



Shetland Islands Integration Joint Board

Medium Term Financial Plan 2019/20 to 2023/24

March 2019

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1. Executive Summary

1.1 The Shetland Islands Integration Joint Board (IJB) is facing significant financial challenges and if nothing else changes spending would need to increase by 17% by 2023/24.

1.2 This Medium Term Financial Plan (MTFP) will provide the financial context for the Partnership, inform future decisions and start to identify a high level plan to bridge the financial gap moving forward and to deliver on the national commitment to shift the balance of care by 2023/24.

1.3 Taking into account costs, demands, estimated changes to funding and, assuming nothing else changes, the funding shortfall over the next five years will be £7.7m in total.

2. Introduction

2.1 The Shetland Islands Integration Joint Board is a body corporate, established by Parliamentary Order under section 9 of the Public Bodies (Joint Working) (Scotland) Act 2014, on 27 June 2015.

2.2 The IJB has prepared management accounts and statutory annual accounts from 20 November 2015 when the first Joint Strategic Commissioning Plan was agreed.

2.3 The financial management of the IJB is governed by the Integration Scheme and the IJB's Financial Regulations. The Scottish Government established the Integrated Resources Advisory Group (IRAG) to consider the financial implications of integrating health and social care, and to help develop professional guidance. This guidance is used in conjunction with the Financial Regulations to assist on technical accounting matters.

3. Context

3.1 The IJB is responsible under the terms of the Public Bodies Act and the Integration Scheme for the planning and direction of integrated health and social care services in order to achieve Scotland's National Health and Wellbeing Outcomes for the local population. The IJB must ensure that there are adequate financial resources to deliver services and the outcomes articulated in a local Strategic Plan. The MTFP enables the IJB to better plan for meeting future need and to ensure the sustainability of the services it commissions.

3.2 The National Health and Wellbeing Outcomes are high-level statements of what health and social care partners are to achieve through integration and the pursuit of quality improvement across health and social care. By working with individuals and local communities, Shetland's IJB will support people to achieve the following outcomes:

Outcome 1: People are able to look after and improve their own health and wellbeing and live in good health for longer

Outcome 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

Outcome 3: People who use health and social care services have positive experiences of those services, and have their dignity respected

Outcome 4: Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services

Outcome 5: Health and social care services contribute to reducing health inequalities

Outcome 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

Outcome 7: People using health and social care services are safe from harm

Outcome 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

Outcome 9: Resources are used effectively and efficiently in the provision of health and social care services

4. Planning Assumptions 2019/20 to 2023/24

4.1 [Shetland Islands Council \(the Council\) Medium Term Financial Plan 2018/19 – 2023/24](#) and [Shetland NHS Board \(the Health Board\) Annual Operational Plan 2019/20 – 2023/24](#) provide background concerning each of the funding partners own planning assumptions and significant challenges. These detailed planning assumptions are consistent with the IJB's own situation and are therefore not duplicated in this document.

4.2 The documents in (4.1) will be updated on a regular basis and will inform the annual update of the IJB MTFP. The IJB MTFP is deliberately concise to avoid significant annual amendments.

4.3 The Scottish Government [Medium Term Health & Social Care Framework](#) has also been used to inform the IJB MTFP. This Framework supports the Health and Social Care Delivery Plan and sets out in more detail the potential approach and type of initiatives required to ensure continued delivery of a financially balanced and sustainable Health and Social Care system.

4.4 The Parties to the Integration Scheme for Shetland's IJB, i.e. the Council and the Health Board are required to allocate funding for the functions they have delegated to the IJB. Currently, the increasing pressure on health and social care from changing demographics, epidemiology and the increasing pressure on public finance

mean that it is becoming increasingly difficult to fully fund the current service model. It is recognised that transformational change is required in order to develop sustainable services that will meet the needs of the local population by achieving the desired outcomes articulated both at a national level and locally in the Shetland Partnership Plan and the IJB's Strategic Plan.

