



East Renfrewshire Integration Joint Board

Medium Term Financial Plan 2019/20 - 2023/24

17th March 2019

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Executive Summary

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

The annual budget for 2019/20 is £134.6 million and this will be spent delivering a range of health and social care services to the citizens of East Renfrewshire.

We have a long standing history of integration and this allows the HSCP to 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 our commissioning plan.

Whilst our successful history of providing integrated services is a positive this does mean that we have already taken many of the opportunities to redesign services, remove duplication and make associated efficiencies over the last 13 years.

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

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

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

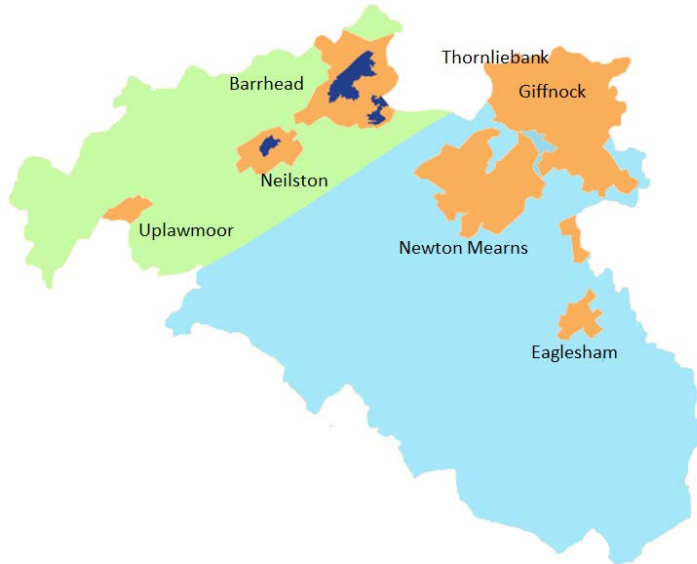
The annual estimated cost pressure over the life of this plan ranges from £5.1 million to £5.7 million.

The funding gap in 2019/20 is £3.1 million.

The funding gap in future years could range anywhere from £0 to £5.4 million.

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 Royal Alexandra Hospital.



