
Report To: Inverclyde Integration Joint Board **Date:** 20 March 2018

Report By: Louise Long
Corporate Director (Chief Officer)
Inverclyde Health & Social Care Partnership **Report No:** IJB/16/2018/LA

Contact Officer: Lesley Aird **Contact No:** 01475 715381

Subject: FINANCIAL PLAN 2018/19 TO 2020/21

1.0 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 (HSCP) projected position moving into 2018/19 and the medium term financial outlook to 2020/21.

2.0 SUMMARY

- 2.1 This report covers the following key areas of financial strategy:
- Background
 - Current Financial Position
 - Budget Strategy Assumptions
 - 2018/19 Indicative Budget
 - Projected Cost Pressures 2019/20 to 2020/21
 - Medium Term Financial Strategy

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Integration Joint Board:
1. Notes 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;
 2. Notes the medium term outlook for the IJB;
 3. Approves the medium term financial plan attached at Appendix 1, and
 4. Notes the ongoing work to continue to monitor and update the Plan.

Louise Long, Chief Officer

Lesley Aird, Chief Financial Officer

4.0 BACKGROUND

- 4.1 The IJB has an indicative budget of £151.6m for 2018/19.
- 4.2 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 2021, 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.
- 4.3 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.

5.0 CURRENT FINANCIAL POSITION

- 5.1 The IJB has an indicative 2018/19 budget of £151.6m (£151.0m for 2017/18). The IJB expects to achieve a small operating surplus in 2017/18, £0.241m at Period 9 excluding funding from Earmarked Reserves of £1.4m.

6.0 BUDGET ASSUMPTIONS

- 6.1 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.
- 6.2 In light of the above, the medium term financial plan recognises and acknowledges ongoing cost and demand led pressures on Social Care and Health. Expectation is for a flat cash settlement for both Councils and Health for 2019/20 and 2020/21.

7.0 PROJECTED COST PRESSURES TO 2020/21

- 7.1 Current projections for the period 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 of circa £5.5m by 2020/21.
- 7.2 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;
 - Impact of the Carers (Scotland) Act 2016;
 - Impact of the extension of free personal care to adults under the age of 65; and
 - Unintended consequences of our partner organisations' changes in activity

- 7.3 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 agree additional partner funding and savings which will address the anticipated additional £2.8m per annum in the years 2019/20-2020/21 to fund new rising demand and cost pressures, assuming that no additional funding is received from the Scottish Government to fund these pressures. An ongoing assessment and update of key assumptions will be required to ensure the IJB is kept aware of any significant changes.
- 7.4 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 public sector;
 - **Demographic and Volume:** reflects increases anticipated across social care services;
 - **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).
- 7.5 Looking beyond 2020/21 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 exit from 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.

8.0 MEDIUM TERM FINANCIAL STRATEGY

- 8.1 In order to deliver the medium term financial strategy 2018/19 to 2020/21, a medium term strategy has been developed over 3 key strands.
1. Efficiency Savings
 2. Service Redesign/Transformational Change
 3. Service Reduction

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 to 2020/21.

9.0 IMPLICATIONS

9.1 FINANCE

The financial implications are as stated in this report. Medium Term financial planning allows for improve stewardship and governance over budgets and budget planning.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments

N/A					
-----	--	--	--	--	--

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From	Other Comments
N/A					

LEGAL

9.2 There are no specific legal implications arising from this report.

HUMAN RESOURCES

9.3 There are no specific human resources implications arising from this report.

EQUALITIES

9.4 There are no equality issues within this report.

9.4.1 Has an Equality Impact Assessment been carried out?

√

YES (see attached appendix)

NO – This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

9.4.2 How does this report address our Equality Outcomes

There are no Equalities Outcomes implications within this report.

Equalities Outcome	Implications
People, including individuals from the above protected characteristic groups, can access HSCP services.	None
Discrimination faced by people covered by the protected characteristics across HSCP services is reduced if not eliminated.	None
People with protected characteristics feel safe within their communities.	None
People with protected characteristics feel included in the planning and developing of services.	None
HSCP staff understand the needs of people with different protected characteristic and promote diversity in the work that they do.	None
Opportunities to support Learning Disability service users experiencing gender based violence are maximised.	None
Positive attitudes towards the resettled refugee community in Inverclyde are promoted.	None

9.5 CLINICAL OR CARE GOVERNANCE IMPLICATIONS

There are no governance issues within this report.

9.6 NATIONAL WELLBEING OUTCOMES

How does this report support delivery of the National Wellbeing Outcomes

There are no National Wellbeing Outcomes implications within this report.

National Wellbeing Outcome	Implications
People are able to look after and improve their own health and wellbeing and live in good health for longer.	None
People, including those with disabilities or long term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community	None
People who use health and social care services have positive experiences of those services, and have their dignity respected.	None
Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	None
Health and social care services contribute to reducing health inequalities.	None
People who provide unpaid care are supported to look after their own health and wellbeing, including reducing any negative impact of their caring role on their own health and wellbeing.	None
People using health and social care services are safe from harm.	None
People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.	None
Resources are used effectively in the provision of health and social care services.	A robust Financial Strategy and Plan linked to Strategic priorities will help to ensure that resources are used effectively in the provision of services.

