

**To: Renfrewshire Integration Joint Board**

**On: 20 November 2020**

**Report by: Chief Finance Officer**

**Heading: Financial Outlook 2021/22**

Direction Required to Health Board, Council or Both	Direction to:	
	1. No Direction Required	<b>x</b>
	2. NHS Greater Glasgow & Clyde	
	3. Renfrewshire Council	
	4. NHS Greater Glasgow & Clyde and Renfrewshire Council	

## 1. Purpose

- 1.1 This report provides an update to the IJB on the Financial Outlook previously outlined to the IJB in March 2020 in the Chief Finance Officer's (CFO) "2020/21 Delegated Health and Social Care Budget paper". It describes the CFO's estimated financial outlook for Renfrewshire Integration Joint Board (IJB) for 2021/22, taking into account the impact of COVID-19 during 2020/21 and recommending key actions with regards the IJB's medium term financial strategy.

## 2. Recommendation

It is recommended that the IJB:

- Note the assumptions and context of the financial outlook for 2021/22 and the levels of uncertainty that exists in relation to these assumptions; and the ongoing expectation of the IJB being required to continue to plan for further significant budget gaps going forward.
- Note that the potential financial and economic impact of COVID-19 represents a significant additional risk to the IJB, and the wider public sector going forward.
- Note the significant disruption to the IJB's delivery of its 2020/21 Financial Plan, and Transformation changes to bring forward and develop the second tranche of savings for 2021/22 and beyond through our 'renewal' programme due to COVID-19.
- Agree to take forward Audit Scotland's key recommendation from their Annual Audit report 2019/20 as highlighted in section 6.12 of this report, "The board should remain focussed on the financial challenges facing RIJB and continue to ensure decisions are taken to support medium and long-term financial sustainability".
- Agree per section 6.3 and 9.6, that in order to provide further financial resilience, the IJB should continue to work towards its agreed strategy to establish its targeted level of general reserves

- Agree per paragraph 9.12 to prudently progress 2021/22 financial planning on the basis of a range of funding scenarios from our partners organisations from a reduction of 1% to an increase of 2%.
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### 3. **Introduction**

- 3.1. Renfrewshire IJB is a legal entity in its own right created by Parliamentary Order, following ministerial approval of the Integration Scheme between Renfrewshire Council and NHS GGC. It is accountable for the stewardship of public funds and ensuring that its business is conducted under public sector best practice governance arrangements, including ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The budget delegated by our two partner bodies, is used by the IJB to commission services, which are delivered by Renfrewshire Health and Social Care Partnership (HSCP). The principles of the funding allocated by the two partner organisations is set out in the Integration Scheme, however, utilisation of this funding is delegated to the IJB.
- 3.2. Under the terms of the Integration Scheme, partner organisations should make appropriate arrangements to fund pay awards, contractual uplifts, the impact of demographic changes and determine efficiency targets as part of their respective budget setting processes.
- 3.3. The role of the Section 95 Officer (Chief Finance Officer) for the IJB includes both the adherence to professional standards as well as compliance with “The Local Government (Scotland) Act 1973 section 95, which clearly states that:

*“...every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that the proper officer of the authority has responsibility for the administration of those affairs.”*

for the IJB this includes the requirement to ensure a balanced budget is set.

### 4. **2021/22 Overview**

- 4.1. This report sets out the Chief Finance Officer’s (CFO) estimated financial outlook for Renfrewshire Integration Joint Board (IJB) for 2021/22, outlining the main financial pressures on health and adult social care services and potential implications of the CFO’s current assumptions regarding the anticipated budget pressures for 2021/22.
- 4.2. As previously reported, the IJB faces significant financial disruption as a consequence of the COVID-19 pandemic and associated emergency response. The financial impact of COVID-19 on the IJB is likely to be subject to continual change in line with decisions being taken at government level in response to the developing management of the emergency response across the UK. Members will recall that in March the Scottish Government provided in principle confirmation that all reasonable additional costs associated with the crisis will be fully funded, in addition, following on from the CFO’s recommendation, the IJB sought more specific formal follow up confirmation from the Scottish Government on this funding commitment in early July. It is therefore on the basis of this funding commitment that the current financial year is being progressed
- 4.3. It was also recognised that assessing the full financial impact of COVID-19 on the IJB would be a complex process, with limited clarity and significant uncertainty linked to both costs and funding over the course of 2020/21 and

beyond. In this context the IJB needs to update its financial strategy for 2021/22 and beyond to reflect these changes.

