

West Dunbartonshire Health & Social Care Partnership

Medium Term Financial Plan 2020/21 – 2024/25

Foreword

Welcome to the first West Dunbartonshire Health & Social Care Partnership (HSCP) Medium Term Financial Plan 2020/21 to 2024/25.

The medium term financial plan for West Dunbartonshire Health and Social Care Partnership (HSCP) sets out the financial outlook covering the next 5 years for the HSCP Board and the associated delivery of services through the HSCP as directed by the Board.

The HSCP are committed to working with the people of West Dunbartonshire to improve their health and wellbeing. West Dunbartonshire was an early adopter of the principles of integration in response to the 2011 Christie Report “Commission on the Future Delivery of Public Services”.

Since establishment in July 2015 the HSCP Board has worked in with its strategic planning partners across a range of activities centred around a continuous cycle of “analyse, plan, do and review” supporting collaborative system change across health and social care. This is reflected by redefining its key strategic priorities in the refreshed third Strategic Plan 2019 – 2022.

The demography of West Dunbartonshire provides specific challenges to the HSCP as changes in the populations of children and older adults (who tend to be the biggest users of universal health and care services) means that we have a relatively unique challenge in planning our services and ensuring that we meet national outcomes.

The HSCP is clear about the significance of the challenges ahead and we are planning for the future through our Strategic Plan and Commissioning Plan. This medium term financial plan will assist in the strategic planning process and will allow the HSCP to take informed decisions when planning for the future and ensuring financial sustainability in the medium term.

Allan Macleod
Chair of the HSCP Board

Beth Culshaw
Chief Officer

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Executive Summary

This is the first Medium Term Financial Plan to be prepared since the West Dunbartonshire Health & Social Care Partnership (HSCP) Board was established on the 1 July 2015 as the Integration Authority for West Dunbartonshire.

The five year planning period 2020/21 – 2024/25 will be extremely challenging to the HSCP Board as it seeks to balance increasing service demands and costs against public sector spending constraints.

West Dunbartonshire has the joint third highest number of data zones in the 20% most deprived in Scotland and the gap between the most deprived areas compared to the least deprived areas is widening. Overall life expectancy is poor in comparison with Scotland as a whole and in addition population projection is complex. As West Dunbartonshire's older population increases overall population growth is lower than many other local authority areas which is likely to generate continued reductions in Scottish Government funding.

The HSCP worked with the Scottish National Burden of Disease Team to inform the Strategic Needs Assessment and to provide a deeper understanding of the demographic, health and deprivation profile of the area. The information produced lays out the scale of the challenge and provides a clear imperative for major transformational change across the existing health and social care system.

West Dunbartonshire HSCP Board is responsible for planning and overseeing the delivery of a full range of community health and social care services. The annual revenue budget for 2020/21 is £167.392m (subject to Board approval) and this will be spent delivering a range of health and social care services across West Dunbartonshire.

The financial plan sets out the forecasted income and expenditure for the HSCP Board based on a single year (2020/21) agreed budget from our partners; West Dunbartonshire Council and NHS Greater Glasgow and Clyde Health Board. Financial information for the following four years to 2024/25 is based on assumptions around pay inflation, service demand, demographic changes and prescribing pressures. While the plan covers the period 2020/21 to 2024/25 it also provides indicative financial data for the period 2025/26 to 2029/30.

West Dunbartonshire HSCP Board are committed to addressing the challenges not just in the following five year period but also in the longer term, managing demand within the financial constraints of public sector spending by transforming services in partnership with the people of West Dunbartonshire. Whilst the Strategic Plan is ambitious in addressing the needs of its population it also recognises that it is resource bound.

The HSCP Board is clear that it needs to be as financially well placed as possible to plan for and deliver services in a difficult financial climate, whilst maintaining enough flexibility to adapt and invest where needed to redesign and remodel service delivery moving forward depending on the funding available to us in future years.

As part of West Dunbartonshire's wider Community Planning Partnership the HSCP Board will support the vision for resilient communities with active, empowered and informed citizens who feel safe and engaged to be a main contributor to service change across health and social care.

The Medium Term Financial Plan outlines the financial challenges and opportunities that HSCP faces over the next five years. It will assist the HSCP Board in considering the totality of the financial resource expected to be received from our funding partners and how they can be deployed to support the delivery of the Strategic Plan and provides a framework to support financial sustainability.

Included within the Medium Term Financial Plan is a range of key assumptions which are subject to a significant degree of uncertainty. In order to test the assumptions used in the modelling of three scenarios (Best, Likely, Worst) sensitivity analysis was undertaken to calculate the financial impact of any material change on current assumptions. This strategy will be continually kept under review with appropriate adjustments being made as current assumptions become clearer.

While the position for 2020/21 is of a balanced budget the Medium Term Financial Plan estimates annual cost pressures of between £25.8m to £41.4m with an indicative cumulative budget gap from "best" to "worst" of between £9.5m to £31m for the period to 2024/25 which the HSCP will need to address.

Purpose of the Medium Term Financial Plan

The purpose of the Medium Term Financial Plan is to inform strategic priorities direction, supported by a practical framework and explicitly defined parameters and allow the HSCP Board to consider and plan for medium term financial issues by providing early sight of pressures arising from areas such as: Scottish government grant funding reductions; service demand changes; demographic change; legislative change etc.

The Financial Plan aims to pull together in one place all known factors affecting the financial outlook and sustainability of the HSCP in the medium term. This will assist the HSCP Board's delivery of planned outcomes for our communities by linking directly to the financial plans for the future and their response to any financial challenges identified which threaten the achievement of these outcomes are managed and prioritised in an orderly manner.

The HSCP Board will face significant financial challenges over at least the next five years. It is therefore likely that difficult choices will continue to be required, including service retraction – this Plan provides a practical framework within which choices will be identified, debated and approved.

To provide clear and consistent direction for the HSCP Board, the following objectives have been identified for the Financial Plan – it will ensure that:

- the HSCP Board has all available information to assist in setting a comprehensive balanced budget;
- resources are allocated and deployed to facilitate delivery of the outcomes set out in the strategic plan. This takes account of the functions and services provided by the HSCP which are of a statutory nature as well as those services provided due to local need;
- all key strategic decisions on the allocation and deployment of resources are made within the appropriate financial context, with due regard to levels of risk;
- board members are able to take full account of the impact of decisions on the overall financial resources of the HSCP in the short and medium;
- the HSCP Board has flexibility to address new policy requirements, or significant changes to existing policies, within overall available financial resources;
- resources are invested effectively, efficiently and on sustainable basis;
- there is an ongoing focus on securing efficiencies across the organisation; and
- there is an increased level of understanding on behalf of the wider community with regard to the finances of the HSCP.

