

To: Renfrewshire Integration Joint Board

On: 26 March 2021

Report by: Chief Finance Officer

Heading: 2021-22 Delegated Health and Social Care Budget

Direction Required to Health Board, Council or Both	Direction to:	
	1. No Direction Required	
	2. NHS Greater Glasgow & Clyde	
	3. Renfrewshire Council	
	4. NHS Greater Glasgow & Clyde and Renfrewshire Council	X

1. Purpose

- 1.1 This report describes the financial allocation and budgets made available to the Integration Joint Board (IJB) for 2021/22 by Renfrewshire Council and NHS Greater Glasgow and Clyde (NHSGGC), and, outlines the main financial pressures on health and adult social care services.

2. Recommendation

It is recommended that the IJB:

1. Agree to accept the delegated Adult Social Care Budget for 2021/22 (Appendix 2);
2. Agree to accept the delegated Health Budget for 2021/22 (Appendix 3) subject to:
 - any final adjustments in relation to recurring budget adjustments at month 12; and
 - any further funding allocated by the Scottish Government in respect of the impact of the 2021/22 pay award.
3. Approve a drawdown of reserves, if required, in order to fund any shortfall in funding for 2021/22;
4. Approve an increase to the IJB's unallocated reserves into 2021/22 through the appropriate utilisation of permitted financial flexibilities, in order to protect the financial resilience of the IJB in the context of an increased financial risk profile; and
5. Note that, as highlighted in Section 11 of this report, the 2021/22 budget proposals assume "business as usual". The potential financial and economic impact of COVID-19 represents a significant additional risk to the IJB, and the wider public sector going forward.

3. Introduction

- 3.1. Renfrewshire IJB is a legal entity in its own right created by Parliamentary Order, following ministerial approval of the Integration Scheme between Renfrewshire Council and NHSGGC. It is accountable for the stewardship of public funds and

ensuring that its business is conducted under public sector best practice governance arrangements, including ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The budget delegated by our two partner bodies, is used by the IJB to commission services, which are delivered by Renfrewshire Health and Social Care Partnership (HSCP). The principles of the funding allocated by the two partner organisations is set out in the Integration Scheme, however, utilisation of this funding is delegated to the IJB.

3.2. Under the terms of the Integration Scheme, partner organisations should make appropriate arrangements to fund pay awards, contractual uplifts, the impact of demographic changes and determine efficiency targets as part of their respective budget setting processes.

3.3. The role of the Section 95 Officer (Chief Finance Officer) for the IJB includes both the adherence to professional standards as well as compliance with “The Local Government (Scotland) Act 1973 section 95, which clearly states that:

“...every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that the proper officer of the authority has responsibility for the administration of those affairs.”

for the IJB this includes the requirement to ensure a balanced budget is set.

4. 2021/22 Context

4.1. This report sets out the implications of the Scottish Government budget for 2021/22 which was approved on 9 March 2021, and, provides members with an overview of the IJB’s budget allocation for 2021/22.

4.2. Members will be aware that as a direct consequence of the COVID-19 pandemic, 2020/21 has arguably represented the most challenging and complex financial year in the history of the public sector. As previously highlighted to members, the impact of COVID-19 on services delivered by the HSCP has been unprecedented. It has required a significant degree of service change within a short period of time, ultimately having a substantial financial impact, which is likely to continue over the medium term and at least over the next few financial years. The continually changing situation, including potential for future spikes in demand for services has and will create additional delivery and financial pressures as well as impacting the HSCP’s transformation and savings plans, which will require ongoing review and realignment.

4.3. Members will be required to take these very exceptional circumstances into account when setting the 2021/22 budget, recognising that the IJB’s immediate and medium-term priorities have changed considerably over the last 12 months. As previously highlighted in the CFO’s “Financial Outlook 2021/22” report, which was approved by the IJB on 20 November 2020, the IJB’s medium term outlook remains uncertain, and as highlighted throughout 2021/22 there will be a need for the budget position in 2021/22 to heavily rely on the application of temporary financial flexibilities to deliver a balanced budget for 2021/22.

4.4. The Scottish Government has not provided detailed spending plans beyond their draft budget for 2021/22 but, has outlined its ongoing priorities within its annual Medium-Term Financial Strategy, in particular, continued focus on the NHS. The Scottish Government’s high-level forecast for the future remains uncertain, reflecting the unparalleled fall in economic output at both Scottish and UK level, and uncertainty over economic recovery for both Scotland and the UK as a whole. In addition, the UK Government’s approach to economic and fiscal

recovery will have a significant impact on medium to longer-term public-sector spending across the UK.

