



<p><b>Meeting of East Renfrewshire Health and Social Care Partnership</b></p> <p><b>Held on</b></p>	<p>Integration Joint Board</p> <p>26 June 2024</p>
<p><b>Agenda Item</b></p>	<p>9</p>
<p><b>Title</b></p>	<p>Medium Term Financial Plan</p>
<p><b>Summary</b></p> <p>To provide the Integration Joint Board with a refreshed Medium Term Financial Plan for the IJB covering the five year period 2024/25 to 2028/29.</p>	
<p><b>Presented by</b></p>	<p>Lesley Bairden, Head of Finance and Resources (Chief Financial Officer)</p>
<p><b>Action Required</b></p> <p>The Integration Joint Board is asked to:</p> <ul style="list-style-type: none"> <li>▪ Approve the revised Medium Term Financial Plan</li> <li>▪ Agree to receive updates that reflect significant changes in the financial outlook for the Integration Joint Board</li> </ul>	
<p><b>Directions</b></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><b>Implications</b></p> <p><input checked="" type="checkbox"/> Finance                      <input checked="" type="checkbox"/> Risk</p> <p><input type="checkbox"/> Policy                              <input type="checkbox"/> Legal</p> <p><input checked="" type="checkbox"/> Workforce                      <input type="checkbox"/> Infrastructure</p> <p><input type="checkbox"/> Equalities                      <input type="checkbox"/> Fairer Scotland Duty</p>

# **EAST RENFREWSHIRE INTEGRATION JOINT BOARD**

**26 June 2024**

**Report by 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 2024/25 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. In previous iterations of this plan the scenarios have included a range of “what if” cost pressures and also “what if” levels of income to offset these, at least in part. Given the current level of uncertainty in public sector finance it is not possible to assess any likely funding so the most prudent assumption is therefore “flat cash”.
5. This is a refresh of the previous Medium Term Financial Plan 2023/24 – 2027/28 previously agreed by the IJB on 28 June 2023.

## **REPORT**

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

Section	Contents
Executive Summary	Main messages and purpose
Local Context	Localities, budget 2024/25, demographic analysis and challenges, scale of purchased care, hosted services consumption, ERC Covid recovery one off reserves
National Context	Legislative and policy implications, economic considerations, Covid-19, Workforce, Care providers, Audit Scotland reports

Medium Term Financial Outlook	Sets out high level cost pressure scenarios over remaining 4 years with supporting assumptions
Our Response	2024/25 funding gap , reserves summary, possible future cost pressures = funding gaps and implications
Risk and Sensitivity	Key risks, indication of 1% change in factors and financial implications

7. This revised MTFP reflects the agreed budget for 2024/25 which was agreed by the IJB on 27 March 2024 and uses this as the baseline for calculating future cost pressures.
8. The MTFP confirms the scale of the financial challenge in 2024/25 and includes legacy saving shortfalls and operational cost pressures from 2023/24. The non-recurring support from both partners for 2023/24 will not be an option for 2024/25, therefore full delivery of all savings must be achieved.
9. The latest savings progress position for 2024/25 shows:
  - The total savings needed in 2024/25 to close the funding gap per the budget is £9.8 million
  - The target included in the agreed budget is £11.9 million to allow for planned over-recovery and some flexibility
  - £9.8 million savings proposals are identified so far with £2.1 million being worked on
  - Savings achieved to date total £3.4 million (or 27% of the target)
  - The RAG status is currently: Red 73%, Amber 14% and Green 13%.

The detail is included at Appendix 3 and progress will be reported in every revenue budget monitoring report to the IJB throughout the year.

10. The Supporting People Framework remains a key element of the savings required in 2024/25 and the focus on reviewing care cost reductions has been increased, with lessons learned from 2023/24 fully embedded in changes in approach and prioritisation.
11. We do not have reserve funding to support any shortfall or in year smoothing in of savings and need to ensure that the sufficient part year impact covers all required savings to balance the budget. This will also allow a full year effect to be considered for 2025/26.
12. The scenarios and supporting information and assumptions recognise that the lasting and longer term impact of Covid-19 remains unclear and there are numerous factors that will change as we progress towards the 2025/26 budget.
13. The MTFP is a “living document” and will also be used to inform engagement with our partners in our future budget discussions, inform financial reporting and decision making. The financial strategy is one of a suite of strategic plans that will help shape how we plan for likely levels of service delivery, the models for doing so and for managing the tensions between demand and funded activity.
14. The Scottish Government is expected to publish its forward financial plan for health and social care during 2024 and any subsequent impact will be included locally.

15. Our Recovery and Renewal programme will continue to capture all project change activity.

## **CONSULTATION AND PARTNERSHIP WORKING**

16. The Medium Term Financial Plan is based on the 2024/25 opening budget agreed by the IJB, recognising the significant savings challenge for the current year.
17. The Chief Financial Officer will continue to work in partnership with colleagues to further develop budget setting and financial planning process for future years. Detailed discussions with both partners will continue into 2024/25 following the financial recovery process for 2023/24.

## **IMPLICATIONS OF THE PROPOSALS**

### Finance

18. In any one year the modelled cost pressure could range from £3.5 million to £8.6 million depending on the combination of factors. It needs to be recognised that the non-recurring pension gain for our social care workforce costs will end in 2026/27.
19. Given the level of uncertainty on future levels of funding it is not possible at this stage to model any funding increase with any level of certainty. Therefore only cost pressures are included in the “what if” scenarios at this time; this reflects the most prudent position i.e. flat cash.
20. As the future outlook becomes clearer then the assumptions and scenarios can be revised.
21. The Scottish Government budget settlement for each year will determine any specific funding conditions.

### Risk

22. The risk to the Integration Joint Board remains delivering a sustainable budget in 2024/25 and beyond. The plan includes a number of risks along with sensitivity assumptions.
23. The IJB is in breach of its reserves strategy and needs to consider building reserves in the medium to longer-term.