The primary financial challenges facing the HSCP Board over the period of this plan will be delivering a coherent, balanced budget year on year. This will require the HSCP to continuously review existing and revised service delivery arrangements to determine if they are effective, efficient and sustainable, consider alternative methods of service delivery where appropriate and proactively identify opportunities to secure efficiencies or reduce service provision.

There is no doubt that the information generated through this process will result in options that require hard choices – one of the main challenges for the HSCP Board over the next few years will be that, once chosen, these options will often require a lead-in period prior to implementation.

If the Financial Plan is to be successful, and achieve the objectives outlined, it must be a dynamic, living document reviewed on a regular basis.

This Financial Plan is about making sure we have sufficient resources in place when required to deliver the outcomes we want to achieve for the communities of West Dunbartonshire. This will link in with development and refinements of our workforce plan, property strategy, commissioning plans and charging policy.

The Financial Plan undertakes some sensitivity analysis to provide a picture of best case, worst case and likely case in terms of financial projections. This allows the HSCP Board to see the risk associated with the range of variables within the financial issues/pressures identified.

The Plan will also provide information to a range of stakeholders as detailed in Table 1 below.

Table 1 – Stakeholder Information

Stakeholder	Purpose of Financial Plan
For the HSCP Board and Board Members	to decide how available financial resources will be used and prioritised
For Chief Officer, Senior Management Team, managers and employees	to reinforce and support their roles in financial management arrangements
For service users	to show how the HSCP Board's Financial Plan impacts upon service provision
For partners and stakeholders	to share the HSCP Board's vision and help identify opportunities for joint working

Inevitably some of the information of the Financial Plan will be based on assumptions and these will change over time - the Plan will be reviewed and updated regularly so that the HSCP Board can respond proactively to any such changes. This is particularly the case the longer into the future the projections are taken.

The associated strategic planning process will ensure there is a clear linkage between the strategic planning and budgeting processes.

This will also allow services to plan ahead, taking into account the resources available over the next five years to provide Board members, management and service users information as to measures that require to be taken in year one, detailed indicative figures for years two and three of the plan, and less certain medium term projections out to year five and beyond.

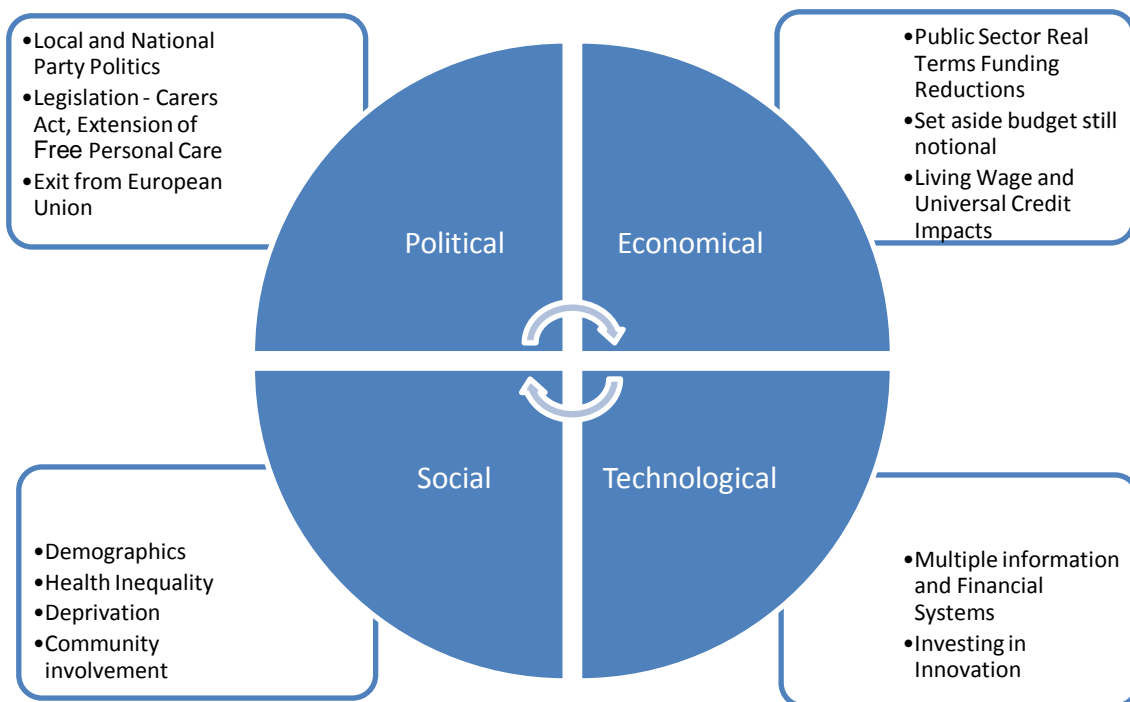
A key element of the plan's development is to proactively identify opportunities to achieve efficiencies or secure alternative funding sources in assisting to fund the HSCP's priorities and objectives.

Development of the Medium Term Financial Plan

West Dunbartonshire Health & Social Care Partnership (HSCP) Board was established on the 1st July 2015 as the Integration Authority for West Dunbartonshire.

It is responsible for the strategic planning and reporting of a range of health and social care services delegated to it by NHS Greater Glasgow & Clyde Health Board and West Dunbartonshire Council (which are described in full within its approved Integration Scheme).

The HSCP Board is operating in a climate of uncertainty and continuing change across the political, social, economical and technological landscape. Short term (one year) financial settlements coupled with new demand pressures has meant that much of the financial focus has been on the present. However the delivery of transformational change must be supported by a longer term financial strategy and the Medium Term Financial Plan is the critical link between the HSCP Board's financial strategy and its plans for service delivery.



The Medium Term Financial Plan underpins the Strategic Plan and is integral to the delivery of our priorities ensuring that the reality of the financial landscape is balanced against our aspirations for working with the people of West Dunbartonshire.

Robust financial planning is especially important in this current climate of public sector financial austerity. The Medium Term Financial Plan's purpose is to allocate finite financial resources over time, considering the impact of a range of factors, allowing the HSCP Board to achieve its goals and also to support the annual budget process.



COST DRIVERS



Audit Scotland's second report (published in November 2018), in a series of three planned reports on Health and Social Care Integration, focussed on the progress to date of Integration Authorities (IAs). While it recognised IAs have started to introduce more collaborative ways of delivering services and have made improvements in several areas, including reducing unplanned hospital activity and

delays in discharge, there were still several significant barriers slowing down the pace of change.

It highlighted that financial pressures make it difficult for IAs to make sustainable changes to the way services are delivered. However financial planning was not integrated, long term or focused on providing the best outcomes for people who need support.

The report recommended that the Scottish Government, COSLA, Councils, NHS Boards and Integration Authorities should work together to:

- Support integrated financial management by developing a longer-term and more integrated approach to financial planning at both a national and local level. All partners should have greater flexibility in planning and investing over the medium to longer term to achieve the aim of delivering more community-based care; and

Integration Authorities, Councils and NHS Boards should work together to:

- View their finances as a collective resource for health and social care to provide the best possible outcomes for people who need support.

