

North Lanarkshire Council Report

Adult Care and Social Work Committee

Does this report require to be approved? Yes No

Ref CR/NS Date 19/05/26

Health & Social Care Partnership Medium Term Financial Plan 2026/27 – 2028/29

From Nicola Scott, Chief Finance Officer - University Health and Social Care North
Lanarkshire

E-mail scottn@northlan.gov.uk

Executive Summary

The Medium-Term Financial Plan (MTFP) 2026/27 – 2028/29 and Long-Term Financial Outlook (LTFO) 2026/27 – 2035/36 were approved by the Integrated Joint Board (IJB) on 18th March 2026.

The Medium-Term Financial Plan (MTFP) sets out the key challenges and opportunities expected to face the Partnership over the next three years, while the Long-Term Financial Outlook (LTFO) provides an indication of the longer-term financial position in the context of funding levels that continue to fail to keep pace with rising costs and service demand.

Health Services have identified £1.196 million of non-recurring savings achievable within the financial year. To address the remaining £22.727m budget gap, a structured savings programme has been developed to identify and deliver recurring savings proposals.

Recommendations

It is recommended that the Adult Care and Social Work Committee:

- (1) Acknowledge the assumptions and context of the Medium-Term Financial Plan as detailed in Appendix 1.
- (2) Acknowledge the savings programme to meet the budget gap in 2026/27 as detailed in section 9 of Appendix 1.
- (3) Acknowledge the Long-Term Financial Outlook for 2026-2036 as highlighted in section 11 of Appendix 1.

The Plan for North Lanarkshire

Priority	Improve North Lanarkshire's resource base
Ambition statement	(25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning
Programme of Work	Statutory / corporate / service requirement

1. Background

- 1.1 On the 18th March 2026 the MTFP and LTFO of the University Health & Social Care Partnership (the Partnership) was approved by the Integrated Joint Board.
 - 1.2 The MTFP sets out the Partnership's anticipated financial challenges over the forthcoming three-year period and establishes a framework to support ongoing financial sustainability. The LTFO complements this by providing a longer-term perspective on projected demand trends and the associated financial pressures anticipated over the period 2026 to 2036. Together, the plans demonstrate that the Partnership continues to operate within a highly challenging financial context, where funding growth is not keeping pace with rising costs and demand. The full financial plan is provided at Appendix 1.
-

2. Report

Financial Outlook

- 2.1 The wider financial environment for Integration Joint Boards continues to be extremely challenging. National audit and regulatory bodies have highlighted that, despite recent real-terms increases in funding, cost pressures and service demand continue to outstrip available resources. This has resulted in a deterioration in the overall financial position of IJBs, with reserves reducing at a faster rate than forecast budget gaps.
- 2.2 Similar concerns have been raised in relation to both local government and NHS Scotland, with ongoing pressures arising from rising demand, inflationary costs, and workforce challenges. Collectively, these system-wide pressures reinforce that the continued delivery of services in their current form is not sustainable over the medium term. As a result, the Partnership must continue to prioritise service redesign, transformation, and new models of delivery to ensure that limited resources are targeted towards areas of greatest impact while maintaining safe and effective services.

Medium Term Financial Plan 2026/27 – 2028/29

- 2.3 The Medium-Term Financial Plan (MTFP) has been developed using the approved 2025/26 budget as its baseline and updates the projected funding position over the three-year planning horizon. Revised financial planning assumptions have been applied to reflect changes in demand, costs, and partner funding settlements, informing a range of planning scenarios.
- 2.4 Based on this updated assessment, an envisaged scenario has been identified as the most appropriate basis for financial planning. While the overall three-year funding gap has reduced compared to previous projections, reflecting improved funding settlements from partner organisations, significant financial pressures remain. The updated MTFP highlights a material budget gap of £67.464m across the planning period, of which £23.923m is forecast in 2026/27, requiring ongoing savings and transformation activity to deliver financial balance.

Savings Programme 2026/27

- 2.5 In response to the scale of the forecast budget gap, a comprehensive savings programme has been developed to support both short-term financial balance and longer-term sustainability. The current programme is largely focused on delivering recurring savings, providing a more stable financial position for future years, complemented by a limited level of non-recurring savings where appropriate.
- 2.6 Savings proposals have been developed using a structured, risk-based approach, with each option assessed for operational and clinical impact. Only proposals assessed as acceptable in terms of risk are being progressed. The programme is ambitious and requires effective governance and close monitoring to support delivery. A dedicated Savings Board will oversee implementation, manage emerging risks, and ensure that alternative mitigations are identified where required, with progress reported regularly through established governance arrangements. Full details of these proposals can be found at Appendix 1

Long Term Financial Outlook

- 2.7 The Medium-Term Financial Plan assumptions have been extended to inform a Long-Term Financial Outlook (LTFO) covering the period to 2035/36. This analysis identifies significant and growing cost pressures over the longer term, reflecting the cumulative impact of demographic change, increasing demand, and ongoing cost inflation across health and social care services. The forecast cost pressures in 2029/30 amount to £52.393m rising to £69.026m in 2035/36. The projected scale of these pressures illustrates the extent of the financial challenge facing the Partnership over the coming decade.
- 2.8 Both the MTFP and LTFO are informed by a range of demand and cost-driven assumptions, drawing on local and national intelligence. While long-term forecasting is subject to inherent uncertainty, particularly in light of potential policy changes, economic volatility and wider system pressure, it remains essential that the IJB maintains a longer-term perspective to support early identification of risks and proactive financial planning.
- 2.9 The projected pressures beyond the medium term reinforce the need for continued flexibility and scenario planning. Sustained delivery of savings, service redesign and transformation will be required to address these challenges. Fundamental changes to service models and pathways will be critical to ensuring that the Partnership can continue to deliver modern, high-quality and sustainable services that meet the needs of service users and communities over the longer term.

3. Measures of success

- 3.1 The Service operates within the approved budget during 2026/27

4. Supporting documentation

- 4.1 Appendix 1 Medium Term Financial Plan 2026/27 – 2028/29, Incorporating the Long-Term Financial Outlook

Nicola Scott

Nicola Scott
Chief Finance Officer University Health & Social Care Partnership

REPORT

Item No:

SUBJECT:	Medium-Term Financial Plan 2026/27 – 2028/29 Incorporating the Long-Term Outlook 2029/30 -2036/37.
TO:	Integration Joint Board
Lead Officer for Report:	Chief Officer
Author(s) of Report	Chief Finance Officer
DATE:	18 March 2026

1. PURPOSE OF REPORT

1.1 This paper is coming to the Integration Joint Board (IJB)

For approval	<input checked="" type="checkbox"/>	For endorsement	<input type="checkbox"/>	For noting	<input type="checkbox"/>
--------------	-------------------------------------	-----------------	--------------------------	------------	--------------------------

1.2 The report advises the IJB of the medium-term financial forecast position for 2026-2029 and the long-term financial outlook to 2036.