### Workforce

24. There are no specific staffing implications in the MTFP however we recognise that capacity, recruitment and retention as well as staffing ratio models of care, continue to challenge. Our three year workforce plan is currently being refreshed.
25. The costs of the living wage and fair work practices are considered as part of the budget setting process and will include the impact of any Scottish Government conditions on the Living Wage rate as part of the care and support we purchase.

## Equalities and Fairer Scotland Duty

26. All equalities issues will be addressed through implementation of savings and investment programmes.
27. There are no infrastructure, policy or legal implications.

## **DIRECTIONS**

28. There are no directions arising from this report.

## **CONCLUSIONS**

29. The Medium Term Financial Plan 2024/25 - 2028/29 will support strategic planning and decision making along with engagement on future budget discussions with our partners.

## **RECOMMENDATIONS**

30. 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**

Lesley Bairden, Head of Finance and Resources (Chief Financial Officer)

[lesley.bairden@eastrenfrewshire.gov.uk](mailto:lesley.bairden@eastrenfrewshire.gov.uk)

0141 451 0746

16 June 2024

Chief Officer, IJB: Julie Murray

## **BACKGROUND PAPERS**

IJB 28.06.2023 - Item 9. Medium Term Financial Plan

[https://www.eastrenfrewshire.gov.uk/media/9240/IJB-Item-08-28-June-2023/pdf/IJB\\_Item\\_08\\_-\\_28\\_June\\_2023.pdf?m=1686917465667](https://www.eastrenfrewshire.gov.uk/media/9240/IJB-Item-08-28-June-2023/pdf/IJB_Item_08_-_28_June_2023.pdf?m=1686917465667)

IJB 27.03.2024 - Item 6. Budget 2024/25

[https://www.eastrenfrewshire.gov.uk/media/10166/IJB-Item-06-27-March-2024/pdf/IJB\\_Item\\_06\\_-\\_27\\_March\\_2024.pdf?m=1710509964090](https://www.eastrenfrewshire.gov.uk/media/10166/IJB-Item-06-27-March-2024/pdf/IJB_Item_06_-_27_March_2024.pdf?m=1710509964090)

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# East Renfrewshire Integration Joint Board

## Medium Term Financial Plan 2024/25 to 2028/29

(Subject to IJB approval 26 June 2024)

<b>Document Title:</b>	Medium Term Financial Plan					
<b>Owner:</b>	Chief Financial Officer			<b>Status:</b>	Final	
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<b>Revision History:</b>						
<b>Version:</b>	<b>Date Effective:</b>	<b>Author &amp; Changes</b>				
1.0	17/03/2019	Lesley Bairden				
2.0	23/06/2021	Lesley Bairden				
3.0	16/03/2022	Lesley Bairden				
4.0	28/06/2023	Lesley Bairden				
5.0	26/06/2024	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 and Social Care Partnership, as directed by the IJB.

The annual revenue budget for 2024/25 is £186.8 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 2024/25 reflect the legacy challenges from 2023/24 as well as new cost and demand pressures for 2024/25.

For context in 2023/24 we needed to deliver just over £7 million of savings as part of our plans to balance our budget and we were not able to do this and had a £2.5 million shortfall against planned savings; when combined with the additional cost pressures from delivering services we ended the year with a deficit of £4.7 million.

This meant during the financial year 2023/24 moved to a financial recovery position and had significant discussions with both of our partners; East Renfrewshire Council and NHS Greater Glasgow and Clyde. Both partners have provided additional funding, on a non-recurring basis for 2023/24 to eliminate this deficit:

- East Renfrewshire Council provided an additional £2.6 million
- NHS Greater Glasgow and Clyde provided an additional £2.1 million

The main operational challenges that led to the increased cost pressures were meeting demand for Care at Home, the cost of special observations within the Learning Disabilities In-Patients service which we host on behalf of all the HSCPs within Greater Glasgow and Clyde and the costs of prescribing through our GP practices.

The main area we fell short on delivering planned savings was from our Supporting People Framework. This framework is based on eligibility criteria and was put in place early in the financial year to support reviews of the level of care we provide as we knew we would have to stop providing lower levels of need. We underestimated the impact and timeframe for the culture and practice changes required to implement such significant change alongside managing the expectations of the individuals and families we support.

This means we are facing a very challenging and difficult period ahead. Whilst in the main this reflects the national economic position this does not lessen the local impacts and difficult decisions that need to be taken to ensure financial sustainability.

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 of 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 start to understand the longer term impact of Covid-19, 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 our 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

<b>The context for our Strategic Plan includes...</b>								
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					
<b>Our vision is...</b>				<b>Our touchstones are...</b>				
Working together with the people of East Renfrewshire to improve lives				<ul style="list-style-type: none"> <li>Valuing what matters to people</li> <li>Building capacity with individuals and communities</li> <li>Focusing on outcomes, not services</li> </ul>				
<b>Our strategic priorities are... Working together...</b>								
...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	
<b>and... Protecting people from harm</b>								
<b>Our strategic enablers are...</b>								
Workforce and organisational development	Medium-term Financial and Strategic Planning	Collaborative, ethical commissioning	Communication and Engagement	Data and intelligence	Digital technology and Infrastructure			
<b>We will deliver this strategy through supporting plans and programmes, including...</b>								
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 complement 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, even if 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 also need to try to build back some reserves, whilst delivering a challenging programme of savings.

We still do not fully 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 sets 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.

For 2024/25 the cost pressures identified in our budget are of £17.023 million is offset by available funding of £7.206 million leaving a funding gap of £9.817 million; a savings programme is in place to ensure we deliver a minimum level of savings to close this gap, and ideally over recover as we know some of the funding that offsets the pressures is non-recurring for the next two years. We do not have reserves to offset any shortfall.

