

AGENDA ITEM No.8

Meeting of East Renfrewshire Health and Social Care Partnership	Integration Joint Board
Held on	23 June 2021
Agenda Item	8
Title	Medium Term Financial Plan
<p>Summary</p> <p>To provide the Integration Joint Board with a refreshed Medium Term Financial Plan for the IJB covering the five year period 2022/23 to 2026/27.</p>	
Presented by	Lesley Bairden, Head of Finance and Resources (Chief Financial Officer)
<p>Action Required</p> <p>The Integration Joint Board is asked to:</p> <ul style="list-style-type: none"> ▪ Approve the revised Medium Term Financial Plan ▪ Agree to receive updates that reflect significant changes in the financial outlook for the Integration Joint Board 	
<p>Directions</p> <p><input checked="" type="checkbox"/> No Directions Required</p> <p><input type="checkbox"/> Directions to East Renfrewshire Council (ERC)</p> <p><input type="checkbox"/> Directions to NHS Greater Glasgow and Clyde (NHSGGC)</p> <p><input type="checkbox"/> Directions to both ERC and NHSGGC</p>	<p>Implications</p> <p><input checked="" type="checkbox"/> Finance</p> <p><input type="checkbox"/> Policy</p> <p><input type="checkbox"/> Workforce</p> <p><input type="checkbox"/> Equalities</p> <p><input checked="" type="checkbox"/> Risk</p> <p><input type="checkbox"/> Legal</p> <p><input type="checkbox"/> Infrastructure</p> <p><input type="checkbox"/> Fairer Scotland Duty</p>

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EAST RENFREWSHIRE INTEGRATION JOINT BOARD

23 June 2021

Report by Lesley Bairden, Chief Financial Officer

MEDIUM TERM FINANCIAL PLAN

PURPOSE OF REPORT

1. To advise the Integration Joint Board of the medium term financial outlook as set out in the refreshed Medium Term Financial Plan. This plan supports the strategic planning process and provides a financial context to support medium term plans and decision making.

RECOMMENDATIONS

2. The Integration Joint Board is asked to:
 - Approve the revised Medium Term Financial Plan
 - Agree to receive updates that reflect significant changes in the financial outlook for the IJB

BACKGROUND

3. This report builds on the Revenue Budget for 2021/22 and looks at the potential cost implications for the next 5 years. Given the numerous uncertainties we are facing this plan will be refreshed and assumptions refined and revised as we work through the coming year.
4. This is a refresh of the previous Medium Term Financial Plan 2109/20 – 2023/34 previously agreed by the IJB on 19 March 2019.

REPORT

5. The Medium Term Financial Plan (MTFP) is a relatively straightforward document and considers:

Section	Contents
Executive Summary	Main messages and purpose
Local Context	Localities, accommodation and services delivered, budget 2021/22, demographic analysis and challenges, scale of purchased care, hosted services consumption
National Context	Legislative and Policy implications, Brexit, Scottish Government Medium Term Health and Social Care Financial Framework, Covid-19, Ministerial Steering Group review of Integration, Audit Scotland reports
Medium Term Financial Outlook	Sets out high level cost pressures over next 5 years with supporting assumptions
Our Response	2019/20 funding gap , reserves strategy, possible future funding gaps and implications

Risk and Sensitivity	Key risks, indication of 1% change in factors and financial implications
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6. This revised MTFP reflects the latest budget for 2021/22 and uses this as the baseline for calculating future cost pressures. Additional information is included to reflect the impacts of Covid-19 and the independent review of adult social care; and the associated uncertainties this has brought to forward planning. Similarly the reserves position has been updated.
7. The report also highlights the IJB information included in the Audit Scotland publication "Local Government in Scotland Financial Overview 2019/20" published in January 2021. The main points relating to the IJB and our local position are included for context.
8. The MTFP confirms the scale of the financial challenge; the potential conflict with existing savings; the risk that if we cannot adequately resource our Recovery and Renewal programme we may not deliver this successfully and the significant risks around financial sustainability.
9. The MTFP also recognises there may be opportunities from the independent review of adult social.
10. Given the numerous dynamics and the iterative approach the IJB agreed as part of the 2021/22 budget the MTFP will be revised as information becomes clearer. The MTFP is a "living document" and will also be used to inform engagement with our partners in our future budget discussions.

CONSULTATION AND PARTNERSHIP WORKING

11. The Medium Term Financial Plan is based on the 2021/22 opening budget which has been fully consulted on with our partners. The Chief Financial Officer will continue to work in partnership with colleagues to further develop budget setting and financial planning process for future years.

IMPLICATIONS OF THE PROPOSALS

Finance

12. The refreshed plan reflects the future year pressures in the range of £4.2 to £4.7 million annually over the period of the plan, caveated that there are many unknowns. The forward extrapolation over a 10 year period has been removed given the level of uncertainty and as the plan evolves the IJB may wish to consider this.

Risk

13. The risk to the Integration Joint Board remains delivering a sustainable budget in 2021/22 and beyond. The plan includes a number of risks along with sensitivity assumptions.

Staffing

14. There are no specific staffing implications in the MTFP however we recognise that capacity and staffing ratio models of care continue to present a challenge.
15. The costs of the living wage and fair work practices are considered as part of the budget setting process and are assumed in forward planning.

Equalities

16. None at present. Any equalities issues will be addressed through implementation of savings and investment programmes.

DIRECTIONS

17. There are no directions in relation to the MTFP.

CONCLUSIONS

18. The Medium Term Financial Plan 2022/23 - 2026/27 will support strategic planning and decision making along with engagement on future budget discussions with our partners.

RECOMMENDATIONS

19. The Integration Joint Board is asked to:
 - Approve the revised Medium Term Financial Plan
 - Agree to receive updates that reflect significant changes in the financial outlook for the IJB

REPORT AUTHOR

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17 June 2021

Chief Officer, IJB: Julie Murray

BACKGROUND PAPERS

IJB paper – 20-03-19 Item 9: Medium Term Financial Plan

https://www.eastrenfrewshire.gov.uk/media/2239/Integration-Joint-Board-Item-09-20-March-2019/pdf/Integration_Joint_Board_Item_09_-_20_March_2019.pdf?m=637351707429130000

IJB paper – 17-03-21 Item 5: Revenue Budget 2021/22

https://www.eastrenfrewshire.gov.uk/media/4788/IJB-Item-05-17-March-2021/pdf/IJB_Item_05_-_17_March_2021.pdf?m=637511548486770000

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East Renfrewshire Integration Joint Board

Medium Term Financial Plan 2022/23 to 2026/27

Revision 2 at 23 June 2021

Document Title:	Medium Term Financial Plan					
Owner:	Chief Financial Officer			Status:	Final	
Review Dates:	Created:	March 2019	Date of last review	June 2021	Date of next review	n/a
Revision History:						
Version:	Date Effective:	Author & Changes				
1.0	17/03/2019	Lesley Bairden				
2.0	23/06/2021	Lesley Bairden				

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1. Executive Summary

This medium term financial plan for East Renfrewshire Integration Joint Board sets out the financial outlook covering the next 5 financial years for the IJB and the associated delivery of services through East Renfrewshire Health & Social Care Partnership, as directed by the IJB.

The annual revenue budget for 2021/22 is £160.3 million and this will be spent delivering a range of health and social care services to the citizens of East Renfrewshire.

