

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

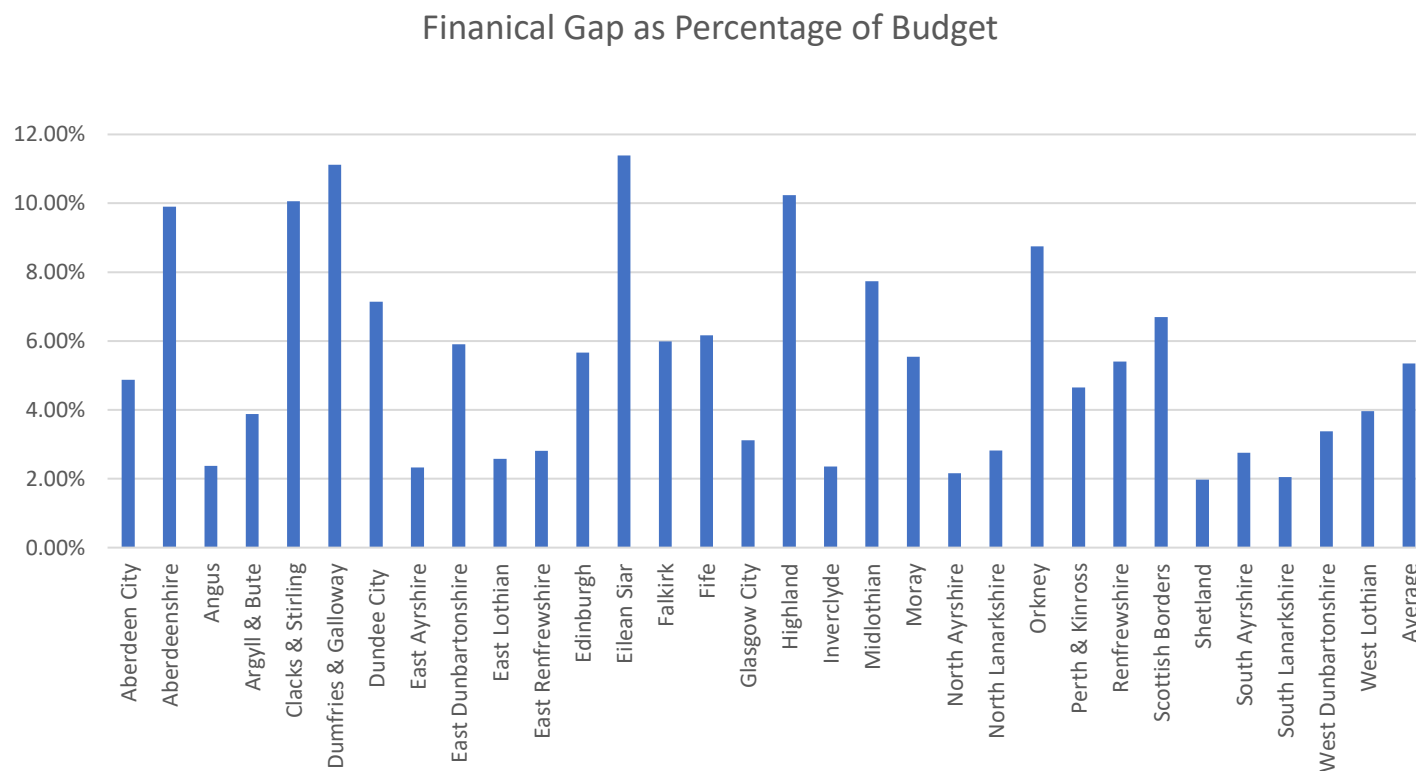
Chief Officers Update – 5th March 2025



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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)