<b>Revenue Budget</b>	<b>ERC</b>	<b>NHS</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
1. Cost Pressures			
Pay	1.043		1.043
Inflation & Living Wage	4.736		4.736
Demographic & Demand	1.997		1.997
Legacy Savings	3.843		3.843
Service Pressures	1.500	0.600	2.100
Prescribing		3.304	3.304
	<b>13.119</b>	<b>3.904</b>	<b>17.023</b>
2. Funding available towards pressures			
Recurring	4.894		4.894
Non-Recurring	2.312		2.312
	<b>7.206</b>	<b>0</b>	<b>7.206</b>
3. Unfunded Cost Pressures	<b>5.913</b>	<b>3.904</b>	<b>9.817</b>
4. Proposals to Close the Funding Gap			
Savings complete	0.871	0	0.871
Savings prioritised 1 to 4	7.021	1.889	8.91
Redesign proposals in development		2.015	2.015
	<b>7.892</b>	<b>3.904</b>	<b>11.796</b>
Pay award funding to be confirmed; every 1% equates to c£0.2m			

Savings progress will continue to be reported to the IJB on a regular basis. The Supporting People Framework is the most significant saving at c£4 million.

The budget agreed by the IJB on 27<sup>th</sup> March 2024 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 full detail of all savings is included in this report.

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, with funding pressures including; pay, inflation, demand & complexity, demographics, transitions from child to adult services and recruitment and retention challenges.

During the period of this plan we will implement any policy decisions as directed by the Scottish Government along with any recommendations or specific actions that may arise from the preparation and / or implementation of a national care service.

There is no doubt that 2024/25 will be a very challenging year, with a difficult medium term outlook.

## 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 our 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 our Barrhead Health and Care Centre 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.

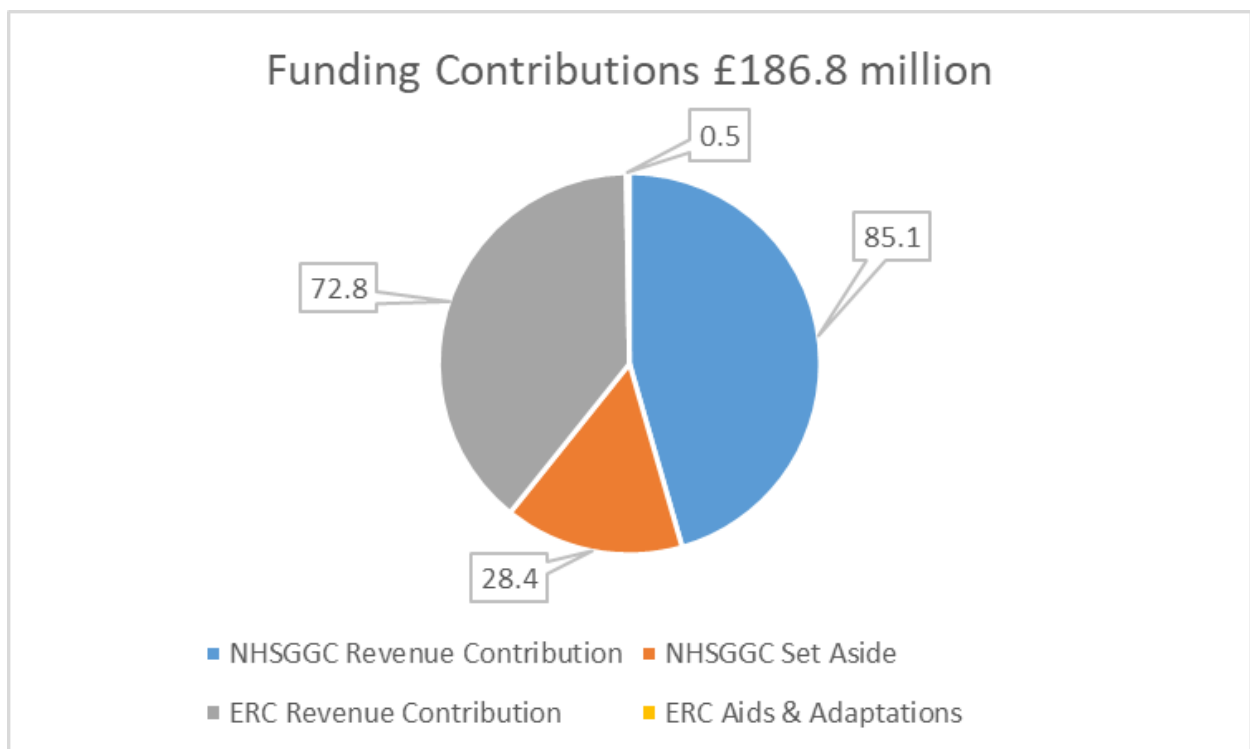
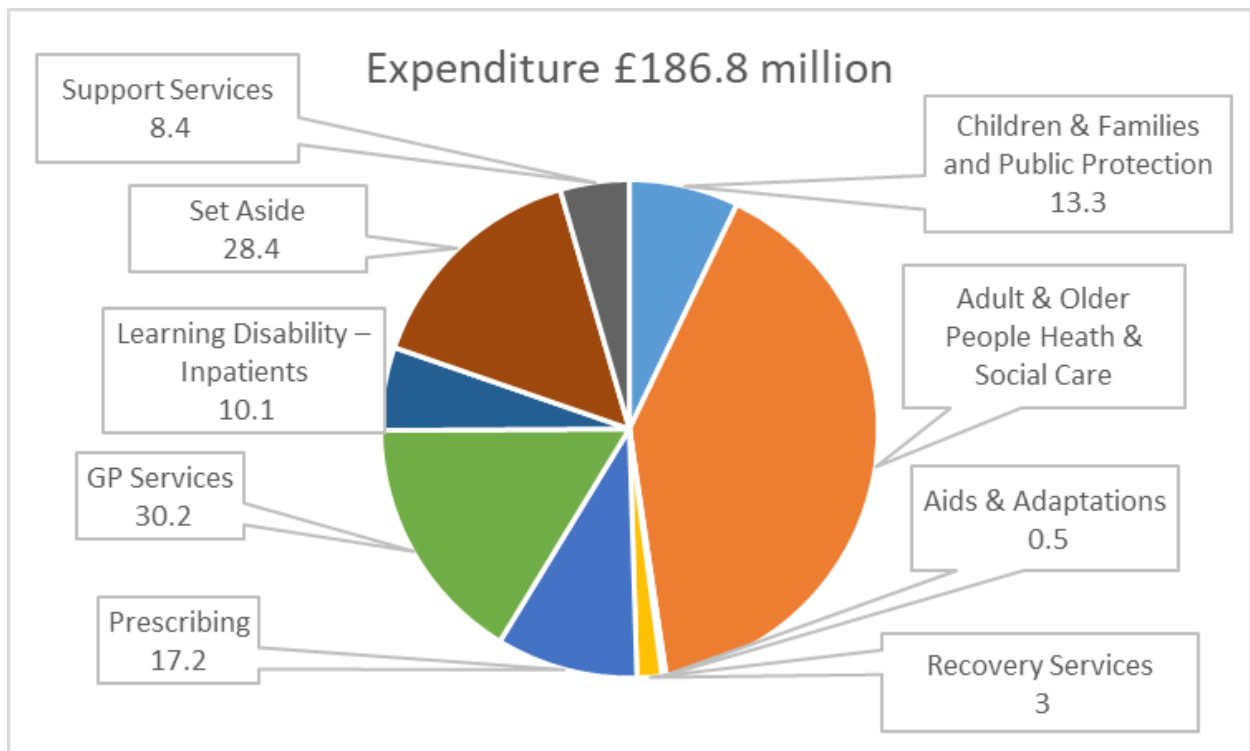
In addition to the 8 GP practices located within our two Health and Care Centres we also have 7 with their own premises. Given the population demographics and impact from factors such as new housing we recognise that the number of practices we will need is likely to increase. We are working closely with 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 was been significantly impacted in the response to the pandemic and latterly in the recovery period. We are reviewing how use our space going forward to optimise the use of all our buildings.