2. ROUTE TO THE INTEGRATION JOINT BOARD

2.1 This paper has been:

Prepared By: Chief Finance Officer	<input checked="" type="checkbox"/>	Reviewed By: Chief Officer	<input checked="" type="checkbox"/>	Endorsed By:	<input type="checkbox"/>
--	-------------------------------------	-------------------------------	-------------------------------------	--------------	--------------------------

3. RECOMMENDATIONS

3.1 It is recommended that the IJB:

- (1) Acknowledge the statutory duty to set a balanced budget.
- (2) Acknowledge the cost pressures, income and resulting budget gap detailed in the medium-term financial plan for 2026-2029 as highlighted in section 8 and Appendix 4.
- (3) Approve the savings programme to meet the 2026/27 budget gap as outlined in Appendix 5.
- (4) Acknowledge the long-term financial outlook for 2026-2036.

4. VARIATIONS TO DIRECTIONS

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
-----	--------------------------	----	--------------------------	-----	-------------------------------------

5. STATUTORY DUTIES AND DRIVERS FOR MEDIUM-TERM FINANCIAL PLANNING

- 5.1 The North Lanarkshire Integration Joint Board was established as a corporate body by Scottish Government and became operational in June 2015 with integrated delivery of health and social care services commencing on 1 April 2016. It is a joint venture between NHS Lanarkshire (NHSL) and North Lanarkshire Council (NLC). The IJB has responsibility for the strategic planning and commissioning of a wide range of services within North Lanarkshire.
- 5.2 The Public Bodies (Joint Working) (Scotland) Act 2014 requires IJB's to set a balanced budget as part of their strategic planning. This is essential for delivering integrated functions and budgets under IJB's control, as outlined in the Act's statutory guidance.
- 5.3 The Act mandates that each IJB develop a strategic commissioning plan that includes a budget for integrated functions, ensuring that the budget is balanced and aligned with its strategic goals.
- 5.4 As part of their 2024/25 Annual Audit Report, Audit Scotland recognised that *"In recent years North Lanarkshire IJB has been successful in achieving short term financial balance. However, it still faces significant financial challenges and difficult decisions in ensuring resources are allocated to areas of strategic priority and user demand"*.
- 5.5 Consequently, it was recommended that the IJB continue to develop and refine the arrangements it has in place for securing financial sustainability to include:
- its medium- and long-term financial plans, incorporating savings plans
 - working effectively in partnership with the local council and the health board on service transformation
 - applying its reserves strategy to effectively manage the use of reserves to supplement savings and efficiencies when required.
- 5.6 Taken together, these statutory requirements, audit findings, and the ongoing financial pressures facing health and social care services underline the necessity for the IJB to adopt a clear and robust Medium-Term Financial Plan (MTFP) for 2026/27 to 2028/29. Establishing this plan ensures that the IJB can take a proactive, strategic approach to financial sustainability aligning resources with its long-term priorities, supporting effective service transformation with partners, and managing reserves responsibly.
- 5.7 The MTFP therefore provides the essential framework for securing financial stability while continuing to meet the needs and expectations of the North Lanarkshire population.

6. STRATEGIC COMMISSIONING PLAN 2026 – 2029

- 6.1 As detailed in section 5, the Public Bodies Act requires each IJB to deliver a strategic commissioning plan (SCP). The current plan was launched in 2023 and covered the period 2023 to 2026. The plan set out how community health, social care and social work functions delegated to the IJB (by NLC and NHSL) will be planned and delivered over the medium term.
- 6.2 The draft SCP 2026–2029 will be presented to the IJB in March alongside this MTFP. The SCP has been shaped through recent engagement led by the Strategic Planning Group, it establishes a clear shift toward prevention, fairness and community-centred support. The SCP aligns with Scotland's Population Health Framework and will integrate with forthcoming Local Outcome Improvement Plans.
- 6.3 Although further consultation is due to take place before final approval is sought in June, the emerging priorities include:
1. Prevention-Focused System

2. Tackling Inequality
 3. Places and Communities
 4. Enabling Healthy Living
 5. Equitable Access to Health & Care
- 6.4 These priorities are intended to guide investment decisions, resource allocation and transformation activity across the medium term to ensure plans align with the system wide shift toward prevention, equity and community led support. Further details are provided in Appendix 1.

7. FINANCIAL OUTLOOK

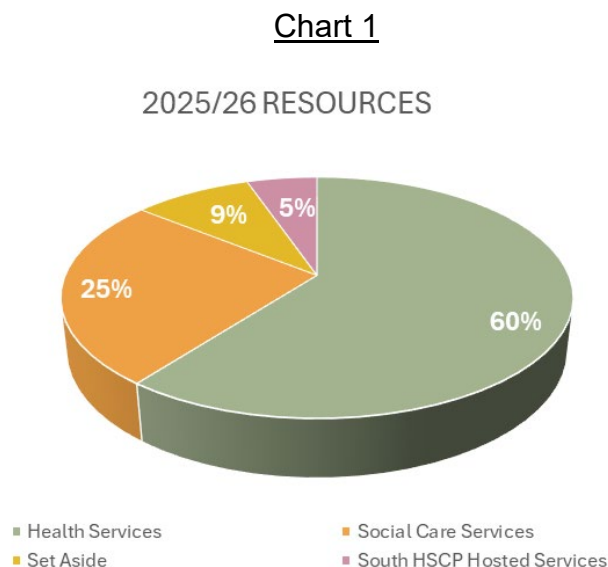
- 7.1 On 26 February the Accounts Commission issued the *IJB Finance Bulletin 2024/25* with the key message being:
- “Despite a real terms increase in funding, Scotland’s Integration Joint Boards (IJBs) are in a critical financial position. With increasing cost pressures and the total level of reserves now lower than the budget gap forecast, IJBs need to take decisive action and make difficult decisions about services.”*¹
- 7.2 Audit Scotland recognise that despite a real terms increase in funding between 2023/24 and 2024/25 of 2.3%, the financial position of IJBs has become increasingly concerning. Financial pressures and demands on services continue to grow, outstripping increased funding and savings made, raising concerns around IJBs’ financial sustainability. The Key facts used in the preparation of this bulletin are included at Appendix 2.
- 7.3 Similarly, the Accounts Commission’s *Local Government in Scotland Financial Bulletin 2025/26* (January 2026) warned that Scotland’s councils risk becoming financially unsustainable. Although the Local Government Finance Settlement published in January was widely viewed as better than expected, COSLA and others have stressed that it still falls short of addressing the serious financial pressures facing local authorities.
- 7.4 NHSL is also experiencing mounting financial challenges across the organisation, with growing demand, rising costs and increasing service pressures impacting its overall financial position. The Board is working intensively to deliver a balanced budget for 2026/27 and has set a 3% recurring savings target across all areas to help safeguard financial sustainability.
- 7.5 Taken together, these financial pressures across the IJB, the Council and NHSL make it clear that maintaining services in their current form will not be sustainable in the medium term. To continue meeting the needs of North Lanarkshire’s population within the resources available, the Partnership will need to accelerate service redesign, transformation and new models of delivery. This will require continuous prioritisation, redesigning pathways, and shifting capacity to areas of greatest impact, ensuring that limited resources are aligned to outcomes and that services remain safe, effective and financially sustainable.

