

East Renfrewshire Integration Joint Board

Medium Term Financial Plan 2023/24 to 2027/28

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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 and Social Care Partnership, as directed by the IJB.

The annual revenue budget for 2023/24 is £177.9 million and this will be spent delivering a range of health and social care services to the residents of East Renfrewshire. The budget savings required in 2023/24 and the forward looking cost pressures we are facing result in a very challenging and difficult period ahead. In the main this reflects the national economic position and pressures, however our size and scale, combined with the historic level of savings we have achieved have meant some difficult decisions on how we will deliver services.

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.

Our long standing history of integration means we are well placed to understand the impacts and implications on the services we provide as we work our way through recovery from the Covid-19 pandemic as well as any changes that may come from the creation of a national care service and any other policy changes in the coming years.

The demography of East Renfrewshire continues to be 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 and our Strategic Plan sets out or strategic priorities for 2022 to 2025:

- Working together with children, young people and their families to improve mental and emotional wellbeing;
- Working together with people to maintain their independence at home and in their local community;
- Working together to support mental health and wellbeing;
- Working together to meet people's healthcare needs by providing support in the right way, by the right person at the right time;
- Working together with people who care for someone ensuring they are able to exercise choice and control in relation to their caring activities;
- Working together with our community planning partners on new community justice pathways that support people to stop offending and rebuild lives;

- Working together with individuals and communities to tackle health inequalities and improve life chances;
- Working together with staff across the partnership to support resilience and wellbeing; and,
- Protecting people from harm.

A summary of the strategic plan; a plan on a page:

Working Together for East Renfrewshire - Our plan on a page

The context for our Strategic Plan includes...								
East Renfrewshire's population, demographics and patterns of needs		Our recovery from the Covid-19 pandemic		The Independent Review of Adult Social Care and National Care Service		National Health and Wellbeing Outcomes		
						National legislation, policies and strategies		
						Local plans, strategies and improvement/change programmes		
Our vision is...					Our touchstones are...			
Working together with the people of East Renfrewshire to improve lives					<ul style="list-style-type: none"> • Valuing what matters to people • Building capacity with individuals and communities • Focusing on outcomes, not services 			
Our strategic priorities are... Working together...								
...with children, young people and their families to improve mental and emotional wellbeing	...with people to maintain their independence at home and in their local community	...to support mental health and wellbeing	...to meet people's healthcare needs by providing support in the right way, by the right person at the right time	...with people who care for someone ensuring they are able to exercise choice and control	...on effective community justice pathways that support people to stop offending and rebuild lives	...with individuals and communities to tackle health inequalities and improve life chances	...with staff across the partnership to support resilience and wellbeing	
and... Protecting people from harm								
Our strategic enablers are...								
Workforce and organisational development	Medium-term Financial and Strategic Planning	Collaborative, ethical commissioning	Communication and Engagement	Data and intelligence	Digital technology and Infrastructure			
We will deliver this strategy through supporting plans and programmes, including...								
HSCP Delivery and Improvement Plans	Commissioning and Market-shaping Plan	Medium-term Financial Plan	ER HSCP Workforce Plan	NHS Greater Glasgow and Clyde and ERC Improvement Plans	East Renfrewshire Children and Young People's Services Plan	East Renfrewshire Carers Strategy	Public Protection Improvement Plans	ER HSCP Participation & Engagement Strategy

This medium term financial plan will compliment and assist in the strategic planning process and will allow the IJB to take informed decisions when planning for the future with a focus on financial sustainability in the medium term.

The IJB needs to be financially sustainable to allow us to continue to plan for and deliver services in an incredibly difficult financial and challenging operational climate, whilst maintaining some flexibility to allow us to adapt, ideally invest, albeit it very modestly where needed to redesign and to change models of service delivery as required moving forward. We may need to further retract services depending on the funding available to us in future years.

We still do not understand the ongoing and longer term impact the Covid-19 pandemic has had on our population and on the health and social care workforce; recruitment and retention is a significant challenge to how we deliver services, including those we purchase from care providers. Our Strategic Commissioning Plan (current version in consultation) set out how we will collaborate with our stakeholders and work together to create opportunities to shape the local health and social care environment to ensure that together we can progress the aims of the HSCP Strategic

Plan 2022-2025 and be responsive to the changing needs and aspirations of the people of East Renfrewshire.

The funding gap in 2023/24 is £7.06 million and presents a very significant challenge particularly when taking into account the continued recovery from Covid-19, pay, inflation and capacity challenges. The funding gap results from:

	ERC £m	NHS £m	TOTAL £m
1. Cost Pressures:			
Pay Award	1.45	0.40	1.85
Inflation, Contracts and Living Wage	2.64	0.41	3.05
Demographic and Demand	2.23	0.10	2.33
Capacity	0.22	0.10	0.32
Prescribing	-	0.35	0.35
2022/23 Legacy Savings	2.44	-	2.44
Total Pressures	8.98	1.36	10.34
2. Funding available towards cost pressures	2.25	1.03	3.28
3. Unfunded Cost Pressures	6.73	0.33	7.06

The budget agreed by the IJB on 29 March 2023 sets out the detail behind each of the cost pressures and it is important to note that these include contractual and policy requirements that must be met.

The prescribing cost pressure has been limited to the level of funding uplift provided as part of the Scottish government budget settlement, although it needs to be recognised that there still remains significant volatility in both cost and demand.

The legacy savings brought forward from 2022/23 relate to the pre-pandemic budget the IJB agreed for 2020/21, set on the cusp of the first wave of the pandemic. At that time we were clear that we would need to move to prioritisation of care, with focus on those with the greatest level of need, recognising this would have significant impact on care packages as we had exhausted all other options. For context from 2016/17 to 2019/20 (the last year pre pandemic) the HSCP savings we needed to make in social care were £8.4 million.

We subsequently received full support for unachieved savings in 2020/21 and 2021/22 from the Scottish Government as part of the Covid-19 support funding, recognising we did not have operational capacity to work on savings delivery.