- 4.4. As previously highlighted to members, COVID-19 has significantly disrupted the IJB's delivery of its 2020/21 Financial Plan, requiring a re-evaluation and reprofiling of the delivery of approved in-year savings. Transformation changes have been disrupted and delayed; as has work to bring forward and develop the second tranche of savings for 2021/22 and beyond through our 'renewal' programme. The degree to which the HSCP is able to step back up and deliver this strategic transformation programme is subject to uncertainty and will largely be determined by a range of factors including:

- the ongoing response to COVID-19; and
- ongoing service delivery priorities including flu vaccinations and winter service provision; and
- the recommendations of the national review of adult social care; and
- the availability of resources within operational services and Change and Improvement, to deliver complex change requirements.

## 5. **Medium Term Financial Outlook**

- 5.1. Previous reports to the IJB have highlighted that the economic outlook was one of relatively weak growth by historical standards, with Scotland lagging that of the UK as a whole.

- 5.2. In addition, 2020/21 represents the first year where over estimated tax receipts from previous years require to be repaid by Scotland to the UK treasury. The Scottish Government decided to maximise spending in 2020/21 by using its borrowing powers to reduce the impact of c£200 million of negative fiscal reconciliation adjustments in 2020/21. This will however have to be repaid, and along with the estimated fiscal reconciliation for 2021/22 of c£350 million, adds a significant pressure which will need to be managed by the Scottish Government over future years.

- 5.3. Overall, the 2020/21 budget in Scotland grew by c3.6% in real terms, compared to 2019/20. This increase was mainly due to Barnett consequential adjustments from spending increases by the UK Government. However, after adjusting for new responsibilities and duties, the local government allocation was a cash standstill (real terms cut) reflecting the Scottish government's policy priorities of protecting spending in eg the NHS and Police. There is also added uncertainty over the additional resources announced by the Scottish Government after the stage 1 debate of the 2020/21 budget, as these were funded through the use of in-year flexibility leaving real uncertainty over whether all of this additional funding will be baselined from 2021/22 onwards.

### 5.4. Impact of COVID-19 on the Economy

- 5.4.1. Across all nations, economies are experiencing the most significant period of economic decline in history. Public Health responses to COVID-19 required large parts of the economy to be closed down as part of the lockdown arrangements operating across almost all major economic regions globally. This action has therefore resulted in the most significant reduction in economic activity ever experienced, with recovery gradually beginning to emerge as National Government's ease lockdown restrictions. However, even with this gradual easing, many restrictions continue to apply and consequently the return to normal economic activity levels will be over a longer than envisaged period.

- 5.4.2. The initial prospect of a quick economic recovery has not been realised with a much less certain outlook emerging, with recovery linked to the possibility of a

vaccine or effective treatment which would allow a return to normal social and economic activity. It is also clear that there is a risk of more permanent economic damage, as increasing numbers of businesses are failing to survive the crisis, with specific sectors significantly damaged, and, others where recovery will take much longer.

5.4.3. The response of the UK Government to deploy fiscal interventions to support businesses and the economy through the COVID19 emergency has been unprecedented, with unparalleled levels of borrowing to support businesses across the economy to survive so that they can resume activity and contribute to the economic restart.

5.4.4. As recently reported by HM Treasury, the total UK Government debt has now exceeded £2 trillion. Higher levels of debt will result in significant additional interest and repayment costs moving forward. However, due to the current historically low rates of borrowing the UK Government is currently able to access, the overall annual debt servicing costs remain relatively stable, this will however be subject to the impact of further decisions taken by the UK Government to manage the current crisis.

## 5.5. Potential Impact on Public Expenditure

5.5.1. As highlighted in section 5.4 above, the UK Government has borrowed significantly more in 2020/21 than planned. The impact of this level of borrowing on future spending plans has yet to be clarified and will be critical for public finances. In essence the options available would need to consider:

- Tax increases to raise additional revenues
- Reduction in public spending
- Increasing borrowing to support public spending, investment and spending power in the economy.

5.5.2. The approach taken will be critical for the Scottish Government budget and will impact directly on public sector financial settlements in Scotland for 2021/22. For example they may choose to borrow more, whilst historically low rates exist and seek to protect or increase investment in the public sector to stimulate growth and jobs, and may chose not to materially vary or change taxes - particularly in the short term to protect consumer spending and private sector investment.

