
To: Renfrewshire Integration Joint Board

On: 25 March 2022

Report by: Chief Finance Officer

Heading: Medium Term Financial Plan 2022 – 2025

Direction Required to Health Board, Council or Both	Direction to:	
	1. No Direction Required	
	2. NHS Greater Glasgow & Clyde	
	3. Renfrewshire Council	
	4. NHS Greater Glasgow & Clyde and Renfrewshire Council	X

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 2022/23 – 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 three years and provides a framework which will support the HSCP to remain financially sustainable. It will also complement the HSCP's new 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 2022/23 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 2022/23 to 2024/25.
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3. Background and Context

- 3.1 The IJB approved its first Financial Plan in September 2017. This was updated in the Medium Term Financial Plan 2020/21 – 2024/25 (approved by the IJB in November 2019) to reflect the anticipated financial challenges and opportunities that the partnership expected over that five-year period and to provide a framework which

would support the partnership to remain financially sustainable. It set out the IJB's **two-tiered model** for delivering financial sustainability **by addressing short-term financial pressures, through 'Tier One' savings** in Financial Year 2020/21, whilst embedding **a strategic approach to transformation through 'Tier Two'** from Financial Year 2021/22 onwards

3.2 The unforeseen events of the COVID-19 pandemic created considerable unanticipated pressures for the IJB and prompted a shift in the focus of the Health and Social Care Partnership (HSCP) and our partners' activities. Whilst many of the elements of our previous MTFP – including our **two-tiered model** - remain, the pandemic has accelerated the delivery of some of our objectives, made others increasingly important, and lowered the priority of some of our previously agreed actions. Alongside the development of the new Strategic Plan, it is consequently necessary to update our supporting MTFP.

3.3 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 2022/23 onwards. In addition, it is anticipated that moving forward beyond 2022/23 an annual saving requirement of significant scale is likely to continue over the medium term, 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

4. **Medium Term Financial Outlook**

4.1 Looking into 2022/23 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 2020/21 – 2024/25, 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 2022/23 – 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 **£37m** to **£48m** for this three-year 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 **£13m** to **£14m** per annum, over this three-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 five 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
 - Demand led Pressures
 - Inflation and Contractual Commitments
 - Future Pay Settlements
 - Demographics, Deprivation and Health
 - Prescribing
- 6.3 Additional funding streams have been provided by the Scottish Government in respect of multi-disciplinary working, providing interim care, increasing Care at Home capacity and supporting staff health and wellbeing, amongst others. This will help to address recognised winter pressures and ongoing challenges presented by the pandemic. However, the difficulty in utilising ring-fenced and/or non-recurring funds, whilst seeking to continue to deliver business as usual and a balanced budget should not be minimised. Such funding terms impact directly on the nature of the investments which can be delivered in the time frame and in pursuit of the outcomes associated with the funding, and can be at odds with the approach that the IJB would take should funding be less constricted.

6.4 Looking beyond 2022 and into the longer term, it is inevitably more difficult to forecast. 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 Our previous MTFP set out the IJB's **two-tiered model** for delivering financial sustainability by addressing short-term financial pressures, through 'Tier One' savings in Financial Year 2020/21, whilst embedding a strategic approach to transformation, 'Tier Two' from Financial Year 2021/22 onwards.

7.2 COVID-19 significantly disrupted the IJB's delivery of its 2020/21 Financial Plan, requiring a re-evaluation and reprofiling of the delivery of approved in-year (Tier One) savings. Transformation (Tier Two) changes were disrupted and delayed; as was work to bring forward and develop a second tranche of savings for 2021/22 and beyond. Nonetheless, the IJB remained focussed on delivering the transformation programme and seeking to deliver targeted savings where necessary, focusing on mitigating the risk of financial instability.

7.3 The COVID-19 response necessitated rapid and significant service change, and the IJB delivered with innovative and creative solutions to previously unanticipated challenges. From this, the IJB identified an opportunity to build on the successes of its initial response, through the implementation of plans for both the **recovery** of our services in the short to medium term - reflecting the NHS Remobilisation plan - and the **renewal**, or transformation, of our services in the medium to long term.

7.4 Accordingly, in the summer of 2020, the IJB approved the development of a **Recovery and Renewal Programme** in line with the two strands of activity set out within its transformation approach: (i) an outward focus on health and wellbeing projects; and (ii) internally-focused organisational change. The programme builds on and supports our **two-tier model** for delivering financial sustainability.

8. Medium Term Financial Strategy

8.1 Our Medium Term Financial Strategy remains as per our last MTFP. It 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 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.

9 Reserves

9.1 The IJB approved its revised Reserves Policy in June 2020, in line with national guidance and good financial governance. This Reserves Policy updated our established framework within which decisions are made regarding the level of reserves held by the IJB, and the purposes for which they will be maintained and used. As per our policy, reserves are subject to ongoing review dependent on the financial position of the partnership.

9.2 At the time of writing this MTFP, the IJB holds general reserves of £5.8m which equates to circa 2% of the IJB's net budget, including set aside. This is in line with our current policy which proposes 2% as an optimum level of reserves, recognising prudent financial planning and budgetary constraints.

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.

Author: Sarah Lavers, Chief Finance Officer

Any enquiries regarding this paper should be directed to Sarah Lavers, Chief Finance Officer (Sarah.Lavers@renfrewshire.gov.uk / 0141 618 6824)
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Direction from the Integration Joint Board

1.	Reference Number	250322-11
2.	Date Direction issued by IJB	25 March 2022
3.	Date from which Direction takes effect	1 April 2022
4.	Direction to	Renfrewshire Council and NHS Greater Glasgow & Clyde
5.	Does the Direction supersede, amend or cancel a previous Direction – if yes include IJB reference number	No
6.	Functions covered by the Direction	All functions as outlined in the Medium Term Financial Plan.
7.	Full text of Direction	The Integration Scheme requires Renfrewshire Council and NHS Greater Glasgow and Clyde to consider draft budget proposals based on the Strategic Plan as part of their annual budget setting processes. Both Partners are requested to consider this Medium Term Financial Plan as part of their annual budget process for 2023 – 24 and 2024 – 25
8.	Budget allocated by IJB to carry out Direction.	Not relevant at this stage.
9.	Outcomes	The functions will be carried out in a manner consistent with the Joint Board's Strategic Plan (2019-22), which was considered by the Integration Joint Board on 22 March 2019.
10.	Performance monitoring arrangements	In line with the agreed Performance Management Framework of the Renfrewshire Integration Joint Board and the Renfrewshire Health and Social Care Partnership.
11.	Date of review of Direction	March 2023.



Renfrewshire Integration Joint Board

Medium Term Financial Plan 2022-2025



Contents

Executive Summary	3	The impact of COVID-19 on our communities.....	16
Purpose	4	Strategic Objectives.....	18
National Context	5	Strategic Commissioning Process.....	19
The Economy.....	5	Workforce Planning.....	22
Inflation.....	5	Financial Performance.....	24
National Direction	6	Medium Term Financial Outlook	25
National Care Service and NHS Recovery Plan.....	6	Projected Budget Gap.....	25
Audit Scotland.....	6	Winter Planning.....	26
UK and Scottish Legislative and Policy Changes.....	8	Pressures.....	27
Local Context	10	Medium Term Financial Strategy.....	29
Role and Remit of Renfrewshire IJB.....	10	Revised Risk Framework.....	30
Our Budget.....	11	Responding to the Local Financial Challenge.....	31
Hosted Services.....	12	Reserves Policy.....	34
A Profile of Renfrewshire.....	13	Estimated Impact of Cost and Demand Pressures	
Our Demography.....	14	for the Three-Year Period 2022-25	35
Social and economic inequalities.....	15	Estimated Impact of Cost and Demand Pressures	
Projected Population Change.....	15	for the Ten-Year Period 2022-32	36

Executive Summary

The Renfrewshire Integration Joint Board (IJB) Medium Term Financial Plan 2020/21 – 2025/26 outlined the anticipated financial challenges and opportunities that the partnership expected over that five-year period and provided a framework which would support the partnership to remain financially sustainable. It was designed to complement the IJB's Strategic Plan, highlighting how the IJB's financial planning principles would support the delivery of the IJB's strategic objectives and priorities. It set out the IJB's **two-tiered model** for delivering financial sustainability **by addressing short-term financial pressures, through 'Tier One' savings** in Financial Year 2020/21, whilst embedding **a strategic approach to transformation through 'Tier Two'** from Financial Year 2021/22 onwards.

The unforeseen events of the COVID-19 pandemic created considerable unanticipated pressures for the IJB and prompted a shift in the focus of the Health and Social Care Partnership (HSCP) and our partners' activities. Whilst many of the elements of our previous Medium Term Financial Plan (MTFP) – including our two-tiered model - remain, the pandemic has accelerated the delivery of some of our objectives, made others increasingly important, and lowered the priority of some of our previously agreed actions. Alongside the development of the new Strategic Plan, it is consequently necessary to update our supporting MTFP.