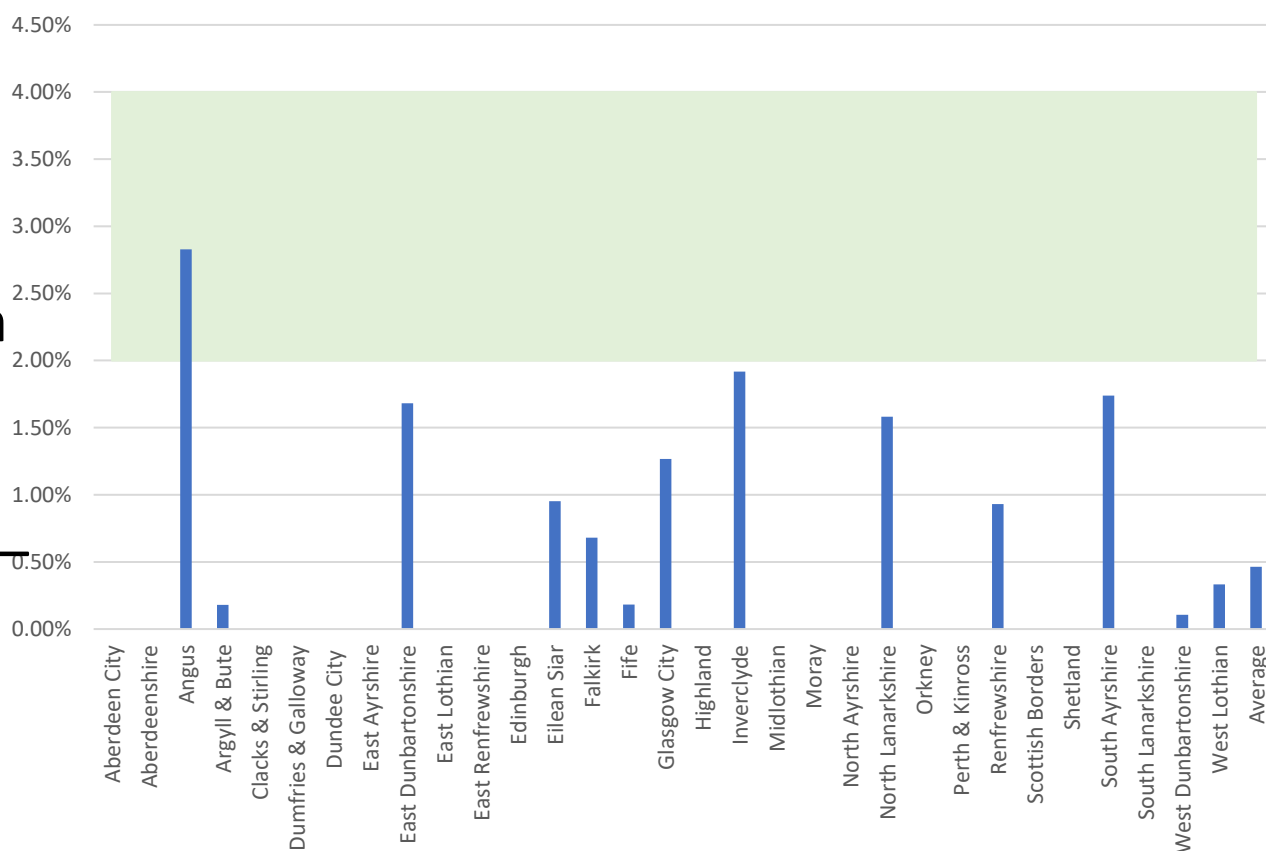


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Financial Sustainability – Worsening Position

- 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



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IJB Funding

- Different funding mechanism to other LA and NHS
- In-year funding allocations – not kept pace with inflation or policy intent
- Reductions to recent allocations – eg Mental Health Outcomes Framework, Multi Disciplinary Teams, Mental Health Officers
- Core Funding from 2023/24:

| IJB Funding | £m |
|--|------|
| 2023/24 - £95m + 2% NHS NRAC | |
| Real Living Wage | 100 |
| Free Personal Care | 15 |
| Interim Care Ending | -20 |
| 2024/25 - £241.5m - + 0% NHS NRAC | |
| Real Living Wage | 230 |
| Free Personal Care | 11.5 |
| 2025/26 - £140m + 3% NHS NRAC | |
| Real Living Wage | 125 |
| Free Personal Care | 10 |
| Short Breaks Unpaid Carers | 5 |