The use of reserves to allow time to feed in these legacy savings was part of our reserves strategy pre pandemic and we have met the majority of this saving in 2022/23 from reserves as the Covid-19 funding to support unachieved savings ceased in March 2022.

We now need to look again at prioritisation of care to help meet the cumulative impact of both legacy and new cost pressures in 2023/24, hence the introduction of a Supporting People Framework as part of our approach to achieve required savings:

	ERC £m	NHS £m	TOTAL £m
Summary of Savings to Close Funding Gap:			
Service Savings including structure proposals	2.85	0.33	3.18
Additional pay award funding post budget	0.26	-	0.26
Limit use of support services to contain cost pressures	0.22	-	0.22
Supporting People Framework	3.40	-	3.40
Total of Identified Savings	6.73	0.33	7.06

Whilst the scale of this challenge is significant to East Renfrewshire, particularly as one of the smaller HSCPs this is not unique; the national position across all public sector services shows a challenging financial outlook.

A report compiled on the position of 29 of 31 IJB's at the beginning of 2023/24 showed a collective financial gap of £305 million which is 3.6% of the respective total budgets; however within individual IJBs this gap ranges from 1% to 9%. For East Renfrewshire HSCP the total gap is 4.7%, which equates to 10% against the East Renfrewshire Council contribution and 0.4% against the NHS Greater Glasgow and Clyde contribution.

The funding pressures include:

- Pay and inflation
- Prescribing
- Demand and Demographics
- Transitions from children to adult services
- Ongoing impact of Covid-19 and PPE costs
- Historic unachieved savings
- Recruitment and retention challenges

During the period of this plan we will implement any recommendations or specific actions arising from the preparation and / or implementation of a national care service as requested by Scottish Government.

Of the £305 million gap the collective savings proposals total £241 million with the balance to come from reserves. It is also important to recognise that our reserves strategy has served us well until now, allowing us to phase in the prior year savings challenges we have faced. We have utilised the majority of useable reserves to support continued service delivery during 2022/23 and will take limited reserves of c£1.6 million to support the phasing in of savings during 2023/24.

There is no doubt that 2023/24 will be a very challenging year, with a difficult medium term outlook. In the event we are unable to deliver the full savings required during the

year through a combination of recurring and non-recurring actions or be in a position where we are unlikely to have full year effect savings in place by 31 March 2024 we may need to invoke the financial recovery process included within our Integration Scheme. The IJB will continue to receive regular progress reports on the Savings, Recovery and Renewal Programme which provides detail on savings delivery, project work and service redesign.

Our partner East Renfrewshire Council has agreed just over £0.75 million non-recurring support for the HSCP to deliver a number of initiatives related to Covid-19 recovery:

- Increasing our Talking points capacity to support the development of more community groups
- Extend the warm spaces and community cafe initiatives in our Health and Care centres
- Additional staffing cover to help meet pressures over the winter months
- Wellbeing and recovery support along with "go bags" to support domestic abuse survivors
- Financial support for foster carers, recognising the cost of living challenges
- Support to extend the staff and our partners wellbeing programme within the HSCP
- Provide additional materials to support community justice work
- Provide additional wellbeing support for vulnerable individuals, particularly those with additional support needs
- Housing and mental health support for our young people
- Funding to work with older children as they transition into adult services
- support work for young people affected by drugs and alcohol

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 and 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 and 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 three services 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
- The Scottish Centre of Technology for the Communication Impaired (SCTCI) service which provides specialist equipment across the board along with a national assessment service.
- The Autism service providing assessment and diagnosis across the health board area.

