
To: Renfrewshire Integration Joint Board

On: 22 November 2019

Report by: Chief Finance Officer

Heading: Medium Term Financial Plan 2020/21 to 2024/25

1. Purpose

- 1.1 The purpose of this report is to advise the Integration Joint Board (IJB) of the medium-term financial outlook for Renfrewshire IJB as set out in the attached Medium-Term Financial Plan 2020/21 to 2024/25.
- 1.2 This Medium-Term Financial Plan, for Renfrewshire IJB, outlines the financial challenges and opportunities the Health and Social Care Partnership (HSCP) faces over the next 5 years and provides a framework which will support the HSCP to remain financially sustainable. It will also complement the HSCP's Strategic Plan, highlighting how the HSCP Medium-Term Financial Planning principles will support the delivery of the IJB's strategic objectives and priorities.
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2. Recommendations

It is recommended that the IJB:

- Note the assumptions and context of the financial plan for 2020/21 to 2024/25 and the levels of uncertainty that exists in relation to a range of these assumptions; and
 - Approves the Medium-Term Financial Plan 2020/21 to 2024/25 and associated financial planning principles.
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3. Background and Context

- 3.1 The IJB approved its first Financial Plan in September 2017. This updated Medium-Term Financial Plan provides an update to the IJB on the current assumptions and projected funding gap for the IJB over the next five years.
- 3.2 Given the scale of uncertainty and current level of identified pressures on the delegated Health and Social Care budgets, it is important that the IJB plans for a range of potential outcomes from 2020/21 onwards. In addition, it is anticipated that moving forward beyond 2020/21 an annual saving requirement of significant scale is likely to continue over the medium term.

3.3 As highlighted in 3.2 above, it is anticipated that the current financial challenges will remain beyond 2020, re-enforcing the need for the IJB to plan over the medium to longer term on the basis of:

- Reducing resources with no certainty of any level of sustained growth;
- Rising costs and demand pressures to continue to feature in the IJB's financial outlook; and
- Increasing need to prioritise spend on the delivery of strategic priorities

3.4 The IJB has now been established for 4 years, during which time the HSCP has built a solid foundation of providing health and social care to our Renfrewshire residents. Our Strategic Plan sets out our objectives and strategic direction, how we intend to deliver on the national outcomes, the changes we need to make, and how we will work together with a wide range of partners and stakeholders to deliver our ambitious programme for the future. However, it is important that this is set within the context of the funding which is available to support delivery. Medium-term financial planning is therefore an important part of the strategic planning process.

4. Medium Term Financial Outlook

4.1 Looking into 2020/21 and beyond, it is anticipated that the public sector in Scotland will continue to face a very challenging short and medium-term financial outlook. There is significant uncertainty over what the scale of this likely reduction in available funding will be. It is therefore important that the IJB plans for a range of potential outcomes, ensuring sufficient flexibility to manage in a sustainable manner the position which emerges over the next few years – with the likely scenario that a significant level of further recurring savings will be required.

4.2 As a consequence, the IJB's financial planning arrangements remain subject to active review using a scenario-based approach in recognition of the scale of variability in the potential funding for the IJB. It is therefore essential that the IJB continues to plan for a range of potential outcomes across its key financial risks and challenges, and the likely impact these could have on the financial sustainability of the IJB.

4.3 We must work to deliver both a balanced budget and continue to deliver accessible and safe services. After many years of budget reductions, it is fair and reasonable to state that these dual objectives cannot be assured.

5. Projected Budget Gap

5.1 In view of the current scale of uncertainty, a scenario-based approach continues to be adopted in line with the previous Financial Plan (2018/19 to 20/21), where potential outcomes have been considered over: low, medium, high and worse case projected positions.

5.2 Using the above range of scenarios, current projections for the period 2020/21 to 2024/25 include a wide range of assumptions in respect of key cost pressures and demand, highlighting a potential budget gap within a range of £45m to £52m for this

period. On the basis of this estimated budget gap, and subject to clarification over the coming months and years, the Chief Finance Officer (CFO) recommends that the IJB progresses with a financial planning strategy based on the medium scenario of a budget gap within a range of £8m to £11m per annum, over this five-year 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.

6. Financial Challenge

6.1 As highlighted in section 5 of this report, 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 both the national context, and future funding contributions from partners for which there remains significant and real uncertainty.

6.2 Detailed below are the main areas of cost pressures and demand which will be subject to ongoing review as clarification of the position of each emerges:

- Future funding allocations from Partner Organisations
- Future Pay Settlements
- Demand led Pressures
- Prescribing
- Inflation and Contractual Commitments
- Demographics, Deprivation and Health

6.3 Looking beyond 2020 and into the longer term, it is inevitably more difficult to forecast. One of the main difficulties is the wider uncertainty associated with the UK's planned negotiation to exit the EU and the consequential impact. It is important that the IJB adopts a long-term strategy not just in planning the delivery of strategic outcomes and services, but also from a financial perspective to ensure that medium to long term risks to the IJB's financial sustainability are identified early, even though there may be uncertainty over their specific timing, scale and ultimate effect.

7. Responding to the Local Financial Challenge

7.1 The IJB is committed to transforming services, and has an established Change and Improvement Programme to support the IJB's Vision and to enable the delivery of our Strategic, Workforce and Financial Plans. However, going forward our ability to manage increasing demand and complexity within reducing resources cannot be delivered through this Programme alone, as future gains will be smaller and will not be able to bridge the funding gap identified in this Medium-Term Financial Plan.

7.2 Our financial planning strategy must be clear and focused, to ensure the IJB remains financially sustainable over the medium term. This will mean that many of our services will need to be redesigned in order to focus our limited resources on services which are sustainable over the longer-term and targeted to those with the greatest need and to support people to live independently, wherever possible, in safe, active

and connected places and communities. To achieve this, we know we need to plan and work differently. Critical to our success, will be how effectively we engage and work with our service users, staff, partners and wider community to test and develop our approach.

- 7.3 The key to delivering on our Medium-Term Financial Plan is the delivery of our two-tiered model which will address our 2020/21 financial pressures, whilst in parallel introducing a more strategic approach, focusing on the financial sustainability of the organisation in the medium term.

Tier 1: Short-term 2020/21

- 7.4 The short-term financial planning work for 2020/21, Tier 1, is being supported by experienced external support to provide independent challenge to SMT thinking. This work is focused on where we can derive benefits from a more integrated organisational structure. Proposals will be presented to the IJB for approval in late 2019 / early 2020.

Tier 2: Medium Term 2021-24

- 7.5 The HSCP's medium term approach, Tier 2, to develop a Strategic Delivery Plan recognises that we must make a step change in the way we work to ensure the sustainability of health and social care services going forward. The delivery of the right health and social care services, accessed in the right place and at the right time is core to our 2019 – 2022 Strategic Plan, which was approved by our IJB in March 2019.

8. Medium Term Financial Strategy

- 8.1 Our Medium-Term Financial Strategy has 7 components which collectively support the transformational change required to deliver financial balance. This strategy is set out in the following diagram.

8.2



8.3 In line with the above principles, the Chief Officer and Chief Finance Officer will work with IJB members to take forward our Medium-Term Financial Strategy to deliver financial balance whilst delivering safe and sustainable services.

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** – n/a
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** – There are a number of risks which should be considered on an ongoing basis: adequate funding to deliver core services, delivery of agreed savings
11. **Privacy Impact** – none.

List of Background Papers – None.

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Renfrewshire Integration Joint Board

Medium Term Financial Plan
2020/21 to 2024/25



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Executive Summary

The Integration Joint Board (IJB) has now been established for 4 years, during which time the Health and Social Care Partnership (HSCP) has built a solid foundation of providing health and social care to our Renfrewshire residents. Our Strategic Plan sets out our objectives and strategic direction, how we intend to deliver on the national outcomes, the changes we need to make, and how we will work together with a wide range of partners and stakeholders to deliver our ambitious programme for the future.

This Medium-Term Financial Plan, for Renfrewshire IJB, outlines the financial challenges and opportunities the HSCP faces over the next 5 years and provides a framework which will support the HSCP to remain financially sustainable. It will also complement the HSCP's Strategic Plan, highlighting how the HSCP medium term financial planning principles will support the delivery of the IJB's strategic objectives and priorities. The Strategic Plan is likely to be reviewed in the period to summer 2022.

Whilst our successful history of providing integrated services is 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 4 years. The IJB is clear about the challenges ahead and is planning for the future through the Strategic Plan. This Medium-Term Financial Plan will assist in the strategic planning process and allow the IJB to take informed decisions when planning for the future to ensure financial sustainability in the medium term, and maintaining sufficient flexibility to allow us to adapt, invest, redesign and change models of service delivery as required.

The Medium-Term Financial Plan includes a range of key assumptions which are subject to a significant degree of uncertainty. In order to test the assumptions used in the modelling of our four scenarios (low, medium, high and worst case), sensitivity analysis was carried out to determine the impact of any material changes on our current assumptions. As a consequence, this strategy will be kept under continuing review with appropriate adjustments made as these become clearer. This Medium-Term Financial Plan estimates a budget gap within a range of £45m to £52m over the next five years which the IJB will need to address.

Given the uncertainty and potential for variability, it is important that the IJB plans for a range of potential outcomes, ensuring sufficient flexibility to manage in a sustainable manner the position which emerges over the course of this Medium-Term Financial Plan.

This Medium-Term Financial Plan provides a basis for the IJB to gain an understanding of the financial climate in which it will operate over the medium term. This has been done by considering the impact of a range of factors, which are illustrated overleaf and reflect the complexity of factors which can impact on IJB financial pressures.