- SG Directive to pass through baseline plus additional funding - set the bar for funding allocations

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3. Financial performance

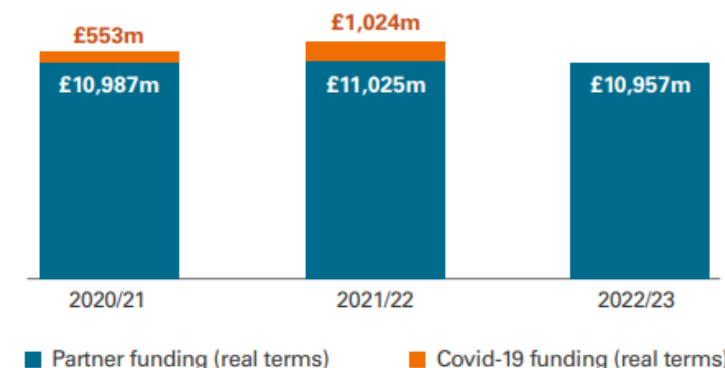
The financial health of IJBs continues to weaken and there are indications of more challenging times ahead

IJB funding has decreased in real terms compared to 2021/22

30. IJBs receive their funding as annually agreed contributions from their council and NHS board partners. Funding is largely received to cover in-year expenditure on providing services but can also be received for specific services and national initiatives to be funded in future years.

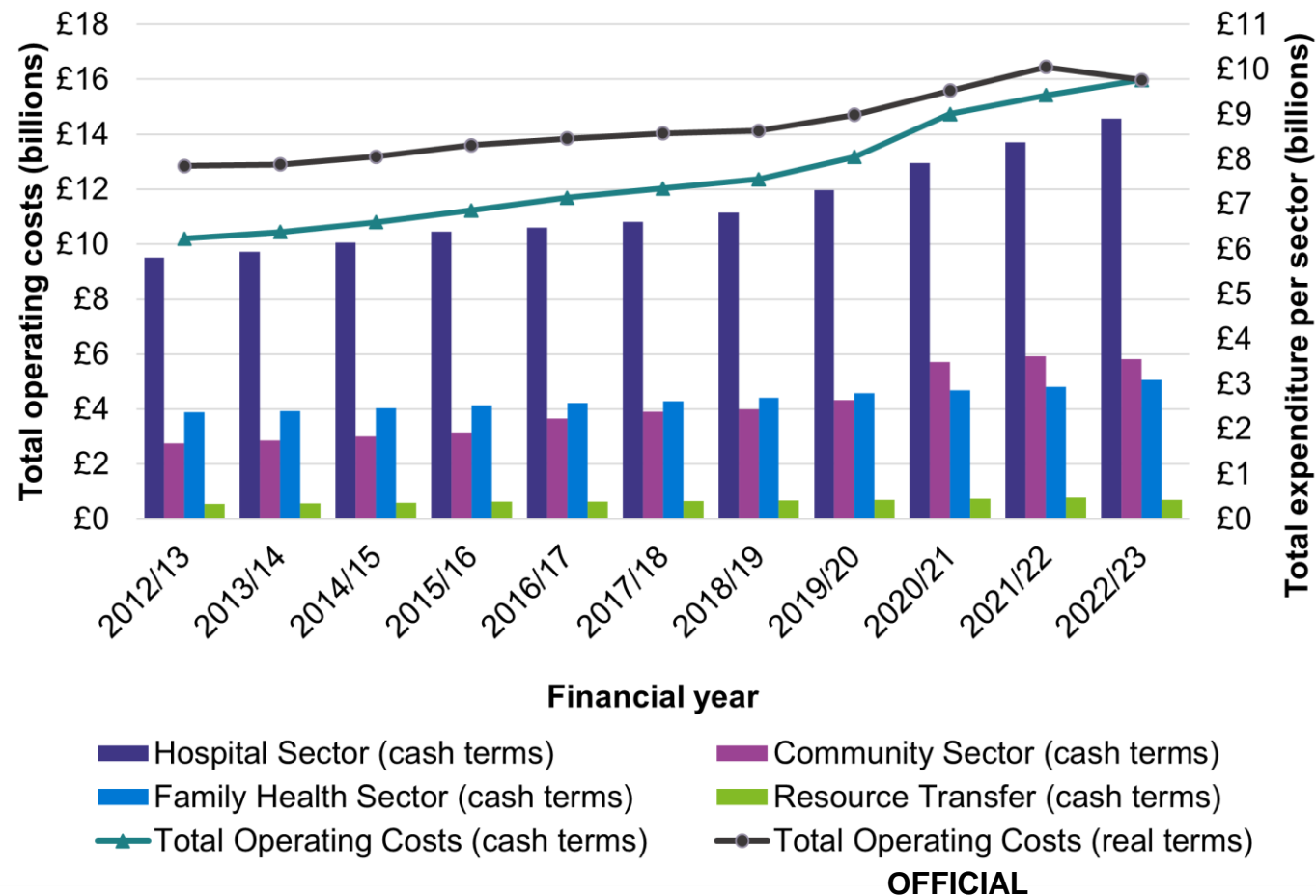
31. Funding to IJBs in 2022/23 decreased by £1.1 billion (nine per cent) in real terms to £11.0 billion; a £342 million decrease in cash terms. [Exhibit 2](#). IJBs received £1.0 billion of additional funding in 2021/22 to support their response to the Covid-19 pandemic. Excluding the 2021/22 Covid-19 related funding, this shows an underlying decrease of £68 million in real terms, representing a 1.0 per cent decrease.

