



# MORAY INTEGRATION JOINT BOARD

## DRAFT MEDIUM TERM FINANCIAL FRAMEWORK

**2019/20 – 2023/24**





## Introduction

In 2016 the Scottish Government, through legislation changed the way in which health and social care services were planned and delivered by introducing a single integrated system in creating Integration Authorities who would be responsible for funding in excess of £8 billion. This funding would previously have been managed by NHS Boards (approximately £5 billion) and Local Authorities (£3 billion). Early in 2016 the Moray Integration Joint Board (IJB) was formally established and became fully operational on 1 April 2016. The MIJB is funded through allocations made by NHS Grampian and Moray Council.

Moray IJB has set out its approach for transforming the health and care system over the long term in its Strategic Plan 2019-29 and has defined its priorities for the next five years through its Transformation Plan. The Strategic and Transformation Plans are underpinned by three Strategic Outcomes

**BUILDING RESILIENCE – Taking greater responsibility for our health and wellbeing**

**HOMEFIRST – Being supported at home or in a homely setting as far as possible**

**PARTNERS IN CARE – Making choices and taking control over decisions**

This Medium Term Financial Framework (MTFF) is designed to assist the Moray IJB from a planning perspective based on the totality of its financial resource across health and social care in meeting the needs of the people of Moray. It will support the delivery of the Strategic Plan within the context of the significant financial challenge being faced and the continuing pressure being driven by growing demand and complexity, higher costs and increasing expectations.

Inherent within the MTFF is a significant degree of uncertainty. Scottish Government funding settlements to our funding partners, Moray Council and NHS Grampian are currently on a one year only basis and have a direct impact on the funding to the Moray IJB. The MTFF sets out anticipated cost pressures and future funding projections based on planning assumptions and advice from our funding partners. This is an evolving model and it will be essential to refine and update at regular intervals.

Given the level of uncertainty and potential for variability, it is essential that the MIJB plans for a range of potential outcomes, ensuring sufficient flexibility to manage in a sustainable manner over the course of this plan.



The main objectives of the MTFF are:

- To look to the longer term to help plan sustainable services, ensuring the financial resources are sufficient to support delivery of our strategic priorities.
- To provide a single document to communicate the financial context to all stakeholders and support partnership working
- The MTFF includes a five-year budget forecast that will be reviewed annually to ensure our strategic priorities remain the focus in a challenging financial climate.

## National Context

The total Scottish Government budget for 2019/20 is £30.8 billion. Scottish Government continues to face the impact of the financial constraints placed on it through the UK government austerity approach and has received a £2 billion reduction in the discretionary block grant between 2010/11 and 2019/20.

There are 31 Integration Authorities established between 14 health boards and 32 councils across Scotland. 30 of the Integration Authorities are separate legal entities and operate through a body corporate (Integration Joint Boards) and one area operates a Lead Agency model.

In May 2018, the Institute for Financial Studies and the Health Foundation reported that UK spending on healthcare would require to increase in real terms by an average of 3.3% per year over the next 15 years in order to maintain NHS provision at current levels and that social care funding would require to increase by 3.9% per year to meet the needs of a population living longer and an increasing number of younger adults living with disabilities

There are numerous measures being used to monitor the local and national progress of Integration. The Scottish Government's Ministerial Strategic Group for Health and Community Care have identified six priority areas against which progress against integration is being measured:

- Acute Unplanned Bed Days
- Emergency Admissions
- A&E Attendances
- Delayed Discharge Bed Days
- End of Life Spent at Home or in the Community
- Percentage of 75+ Population in a Community or Institutional Setting



Integration Authorities are operating within a complex and changing environment where national issues are likely to have an impact on the services provided and how we deliver them locally. Some of the recent legislative changes impacting on integration authorities are:

