

# Notice of Meeting and Agenda Renfrewshire Health and Social Care Integration Joint Board.

Date	Time	Venue
Friday, 31 March 2023	10:00	Remotely by MS Teams,

MARK CONAGHAN  
Clerk

## Membership

Councillor Jacqueline Cameron: Councillor Jennifer Adam: Councillor Fiona Airlie-Nicolson: Councillor Iain McMillan: Margaret Kerr: John Matthews: Frank Shennan: Ann Cameron Burns: Karen Jarvis: Paul Higgins: Lisa Cameron: Dr Shilpa Shivaprasad: Alan McNiven: Fiona Milne: Stephen Cruickshank: John Boylan: Annie Hair: Dr Stuart Sutton: Christine Laverty: Sarah Lavers: John Trainer.

John Matthews (Chair); and Councillor Jennifer Adam (Vice Chair)

## To Follow Items

I refer to the agenda for the meeting of the Renfrewshire Health and Social Care Integration Joint Board to be held on 31 March 2023 at 10.00 am and enclose the undernoted reports relative to item 7 - Delivering Sustainable Futures and item 8 - Delegated Budget 2023/24 previously marked 'to follow':

## Items of business

- |          |  |                |
|----------|--|----------------|
| <b>7</b> | <b>Delivering Sustainable Futures</b>                      | <b>3 - 10</b>  |
|          | Report by Head of Strategic Planning & Health Improvement. |                |
| <b>8</b> | <b>Delegated Budget 2023/24</b>                            | <b>11 - 46</b> |
|          | Report by Chief Finance Officer.                           |                |



**To: Renfrewshire Integration Joint Board**

**On: 31 March 2023**

**Report by: Head of Strategic Planning & Health Improvement**

**Heading: Delivering Sustainable Futures**

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	<b>X</b>

## 1. Summary

- 1.1. A focus on Sustainable Futures is a core overarching theme within the IJB's Strategic Plan for 2022-25. This theme is focused on ensuring that available resources within the health and social care partnership (HSCP) are used effectively, whilst recognising that service reform and financial savings would be required to achieve this. This paper sets out the HSCP's proposed approach to achieving Sustainable Futures in the next financial year and future years within an extremely challenging financial context.
- 1.2. In doing so, further information is provided for the IJB on current financial pressures, and a range of savings proposals are set out, supported by proposed principles to guide the reform of HSCP services in coming months and beyond. The paper seeks the IJB's approval to proceed with the proposals outlined.

## 2. Recommendations

It is recommended that the IJB:

- Note the high-level financial context set out in section 3 of this report, and the approach which has been adopted by the HSCP to address the budget gap in 2023/24 and the projected gap in future financial years, in alignment with the IJB's Strategic Plan and Medium-Term Financial Plan (Sections 3 and 4);
- Approve the savings proposals set out within the context of the IJB's financial planning and budget setting for 2023/24 (Section 5); and
- Approve the direction of travel set out for the definition and implementation of service reform at the scale required (Section 6).

### 3. Background

3.1. The regular financial position reports presented to the IJB provide updates to members on the wider context for the IJB's financial planning and identify factors which can positively and negatively influence the IJB's financial position. Members will recognise a range of challenges which have been discussed on an ongoing basis:

- The impact of COVID on service provision over several years, and on service demand as we emerge from the pandemic.
- Recruitment and retention challenges, locally and nationally.
- Continuing pressures on health and social care services.
- The economic implications for national and local budget settlements as a result of:
  - The war in Ukraine coupled with Brexit and emergence from the pandemic.
  - The impact on supply chain availability and costs.
  - Energy price increases.
  - Inflation, interest rates and the cost-of-living crisis.

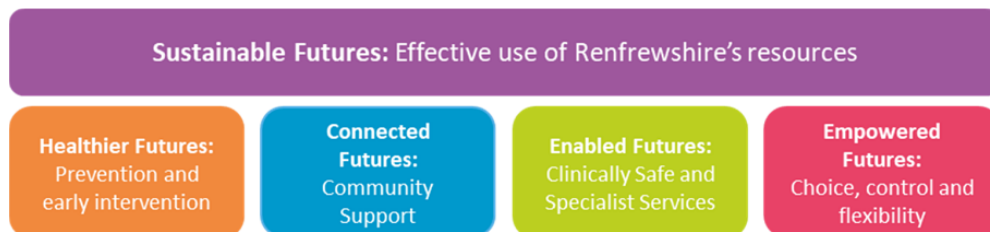
3.2. The update provided to the IJB in January 2023 set out a number of the budgetary pressures faced by the IJB. In many cases these pressures are driven or exacerbated by the contextual challenges set out above. They include but are not limited to:

- Contractual and cost pressures – relating for example to expected uplifts to the National Care Home Contract and contract renewals such as Supported Living.
- Significantly increasing prescribing costs; reflecting prescribing volumes now being on par with those experienced prior to the pandemic, as well as an unprecedented number of items being on short supply and a number of converging issues currently impacting on the price of drugs.
- The impact of nationally agreed pay awards.
- Maintaining leading performance in reducing delayed discharges, within the context of growing service demands.
- The Scottish Government's decision that PCIP reserves be drawn down prior to additional funding being provided, leaving a gap of £1.671m which required funding in 2022/23.