Exhibit 2. Real terms movement in IJB funding



Trend in health spend

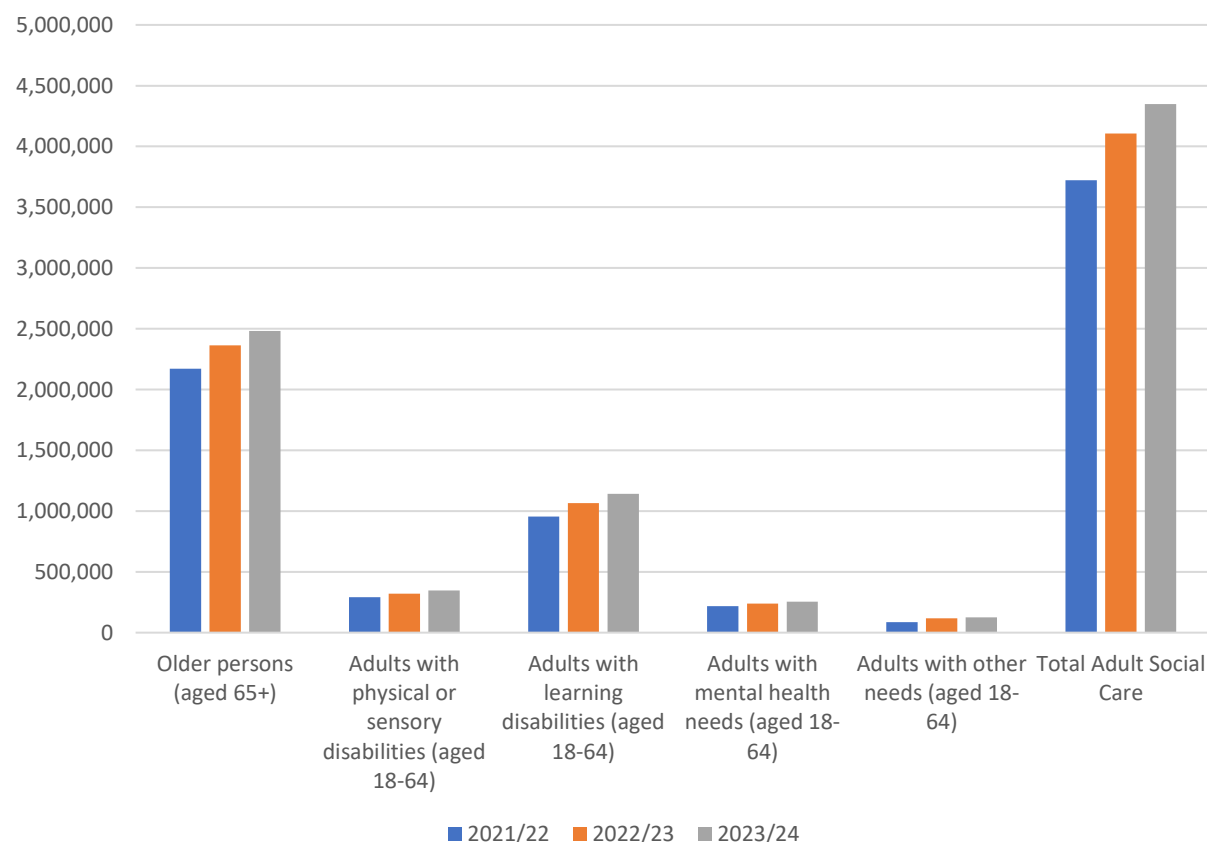
Trend in NHSScotland expenditure, 2012/13 to 2022/23