The new Medium Term Financial Plan 2022 – 2025 reflects the impact of COVID-19 and other emerging issues facing the IJB. The MTFP is intended to outline, in broad terms, the specific service and funding issues over the next three-year period and how the IJB will work towards achieving financial sustainability and resilience, whilst delivering its priorities. It brings together a range of assumptions on future income and expenditure which allows us to identify where, and when, we can expect to face financial pressures. This new MTFP estimates a gross budget gap within a range of **£37m to £48m** over the next three years.

As was the case prior to the pandemic, the IJB's financial planning arrangements remain subject to active review, to enable us to continue to plan for a range of potential outcomes and scenarios. This helps us to manage emerging financial risks and challenges and the likely impact these could have on the financial position of the IJB.



Purpose

This MTFP sets out the much changed national and local context within which the IJB will be working over the next three years and highlights the key financial challenges that it faces, as well as the strategic aims that it aspires to deliver and the community priorities that it strives to meet.

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 new Strategic Plan.

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

- Playing 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
- Helping inform IJB decision making to effectively assess the potential financial impact of current and future decisions to ensure the HSCP remains financially sustainable
- Providing a basis for engaging with partner bodies in relation to the annual budget setting process
- Supporting the required transformation, to provide sustainable services to the local community to secure financial sustainability
- In line with national direction, supporting the delivery of the Strategic Plan and setting out our plans to progress the shift in the balance of care to a community setting, in readiness for the establishment of the planned National Care Service.



National Context

As with the Strategic Plan, the MTFP must be cognisant of, and responsive to, the national context. This includes both considerations around policy and the public health emergency caused by the COVID-19 pandemic. The impact of such issues on our ability to deliver services, how we deliver them, and on the budgets available to fund those services, has been acutely felt over the two years since March 2020 and shows little sign of abating.

The Economy

The Scottish economy is gradually re-adjusting to an environment largely without restrictions in place, although it continues to be influenced by legacy effects of past restrictions and imbalances in demand and supply which have emerged. At the same time, UK Government fiscal support has progressively been withdrawn, with the end of the furlough scheme and the temporary changes to VAT and Universal Credit. The result is a slow recovery, with the pace of this recovery hampered by supply chain disruption and inflationary pressures.

The Scottish Government published the 2022-23 Scottish Budget and the Medium-Term Financial Strategy on Thursday 9 December 2021. Despite hopes for a return to multi-year settlements, the 2022-23 budget was for one year only, with a commitment from the Scottish Government for a full Resource Spending Review in May 2022. The Review will aim to set out the government's long-term funding plans and the roadmap for delivering key commitments, such as the establishment of the National Care Service, addressed later in this plan. Nevertheless, the continuation of single-year settlements at this time is challenging for the IJB and continues the uncertainty for our future medium term financial planning, as well as that of our funding partners.

The Scottish Fiscal Commission expects the total Scottish Budget to increase by 10% in cash terms between 2022/23 and 2026/27, equivalent to a 1% increase in real terms, after adjusting for inflation.

Resource funding is expected to increase, while capital funding is expected to fall, as a result of changes in funding from the UK Government.

As highlighted in previous MTFPs and budget updates to the IJB, 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 with the performance of the Scottish economy becoming a key factor in the overall level of resources available to the Scottish Government.

Inflation

The volatility of UK inflation, impacted by record global energy cost rises, will present a considerable challenge to the IJB over the medium term. Currently at 5.5% - its highest level in almost 30 years - latest predictions from the Bank of England at the time of writing this Plan are that inflation will peak at 7.25% in April 2022, far exceeding the Bank's 2% target and greater still than the predictions at the close of 2021. Such pressure will impact both the sustainability of our external providers, who will struggle to cope with the rising cost of goods and services, and the IJB directly, as our providers may attempt to pass on those rising costs through proposed rate increases.



National Direction

National Care Service and NHS Recovery Plan

[The Independent Review of Adult Social Care](#), published in February 2021, set out the case for a new National Care Service (NCS) which aims to deliver consistent, high quality social care support in partnership with people who have a right to receive that support, unpaid carers, and the workforce.

The aspirations of the NCS represent a progression from the Scottish Government's [Health and Social Care Delivery Plan](#) and supports the Scottish Government's longstanding desire to shift the balance of where care and support is delivered from hospital to community care settings, and to individual homes where possible and appropriate. The review acknowledged that significant structural change and reform will be required in the establishment of such a service. It is currently expected that draft legislation will be introduced within the Scottish Parliament in summer 2022. The Scottish Government intends for the NCS to be in operation by the end of this Parliament in 2026.

The [Scottish Government's NHS Recovery Plan](#), published in August 2021, set out headline ambitions and actions to be developed and delivered over the following five years, aimed at reversing the damage inflicted on service levels due to the pandemic and delivering key reforms in the delivery of care. The recovery plan is backed with over £1 billion of targeted investment.

Audit Scotland

Audit Scotland has consistently highlighted the importance of developing medium and long-term financial plans that take account of forecast demand, noting that the lack of multi-year budgeting has made managing costs and potential funding shortfalls more difficult in the medium to longer term.

Additionally, it has noted the lack of progress in shifting resources from acute to community settings and preventative approaches - key for improving outcomes and reducing inequalities – as envisioned by Dr Campbell Christie more than a decade ago, in the [Commission on the Future Delivery of Public Services](#). It acknowledges that the proposed NCS goes beyond adult social care, setting out a vision to create a community health and social care service that supports people of all ages and with a wide range of needs. It also notes that **these plans are not costed** and that such reforms will take time to implement during a period when a number of services are in near-crisis, requiring immediate action to mitigate against serious risks to the delivery of care services for individuals.



In its January 2022 [Social Care Briefing](#), Audit Scotland noted that, whilst there remains much uncertainty about what social care reform will look like in terms of scope, the additional funding required to implement such change will need to be significant. Furthermore, this additional funding must be used effectively; services should not continue to be funded and delivered in the same way as they currently are.

In its report [NHS in Scotland 2021](#), published in February 2022, Audit Scotland stated that the NHS was not financially sustainable before the pandemic, and that responding to COVID-19 has increased those pressures. It notes that the NHS in Scotland continues to operate on an emergency footing and that reform must remain a focus, building on the innovation seen throughout the pandemic. Crucially, the public must be kept aware of and involved in changes to service provision. But, it notes, transforming services will be very difficult to deliver against the ongoing competing demands of the pandemic and an increasing number of other policy initiatives, such as plans for the NCS.

The report also notes that the Scottish Government plans to bring financial planning, service planning, workforce planning and capital investment together under a new Care and Wellbeing Portfolio, which has the potential to help the NHS become sustainable, but it is very early days. Audit Scotland concluded that the key to financial stability remains a clear focus on the Scottish Government's long-standing commitment to transform how health and social care services are delivered.

The concerns regarding short-term budget settlements and increasing demand, against the challenge of delivering massive transformational change whilst maintaining service delivery, are brought to the fore in Audit Scotland's [Local Government in Scotland Financial Overview 2020/21](#), published in March 2022. This report highlights that when COVID-19 funding is excluded, there has been a real terms reduction of 4.2% of local government funding in Scotland since 2013/14. It also notes the increasing amounts of ring-fenced funding to meet Scottish Government priorities, which removes any local discretion over how these funds can be used, thereby putting yet more stress on already diminishing budgets.

The report points out that the pressures on councils that existed before the pandemic persist, now with greater intensity, and that endeavouring to return services to pre-March 2020 levels isn't the solution; reviewing longer-term planning arrangements and involving communities and partner organisations to help redesign and reshape core services will be key.



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 may impact the IJB over the medium term, these include:

(i) Withdrawal from the European Union (Brexit)



One of the greatest risks to the economic outlook remains Brexit, with the increasingly realised view that this will have a long-term negative impact on the economy. The economic impact of Brexit could be to reduce Scotland's GDP by £9bn by 2030 compared to staying in the EU¹. The negative impact on our supply chains and labour markets are now being exacerbated by increasing demand as the global economy recovers from COVID-19. The UK government is being forced to relax immigration rules for overseas care workers, in recognition of the severe and increasing problems with hiring and keeping staff after Brexit. Since our last MTFP, we also now have confirmation of a 'no-deal' outcome, requiring the Scottish Government, working with the wider UK Government, to support the economy through this protracted period of uncertainty.

(ii) Safe and Effective Staffing



The Health and Care (Staffing) (Scotland) Act 2019 makes 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. It applies to care services registered and inspected by the Care Inspectorate and has implications both for services delivered and those commissioned by the IJB. However, its implementation was delayed by the pandemic. The IJB will continue to closely monitor this legislation to enable any financial and operational consequences to be fully understood.

(iii) The Carers (Scotland) Act 2016



The Carers (Scotland) Act 2016 introduced Adult Carer Support Plans (ACSP) for adult carers, to identify the personal outcomes and individual needs for support of adult carers.

The IJB is well placed to meet the requirements of the Act and have detailed plans in place across Renfrewshire; The Carers Planning Group, which includes carers, the Carers Centre, and operational managers, is leading on implementing these regulations within Renfrewshire. Additional funding has been received by the IJB to support the implementation of the requirements of the Act.