3.3. Reflecting the impact of the pressures set out above and those highlighted in the Chief Finance Officer's "**2023-24 Delegated Health and Social Care Budget**" (which follows this paper on the agenda) a significant budget gap is projected in 2023/24 and subsequent years. Planning is being undertaken based on a 'medium' case scenario, however high and worst-case scenarios have also been modelled to assess the potential extent of the budget funding gap for 23/24. Under the medium-case scenario, and prior to the agreement of any savings, a budget gap of **£9.452m** is projected for 2023-24.

#### 4. Addressing the gap through our Strategic and Medium-Term Financial Plans: The role of Sustainable Futures

4.1. The IJB approved their Strategic Plan and Medium-Term Financial Plans, both for 2022-25, at their meeting in March 2022. These Plans were closely aligned and underpinned by five key themes which set out the IJB's objectives within a challenging financial context. These are set out in the diagram below:



4.2. As can be seen in this diagram, the Sustainable Futures theme is essential to the delivery of the IJB's wider objectives which focus on (i) prevention and early intervention where possible; (ii) supporting the people of Renfrewshire within their communities; (iii) ensuring services are safe and effective and (iv) enabling choice and control.

4.3. Our Sustainable Futures theme was defined to ensure that available resources in the health and social care system across Renfrewshire are used effectively, whilst recognising that further reform of services would be required alongside an ongoing focus on the delivery of savings within a challenging financial context.

4.4. The Medium-Term Financial Plan (MTFP) was developed concurrently with the Strategic Plan so that the linkages and dependencies between the IJB's strategic objectives and available resources was clearly set out and considered. In doing so, the MTFP identified scenario-based projections which set out the financial challenges facing the IJB in coming years. As is set out in Section 3 of this paper, several factors have combined to deepen these challenges and widen the budget gap projected in FY 2023/24 and beyond. In common with the Strategic Plan, the MTFP recognised that both savings and service reform would be required and extended the two-tier approach which had been adopted in previous financial years.

4.5. The uncertain and changing financial context has been under ongoing review by the HSCP's Senior Management Team (SMT) throughout the year. In doing so, further consideration has been given to how services are assessed and opportunities for savings or change categorised. This has resulted in a refined approach which builds on the two-tier method previously utilised. Heads of Service and service management teams now consider three key categories:

- **Protect:** identifying statutory services which must be delivered, alongside continuing to meet the needs of the most vulnerable in Renfrewshire, whilst recognising that there may be opportunities to implement new service models and make these services more efficient.
- **Reform:** focusing on areas where service delivery models can be adapted and developed to meet changing demand and expectations

arising from policy and the impact of the pandemic. In doing so it may be possible to deliver financial efficiencies; and

- **Deliver savings:** focusing on non-statutory activity and considering whether existing provision is still financially sustainable and where levels of provision can be safely reduced. This includes seeking efficiencies through process improvement, vacancy/post management, contract management and day-today overhead costs.

4.6. Section 5 of this paper sets out the nature of savings and reform proposals which have been identified to close a proportion of the projected budget gap in 2023/24. It is recognised that the nature of savings identified to date will not fully meet the scale of the financial challenge or deliver the intent of Sustainable Futures. Consequently, further savings proposals will be brought to the IJB throughout the financial year. Alongside this, there will need to be an ongoing focus on service reform and the SMT has agreed a set of core principles to guide the nature of this change activity. Further detail is provided in Section 6 of this paper.

## 5. Overview of proposed savings

5.1. A number of savings proposals were identified during the assessment process but were discounted following review by Finance, HR, Professional Leads, the Data Standards and Assurance team or during initial shortlisting by SMT. This included consideration of the deliverability and level of risk associated with each proposal. Examples of those discounted during the process included a reduction in Technology Enabled Care posts and stopping delivery of a Paediatric AHP service.

5.2. However, our assessment of areas to be protected is likely to change given current budget pressures and previously discounted proposals may be brought forward to future meetings of the IJB for further consideration, as well as more challenging proposals which will undoubtedly influence the services we can deliver in the future.

5.3. Following review and shortlisting, proposals to a combined value of **£3.45m** (£2.49m for delivery 23/24 and £0.96m for delivery in 24/25) are submitted to the IJB for consideration. The below table illustrates how these proposals are apportioned across the health and social care budgets:

		RAG Rating			Total
		Green	Amber	Red	
<b>Reform</b>		£540,270	£460,000	£0	<b>£1,000,270</b>
<b>Savings</b>	Vacancy/Post Management	£541,627	£81,994	£221,024	<b>£844,645</b>
	General Efficiencies	£140,520	£9,498	£0	<b>£150,018</b>
	Process Efficiencies	£460,000	£0	£0	<b>£460,000</b>
	Contract Management	£35,189	£0	£0	<b>£35,189</b>
<b>Total Identified for 23/24</b>		<b>£1,717,606</b>	<b>£551,492</b>	<b>£221,024</b>	<b>£2,490,122</b>

<b>Reform</b>		£0	£0	£0	<b>£0</b>
<b>Savings</b>	Vacancy/Post Management	£179,670	£59,800	£137,293	<b>£376,763</b>
	General Efficiencies	£0	£0	£0	<b>£0</b>
	Process Efficiencies	£510,000	£0	£71,377	<b>£581,377</b>
	Contract Management	£0	£0	£0	<b>£0</b>
<b>Total Identified for 24/25</b>		<b>£689,670</b>	<b>£59,800</b>	<b>£208,670</b>	<b>£958,140</b>

<b>GRAND TOTAL</b>		<b>£2,407,276</b>	<b>£611,292</b>	<b>£429,694</b>	<b>£3,448,262</b>
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5.4. In terms of the **Reform** proposals submitted for the IJB's consideration, these include:

- Shifting the balance of care to better support people to live safely and independently in their own homes through a reduction in nursing and residential care placements (£460,000); and
- Redesigning frontline Care at Home services through the regrading of lower grade Care at Home staff and investment in the further rollout of the Care at Home monitoring and scheduling system. The estimated cost of this redesign (£506,991) would be funded by a reduction in 18.72 FTE Care at Home vacancies (£540,270), leaving a balance of £33,279 to fund other pressures.

