



Meeting of East Renfrewshire Health and Social Care Partnership	Integration Joint Board								
Held on	16th March 2022								
Agenda Item	9								
Title	Medium Term Financial Plan								
<p>Summary</p> <p>To provide the Integration Joint Board with a refreshed Medium Term Financial Plan for the IJB covering the five year period 2022/23 to 2026/27.</p>									
Presented by	Lesley Bairden, Head of Finance and Resources (Chief Financial Officer)								
<p>Action Required</p> <p>The Integration Joint Board is asked to:</p> <ul style="list-style-type: none"> ▪ Approve the revised Medium Term Financial Plan ▪ Agree to receive updates that reflect significant changes in the financial outlook for the Integration Joint Board 									
<p>Directions</p> <p><input checked="" type="checkbox"/> No Directions Required</p> <p><input type="checkbox"/> Directions to East Renfrewshire Council (ERC)</p> <p><input type="checkbox"/> Directions to NHS Greater Glasgow and Clyde (NHSGGC)</p> <p><input type="checkbox"/> Directions to both ERC and NHSGGC</p>	<p>Implications</p> <table style="width: 100%;"> <tr> <td><input checked="" type="checkbox"/> Finance</td> <td><input checked="" type="checkbox"/> Risk</td> </tr> <tr> <td><input type="checkbox"/> Policy</td> <td><input type="checkbox"/> Legal</td> </tr> <tr> <td><input type="checkbox"/> Workforce</td> <td><input type="checkbox"/> Infrastructure</td> </tr> <tr> <td><input type="checkbox"/> Equalities</td> <td><input type="checkbox"/> Fairer Scotland Duty</td> </tr> </table>	<input checked="" type="checkbox"/> Finance	<input checked="" type="checkbox"/> Risk	<input type="checkbox"/> Policy	<input type="checkbox"/> Legal	<input type="checkbox"/> Workforce	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Equalities	<input type="checkbox"/> Fairer Scotland Duty
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EAST RENFREWSHIRE INTEGRATION JOINT BOARD

16 March 2022

Report by Lesley Bairden, Chief Financial Officer

MEDIUM TERM FINANCIAL PLAN

PURPOSE OF REPORT

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

RECOMMENDATIONS

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

BACKGROUND

3. This report builds on the Revenue Budget for 2022/23 and looks at the potential cost implications for the next 5 years. Given the numerous uncertainties we are facing this plan will be refreshed and assumptions refined and revised as we work through the coming year.
4. This is a refresh of the previous Medium Term Financial Plan 2022/23 – 2026/27 previously agreed by the IJB on 23 June 2021.

REPORT

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

Section	Contents
Executive Summary	Main messages and purpose
Local Context	Localities, accommodation and services delivered, budget 2022/23, demographic analysis and challenges, scale of purchased care, hosted services consumption
National Context	Legislative and Policy implications, Brexit, Economic considerations, Covid-19, Ministerial Steering Group review of Integration, Audit Scotland reports
Medium Term Financial Outlook	Sets out high level cost pressures over next 5 years with supporting assumptions
Our Response	2022/23 funding gap , reserves summary, possible future funding gaps and implications
Risk and Sensitivity	Key risks, indication of 1% change in factors and financial implications

6. This revised MTFP reflects the proposed budget for 2022/23 which is subject to IJB approval and uses this as the baseline for calculating future cost pressures. Additional information is included to reflect the impacts of Covid-19 and the investment by the Scottish Government into Health and Social Care.
7. The MTFP confirms the scale of the financial challenge in 2022/23 despite Scottish Government investment. There is a risk that our Recovery and Renewal programme may not deliver the full £2.9m required savings and therefore there are still significant risks around financial sustainability.
8. As we continue to respond to the pandemic, the focus remains very much in the short term. As and when we can properly move to recovery, we should have capacity to better understand the medium term implications that Covid-19 has had on our workforce, our population and on our forward planning and modelling.
9. The MTFP is a “living document” and will also be used to inform engagement with our partners in our future budget discussions.

CONSULTATION AND PARTNERSHIP WORKING

10. The Medium Term Financial Plan is based on the 2022/23 opening budget which is subject to agreement by the IJB. The Chief Financial Officer will continue to work in partnership with colleagues to further develop budget setting and financial planning process for future years.

IMPLICATIONS OF THE PROPOSALS

Finance

11. The refreshed plan shows the future year cost pressures in the range of £5.1 to £5.7 million annually over the period of the plan, caveated that there are many unknowns. This cost pressure may reduce dependant on budget settlements.
12. The forward extrapolation over a 10 year period has not been reinstated given the level of uncertainty over demand, capacity, Covid-19 impact and the move to a National Care Service.

Risk

13. The risk to the Integration Joint Board remains delivering a sustainable budget in 2022/23 and beyond. The plan includes a number of risks along with sensitivity assumptions.