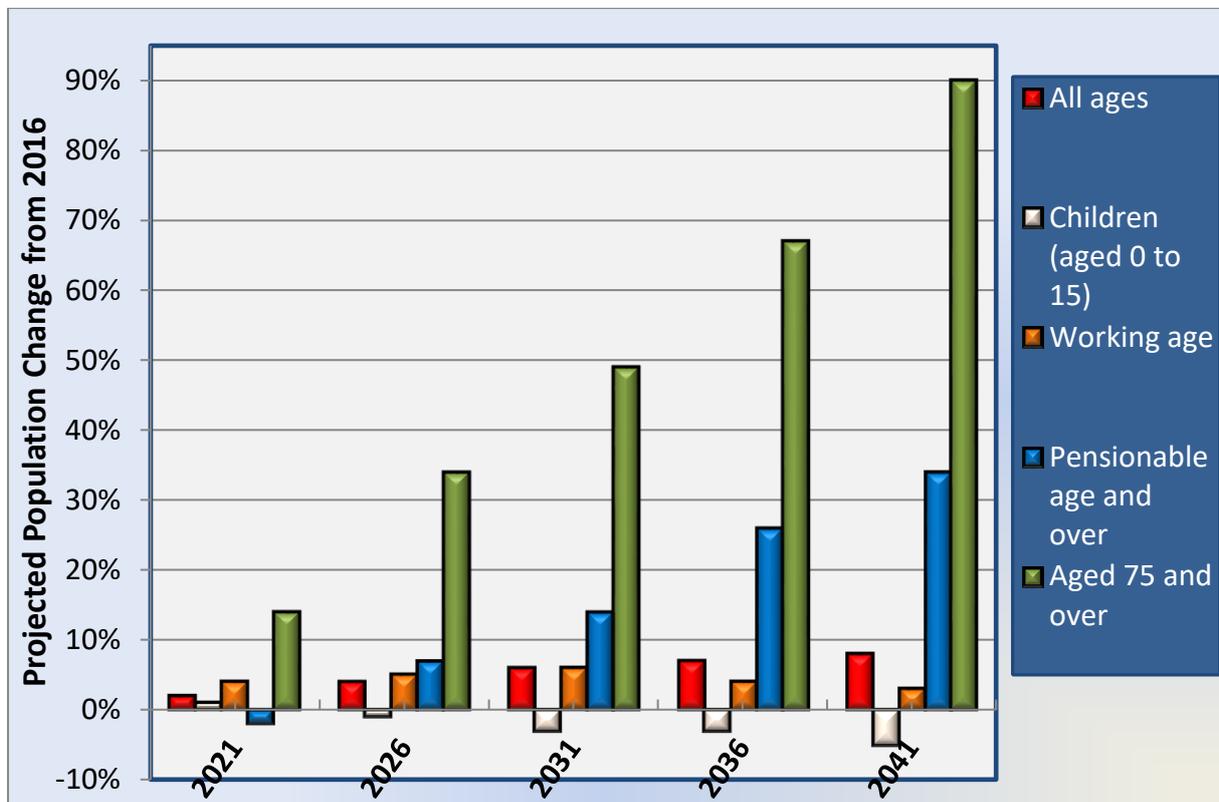
- **Free Personal Care for the Under 65's** – the Scottish Government has committed to the extension of Free Personal Care to those under the age of 65 who require it, regardless of condition. This became effective from 1 April 2019. This represents a significant change to how personal care is funded and is likely, over time to increase demand for personal care across Scotland.
- **Carers Act (Scotland) Act 2016** – This legislation came in to effect on 1 April 2018 and is designed to support the health and wellbeing of carers by supporting sustainability. It places a duty on Local Authorities to provide support for carers, based on the carer' identified needs which meet local eligibility criteria.
- **Scottish Living Wage** – there is a continued commitment from Scottish Government to support the payment of the Scottish Living Wage to improve people's lives and help build a fairer society.
- **Primary Care** – The Scottish Government has recognised the increasing demand and expectations being placed on our frontline services within primary care. In support of this and to ensure the current GP contract can be fully implemented, the Scottish Government has committed, through the Primary Care Transformation Fund additional investment of £250 million across Scotland by the end of this Parliament.

### Withdrawal from the European Union (Brexit)

The greatest risk to the economic outlook is Brexit, with the general view that it is likely to have a long-term negative impact on the economy. At the time of writing, the UK are set to leave the European Union on 31 March 2019, marking the most significant change to the UK economy in over 40 years. Three years after EU referendum in the summer of 2016, much remains unclear about the relationship between the UK and the EU. In addition to potential significant reduction in Scotland's GDP, it is likely to impact on our supply chains and labour markets. Close observation and interpretation will be required in order to reflect the emerging impact through this financial framework.

