



INTEGRATION JOINT BOARD

Date of Meeting	18 March 2025
Report Title	Medium Term Financial Forecast
Report Number	HSCP.25.024
Lead Officer	Chief Officer, Fiona Mitchelhill
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Consultation Checklist Completed	No
Directions Required	No
Exempt	No
Appendices	No
Terms of Reference	4) The approval of the Medium-Term Financial Forecast.

Purpose of the Report

1.1. This report provides:

1.1.1. The estimated 4 year Medium Term Financial Forecast (MTFF).

1. Recommendations

1.1. It is recommended that the Integration Joint Board:

- (a) Approves the draft Medium Term Financial Forecast; and
- (b) Instructs the IJB Chief Finance Officer to refresh the Medium Term Financial Forecast following approval of the IJB Strategic Plan (2025-2029).



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2. Strategic Plan Context

- 2.1. The Strategic Plan (2025-29) is underpinned by the MTFF. Being able to look beyond the detailed budget for 2025/26 is crucial to support the IJB's future longer term financial sustainability.
- 2.2. The draft Strategic Plan is on the agenda for today's meeting seeking approval to consult on the document. It is proposed that the final draft of the Strategic Plan be considered by the IJB at its meeting scheduled for 1 July 2025. The draft Strategic Plan is considerate of the current financial challenges over the next 4 years.
- 2.3. This MTFF considers a growing demand for health and social care services where resources available to meet that demand are not increasing at the same rate. The draft Strategic Plan therefore sets out the intention first and foremost to transform service delivery to ensure demand can be met within resources stated within the MTFF.
- 2.4. The IJB remains committed to the prevention and early intervention agenda. This approach will help to manage future demand and will switch focus over the coming years enabling greater balance towards financial sustainability.
- 2.5. Achieving good health is impacted by many factors, for example, education and income, housing and living environment, social and community support. Inequality in these wider determinants has a direct impact on health and is a key feature of the draft Strategic Plan. The IJB will work with partners and the people of Aberdeen to improve the overall health and wellbeing of the population and to try to close the inequality gap.
- 2.6. The draft Strategic Plan relates to services delegated to, and hosted by, the IJB. It has been informed by a detailed analysis of current and emerging local, regional, and national factors affecting health and social care delivery. This includes factors such as statutory responsibilities; current performance towards delivering better outcomes; and feedback from engagement with stakeholders including staff, citizens, and our partner organisations. The purpose of the MTFF is to support the delivery of the outcomes of this work.



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3. The Medium Term Financial Forecast

3.1. The draft Medium Term Financial Forecast, shows the current financial model of budgeted expenditure over the next 4 years.

	2025/26 Budget £'000	2026/27 Budget £'000	2027/28 Budget £'000	2028/29 Budget £'000
IJBudget and Medium Term Plan ACHSCP				
Community Health Services	52,256	51,734	51,216	50,704
Aberdeen City share of Hosted Services (health)	31,746	31,746	31,746	31,746
Learning Disabilities	46,347	46,347	46,347	46,347
Mental Health and Addictions	30,406	30,406	30,406	30,406
Older People & Physical and Sensory Disabilities	113,097	111,669	109,906	107,794
Directorate	2,303	2,234	2,189	2,189
Criminal Justice	222	222	222	222
Housing	1,771	1,771	1,771	1,771
Primary Care Prescribing	49,970	50,720	51,480	52,253
Primary Care	46,845	46,845	46,845	46,845
Out of Area Treatments	2,860	2,860	2,860	2,860
Set Aside Budget	55,550	55,550	55,550	55,550
City Vaccinations	2,672	2,672	2,672	2,672
Transforming Health and Wellbeing	3,049	3,049	3,049	3,049
Uplift Funding	-	-	-	-
	439,093	437,823	436,259	434,407
IJB positive funds		1,270	1,564	1,852
Partner contribution required	10,909	9,639	8,075	6,223
Likely partner contribution - subject to approval		6,487	6,487	6,487
Funding to resolve		- 3,152	- 1,588	264

3.2. The model uses the same assumptions that have been used to determine the 2025/26 budget. It also assumes the following:

3.2.1. IJB normal partner funding uplift is received each year in relation to national income and will continue to increase by 3% annually;

3.2.2. Cost increases in each year are set at 3% for pay award and non-pay inflation, with the exception of prescribing, are assumed at 3%;