10.0 CONSULTATION

- 10.1 This report has been prepared by the Chief Financial Officer of the IJB after due consultation with the Chief Officer and input from the Director of Finance for Greater Glasgow & Clyde NHS and the Chief Finance Officer for Inverclyde Council.

11.0 BACKGROUND PAPERS

11.1 N/A

Draft

Medium Term Financial Plan
2018/19 to 2020/21

CONTENTS

Executive Summary	2
1. Introduction	4
2. Purpose and Approach	5
3. Financial Landscape	7
4. Inverclyde in Context	8
5. Understanding the Financial Challenge	12
6. Addressing the Financial Challenge	17

APPENDICES

Appendix 1	2016/17 Key Performance Indicators	?
Appendix 2	Demand and Cost Pressures	?
Appendix 3	Savings Proposals already considered by Inverclyde Council	?

Executive Summary

This Financial Plan outlines the financial challenges and opportunities Inverclyde Health and Social Care Integration Joint Board (IJB) faces over the next 3 years and provides a framework which will support the IJB to remain financially sustainable. It will also complement the Strategic Plan, highlighting how the IJB financial planning principles support the delivery of the IJBs strategic objectives and priorities.

The Plan includes a range of key assumptions which are subject to a significant degree of uncertainty. As a consequence this strategy will be reviewed on an ongoing basis with appropriate adjustments made as more information becomes available.

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 over the course of this financial plan.

Key Messages

- Moving forward beyond 2018/19 the IJB is facing significant challenges and will need to develop budget strategies which remain flexible, sustainable and focussed on the delivery of its Strategic Plan's key priorities
- This Medium Term Financial Plan will provide the financial context for the IJB, inform future decisions and start to identify a high level plan to bridge the financial gaps moving forward.
- Over the medium to longer term the IJB needs to plan on the basis of:
 - Reducing resources with no certainty of any levels of sustained growth;
 - Rising costs, and
 - Demand pressures
- Taking into account costs, demands, estimated changes to funding and assuming nothing else changes the anticipated budget gap by 2021 will be circa £5.5m
- It is recommended that the IJB adopts a financial planning assumption to work with funding partners to agree a package of additional funding and savings of up to £2.8m per annum for 2019/20 to 2020/21 to fund this
- Work will continue to review and update key assumptions as more information becomes available with the IJB being informed of any significant changes
- Further areas of work have been identified to start to bridge the gap, these will be developed over the next few months.
- To deliver the financial plan this medium term financial strategy has been developed with the following key strands:
 1. Efficiency Savings
 2. Service Redesign/Transformational Change
 3. Service Reduction

1. Introduction

- 1.1 The purpose of this Financial Plan is to provide an overview of the key messages in relation to the IJBs 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 work to meet the health and social care needs of the people of Inverclyde.
- 1.2 In 2016 the IJB launched its Strategic Plan which outlines our ambitions for 2016 to 2018. The Strategic Plan sets the key strategic priorities which will ensure that we deliver our vision of “Improving Lives”.
- 1.3 The Medium Term Financial Plan is key to supporting the delivery of the strategic plan. 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. Medium term financial planning is key to supporting this process and identifying the transformation which is required to provide sustainable services to the local community over the medium term.

Key Messages

- 1.4 Inverclyde Health and Social Care IJB is facing significant challenges as a result of a combination of financial pressures caused by anticipated reductions in funding, increased demographic pressures and the cost of implementing new legislation and policies.
- 1.5 This Medium Term Financial Plan will provide the financial context for the IJB, inform current and future decisions and outline a high level plan to start to bridge the financial gaps which have been identified moving forward.
- 1.6 The 2018/19 indicative budget is £151.6m (Social Care £46.4m, Health £82.9m, Set Aside £16.4m and Hosted Services £5.9m). A number of areas have been explored to understand the scale of the financial challenge:-
- a detailed analysis of anticipated costs and demands
 - an assessment of anticipated increases and reductions in funding from partners
 - a review of non-recurring funding and the implications for future years

Taking into account the issues identified and assuming nothing else changes the funding shortfall will be circa £5.5m by 2021.

- 1.7 The IJB will need to develop plans over the medium term to bridge this financial gap. A medium term strategy to bridge the anticipated budget gap will be developed along the following main strands:-
- (i) Efficiency Savings
 - (ii) Service Redesign

(iii) Service Reduction

- 1.8 Proposals have been developed to deliver a balanced budget for 2018/19. Budget planning for future years is underway, although funding from Partners have still to be confirmed. The IJB have been actively engaged with Partners and this plan reflects the latest position.
- 1.9 A number of areas of work have been identified to bridge the financial gap. These will be developed over the next twelve months and will be used to refresh the Medium Term Financial Plan.

2. Purposes and Approach

Key Messages

- The Medium Term Financial Plan is an important part of the 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
- The Medium Term Financial Plan will provide the financial context for the IJB, inform future decisions and a high level action plan to address the financial challenges moving forward
- This document will be used to engage with partner bodies in relation to securing funding

Purpose of the Plan

- 2.1 The Medium Term Financial Plan is an important part of the IJBs strategic planning process and is integral to the delivery of our vision and priorities as set out in the Strategic Plan whilst ensuring as an organisation that we remain financially sustainable.
- 2.2 The September 2016 Audit Scotland Report on Social Work in Scotland 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 reductions 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.
- 2.3 Within this local and national context it is essential that the IJB develops and maintains a financial plan to enable it to direct finances at the services which will deliver the greatest impact and also support a shift in the balance of care. The financial plan will also 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 that this has not only on the IJB, but also the impact on the wider system and our other Partners.