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

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% |

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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

Scale of Impact - £562.4m is the equivalent of:



4,990 community hospital beds



11,585 Band 5 nurses



420,300 weekly homecare hours



Current waits:

- Delayed Discharges – 1,921
- Community CAH people – 2,951
- CAH overall – 33,700hrs
- Assessment – 6,487

18,135 care home beds



48.8 million less items



Annual running cost



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Social Care Provider Sustainability

- Live examples of provider concerns:

Supported Accommodation Provider – refused 7.24% uplift 24/25 – served notice on residents

Homecare Association seeking £32.88 an hour – well above average

Community Support Provider hand back small PoC – eg 30 SUs by 31 March 25% of presence in an area

Providers pulling out of individual areas or across Scotland (eg from Community Support)

Higher than inflation and SLW increases for contracts – eg Scotland Excel Children's Residential Framework

Cost of Care for Complex needs – Coming Home Agenda not progressing

Impact of eNIC “the consequences of not exempting all public service providers of social care from the additional eNIC liabilities will be catastrophic”

- Costed models – eg NCHC and hourly rates for community support – we will NEED to fund full NI cost for providers with zero IJB funding
- Unfunded cost increases = commission and deliver less - for NCHC adds 2.2% to rate (circa 805 beds)
- Circa 89% of care home beds are not publicly operated
- HSCPs are providers of last resort – generally in-house is more expensive
- Do not have BCP/contingency plans/capacity to mitigate impact of widespread provider failure
- Negative impact on social care workforce