Future funding allocations from Partner Organisations



Future Pay Settlements



Demand led Pressures



Prescribing



Inflation and Contractual Commitments



Demographics, Deprivation and Health

The IJB is committed to transforming services, and has an established Change and Improvement Programme to support the IJB's Vision and to enable the delivery of our Strategic, Workforce and Financial Plans. However, going forward our ability to manage increasing demand and complexity within reducing resources cannot be delivered through this Programme alone, as future gains will be smaller and will not be able to bridge the funding gap identified in this Medium-Term Financial Plan.

Our financial planning strategy must be clear and focused, to ensure the IJB remains financially sustainable over the medium term. This will mean that many of our services will need to be redesigned in order to focus our limited resources on services which are sustainable over the longer-term and targeted to those with the greatest need and to support people to live independently, wherever possible, in safe, active and connected places and communities. To achieve this, we know we need to plan and work differently. Critical to our success, will be how effectively we engage and work with our service users, staff, partners and wider community to test and develop our approach.

The key to delivering on our Medium-Term Financial Plan is the delivery of our two-tiered model which will address our 2020/21 financial pressures, whilst in parallel introducing a more strategic approach, focusing on the financial sustainability of the organisation in the medium term. The key principles which will underpin our approach are:



'Social Contract'

Developing an informal agreement between the HSCP and public to collectively create a healthier Renfrewshire.



Engagement based approach

Building upon how we engage with and involve our service users, patients and carers from the outset to develop a shared understanding and view on how we change.



'Asset-based' Working

By supporting local community capacity building. This approach looks to explore how we can collectively achieve more through the effective use of all the skills, knowledge and assets available within communities, individuals and across the public, private and voluntary sectors.



Promoting Independence

Through an ethos of 'working with' rather than 'doing to' in our approach to: assessment and care; staff training and development; our organisational structure and governance; planning and commissioning; and service delivery models.



Shared Purpose and Consistent Messaging

Ensuring there is an emphasis on communication and engagement with staff, services users and partners to create a common language, a strong sense of purpose and collective ownership for creating a healthier Renfrewshire.



Workforce Engagement and Development

Gaining trust; empowering to innovate; and supporting the introduction of new ways of working. We must build on the knowledge and experience of the staff working in our services by engaging, listening and involving them in shaping how we change and adapt.



Partnership Working

Closer working with our partners, 3rd sector organisations and others to establish a common approach and new ways of working, to grow local capacity and optimise our reach within our communities.



Digital Opportunities

Prioritising and embracing technology to: enable improved service delivery; better informed patients / service users; and offer greater self-care and self-management solutions.

Purpose

Renfrewshire HSCP has now been operating for almost 4 years. During this time, significant progress has been made in terms of integrating the services delegated for its partners Renfrewshire Council (RC) and NHS Greater Glasgow and Clyde (NHSGGC).

Renfrewshire IJB is the governing body of the HSCP and agrees an annual budget following the delegation of funding from its partners each financial year. The financial position for public services continues to be challenging, with the IJB operating within ever increasing budget restraints and pressures. This means the IJB must consider how it can improve the quality of services and achieve better outcomes for local people while containing or reducing costs.

Critical to this, is ensuring the IJB have robust financial arrangements in place to deliver services within the funding available, and effective medium-term financial planning, aligning with the delivery of our 2019–2022 Strategic Plan. This Medium-Term Financial Plan aims to pull together in one place all the known factors affecting the financial position and sustainability of the organisation in the medium term, and our response to this challenge.

This Plan will deliver a number of benefits to Renfrewshire HSCP including:

- Play an important role in the HSCP’s strategic planning process, to ensure that resources are targeted at the delivery of the priorities of the Strategic Plan;
- Help inform IJB decision making to effectively assess the potential financial impact of current and future decisions to ensure the HSCP remains financially sustainable;
- Provide a basis for engaging with partner bodies in relation to the annual budget setting process;
- Support the required transformation, to provide sustainable services to the local community to secure financial sustainability; and
- In line with national direction, support the delivery of the Strategic Plan and set out our plans to deliver a shift in the balance of care to a community setting; provide the ability to plan based on the totality of resources across the health and care system to meet the needs of local people is one of the hallmarks of integrated care.

National Context

IJBs operate in a complex and changing environment where national issues can have an impact on what services are delivered and how they are delivered, as well as the financial resources which are available to support the IJB in commissioning services.

The IJB must also 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. An understanding of this complex, national context is essential when developing a medium-term financial outlook.

The Economy

The Global UK and Scottish economy has an impact on the citizens that we support across a range of areas including earnings, taxation and employment. It also impacts on the funding available to support public spending and in turn, the funding available to Councils and Health Boards to deliver services.

Similar to 2018/19, the Scottish Government draft budget for 2019/20 provided grant figures for one year only. However, in 2018 it published its first Medium Term Financial Strategy (MTFS) with a commitment to provide three-year funding settlements from 2020/21 onwards. The MTFS sets out the Government's financial assessment of the funding required to deliver on its key policies over this parliamentary period. It also highlights that the overall outlook is for little growth through to 2022/23. It is therefore likely that in the medium term, public finances in Scotland are likely to remain challenging and subject to further year on year reductions.

As highlighted in budget updates to the IJB, Members should remain aware that as a large proportion of the Scottish Budget is now driven by devolved tax powers, this brings additional risk to the funding available for public services in Scotland. As the Scottish Government budget moves towards circa 50% of its budget being generated from devolved tax raising powers, the performance of the Scottish economy becomes a key factor in the overall level of resources available to the Scottish Government.

In 2018/19 and 2019/20, in addition to positive Barnett consequential from the UK government budget for Scotland, the Scottish Government exercised devolved tax raising powers to generate an increase in their budgeted resources to support local government. However, future opportunities for the Scottish Government to generate similar additional resources in the short to medium term may be limited. Real uncertainty therefore remains over the scale of the reduction in resources over the medium term. This, along with the continuation of annual cost pressures and increasing demand will drive a need for further significant and sustained savings to ensure financial sustainability across all sectors.

Scottish Government Medium Term Health and Social Care Financial Framework

In October 2018, the Scottish Government published their Medium-Term Health and Social Care Financial Framework. The Framework outlined the challenges faced by the Health and Social Care sector in planning for the future, in order to deliver a financially balanced and sustainable health and social care system. It set out, in detail, a number of approaches/initiatives to address these challenges through a combination of investment and reform.

In order to have meaningful financial plans for the future of health and social care, it is imperative that the context within which these services operate is set within a clear financial framework. In order to ensure this, the Financial Framework was developed by the Scottish Government with input from NHS Boards, HSCPs, CoSLA and Local Authorities.

Using 2016/17 as the baseline, the Framework covers the period to 2023/24. Based on Barnett resource consequentiality it shows a potential funding gap of £5.9 billion if nothing changes.

It is the Scottish Government's intention to update the Framework as reform plans emerge. This in turn should allow local financial planning to develop within a clear set of financial parameters.

Key messages from the Framework:

- Expenditure and activity are at record levels with growth trends indicating that funding levels will need to increase;
- Greater pressure on the system requires changes to the way services are delivered including improvements in productivity;
- Three main drivers of growth:
 - Price
 - Demographics
 - Demand-led growth from increased public expectations and advances in technology
- Focus on the government's main spending policy commitments:
 - Baseline allocations to Health Boards maintained in real terms, with additional funding to support the shift in the balance of care
 - Over next 5 years hospital expenditure to account for less than 50% of frontline NHS expenditure
 - Primary care funding to increase to 11% of frontline NHS budget by 2021/22
 - Year on year increase to mental health, primary, community and social care budgets
- Reform Activities:
 - ***Shifting the balance of care:*** assumption that circa 50% of savings released from acute will be redirected towards primary, community and social care through IJBs strategic commissioning plans

- **Regional Working:** increased collaboration to drive change and reduce duplication and ensure more coherent, comprehensive and sustainable services, with an assumption of circa 1% productivity savings
- **Public Health and Prevention:** 1% reduction in demand from the implementation of a number of health improvement initiatives
- **Once for Scotland:** 0.25% reduction in cost from delivering more effective and consistent delivery of services
- **Annual Savings Plans:** 1% year on year savings from local operational delivery of productivity and efficiency saving

National Direction

Health and Social Care Delivery Plan

In December 2016, the Scottish Government published its Health and Social Care Delivery Plan which set out the programme for further enhancing health and social care services. Critical to this was shifting the balance of where care and support is delivered from hospital to community care settings, and to individual homes where possible and appropriate. This supports the Scottish Government's wider goal, to shift the balance of care from the Acute Sector to Community Care by 2021.

Audit Scotland

Recent reports from Audit Scotland have highlighted a number of risks facing HSCPs in the delivery of the original policy intentions and the more recent policy statements within the National Clinical Strategy and the Health and Social Care Delivery Plan, including:

- Financial planning is not integrated, long term or focused on providing the best outcome for people who need support;
- Strategic planning needs to improve and some barriers to this are a lack of collaborative leadership and strategic capacity, a high turnover in HSCP leadership teams and disagreements over governance arrangements;
- Changes required in the way that health and social care services are provided;
- Social care faces growing demographic demand pressures which are unsustainable within existing service models and resources;
- The implementation of new legislation and policies such as the Living Wage create additional cost pressure; and
- The NHS is facing a combination of increasing costs, staffing pressures and unprecedented savings targets which challenge how NHS boards balance demand for hospital care with investing in community-based services to meet future need.

Ministerial Strategic Group for Health and Community Care – Review Progress with Integration of Health and Social Care

In February 2019, the Scottish Government published the 'Ministerial Strategic Group for Health and Community Care Review of Progress with Integration of Health and Social Care'. The proposals contained in the report are based around six features of integration highlighted in the Audit Scotland report Health and Social Care Integration – Update on Progress, 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.

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

Four years after IJBs were established, the set aside budget for delegated services provided in large hospitals still has not been delegated to IJBs. Discussions are still ongoing as to how this can be done and continue to operate effectively.

