

Shetland Islands Integration Joint Board

# Medium Term Financial Plan

2026-2031



## 1.0 High Level Summary

1.1 This report presents the updated IJB Medium Term Financial Plan (MTFP) for the period 2026/27 to 2030/31, with 2026/27 as Year 1 of the plan. The MTFP will continue to be refreshed annually in line with the IJB's budget setting cycle and emerging financial intelligence.

1.2 The MTFP provides the financial framework within which service planning, workforce planning and strategic commissioning decisions must be taken. It supports the delivery of the IJB Strategic Plan while highlighting the scale of financial challenge facing integrated services over the medium term.

1.3 The plan assumes:

- NHS and SIC funding increases of 2% per annum – Scottish Government planning guidance to NHS Scotland 2026/27
- Inflationary pressures exceeding funding growth
- A continued expectation to deliver Scottish Government generic savings of 3% per annum

1.4 On this basis, the MTFP identifies a widening structural funding gap over the five-year period. While no single solution exists, the MTFP sets out how the IJB will use its strategic commissioning role, working with partners and stakeholders, to progress service redesign, transformation and cost reduction in a planned and phased manner.

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## 2.0 Strategic Context and Joint Working

2.1 The IJB has statutory responsibility for the strategic planning and commissioning of integrated health and social care services. The MTFP is a key enabler of this role, ensuring that financial planning is aligned with strategic priorities and anticipated future demand.

2.2 The MTFP has been informed by the financial planning assumptions of NHS Shetland and Shetland Islands Council. Ongoing collaboration with both partners will be essential to develop sustainable service models and deliver medium-term financial balance.

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## 3.0 Key Financial Assumptions and Risks

3.1 The MTFP is based on prudent and transparent assumptions, recognising the uncertainty inherent in medium-term planning. Key assumptions include:

- Pay and non-pay inflation continuing to exceed funding growth

- Ongoing workforce pressures, particularly in specialist and remote service areas
- Increasing demand and complexity within adult social care and community health services

3.2 The MTFP highlights a structural mismatch between funding and cost pressures, which cannot be resolved through short-term measures alone.

3.3 Without sustained service redesign and efficiency improvement, the IJB faces an increasing risk that existing service models become unaffordable within available resources.

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## 4.0 Service Redesign and Transformation

4.1 The IJB recognises that accelerated service redesign and transformation is essential to achieving long-term financial sustainability while continuing to deliver safe, effective and person-centred services.

4.2 Given the scale of the financial challenge, the complexity of integrated service delivery and the reliance on partner organisations for operational change, transformational change cannot be achieved in the short term. The IJB will therefore adopt a phased and evidence-led approach, focused on developing robust options, engaging stakeholders and ensuring that proposals are deliverable and aligned with strategic priorities.

4.3 Over the period of the MTFP, the IJB will use its strategic commissioning role to oversee, influence and align service redesign activity being progressed within both partner organisations. This activity will inform future iterations of the IJB budget and MTFP as proposals are sufficiently developed and approved.

4.4 Within NHS Shetland, work is ongoing to identify and progress transformational change through established governance arrangements, including the Financial Sustainability Group and the newly formed Strategic Change Operational Group (SCOG). These groups are responsible for developing, assessing and prioritising opportunities for service change and efficiency improvement, with relevant proposals feeding into the IJB's medium-term financial planning process as they mature. High-level details on current workstreams are included at Appendix 2.

4.5 In parallel, Shetland Islands Council is progressing a number of potential review and savings proposals that are relevant to integrated services. These proposals are at varying stages of development and are intended to improve sustainability, equity and value for money while maintaining eligibility-based access to services. A summary of these potential proposals is included at Appendix 2 and includes, but is not limited to:

- Review of the provision of stock Occupational Therapy equipment to ensure

alignment with eligibility criteria and the most efficient and effective method of meeting assessed need

- Review of domestic support and meals on wheels to ensure provision is consistent with eligibility criteria and delivers best value
- Sustainable Model of Adult Social Care Programme
- Review of Community Care Resources Senior Social Care Workers on-call arrangements
- Investment in AI transcription technology and appropriate hardware to improve productivity
- Review of access to respite services to ensure sustainable and equitable access, including consideration of thresholds and eligibility criteria
- Review of Community Led Support arrangements
- Soft Facilities Management Project

4.6 Over the lifetime of the MTFP, strategic commissioning activity will therefore focus on:

- Redesign of care pathways to reduce reliance on high-cost models of care
- Workforce and skill-mix review to reduce dependency on temporary staffing
- Commissioning and contract review to improve value for money and outcomes
- Demand management and preventative approaches to reduce future cost pressures
- Increased use of digital and alternative delivery models where appropriate

4.7 Progress on service redesign and transformation will be monitored and reported regularly to the IJB through financial monitoring reports, programme updates and future iterations of the MTFP, ensuring transparency and appropriate governance oversight.