5.5. As noted in Section 4, **Savings** proposals include consideration of areas of vacancy/post management, general efficiencies, process efficiencies, and contract management.

5.6. **Vacancy/Post Management:** As noted in our Strategic and Medium-Term Financial Plans and covered in detail in the IJB's Workforce Plan 2022-25, ongoing recruitment and retention challenges persist across several services. Whilst we will continue the implementation of our Workforce Plan to address these challenges, due to ongoing recruitment challenges (which have been highlighted to members in previous meetings) the SMT recognise that there are a number of vacancies which the HSCP will continue to struggle to fill. Therefore, it is proposed that a combination of some of these vacancies, as well as vacant posts which have been identified by the SMT as low risk, can be removed from the current establishment. Additionally, the HSCP will consolidate posts where opportunities arise. Staff side and Trade Unions from NMSGC and Renfrewshire Council have been updated on all vacancy / post proposals for their respective areas.

5.7. In addition to the Care at Home posts previously noted at Section 5.4, we anticipate the deletion of a further 29.22 FTE posts over the next two financial years, spanning both Health and Social Care. This equates to **1.2%** of the 2022/23 establishment. A summary of the posts to be deleted is below:

Category	FTE	Value
<b>Health</b>		
<b>Nursing &amp; AHP</b>	<b>10.50</b>	<b>£395,530</b>
<b>Business Support</b>	<b>5.00</b>	<b>£289,630</b>
<b>Social Care</b>		
<b>Social Care &amp; Social Work</b>	<b>10.22</b>	<b>£379,095</b>
<b>Business Support</b>	<b>3.50</b>	<b>£157,153</b>
<b>TOTAL</b>	<b>29.22</b>	<b>£1,221,408</b>

5.8. **General Efficiencies:** We anticipate making savings of approximately **£0.15m** through General Efficiencies over the next two years. These efficiencies will be generated from a number of budget lines including staff travel costs; patient transport costs; supplies and services, and capital minor works.

5.9. **Process Efficiencies:** Savings of **£1.04m** have also been identified through Process Efficiencies over the next two years. This includes:

- **£841k** relating to the continuation of the rolling review of adult care packages, to ensure support provided best meets the needs of individuals and adopts a strengths-based focus.
- **£200k** relating to the review of out of area placements, to ensure that all supported individuals receive the most appropriate care in their local area, consistent with priority of need and eligibility and inclusive of economies of scale, where possible.

5.10. **Contract Management:** Acknowledging the value and importance of third sector support in early intervention and prevention, we have sought to **Protect** these areas wherever possible. Notwithstanding, as part of our continuous review of existing contract arrangements, efficiency savings of **£35k** have been identified for delivery across the next two financial years.

5.11. The IJB is asked to approve the above noted proposals.

## 6. **Service reform: developing new ways of working to enable Sustainable Futures**

6.1. As is highlighted in Section 4 and 5 of this paper, both a rolling programme of savings and a process of ongoing service reform will be required to deliver 'Sustainable Futures' as set out in the IJB's Strategic Plan.

6.2. The HSCP's SMT have been working to consider the nature of reform which will be required, alongside ongoing prioritisation of existing change activity being carried out by the partnership. Critical to taking this forward will be the development of a consistent approach to determining and assessing the scope of reform and the development and testing of business cases for emerging proposals. The specific nature of reform taken forward will



necessarily vary between services and is subject to the IJB's approval of a budget for 2023/24 and the requirements of a supporting financial recovery plan. SMT have identified a number of core areas which will form the basis of these considerations. These are set out below, and the IJB is asked to approve this direction of travel:

- **Reviewing what accommodation we use, and how we use it**, reflecting changing demands and expectations of services and the importance of flexibly supporting people to live independently within their communities, as set out in the IJB's Strategic Plan. This also reflects (i) the models of care for day support paper agreed by the IJB in June 2021; and (ii) how changes in the demand for, and the balance between, care home and care at home provision have accelerated in recent years.
- **Reviewing existing eligibility criteria**, and assessing the need for, and impact of, updating eligibility to critical only from the current position of substantial and critical.
- **Focusing on the provision of statutory services**, working with partners to continue to support the most vulnerable in Renfrewshire and assessing where it is appropriate and necessary for provision to extend beyond this. Within the current and projected financial context, the breadth of services within scope of potential reform activity will be necessarily wide.
- **Assessing all elements of 'support' services** to ensure value for money is achieved and costs are reduced where possible, for example considering current demand for transport and the nature of provision of services such as facilities management.

6.3. Previous reports to the IJB have set out the important role of the HSCP's Care Planning Groups (CPG) in the strategic planning process. The CPGs facilitate and provide a forum for sharing information between service users, unpaid carers and services, and will provide opportunity for engagement on emerging proposals.

6.4. Section 5 above also notes that EQIA screening has been undertaken for the savings presented for the IJB's approval at this meeting. As further detail on the scope of service reform activity is developed, EQIA screening and full EQIA assessments will be carried out at the appropriate point within the reform process.