- 4.5. As part of the wider economic recovery plan, there is an expectation that there will be a multi-year UK government comprehensive spending review in autumn. This would then enable the Scottish Government to deliver spending plans beyond 2021/22, providing greater certainty over which areas of the budget would be subject to sustained future growth and, if so at what scale, allowing for the potential to agree multi-year pay settlements and for greater clarity over financial planning over the medium term.
- 4.6. Members will be aware of the significant disruption to the normal budget setting timetable, following the economic impact emerging from COVID-19. The UK budget normally announced in autumn was delayed until the 3 March. Similar to 2020/21, this resulted in the draft Scottish Government budget being published prior to the UK Government budget on the 28th January.
- 4.7. In addition to the normal revenue settlement, the Scottish Government also confirmed non-recurring COVID-19 specific funding as part of their 2021/22 budget settlement. This funding is to provide additional non-recurring resources to fund: provider sustainability payments, ongoing PPE, additional costs and income loss linked to COVID-19 which is expected to continue throughout 2021/22. Members are reminded that as this funding is specifically in relation to COVID-19 associated costs these have not been included as part of the budget details outlined in this report.
- 4.8. The Scottish Government also announced a Public Sector Pay Policy for 2021/22, providing important context for ongoing negotiations with trade unions. The policy set a flat rate increase of £750 for those earning a salary up to £25k and a 1% increase thereafter subject to a cap of £800. Pay negotiations across all employee groups are ongoing and therefore no agreement has yet been reached. It is however important to note that the current increase to the IJB's base budget is not sufficient to fund a pay settlement of this level.
- 4.9. Over the medium term, significant uncertainty remains, and the IJB will require to continue to plan for a wide range of potential scenarios. Over the past five years, the IJB has taken a medium-term view of its financial position, agreeing transformation and savings plans which have ensured a balanced budget year on year. However, as previously highlighted to members, the impact of COVID-19 as regards the continually changing situation, including potential for future spikes in demand for services has heavily impacted the HSCP's transformation and savings plans, which will require ongoing review and realignment. In addition, there remains significant uncertainty as to when the transformation programme can be remobilised due to capacity being directed towards the ongoing COVID-19 response from all areas of the HSCP. Consequently, and as previously reported to members, transformation savings have fallen behind previously approved timescales.
- 4.10. The medium-term outlook for the IJB remains uncertain. The IJB should therefore continue to operate with a medium-term financial outlook using the scenario-based approach adopted over the past years, focusing on scale and variability. Re-establishing our transformation programme will be a major priority for the IJB once the demands of COVID-19 have subsided, to ensure we are in a positive financial position to react to a likely challenging and uncertain financial period going forwards.
- 4.11. In this context, it is more than likely that we will therefore need to draw on the financial flexibilities available to the IJB to provide non-recurring support to

balance the annual revenue budget position each year over the medium-term basis.

5. Scottish Government Budget 2021/22

- 5.1. On 28 January 2021, the Scottish Government published their draft budget for 2021/22. Included within the conditions of the draft budget was the continued prioritisation of financial support for social care and integration, with a further £72.6 million for investment in adult social care and integration allocated over:

Additional Investment in Health & Social care 2021/22

Funding	Scotland (£m)	Renfrewshire (£m)	Distribution Information
Living Wage	34.0	1.149	GAE for elderly and people with disabilities 3.38%
Carers Act	28.5	0.963	
Uprating of Free Personal Care	10.1	0.211	GAE for Personal and Nursing Care 2.09%
Total	72.6	2.323	

- 5.2. Following the announcement of the Scottish Government's Draft Budget for 2021/22 on 28 January 2021, the Interim Director of Health Finance and Governance, for the Scottish Government wrote to all NHS Chairs, NHS Directors of Finance, Integration Authority Chief Officers and Integration Authority Chief Finance Officers providing details of the funding settlement for Health Boards, which includes Integration Authorities (IJBs). A copy of the letter is attached in Appendix 1.

- 5.3. The letter specifically states the following:

Health and Social Care Integration: In 2021-22, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 1.5% over 2020-21 agreed recurring budgets. In addition to this, and separate from the Board Funding uplift, the Health Portfolio will invest a further £72.6 million in Local Authorities for investment in adult social care and integration. This takes the total funding transferred from the health portfolio to £883 million in 2021-22. The additional £72.6 million will support delivery of the Living Wage (£34 million), continued implementation of the Carers Act (£28.5 million) and uprating of free personal care (£10.1 million). The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2020-21 recurring budgets for adult social care services that are delegated. Therefore, Local Authority adult social care budgets for allocation to Integration Authorities must be £72.6 million greater than 2020-21 recurring budgets.

In summary:

- In 2021-22, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 1.5% over 2020-21 agreed recurring budgets.
- In 2021/22 Local Authority adult social care budgets for allocation to Integration Authorities must be £72.6 million greater than 2020/21 recurring budgets.

5.4. This letter of the 28 January 2021 from the Interim Director of Health Finance and Governance, is the basis on which NHSGGC and Renfrewshire Council have made their budget offer to the IJB for 2021/22.

5.5. In agreeing the 2021/22 budget, members will wish to consider the medium and longer-term financial context for the IJB and the ongoing financial pressures and significant challenges which were detailed in the HSCP's Medium-Term Financial Plan which was approved by members on 22 November 2019.

6. Summary of 2020/21 Budget Position

6.1. As reported throughout this financial year, the IJB will deliver an underspend on its core budget. The IJB projected underspend of £11,184k for the 2020/21 financial year takes into account the impact of delivering additional services as part of the IJB's response to COVID-19, and for which additional funding is provided by the Scottish Government at regular intervals. Currently, this accounts for £5,560k of the overall underspend position reflecting funding in advance of need which will be placed in an earmarked reserve to address COVID-19 expenditure commitments in 2021/22.

6.2. The landscape in relation to both the additional costs arising from COVID-19 and the significant range of additional funding streams released throughout the year by the Scottish Government in relation to a number of priority areas is exceptionally complex and fluid, and it will be a number of weeks before certainty can be provided as to the scale of funding streams that are expected to be carried forward into 2021/22.