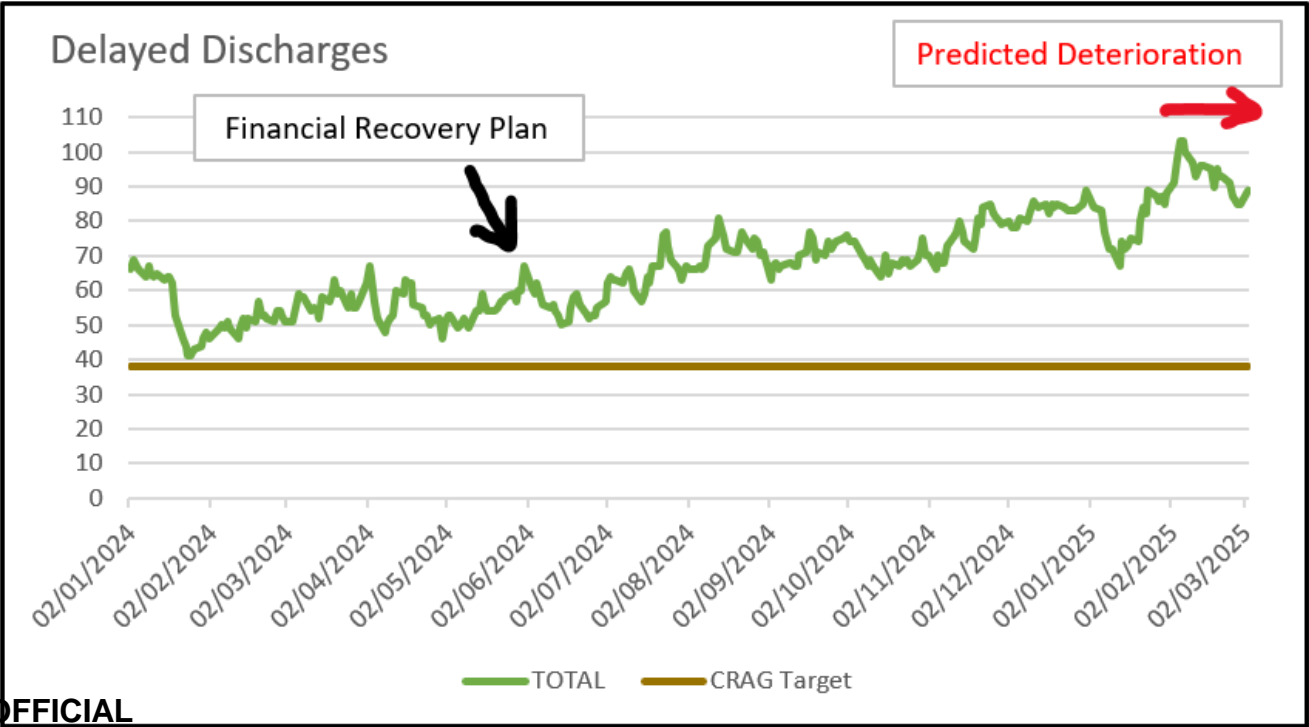
Case Study – one IJB area - full delegation including Children’s Services, doesn’t currently carry primary care prescribing risk – circa 2% gap 2025/26

| Overall Budget Position | |
|--|--------------|
| 2024/25 - proj overspend after recovery plan | £5.0m |
| 2025/26: | |
| Opening deficit | £3.7m |
| Budget pressures - pay, inflation & demographics | £16.0m |
| SG Funding (eg NRAC uplift, SLW, FPNC) | (£7.9m) |
| Council additional funding | (£4.0m) |
| Estimated Budget Gap (exc repayment) | £7.8m |