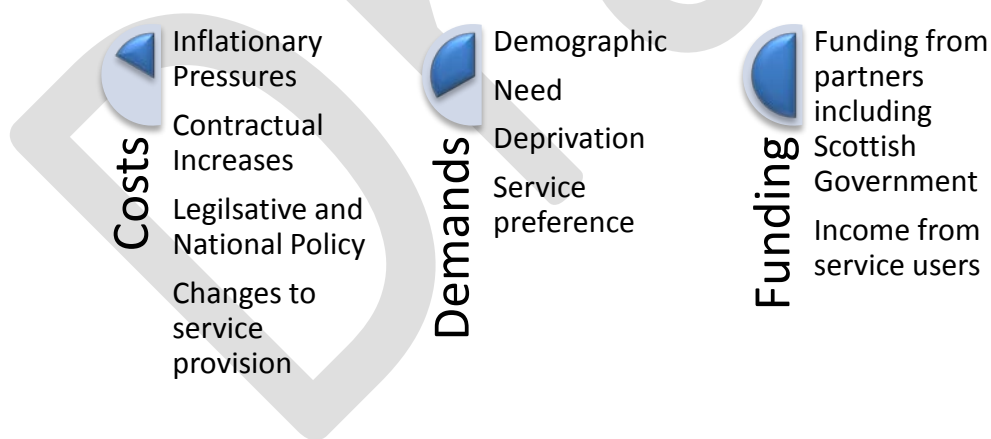
2.4 This will be the first medium term financial plan for the IJB and will provide key information on the financial position of the IJB over the next three years and whether spending is sustainable over this period of time. Crucially it will identify the financial challenges which will be faced by the IJB enabling the IJB to see the impact of current and future decisions on its medium term financial health. It will also be used to identify pressure points and inform decisions which are required to ensure the IJB remains financially sustainable.

Approach to the Development of the Medium Term Financial Plan

2.5 In preparing the medium term financial plan the following approach has been adopted:-

- The indicative 2018/19 budget has been used as the basis for the medium term financial plan
- An analysis of anticipated cost and demand pressures has been undertaken to inform future years projections
- A review of funding assumptions has also been undertaken to determine the anticipated level of funding available for service delivery
- Active engagement with partner bodies to ensure plans are prepared on the most robust information available.

2.6 The pressures which the IJB will experience can be categorised into the following main headings and have been considered to provide a robust financial plan for the future.



Benefits of the Plan

2.7 The preparation of this medium term financial plan will secure a number of benefits for the IJB:-

- it will provide the financial context for the IJB and will inform future decision making
- it provides a document which will be used for engaging with partner bodies in relation to the securing of future funding
- it will detail at a high level the plans which will require to be considered further some of which will be linked to transformation, to secure financial sustainability
 - it supports IJB decisions in relation to service commissioning

3 Financial Landscape

UK Context

- 3.1 The final March 2017 Budget by the UK Government (there will now only be one Budget per year, in late autumn), revised a number of projections around GDP. These showed an expected faster than previously reported growth in 2017/18 offset by slower growth thereafter. Some of the figures are shown below.

	2017/18	2018/19	2019/20	2020/21
GDP (real % change)	1.8%	1.6%	1.8%	1.9%
CPI (% change)	2.6%	2.2%	2.0%	2.0%
Interest Rate	0.4%	0.6%	0.8%	1.0%
Borrowing	£58bn	£41bn	£21bn	£21bn

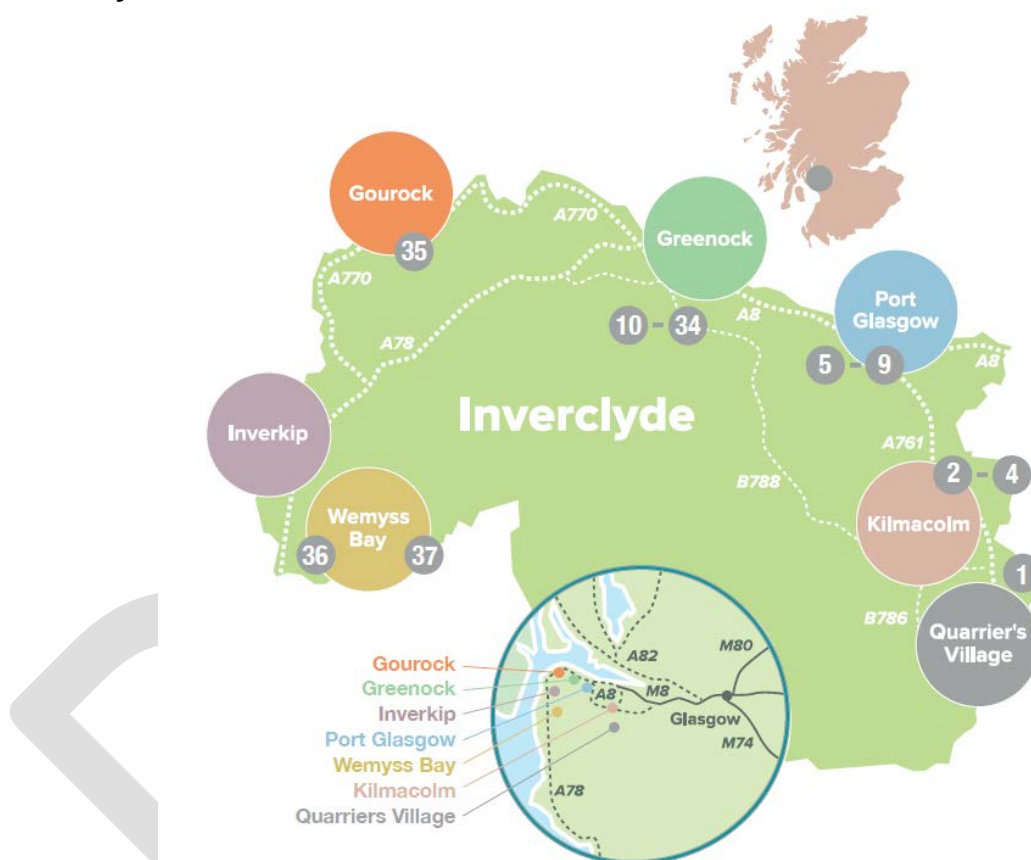
- 3.2 The UK Government will not meet its target of a balanced budget by 2021/22. This suggests some more difficult decisions are still to come. All the above forecasts are highly uncertain given the recent General Election and the on-going Brexit negotiations.
- 3.3 Despite the fluid situation it appears clear that there will be no material rises in tax rates and as such considerable pressure will remain on the Public Finances.