7. Delegated Adult Social Care Budget 2021/22

7.1. As previously highlighted in the CFO's "Financial Outlook 2021/22" report which was approved by the IJB on 20 November 2020, in addition to the ongoing impact of COVID-19 across all service areas, similar to 2020/21, demographic and socio-economic factors continue to drive significant demand and cost pressures for 2021/22 in the delegated Adult Social Care budget relating to:

- Funding of the 2021/22 pay award;
- Cost pressures arising from contractual arrangements which are subject to renewal;
- Financial impact of the negotiated application of the increased living wage across the sector;
- Increases associated with the National Care Home Contract;
- Ongoing pressure on the Care at Home service in relation to costs associated with shifting the balance of care, by supporting people to live safely at home for as long as possible and facilitating prompt discharge from hospital; and
- Increasing number and complexity of care packages required to support adult clients to live as independently as possible in the community.

7.2. The Chief Finance Officer, using a range of informed assumptions, has estimated that the demand and cost growth for Adult Social Care in 2021/22 linked to the areas highlighted above, and in Section 8 of this report, is likely to be in the region of a gross increase of circa £5.5 million.

7.3. Members are reminded that due to COVID-19, the current levels of demand on Care at Home Services, and, the number of admissions to Care Homes are not in line with our 'normal projected levels of activity' which we would use to assess

the future pressure on these budgets. Consequently, our ability to project on future demand is more complex than in previous years, and therefore our current estimate for demand and cost growth is heavily caveated.

- 7.4. At its meeting of 4 March 2021, Renfrewshire Council, following the Director of Finance and Resources recommendations, approved a recurring net uplift to the delegated Adult Social Care budget of £2.232 million. This increase is in line with the conditions of the letter of the 28 January 2021 from the Interim Director of Health Finance and Governance, for the Scottish Government and Director of Community Health and Social Care (Appendix 1).

- 7.5. The following table provides a summary of the above:

Delegated Adult Social Care Budget 2021/22	Amount In £000's
2020/21 Adult Social Care Recurring Budget	72,259
<u>Add:</u>	
Renfrewshire share of £72.6 million for investment in social care and integration (per Appendix 3)	2,323
<u>Less:</u>	
Transfer of HSCP Caretaking staff to Environment and Infrastructure Services (Renfrewshire Council)	(224)
= Total Adult Social Care Recurring Budget 2021/22	74,358

- 7.6. The CFO'S recommendation to the IJB is, to note and accept the delegated Adult Social Health Budget offer from Renfrewshire Council for 2021/22 (Appendix 2). This budget offer is in line with the conditions of the letter of the 28 January 2021 from the Interim Director of Health Finance and Governance, for the Scottish Government and Director of Community Health and Social Care.

8. Delegated Health Budget 2021/22

- 8.1. In addition to the ongoing impact of COVID-19 across all service areas, similar to Adult Social Care, demographic and socio-economic factors continue to drive significant demand and cost pressures for our delegated Health services in 2021/22 including:
- Pay Inflation and impact of Agenda for change;
 - Inflationary linked increases on non-pay eligible budgets;
 - Prescribing cost / volume / short supply impact; and
 - West of Scotland Sexual Assault & Rape Service (share of Board wide costs of running this service)
- 8.2. Using a range of informed assumptions, the Chief Finance Officer has estimated that the demand and cost growth for Delegated Health Services (not including Set Aside) in 2021/22 linked to the areas highlighted above, and in Section 8 of this report, is likely to be in the region of a gross increase of circa £3 million.
- 8.3. As detailed earlier in this report, on 28 January 2021, the Interim Director of Health Finance and Governance, for the Scottish Government wrote to all NHS Chairs, NHS Directors of Finance, Integration Authority Chief Officers and Integration Authority Chief Finance Officers (Appendix 1), setting out the draft budget for 2021/22 for NHS Boards. This included narrative which set out the expectations that the:
- In 2021/22, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 1.5% over 2020-21 agreed recurring budgets.

- 8.4. The NHSGGC budget offer for 2021/22 (Appendix 3), is based on an uplift of 1.5% reflecting the Board's uplift for 2021/22, and, is in line with the letter of the 28 January 2021 from the Interim Director of Health Finance and Governance, for the Scottish Government .
- 8.5. The following table provides a high-level summary of the above:

Delegated Health Budget 2021/22	Amount in £000's
2020/21 Delegated Health Recurring Budget	176,430
Less:	
West of Scotland Sexual Assault & Rape Service (share of Board wide costs of running this service)	-85
Add:	
1.5% uplift applied to eligible budgets (including prescribing)	1,902
= Revised Budget After uplift	178,247
Set Aside Budget 20/21	58,192
1.5 uplift applied to set aside budget	873
= Set Aside Budget 21/22	59,065
Total Delegated Health Recurring Budget 2021/22	237,312

Note: these figures do not include any final adjustments in relation to recurring budget adjustments at month 12

- 8.6. The CFO'S recommendation to the IJB is, to note and accept the delegated Health Budget offer from NHSGGC for 2021/22 (Appendix 3) subject to final adjustments when the out-turn for the 2020/21 financial year has been finalised in relation to recurring budget adjustments at month 12, and, any further funding allocated by the Scottish government in respect of the impact of the 2021/22 pay award. This budget offer is in line with the conditions of the letter of the 28 January 2021 from the Interim Director of Health Finance and Governance, for the Scottish Government and Director of Community Health and Social Care.
- 9. Cost Pressures and Demand**
- 9.1. The HSCP's Medium-Term Financial Plan reflects the economic outlook to 2024/25, adopting a strategic and sustainable approach linked to the delivery of priorities in our Strategic Plan. These strategic priorities will continue to provide a focus for future budget decisions, where the delivery of core services must be balanced with the resources available. Our Medium-Term Financial Plan focuses on financial sustainability, acknowledging the uncertainty around key elements including the potential scale of savings required, and, the need to redirect resources to support the delivery of key priorities.
- 9.2. As recommended by the CFO in previous reports to the IJB, it is important that the IJB works to create sufficient reserves to provide temporary funding to drive

transformation, and, build up contingency reserves during the course of the financial year.