Staffing

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

Equalities

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

DIRECTIONS

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

CONCLUSIONS

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

RECOMMENDATIONS

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

REPORT AUTHOR

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10 March 2022

Chief Officer, IJB: Julie Murray

BACKGROUND PAPERS

IJB Paper – 23.06.2021 Item 8: Medium Term Financial Plan

https://www.eastrenfrewshire.gov.uk/media/5739/IJB-Item-08-23-June-2021/pdf/IJB_Item_08_-_23_June_2021.pdf?m=637596096756770000

IJB paper – 20.03.19 Item 9: Medium Term Financial Plan

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

IJB paper – 17.03.21 Item 5: Revenue Budget 2021/22

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

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East Renfrewshire Integration Joint Board

Medium Term Financial Plan 2022/23 to 2026/27

(Subject to IJB budget approval for 2022/23
on 16 March 2022)

Revision 3 at 16 March 2022

Document Title:	Medium Term Financial Plan					
Owner:	Chief Financial Officer			Status:	Final	
Review Dates:	Created:	March 2019	Date of last review	March 2022	Date of next review	n/a
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1.0	17/03/2019	Lesley Bairden				
2.0	23/06/2021	Lesley Bairden				
3.0	16/03/2022	Lesley Bairden				

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1. Executive Summary

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

The annual revenue budget for 2022/23 is £180.1 million and this will be spent delivering a range of health and social care services to the residents of East Renfrewshire.

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

Whilst our successful history of providing integrated services is a positive this does mean that we have already taken many of the opportunities to redesign services, remove duplication and make associated efficiencies in the last 16 years.

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

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 and ensuring financial sustainability in the medium term.

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

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

The funding gap in 2022/23 is £2.9 million and presents a significant challenge particularly when taken in context of recovery from Covid-19, however there is also increased investment through Scottish Government funding to support health and social care so this may provide a degree of flexibility where we need to redesign models of care.

The funding gap relates to the balance of the £4.2 million legacy savings from 2020/21 and 2021/22 we did not achieve as a result of the pandemic response. We received financial support from the Scottish Government to meet this pressure in both years as part of the additional costs associated with Covid-19.

The IJB recognises the scale of the challenge; that we are still in response mode at March 2022; that there are still many unknowns as we work our way towards recovery and the impact and implications from the plans for a national care service are unknown.

The plans we had to review criteria and introduce charges for non-residential care have been overtaken by a combination of the impact of the pandemic with increased demand for services and people having more complex needs. We also know that as part of a national care service the intention is to have a national criteria for care and to eliminate charging for non-residential care, so to progress with previous plans could

potentially have caused unnecessary distress and uncertainty. The majority of our care costs are for our older population where our demographic continues to have a high proportion of frail, older people.

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.

The 2020/21 savings target was a further £2.4 million and at this stage we were clear that that this would have significant impact on care packages as we had exhausted all other options. Reducing care package costs meant tightening the criteria we use to assess need; this was not through choice as it goes against our preventative approach. We also recognised that reducing support takes time and we would need to smooth in the impact, supported by one-off reserve funding. The initial work we undertook to reduce overnight support was met with significant resistance by families.

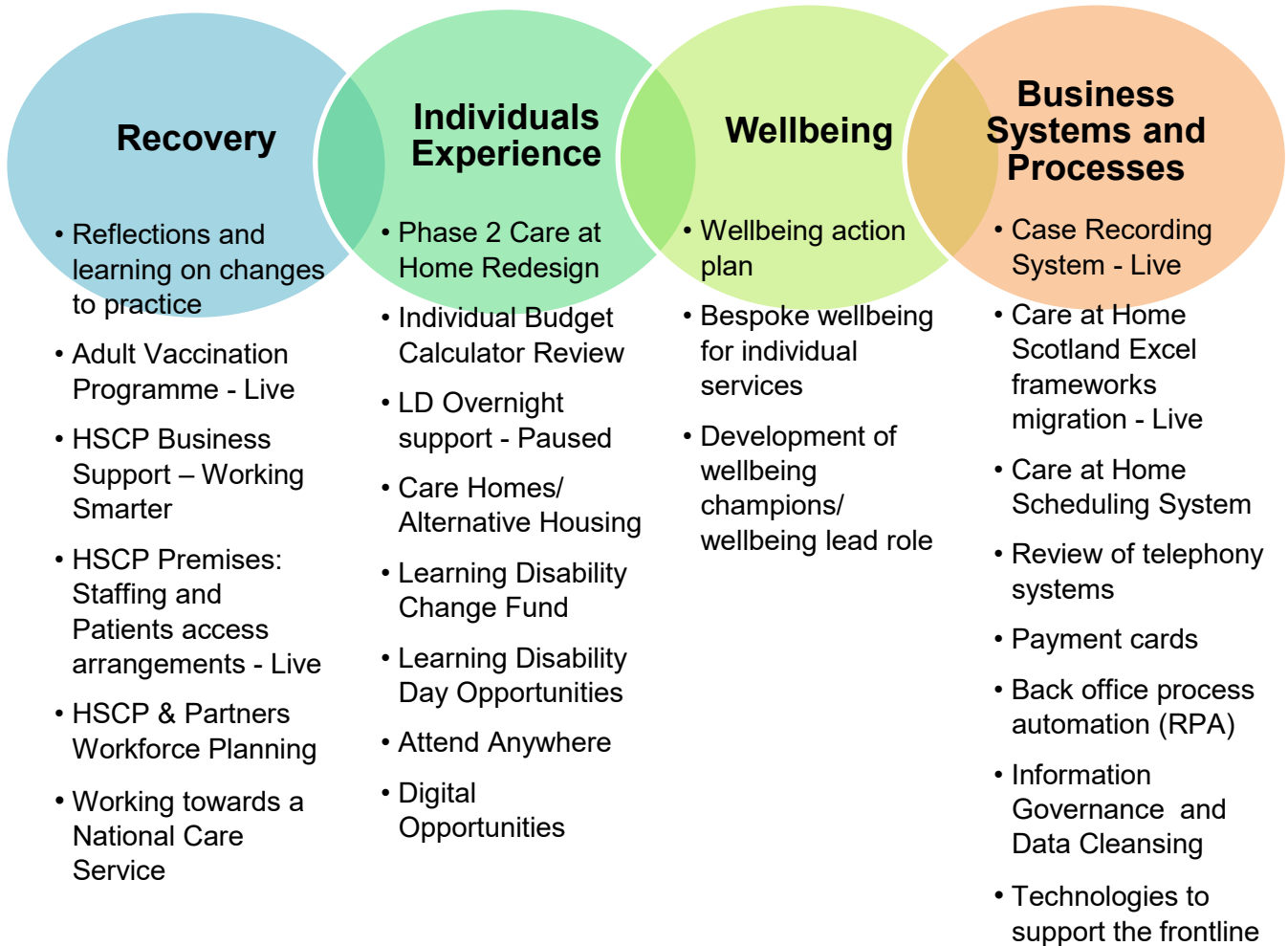
Just as we set the 2020/21 budget our savings plans, along with change, development and other non-essential work was paused as we focussed on the first wave of the pandemic response. For 2020/21 we received full support for unachieved savings of £2.4 million from the Scottish Government as part of Covid funding.