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 2024/25

The opening budget for 2024/25 is £186.8 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 £157.9 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 £9.8 million savings we need to deliver in 2024/25 to balance the budget and of this over £4 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£2.9 million), Mental Health Action 15 (c£0.6 million) and Alcohol & Drugs Partnership (c£0.8 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. The allocations for 2024/25 are not yet known and it is difficult to forward plan for these initiatives as the HSCP is not in a financial position to underwrite any risk.

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 c£10.7 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 £14 million but the costs are met by the host HSCP under current arrangements.

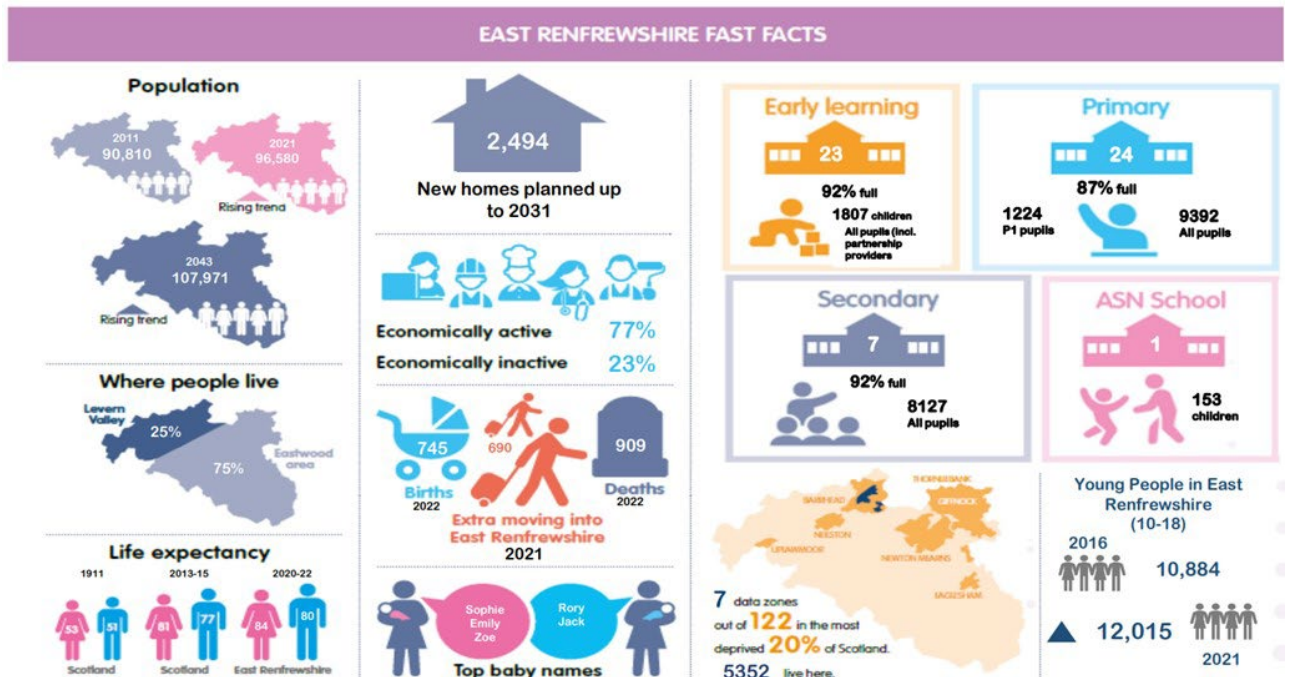
The respective use of hosted services is shown in each HSCPs annual report and accounts in order to demonstrate the total system wide cost of our populations use of services.