- 9.3. Despite the projected positive outturn for 2020/21 in part due to very late and significant additional ring fenced funding announcements from the Scottish government at the end of January and the middle of February, it is vital that the IJB maintains sufficient unallocated reserves to provide an appropriate degree of financial protection and immediate financial resilience moving forward, and that the level of unallocated reserves held is guided by the risk profile faced by the IJB. As always, Audit Scotland will continue to closely monitor the IJB's position in respect of unallocated reserves as part of their wider assessment of the IJB's financial stability and resilience, and, to ensure unallocated reserves remain at an appropriately prudent level.
- 9.4. Members should note that the IJB reserves policy allows for flexibility in terms of potential fluctuations. This allows for the IJB to increase unallocated reserve balances significantly where resources permit, providing future financial resilience for those years where the level of resources available to the IJB may be significantly constrained and will require a draw down from unallocated reserves in order to deliver financial balance.
- 9.5. In line with the approach taken in the Medium-Term Financial Plan, a scenario-based approach continues to be adopted to estimate future cost pressures and demand. Potential outcomes have been considered over: low, medium, high and worst-case projected positions. The low projection outlines a more optimistic outlook, while the worst-case indicates the position if pressures emerge at the higher end of current projections.
- 9.6. Over recent months, budget assumptions have been updated to reflect the impact of new statutory obligations and, increasing demographic and demand pressures.
- 9.7. The projected budget gap is based on a range of demand and cost pressures which could be faced by the IJB over the medium term. These assumptions are informed by the national context; effect of new statutory obligations; increasing demographic and demand pressures as well as the impact of COVID-19.
- 9.8. The financial projections for 2021/22 include a range of key assumptions for which there remains significant and real uncertainty. These include:
- **The impact of COVID-19 across a range of areas** including provider payments, significant increases in demand etc
 - **Future funding allocations from Partner Organisations:** may be subject to greater downward pressure due to a worsened financial outlook for our partner organisations. The Scottish Government has not provided any material details of spending plans beyond 2021/22 other than high level figures which indicate low levels of cash growth.
 - **Future Pay Settlements:** the move to multi-year settlements provided a degree of certainty over pay pressures, through to 2020/21. However, uncertainty has once again risen in relation to future pay pressures as the new cycle of negotiations has commenced. 2020/21 was also the final year of the current valuation of pension commitments, with a likely change in employer contribution rates from 2021/22.

The sustainability of future pay awards at similar levels, in the context of an expectation of further reductions in resources, will be a major challenge for the IJB to manage in future years. Employee costs

represent c34% of the IJB's net budget. Inflationary pressure in this area therefore represents a significant pressure for the IJB eg every 1 % increase to current pay rates represents an additional cost of c£820k per annum.

- **Demand led Pressures:** the scale of evolving demographic and socio-economic demand led cost pressures continue to be a key financial risk moving forward. Historically, our services have been able to manage this demand through the transformation of services, which has enabled gains in productivity and effectiveness to secure delivery of more services from the money they have received. However, our ability to continue to manage the current and projected demand levels into the future is limited without significant service redesign and transformation in our approach to delivery of our services. In addition, the impact of COVID-19 on a range of our services has already been significant and is likely to continue well into the future. As highlighted in paragraph 6.1 there is already noticeable growth in care at home packages for people with complex needs resulting in additional capacity and financial pressures.
- **Prescribing:** with the ending of the risk sharing arrangement across NHSGGC Partnerships on 31 March 2018, prescribing costs now represents one of our main financial risks, mainly due to the volatility of global markets and the impact of drug tariffs in relation to contracts with community pharmacy. In addition, the impact of COVID-19 on the ability of our pharmacy staff and GP's to deliver on prescribing efficiencies and initiatives has been and will continue to be severely impacted. The full extent of the ongoing impact of COVID-19, the production of a vaccine and BREXIT on the prescribing budget are currently unknown.
- **Inflation and Contractual Commitments:** Non-Pay inflationary pressures reflect anticipated annual increases to payments to third parties, and in the main reflect anticipated increases linked to contracts such as the National Care Home Contract and Supported Living Framework. The long-term effects of COVID-19 on provider sustainability will also impact on all of our contractual commitments, the extent of which will emerge over future months and may require current assumptions to be updated significantly.

9.9. The following table provides a high-level summary of the gross estimated budget pressures (based on medium case scenarios) in relation to the above for 2021/22. (Members should note that these scenarios are regularly updated to ensure that the CFO has early sight of any significant changes):

Anticipated Budget Pressures and Funding for 2021/22 @ 16th February 2021	Using Medium Case Scenarios		
	Health £000's	Social Care £000's	Overall Position £000's
Contractual	39	2,229	2,268
Pay	1,184	1,029	2,213
Demand	503	1,098	1,601
Living Wage		755	755
Prescribing	1,269		1,269
Savings o/s Previous Years	61	311	372
Total Pressures	3,056	5,422	8,478

9.10. As previously discussed with members, the delegated health budget includes a number of budget areas which cannot be considered for planned savings, namely:

- Resource Transfer from the NHS is used to directly fund social care services provided directly through the Council or commissioned from third party organisations.
- Prescribing budget has a clear clinically led approach to cost containment and volume control as part of an NHS GGC system wide approach and one that is built up from the prescribing patterns of individual GPs and informed by known costs;
- Family Health Service budgets directly fund income to contracted services such as GPs;
- Social Care Fund is passed directly through to Renfrewshire Council for allocation to the Adult Social Care Budget;
- Mental Health services protection in line with the Scottish Government's directions; and
- Health Visitors funding – this is a ring-fenced allocation from the Scottish Government in line with their priority to increase Health Visitor numbers

9.11. The following table shows that taking all of the above into account, the remaining budget against which any savings targets need to be delivered is circa £30 million, (11.6%) the majority of which are employee related budgets.