8. MEDIUM-TERM FINANCIAL PLAN 2026/27 – 2027/28

- 8.1 The total budget for North Lanarkshire Health and Social Care Partnership (the Partnership) in 2025/26 is £867.391m which is split between: Health Services, Social

¹ Accounts Commission Integration Joint Bords Financial Bulletin 2024/25. Prepared by Audit Scotland February 2026

Care Services, Set Aside budget and South HSCP Hosted Services and as shown in Chart 1.



- 8.2 Taking this approved budget as the baseline, this MTFP updates the projected funding gap for the three-year planning period 2026/27 to 2028/29.
- 8.3 The financial planning assumptions in Appendix 3 have been updated since the Medium-Term Financial Outlook was presented in December 2025. These assumptions have informed revised envisaged, pessimistic and optimistic scenarios. Based on these assumptions, it is recommended that the IJB adopts the envisaged scenario as the basis for its financial strategy. The scenarios over the three-year planning period are shown in table 1.

Table 1

Forecast Gap	2026/27 £000	2027/28 £000	2028/29 £000	Total £000
Optimistic	£21,160	£18,243	£17,976	£57,380
Envisaged	£23,923	£21,721	£21,820	£67,464
Pessimistic	£24,825	£23,656	£24,033	£72,514

- 8.4 When compared to the December outlook, the envisaged three-year budget gap has reduced from £80.905m to £67.464m. This reflects adverse movements in Social Care demand and Prescribing costs, offset by improved funding settlements from both partners. The most material change is the increased grant-aided expenditure received by NLC following the updated distribution methodology, resulting in an additional £13.502m being approved for transfer to the Partnership.
- 8.5 As shown in Table 1 the envisaged forecast budget gap over the three-year planning period is **£67.464m** with the 2026/27 forecast being **£23.923m**. The details of this are provided in Appendix 4.
- 9. SAVINGS PROGRAMME 2026/27**
- 9.1 Work has been ongoing over recent months to develop a savings programme capable of addressing the forecast budget gap for 2026/27 and supporting the ongoing financial sustainability of the Partnership. The updated financial outlook has confirmed the scale

of the savings required, necessitating a balanced approach that delivers immediate efficiencies while strengthening the longer-term financial position.

- 9.2 Of the total £23.923m savings requirement, 95% has been identified on a recurring basis, providing a more sustainable position for future years. Non-recurring savings of £1.196m have been identified within Health Services across a range of smaller non-pay budgets. The recurring savings have been grouped into three categories: Medicines, Modernisation and Efficiency, and Transformation, as outlined in Table 2.

Table 2

ENVISAGED BUDGET SCENARIO	2026/27		
	SOCIAL CARE £m	HEALTH £m	TOTAL £m
Total Expenditure	38.714	33.627	72.341
Total Income	(26.871)	(21.547)	(48.418)
BUDGET GAP	11.843	12.081	23.923
SAVINGS PROGRAMME			
<u>Non Recurring Solutions</u>			
Non-Pay in year underspends	-	(1.196)	(1.196)
REVISED BUDGET GAP	11.843	10.884	22.727
<u>Recurring Savings Options</u>			
Medicines - Prescribing Review	-	(4.416)	(4.416)
Modernisation and Efficiency	(0.943)	(3.545)	(4.488)
Transformation	(10.900)	(2.923)	(13.823)
Total Savings Options	(11.843)	(10.884)	(22.727)
BALANCED BUDGET	0.000	0.000	0.000

- 9.3 The recurring savings options have been developed using a risk-based approach, with each proposal assessed against a red–amber–green matrix to consider operational and clinical risk. Only options rated as green or amber are being presented for approval. Each proposal carries associated risks and impacts, which are detailed in Appendix 5, along with proposed mitigations and next steps. The options also set out how they align with the new priorities outlined in the Strategic Commissioning Plan.
- 9.4 The savings programme is ambitious, and while every effort will be made to deliver the full savings in year one, any in-year shortfalls will be managed through the prudent use of contingency and risk-based reserves.
- 9.5 To oversee delivery of the savings programme, a Savings Board will be established. This group will meet monthly and will be chaired by the Chief Officer, with senior managers reporting on progress, actions taken, and any emerging risks to achieving the targets. Where it becomes evident that a saving will not be delivered, alternative

solutions, either recurring or non-recurring, will be identified as appropriate. Progress will be reported to Board members through the quarterly financial monitoring reports presented to the Performance, Finance and Audit Committee.