In the current year our remaining savings target increased to £3.6 million (so a further £1.8 million new savings, on top of the unachieved £2.4 million and allowing for achieving £0.6 million) and we have confirmation of full Scottish Government support through Covid funding. Our strategy of smoothing in savings through the application of the earmarked reserve for this purpose is paused whilst we receive Covid-19 funding support and will recommence when support ends.

During 2022-25 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.

The IJB have recognised that 2022/23 will require an ongoing iterative approach and we will need to adapt, respond and flex in a timely manner. As one of the smaller IJBs we are nimble and can react quickly however we do have a significant financial risk; our funding gap is £2.9 million, we have c£2 million in reserves to phase in those savings we can achieve through change and redesign.

Our Recovery and Renewal programme, summarised in the diagram below, will be refreshed based on the latest response, take into account the impact of investment and incorporate further workstreams as required. This will be reported to the IJB on a regular basis when this work recommences. This will include financial modelling to support redesign and savings delivery to meet the required £2.9 million on a recurring basis.



This remains a significant challenge and the increase in funding and capacity as a result of the additional Scottish Government funding should allow some increased flexibility in service delivery and redesign. However 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 2023 we may need to invoke the financial recovery process included within our Integration Scheme.

2. Local Context

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



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

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

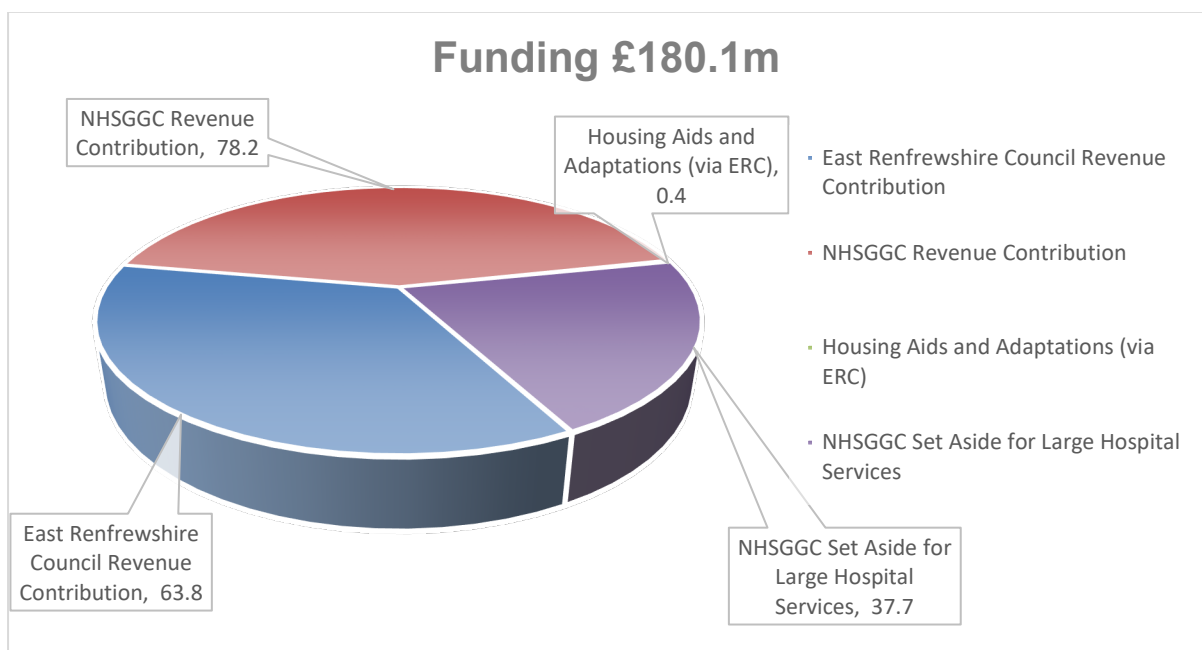
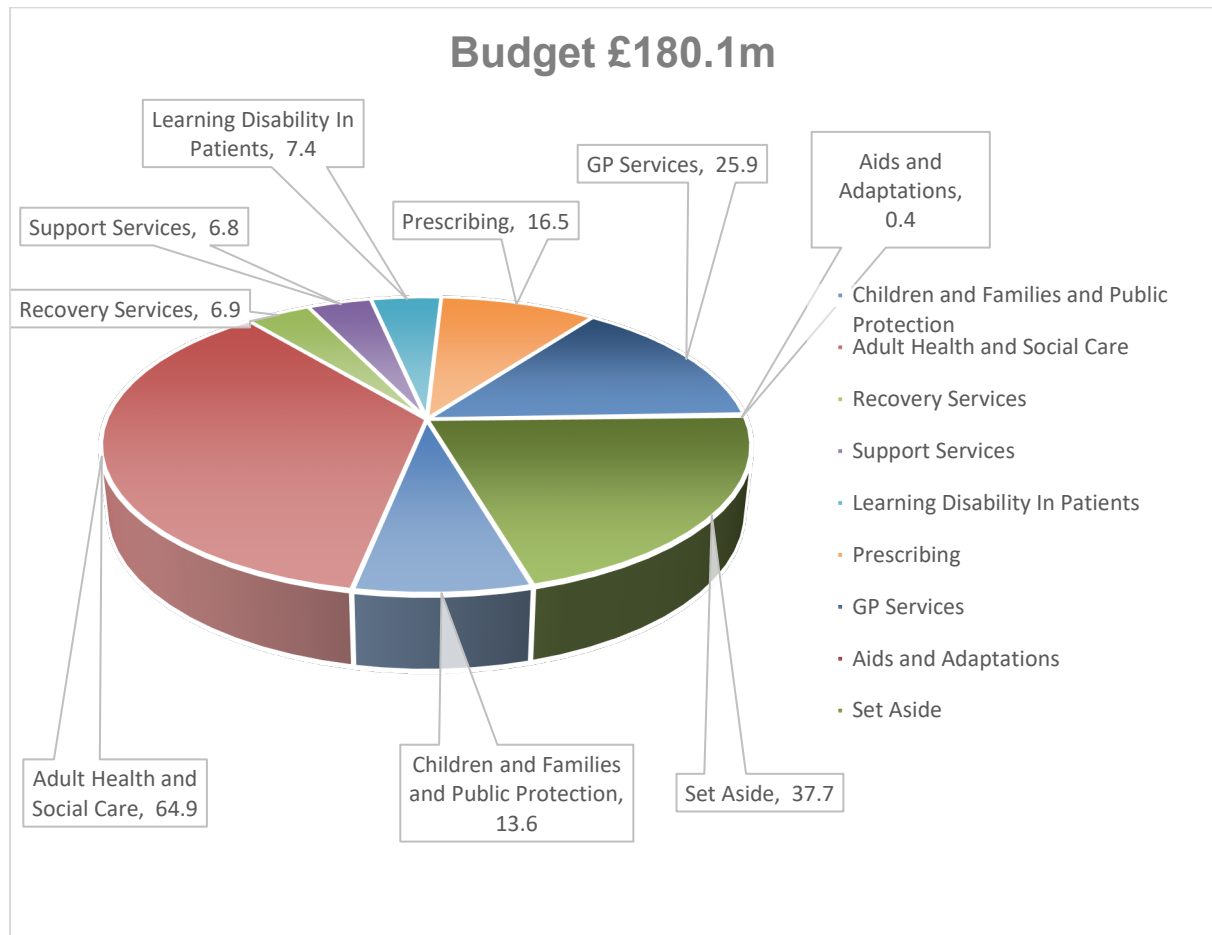
The Partnership also hosts two service on behalf of NHS Greater Glasgow & Clyde; the Learning Disability Specialist Services based in 3 in-patient buildings within the Greater Glasgow and Clyde area at Renfrew, Anniesland and on the Gartnavel site and the Augmentative and Alternative Communication service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

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

The use of our buildings and the way we work has been significantly impacted in the response to the pandemic and how use our space in the future will be part of our Recovery and Renewal Programme.

Our Budget 2022/23

The opening budget for 2022/23 is £180.1 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 £142.4 million, with a further £0.6 million community justice funded by grant. We usually receive other ad-hoc funding and grants throughout the year to support various initiatives and this is reported within our routine financial reporting.

We also 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).

During 2021/22 we expect to spend just over £9 million on Covid-19 related costs as we responded to the pandemic and this will be fully funded by the Scottish Government. This remains an evolving situation and is regularly reported to the IJB.