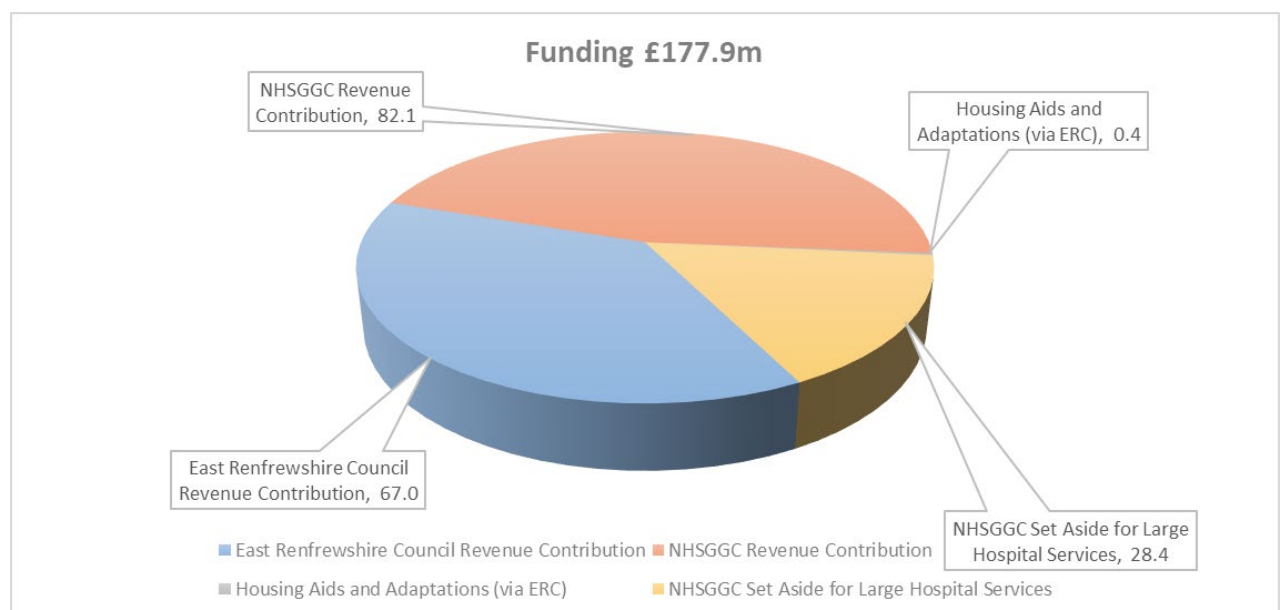
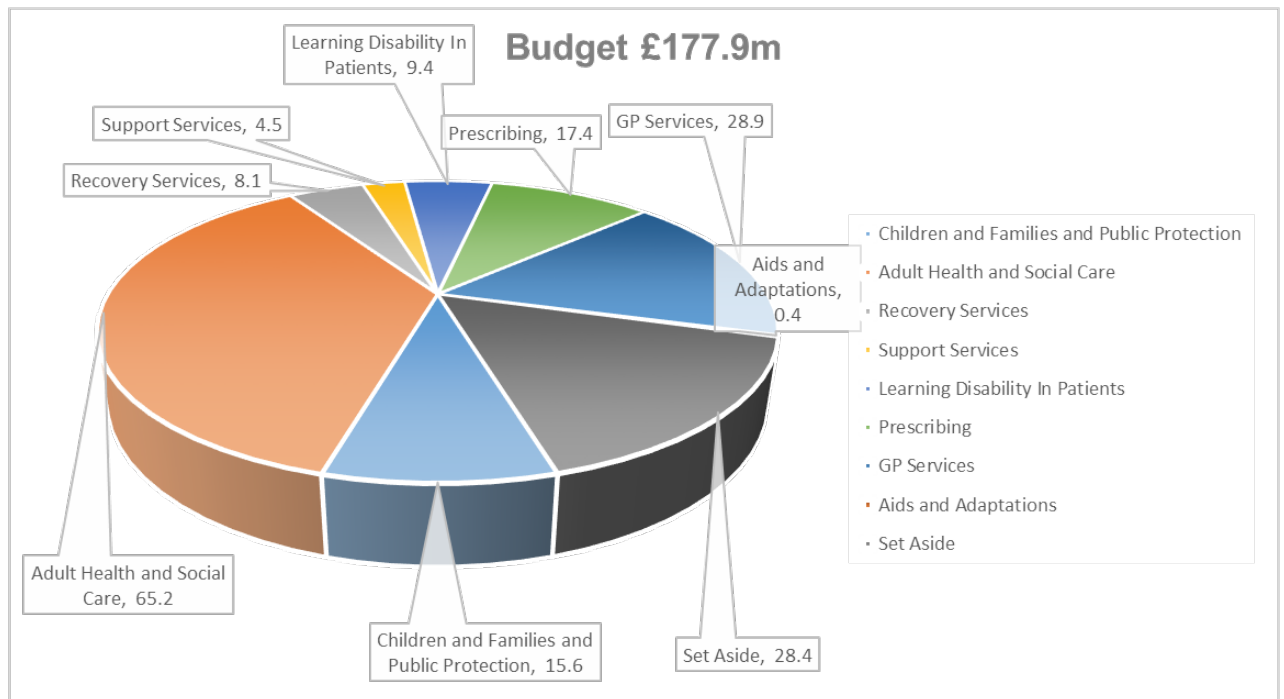
In addition to the 8 GP practices located within our two Health and Care Centres we also have 7 with their own premises. Given the population demographics and impact from factors such as new housing we recognise that the number of practices we will need is likely to increase. We are working closely with 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 and how we use our space in the future will be an integral part of our Saving, Recovery and Renewal Programme.

Our Property Strategy provides more detail on our buildings and how we use them and looks at current developments along with future opportunities and risks.

Our Budget 2023/24

The opening budget for 2023/24 is £177.9 million and this is likely to change during the year for any additional funding or adjustments to our budget.



Our budget broadly falls into two types of spending;

- the revenue budget to deliver health and social care services
- housing aids and adaptations and the budget 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 £149.1 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.

The budget is inclusive of the £7.06 million savings we need to deliver in 2023/24 and of this over £3 million needs to come from our Supporting People Framework which we will use to prioritise care for those with the greatest level of need.

We also receive funding allocations for specific Scottish Government initiatives such as Primary Care Improvement Fund (c£2.4 million), Mental Health Action 15 (c£0.5 million) and Alcohol & Drugs Partnership (c£0.3 million). Where we hold any ring-fenced reserve balances against these funds it is likely we will be required, by the Scottish Government to utilise these balances before applying any in year allocation.

Covid-19 support funding has ceased as at 31 March 2023 so any related costs will need to be met locally, with the exception of £0.002 million to support carers with PPE.

We host the Learning Disability Specialist Services, Adult Autism Service and Augmentative and Alternative Communication Service on behalf of the other 5 HSCPs within the Greater Glasgow and Clyde area, totalling £9.7 million and this cost is met by the HSCP.

Similarly each of the other 5 HSCPs host one or more services on behalf of the other HSCPs. Our use of a range of services is around £9.6 million but the costs are met by the host HSCP under current arrangements.

The respective use of hosted services is shown in each HSCPs annual report and accounts in order to demonstrate the total system wide cost of our populations use of services.

