

---

**To:** Renfrewshire Integration Joint Board

**On:** 15 September 2017

---

**Report by:** Chief Finance Officer

---

**Heading:** Financial Plan 2018/19 to 2020/21

---

## 1. Purpose

1.1. The purpose of this report is to provide the Integration Joint Board (IJB) with an estimate of the Health and Social Care Partnership's projected position moving into 2018/19 and the medium term financial outlook to 2020/21. The report will cover the following key areas of the financial strategy for members:

- Key Messages
- Current Financial Position
- Budget Strategy Assumptions
- Projected Cost Pressures 18/19 to 20/21
- Medium Term Financial Strategy

## 2. Recommendations

It is recommended that the IJB:

- Note the assumptions and context of the financial plan for 2018/19 to 2020/21 and the level of uncertainty that exists in relation to a range of these assumptions;
- Note the medium term outlook for the IJB in the context of current forecasts and the expectation of further significant budget reductions for the IJB through to 2020;
- Approve the medium term financial plan and associated financial planning principles;
- Approve the attached Financial Plan attached at Appendix 1
- Note that the Chief Officer and Chief Finance Officer will continue to monitor the actual position and update the Plan as assumptions become clear and will update the IJB in due course.

## 3. Key Messages

3.1. The IJB's current financial position remains in line with the financial planning assumptions for 2017/18. In addition, Audit Scotland has recently completed their audit of the 2016/17 accounts and the audited financial position remains in line with that reported to the IJB in June 2017.

3.2. Given the scale of uncertainty and current level of identified pressures on both the delegated Health and Social Care budgets, it is important that the IJB plans for a range of potential outcomes from 2018/19 onwards. In addition, it is anticipated that moving forward beyond 2018/19 and through to 2020, a significant annual saving

requirement is likely to continue over the medium term. In this context, the Chief Officer and Chief Finance Officer will continue to work with IJB members to advise and assist in the development of budget strategies which remain flexible, sustainable and focused on the delivery of key priorities detailed in the Strategic Plan.

3.3. It is anticipated that the current financial challenges will remain beyond 2020, reinforcing 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 in funding levels;
- 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 and operational priorities.

#### **4. Current Financial Position**

4.1. The IJB's current financial position remains broadly in line with financial planning assumptions. The achievement of a 2017/18 year-end breakeven position is dependent on: the application of reserves carried forward from 2016/17 for both the Adult Social Care budget and the Health Services budget, and the delivery of the delegated Health budget savings plans approved by the IJB on 23 June 2017. In addition, continued pressures on the Care at Home Service and Adult Placement budget have required a draw-down of a proportion of the additional £4.4m of resources made available by the Council as part of their 2017/18 budget allocation to the IJB for Adult Social Care.

#### **5. Budget Strategy Assumptions**

5.1. One of the Scottish Government's key policy commitments over the course of this parliament is to increase Health spending by £500 million above real terms growth. Given the limited growth prospects for the Scottish Government budget this commitment may present a sustained challenge on Local Authority budgets.

5.2. In light of the above, the current budget strategy for the IJB assumes:

- Delegated Health Budget: from discussions with the Director of Finance for NHS GGC a flat cash settlement in 2018/19 similar to that for 2017/18;
- Delegated Adult Social Care Budget: Renfrewshire Council's medium term financial plan recognises and acknowledges ongoing cost and demand led pressures on Adult Social Care, as well as the ongoing implementation of a range of strategies aimed at mitigating future cost growth through redesigning service provision to achieve better outcomes whilst at the same time lowering the cost. It is acknowledged that over the medium term, the Council is anticipated to experience sustained financial challenges linked to an ongoing pattern of reducing cash resources coupled with increasing cost pressures. This is expected to result in an ongoing requirement to deliver significant recurring savings year on year. In this context, the financial capacity of the Council to fully address the net financial impact of such cost and demand led pressures on Adult Social Care services is

likely to become increasingly constrained which may have implications for future services levels deliverable by the IJB

## 6. Projected Cost Pressures 2018/19 to 2020/21

6.1. Taking into account a range of scenarios, current projections for the period 2018/19 to 2020/21 include a wide range of assumptions in respect of key cost pressures and demand highlighting a potential budget gap for the HSCP within a range of £16m to £21m for this period.

6.2. IJB Members should note that the current 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 does not include potential costs in relation to:

- Changes to the GP contract (ref paragraph 5.22);
- Impact of the Carers Scotland Act (2016) (ref paragraph 5.21);
- Impact of the extension of free personal care to adults under the age of 65; and
- Unintended consequences of our partner organisation's changes in activity from 2018/19 onwards.

6.3. Subject to greater certainty emerging over the coming months and in future years, the Chief Finance Officer recommends that the IJB adopts a financial planning assumption to deliver savings to meet an additional circa £6m per annum in the years 2018/19-2020/21 to fund new rising demand and cost pressures, assuming that no additional funding is received from our partner organisations or the Scottish Government to fund these pressures. This savings requirement is needed in order to retain the same level of service currently delivered by the HSCP. An on-going assessment and update of key assumptions will be required to ensure the IJB is kept aware of any significant changes, especially where there is an indication of a shift to the upper projection of the current gap.

6.4. In addition to securing a firmer assessment of emerging cost pressures, work is progressing with the HSCP Senior Management Team to identify opportunities to mitigate these pressures. Detailed below are the main areas of cost pressures and demand which will be subject to ongoing review as clarification of the position for each emerges:

- **Pay Inflation:** despite the anticipated reduction in resources it is expected that pay pressures will remain a recurring pressure for the HSCP. Current assumptions range between 1–2% for both Health and Social Care staff, however this position may change given the recent announcement by the Scottish Government to remove the cap on public sector pay. For the HSCP each 1% increase in pay inflation equates to £820k per annum;
- **Demographic and Volume:** reflects increases anticipated across Care at Home, adult supported living and special observations;
- **Prescribing:** costs reflect current demand and cost pressures;
- **Inflationary Pressures:** reflect anticipated increases to payments to third parties including the National Care Home Contract (NCHC). For the HSCP each 1% increase in the NCHC equates to £230k per annum;
- **Living Wage:** assume an annual increase of £0.20 per for 2018-19 onwards to reflect the national commitment to reach a national living wage of £9.00

by 2020. For the HSCP each 20p increase in the Living Wage equates to an average increase of 26p (including on-costs) in payments to our providers.

- **Special Observations:** costs associated with the increasing numbers of patients requiring enhanced levels of observation within Mental Health Inpatient Services.

- 6.5. Directing investment to areas of priority in a climate of reducing resources will require the IJB to make difficult choices to support the redirection of existing resources.
- 6.6. Many of the identified pressures in 2018 – 2020 are anticipated to remain beyond 2020 for the IJB. The Financial Plan, attached at Appendix 1, provides a more detailed overview of some of these pressures and the work under development to manage increasing demand, avoid future costs and create greater capacity and opportunity for promoting prevention and early intervention. These approaches will assist in protecting core services and vulnerable users and ensure services remain targeted, focused on the delivery of improved outcomes and importantly financially sustainable.
- 6.7. 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 European Union 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 for the IJB's financial sustainability are identified early, even though there may be uncertainty over their specific timing, scale and ultimate effect.

## **7. Medium Term Financial Strategy**

- 7.1. In order to deliver the medium term financial strategy 2018/19 to 2020/21 a medium-term strategy has been developed over 6 main strands. These are detailed in full at Section 7 of the attached Financial Plan.

1. Prevention and Early Intervention
2. Strategic planning and commissioning
3. Financial Planning Process
4. Change and Improvement Programme
5. NHSGGC and Partner IJBs system-wide Initiatives
6. Reserve Strategy

It is proposed that moving forward over the medium term the IJB agrees to commit to the principles laid out in the Financial Plan. In line with these principles the Chief Officer and Chief Finance Officer will work with IJB members to develop savings and efficiencies for the period 2018/19 to 2020/21.

---

### **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** – 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.

---

**Author:** Sarah Lavers, Chief Finance Officer



# Renfrewshire Health & Social Care Partnership

## Financial Plan 2018/19 to 2020/21



## **Table of Contents**

Executive Summary	3
Introduction	4
Overview of the long term financial landscape	6
Renfrewshire HSCP in Context	8
Key Achievements to date	10
Current and Future Pressures	12
Mitigation Programmes	19
Understanding and Addressing the Financial Challenge	22



## Executive Summary

This Financial Plan outlines the financial challenges and opportunities Renfrewshire Health and Social Care Partnership (HSCP) faces over the next 3 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 financial planning principles will support the delivery of the Integration Joint Board's (IJB) strategic objectives and priorities. The Strategic Plan is likely to be reviewed in the period to summer 2018

The Financial Plan includes a range of key assumptions which are subject to a significant degree of uncertainty. As a consequence this strategy will be kept under continuing review with appropriate adjustments made as these become clearer.