Although no figures are available beyond 2019/20, as the Scottish Government only provides one-year budget figures in December each year, it is anticipated that the public sector in Scotland will continue to face a very challenging short and medium-term financial outlook. There is significant uncertainty over what the scale of this challenge will be. In addition, there remains wider risks which could further impact on the level of resources made available to the Scottish Government including, the changing political and economic environment, within Scotland, the UK, and wider. This will potentially have significant implications for Renfrewshire IJB's parent organisations and therefore the delegated Health and Adult Social Care budgets.

The current model of funding delivered via NHS Boards, and Local Authorities, to HSCPs, is driving demands to deliver savings that cannot now be achieved without major impact on service capacity, performance and delivery and with a direct impact on service users. Decisions on these savings are made by IJBs whose guiding purpose is to ensure there is a local Strategic Plan in place to enable the balance of care shifts to take place, allowing local people to be supported to live and remain in their own homes and communities. The challenge in delivering this is compounded by the wider financial and demand pressures in other related parts of the health and social care system – particularly Acute services, GP services, home care, rehabilitation services and mental health services.

UK and Scottish Legislative and Policy Changes

UK and Scottish Government legislation and policies and how these are funded can have implications for the IJB and its medium-term financial planning. There are a number of areas which could impact on the IJB over the medium term, such as.

(i) **Withdrawal from the European Union (Brexit)**

One of the greatest risks to the economic outlook remains Brexit, with the general view that this is likely to have a long-term negative impact on the economy. The economic impact of Brexit could be to reduce Scotland's GDP by £12.7bn by 2030, compared to staying in the EU. In addition, it is likely to impact on our supply chains and labour markets. A 'no-deal' outcome would require the Scottish Government, working with the wider UK Government, to support the economy through this period of uncertainty.

(ii) **Local Governance Review**

The Scottish Government aims to strengthen local decision-making and democratic governance in ways that improve outcomes for local communities and give greater control to those who live and work in the area. The Scottish Government and COSLA launched a review in December 2017 to consider how decisions are made about Scotland's public services with the aim of devolving more power to communities. The review's findings will contribute to a Local Democracy Bill which will be introduced before the end of the Parliament in 2021 and could impact on how decisions are made in relation to services provided within local communities.

(iii) **Free Personal Care – Under 65's**

The Scottish Government committed to the extension of Free Personal Care to all under 65s who require it regardless of condition: "Community Care (Personal Care and Nursing Care) (Scotland) Amendment (No. 2) Regulations 2018, known as Frank's Law". Renfrewshire HSCP has made good progress in reviewing care packages to ensure personal care services are appropriately reflected and exempt from charging in line with this legislation. The level of the demand, and the sufficiency of Scottish Government funding to fully meet this new legislation, has still to be fully determined and forms part of financial monitoring.

(iv) **Safe and Effective Staffing**

Scottish Government is currently considering the Health and Care (Staffing) (Scotland) Bill which seeks to make statutory provision about appropriate staffing by the National Health Service and by providers of care services to enable safe and high-quality care and improved outcomes for service users. This would apply to care services registered and inspected by the Care Inspectorate and could have implications both for services delivered and those commissioned by the IJB. It is too early to assess the implications of this Bill but is an area which the IJB will closely monitor to enable any financial and operational consequences to be fully understood.

(v) **Carers Act (Scotland) Act 2016**

This Act is designed to support carers' health and wellbeing and help make caring more sustainable. This Act came into effect from 1 April 2018 and places a duty for local authorities to provide support for carers, based on the carer's identified needs which meet the local eligibility criteria. This will be supported by adult carer support plans and a young carer statement to identify carers' needs and personal outcomes. The IJB is well placed to meet the requirements of the Act and have detailed plans in place across Renfrewshire.

(vi) **Primary Care**

The Scottish Government has recognised the increasing demand and expectations that are placed upon our frontline services within primary care and is clear that status quo is not an option. In support of this and to ensure the new GP Contract can be fully implemented, the Cabinet Secretary for Health and Sport has announced that, in addition to the funding for General Medical Services, funding in direct support of general practice nationally will increase annually by £250 million by the end of 2021-22, and forms part of the Scottish Government's commitment to an extra investment of £500 million per year for primary care funding. Some of this funding will flow to IJBs to deliver services which will support GP practices to become sustainable for the future.

(vii) **Mental Health**

As part of the Mental Health Strategy 2017-2027, Scottish Government Ministers made a commitment to provide funding to support the employment of 800 additional mental health workers to improve access in key settings such as Accident and Emergency departments, GP practices, police station custody suites and prisons. £12m was made available for Scotland in 2018-19 rising to £35 million in 2021-22. Some of this funding will flow to Renfrewshire and will be used to deliver on this national commitment as well as the Five-Year Mental Health Strategy which has been approved for delivery within NHS GGC.

(viii) **Scottish Living Wage**

The Scottish Living Wage is currently £9.00 (uprated to £9.30 from 1 May 2020) and is part of a Scottish Government policy to improve people's lives and help build a fairer society. This is subject to annual review. This impacts on our costs as an employer and the costs of services which we commission directly from service providers.

(ix) **Regional Planning**

The Scottish Government's Health and Social Care Delivery Plan and the National Clinical Strategy set out the expectations for a modern health and care system for Scotland. This includes a requirement for organisations to come together and focus on regional planning of services where appropriate. West of Scotland Health Boards are working together and connecting beyond traditional boundaries – across health and social care; across professions and disciplines; across settings; across specialties; and across organisations to build a person centred and sustainable service that is fit for the 21st Century.

Local Context

Role and Remit of Renfrewshire IJB

Renfrewshire IJB, formally established on 27 June 2015, has responsibility for the strategic planning and commissioning of a wide range of health and adult social care services within the Renfrewshire area. The functions which are delegated to the IJB, under the Public Bodies (Joint Working) (Scotland) Act 2014, are detailed in the formal partnership agreement between the two parent organisations, Renfrewshire Council and NHS Greater Glasgow and Clyde (NHSGGC).

In March 2018, Renfrewshire Council and NHSGGC agreed an update to the Integration Scheme to reflect the provisions in the Carers (Scotland) Act 2016 to be delegated to the IJB.

The Vision for the IJB is:

Renfrewshire is a caring place where people are treated as individuals and supported to live well

The IJB's primary purpose is to set the strategic direction for the delegated functions through its Strategic Plan.

A Profile of Renfrewshire

Our Demography

According to the latest official statistics from the National Records of Scotland (NRS), the population of Renfrewshire is 177,790. The breakdown of this figure into age groups and sex is shown in the following table. There are more women than men in every age group, except for those aged 0-15 and 16-29. Overall, Renfrewshire's age breakdown matches the rest of Scotland, with the exception being the 45-59 age group, where the percentage population is slightly higher in Renfrewshire and the 16-29 age group where the percentage population is slightly lower than the rest of Scotland.

Renfrewshire	Total	Males	Females
0-15	30,171	15,319	14,852
16-24	18,216	9,376	8,840
25-44	44,595	21,976	22,619
45-64	51,520	24,581	26,939
65-74	18,446	8,630	9,816
75+	14,842	5,987	8,855
Total	177,790	85,869	91,921

Projections of Future Population

The size and make-up of the population going forward will be a key consideration when planning and delivering health and social care services. The 2016-based NRS population projections in the following table show the estimated change in the population to 2041.

Population Projections to 2041

Age Group	2016		2026		2036		2041	
	Number	%	Number	%	Number	%	Number	%
0-15	29,954	17%	30,222	17%	29,838	16%	29,516	16%
16-29	30,237	17%	27,307	15%	27,331	15%	27,199	15%
30-44	31,892	18%	35,736	20%	33,435	18%	31,922	18%
45-59	40,649	23%	34,107	19%	34,221	19%	36,412	20%
60-74	28,656	16%	33,349	19%	34,047	19%	30,894	17%
75+	14,542	8%	17,901	10%	22,544	12%	25,660	14%
Total	175,930	100%	179,622	100%	181,416	100%	181,603	100%

It is clear from the above table that the population aged 60+ is projected to continue to grow over the next few decades. We know from existing data, that currently, older adults are the greatest users of our hospital, community health and social care services. It is therefore a reasonable assumption that this trend will continue into the future. In addition, people with complex health conditions and profound and multiple disabilities are living longer and require intensive health and social care support.

The combination of a growing elderly population, along with increasing complex health conditions, will inevitably mean significantly increased levels of demand on our services including: Care at Home; Residential and Nursing Care; increases in demand for community-based healthcare, equipment and adaptations, increased demand for GP services and an increase in prescribing costs.

A full profile of Renfrewshire IJB is set out in the Strategic Plan. Some of the key characteristics are outlined below.



