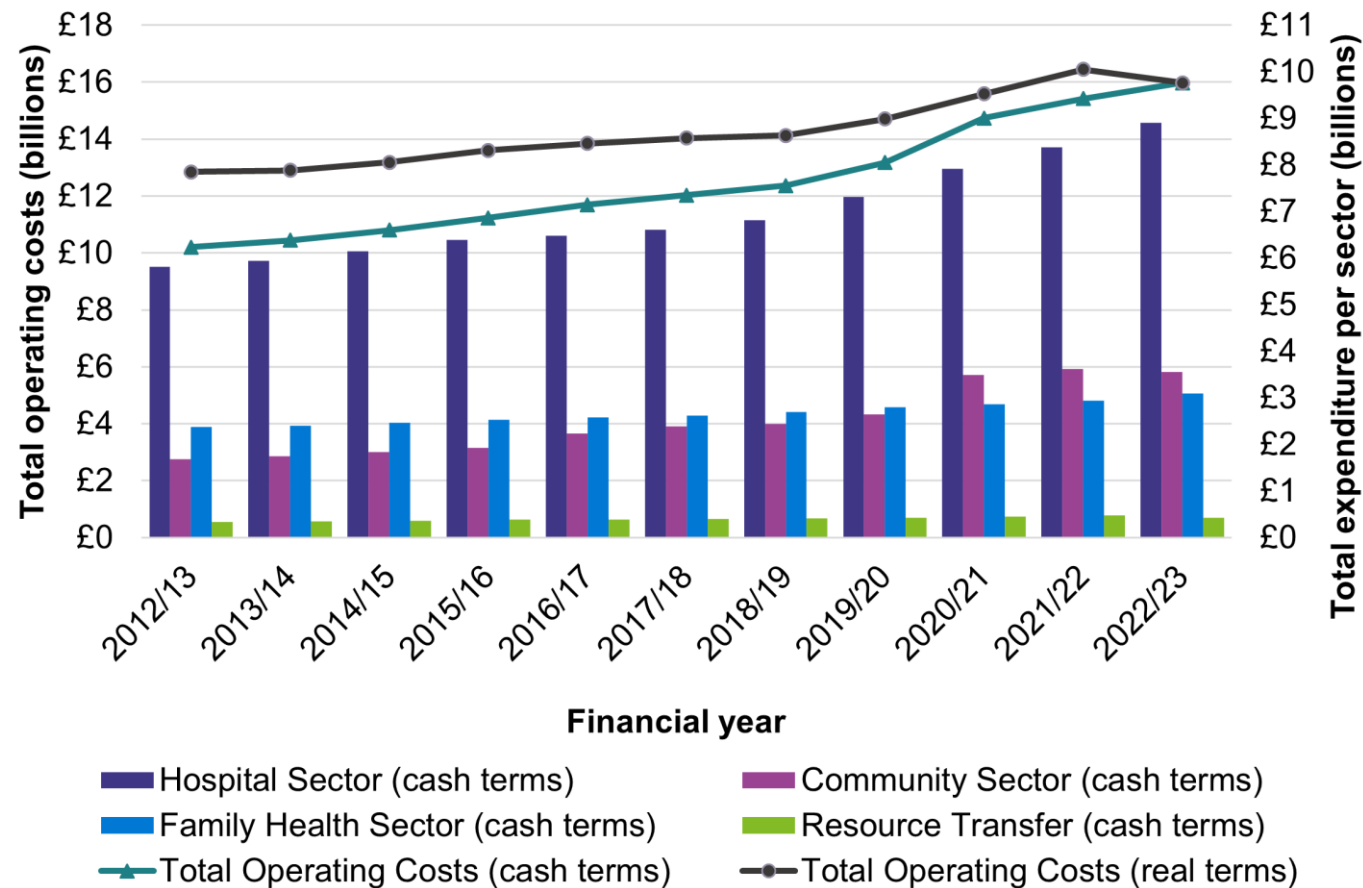
- Depleted reserves - majority (55%) with no contingency reserve
- Best practice contingency reserves - held at 2 to 4% of revenue budget
- Total contingency reserve balance held is £59.4m or 0.46% of total funding (£183m in 22/23)
- Financial recovery measures have been required exposing Partners to financial risk inc impact on LG reserves
- Significant financial gaps to be met to hold our current position
- IJB Financial position routinely shared – locally, CFO network, monthly returns SG