Within this context of local and national expectations it is essential that the HSCP Board develops and maintains a medium term financial plan and extends to the longer term going forward.

This first Medium Term Financial Plan will provide the HSCP Board the opportunity to consider the impact of a range of potential financial challenges and pressure points and inform decisions on addressing future funding gaps to ensure the HSCP remains financially sustainable.

This strategy therefore not only projects budgets for at least five into the future but also provides indicative financial data for the period to 2029/30. The further away from the current date those projections go the less certain the projections become, however they will allow the HSCP Board to consider longer term views and options.

In preparing the financial plan the following approach has been adopted:

- The 2020/21 base budget has been used as the basis for the medium term financial plan;
- A detailed analysis of costs and demand pressures has been undertaken to inform projections for the next five years with a range of assumptions used to provide indicative figures for the period to 2029/30;

- Some sensitivity analysis is used to highlight the risks associated if assumptions change around the key cost drivers; and
- Active engagement with West Dunbartonshire Council, NHS Greater Glasgow and Clyde Health Board and the other five HSCPs within the Greater Glasgow and Clyde boundaries, has taken place to ensure plans are prepared with the most robust information available.

Benefits

The financial plan will deliver a number of benefits to the HSCP Board including:

- Resources are allocated to deliver on the outcomes set out in the Strategic Plan;
- Members are able to make informed decisions based on the totality of the financial resource and the level of risk in the short, medium and longer term;
- Providing a basis for engaging with partner bodies in relation to annual budget setting negotiations;
- Supporting members decision making in relation to service commissioning and procurement with external providers and the third sector; and
- Identifying the service improvements required to provide effective and efficient services to secure financial sustainability.

The value of such a Plan is that it should enable the HSCP Board to understand the wider policy and financial environment, within which it operates, identify and respond flexibly to opportunities and threats, manage and mitigate risks and ensure that financial resources are contributing to achieving corporate objectives.

National Context

In 2011, following on from the publication of Christie's "**Commission on the Future Delivery of Public Services**", the Scottish Government's "2020 Vision" provided the strategic narrative and context for taking forward the reform to improve efficiency and achieve financial sustainability.

***2020 Vision** - By 2020 everyone is able to live longer healthier lives at home, or in a homely setting*

Having an integrated health and social care system is a key outcome to this vision and the "Public Bodies (Joint Working) (Scotland) Act 2014" is the legislation that underpins the role and function of Integrated Joint Boards.

Integration Authorities operate in a complex and constantly changing environment driven by the Scottish Government's expectations on the delivery of **national outcomes** around health and social care as well as statutory obligations, legislative and policy requirements, performance targets reporting and multi layered governance structures. There are **nine national health and wellbeing outcomes** which apply to integrated health and social care:

1. People are able to look after and improve their own health and wellbeing and live in good health for longer.
2. 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.
3. People who use health and social care services have positive experiences of those services, and have their dignity respected.
4. Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.
5. Health and social care services contribute to reducing health inequalities.
6. People who provide unpaid care are supported to look after their own health and wellbeing, including to reduce any negative impact of their caring role on their own health and well-being.
7. People who use health and social care services are safe from harm.
8. 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.
9. Resources are used effectively and efficiently in the provision of health and social care services.

To assure the citizens of West Dunbartonshire that financial resources are being used appropriately to support the commissioning of services an understanding of the national context is essential when developing a medium term financial plan.

The Economy

The Global, United Kingdom and Scottish economies all have an impact on the day to day lives of the citizens of West Dunbartonshire, including earnings, taxation, employment and the funding available to support public sector services.

The uncertainties of Britain's exit from the European Union weigh heavily on the economic outlook and while predictions vary, until there is a clear understanding of the UK's future trading relationship with Europe and the rest of the world, forecasts for growth remain fragile. Add to this the emerging worldwide response to halting the spread of the Covid-19 pandemic and its devastating impact on families, health and social care services including disruption to the medicines supply chain and global markets, all current predictions on economic growth, plans for taxation both in a national context and devolved tax raising powers of the Scottish Government will require significant revision.

However this first Medium Term Financial Plan for the HSCP Board is based on current Scottish Government plans and financial frameworks.

The Scottish Government has through its **Health and Social Care Delivery Plan** (2016) set out key reform programmes including how Health and Social Care Integration will have a focus on prevention, early intervention and supported self-management. This was followed in October 2018 with its **Medium Term Health and Social Care Financial Framework**.

This framework tracks historical expenditure growth rates in health and social care expenditure over the 10 years from 2006/07 to 2016/17 within the context of service demands and the significant investment in Community Health Services to support policy decisions. This includes additional funding dedicated to primary care (including GP services) and mental health as well as the re-investment of shifting the balance of care, meaning that a greater proportion of care is provided in a setting close to a person's home rather than in hospital.

While increase in expenditure can be tracked to increased activity levels across the sectors, especially the elderly population and keeping people at home for longer, it is seeing full evidence of "gains in productivity" i.e. are health and social care delivering more with the money received or are the additional funds covering the impact of policy decisions around payment of the Scottish Living Wage to adult social care workers and other legislative requirements?

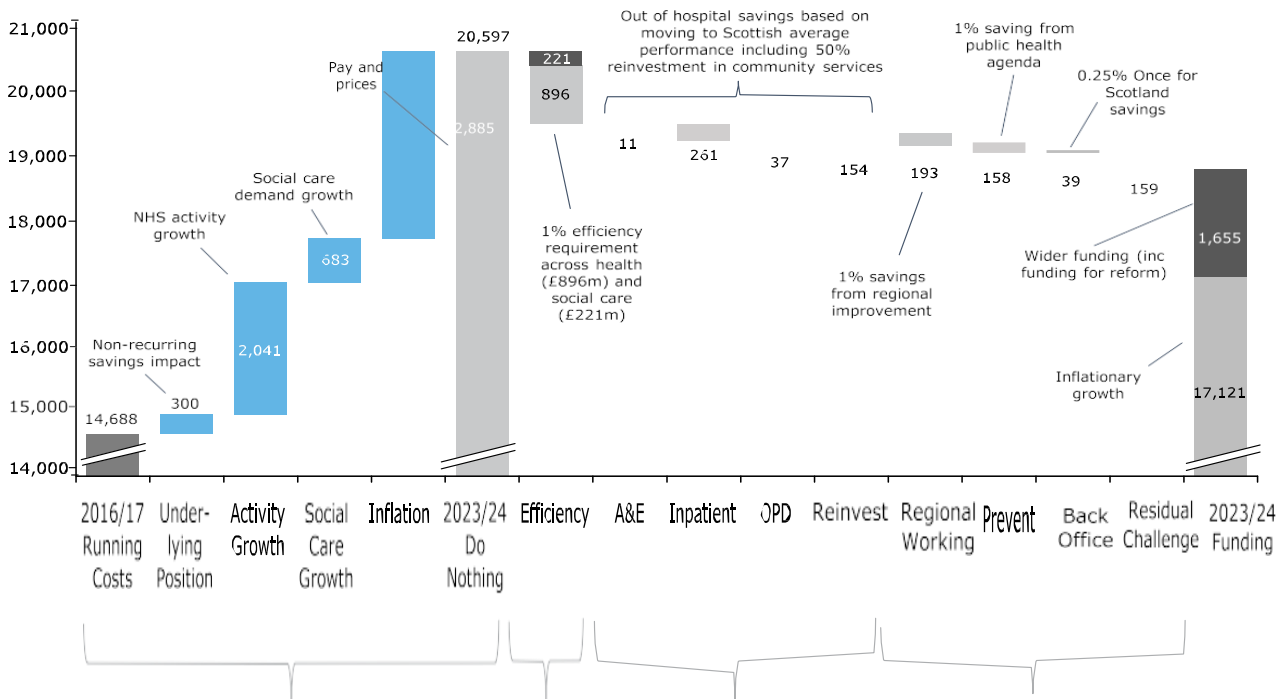
The key messages of the Medium Term Health and Social Care Financial Framework are summarised below, but what is very clear is that if the current system does not adapt and change the net increase in costs to health and social care services across the medium term are not sustainable. The framework sets out a