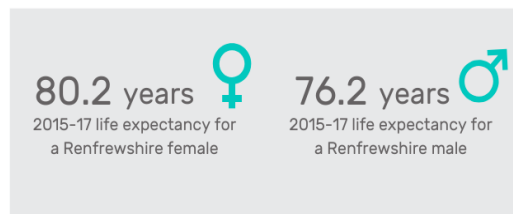
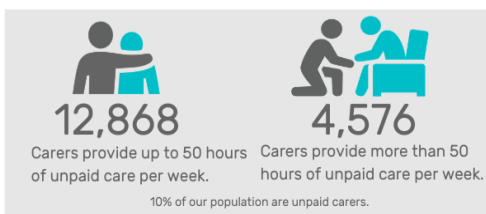
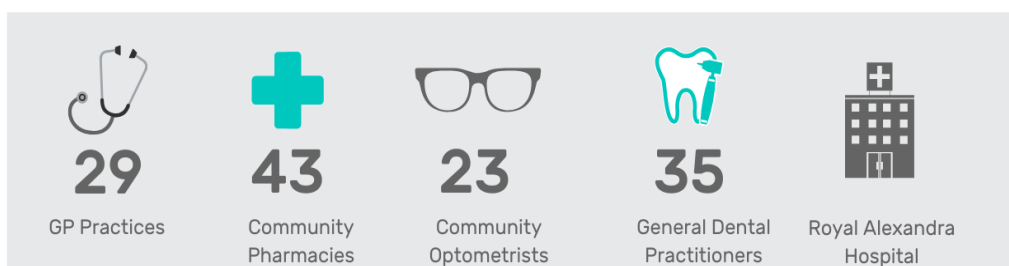
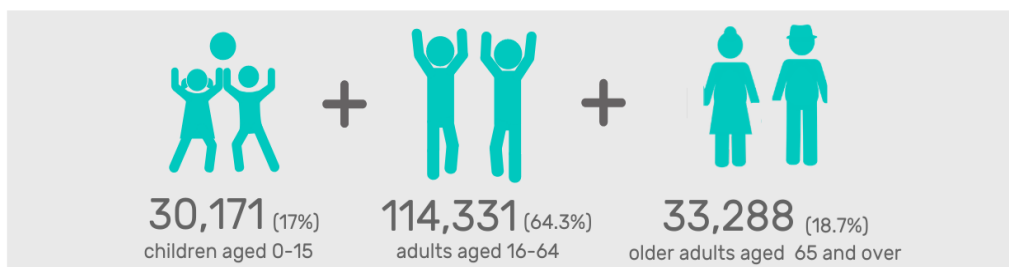
Renfrewshire Population

177,790

(2018 National Records of Scotland), which is 3.4% of the population of Scotland



It comprises of:



Demographic Profile:



Strategic Objectives

Our 3 key strategic priorities are set out in our Strategic Plan for 2019 – 2022 which was approved by the IJB in March 2019:

- Improving Health and Wellbeing;
- Ensuring that the people of Renfrewshire will get the health and adult social care services they need: the right service, at the right time, in the right place; and
- Working in partnership to support the person as well as the condition.

The Strategic Plan sets out how the HSCP will meet both local and nationally agreed outcomes, taking account of: national strategies and legislation; regional planning; Renfrewshire Council's 'Right for Renfrewshire' programme; the Renfrewshire Community Plan and NHSGGC's 'Moving Forward Together' programme.

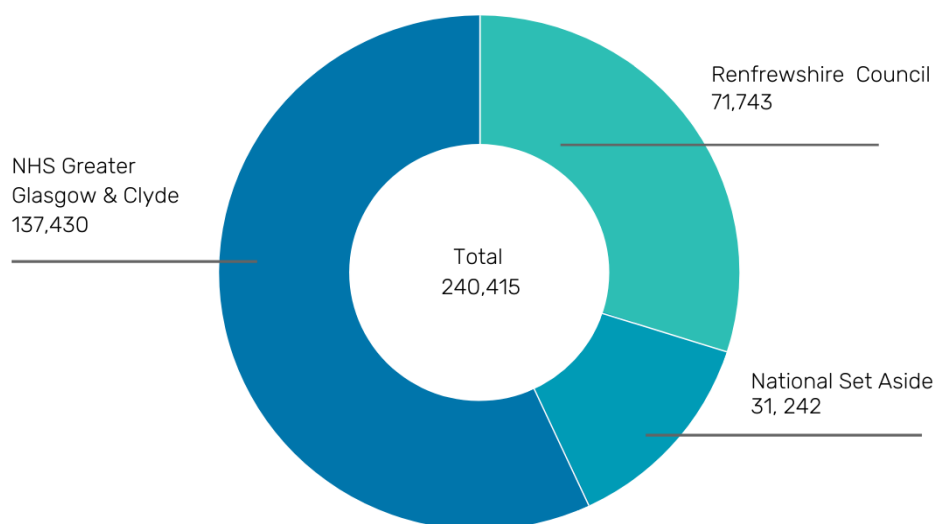
The Strategic Plan is also aligned to our Market Facilitation Plan, which aims to inform, influence and adapt service delivery to offer a diverse range of sustainable, effective and quality care so people can access the right services for themselves and their families at the right time and in the right place.

The Market Facilitation Plan is a live document which is continually updated as data becomes available. It will help inform financial planning and ultimately how we allocate our resources moving forward. It will also give service providers an insight into the changes in the health and care needs of the population of Renfrewshire and the future shape of services that need to be developed and delivered to meet those changing needs.

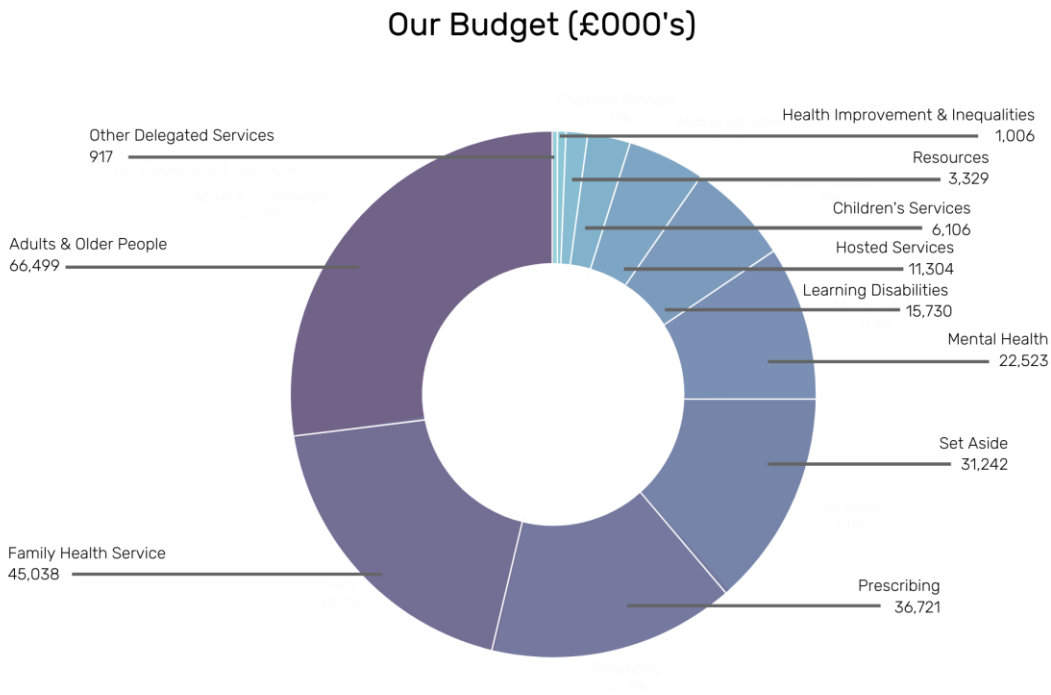
Our Budget

Renfrewshire IJB delivers and commissions a range of health and adult social care services to its population of Renfrewshire, this is funded through budgets delegated from both Renfrewshire Council and NHS Greater Glasgow and Clyde. The resources available to the IJB in 2019/20, to take forward its commissioning intentions in line with the Strategic Plan, are circa £240.4m. The following charts provide a breakdown of where these resources come from, and how it is split over the range of services we deliver.

Resources Available to IJB 2019/20 (£000s)



Included within the funding sources is a 'Large Hospital Services' (Set Aside) budget totalling £31.242m. Currently, this is a notional allocation in respect of those functions delegated by the Health Board which are carried out in a hospital within the health board area. The IJB is responsible for the strategic planning of these services but not their operational delivery.



Hosted Services

Currently, the six HSCPs within NHSGGC have operational responsibility for services, which they host on behalf of the other IJBs. In delivering these services the IJB has primary responsibility for the provision of the services and bears the risk and reward associated with this service delivery in terms of demand and the financial resources required. As such, the IJB is considered to be acting as 'principal', therefore the full costs of these services are included within all financial statements for the services which it hosts. There are no financial transactions between each HSCP for hosted services, however information regarding the proportionate costs incurred by each HSCP are included in the Annual Accounts for each of the 6 IJBs.

The services hosted by Renfrewshire are Podiatry and Primary Care Support. The following table provides details of the services hosted by the remaining IJBs within NHSGGC.

Host	Service
East Dunbartonshire	Oral Health
East Renfrewshire	Learning Disability Tier 4 Community & Others
Glasgow	Continence
	Sexual Health
	MH Central Services
	MH Specialist Services
	Alcohol & Drugs Hosted
	Prison Healthcare
	HC in Police Custody
West Dunbartonshire	MSK Physio
	Retinal Screening

Financial Performance

The financial position for public services continues to be challenging, with the IJB operating within ever increasing budget restraints and pressures which are reflected in regular monitoring reports by the Chief Finance Officer (CFO) to the IJB. This also requires the IJB to have robust financial arrangements in place to deliver services within the funding available in year as well as planning for future years.

Since the establishment of the IJB, the HSCP has successfully managed to deliver year on year financial balance. This has been achieved through:

- Flexible use of recurring and non-recurring resources made available by Renfrewshire Council to support the financial sustainability of Adult Social Care services;
- Drawdown of general and earmarked reserves in order to deliver on specific commitments including e.g. funding to mitigate any delays in delivery of approved savings, Care at Home redesign costs etc; and
- Delivery of approved savings through the Change and Improvement Programme and other operational efficiencies.