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 financial plan

### Key messages:

- It is anticipated that moving forward beyond 2018/19 Renfrewshire HSCP is facing significant challenges and will need to develop budget strategies which remain flexible, sustainable and focused on the delivery of its Strategic Plan's key priorities.
- Over the medium to longer term the IJB needs to plan on the basis of:
  - Reducing resources with no certainty of any level of sustained growth;
  - Rising costs; and
  - Demand pressures.
- The current projections for the period 2018/19 to 2020/21 include a wide range of assumptions in respect of key cost pressures and demand confirming a likely gross budget gap of between £16m to £21m for this period.
- Subject to clarification over the coming months and years, the Chief Finance Officer (CFO) recommends that the IJB adopts a financial planning assumption to deliver savings to meet an additional circa **£6.0m** per annum in the years 2018/19-20/21, to fund new rising demand and cost pressures, assuming that no additional funding is received from our partner organisations or the Scottish Government to fund these pressures. This savings requirement is needed in order to retain the same level of service currently delivered by the HSCP. An on-going assessment and up-date of key assumptions will be required to ensure the IJB is kept aware of any significant changes, especially where there is an indication of a shift to the upper projection of the current gap.
- To deliver the financial plan a medium term financial strategy has been developed, with 6 key strands:
  1. Prevention and Early Intervention
  2. Strategic Planning and Commissioning
  3. Financial Planning Process
  4. Current and future pressures;
  5. Change and Improvement Programme
  6. NHSGGC and Partner IJBs system-wide Initiatives
  7. Reserves Strategy

## Introduction

- 1.1 The purpose of this Financial Plan is to provide an overview of the key messages in relation to the Integration Joint Board's (IJB) financial planning for 2018/19 to 2020/21. It also provides an indication of the challenges and risks which may impact upon the finances of the IJB in the future as we strive to meet the health and social care needs of the people of Renfrewshire.
- 1.2 The Financial Plan will cover the following key areas of the financial strategy for Renfrewshire Health and Social Care Partnership (HSCP):
  - Overview of the long term financial landscape;
  - Renfrewshire HSCP in context;
  - Key achievements to date;
  - Current and future pressures;
  - Mitigation programmes;
  - Understanding and addressing the financial challenge; and
  - Medium term financial strategy,

### *Purposes and Approach*

- 1.3 This Financial Plan is an important part of the HSCP's strategic planning process; to deliver on the vision and priorities set out in the IJB's Strategic Plan whilst ensuring as an organisation we remain financially sustainable.
- 1.4 The September 2016 Report on Social Work in Scotland<sup>1</sup> recognised that current approaches to delivering health and social care are not sustainable in the long term. The report highlighted the significant level of challenges faced by Health and Social Care Partnerships due to a combination of financial pressures caused by a real-term reduction in funding, increased demographic pressures and the cost of implementing new legislation and policies. Audit Scotland concluded that if Health and Social Care Partnerships continue to provide services in the same way, spending would need to increase by 16%-21% by 2020.
- 1.5 Within this local and national context, it is essential that the HSCP develops and maintains a Financial Plan. This will enable it to: take a strategic approach to how finances are directed; to prioritise the services which will deliver the greatest impact; to support a shift in the balance of care, and set the context for annual budgets. In preparing the Plan it is essential that we understand the scale of the financial challenge, and the impact not only on the HSCP, but on the wider system.
- 1.6 This first Financial Plan for the HSCP provides key information on its financial position over the next three years, including the financial pressures and pressure points. It is hoped this Plan will help inform IJB decision making to effectively assess the potential financial impact of current and future decisions to ensure the HSCP remains financially sustainable.

---

<sup>1</sup> Social Work in Scotland, Accounts Commission September 2016

1.7 In preparing the Financial Plan the following approach was adopted:

- The 2017/18 base budget has been used as the basis for the Financial Plan;
- A detailed analysis of cost and demand pressures has been undertaken to inform projections for the next three years; and
- Active engagement with partner bodies has taken place to ensure plans are prepared on the most robust information available.

### **Benefits of the Plan**

1.8 This financial plan will deliver a number of benefits to Renfrewshire HSCP including:

- Providing the financial context for Renfrewshire HSCP to inform future decision making;
- Providing a basis for engaging with partner bodies in relation to the annual budget setting process;
- Identifying the transformation which is required to provide sustainable services to the local community to secure financial sustainability; and
- Supporting the delivery of the Strategic Plan and setting out our plans to deliver a shift in the balance of care to a community setting; providing 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.

## Overview of the long term financial landscape

- 2.1 In December 2016, the Scottish Government published the Health and Social Care Delivery Plan which sets out the programme for further enhancing health and social care services. Critical to this is 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.
- 2.2 In addition to economic performance, other factors will influence the future availability of funding for Renfrewshire HSCP including: financial powers arising from the Scotland Act 2012; recommendations arising from the Smith Commission; the introduction of the Single Tier Pension Scheme in 2016 and the demographic challenges that Renfrewshire is facing.
- 2.3 Although no figures are available beyond 2017/18, it is anticipated that the public sector in Scotland will continue to face a challenging 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.
- 2.4 Looking into 2018/19 and beyond, it is 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 also continue to deliver 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.
- 2.5 Recent reports from Audit Scotland in relation to health and social care integration clearly articulate many of these risks, including:
- The need for greater clarity on how shifting the balance of care will work in practice, in order to release money for IJBs to invest in more community based and preventative care;
  - How IJB members, from different backgrounds, can work effectively and manage conflicts of interest, and often complex relationships with partner organisations;
  - Most IJBs do not oversee the operation of acute services which could potentially limit the impact they can achieve; and
  - Budget setting challenges: as budgets flow through parent organisations and not directly from the Scottish Government. Furthermore, parent organisation budget setting timelines do not currently align.
- 2.6 In addition, subsequent Audit Scotland reports on both the NHS and Social Work in Scotland set out the real delivery challenges facing IJBs. These include:
- Social care faces growing demographic demand pressures which are unsustainable within existing service models and resources. Furthermore, the

implementation of new legislation and policies such as the Living Wage create additional cost pressures; 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.

2.7 The current situation therefore places significant challenges on Renfrewshire HSCP's ability to deliver the original policy intentions and the more recent policy statements within the National Clinical Strategy and the Health and Social Care Delivery Plan. The current model of funding, delivered via NHS Boards 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.

2.8 The Scottish Government draft budget announcement of 15 December 2016 had a number of key messages for IJB's 2017/18 budget allocations including:

- A further £107m Social Care Funding in addition to the £250m allocated as part of the 2016/17 budget process;
- Local Authorities being able to adjust their allocations to IJB's by up to £80m; and
- Health Board allocations to IJB's to be maintained at 2016/17 cash levels including the set aside budget for large hospital services.

2.9 Currently, the Scottish Government is carrying out a number of consultations which may have a direct impact on the 2018/19 budget allocations for IJB's. These include:

- A request for views on the 2018/19 budget process;
- Living wage and sleepover costs and implications;
- Impact of the carers legislation; and
- Impact of the proposal to extend free personal care to the under 65's.

## Renfrewshire HSCP in Context

- 3.1 Renfrewshire is a diverse area of towns, villages and countryside covering 270 square kilometres and situated 7 miles west of Glasgow City. The area has excellent transport connections to the rest of Scotland and is home to Glasgow International Airport. Scotland's largest business park is situated in Hillington, and key campuses of the University of the West of Scotland and West College Scotland are located in Paisley town centre.



- 3.2 Just over 170,000 people live in Renfrewshire. Over the next 20 years, the number of people aged 16-64 living in Renfrewshire is likely to fall and the number of children will remain broadly the same. A major change will be that the number of older people (over 65) will rise by 51%. 2.8% of Renfrewshire residents are members of an ethnic minority group.
- 3.3 Renfrewshire HSCP delivers adult social care services and community health services for adults and children in the Renfrewshire area, under the direction of the IJB.

Services include:

- Community Health services (e.g. District Nursing, Health Visiting, Mental Health, Health Improvement and Learning Disability Services);
- Contracted Health Services (GPs, Pharmacies, Dentists and Optometrists);
- All adult social care services (e.g. Adult Social Work, Care at Home services, Care Homes, Occupational Therapy, Domestic Violence);

- Elements of Housing services in relation to Aids/Adaptations and Gardening Assistance; and
- Aspects of Acute services (hospitals) relating to unscheduled care.

3.4 Staff delivering these services work closely with other local health and social care professionals and providers to plan and develop services across the HSCP area.

3.5 Carers in Renfrewshire are a valued and important contributor to healthcare provision. 12,868 people in Renfrewshire provide up to 50 hours of unpaid care per week and a further 4,576 people provide more than 50 hours of unpaid care per week. 10% of our population are unpaid carers.

3.6 We have a range of services in Renfrewshire that respond each day to the needs of local people. We have 29 GP practices, 44 community pharmacies, 19 community optometrists and 35 general dental practitioners. We also provide or commission a wide range of community based health and social care services and have a major acute hospital – the Royal Alexandra Hospital (RAH).

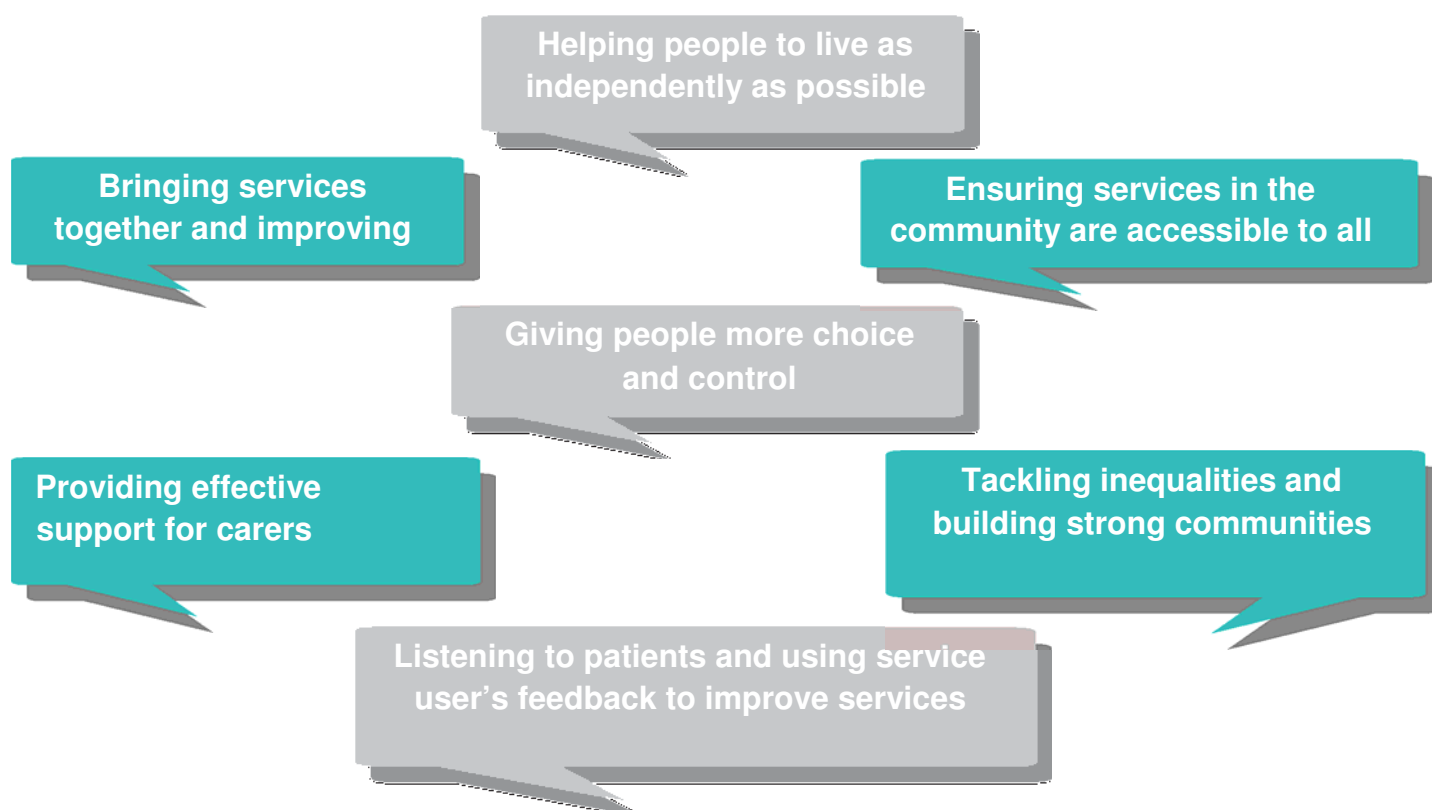
3.7 Renfrewshire HSCP's has identified three key strategic priorities which are the focus in delivering our vision:

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

Our three strategic priorities are:

- Improving health and wellbeing
- The right service, at the right time, in the right place
- Working in partnership to treat the person as well as the condition

We do this by:



## Key Achievements to date

### *Localities*

4.1 Establishment of a locality structure, in line with national guidance, which has provided an opportunity to review and redesign processes and procedures to maximise effective use of resources and improve the patient journey across Renfrewshire. Some examples of the work undertaken include:

- Work within Mental Health & Addictions services to maximise effective use of resources, and, improve patient journey, ensuring systems for access to services are clear, open and responsive.
- Introducing a Single Point of Access (SPoA) for District Nursing services. This simplifies the referral and access process for those referring patients to the service and those who are being referred. This will also create capacity for increased patient-facing time as well as a more flexible service.
- Building a structured approach to how we involve and engage General Practitioners (GPs) to ensure they are included as part of our wider team and service based working.

### *GP Clusters*

4.2 In line with Scottish Government guidance, we have established six GP clusters in Renfrewshire. GP clusters are small groups of geographically connected practices, which work collaboratively to improve outcomes, pathways and services for patients. Some examples of joint work that Renfrewshire HSCP has progressed with our GPs include:

- Realignment of Prescribing Support Pharmacists to release GP capacity, which is a recognised pressure amongst this area of the workforce.
- Shared caseloads between GP practices and HSCP services to improve how we support the patients/service users to provide a more seamless service experience e.g. sharing patient lists which identify patients within Mental Health services that are registered with GP practices, and which clinicians the patient receives input from and sharing data on children on the child protection register with GP practices.
- Regular update of Anticipatory Care Plans (for patients) to ensure a dynamic patient record that details the preferred actions, interventions and responses that care providers should make following a clinical deterioration or during a crisis in the persons care.
- Improving direct access to a range of self-referral services to provide better direct access to a number of local services with self-referral options and to reduce the need for GP referrals to these services.
- Expansion of the 'Live Well Stay Well' initiative from 1 to 5 practices which provide a support programme for self-management of long term conditions.

### *Partnership Working*

4.3 Renfrewshire HSCP cannot transform health and social care services in isolation. As part of our approach we have worked actively with key stakeholders, our parent organisations, community planning partners, NHSGGC Acute Services, the third sector and providers to take forward a number of service improvement initiatives including:



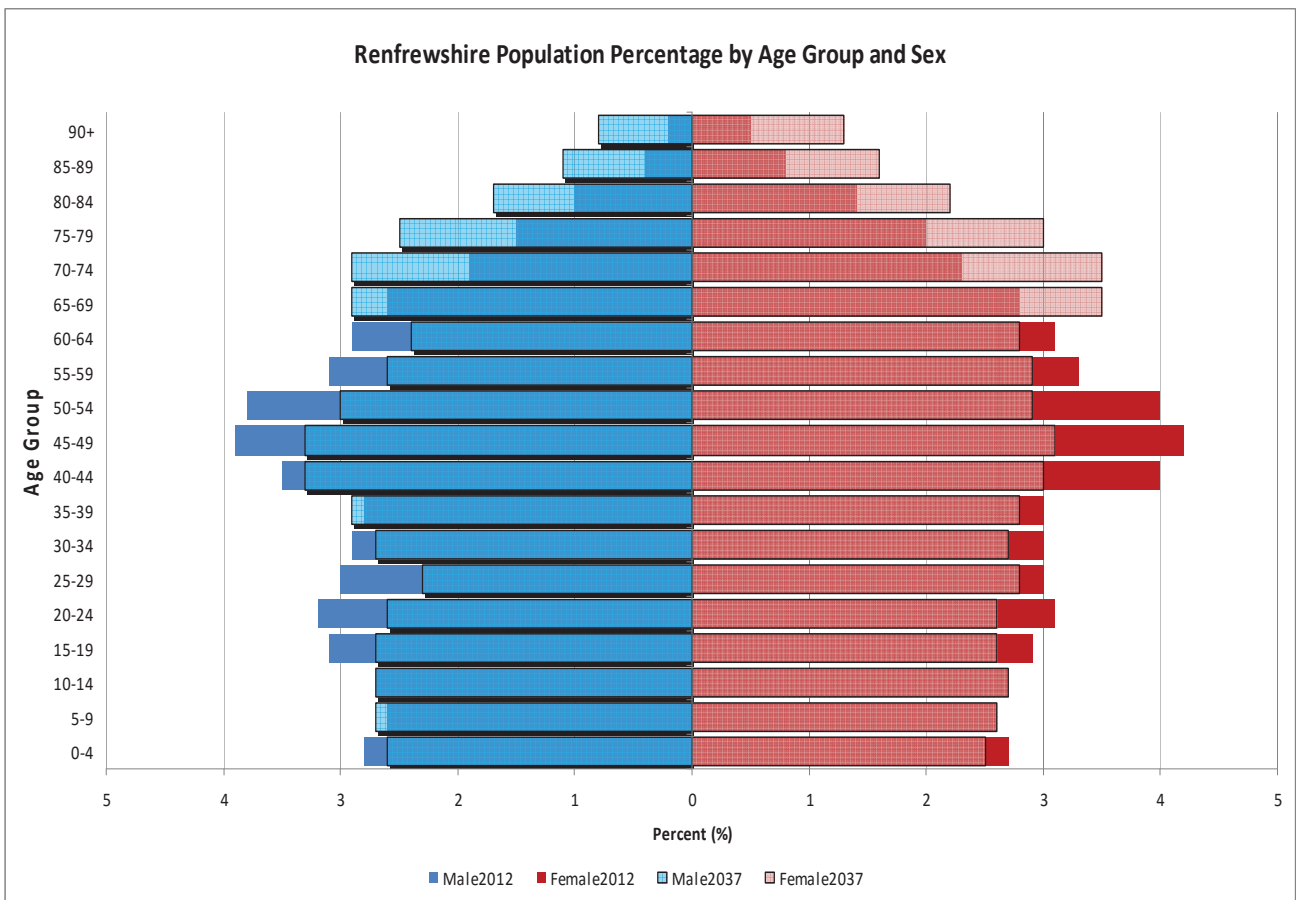
- NHSGGC system-wide initiatives, such as the District Nursing review, Mental Health In-patient Services redesign, Community Mental Health Framework and the Learning Disability redesign.
- Contributing to the review of Community Planning arrangements in Renfrewshire. The new structure (approved by Renfrewshire Council on 15 December 2016) recognises the Strategic Planning Group (SPG) as the main planning group for health and social care.
- Contributing to the NHSGGC wide review of unscheduled care which aims to ensure we have the right services and access arrangements in place
- Contributing to ongoing work to improve the GP out of hours emergency services
- Working with the third sector to take forward the following areas:
  - Housing and health information hubs to provide easy access to a range of housing and health information for local people;
  - A GP Social Prescribing service (Community Links) working with GP practices to refer people into social and wellbeing supports in their own communities, reducing demand on GPs for non-medical support;
  - Community Health Champions project which recruits and supports local residents in designing and delivering health and well being activities in local communities.

# Current and Future Pressures

## Demographic Pressures

5.1 The demographic pressures facing Renfrewshire, and Scotland, as a result of an ageing population are well documented. In May 2014, the Social Work, Health and Wellbeing Board approved Renfrewshire’s 10 Year Joint Commissioning Plan for Older People. This highlighted a number of demographic pressures including: considerable growth in the older adult (65+) population and the consequent rise in people with complex health and social care needs resulting from increased life expectancy and improved treatments which enable people to live into very old age. Health inequalities also continue to pose a challenge for services, with large differences in life expectancy between affluent and more deprived areas, and higher than average rates of hospitalisation for a number of chronic conditions, particularly those linked to unhealthy lifestyles such as smoking, excessive alcohol consumption and drug misuse.

The tables below provide details of Renfrewshire’s expected population by age group and gender, and the average rates of hospitalisation for long term conditions.



Source: NRS population projections

## All Long Term Conditions

Long term conditions include asthma, COPD (chronic obstructive pulmonary disease), CHD (coronary heart disease, heart failure & hypertension) and diabetes. The crude discharge rate per 100,000 population is monitored in Renfrewshire and across NHS Greater Glasgow and Clyde. From 2012 to 2016, we have seen substantial increases in all long term condition discharge rates in Renfrewshire from a 27% increase in asthma to a 60% increase in COPD. Similar increases are evident in the NHSGGC rates: 45% increase in all long term conditions; 38% in asthma and 56% in COPD.