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## **5.0 Medium Term Financial Plan – Improved Financial Intelligence**

5.1 The updated MTFP provides greater transparency of expenditure, enabling the IJB to better understand cost drivers and assess alignment with strategic priorities.

5.2 Expenditure has been analysed and presented by:

- Major service groupings
- Commissioning route (NHS, Council, jointly commissioned)
- Key cost drivers, including workforce, commissioned services and prescribing

5.3 While detailed savings proposals are not fully developed at this stage, the MTFP:

- Identifies areas of expenditure under active review
- Provides a clearer baseline from which savings and redesign proposals can be developed

5.4 As savings and transformation proposals are agreed, their financial impact will be incorporated into future iterations of the MTFP and reported through quarterly financial monitoring.

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## **6.0 Governance and Monitoring**

6.1 The MTFP will continue to be updated annually, ensuring that it remains aligned with the IJB's budget, Strategic Plan and emerging risks.

6.2 The IJB Audit Committee and IJB will receive regular updates on:

- Quarterly Financial Monitoring Reports
  - Annual Accounts
  - Medium Term Financial Plan updates
  - Audit Action Plan and follow-up reports
  - HSCP Risk Register updates
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## **7.0 Risk Management**

7.1 The MTFP highlights a significant financial sustainability risk for the IJB. This risk will continue to be reflected in the HSCP Risk Register and monitored through established governance arrangements.

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## **8.0 Conclusion**

8.1 The updated MTFP 2026–2031 provides a realistic and transparent assessment of the IJB's financial outlook.

8.2 While the challenges are substantial, the plan demonstrates how the IJB will use its strategic commissioning role, improved financial intelligence and phased transformation approach to work towards sustainable integrated care over the medium term.

# Appendix 1

## IJB Medium Term Financial Plan 2026/27 – 2030/31

### A1.1 Planning Assumptions

Assumption	Basis
Base year	2026/27 draft IJB budget
Total net expenditure	<b>£84,652,426</b>
Funding growth	2% per annum (NHSS and SIC)
Savings requirement	3% per annum
Scenario	Single planning scenario
Inflation	Not modelled separately

### A1.2 Summary Financial Position by Year

£m	2026/27	2027/28	2028/29	2029/30	2030/31
Baseline expenditure	84.652	86.345	88.072	89.833	91.630
Funding increase (2%)	-	1.727	1.761	1.797	1.833
Savings requirement (3%)	-	-2.590	-2.642	-2.695	-2.749
<b>Cumulative Savings requirement</b>	<b>0.000</b>	<b>-2.590</b>	<b>-5.233</b>	<b>-7.928</b>	<b>-10.676</b>

#### Key message:

Even with 2% funding growth, a 3% savings requirement creates a recurring structural pressure each year, compounding over the life of the plan.

### A1.3 Funding Assumptions by Partner

£m	2026/27	2027/28	2028/29	2029/30	2030/31
NHS Shetland funding (48%)	40.697	41.510	42.341	43.187	44.051
Shetland Islands Council funding (52%)	43.956	44.835	45.732	46.646	47.579
<b>Total funding</b>	<b>84.652</b>	<b>86.345</b>	<b>88.072</b>	<b>89.834</b>	<b>91.631</b>
% increase	–	2%	2%	2%	2%

### A1.4 Expenditure by Service Group

Service grouping	£m	2026/27	2027/28	2028/29	2029/30	2030/31	%
Adult Social Care		40.713	41.528	42.358	43.205	44.069	48%
Community Health Services		20.372	20.779	21.195	21.618	22.051	24%

Mental Health & Substance Misuse	4.565	4.656	4.749	4.844	4.941	5%
Acute / Hospital-based Services	4.261	4.346	4.433	4.521	4.612	5%
Other	4.389	4.476	4.566	4.657	4.750	5%
Prescribing	10.353	10.560	10.771	10.987	11.206	12%
<b>Total</b>	<b>84.652</b>	<b>86.345</b>	<b>88.072</b>	<b>89.833</b>	<b>91.630</b>	<b>100%</b>

### A1.5 Savings Requirement – Medium-Term View

£m	2026/27	2027/28	2028/29	2029/30	2030/31
Annual savings target (3%)	0	-2.590	-2.642	-2.695	-2.749
Cumulative savings required	0	-2.590	-5.233	-7.928	-10.676

Savings beyond 2026/27 are not assumed to be deliverable without service redesign and transformation.