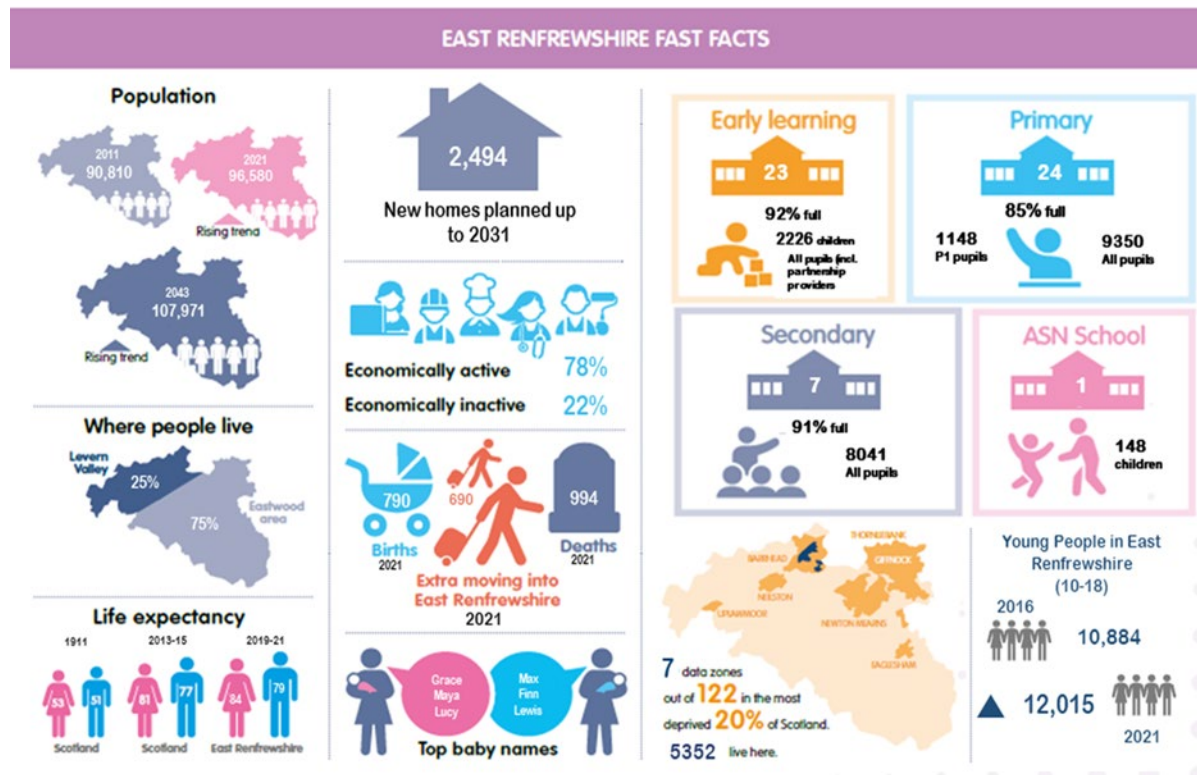
The opening budget for the IJB includes Specialist Childrens Services which will transfer to East Dunbartonshire under a hosted service arrangement. This will not impact on local service location or delivery.

The annual budget for 2023/24 was agreed by the IJB on 29 March 2023 and the detail can be found [here](#).

Our population demographic is one of our main challenges

Demographics and needs assessment

Our Joint Strategic Needs Assessment provides the detailed needs assessment to support the Strategic Plan. A full socio-demographic profile has been developed for East Renfrewshire and covering our two localities (Eastwood and Barrhead) giving information on population, households, deprivation, health profile, life expectancy and use of services.

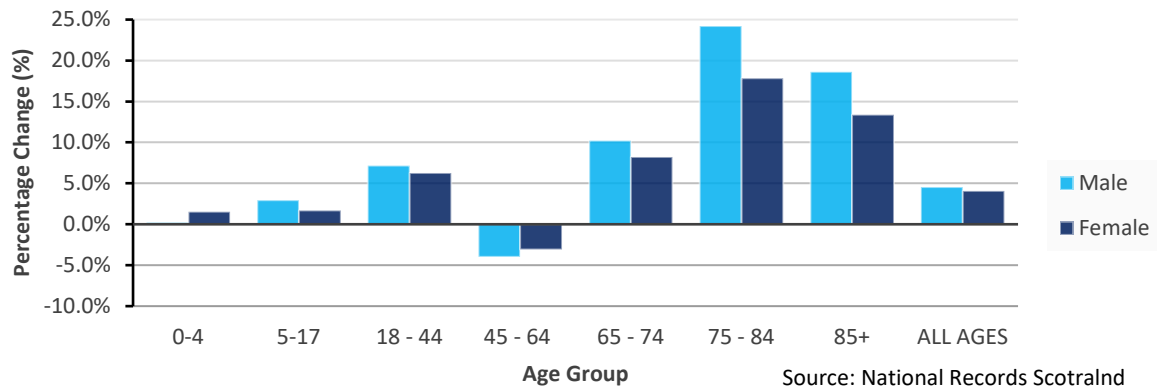


From this detailed analysis we know our population is changing with corresponding increase in the health and care needs of our residents. Overall East Renfrewshire's population is growing with particular growth for our younger and older residents, who make greater use of universal health services.

The table overleaf provides an overview;

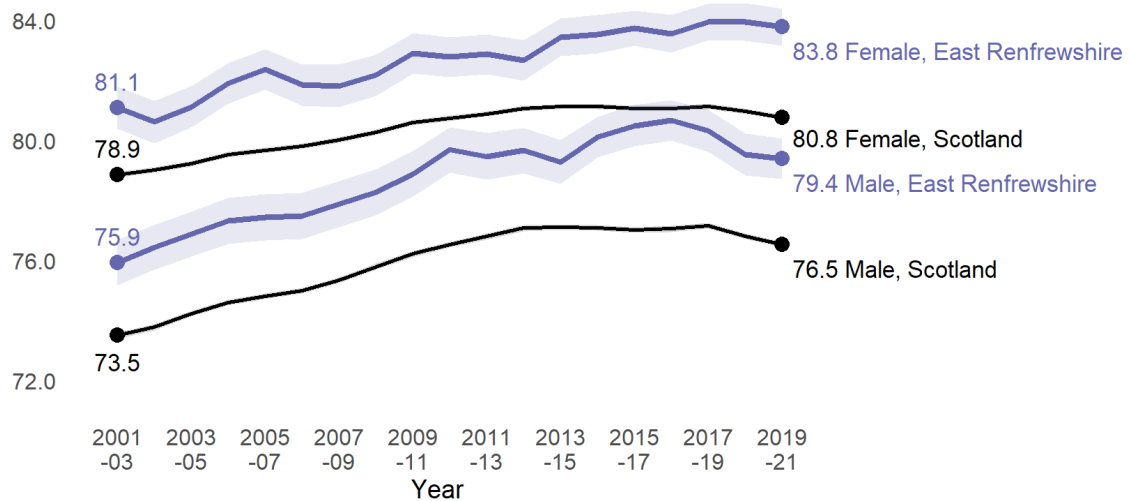
The overall projected rise in population is similar to the increase seen in the five years to 2021, the population aged 75 and over is projected to increase at a rate of 18.8%. The 65+ population is projected to increase from 20.6% of the population in 2021 to 22.5% of the population by 2028.