## Moray Context

Moray’s population has grown significantly in the past 20 years from 87,160 in 1997 to an estimated 95,520 in 2018; an increase of 9.6%. The population of Moray is growing faster than the national rate, and has experienced the 11th highest rate of growth amongst the 32 Scottish local authorities. In addition to this growth the demography has also changed markedly over the past 20 years. The most significant population growth over the next two decades is projected to occur amongst older adults. This will have a significant impact on demand for our services and creates a challenging environment in which to operate whilst transforming our services. The table below sets out projected population growth based on a 2016 baseline.<sup>1</sup> There is a projected reduction in children, limited change in the working age population, but significant growth in adults of pensionable age, including a near doubling of those aged 75 and over by 2041. The graph below illustrates the % change expected across the main population groups.



<sup>1</sup> <https://www.nrscotland.gov.uk/files//statistics/population-projections/sub-national-pp-16/tables/pop-proj-principal-2016-all-tabs.xlsx>



Draft Medium Term Financial Framework 2019-20 - 2023/24

Intrinsic to the MTFF is the reality of increasing growth and demand and our ageing population in the context of associated financial resources that are not increasing at the same level to enable this demand to be met. It is important to stress that a 'do nothing' approach is not an option and the Moray IJB needs to consider what can safely be delivered. To do this we must work together to deliver both a balanced budget, whilst continuing to deliver accessible, high quality and safe services.

This MTFF will be updated as the Strategic Plan is embedded; allowing our local systems to develop plans within the overall, agreed financial position and alongside service and workforce considerations.

During 2018/19, a Strategic Needs Assessment (SNA) was produced to inform and support the production of the Strategic Plan for 2019 and beyond. The SNA was developed through a short-life working group comprising of representatives from Health and Social Care Moray, The Moray Council, the Moray Health and Wellbeing Forum, NHS Information Services Division Scotland, and NHS Grampian. The SNA focused on the collation and analysis of data from a range of sources to inform the identification of priorities, and subsequent decision-making regarding service provision, ensuring the views of wider stakeholders were captured through the Moray Health and Wellbeing Forum. The SNA highlighted nine areas to be considered:

- **Health Inequalities** - there are continuing inequalities in health status across Moray, with an evident association between level of neighbourhood affluence and morbidity and mortality.
- **Ageing Population** - the population is predicted to continue ageing, with a growing proportion represented by adults over the age of sixty-five, and growing numbers of adults aged over eighty, with implications for increasing morbidity.
- **Chronic Disease & Multi-Morbidity** - Significant demand for health and social care services arise from chronic diseases and a growing proportion of the population is experiencing more than one condition ("multi-morbidity").
- **Mental Health** - there is significant morbidity and mortality due to mental health related issues.
- **Lifestyle** - there is significant morbidity and mortality due to lifestyle exposures such as smoking, alcohol and drug misuse
- **High Resource Individuals** - a small number of individuals require half of healthcare spending.



- **Access** - Moray is characterised as remote and rural, and there are significant access challenges for some in the population to access health services.
- **Carers** - care activity is highly demanding of informal carers, and there is evidence of distress in the informal carer population.
- **Military and Veteran Population** - Moray's military and veteran population constitute a significant group, requiring both general health services and specific services.

In response to the SNA, the Moray IJB Strategic Plan has been developed and sets the direction and approach to prevention in addressing what is required in order to build resilience in individuals and communities to be able to maximise their health and wellbeing potential whilst ensuring services are available and fit for purpose when required.

## Financial Context

The MTFF Framework seeks to support the understanding surrounding the financial climate within which the MIJB will operate in over the medium term. There are wide-ranging factors which encompass the complexity that impacts on the financial pressures of the MIJB.