Crude Discharge Rate Per 100,000 Population

	2012	2013	2014	2015	2016	Renf % Increase 2012-16
All LTCs	2343.0	2280.6	2704.5	2931.8	Renf: 3253.7 GGC: 3449.6	39%
Asthma	172.7	182.3	176.2	218.1	Renf: 219.8 GGC: 259.0	27%
COPD*	561.1	581.9	707.7	773.7	Renf: 901.7 GGC: 1253.5	60%
CHD**	1,401.5	1,298.4	1,605.9	1,712.7	Renf: 1,866.5 GGC: 1659.2	33%
Diabetes	207.7	217.9	214.7	227.3	Renf: 265.7 GGC: 278.0	28%

Source: SMROI, NHS

\*COPD – Chronic obstructive pulmonary disease & bronchiectasis

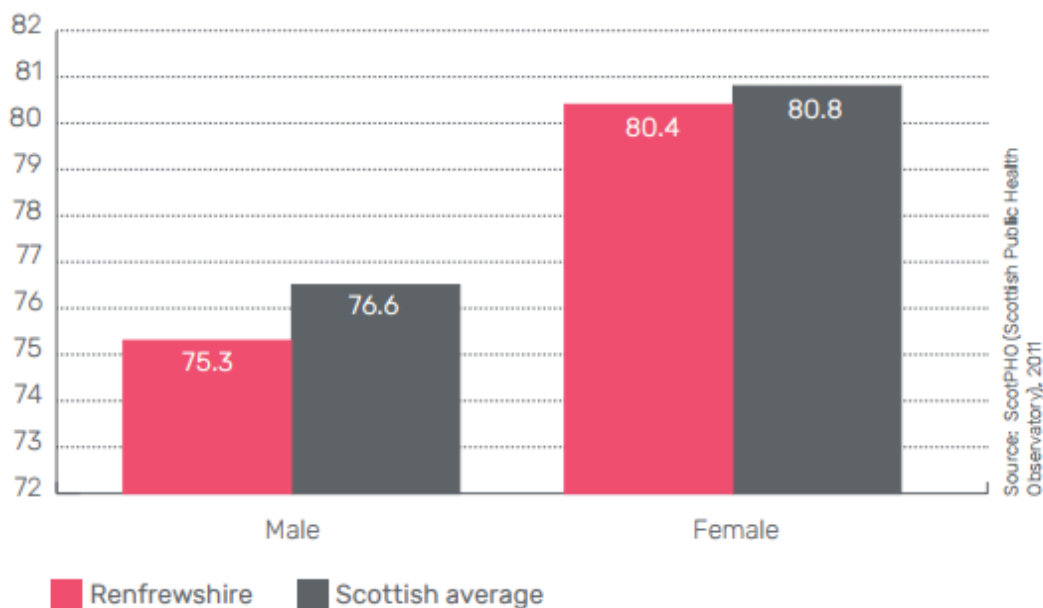
\*\* CHD – Coronary Heart Disease, Heart Failure & Hypertensive Disease

5.2 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.

5.3 Key local challenges include:

- 26% of the population of Renfrewshire are in the top 20% most deprived data zones in Scotland, with the main issues being health, income and employment.
- The most deprived data zone in Renfrewshire is ranked 1 in Scotland.
- Life expectancy in Renfrewshire is lower than the Scottish average (as detailed in the graph below)
- People in Renfrewshire have slightly poorer mental health wellbeing compared to the Scottish average
- In light of the ageing population, Renfrewshire is facing a future with more people with multiple long-term conditions (also referred to as multi-morbidities). Multi-morbidities bring both person centred as well as long term challenges.
- In 2012/2013, 2.6% of Renfrewshire's population consumed around 50% of our health resources (inpatient and day care hospital admissions, A&E attendances, consultant led outpatient clinics and community prescribing)
- For Renfrewshire in 2014/15, the crude rate of drug crimes recorded was 116/10,000, which was 68% higher than the Scottish level of 69/10,000.
- In 2014/15, the rate for alcohol-related hospital stays was 982/100,000, which was 46% higher than the Scottish level of 672/100,000.

## Life expectancy in Renfrewshire is lower than the Scottish average



- 5.4 Services across Renfrewshire require capacity, capability, flexibility and a resilient workforce that can respond to the pressures of a changing local community. This societal change creates increased demand on our workforce with the need to provide care for a larger proportion of the population, often living with multiple and complex health needs (co-morbidity).

### *Delayed Discharge Targets*

- 5.5 In addition, pressures associated with delayed discharge targets (the current target is to discharge patients within 72 hours after being declared fit for discharge), are having a significant impact on HSCP services as prompt discharge often requires a package of community-based care and support to be available. Any increase to the current target of 72 hours would have a significant impact on adult social budgets. Renfrewshire's local success in shifting the balance of care, with one of the lowest discharge figures in Scotland, however this has not resulted in any transfer of budget from acute to community services.

### *Marketplace*

- 5.6 The increasing demand on services is often compounded by difficulties in recruitment to specific posts.
- 5.7 In addition to an ageing population, there is an ageing workforce (47% of our workforce are over 50 years old), who bring both an invaluable and incalculable level of experience to the services they deliver. Renfrewshire HSCP will need to mitigate the loss these staff may present when planning future services, to ensure we have a sufficiently resourced and experienced workforce.
- 5.8 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:
- 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;
- the additional cost of using bank and agency staff.

5.9 Renfrewshire HSCP is recruiting in a very competitive local market where an increasing number of social care providers are paying the Living Wage and neighbouring HSCPs provide a higher level of financial remuneration for some posts. Furthermore, some other sectors, such as retail, can be viewed as less physically and emotionally demanding, with rates of pay being equal or greater than that of health and social care services.

5.10 To attract more people to choose a career path in the health and social care sector, Renfrewshire HSCP has a number of initiatives underway:

- Effective succession planning methods to ensure staff are “next job” ready – offering career development opportunities e.g. coaching, job shadowing and mentoring;
- Working with local further education establishments who provide health and social care related courses and qualifications to influence intake levels and the courses delivered;
- Innovative approaches to developing local talent such as apprenticeships and graduate internships; and
- Positive advertising campaigns where current staff are promoting the HSCP as a good and rewarding place to work.

#### *Digital Drivers*

5.11 Digital technology offers new and exciting opportunities for transforming the outcomes and experience of service users and carers – as well as transforming quality and reducing costs of health and care services.

5.12 As a newly integrated organisation, we have a number of different legacy, professional IT systems and supporting processes. These systems are not currently integrated, as such there is often a day to day need for staff to access and source information from a number of different business systems, which is cumbersome and time consuming.

5.13 Renfrewshire HSCP recognises the real opportunities digital technology offers, and the need to make on-going investment, subject to the significant financial pressures and other demands on IJB resources. Any investment in new technology must align with the IJB’s strategic priorities, with a focus on delivering operational efficiencies and reducing the increasing pressure on service delivery.

#### *Social Care Pressures*

5.14 Demographic and socio-economic factors continue to play a major role in driving spending pressures within the Adult Social Care budget including:

- **Care at Home:** 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;

- **Adult Placement Budget:** increasing numbers and complexity of care packages required to support clients to live as independently as possible in the community.

5.15 Over the past few years, Adult Social Care has successfully managed to take forward a wide range of mitigation programmes designed to dampen the impact of demand led growth including investing in preventative measures and redesigning services to reduce longer term demand e.g. Implementation of telecare services which support people to remain in their own home independently with the security of technology which can link them quickly to health and social care staff should they require.

5.16 However, despite these programmes, the scale of demand led cost pressures continues to grow. In addition to these, Adult Social Care will also have to manage potentially significant cost pressures in relation to a number of contractual arrangements which cease during 2017/18 and which will require to go out to tender. It is likely that the financial impact of the increase in the living wage along with other legislative changes will have a significant impact on these negotiations.

*Self-Directed Support (SDS) – sustainability of services*

5.17 SDS is where, once a service user has been assessed, they are allocated a budget for their care and support needs. Service users can spend their allocated budgets either by arranging their own care or by letting Renfrewshire HSCP arrange it for them.

5.18 Whilst SDS offers our service users the advantage of greater choice and control over the services they commission, this can create uncertainty for service providers', ability to project demand for their services. Whilst traditional services remain the preferred choice for some service users the HSCP may need to work with providers to see how services can be reconfigured where service demand is not as anticipated or the service is no longer financial viable.

*Adult Protection*

5.19 Renfrewshire Adult Protection procedures have been revised to reflect the new HSCP structure, roles and responsibilities. The number of referrals under adult protection has continued to increase year on year. In 2014-15 there were 1708 adult protection referrals. In 2015-16 changes were agreed to the system for reporting referrals under adult protection that separated adult protection concerns from adult welfare concerns. In that year there were a combined total of 2515 referrals. In 2016-17, the total number of referrals received by Renfrewshire HSCP rose to 2578.

5.20 The upward trend in adult protection referrals translates into increased pressure on the existing workforce, mainly social workers, to undertake inquiries and assessment under the Adult Support and Protection Act.

*The Carers (Scotland) Act 2016*

5.21 The Carers (Scotland) Act will commence on 1 April 2018 and will introduce provisions designed to support carers' health and wellbeing. This legislation will place new demands on adult care services through the requirement to produce Adult Carer Support Plans and Young Carer Statements. Additional resources

will be required to complete assessments on carers, and also through the waiving of charges to carers receiving short breaks. The new processes involved in preparing and implementing the new Act will incur significant costs, yet to be fully quantified.

The table below provides an overview of responses from Carers in Renfrewshire with regards to their views of their responsibilities and how they impact on their lives.