We have a long standing history of integration and this allows the HSCP to continue to build on a solid foundation of providing health and social care. Our objectives and strategic direction, how we meet the national outcomes, where we need to make changes, how we work together with a wide range a partners and stakeholders is set out in our strategic plan and associated implementation plans.

Whilst our successful history of providing integrated services is a positive this does mean that we have already taken many of the opportunities to redesign services, remove duplication and make associated efficiencies in the last 15 years.

Our long standing history of integration also means we are well placed to understand the impacts and implications on the services we provide as we work our way into recovery from the Covid-19 pandemic as well as any changes that may come from the independent review of adult social care.

The demography of East Renfrewshire provides a specific challenge with growing populations of children and of older adults and in particular those aged over 85. As the youngest and oldest members of our society tend to be the biggest users of universal health and care services this means we have a relatively unique challenge in planning our services and ensuring we meet national outcomes.

The IJB is clear about the challenges ahead and we are planning for the future through our Strategic Plan. This medium term financial plan will assist in the strategic planning process and will allow the IJB to take informed decisions when planning for the future and ensuring financial sustainability in the medium term.

Given the unprecedented period that we worked through during the Covid-19 pandemic we have delivered new services; changed service delivery; we are only beginning to see the emerging impacts of long Covid-19 and the impact on the wellbeing and mental health of our staff and our citizens. This will all impact on our strategic, operational and financial planning going forward. Our Recovery and Renewal programme will support much of this work and given the dynamic of frequent and rapid change the medium term financial outlook will be revised as existing assumptions crystallise or new issues arise.

The IJB needs to be financially sustainable to allow us to continue to plan for and deliver services in a difficult financial and challenging operational climate, whilst maintaining enough flexibility to allow us to adapt, invest where needed to redesign and to change models of service delivery as required moving forward towards recovery from the pandemic. We may need to retract services depending on the funding available to us in future years.

The funding gap in 2021/22 is £3.9 million and presents a significant challenge particularly when taken in context of recovery from Covid-19 and potential constraints or conflicts with the potential direction set out in the recommendations in the independent review of adult social care.

The funding gap relates to the £2.4 million legacy savings from 2020/21 we did not achieve as a result of the pandemic response and a further unfunded gap of £1.5 million relating to 2021/22.

In setting the 2021/22 budget the IJB recognised the scale of the challenge; that we were still in response mode; that there are still many unknowns as we work our way towards recovery and the impact and implications from the plans for a national care service are unknown.

Pre the pandemic we had identified that the majority of the 2020/21 savings would come from the introduction of a contribution from individuals towards the cost of non-residential care, the prioritisation of care package costs and that we would need to further consider prioritisation and eligibility criteria for future savings options. This is now potentially at odds with the recommendations included in the Independent Review of Adult Social Care and the timing of any local decisions will need to be balanced with the risk of implementing change that may require subsequent reversal.

We will support any changes to policy/strategic approach that are adopted following the review and will look to include these in our strategic planning engagement for 2022 and beyond. During 2021-22 we will implement any recommendations or specific actions arising from the review as requested by Scottish Government.

The IJB have recognised that 2021/22 will require an iterative approach and we will need to adapt, respond and flex in a timely manner. As one of the smaller IJBs we are nimble and can react quickly however we do have a significant financial risk; our funding gap is £3.9 million, we have c£2 million in reserves to phase in those savings we can achieve, but we will only achieve savings by fully resourcing our Recovery and Renewal programme; and the only options to do this, at present are to divert existing resources and / or invest in the short term thus reducing the reserve available to phase in the savings.

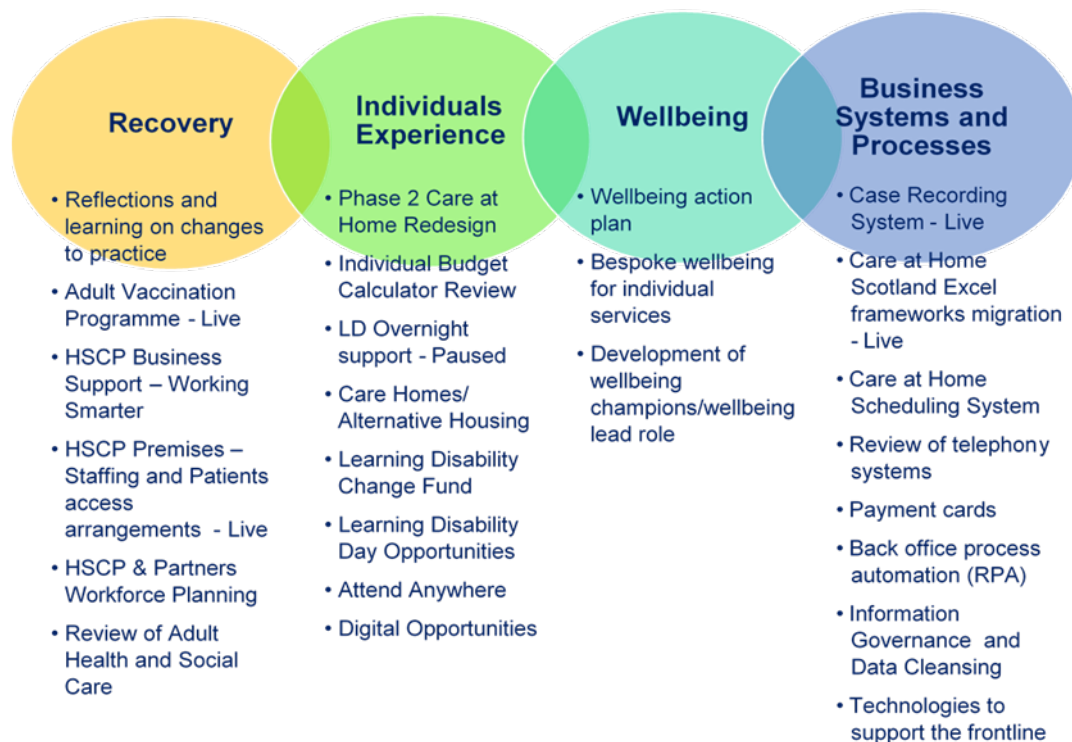
The 2021/22 budget recognises that we may require to invoke financial recovery planning if we cannot close our funding gap on a recurring basis. This clearly makes forward planning difficult given the number of uncertainties in the first year of this plan.

The funding gap in future years could range anywhere from £0 to £4.7 million per year, excluding unknown factors and any additional savings requirements in future years.

Our Recovery and Renewal Programme will provide a framework to support our emerging recovery from the pandemic. Whilst many of the services the HSCP provides are critical and continued to operate through the pandemic we have an opportunity to learn from the last 14 months and how we can build back better.

This is a complex and multi-year programme of work that will allow us to emerge from the pandemic in a stronger and more informed position to face the challenges ahead. This should not only support the significant financial challenge we are facing but will also help us to better understand and quantify the longer term impact of Covid-19 on our population.

The IJB have recognised this needs to be an iterative and emerging approach as we work towards recovery; implications from the independent review of adult social care will be incorporated into our programme and future planning as this become clearer.



2. Local Context

We are structured around two localities one for Eastwood and one for Barrhead. The localities also reflect our hospital flows with the Eastwood Locality linking to South Glasgow hospitals and the Barrhead Locality to the RAH.