number of approaches and initiatives to address this challenge through investment, reform and efficiency.

Key assumptions and messages also illustrated in graph below:

- The drivers for growth are recognised as price, including pay and inflation, activity demand and growth and demographic impacts. The combined impact on each partner are is estimated at an annual growth rate of:
 - Health services – 3.5%
 - Social Care – 4% which is slightly higher recognising the impact that the very elderly have on demographic pressures.
- With additional investment in Primary, Community and Social Care Services, shifting care out of a hospital saving will release savings – 50% of which should be redirected back to IAs through their strategic commissioning plans;
- Regional working and Once for Scotland should produce 1% and 0.25% of productivity savings respectively;
- Public Health and Prevention should result in 1% reduction in demand;
- Annual Health Board Savings Plans should produce a 1% reduction in cost;
- From the 2016/17 baseline of £14.7 billion of running costs over the period to 2023/24, if nothing changes the costs will be £20.6 billion an increase of £5.9 billion;
- Based on assumed Barnett resource consequentials and assumptions on reform initiatives and ongoing efficiency savings total funding would only increase by £4.1 billion by 2023/24;
- When all assumptions are taken into account the residual challenge for the period is estimated at £159m.
- The framework will be revised to reflect progress and future iterations will include assessment of local and regional delivery plans.

Illustration 1: System Reform Bridging Analysis (£m)



UK and Scottish Government legislation and policies and how they are funded have implications on the HSCP and how and where we use our funding over time.

Current examples include:

- Withdrawal from the European Union – specific concerns around workforce status and staffing gaps, disruption to medicines and healthcare consumables supply chain and increase in tariffs;
- Free Personal Care to Under 65's – risk of new and increased demand exceeding funding;
- Carers Act (Scotland) 2016 – allows carers an assessment in their own right which may increase demand for respite and other supports;
- Primary Care Improvement Plan – supporting the new GP contract and new community based services;
- Mental Health Action 15 – additional 800 MH workers nationally; and
- Fair Work Practices including payment of the Scottish Living Wage

Local Context

West Dunbartonshire is a diverse area with a rich industrial heritage still evident in our local communities today. Across the main areas of Clydebank and Dumbarton we see diversity from the densely populated urban centre of Clydebank to the more rural setting of the Loch Lomond and Trossachs National Park, sitting in and beyond the northern edge of the authority boundary.

West Dunbartonshire has around 45,000 households; and just less than 25% of these homes are Council owned. Over the next 20 years it is estimated that households headed by over 60s will increase, as will the number of lone person households. At the same time, the number of larger households is projected to fall.

To assess need, prioritise and plan how to deploy resources the HSCP has two identified localities of Alexandria/Dumbarton and Clydebank.

Demographics and Demand Pressures

The population of West Dunbartonshire accounts for 1.7% of the total population of Scotland and is currently estimated at 89,676 with the gender split of the population recorded as 47.7% for males and 52.3% for females.

West Dunbartonshire population projections indicate that the age groups 65+ and 75+ will increase up to 2037 with other age bands decreasing which will have an overall impact on the dependency ratio. The dependency ratio is a measure of the proportion of the population seen as economically 'dependant' upon the working age population. The definition generally used in Scotland is: 'those aged under 16 or of state pensionable age, per 100 working age population.

The Scottish Indices of Multiple Deprivation (SIMD) 2020 data shows that 40% of West Dunbartonshire's 121 data zones are in the most deprived 20% of all data zones in Scotland. West Dunbartonshire has the joint third highest number of datazones in the 20% most deprived in Scotland. However this increases to second highest number of datazones when looking at the 40% most deprived in Scotland.

The datazone which is the most deprived in West Dunbartonshire is within the Clydebank locality area of Linnvale and Drumry and the Multi member ward of Clydebank Central. It has become relatively **more deprived** since 2016. The datazone which is the least deprived is within the Dumbarton/Alexandria locality area of Dumbarton East and Central and the Multi member ward of Dumbarton. It has become relatively **less deprived** since 2016.

To provide a deeper understanding of the population figures, the HSCP worked with the Scottish Burden of Disease epidemiology study, which is based on an internationally recognised approach used to quantify the difference between the ideal of living to old age in good health and the situation where healthy life is shortened by illness, injury, disability and early death.

Overall the population projections indicate changes to the three key life stages of children, adults and older people as illustrated in Table 2 below.

Table 2 – Projected Changes in Population to 2024/25

Age Ranges	2019	2020	2021	2022	2023	2024	% change
0-15	15,996	16,041	16,029	16,022	15,973	15,876	-0.76%
16-24	8,845	8,685	8,600	8,507	8,500	8,572	-2.82%
25-64	48,119	47,980	47,673	47,385	46,966	46,533	-3.29%
65-74	9,514	9,734	9,987	10,021	10,141	10,350	9.15%
75-90	7,202	7,253	7,375	7,638	7,894	8,060	12.17%
	89,676	89,693	89,664	89,573	89,474	89,391	-0.32%

For example there is a decrease in the projected proportion of children and working age group and an increase in the proportion of people for pensionable age with an overall projection of population decline of 0.32% to 2023 and 7% to 2037.

The overall forecast is in contrast to the projection for Scotland overall whereby the population in Scotland is projected to increase by 3% by 2024 and by 7% by 2037. This will mean that as an overall percentage of the Scottish population West Dunbartonshire could reduce from 1.7% to around 1.5% impacting on the share of overall Scottish Government funding that comes to West Dunbartonshire.