10. RESERVES STRATEGY

- 10.1 Adequate reserves are critical to sustaining the IJB's financial stability and enabling delivery of strategic priorities in the face of future pressures. Holding reserves supports long-term planning and mitigates financial risk, in line with statutory obligations for prudent financial management.
- 10.2 As highlighted in section 9.4, given service redesign and savings plans require time to implement, contingency and risk-based reserves may be required to manage any short-term funding gaps while these changes are embedded. Using reserves in this way provides a controlled and time-limited mechanism to support delivery of planned savings and maintain financial stability during the transition period. The reserves position as at 31 January, which underpins this approach, is set out in Table 3 and shows forecast useable reserves of £35.655m

Table 3

SUMMARY	Forecast at 31-Mar-26 £m
Ring-Fenced Reserves	14.521
Earmarked Reserves	23.207
	37.729
Risk-Based Reserves	21.536
Contingency Reserves	14.119
Useable Reserves	35.655
Total	73.383

- 10.3 A separate paper is being presented to the March meeting seeking approval to use £0.667m per year for three years from the usable reserves to support preventative early-years work through the North Lanarkshire Community Planning Partnership. Further detail is set out in the *Population Health Framework and Community Planning – Funding Proposal* paper.
- 10.4 Proposals are also being developed to utilise risk and contingency reserves to secure dedicated project management support to accelerate the implementation of the service redesign and transformation required to deliver the approved savings programme. This support will help ensure that changes are implemented effectively, risks are managed, and benefits are realised at pace. Further details and costings will be brought forward for members' consideration in due course.
- 10.5 A full review of reserves balances is currently underway to ensure that all earmarked reserves remain aligned to their original purpose, where reserves are no longer required, they will be closed and the balances transferred to risk and contingency reserves.

11. LONG TERM FINANCIAL OUTLOOK

- 11.1 The MTFP assumptions have been extended for a further seven years to provide a Long-Term Financial Outlook (LTFO) through to 2035/36. As shown in Table 4, this analysis identifies cost pressures of **£52.393m** in 2029/30, reaching **£69.026m** over the full planning horizon. These projections reflect the scale of the financial challenges that may materialise as demographic trends, demand growth and cost inflation continue to place upward pressure on health and social care services.

Table 4

Long term Forecast	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Contractual Pressures	11.959	13.338	14.309	14.946	16.071	17.288	18.605	20.031	21.574	23.247
Pay Pressures	10.806	7.033	7.203	7.376	7.554	7.737	7.924	8.116	8.312	8.514
Social Care Demand	14.557	15.285	16.050	16.691	17.359	18.054	18.776	19.527	20.308	21.120
Purchase of Healthcare	1.478	1.507	1.538	1.582	1.619	1.656	1.694	1.733	1.773	1.813
Health Development Pressures	15.778	6.802	6.802	6.912	7.050	7.191	7.335	7.481	7.631	7.784
Prescribing	8.637	5.628	4.653	4.886	5.130	5.387	5.656	5.939	6.236	6.548
Others	9.127	-	-	-	-	-	-	-	-	-
Total	72.341	49.593	50.555	52.393	54.783	57.312	59.990	62.827	65.834	69.026

- 11.2 Both the MTFP and LTFO are underpinned by a range of demand and cost-driven assumptions informed by local and national intelligence. However, forecasting over an extended period remains inherently uncertain, particularly given the potential for policy change, economic volatility and wider system pressures. Despite this uncertainty, it is essential that the IJB adopts a long-term perspective to ensure it can identify emerging risks early and take proactive steps to safeguard financial sustainability.
- 11.3 On this basis, the IJB must continue to plan for a range of potential outcomes, maintaining sufficient flexibility to respond as risks evolve. Beyond 2025/26, the scale of the projected pressures reinforces the need for ongoing savings, service redesign and transformation. Sustained change in how services are delivered will be critical to ensuring the Partnership can continue to provide modern, sustainable and high-quality services that meet the needs of service users and their families over the longer term.

12. IMPLICATIONS

121 NATIONAL OUTCOMES

People are able to look after and improve their own health and wellbeing and live in good health for longer	<input type="checkbox"/>
People, including those with disabilities or long-term conditions, or who are frail, are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community	<input type="checkbox"/>
People who use Health and Social Care Services have positive experiences of those services, and have dignity respected	<input type="checkbox"/>
Health and Social Care Services are centred on helping to maintain or improve the quality of life of people who use those services	<input type="checkbox"/>
Health and Social Care Services contribute to reducing health inequalities	<input type="checkbox"/>
People who use Health and Social Care Services are safe from harm	<input type="checkbox"/>

People who work in Health and Social Care Services feel engaged with the work they do and are supported to continuously improve the information, support, care, and treatment they provide	<input type="checkbox"/>
Resources are used effectively and efficiently in the provision of Health and Social Care Services	<input checked="" type="checkbox"/>

12.2 ASSOCIATED MEASURE(S)

Each partner is required to remain within their approved budgetary provision.

12.3 FINANCIAL

This paper has been reviewed by Finance:

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------	-----	--------------------------

12.4 RISK ASSESSMENT/RISK MANAGEMENT

The strategic financial risks detailed in the IJB Risk Register have also been updated where necessary.

Relevant Risk Register Details	Current Risk Level	Risk Owner
Financial Challenges	Very High	Nicola Scott
Prevention and Detection of Fraud, Bribery and/or Corruption	Low	Claire Rae
National Set-Aside Budget	High	Claire Rae
Hosted Services	Medium	Claire Rae
Prescribing Activity and Costs	Very High	Claire Rae
Pharmacy Pressures within Prison Service	High	Claire Rae
Third and Voluntary Sector	Low	Claire Rae
Ineffective Governance Arrangements	Low	Claire Rae

12.5 ENGAGEMENT & PARTICIPATION

Please tick the engagement and participation objectives that link(s) with this piece of work and provide further details on the engagement and participation that was undertaken.

Objectives	Further details
<input checked="" type="checkbox"/> Involve stakeholders in the development work aimed at achieving the national outcomes	The Director of Finance of NHSL and the Chief Officer (Finance) of NLC both continue to be consulted on the financial position of the NL IJB.
<input type="checkbox"/> Provide stakeholders with information on how to get involved	
<input type="checkbox"/> Ensure a diverse range of engagement and participation and opportunities are in place to suit different needs	
<input type="checkbox"/> Measure how well we involve community stakeholders in the planning, design, and delivery of our services	

<input checked="" type="checkbox"/> Provide regular feedback on how stakeholder engagement and participation is shaping and influencing service development and delivery	Financial information is shared with stakeholders on a regular basis and is provided to the PFA and IJB on a quarterly basis.
<input checked="" type="checkbox"/> Provide support to enable stakeholder representatives to participate meaningfully and confidently at meetings	
<input type="checkbox"/> Develop participation guidelines to ensure a common understanding and set of expectations for both stakeholders and partnership staff	
<input checked="" type="checkbox"/> Support engagement planning and participation in localities, taking account of other engagement activity and local plans across the Community Planning Partnership	IJB Financial Plan and Reserves Strategy aligns and supports the IJB Strategic Commissioning Plan to ensure robust financial monitoring and scrutiny.