Within the Eastwood locality the custom built Eastwood Health & Care Centre provides social work, district nursing, rehabilitation, care at home and mental health services for adults and older people. Social work and health visiting services for children and young people are also provided from this building, as are a number of GP practices. Thornliebank Resource Centre is based within the Eastwood locality and provides day opportunities to those with learning disability. Bonnyton House provides residential care, palliative care and intensive rehabilitation services support to older people.

Within the Barrhead (Levern Valley) locality there is also a custom built health & care centre which provides services including GP, social work, district nursing, and rehabilitation and is also the base for the Learning Disability team, Children & Adolescent Mental Health (CAMHS) team and Speech and Language Therapy. Children & Families social work and Health visiting teams are based in the adjacent council building. St Andrew's House is the location of the Community Addictions Team. Barrhead Resource Centre provides day opportunities to those with a learning disability.

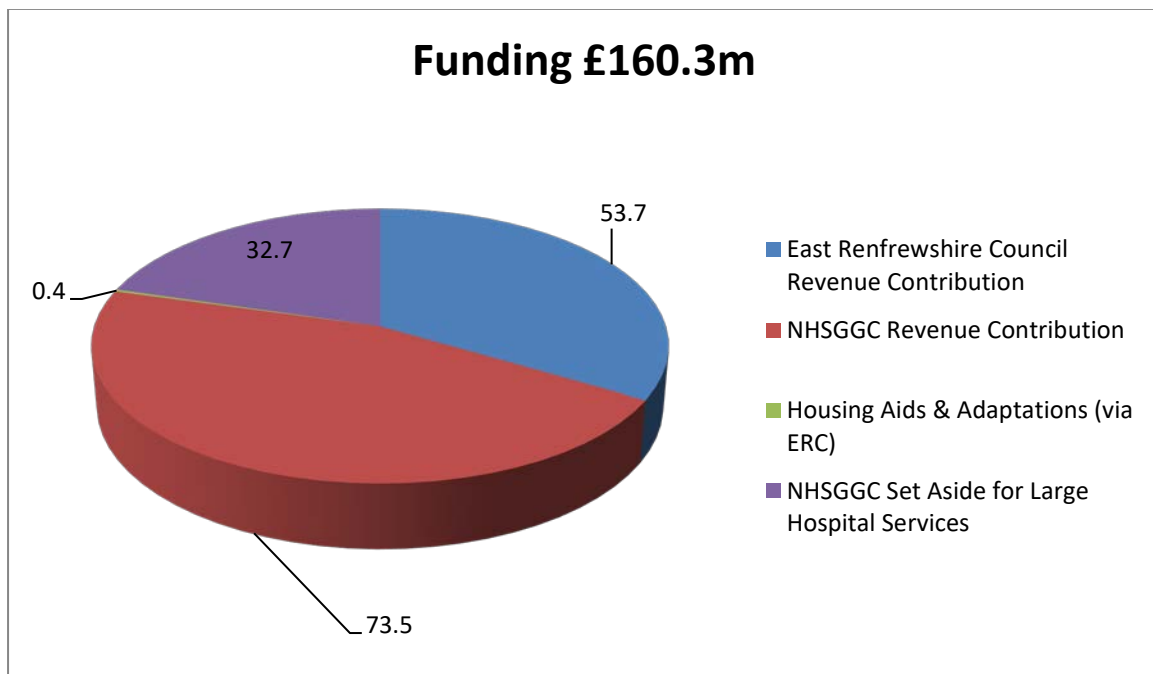
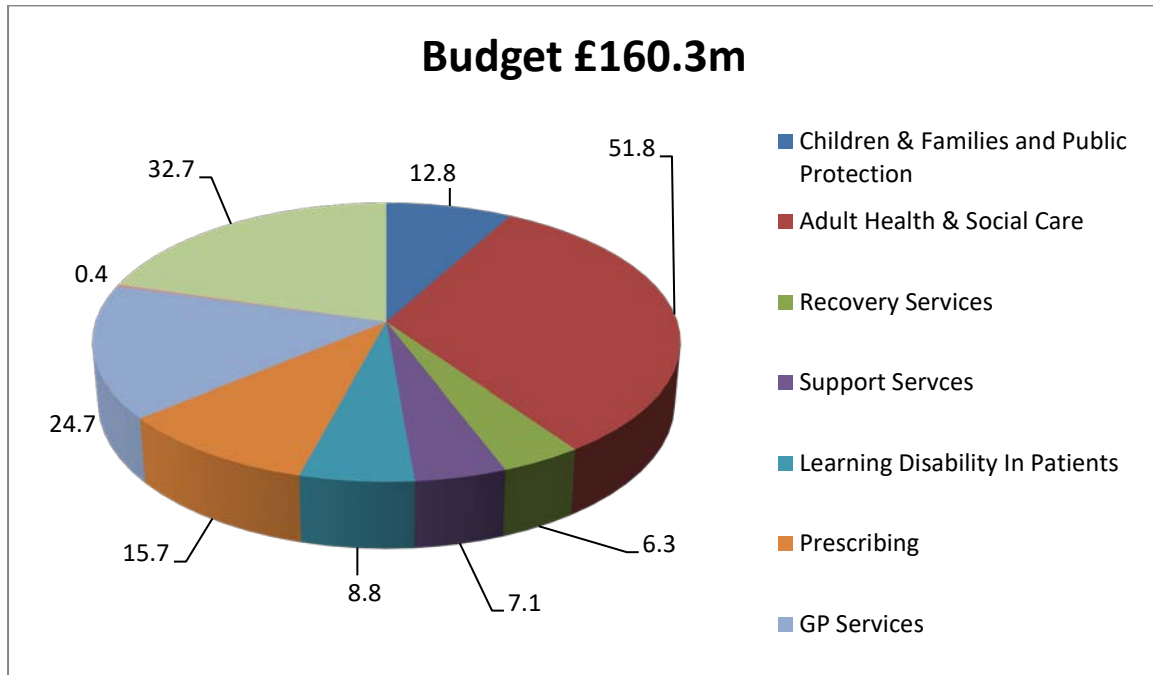
The Partnership also hosts two service on behalf of NHS Greater Glasgow & Clyde; the Learning Disability Specialist Services based in 3 in-patient buildings within the Greater Glasgow and Clyde area at Renfrew, Anniesland and on the Gartnavel site and the Augmentative and Alternative Communication service which provides specialist equipment across the board along with a national assessment service.

In addition to the 8 GP practices located within our two Health and Care Centres we also have 7 with their own premises. Given the population demographics and impact from factors such as new housing we recognise that the number of practices we will need is likely to increase. We are working closely with our GPs and with our partners and other stakeholders to identify potential locations and funding options.

The use of our buildings and the way we work has been significantly impacted in the response to the pandemic.

Our Budget 2021/22

Our opening budget for 2020/21 is £160.3 million and this may change during the year for any additional funding or adjustments to our recurring base funding.



Our budget broadly falls into two types of spending; revenue budget to deliver health and social care services and categories and budgets for housing aids and adaptations and for large hospital services which come under the strategic direction of the IJB.

The revenue budgets for those “day to day” health and social care services delivered by the HSCP is £127.2 million, with a further £0.6 million community justice funded by grant. We usually receive other ad-hoc funding and grants throughout the year to support various initiatives and this is reported within our routine financial reporting.