The Health and Social Care Partnership has experienced exceptional demand for services, especially in the delivery supporting children and young people and supporting our older, frailer residents and it is anticipated that projected changes in population will increase this demand further.

While not all older adults will require health and social care it is reasonable to assume that many will. In contrast it cannot be assumed that the projected reduction in the numbers of children and young people will lead to a reduction in the costs of care within this age group as the types of cases being presented are increasingly complex.

Our Budget

The HSCP Board is responsible for the financial governance of the budgets delegated to it by our partners West Dunbartonshire Council and NHS Greater Glasgow and Clyde Health Board.

The HSCP Board receive regular financial performance reports which allow members to scrutinise how public money is being used and to ensure that financial resources are used efficiently and effectively and are being directed to services that will deliver on local and national outcomes. West Dunbartonshire Health and Social Care Partnership vision is **improving lives with the people of West Dunbartonshire** which is implemented through delivery of our **Key Strategic Priorities**:

- Early Intervention
- Access
- Resilience
- Assets
- Inequalities

These have been shaped by our Annual Performance Report for 2018/19; our Strategic Needs Assessment, which illustrates the growing complexity of need and demand within our diverse local communities; our active engagement with stakeholders at locality, community planning and national levels; and our understanding of the broader policy and legislative context.

Increasing demand and improving performance has had to be considered within limited financial resources and the requirement for the HSCP Board to agree on a programme of savings across both health and social care budgets across a number of years. The impact of previously approved savings are reflected in the 2020/21 revenue budget together with the impact of all known cost drivers and the funding allocations from our partners West Dunbartonshire Council and NHS Greater Glasgow and Clyde Health Board.

The revenue budget for 2020/21 to deliver our strategic priorities is £167.392m, including criminal justice and budgets managed by West Dunbartonshire Council on behalf of the HSCP but excluding the set aside notional budget allocation of £28.694 million. Included within that figure are baseline and management adjustments totalling £2.381m. This budget may change during the year for any additional funding or adjustments to our recurring base funding.

The charts below details how this funding is allocated across: the main care groups, subjective groups and the funding source.