## 6. **Financial Sustainability: IJB's Medium-Term Financial Outlook**

6.1. The economic context at national level is now subject to significantly greater uncertainty than that which existed pre-COVID-19. The measures taken by national governments to respond to COVID-19 has extended the impact from not just being a public health crisis but also to one of being an economic crisis of an unparalleled extent. The impact this will ultimately have over medium-term public expenditure plans across both the UK and Scotland, is currently unclear. However, the risk to the IJB's financial outlook being more negative than previously predicted has increased considerably.

6.2. The IJB's financial strategy for 2021/22 therefore needs to reflect the current and ongoing impact of COVID-19, including: the direct costs associated with treating and preventing the spread of the disease; and the costs associated with changing models of both health and social care as people and organisations move further away from institution-based care and more towards care at home. For example, the IJB has already started to see noticeable growth in care at home packages for people with complex needs resulting in additional capacity and financial pressures.

- 6.3. In addition, it is anticipated that over the course of 2021/22, the IJB will be required to fully utilise its unallocated reserves to provide financial cover for any shortfall in the delivery of its planned savings. It is therefore critical that the IJB works to replenish these in order to provide further financial resilience, adding to the medium- term financial pressure the IJB will require to address.
- 6.4. In November 2019, the IJB approved its Medium-Term Financial Plan 2020/21 to 2024/25, which identified a challenging financial outlook. The IJB agreed to create a transformation reserve to support a step-change in the HSCP's change activity.
- 6.5. The Financial Plan set out a two-tiered approach to delivering savings, where Tier 1 short-term savings would be delivered in 2020/21 and Tier 2 savings would be achieved over the period 2021/22 to 2023/24 through transformational change with the Transformation Programme as the key process to address the estimated net budget gap (for the period 2021/22 to 2023/24) of between £9 million to £19 million. Tier 1 savings proposals were approved by the IJB on 31 January 2020.
- 6.6. As highlighted in previous reports to the IJB, COVID-19 has significantly impacted on the delivery of our approved Financial Plan for 2020/21 with the implementation of a number of 2020/21 savings proposals agreed by the IJB in January 2020 having to be paused at the outset of the pandemic. Scoping of planned transformational activity also paused in March 2020. However, the IJB's current medium-term financial strategy remains valid in terms of the requirement to deliver significant recurring savings over the medium term.
- 6.7. The CFO's reports to the IJB in July and October 2020, provided a summary of the impact on the IJB and its partner organisations in responding to Covid-19. It is likely that the financial pressures caused by Covid-19 will move the IJB towards the "worst case scenario" articulated in the Medium Financial Plan. In addition, there is now a risk that the level of savings that the IJB will be required to deliver could exceed this "worst case scenario" as evidenced by the updated figures detailed in sections 7 and 8 this report which reflect the most current data available. The scale of the challenge ahead will be largely dependent on the level of support from the Scottish Government, and our capacity to take forward our Transformation Programme.
- 6.8. In this context it is critical that the IJB remains focused on delivering the transformation programme and seeking to deliver the targeted savings for 2021/22, focusing on mitigating the risk of financial instability. The financial strategy is required to place greater focus on protecting the immediate stability of the IJB, both financially and from a service perspective.
- 6.9. The plan is to address these challenges through our Recovery and Renewal Plan, building on our Covid-19 response to date and implementing both recovery and renewal plans in tandem. Details of the approach to be taken for 2021/22 and the associated challenges created by COVID-19 in achieving this, are included in a separate report to this meeting "COVID-19 Recovery and Renewal Planning Update".
- 6.10. As highlighted in the report above, IJB members should be aware that any identified savings options will be assumption-based due to the significant degree of uncertainty which exists within health and social care at this time. These include, but are not limited to:
- The unknown timescales of the pandemic, and the number of additional future waves of infection to emerge.

- The full impact of COVID-19 on our local communities including on employment, inequalities and mental health and wellbeing.
- The associated financial impact of COVID-19, and the degree of additional funding which will be provided by the Scottish Government to cover costs incurred.
- The overall fiscal framework (as outlined earlier in this report) within which the public sector will need to work in the next financial year. The UK Government has confirmed that on 25<sup>th</sup> November 2020 a one-year spending announcement will be made and not as previously planned a 3-year spending review. Decisions relating to Tax and Borrowing will be considered in March 2021 along with consideration of the economic forecast. As a consequence, as announced by the Finance Secretary, Kate Forbes, on the 11<sup>th</sup> November 2020, the Scottish Government's budget will be published on 28 January.
- The recommendations to emerge from the national review of Adult Social Care, and the structural and financial implications of this.

6.11. The HSCP continues to work with partners within NHS GGC and Renfrewshire Council to understand the developing budget position for FY 2020/21, and to determine a balanced budget for FY 2021/22 as outlined in sections 7 and 8 of this report. In particular, the council is potentially facing a more challenging outlook than previously envisaged.