We host the Learning Disability Specialist Services and Augmentative and Alternative Communication Service on behalf of the other 5 HSCPs within the Greater Glasgow and Clyde area, totalling £8 million and this cost is met by the HSCP.

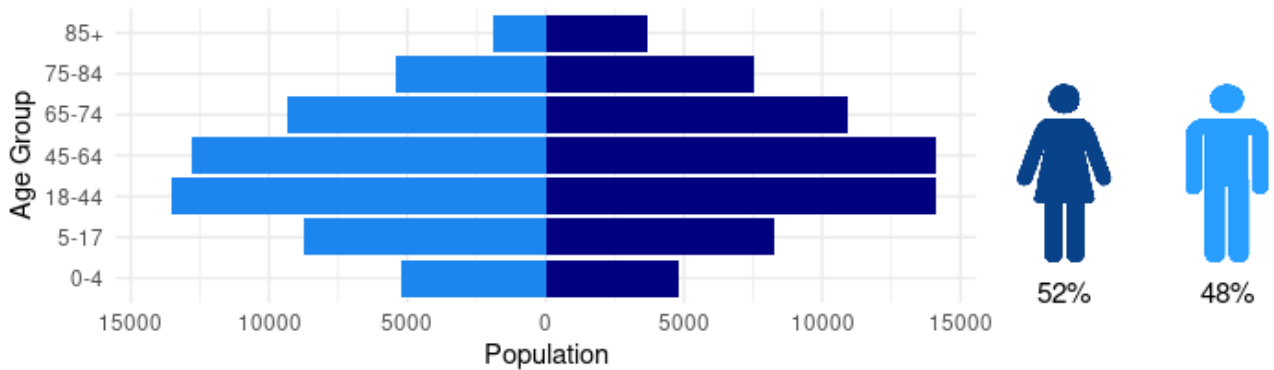
Similarly each of the other 5 HSCPs host one or more services on behalf of the other HSCPs. Our use of a range of services is around £9.5 million but the costs are met by the host HSCP under current arrangements.

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

In 2020, the total population of East Renfrewshire HSCP was 96,060. The graph below shows the population distribution of the HSCP.

Figure 1: Population breakdown in East Renfrewshire.

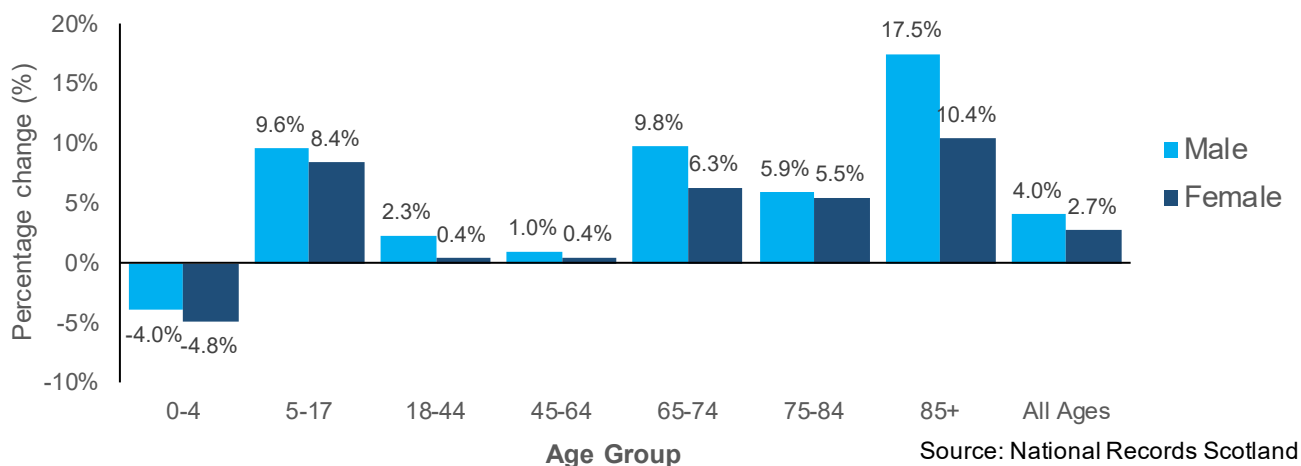


Source: National Records Scotland

Figure 2 shows the change in population structure in East Renfrewshire over the past five years from 2015 to 2020 based on NRS mid-year population estimates. The population has increased by 3.4% overall. The male population has been rising at a faster rate than the female population, particularly in the 85+ age group.

Figure 2: Change in population structure over the past five years.