Chart 1 - Budget allocation of £167.392m across Care Groups

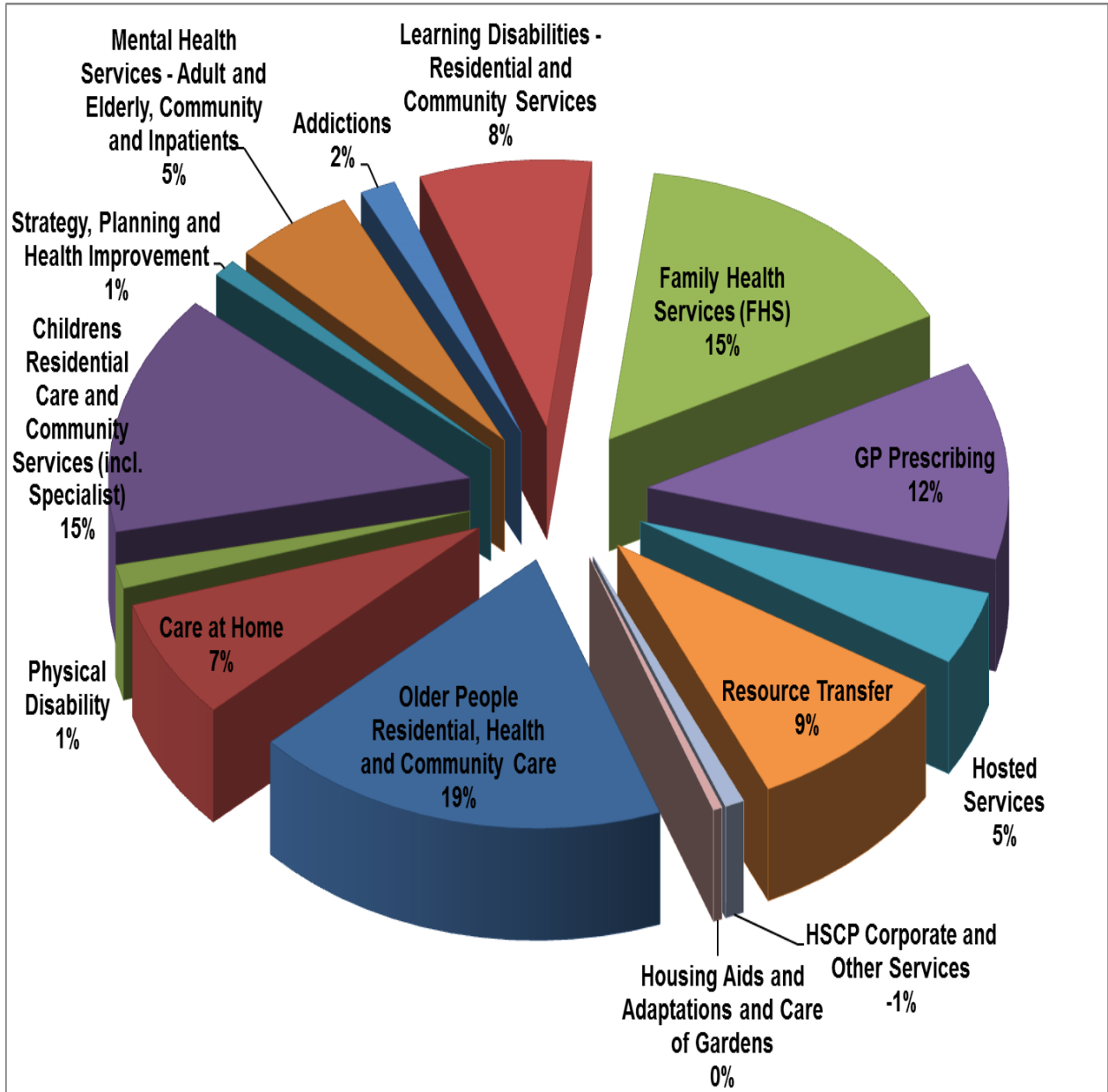


Chart 2 – Budget allocation of £167.392m across Subjective Spend Categories

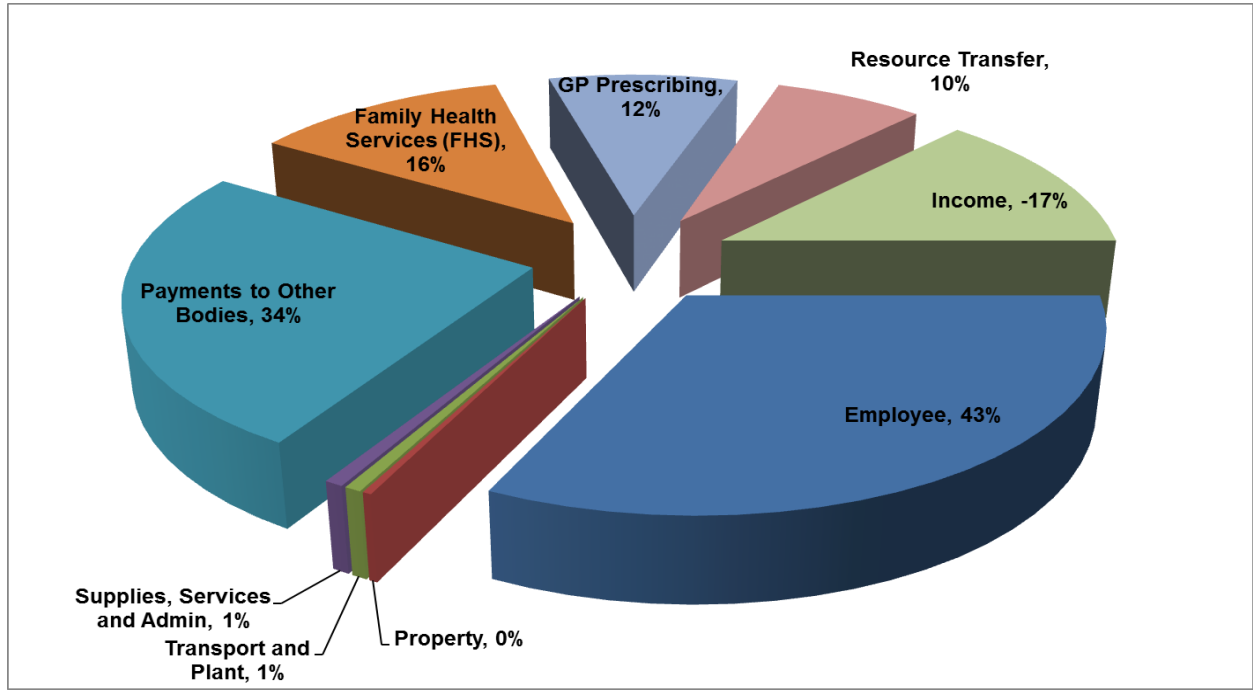
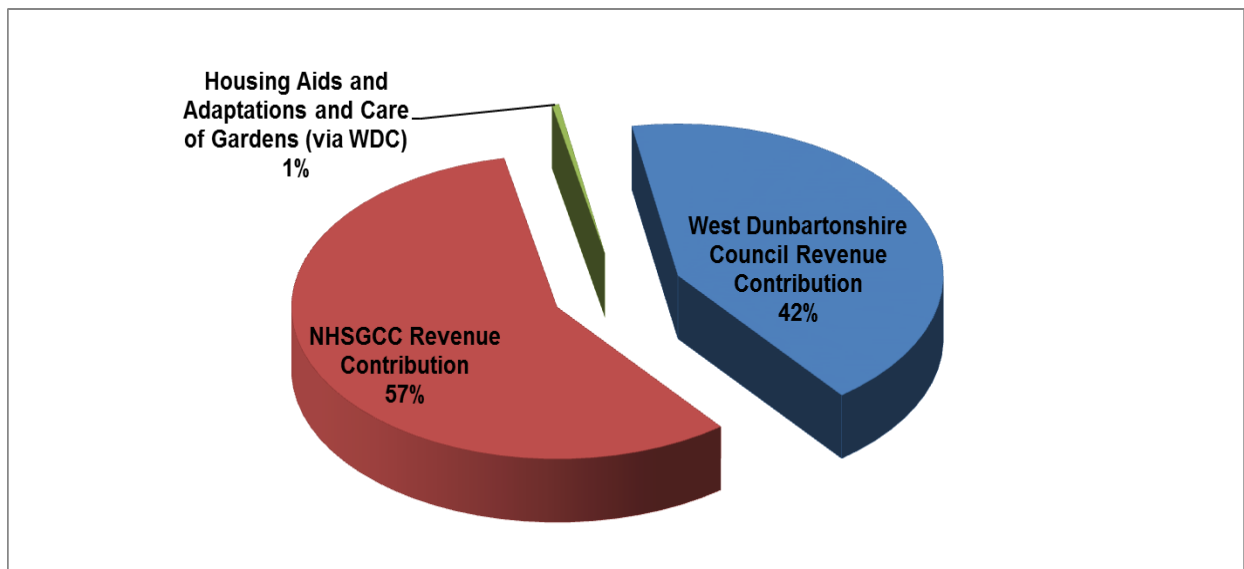


Chart 3 – Funding allocation of £167.392m across Partner Organisations



West Dunbartonshire Health & Social Care Partnership hosts the Musculoskeletal (MSK) Physiotherapy Service and a programme of retinal screening on behalf of NHS Greater Glasgow and Clyde area across the whole area. Table 3 below shows how the 2018/19 cost (as per the WDHSCP Audited Accounts for 2018/19) relates to the use of the services by all HSCP within the NHSGCC area.

Table 3 - Services Provided to Other IJB's Hosted by WDHSCP

Services Provided to Other IJB's within NHSGCC Hosted by West Dunbartonshire HSCP	2018/19 £m
Glasgow	3.568
East Renfrewshire	0.487
Renfrewshire	0.974
Inverclyde	0.445
East Dunbartonshire	0.581
Net Expenditure on Services Provided	6.055

Similarly each of the other 5 HSCPs hosts one or more services on behalf of the other HSCPs. Table 4 below shows the 2018/19 cost of our population's consumption of those services.

Table 4 – Services Provided to WDHSCP by Other IJBs within NHSGCC

Services Provided to West Dunbartonshire HSCP by Other IJB's within NHSGCC	2018/19 £m
Oral Health	0.617
Learning Disability	0.570
Continence	0.286
Sexual Health	0.563
Mental Health Central Services	0.507
MH Specialist Services	0.924
Addictions - Alcohol and Drugs	1.048
Prison Healthcare	0.763
Health Care In Police Custody	0.189
General Psychiatry	3.329
Old Age Psychiatry	1.674
Podiatry	0.521
Primary Care Support	0.298
Net Expenditure on Services Provided	11.289

Under current arrangements there are no financial transactions between HSCPs for hosted services, with the tables showing costs for information and allowing us to

understand the total system wide costs of our population use of services; however this arrangement may change in future years.

Included within the 2020/21 revenue budget is specific funding streams detailed in Table 5 below to help deliver on these commitments. This funding is committed to continue over the period of this Strategic Plan.

