



AUDIT & PERFORMANCE SYSTEMS COMMITTEE

Date of Meeting	13.11.2018
Report Title	Scottish Government Medium Term Health & Social Care Financial Framework
Report Number	HSCP.18.092
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Consultation Checklist Completed	Yes
Appendices	a. Scottish Government Medium Term Health & Social Care Financial Framework

1. Purpose of the Report

- 1.1. This report presents the Audit & Performance Systems Committee with the Scottish Government's Medium-Term Health & Social Care Financial Framework.
- 1.2. This Framework explores Health and Social Care expenditure and reform analysis. It underlines the imperative of using our total resources across the whole system to drive best value, reform and long-term financial sustainability of the Health and Social Care system.

2. Recommendations

- 2.1. It is recommended that the Audit & Performance Systems Committee:
 - a) Note the Scottish Government's Medium-Term Health & Social Care Financial Framework, as attached at appendix A.



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3. Summary of Key Information

Background

3.1. On 4 October 2018, the Scottish Government published its Medium-Term Health & Social care Financial Framework. This came on the back of the Scottish Government's more general Five-Year Financial Strategy, published in May 2018, which covered public finances as a whole, but included specific reference to health.

3.2. The Five-Year Financial Strategy can be found here:

<https://beta.gov.scot/binaries/content/documents/govscot/publications/publication/2018/05/scotlands-fiscal-outlook-scottish-governments-five-year-financial-strategy/documents/00535972-pdf/00535972-pdf/govscot:document/>

3.3. The financial framework presented at Appendix A aims to consider the whole health and social care system and how this supports the triple aim of better care, better health and better value. It outlines that investment, while necessary, must be matched with reform to drive further improvements in our services - considering the health and social care landscape at a strategic level.

Increased Pressures on Health and Social Care Budgets

3.4. The financial framework highlights that the demand for health and social care will increase faster than the rate of growth of the wider economy, and that over time, the share of GDP spent on these services will gradually increase. The factors for this growth are broadly classified into three areas: price effects; demographic change; and non-demographic growth.

Integration Authorities

3.5. The Aberdeen City Health & Social Care Partnership will play a key role in driving forward the initiatives, as described in the Health & Social care delivery plan through the continued integration of health and social care.

3.6. Scottish Government spending policy commitments are outlined for the medium to long term. They demonstrate a commitment to reshaping



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expenditure patterns across the health and social care sector, with a gradual rebalancing of expenditure toward care delivery out with a hospital setting.

- 3.7. The financial framework also provides details of where efficiency savings maybe generated.

4. Implications for IJB

- 4.1. Equalities – there are no direct implications arising from the recommendations of this report
- 4.2. Fairer Scotland Duty - there are no direct implications arising from the recommendations of this report
- 4.3. Financial – the financial implications are outlined throughout this report and the appendix A (Scottish Government Medium Term Health & Social Care Financial Framework). The financial framework outlines the Scottish Governments plans for increased health and social care spending, but also indicates the additional pressures the budgets face.
- 4.4. Workforce - there are no direct implications arising from the recommendations of this report
- 4.5. Legal - there are no direct implications arising from the recommendations of this report
- 4.6. Other - there are no direct implications arising from the recommendations of this report

5. Links to ACHSCP Strategic Plan

- 5.1. The Scottish Government’s Medium-Term Health & Social Care Financial Framework outlines the investment that will be available nationally for health and social care integration. It’s expenditure commitments align with the principles of integration, as outlined in the IJB’s strategic plan, particularly:

“over the course of the next five years, hospital expenditure will account for less than 50% of frontline NHS expenditure. This relates to the policy commitment to ‘shift the balance of care;”



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“funding for primary care will increase to 11% of the frontline NHS budget by 2021/22”

6. Management of Risk

- 6.1. **Identified risks(s):** There is a risk of financial failure, that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and projects an overspend.
- 6.2. **Link to risks on strategic or operational risk register:** Number 2 (Strategic Risk Register)
- 6.3. **How might the content of this report impact or mitigate these risks:**
The Scottish Government Medium Term Health & Social Care Financial Framework contains an analysis of historical expenditure trends, future demand forecasts and government spending policy commitments. Being aware of this framework when making decisions which will help to mitigate these risks.