Contingency Reserve as Percentage of Budget Against Best Practice Range



# National trend in health spend

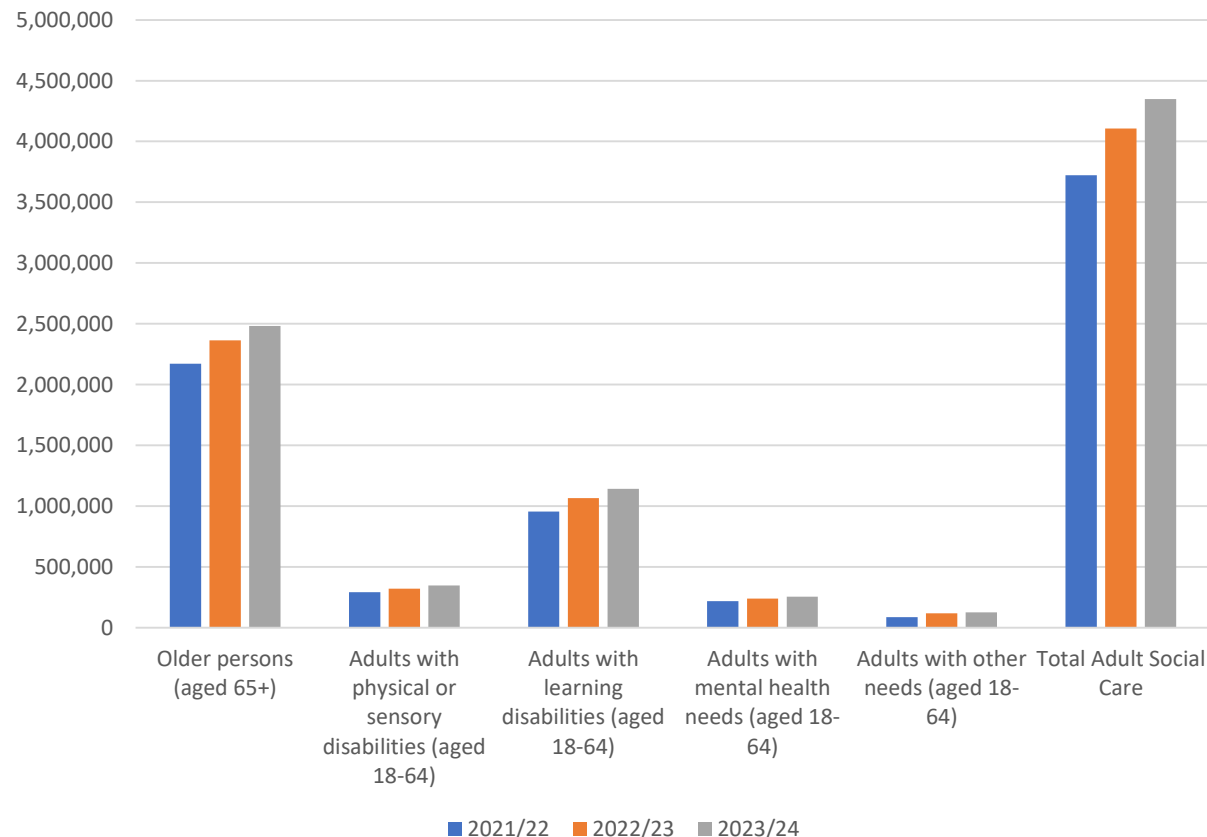
## Trend in NHSScotland expenditure, 2012/13 to 2022/23