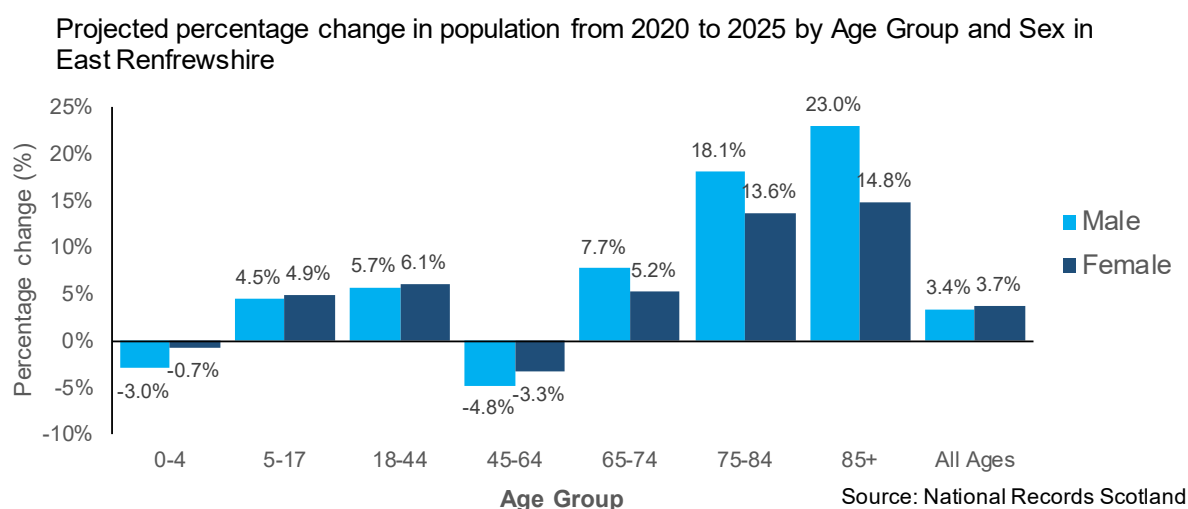
Percentage change in population from 2015 to 2020 by Age Group and Sex in East Renfrewshire



Source: National Records Scotland

Figure 3 shows the projected change in the population structure in East Renfrewshire over the next five years from 2020 to 2025. The NRS 2018-based population projections¹ and the 2020 mid-year estimates have been used to estimate a population increase of 3.5% over the next five years to 2025. Although the overall projected rise in population is similar to the increase seen in the last five years, the population aged 75 and over is projected to increase at more than twice the previous rate (16.1% versus 7.7%). The 65+ population is projected to increase from 20.2% of the population in 2020 to 21.7% of the population by 2025.

Figure 3: Projected change in population structure over the next five years.



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.

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

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.

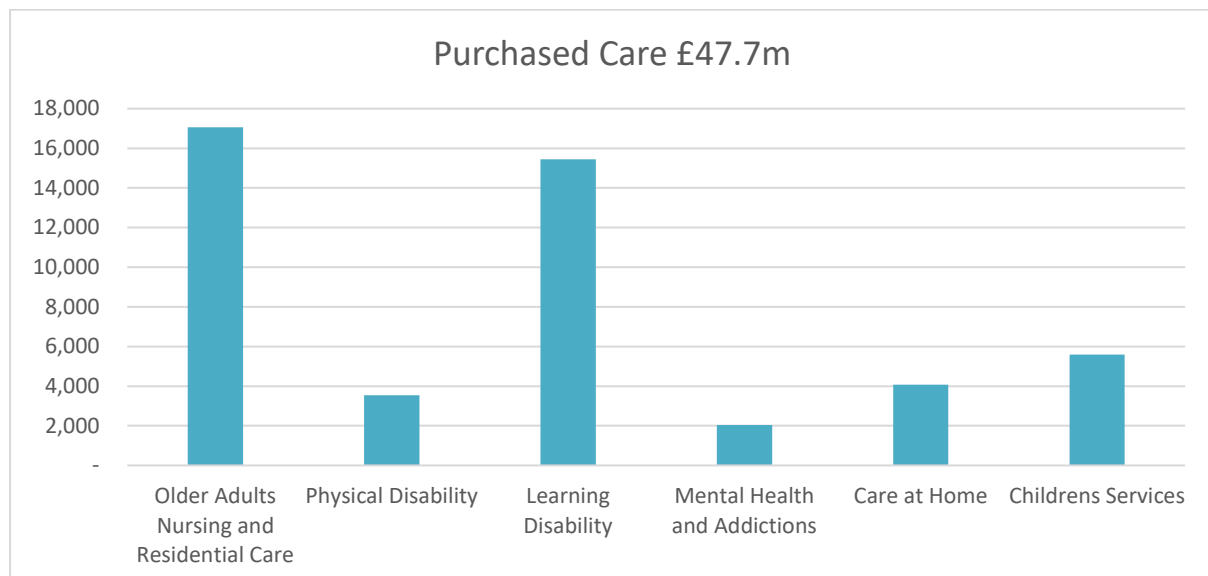
The post Covid-19 impact on the health and wellbeing of our population is still unclear and we will closely monitor the allocation of the provision we have identified for demographic pressures not only to determine the application but also the sufficiency. As we work through 2022/23 the impacts on our population may become clearer.

It is impossible, for now at least, to understand what the impact of Covid has been and will be on long term demand. We do know that care at home in particular has seen a significant increase in demand as more people need services but want to remain at home. Demand for rehabilitation has almost doubled that of pre pandemic levels to 70-80 per week, referrals from hospital for Care at Home has doubled and community referrals for this service have trebled.

In line with the rest of the country we are seeing increased demand across all services, increases in the number of new people needing to access services and we are seeing more complex needs when people do need support, much of which is compounded by cancellation or delays to routine medical services.