6.5. A further update on related activity will be brought the next meeting of the IJB in June 2023.

6.6. As highlighted throughout this report the IJB is operating in an increasingly challenging environment with the funding available insufficient to fund the levels of increasing demand and increasing costs of service delivery we are now facing. This therefore will have an impact on our ability to deliver on our Strategic Plan, what can be delivered and when. While Renfrewshire IJB and the SMT have committed to delivering on our Strategic Plan, it is imperative that we agree a realistic way forward ensuring that what we aspire to deliver is within the funding envelope available. This will require the IJB to prioritise

decisions for investment and disinvestment in order to deliver on our priority of a sustainable future.

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## Implications of the Report

1. **Financial** – The savings proposals identified in this paper have been assessed and quantified by the HSCP’s finance team. The financial impact is set out in Section 5 and should be considered in conjunction with the Financial Reporting and Budget 2023/24 papers also provided at this meeting.
2. **HR & Organisational Development** – HR advice has been sought in the development of the savings proposals presented. In addition, the proposed approach to service reform will have HR and OD implications and these will be reflected in service design and implementation planning at the appropriate time.
3. **Strategic Plan and Community Planning** – This paper aligns with the key themes set out within the IJB’s Strategic Plan 2022-25.
4. **Wider Strategic Alignment** – This paper also aligns with the IJB’s Medium Term Financial Plan 2022-25.
5. **Legal** – All updates in this report are consistent with the HSCP’s statutory duties and support delivery of the Public Bodies (Joint Working) (Scotland) Act 2014.
6. **Property/Assets** – No implications from this report.
7. **Information Technology** – No implications from this report.
8. **Equality & Human Rights** – The recommendations contained within this report have been subject to EQIA screening in relation to their impact on equalities and human rights. 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.
9. **Fairer Duty Scotland** - No implications from this report.
10. **Health & Safety** – No implications from this report.
11. **Procurement** – No implications from this report.
12. **Risk** – Risks and issues arising from the contents of this report and tracked and managed on an ongoing basis and incorporated into reports to the IJB Audit, Risk and Scrutiny Committee as appropriate.
13. **Privacy Impact** – None from this report.

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**List of Background Papers:** None

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**To: Renfrewshire Integration Joint Board**

**On: 31 March 2023**

**Report by: Chief Finance Officer**

**Heading: 2023-24 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	<b>X</b>

**1. Purpose**

1.1 This report describes the financial allocation and budgets made available to the Integration Joint Board (IJB) for 2023/24 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:

- Note the delegated Adult Social Care Budget for 2023/24 (Appendix 3);
- Agree that the Chief Finance Officer will work with the Director of Finance and Resources for Renfrewshire Council to ensure that due diligence is completed in respect of the proposed additional recharge for Support Services provided by Renfrewshire Council of c£1.5m;
- Note the delegated Health Budget for 2023/24 (Appendix 4) which is subject to:
  - any final adjustments in relation to recurring budget adjustments at month 12
  - the transfer of Specialist Children Services budgets to East Dunbartonshire IJB on 1 April 2023
  - any further funding allocated by the Scottish Government in respect of the impact of the 2023/24 pay award
- Agree the balanced budget outlined in section 10 including the drawdown of General and Earmarked reserves in order to deliver a balanced budget for 2023/24; and
- Note the actions described at section 12 and that a financial recovery plan will be brought to the June 2023 meeting of the IJB which will include a rolling programme of Savings and Reform proposals to the IJB throughout 2023/24 and into future years.

### 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 NHS GGC. 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.

#### 3.4. ***IJB and Chief Finance Officer’s Responsibility to Set a Balanced Budget***

3.4.1. The CIPFA document ‘The Role of the Chief Finance Officer in Local Government’ sets out how the requirement of the above legislation (section 3.3) and professional standards should be fulfilled by the Chief Finance Officer (CFO) in carrying out their role as well as the role of the organisation in meeting these requirements.

3.4.2. It confirms that the following key responsibilities should form part of the CFO’s role:

- Lead development of a medium-term financial strategy and the annual budgeting process to ensure financial balance and a monitoring process to ensure its delivery;
- As holders of the ‘red card’, the CFO must exercise a professional responsibility to intervene in spending plans in order to maintain the balance of resources so that the authority remains in sound financial health;
- Ensuring that opportunities and risks are fully considered, and decisions are aligned with the overall financial strategy; and
- Providing professional advice and objective financial analysis enabling decision makers to take timely and informed business decisions.

3.4.3. In addition, it also confirms that the organisations Board in this case, the IJB, has the following key responsibilities:

- Establish a medium-term business and financial planning process to deliver the organisation’s strategic objectives, including:
  - a medium-term financial strategy to ensure sustainable finances

- a robust annual budget process that ensures financial balance
- The IJB is collectively responsible for setting the strategic direction for the organisation, its implementation, and the delivery of public services;
- The IJB have collective responsibility in relation to the organisation's financial health and long-term viability; and
- The IJB collectively needs to set the tone that financial management is core to achieving strategic aims, and to demonstrate that public money is used well.