We also will receive 2021/22 allocations for specific Scottish Government initiatives such as Primary Care Improvement Fund (£2.4 million), Mental Health Action 15 (£0.5 million) and Alcohol & Drugs Partnership (£0.3 million).

During 2020/21 we spent just over £9 million on Covid-19 related costs as we responded to the pandemic and this was fully funded by the Scottish Government. Whilst the cost in 2021/22 is not yet known we expect to fully utilise the balance of funding we brought into the year of £3 million. This is an evolving situation and will be regularly reported to the IJB. We host the Learning Disability Specialist Services and Augmentative and Alternative Communication Service on behalf of the other 5 HSCPs within the Greater Glasgow and Clyde area. The tables below show the 2020/21 cost by HSCP:

2019/20 £000	LEARNING DISABILITY IN-PATIENTS SERVICES HOSTED BY EAST RENFREWSHIRE IJB	2020/21 £000
5,659	Glasgow	4,754
1,347	Renfrewshire	1,349
199	Inverclyde	612
846	West Dunbartonshire	653
196	East Dunbartonshire	0
8,247	Learning Disability In-Patients Services Provided to other IJBs	7,368
112	East Renfrewshire	1,926
8,359	TOTAL LEARNING DISABILITY IN-PATIENTS SERVICES	9,294

2019/20 £000	AUGMENTATIVE AND ALTERNATIVE COMMUNICATION HOSTED BY EAST RENFREWSHIRE IJB	2020/21 £000
72	Glasgow	89
7	Renfrewshire	33
-	Inverclyde	3
4	West Dunbartonshire	3
25	East Dunbartonshire	19
108	AAC Services Provided to other IJBs	147
11	East Renfrewshire	19
119	TOTAL AAC SERVICES *	166

Similarly each of the other 5 HSCPs host one or more services on behalf of the other HSCPs. The table below shows the 2020/21 cost of our populations' consumption of those services:

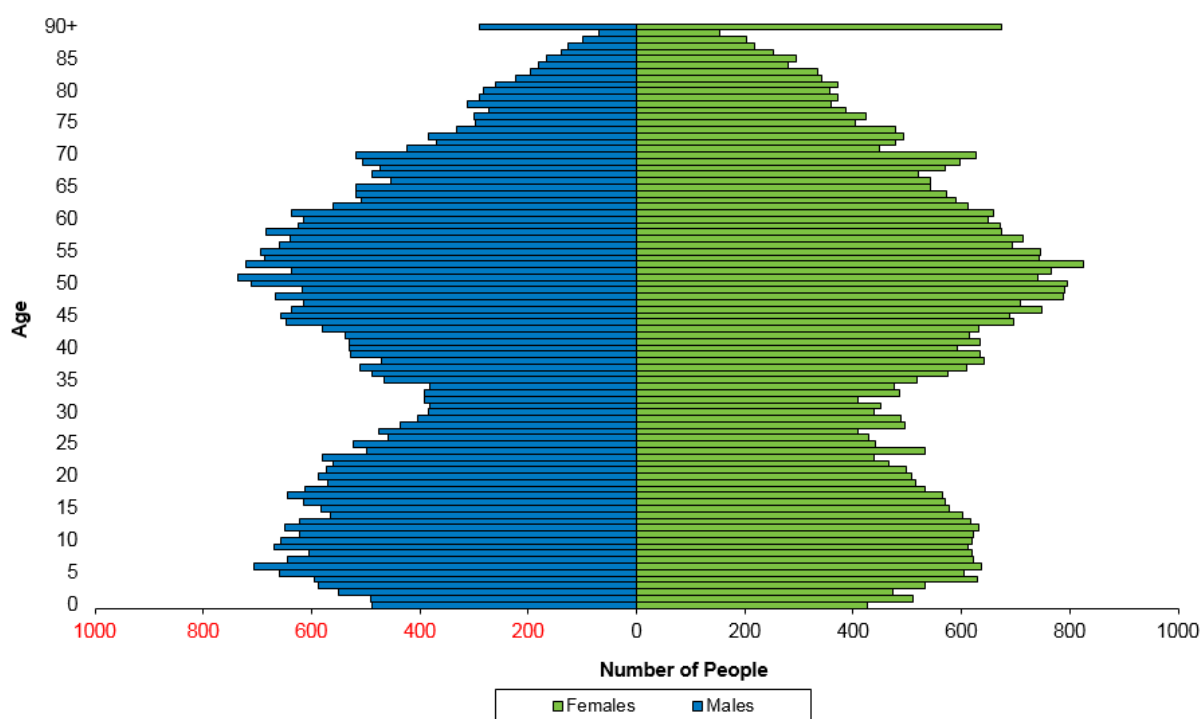
2019/20 £000	SERVICES PROVIDED TO EAST RENFREWSHIRE IJB BY OTHER IJBs WITHIN NHS GREATER GLASGOW AND CLYDE	2020/21 £000
460	Physiotherapy	451
48	Retinal Screening	43
464	Podiatry	352
303	Primary Care Support	285
297	Continence	325
618	Sexual Health	594
906	Mental Health	1,168
868	Oral Health	867
348	Addictions	346
194	Prison Health Care	197
162	Health Care in Police Custody	158
4,211	Psychiatry	4,644
8,879	NET EXPENDITURE ON SERVICES PROVIDED	9,430

Under current arrangements there are no financial transactions between the HSCPs for hosted services, with the tables above showing costs for information and allowing us to understand the total system wide cost of our population use of services; however this arrangement may change in future years.

Our population demographic is one of our main challenges

The population of East Renfrewshire is currently estimated at 94,760. The graph below shows how the population is split by gender and the age split is broadly:

- 20% children and young people aged 0-15.
- 60% working age population (16-64)
- 20% older aged adults (65 and over), with significant numbers in the higher end of that age range



Given the future impact on the population from the increase in older adults the tables below show the projected population figure for older adults from 2016 projected to 2024, as estimated by National Records Scotland, by age range.

The tables show the how the population has changed and / or is expected to change from 2016 (the baseline figure) to 2019 and the projected population for the next 5 years. Finally, the tables give year-to-year population change.

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Aged 65+	18,353	18,667	19,003	19,315	19,671	20,117	20,522	20,929	21,375
<i>Change from 2016 population</i>	-	1.7%	3.5%	5.2%	7.2%	9.6%	11.8%	14.0%	16.5%
<i>Change from 2019 projection</i>	-	-	-	-	1.8%	4.2%	6.2%	8.4%	10.7%
<i>Annual change</i>	-	1.7%	1.8%	1.6%	1.8%	2.3%	2.0%	2.0%	2.1%

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Aged 75+	8,825	8,929	9,151	9,389	9,576	9,746	10,151	10,507	10,787
<i>Change from 2016 population</i>	-	1.2%	3.7%	6.4%	8.5%	10.4%	15.0%	19.1%	22.2%
<i>Change from 2019 projection</i>	-	-	-	-	2.0%	3.8%	8.1%	11.9%	14.9%
<i>Annual change</i>	-	1.2%	2.5%	2.6%	2.0%	1.8%	4.2%	3.5%	2.7%