Health Budget Influencable Spend	20-21 £'000
2020-21 Budget	204,587
Add: Resource Transfer & Social Care Fund	34,341
Add: Action 15, ADP and PCIP Allocations	6,669
Add: LA Covid Funding	8,768
Add: Health Covid Funding	4,813
	259,178
Less:	
Set Aside	-58,192
Resource Transfer	-22,087
Prescribing	-36,926
FHS	-52,548
Social Care Fund	-12,254
Mental Health (Per SG Direction)	-20,707
Action 15	-1,335
PCIP	-4,757
Health Visitors (Ring fenced Funding)	-3,666
ADP (Ring Fenced Funding)	-2,308
COVID Allocation	-13,581
Non-Recurring Budget	-894
	-229,255
= Remaining Budget against which Savings can be applied	29,923
% of Budget against which Savings can be applied	11.55%

- 9.12. As outlined in the 'Medium Term Financial Plan', and further described in this report, it is likely that from 2021/22, the budget position for IJBs will be subject to significant demand and cost led financial pressures.
- 9.13. In addition, it was clear from Renfrewshire Council's own Medium-Term Financial Outlook, that it anticipated it would be subject to significant pressure over the medium term. Its most recent update to its financial outlook and a risk of a further period of constraint and reduction in core funding for LG in Scotland. In this context there is a greater risk that any future uplifts in funding to the IJB similar to that provided in previous years may not be deliverable.
- 9.14. Over the past couple of years, the HSCP has benefited from resources passed through from Health as part of the local government settlement arrangements. This has been a key factor in maintaining the current financial stability of the Partnership. However, as highlighted earlier in this report, it should be recognised that the Scottish Government is likely over the medium term to face an increasingly challenging financial position which may place the ability for a pass through of resources from Health to HSCP's under increasing pressure.
- 9.15. On this basis, the IJB should continue to plan for a range of potential outcomes, ensuring sufficient flexibility to manage in a sustainable manner the position which emerges over the next few years. The likely scenario is that a significant level of further recurring savings will be required. At the same time, we need to deliver sustainable and modern services which meet the needs of service users and their families. Consequently, savings options which do not align with the guiding principles for transformation previously agreed by the IJB will require consideration.
- 9.16. It is therefore essential that the IJB continues to focus on the need to pro-actively progress its transformation and modernisation agenda, maintaining a medium-term perspective of the financial challenges and where appropriate generate reserves to help to:
- Address medium-term pressures on the assumption that the financial position is more than likely to get more pressured;
 - To provide temporary funding to drive transformation; and,
 - Build up contingency reserves in line with Audit Scotland's recommendations which will be crucial in ensuring the financial sustainability of the partnership in the medium term.

10. **Summary of 2021/22 Budget Position**

		Total
2020/21 HSCP Budget Rolled Forward to 2021/22		306,572
Add: HSCP Estimated Budget Pressures for 2021/22		
Contractual	2,268	
Pay	2,213	
Demand	1,601	
Living Wage	755	
Prescribing	1,269	
Savings o/s Previous Years	372	
Set Aside Increase	873	
		9,351
Less:		
Savings approved by IJB In previous years (to be delivered in 2021/22)	-256	
West of Scotland Sexual Assault & Rape Service (share of Board wide costs of running this service)	-85	
Transfer of HSCP Caretaking staff to Environment and Infrastructure Services (Renfrewshire Council)	-224	
Proposed Savings for approval by IJB 26 March 21	-885	
Drawdown of Reserves	-1,803	
Recurring prescribing underspend	-1,000	
		-4,253
HSCP Estimated Budget for 2021/22		311,670
Addiitonal Funding Requirement for 2021/22		-5,098
Funded By:		
2021/22 Health Budget Uplift	2,775	
2021/22 Adult Social Care Budget Uplift	2,323	
Total Increase in Partnership Funding		5,098
= 2021/22 HSCP Opening Budget		311,670

10.1. The table above, summarises the overall anticipated budget position for the IJB for 2021/22 reflecting:

- The pressures highlighted in Section 8 of this report
- Savings approved by the IJB in previous years to be delivered in 2021/22
- Proposed savings for approval by IJB 26 March 2021
- Transfer of budgets in respect of the West of Scotland Sexual Assault & Rape Service, and, Caretaking staff
- Recurring Prescribing underspend
- Drawdown of general reserves to deliver non-recurring financial balance in 2021/22
- Increase in Partnership funding in line with the conditions of the Scottish Government Budget for 2021/22.

10.2. Based on the above table, it is the CFO's recommendation that there are sufficient resources within the proposed budgets (including draw down of IJB reserves) set out in this report to meet our current anticipated budget pressures for 2021/22, thereby enabling members to agree our partnership budget offers for 2021/22 and set a balanced budget for 2021/22.

11. COVID-19

- 11.1. IJB Members should note that the 2021/22 budget proposals are presented on the basis of “business as usual”, however, ongoing and developing COVID-19 issues highlight that this is not the case. It should be recognised that extraordinary costs are being incurred and will continue to be incurred for the foreseeable future. For accounting purposes, these costs will be recorded separately, with the assumption that costs will be covered by partners, and ultimately by government.