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

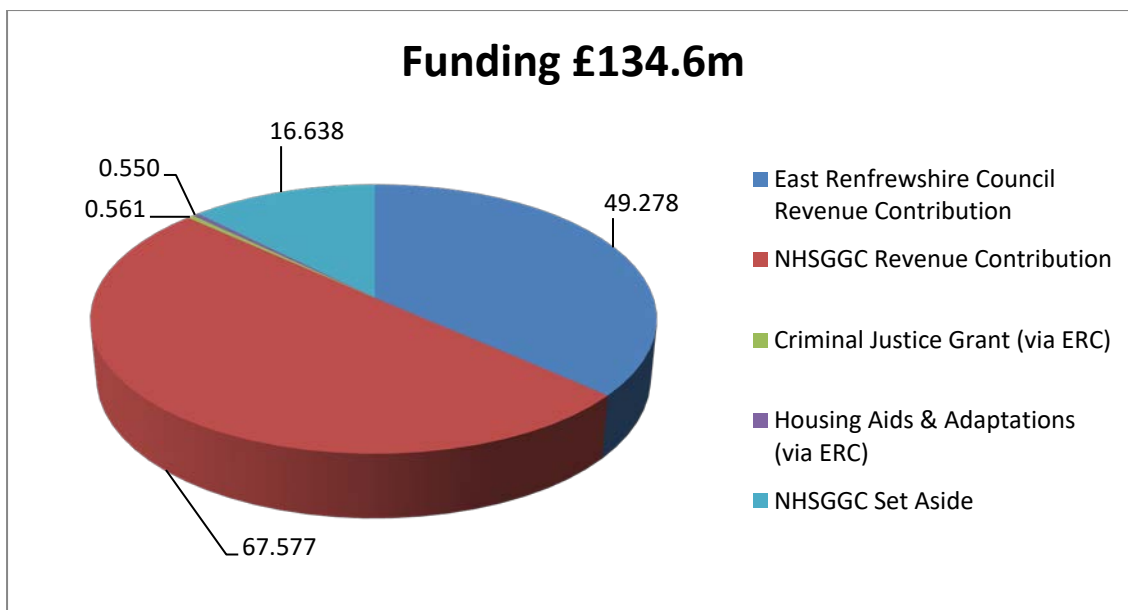
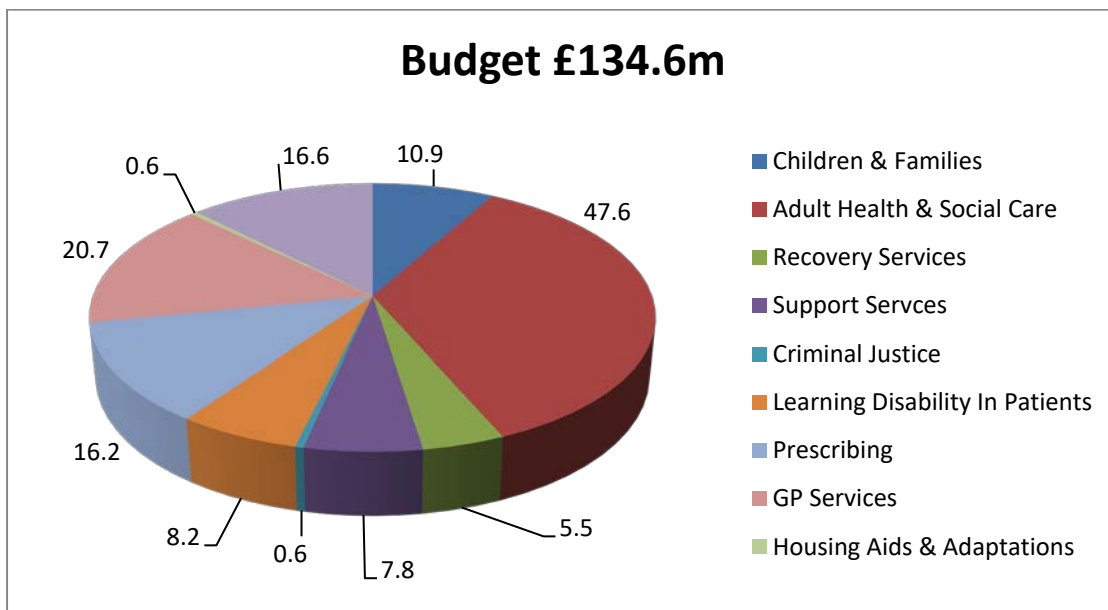
Within the Barrhead (Levern Valley) locality there is also a custom built health & care centre which provides services including GP, social work, district nursing, and rehabilitation and is also the base for the learning disability team, children & adolescent mental health (CAMHS) team and speech and language therapy. Children & families social work and health visiting teams are based in the adjacent council building. St Andrew's House is the location of the community addictions Team. Barrhead Resource Centre provides day opportunities to those with a learning disability.

The Partnership also hosts the learning disability in-patients service which is based in 3 buildings at Renfrew, Anniesland and on the Gartnavel hospital site. This service is provided by us for all the HSCPs within NHS Greater Glasgow & Clyde (NHSGGC).

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, our partners and other stakeholders to identify potential locations and funding options.

Our Budget

Our total budget for 2019/20 is £134.6 million and this may change during the year for any additional funding or adjustments to our recurring base funding.



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

The revenue budgets for those “day to day” health and social care services delivered by the HSCP is £117.4 million.

We hold the budget for Learning Disability Specialist Services and host the in-patient service on behalf of the other 5 HSCPs within the Greater Glasgow and Clyde area. The table below shows how the 2017/18 cost relates to the bed use by HSCP:

LEARNING DISABILITY IN PATIENTS SERVICES HOSTED BY EAST RENFREWSHIRE IJB	2017/18 £000
Glasgow	6,600
Renfrewshire	688
Inverclyde	416
West Dunbartonshire	381
East Dunbartonshire	-
LEARNING DISABILITY – INPATIENTS SERVICES	8,085

Similarly each of the other 5 HSCPs host one or more services on behalf of the other HSCPs. The table below shows the 2017/18 cost of our populations’ consumption of those services:

SERVICES PROVIDED TO EAST RENFREWSHIRE IJB BY OTHER IJBs WITHIN NHS GREATER GLASGOW AND CLYDE	2017/18 £000
Physiotherapy	348
Retinal Screening	57
Podiatry	430
Primary Care Support	283
Continence	287
Sexual Health	616
Mental Health	1,014
Oral Health	891
Addictions	347
Prison Health Care	191
Health Care in Police Custody	159
Psychiatry	4,000
NET EXPENDITURE ON SERVICES PROVIDED	8,623