Our Current Purchased Care Costs

The care that we purchase from a range of providers currently costs around £47.7 million for a year, with £46.6 million social care and £1.1 million healthcare, this is funded in part by individual contribution and resource transfer. The chart below shows how this relates to care groups:



3. National Context

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

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

The most significant challenges for 2022/23 and beyond are the ongoing response and recovery from Covid-19, recruitment and retention of our workforce, the physical and mental health of our workforce and our population, financial sustainability and preparing for the challenges and opportunities that may arise from a national care service.

Covid-19

The last two years 2020-22 have seen the HSCP face the unprecedented challenge of the Covid-19 pandemic. During the crisis, staff across the HSCP have responded with incredible resilience, commitment and creativity. Within a very short space of time teams have established and adapted to new ways of working and have continued to maintain and deliver safe and effective services to our residents. Our strong local partnerships have responded with great innovation and greater collaborative working with and in support of our local communities. During the pandemic we established and ran a local Community Assessment Centre for people with respiratory problems. We successfully distributed high volumes of essential PPE supplies and have delivered an enhanced flu vaccination programme and Covid-19 vaccination programme. We have developed and coordinated many services and supports to care homes, who have been caring for some of our most vulnerable residents.

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

Our Covid-19 response activity has happened in addition to our planned operational priorities. Much of the performance data for 2020-22 reflects the direct impact of the pandemic on operational activity and changed behaviours among the population during lockdowns and the pandemic period more generally.

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

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

The recovery and improvement actions that we will look at when we move beyond the pandemic include:

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

Care Providers the longer term impact on the sustainability of our partner care provider market following Covid-19 is another unknown and we continue to work closely with all our partners to work through issues, support where we can, and look to develop the best way of working building on our collaborative and ethical commissioning approach as we move forward. The way we commission services may be impacted by the creation of a national care service.

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

Economic challenges are significant as we are seeing increasing inflation across a number of goods and services.

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

Primary Care Improvement Plan funding to support the GP contract and develop sustainable services going forward. Our plans include both local and system wide work. The post Covid-19 impact and population increases will directly impact on

demand for GP services will inform future planning and application of investment of reserves held.

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. Similarly any ongoing services we are required to provide in response to the pandemic will have local impact.

The Scottish Government announced its draft budget on 9th December 2021 agreed its budget on 10th February 2022. This budget confirmed the £554 million national investment in social care, consolidating the winter finding announced during 2021/22. With the exception of Interim Care all funding is recurring:

Initiative	National £m	Local £m
Interim Care	20	0.4
Care at Home	124	2.2
Carers Act	20	0.3
Free Personal & Nursing Care	15	0.5
Real Living Wage baseline 2021/22	31	0.5
Real Living Wage full year impact of £10.02	144	2.3
Real Living Wage to £10.50 and other investment **	200	3.3
Total	554	9.5

** Final distribution to be confirmed

In addition to the funding above there is a further £22 million for social work support and our expected share is £0.386 million. This will allow the additional capacity required to support demand increases. This is not included in the council settlement distribution at the time the council set its budget.

The NHSGGC budget contribution is based on the recurring budget plus 2% uplift and funding for National Insurance increases in line with the Scottish Government budget conditions. Additional funding for Multi-Disciplinary Teams and increasing capacity through recruitment of Healthcare Support Workers has been included based on the allocations we expect to receive:

Initiative	National £m	Local £m
Multi-Disciplinary Teams	40	0.7
Healthcare Support Workers Bands 3 and 4	30	0.5
Total	70	1.2

Audit Scotland regularly provide reports in relation to health and social care integration with examples including: NHS in Scotland 2021 (February 2022), what we took to PAC, Guide for Audit and Risk Committees (August 2020) and Local Government in Scotland Financial Overview 2019/20 (January 2021).

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

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

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

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

Work remains ongoing to adopt a mechanism to implement the intentions for the set aside budget for large hospital services, a delegated planning responsibility to the IJB. The latest Unscheduled Care Commissioning Plan and associated financial framework is being considered by the six IJBs who work within the NHS Greater Glasgow and Clyde boundary in March 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 funding pressures over the next 5 years relate to demand for services, legislative and policy changes, increasing population, inflation and economic uncertainty. 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.

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

The 2022/23 cost pressures are per the proposed budget to the IJB and inform the modelled significant cost pressures for the following 4 years:

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Pay – assumed at 2% pa	1.5	1.0	1.0	1.0	1.1
Inflation and Policy (care costs) – assume 4% pa	4.5	1.9	2.0	2.1	2.1
Prescribing – assumed 2% pa	0.3	0.3	0.3	0.3	0.4
Demographic and Demand changes - assume 4% pa	1.5	1.9	2.0	2.1	2.1
Legacy Savings	3.6				
Cost Pressures	11.4	5.1	5.3	5.5	5.7
Funding to offset pressures	(8.3)				
Planned Savings – Firm	(0.2)				
Remaining Funding Gap – to be achieved	2.9	tbc	tbc	tbc	tbc

There will be other costs pressures such as general inflation and it is intended that these will be offset by efficiency savings where possible. Additional capacity funding included in the 2022/23 budget has resulted in increased pay and inflation for future years.