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Aged 85+	2,571	2,692	2,791	2,890	3,004	3,133	3,229	3,328	3,411
<i>Change from 2016 population</i>	-	4.7%	8.6%	12.4%	16.8%	21.9%	25.6%	29.4%	32.7%
<i>Change from 2019 projection</i>	-	-	-	-	3.9%	8.4%	11.7%	15.2%	18.0%
<i>Annual change</i>	-	4.7%	3.7%	3.5%	3.9%	4.3%	3.1%	3.1%	2.5%

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Aged 90+	928	972	1,011	1,069	1,126	1,187	1,259	1,316	1,380
<i>Change from 2016 population</i>	-	4.7%	8.9%	15.2%	21.3%	27.9%	35.7%	41.8%	48.7%
<i>Change from 2019 projection</i>	-	-	-	-	5.3%	11.0%	17.8%	23.1%	29.1%
<i>Annual change</i>	-	4.7%	4.0%	5.7%	5.3%	5.4%	6.1%	4.5%	4.9%

Source: National Records of Scotland (NRS)

The key points are:

- The population aged 65+ will grow at an average of 2% per annum over the period to 2024.
- Between 2019 and 2024 the 65+ population is projected to increase by 11%.
- The population aged 75+ was projected to grow at an average of 2% between 2016 and 2019 but this rate increases to 2.8% between 2019 and 2024 and this spikes in 2022 and 2023.
- Between 2019 and 2024 the 75+ population is projected to increase by 15%.
- The population aged 85+ has been and is projected to continue growing at an average of 3.6% per annum over the period to 2024. Significant annual growth at around 4% is projected for 2020 and 2021.
- Between 2019 and 2024 the 85+ population is projected to increase by 18%.
- The population aged 90+ will grow at an average of 5% per annum over the period to 2024.
- Between 2019 and 2024 the 90+ population is projected to increase by 29%.

Not all older adults will require health and social care but it is a reasonable assumption that many will. We know that people over 80 are the greatest users of

hospital and community health services and social care. East Renfrewshire is attracting people of this age because more retirement and care homes are choosing to open in our area.

The tables above focus on the older age ranges however East Renfrewshire's total population is increasing and in particular both the youngest and oldest in age. These are the groups which are the greatest users of universal health care services.

People with complex health conditions and profound and multiple disabilities are living longer and require intensive health and social care support.

The total population of East Renfrewshire is projected to be 110,044 by 2041 which is an increase of 17.3% compared to 2016. For context and comparison the population of Scotland is projected to increase by only 5.3%. Over this 25 year period, the age group that is projected to increase the most in size in East Renfrewshire is the 85+ age group.

The growth in the population over the next 25 years for children, those of working age and older people is summarised:

Age group	2016 population (base year for projections)	Predicted 2041 Population	Population growth (%)
0-15 years	18,662	21,991	17.8%
Working age (16-64)	56,795	61,598	8.5%
65+ years	18,353	26,455	44.1%
Total population	93,810	110,044	17.3%

Source: NRS 2016-Based Population projections, published March 2018

This growth in population will mean an increase in demand for all health and social care services however the significant growth in the 65+ population reflects the expected increase in those aged 85 and over.

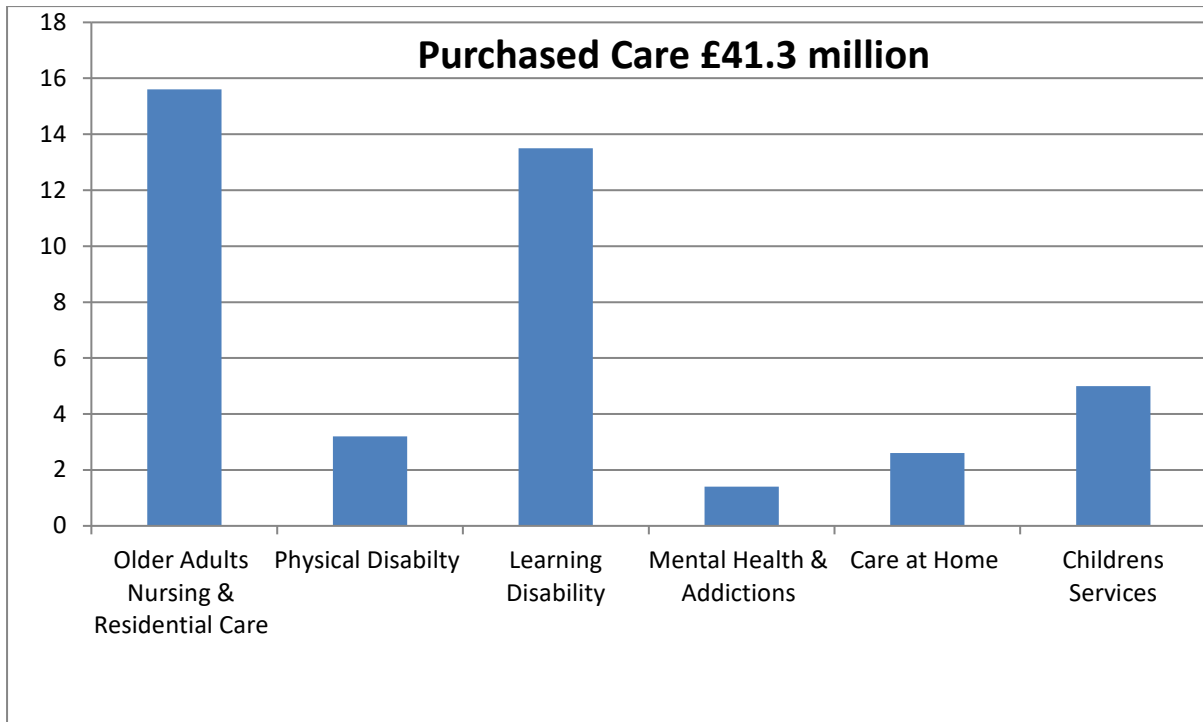
This has an impact on our services because the number of people aged 85 and over is expected to grow at a faster rate than the rest of the population. As a result we can expect the number of people with a need for care at home or residential and nursing care to steadily increase year on year.

Similarly this increase will also manifest in an increase in demand for community based healthcare, equipment and adaptations, increased demand for GP services and an increase in prescribing costs.

We do not know what the longer term implications are on our population as we emerge from the pandemic and what this will translate to in the associated demand for services.

Our Current Purchased Care Costs

The care that we purchase from a range of providers currently costs around £41.3 million for a year, with £40.7 million social care and £0.8 million healthcare, this is funded in part by individual contribution and resource transfer. The chart below shows how this relates to care groups:



3. National Context

The IJB operates in a complex environment with requirements to ensure statutory obligations, legislative and policy requirements, performance targets and governance and reporting criteria are met whilst ensuring the operational oversight of the delivery of health and care services.

UK and Scottish Government legislation and policies and how they are funded can have implications on the IJB and how and where we use our funding over time.

The most significant challenges for 2021/22 and beyond are the challenges of response to and recovery from Covid-19 and the potential challenges and opportunities that may arise from the independent review of adult social care.

Covid-19

2020-21 has seen the HSCP face the unprecedented challenge of the Covid-19 pandemic. During the crisis, staff across the HSCP have responded with incredible resilience, commitment and creativity. Within a very short space of time teams have established and adapted to new ways of working and have continued to maintain and deliver safe and effective services to our residents. Our strong local partnerships have responded with great innovation and greater collaborative working with and in support of our local communities. During the pandemic we established and ran a local Community Assessment Centre for people with respiratory problems. We successfully distributed high volumes of essential PPE supplies and have delivered an enhanced flu vaccination programme and Covid-19 vaccination programme. We have developed and coordinated many services and supports to care homes, who have been caring for some of our most vulnerable residents.