Caring responsibilities									
	Number of responses	Very Positive	Positive	Neutral	Negative	% Positive 2013/14	% Positive 2015/16	Change from 2013/14	Difference from Scotland
Carers have a good balance between caring and other things in their life	477	24%	39%	21%	16%	70%	63%	-8% <sup>s</sup>	-6% <sup>s</sup>
Caring has had a negative impact on carers' health and wellbeing	457	13%	21%	29%	36%	40%	34%	-6%	-6% <sup>s</sup>
Carers have a say in the services provided for the person they look after	440	11%	34%	33%	22%	47%	46%	-1%	-4%
Local services are well coordinated for the people carers look after	435	10%	28%	39%	23%	46%	38%	-8% <sup>s</sup>	-4%
Carers feels supported to continue caring	442	10%	29%	41%	20%	42%	39%	-3%	-2%

Source: Scottish Health and Care Experience Survey 2015/16

### **Health Pressures**

5.22

There are also significant pressures within the health budget in respect of:

#### *Staffing:*

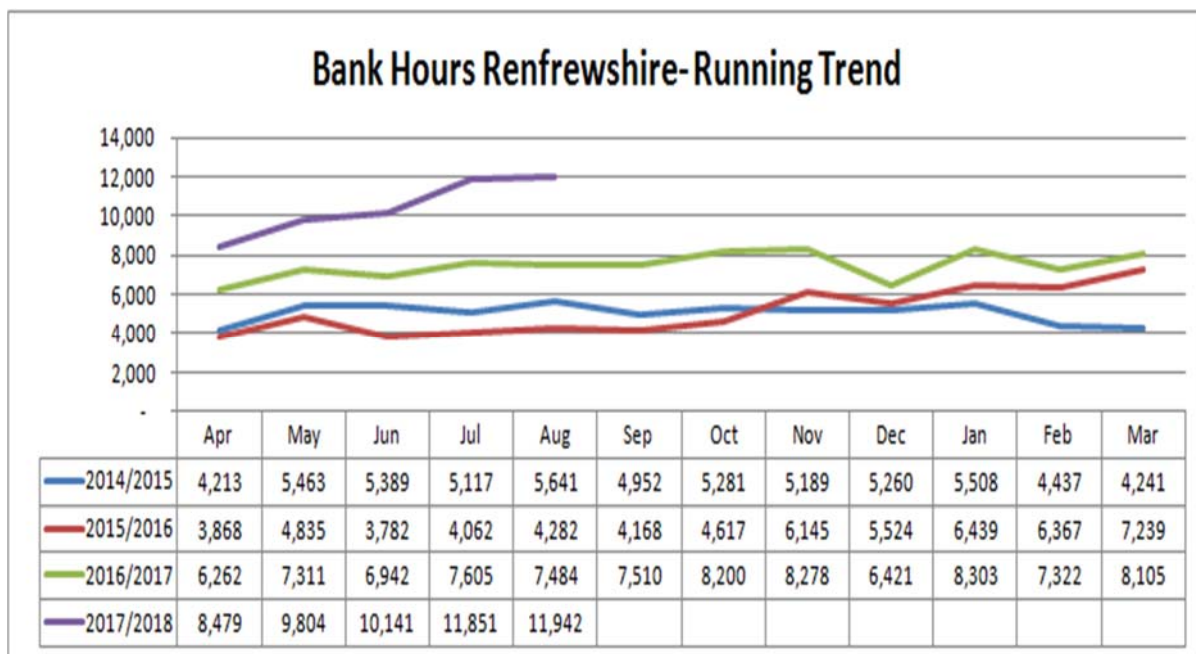
Staff represent a major cost to the NHS, with pay costing circa £43.4m for health staff within Renfrewshire HSCP. There are however significant limitations to how far the HSCP can make efficiencies in this area due to existing Scottish Government led directives including:

- The NHS policy on staff terms and conditions which limits changes to numbers of staff and staff pay costs;
- Whilst Councils operate a policy of “paying the going rate for the job” with little or no protection given to staff affected by service change, the NHS has a long standing policy of lifetime protection of earnings; and
- Issues in some key services with the filling of vacancies, critical to service delivery e.g. psychologists; physiotherapists etc. Currently these vacancies are being filled by agency and locum staff at a premium.

### Special Observations

Within Mental Health Services there are significant costs associated with the increasing numbers of patients requiring enhanced levels of observation across all ward based services. In addition, there are emerging pressures in relation to maintaining the recommended safe staffing and skill mix for registered nurse to bed ratios.

The graph below shows that the Mental Health Inpatient Nursing is on an upward trajectory.



### Changes to GP Contract

- The Scottish Government has highlighted that changes to the GP contract may require additional local funding out-with the core General Medical Services (GMS) contract and their expectation is that any additional funding would come from funds delegated to IJBs. The impact of this has yet to be quantified by the Scottish Government.
- Outstanding savings targets still to be delivered along with delays in the implementation of the savings target for 2017/18.
- The delegated health budget includes Family Health Service budgets which directly fund income to contractor services such as GPs; Opticians etc. which cannot be considered for planned savings.



## Mitigation Programmes

- 6.1 As part of the wider HSCP transformation agenda, a programme of recurring cost containment and redesign work is underway. This programme is building on a long-standing approach to deliver savings and efficiencies for local health and social care services, including a review of all major services, workforce planning changes and budget efficiencies. Having undertaken such work over the last 6 to 7 years, it is important to note that there is limited scope for further recurring savings to be identified and delivered without impacting on service capacity, performance and delivery.
- 6.2 Due to growing demand on our resources, we know that more of the same is often not an option. If we continue to deliver services only in their current form, the health and social care system will be unable to deliver the high-quality services the people of Renfrewshire need. We therefore have to plan, commission and deliver services that are focused on the outcomes we must achieve and make the best use of the resources available. It is an established feature of both national and local policy that more joined up care, along-with targeted anticipatory and preventative approaches, must be prioritised and shape our planning if we are to manage the growing demands we face. Linked to this we must ensure a clear and consistent focus in our resource prioritisation on home and community based care reducing demands on hospital and other more specialist services where appropriate. Adult and child protection remain significant features of what we do and how we work.
- 6.3 As an HSCP we are ambitious about what we want to achieve. In addition to the areas highlighted in section 4, over the last year, Renfrewshire HSCP has successfully commenced a number of reviews to mitigate key demographic and financial pressures. These include:
- A three-year transformation programme for our Care at Home services is underway which seeks to modernise and redesign the service to enable it to respond to increasing need. This service has been pivotal to our success in minimising hospital delays and in shifting the balance of care from long-term settings. As the older population increases, the service is expected to continue to experience growing demand, resulting in financial and operational pressures. The transformation will be wide ranging and will focus on attracting new staff through sustained recruitment campaigns, creating and implementing a learning and development strategy to ensure staff are suitably equipped to meet the changing needs of service users and developing a range of tools and processes that will improve the supervision and support that staff receive. The programme will also see the procurement and implementation of an electronic scheduling and monitoring system.
  - Care & Repair - the service has experienced a significant and continuing level of increase in demand pressures in recent years, with the service handling a higher level of demand than in the original contract. Additional non-recurring resources from Renfrewshire Council in 2016/17 enabled an historic issue in relation to a lengthy waiting list to be cleared. As at May 2017 there was no waiting list for Care and Repair. The Council's Procurement Service is currently preparing the introduction of a new care and repair contract to commence in November 2017 following an open tender process.

- New streamlined and controlled Self Directed Support (SDS) business processes (in line with CIPFA 's Self-directed Support Guidance) have been introduced to promote equity and to quickly enable frontline staff to deliver the agreed support plan within the approved budget. The new processes have reduced the time taken to approve an indicative budget for the service user's support plan from 16 days in 2014 to 4 days.

### 6.3

The HSCP continues to develop the Multi-Disciplinary Team approach to service development, to enhance patient and service user pathways and minimise the number and frequency of referrals, including:

- Working with hospital based colleagues to engage in RAH ward "huddles" on a daily basis to identify speedily appropriate services and supports for hospital discharge and post-hospital care packages.
- Engaging with the independent care homes sector to review admissions to hospital from care homes and identify ways of enhancing services within care homes and support from the HSCP to minimise levels of unscheduled admissions to hospital.
- The Rehabilitation and Enablement Service's daily meetings enable the implementation of a single note system for patients' notes, facilitating holistic assessments of patients' needs and reducing duplication of record keeping.
- Rationalising the child immunisation service by providing the service in community clinics rather than in individual GP practices, with the Health Visitor being the first point of contact and with access available to other "drop in" services such as: weighing and measuring babies/children; responding to queries around feeding, sleeping etc; providing dental health promotion information. Families are also encouraged to attend out with immunisation appointments for advice and support, reducing demand on GP appointment time, feedback from service users has been very positive
- Introduction of a Single Point of Access (SPoA) for District Nursing services which has created capacity for increased patient-facing time and a more flexible service.
- The geographic realignment of the District Nurse Service designed to address staffing issues, through centralising aspects of the management and delivery of the service to improve levels of productivity.
- Improvement work in the Speech and Language Therapy service has led to a streamlining of its advice and assessment services, now offering drop in clinics in community premises for direct access to support and advice where parents and/or early years practitioners have a concern without a requirement to go through a full assessment process; this allows for a step up referral if required and also access to a range of other health related services in a community setting consequently referrals in the pilot area dropped by 1/3, ensuring an efficient targeting of resources

### 6.4

Working with partners in the Housing and Third Sectors, the HSCP is supporting new models of preventative support in the community, designed to reduce inappropriate demand on GP time through the provision of non-medical supports as part of the the Community Connectors programme (initiated as a pilot in September 2015). Support workers placed in GP practices ("Community Link Workers") work to support patients into non-medical support services such as financial and housing advice services, locally based health and well-being programmes and self-management programmes for people with long term conditions. An evaluation framework is in place and an interim evaluation is

currently underway. Initial feedback from the Community Connectors programme and participating GPs is that the service is reducing individual patients' frequency of attendance at GP appointments for non-medical issues and linking them positively to appropriate non-medical supports.