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

There are a number of areas where caseload or staffing ratio to number of patients will determine changes to the workforce. For example there are staffing models that determine how many District Nurses or Health Visitors are required for the population

size, so where we have an increasing population we need to work with partners to assess the impact on the workforce and how this is to be funded.

We have a one year workforce plan in place and our three year plan will be finalised during 2022. This will help inform these discussions and associated cost implications.

The other assumptions include above are:

The pay increases for 2022/23 are not yet finalised and are likely to vary across our partner organisations and the working assumption is 2%.

Inflation for care costs was previously assumed at the same rate as pay as a working assumption however based on the fair work policies, workforce and economic challenges this is assumed at 4%,

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

Prescribing is shown at 2% based on 2022/23. However this may rise in line with population increases. This area is so volatile it is difficult to accurately predict and the post Covid-19 impact could be significant. The IJB holds a reserve to help manage fluctuation.

The pressures and funding included in the 2022/23 budget show the investment from the Scottish Government to support health and social care. The costs and savings relating to future changes including service redesign will be refined and revised as our recovery and renewal programme progresses. In this model grant funded activity is treated as ring fenced and does not impact on the pressures set out above; the assumption being costs will be fully funded.

5. Our Response

Since the IJB was established in 2015 we have prepared for the expected financial challenge of the last few years and pre Covid-19 we had a reserves policy and an agreed strategy that allowed us time to deliver our savings.

We continue with this strategy to phase in savings to minimise the impact on frontline services however the scale of the challenge in 2022/23 means we may fully deplete this reserve. We may receive some Covid-19 support depending on the capacity impact on service redesign.

For 2022/23 the cost pressures identified in our budget are of £11.4 million is offset by available funding of £8.3 million leaving a funding gap of £3.1 million; savings of £0.2 million are in place with the remaining £2.9 million to be delivered in year; supported by the earmarked reserve we hold to allow this to be incrementally smoothed in.

Our Recovery and Renewal programme will be refreshed based on the latest response, take into account the impact of investment and incorporate further workstreams as required. This will be reported to the IJB on a regular basis when this work recommences. This will include financial modelling to support redesign and savings delivery to meet the required £2.9 million on a recurring basis.

This remains a significant challenge and the increase in funding and capacity as a result of the additional Scottish Government funding should allow some increased flexibility in service delivery and redesign. However 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 2023 we may need to invoke the financial recovery process included within our Integration Scheme.

The projected reserves balance to 31 March 2022 is £16.3 million including an in-year allocation of £14.8 million to support Covid-19 and unscheduled care costs in 2021/22 and 2022/23. Our projected reserves can be summarised into the following categories:

Reserves	Projected balance at 31/3/22 £m
Scottish Government ring-fenced initiatives; fully committed and unable to apply to general use.	10.6
Bridging Finance to support the phased implementation of savings and allow for any in year pressures and flux in activity	3.1
Earmarked funding for projects and initiatives	1.6
Transitional Funding to support the bed model redesign within Learning Disability In-Patients	0.7
General reserves	0.3
Total	16.3

Within the bridging finance reserves of £2.4 million is specifically to support a phased approach to savings and it is likely we will utilise this to support the delivery of our £2.9 million savings in 2022/23.

Whilst it is appropriate that we set ourselves future efficiency savings targets it will not be possible to meet the scale of cost pressures we are facing without significant impact to the level of service we deliver. The backstop to balancing future budgets was previously to take a backwards step and look at implementing criteria based assessment so only those with the highest level of need would receive support; this is no longer viable following the impact of the Covid-19 pandemic.

On the basis of the pressures being in the region of £5.1 million to £5.7 million per year the good / average / poor implication could be:

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

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

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

The Recovery and Renewal programme will allow us to explore opportunities for new ways of working as we emerge from the pandemic however this may not achieve the full savings required to balance 2022/23.

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 2022/23 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 MTFP:

Impact of 1% Change	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Pay	0.5	0.5	0.5	0.5
Inflation and Policy (care costs)	0.5	0.5	0.5	0.5
Prescribing	0.2	0.2	0.2	0.2
Demographic and Demand	0.5	0.5	0.5	0.5

A change of 1% to the 2022/23 contribution from each partner would equate to:

- ERC Contribution £0.6 million
- NHSGGC Contribution £0.8 million
- NHSGGC Set Aside £0.4 million
- Housing Aids & Adaptations £0.0 million (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 and increasing demand for services. The success of our Recovery and Renewal programme will be impacted by our ability to adequately resource the programme.

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

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

The Learning Disability In-Patient Service can incur significant cost pressures dependant on the complexities of the individuals within the service at any time and we are managing this through use of a reserve; although this funding is diminishing. The Community Change Fund work over the next three years may impact on how this service operates.

Prescribing has always been volatile due to the numerous factors involved and there is a real risk of significant increases post Covid-19. We do have a reserve to help us manage changes in cost and volume. The post Covid-19 impact on prescribing in the medium to long term is unclear. During 2021/22 the volume of items prescribed is returning to pre-pandemic levels; the post Covid-19 implication is not yet clear in terms of complexity of need, population demand and mental health impacts.