#### 4. **2023/24 Context**

- 4.1. This report sets out the implications of the Scottish Government budget for 2023/24, the Bill for which was passed on 21 February 2023, and provides members with an overview of the IJB's budget allocation for 2023/24.
- 4.2. As highlighted to the IJB throughout this and recent financial years, we are living in unprecedented times. The war in Ukraine, the volatility of inflation and interest rates, rising energy costs, supply chain issues, the cost-of-living crisis, recruitment challenges, continuing and legacy COVID-19 impacts, are converging to create a hugely difficult funding scenario for the public sector across the UK. The financial impact of which is likely to continue over the medium-term and at least over the next few financial years.
- 4.3. This continually changing landscape along with the potential for future spikes in demand for services has and will continue to create additional delivery and financial pressures as well as impacting the IJB's Strategic and Workforce plans. This, as highlighted in the report from the Head of Strategic Planning and Health Improvement 'Delivering Sustainable Futures' (presented to the IJB earlier on this agenda) will require the IJB to prioritise decisions for investment and disinvestment in order to deliver on our priority Sustainable Futures theme.
- 4.4. Our Medium-Term Financial Plan 2022-25, approved by the IJB in March 2022, projected a range of scenarios over a ten-year period from 2022/23 to 2031/32. The reliability of projections decreases over time, and projections tend to be less reliable in periods of rapid change, nonetheless the movement in the last year compared to our projections is considerable. As we enter 2023/24, the HSCP's estimated impact of cost and demand pressures, prior to mitigation is c£17.4m, now exceeding the worst-case scenario projected just 12 months ago of c£15.3m.
- 4.5. In this context the IJB will therefore need to draw on the financial flexibilities it has available, to provide non-recurring support to balance the annual revenue budget and deliver a balanced budget for 2023/24.
- 4.6. Members are asked to take these continuing exceptional circumstances into account when setting the 2023/24 budget.
- 4.7. ***Resource Spending Review***
- 4.7.1. In May 2022, the Scottish Government published its Resource Spending Review, the Scottish Government's first since 2011. The Review reiterated the Scottish Government's commitment to tackling the four key challenges previously outlined in its Programme for Government and the Bute House Agreement with the Scottish Green Party, namely: reducing child poverty, addressing the climate crisis, building a strong and resilient economy, and helping public services recover strongly from the pandemic. It stressed, however, that these commitments were made prior to the Russian invasion of

Ukraine, rising inflation and the cost-of-living crisis and that, consequently, the challenge of delivering on those commitments had become considerably greater than originally envisaged.

4.7.2. Additional to a continuing focus on its four priorities, the Review also set out the support the Scottish Government was taking to help those struggling with the increased cost of living and highlights the scale of challenge for public services resulting from rising inflation, within the constraints of arguably low levels of investment from the UK Government.

4.7.3. Since the publication of the Review and with the approval of the budget for 2023/24, the Scottish Government notes that the fiscal landscape has again tightened dramatically. In recognition of the rapidly changing financial position, and as in recent years, the Scottish Government has consequently opted to publish a budget for one year only. Whilst this is understandable given the fluctuating situation, the continuation of single-year settlements remains challenging for the IJB and continues the uncertainty for our future medium term financial planning, as well as that of our funding partners.

#### 4.8. ***Public Sector Pay***

4.8.1. In terms of public sector pay, 2022/23 has seen protracted negotiations and rolling widespread strike action across the public sector. At the time of writing, the 2022/23 pay award in a number of areas across the public sector is yet to be settled, with the high cost of inflation (currently 10.1%) contributing to challenges in meeting pay demands of thousands of workers. Given the continued negotiation around the 2022/23 pay award, the Scottish Government opted not to announce a Public Sector Pay Policy for 2023/24. Again, whilst this is understandable given the pending settlement for 2022/23, it presents further challenges for local government organisations and the bodies they support, by providing no guidance or context for pay negotiations in the new financial year.

4.8.2. In respect of the 2022/23 pay award for local government staff, Renfrewshire Council have opted not to pass through the HSCPs share of the additional funding provided by the Scottish Government in 2022/23 to support the additional costs of the pay settlement over the level of provision which was made in setting the 2022/23 budget. This was on the basis that the IJB are reporting an in-year underspend for 2022/23. There is however an undertaking from the Council to baseline the 2022/23 pay award uplift from 2023/24, the HSCP share of which is £1.054m which is included in their 2023/24 budget offer.

4.8.3. In respect of the outstanding 2022/23 pay uplift funding for health staff, confirmation of the overall funding package of £458.7m was announced by the Director of Health Finance, Corporate Governance & Value Directorate on 8 March 2023. This commits to covering all additional costs, with appropriate shares being passed through to Integration Authorities, Renfrewshire's proportionate share of these monies is yet to be confirmed by NHSGGC.

4.8.4. Since the budget settlement announcement on 15 December 2022, the Scottish Government budget has progressed through the three parliamentary stages to final approval on the 21 February 2023. This included the announcement of an additional £223m for local authorities to support 2023/24 pay awards:

- £100m for non-teaching staff; and
- £123m for teaching staff to support a new pay offer to teachers (this will be subject to change to reflect the most improved deal announced on 3 March 2023).

4.8.5. The 21 February letter from the Deputy First Minister to CoSLA (Appendix 5) states the Scottish Government:

*“will provide an additional £100 million as a contribution to support councils to make a meaningful 2023-24 pay offer for non-teaching local government staff, recognising the critical role that those staff play in delivering front line services.”*

4.8.6. On-going discussions between the Scottish Government and CoSLA suggest that there is a further £55m of funding to be made available to bring the financial support for 2023/24 pay negotiations to £155m. What constitutes a “meaningful offer” will be influenced by any agreement reached with local authority teaching staff as a level of equity may be pursued.

4.8.7. Similar to the pass through of the IJB’s recurring share of the £260.6m additional funding for the 2022/23 pay offer, it is expected that the new 2023/24 funding should also include council employed HSCP social care staff.