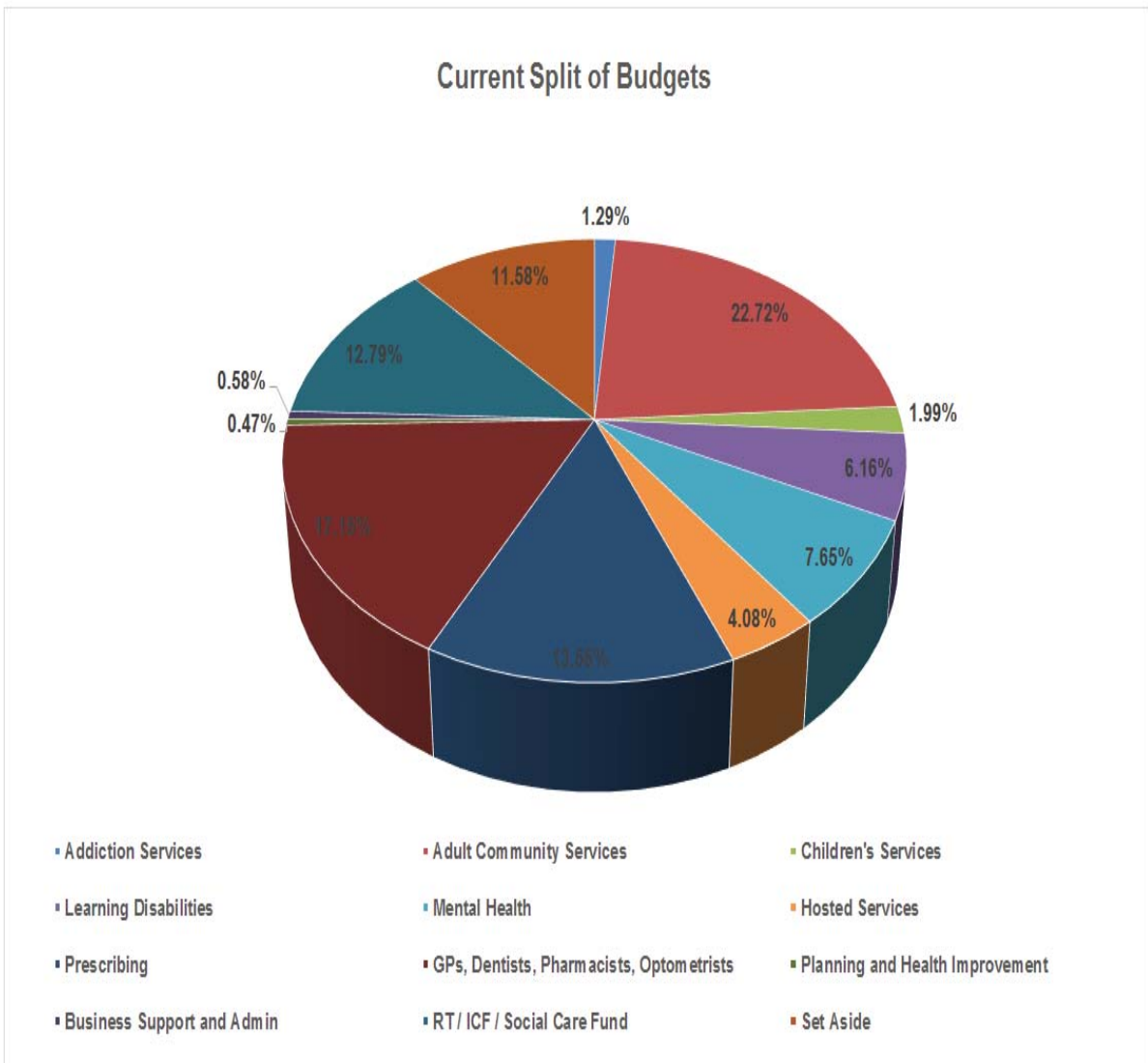
- 6.5 These prioritised areas reflect the national policy direction to shift the balance of care, promote independent living and ensure person centred care. Reviews involve critically appraising and challenging our current models of service delivery to ensure resources are focused on greatest need and deliver the best outcomes for our services users.

## Understanding and Addressing the Financial Challenge

7.1 For 2017/18, Renfrewshire HSCP has a net budget of £256m including set aside (£29.6m) and £860k of non-recurring monies.

	<b>£000's</b>
Health Delegated Budget	161,319
Set Aside	29,582
Adult Social Care Delegated Budget	64,959
	<b>255,860</b>

7.2 The graph below shows the current percentage split of the budget across client / care groups.



7.3 The overall position for Renfrewshire HSCP at 31 March 2017 was a breakeven position after the movement of planned underspends to create reserves for use in 2017/18. Early in 2016/17, the Chief Finance Officer, considering the climate of ongoing financial austerity and increasing demand, held back on the

application of the use of a proportion of the Social Care Fund allocated by the Scottish Government in 2016/17 for driving forward service redesign to shift the balance of care. This approach enabled the increasing demand and associated cost pressures within the Care at Home service and Adult Supported Placements to be funded in 2016/17. A balance of £1.519m was transferred to general reserves for use in 2017/18 to meet ongoing pressures within the adult social care service budget.

- 7.4 In addition, given the significant health budget gap to be met for 2017/18, the Chief Officer and Chief Finance officer worked with the HSCP Senior Management Team on a number of cost containment programmes through the final quarter of 2016/17 to enable general reserves of £1.125m to be created (to assist with 2017/18 pressures) as well as ear marked reserves of £0.756m to meet specific commitments in 2017/18.
- 7.5 Given the current reported position for Renfrewshire HSCP at 31 July 2017, achieving a year-end breakeven position is dependent on the application of reserves carried forward from 2016/17 for both the Adult Social Care budget, and the Health Services budget. Based on the current projected outturn position, it is unlikely that any of the general reserves created in 2016/17 will be available on a non-recurring basis to offset pressures going forward into 18/19 onwards.
- 7.6 In addition to the above application of reserves to the Adult Social Care budget, a proportion of the additional £4.4m of resources made available by the Council as part of their 2017/18 budget allocation to the IJB for Adult Social Care has been committed to support a year end break-even position. The table below summarises how these budgets have been applied as at 21 July 2017.

		<b>£4,405,675</b>
CET 2017/18 NCHC Impact	-£434,285	
Adult Supported Living Wage 17/18	-£740,629	
Homecare External 17/18	-£747,498	
	<u>-£1,922,412</u>	
Balance as at P3		<b>£2,483,263</b>
Internal Care at Home	-£250,913	
Physical Disabilities Adult Placements	-£183,000	
Learning Disabilities Adult Placements	-£183,000	
Mental Health Adult Placements	-£54,000	
	<u>-£670,913</u>	
Balance as at P4		<b>£1,812,350</b>

- 7.7 The requirement to draw down these monies to support the 2017/18 financial position will impact on the level of remaining resources available to offset further pressures that emerge in 2018/19. Careful ongoing monitoring of this position will continue over the course of 2017/18 and the updated position incorporated into financial planning for 2018/19.

## *Costs and Demands*

7.8

This Financial Plan includes a range of key assumptions which are subject to a significant degree of uncertainty. As a consequence this strategy will be kept under continuing review with appropriate adjustments made as these become clearer.

Given the scale of 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 financial plan. This will also allow the IJB to respond to the risk of both late and poorer budget offers than anticipated from our partner organisations. For example, each + / - 1% variation in the level of funding to the HSCP (excluding Set Aside) would represent approximately £2.25m

The areas of key uncertainty include:

- Impact of future Scottish Government funding levels on both the NHS and Local Authorities;
- Pay Settlements – impact of decision to remove the cap on public sector pay;
- Demand led pressures – which can be subject to material adverse movement over relatively short timescales; and
- Prescribing – impact of rising costs and short supply.

It is therefore anticipated that the HSCP will need to deliver significant year on year savings to address the financial challenge of reducing resources set against increasing cost and demand pressures. Taking into account a range of scenarios, current projections for the period 2018/19 to 20/21 include a wide range of assumptions in respect of key cost pressures and demand highlighting a potential budget gap within a range of **£16m to £21m** for this period. Given the lack of uncertainty over the level of increases the HSCP could incur, Appendix 1 sets out three scenarios to illustrate the potential financial impact assuming minimum, medium and high increases to e.g. pay inflation, contract price increases.

Subject to greater certainty emerging over the coming months and years, the Chief Finance Officer recommends that the IJB adopts a financial planning assumption to deliver savings to meet an additional circa **£6.0m** per annum in the years 2018/19-20/21, to fund new rising demand and cost pressures, assuming that no additional funding is received from our partner organisations or the Scottish Government to fund these pressures. This savings requirement is needed in order to retain the same level of service currently delivered by the HSCP. An on-going assessment and up-date of key assumptions will be required to ensure the IJB is kept aware of any significant changes, especially where there is an indication of a shift to the upper projection of the current gap.

Members should note that the current 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 does not include potential costs in relation to:

- Changes to the GP contract (ref paragraph 5.22);

- Impact of the Carers Scotland Act (2016) (ref paragraph 5.21);
- Impact of the extension of free personal care to adults under the age of 65; and
- Unintended consequences of our partner organisation's change activity from 2018/19 onwards.

7.9 The main cost pressures and demands are:

- **Pay Inflation:** despite the anticipated reduction in resources it is expected that pay pressures will remain a recurring pressure for the HSCP. Current assumptions range between 1 – 2% for both Health and Social Care staff, however this position may change given the recent announcement by the Scottish Government to remove the cap on public sector pay. For the HSCP each 1% increase in pay inflation equates to £820k per annum;
- **Demographic and Volume:** reflects increases anticipated across care at home, adult supported living and special observations;
- **Prescribing:** costs reflect current demand and cost pressures;
- **Inflationary Pressures:** reflect anticipated increases to payments to third parties including the National Care Home Contract e.g. For the HSCP each 1% increase in the NCHC equates to £230k per annum;
- **Living Wage:** assume an annual increase of £0.20 per for 2018-19 onwards to reflect the national commitment to reach a national living wage of £9.00 by 2020. For the HSCP each 20p increase in the LW equates to an average increase of 26p (including on-costs) in payments to our providers; and
- **Special Observations:** costs associated with the increasing numbers of patients requiring enhanced levels of observation within Mental Health inpatient services

#### *Partnership Contributions*

7.10 One of the Scottish Government's key policy commitments over the course of this parliament is to increase Health spending by £500 million above real terms growth. Given the limited growth prospects for the Scottish Government budget this commitment is likely to continue to have a challenging impact on Local Authority budgets which are anticipated to be subject to sustained reductions over the course of the current Scottish parliamentary period.

7.11 In light of the above, the current budget strategy for the IJB assumes:

- Delegated Health Budget: from discussions with the Director of Finance for NHS GGC a flat cash settlement similar to that for 2017/18;
- Delegated Adult Social Care Budget: Renfrewshire Council's medium term financial plan recognises and acknowledges ongoing cost and demand led pressures on Adult Social Care as well as the ongoing implementation of a range of strategies aimed at mitigating future cost growth through redesigning service provision to achieve better outcomes whilst at the same time lowering the cost. It is however acknowledged that over the medium term, the Council is anticipated to experience sustained financial challenges linked to an ongoing pattern of reducing cash resources coupled with increasing cost

pressures. This is expected to result in an ongoing requirement to deliver significant recurring savings year on year. In this context, the financial capacity of the Council to fully address the net financial impact of such cost and demand led pressures on Adult Social Care services is likely to become increasingly constrained which may have implications for future services levels deliverable by the IJB.