12.6 INEQUALITIES & FAIRER SCOTLAND DUTY

Equality and Diversity Impact Assessment Completed & Fairer Scotland Impact Assessment Form Completed:

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
-----	--------------------------	----	--------------------------	-----	-------------------------------------

13. BACKGROUND PAPERS

[Medium Term Financial Outlook 2026 - 2029: September](#)

[Medium Term Financial Outlook 2026 - 2029: December](#)

14. APPENDICES

Appendix 1 Strategic Commission Plan 2026-2029 Emerging Priorities

Appendix 2 Key Facts - Accounts Commission Integration Joint Boards Financial Bulleting 2024/25

Appendix 3 Assumptions applied in the MTFP

Appendix 4 MTFP Envisaged Budget Scenario

Appendix 5 Savings Programme

Nicola Scott

Nicola Scott

Chief Finance Officer

Members seeking further information, please contact Nicola Scott on 07581 007187.

STRATEGIC COMMISSIONING PLAN 2026 – 2029

EMERGING PRIORITIES

1. **Prevention-Focussed System** A whole-system transition toward early intervention and proactive support to reduce high demand across acute, primary and social care.

This includes expanding anticipatory care, embedding trauma-informed and strengths-based practice, and investing in community-based early-help pathways.

2. **Tackling Inequality** Targeting resources toward communities most affected by poverty and poor health.

Key actions include support for financial inclusion, income maximisation, cost-of-living mitigation, and investment in local initiatives that strengthen fair work, stability and wellbeing.

3. **Places and Communities** Strengthening community assets and local infrastructure by:
 - investing in community anchor organisations,
 - developing place-based prevention models,
 - enhancing community hubs, and
 - supporting volunteering, community capacity and the Getting It Right For Everyone (GIRFE) approach.







4. **Enabling Healthy Living** Supporting healthier lives through local programmes focused on healthy weight, physical activity, nutrition and addiction recovery.

Mental wellbeing is embedded as a core priority, supported by whole family and whole life course approaches.

5. **Equitable Access to Health Care** Ensuring fair, accessible and person-centred services by reducing inequalities in access, building flexible and responsive local models of care, and strengthening integration across health, social care and third sector partners.

KEY FACTS – ACCOUNTS COMMISSION JOINT BOARDS FINANCIAL BULLETIN

Key facts

	2.3%	Real-terms increase in IJB funding between 2023/24 and 2024/25
	£12.5 billion	Net cost of services for IJBs in 2024/25
	78%	Proportion of planned savings achieved by IJBs in 2024/25
	12%	Reduction in total reserves since 2023/24
	£404 million	Total IJB reserves remaining at the end of 2024/25, £316 million of which is earmarked
	£449 million	The budget gap at the time of budget setting for 2025/26

ASSUMPTIONS APPLIED IN THE MEDIUM-TERM FINANCIAL PLAN

Contractual Pressures	
National Care Home Contract	The National Care Home Rate will not be known until Spring. An annual 10% increase has been included.
Contract Inflation for Care at Home Provision	This represents the increases to the Scottish Living Wage to £1.45. However, the Scottish Government weightings are not yet known therefore an average of the 2025/26 weightings has been applied.
Inflation	Inflationary pressures are based on the OBR's Economic and Fiscal Outlook as at November 2025.
Pay Pressures	
Pay Award	<p><u>2026/27</u></p> <p>NHSL agreed at 3.75% fully funded by Scottish Government NLC agreed at 3.5% of which 0.5% funded by Scottish Government.</p> <p><u>2027/28 and 2028/29</u></p> <p>2% provision for NHSL and 3% for NLC as negotiations have not yet taken place.</p>
Demand Pressures	
Social Care	Demand on social care services continues to increase which has been well reported through the 2022 census information. A provision of 5% has been included over the next 3 years.
Purchase of Health Care & Development Pressures	
Service Level Agreements and Resource Transfer	Inflation increases applied.
Development Pressures	
National and Regional and Scottish Government Allocations	These costs are fully funded developments from the Scottish Government and are based on the allocations released by them.
Prescribing	
Price increase and demand	5% increase has been applied to the forecast costs as at September 2025. A further 5% has been applied to both 2027/28 and 2028/29.

MEDIUM-TERM FINANCIAL PLAN ENVISAGED BUDGET SCENARIO

ENVISAGED BUDGET SCENARIO	2026/27			2027/28			2028/29		
	SOCIAL CARE £m	HEALTH £m	TOTAL £m	SOCIAL CARE £m	HEALTH £m	TOTAL £m	SOCIAL CARE £m	HEALTH £m	TOTAL £m
EXPENDITURE									
Contractual Pressures	11.532	0.427	11.959	12.941	0.396	13.338	13.905	0.404	14.309
Pay Pressures	3.498	7.308	10.806	2.877	4.157	7.033	2.963	4.240	7.203
Social Care: Demand	14.557	-	14.557	15.285	-	15.285	16.050	-	16.050
Purchase of Healthcare	-	1.478	1.478	-	1.507	1.507	-	1.538	1.538
Health: Development Pressures	-	15.778	15.778	-	6.802	6.802	-	6.802	6.802
GP Prescribing	-	8.637	8.637	-	5.628	5.628	-	4.653	4.653
Others	9.127	-	9.127	-	-	-	-	-	-
TOTAL EXPENDITURE	38.714	33.627	72.341	31.103	18.490	49.593	32.917	17.638	50.555
INCOME									
Scottish Government Settlements									
Real Living Wage & FPNC	(11.460)	-	(11.460)	(12.104)	-	(12.104)	(12.785)	-	(12.785)
NLC Pass through - Distribution Methodology adjustments	(13.502)	-	(13.502)	-	-	-	-	-	-
NLC Pass through - pay award and Children's SLW	(0.746)	-	(0.746)	-	-	-	-	-	-
General Health Allocation	-	(7.462)	(7.462)	-	(7.612)	(7.612)	-	(7.764)	(7.764)
SG Allocation	-	(6.776)	(6.776)	-	(6.776)	(6.776)	-	(6.776)	(6.776)
SG Allocation - Pay Award AFC	-	(6.438)	(6.438)	-	-	-	-	-	-
SG Allocation - Pay Award Other	-	(0.870)	(0.870)	-	-	-	-	-	-
Charges Uplifts	(0.073)	-	(0.073)	(0.077)	-	(0.077)	(0.081)	-	(0.081)
Resource Transfer	(1.090)	-	(1.090)	(1.303)	-	(1.303)	(1.330)	-	(1.330)
TOTAL INCOME	(26.871)	(21.547)	(48.418)	(13.484)	(14.388)	(27.872)	(14.195)	(14.540)	(28.735)
BUDGET GAP	11.843	12.081	23.923	17.619	4.102	21.721	18.722	3.097	21.820

