

REPORT TO ABERDEENSHIRE INTEGRATION JOINT BOARD 5 JULY 2023

MEDIUM TERM FINANCIAL STRATEGY UPDATE

1 Recommendation

The Integration Joint Board (IJB) is recommended to:

- 1.1 Consider the potential financial challenge based on the review of the assumptions within the IJB's Medium Term Financial Strategy (MTFS);**
- 1.2 Agree that the MTFS is reviewed and updated as part of the 2024/25 budget setting process and presented to the IJB for approval in March 2024.**

2. Directions

- 2.1 No direction requires to be issued to Aberdeenshire Council or NHS Grampian as a result of this report.**

3. Risk

- 3.1 IJB Risk 1 Sufficiency and affordability of resource.**

4. Background

- 4.1 The MTFS is a key part of the IJB's budget setting framework which aims to ensure that all financial resources are directed towards the delivery of the IJB's Priorities.**
- 4.2 Financial forecasts determine the likely level of revenue resources available to the IJB in the medium term and estimates the financial impact of the demand for IJB services. It assists with financial planning and strategic financial management by providing the financial context which the IJB's Budget will be set.**

5. Medium Term Financial Strategy Review

- 5.1 Aberdeenshire IJB is one of the top performing IJBs in Scotland when measured by national performance indicators. The IJB is ambitious about what it wants to achieve and the Strategic Plan of the IJB sets out the vision and commitments of the IJB and how we will achieve these by working together with our stakeholders and the population of Aberdeenshire.**

The vision is: **“Building on a person’s abilities, we will deliver high quality person-centred care to enhance their independence and wellbeing in their own communities”**

The financial position for public services continues to be challenging. It is therefore important that the IJB’s ambitions are set within the context of the funding which is available. The MTFS assists the IJB to plan based on the totality of resources across the health and social care system to meet the needs of local people and support the delivery of the Strategic Plan. Aberdeenshire IJB delivers a wide range of services and is one of the largest IJBs in Scotland.

- 5.2** In 2023/24 the IJB will initially have funding of over £394 million to spend on services, equivalent to approximately £1 million a day. Aberdeenshire remains an area of contrasts. Parts of Aberdeenshire still suffer from levels of poverty and deprivation whilst other parts are ranked as some of the most affluent and desirable areas in Scotland. There is also a higher proportion of elderly people than most other areas of Scotland.
- 5.3** The demographic, health and deprivation profile of Aberdeenshire impacts on the demand that is experienced in all of our services and can often result in higher support levels. This creates a challenging environment in which to operate, involving managing demand within the financial constraints in which we operate whilst transforming services and making integration of services a reality.

Aberdeenshire IJB is clear about the challenges which lie ahead and the aspirations to improve all services. This needs to be considered in the context of the financial resources which will be available over the medium term.

The MTFS estimates that without further savings there will be a shortfall of £40.4 million on the IJB budget at end of the 2028/29 financial year. Funding levels contained in the MTFS have only been set for one year (2023/24). Future projections have been based on historic trends and planning assumptions used by our partners.

- 5.4** The IJB will require to address this financial challenge over the medium term. The MTFS sets out a framework and trajectory for doing this. An overview of the five year financial projection from 2024-25 is set out below:

Financial Outlook	2024/25	2025/26	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m
Total Expenditure	406.955	420.671	434.661	448.931	463.487
Total Funding	396.755	403.166	409.690	416.329	423.085
Financial Challenge	10.200	17.505	24.971	32.602	40.402

- 5.5** Since the IJB was established there has been considerable progress in transforming services, delivering better outcomes for Aberdeenshire residents. The IJB is committed to transforming services and will continue to do this over the period of the Strategic Plan. The MTFS sets out a map to ensure that the IJB remains financially sustainable over the medium term. This will require services to be transformed and recalibrated to meet demographic, workforce and infrastructure factors. There will be significant changes for the IJB, our partners and the population of Aberdeenshire. Delivering these changes will require us all to work together to focus limited resources on offering services which are sustainable over the longer term and are targeted at those with the greatest need.

6. Monitoring

- 6.1** The Chief Officer and the Legal Monitoring Officer within Business Services of the Council have been consulted in the preparation of this report and any comments have been incorporated.

7. Equalities, Staffing and Financial Implications

- 7.1** An equality impact assessment is not required because the recommended actions are not considered to have a differential impact on people with protected characteristics.
- 7.2** Any staffing and financial implications arising directly as a result of this report are narrated in the report.

Chris Smith

Chief Finance and Business Officer
20th June 2023