- Disproportionate balance of funding between hospital sector
- Principles of Integration to Shift the Balance of Care

# National Increasing Costs – Adult Social Care

LFR Data - Gross Expenditure net of customer and client receipts income



- Increasing cost across adult social care client groups
- 17% Increase in two years, with variation across client groups from 14% to 46%

Client group	% Increase from 2021/22 to 2023/24
Older persons (aged 65+)	14%
Adults with physical or sensory disabilities (aged 18-64)	19%
Adults with learning disabilities (aged 18-64)	20%
Adults with mental health needs (aged 18-64)	16%
Adults with other needs (aged 18-64)	46%
Total Adult Social Care	17%

OFFICIAL

# Aberdeen City HSCP

- ✓ 2024/25 overspend £16.786m
- ✓ April 2025 no remaining uncommitted reserves
- ✓ 2025/26 budget pressure after new funding is £25.236m
- ✓ ACC additional payment (£4.2m)
- ✓ Propose additional funding from NHS (£6.7m)

Additional funding would:

- ✓ Protect essential frontline services
- ✓ Protect residential care home beds
- ✓ Support High & Urgent Care@Home
- ✓ Protect some third sector contracts e.g. counselling services
- ✓ Reasonable and proportionate increase in charges

The table below illustrates the budget pressure in 2025/26.

<b>Budget Pressures 2025/26:</b>	<b>£'000</b>	<b>£'000</b>
Pay inflation	4,122	
Additional Employers National Insurance Contributions;		
Funded 60%	1,230	
Unfunded 40%	820	
Prescribing	2,524	
Commissioned services	9,344	
Non-pay inflationary pressures	2,091	
<b>In year, 2025/26, budget pressure</b>		<b>20,132</b>
<b>Budget deficit 2024/25</b>		<b>16,786</b>
<b>Total budget pressure</b>		<b>36,918</b>

# Aberdeen City HSCP

- 2025/26 Savings

<b>IJB Savings 2025/26</b>	<b>£'000</b>	<b>£'000</b>
Managing staff vacancies	1,346	
Anticipated savings from post reduction	884	
Reducing bank nursing expenditure	999	
<b>Staff savings</b>		<b>3,229</b>
Estates savings - consolidation of properties	153	
Utility savings	50	
<b>Property savings</b>		<b>203</b>
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	
<b>Commissioned Services</b>		<b>10,921</b>
<b>Savings 2025/26</b>		<b>14,354</b>

# Aberdeenshire HSCP

- ✓ 2024/25 predicted overspend £24.968m
- ✓ No reserves have been available since April 2024
- ✓ Service reductions in 2024/25 will have full year effect 2025/26
- ✓ 2025/26 budget pressure after new funding is £19.907m
- ✓ New funding £2.150m
- ✓ Recovery plan in place
- ✓ Social care service reviews to come to May IJB for decisions
- ✓ Commissioned review of Community Hospitals
- ✓ Funding Partners underwriting shortfall for 2025/26  
(AC £7.376m and NHSG £9.777m)

Additional funding and underwriting will:

- ✓ Protect front line care for vulnerable people
- ✓ Support real living wage and pay uplifts

	£000	£000
<b>2024/25 Revenue Budget Forecast</b>		<b>436,247</b>
<b>Non-Recurring Spend</b>		<b>(17,643)</b>
<b>2024/25 Revenue Budget Forecast as at 30/11/24</b>		<b>418,604</b>
<b>2025/26 Budget Pressures</b>		<b>22,057</b>
– Pay Award		
– Real Living Wage		
– NI Employer's Contribution Increase		
– National Care Home Contract (9%)		
– General Inflation		
– NHS Pay Award		
<b>Current Funding Contribution:</b>		<b>(401,629)</b>
– NHS Grampian Funding	(202,019)	
– Aberdeenshire Council Funding	(171,180)	
– Resource Transfer	(28,430)	
<b>New Funding</b>		<b>(2,150)</b>
<b>Efficiencies 2.5%</b>		<b>(8,009)</b>
<b>Savings</b>		<b>(7,779)</b>
– 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)	
<b>Increase in Charges</b>		<b>(3,939)</b>
<b>Shortfall underwritten by funding partners</b>		<b>(17,155)</b>
– Aberdeenshire Council		
– NHS Grampian		