To support the wider wellbeing needs of our residents we worked in partnership to support the development of the Community Hub which has supported residents to access information and signposted to local community supports as well as establishing new shopping and prescription delivery service. It also responded to the growing need for social contact by those who were reporting feeling isolated, especially those who were shielding. With our colleagues in education we set up the Healthier Minds service to respond to the mental wellbeing of our children and young people.

Our Covid-19 response activity has happened in addition to our planned operational priorities. Much of the performance data for 2020-21 reflects the direct impact of the pandemic on operational activity and changed behaviours among the population during lockdowns and the pandemic period more generally.

The data shows that despite the significant challenges of the Covid-19 pandemic we have continued to support our most vulnerable residents and have performed well against many of our outcome-focused performance indicators. We have seen some

service areas more directly impacted by restrictions and areas where patterns of demand have shifted significantly during the reporting period. Through our recovery and renewal planning and the development of our next strategic plan we will ensure that our priorities and approaches meet the changing needs of our population.

The recovery and improvement actions that we are taking forward as we move beyond the pandemic relate to the following areas:

- Redesign of service delivery building on lessons from the pandemic e.g. Care at Home, Learning Disability, Day opportunities
- Review and development of our customer journey with those who use our services
- Development and maximisation of digital opportunities for connectivity and service delivery (e.g. Attend Anywhere)
- Ongoing development of our adult vaccination programmes
- Review of access arrangements for our premises – service users and staff
- Delivery of a Workforce Wellbeing Action Plan and support for staff wellbeing across the partnership
- Development of our workforce planning arrangements
- Redesign of our administrative and business support functions
- Establish arrangements to meet the priorities set out in the National Review of Adult Social Care

Care Providers: The longer term impact on the sustainability of the care provider market following Covid-19 is unknown and we continue to work closely with all our partners to work through issues, support where we can and look to develop the best way of working building on our collaborative and ethical commissioning approach as we move forward. This will build on our work to date, including the move to national contractual frameworks along with the implications from the independent review of adult social care; this may impact on how we commission services.

Independent Review of Adult Social Care

On 1 September 2020 the First Minister announced that there would be an Independent Review of Adult Social Care in Scotland. The Review was chaired by Derek Feeley, a former Scottish Government Director General for Health and Social Care and Chief Executive of NHS Scotland. The principal aim of the review was to recommend improvements to adult social care in Scotland, primarily in terms of the outcomes achieved by and with people who use services, their carers and families; and the experience of people who work in adult social care. The independent review published its report on 3rd February 2021.

The report suggests a bold vision for adult social care support in Scotland building on the opportunity for meaningful change as we move beyond the Covid-19 pandemic.

Everyone in Scotland will get the social care support they need to live their lives as they choose and to be active citizens. We will all work together to promote and ensure human rights, wellbeing, independent living and equity.

It calls for new thinking and a new positive narrative around the role of social care support, recognising its ‘foundational’ importance in society and moving towards a human rights based approach.

<i>Old Thinking</i>	<i>New Thinking</i>
<i>Social care support is a burden on society</i>	<i>Social care support is an investment</i>
<i>Managing need</i>	<i>Enabling rights and capabilities</i>
<i>Available in a crisis</i>	<i>Preventative and anticipatory</i>
<i>Competition and markets</i>	<i>Collaboration</i>
<i>Transactions</i>	<i>Relationships</i>
<i>A place for services (e.g. a care home)</i>	<i>A vehicle for supporting independent living</i>
<i>Variable</i>	<i>Consistent and fair</i>

It also argues that we must strengthen the foundations of the social care system. This means: fully implementing positive approaches such as self-directed support and the integration of health and social care; as well as nurturing and strengthening our workforce and supporting unpaid carers.

The independent review calls for some structural changes such as the establishment of a National Care Service (NCS) with accountability for social care support moving from local government to Scottish Ministers. The proposed NCS would oversee improvements in the consistency, quality and equity of care and support. The report also suggests a reformed role for Integration Joint Boards in implementing the social care vision outcome measures, and delivering planning, commissioning/procurement, managing local GP contracts, as well as local planning and engagement.

The report makes 53 wide-ranging recommendations in relation to the following priorities:

- Mainstreaming and embedding a human rights approach;
- Ensuring better, more consistent support for unpaid carers;
- Establishing a National Care Service (NCS) for Scotland;
- Establishing a new approach to improving outcomes through a National Improvement Programme for social care;
- Developing models of care;
- Commissioning for the public good through collaborative commissioning and a greater focus on people’s needs;
- Developing fair work arrangements with national oversight;
- Improving investment with a focus on prevention rather than crisis response.

The report suggested that additional investment estimated at c£0.66 billion per annum was required to support the recommendations and that future funding for social care needed to be as a minimum sufficient to meet the increased needs due to

demographic change. This would require a 3.5% real terms increase in funding each year.

It is expected that the findings from the review will have significant impacts for the delivery of social care and wider supports moving forward.

In addition to these major areas of challenge we also need to consider other factors including:

Brexit; the withdrawal from the European Union (Brexit) has not manifested any specific issues to date, however we are monitoring potential issues such workforce status and staffing gaps, shortage in supply of drugs, healthcare and other consumables and associated cost and sustainability implications to the labour market, care providers and suppliers of other goods and services.

Carers Act (Scotland) 2016 was effective from April 2018 and is intended to support carers' health and wellbeing and allows carers an assessment of need in their own right. Funding has been provided to meet additional costs and to date this remains working well.

Primary Care Improvement Plan funding to support the GP contract and develop sustainable services going forward. Our plans include both local and system wide work. We have reached the final year of the initial four year programme and forward planning is ongoing. The demand for services and population increases will directly impact on demand for GP services and this will inform investment of reserve funding.

Mental Health Action 15 funding is intended to allow improvement to how a wide range of mental health services are delivered and increase the number of workers in this field by 800 nationally at the end of the programme. Our plans include both local and service Greater Glasgow and Clyde system wide work and the demand for Mental Health Services is expected to increase significantly as we recover from the pandemic.

National policy decisions such as Fair Work Practices including the Scottish Living Wage impact on the costs of the services we provide and purchase. Similarly any ongoing services we are required to provide in response to the pandemic will have local impact.