SAVINGS PROGRAMME

TOTAL RECURRING SAVINGS	£22.727m
--------------------------------	-----------------

No.	TITLE	LEAD	RISK RATING	AMOUNT (£M)
------------	--------------	-------------	--------------------	--------------------

Medicines				£4.416m
------------------	--	--	--	----------------

1.	Medicines – Prescribing Review	Medical Director - HSCP	Amber	
----	--------------------------------	-------------------------	-------	--

Modernisation and Efficiency				£4.488m
-------------------------------------	--	--	--	----------------

2	Workforce Review – Health Clinical Services	Head of Health	Amber	£3.056m
---	---	----------------	-------	---------

3	Workforce Review – Social Care	Chief Officer (Adult Social Work Services)	Amber	£0.300m
---	--------------------------------	--	-------	---------

4	Non-Pay Budgets	Head of Health	Amber	£0.489m
---	-----------------	----------------	-------	---------

5	Equipment & Contract Review	Chief Officer (Adult Social Work Services)	Green	£0.643m
---	-----------------------------	--	-------	---------

Transformation				£13.823m
-----------------------	--	--	--	-----------------

6	Individual Budgets	Chief Officer (Adult Social Work Services)	Amber	£3.000m
---	--------------------	--	-------	---------

7	Home First Approach – Review of Independent Care Homes	Chief Officer (Adult Social Work Services)	Amber	£4.900m
---	--	--	-------	---------

8	Home Support Redesign	Chief Officer (Adult Social Work Services)	Amber	£3.000m
---	-----------------------	--	-------	---------

9	Locality Redesign	Head of Health	Amber	£2.736m
---	-------------------	----------------	-------	---------

10	Bladder and Bowel Service Review	Head of Health	Amber	£0.187m
----	----------------------------------	----------------	-------	---------

Prescribing						
No.	1	Savings Option	Prescribing Review		Lead	Medical Director - HSCP
Link to Strategic Priority: 2026- 2029	<i>Prevention Focussed System</i>	<input type="checkbox"/>	<i>Tackling Inequality</i>		<input type="checkbox"/>	<i>Place & Communities</i> <input type="checkbox"/>
	<i>Enabling Healthy Living</i>	<input checked="" type="checkbox"/>	<i>Equitable Access to Healthcare</i>		<input type="checkbox"/>	
Option Summary (scope)	Continue to maximise cost reductions resulting from savings. This will be done through various workstreams including Polypharmacy Reviews, Scriptswitch, Medicines of Low Clinical Value, Practice Switches, Care Home Team reviews non medicines reviews, special clawback, Renal Switch and any other opportunistic reviews that develop				Forecast Savings 2026/27	£4.416m
					2025/26 Budget	£81.464m
Risks & Impact	<ul style="list-style-type: none"> PQES not backfilled for long term absences and secondments, and staff can be redeployed to other workstreams at short notice. This impacts resources to deliver the service and the savings proposed. It also impacts on development and sustainability of workforce/service. Currently diverting pharmacy resource from PQES to co-codamol management to avoid patients going into withdrawal this may impact on the efficiency schemes which have been progressing well 					
Mitigations	<ul style="list-style-type: none"> Ongoing monitoring of PQES workforce issues at the weekly Primary Care Sustainability meeting. Review of S&V progress and any risks at the Medicines S & V meeting that occurs every 6 weeks. 					
Further Consultation / Reporting or Delegation to Officers	<ul style="list-style-type: none"> Ongoing discussions with General Practice and Pharmacy teams re progress and further proposals development Continue to implement nationally driven directives for medicine switches 					

Modernisation and Efficiency						
No.	2	Savings Option	Workforce Review – Health Clinical Services		Lead	Head of Health
Link to Strategic Priority: 2026- 2029	<i>Prevention Focussed System</i>	<input checked="" type="checkbox"/>	<i>Tackling Inequality</i>		<input type="checkbox"/>	<i>Place & Communities</i> <input type="checkbox"/>
	<i>Enabling Healthy Living</i>	<input type="checkbox"/>	<i>Equitable Access to Healthcare</i>		<input checked="" type="checkbox"/>	
Option Summary (scope)	Review and redesign infrastructure across Clinical Services to streamline portfolios and reduce posts as they become vacant.				Forecast Savings 2026/27	£3.056m
	Of the £3.056m forecast, £0.590m has already been achieved.				2025/26 Budget	£42.177m
Risks & Impact	<ul style="list-style-type: none"> Reducing direct delivery staffing levels could impact on ability to meet demand, professional governance and standards Redeployment of staff There is a potential impact on overall performance Reputational risk 					
Mitigations	<ul style="list-style-type: none"> Low risk vacancies currently held to mitigate reduction in staffing Review of skill mix Phased implementation 					
Further Consultation / Reporting or Delegation to Officers	<ul style="list-style-type: none"> Work with NHSL HR services – consideration of redeployment policies Consultation with staff and trade unions Officers to deliver as operational measure following consultation with staff and trade unions 					

Modernisation and Efficiency						
No.	3	Savings Option	Workforce Review – Social Care		Lead	Chief Officer (Adult Social Work Services)
Link to Strategic Priority: 2026- 2029	<i>Prevention Focussed System</i>	<input checked="" type="checkbox"/>	<i>Tackling Inequality</i>		<input type="checkbox"/>	<i>Place & Communities</i> <input checked="" type="checkbox"/>
	<i>Enabling Healthy Living</i>	<input type="checkbox"/>	<i>Equitable Access to Healthcare</i>		<input type="checkbox"/>	
Option Summary (scope)	Review and redesign infrastructure across Social Care to streamline portfolios and create more efficient practice to support operations there will be less demand in some areas and opportunity to skill mix. As this develops vacant posts will be reviewed.				Forecast Savings 2026/27	£0.300m
					2025/26 Budget	£6.140m
Risks & Impact	<ul style="list-style-type: none"> Reducing staffing levels could impact on ability to meet demand, professional governance and standards Restructuring area wide will reduce the support to locality teams. 					
Mitigations	<ul style="list-style-type: none"> Review of skill mix Phased implementation 					
Further Consultation / Reporting or Delegation to Officers	<ul style="list-style-type: none"> Work with NLC HR services – consideration of redeployment policies Consultation with staff and trade unions Officers to deliver as operational measure following consultation with staff and trade unions 					