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

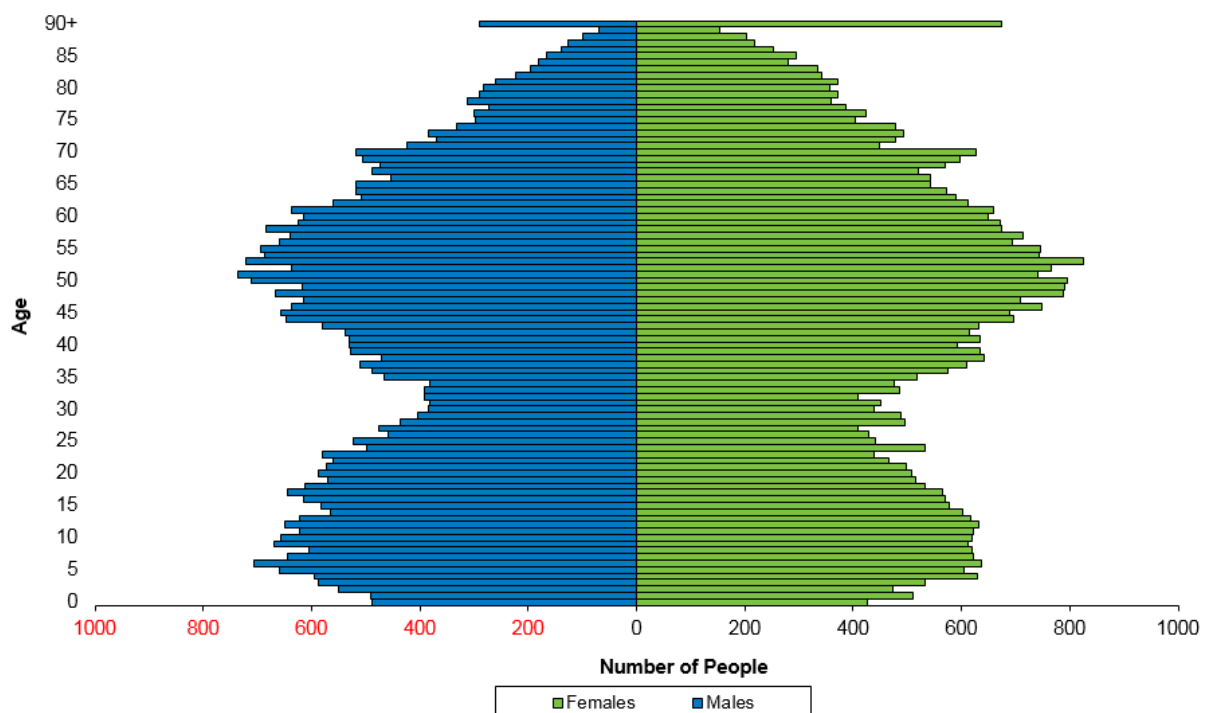
In addition to our annual budget we also have ring-fenced funding from the Scottish Government for the Primary Care Improvement Fund and Mental Health Action 15. Our allocations for these funds are set out below and our spending plans comprise a number of local and NHSGCC wide projects and initiatives:

	2018/19 £'000	2019/20 £'000	2021/22 £'000	2022/23 £'000
Mental Health Action 15	172	265	375	499
Primary Care Improvement Fund	714	858	1,717	2,419

Our population demographic is one of our main challenges

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

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



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

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

Finally, the tables give year-to-year population change.

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

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

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

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

Source: National Records of Scotland (NRS)

The key points are:

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

Not all older adults will require health and social care but it is a reasonable assumption that many will. We know that people over 80 are the greatest users of hospital and community health services and social care. East Renfrewshire is attracting people of this age because more retirement and care homes are choosing to open in our area.