## 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.

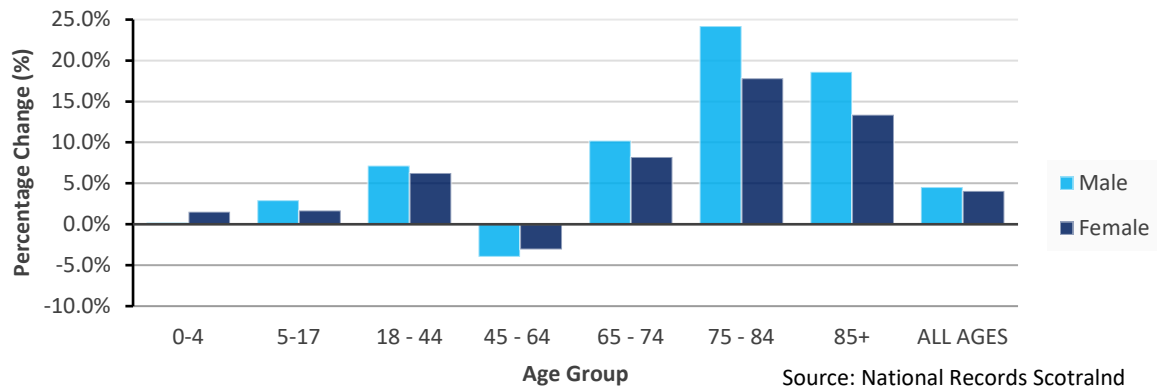


From this detailed analysis we know our population is changing with corresponding increase in the health and care needs of our residents. Overall East Renfrewshire's population is growing with particular growth for our younger and older residents, who make greater use of universal health services.

The table overleaf provides an overview;

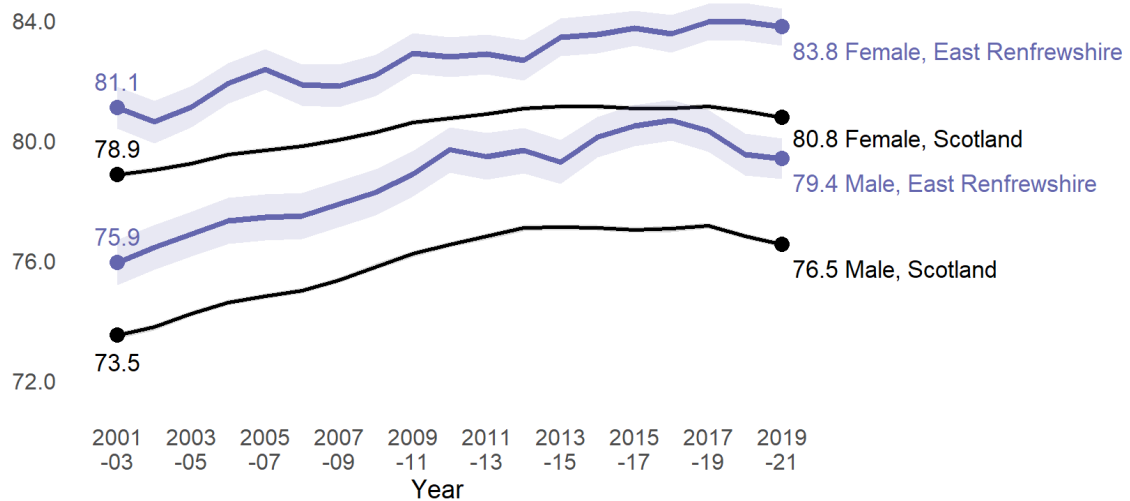
The overall projected rise in population is similar to the increase seen in the five years to 2021, the population aged 75 and over is projected to increase at a rate of 18.8%. The 65+ population is projected to increase from 20.6% of the population in 2021 to 22.5% of the population by 2028.

### 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.

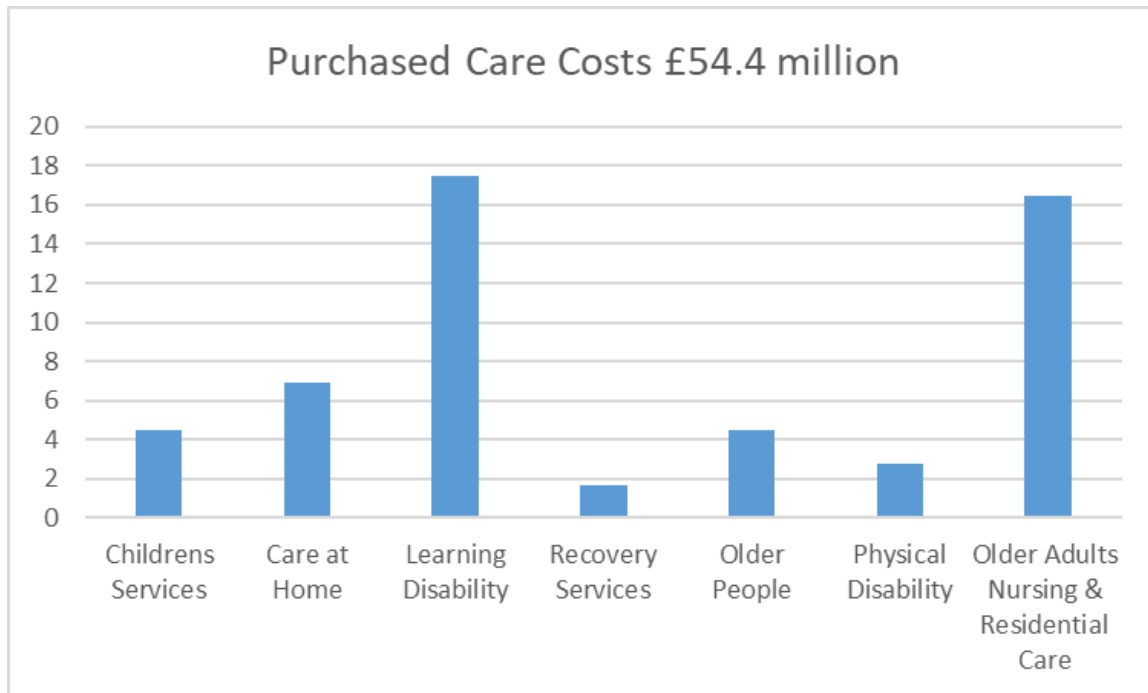
East Renfrewshire  
Life expectancy at birth, 2001-03 to 2019-21



