

IJB BUDGET RISKS 2024/25

- (1) **Financial Settlement** - A one-year settlement for 2024/25 only has been received for this budget process. The merits of a multi-year Settlement continue to be expressed to enhance the alignment with delivering against the strategic priorities. Also a risk is the assumption around the share of £230m of funding passported through Aberdeenshire Council from Scottish Government to support Adult Social Care Pay Uplift in Commissioning Services, this may be higher or lower than the estimate, the final allocation is predicated on the distribution methodology.
- (2) **Prescribing Costs** - Prescribing costs are a large and volatile area of the IJB budget with demographic changes a material contributing factor. Whilst the decisions to prescribe are made locally, the costs of drugs and agreements to introduce new drugs are made on a national basis. Provision in the budget has been made based on analysis undertaken by NHS Grampian with a range of options provided from Best Case to Best Guess and Worst Case scenario. Aberdeenshire IJB are proposing the inclusion of the Best Case scenario with the associated pressure of this option. There is a risk associated with this option and the IJB will closely monitor this budget through regular reporting to the IJB throughout financial year 2024/25 and appropriate action taken to mitigate the pressure in year through continued close working with NHS Grampian, with this are being reviewed not only across Grampian but nationally.
- (3) **Demographic Changes** - The demographic profile of Aberdeenshire continues to show a general rise in population with a specific increase in the age profile of the population. The associated challenges of providing care for a rising population where people live with multiple conditions are well known. These challenges manifest themselves in a financial sense when we experience issues such as rising numbers for social care packages and rising demand for aids and adaptations. The increasing level of complexity of need for some of our clients means that high-cost care packages may arise during the year which we have not budgeted for. The same applies to patients who need out of area care and where a clinical decision has been made that this is in their best interests.
- (4) **Public Perception of Health & Social Care Services** - The Aberdeenshire Health & Social Care Partnership's Strategic Plan recognises that the changes we need to make will make demands on individuals, the communities of Aberdeenshire and organisations that provide health and social care and support. In order to release efficiencies whilst at the same time delivering our strategic priorities, we must focus on service redesign and re-commissioning. Recent experience of service redesign and re-commissioning has highlighted a number of potential risks: - Public perception that services are being lost and cost cutting is the sole driver. - High expectations of health and social care services in spite of the current and ongoing pressures faced. - Negative media coverage affecting the Partnership's reputation. - Reluctance of society to change behaviour and focus on personal abilities and informal support

networks, including making informed choices about how local services are used. We can mitigate these risks by focusing on effective engagement, communication, education, and co-production with the public.

- (5) **Primary Care** - There continue to be a number of continuing challenges around sustainability of some of our GP Practices with inability to recruit General Practitioners a common issue. This has necessitated the Partnership providing support and investment to maintain GP services in some parts of Aberdeenshire. We will continue to use the Primary Care Improvement Fund and other funding streams to support General Practices and wider Primary Care teams across Aberdeenshire
- (6) **Social Care Market** - The external care market remains fragile, with providers seeking higher than inflationary increases to provide stability. Some arrangements such as the National Care Homes Contract are negotiated nationally and may be higher than forecast. Should national negotiations break down it is likely that local agreements would have to be negotiated which could lead to higher costs than have been provided for. We can mitigate these risks by working with our third and independent sector providers and community partners at a local level to train, support, and up skill local providers in conducting their business with the Partnership. We can also mitigate these risks through moving away from short term projects to ensure there is longer term stability.
- (7) **Earmarked Funding/Reserves** - A proportion of funding for the Partnership is received via earmarked funding for specific purposes allocated by the Scottish Government. Typically, this funding is not allocated until after the start of the financial year. We are assuming that the level of earmarked funding in 2024/25 will be broadly similar to the level received in 2023/24. If this is not the case, further prioritisation decisions will need to be made. A further risk regarding earmarked funding is the risk of clawback of unspent funding to the Scottish Government, as occurred during financial year 2023/24, from reserves carried forward to financial year 2024/25. Regarding the IJB General Reserve predictions are that there will be no general reserve to support a balanced budget in 2024/25
- (8) **Longer term health debt of population** - The wider economic and societal impact of the Covid pandemic will continue to pose challenges to the Partnership in terms of service pressures and how services are delivered.
- (9) **General Inflation** - Inflation remains at a medium and stable level and the budget has been prepared on the basis of known contractual inflation rates. Should general inflation increase and be reflected in an increased cost of goods and services, this will cause additional pressure on the revenue budget and the services the IJB can afford to provide.

Overall Mitigation - All of these risks and others within the budget will be regularly monitored and managed in order to identify any issues and address these at an early stage through the use of mitigations and budget management controls and reported to the IJB throughout the financial year and our partners.