Scottish Context

- 3.4 The SNP manifesto contained a number of commitments which are expected to impact on IJBs and their Partners finances in the next few years. The main areas are as follows:
- NHS Budget to increase by £500m more than inflation by the end of the Parliament
 - Additional £1.3 billion in Health & Social Care Partnerships
 - To almost double the free early years provision by 2020
 - Extend payment of the Living Wage to all Social Care Workers
 - Assigantion of some income tax to Councils, increases to be capped at 3% and Reform of Council Tax
- Progress has been made on a number of these commitments but the longer term funding for some areas remains uncertain given the commitment to no increase in the basic rates of tax.

- 3.5 In addition a number of other initiatives which will impact on IJBs are planned including a review of the roles and responsibilities of and between local authorities and health boards.
- 3.6 Based on the above it is clear that the public sector faces a continued squeeze on resources for the foreseeable future which will require clear prioritisation and inevitably a review of some of the universal service provision policies at both a national and local level

4 Inverclyde Context



- 4.1 The local environment within which the IJB operates has changed significantly in recent years and will alter further in future years due to the impact of national legislation and policy, further economic turbulence, societal changes and developing customer expectations.
- 4.2 Inverclyde Council agreed that the **Single Outcome Agreement/Local Outcome Improvement Plan (SOA/LOIP)** would act as the **Community Plan** for the Inverclyde area. The current SOA came to an end in October 2017 and has been replaced by the Local Outcome Improvement Plan (LOIP). The LOIP is the high level strategic partnership document setting out the vision and direction for the Inverclyde area, as agreed by all the Inverclyde Alliance partner organisations and communities. The outcomes are based on evidence of the key issues and challenges for the Inverclyde

area and through community engagement. They set out what we want to achieve for all the communities of Inverclyde.

- 4.3 The **SOA/LOIP Outcome Delivery Plans** set out the Partnership actions and projects which will contribute to the achievement of the SOA/LOIP outcomes and are expressed through the wellbeing indicators.

Outcomes for Inverclyde

- 4.4 The focus of the Strategic Planning and Performance Management Frameworks is on addressing the main challenges facing the area, and the eight outcomes set out in the current SOA are the agreed priority areas for all partners to work together on, covering the areas of:

- Repopulation
- Successful Communities
- Economic Regeneration and Employability
- Health Inequalities
- Alcohol Misuse
- Best Start in Life for children and young people
- Environment
- Continuously improving, best value services

- 4.5 There are also a series of **wellbeing outcomes**, which the Inverclyde Alliance has adopted which have been adapted and expanded from:

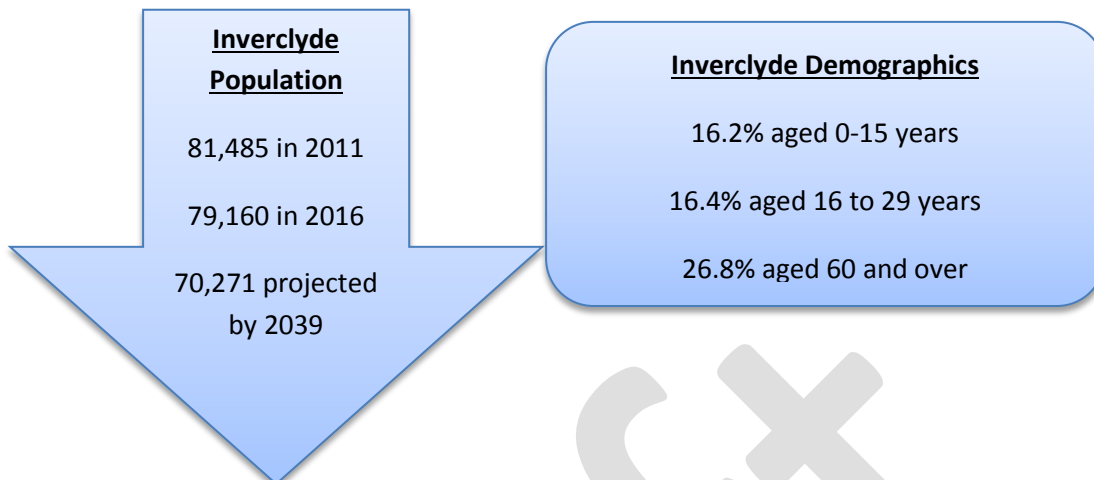
- 'Getting it Right for Every Child', to help us work towards a Nurturing Inverclyde,
- 'Getting it Right for Every Child, Citizen and Community'.