4.8.8. It is however important to note even with a proportionate share of the above funding the increase to the IJB’s base budget is not sufficient to fund a pay settlement at the current level assumed by the Scottish Government. For the current budgeted establishment of HSCP social care staff, every additional 1% would cost circa **£0.5 million**

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. Since its inception 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 volatility in the fiscal landscape, coupled with increasing demand for services continues to impact the HSCP’s plans for transformation. Reflecting on these uncertainties, and as referenced in the Head of Strategic Planning and Health Improvement’s **Delivering Sustainable Futures** paper (31 March 23), the Senior Management Team (SMT) has refined and extended its two-tier approach to savings and transformation. Heads of Service and service management teams now consider three key categories:

- **Protect:** identifying statutory services which must be delivered, alongside the protection of services for the most vulnerable in Renfrewshire, whilst recognising that there may be opportunities to make these services more efficient;
- **Reform:** focusing on areas where service delivery models can be adapted and developed to meet changing demand and expectations arising from policy and the impact of the pandemic. In doing so it may be possible to deliver financial efficiencies; and
- **Deliver savings:** focusing on non-statutory activity and considering whether existing provision is still financially sustainable and where levels of provision can be safely reduced. This includes seeking efficiencies through process improvement, vacancy / post management, contract management and day-today overhead costs.

As detailed in the above report a rolling programme of **Savings** and **Reform** proposals will be brought to the IJB throughout this and future financial years.

## 5. Scottish Government Budget 2023/24

5.1. On 15 December 2022, the Scottish Government published their draft budget for 2023/24. Included within the conditions of the draft budget was the continued prioritisation of financial support for social care and integration, with a further £95 million for investment in adult social care and integration.

5.2. Following the announcement of the Scottish Government's Draft Budget, the 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:

*“In line with previous years, 2023-24 NHS payments to Integration Authorities for delegated health functions must deliver an uplift of 2% over 2022-23 agreed recurring budgets and make appropriate provision for 2022-23 pay.*

*The Health and Social Care Portfolio will transfer net additional funding of £95 million to Local Government to support social care and integration, which recognises the recurring commitments on adult social care pay in commissioned services (£100 million) and inflationary uplift on Free Personal Nursing Care rates (£15 million). This is offset by non-recurring Interim Care money ending (£20 million).*

*The overall transfer to Local Government includes additional funding of £100 million to deliver a £10.90 minimum pay settlement for adult social care workers in commissioned services, in line with Real Living Wage Foundation rate.*

*The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2022-23 recurring budgets for services delegated to IJBs and, therefore, Local Authority social care budgets for allocation to Integration Authorities must be at least £95 million greater than 2022-23 recurring budgets.”*

5.4. In addition, John Swinney MSP, Deputy First Minister, and Cabinet Secretary for Covid Recovery in his letter of 15 December 2022 (Appendix 2) also set out the Scottish Government expectations for IJB budgets for 2023/24.

*“As set out in separate detailed communications, the Health and Social Care Portfolio will transfer net additional funding of £95 million to Local Government to support social care and integration, which recognises the recurring commitments on adult social care pay in commissioned services (£100 million) and inflationary uplift on Free Personal Nursing Care rates (£15 million). This is offset by the non-recurring interim care money ending (£20 million).*

*The overall transfer to Local Government includes additional funding of £100 million to deliver a £10.90 minimum pay settlement for adult social care workers in commissioned services, in line with Real Living Wage Foundation rate. The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2022-23 recurring budgets for services delegated to IJBs and therefore, Local Authority social care budgets for allocation to Integration Authorities must be at least £95 million greater than 2022-23 recurring budgets.”*



5.5. In summary:

- In 2023-24, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 2% over 2022-23 agreed recurring budgets.
- In 2023-24 Local Authority adult social care budgets for allocation to Integration Authorities must be £95 million greater than 2022-23 recurring budgets.

5.6. The above referenced letters of the 15 December 2022 are the basis on which NHSGGC and Renfrewshire Council have made their budget offers to the IJB for 2023/24. The breakdown of the increased recurring allocation is in the following table:

<b>Funding</b>	<b>Scotland (£m)</b>	<b>Renfrewshire (£m)</b>	<b>Distribution Information</b>
Uprating of Free Personal Care	15.0	0.28	GAE for Personal and Nursing Care
Real Living Wage Adult Social Care	100.0	3.37	GAE for Carer's Services and Respite Care
<b>TOTAL</b>	<b>115.0</b>	<b>3.65</b>	

5.7. In agreeing the 2023/24 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 are detailed in the HSCP's Medium-Term Financial Plan 2022-25.

## 6. Summary of 2022/23 Budget Position

6.1. As reported throughout this financial year, the IJB is anticipated to deliver an underspend on its core budget. The IJB projected year-end position as at 31 January 2023 is an underspend of c£0.652m. This position reflects the movement of the projected year-end health underspend to fund the projected shortfall in the delivery of the PCIP programme which was approved by the IJB on 25 November 2022.