#### 6.12. IJB 2019/20 Annual Audit Report Key Recommendation

6.12.1. In the 2019/20 Annual Audit Report from the IJB's external auditors, one of their main focuses was on the financial sustainability of the IJB:

“ Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered”.

6.12.2. Within the report they highlight that:

“Corporate ownership and engagement at all levels within IJB commissioned services will be the key factor in determining the success or otherwise of the Transformation Programme and the Recovery and Renewal Plan. It is essential that Heads of Service take the lead in working with corporate Officers, specifically the Chief Officer and Chief Finance Officer to identify and implement practical actions to take forward this programme and plan”.

6.12.3. In addition, one of the key recommendations of the report is that the:

“The board should remain focussed on the financial challenges facing RIJB and continue to ensure decisions are taken to support medium and long-term financial sustainability”.

6.12.4. In light of the above, it is therefore essential that the IJB and the HSCP Senior Management Team take forward the CFO's recommendations highlighted within this report.

## 7. **Delegated Adult Social Care Budget 2021/22**

7.1. In addition to the ongoing impact of COVID-19 across all service areas, similar to 2020/21, demographic and socio-economic factors continue to drive significant demand and cost pressures for 2021/22 in the delegated Adult Social Care budget relating to:

- Funding of the 2021/22 pay award;
- Cost pressures arising from contractual arrangements which are subject to renewal;
- Financial impact of the negotiated application of the increased living wage across the sector;
- Increases associated with the National Care Home Contract;
- Ongoing pressure on the Care at Home service in relation to costs associated with shifting the balance of care, by supporting people to live safely at home for as long as possible and facilitating prompt discharge from hospital; and
- Increasing number and complexity of care packages required to support adult clients to live as independently as possible in the community.

7.2. The Chief Finance Officer, using a range of informed assumptions, has estimated that the demand and cost growth for Adult Social Care in 2021/22 linked to the areas highlighted above, and in section 9 of this report, is likely to be in the region of a gross increase between c£3.9m and c£6.4m. Members should however be aware that due to COVID-19 the current levels of demand on Care at Home Services, and, the number of admissions to Care Homes are not in line with our 'normal projected levels of activity' which we would use to assess the future pressure on these budgets. Consequently, our ability to project on future demand is more complex than in previous years, and therefore the figures we are currently using are heavily caveated.

## 8. **Delegated Health Budget 2021/22**

8.1. In addition to the ongoing impact of COVID-19 across all service areas, similar to Adult Social Care, demographic and socio-economic factors continue to drive significant demand and cost pressures for our delegated Health services in 2021/22 including:

- Pay Inflation and impact of Agenda for change circa;
- Inflationary linked increases on non-pay eligible budgets; and
- Prescribing cost and volume impact;

8.2. Using a range of informed assumptions, the Chief Finance Officer has estimated that the demand and cost growth for Delegated Health Services (not including Set Aside) in 2021/22 linked to the areas highlighted above, and in section 9 of this report, is likely to be in the region of a gross increase between c£4.0m and c£5.1m.

## 9. **Cost Pressures and Demand**

9.1. In line with the approach taken in the Medium-Term Financial Plan a scenario-based approach continues to be adopted to estimate future cost pressures and demand. Potential outcomes have been considered over: low, medium, high and worst-case projected positions. The low projection outlines a more optimistic outlook, while the worst-case indicates the position if pressures emerge at the higher end of current projections.

9.2. Using the above range of scenarios, current projections for the period 2021/22 to 2025/26 include a wide range of assumptions in respect of key cost pressures and demand, highlighting a potential budget gap within a range of £46.5m to £69.2m for this period. This assumed budget gap does not take into account potential additional funding for any pressures from either the Scottish Government or our partner organisations. In addition, it is important to note that these projections are prior to any mitigating action being taken.

9.3. The projected budget gap is based on a range of demand and cost pressures which could be faced by the IJB over the medium term. These assumptions are informed by the national context; effect of new statutory obligations; increasing demographic and demand pressures as well as the impact of COVID-19. Appendices 1 to 3 set out the four scenarios to illustrate the potential financial impact assuming minimum, medium, high and worst case increases e.g. pay inflation, contract price increases.

