

Midlothian Integration Joint Board



Thursday 15th December 2022, 14:00 – 16:00

Midlothian IJB Medium Term Financial Plan 2022/23 – 2026/27

Item number: 5.3

Executive summary

The IJB's partners (Midlothian Council and NHS Lothian) have developed a financial plan for future years. This has been utilised to produce a medium-term financial plan (2022/23 to 2026/27) for the IJB.

Board members are asked to:

- 1. Note the medium-term financial plan (2022/23 to 2026/27),*
- 2. Note the future work required to refine this financial plan and the requirement for significant recovery actions to bring the plan back into balance.*

Midlothian IJB Medium Term Financial Plan 2022/23 – 2026/27

1 Purpose

- 1.1 This report presents the Board with a 5-year financial plan (2022/23 to 2026/27). The plan has been prepared utilising the in-year financial information and the financial plans and assumption of Partners for future years.

2 Recommendations

- 2.1 As a result of this report Members are being asked to: -
- Note the medium-term financial plan (2022/23 to 2026/27),
 - Note the future work required to refine this financial plan and the requirement for significant recovery actions to bring the plan back into balance.

3 Background and main report

- 3.1 As in previous years, the IJB produces a longer-term financial outlook and updates the IJB members on this throughout the financial year. Following acceptance of the formal budget offers for 2022/23 from both partners the IJBs rolling 5-year financial plan has been developed.
- 3.2 This financial plan is developed utilising the Scottish Government's Medium Term Financial Framework for Health and Social Care (published in October 2018). The financial plan has also been developed utilising the financial projections of our partners NHS Lothian and Midlothian Council.
- 3.3 The full financial plan summary is shared in Appendix 1 and a high-level overview of the overall projected position for the IJB is summarised in Table 1 below:

	22/23 £k	23/24 £k	24/25 £k	25/26 £k	26/27 £k
Total Income	156,772	150,903	151,723	152,610	153,515
Total Expenditure	158,375	155,372	158,489	162,218	166,050
Gap before savings plans	(1,603)	(4,469)	(6,766)	(9,608)	(12,535)
Gap (%)	-1%	-3%	-4%	-6%	-8%

Table 1: IJB rolling five-year financial plan

- 3.4 The rolling 5-year financial plan is based on formal budget offers for 2022/23, and indicative budgets for the remaining years. Midlothian Council budget letter for 2022/23 included only an 2022/23 budget and therefore a flat cash budget for next 4

years has been assumed. Worth noting currently there is no inclusion of any share of the £140m national funding to support the Local Authority pay settlement being passed from Midlothian Council to the IJB budget in the plan. We are still awaiting Midlothian Council to confirm this position still stands.

- 3.5 Similar to Midlothian Council, NHS Lothian's budget offer letter also only included the in-year budget detailing the position for 2022/23. For future years, indicative budgets have been collated from the NHS Lothian Financial Plan. The NHS Lothian Financial Plan assumes a level of funding uplift from Scottish Government, and this is assumed at 2%. Table 2 summarises total anticipated delegated budgets over the next 5 years.

	22/23 £k	23/24 £k	24/25 £k	25/26 £k	26/27 £k
NHSL Delegated Base Budget	95,068	92,782	94,469	95,339	96,226
Additional Contributions	1,430	1,738	870	887	905
Covid	2,257				
Total NHS Income	98,755	94,519	95,339	96,226	97,131
MLC Delegated Base Budget	47,752	56,384	56,384	56,384	56,384
Additional Contributions	8,958	0	0	0	0
Covid	1,307	0	0	0	0
Total MLC Income	58,017	56,384	56,384	56,384	56,384
Total Income	156,772	150,903	151,723	152,610	153,515

Table 2: Indicative IJB delegated budget 2022/23-2026/27

- 3.6 The projected costs of delegated services across the same period are shown below in Table 3. The modelling assumptions used to estimate future costs are described below.

	22/23 £k	23/24 £k	24/25 £k	25/26 £k	26/27 £k
Base Expenditure	143,117	151,190	154,860	158,489	162,218
Price Effects	2,733	3,082	2,497	2,563	2,630
Demographic Change	0	1,099	1,132	1,166	1,201
Non-Demographic Growth	8,962	0	0	0	0
Covid	3,564	0	0	0	0
Total Expenditure	158,375	155,372	158,489	162,218	166,050

Table 3: Projected cost of delegated services 2022/23-2026/27

- 3.7 Future NHS Lothian costs within the financial plan are based on the detailed financial planning exercise conducted by NHS Lothian. All ongoing COVID related costs have now been included in the baseline costs, for the IJB this is prescribing only. NHS Lothian presented their Financial Plan to their Finance & Resources Committee on 26th October 2022, this was a first iteration of their financial plan, and this will be refined, and we will use those refinements to develop the IJBs plan further.
- 3.8 For Midlothian Council a starting position of baseline expenditure for Social Care at £955k overspent (being the Q2 forecast projection for 2022/23) was assumed. Future years increased expenditure was based on a combination of sources for pay awards it assumes in future years a 2.5% uplift similar to assumptions made within Midlothian Councils longer term projections. In addition, demographic growth is assumed at 3% and includes growth for any transitions into Adult Services.

- 3.9 There is a significant financial challenge on the horizon and the IJB should ask Officers within the partnership to develop financial recovery plans and update the IJB on progress against this at a future meeting. The IJB financial plan will also be refined early in the new year as further information is made available.

4 Policy Implications

- 4.1 There are no policy implications from this paper.

5 Directions

- 5.1 There are no direction implications from this paper.

6 Equalities Implications

- 6.1 There are no equalities implications from this paper.

7 Resource Implications

- 7.1 **Financial** – discussed above.
7.2 **Personnel** – none

8 Risk

- 8.1 Projections for future years inherently relies on several assumptions and estimates, thus introducing a degree of risk as figures are subject to change.

9 Involving people

- 9.1 The IJB papers are publicly available.

10 Background Papers

- 10.1 None

AUTHOR'S NAME	Claire Flanagan
DESIGNATION	Chief Finance Officer
CONTACT INFO	Claire.Flanagan@nhslothian.scot.nhs.uk
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Appendix 1 – Midlothian IJB Financial Plan 2022/23 – 2026/27