## 7. Delegated Adult Social Care Budget 2023/24

7.1. As previously highlighted in the CFO's "IJB Financial Sustainability and Outlook 2023/24" report which was approved by the IJB on 25 November 2022, in addition to the ongoing and legacy impact of COVID-19 across all service areas, similar to 2021/22, demographic and socio-economic factors will continue to drive significant demand and cost pressures for 2023/24 in the delegated Adult Social Care budget relating to:

- Funding of the 2022/23 and 2023/24 pay awards;
- Cost pressures arising from contractual arrangements which are subject to renewal;
- Financial impact of the increased living wage across the sector;
- Increases associated with the National Care Home Contract including the rising costs of energy and insurance costs and the impact of public sector pay awards;
- 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 CFO, using a range of informed assumptions, has estimated that the demand and cost growth for Adult Social Care in 2023/24 linked to the areas highlighted above, and in section 9.6 of this report prior to mitigation is likely to be in the region of a gross increase of c £12.3m.
- 7.3. Detailed scrutiny and analysis has been undertaken by senior managers, as well as linking in with Renfrewshire Council's Head of Child Care and Criminal Justice (to agree the projected pressures in respect of children transferring into Adult Services within 2023/24) to minimise the impact of the pressures set out in section 9.6, which will be subject to continuous review throughout 2023/24.
- 7.4. Members should be aware that the current levels of demand (and associated costs) on a number of our services continues to be far outwith our 'normal projected levels of activity' which we would use to assess the future pressure on these budgets. Consequently, our ability to accurately project future demand is complex, and therefore the figures we are currently using are heavily caveated.
- 7.5. At its meeting of 2 March 2023, Renfrewshire Council, following the Director of Finance and Resources recommendations, approved the delegated Adult Social Care budget for 2023/24. Members should note that this included an additional recharge for HSCP support costs of c£1.5m. The CFO will work with the Director of Finance and Resources for Renfrewshire Council to ensure that due diligence is completed in respect of the proposed additional recharge for Support Services provided by Renfrewshire Council of c£1.5m.
- 7.6. The Director of Finance and Resources for Renfrewshire Council has since written to the Chief Finance Officer to confirm the Delegated Adult Social Care Budget for 2023/24 (Appendix 3) which is summarised in the following table:

<b>Delegated Adult Social Care Budget 2023/24</b>	<b>Amount in £000's</b>
2022/23 Adult Social Care Recurring Budget	93,598
<b>Adjustments to Current Year:</b>	
Uprating of Free Personal Care	276
Removal of Interim Care (non-recurring)	(664)
Full year impact of 2022/23 pay settlement	1,054
Real Living Wage Adult Social Care	3,374
<b>Total Adult Social Care Recurring Budget 2023/24</b>	<b>97,638</b>

- 7.7. The CFO's recommendation to the IJB is to:
- note the delegated Adult Social Health Budget offer from Renfrewshire Council for 2023/24 (Appendix 3). This budget offer is in line with the conditions of the letter 15 December 2022 from John Swinney MSP, Deputy First Minister, and Cabinet Secretary for Covid Recovery.
  - agree that a report on the outcome of the due diligence exercise to be completed by the CFO working with the Director of Finance and Resources for Renfrewshire Council in respect of the proposed additional recharge for

Support Services of c£1.5m is brought to the IJB at the June meeting of the IJB.

## 8. Delegated Health Budget 2023/24

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 2023/24 including:

- Pay Inflation and impact of Agenda for Change;
- Inflationary linked increases on non-pay eligible budgets;
- Prescribing cost / volume / short supply impact;
- Funding shortfall in PCIP; and
- The potential requirement to fund increasing cost pressures in GP premises, GP IT, and other GP service payments, due to locally managed General Medical Service (GMS) components not being uplifted for inflationary pressures, the potential impact of which on the IJB is not yet clear.

8.2. Using a range of informed assumptions, the CFO has estimated that the demand and cost growth for Delegated Health Services (not including Set Aside) in 2023/24 linked to the areas highlighted above, and in Section 9.6 of this report, prior to mitigation is likely to be in the region of a gross increase of circa £5.04 million.

8.3. As detailed earlier in this report, on 15 December 2022, the Director of Health Finance and Governance, for the Scottish Government set out his expectations that in 2023/24, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 2% over 2022/23 agreed recurring budgets.

8.4. The NHSGGC budget offer for 2023/24 (Appendix 4), is based on an uplift of 2% reflecting the Board's uplift for 2023/24 and is in line with the letter of the 15 December 2022 from the Director of Health Finance and Governance, for the Scottish Government. Members should note that this offer includes the uplift for Specialist Children Services, which is due to transfer to East Dunbartonshire IJB on 1 April 2023 and will be deducted from the roll forward budget for 2023/24.

8.5. The following table provides a high-level summary of the above:

<b>Delegated Health Budget 2023/24</b>	<b>Amount in £000's</b>
<b>2022/23 Health Recurring Budget</b>	<b>195,062</b>
<b>Adjustments to Current Year:</b>	
2% uplift applied to eligible budgets	2,688
<b>Revised Budget After Uplift</b>	<b>197,750</b>
<b>Set Aside Estimated Value 2022/23</b>	<b>65,272</b>
2% Uplift	1,305
<b>Set Aside Budget 2023/4</b>	<b>66,577</b>
<b>Total Health Recurring Budget 2023/24</b>	<b>264,327</b>

**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 the delegated Health Budget offer from NHSGGC for 2023/24 (Appendix 4) which is subject to final adjustments when the out-turn for the 2022/23 financial year has been finalised in relation to:
    - recurring budget adjustments at month 12;
    - the transfer of Specialist Children Services budgets to East Dunbartonshire IJB on 1 April 2023; and
    - any further funding allocated by the Scottish Government in respect of the impact of the 2023/24 pay award.