9.4. The financial projections for 2021/22 include a range of key assumptions for which there remains significant and real uncertainty. These include:

- **The impact of COVID-19 across a range of areas** including provider payments, significant increases in demand etc
- **Future funding allocations from Partner Organisations** may be subject to greater downward pressure due to a worsened financial outlook for our partner organisations (reference paragraph 9.10)
- **Future Pay Settlements:** the move to multi-year settlements provided a degree of certainty over pay pressures through to 2020/21. However, uncertainty will once again arise in relation to pay pressures as the previous 3-year agreement has now come to an end. In addition, 2020/21 was the final year of the current valuation of pension commitments, with a likely change in employer contribution rates from 2021/22.  
The sustainability of future pay awards at similar levels, in the context of an expectation of further reductions in resources, will be a major challenge for the IJB to manage in future years. Employee costs represent 31% of the IJB's net budget. Inflationary pressure in this area represents a significant pressure for the IJB eg every 1 % increase to current pay rates represents an additional cost of c£818k per annum.
- **Demand led Pressures:** the scale of evolving demographic and socio-economic demand led cost pressures continue to be a key financial risk moving forward. Historically, our services have been able to manage this demand through the transformation of services, which has enabled gains in productivity and effectiveness to secure delivery of more services from the money they have received. However, our ability to continue to manage the current and projected demand levels into the future is limited without significant service redesign and transformation in our approach to delivery of our services. In addition, the impact of COVID-19 on a range of our services has already been significant and is likely to continue well into the future. As highlighted in paragraph 6.2 there is already noticeable growth in care at home packages for people with complex needs resulting in additional capacity and financial pressures.
- **Prescribing:** with the ending of the risk sharing arrangement across NHSGGC Partnerships on 31 March 2018, prescribing costs now represents one of our main financial risks, mainly due to the volatility of global markets and the impact of drug tariffs in relation to contracts with community pharmacy. In addition, the impact of COVID-19 on the ability of our pharmacy staff and GP's to deliver on prescribing efficiencies and initiatives has been and will continue to be severely impacted. The full extent of the ongoing impact of COVID-19, the production of a vaccine and BREXIT on the prescribing budget are currently unknown.



- **Inflation and Contractual Commitments:** Non-Pay inflationary pressures reflect anticipated annual increases to payments to third parties, and in the main reflect anticipated increases linked to contracts such as the National Care Home Contract and Supported Living Framework. The impact of COVID-19 on provider sustainability will also impact on all of our contractual commitments, the extent of which will emerge over future months and may require current assumptions to be updated significantly.

9.5. The following table provides a high-level summary of the gross estimated budget pressures (based on “medium case” scenarios ref Appendices 1 to 3) in relation to the above for 2021/22. (Members should note that these scenarios are regularly updated to ensure that the CFO has early sight of any significant changes):

Type of Pressure	Using Medium Case Scenarios		
	Health £000's	Social Care £000's	Overall Position £000's
Contractual	77	1,496	1,573
Pay	2,020	1,029	3,049
Demand	540	1,021	1,561
Living Wage		687	687
Prescribing	1,836		1,836
<b>Total Pressures</b>	<b>4,473</b>	<b>4,233</b>	<b>8,706</b>

9.6. As recommended by the CFO in previous reports to the IJB and in paragraph 6.3 of this report, it is important that the IJB works to create sufficient reserves to provide temporary funding to drive transformation, and, build up contingency reserves during the course of the financial year. In addition, members should note that Audit Scotland will continue to closely monitor the IJB's position to ensure unallocated general working balances remain at an appropriately prudent level.

9.7. As previously discussed with members, the delegated health budget includes a number of budget areas which cannot be considered for planned savings, namely:

- Resource Transfer from the NHS is used to directly fund social care services provided directly through the Council or commissioned from third party organisations;
- Prescribing budget has a clear clinically led approach to cost containment and volume control as part of an NHSGGC system wide approach and one that is built up from the prescribing patterns of individual GPs and informed by known costs;
- Family Health Service budgets directly fund income to contracted services such as GPs;
- Social Care Fund is passed directly through to Renfrewshire Council for allocation to the Adult Social Care Budget;
- Mental Health services protection in line with the Scottish Government's directions; and
- Health Visitors funding – this is a ring-fenced allocation from the Scottish Government in line with their priority to increase the number of Health Visitors.

- 9.8. The following table shows that taking all of the above into account, the remaining budget against which any savings targets need to be delivered is circa £29.874m, (11.81%) the majority of which are employee related budgets.