The wellbeing outcomes cover the core areas of Safe, Healthy, Achieving, Nurtured, Active, Respected, Responsible and Included

- 4.6 A key challenge for public agencies, operating in Inverclyde, over the next five years will be to ensure better alignment between available resources, across all agencies, and the outcomes identified in the new Local Outcome Improvement Plan.

Demographics and Population

4.7 The most significant challenge facing Inverclyde is depopulation and associated demographic change. Some Inverclyde population stats are shown below:



4.8 The Inverclyde percentage population in the 0 to 15 years and 16 to 29 years groups is lower than the percentage in the rest of Scotland but the percentage of our over 60s is higher than the rest of Scotland. While Inverclyde's population has been falling the population across the rest of Scotland has risen.

4.9 In the SIMD 2004, Inverclyde, locally, had 32.7% of data zones in the most deprived 15% of all data zones, however by 2006, this had increased to 38.2%. In 2012, the percentage of datazones in the most deprived 15% increased to 40.0% but reduced to 36% in 2016. The number of Inverclyde datazones in the 5% most deprived in Scotland has fallen by 3 from 14 to 11. This equates to 9.6% of all 114 Inverclyde datazones in the 5% most deprived category.

4.10 Inverclyde has the second highest concentration of deprivation in Scotland, sitting behind Glasgow.

4.11 In terms of indicators of deprivation the profile for Inverclyde differs significantly from the national picture, these include:

- 11.7% of the working age population claiming Employment Support Allowance and Incapacity Benefits. (Scotland 7.9%) at Aug 2016
- 18.9% of the working age (16-64yrs) population of Inverclyde are out-of-work benefit claimants, compared to 13.3% of the Scottish population as a whole at August 2016
- Approximately 85.9% of working age adults in Inverclyde have NVQ1 and above, or other formal qualifications. 90.2% of the Scottish population have NVQ1 and above or other formal qualifications (2015 figures)
- Median earnings for full time workers (Gross Weekly Pay) in 2016 in Inverclyde were £535. This is approximately 0.3% lower than those for Scotland as a whole (£536.6)
- Working age people account for 63% of all people in Inverclyde (2016 mid year population estimates). This is only 1% lower than for Scotland as a whole

- 4.12 Projected population changes will have an impact on all local service areas, particularly Social Care and Education, where there will be a need to actively manage the transition from current service delivery arrangements to new models that are built around the needs of the future population.
- 4.13 The deprivation profile will have major implications for services as research indicates that those most vulnerable to poverty are more likely to require greater interventions and experience greater levels of health inequalities and a targeted focus to move individuals out of poverty will come at a significant cost.
- 4.14 The predicted demographic changes also have other implications. A decline in younger economically active people and a growth in the older, more vulnerable age group can mean there will be fewer informal carers which could result in a higher dependency on our services.
- 4.15 The Christie commission report set out the future of public service reform, with a major emphasis on preventative spend and early intervention. Whilst the Council has to tackle the problems associated with poverty, health inequalities and deprivation now, it also has to look to the future, and ensure that effective intervention is put into place now, to prevent further problems from developing, which will ultimately require expensive interventions. Investment in the lives of our children and young people early on in their lives will result in a better outcomes and quality of life for them as they grow up in the Inverclyde area.

Inverclyde Integration Joint Board (IJB)



- 4.16 The IJB is ambitious about what it wants to achieve for the residents of Inverclyde. The benefits of integrated system working is already evidenced and an example of this is Inverclyde's excellent performance in 2017/18 in relation to Delayed Discharges. The IJB has also embarked on a significant change programme including the opening of the new Mental Health Inpatient facility, Orchard View, the development of a new Health Centre in Greenock as well as a number of Service Redesign projects.






4.17 The IJB has identified key values which are the focus in delivering our vision:-



4.18 Demand for health and social care is growing. Our population is changing and facing many challenges. Inverclyde is one of five local authorities with the highest concentration of multiple deprivation in Scotland, but there are significant variations both within and between communities.