Projected percentage Change in population from 2021 - 2028 by Age Group and Sex in East Renfrewshire



Life expectancy within East Renfrewshire amongst males has grown at a higher than national rate with the increase in life expectancy rising 3.5 years in the last 20 years. This is shown in the projection of population of males in the coming years.

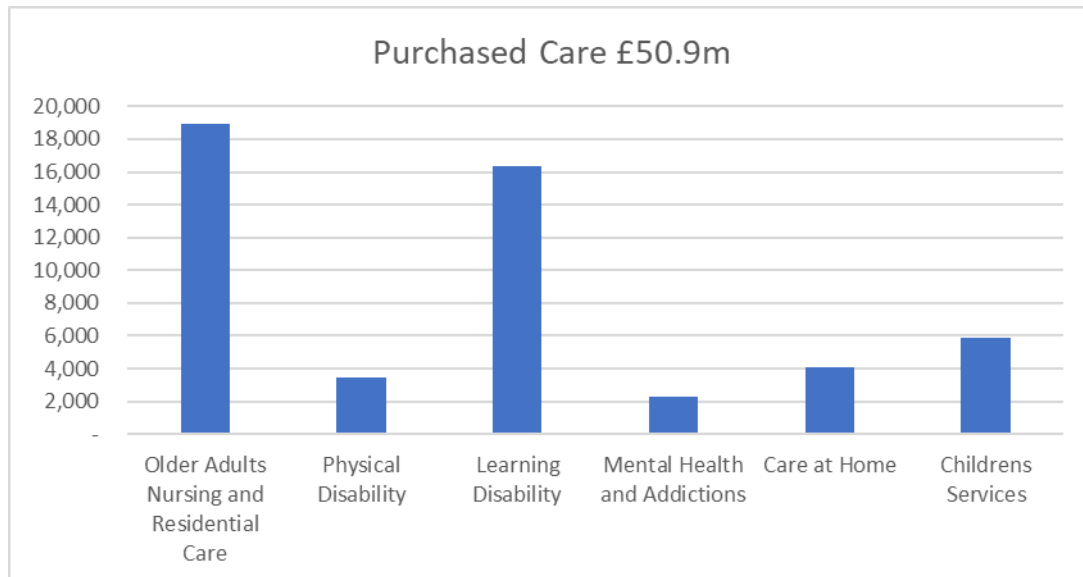
East Renfrewshire
Life expectancy at birth, 2001-03 to 2019-21



In addition there has been significant growth in our most elderly population with a 49% increase in the number of residents aged 75 years and over the last decade. The 85+ population is projected to increase by 15% between 2021 and 2028. People over 80 are the greatest users of hospital and community health and social care services.

Our Current Purchased Care Costs

The care that we purchase from a range of providers currently costs around £50.9 million for a year, with £49.7 million social care and £1.2 million healthcare, this is funded in part by individual contribution and resource transfer. The chart below shows how this relates to care groups:



Our Strategic Commissioning Plan sets out how we will work with our partner care providers over the coming years to continue to develop and deliver services locally.

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 2023/24 and beyond include:

- delivering a difficult range savings to ensure financial sustainability, recognising this is at odds with our historic focus on prevention
- managing the real tension between reduced service capacity as a result of savings and maintaining discharge without delay from hospital
- understanding the longer term impacts of Covid-19 on mental and physical health in the longer term

- recruitment and retention of our workforce, particularly in the current cost of living crisis
- managing prescribing demand and costs in partnership with our GPs
- supporting the physical and mental health and wellbeing of our workforce and our wider population, again further impacted by the current cost of living challenges
- meeting increased demand for universal services without funding for growth, including increased population demand and new care homes opening with the area
- we may also need to prepare for the challenges and opportunities that may arise from a national care service

Covid-19

We are in a period now where we are learning to live with Covid-19, its legacy impact and the continued circulation of the virus in our communities. With the exception of a modest sum of £2k to provide PPE to carers the support from the Scottish Government has ended, both for the HSCP and for partner organisations. There is still a risk that should any outbreak occur within a team or a health and care setting there could be impact on capacity and therefore on service delivery. There may also be associated additional costs of staff cover and infection control.

Our partner East Renfrewshire Council has agreed just over £0.75 million non-recurring support for the HSCP to deliver a number of initiatives related to Covid-19 recovery including some staffing cover to support social care delivery, particularly in care at home, over the winter months.

We continue to use learning from how we delivered services during the pandemic to shape and inform future service models.

Our Workforce is the most significant asset of the IJB and our 3 year workforce plan 2022 to 2025 will help inform budget discussions, service modelling and associated cost implications as we move forward. Our staffing models may also be impacted by the Health and Care Staffing (Scotland) Act 2019 which was enacted in June 2022 and this sets out safe staffing, quality service and best outcomes for service users.

Recruitment and retention remains a real challenge across health and social care, our workforce is tired both emotionally and physically as we move from response to Covid-19. We have had some significant operational challenges, particularly within out care at home service. The IJB has a keen focus on the wellbeing agenda to support our people.

Care Providers the longer term impact on the sustainability of our partner care provider market in the post Covid-19 pandemic and current economic climate is a significant issue. Our Strategic Commissioning plan sets out the detail on how we

will work with our partners in the third and independent sectors in the coming years. The way we commission services may be impacted by the creation of a national care service. There is an increasing tension between cost expectations from care providers including those on national procurement frameworks and contracts and the funding, or more specifically the lack of that IJBs have to meet any additional increases.

Brexit the withdrawal from the European Union (Brexit) had not manifested any specific issues locally prior to Covi-19. However this is now a factor in; workforce capacity across health and social care, some of the price and demand challenges within the costs of prescription drugs as well as the supply chain for a number of goods.

