

Midlothian Integration Joint Board



Thursday 21st December 2023, 14:00-16:00

MIJB Medium-Term Financial Plan

Item number: 5.4

Executive summary

The Midlothian Integration Joint Board (IJB) is required to prepare a medium-term financial plan. The IJB's partners have now provided the IJB with their own financial plans for the period 2024/25 to 2028/29, and this information allows the IJB to build its own forecast.

This shows: -

Summary	£000's	£000's	£000's	£000's	£000's
Health	(4,838)	(6,265)	(7,529)	(8,856)	(10,257)
Social Care	(7,724)	(9,995)	(12,302)	(14,647)	(17,030)
Total	(12,562)	(16,260)	(19,831)	(23,503)	(27,287)

These values being overspends.

It is important to note that this is a forecast based on an initial review. There is no impact of management actions in this position nor any further funding that may be made available. That said, the overall position is clear and the IJB will now, working closely with its partners, have to develop a series of recovery plans to bring it back into a balanced financial position.

Members are asked to:

- Note the forecast position from 2024/25 to 2028/29.
- Consider the assumptions underlying this forecast.
- Support the development of a recovery programme.

Midlothian Integration Joint Board

MIJB Medium-Term Financial Plan

1 Purpose

- 1.1 This report sets out the output from the initial review of the IJB's projected financial position 2024/25 to 2028/29, discusses the background to the position and lays out the assumptions that underlie the forecast.

2 Recommendations

- 2.1 As a result of this report, Members are asked to:
- Note the forecast position from 2024/25 to 2028/29
 - Consider the assumptions underlying this forecast
 - Support the development of a recovery programme

3 Background and main report

- 3.1 The IJB is governed by local authority regulations and, like Councils, the IJB must set a balanced budget before 1st April every year. It is worth noting that the NHS Boards are governed by different financial regulations and must break-even at the end of each financial year. Thus, Midlothian Council will set a balanced budget based on the achievement of a range of efficiency plans for the following financial year whereas NHS Lothian will make a financial forecast (at the start of the current financial year) which shows the totality of the financial challenge and proposes a series of outline plans to move towards a break-even position by the end of the financial year. The IJB will also set a balanced budget for the next financial year and that will be based on a series of financial recovery actions which will, operationally, be delivered by the partners.
- 3.2 Both partners have provided information to allow the IJB to broadly project its financial position over the next five years. In summary this shows –

Where the variance is an overspend against the projected budgets in each year.

	24/25 Variance	25/26 Variance	26/27 Variance	27/28 Variance	28/29 Variance
Health					
Core	(2,413)	(3,193)	(3,986)	(4,803)	(5,652)
Hosted	175	(53)	(158)	(268)	(385)
Set Aside	(2,600)	(3,019)	(3,385)	(3,785)	(4,219)
Total Health	(4,838)	(6,265)	(7,529)	(8,856)	(10,257)
Social Care					
Opening	(4,000)	(7,824)	(10,095)	(12,402)	(14,747)
N/R support in 23/24	(1,583)				
Per MLC paper	(1,241)	(1,271)	(1,307)	(1,345)	(1,383)
Demography	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Total Social Care	(7,824)	(10,095)	(12,402)	(14,747)	(17,130)
Total IJB	(12,662)	(16,360)	(19,931)	(23,603)	(27,387)

It should be noted that the above forecast does not show the impact of any management actions (recovery programmes) or any additional funding. In the absence of such actions and given that the demographic and inflationary pressures in future years are significantly greater than the funding available, the pressures will simply continue to increase.

3.3 Assumptions

Both partners have started from slightly different places and have a different range of assumptions.

Health

NHS Lothian have assumed a 2% uplift every year along from the Scottish Government (which will be passed to the IJBs) with a 2% pay award to all staff. The underlying pressure (that is financial pressures supported non-recurrently in 22/23) is included in the forecast with no assumption of any other uplifts or non-recurrent funding. The pressure is therefore a reflection of the historical position plus new pressures arising from pay costs (beyond the pay award) and inflation on health provision generally (for example cost of new drugs).

Social Care

The social care budget will be subject to the offer made by the Council as part of its budget setting process and therefore the assumptions that underly this forecast may be changed through the Council budget setting process. Midlothian Council has produced their Medium-Term Financial Strategy which went to the Council on the 10th of October 2023. This lays out a flat cash settlement for the IJB over the period noted above. The schedule also shows the inflationary pressures across the Council, and this provides the IJB with a position for those pressures. There is also a provision for demographic growth, this is based on the historic value and may not

now represent the totality of this pressure. In order to address the underlying pressures currently in the system, the quarter 2 year-end adjusted forecast has been used and the elements of spend that are being supported non-recurrent from within the reserves in 2023/24 are also included.

Appendix 1 further analyses the forecast above and discusses the nature of the pressures and the basis of any assumptions.

- 3.4 The Scottish Government will set its budget for 2024/25 during the month of December and this will provide further information about any further funding available.
- 3.5 Further work is being undertaken with both partners to review the assumptions above and discussions are underway to understand the impact of the Set Aside pressures (c. £3.0m in 2024/25 above) and how the IJB can manage this.
- 3.6 As is discussed above, the forecast itself requires to be reviewed and there will be further impacts on it from both the Scottish Government budget assumptions and the budget setting processes of the partners. However, it is highly unlikely that any further uplifts or funding will not have any material difference on the pressures laid out above and the IJB now needs a series of detailed financial proposals to allow it to live within the resources available to it. Plans are being progressed to prepare a series of workshops both with the operational management teams and the IJB itself, to discuss proposals and to ensure that the final plans adopted will support the delivery of the IJB's objectives as laid out in its' Strategic Plan.

4 Policy Implications

- 4.1 No further policy implications arise from this report.

5 Directions

- 5.1 No further directions are required from this report.

6 Equalities Implications

- 6.1 A recovery plan will unquestionably require a range of Impact Assessments to be made this will be developed as part of that programme.

7 Resource Implications

- 7.1 Resource implications are discussed above

8 Risk

- 8.1 The IJB's risk register recognises the financial challenges noted in this report.

9 Involving people

- 9.1 The IJB meets in public and publishes all of its papers. Proposals for recovery actions will be brought to the IJB and shared with the Strategic Planning Group.

10 Background Papers

- 10.1 Financial Plan, presented to the IJB, December 2022.

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Appendices:

Appendix1: Analysis of the Forecasting Model