## Moray IJB Use of Resources to Date

	<b>Expenditure</b>	<b>Expenditure</b>	<b>Expenditure</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Community Services (inc Community Hospitals)	16,342	16,173	16,181
Learning Disabilities	12,515	14,325	12,878
Mental Health and Drug & Alcohol	8,508	9,043	9,380
Care Services provided in-house	13,047	13,427	14,427
Older People, Physical & Sensory Disability	19,015	19,570	21,361
Residual Commissioned Care	1,484	1,158	1,890
Admin & Management	2,703	2,569	2,467
Primary Care Prescribing	17,304	17,844	17,354
Primary Care Services	14,890	15,085	15,498
Hosted Services	3,681	4,061	4,175
Out of Area	525	658	651
Improvement Grant	930	787	795
<b>Total Core Services</b>	<b>110,944</b>	<b>114,700</b>	<b>117,057</b>



## Financial Projections

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
<b>Estimated Outturn 2019/20</b>	<b>120,471</b>			
		<b>124,328</b>	<b>128,284</b>	<b>132,354</b>
<b>Budget Pressures</b>				
Pay Inflation	1,365	1,392	1,433	1,476
Contractual Inflation	1,126	1,167	1,209	1,253
Demographic Growth	675	702	730	759
Transitioning Children	550	550	550	550
Prescribing	120	124	127	131
Legislative	21	21	21	21
<b>Revised Pressure</b>				
<b>Total Budget Pressures</b>	<b>3,857</b>	<b>3,956</b>	<b>4,070</b>	<b>4,190</b>
<b>Estimated Budget Required</b>	<b>124,328</b>	<b>128,284</b>	<b>132,354</b>	<b>136,544</b>
<b>Estimated Funding (Medium Case)</b>				
NHSG	77,278	79,132	80,724	82,355
MC	40,301	40,301	40,301	40,301
SG	2,227	2,233	2,239	2,245
	<b>119,806</b>	<b>121,666</b>	<b>123,264</b>	<b>124,901</b>
<b>Resultant Budget Shortfall</b>	<b>4,522</b>	<b>6,618</b>	<b>9,090</b>	<b>11,643</b>
<b>Recovery &amp; Transformation Programme</b>	<b>- 4,522</b>	<b>- 6,618</b>	<b>- 9,090</b>	<b>- 11,643</b>
<b>Residual Shortfall</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Recovery and Transformation Programme

Since the Moray IJB became operational in 2016, the necessity to achieve savings has been a continuous consideration. The realisation of savings within a health and social care system experiencing rapid growth and pressure to drive forward change at a pace are difficult to deliver without de-stabilising the system. The efficiencies achieved to date by the Moray IJB, have in many respects been made by removing financial resource from the small percentage of services where there is no statutory requirement to deliver. The risk to approaching savings in this way is that it is an extremely short-term measure. There is evidence to show that by reducing and removing service provision in areas where the level of need would be assessed as low or preventative only results in individuals entering the system at a point in time with an assessed need that is higher and more costly. The approach of behind the Strategic Plan 2019-29 is to consider our future health and care services in collaboration with our Partners and stakeholders over the long term. Whilst there is always a place for striving to achieve savings and efficiencies using what could be considered to be more 'traditional' methods, the challenges we face determines the need for a more meaningful and pragmatic approach to be taken. The Recovery and Transformation programme consists of the following:

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Transformation Plan	-1,672	-2,918	-5,740	-5,393
Recovery Plan & Efficiencies	-2,850	-2,700	-1,350	-1,250
Set Aside		-1,000	-2,000	-5,000
<b>Total Recovery and Transformation</b>	<b>-4,522</b>	<b>-6,618</b>	<b>-9,090</b>	<b>-11,643</b>



## ***Transformation Plan***

This plan will seek to drive shifts in the way we work, driving out any residual efficiencies that can be achieved through:

- Prioritising prevention methods by contributing to population level support as partners in the Community Planning Partnership supporting individual and community resilience in pursuit of good health and wellbeing.
- Positive integrated working, agile teams working together with community groups to optimise the resources available and minimise the need for duplication of effort.
- Admission avoidance and no inappropriate delays in relation to hospital admissions, ensuring individual opportunities to maintain their independence is optimised.
- Reducing demand on institutional care by taking a strength-based approach to assess the potential of individuals and their surroundings in pursuit of personalised care approaches.
- An extensive focus on mental wellbeing and appropriate community based, inclusive activities for those experiencing mental illness.
- Strong partnership with housing to ensure appropriate housing options supporting people' ability to stay at home.
- Establishing a new model of care in between that is based around rehabilitation and enablement models of care to again ensure people have the best chance to stay at home and independent.
- Consideration of our palliative/end of life models of care agreeing a range of options as local as possible, including home and an appropriate institutional environment when needed.
- Having the right conversations with individuals, families and carers to ensure the right action is taken, respecting their right to have choice and control over the options available to them.
- The use of technology enabled care and digital solutions in enhancing people's lives, enabling greater self-management, and supporting safety and to change the way we work and interact with people.



### Recovery Plan

The Moray IJB Integration Scheme sets out that in the event of an overspend being forecast, the Chief Officer and Chief Financial Officer of the IJB must agree with the Partners a financial recovery plan to balance the overspending position. In 2018/19, it became necessary for the Moray IJB to develop and agree such Recovery Plan. The Recovery Plan is currently an integral part of the budget process and its progress is reported at regular intervals. As we progress in delivering our Strategic Plan 2019 – 29

	2020/21	2021/22	2022/23	2023/24
	£ 000's	£ 000's	£ 000's	£ 000's
Mental Health Strategy – Phase 4	300			
In-House Provided Care	200	200		
Community Hospital Redesign	100	100		
Externally Commissioned Services	400	300	500	600
GP Prescribing – Medicines Management	250	250	250	250
Moray Alliance	500	750		
Slippage on Strategic Funds	1,000	1,000	500	300
Accountancy driven efficiencies	100	100	100	100
<b>Total Projected Savings</b>	<b>2,850</b>	<b>2,700</b>	<b>1,350</b>	<b>1,250</b>

### Set Aside

Work is progressing in examining the delegated unscheduled pathways pan-Grampian, with the aim of supporting the ongoing desire to shift unplanned care to a planned care approach. Pan-Grampian cross system groupings are in place to support this process and to consider change that can be achieved at scale across the Grampian area and in some circumstances the North of Scotland.

Locally, an emphasis will be placed on the Strategic Planning & Commissioning Group and its Transformation Boards to identify opportunities from within their planning that may contribute to a case for change where interventions developed locally have the potential to have a substantial impact on the people we serve and the overall system of care.



## Delivering the Strategic Plan/ Planned Use of Resources

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
<b>Medium Case Scenario</b>	<b>119,806</b>	<b>121,666</b>	<b>123,264</b>	<b>124,901</b>
Health & Wellbeing	5,990	7,300	8,628	9,992
Mental Health , Drug & Alcohol	9,345	9,490	9,615	9,742
Older People, Physical & Sensory Disability	20,367	20,440	20,832	19,984
Learning Disability	13,886	14,357	14,792	15,363
Primary Care	15,814	16,668	17,134	17,486
Prescribing	17,971	18,250	18,490	18,735
Hosted Services	4,073	4,137	4,191	4,247
Community Services (inc Community Hospitals)	14,377	13,383	12,326	11,866
In-House Provided Care	13,179	12,775	12,326	12,490
Admin & Management	2,396	2,433	2,465	2,498
Other	2,408	2,433	2,465	2,498
<b>Total Use of Resource</b>	<b>119,806</b>	<b>121,666</b>	<b>123,264</b>	<b>124,901</b>



## Description of Major Services Areas

### **Health & Wellbeing**

Major emphasis on building resilience and positive population health

### **Mental Health and Drug & Alcohol**

Emphasis on the future, modern mental health services in Moray and a focus on closing the gap, “no wrong door” for those experiencing co-existing mental health, drug and alcohol issues.

### **Older People and Physical & Sensory Disability**

Emphasis will be on delivering services that support independence and the HOMEFIRST approach. Treatment should be delivered as local as possible and as specialist as necessary. Focus on wider determinants and strengths of the locality to support its older people.

### **Learning Disability**

Emphasis on optimisation of individuals’ potential to achieve great things, with no inequalities of outcome as a result of a disability.