# Moray H&SC

- ✓ 2024/25 overspend £5.6m
- ✓ No general reserves and minimal ear marked reserves
- ✓ 2025/26 budget pressure after new funding is £12.214m
- ✓ Propose additional funding from NHS £2.262m
- ✓ Proposed additional funding from MC £2.845m
- ✓ Proposed additional funding for eNIC £1.392m

Additional funding would:

- ✓ Continue with Scottish Government incentive for RLW
- ✓ To fund 60% of the eNIC implications
- ✓ To fund the NHS pay award and non pay increase of 3%

	<b>£'000</b>
<b>BUDGET PRESSURES</b>	
Pay Inflation	2,758
Contractual Inflation & Scottish Living Wage	2,796
Prescribing & Community Pharmacy	1,153
Children in Transition	771
Mental Health complex clients	270
Recurring Deficit	5,988
Hosted services	122
National Care Home Contract (NCHC) uplift	902
Free Personal & Nursing Care (FPNC) uplift	205
Occupational therapy equipment	100
Children with disabilities placement	180
Continuing Care placements	626
Other	41
eNIC pressure	2,505
<b>TOTAL BUDGET PRESSURES</b>	<b>18,417</b>

# Moray H&SC

- 2025/26 Savings

	2025/26	2026/27
	£ 000's	£ 000's
<b>Projected Efficiencies/Savings approved May 2024</b>		
Building resilience	2,276	261
Home first	1,445	
Partners in care	1,635	354
Savings already implemented	200	
<b>Subtotal Projected Efficiencies</b>	<b>5,556</b>	<b>615</b>
<b>Projected Efficiencies 2025/26</b>		
Building resilience	350	
Partners in care	386	
Savings already implemented	3,175	
<b>Subtotal Projected Efficiencies</b>	<b>3,911</b>	
<b>Total Projected Efficiencies</b>	<b>9,467</b>	<b>615</b>

# Moray H&SC

- 2025/26 Budget Overview

	<b>£'000</b>
<b>BUDGET</b>	
Recurring Budget	179,244
Inflationary and Demand Led Pressures	6,021
Recurring Deficit	5,988
SLW, FPNC & NCHC	3,903
eNIC pressure	2,505
Set Aside	15,638
Additional commitments	544
Use of reserves	
<b>TOTAL BUDGET</b>	<b>213,843</b>
<b>FUNDED BY</b>	
NHS Grampian Recurring (inc. Set Aside)	110,362
Moray Council (inc. Improvement Grants)	86,222
Scottish Government Additional Funding (£241.5m)	2,549
Children's & Justice services Additional Funding	544
NHS Grampian 3% Additional Funding	2,262
Reserves balance	45
Scottish Government additional funding for eNIC	1,392
Savings identified	9,467
<b>TOTAL FUNDING</b>	<b>212,843</b>
<b>BUDGET DEFICIT</b>	<b>(1,000)</b>
<b>FUNDED FROM EARMARKED RESERVES</b>	<b>1,000</b>

# Risks to the Financial Position

Legacy Overspends –  
Including debt  
repayment  
requirements

Performance  
expectations –  
Maintain and improve

Meeting the needs of  
population with rising  
costs of care

External cost  
pressures E.g.  
Prescribing  
National Insurance

SG Policy  
commitments not  
fully funded &  
reducing or ceasing

Budget settlement –  
timing and quantum

Provider market and  
cost pressures –  
provider of last resort

Wider system  
financial challenges –  
inc LG, NHS and care  
market

Integration Scheme  
Reviews – risk share  
& dispute resolution