

<b>Meeting of South Ayrshire Health and Social Care Partnership</b>	<b>Integrated Joint Board</b>	
<b>Held on</b>	<b>17<sup>th</sup> May 2023</b>	
<b>Agenda Item:</b>	<b>8</b>	
<b>Title:</b>	<b>IJB Medium Term Financial Forecast 2024-2028</b>	
<b>Summary:</b>		
<p>The purpose of this report is to present the IJB the medium term financial forecast for 2024-2028, and recommend next steps to assist in medium term financial planning for the IJB Budget.</p>		
<b>Author:</b>	<b>Lisa Duncan, Chief Finance Officer</b>	
<b>Recommendations:</b>		
<p>It is recommended that the Integrated Joint Board:-</p> <ol style="list-style-type: none"> <li><b>1. Notes the financial forecast and the estimated budget gap in years 2024-2028;</b></li> <li><b>2. Agrees the Budget for 2024-25 will include a savings plan for 2024-2028;</b></li> <li><b>3. Notes the request to create a Transformation and Improvement Reserve, to be determined as part of year end outturn report to be presented for approval at IJB meeting on the 14th of June 2023; and</b></li> <li><b>4. Notes review of current improvement projects</b></li> </ol>		
<b>Route to meeting:</b>		
<p>Finance DMT – 20<sup>th</sup> April 2023 Budget Working Group – 3<sup>rd</sup> May 2023</p>		
<b>Directions:</b>		<b>Implications:</b>
1. No Directions Required	X	Financial <input type="checkbox"/>
2. Directions to NHS Ayrshire & Arran	<input type="checkbox"/>	HR <input type="checkbox"/>
3. Directions to South Ayrshire Council	<input type="checkbox"/>	Legal <input type="checkbox"/>
4. Directions to both SAC & NHS	<input type="checkbox"/>	Equalities <input type="checkbox"/>
		Sustainability <input type="checkbox"/>
		Policy <input type="checkbox"/>
		ICT <input type="checkbox"/>

## IJB Medium Term Financial Forecast 2024-2028

### 1. PURPOSE OF REPORT

1.1 The Medium Term Financial Forecast for the period 2024-2028, presents a forecast of the financial challenges in the medium term based on specific assumptions and scenarios. The forecast will be used to help plan future service delivery and optimise use of resources to ensure financial sustainability in the medium term.

### 2. RECOMMENDATION

**2.1 It is recommended that the Integration Joint Board:**

- I. Notes the financial forecast and the estimated budget gap in years 2024-2028;**
- II. Agrees the Budget for 2024-25 will include a savings plan for 2024-2028;**
- III. Notes the request to create a Transformation and Improvement Reserve, to be determined as part of year end outturn report to be presented for approval at IJB meeting on the 14<sup>th</sup> of June 2023; and**
- IV. Notes review of current improvement projects**

### 3. BACKGROUND INFORMATION

3.1 The IJB's budget comprises funding allocations made to it by its partners, South Ayrshire Council and NHS Ayrshire and Arran. The allocations are directed by the Scottish Government on an annual basis. The IJB as a responsibility to set a balanced budget each financial year to commission community health and social care services to meet the needs of South Ayrshire residents.

3.2 The Medium Term Financial Forecast (MTFF) is a key document to assist in strategic planning of service delivery. The Forecast is based on assumptions and scenarios to provide an estimate of the budget gap over the years 2024-2028.

3.3 A balanced budget was set for 2023-24 and approved by the IJB on the 15<sup>th</sup> of March 2023, the budget highlighted the financial risks and challenges and an action to manage the financial risk was an update of the MTFF.

### 4. REPORT

4.1 The IJB and its partners face significant uncertainty and financial challenges over the next few years. This is driven by recovering from the pandemic including changes in demand and increasing costs, increasing expectations of health and social care services and constraints on the funding available. Inflationary pressures impacting on increasing pay awards and energy prices

4.2 The purpose of the MTFF is to assist in the strategic planning process ensuring the financial resources available deliver the priorities in the Strategic Plan. The

MTFF will allow the IJB to make informed decisions when planning for the future and ensuring financial sustainability in the medium term.

- 4.3 The MTFF provides an estimate of integrated financial resources available over the next 4 years to meet the health and care needs of the South Ayrshire population. The plan identifies the estimated gap in balancing the budget, this will inform what savings are required to be made and will be the basis for development of savings plans.
- 4.4 The MTFF reviews all known national and local factors that will impact on the financial position over the medium term. This will then assist in annual budget setting process.
- 4.5 The MTFF recommends the next steps to be taken forward:-
- Creation of a Transformation and Improvement Reserve
  - Review of current improvement projects
  - Budget for 2024-25 to include a savings plan for year 2024-2028

## **5. STRATEGIC CONTEXT**

- 5.1 The Medium Term Financial Forecast is a strategic document that will assist in strategic and financial planning.

## **6. IMPLICATIONS**

### **6.1 Financial Implications**

- 6.1.1 The report provides information on estimated future financial impact and challenges.

### **6.2 Human Resource Implications**

- 6.2.1 There are no specific human resource implications within this report.

### **6.3 Legal Implications**

- 6.3.1 The IJB has a requirement to set a balanced budget each year, the MTFF will help future years budget setting process.

### **6.4 Equalities implications**

- 6.4.1 There are no equalities implications within this report.

### **6.5 Sustainability implications**

- 6.5.1 There are no sustainability implications within this report.

### **6.6 Clinical/professional assessment**

- 6.6.1 The report has been prepared by the Chief Finance Officer.

## **7. CONSULTATION AND PARTNERSHIP WORKING**

- 7.1 Not applicable

## 8. RISK ASSESSMENT

- 8.1. The IJB's financial position has been rated a medium risk by the Boards in its current Strategic Risk Register.

### **REPORT AUTHOR AND PERSON TO CONTACT**

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### **BACKGROUND PAPERS**

*28<sup>th</sup> April 2023*