<b>Health Budget Influencable Spend</b>	<b>2020-21 £'000</b>
2020-21 Budget	204,666
Add: Resource Transfer & Social Care Fund	33,850
Add: Action 15 and PCIP Allocations	2,044
Add: LA Covid Funding	9,419
Add: Health Covid Funding	2,897
	<b>252,876</b>
<b>Less:</b>	
Set Aside	-58,192
Resource Transfer	-21,596
Prescribing	-38,500
FHS	-51,385
Social Care Fund	-12,254
Mental Health (Per SG Direction)	-20,702
Action 15	-441
PCIP	-1,603
Health Visitors (Ring fenced Funding)	-3,666
ADP (Ring Fenced Funding)	-1,703
COVID Allocation	-12,316
Non-Recurring Budget	-644
	<b>-223,002</b>
<b>= Remaining Budget against which Savings can be applied</b>	<b>29,874</b>
<b>% of Budget against which Savings can be applied</b>	<b>11.81%</b>

- 9.9. As outlined in the 'Medium Term Financial Plan', and further described in this report, it is likely that from 2021/22, the budget position for IJBs will be subject to significant demand and cost led financial pressures.
- 9.10. In addition, it was clear from Renfrewshire Council's own Medium-Term Financial Outlook, that it anticipated it would be subject to significant pressure over the medium term. Its most recent update to its financial outlook has highlighted the risk of a further deterioration in its medium-term financial outlook linked to the impact of COVID-19 and a risk of a further period of constraint and reduction in core funding for LG in Scotland. In this context there is a greater risk that any uplift in funding to the IJB similar to that provided in previous years may not be deliverable.
- 9.11. Over the past couple of years, the HSCP has benefited from resources passed through from Health as part of the local government settlement arrangements. This has been a key factor in maintaining the current financial stability of the Partnership. However, as highlighted earlier in this report, it should be recognised that the Scottish Government is likely over the medium term to face an increasingly challenging financial position which may place the ability for a pass through of resources from Health to HSCP's under increasing pressure.

- 9.12. In the context of para 9.10 and 9.11 our financial planning should therefore prudently progress on the basis of a range of funding scenarios from our partners organisations from a reduction of 1% to an increase of 2%. On this basis, the IJB should continue to plan for a range of potential outcomes, ensuring sufficient flexibility to manage in a sustainable manner the position which emerges over the next few years. The likely scenario is that a significant level of further recurring savings will be required. At the same time, we need to deliver sustainable and modern services which meet the needs of service users and their families. Consequently, savings options which do not align with the guiding principles for transformation previously agreed by the IJB will require consideration. Therefore, prior to the next IJB meeting on 29 January 2021, the HSCP proposes that this activity is underpinned by further engagement with the IJB through Development Sessions in December and January and is supported by additional engagement between IJB members and Heads of Service to discuss emerging savings proposals in further detail.
- 9.13. It is therefore essential that the IJB continues to focus on the need to pro-actively progress its transformation and modernisation agenda, maintaining a medium-term perspective of the financial challenges and where appropriate generate reserves to help to:
- Address medium-term pressures on the assumption that the financial position is more than likely to get more pressured;
  - To provide temporary funding to drive transformation; and,
  - Build up contingency reserves in line with Audit Scotland's recommendations which will be crucial in ensuring the financial sustainability of the partnership in the medium term.

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### **Implications of the Report**

1. **Financial** – Financial implications are discussed in full in the report above.
2. **HR & Organisational Development** – none
3. **Community Planning** – none
4. **Legal** – This is in line with Renfrewshire IJB's Integration Scheme
5. **Property/Assets** – none.
6. **Information Technology** – none
7. **Equality & Human Rights** – The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – none
9. **Procurement** – Implementation of the living wage impact on existing contracts with providers and their ability to deliver within the allocated funding package
10. **Risk** – The potential financial and economic impacts of COVID-19 represents a significant additional risk to the IJB, and the wider public sector going forward.
11. **Privacy Impact** – none.

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**List of Background Papers** – none.