Table 5 - Additional Investment

Scottish Government Funding	2020/21	2021/22	2022/23	2023/24	2042/25
	£000	£000	£000	£001	£002
Primary Care Improvement Fund	2,100	2,900	TBC	TBC	TBC
Mental Health Action15	439	585	TBC	TBC	TBC
Alcohol and Drug Partnership	311	311	TBC	TBC	TBC
Free Personal and Nursing Care for Under 65	485	485	485	486	486
Implementation of the Carer's Act	386	386	386	386	386
Investment in Integration *	2,907	2,907	2,907	2,907	2,907
Total	6,628	7,574	3,778	3,779	3,779

The set aside budget is set at £28.694m (subject to NHSGCC Board approval) and is West Dunbartonshire's share of the health board's resource to meet the costs of unscheduled care or emergency admissions to hospital. While the set aside budget is part of the HSCP's total financial resource, the acute hospital sector delivers the care and spends the money. Successful delivery of the strategic priorities will reduce demand in unscheduled care allowing savings to be re-invested in community based services.

Medium Term Financial Outlook

It is anticipated that the public sector in Scotland will continue to face a very uncertain medium to long term financial outlook. The five year financial planning period 2020/21 – 2024/25 will be extremely challenging for the HSCP Board as it seeks to balance increasing demand against diminishing resources and new developments within the additional investment received.

While future funding settlements are uncertain, both of our partners West Dunbartonshire Council and NHS Greater Glasgow and Clyde Health Board have set out the anticipated scale of their funding challenges in the medium to long term, including savings targets for the HSCP Board. This coupled with increasing demand for services will require careful assessment, but early scenario planning would suggest the scale of the savings challenge could range from 5% to 7.5% of the HSCP Board's current resources.

This **medium term financial plan** is centred on financial sustainability and service redesign. In order to understand the scale of the financial challenge a detailed analysis of costs and demands is required including:

- Pay inflation and pension costs – uncertainty around pay settlements for public sector workers and additional investment in pension schemes;
- Demographics – reflecting the increases in over 65+ and over 75 years population often coping with a range of health conditions against a challenging social and economic climate;
- Contractual price increases – commitment to adhering to the National Care Home Contract and to deliver Scottish Living Wage to adult social care workers employed by our third sector and private providers; and
- Prescribing Costs – inflationary increases, short supply issues and treatment of complex health conditions.

With growing costs and demands the financial plan will reflect how we can work with the people of West Dunbartonshire by focussing on some key themes including:

- Better ways of working – integrating and streamlining teams including the benefits of information technology to deliver services more efficiently will release financial savings and protect front line services;

- Community Empowerment - support the vision for resilient communities with active, empowered and informed citizens who feel safe and engaged to be a main contributor to service change across health and social care;
- Prioritise our services – local engagement and partnership working are key strengths of the HSCP. We must think and do things differently and find new solutions to providing support to those who need it; and
- Service redesign and transformation – build on the work already underway redesigning support to people to remain or return to their own homes or a homely setting for as long as possible. This will be across all care groups including older people, learning, physical and mental disabilities and children and families, in partnership with Housing services, third sector and local providers.

The priorities for the HSCP form the basis for the commissioning of services; and are informed by the strategic needs assessment and integrated performance framework of the HSCP.

In partnership with West Dunbartonshire CVS, as the local third sector interface (TSI), and Scottish Care the approach was developed as a model of local market facilitation across older people, adults, and children's services – with the shared emphasis on improving quality and outcomes. This reinforces the expectations of the national clinical and care governance framework in relation to co-ordination across a range of services - including procured services - so as to place people and communities at the centre of all activity relating to the governance of clinical and care services. The Consortium provides a framework for all partners; with clarity of roles, responsibilities, expectations and opportunities for each sector partner described within the context of market facilitation.

To ensure a more measurable approach, a Contract Management Framework is being developed; further clarifying the responsibilities and roles of strategic commissioning and contract management within the entire HSCP across all services alongside the Council's Procurement Team.

The approach will be embedded with Service Managers supporting a streamlined and consistent contract monitoring approach across the HSCP and wider partners. This aligns more clearly to the direction of travel for the Care Inspectorate inspection processes in terms of a self evaluation quality improvement framework aligned to quality headings.

The funding pressures over the next 5 years relate to demand for services, either from legislative changes or changes in population, inflationary increases and any changes in regulation or legislation. Prescribing is a particularly volatile area as in

addition to cost and demand changes this can also be impacted by short supply of drugs, new drugs to the market, existing drugs coming off patent and other price mechanism changes.

Key Budget Pressures

The estimated pressures for the five years are detailed in table 6 below.

Table 6 – Key Budget Pressures to 2024/25

Key Budget Pressures	Budget Pressures	Budget Pressures	Budget Pressures	Budget Pressures	Budget Pressures
	2020/21	2021/22	2022/23	2023/24	2024/25
	£000's	£000's	£000's	£000's	£000's
Social Care					
Pay Pressures - assumed at 3%	1,245	1,282	1,321	1,360	1,401
Demographic and Demand Changes - assumed at 3%					
Community Placements	553	553	570	587	604
Residential schools	1,411	1,411	1,453	1,497	1,542
MH, PD and LD - increasing cost of care packages	414	414	426	439	452
Residential accommodation for elderly	402	402	414	426	439
Care at Home	437	437	450	464	478
Living Wage	800	800	824	849	874
Apprenticeship Levy	138	138	142	146	151
Health Care					
Pay Pressures - assumed at 3% from 2021/22	1,153	860	888	917	947
Prescribing - assumed at 4% from 2021/22	586	804	837	870	905
Non Pay Pressures - assumed at 3% from 2021/22	0	122	133	145	156
Purchase of Healthcare - assumed at 3%	113	116	120	123	127
Resource Transfer - assumed at 3%	247	255	262	270	278
Total Budget Pressures	7,499	7,595	7,840	8,093	8,354

There are a number of areas where caseload or staffing ratio to numbers of patients will determine changes to the workforce. For example there are staffing models that determine how many District Nurses or Health Visitors are required for the population size. Where we have any change in population we need to work with partners (for examples such as these in particular NHSGCC) to assess the impact on the workforce and how this is to be funded. The HSCP have recognised the impact of demographic change in the workforce and on the costs of purchased services to date.

Workforce, service plans and service reviews are being developed and will help inform these discussions and associated cost implications.

The key assumptions included in the figures in Table 6 are:

- Pay is assumed at 3% each year from 2021/22 reflecting the current agreed pay award with inflation assumed at the same rate for forward planning.

- Demographic and demand pressure is based on an average of 3% per annum, however specific pressures will fluctuate depending on the source of provision.
- Living wage is based on the actual cost of implementation in 2020/21 as it is considered unlikely that the upward trend in these costs will reduce going forward.
- Prescribing has been contained at 3% for 2020/21 due to the anticipated outturn in 2019/20 and the level of anticipated prescribing reserve at 31 March 2020. However due to risks around prescribing volumes, cost per item, short supply and expected discounts and rebates and lack of clarity on future European trade costs have been assumed to increase at 4% from 2021/22 onwards.