Implications of the Report

1. **Financial** – Financial implications are discussed in full in the report above.
2. **HR & Organisational Development** – none
3. **Community Planning** – none
4. **Legal** – This is in line with Renfrewshire IJB’s Integration Scheme
5. **Property/Assets** – none.
6. **Information Technology** – none
7. **Equality & Human Rights** – The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council’s website.
8. **Health & Safety** – none
9. **Procurement** – Implementation of the living wage impact on existing contracts with providers and their ability to deliver within the allocated funding package
10. **Risk** – Delays in setting the budget may impact on the IJBs ability to achieve financial balance in 2021-22. In addition, as highlighted in Section 10 of this report, the 2021/22 budget proposals assume “business as usual”. The potential financial and economic impacts of COVID-19 represents a significant additional risk to the IJB, and the wider public sector going forward.
11. **Privacy Impact** – none.

List of Background Papers – none

Author: Sarah Lavers, Chief Finance Officer

Any enquiries regarding this paper should be directed to Sarah Lavers, Chief Finance Officer (sarah.lavers@renfrewshire.gov.uk / 0141 618 6824)
--

Direction from the Integration Joint Board		
1.	Reference Number	260321-05
2.	Date Direction issued by IJB	26 March 2021
3.	Date from which Direction takes effect	26 March 2021
4.	Direction to	Renfrewshire Council and NHS Greater Glasgow & Clyde
5.	Does the Direction supersede, amend or cancel a previous Direction – if yes include IJB reference number	No.
6.	Functions covered by the Direction	All functions delegated to the IJB from Renfrewshire Council and NHS Greater Glasgow & Clyde
7.	Full text of Direction	Renfrewshire Council and NHS Greater Glasgow & Clyde are jointly directed to deliver services in line with the Integration Joint Board's Strategic Plan (2019-22), as advised and instructed by the Chief Officer and within the budget levels outlined.
8.	Budget allocated by IJB to carry out Direction.	As outlined in Section 7.5 (Renfrewshire Council) and Section 8.5 (NHS Greater Glasgow & Clyde) of this report and within the supporting Appendices attached.
9.	Outcomes	The functions will be carried out in a manner consistent with the Joint Board's Strategic Plan (2019-22), which was considered by the Integration Joint Board on 22 March 2019.
10.	Performance monitoring arrangements	Performance management is monitored and reported to every meeting of the IJB.
11.	Date of review of Direction	June 2021.

**Directorate for Health Finance Corporate
Governance and Value**
Richard McCallum, Interim Director



Scottish Government
Riaghaltas na h-Alba
gov.scot

T: 0131-244 3475

E: richard.mccallum@gov.scot

Chief Executives, NHS Scotland

Copy to: NHS Chairs
NHS Directors of Finance
Integration Authority Chief Officers
Integration Authority Chief Finance Officers

Issued via email

28 January 2021

Dear Chief Executives

Budget 2021-22 – Indicative Allocation

Following the announcement of the Scottish Government's Budget for 2021-22 by the Cabinet Secretary for Finance in Parliament today, I am writing to provide details of the funding settlement for Health Boards. A breakdown of the total is provided in **Annex A** to this letter.

The immediate priority of the budget is to support our response to the pandemic and take forward delivery of the key ambitions set out in the Programme for Government.

The position set out in this letter is subject to any amendments agreed through the Scottish Parliament's Budget Bill process, and may also require to be updated to reflect the UK Government's Budget on 3 March. I will keep you up to date with any changes to your planning assumptions.

Baseline Funding

All Boards will receive a baseline uplift of 1.5%. In addition, those Boards furthest from NRAC parity will receive a share of £30.2 million, which will continue to maintain all Boards within 0.8% of NRAC parity.

In terms of pay, initial funding has been allocated in line with the Scottish Public Sector Pay Policy for planning purposes. This will be used as an anchor point in the forthcoming Agenda for Change pay settlement and funding arrangements for Boards will be revisited by the Scottish Government in line with the outcome of the pay negotiations.

The funding position continues to assume that the £15 million of National Board savings are fully delivered in 2021-22 and that further progress is made in National Boards collaborating to deliver service improvement and further savings. Whilst we have taken account of the

particular challenges in delivering this in full in 2020-21, I expect National Boards to identify sufficient recurring measures to address this position going forward.

Covid-19 Funding

Additional funding of £869 million will be provided to support the ongoing response to the pandemic, and we will develop our approach to allocating this funding on receipt of remobilisation plans due at the end of February. While we anticipate that further Covid funding will be provided by the UK Government, this tranche of funding should provide sufficient assurance for continuing with key programmes of work, such as vaccinations and Test and Protect.

Investment in Improving Patient Outcomes

In addition to the baseline funding uplift, a total of £595.9 million will be invested in improving patient outcomes in 2021-22, as set out below:

Improving patient outcomes	2020-21 Investment in reform (£m)	2021-22 Investment in reform (£m)	Increase for 2021-22 (£m)
Primary Care	205	250	45
Waiting Times	136	136	-
Mental Health and CAMHS	89	111.1	22.1
Trauma Networks	31	37.8	6.8
Drugs Deaths	11	61	50
TOTAL	472	595.9	123.9

When combining the £123.9 million increase in investment in reform with an increase of £193 million in baseline funding for frontline NHS Boards, the total initial additional funding for frontline NHS Boards will amount to £316.9 million (2.8 per cent) in 2021-22. Further detail is set out in **Annex A**.

Full details of the method of allocation and evidence of delivering against agreed outcomes will be set out by individual policy areas.