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 £54.4 million for a year and this is funded in part by individual contribution (nursing and residential care) 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 and a collaborative basis.

## 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 2024/25 and beyond include:

- delivering a difficult savings programme to ensure financial sustainability, recognising this is at odds with our historic focus on prevention and the modest scale of East Renfrewshire HSCP

- 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, we are seeing increased levels of complexity
- 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 within the area
- we may also need to prepare for the challenges and opportunities that may arise from a national care service

**Economic challenges** are significant as we are seeing little recovery in the global economy and although inflation is on a downward trend, particularly in utilities, this is a slow decline. The biggest risk to the IJB remains the cost volatility in prescribed drugs with inflation remaining a significant factor (around 8% in 2023/24).

The cost of pay inflation is still comparatively high and although inflation across a range of goods and services (CPI) is falling, this dropped to 4% in December 2023, this is still well above the UK target of 2%.

Our population and households are not impacted equally by the cost of living crisis and we know those with lower income are disproportionately affected.

**Our Workforce** is the most significant asset of the IJB and our 3 year workforce plan 2022 to 2025 is being refreshed and 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. We have been working on the implications in advance of these duties going live during 2024.

Recruitment and retention remains a real challenge across health and social care. We have had some significant operational challenges, particularly within our care at home service. The IJB maintains a keen focus on the wellbeing agenda to support our people.

Our daily / weekly huddles are a mechanism that we can step up and down as we need to during any periods of particular pressure.

**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 ever increasing tension between cost expectations from care providers including those on national procurement frameworks and the lack of funding for IJBs to meet any non-policy funded, increases.

The Scottish Government has provided funding in recent years to meet its policy for care providers to ensure that the Scottish Living Wage is paid to the care workforce.

**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 has increased significantly as we recover from the pandemic.

A financial framework across the six partnerships within NHS Greater Glasgow & Clyde is in development to support the strategic redesign of services towards community based provision.

**National policy decisions and / or legislation** 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 and Getting it Right for Every Child (GIRFEC) to support children and families. The United Nations Convention on the Rights of the Child is also now incorporated into Scottish Law.

We are seeing a significant increase in the number of unaccompanied asylum seeking children and whilst there is some funding from the Home Office to support individuals there can be significant cost pressures depending on the nature of the required placement.

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 and there is a high level of uncertainty around future funding levels.

A refresh of the Scottish Government's Strategy for Health and Social Care is expected to be published in the coming months.

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.

## 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 along with any specific grant funded initiatives from the Scottish Government via our 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 coming years relate to demand for services, legislative and policy changes, increasing population, inflation and economic uncertainty. Prescribing remains 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, with inflation on the cost of drugs remaining high.

The 2024/25 cost pressures of £17.023 million and the ultimate funding gap of £9.817 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.

The detailed savings for 2024/25 are set out in the 27 March 2024 budget report to the IJB.

The level of potential cost pressures set out in the scenarios below are based on “what if” percentage levels of pressure and are not any indication of where any settlement or agreement may land. This allows us to look forward using the current year and look at how we will need to plan for possible scenarios. The further ahead the year is the less certainty of any assumption; albeit even short term assumptions carry a high degree of uncertainty in the current climate.

It also needs to be recognised that these scenarios are showing the potential level of cost pressure and do not make any allowance for any funding that may offset a future cost. Again given the current levels of uncertainty it is not possible to assume anything beyond a flat cash approach at this time.

In any one year the modelled cost pressure could range from £3.5 million to £8.6 million depending on the combination of factors.

The assumptions are predicated on full and recurring delivery of the 2024/25 savings.

### Scenario 1 – “what if” lower level of cost pressures

MODELLED SCENARIO LOW - Per Year				
Modelled % Increases	2025/26	2026/27	2027/28	2028/29
Inflation - Pay	2%	2%	1%	1%
Inflation - Care and Contractual	4%	4%	2%	2%
Demographics and Demand	3%	3%	3%	3%
Prescribing	5%	4%	3%	3%
<b>Modelled Cost Pressure</b>				
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Inflation - Pay	1.0	1.0	0.5	0.5
Inflation - Care and Contractual	2.4	2.4	1.2	1.2
Demographics and Demand	1.5	1.5	1.5	1.5
Prescribing	0.9	0.7	0.5	0.5
Pension Gain	(2.3)			
<b>Total Pressures per year</b>	<b>3.5</b>	<b>5.6</b>	<b>3.7</b>	<b>3.7</b>
Cumulative Pressure 2025/26 to 2028/29				16.5

### Scenario 2 – “what if” medium level of cost pressures

MODELLED SCENARIO MEDIUM - Per Year				
Modelled % Increases	2025/26	2026/27	2027/28	2028/29
Inflation - Pay	3%	3%	2%	2%
Inflation - Care and Contractual	5%	5%	3%	3%
Demographics and Demand	4%	4%	4%	4%
Prescribing	6%	5%	4%	4%
<b>Modelled Cost Pressure</b>				
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Inflation - Pay	1.5	1.5	1.0	1.0
Inflation - Care and Contractual	3.0	3.0	1.8	1.8
Demographics and Demand	2	2	2	2
Prescribing	1.0	0.9	0.7	0.7
Pension Gain	(2.3)			
<b>Total Pressures per year</b>	<b>5.2</b>	<b>7.4</b>	<b>5.5</b>	<b>5.5</b>
Cumulative Pressure 2025/26 to 2028/29				23.6