¹ <https://www.gov.scot/news/bad-brexit-deal-for-scotland-1/>

(iv) Primary Care



In December 2020 the Scottish Government recognised the delay to the implementation and delivery of the new GP contract due, in part, to the pandemic. They renewed their commitment to ensuring the new GP Contract can be fully implemented and confirmed their commitment to additional investment of an extra £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, such as through the increased use of multi-disciplinary teams, £250 million of this additional investment will be utilised in direct support of general practice.

(v) Mental Health



The impacts of the pandemic at a societal level have meant that mental health has been brought to the fore like never before. The Scottish Government's Mental Health Strategy 2017-2027 was therefore further supported in October 2020 by the Mental Health Transition and Recovery Plan, which focussed on key areas of mental health need arising from the pandemic and associated lockdowns. Delivery of the plan was underpinned by a £120 million commitment through the Mental Health Recovery and Renewal Fund, announced in February 2021, some of which will flow to Renfrewshire and be used to deliver on this national commitment, including through the appointment of additional posts in Child and Adolescent Mental Health Services (CAMHS) to address the ongoing backlog in this area and the post-pandemic spike in demand.

(vi) Adult Social Care Pay Uplift



The Scottish Government, as part of its Budget for 2022-23 has recommended a £10.50 minimum pay settlement from 1 April 2022, for adult social care workers in commissioned services, to support employee retention and begin to embed improved pay and conditions for care workers. This builds on the recent increase to a minimum of £10.02 implemented in November 2021. The funding to meet this increase in costs was included as part of the 2022/23 budget allocation to IJB's.

(vii) Public Sector Pay Policy



Alongside the Adult Social Care Pay Uplift, the Scottish Government also announced a Public Sector Pay Policy for 2022/23. Whilst not directly setting local government pay (which is negotiated by local government separately), the policy acts a reference point for all major public sector workforce groups across Scotland and provides important context for ongoing negotiations with trade unions. The policy sets a flat rate increase of £775 for those earning a salary up to £25k, £700 for those earning £25,000 to £40,000 and £500 for those earning above £40,000. It also sets a guaranteed wage floor of £10.50 per hour.

At this juncture, pay negotiations across the local government employee groups are ongoing and no agreement has yet been reached. However, COSLA has raised with the Scottish Government that the underlying movement in the core local government settlement will be insufficient to fund a pay settlement at this level. This, combined with the high levels of inflation currently being experienced and which are forecast to remain high for some time, means it will present a challenging environment in which to reach agreement on pay levels.

Local Context

Role and Remit of Renfrewshire IJB

Renfrewshire IJB, formally established on 1 April 2016, 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).

This agreement, referred to as the Integration Scheme, is available within the IJB section of the HSCP's website at: [Health and Social Care Partnership > About Us > Integration Joint Board.](#)

Under the requirements of the Act, Local Authorities and Health Boards must review Integration Schemes within five years of the scheme being approved in Parliament. On 19 February 2020, Renfrewshire Council's Leadership Board approved a revised version of the Integration Scheme for consultation. However, in light of the pandemic and associated disruption, the NHSGGC Board was unable to progress their statutory consultation of the revised Integration Scheme.

At the time of writing, work is ongoing between Renfrewshire Council, the other five Local Authorities within Greater Glasgow and Clyde and NHSGGC to confirm the timescales for consultation, and subsequent approval of, Integration Schemes. The existing Integration Scheme will remain in place until this time.

The vision for the IJB is:

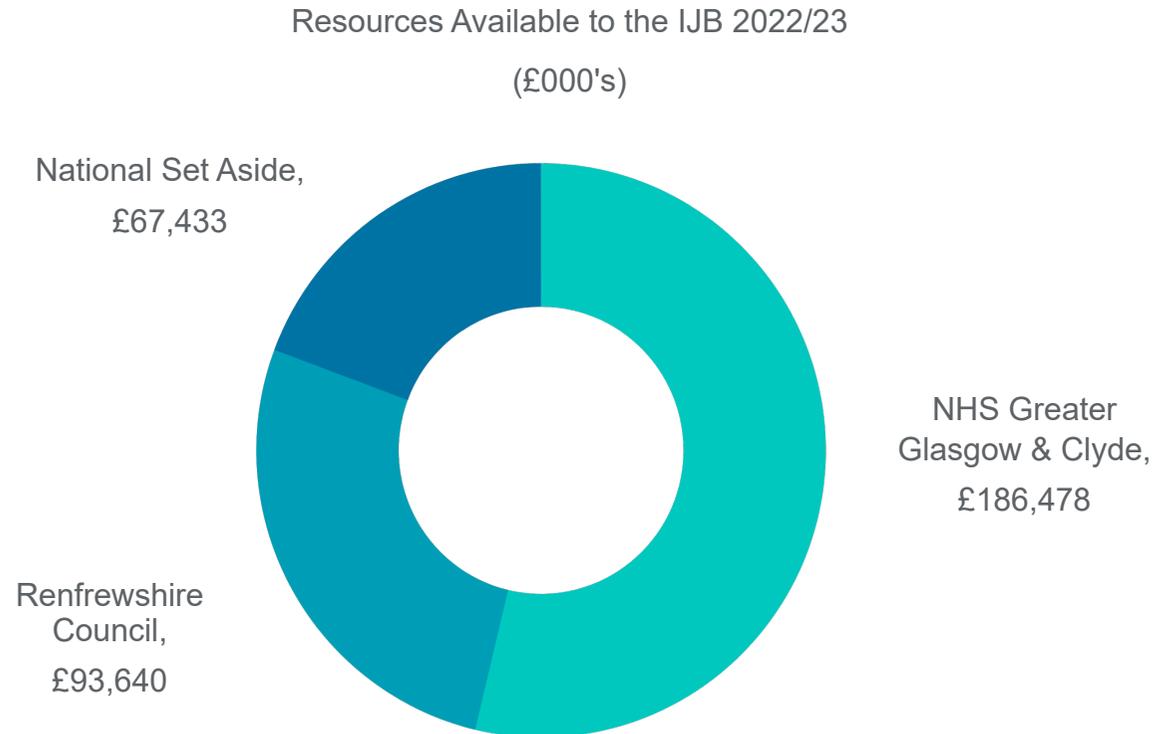
Renfrewshire is a caring place where people are treated as individuals and supported to live well.

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



Our Budget

Renfrewshire IJB delivers and commissions a range of health and adult social care services to the population of Renfrewshire. This is funded through budgets delegated from both Renfrewshire Council and NHSGGC. The resources available to the IJB in 2022/23 to take forward the commissioning intentions of the IJB, in line with the Strategic Plan, are circa **£348m**.



Included within the Resources Available to the IJB is a 'Large Hospital Services' (Set Aside) budget totalling £67m. This budget is in respect of those functions delegated by the Health Board which are carried out in a hospital within the Health Board area. The Set Aside resource for delegated services provided in acute hospitals is determined by analysis of hospital activity and actual spend for that year. The IJB is responsible for the strategic planning of these services but not their operational delivery.

Hosted Services

On behalf of the six HSCPs within NHSGGC, Renfrewshire is the host partnership for Podiatry services and Primary Care Support and Development. 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 six IJBs.

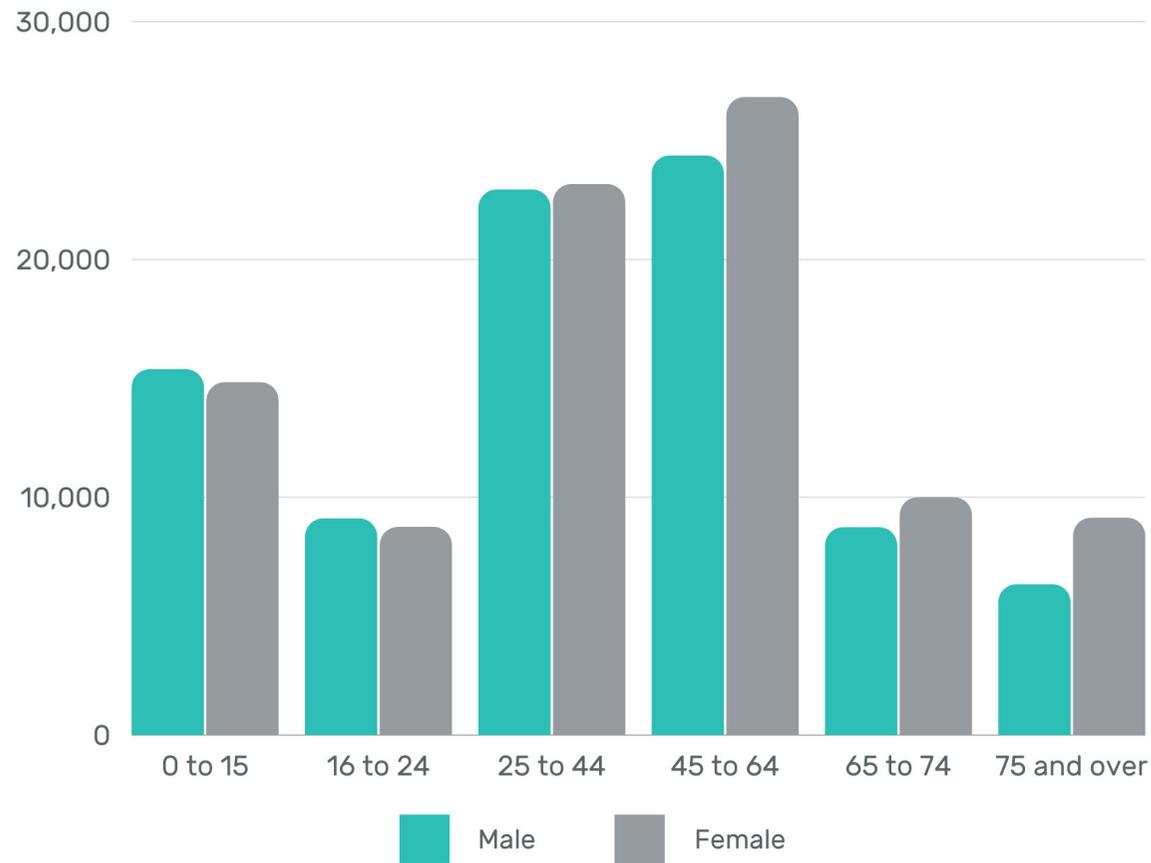
The following table provides details of the services hosted by the remaining IJBs within NHSGGC:

Host	Service
East Dunbartonshire	Oral Health
East Renfrewshire	Learning Disability Tier 4 Community & Others
	Scottish Centre of Technology for the Impaired
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

A Profile of Renfrewshire

Our Demography

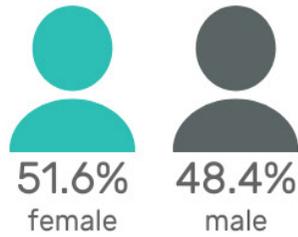
According to the latest official statistics from the National Records of Scotland (NRS), the population of Renfrewshire is 177,390. The breakdown of this figure into age groups and sex is shown in the following graph. There are more women than men in every age group, except for those aged 0-15 and 16-24.



Renfrewshire Population

179,390

0.2% increase from 2019



Ethnicity

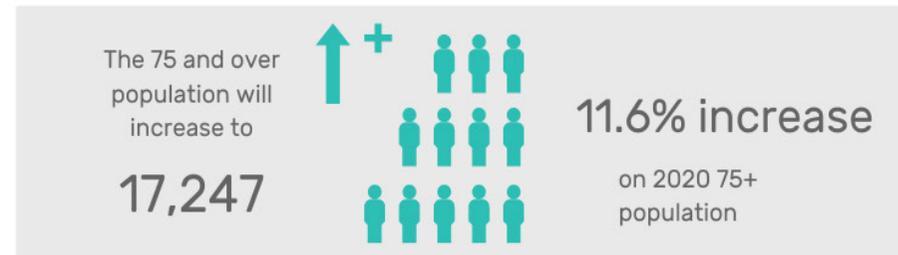
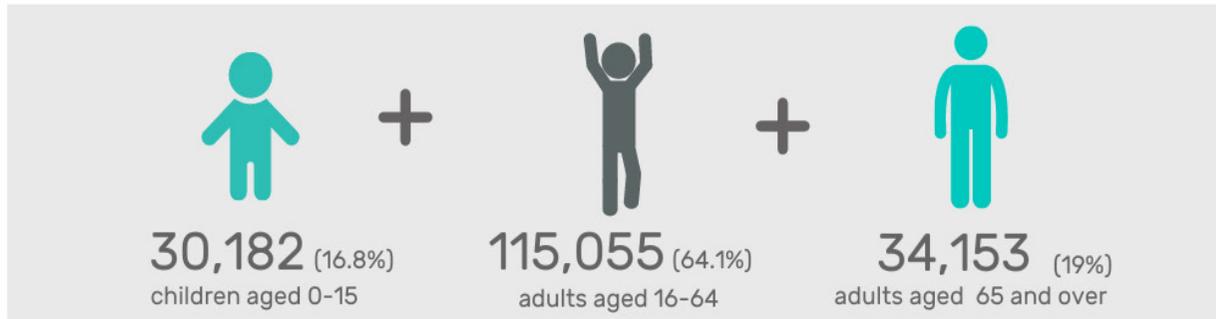
National Records of Scotland data in 2020 shows that in Renfrewshire:



The Black, Asian and Minority Ethnic (BAME) population accounts for 2.8% of the overall local population

4,781 people

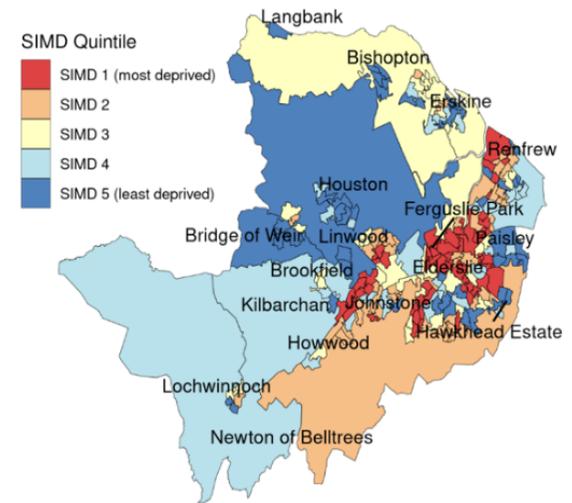
65% are Asian, 17% are African, 9% are from multiple ethnic backgrounds, 2% Caribbean and 7% from other ethnic groups



Deprivation and Inequalities

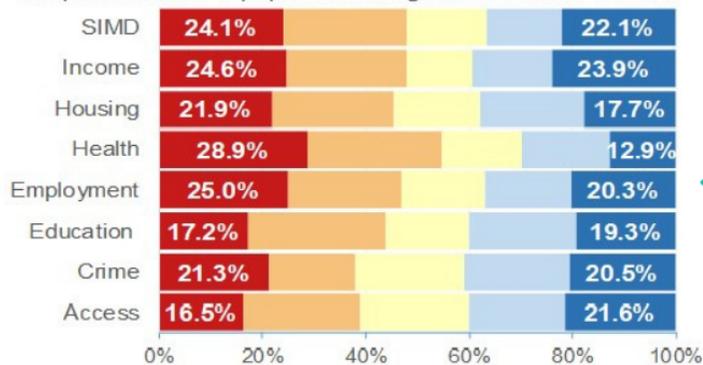
The Scottish Index of Multiple Deprivation (SIMD) assesses 6,976 small areas known as 'data zones'. 2020 figures show:

- There are 2 'data zones' in Renfrewshire within the 10 most deprived zones nationally
- Almost 25% of all data zones in Renfrewshire are in the 20% most deprived nationally (24.1% of 2020 population)
- Renfrewshire has the 9th highest share of deprived data zones nationally (of 32 areas)



Renfrewshire HSCP

Proportion of 2020 population living in each SIMD domain



Individual SIMD Domains show that

Renfrewshire is more deprived compared to the Scotland average for Employment, Crime, Housing and Income.

These social and economic inequalities can impact on self-esteem, happiness and participation in local communities and lead to poorer physical and mental health. In Renfrewshire, 28.9% of residents are in the 20% most-deprived areas nationally within health indicators.

Scottish Government SIMD 2020 v2, National Records of Scotland

Projected Population Change

The average age of the population of Renfrewshire is projected to increase as the baby boomer generation ages and more people are expected to live longer. The 75 and over age group is projected to see the largest percentage increase overall, with an anticipated 21.1% rise in this age group by 2028². While many older people are expected to enjoy better health than their predecessors did at an equivalent age, they will still have significant health needs living with potentially multiple and complex conditions. The impact of this will be a steadily increasing demand on our health and social care services, including: Care at Home, Residential and Nursing Care Homes, increases in demand for community-based healthcare, equipment and adaptations, increased demand for GP services and an increase in prescribing costs.

² https://www.nrscotland.gov.uk/files/statistics/council-area-data-sheets/renfrewshire-council-profile.html#population_projections

The impact of COVID-19 on our communities

The impact of the pandemic on the people of Renfrewshire and throughout Scotland has been profound and will be felt for years to come. The Scottish Government is collecting and monitoring information in what they refer to as the Four Harms of COVID-19³. These are the direct health impact of COVID-19, other health impacts, societal impacts, and economic impacts.

Direct Health Impact

In Renfrewshire, the direct health impact of the pandemic was acutely felt in infection and death rates. By March 2022:



more than 56,500 cases have been recorded in Renfrewshire, equating to a rate of 31,501.2 per 100,00 population, against the Scottish rate of 26,840.1 per 100,000 population.



487 people died within 28 days of being identified as a COVID-19 case by a positive test since the start of the pandemic, equating to 271.5 per 100,000 population, against the Scottish rate of 197.4 per 100,000 population.



On a positive note, Renfrewshire has kept pace with the Scottish average on vaccination uptake, with 92.2% of people aged 12 and over having had their first dose, 87.1% having had their second, and 71.7% having had their booster or third dose, against the Scottish uptake rates of 92.3%, 86.9% and 71.9% respectively⁴.