Economic challenges are significant as we are seeing continued increasing inflation across a number of goods and services and in particular prescribed drugs on a global level, impacting nationally. The war in Ukraine has also impacted on supply of goods.

For the UK economy current intelligence suggests that the cost of fuel and utilities may begin to reduce during this year, however this is only one element of the cost of living crisis. Our population and households are not impacted equally by cost of living and those with lower income are disproportionately affected.

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, however this may be impacted by the introduction of the Supporting People Framework.

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. The post Covid-19 impact and population increases directly impact on demand for GP services will inform future planning for services, albeit capacity for property development is constrained to any future funding that may become available.

Mental Health Action 15 funding is intended to allow improvement for a wide range of mental health services and increase the number of workers in this field by 800 nationally at the end of the programme. Our plans include both local and 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 a National Care Service, Fair Work Practices including the Scottish Living Wage impact on the costs of the services we provide and purchase and The Promise to support children and families. There are increasing pressures to increase costs on a number of existing national contracts and procurement frameworks. This could create further cost pressures and, at

present, the only way to fund this would be through reducing services to create savings to fund cost increases.

The Scottish Government's Medium Term Financial Strategy was revised in May 2023 and sets out its view on Scotland's fiscal outlook 2023/24 to 2027/28. In prior years the Scottish Government have set out conditions in their annual budget settlement to specify the minimum contribution each partner should make to the IJB for that year. The budget settlement may also provide funding for specific policy decisions such as the rate of Living Wage which care providers must pay and IJBs will fund. There is nothing to suggest any move away from the "flat cash / minimum" approach for the coming years.

Audit Scotland regularly provide reports in relation to health and social care integration with a recent example being Integration Joint Boards' Financial Analysis 2021/22 (published April 2023).

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 latest Unscheduled Care Commissioning Plan and associated financial framework was last considered by the six IJBs who work within the NHS Greater Glasgow and Clyde boundary in November 2022.

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

4. Medium Term Financial Outlook

The IJB receives the vast majority of its funding from our two partners East Renfrewshire Council and NHS Greater Glasgow and Clyde as well as any specific grant funded initiatives from the Scottish Government and / or partner organisations.

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 cost pressures over the next 5 years relate to demand for services, legislative and policy changes, increasing population, inflation and economic uncertainty. Prescribing is increasingly volatile both in demand and costs that can be impacted by short supply of drugs, new drugs to the market, existing drugs coming off patent and other price mechanism changes.

Most significantly we do not know the ongoing and longer term impact and associated financial implications that Covid-19 has had on our population.

The 2023/24 cost pressures of £10.34 million and the ultimate funding gap of £ 7.06 million inform the modelled cost pressures for the following 4 years and the high level scenarios below look at Low, Medium and High impacts of cost pressures.

In any one year the modelled cost pressure could range from £9.0 million to £3.4 million depending on the combination of factors, recognising the next 2 years are likely to be particularly challenging before we see economic recovery.

Similarly the resulting potential unfunded gap could range from £5.9 million to £2.3 million. As with prior years the IJB will receive detailed monitoring throughout each financial year and cost pressures and funding assumptions will be revised as intelligence crystallises.

As part of our Savings, Recovery and Renewal programme we have identified savings options relating to 2024/25 and 2025/26 and we are working on these alongside the delivery of the £7.06 million savings required in 2023/24.

In the event, albeit highly unlikely, that we would not require these savings in future years we would look to pause the savings programme and / or re-invest in service delivery.

The assumptions are predicated on full and recurring delivery of the 2023/24 £7.06 million savings requirement.

Scenario 1 – assumed lower level of cost pressures

MODELLED SCENARIO LOW - Per Year				
Modelled % Increases	2024/25	2025/26	2026/27	2027/28
Pay uplift	3%	3%	2%	2%
Non Pay Inflation	4%	3%	2%	1%
Prescribing	2%	2%	1%	1%
Demographic and Demand	3%	3%	3%	3%
NHS Non Pay Budget Uplift	2%	2%	2%	2%
Modelled Cost Pressure	£'000	£'000	£'000	£'000
Pay	1,502	1,547	1,062	1,083
Inflation	2,036	1,588	1,090	556
Prescribing	349	356	181	183
Demographic and Demand	1,527	1,573	1,620	1,668
Total Cost Pressures per year	5,413	5,063	3,954	3,491
Potential Funding / Savings Offset				
NHS Assumed Uplift (inc pay)	1,327	1,360	1,163	1,187
ERC Assumed Flat Cash	-	-	-	-
Savings Identified	1,830	290	-	-
Total Potential Funding per year*	3,157	1,650	1,163	1,187
Possible Funding Gap	2,256	3,413	2,790	2,304
Cumulative Cost Pressures 2024/25 to 2027/28				17,921
Cumulative Potential Funding Gap 2024/24 to 2027/28				10,764

Scenario 2 – assumed medium level of cost pressures

MODELLED SCENARIO MEDIUM - Per Year				
Modelled % Increases	2024/25	2025/26	2026/27	2027/28
Pay uplift	4%	4%	3%	3%
Non Pay Inflation	5%	4%	3%	2%
Prescribing	4%	4%	2%	2%
Demographic and Demand	4%	4%	4%	4%
NHS Non Pay Budget Uplift	3%	3%	3%	3%
Modelled Cost Pressure	£'000	£'000	£'000	£'000
Pay	2,002	2,082	1,624	1,673
Inflation	2,545	2,138	1,667	1,145
Prescribing	697	725	377	385
Demographic and Demand	2,036	2,117	2,202	2,290
Total Cost Pressures per year	7,280	7,062	5,871	5,493
Potential Funding / Savings Offset				
NHS Assumed Uplift (inc pay)	1,881	1,947	1,779	1,833
ERC Assumed Flat Cash	-	-	-	-
Savings Identified	1,830	290	-	-
Total Potential Funding per year*	3,711	2,237	1,779	1,833
Possible Funding Gap	3,569	4,826	4,091	3,660
Cumulative Cost Pressures 2024/25 to 2027/28				25,706
Cumulative Potential Funding Gap 2024/24 to 2027/28				16,145