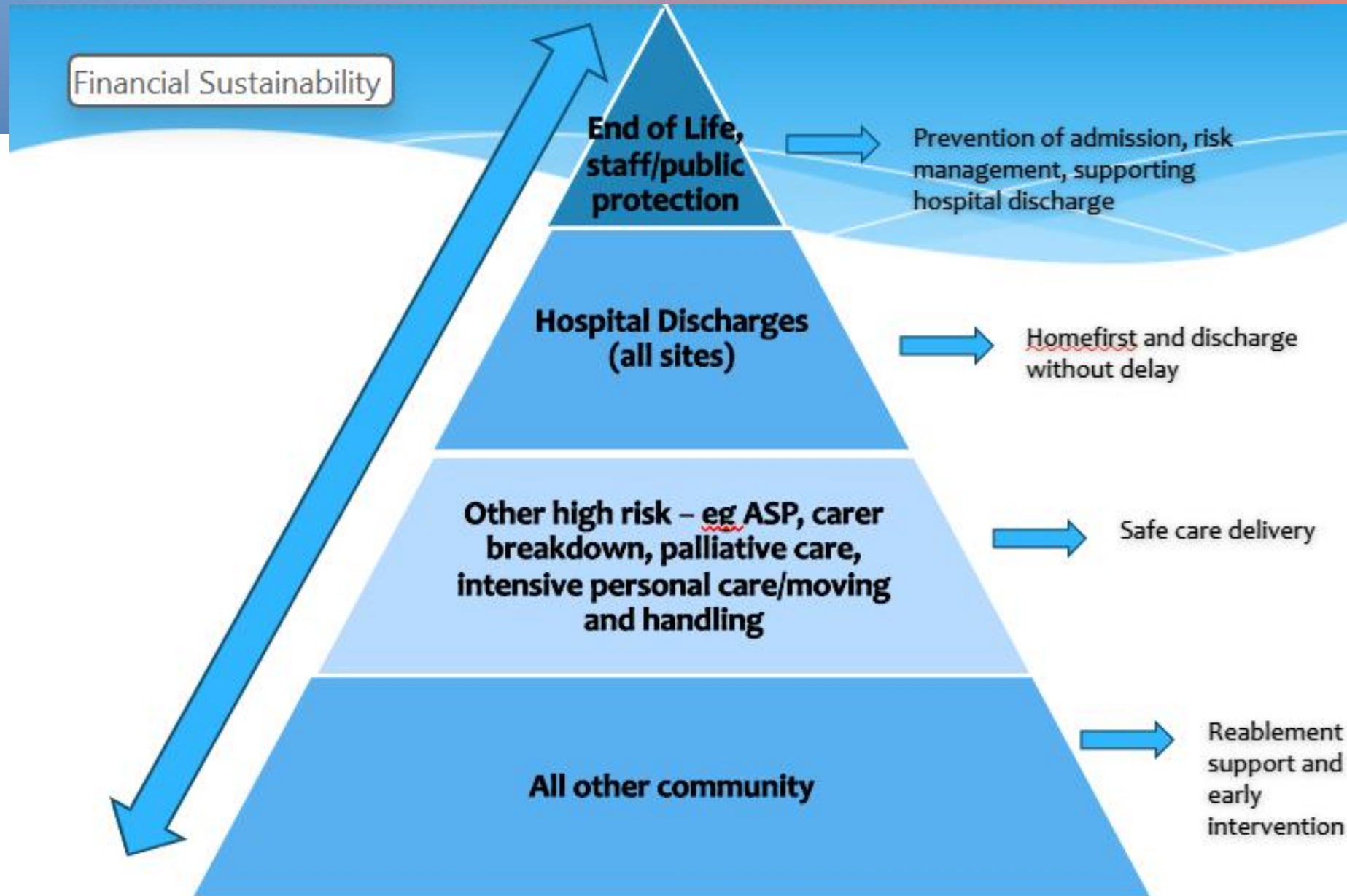
Impact areas:

- Care at home – align with budget - £2.5m overspend circa 100 average packages of care
- Care Homes - £1m saving = 36 care home placements 5% reduction – 67% residents now access from hospital
- Capping access to non-residential care & review non-personal care (misalignment SDS)
- Social Care Non Residential Charges – range 5% to 25% increase 25/26
- Cease Early Intervention Services – community health and wellbeing programmes
- Financial Inclusion Service –remove universal access
- Community waits & risk– over 80% waiting outwith hospital

| | Spend £m |
|-----------------------------|----------|
| 2019/20 | £20.7m |
| 2024/25 | £33.3m |
| Increase | £12.6m |
| SG Capacity Funding 2021/22 | £3.4m |



Priority of Need/Risk Management



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Links with National Priorities & Policy Directives

BY FOCUSING ON TOP OF PYRAMID - REDUCTION IN CARE

- Delayed Discharge mission and Unscheduled Care improvement plans
- Homefirst – community based care is expensive
- Self Directed Support – remove choice, control and flexibility
- Carers Act – impact on Carers and cared-for
- The Promise – early intervention impact
- Coming Home Implementation – resource to support discharge and choice based on affordability
- Planning with People guidance and best practice

Health and Social Care Integration

“Integration is all about improving people’s lives, and the wellbeing of our system of health and social care as a whole benefits from better joined-up care, better anticipatory and preventative care and a greater emphasis on community-based care” — Health and Social Care Scotland

The Christie Commission highlighted that responses to the very significant challenge to the long-term financial sustainability of Scotland’s public services must include:

- *taking demand out of the system through preventative actions and early intervention to tackle the root causes of inequality and negative outcomes.*
- *tackling fragmentation and complexity in the design and delivery of public services by improving coherence and collaboration between agencies and sectors.*

Health and Social Care Integration – principles of investing in community services, early intervention and removing variation through sharing of best practice and improvement

- ***Risk - Will unpick positive progress already made through Integration***