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

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

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

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

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

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

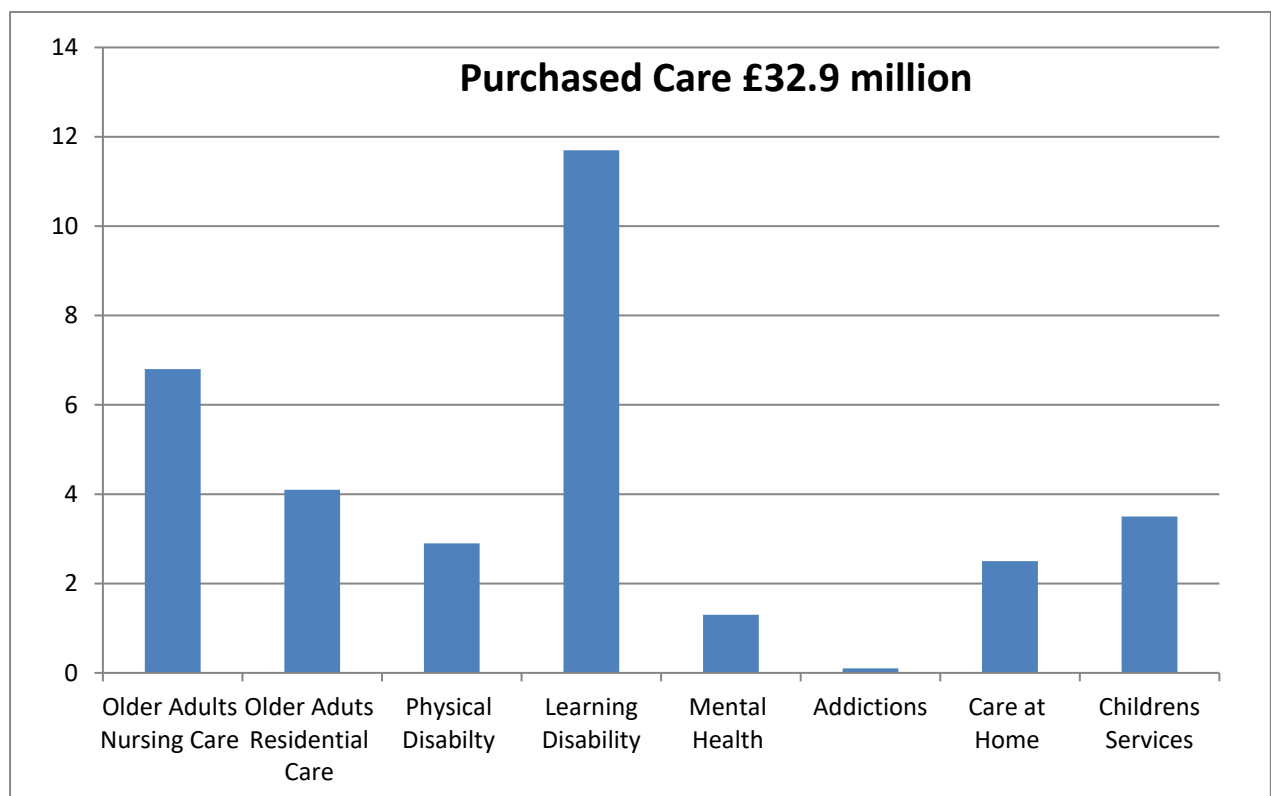
This growth in population will mean an increase in demand for all health and social care services however the significant growth in the 65+ population reflects the expected increase in those aged 85 and over.

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

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

Our Current Purchased Care Costs

The care that we purchase from a range of providers currently costs around £32.9 million for a year, with £32.1 million social care and £0.8 million healthcare. The chart below shows how this relates to care groups:



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.

Current examples include:

Withdrawal from the European Union (Brexit) with issues ranging from a general view that this will impact negatively on the economy to specific concerns around workforce status and staffing gaps, shortage in supply of drugs, healthcare and other consumables and associated cost and sustainability implications to the labour market, care providers and suppliers of other goods and services.

Free Personal Care to Under 65s commences April 2019 and whilst funding has been provided there remains a risk the new and increased demand may exceed this.

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 was provided to meet additional costs and to date this is working well.

Primary Care Improvement Plan funding to support the GP contract and develop sustainable services going forward. Our plans include both local and NHSGGC system wide work.

Mental Health Action 15 funding is intended to allow improvement to how a wide range of mental health services are delivered and increase the number of workers in this field by 800 nationally at the end of the programme. Our plans include both local and GGC system wide work.

Fair Work Practices including the Scottish Living Wage (increased to £9.00 per hour in 2019) impacts on the costs of the services we provide and purchase.