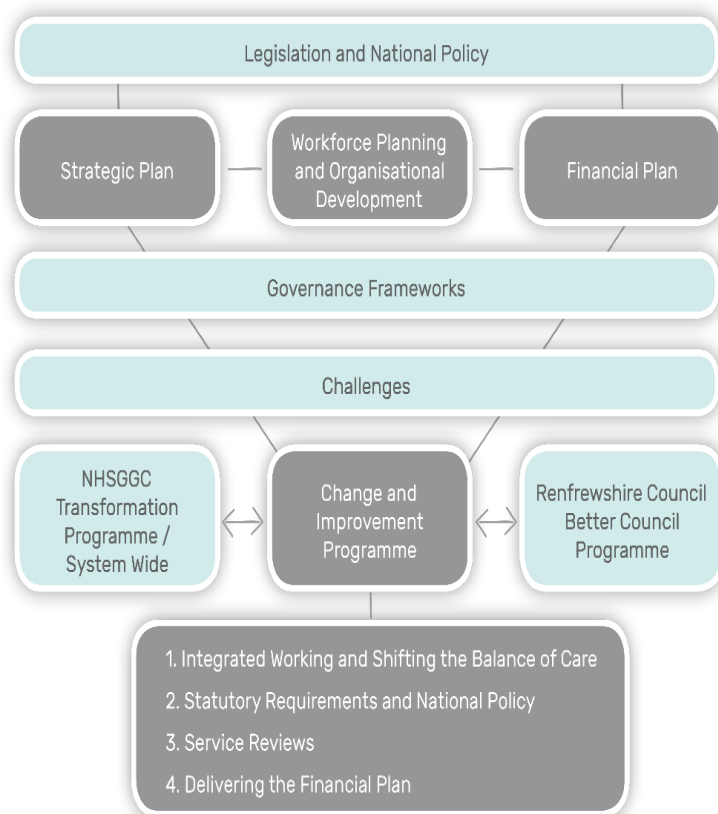
Change and Improvement Programme

Renfrewshire HSCP has an established Change and Improvement Programme to support the IJB's Vision and to enable the delivery of our Strategic, Workforce and Financial Plans in line with the national direction set out in the National Clinical Strategy and Health and Social Care Delivery Plan. This programme provides a structured approach to manage change, optimise the use of change and improvement approaches and to develop and share best practice to deliver on this vision which is focused on:

- Proactively developing our health and social care services in line with national direction and statutory requirements;

- Optimising the opportunities joint and integrated working offers; and
- Ensuring any service redesign is informed by a strategic planning and commissioning approach.

This approach supports our work to ensure we provide the best possible services and care to our service users and to enable our service and resource planning to focus on and deliver the right outcomes for all. This programme provides a structured approach to manage change, optimise the use of change and improvement approaches and to develop and share best practice to deliver on this vision as outlined in the following diagram.



Further detail regarding each strand of the Change and Improvement Programme and key highlights of activity throughout the last year are provided in the following diagram.

Our Workstreams

Optimising Joint and Integrated Working and Shifting the Balance of Care

To proactively develop our health and social care services, exploiting the opportunities joint and integrated working offers and with service redesign being informed by a strategic commissioning approach. This in turn will support the financial sustainability of the Partnership.

Statutory Requirements, National Policy and Compliance

To ensure the timely delivery of legislative requirements and national policy, whilst managing the wider service, financial and workforce planning implications these can often present.

Service Reviews

The HSCP is committed to undertaking regular Service Reviews to ensure our Services are: modern, flexible, outcome focused, financially efficient and 'fit for the future', whilst taking account of changing trends, demographics, demands, local and national policy drivers, changing needs, inequalities, good practice, and service user and carer views.

Delivering Safe and Sustainable Services

To identify innovative and smarter ways of working to support the HSCP to deliver on its strategic priorities within budget.

Key Highlights



Completion and submission of the Digital Maturity Assessment with Scottish Government



Link Workers aligned to all of our 29 GP practices



Pilot phase for the Scheduling and Monitoring system for Care at Home Services



Active Signposting/Care Navigation training for GP practice staff which offers the potential to free up GPs consultation time by directing patients to the most appropriate health professional



Ongoing implementation of the HSCPs Primary Care Improvement Plan



Successful collaborative with Health Improvement Scotland and a GP Cluster to ensure people aged 65+ living with frailty obtain the support they need



HSCP participation in process validation and system configuration for Eclipse, alongside Children's services

Additional Improvements

In addition to the above workstreams within our Change and Improvement Programme, a number of additional improvements have recently been taken forward within specific services to ensure the best possible outcomes for our population.

Early Intervention, Prevention and Harm Reduction

- Introduction of a drop-in service for patients with Type 2 Diabetes in Ferguslie. This service is being delivered in partnership with Lloyds Pharmacy via the Pharmacist providing support, especially dietetic and medicine advice, as well as other information/referrals to services that improve health and wellbeing.
- Increased awareness of the 'Quit Your Way' NHSGGC stop smoking service amongst HSCP services and with our partner organisations. As part of this service a store card gift incentive programme is available to eligible pregnant women who smoke tobacco and would like to stop. Research has shown that pregnant women are more likely to quit smoking and remain stopped when incentives are used together with stop smoking support.
- Introduction of a pilot project between the HSCP and NHSGGC for Chronic Widespread Pain/Fibromyalgia pathway. Classes have commenced in local venues.

Providing Greater Self Determination and Choice

- Continuing the roll out of Self-directed Support (SDS) through the ongoing development of flexible, responsive and proportionate systems that support the achievement of coproduced personal outcomes.

Shifting the Balance of Care

- Ongoing work with partners in primary and secondary care to ensure that providing appropriate treatment at the right time and in the right place is at the heart of what Renfrewshire HSCP does.
- Implementation of a Joint Unscheduled Care action plan with colleagues in the RAH, which aims to demonstrate how the HSCP can reduce demand on Acute Services and create a compelling case for resource transfer.
- Full implementation of the red bag initiative to care homes, used to store information, medication and property, for care home residents who require unplanned acute attendance and/or admission. This bag follows the resident through their journey into acute and back to the care home, with staff using it to provide key information on transfer, speeding up operational processes and supporting better decision making.

Enabling Independent Living for Longer

- Our Care at Home Transformation Programme continues to work with staff, service users, Trade Unions and partners to develop services which will enable us to manage demand for our services, within current budget, whilst supporting people to remain as independent as possible within their own home.

Public Protection

- Multiagency self-evaluation exercise focusing on the most vulnerable children following the latest Care Inspectorate Framework.

Engaging and Developing Our Staff

- An effective engagement programme with our leaders in the HSCP to engage views, ideas and information to facilitate ongoing service improvement.
- Views of staff are sought annually via the iMatter survey which provides results on a team basis and enables them to identify areas of improvement.
- Annual Staff Awards recognise our workforce achievements and improvements in patient care.

Medium Term Financial Outlook

Looking into 2020/21 and beyond, it is anticipated that the public sector in Scotland will continue to face a very challenging short and medium-term financial outlook. There is significant uncertainty over what the scale of this likely reduction in available funding will be. It is therefore important that the IJB plans for a range of potential outcomes, ensuring sufficient flexibility to manage in a sustainable manner the position which emerges over the next few years – with the likely scenario that a significant level of further recurring savings will be required.

As a consequence, the IJB's financial planning arrangements remain subject to active review using a scenario-based approach in recognition of the scale of variability in the potential funding for the IJB. It is therefore essential that the IJB continues to plan for a range of potential outcomes across its key financial risks and challenges, and the likely impact these could have on the financial sustainability of the IJB.

It is therefore important to be clear that within the current models of working, the reducing budgets available will require further recurring savings to be made by this HSCP. This will mean that the IJB needs to consider what can safely be delivered. We must work to deliver both a balanced budget and continue to deliver accessible and safe services. After many years of budget reductions, it is fair and reasonable to state that these dual objectives cannot be assured.

Projected Budget Gap

Given the current scale of uncertainty, a scenario-based approach continues to be adopted in line with the previous Financial Plan (2018/19 to 2020/21), where 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.

Using the above range of scenarios, current projections for the period 2020/21 to 2024/25 include a wide range of assumptions in respect of key cost pressures and demand, highlighting a potential budget gap within a range of £45m to £52m for this period. On the basis of this estimated budget gap, and subject to clarification over the coming months and years, the CFO recommends that the IJB progresses with a financial planning strategy based on the medium scenario of a budget gap within a range of £8m to £11m per annum, over this five-year 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.

Although the medium-term financial outlook focusses on the likely cost pressures that the IJB can expect over the next 5 years, this can be further extrapolated to a longer period such as 10 years, where (using the same wide range of assumptions) it is estimated that the cost pressures could be in the range of £103m to £120m (Appendix 2). However, the further into the future we look the less assurance we can take from these assumptions.

Financial Challenge

As highlighted earlier, 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 both the national context, and future funding contributions from partners for which there remains significant and real uncertainty. Appendix 1 sets 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.

Detailed below are the main areas of cost pressures and demand which will be subject to ongoing review as clarification of the position of each emerges. These assumptions are based on the budget position and assumptions as at 30 September 2019.



Future funding allocations from Partner Organisations

Future funding allocations from Partner Organisations: the Scottish Government has not provided any material details of spending plans beyond 2019/20 other than high level figures which indicate low levels of cash growth. However, the commitment to providing multiyear financial settlements from 2020/21 represents a significantly positive step in providing greater clarity over the IJB's financial outlook.



Future Pay Settlements

Future Pay Settlements: the move to multi-year settlements provides a degree of certainty of pay pressures through to 2020/21, although these are at the higher end of the projections included within our financial plan. This will directly increase the cost pressures for the IJB. 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 34% of the IJB's net budget. Inflationary pressure in this area represents a significant pressure for the IJB. The assumptions for pay reflect the current inflationary assumptions of both Partner bodies.



Demand led Pressures

Demand led Pressures: demographic and socio-economic demand led cost pressures continue to be a key financial risk moving forward. Through its 'Change and Improvement Programme', the HSCP continues to actively progress a wide range of key demand and cost management actions including identifying areas of existing resource that can be re-directed to mitigate the financial impact of these pressures whilst seeking to achieve better outcomes for clients and their families.



Prescribing

Prescribing: with the ending of the risk sharing arrangement across NHSGGC Partnerships on 31 March 2018, prescribing costs represent the greatest financial risk to the HSCP, mainly due to the volatility of global markets and the impact of drug tariffs in relation to contracts with community pharmacy.

Inflation and
Contractual
Commitments

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. Current planning assumptions are that non pay inflation and contractual commitments equates to an average of circa £6.1m per annum over the life of the plan.