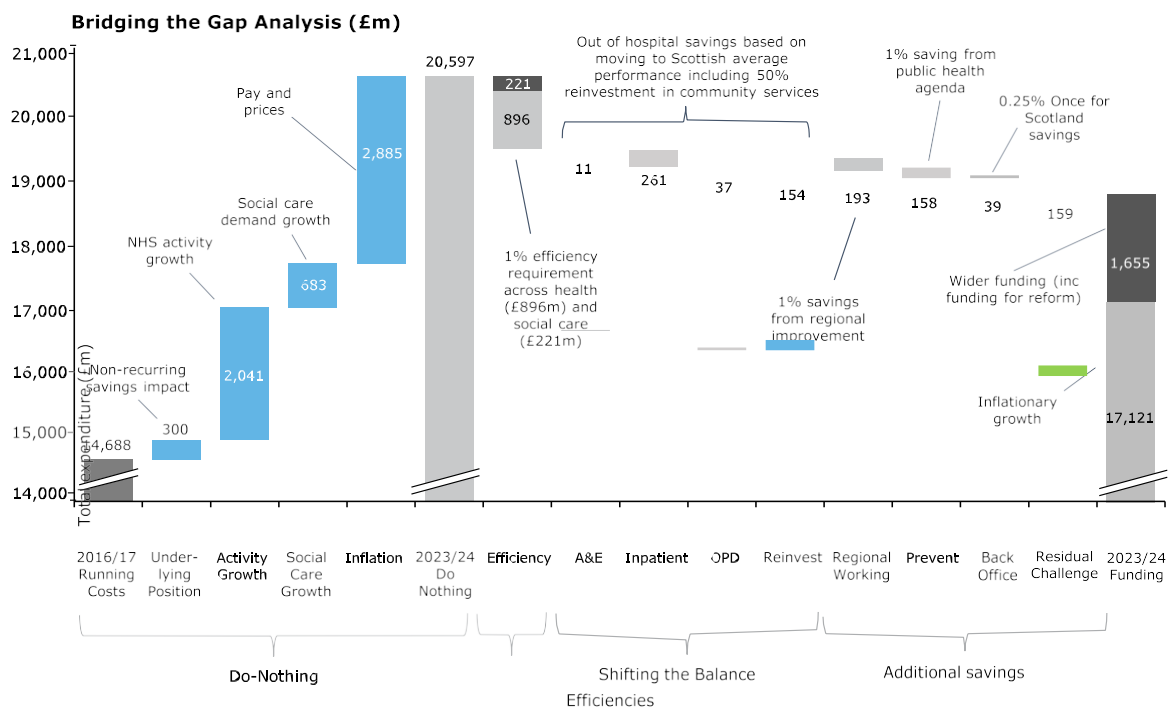
The Scottish Government Medium Term Health and Social Care Financial Framework was published in October 2018 with the key messages:

- The framework uses 2016/17 as the baseline and covers the period to 2023/24 based on Barnett resource consequential and shows that if nothing changed a funding gap of £5.9 billion would exist if we continue as is.
- The drivers for growth are recognised as price including pay and inflation, activity demand and growth and demographic impacts. The combined impact on each partner area is estimated at an annual growth rate of:
 - Health services 3.5%
 - Social care 4% which is slightly higher recognising the impact that the very elderly have on demographic pressures

- The framework sets out a number of approaches and initiatives to address this challenge through investment, reform and efficiency. These include shifting the balance of care, regional working, public health and protection, once for Scotland and a continued efficiency agenda.
- When all assumptions are taken into account the residual challenge for the period is estimated at £159 million (taken from Figure 8 on page 16). The residual challenge is clearly dependant on delivery of the initiatives as above.
- The framework will be revised to reflect progress and future iterations will include assessment of local and regional delivery plans.

The extract below from the plan summarises the strategy:

FIGURE 8. SYSTEM REFORM BRIDGING ANALYSIS



The Scottish Government confirmed its budget on 9 March 2021. The Scottish Government Budget settlement is for one year only and it is expected that from 2022/23 there will be a return to multi-year budget settlements. The specific information relating to the IJB included:

- An uplift of 1.5% to NHS baseline funding which our partner NHSGGC passed through.
- Additional funding of £869 million to support the ongoing response to the pandemic.
- £595.5 million investment to improving outcomes in 2021/22 including Primary Care Improvement; waiting times; CAMHS, trauma and tackling drugs deaths.
- The transfer of £72.6 million from the Health portfolio to Local Authority to support:

	National £m	Local £m
Living Wage uplift £9.30 to £9.50	34.0	0.566
Uprating of free personal and nursing care by 7.5%	10.1	0.354
Implementation of the Carers Act	28.5	0.474
Total	72.6	1.394

Audit Scotland regularly provide reports in relation to health and social care integration with one of the most recent being “Local Government in Scotland Financial Overview 2019/20” published in January 2021. The main points relating to the IJB and our local position are:

The report shows that 22 IJBs struggled to break even in 2019/20 and our IJB is one of the 16 who reported a deficit. The IJB ended the year with a modest deficit of £0.065m however this was after utilising £0.519m reserves to meet unachieved savings. The total savings challenge in 2019/20 was £3.686m (£3.097m within social care and £0.585m within health).

In line with the national position our IJB reserves balance decreased at the end of 2019/20 by £0.611m as a result of £1.643m planned use, including phasing in of savings, supporting the Bonnyton House decant and care at home. We also added £1.032m from a combination of Scottish Government ring-fenced funds as well as earmarked reserves for specific initiatives such as school counselling, health visitors and augmentative and alternative communication.

The IJB set its budget for 2020/21 on 18 March 2020 at the beginning of the pandemic and the unachieved savings from 2020/21 was addressed within the budget with a savings target in 2020/21 of £2.522m (£2.394m social care and £0.128m health). At that stage the implications from the Covid-19 pandemic were unclear and as the year progressed the costs to East Renfrewshire IJB are c£9m and will be fully funded and the main costs are summarised; additional services £2.7m, infrastructure and PPE £0.4m, social care sustainability £3.5m and unachieved savings of £2.4m.

The report states that overall funding to IJBs in 2019/20 increased by 6% and that most of the increase in the health board contributions to the IJB. This is reflected in the IJB accounts for 2019/20 where the health revenue funding increased by £4.2m or 6%, the council funding increased £0.97m or 2%. The funding for large hospital services was restated during 2019/20 to £31.2m for actual activity from the previous notional funding of £16.6m.

The IJB set its budget for 2021/22 on 17 March 2021 taking into account the many unknowns we are still facing as part of the pandemic response, the post Covid-19 landscape and understanding the implications to our population's health, the demand for services and how this informs our recovery. This will be an iterative process throughout 2021/22 and will support and inform our transformation and strategic plans as the year progresses. We will revise our medium term financial planning and there will be more of a focus on the short to medium term.

The Chief Officer and Chief Financial Officer remain unchanged since the IJB was established and this puts us in a stronger leadership and governance position than some other IJBs as outlined in the report.

Significant work was undertaken pre the pandemic to review our Integration Scheme in line with the legislative requirement for a five year review. Like others this was paused due to Covid-19 and this work will recommence in 2021/22.

The Ministerial Strategic Group for Health and Community Care Review of Progress with Integration of Health and Social Care' was published in February 2019 by the Scottish Government.

The proposals contained in the report are based around six features of integration highlighted in the Audit Scotland report Health and Social Care Integration, which are:

- Collaborative Leadership and Building Relationships;
- Integrated Finances and Financial Planning;
- Effective Strategic Planning for Improvement;
- Agreed Governance and Accountability arrangements;
- Ability and willingness to share information; and
- Meaningful and sustained engagement.

These proposals are aimed at improving integration and meeting the Scottish Government's original vision for IJBs. This will require considerable changes to systems, processes and operational methodologies to allow these to be met.

Work remains ongoing to adopt a mechanism to implement the intentions for the set aside budget for large hospital services, a delegated planning responsibility to the IJB. The Unscheduled Care Commissioning Plan and associated financial framework is expected to be brought to the IJB during 2021/22.

The local actions relating to this report are incorporated into our strategic action plan.