Scenario 3 – assumed high level of cost pressures

MODELLED SCENARIO HIGH - Per Year				
Modelled % Increases	2024/25	2025/26	2026/27	2027/28
Pay uplift	5%	5%	4%	4%
Non Pay Inflation	6%	5%	4%	3%
Prescribing	5%	4%	3%	2%
Demographic and Demand	5%	5%	5%	5%
NHS Non Pay Budget Uplift	4%	4%	4%	4%
Modelled Cost Pressure				
	£'000	£'000	£'000	£'000
Pay	2,503	2,628	2,207	2,296
Inflation	3,054	2,697	2,266	1,767
Prescribing	872	732	571	392
Demographic and Demand	2,545	2,672	2,806	2,946
Total Cost Pressures per year	8,973	8,730	7,850	7,401
Potential Funding / Savings Offset				
NHS Assumed Uplift (inc pay)	2,436	2,545	2,419	2,515
ERC Assumed Flat Cash	-	-	-	-
Savings Identified	1,830	290	-	-
Total Potential Funding per year*	4,266	2,835	2,419	2,515
Possible Funding Gap	4,707	5,895	5,431	4,886
Cumulative Cost Pressures 2024/25 to 2027/28				32,954
Cumulative Potential Funding Gap 2024/24 to 2027/28				20,919

There is always a possibility that the Scottish Government budget settlement may allow some further increased for costs of pay award, for example for local authority employed staff and service pressures and modelling will be revised in that event.

*All scenarios are therefore subject to the terms of the Scottish Government budget settlement.

It is also assumed that any policy changes determined by the Scottish Government should be cost neutral.

There will be other costs pressures such as general inflation and in-year service variances and it is intended that these will be offset by efficiency savings where possible.

We are in a difficult economic climate and the financial impacts of delivering service to people are dynamic. Our forward planning assumptions will be updated as issues emerge and become clearer. The resulting funding gap in each year will ultimately be determined by the difference between pressures and the funding settlement agreed with our partners, including any policy funding or directives as part of the Scottish Government budget settlement for that year.

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 to assess the impact on the workforce and how this is to be funded.

Our workforce plan covers the three year period 2022 to 2025 and the associated action plan will be routinely reported to the IJB. This will help inform budget discussions, service modelling and associated cost implications.

The pay increases for 2022/23 were not fully funded by the Scottish Government although locally we received a fair share of the allocation from both partners, per the budget settlement conditions. The working assumption remains that the NHS related pay award will be funded in full. The shortfall against our local authority cost of pay pressures for 2022/23 is included in the 2023/24 cost pressures. The 2023/24 pay increases are not yet finalised and are likely to vary across our partner organisations. This may result in additional cost pressures in 2023/24. The ultimate gap will depend on the level of funding from the Scottish Government.

For 2024/25 onwards we may see pay will return to “a more traditional” level of increase.

As the economy changes there may be some benefit from pension fund investments and there is a possibility costs may reduce. This will not be modelled until certain.

Inflation for care costs needs to allow for fair work policies, workforce and economic challenges. For the 2023/24 budget settlement the Scottish Living Wage increased from £10.50 to £10.90 per hour (3.8%) and as with prior years this has been applied to pay element of the contract hourly rate as directed by Scottish Government. Whilst the Living Wage funding in the Scottish Government settlement refers specifically to adult social care we have made provision for those partner providers who support both children and adults in our communities. The split of this provision, particularly around learning disability and complex needs would be somewhat artificial. We have also included grant funded activity on the same basis. This is the same approach we have used in prior years.

The Scottish Government will determine the Living Wage rate as a policy decision along with any associated funding.

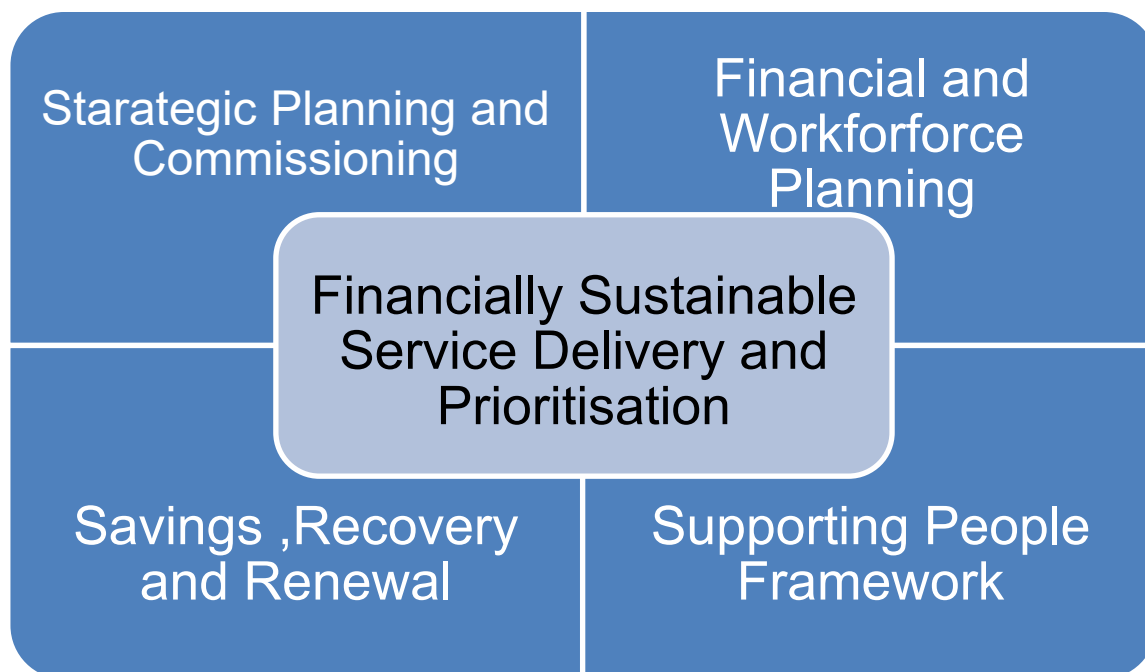
Demographic and Demand pressure was shown at 4% per annum, pre pandemic reflecting the Scottish government assumption for social care. The post Covid-19 impact on complexity and demand is not yet known, however the population in East Renfrewshire continues to grow particularly at the older and younger ends of the age spectrum.