### Scenario 3 – “what if” high level of cost pressures

MODELLED SCENARIO MEDIUM - Per Year				
Modelled % Increases	2025/26	2026/27	2027/28	2028/29
Inflation - Pay	4%	3%	2%	2%
Inflation - Care and Contractual	6%	6%	4%	4%
Demographics and Demand	5%	5%	5%	5%
Prescribing	7%	6%	5%	5%
<b>Modelled Cost Pressure</b>				
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Inflation - Pay	2.0	1.5	1.0	1.0
Inflation - Care and Contractual	3.6	3.6	2.4	2.4
Demographics and Demand	2.5	2.5	2.5	2.5
Prescribing	1.2	1.0	0.9	0.9
Pension Gain	(2.3)			
<b>Total Pressures per year</b>	<b>7.0</b>	<b>8.6</b>	<b>6.8</b>	<b>6.8</b>
Cumulative Pressure 2025/26 to 2028/29				29.2



There is always a possibility that the Scottish Government budget settlement may allow for some cost pressure for pay and / or inflation funding and all scenarios are 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.

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. We also need to consider how we can continue to work with a range of partners to look at any system wide opportunities to minimise costs and mitigate any impact of reducing resources and the services we deliver.

**The pay increases** for 2024/25 have not yet been agreed so the impact to the current and future years may require review.

**Inflation** for care costs needs to allow for fair work policies, workforce and economic challenges. For the 2024/25 budget settlement the Scottish Living Wage increased from £10.90 to £12.00 per hour 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. We expect some funding towards the cost of the childrens impact during 2024/25.

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

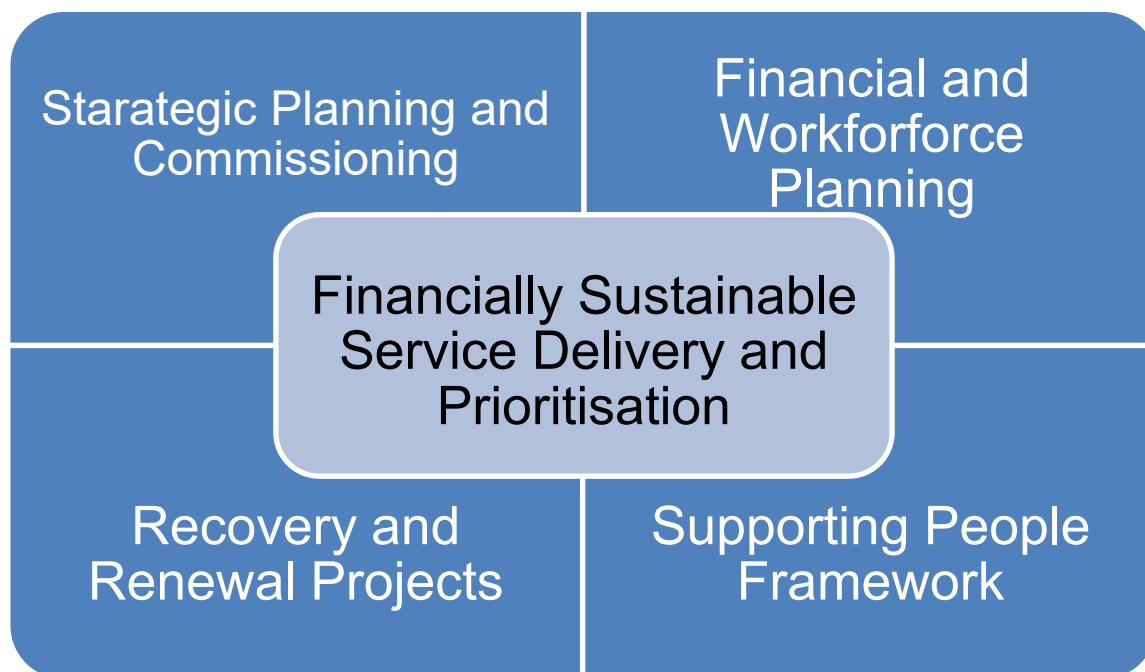
**Demographic and Demand** pressure was shown at 4% per annum, pre pandemic reflecting the Scottish government assumption for social care. The long-term post Covid-19 impact on complexity and demand is still unclear, however the population in East Renfrewshire continues to grow particularly at the older and younger ends of the age spectrum. We are seeing increasing complexity of need across a range of care groups.

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 however

system wide work is in place across NHS Greater Glasgow and Clyde to support the delivery of a range of actions to mitigate some of the cost pressures we are seeing.

## 5. Our Response



The delivery of the required savings in 2024/25 is fundamental to ensuring service delivery remains within the funding available to the IJB. Ideally we should aim to meet the planned over-recovery to allow us to build back from financial recovery.

The delivery of the Supporting People Framework savings are fundamental to ensuring financial balance is achieved. A dashboard approach has been developed to allow immediate and real time monitoring of progress.

Our Recovery and Renewal programme will continue to be reported to the IJB on a regular basis and provides detail on project work and service redesign.

The projected reserves balance (subject to the audit of the 2023/24 Annual Report and Accounts) to 31 March 2023 is £6.046 million can be summarised into the following categories:

Reserves	Projected balance at 31/3/24 £m
Scottish Government ring-fenced initiatives; fully committed and unable to apply to general use.	0.8
Earmarked funding for specific projects and initiatives	1.064
General reserves	0
<b>Total</b>	<b>1.864</b>

The level of reserves we are currently holding is minimal and is in breach of the 2% of budget level set out in the IJB Reserves Policy. Clearly there is a tension between building reserves when delivering such significant savings.