Core Areas of Investment

Primary Care

Investment in the Primary Care Fund will increase to £250 million in 2021-22. This will support the delivery of the new GP contract and wider Primary Care reform and continued development of new models of primary care.

We will maintain Covid-19 funding support for Community Hubs while they are still required. This is alongside our continued support for multi-disciplinary teams, which are supporting GPs to fulfil their role as expert medical generalists in the community.

Support for Waiting Times

Investment of £136 million will again be provided for investment in addressing waiting times. Whilst progress had been made in reducing waiting times in recent years, the response to the pandemic has interrupted this progress. In addition to this funding, we will consider the provision of further funding beyond this level in order to support the remobilisation of elective care as part of NHS Board remobilisation plans and reduce the backlog.

Included within the funding is £136 million, is £10 million for winter 2021-22, to allow Boards maximum opportunity to plan as appropriate.

Mental Health and CAMHS

Funding of £111.1 million will be directed to a range of partners for investment to support mental health, and children and young people's mental health. This funding will underpin our continued approach to improving mental health services and support for children, young people and adults.

As part of the 2021-22 budget we are providing £15 million to support the continued establishment of new Community Mental Health and Wellbeing Services. While the pandemic has had an impact on the planning and development of those services, we are working with local authorities to ensure they are ready to start supporting children, young people and their families as soon as possible, with support available across all 32 local authorities in 2021.

The Mental Health Transition and Recovery Plan outlines the Scottish Government's response to the mental health impacts of COVID-19 and further funding will be provided from the £869 million COVID-19 funding to support Boards and Integration Authorities in meeting these challenges.

Trauma Networks

This funding will increase from £31 million to £37.8 million, taking forward the implementation of the major trauma networks.

Alcohol and drugs

The 2021-22 Portfolio budget provides an additional £50 million targeted towards reducing drugs deaths. This forms part of a total of funding of £250 million over the next five years and will support further investment in a range of community-based interventions, including primary prevention and expansion of residential rehabilitation.

Reform Funding

This budget prioritises baseline funding, along with increased investment in particular areas of reform that will improve patient outcomes and funding for the response to the Covid pandemic. We will however continue to work with colleagues to agree investment in specific programmes of work, as well as in-year funding to support the strategies of NHS 24 and Scottish Ambulance Service, which will have a wider benefit to the sector.

Health and Social Care Integration

In 2021-22, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 1.5% over 2020-21 agreed recurring budgets.

In addition to this, and separate from the Board Funding uplift, the Health Portfolio will invest a further £72.6 million in Local Authorities for investment in adult social care and integration. This takes the total funding transferred from the health portfolio to £883 million in 2021-22. The additional £72.6 million will support delivery of the Living Wage (£34 million), continued implementation of the Carers Act (£28.5 million) and uprating of free personal care (£10.1 million).

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2020-21 recurring budgets for adult social care services that are delegated.

Therefore, Local Authority adult social care budgets for allocation to Integration Authorities must be £72.6 million greater than 2020-21 recurring budgets.

Capital Funding

Boards should assume an unchanged initial capital formula allocation, with additional investment planned for the elective centres and Baird Family Hospital and Anchor Centre in Aberdeen.

2021/22 Financial Plan

We will continue to engage with Boards to finalise Remobilisation Plans and the development of one year financial plans and I hope the information contained in this letter is helpful in the finalising of these plans. We plan to revisit three year financial plans when the NHS is no longer on an emergency footing.

Yours sincerely

Richard McCallum

Interim Director of Health Finance and Governance

Annex A – Board Funding Uplifts

NHS Territorial Boards	2020-21 Allocation	Recurring Allocations	Total 2020-21 Allocation	Uplift incl NRAC	Uplift incl NRAC	2021-22 Total Allocation	NRAC Funding	Distance from NRAC parity
	£m	£m	£m	£m	%	£m	£m	%
Ayrshire and Arran	762.4	(0.6)	761.8	12.7	1.7%	774.5	1.2	-0.8%
Borders	219.8	(0.4)	219.4	3.3	1.5%	222.7	-	-0.8%
Dumfries and Galloway	316.1	(0.3)	315.8	4.7	1.5%	320.6	-	1.5%
Fife	701.5	(1.3)	700.2	12.4	1.8%	712.6	1.9	-0.8%
Forth Valley	558.7	(1.0)	557.7	11.8	2.1%	569.4	3.4	-0.8%
Grampian	1,013.5	(0.8)	1,012.7	15.2	1.5%	1,027.9	-	0.1%
Greater Glasgow and Clyde	2,364.7	(2.0)	2,362.7	35.4	1.5%	2,398.1	-	1.8%
Highland	666.0	(0.6)	665.5	26.4	4.0%	691.9	16.4	-0.8%
Lanarkshire	1,268.1	(1.1)	1,267.1	19.0	1.5%	1,286.1	-	-0.8%
Lothian	1,540.1	0.4	1,540.5	29.0	1.9%	1,569.5	5.9	-0.8%
Orkney	52.6	(0.0)	52.6	2.2	4.2%	54.8	1.4	-0.8%
Shetland	53.9	(0.0)	53.8	0.8	1.5%	54.6	-	0.4%
Tayside	808.5	(0.7)	807.8	12.1	1.5%	819.9	-	-0.8%
Western Isles	80.0	(0.1)	79.9	1.2	1.5%	81.1	-	10.6%
	10,405.9	(8.5)	10,397.5	186.2	1.8%	10,583.7	30.2	
NHS National Boards								
National Waiting Times Centre	60.0	-	60.0	0.9	1.5%	60.9		
Scottish Ambulance Service	278.4	1.1	279.5	4.2	1.5%	283.7		
The State Hospital	37.6	-	37.6	0.6	1.5%	38.1		
NHS 24	72.7	-	72.7	1.1	1.5%	73.8		
NHS Education for Scotland*	461.5	0.2	461.7	9.9	2.1%	471.7		
NHS National Services Scotland	327.7	8.7	336.4	5.0	1.5%	341.4		
Healthcare Improvement Scotland	26.3	0.9	27.1	0.4	1.5%	27.5		
Public Health Scotland	47.9	-	47.9	0.7	1.5%	48.6		
Nationals Total	1,312.1	11.0	1,323.1	22.8	1.7%	1,345.9		
Total NHS Boards	11,718.0	2.5	11,720.6	209.1	1.8%	11,929.6		
Improving Patient Outcomes	472.0		472.0	123.9		595.9		
Total Frontline NHS Boards**	11,326.6	(7.3)	11,319.3	316.9	2.8%	11,636.2		