Demographics,
Deprivation and
Health

Demographics, Deprivation and Health: This outlook has considered the local context of Renfrewshire and how this impacts demand for services. Historically services have managed 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.

In order to test the assumptions used in the modelling of our four scenarios (low, medium, high and worse case), sensitivity analysis was carried out to determine the impact of any material changes on our current assumptions.

The following table shows the impact if our key assumptions increase by 1%. For example, if pay inflation was 1% higher than the assumptions which have been made, this would represent an additional cost of £810k in 2020/21.

Sensitivity Analysis – Impact of 1% change in Assumptions	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's	2024/25 £000's
Pay	810	818	826	834	842
Inflation	630	636	643	649	656
Prescribing	350	353	357	360	364
Demographic & Demand Change	741	748	756	764	771
TOTAL	2,530	2,555	2,581	2,607	2,633

Based on the assumptions used in our 'medium' modelling scenario, the following table provides a high-level summary of our main financial pressures over the next 5 years. These relate to: pay; inflation; prescribing; demographics and demand.

'Medium Scenario' Estimated cost of Pressures	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's	2024/25 £000's
Pay – @ 3%	2,918	2,964	3,073	3,186	3,303
Inflation – @ 4%	1,890	2,145	2,979	3,399	3,706
Prescribing – @ 4% (includes assumptions re rebate income)	1,398	1,454	1,512	1,572	1,635
Demographics and Demand – @ 2.5%	2,118	1,591	2,162	1,632	1,876
TOTAL	8,324	8,154	9,726	9,789	10,520

Impact on Funding

The IJB is reliant on funding from Renfrewshire Council and NHSGGC. These Partners' contributions are contingent on their respective financial planning and budget setting processes, as well as the financial settlements which each body receives from the Scottish Government. Using the IJB's 2019/20 budget as a baseline, the following table shows the impact of a change of 1% in the contribution from our partner organisations.

Sensitivity Analysis – Change in Partnership Contributions	2019/20 Base Budget £000's	Impact of 1% change in Partnership Contributions £000's
Renfrewshire Council Contribution	71,743	717
NHSGGC Contribution	137,430	1,374
NHSGGC Set Aside	31,242	312
TOTAL	240,415	2,403

Services will continue to transform; however, it is unlikely that demand as a result of demographics, health and deprivation can be funded purely from transformation. Based on cost and demand growth pressures used in the sensitivity analysis conducted, it is clear that there is a need for significant increases in some budgets on an annual basis to reflect the likely increase in demand reflective of the need of our service users.

Local demographics and socio-economic issues such as poverty, deprivation and inequalities can vary significantly across Renfrewshire, which in turn, can impact upon the demand and supply of services in the community.

Risks

The IJB recognises strategic risk through the IJB's Risk Register. This is used to ensure significant risk is identified and effective mitigation implemented, where possible, to reduce these risks to an acceptable level whilst securing service delivery within available resources.

Other key financial risks and pressures for Renfrewshire include:



How we agree the budget for HSCPs to deliver unscheduled hospital care

The Health Board is required to determine an amount set aside for integrated services provided by large hospitals. Since the Joint Bodies Act came into force, this has not operated fully as the legislation required.

The recent Ministerial Steering Group (MSG) Review of Integration Report (February 2019) proposes that all delegated hospital budgets and set aside requirements must be fully implemented over 2019.

The increased costs of drugs, that have a short supply, create additional financial pressures for the IJB. To assist in mitigating risks associated with prescribing volatility, the IJB, as part of its financial planning for 2019/20 agreed a net increase of £2.1m to the prescribing budget.



Rising costs of prescriptions



Delivery of new statutory requirements such as the Carers Act, the Living Wage, free personal care for under 65s and the National Dementia Strategy

A number of new statutory requirements such as the Carers Act, the Living Wage, and Free Personal Care for Under 65s are anticipated to create additional financial pressures for Renfrewshire IJB over 2019/20, as limited funding has been allocated by the Scottish Government to implement these. In addition, as yet, no funding has been made available to take forward the National Dementia Strategy. Therefore, without raising eligibility criteria to manage demand for services, any required funding will need to be redirected from other sources.

The Health and Social Care Delivery Plan identifies digital technology as key to transforming social care services so that care can be more citizen centred. Our need to further invest in digital technology is therefore paramount, creating additional financial pressure. Locally, all telecare equipment (used to support our most vulnerable service users in their home) must be upgraded from analogue to digital by 2025, creating a pressure of circa £1m.



Required investment in digital technology, key to transforming health and social care services so that care can be more person centred

Renfrewshire HSCP will continue to monitor and update these key financial risks and pressures to ensure the IJB is kept aware of any significant changes, especially where there is an indication of an increased projection of the current gap.

In addition, there remain wider risks which could further impact on the level of resources made available to the Scottish Government including, the changing political and economic environment, within Scotland, the UK, and wider. This will potentially have significant implications for Renfrewshire IJB's parent organisations, and therefore the delegated Health and Adult Social Care budgets.

These wider strategic risks and uncertainties for the IJB include:

- The impact of Brexit is not currently known, however, Renfrewshire HSCP is actively participating in Brexit planning being taken forward by its partner organisations in alignment with Scottish Government direction;
- The Scottish Government response to Brexit and the possibility of a second independence referendum creates further uncertainty;
- Complexity of the IJB governance arrangements has been highlighted by Audit Scotland as an ongoing concern, in particular the lack of clarity around decision making. The Ministerial Strategic Group (MSG) Review of Integration Report acknowledges the challenging environment in which Integration Authorities are operating and makes specific proposals around governance and accountability arrangements to be implemented over 2019/20; and
- A shortage of key professionals including General Practitioners, District Nurses, Mental Health Officers, Psychologists and Care at Home staff are a current recruitment and retention challenge for Renfrewshire HSCP. Potential impacts include negative effect on:
 - The sustainability of, access to, and quality of, services;
 - The resilience and health of our existing workforce as they attempt to provide the required level of services with reduced resources; and
 - The additional cost of using bank and agency staff.

Responding to the Local Financial Challenge

The IJB is operating in an increasingly challenging environment with funding not keeping pace with increasing demand for services and increasing costs linked to delivery.

Delivery of effective and lasting transformation of health and social care services is central to the vision of the IJB. The IJB's Strategic Plan for Health and Social Care 2019 – 2022 outlines its ambitions over the medium term and the Change and Improvement Programme which supports delivery.

There has been significant progress already in transforming services and as well as delivering financial savings this has enabled services to increase their effectiveness and efficiency, assisting services to manage the increasing demand and complexity of the patients and service users supported. The IJB is committed to transforming services, and this programme of work will continue moving forward, however future gains will be smaller, and this alone will be unable to bridge the funding gap which has been identified above.

Given the estimated budget gap, going forward we need to consider what type and level of service is required, and can safely and sustainably be delivered. We must continue to strive to deliver both a balanced budget and accessible, high quality and safe services. After many years of budget reductions, it is fair and reasonable to state that these dual objectives cannot be assured.

The HSCP recognise this cannot be achieved without a radical programme of financial and service re-modelling which focuses on the way we work and engage with each other, our communities and our partners, all of which will take time. Building upon our established medium-term financial planning strategy, outlined in our first Financial Plan 2018/19 to 2020/21, the HSCP believe working to a 3-year planning cycle will allow for a more strategic approach and provide the required time to support and embed change to structures, processes and behaviours.

The HSCP Senior Management Team (SMT), led by the CFO, has commenced financial planning for the period 2020–23, with a focus on continuing to ensure safe and sustainable services whilst meeting the significant financial challenges we face.

Over summer 2019, the HSCP's SMT, considered a number of approaches to financial planning based on lessons learned from previous years and also innovative models which have been successful elsewhere in the UK. From this, a two-tiered model was developed to address our 2020/21 financial pressures, whilst in parallel introducing a more strategic approach, focusing on the financial sustainability of the organisation in the medium term.

Supporting governance and resources have been established to ensure the HSCP is equipped to drive this change forward as part of an expanded Change and Improvement Programme.

Tier 1: Short-term 2020/21

The short-term financial planning work for 2020/21, Tier 1, is being supported by experienced external support to provide independent challenge to SMT thinking. This work is focused on where we can derive benefits from a more integrated organisational structure. Proposals will be presented to the IJB for approval in late 2019 / early 2020.

Tier 2: Medium Term 2021-24

The HSCP's medium term approach, Tier 2, to develop a Strategic Delivery Plan recognises that we must make a step change in the way we work to ensure the sustainability of health and social care services going forward. The delivery of the right health and social care services, accessed in the right place and at the right time is core to our 2019 – 2022 Strategic Plan, which was approved by our IJB in March 2019.

Our new 2019–22 Strategic Plan’s principal direction and objective is directly shaped by the themes of the Scottish Government’s 2020 Vision (which will continue beyond 2020) and Health and Social Care Delivery Plan. It is also informed by, and complements, our partner organisations response to the current challenges facing public services across Scotland: NHS GGC’s transformational change programme ‘Moving Forward Together’ (MFT) and its Public Health Strategy ‘Turning the Tide through Prevention’ and Renfrewshire’s Council new transformational change programme ‘Right for Renfrewshire’.

These key national and local strategies and plans all offer a consistent message about the real challenges facing health and social care in Scotland, and a shared recognition that continuing to deliver services in their current form, with growing demand and limited resources, is no longer sustainable.

We know we need to plan and work differently to ensure we use our resources to focus on those with the greatest need and to support people to live independently, wherever possible, in safe, active and connected places and communities. Critical to our success, will be how effectively we engage and work with our service users, staff, partners and wider community to test and develop our approach.

The HSCP has gained huge insight and learning from the change and improvement activities to date, in particular our recent learning disabilities service and older people reviews. Over the last year these reviews have demonstrated the benefits of continued engagement and involvement of local people in our planning, and, underlined the importance of ensuring that our service transformation considers the wider needs of our service users.