Other Health Impacts

COVID-19 is also having a wider impact on health and social care through its impact on services and how people are accessing and using those services. These changes will have an impact on people's health in both the short term and long term.



A theme throughout this MTFP is the increased demand for services across the health and social care partnership, which is expected to continue as the full impact of the pandemic becomes known. This includes significant increases in demand for, and complexity of, care at home support, and increased demand for CAMHS support.

³ <https://data.gov.scot/coronavirus-covid-19/>

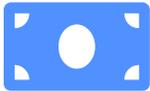
⁴ <https://coronavirus.data.gov.uk/>

Societal Impacts



The Scottish Government acknowledges that, whilst the restrictions put in place have slowed the spread of the virus, these same restrictions have been the cause of broader societal harms, including a sharp increase in people feeling isolated and anxious, and a negative impact on children's education and wellbeing. This has resulted in increased demand for Mental Health services in Renfrewshire; a trend replicated across the country.

Economic Impacts



Public Health Scotland notes that the economy, and the consequences this has for employment, income, public services and the environment, are important determinants of population health and health inequalities. Similar to other areas in Scotland with high deprivation rates, Renfrewshire saw marked increases in unemployment and claims for Universal Credit at the start of the pandemic. Whilst these have improved over time, they are yet to return to pre-pandemic levels. This is likely to result in very marked negative impacts on population health in the future, and increased pressure on health and social care services as a direct result.



Strategic Objectives

Our Strategic Plan for 2022-2025 takes a different approach to identifying our objectives compared with our previous Strategic Plan; focusing on a range of themes which underpin how we deliver services, rather than looking at individual service areas themselves.

We aim to shape our services around individuals, unpaid carers and communities to support everyone in Renfrewshire to live meaningful lives and achieve their hopes and aspirations. We seek to support the person rather than a condition or particular demographic with a focus on helping people to live independently, exercise choice and control over their care and support, and where necessary access the appropriate specialist support to help their recovery and rehabilitation where this is possible.

This approach underpins our Strategic Plan and will be facilitated by a change in the way we use our financial resources, by investing in Healthier, Connected, Enabled, Empowered and Sustainable futures for the people of Renfrewshire.

The outcomes we aim to achieve:

How this links to our financial planning:



People experience reduced inequalities and improved health and wellbeing through early action and prevention of more complex need.

Where possible, we will aim to shift the balance of spend over time towards preventative support from reactive support. Investing in services which provide care and support 'up stream', to reduce or delay the requirement for more serious interventions. This 'invest to save' approach is essential and can reduce future costs however the impact of investment now may not be realised for several years.

Example: using new recurring monies from the Scottish Government, we are investing in the creation of new posts within the Health Improvement Team which will focus on tackling the fundamental causes of inequality in the health of our population as well as the lifestyle behaviours which impact on it.



People are supported to recover, or manage disabilities and long-term conditions, and to live as safely and independently in their own home or community as possible.

We will continue to invest in local third sector and community-based provision to reflect the importance of local support helping people to be independent. We will continue to contribute to early intervention by developing the support available to unpaid carers and people in need, such as through the appointment of Community Link Workers, Mental Health and Wellbeing Workers and Welfare Rights Workers.

Example: using procurement, commissioning and contracting in a more collaborative fashion, we will augment existing funding streams – such as alcohol and drug commission monies - where possible, to further develop and widen the reach of services already in existence, to deliver better outcomes whilst still achieving best value.



Our services are clinically safe and people have access to the appropriate specialist support to aid them in their recovery and rehabilitation, where possible.

Since the last MTFP, we have invested significant amounts of new resources (including winter funding monies, PCIP, Action 15, and other funding streams) to augment the management and delivery of core clinical services to support key national priorities, such as the delivery of delayed discharge targets, District Nursing, and Adult and Children's Mental Health Services. We will continue to invest in specialist roles and where possible, support the provision of specialist and multi-disciplinary care in community settings. We will also continue to support the delivery of joint plans across NHSGGC, such as the Joint Commissioning Plan for Unscheduled Care, and, we will build on the reforms to urgent care achieved during the pandemic.

Example: in addition to the targeted funding from the Scottish Government for CAMHS, we are investing in innovative roles such as waiting list coordinators, to help release clinical capacity and help address demand pressures.

Example: as part of our work to deliver on the new GP contract we are using non-recurring monies to invest in additional treatment rooms across Renfrewshire, creating a more flexible infrastructure to support adaptable clinical spaces in order to support multi-disciplinary teams in community settings and in turn reduce the pressure on our GP community.



People access the right care at the right time and place and are empowered to shape their support at every stage of life.

We are committed to investing in a broader range of community-based models of support which will give people more choice, control and flexibility over when and where they access services including how they use their Self-Directed Support budgets. This will include widening access to digital solutions, where appropriate.

We recognise that this will impact on our profile of spend which will need to adapt in future years with an increasing move away from investing in existing services to better reflect the choices of our service users, and provide sufficient funding to enable them to access services in a multi-dimensional way. This will require new financial and commissioning processes to be put in place which are flexible enough to adapt to meeting individual and collective needs.

Example: we are progressing plans to recover and develop day opportunities and explore wider flexible community-based models which, where appropriate for each person, will provide additional choice beyond existing services and support innovative use of our buildings.



We maximise the impact of our people and resources by working collaboratively across sectors to deliver integrated services.

Taking a structured, risk assessed and prioritised approach, which is critical given the level of uncertainty we face going forward, we will deliver best value by investing in service re-design through our transformation programme.

We will also consider who is best placed to provide support – recognising it is not always the HSCP – and we will support the development of our workforce to adapt to changing ways of working.

Working towards delivering on the outcomes of our other themes will also help achieve longer-term sustainability. Where savings are required, we will endeavour to protect the themes set out in our Strategic Plan. However, in turn, it is hoped ultimately that through the delivery of the Strategic Plan, supported by the MTFP and our forthcoming Market Facilitation Plan and the NCS, the need for future savings will be minimised.

Example: we recognise there will need to be greater investment in technology to support people to remain in the community longer. We are doing this in various ways, such as through our continued rollout of our Totalmobile scheduling system and ECLIPSE case management system which will deliver better productivity and more effective ways of working, with the ultimate goal of assisting us to achieve better outcomes for the children, adults and families in our communities.

Our previous Strategic Plan was aligned to our Market Facilitation Plan, which aimed to inform, influence and adapt service delivery to offer a diverse range of sustainable, effective and quality care so that people can access the right services for themselves and their families at the right time and in the right place. Whilst it has been necessary to update our Strategic Plan and MTFP in the wake of COVID-19, we are cognisant that these updates have been undertaken at a time of uncertainty arising from the impact of the pandemic, and the further detail which is arising from the Independent Review of Adult Social Care and the consultation on the establishment of the proposed NCS. Taking this into consideration, we do not think that it is appropriate to set out a revised Market Facilitation Plan at this time. We will, however, take the opportunity to evaluate the impact of the pandemic on the nature of demand for our services and will use this to inform the development of an updated plan during 2022/23.

This updated plan will help to inform financial planning and ultimately how we allocate our resources moving forward, and will reflect:

- Available data on projected drivers of demand
- The importance of collaboration and co-production in market shaping
- Our themes, with a focus on investing in 'Healthier Futures' and 'Connected Futures'
- Our financial plan and continued financial constraints.

Strategic Commissioning Process

Strategic Commissioning is a core component of the IJB’s approach to understanding how the needs of our population are changing, and how health and social care services in Renfrewshire need to respond. The process we follow is set out below. We recognise that this process cannot be carried out in isolation but must be delivered collaboratively. We are also committed to delivering commissioning effectively – aligned to our MTFP - and have created an expanded commissioning team to support our work who sit within the Chief Finance Officer’s (CFO) portfolio of responsibilities.

Consideration of current approaches to commissioning has been a key strand of the Independent Review of Adult Social Care. The IJB is highly supportive of identifying ways to improve how we commission and will work to adopt agreed recommendations.



Workforce Planning

The IJB and HSCP's approach to workforce planning is driven by national, regional, and local strategies and policies which set the context and direction of travel for the provision of health and social care in Renfrewshire. During 2021/22 the HSCP operated under a one-year interim workforce plan, which reflected the priority of the IJB of ensuring the wellbeing of staff and continuing to respond to, and recover from, the COVID-19 pandemic.

Our interim plans sought to address a number of challenges, many of which have been visible for several years. These include:



Hard to fill vacancies reflecting a national shortage of staff in key service areas such as CAMHS, Psychotherapies, Addictions, School Nursing, District Nursing and Care at Home



Impact of COVID-19 on staff burnout and health and wellbeing



The pace of recruitment processes, which can vary on a role-to-role basis



Increased staff absences due to sickness and self-isolation in addition to existing vacancies



An observed reduction in the number of applicants for a range of roles, with increased difficulties in attracting staff to come to work in the challenging health and care sector



Varying rates of pay and conditions across HSCPs nationally and within NHSGGC, with the need to 'fish in the same pond' with a limited number of applicants – reinforcing the importance of working across the Board area and sectors to attract new recruits



Inadvertent impact of government policy making some posts more attractive than others, for example the potential for funding for Healthcare support workers attracting staff from other services such as Care at Home



The potential for the social care pay uplift – government funding for commissioned services only – to attract staff away from HSCP roles.