4.19 We have worked hard to deliver early success and some examples can be seen below. However to date the demands on services have outstripped any financial gains which have been made as a result of the successes delivered by the IJB. The following statistics are taken from the IJBs 2016/17 Performance Report, the statistics for all 23 indicators can be seen in full in Appendix 1:

National Indicator	Inverclyde	Scottish Average	Comparison
Percentage of adults supported at home who agreed that they are supported to live as independently as possible	88.32%	83.61%	
Percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated	79.15%	75.39%	

Total % of adults receiving any care or support who rated it as excellent or good	83.68%	81.10%	
Total combined percentage of carers who feel supported to continue in their caring role	45.72%	41.18%	
Readmission to hospital within 28 days (per 1,000 population)	91.24	95.65	
Percentage of adults with intensive care needs receiving care at home	63.11%	61.56%	
Number of days people spend in hospital when they are ready to be discharged (per 1,000 population) (age 75+)	243.9	915.03	

Draft

5 Understanding the Financial Challenge

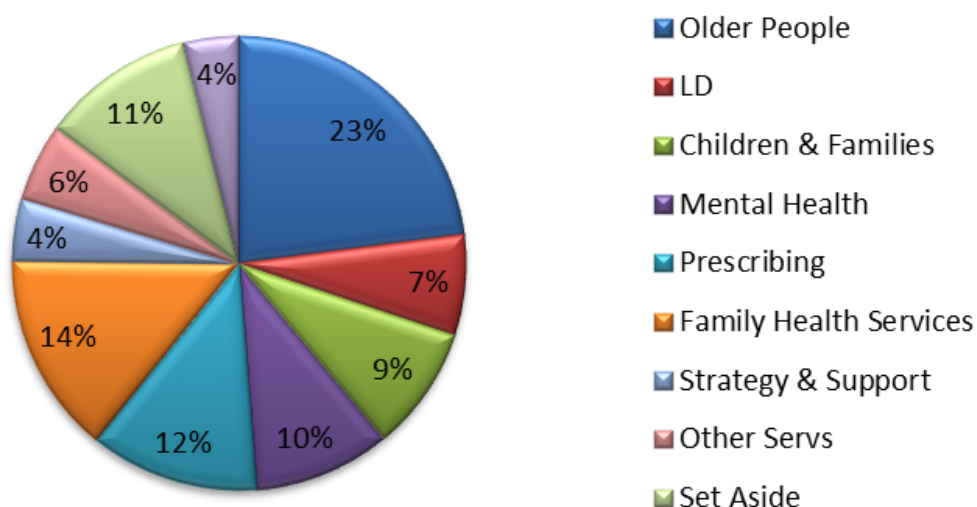
Key Messages

- The IJB has an indicative budget of £151.6m for 2018/19
- Demand and cost pressures of circa £5.5m are estimated over 2019/20 to 2020/21
- Based on partner body planning assumptions it is estimated that funding will stay broadly level over the next three years although significant savings will still be required to fund anticipated cost pressures
- Some funding for the delivery of Living Wage by the Scottish Government is assumed for future years
- Taking all of this into account and assuming no further action, the IJB will have a funding shortfall of circa £5.5m over 2019/20 to 2020/21

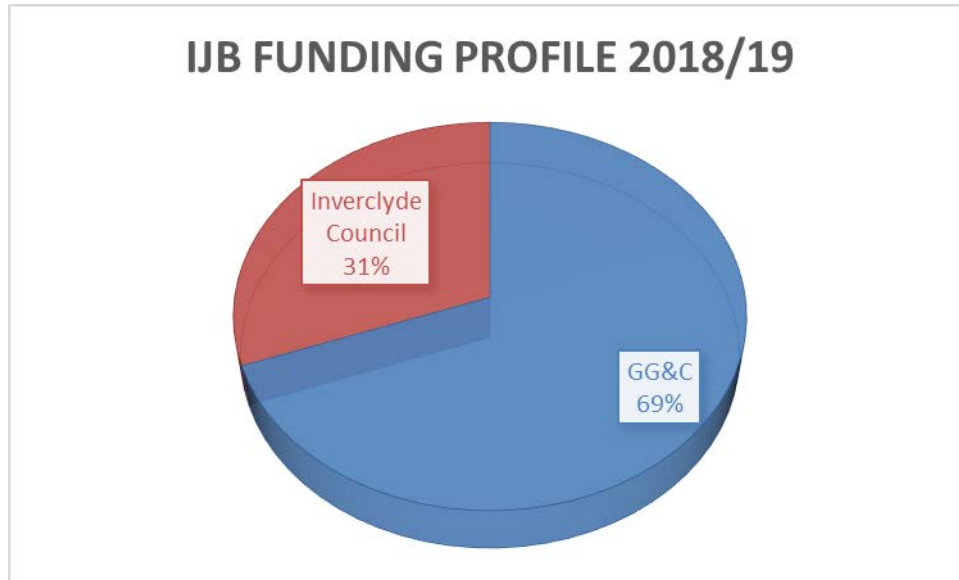
Base Line Budget

- 5.1 In 2018/19 the IJB has an indicative base line budget of £151.6m (£46.4m for Social Care, £82.9m for Health, £16.4m Set Aside and £5.9m Hosted Services) This is summarised by service area below.