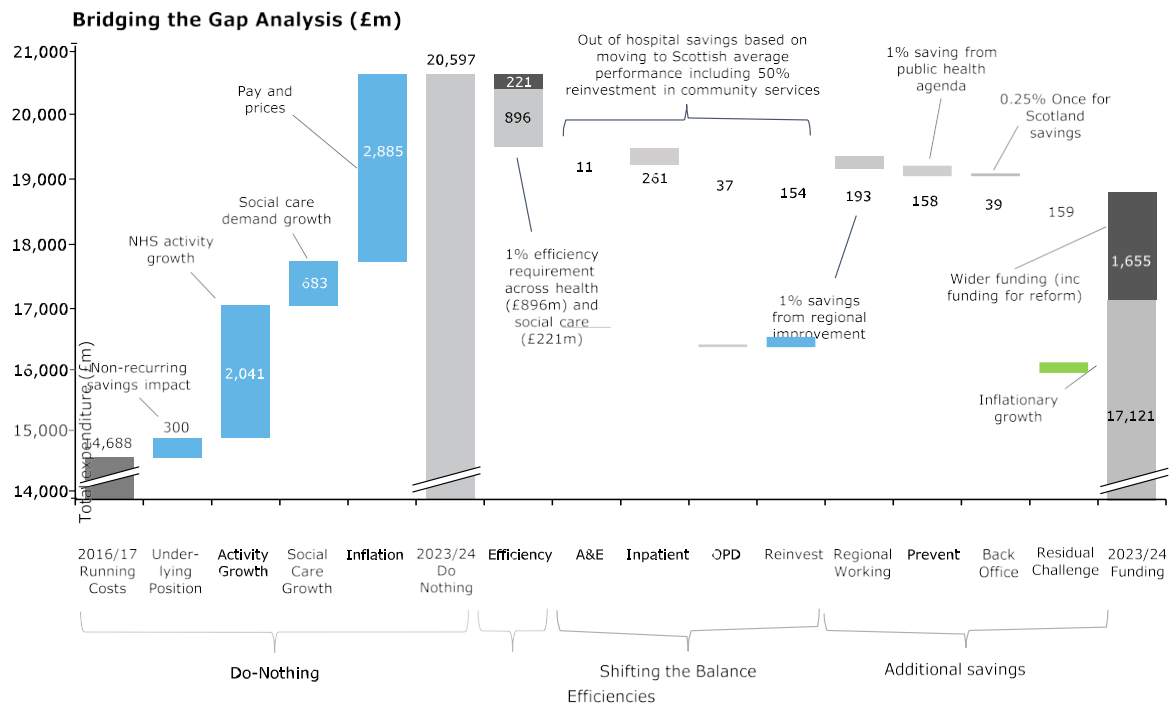
Scottish Government Medium Term Health and Social Care Financial Framework was published in October 2018 with the key messages:

- The framework uses 2016/17 as the baseline and covers the period to 2023/24 based on Barnett resource consequentials and shows that if nothing changed a funding gap of £5.9 billion would exist if we continue as is.
- The drivers for growth are recognised as price including pay and inflation, activity demand and growth and demographic impacts. The combined impact on each partner area is estimated at an annual growth rate of:
 - Health services 3.5%
 - Social care 4% which is slightly higher recognising the impact that the very elderly have on demographic pressures
- The framework sets out a number of approaches and initiatives to address this challenge through investment, reform and efficiency. These include shifting the balance of care, regional working, public health and protection, once for Scotland and a continued efficiency agenda.
- When all assumptions are taken into account the residual challenge for the period is estimated at £159 million.

- The framework will be revised to reflect progress and future iterations will include assessment of local and regional delivery plans.

The extract below from the plan summarises the strategy:

FIGURE 8. SYSTEM REFORM BRIDGING ANALYSIS



There are a number of other policy areas that will impact such as regional planning and local government review.

The Scottish Government has recently confirmed a move to multi-year budget settlements from 2020/21 and whilst this may not be a panacea to funding constraints the degree of certainty this will bring to forward financial planning is a positive development.

Medium Term Financial Outlook

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

The medium term outlook focusses on the likely cost pressures that the IJB can expect over the next 5 years. This can be extrapolated to a longer period such as 10 years, where the cost pressures would reach £6.4 million on the basis of the assumptions

below, however the further into the future we look the less certainty we can take from those projections.

The funding pressures over the next 5 years relate to demand for services; either from legislative changes or changes in population, inflationary increases and any changes in regulation or legislation. Prescribing is a particularly volatile area as in addition to cost and demand changes this can also be impacted by short supply of drugs, new drugs to the market, existing drugs coming off patent and other price mechanism changes.