4.5 The allocation for each year is advised by each Party as it sets its budget for the incoming financial year. Currently, in line with national guidance, this becomes the control total on which future year funding allocations are based.

The IJB is required to develop its Strategic Commissioning Plan within the financial envelope provided by the Parties and to advise the Parties of any issues arising from funding constraints so that the relevant Party can assess the risk and adjust the funding allocation to cover any anticipated shortfall or accept the requisite change in service that will be Directed by the IJB as a consequence of the lack of funding. This allows each Party to address the issues and fulfil their continuing duty of accountability for the functions delegated to the IJB.

Further detail on this process is included in the Integration Scheme and Financial Regulations of the IJB and is not replicated here.

4.6 The Council's allocation for the period covered by the IJB MTFP is in line with its own Medium Term Financial Plan and is not expected to decrease over the timeframe of the IJB MTFP.

4.7 The Health Board allocation is expected to be increased each year in line with their own core baseline funding increase from the Scottish Government. NHSS allocation contains the Scottish Government Additional funding for Social Care.

4.8 In addition to the opening allocations, funding partners will pass any relevant in-year specific health and social care allocations across to the IJB increasing the IJB budget.

4.9 The MTFP is reviewed annually to ensure it remains aligned to the best information available at the time.

4.10 **Appendix 1** models these proposals over the 5 year timeframe.

5. Reserves

5.1 The IJB reserves will be managed in line with the IJB Reserves Policy.

5.2 With the extremely challenging savings targets over the term of the plan it is unlikely that the IJB will accumulate any material levels of reserves.

5.3 It is therefore not considered necessary to factor any reserve balances into this MTFP. Should this situation change the MTFP will be adjusted during the annual update process.

6. Recovery Plan

6.1 Longer term planning must be accelerated to enable safe, effective and sustainable services to be delivered within the funding available. The MTFP provides the financial parameters within which the Strategic Plan should be progressed.

6.2 Appendix 1 estimates that there will be £48.7m IJB funding available in 2023/24. The IJB must plan ahead to ensure that the outcomes of the Strategic Plan can be delivered, at that time, within the estimated funding allocation available.

6.3 The Joint Strategic Commissioning Plan 2019-2022 contains change programmes and projects which will provide the framework on which to develop longer term sustainable solutions for health and social care services in Shetland. As these projects progress the MTFP Recovery Plan will be updated to reflect the detailed plans expected to address the current funding gap.

6.4 The MTFP and Strategic Plan must be aligned so that there is a clear audit trail between the financial resources allocated by each Party and the desired outcomes of the Strategic Plan. Currently there is a high level of uncertainty with regard to timely achievement of the savings anticipated from planned service redesign projects. The IJB will provide regular updates to the Council and the Health Board regarding progress and any issues for the Parties in this regard.

Appendix 1 – Projected IJB Financial Position 2019/20 – 2023/24

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Cost of Services | £48,181,541 | £50,108,803 | £52,113,155 | £54,197,681 | £56,365,588 |
| <u>IJB Funding</u> | | | | | |
| SIC | £22,019,069 | £22,093,249 | £22,215,729 | £22,395,022 | £22,628,955 |
| NHSS | £23,629,492 | £24,220,229 | £24,825,735 | £25,446,378 | £26,082,538 |
| Total Funding | £45,648,561 | £46,313,479 | £47,041,464 | £47,841,400 | £48,711,493 |
| Cumulative Funding Shortfall | -£2,532,980 | -£3,795,080 | -£5,071,080 | -£6,355,280 | -£7,652,680 |

Assumptions:

As per Scottish Government Medium Term Health & Social Care Financial Framework (4.3) *:

- Social Care costs expected to increase by 4% each year *
- Health costs expected to increase by 3.5% each year *
- SIC funding is not expected to decrease over the term of the plan
- NHS funding is protected and is expected to increase in line with inflation at 2.5%
- No savings are achieved over the period of the plan. This is the 'do nothing' scenario
- As with all assumptions these projections are indicative and subject to change over time.