IJB Spend Profile by Service Area

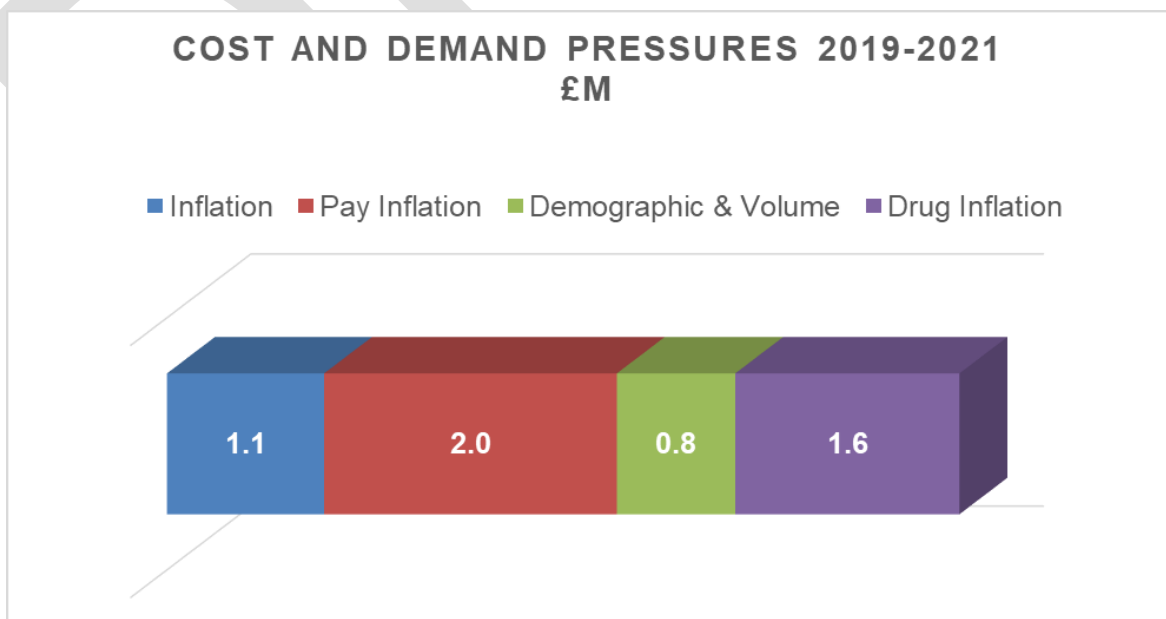


5.2 This is funded through budgets delegated from the Council, the Health Board and Social Care Fund (SCF) as illustrated below, based on 2018/19 funding:-



Understanding the Gap: Costs and Demands

5.3 A detailed analysis of costs and demands has been undertaken for the IJB and assuming nothing else changes an additional around £5.5m would be required to meet current and anticipated costs and demands for 2019/20 to 2020/21. These are illustrated below and are detailed in Appendix 2.



5.4 The main cost pressures and demands can be summarised as:-

a. Pay Inflation

The assumptions for pay reflect the current inflationary assumptions of both Partner bodies and recent removal of the public sector pay cap.

b. Demographic and Volume

Pressures unknown at this time. Significant investment in 2018/19 to cover these for Older People, Learning Disabilities and Children & Families services. Estimate based on current Council planning assumptions.

c. Inflationary Pressures

Inflationary pressures reflect anticipated annual increases to payments to third parties and in the main reflect anticipated increases to the National Care Home Contract.

d. Drug Inflation

The pressures linked to the Drug Inflation reflects the anticipated increase in drug tariffs and impact of short supply issues. Pressures have been estimated based on historic inflation increases and 2017/18 short supply issues.

Understanding the Gap: Funding

- 5.5 Partners' contributions to the IJB are contingent on the respective financial planning and budget setting processes of the Council and the Health Board and the financial settlements which each body gets from Scottish Government.
- 5.6 The IJB has engaged actively in both budget setting processes.
- 5.7 It is anticipated that, as in previous years, different approaches will be taken by the two Partner Bodies in terms of IJB funding. The Council funds some cost pressures but applies an offsetting funding reduction. The Health Board applies no funding reduction, and passes across a share of the overall uplift received but funds no pressures.
- 5.8 Inverclyde Council has indicatively agreed a target of social care savings of £0.811m for 2019/20. However, it is anticipated that, as in previous years, the Council will use this to fund cost pressures.
- 5.9 For Health, we have been advised to expect flat cash or at best a 0.5% uplift per annum. The plan is based on flat cash, a 0.5% uplift would equate to £0.370m per annum over 2019/20 to 2020/21.
- 5.10 The table below shows the overall impact of the anticipated budget pressures, funding changes and resultant savings required.

PARTNERSHIP FUNDING/SPEND ANALYSIS	Indicative Budget 2018/19 £000	Indicative Budget 2019/20 £000	Indicative Budget 2020/21 £000
NHS Contribution to the IJB	105,260	105,260	105,260
Council Contribution to the IJB	48,059	48,059	48,059
HSCP NET INCOME	153,319	153,319	153,319
NHS Expenditure on behalf of the IJB	105,260	106,640	107,880
Council Expenditure on behalf of the IJB	48,059	49,368	50,988
HSCP NET EXPENDITURE	153,319	156,008	158,868
FUNDING GAP	0	(2,689)	(5,549)

The Council contribution and expenditure figures shown above are taken from the budget paper to Inverclyde Council 15 March 2018, Appendix 4, proposed 2018/19 Contribution.

- 5.11 Taking into account the issues identified in this section and assuming that nothing else changes the financial pressures for the IJB over 2019/20 to 2020/21 will be circa £5.5m.