There are therefore a number of key principles which we believe must underpin our Delivery Plan as illustrated below:



‘Social Contract’

Developing an informal agreement between the HSCP and public to collectively create a healthier Renfrewshire.



Engagement based approach

Building upon how we engage with and involve our service users, patients and carers from the outset to develop a shared understanding and view on how we change.



‘Asset-based’ Working

By supporting local community capacity building. This approach looks to explore how we can collectively achieve more through the effective use of all the skills, knowledge and assets available within communities, individuals and across the public, private and voluntary sectors.



Promoting Independence

Through an ethos of 'working with' rather than 'doing to' in our approach to: assessment and care; staff training and development; our organisational structure and governance; planning and commissioning; and service delivery models.



Shared Purpose and Consistent Messaging

Ensuring there is an emphasis on communication and engagement with staff, services users and partners to create a common language, a strong sense of purpose and collective ownership for creating a healthier Renfrewshire.



Workforce Engagement and Development

Gaining trust; empowering to innovate; and supporting the introduction of new ways of working. We must build on the knowledge and experience of the staff working in our services by engaging, listening and involving them in shaping how we change and adapt.



Partnership Working

Closer working with our partners, 3rd sector organisations and others to establish a common approach and new ways of working, to grow local capacity and optimise our reach within our communities.



Digital Opportunities

Prioritising and embracing technology to: enable improved service delivery; better informed patients / service users; and offer greater self-care and self-management solutions.

Risks and Challenges

Whilst it is widely accepted that transformational change is required to address the significant demographic and financial pressures we face, there are a range of recognised challenges and risks associated with the delivery of our Tier 2 programme, including:

- Creating the required capacity in our organisation to deliver this change programme, in parallel with continuing to deliver high quality care, will be a real challenge. Our plans must be realistic in order to ensure the HSCP can still respond to need, and work within the resources available;
- Developing a shared understanding of the socio-economic and financial pressures will be critical to the success of the programme. Communication and engagement with stakeholders will be key in moving forward to different models of service. Pro-active and inclusive change management will be crucial in engaging staff, service users and stakeholders to ensure they are active participants in progressing this agenda; and
- There is a risk we fail to stem demand and deliver a balanced budget. Successful change will require behavioural changes across health and social care services, and this involves challenging engrained ways of working.

Programme Governance and Resources

The HSCP has reviewed its supporting resources, such as project management, organisational development and communications expertise, to ensure we are fully equipped to drive this change forward as part of an expanded Change and Improvement Programme. In addition, a formal Programme Board will be established, chaired by the Chief Officer. As the owner of this transformation, the Chief Officer will provide a key leadership role and will also be accountable for the successful delivery and drive of the change programme.

In recognition that service transformation and redesign projects take time to fully develop and implement, in September 2019, the IJB approved the creation of a transformation reserve. This will be used to provide resources to mitigate the risk of change, and to support the transition of HSCP services, as well as providing resource capacity to support the HSCP to deliver its change programme. This funding would be in addition to the monies earmarked by Renfrewshire Council in 2019/20 and is dependent on the 2019/20 year-end financial position.

Integrated Finance and Financial Planning

Two key national documents, The Scottish Government's Medium-Term Framework for Health and Social Care and Audit Scotland's Health and Social Care Integration Review (February 2018) both highlight the need for integrated finance and financial planning to be a core component to shifting the balance of care.

Framed by these two key documents, this Medium-Term Financial Plan reflects the economic outlook beyond 2019/20, it focuses on a medium-term perspective centred on financial sustainability; acknowledging the uncertainty around key elements including the potential scale of savings required and the need to redirect resources to support the delivery of key priorities set out in our Strategic Plan.

Critical to its delivery are:

- Implementation of the MSG's proposals for integrated service and financial planning to enable us to deliver and focus on the gaps identified in the Audit Scotland report and the required environment to deliver the Scottish Government's medium-term strategy;
- Delivery of our local medium-term financial strategy; and
- Establishment of Financial Planning Principles.

1. [MSG - Review of Progress with Integration of Health & Social Care](#)

The recent MSG Review of Progress with Integration of Health and Social Care (February 2019), highlights ***integrated finance and financial planning*** as one of six key features which support integration.

The report highlights a number of proposals central to ensuring that *“money must be used for maximum benefit across health and social care and to ensure arrangements are in place to support the Scottish Government’s Medium-Term Framework for Health and Social Care”*:

- Health Boards, Local Authorities and IJBs should have a joint understanding of their respective financial positions as they relate to integration
- Delegated budgets for IJBs must be agreed timeously
- Delegated hospital budgets and set aside requirements must be fully implemented
- Each IJB must develop a transparent and prudent reserves policy
- Statutory partners must ensure appropriate support is provided to IJB S95 Officers
- IJBs must be empowered to use the totality of resources at their disposal to better meet the needs of their local populations.

Locally, NHSGGC, Local Authorities and IJBs have carried out a self-evaluation to collectively evaluate their current position in relation to the findings of the MSG review. Based on the outcome of this evaluation, an Action Plan has been developed. Actions relating to integrated finance and financial planning are led by the Chief Officer and CFO, working with the Scottish Government and partner organisations.

Work continues to be progressed with the set aside funding for large hospital services, however arrangements under the control of the IJB (and those across NHSGGC) are not yet operating as required by the legislation and statutory guidance. Work undertaken to date has focussed on the collation of cost and activity data. Moving forward, work has commenced on the development of commissioning plans to support the implementation of the set aside arrangements.

[2. Medium Term Financial Strategy](#)

Our Medium-Term Financial Strategy has 7 components which collectively support the transformational change required to deliver financial balance whilst delivering safe and sustainable services. This strategy is set out in the following diagram.



Reserves

Legislative Background

IJBs prepare their Accounts under the Local Authority Accounting Regulations because they are section 106 bodies, as defined in the Local Government (Scotland) Act 1973.

One of the benefits of these accounting arrangements is that, unlike the NHS, IJBs are allowed to create reserves to facilitate longer term financial planning. Reserves are therefore a key component of the IJB's financial planning. It is important for the long-term financial stability and the sustainability of the IJB that sufficient usable funds are held in reserve to manage unanticipated pressures from year to year. Similarly, it is also important that in-year funding available for specific projects and government priorities are able to be earmarked and carried forward into the following financial year, either in whole or in part, to allow for expenditure to be committed and managed in a way that represents best value for the IJB in its achievement of national outcomes and local priorities.

In order to assess the adequacy of general reserves, CFOs should take account of strategic, operational and financial risks facing the s106 body. This assessment of risk should include external risk as well as internal risks. The financial risks should be assessed in the context of the s106 bodies overall approach to risk management and will include:

- The treatment of demand led pressures and the bodies capacity to manage in-year budget pressures, and its strategy for managing demand and service delivery in the longer term;
- The treatment of planned efficiency savings and the need for bodies to be in a position to activate contingency plans should the reporting arrangements identify that planned savings or gains will either not be achieved or be delayed;
- An assessment of the general financial climate to which the body is subject and should include external factors such as future funding levels, although any plans for using reserves will need to consider the need and ability of the body to replenish these reserves, and the risks to which the body will be exposed whilst replenishing reserves.

Reserves Policy

The Local Authority Accounting Panel (LAAP) Bulletin recommends that the level of reserves held should be based on the advice of CFOs. This can be expressed either as a level of balance in cash or percentage terms taking into account relevant local circumstances, with a level of general reserves being set which is appropriate to the level of risk which the organisation is exposed to over the medium term. The guidance also warns that it is not prudent for reserves to be deployed to finance recurrent expenditure.

At its meeting of 24 November 2017, the IJB approved its revised Reserves Policy, which recommended creation of reserves of up to a maximum of 2% of the net

budget of the IJB, in addition to any identified ear marked reserves which are excluded from this calculation. The % to be held being dependent on the year-end position and ability at that time to transfer monies into a reserve for future use.

The Ministerial Strategic Group's (MSG) Review of Integration identified the need for each IJB to develop a transparent and prudent reserves policy. This policy is required to ensure that reserves are identified for a purpose and held against planned expenditure or held as a general reserve as a contingency to cushion the impact of unexpected events or emergencies. Renfrewshire IJB's approved Reserves Policy fully complies with these requirements.

Currently, the IJB holds general reserves of £0.930m which equates to 0.45% of the IJB's net budget. At its meeting of 20 September 2019, in addition to the creation of the above transformation reserve, the IJB approved the CFO's recommendation to work towards achieving a 2% reserve balance in recognition of the level of risk which the organisation is likely to be exposed to over the medium term.

3. Financial Planning Principles

Our Medium-Term Financial Plan is underpinned by a number of financial planning principles:

- The use of IJB resources must be aligned and help in the delivery of the priorities contained in the Strategic Plan;
- Spending should be contained within the overall HSCP budget; where this is not possible recovery plans will be required to cover any overspends to protect the partners' budget positions;
- The Change and Improvement Programme and activities approved by the IJB will seek to either manage increasing demand, generate financial savings and deliver on our statutory responsibilities;
- Given the type of services provided and the reliance placed on these by service users, the IJB may agree to fund double running costs and/or 'spend to save' initiatives whilst the proof of concept and benefits are established of the transformation projects;
- In line with the recommendations of MSG Review of Integration, work in close partnership with Renfrewshire Council, NHSGGC, the third sector and other partners to deliver the best and most efficient services possible within the financial allocations delegated; and
- All saving proposals must be subject to the HSCP's robust financial planning process to ensure alignment with our strategic priorities; safe and sustainable services; and to fully assess the wider impact of any potential change. The following diagram summarises this process.