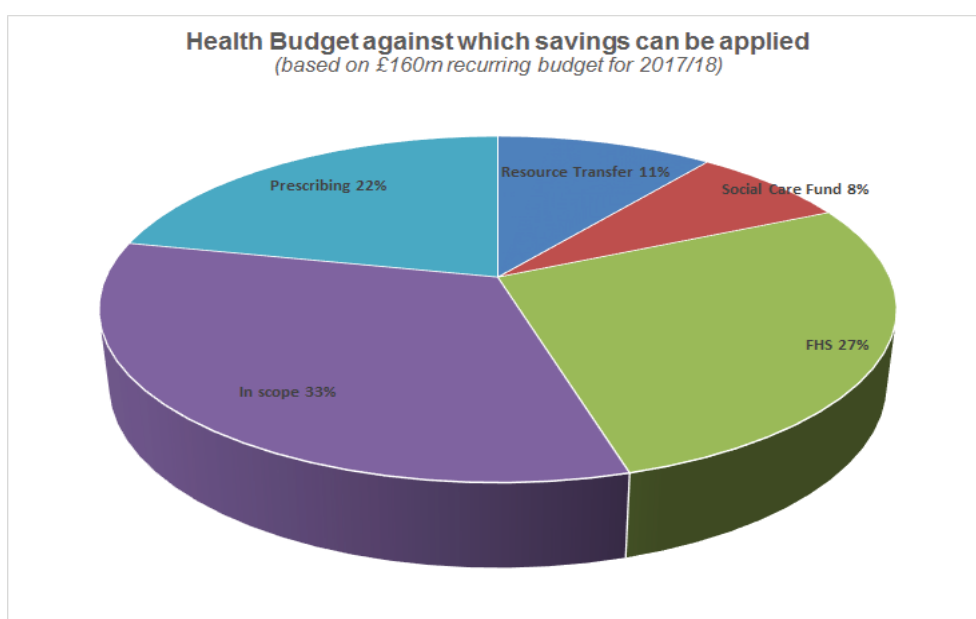
As detailed above, our Partners' contributions are contingent on the respective financial planning and budget setting processes of Renfrewshire Council and NHSGGC and the financial settlements which each body gets from Scottish Government.

7.12

As part of this process Renfrewshire HSCP will submit bids for additional funding based on the main cost pressures and demands outlined above. These will then be evaluated by the respective partner organisations against their own priorities. This may mean that, in addition to the demand and cost pressures identified above, there is also the potential for additional savings to be delivered in respect of the future funding contributions from Renfrewshire Council and NHSGGC Health Board. Our partner organisations will need to consider the level of any savings to be applied to the HSCP based on planning assumptions linked to levels of Scottish Government funding and other pressures faced by each body. Renfrewshire HSCP plays an active role in this process with the Chief Finance Officer and Chief Officer actively engaging in both budget setting processes.

7.13

An additional pressure for the HSCP is that savings can only be applied to circa 31% of the total delegated Health budget. This therefore adds additional pressure on the remaining budgets, the majority of which is staffing budgets. Given the NHS in Scotland has a no redundancy policy any approved service redesign must offer lifetime protection to existing staff. In addition, there remains a commitment to sustain existing staffing levels within a number of services. The pie chart below shows the budgets against which savings can be applied.





## *Medium Term Financial Strategy*

7.14 In addition to securing a firmer assessment of emerging cost pressures, detailed work is progressing to identify further opportunities to mitigate existing and new pressures. Renfrewshire HSCP has developed a medium-term strategy to work towards bridging the current identified financial gap. This strategy has been developed over 6 main strands:

1. Prevention and Early Intervention
2. Strategic planning and commissioning
3. Financial Planning Process
4. Change and Improvement Programme
5. NHSGGC and Partner IJBs system-wide Initiatives
6. Reserves Strategy

### *Strand 1: Prevention and Early Intervention*

7.15 Renfrewshire HSCP has a strong focus on prevention and early intervention. These include initiatives to promote smoking cessation, active lifestyles, alcohol brief interventions and breast feeding which support individuals to take action to help themselves and their children benefit from a healthy lifestyle. Many of these activities are conducted in partnership with contractors (GPs, Pharmacies etc) and third sector partners (e.g. Engage Renfrewshire, Active Communities, RAMH).

7.16 Renfrewshire HSCP commissions a number of third sector providers to deliver early intervention services including ROAR. Food Train, Carers Centre, Alzheimers Scotland which address low and moderate levels of needs which would not otherwise be provided for and which also target issues such as falls prevention which is a key strategy in reducing unscheduled care admissions.

7.17 In addition, there is significant investment in services which support people to live independently including: the Community alarm and responder service; and, Occupational therapy equipment and adaptations which enable people to undertake daily living activities more independently and limits the need for carer support.

7.18 Renfrewshire HSCP has developed an extensive range of rehabilitation, and enablement based services which focus on supporting the individual to recover from physical, mental health, sensory or addiction related conditions or to make adjustments to circumstances that they cannot fully recover from.

7.19 A further strand of activity is in supporting people with long term conditions to remain as active and independent as possible. This includes specialist practitioners, care at home services and the use of technology to help the person manage their condition and identify triggers for the exacerbation of the condition. The use of Anticipatory Care Plans is also considered where this would better support person centred decision making when they have a health crisis.

## *Strand 2: Strategic Planning and Commissioning*

- 7.20 The HSCP's approach to commissioning is driven by its Strategic plan which reflects the partnership's core objectives and sets out actions which encompass the 9 national strategic outcomes and cover the range of activity from health promotion through to the delivery of complex care.
- 7.21 The strategic plan is underpinned by the HSCP's work to develop a financial plan which takes a medium to long term view of the resources which will be available to the partnership and the pressures arising from: our partner organisations' financial challenges; rising costs and demographics which will impact on budget and costs. The partnership has also undertaken a strategic needs assessment which provides clarity on the needs of the population into the future and tests the appropriateness and sufficiency of existing provisions. The work force plan also has a key role in ensuring that the workforce is matched to the HSCP's commissioning intentions.
- 7.22 Sitting under the Strategic Plan there are a number of strategic and operational plans in response to national policy drivers including strategies on Dementia and Autism. These plans support service improvement and redesign activity, as well as training and the targeting of resources.
- 7.23 The HSCP commissions a mix and range of in-house and external services ensuring there is a range, choice and sufficiency of services available to the community. The partnership has strong links with both third sector and independent providers and engages with them at both an individual and collective level and includes them in representation on forums such as the Strategic Planning Group. The partnership also benefits from the input of the Council's highly regarded procurement service to develop detailed service specifications to procure services effectively and has a well-developed contract monitoring process which undertakes risk assessment of contracted providers enabling the team to target their input to providers who may need support.

## *Strand 3: Financial Planning Process*

- 7.24 After many years of budget reductions it is reasonable to state that the dual objective facing the IJB - to deliver a balanced budget whilst continuing to deliver accessible, high quality and safe services - is challenging to realise. It is increasingly difficult to identify low risk financial efficiencies within an organisation which is faced with growing and more complex demand, reduced resources and greater service user expectation.
- 7.25 In light of this, the Chief Officer has established a structured, robust financial planning approach to enable the HSCP to fully assess all saving proposals to ensure they can be safely implemented and identifying any potential impact in relation to:
- Delivering the vision and priorities set out in the IJB's Strategic Plan and the nine health and wellbeing outcomes;
  - Provision of accessible, high quality and safe services;
  - The welfare of our workforce;
  - Our wider stakeholders including service users, carers, our parent organisations, providers and the third sector;

- Legislation and national policy including equalities; and
- Established governance arrangements.

7.26 Each saving proposal developed will now be subject to:

- Stage 1: Identifying financial saving opportunities
- Stage 2: Impact assessment
- Stage 3: Formal approval process

Stage 1: Identifying financial saving opportunities

7.27 Adopting a collaborative approach, the Senior Management Team, Service Managers and Professional Leads, in consultation with key stakeholders, will explore where savings can be made with a focus on:

- Protecting priorities
- National Outcomes
- Scottish Government Health and Social Care Plan
- Renfrewshire IJB Strategic Plan
- Seeking to protect frontline staff and services
- Adopting evidenced based approaches and best practice
- Focusing on reducing recurring costs which will deliver significant savings within 3 years
- Exploring potential to stop non-statutory/non-core services
- Mitigation opportunities in services with greater demand

*Stage 2: Impact Assessment*

7.28 The main areas which will form part of the impact assessment are detailed below:

Area	Assessment Mechanism
<b>1. Financial and Strategic Alignment</b>	<b>Finance &amp; Planning Forum</b> (jointly chaired by the Chief Finance Officer & Head of Strategic Planning & Health Improvement) will ensure draft saving proposals align with the IJBs Financial and Strategic Plans. It also will ensure that a strategic commissioning approach is being adopted and consider the collective impact and unintended consequences of change activity across the Partnership.
<b>2. Clinical, Quality and Care Impact Assessment</b>	<b>Professional Advisory Group</b> (chaired by the Chief Officer) - this newly established group of the HSCP's Professional Leads is responsible for risk assessing saving proposals to ensure they are safe and in line with clinical, quality and care standards.
<b>3. Stakeholder consultation and equality impact screening</b>	Each proposal will be subject to relevant stakeholder consultation and equality impact screening to ensure there is full appreciation of the potential impact a proposed change could have on our staff and other stakeholders. This process will be led by the Head of

	Strategic Planning & Health Improvement and managed through a wide range of internal and external established groups, forums and networks including the Staff Partnership Forum (SPF), the Leadership Network, the Strategic Planning Group and provider forums.
--	--

7.29 It is hoped this approach will assist IJB members in their decision making when they are asked to approve saving proposals for inclusion with the Change and Improvement Programme.