The Scottish Government published independent research on the influence of national and local labour markets on the social care sector in March 2020 (pre-pandemic) which contained the following findings regarding recruitment and retention in the sector including:

- Social care employers face difficulties in recruiting and retaining staff, particularly staff that provide direct care and support.
- Almost two-thirds of employers in the study were recruiting at the time of the research and around a third of these reported having hard-to-fill vacancies.
- Half of employers who expect to recruit in the next year report that they will do so to expand their workforce and 71% expect to recruit to replace staff who might leave.
- Replacing staff is expected to be more common in more urban settings and remote island communities, while workforce expansion plans are greater in larger cities.
- Oxford Economics employment forecasts (commissioned by Skills Development Scotland) suggest that the social care workforce will grow by 5%, or 8,000 jobs, between 2019 and 2029.

Last year, the Care Inspectorate and the Scottish Social Services Council jointly published a report on vacancies reported by care services as at 31 December 2020. It showed the level of reported vacancies in social care was more than three times that across all types of employers. The report found that East Ayrshire (47% of services), Edinburgh (47% of services) and **Renfrewshire (44% of services)** had the highest proportion of services with vacancies of all local authority areas.

The IJB's new three-year workforce plan is due to be implemented later this year, covering the period 2022-2025. The three-year plan will continue to address the above challenges, providing further detail on how the IJB will endeavour to ensure that the workforce is adequately resourced and has the qualifications, knowledge, skills and resilience required to deliver safe, fit for purpose services that deliver real improvements to the health and wellbeing of Renfrewshire's population. A key element of this workforce plan will be further consideration of actions which can be taken to enhance recruitment and retention of staff locally. This will include:

- Proposals to develop, test and review a risk-based approach, based on staff turnover across the partnership, to progressing recruitment on a permanent basis where funding for posts is currently available on a non-recurring basis, and
- The creative use of reserves to develop an in-house training academy to nurture and grow our own talent.

The new workforce plan will help inform the assumptions used to estimate overall pay costs in future iterations of this MTFP.



Financial Performance

Similar to many aspects of the economy, the impact of the pandemic has been severe for public services. Budgetary restraints and financial pressures linked to reducing resources, a changing demographic and increased demand for services continue to be compounded by the ongoing pandemic response.

Through regular updates to the IJB from the CFO and by ensuring decisions are taken to support medium and long-term financial sustainability, the HSCP has successfully managed to deliver year on year financial balance. This has been achieved through a combination of:

- Flexible use of recurring and non-recurring resources.
- Drawdown of earmarked reserves in order to deliver on specific commitments including, for example, Primary Care Improvement Plan (PCIP) and Alcohol and Drug Partnership (ADP).
- Delivery of approved savings through the Change and Improvement Programme; and other operational efficiencies which delivered a significant underspend in 2021/22 reflecting the impact of COVID-19 on some areas of activity including: recruitment to key posts; the effects of the pandemic on Older People's Care Home admissions; reduction in prescribing costs.
- Funding in advance of need, e.g. ongoing requirement for Personal Protective Equipment (PPE) and the potential for additional staffing costs and support to social care providers.



Medium Term Financial Outlook

It is widely expected that the public sector in Scotland will continue to face a very challenging short and medium-term financial outlook. Whilst the provision of recurring winter planning monies, covered below, has cushioned the financial blow in 2022/23, there remains significant uncertainty over what the scale of the likely reduction in available funding will be over the medium term.

It therefore remains important that the IJB ensures 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. As a result, it is 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, it is highly likely that the IJB will be required to deliver further recurring savings. 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

The IJB's scenario-based approach considers potential outcomes over: low, medium, high and worse-case projected positions. The low projection provides a more optimistic outlook, while the worse-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 2022/23 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 **£37m to £48m** for this period (Appendix 1). 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 **£13m to £14m** per annum, over this three-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 three 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 **£134m to £176m** (Appendix 2). However, the further into the future we look the less assurance we can take from these assumptions.

Winter Planning

On 5 October 2021, the Cabinet Secretary for Health and Social Care announced an investment of more than £300 million in recurring funding being put in place nationally, with the aim of supporting health and social care services over the winter months of 2021/22 and beyond. A range of non-recurring funds have also been provisioned.

These measures are in line with the principles of:

1. **Maximising capacity** – through investment in new staffing, resources, facilities and services.
2. **Ensuring staff wellbeing** – ensuring that they can continue to work safely and effectively with appropriate guidance and line-management and access to timely physical, practical and emotional wellbeing support.
3. **Ensuring system flow** – through taking specific interventions now to improve planned discharge from hospital, social work assessment, provide intermediary care and increase access to care in a range of community settings to ensure that people are cared for as close to home as possible.
4. **Improving outcomes** – through our collective investment in people, capacity and systems to deliver the right care in the right setting.

In terms of the share of funding allocations for Renfrewshire, this amounts to:

Funding Stream	Financial Year	
	2021/22 (confirmed)	2022/23 (anticipated)
Multi-disciplinary working (including the recruitment of additional health and social care staff)	£0.662m non-recurring	£1.324m recurring
Providing Interim Care	£1.323m non-recurring	£0.662m non-recurring
Increasing Care at Home capacity	£2.051m non-recurring	£4.104m recurring
Supporting staff health and wellbeing	£135,836	nil

The additional funding streams provided by the Scottish Government are welcomed and will help to address recognised winter pressures and ongoing challenges presented by the pandemic. However, the difficulty in utilising ring-fenced and/or non-recurring funds, whilst seeking to continue to deliver business as usual and a balanced budget, should not be minimised. Such funding terms impact directly on the nature of the investments which can be delivered in the time frame and in pursuit of the outcomes associated with the funding, and can be at odds with the approach that the IJB would take should funding be less constricted.

Pressures

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 28 January 2022, and represent a similar – if amplified – picture to the pressures we identified in our previous MTFP.



Future funding allocations from Partner Organisations: As previously noted, despite hopes for a return to multi-year settlements, the Scottish Government 2022-23 budget was for one year only, with a commitment for a full Resource Spending Review in May 2022. The core local government revenue settlement for 2022-23 reflects a flat cash position, and therefore a real terms reduction, meaning their ability to further support the HSCP is limited. The spending review may answer some questions in terms of the expected funding and governance arrangements for the NCS, but at this time the impact of this on future funding allocations from partners remains unclear. It follows then, that the continuation of single-year settlements at this time is challenging for the IJB and continues the uncertainty for our future medium term financial planning, as well as that of our partner organisations.



Demand led Pressures: demographic and socio-economic demand led cost pressures continue to be a key financial risk moving forward, as illustrated by the changing needs of our communities during the pandemic. Our **Recovery and Renewal Programme** will be progressed throughout the term of this plan, to help to mitigate the financial impact of these pressures whilst seeking to achieve better outcomes for communities.



Inflation and Contractual Commitments: previous planning assumptions regarding anticipated annual increases to third parties for contracts such as the National Care Home Contract and Supported Living Framework have been overridden by the considerable spike in inflation in early 2022.



Future Pay Settlements: Employee costs represent circa 34% of the IJB's net budget and any increase in pay awards impacts directly on cost pressures for the IJB. Inflationary pressure in this area also represents a significant pressure for the IJB. The assumptions for pay reflect the current inflationary assumptions of both Partner bodies. Consideration is also given to the challenges of recruiting and whether pay settlements are keeping pace with industry standards, particularly in light of the considerable burden placed on employees in the health and social care sector throughout the pandemic.



Demographics, Deprivation and Health: Our new Strategic Plan aims to shape our services around individuals and communities in Renfrewshire, taking cognisance of the changing demographic and their associated health and social care needs. It remains to be seen how detrimental the lasting impacts of COVID-19 will be on our communities, but with Renfrewshire already having the 9th highest share of deprived data zones nationally (of 32 areas) and with the understanding that the Four Harms of the pandemic will be more acutely felt in areas of deprivation, we can project this will result in negative impacts on population health in the future, and an increase in pressure on health and social care services as a direct result.

Sensitivity Analysis

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 £1,116k in 2022/23.

Sensitivity Analysis - Impact of 1% change in Assumptions	22-23	23-24	24-25
	£000's		
Contractual Pressures	604	610	616
Pay Pressures	1,116	1,127	1,138
Demand Pressures	803	811	819
Living Wage	320	323	326
Prescribing	376	380	384
TOTAL	3,219	3,251	3,283

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 2022/23 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	2022/23 Base Budget	Impact of 1% change in Partnership Contributions
	£000's	
Renfrewshire Council Contribution	93,640	936
NHSGGC Contribution	186,478	1,865
NHSGGC Set Aside	67,433	674
TOTAL	347,551	3,476

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 remains 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.