4. Medium Term Financial Outlook

The IJB receives its funding from our two partners East Renfrewshire Council and NHS Greater Glasgow and Clyde. We recognise that these contributions are determined in the context of our partner funding settlements and any associated criteria and constraints. The IJB is engaged with partners in their respective budget setting processes.

The funding pressures over the next 5 years relate to demand for services; either from legislative changes or changes in population, inflationary increases and any changes in regulation or legislation. Prescribing is a particularly volatile area as in addition to cost and demand changes this can also be impacted by short supply of drugs, new drugs to the market, existing drugs coming off patent and other price mechanism changes. We do not know the ongoing implications that Covid-19 will have on our population.

The estimated pressures for the 5 years are:

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Pay – assumed at 3% pa	1,270	1,310	1,350	1,390	1,430
Inflation – assume 3% pa	1,200	1,230	1,270	1,310	1,350
Prescribing – assumed 4% pa	470	480	500	510	530
Demographic and Demand changes - assume 4% pa	1,230	1,270	1,300	1,340	1,380
In Year Specific Savings					
Investment to deliver new models of care					
Annual efficiency target					
Increased funding to offset pressures					
Total	4,170	4,290	4,420	4,550	4,690

For those areas not yet quantified information and implications will be updated as issues emerge and become clearer. The resulting funding gap will be determined by the difference between pressures and the funding settlement agreed with our partners.

There are a number of areas where caseload or staffing ratio to number of patients will determine changes to the workforce. For example there are staffing models that determine how many District Nurses or Health Visitors are required for the population size, so where we have an increasing population we need to work with partners, and for examples such as these particularly with NHSGGC, to assess the impact on the workforce and how this is to be funded.

We have a one year workforce plan in place and a three year plan is being developed and will help inform these discussions and associated cost implications.

The other assumptions include above are:

The pay increases for 2021/22 are not yet finalised and are likely to vary across our partner organisations and a working assumption is 4% in part recognising the immense work by the health and care sector during the pandemic. Our previous plan had an assumption included at 3% per annum and this has been continued for future years as a more likely ongoing rate.

Inflation is assumed at the same rate as pay as a working assumption; given that much of the contractual inflation will be linked to living wage and other fair work practices.

Demographic and Demand is based on 4% per annum reflecting the Scottish government assumption for social care. This is in line with the funding requirement estimated at 3.5% real growth needed in the independent review of adult social care as well as local assumptions on population growth.

Prescribing is shown at 4% in line with population increases. This area is so volatile it is difficult to accurately predict and the post Covid-19 impact could be significant.

The estimated pressures are based on the 2021/22 baseline and do not reflect any impact of service redesign or future changes; these will be refined and revised as our change programme progresses. In this model grant funded activity is treated as ring fenced and does not impact on the pressures set out above; the assumption being costs will be fully funded.

5. Our Response

Since the IJB was established in 2015 we have prepared for the expected financial challenge of the last few years and have a reserves policy and agreed strategy that allowed us time to deliver our significant restructuring programme “Fit for the Future”. We continue with this strategy to phase in savings to minimise the impact on frontline services however the scale of the challenge in 2021/22 means we may fully deplete this reserve.

For 2021/22 the cost pressures identified in our budget are of £9.3 million is offset by available funding of £4.9 million leaving a funding gap of £4.4 million; savings of £0.5 million are in place with the remaining £3.9 million to be delivered in year.

The reserves balance currently projected at 31 March 2021 is £10.485 million (subject to the final audited accounts for 2020/21). Our reserves can be summarised into the following categories:

	Projected balance at 31/3/21 £'000
Scottish Government ring-fenced initiatives; fully committed and unable to apply to general use.	4,566
Bridging Finance to support the phased implementation of savings and allow for any in year pressures and flux in activity	2,535
Earmarked funding for projects and initiatives	2,458
Transitional Funding to support the bed model redesign within Learning Disability In-Patients	654
General reserves	272
Total	10,485

Within the bridging finance reserves of £1.860 million is specifically to support a phased approach to savings and it is likely we will utilise this in the delivery of our £3.9 million savings in 2020/21 depending on the timing of implementation and any in year support for capacity constraints.

Whilst it is appropriate that we set ourselves future efficiency savings targets it will not be possible to meet the scale of cost pressures we are facing without significant impact to the level of service we deliver. The backstop to balancing future budgets was previously to take a backwards step and look at implementing criteria based assessment so only those with the highest level of need would receive support; this now is in a potential conflict with the recommendations included in the independent review of adult social care. However it should also be recognised that this may lead to opportunities for the IJB; in particular any increased funding to support policy decisions.

On the basis of the pressures being in the region of £4.2 million to £4.7 million per year the good / average / poor implication could be:

- Good – fully funded plus some flexibility for investment
- Average – fully funded pressures; acceptance of a realistic efficiency target
- Poor – anything below average

For a budget falling into the range of average we may still struggle to deliver efficiency savings and may need to look at cessation of some service areas.

For a budget falling into the poor range it is possible the IJB will be unable to set a balanced budget and may need to consider financial recovery planning.

The Recovery and Renewal programme will allow us to explore opportunities for new ways of working as we emerge from the pandemic however this may not achieve the full savings required to balance 2021/22.

This strategy will update to reflect significant changes and policy decisions as they are identified.

6. Risk and Sensitivity

This medium term plan sets out modelled future implications and that in itself is a risk, underestimated costs pressures mean we may plan to save more than we need to and vice versa – both scenarios will impact on the funding available to deliver services. There is a judgement and balance needed when estimating and planning for future savings.

The table below shows the impact of a 1% change to each of assumptions used to identify cost pressures;

Impact of 1% change	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Pay	423	437	450	463	477
Inflation	400	410	423	437	450
Prescribing	118	120	125	128	133
Demographic and Demand	308	318	325	335	345

A change of 1% to the 2021/22 contribution from each partner would equate to:

- ERC Contribution £0.537 million
- NHSGGC Contribution £0.735 million
- NHSGGC Set Aside £0.326 million
- Housing Aids & Adaptations £0.004 million

In addition to the funding assumptions and sensitivity impacts there are a number of other risks that need to be considered, including:

Financial sustainability and the conflict between delivering savings and efficiencies to the preventative agenda and increasing demand for services. The success of our Recovery and Renewal programme will be impacted by our ability to adequately resource the programme.

The impacts of legislative, political or policy changes, with examples included in the national context and in particular any development of a national care service.

The implication for the set aside budget moving from an allocation to the unscheduled care commissioning framework will have a “real cash” impact.

Similarly any move to cross charging or commissioning arrangements for hosted services will impact on budgets. This could bring both “risk and reward” determined by planned versus actual consumption of services.

The Learning Disability In-Patient Service can incur significant cost pressures dependant on the complexities of the individuals within the service at any time and we are managing this through use of a reserve; although this funding is diminishing. The

Community Change Fund work over the next three years may impact on how this service operates.

Prescribing has always been volatile due to the numerous factors involved and there is a real risk of significant increases post Covid-19. We do have a reserve to help us manage changes in cost and volume. The post Covid-19 impact on prescribing in the medium to long term is unclear. During 2020/21 the volume of items prescribed reduced by 4.8% over the year as a result of the pandemic; the post Covid-19 implication is not yet clear in terms of complexity of need, population demand and mental health impacts.