3.2.3. Prescribing pressures are assumed at 4.5% each year across the four years; and



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- 3.2.4. An assumption is made around future savings being, 1% for community health care and adult social care - not to the same level as in 2025/26. These savings will be driven from service enhancement and the introduction of further technology associated with continuous improvement activity.
- 3.3. In addition to financial assumptions changes to the City's demographic and current health are also considered:
 - 3.3.1. Aberdeen is expected to see a rise in people over the age of 75, placing greater demands on frailty, the strengthening re-enablement services will help people live well for longer;
 - 3.3.2. Uptake of vaccinations in children under 24 months of age remains below the national average, preventative medication is key to future good health;
 - 3.3.3. Maintaining a clear health equalities agenda so every child's health and wellbeing is the same no matter where they live;
 - 3.3.4. Adult healthy life expectancy is declining, public health awareness promoting healthier lifestyles as part of the Local Outcome Improvement Plan;
 - 3.3.5. Continuing to reduce the serious consequences of alcohol and drug misuse; and
 - 3.3.6. Maintaining core essential health and care services people need.
- 3.4. Taking these factors into account the MTFF assumes that to reach breakeven budget each year it is likely additional payments will be required from partners in addition to further consideration of how the IJB infrastructure and service delivery can be changed to develop savings. If the IJB is successful in delivering it's annual plans and savings further partner annual contributions will reduce from 2028/29.
- 3.5. There is still a strong financial commitment being placed on partners to provide additional annual funding to the IJB. In return the IJB will continue to protect essential front line services.
- 3.6. The Aberdeen City Council budget recognised the financial pressures of the IJB by forecasting a forward commitment of additional annual funding of £2.500m. NHS Grampian has not yet approved their budget, additional



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funding of £3.987m will be requested from NHS Grampian giving the total additional £6.487m annual contribution.

- 3.7. The additional £6.487m contribution falls short of the IJB requirements in 2026/27 which will have a remaining budget deficit of £3.152m. In 2027/28 this deficit falls to £1.588m if the £3.152m of savings are made. If all savings are made the IJB will move closer to financial balance in 2028/29 but with the assumption that partners still contribute an additional £6.487m of funding per year.
- 3.8. These plans factor in the IJB starting to move towards a more sustainable delivery model. The first intended change is a greater use of technology, this will underpin health care delivery and also place a greater focus on the citizens. The use of this technology starts to build a more robust picture of citizen need allowing the IJB to concentrate on a robust prevention agenda and keeping people in Aberdeen in improved health leading to a lower burden of care. This progress is noted incrementally in the MTFF, slowly allowing the IJB to reduce costs as the health and care services reshape over this period.
- 3.9. The MTFF also assumes the current delivery model will start to change to reflect the increased emphasis on prevention. The drive for service efficiency will continue, partly dependent on securing investment for technology development - an invest to save funding bid has been submitted to Scottish Government to support this work. The draft Strategic Plan is consistent with this theme and brings opportunity to improve the future model of integrated health and care.
- 3.10. It is proposed that the MTFF is updated following the approval of the new IJB Strategic Plan (2025-2029) on 1 July 2025 to ensure continuing alignment across the two documents.
- 3.11. This will ensure the IJB has a financial model which continues to align to the future direction of the ACHSCP. This model can also consider how investment in the technology required to underpin a strong preventative health and care system can be funded and further map out the full benefits this could bring.



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- 3.12. This MTFF also highlights the requirement for further detailed planning work to be undertaken for 2026/27 and 2027/28. When the MTFF is refreshed further changes aligned to the new Strategic Plan will be considered as part of the financial planning process. It is important the IJB are aware of the future financial projections and how the forecast budget deficits can be addressed.

4. MTFF Strategic Financial Risk

- 4.1. **Planning assumptions** are based on estimations which are stated in the document, there is a risk these change over time. These assumptions are consistent with those used to create the 2025/26 budget and the associated risks.
- 4.2. **Population demographics** are expected to remain broadly consistent with current predictions.
- 4.3. **The base budget** used assumes the delivery of £14.354m savings in 2025/26. This work underpins the MTFF.
- 4.4. **Additional funding** has been assumed from partners, due to the widespread pressure on public finances it will be important to continue to work closely with Aberdeen City Council and NHS Grampian over coming years. The IJB are conscious of the budget demands both organisations continue to manage.

5. Implications for IJB

5.1. Equalities, Fairer Scotland and Health Inequality

There are no direct equalities implications from this report however there will be an equality impact assessment completed as required for all budget savings and future projects as these are brought forward.



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5.2. **Financial**

Financial implications are noted in the report. The IJB will move towards financial stability over the next 4 years.

5.3. **Workforce**

There are no direct implications as a result of this report.

5.4. **Legal**

The Public Bodies (Joint Working) (Scotland) Act 2014 requires the IJB to publish an annual financial statement which relates to the amount it intends to spend in furtherance of its Strategic Plan. Statutory Guidance on Strategic Planning mandates that the IJBs Strategic Plan should incorporate a medium term financial plan for the resources. This report sets out the draft MTFF for consideration in respect of that requirement,

5.5. **Unpaid Carers**

There are no direct implications as a result of this report.

5.6. **Information Governance**

There are no direct implications as a result of this report

5.7. **Environmental Impacts**

There are no direct implications as a result of this report

5.8. **Sustainability**

There are no direct implications as a result of this report.