Medium Term Financial Strategy

Our Medium-Term Financial Strategy has seven 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:

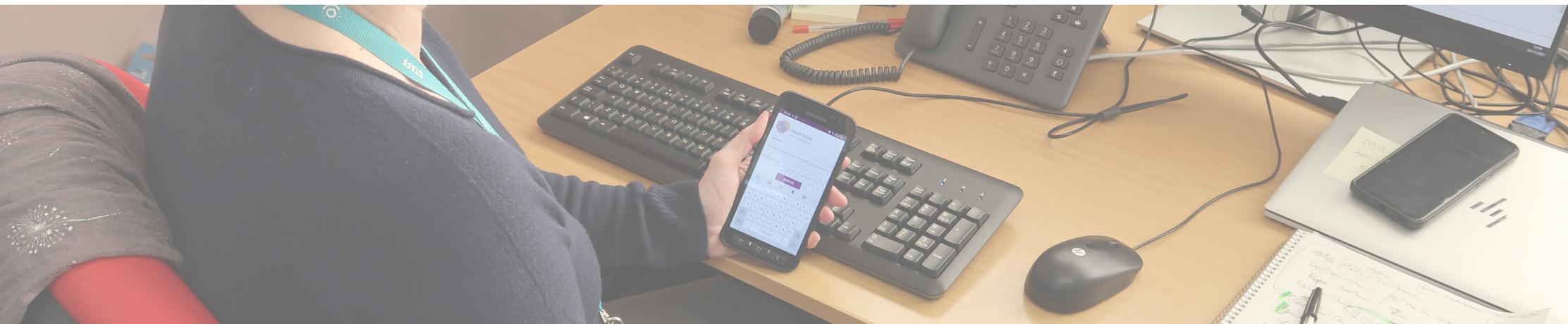


Revised Risk Framework

The IJB's Risk Management Framework was revised in March 2021 in recognition of the impact of COVID-19 on all aspects of the IJB's responsibilities. The revised Framework reflects the outcomes of a review of risk management practice across other HSCPs, and consideration of the necessary governance arrangements to ensure a consistent yet flexible approach to managing risk within the complex environment in which the IJB operates, and it will be reviewed regularly to ensure it remains robust and effective.

The revised Framework includes updates to the IJB's risk tolerance statement to provide greater flexibility, a refresh of the approach to risk management governance, and a review of roles and responsibilities within the Framework. It also provides a consistent approach for identifying and managing key risks and issues. In particular, there are a number of financial challenges facing the IJB which have the potential to affect the financial sustainability of the partnership, with consequent impact to service delivery, including:

-  Future funding levels from our partner organisations
-  The terms attached to funding streams (particularly where ring-fenced and/or time limited)
-  The expectation that services implemented specifically to address issues during the pandemic will continue, whilst their funding streams may not, and
-  Our ability to recruit and retain quality staff to continue to deliver services at current or increased levels.



Responding to the Local Financial Challenge

As noted at the start of this document, our previous MTFP set out the IJB's **two-tiered model** for delivering financial sustainability by addressing short-term financial pressures, through 'Tier One' savings in Financial Year 2020/21, whilst embedding a strategic approach to transformation, 'Tier Two' from Financial Year 2021/22 onwards.

COVID-19 significantly disrupted the IJB's delivery of its 2020/21 Financial Plan, requiring a re-evaluation and reprofiling of the delivery of approved in-year (Tier One) savings. Transformation (Tier Two) changes were disrupted and delayed; as was work to bring forward and develop a second tranche of savings for 2021/22 and beyond. Nonetheless, the IJB remained focussed on delivering the transformation programme and seeking to deliver targeted savings where necessary, focusing on mitigating the risk of financial instability.

The COVID-19 response necessitated rapid and significant service change, and the IJB delivered with innovative and creative solutions to previously unanticipated challenges. From this, the IJB identified an opportunity to build on the successes of its initial response, through the implementation of plans for both the **recovery** of our services in the short to medium term - reflecting the NHS Remobilisation plan - and the **renewal**, or transformation, of our services in the medium to long term.

Accordingly, in the summer of 2020, the IJB approved the development of a **Recovery and Renewal Programme**. The programme builds on and supports our **two-tier model** for delivering financial sustainability.

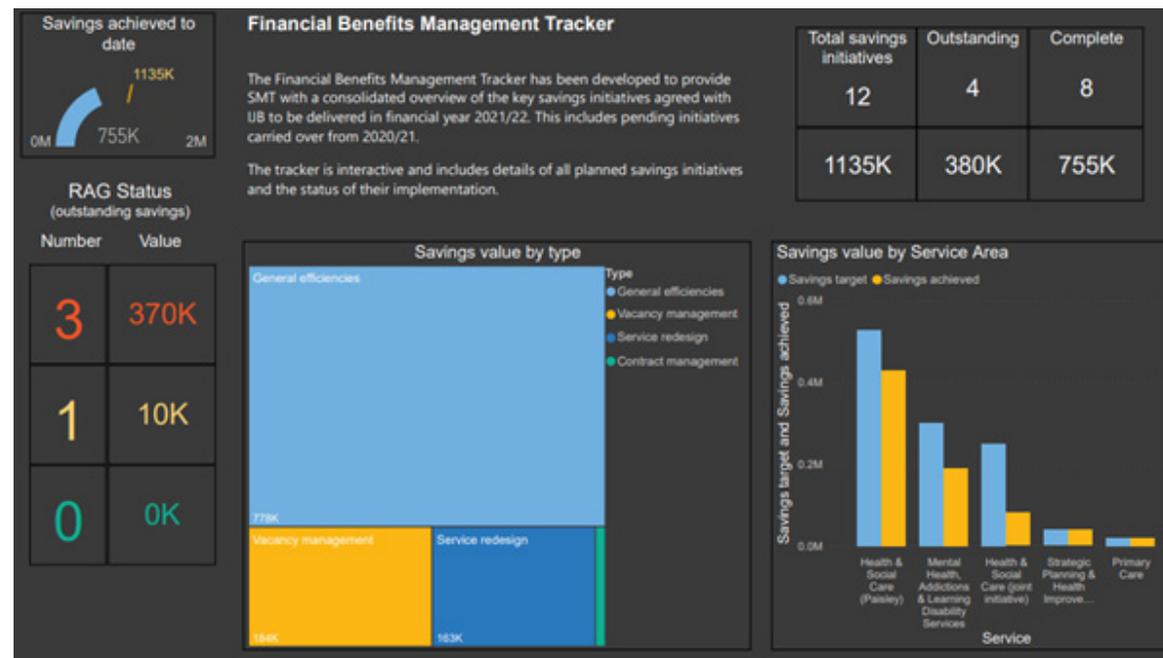


Tier One - Savings

Responding to the disruption of plans to deliver our two-tier model, the HSCP's Senior Management Team (SMT) has implemented a rolling process to enable the identification of savings opportunities which can contribute to the ongoing sustainability of the IJB's financial position and ensure the continued delivery of best value. The identification and delivery of tier one savings will continue throughout the term of this MTFP.

Each savings opportunity is subject to rigorous assessment of possible risks and expected impact to ensure that these are appropriately managed. Where necessary, equality impact assessments (EQIAs) are carried out to determine and manage any potential unintended negative impact on the different groups of citizens covered under the Equality Act 2010. The delivery of agreed savings is coordinated and tracked through a financial benefits management tracker which provides the SMT with a consolidated overview of the key savings agreed with the IJB, and the status of their implementation. This ensures early awareness of any blockers or challenges to delivery, and for corrective measures to be put in place, where necessary.

An illustration of the tracker from the mid-point of 2021/22 is included below. This shows that by the mid-point of the year the IJB had delivered savings of £755k (67%) against a full year target of £1,135k. Of the savings agreed, those relating to general efficiencies accounted for the highest value, with smaller values targeted against vacancy management, service redesign and contract management. This snapshot of the tracker illustrates that, of the remaining £380k of savings to be delivered in-year, three savings initiatives – to a value of £370k – had a Red RAG status, indicating challenges in their delivery and prompting the SMT to focus resources to support their progression.



Tier Two – Recovery and Renewal (Transformation)

As outlined above, our **Recovery and Renewal Programme** was developed in 2020 to capitalise on the successes and gains of our response to COVID-19. The programme aims to keep the momentum generated during a period of rapid service change and to progress with further transformative projects, informed by learning from the pandemic. The programme effectively expands the remit of tier two of our model for delivering financial sustainability.

Given the need to continue to deliver our essential operational activities effectively and safely it was, and continues to be, necessary to flex the scale of recovery and renewal activity. That said, the IJB has been able to progress with a number of initiatives through our Recovery and Renewal Programme to date, including:



Funding for a range of community-led health and wellbeing projects through the Strategic Planning Group, including a project to develop inclusive, multi-lingual information for those most at risk and isolated in BAME communities



The development of a Renfrewshire Recovery Hub, providing a shared resource for supporting recovery in both mental health and addictions



The roll out of technology to support patient and service user access, enabling service users to continue to access services where face-to-face interactions have not been possible, through the use of NHS 'Near Me' for consultations with GPs in Primary Care, and within Community Mental Health and Addiction services, which has allowed us to maximise capacity within these services, and



Embracing hybrid working by supporting staff to work from home where appropriate to do so; capitalising on lessons learned from the early days of the pandemic and offering more flexible ways of working for staff.