Modernisation and Efficiency						
No.	4	Savings Option	Health Non-Pay Budgets		Lead	Head of Health
Link to Strategic Priority: 2026- 2029	<i>Prevention Focussed System</i>	<input checked="" type="checkbox"/>	<i>Tackling Inequality</i>		<input type="checkbox"/>	<i>Place & Communities</i> <input type="checkbox"/>
	<i>Enabling Healthy Living</i>	<input type="checkbox"/>	<i>Equitable Access to Healthcare</i>		<input type="checkbox"/>	
Option Summary (scope)	Removal of non-pay budgets previously used for non-recurring project costs that are no concluded.				Forecast Savings 2026/27	£0.489m
					2025/26 Budget	£3.226m
Risks & Impact	Reduces flexibility for unforeseen short term expense response support					
Mitigations	Any arising new costs will be risk managed via the aligned leading sector and/or unit					
Further Consultation / Reporting or Delegation to Officers	N/A					

Modernisation and Efficiency						
No.	5	Savings Option	Area Wide Equipment & Contract Review	Lead	Chief Officer (Adult Social Work Services)	
Link to Strategic Priority: 2026- 2029	<i>Prevention Focussed System</i>	<input checked="" type="checkbox"/>	<i>Tackling Inequality</i>	<input type="checkbox"/>	<i>Place & Communities</i>	<input checked="" type="checkbox"/>
	<i>Enabling Healthy Living</i>	<input type="checkbox"/>	<i>Equitable Access to Healthcare</i>	<input type="checkbox"/>		
Option Summary (scope)	Review the infrastructure across area wide social work services by considering; utilising the recurring underspend within the EAS service; utilise saving from recent end to contractual arrangements for community-based day support services and explore commissioning arrangements for Carers and Advocacy contracts within already set exit points.				Forecast Savings 2026/27	£0.643m
					2026/27 Budget	£8.241m
Risks & Impact	<ul style="list-style-type: none"> Reducing community-based services will place more pressure on statutory services. Due to contractual requirements the saving from Carers and Advocacy won't be achieved until 2028/29. Reducing support for Carers and Advocacy will add more pressure to locality teams Reduction in capacity to provide support with equipment could result in people needing a greater level of direct support Challenges with applying the principles of Getting it Right for Everyone and a place-based approach 					
Mitigations	<ul style="list-style-type: none"> Community based day support services have already been given contract end notices. Legal exit points already built into Carers and Advocacy contracts within the 3-year period Recurring underspend on equipment and adaptations 					
Further Consultation / Reporting or	<ul style="list-style-type: none"> Consultation with stakeholders, carers and communities re review/realignment/reduction in capacity of commissioned services Consultation with teams re area wide service review / re-prioritisation/ focus and function 					

Transformation						
No.	6	Savings Option	Individual Budgets		Lead	Chief Officer (Adult Social Work Services)
Link to Strategic Priority: 2026- 2029	<i>Prevention Focussed System</i>	<input type="checkbox"/>	<i>Tackling Inequality</i>		<input type="checkbox"/>	<i>Place & Communities</i> <input type="checkbox"/>
	<i>Enabling Healthy Living</i>	<input type="checkbox"/>	<i>Equitable Access to Healthcare</i>		<input checked="" type="checkbox"/>	
Option Summary (scope)	<p>It is proposed that the work to review Individual Budgets will continue. The work that has been undertaken has demonstrated that by adopting a strengths-based approach and working with families and communities' people can be supported at home through a broad range of community resources. There will be an emphasis on early intervention and promoting independence for as long as possible utilising resources to compliment individual, paid support.</p> <p>This proposal will Review of Individual Budget Care Packages across Social Care. The saving will be apportioned across each locality.</p>				Forecast Savings 2026/27	£3.000m
					2025/26 Budget	£114.016m
Risks & Impact	<ul style="list-style-type: none"> • Indicative budgets often come in lower than the final assessed budget • Pressure across in-house provision and delays also impacts on individual package costs as independent providers are asked to pick up packages of support without full assessments being completed. This can result in increased cost. • Care package costs vary significantly • Providers report to struggling financially due to current agreed price points and increased central costs. • Reduction to care plans required to meet the savings is 81 packages using an average cost forecast 					
Mitigations	<ul style="list-style-type: none"> • Improving first point of contact experience as well as assessment and planning being supported by a Home First approach through an enabling approach will ensure that individuals receive the right support • Investment in early intervention and prevention • Shifting from traditional service led provision to utilising a wide range of community resources to compliment paid support • Full roll out of the Adult Guided Self Assessment (GSA) should mitigate the risk of Indicative budgets often come in lower than the final assessed budget 					
Further Consultation / Reporting or Delegation to Officers	<ul style="list-style-type: none"> • Consultation with service users, carers and families • Consultation with staff and trade unions • Officers to deliver as operational measure following consultations 					

Transformation						
No.	7	Savings Option	Home First Approach – Review of Independent Care Homes		Lead	Chief Officer (Adult Social Work Services)
Link to Strategic Priority: 2026- 2029	<i>Prevention Focussed System</i>	<input type="checkbox"/>	<i>Tackling Inequality</i>		<input type="checkbox"/>	<i>Place & Communities</i> <input type="checkbox"/>
	<i>Enabling Healthy Living</i>	<input type="checkbox"/>	<i>Equitable Access to Healthcare</i>		<input checked="" type="checkbox"/>	
Option Summary (scope)	Fully implement a Home First approach supporting people at home for as long as possible, thus reducing the length of stay per resident. Development of community services to provide a range of support to ensure inclusiveness, reduce isolation as well as being able to access specialist support for those who are frail and/ or living with a long term condition to age well.				Forecast Savings 2026/27	£4.900m
					2025/26 Budget	£48.939m
Risks & Impact	<ul style="list-style-type: none"> Costs of care home placements vary and without robust assessments, providers can seek to increase charges to support additional needs identified by them. Care Homes report to struggling financially due to current agreed price points. Reduction to care plans required to meet the savings is approx. 138 care plans using an average cost forecast however this could also be delivered through the reduction in the length of stay. 					
Mitigations	<ul style="list-style-type: none"> Robust assessments will be undertaken to identify care needs prior to admission to avoid additional costs determined by the provider Robust financial assessments will be completed within an agreed period to establish available capital from individuals Reviews will be completed and invoices cease when the placement ends to avoid overpaying and the challenge of recouping costs Solutions should improve outcomes allowing individuals to remain safely in their homes or a homely setting for longer 					
Further Consultation / Reporting or Delegation to Officers	<ul style="list-style-type: none"> Further details on proposal to be presented to Board including details of transformation timeline with project support Consultation with staff, trade unions and independent sector 					