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Summary of Combined Unavoidable Adult & Health Services 2022 - 2026						
Based on Recurring Budget 2020/21	21-22	22-23	23-24	24-25	25-26	TOTAL
<b>LOW SCENARIO</b>						
Contractual Pressures	£1,403,204	£2,097,080	£2,731,726	£3,027,569	£3,252,646	£12,512,224
Pay Pressures	£2,893,062	£3,002,673	£3,116,466	£3,234,603	£3,357,251	£15,604,054
Demand Pressures	£1,398,673	£1,231,594	£1,690,803	£1,473,102	£1,268,917	£7,063,089
Living Wage	£686,977	£651,384	£657,427	£663,646	£670,045	£3,329,480
Prescribing	£1,468,612	£1,527,356	£1,588,451	£1,651,989	£1,718,068	£7,954,476
<b>Total Pressures</b>	<b>£7,850,528</b>	<b>£8,510,087</b>	<b>£9,784,873</b>	<b>£10,050,909</b>	<b>£10,266,928</b>	<b>£46,463,324</b>
<b>MEDIUM SCENARIO</b>						
Contractual Pressures	£1,573,524	£2,378,817	£3,076,802	£3,404,085	£3,658,296	£14,091,525
Pay Pressures	£3,048,969	£3,163,725	£3,282,833	£3,406,460	£3,534,779	£16,436,767
Demand Pressures	£1,560,532	£1,399,524	£1,864,995	£1,653,755	£1,456,235	£7,935,041
Living Wage	£686,977	£651,384	£657,427	£663,646	£670,045	£3,329,480
Prescribing	£1,835,765	£1,927,553	£2,023,931	£2,125,127	£2,231,384	£10,143,760
<b>Total Pressures</b>	<b>£8,705,767</b>	<b>£9,521,003</b>	<b>£10,905,989</b>	<b>£11,253,074</b>	<b>£11,550,740</b>	<b>£51,936,573</b>
<b>HIGH SCENARIO</b>						
Contractual Pressures	£1,975,990	£2,898,425	£3,689,471	£4,061,533	£4,351,258	£16,976,677
Pay Pressures	£3,204,876	£3,324,777	£3,449,200	£3,578,318	£3,712,307	£17,269,479
Demand Pressures	£2,313,109	£2,177,132	£2,668,496	£2,484,038	£2,314,221	£11,956,995
Living Wage	£686,977	£718,768	£725,437	£732,299	£739,361	£3,602,842
Prescribing	£2,019,342	£2,130,405	£2,247,578	£2,371,194	£2,501,610	£11,270,129
<b>Total Pressures</b>	<b>£10,200,293</b>	<b>£11,249,508</b>	<b>£12,780,182</b>	<b>£13,227,382</b>	<b>£13,618,757</b>	<b>£61,076,122</b>
<b>WORSE SCENARIO</b>						
Contractual Pressures	£2,374,194	£3,413,771	£4,285,979	£4,699,221	£5,024,458	£19,797,624
Pay Pressures	£3,360,784	£3,485,829	£3,615,567	£3,750,175	£3,889,836	£18,102,191
Demand Pressures	£2,847,568	£2,723,617	£3,227,277	£3,055,391	£2,898,430	£14,752,283
Living Wage	£686,977	£853,537	£861,457	£869,605	£877,991	£4,149,567
Prescribing	£2,202,918	£2,335,093	£2,475,199	£2,623,711	£2,781,133	£12,418,054
<b>Total Pressures</b>	<b>£11,472,441</b>	<b>£12,811,849</b>	<b>£14,465,478</b>	<b>£14,998,103</b>	<b>£15,471,848</b>	<b>£69,219,719</b>



Summary of Unavoidable Adult Services 2022 - 2026						
Based on Recurring Budget P7 2020/21	21-22	22-23	23-24	24-25	25-26	TOTAL
<b>LOW SCENARIO</b>						
Contractual Pressures	£1,325,694	£2,017,245	£2,649,496	£2,942,872	£3,165,409	£12,100,716
Pay Pressures	£873,081	£901,893	£931,655	£962,400	£994,159	£4,663,188
Demand Pressures	£966,749	£791,031	£1,241,428	£1,014,740	£801,388	£4,815,336
Living Wage	£686,977	£651,384	£657,427	£663,646	£670,045	£3,329,480
<b>Total Pressures</b>	<b>£3,852,501</b>	<b>£4,361,553</b>	<b>£5,480,007</b>	<b>£5,583,658</b>	<b>£5,631,002</b>	<b>£24,908,720</b>
<b>MEDIUM SCENARIO</b>						
Contractual Pressures	£1,496,015	£2,298,983	£2,994,572	£3,319,388	£3,571,058	£13,680,016
Pay Pressures	£1,028,989	£1,062,945	£1,098,022	£1,134,257	£1,171,688	£5,495,901
Demand Pressures	£1,020,626	£846,120	£1,297,757	£1,072,336	£860,280	£5,097,119
Living Wage	£686,977	£651,384	£657,427	£663,646	£670,045	£3,329,480
<b>Total Pressures</b>	<b>£4,232,606</b>	<b>£4,859,432</b>	<b>£6,047,779</b>	<b>£6,189,627</b>	<b>£6,273,072</b>	<b>£27,602,516</b>
<b>HIGH SCENARIO</b>						
Contractual Pressures	£1,898,480	£2,818,590	£3,607,241	£3,976,837	£4,264,020	£16,565,169
Pay Pressures	£1,184,896	£1,223,997	£1,264,389	£1,306,114	£1,349,216	£6,328,613
Demand Pressures	£1,557,240	£1,394,809	£1,858,791	£1,645,993	£1,446,845	£7,903,678
Living Wage	£686,977	£718,768	£725,437	£732,299	£739,361	£3,602,842
<b>Total Pressures</b>	<b>£5,327,593</b>	<b>£6,156,165</b>	<b>£7,455,859</b>	<b>£7,661,243</b>	<b>£7,799,441</b>	<b>£34,400,302</b>
<b>WORSE SCENARIO</b>						
Contractual Pressures	£2,296,684	£3,333,937	£4,203,749	£4,614,524	£4,937,221	£19,386,116
Pay Pressures	£1,340,803	£1,385,050	£1,430,756	£1,477,971	£1,526,744	£7,161,325
Demand Pressures	£2,091,700	£1,941,294	£2,417,572	£2,217,347	£2,031,054	£10,698,966
Living Wage	£686,977	£853,537	£861,457	£869,605	£877,991	£4,149,567
<b>Total Pressures</b>	<b>£6,416,165</b>	<b>£7,513,818</b>	<b>£8,913,534</b>	<b>£9,179,448</b>	<b>£9,373,009</b>	<b>£41,395,973</b>