Financial Planning Cycle

Governance: Finance & Planning Group **Chair: CFO & Head of SP&HI**

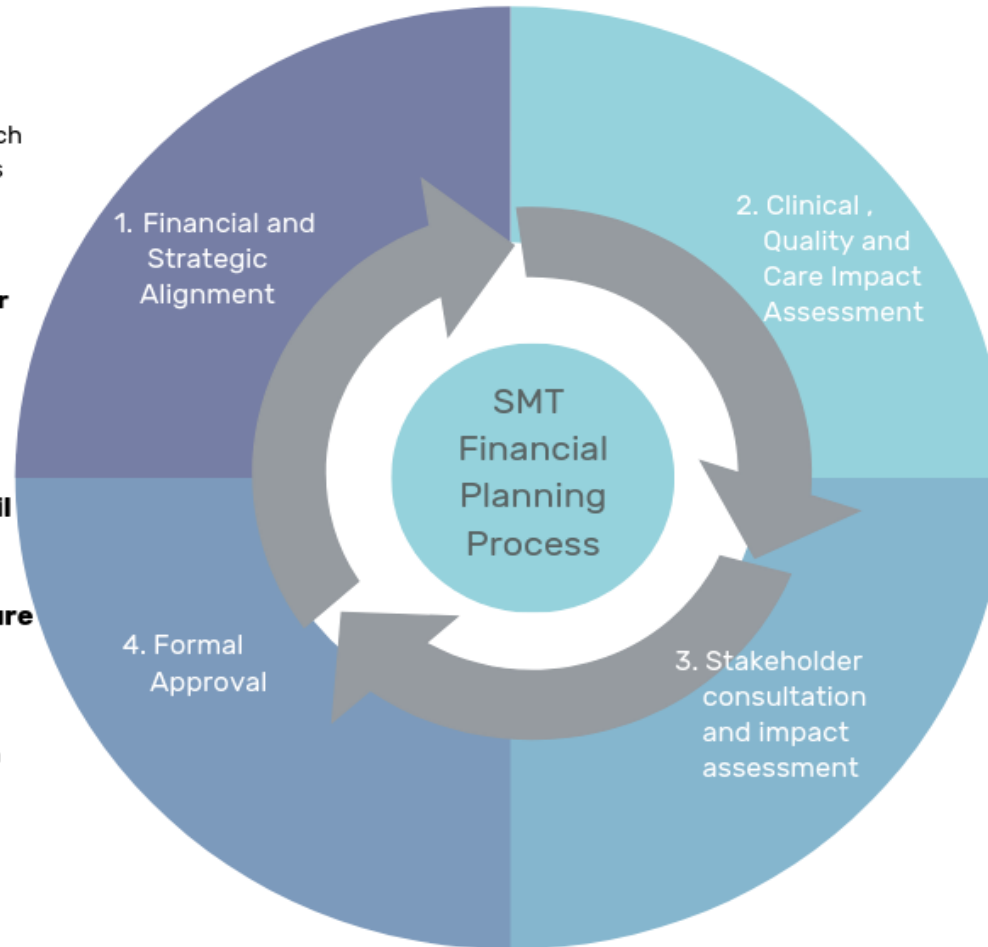
Purpose: to ensure draft saving proposals align with Financial & Strategic Plans. Also, that a strategic commissioning approach is being adopted and contributes to strategic impact analysis

Output: formal review of HoS initial saving proposals and/or approval to proceed to the Professional Advisory Group

Governance: SMT and Council Budget Working Group if applicable, then IJB, Council and / or NHS (subject to nature of proposal)
Lead: Chief Officer

Purpose: SMT to advise whether a saving proposal should be a submitted for formal approval via appropriate routes, namely IJB, Council and for NHS GGC

Output: approval or reject of saving proposal



Governance: Professional Advisory Group **Chair: Chief Officer**

Purpose: for HSCP's professional leads to risk assess saving proposals to ensure they are safe in the clinical, quality and care standards.

Output: Clinical, Quality and Care Impact Assessment completed for proposal with clear recommendations on whether should proceed to consultation stage

Governance: Various inc. SPG & SPF
Lead: Head of SP&HI

Purpose: wider stakeholder consultation on saving proposals to assess potential impact. An initial EQIA will also be carried out for each proposal.

Output: Stakeholder impact assessment completed for each proposal, inc EQIA and proposed mitigation where identified

Appendix 1

Estimated Impact of Cost and Demand Pressures for the 5-year period 2021-25

(assuming no additional funding from SG or Partner Organisations and prior to mitigating action being taken)

Based on Recurring Budget P7 2019/20	20-21 £'000's	21-22 £'000's	22-23 £'000's	23-24 £'000's	24-25 £'000's	TOTAL
LOW SCENARIO						
Contractual Pressures	1,276	1,464	2,281	2,688	2,981	10,690
Pay Pressures	2,918	2,955	3,064	3,177	3,294	15,406
Demand Pressures	1,775	1,238	1,798	1,259	1,491	7,562
Living Wage	858	925	943	960	979	4,663
Prescribing	1,398	1,454	1,512	1,572	1,635	7,571
Total Pressures	8,225	8,035	9,597	9,656	10,380	45,893
MEDIUM SCENARIO						
Contractual Pressures	1,277	1,471	2,292	2,701	2,996	10,737
Pay Pressures	2,918	2,964	3,073	3,187	3,304	15,445
Demand Pressures	1,869	1,337	1,901	1,366	1,603	8,075
Living Wage	863	930	949	966	985	4,693
Prescribing	1,398	1,454	1,512	1,572	1,635	7,571
Total Pressures	8,325	8,156	9,727	9,791	10,523	46,521
HIGH SCENARIO						
Contractual Pressures	1,277	1,478	2,303	2,714	3,010	10,783
Pay Pressures	2,918	2,968	3,077	3,191	3,309	15,464
Demand Pressures	2,056	1,535	2,110	1,588	1,837	9,126
Living Wage	870	938	956	973	993	4,729
Prescribing	1,747	1,835	1,926	2,023	2,124	9,655
Total Pressures	8,867	8,754	10,373	10,490	11,274	49,757
WORST SCENARIO						
Contractual Pressures	1,277	1,485	2,314	2,727	3,025	10,829
Pay Pressures	2,918	2,973	3,082	3,196	3,314	15,484
Demand Pressures	2,057	1,536	2,111	1,589	1,839	9,132
Living Wage	876	945	964	981	1,001	4,767
Prescribing	2,097	2,223	2,356	2,497	2,647	11,820
Total Pressures	9,225	9,162	10,828	10,991	11,825	52,031

Appendix 2

Estimated Impact of Cost and Demand Pressures for the 10-year period 2021-30**(assuming no additional funding from SG or Partner Organisations and prior to mitigating action being taken)**

Based on Recurring Budget P7 2019/20	20-21 £'000's	21-22 £'000's	22-23 £'000's	23-24 £'000's	24-25 £'000's	25-26 £'000's	26-27 £'000's	27-28 £'000's	28-29 £'000's	29-30 £'000's	TOTAL
LOW SCENARIO											
Contractual Pressures	1,276	1,464	2,281	2,688	2,981	3,077	3,176	3,278	3,383	3,492	27,095
Pay Pressures	2,918	2,955	3,064	3,177	3,294	3,405	3,521	3,641	3,765	3,894	33,633
Demand Pressures	1,775	1,238	1,798	1,259	1,491	1,566	1,584	1,602	1,621	1,640	15,573
Living Wage	858	925	943	960	979	997	1,016	1,036	1,057	1,078	9,849
Prescribing	1,398	1,454	1,512	1,572	1,635	1,701	1,769	1,839	1,913	1,990	16,782
Total Pressures	8,225	8,035	9,597	9,656	10,380	10,746	11,065	11,396	11,739	12,094	102,933
MEDIUM SCENARIO											
Contractual Pressures	1,277	1,471	2,292	2,701	2,996	3,106	3,221	3,341	3,465	3,593	27,463
Pay Pressures	2,918	2,964	3,073	3,187	3,304	3,426	3,553	3,684	3,820	3,962	33,890
Demand Pressures	1,869	1,337	1,901	1,366	1,603	1,684	1,708	1,733	1,758	1,784	16,742
Living Wage	863	930	949	966	985	1,007	1,030	1,053	1,078	1,104	9,965
Prescribing	1,398	1,454	1,512	1,572	1,635	1,700	1,768	1,839	1,913	1,989	16,781
Total Pressures	8,325	8,156	9,727	9,791	10,523	10,924	11,280	11,650	12,034	12,432	104,840
HIGH SCENARIO											
Contractual Pressures	1,277	1,478	2,303	2,714	3,010	3,136	3,268	3,405	3,548	3,697	27,836
Pay Pressures	2,918	2,968	3,077	3,191	3,309	3,437	3,569	3,706	3,849	3,997	34,020
Demand Pressures	2,056	1,535	2,110	1,588	1,837	1,925	1,956	1,989	2,022	2,055	19,073
Living Wage	870	938	956	973	993	1,018	1,045	1,074	1,103	1,135	10,105
Prescribing	1,747	1,835	1,926	2,023	2,124	2,230	2,342	2,459	2,582	2,711	21,978
Total Pressures	8,867	8,754	10,373	10,490	11,274	11,746	12,180	12,632	13,103	13,594	113,012
WORST SCENARIO											
Contractual Pressures	1,277	1,485	2,314	2,727	3,025	3,166	3,315	3,470	3,632	3,803	28,215
Pay Pressures	2,918	2,973	3,082	3,196	3,314	3,447	3,585	3,728	3,877	4,032	34,153
Demand Pressures	2,057	1,536	2,111	1,589	1,839	1,935	1,976	2,017	2,061	2,105	19,226
Living Wage	876	945	964	981	1,001	1,030	1,062	1,095	1,131	1,169	10,254
Prescribing	2,097	2,223	2,356	2,497	2,647	2,806	2,974	3,153	3,342	3,542	27,637
Total Pressures	9,225	9,162	10,828	10,991	11,825	12,384	12,911	13,464	14,043	14,651	119,484