Transformation						
No.	8	Savings Option	Home Support Redesign		Lead	Chief Officer (Adult Social Work Services)
Link to Strategic Priority: 2026- 2029	<i>Prevention Focussed System</i>	<input type="checkbox"/>	<i>Tackling Inequality</i>		<input type="checkbox"/>	<i>Place & Communities</i> <input type="checkbox"/>
	<i>Enabling Healthy Living</i>	<input type="checkbox"/>	<i>Equitable Access to Healthcare</i>		<input checked="" type="checkbox"/>	
Option Summary (scope)	Finalise the Home Support operating model focussing on Home Assessment with a reablement ethos to ensure those requiring ongoing paid support have the right support. In addition, develop and embed work practices that deliver more efficient practices and utilise resource more effectively. This will remove duplication and align staff teams and budgets appropriately.				Forecast Savings 2026/27	£3.000m
					2025/26 Budget	£59.131m
Risks & Impact	<ul style="list-style-type: none"> Reducing direct delivery staffing levels could impact on ability to meet demand, professional governance and standards. There may be an impact on flow across the system 					
Mitigations	<ul style="list-style-type: none"> Review underspends on basic pay against overspends on overtime and consider realignment of budgets Maintain a robust review of absence management Consider support for Carers to enable them to continue in their caring role and reduce the need for statutory intervention. Service improvement and developments such as dynamic scheduling tool, assistive technology, proportionate care will reduce duplication Finalise the review on shift patterns 					
Further Consultation / Reporting or Delegation to Officers	<ul style="list-style-type: none"> Work with NLC HR services – consideration of redeployment policies Consultation with staff and trade unions 					

Transformation						
No.	9	Savings Option	Locality Redesign		Lead	Head of Health
Link to Strategic Priority: 2026- 2029	<i>Prevention Focussed System</i>	<input checked="" type="checkbox"/>	<i>Tackling Inequality</i>		<input type="checkbox"/>	<i>Place & Communities</i> <input checked="" type="checkbox"/>
	<i>Enabling Healthy Living</i>	<input type="checkbox"/>	<i>Equitable Access to Healthcare</i>		<input checked="" type="checkbox"/>	
Option Summary (scope)	<p>Transformation and redesign of community-based health services will be progressed through HSCP led change activity, aligned to NHS Lanarkshire system wide improvement priorities. Proposals will be developed through partnership working with South Lanarkshire University Health and Social Care Partnership, with opportunities for cross Lanarkshire alignment and joint working explored where appropriate to support consistency, sustainability and equitable access.</p> <p>As part of this programme, redesign of locality services, including Treatment Rooms, Health Visiting, Community Nursing, Mental Health and Integrated Day Services, will be progressed collaboratively to deliver sustainable, preventative and needs led provision within available resources.</p>				Forecast Savings 2026/27	£2.736m
					2025/26 Budget	£44.910m
Risks & Impact	<p>Service review and redesign will be considerate of staffing review of skill mix to meet current demands. Current staff alignment has been difficult to maintain across all areas due to recruitment challenges within some care pathways. The impact of review is hopeful that the Partnership can attract and recruit candidates capable of filling gaps and additionally creating a positive development pipeline for people to pursue professionally registered roles in future.</p>					
Mitigations	<ul style="list-style-type: none"> • Some vacancies current held to mitigate reduction in staffing. These vacancies have been historically difficult to fill from traditional workforce • Review of skill mix that ensure continuity and quality assurance of service delivery within localities. • Redesign will be considerate of staff attrition norms. • Balancing of staff across all localities will be considerate and committed to delivery of same through agreed organisational process. 					
Further Consultation / Reporting or Delegation to Officers	<ul style="list-style-type: none"> • This work will be delivered collaboratively with HR, Staff Side and Professional colleagues to ensure appropriate workforce governance and professional assurance are not breached. • Transparent communication will be developed to assure ongoing commitment to continuance of service delivery with minimal impact to our valued staff group who deliver these services. • The Integrated HSW managers for localities (who manage both budgets) will be mindful of balance between proposed changes in social care and the delicate balance to be struck in timing of redesign implementation across health and social care simultaneously. 					

Transformation						
No.	10	Savings Option	Bladder and Bowel Service Review		Lead	Head of Health
Link to Strategic Priority: 2026- 2029	<i>Prevention Focussed System</i>	<input type="checkbox"/>	<i>Tackling Inequality</i>		<input type="checkbox"/>	<i>Place & Communities</i> <input type="checkbox"/>
	<i>Enabling Healthy Living</i>	<input checked="" type="checkbox"/>	<i>Equitable Access to Healthcare</i>		<input checked="" type="checkbox"/>	
Option Summary (scope)	Commission a review of the bladder and bowel service. Which will include a review and skill mix of the current staffing model. Also look to move to quarterly delivery of products to care homes as well as a review of products currently supplied to patients across Lanarkshire.				Forecast Savings 2026/27	£0.187m
					2025/26 Budget	£2.550m
Risks & Impact	<ul style="list-style-type: none"> • SLHSCP may not engage with process • Over supply of patients • Storage concerns within care home and patient's homes • Impact of increasing product costs <p>Impact</p> <ul style="list-style-type: none"> • More control of product and provision. • SL HSCP and NL may require to split costs to deliver savings 					
Mitigations	<ul style="list-style-type: none"> • Strengthen partnership working across Lanarkshire between NL and SL HSCP's • Review of skill mix • Phased implementation 					
Further Consultation / Reporting or Delegation to Officers	<ul style="list-style-type: none"> • Work with NLSL HR services – consideration of redeployment policies • Consultation with staff and trade unions 					