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.

On the basis of cost pressures being in the region of £3.5 million to £8.6 million per year the good / average / poor implication could be:

- Good – fully funded plus some flexibility for investment and / or reduction in the 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 not be able to deliver savings without further impact to the services we deliver and to our workforce; we will need to look at reduction or cessation of some service areas.

For a budget falling into the poor range it is increasingly possible the IJB will be unable to set a balanced budget in future years.

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 2024/25 funding gap is a fundamental assumption when assessing future cost pressures. Any shortfall will impact on future year pressures and on financial sustainability. We do not have reserves to bridge any gap and further support from our partners is not an option for 2024/25.

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)	0.6
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	0.9
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 statutory services.

The ability to deliver significant savings on an ongoing basis.

The impacts of legislative, political or policy changes.

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.

The Learning Disability In-Patient Service can incur significant cost pressures depending on the complexities of the individuals within the service at any time. The Community Change Fund work continues and should support mitigation of some pressures at the service model evolves.

Prescribing has always been volatile due to the numerous factors involved and without any reserve to smooth this impact this is presenting the most significant pressure within primary care. There are NHSGGC wide and local action plans developed to help address this pressure.

Ranking 1 to 5 with 1 being easiest and 5 being most difficult.  
 C = Complete and N = Not yet ranked

	2025/25 Saving £m	ERC	Delivered	Detailed Plans on track	More Work Needed	NHS	Delivered	Detailed Plans on track	More Work Needed
1	Current Business Support vacancies	0.037	0.037			0.059	0.059		
1	Childrens Services Redesign					0.072	0.072		
1	Whole Family Wellbeing Fund	0.320		0.320					
1	Crisis Stabilisation	0.042	0.042						
	<b>Total Prioritisation 1</b>	<b>0.399</b>	<b>0.079</b>	<b>0.320</b>	<b>-</b>	<b>0.131</b>	<b>0.131</b>	<b>-</b>	<b>-</b>
2	CaH external - application of SPF	1.700	0.672		1.028				
2	CaH external - price efficiency	0.300			0.300				
2	Care at Home Review Phase 2 (Was SRR)	0.150			0.150				
2	Increase Turnover targets reflecting pause in recruitment	0.067	0.067			0.372	0.172	0.200	
2	Redesign LD & Recovery	0.041	0.041						
2	Family Group Decision Making Service	0.050		0.050					
2	St Andrews House	0.020			0.020				
2	Wider review of all accommodation								
2	Prescribing - GGC wide initiatives – drug switches					0.340			0.340
2	Prescribing - Polypharmacy reviews					0.150			0.150
2	Prescribing - PIIGlets (Practice Indicator Implementation Guides)					0.010			0.010
2	Prescribing - Treatment room formulary/ Optometry / Care Home					0.050			0.050
2	Prescribing - Drugs of Low Clinical Value Initiative					0.125			0.125
	<b>Total Prioritisation 2</b>	<b>2.328</b>	<b>0.780</b>	<b>0.050</b>	<b>1.498</b>	<b>1.047</b>	<b>0.172</b>	<b>0.200</b>	<b>0.675</b>
3	Supporting People Framework	2.300	0.428		1.872				
3	LD Review of Care Packages (Was SRR)	0.120	0.116	0.007					
3	VS/ER Work up Phase 2	0.300		0.128	0.172				
3	Intensive Services posts and running costs (Was SRR)	0.064			0.064				
3	Adult Planning & Service Redesign					0.071	0.018		0.053
3	Summer play schemes / activity	0.075			0.075				
3	Shared Services	0.025			0.025				
3	Transport Strategy								
	<b>Total Prioritisation 3</b>	<b>2.884</b>	<b>0.544</b>	<b>0.135</b>	<b>2.208</b>	<b>0.071</b>	<b>0.018</b>	<b>-</b>	<b>0.053</b>

Ranking 1 to 5 with 1 being easiest and 5 being most difficult.  
 C = Complete and N = Not yet ranked

2025/25 Saving £m	ERC	Delivered	Detailed Plans on track	More Work Needed		NHS	Delivered	Detailed Plans on track	More Work Needed	
4 Grant Funded (Was partly SRR)	0.530	0.264		0.266						
4 LD University funded activity						0.050			0.050	
4 Prescribing - Further saving programme						0.150			0.150	
4 Top slice supplies budgets 20%	0.480	0.148		0.332		0.440	0.322		0.118	
4 Income / Charging for Services	0.200	0.058		0.142						
4 Review Council Support Costs Charges	0.200			0.200						
<b>Total Prioritisation 4</b>	<b>1.410</b>	<b>0.470</b>	<b>-</b>	<b>0.940</b>		<b>0.640</b>	<b>0.322</b>	<b>-</b>	<b>0.318</b>	
C VS/ER Phase 1	0.781	0.784								
C Localities posts and associated running costs (was SRR)	0.025	0.025								
C Review of Connor Road funding (was SRR)	0.065	0.065								
<b>Total Complete</b>	<b>0.871</b>	<b>0.874</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total All Identified So Far</b>	<b>7.892</b>	<b>2.747</b>	<b>0.505</b>	<b>4.646</b>		<b>1.889</b>	<b>0.643</b>	<b>0.200</b>	<b>1.046</b>	
<b>Still Needed to Balance NHS</b>						<b>2.100</b>			<b>2.100</b>	
<b>Total</b>	<b>7.892</b>	<b>2.747</b>	<b>0.505</b>	<b>4.646</b>		<b>3.989</b>	<b>0.643</b>	<b>0.200</b>	<b>3.146</b>	