### **Primary Care**

Working with the public to explore the changing nature of primary care and the way the public interact with the various providers. Establishing Multi-Disciplinary Teams and developing this approach to working. Optimising the range of support available and expanding the interventions available through different ways of working. Use of attend anywhere to shift the way in which the public are required to interact with professionals.

### **Prescribing**

Prescribing is the cost of drugs prescribed by Moray GP’s to patients. Expenditure is impacted on by a complex range of factors including how long drugs are patented, the availability of certain drugs, individual expensive drugs and increasing community-based care. There are a range of measures in place across Grampian to ensure prescribing is as efficient and effective as possible through. Through effective medicine management we are striving to ensure efficiency in this area.

### **Hosted Services**

Review the models of care in particular the Grampian Medical Emergency Department (GMED) as the current model is not sustainable. Plans are in development to take forward a pan-Grampian system wide strategic review with the aim of supporting an alternative approach.

### **Community Services (including hospitals and nursing)**

To be considered in the context of the pathways of care particularly those of the frail elderly and to be planned in line with the local Multi-Disciplinary Team changes to optimise the use of resources around the local population.



### **In-House Provided Care**

Large are of care likely to continue to experience significant demand, to be considered alongside alternative methods of providing care to people at home.

## **Risk and Sensitivity Analysis**

The MTFF is a financial model based on the best available planning assumptions at the time and accordingly, has related risks associated with it. The main risks associated with this framework are:

- Impact of IJB decisions on Partner bodies and Partner body decisions on the IJB.
- Failure to identify a future budget pressure
- Under estimation of the cost pressures
- Under estimation of demand pressures
- Public expectation of delivered services
- Over /under estimated impact of local and national factors
- Failure to accurately forecast income sources

It is important that the Moray IJB is aware of these risks in determining its appetite to risk as it considers its Strategic Plan. The Moray IJB recognises strategic risks through its Risk Register. This is used to ensure that significant risks are identified and mitigating actions are effective in reducing these risks to an acceptable level.

Sensitivity Analysis is used to test the major assumptions being made and what the implications would be, should those assumptions change. The Financial Projections outlined in this framework are based on what is determined to be a medium case scenario for future funding. Sensitivity analysis is required in the event of funding being more favourable or otherwise. In addition to the funding element, there are risks aligned to other assumptions made in the framework around future budget pressures for the IJB. The table below also sets out analysis on the potential impact of estimated funding required based on variations to the budget pressure assumptions being made. The best case scenario assumes that future budget pressures are reduced by 5% and in the worst case, increased by 5%. The estimated funding from the partners is based on the most recent information available. The impact of improved funding ranges between 0.3% and 2.1%, dependent on year and the impact of potential reduced funding ranges between 2.4% and 5.6%. A summary is provided:



<b>Sensitivity Analysis</b>				
<b>Best Case Scenario</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Estimated Funding required	124,135	127,893	131,761	135,742
Best Case Funding	120,169	122,029	124,740	127,524
<b>Resultant Budget Shortfall</b>	<b>- 3,966</b>	<b>5,864</b>	<b>7,021</b>	<b>8,218</b>
Recovery and Transformation Plan	- 4,522	- 6,618	- 9,090	- 11,643
<b>Budget Surplus</b>	<b>- 8,488</b>	<b>- 754</b>	<b>- 2,069</b>	<b>- 3,425</b>
<b>Worst Case Scenario</b>				
Estimated Funding required	124,521	128,674	132,949	137,349
Worst Case Funding	116,906	115,955	116,889	117,836
<b>Resultant Budget Shortfall</b>	<b>7,615</b>	<b>12,719</b>	<b>16,060</b>	<b>19,513</b>
Recovery and Change Plan	- 4,522	- 6,618	- 9,090	- 11,643
<b>Residual Shortfall</b>	<b>3,093</b>	<b>6,101</b>	<b>6,970</b>	<b>7,870</b>

The scenarios demonstrate the degree of variation that can occur within the framework. The framework is based on the best available assumptions at this time. It is important to keep the financial framework under review as part of the Moray IJB's annual budget setting process and updates will be required to reflect the latest information and assist in our financial planning processes.