*The uplift for NHS Education for Scotland includes recurring funding for training grades

** Frontline NHS Boards comprise the 14 NHS Territorial Boards, National Waiting Times Centre, Scottish Ambulance Service, State Hospital and NHS 24

Your Ref:
My Ref: AMacA/CB
Contact: Alastair MacArthur
Telephone: 0141-618 7363
E Mail: alastair.macarthur@renfrewshire.gov.uk
Date: 4 March 2021

Appendix 2

Sarah Lavers
Chief Financial Officer
Renfrewshire HSCP
Renfrewshire House
Cotton Street
Paisley, PA1 1AL

Dear Sarah

2021/22 Financial Allocation from Renfrewshire Council

Renfrewshire Council agreed its budget for the financial year 2021/22 today, 4 March 2021.

In setting the budget, Council agreed total funding to the Renfrewshire HSCP of **£74,358,164.**

The above amount reflects the pass through in full to the HSCP of Scottish Government funding received through the local government settlement of £2,323,000 as directed by the Cabinet Secretary.

Yours sincerely

Alan Russell
Director of Finance & Resources



Finance and Resources
Director: Alan Russell CPFA
Renfrewshire House, Cotton Street, Paisley PA1 1JB
www.renfrewshire.gov.uk



Greater Glasgow and Clyde NHS Board

JB Russell House
 Gartnavel Royal Hospital
 1055 Great Western Road
 Glasgow
 G12 0XH
 Tel. 0141-201-4444
www.nhsggc.org.uk

Date:
 Our Ref: JH

Enquiries to: James Hobson
 Direct Line: 0141-201-4774
 E-mail: James.Hobson@ggc.scot.nhs.uk

Dear Shiona

2021/22 Financial Allocation to Renfrewshire Health and Social Care Partnership

Further to the Scottish Budget I can now confirm the Board's allocation to the HSCP for 2021/22. This will be updated further when the out-turn for the 2020/21 financial year has been finalised.

Annual uplift to NHSGGC

The annual general uplift is provided by the Scottish Government to support Boards in meeting expected additional costs related to pay, supplies (which includes prescribing growth and utilities charges) and capital charges. The Board's uplift for 2021/22 is 1.5% totalling £33.7m.

The HSCP Settlement

The Scottish Government's funding allocation letter issued on 28 January 2021 states that *"In 2021/22, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 1.5% over 2020/21 agreed recurring budgets"*.

The total allocation uplift to all six HSCPs should therefore be £13.1m based on the recurring budget at 31 January 2021 and the partnership's share of this allocation is included in **Appendix 1**.

Set Aside Budget

During 2020/21 work has continued to identify the actual budgets and costs of unscheduled care services and these will be used as the basis for the set aside allocation for 2021/22. However, until the final out-turn for 2020/21 is confirmed the current value has been uplifted by 1.5%. This figure represents the estimated actual usage of in scope Acute services. This will continue to be a notional allocation until commissioning plans are in place between HSCPs and the Board.

Recharges to HSCPs

The following items will continue to be charged to the HSCP during 2021/22:

- The HSCP's proportional share of the Apprenticeship Levy based on your HSCP's payroll cost; and
- The HSCP's proportional share of the annual cost arising from the change in accounting treatment of pre 2010 pension costs as the non recurring funding generated from this change was used to provide non recurrent support to all service areas in 2016/17.

Non recurring allocations including Scottish Government allocations for COVID-19 for both health and social care expenditure will be passed directly to the partnership when received by the Board.

Yours sincerely

James Hobson

Assistant Director of Finance
NHS Greater Glasgow and Clyde

Appendix 1 – Financial Allocation 2021/22

Spend Categories	Renfrewshire Hscp
	£000s
Family Health Services *	51,813
Fhs Income*	(2,314)
Family Health Services Budget (Net)	49,499
Prescribing & Drugs	36,857
Non Pay Supplies	17,755
Pay	48,611
Other Non Pay & Savings	24,448
Other Income	(740)
Budget - HCH incl Prescribing	126,931
Total Rollover budget - NET	176,430
Adjustments:	
Non Recurring bud allocated to base	(153)
Budget Eligible for HCH & Prescribing uplift	126,778
<u>Uplifts</u>	
Scottish Government allocation	1,902
West of Scotland Sexual Assault & Rape Service (Topsliced)	(85)
West of Scotland Sexual Assault & Rape Service (Hosted)	
Total Uplift	1,816
Revised Budget	178,246
Set Aside Budget	
2020/21 value	58,192
Uplift at 1.5%	873
2021/22 value	59,065