The changes in our population also impact on General Practice, Dental and other family health services within East Renfrewshire.

Prescribing will not only rise in line with population increases but is also subject to many other factors. This area is so volatile it is difficult to accurately predict and the post Covid-19 impact could continue to be significant. The IJB previously held a reserve to help manage fluctuation in cost and demand, but this has now been fully

utilised. Without intervention this could be a £2m overspend in 2023/24 with no funding available to offset this and this is an area difficult to predict in the longer term. Work is ongoing locally, across NHS Greater Glasgow and Clyde and at a national level to monitor this area of pressure.

5. Our Response



Since the IJB was established in 2015 we have prepared for the expected financial challenge of the pre Covid-19 years and had a reserves policy and an agreed strategy that allowed us time to deliver our savings. This was effectively put on pause in 2020/21 and 2021/22 when we were responding to Covid-19 and this included financial support.

We continued with this strategy to phase in savings to minimise the impact on frontline services during 2022/23 however our capacity to redesign was limited as we responded to significant demand and capacity pressures. This means we used much of our reserves during 2022/23 to support the delivery of pre- Covid-19 savings.

For 2023/24 the cost pressures identified in our budget are of £10.34 million is offset by available funding of 3.28 million leaving a funding gap of £7.06 million; a savings programme is identified to deliver this in full, but we recognise there may be some areas where we will not achieve a full year by 31 March 2024 and this will be supported by the remaining earmarked reserves we hold.

Our savings, Recovery and Renewal programme will continue to be reported to the IJB on a regular basis and provides detail on progress on savings, project work and service redesign. The prioritisation of care, to support those with the greatest need is required to deliver around 50% of our savings.

Financial sustainability remains a significant challenge and in the event we are unable to deliver the full savings required during the year through a combination of

recurring and non-recurring actions or be in a position where we are unlikely to have full year effect savings in place by 31 March 2024 we may need to invoke the financial recovery process included within our Integration Scheme.

The projected reserves balance (subject to the audit of the 2022/23 Annual Report and Accounts) to 31 March 2023 is £6.046 million can be summarised into the following categories:

Reserves	Projected balance at 31/3/23 £m
Scottish Government ring-fenced initiatives; fully committed and unable to apply to general use. (Note 1)	1.813
Bridging Finance to support the phased implementation of savings and allow for any in year pressures and flux in activity	1.599
Earmarked funding for projects and initiatives (Note 2)	2.362
General reserves	0.272
Total	6.046

- Note 1 the 2022/23 Covid Earmarked reserve balance was returned to the Scottish Government during that financial year in line with the national funding criteria.
- Note 2 In addition to the IJB reserves East Renfrewshire Council has allocated the HSCP c£0.75 million Covid-19 recovery funding from its reserves.

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. Prior to the Covid-19 pandemic the IJB recognised that to balance future budgets, a backwards step must be taken through implementing criteria based assessment so only those with the highest level of need would receive support; this is now a significant element of our savings delivery programme as our Supporting People Framework.

On the basis of cost pressures being in the region of £3.4 million to £9.0 million per year the good / average / poor implication could be:

- Good – fully funded plus some flexibility for investment and / or reduction in the 2023/24 recurring savings requirement
- 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 reduction or cessation of some service areas. Given the reliance on prioritisation of care through the Supporting People Framework for 2023/24 savings it is difficult to see how this can be extended further.

For a budget falling into the poor range it is increasingly possible the IJB will be unable to set a balanced budget and may need to consider financial recovery planning. This is predicated on being able to deliver the full savings challenge of £7.06 million on a recurring basis by 31 March 2024.

This strategy will be updated 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.

Successfully closing the 2023/24 funding gap is a fundamental assumption when assessing future cost pressures. Any shortfall will impact on future year pressures and on financial sustainability.

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 for budget planning for the remaining four years of this Medium Term Financial Plan:

Impact of 1% Change	£m
Pay	0.5
Inflation and Policy (including care costs)	0.5
Prescribing	0.2
Demographic and Demand	0.5

A change of 1% to the 2023/24 contribution from each partner would equate to:

Impact of 1% Change	£m
ERC Contribution	0.7
NHSGGC Contribution	0.8
NHSGGC Set Aside Budget	0.3
ERC Housing Aids & Adaptations	negligible

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, maintaining discharge from hospital without delay and increasing demand for services.

The success of our Savings, Recovery and Renewal programme will be impacted by our ability to adequately resource the programme; there is a real tension between finding capacity to focus on change and delivering services. There are some operational requirements that are statutory and must be prioritised.

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 could have a “real cash” impact in the future.

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. There is no intention to change the model at this point and East Renfrewshire will continue to meet the pressures associated with the services we host.

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 the use of a smoothing reserve is no longer an option as funds are now depleted. The Community Change Fund work over the next few years will mitigate some pressures at the service model evolves.

Prescribing has always been volatile due to the numerous factors involved and there is a real risk of continued significant increases post Covid-19. We had a reserve to help us manage changes in cost and volume however this was fully utilised in 2022/23 where £0.5m was applied against a cost overspend of £1.4 million. We do not know how much of the demand and volume challenge is a post Covid-19 spike and if we will see a year on year reduction. Similarly the economic impacts on cost increases may reduce, it is difficult to predict where this will go. If costs and volumes continued on a similar trend without any intervention we could have a resulting pressure of c£2 million. There are NHS GGC wide and local action plans developed to help address this pressure.