Summary of Unavoidable Health Services 2022 - 2026						
Based on Recurring Budget P6 2020/21	21-22	22-23	23-24	24-25	25-26	TOTAL
<b>LOW SCENARIO</b>						
Contractual Pressures	£77,510	£79,835	£82,230	£84,697	£87,238	£411,509
Pay Pressures	£2,019,980	£2,100,780	£2,184,811	£2,272,203	£2,363,091	£10,940,866
Demand Pressures	£431,925	£440,563	£449,374	£458,362	£467,529	£2,247,753
Prescribing	£1,468,612	£1,527,356	£1,588,451	£1,651,989	£1,718,068	£7,954,476
<b>Total Pressures</b>	<b>£3,998,027</b>	<b>£4,148,534</b>	<b>£4,304,866</b>	<b>£4,467,251</b>	<b>£4,635,927</b>	<b>£21,554,604</b>
<b>MEDIUM SCENARIO</b>						
Contractual Pressures	£77,510	£79,835	£82,230	£84,697	£87,238	£411,509
Pay Pressures	£2,019,980	£2,100,780	£2,184,811	£2,272,203	£2,363,091	£10,940,866
Demand Pressures	£539,906	£553,403	£567,239	£581,420	£595,955	£2,837,923
Prescribing	£1,835,765	£1,927,553	£2,023,931	£2,125,127	£2,231,384	£10,143,760
<b>Total Pressures</b>	<b>£4,473,161</b>	<b>£4,661,571</b>	<b>£4,858,210</b>	<b>£5,063,447</b>	<b>£5,277,668</b>	<b>£24,334,057</b>
<b>HIGH SCENARIO</b>						
Contractual Pressures	£77,510	£79,835	£82,230	£84,697	£87,238	£411,509
Pay Pressures	£2,019,980	£2,100,780	£2,184,811	£2,272,203	£2,363,091	£10,940,866
Demand Pressures	£755,868	£782,324	£809,705	£838,045	£867,376	£4,053,317
Prescribing	£2,019,342	£2,130,405	£2,247,578	£2,371,194	£2,501,610	£11,270,129
<b>Total Pressures</b>	<b>£4,872,700</b>	<b>£5,093,343</b>	<b>£5,324,323</b>	<b>£5,566,139</b>	<b>£5,819,315</b>	<b>£26,675,821</b>
<b>WORSE SCENARIO</b>						
Contractual Pressures	£77,510	£79,835	£82,230	£84,697	£87,238	£411,509
Pay Pressures	£2,019,980	£2,100,780	£2,184,811	£2,272,203	£2,363,091	£10,940,866
Demand Pressures	£755,868	£782,324	£809,705	£838,045	£867,376	£4,053,317
Prescribing	£2,202,918	£2,335,093	£2,475,199	£2,623,711	£2,781,133	£12,418,054
<b>Total Pressures</b>	<b>£5,056,276</b>	<b>£5,298,031</b>	<b>£5,551,944</b>	<b>£5,818,655</b>	<b>£6,098,838</b>	<b>£27,823,745</b>