The estimated pressures are based on current service demands in 2019/20 as a baseline and while they take into account fairly conservative assumptions around service redesign these will be refined and revised as our change programme progresses.

The rapidly developing operational response to the emerging COVID-19 situation does not factor into the 2020/21 proposed budgets or future budget pressures. All financial performance reports highlight the most up to date position regarding Health and Social Care however risks around the evolving COVID-19 situation add a layer of uncertainty for 2020/21.

Since the HSCP was established in July 2015 we have prepared for the expected financial challenge of the last few years and have a reserves policy that has allowed us to build up both general and earmarked reserves while continuing to deliver services within extremely challenging circumstances. The reserves balance currently projected at 31 March 2020 is £6.908m (subject to the final outturn for 2019/20). Our reserves can be summarised into the following categories within Table 7.

Table 7 – Anticipated Reserve Position as at 31 March 2020

Analysis of Reserves	Opening Balance as at 1 April 2019	Drawdown of Earmarked Reserves	Allocation of Projected Underspend	Forecast Closing Balance as at 31 March 2020
	£000	£000	£000	£000
Unearmarked Reserves	2,457		355	2,812
Earmarked Reserves	4,723	(1,627)	1,000	4,096
Total Unearmarked Reserves	7,180	(1,627)	1,355	6,908

Whilst it is appropriate that we set ourselves future efficiency savings targets it will not be possible to meet the scale of the cost pressures we are facing without significant impact to the level of service we deliver.

The backstop to balancing future budgets may be to take a backwards step and look at implementing eligibility based assessments so that only those with the highest level of need would receive support, reassessing the charges that we apply to those that can afford to pay or looking at ways to help services users to maximise their independence.

Financial Projections for the Period 2020/21 to 2024/25

For 2020/21 the cost pressure of £7.499m has been offset by improved budget contributions from our Partners together with agreed management actions, including service improvements resulting in a balanced budget for health and social care.

The financial position from 2021/22 onwards details “likely” budget gaps of between £1.492m and £6.397m based on projected budget pressures and current assumption on the level of contribution from our Partners as detailed in Table 8.

Table 8 – Final and Indicative Budgets to 2024/25

Indicative Budget by Service Area	Final	Indicative	Indicative	Indicative	Indicative
	Estimate	Estimate	Estimate	Estimate	Estimate
	2020/21	2021/22	2022/23	2023/24	2024/25
	£000's	£000's	£000's	£000's	£000's
Older People Residential, Health and Community Care	31,821	32,463	33,294	34,394	35,529
Care at Home	12,303	12,918	13,564	14,242	14,954
Physical Disability	2,410	2,313	2,306	2,299	2,292
Childrens Residential Care and Community Services	24,710	24,994	25,214	25,547	25,896
Strategy, Planning and Health Improvement	1,806	1,850	1,903	1,957	2,013
Mental Health Services - Adult and Elderly, Community and Inpatients	9,126	9,276	9,431	9,594	9,765
Addictions	2,714	2,780	2,850	2,922	2,995
Learning Disabilities - Residential and Community Services	13,133	12,889	13,008	13,130	13,254
Family Health Services (FHS)	26,221	26,221	26,221	26,221	26,221
GP Prescribing	20,332	21,136	21,973	22,843	23,747
Hosted Services	7,592	7,824	8,060	8,303	8,553
Criminal Justice	0	0	0	0	0
Resource Transfer	15,999	16,258	16,537	16,824	17,120
HSCP Corporate and Other Services	(1,479)	(392)	662	1,561	2,350
Indicative Revenue Budget	166,689	170,529	175,022	179,836	184,691
Housing Aids and Adaptations and Care of Gardens	703	717	731	745	760
Indicative Budget Requirement	167,392	171,246	175,753	180,581	185,451
Indicative Funding by Resource Type	Final	Indicative	Indicative	Indicative	Indicative
	Estimate	Estimate	Estimate	Estimate	Estimate
	2020/21	2021/22	2022/23	2023/24	2024/25
	£000's	£000's	£000's	£000's	£000's
WDC Revenue Funding	70,650	70,904	71,480	72,061	72,646
Housing Aids and Adaptations and Care of Gardens (via WDC)	703	717	731	745	760
NHSGCC Revenue Funding	96,039	98,133	100,547	103,051	105,647
Indicative Funding	167,392	169,754	172,758	175,857	179,053
Indicative Budget Gap	(0)	(1,492)	(2,995)	(4,725)	(6,397)

Risk and Sensitivity Analysis

This medium term financial plan sets out modelled future implications and that in itself is a risk. Overestimated cost pressures mean we may plan to save more than we need to and vice versa with both scenarios impacting on the funding available to deliver services. There is judgement and balance needed when estimating and planning for future savings.

While the budget pressures (table 6) and financial projections (table 8) are based on a “likely” scenario risk a sensitivity analysis was undertaken to assess the impact of a 1% change to cost pressures.

Applying these sensitivities allow us to determine the “best” and “worst” case with the following parameters:

- Best – Cost pressures (excluding pay and living wage) at 1% lower than current projections with on changes to funding levels assumed

- Worst – Cost pressures (including pay) at 1% higher than current projections, living wage at 10% higher and funding reduced by 1%.

As the position for 2020/21 is a balanced budget only the impact of a 1% change in expenditure and resources for the period 2021/22 to 2024/25 is detailed in table 9 with best, likely and worst case budget gaps for outlined in table 10.

Table 9 – Impact of a 1% change in expenditure and resources

Impact of 1% Change in Expenditure	2021/22	2022/23	2023/24	2024/25
	£000's	£000's	£000's	£000's
Pay	650	670	691	712
Demographic and Demand Changes	1,072	1,105	1,138	1,172
Living Wage	8	8	8	9
Prescribing	201	209	217	226
Non Pay Health Pressures	79	84	89	94
Resource Transfer	85	87	90	93
Total	2,049	2,124	2,193	2,264
Impact of 1% Change in Resources	2021/22	2022/23	2022/23	2022/23
	£000's	£000's	£000's	£000's
WDC Revenue Funding	709	715	721	726
Housing Aids and Adaptations and Care of Gardens (via WDC)	7	7	7	8
NHSGCC Revenue Funding	698	721	746	771
Total	1,414	1,444	1,474	1,505

Table 10 – Best, Likely and Worst Case Budget Gaps from 2021/22 to 2024/25

Indicative Budget Gap	2021/22	2022/23	2023/24	2024/25
	£000's	£000's	£000's	£000's
Best	(55)	(1,510)	(3,190)	(4,812)
Likely	(1,492)	(2,995)	(4,725)	(6,397)
Worst	(5,184)	(6,790)	(8,626)	(10,408)

Long Term Financial Outlook

While this financial plan covers the medium term to 2024/25 we have also looked at a high level financial position for the period to 2025/26 to 2029/30 and the outcome of this analysis is detailed in the attached appendix.