	£m
Inflation	1.1
Pay Inflation	2.0
Demographic & Volume	0.8
Drug Inflation	1.6
	5.5

6 Addressing the Financial Challenge – The Medium Term Plan

Key Messages

- A programme of future year savings is under development by officers and these will be brought to a future the IJB for consideration in order to bridge the anticipated gap of circa £5.5m over 2019/20 to 2020/21 a key element of this will be ongoing negotiation for funding support from our two funding partners in respect of some of the growth and demographic pressures anticipated

Addressing the Financial Challenge

- 6.1 The IJB will need to develop plans over the medium term to bridge the financial gap. A Medium Term Strategy has been developed along the following strands. These are:-
- Efficiency Savings
 - Service Redesign/Transformational Change
 - Service Reduction

Savings already considered by Inverclyde Council totalling £0.811m for 2019/20 are detailed in Appendix 3.

6.2 **Service Redesign/Transformational Change**

Despite the challenging backdrop there is a real opportunity to change things for the better. By developing our current system to be innovative and forward-thinking, making the most of new technology and supporting our people to live well for longer, we can ensure that everyone has a better experience of health and care and the opportunity to be independent for as long as possible for them.

Officers have developed proposals to deliver up to £1.293m over 2018/19 and 2019/20 from transformational change and service redesigns in the following areas.












- Housing Wardens Service
- Long Term Care Placements
- Learning Disabilities
- Mental Health & Addictions Review









6.3 **Reduction in Services**

As an IJB we have a requirement to set a balanced budget. Taking into account the cost and demand pressures, the level of funding which will be available and the level of savings which can be secured, we have no alternative but to also consider reductions in service.

- 6.4 The next steps for finalisation of this plan and future development of the plan will be
- officers to continue to develop proposals for 2019/20 to 2020/21
 - ongoing discussion and negotiation with Health Board and Local Authority partners re future cost and funding assumptions
 - IJB development session later in 2018 to consider proposals
 - Revised medium term financial plan and future years budgets to IJB for approval

Appendix 1

National Indicator		Inverclyde HSCP	Scottish Average	Comparison
1	Percentage of adults able to look after their health very well or quite well	90.00%	93.85%	
2	Percentage of adults supported at home who agreed that they are supported to live as independently as possible	88.32%	83.61%	
3	Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided	85.40%	78.82%	
4	Percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated	79.15%	75.39%	
5	Total % of adults receiving any care or support who rated it as excellent or good	83.68%	81.10%	
6	Percentage of people with positive experience of the care provided by their GP practice	87.09%	86.78%	
7	Percentage of adults supported at home who agree that their services and support had an impact on improving or maintaining their quality of life	88.39%	83.83%	
8	Total combined percentage of carers who feel supported to continue in their caring role	45.72%	41.18%	
9	Percentage of adults supported at home who agreed they felt safe	87.21%	84.23%	
10	Percentage of staff who say they would recommend their workplace as a good place to work	Indicator under development (ISD)		
11	Premature mortality rate per 100,000 persons	496.3	440.5	
12	Emergency admission rate (per 100,000 population)	14971.97	11873.75	

National Indicator		Inverclyde HSCP	Scottish Average	Comparison
13	Emergency bed day rate (per 100,000 population)	132718.06	106531.26	
14	Readmission to hospital within 28 days (per 1,000 population)	91.24	95.65	
15	Proportion of last 6 months of life spent at home or in a community setting	84.88%	86.84%	
16	Falls rate per 1,000 population aged 65+	24.73	20.96	
17	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	85.05%	82.94%	
18	Percentage of adults with intensive care needs receiving care at home	63.11%	61.56%	
19	Number of days people spend in hospital when they are ready to be discharged (per 1,000 population) (age 75+)	243.9	915.03	
20	Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency	20.64%	21.41%	
21	Percentage of people admitted to hospital from home during the year, who are discharged to a care home	Indicator under development (ISD)		
22	Percentage of people who are discharged from hospital within 72 hours of being ready	Indicator under development (ISD)		
23	Expenditure on end of life care, cost in last 6 months per death	Indicator under development (ISD)		

Anticipated Budget Pressures

Social Care Pressures	2019/20 £000	2020/21 £000	TOTAL £000	Notes
Pay Award	650	450	1,100	Assumes 2.5% and 1.7%
Non Pay Inflation incl Living Wage & NCHC	500	500	1,000	Council est at £1m pa 50% social care
Demographic & other cost pressures	159	670	829	Council est at £1m pa 2/3 social care
Estimated Social Care Budget Pressures	1,309	1,620	2,929	

Health Pressures	2019/20 £000	2020/21 £000	TOTAL £000	Notes
Pay Award	560	390	950	Assumes 2.5% and 1.7%
Other inflation	50	50	100	Similar to 18/19
Prescribing	770	800	1,570	based on 4% uplift
Estimated Health Budget Pressures	1,380	1,240	2,620	

TOTAL Estimated HSCP Budget Pressures	2,689	2,860	5,549	
--	--------------	--------------	--------------	--

Social Care Savings Proposals considered by Inverclyde Council March 2018

Proposals still to be agreed by Council & IJB	2019/20 £m
PUBLIC CONSULTATION PROPOSALS	
Income Growth through Charging Proposals for Public Consultation around increasing charges for Meals on Wheels, Meals at Day by 10% and introducing a weekly charge for Community Alarms of £3.50 in line with other Scottish Councils	0.084
	0.084
Proposals still to be agreed by Council & IJB	2019/20 £m
SERVICE REDESIGNS	
Housing Warden Service	0.058
Long Term Care Placements	0.278
Learning Disabilities	0.361
Mental Health & Addictions Redesign	0.000
Addictions Review	0.030
	0.727
TOTAL	0.811