Further scoping work will take place in early 2022/23 to determine the transformation projects of greatest strategic importance for the IJB and the communities it serves, including how the IJB will deliver on the aims of the Unscheduled Care Plan, to be progressed over the next few years.

Reserves Policy

It is important for the long-term financial stability and the sustainability of the IJB that sufficient funds are held in reserve to manage unanticipated pressures from year to year. The requirement for financial reserves is acknowledged in statute and is part of a range of measures in place to ensure that s106 public bodies do not over-commit themselves financially.

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.

The IJB approved its revised Reserves Policy in June 2020, in line with national guidance and good financial governance. This Reserves Policy updated our established framework within which decisions are made regarding the level of reserves held by the IJB, and the purposes for which they will be maintained and used. As per our policy, reserves are subject to ongoing review dependent on the financial position of the partnership. Our current policy proposes 2% as an optimum level of reserves to be built up over time, in addition to any identified earmarked reserves which are excluded from this calculation. This is a continuation of our previous reserves policy, recognising prudent financial planning and budgetary constraints. 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.

At the time of writing this MTFP, the IJB holds general reserves of £5.8m which equates to circa 2% of the IJB's net budget, including set aside.

As part of the final budget report for 2021-22 and in line with the policy, the IJB will consider options for the creation of earmarked reserves to best meet future identified needs and facilitate investment in the most vulnerable people in Renfrewshire.



Estimated Impact of Cost and Demand Pressures for the Three-Year Period 2022-25

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

Based on recurring budget 2021 / 22	22 / 23	23 / 24	24 / 25	TOTAL
LOW SCENARIO				
Contractual pressures	£4,050,931	£4,361,363	£4,519,397	£12,931,691
Pay pressures	£3,415,655	£1,790,156	£1,831,726	£7,037,537
Demand pressures	£3,006,941	£2,773,916	£3,347,817	£9,128,673
Living wage	£1,503,328	£1,555,538	£1,579,541	£4,638,408
Prescribing	£277,860	£1,286,331	£1,331,353	£2,895,544
Total pressures	£12,254,714	£11,767,304	£12,609,834	£36,631,853
MEDIUM SCENARIO				
Contractual pressures	£4,338,700	£4,694,536	£4,863,138	£13,896,374
Pay pressures	£3,855,485	£2,078,488	£2,126,948	£8,060,920
Demand pressures	£3,122,105	£2,893,687	£3,472,378	£9,488,171
Living wage	£1,503,328	£1,555,538	£1,579,541	£4,638,408
Prescribing	£459,325	£1,470,093	£1,528,897	£3,458,315
Total pressures	£13,278,943	£12,692,342	£13,570,902	£39,542,187
HIGH SCENARIO				
Contractual pressures	£4,651,175	£5,050,294	£5,230,869	£14,932,338
Pay pressures	£4,569,155	£2,697,121	£2,759,773	£10,026,050
Demand pressures	£3,237,269	£3,013,458	£3,596,940	£9,847,668
Living wage	£1,503,328	£1,555,538	£1,579,541	£4,638,408
Prescribing	£640,790	£1,653,855	£1,728,278	£4,022,923
Total pressures	£14,601,718	£13,970,266	£14,895,402	£43,467,386
WORSE SCENARIO				
Contractual pressures	£4,951,297	£5,394,759	£5,586,605	£15,932,661
Pay pressures	£5,386,539	£3,421,893	£3,501,072	£12,309,504
Demand pressures	£3,352,434	£3,133,229	£3,721,502	£10,207,165
Living wage	£1,503,328	£1,555,538	£1,579,541	£4,638,408
Prescribing	£1,003,720	£1,837,616	£1,929,497	£4,770,833
Total pressures	£16,197,318	£15,343,036	£16,318,217	£47,858,571

Estimated Impact of Cost and Demand Pressures for the Ten-Year Period 2022-32

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

Based on recurring budget 2021 / 22	22 / 23	23 / 24	24 / 25	25/ 26	26/27	27/28	28/29	29/30	30/31	31/32	TOTAL
LOW SCENARIO											
Contractual pressures	£4,050,931	£4,361,363	£4,519,397	£4,744,606	£4,979,362	£5,228,324	£5,482,306	£5,747,639	£6,024,871	£6,314,573	£51,453,372
Pay pressures	£3,415,655	£1,790,156	£1,831,726	£1,874,265	£1,917,796	£1,962,342	£2,007,926	£2,054,574	£2,102,311	£2,151,160	£21,107,911
Demand pressures	£3,006,941	£2,773,916	£3,347,817	£3,641,862	£2,357,932	£2,962,973	£3,002,387	£3,043,376	£3,086,002	£3,130,331	£30,353,537
Living wage	£1,503,328	£1,555,538	£1,579,541	£1,608,615	£1,638,982	£1,737,830	£1,776,233	£1,816,440	£1,858,537	£1,902,613	£16,977,658
Prescribing	£277,860	£1,286,331	£1,331,353	£1,377,950	£1,426,179	£1,476,095	£1,527,758	£1,581,230	£1,636,573	£1,693,853	£13,615,181
Total pressures	£12,254,714	£11,767,304	£12,609,834	£13,247,299	£12,320,250	£13,367,564	£13,796,610	£14,243,259	£14,708,293	£15,192,531	£133,507,659
MEDIUM SCENARIO											
Contractual pressures	£4,338,700	£4,694,536	£4,863,138	£5,106,711	£5,360,548	£5,630,393	£5,904,680	£6,191,233	£6,490,642	£6,803,525	£55,384,107
Pay pressures	£3,855,485	£2,078,488	£2,126,948	£2,176,542	£2,227,297	£2,279,241	£2,332,400	£2,386,805	£2,442,484	£2,499,468	£24,405,157
Demand pressures	£3,122,105	£2,893,687	£3,472,378	£3,771,407	£2,492,658	£3,103,088	£3,148,107	£3,194,924	£3,243,612	£3,294,246	£31,736,213
Living wage	£1,503,328	£1,555,538	£1,579,541	£1,608,615	£1,638,982	£1,737,830	£1,776,233	£1,816,440	£1,858,537	£1,902,613	£16,977,658
Prescribing	£459,325	£1,470,093	£1,528,897	£1,590,053	£1,653,655	£1,719,801	£1,788,593	£1,860,137	£1,934,542	£2,011,924	£16,017,018
Total pressures	£13,278,943	£12,692,342	£13,570,902	£14,253,327	£13,373,140	£14,470,353	£14,950,013	£15,449,539	£15,969,818	£16,511,776	£144,520,153
HIGH SCENARIO											
Contractual pressures	£4,651,175	£5,050,294	£5,230,869	£5,494,261	£5,768,686	£6,060,973	£6,357,177	£6,666,620	£6,989,935	£7,327,787	£59,597,776
Pay pressures	£4,569,155	£2,697,121	£2,759,773	£2,823,886	£2,889,495	£2,956,634	£3,025,339	£3,095,647	£3,167,596	£3,241,224	£31,225,871
Demand pressures	£3,237,269	£3,013,458	£3,596,940	£3,900,951	£2,627,384	£3,243,204	£3,293,827	£3,346,473	£3,401,223	£3,458,161	£33,118,890
Living wage	£1,503,328	£1,555,538	£1,579,541	£1,608,615	£1,638,982	£1,737,830	£1,776,233	£1,816,440	£1,858,537	£1,902,613	£16,977,658
Prescribing	£640,790	£1,653,855	£1,728,278	£1,806,051	£1,887,323	£1,972,252	£2,061,004	£2,153,749	£2,250,668	£2,351,948	£18,505,917
Total pressures	£14,601,718	£13,970,266	£14,895,402	£15,633,764	£14,811,870	£15,970,893	£16,513,579	£17,078,929	£17,667,959	£18,281,733	£159,426,111
WORSE SCENARIO											
Contractual pressures	£4,951,297	£5,394,759	£5,586,605	£5,869,088	£6,163,347	£6,477,297	£6,794,613	£7,126,110	£7,472,467	£7,834,394	£63,669,978
Pay pressures	£5,386,539	£3,421,893	£3,501,072	£3,582,090	£3,664,991	£3,749,818	£3,836,616	£3,925,431	£4,016,310	£4,109,302	£39,194,063
Demand pressures	£3,352,434	£3,133,229	£3,721,502	£4,030,495	£2,762,110	£3,383,319	£3,439,546	£3,498,021	£3,558,833	£3,622,076	£34,501,566
Living wage	£1,503,328	£1,555,538	£1,579,541	£1,608,615	£1,638,982	£1,737,830	£1,776,233	£1,816,440	£1,858,537	£1,902,613	£16,977,658
Prescribing	£1,003,720	£1,837,616	£1,929,497	£2,025,972	£2,127,271	£2,233,634	£2,345,316	£2,462,582	£2,585,711	£2,714,996	£21,266,314
Total pressures	£16,197,318	£15,343,036	£16,318,217	£17,116,261	£16,356,701	£17,581,898	£18,192,323	£18,828,584	£19,491,859	£20,183,382	£175,609,580