*Stage 3: Formal Approval Process*

7.30 The Chief Officer and the Senior Management Team will approve which saving proposals should be progressed for formal approval. This decision will be based on the potential financial benefit that can be realised, estimated implementation time and complexity and the outcome of a full impact assessment.

7.31 Given the complex nature of IJB governance arrangements, the formal approval process may differ, subject to the nature of a proposal e.g. a proposal relating to adult social care charging would require to be approved by the Council. The IJB Standards Officer will advise the Chief Officer on the appropriate approval process for each saving proposal.

7.32 All approved savings proposals will be planned, implemented and monitored as part of the Change and Improvement Programme, which the IJB will be regularly consulted and updated on.

*Strand 4: Change and Improvement Programme*

7.33 To further support the delivery of Renfrewshire IJB's Strategic Plan and Financial Plan, the Chief Officer has also established an ambitious Change and Improvement Programme, to tackle the challenging budget position whilst ensuring the delivery of safe, sustainable and integrated services in line with the priorities set out in the draft Strategic Plan.

7.34 This Programme provides a structured approach to managing change, optimising the use of change and improvement competencies and developing and sharing best practice throughout the HSCP.

7.35 The current Change and Improvement Programme is being delivered through 3 workstreams:

1. **Delivery of the Financial Plan** - the delivery of health and social savings plans identified and approved through the outlined financial planning process, will be monitored and implemented as part of the Change and Improvement Programme.
2. **Optimising Integrated Working and Shifting the Balance of Care** – to carry out further reviews and service improvement work to mitigate a number of key demographic and financial pressures. In 2017/18 this will include:

- Primary Care – to identify new ways of working which can help reduce the recognised pressure on our GPs. Also, to work collaboratively with all our Primary Care contractors to improve services, service pathways, and outcomes for patients.
- Localities – to provide a mechanism of local leadership to inform service planning and delivery, to support greater service integration between primary and secondary care providers, in order to maximise effective use of resources and improve the patient journey across Renfrewshire.
- Care at Home – continuation of a three-year transformation programme for our Care at Home services (now in year two) which seeks to modernise and redesign the service to enable it to respond to increasing need in the challenging financial climate. This service is pivotal to our success in minimising hospital delays and in shifting the balance of care from long-term settings.
- Unscheduled Care (Acute) – to demonstrate how the HSCP can reduce demand on Acute Services and create a compelling case for resource transfer, to support the national direction to shift the balance of care to community services.

3. **Statutory Requirements and National Policy** – to ensure the timely delivery of legislative requirements and compliance with national policy. Over 2018/19 this strand is progressing the implementation of the Carers' Act and preparation for the Adult Services Joint Inspection.

7.36 Renfrewshire HSCP's Organisational Development (OD) and Learning and Education (LE) resources, ensure staff and managers are supported through the change process, building greater capacity for change, and ensuring staff are appropriately equipped to carry out the requirements of their job roles. This approach is fully shaped by Renfrewshire HSCP, Renfrewshire Council and NHS GGC's shared Organisational Development and Service Improvement Strategy.

7.37 The Change and Improvement Programme will be updated continuously to reflect saving proposals and other transformational programmes of works as they are approved by the IJB.

*Strand 5: NHSGGC and Partner IJBs system-wide Initiatives*

7.38 In 2016/17 Renfrewshire HSCP participated in a range of other NHSGGC system-wide initiatives, including reviews of Children and Adolescent Mental Health Service (CAMHS); Public Health and Mental Health Unscheduled Care and also the implementation of the Paediatric Framework.

7.39 A system wide approach offers Renfrewshire HSCP a number of benefits:

- Avoids different HSCPs 'reinventing the wheel', allowing best use of our limited resources, offering greater consistency in clinical care standards and approach across the NHS Board area.
- Working collectively helps ensure that any action taken to address financial pressures and priorities does not have unintended consequences elsewhere in the system, which could have a negative impact on patient care and patient safety

- Economies of scale – offers opportunity to consider where a shared service or hosted approach could present financial savings whilst still delivering the same level of care.
- Ensures a whole system and consistent approach to how our services work at the interface with GPs and Acute hospital based services.

7.40 Over the coming year Renfrewshire HSCP will continue to input to, and act upon the recommendations on, a number of other system-wide initiatives and changes, including:

- Conclude the review of NHS complex and continuing care and ensure appropriate transfer of responsibilities and resources.
- Further work on the recommendations of the system wide Acquired Brain Injuries services.

*Strand 6: Reserves Strategy*

7.41 The IJB Reserves Policy was approved by the IJB in 2016. The IJB Reserves Policy recommends that Reserves will be agreed as part of the annual budget setting process and will be reflected in the Strategic Plan and subject to ongoing review dependent on the financial position of the HSCP (Renfrewshire IJB Financial Governance Manual). In recognition of the size and scale of the HSCP's responsibilities and the challenging financial climate, a prudent level of general reserve was agreed at a maximum of 2% of the net budget of the IJB, depending on the year end position and ability at that time to transfer monies into a reserve for future use.

7.42 For the IJB, reserves can be held for three main purposes:

- a working balance to help cushion the impact of uneven cash flows;
- a contingency to cushion the impact of unexpected events or emergencies (this also forms part of the general reserves); and
- a means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately but remain legally part of the General Fund.

7.43 The opening reserves position for 2016/17 was £0 as Renfrewshire IJB did not have full delegation of services until 1 April 2016 and could not therefore carry forward any balances into Reserves for the financial year 2016/17.

7.44 The IJB's reserves are classified as either Usable (General) or Earmarked Reserves.

7.45 Early in 2016/17, the Chief Finance Officer, considering the climate of on-going financial austerity and increasing demand, made the decision to hold back on the application of the use of a proportion of the Social Care Fund allocated by the Scottish Government in 2016/17 for driving forward service redesign to shift the balance of care. This prudent approach enabled the increasing demand and associated cost pressures within the care at home service and Adult Supported Placements to be funded in 2016/17 leaving a balance of £1.519m to be transferred to reserves for use in 2017/18 to meet ongoing pressures within the adult social care service budget.

7.46 In addition, given the significant Health budget gap to be met for 2017/18, the Chief Officer and Chief Finance officer worked with the HSCP Senior Management Team on a number of cost containment programmes through the final quarter of 2016/17 to enable reserves of £1.125m to be created to assist in covering this gap and £0.756m in ear marked reserves to meet specific commitments in 2017/18. Earmarked reserves of £2.094m in respect of Primary Care balances were also carried forward by Renfrewshire HSCP (as the host authority), on behalf of the 6 NHSGGC HSCP's.

7.47 The tables below provide a summary of the general reserve and earmarked reserve balances at 31<sup>st</sup> July 2017.

<b>Earmarked Reserves</b>	
	<b>Health £000's</b>
<b>Opening Balance 1st April 2017</b>	<b>2,850</b>
<u>Less:</u>	
Primary Care Transformation Fund transfer to revenue account	-1,100
GP Digital Transformation transfer to NHSGGC Corporate	-289
GP Primary Scan Patient Records transfer to NHSGGC Corporate	-705
<b>Remaining Balance</b>	<b>756</b>
<u>Comprising:</u>	
Funding for Temporary Mental Health Posts	82
Primary Care Transformation Fund Monies	39
District Nurse 3 year Recruitment Programme	150
Health and Safety Inspection Costs to Refurbish MH shower facilities	35
Prescribing	450
	<b>756</b>

<b>General Reserves</b>			
	<b>Adult Social Care £000's</b>	<b>Health £000's</b>	<b>Total £000's</b>
<b>Opening Balance 1st April 2017</b>	<b>1,519</b>	<b>1,125</b>	<b>2,644</b>
<u>Less:</u>			
Allocation to External Care at Home	-970		-970
Allocation to Internal Care at Home	-549		-549
Share of Pension Liabilities		-181	-181
Share of Unallocated CHP savings		-519	-519
Cuurent Projected Balance required to deliver breakeven at year end		-347	-347
<b>Balance as at 31 July 2017</b>	<b>-</b>	<b>78</b>	<b>78</b>

7.48 As detailed in paragraph 7.38 above, the ability to create reserves is dependent on the year end position and ability at that time to transfer monies into a reserve for future use. Over the medium term, the use of existing earmarked reserves, and the creation of new reserves will continue to play an important role in the management of the IJB's current and future financial position.

7.49 The flexibility which reserves provide is an important part of the overall ability of the IJB to maintain financial stability, support long term financial planning associated with the delivery of key strategic outcomes and also mitigate against future financial risks.

7.50 As part of the overall budget management of the HSCP the CFO will where possible work towards the creation of reserves to manage the financial risks outlined in this report.

**Scenario 1: Lower Estimate of Impact of Cost and Demand Pressures**  
(assuming no additional funding from SG or Partner Organisations)

	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>	<b>TOTAL</b>
<b>Health</b>	£3,281,780	£2,307,600	£2,395,800	£7,985,180
<b>Adult Social Care</b>	£2,301,164	£3,180,643	£2,551,907	£8,033,714
<b>TOTAL</b>	<b>£5,582,944</b>	<b>£5,488,243</b>	<b>£4,947,707</b>	<b>£16,018,894</b>

**Scenario 2: Medium Estimate of Impact of Cost and Demand Pressures**  
(assuming no additional funding from SG or Partner Organisations)

	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>	<b>TOTAL</b>
<b>Health</b>	£3,635,580	£2,536,300	£2,635,600	£8,807,480
<b>Adult Social Care</b>	£2,744,633	£3,747,059	£3,039,691	£9,531,383
<b>TOTAL</b>	<b>£6,380,213</b>	<b>£6,283,359</b>	<b>£5,675,291</b>	<b>£18,338,863</b>

**Scenario 3: Higher Estimate of Impact of Cost and Demand Pressures**  
(assuming no additional funding from SG or Partner Organisations)

	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>	<b>TOTAL</b>
<b>Health</b>	£4,073,790	£2,856,000	£2,971,200	£9,900,990
<b>Adult Social Care</b>	£3,144,139	£4,260,125	£3,464,162	£10,868,426
<b>TOTAL</b>	<b>£7,217,929</b>	<b>£7,116,125</b>	<b>£6,435,362</b>	<b>£20,769,416</b>