The estimated pressures for the 5 years are:

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Pay – assumed at 3% from 2020/21	1,092	1,125	1,158	1,193	1,229
Inflation – assume 3% from 2020/21	1,671	1,721	1,773	1,826	1,881
Prescribing – assumed 4% pa	628	653	679	706	735
Demographic and Demand changes - assume 4% pa from 2020/21	1,281	1,332	1,385	1,441	1,499
Investment in care at home services	750	250			
Other budget pressures	243	100	100	100	100
Workload and ratio impacts – tbc					
Total	5,665	5,181	5,092	5,266	5,444

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

Our workforce plan is being developed and will help inform these discussions and associated cost implications.

The other assumptions included in the figures above are:

Pay is assumed 3% per year from 2020/21 reflecting the current agreed pay award, inflation is assumed at the same rate for forward planning.

Demographic and demand pressure is based on 4% per annum reflecting the Scottish government assumption for social care. Whilst 3.5% is assumed by the Scottish government for health, the majority of our pressure relates to social care.

Prescribing is shown at 4% which assumes the underlying 6% cost pressure in 2019/20 but allows for rebate income. This area is so volatile it is difficult to accurately predict.

A further investment is assumed in care at home to reflect investment to ensure stability in this area.

The other pressures reflect a contingency allowance from 2020/21 of £100k per year for any in year issues.

The estimated pressures are based on 2019/20 as a baseline and do not reflect any impact of service redesign or future changes; these will be refined and revised as our change programme progresses. At this stage the primary care fund and mental health action 15 funding are being treated as ring fenced and do not impact on the pressures set out above.

Our Response

For 2019/20 the cost pressure of £5.665 million is offset by available funding of £2.560 million leaving a funding gap of £3.105 million and a savings programme has been identified to fund this gap.

Since the IJB was established in 2015 we have prepared for the expected financial challenge of the last few years and have a reserves policy and agreed strategy that has allowed us time to deliver our significant restructuring programme “Fit for the Future”. The reserves balance currently projected at 31 March 2019 is £3.5 million (subject to the final outturn for 2018/19). Our reserves can be summarised into the following categories:

	Projected balance at 31/3/19 £'000
Specific Project Funding – mainly timing difference across financial years	370
Transitional Funding to support the bed model redesign within Learning Disability In-Patients	701
Bridging Finance to support the phased implementation of savings and allow for any in year pressures and flux in activity	2,168
General reserves	272
Total	3,511

Within the bridging finance reserves £1.1 million is specifically to support a phased approach to savings and it is likely we will utilise this in the delivery of our £3.1 million savings in 2019/20 depending on the timing of implementation.

Whilst it is appropriate that we set ourselves future efficiency savings targets it will not be possible to meet the scale of cost pressures we are facing without significant impact to the level of service we deliver. The backstop to balancing future budgets will be to take a backwards step and look at implementing criteria based assessment so only those with the highest level of need would receive support.

On the basis of the pressures being in the region of £5.2 million to £5.4 million per year best / good / poor / bad implication could be:

- Best - fully funded plus some flexibility for investment
- Good - fully funded pressures – acceptance of a realistic efficiency target
- Poor - Similar level of available funding so possible gap of £2.5 million to £3 million per year
- Bad - anything below poor

For a budget falling into the range of poor / bad we would need to look at significant reduction to care package costs and would most likely need to consider brokerage and recovery plans with partners. There is a risk that the IJB may not agree to set a budget.

We continue to develop our change programme and explore opportunities for new ways of working and service delivery models and will always try and maximise any savings opportunities that protect our front line services .

Risk and Sensitivity

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

The % assumptions used to identify cost pressures above are restated in the table below to demonstrate what every additional 1% would cost:

Impact of 1% change	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Pay	375	386	398	410
Inflation	574	591	609	627
Prescribing	163	226	235	245
Demographic and Demand changes	333	346	360	375

A change of 1% to the 2019/20 contribution from each partner would equate to:

ERC Contribution	£0.493 million
NHSGGC Contribution	£0.676 million
NHSGGC Set Aside	£0.166 million

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

The impacts of legislative, political or policy changes, with examples included in the national context.

The implication for the set aside budget moving from an allocation to commissioning or similar mechanism will have a “real cash” impact.

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

The Learning Disability In-Patient Service can incur significant cost pressures dependant on the complexities of the individuals within the service.

Prescribing volatility is due to numerous factors and whilst a saving and cost containment programme is in place many of the factors are not in the direct control of the IJB.