### A1.6 Sensitivity Commentary

Variable	Indicative impact
Funding growth below 2%	Immediate deterioration in financial position
Failure to deliver 3% savings	Rapid escalation of recurrent deficit
Workforce stabilisation	Potential medium-term cost avoidance
Service redesign	Only sustainable route to closing cumulative gap

### A1.7 Key Messages from Appendix 1

- Cumulative savings of £10.7m required by 2030/31
- Medium-term sustainability cannot be achieved through efficiencies alone

## Appendix 2

### Transformational Change Proposals

Organisation	Programme	Project / Scheme	Summary
NHS Shetland	Urgent Unscheduled Care – Focus on Frailty	Hospital @ Home	Deliver acute care at home to avoid admissions and support earlier discharge
NHS Shetland	Urgent Unscheduled Care – Focus on Frailty	Front Door Frailty	Early frailty assessment at point of hospital entry
NHS Shetland	Urgent Unscheduled Care – Focus on Frailty	Community Frailty	Proactive community frailty management to reduce escalation
NHS Shetland	Urgent Unscheduled Care – Focus on Frailty	Discharge without Delay	Improve discharge flow and reduce delayed discharges
NHS Shetland	Urgent Unscheduled Care – Focus on Frailty	Emergency Care	Redesign emergency care pathways for frailty
NHS Shetland	Primary Care Redesign	Network Enabled Care – Bixter & Walls	Redesigned primary care delivery using networked models
NHS Shetland	Primary Care Redesign	SHIP	Sustain and improve primary care model
NHS Shetland	Primary Care Redesign	Business Change & Workflow Optimisation	Improve efficiency through redesigned workflows
NHS Shetland	Primary Care Redesign	GP Walk-in Clinics	Improve access through walk-in GP provision
NHS Shetland	Prevention	Fairer Futures	Whole-system prevention and early intervention programme
NHS Shetland	Prevention	Population Health Organisation	Shift to population-based health planning
NHS Shetland	Prevention	Obesity	Prevention and management of obesity
NHS Shetland	Prevention	Hypertension	Improved detection and management of hypertension
NHS Shetland	Prevention	Shetland Partnership Plan	System-wide partnership prevention priorities
NHS Shetland	Prevention	Waiting Well – PT	Support patients waiting for physiotherapy

NHS Shetland	Prevention	Waiting Well – CAD	Support patients waiting for cardiology services
NHS Shetland	Mental Health	ADHD Pathway TOC	Transform ADHD pathway
NHS Shetland	Mental Health	Neurodevelopmental Pathway	Redesign neurodevelopmental services
NHS Shetland	Mental Health	LD Health Checks	Improve uptake of learning disability health checks
NHS Shetland	Mental Health	Psychological Therapies Access	Improve access to psychological therapies
NHS Shetland	Innovation	Point of Care Testing	Faster diagnostics at point of care
NHS Shetland	Innovation	ANIA Digital Diabetes	Digital management of diabetes
NHS Shetland	Innovation	ANIA Pre-Diabetes	Digital prevention for pre-diabetes
NHS Shetland	Innovation	ANIA Pharmacogenetics	Personalised prescribing using genetics
NHS Shetland	M365	Copilot	Productivity gains through AI support
NHS Shetland	M365	SharePoint	Improved document management and collaboration
NHS Shetland	M365	PowerApps	Low-code digital solutions
NHS Shetland	Paperlite	Scoping Phase	Reduce paper dependency across services
NHS Shetland	Elective & Specialist Care	Planned Care Delivery	Improve planned care performance
NHS Shetland	Elective & Specialist Care	Chronic Pain Pathway	Redesigned chronic pain pathway
NHS Shetland	Elective & Specialist Care	Cardiovascular Pathway (Scoping)	Review and redesign cardiovascular pathway
Shetland Islands Council	Community Health & Social Care	Occupational Therapy Equipment	Review OT equipment provision to align with eligibility and efficient delivery
Shetland Islands Council	Community Health & Social Care	Domestic Support & Meals on Wheels	Review domestic support and meals provision against eligibility and SDS policy
Shetland Islands Council	Community Health & Social Care	Sustainable Model of Adult Social Care	Long-term review of adult social care model and care estate
Shetland Islands Council	Community Health & Social Care	Community Care Resources – On Call	Review senior social care worker on-call arrangements
Shetland Islands Council	Community Health & Social Care	AI Transcription (Adult & Children's Social Work)	Productivity and workforce wellbeing through AI transcription

Shetland Islands Council	Community Health & Social Care	Access to Respite	Review and tighten access to respite services
Shetland Islands Council	Community Health & Social Care	Community Led Support	Review CLS approach with limited immediate savings