This budget offer is in line with the conditions of the letter of the 15 December 2022 from the 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 2022-2025. 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. 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.
- 9.3. Over recent months, budget assumptions have been updated to reflect the impact of new statutory obligations and increasing demographic and demand pressures.
- 9.4. 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, inflation, as well as the ongoing and legacy impact of COVID-19.
- 9.5. The financial projections for 2023/24 include a range of key assumptions for which there remains significant and real uncertainty. These include:
- **Prescribing:** As in the CFOs Financial Report 1 April 2022 to 31 January 2023, prescribing volumes are now on par with those experienced prior to the pandemic. Additionally, an unprecedented number of items are currently on short supply and, a number of issues are currently impacting on the price of drugs including:
    - limitations in manufacturing capacity due to COVID-19, war in Ukraine, lockdowns in Asia, staffing shortages
    - ongoing issues with availability and cost of card and cardboard packaging
    - ongoing issues with raw materials
    - manufacturing processes
    - increased testing for excipients in the manufacturing process

- increased shipping costs (fuel and containers - delays and strikes at ports in England).
- **The impact of COVID-19 across a range of areas** including backlog of treatment and services contributing to greater demand.
- **Future funding allocations from Partner Organisations:** As with last year, the Scottish Government 2023/24 budget was for one year only. The core local government revenue settlement for 2023/24 reflects a flat cash position, and therefore a real terms reduction meaning their ability to further support the HSCP is limited. Questions remain regarding the expected funding and governance arrangements for the National Care Service, and the impact of this on future funding allocations from partners remains unclear. It follows then, that the continuation of single-year settlements at this time is challenging for the IJB and continues the uncertainty for our future medium-term financial planning, as well as that of our partner organisations.
- **Demand led Pressures:** demographic and socio-economic demand led cost pressures continue to be a key financial risk moving forward, as illustrated by the changing needs of our communities during the pandemic.
- **Inflation and Contractual Commitments:** planning assumptions regarding annual increases to third parties for contracts such as the National Care Home Contract and Supported Living Framework have been overridden by the ongoing impact of the cost-of-living crisis.
- **Living Wage:** As part of its Budget for 2023-24 the Scottish Government has approved a £10.90 minimum pay settlement from April 2023, for adult social care workers in commissioned services, to support employee retention and continue to embed improved pay and conditions for care workers.
- **Future Pay Settlements:** Employee costs represent circa 34% of the IJB's net budget and any increase in pay awards impacts directly on cost pressures for the IJB. Inflationary pressure in this area also represents a significant pressure for the IJB. The assumptions for pay reflect the current inflationary assumptions of both Partner bodies. Consideration is also given to the challenges of recruiting and whether pay settlements are keeping pace with industry standards, particularly in light of the considerable burden placed on employees in the health and social care sector throughout the pandemic.

9.6.

The following table provides a high-level summary of the gross estimated budget pressures (based on medium case scenarios prior to mitigation) in relation to the above for 2023/24. (Members should note the addition of the pressure in relation to HSCP support costs to the Council, and note that these scenarios are regularly updated to ensure that the CFO has early sight of any significant changes):

Type of Pressure	Using Medium Case Scenarios		
	Social Care £000s	Health £000s	Overall Position £000s
Contractual	1,075	524	1,599
Pay	1,815	1,094	2,908
Demand	4,441	426	4,867
Living Wage & NCHC	3,539		3,539
Prescribing		3,005	3,005
HSCP support costs to Council	1,476		1,476
<b>Total Pressures</b>	<b>12,347</b>	<b>5,048</b>	<b>17,395</b>

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

- 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 NHSGGC 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;

9.8. The following table shows that the remaining budget against which any savings targets would need to be delivered is circa £55 million, (20.78%) the majority of which are employee related budgets.

Health Budget Influencable Spend	23/24 £'000
<b>2023-24 Budget</b>	228,894
<b>Add:</b> Resource Transfer & Social Care Fund	35,433
	<b>264,327</b>
<b>Less:</b>	
Set Aside	-66,577
Resource Transfer	-23,179
Prescribing	-37,510
FHS	-60,496
Social Care Fund	-12,254
ADP (Ring Fenced Funding)	-1,640
GP issues	-101
Hospices	-2,719
Equipu	-588
Rent Of Premises	-524
GP Appraisers	-833
PCIP baseline	-317
CAH Winter Funds (Home first, Community Admin)	-840
Specialist Children	-1,810
	<b>-209,388</b>
= Remaining Budget against which Savings can be appli	<b>54,939</b>
% of Budget against which Savings can be applied	<b>20.78%</b>

- 9.9. As outlined in the Medium-Term Financial Plan 2022-25, and further described in reports throughout the last financial year, the budget position for IJBs across Scotland is now subject to significant demand and cost led financial pressures.
- 9.10. In addition, it remains clear from Renfrewshire Council's **Revenue Budget and Council Tax 2023/24 report of 2 March 2023** that it continues to anticipate significant financial pressure over the medium term with a risk of ongoing constraint and reduction in core funding for local governments in Scotland. In recent years, the IJB has noted an increasing risk that any future uplifts in funding to the IJB, similar to that provided in previous years, may not be deliverable; this risk has now materialised with increased support charges from Renfrewshire Council in 2023/24 of £1,476k.
- 9.11. Over the past few 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, 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 any future pass through of resources from Health to HSCP's under increasing pressure.
- 9.12. 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 and the IJB will require to manage this dynamic risk on an ongoing basis by prioritising decisions for investment and disinvestment in order to deliver on our priority of a Sustainable Future.
10. **Summary of 2023/24 Budget Position**

	<b>Total £000's</b>
<b>2022/23 HSCP Budget Rolled Forward to 2023/24</b>	<b>353,932</b>
<b>Add: HSCP Estimated Budget Pressures for 2023/24</b>	
Contractual Pay	1,599
Demand	2,908
Living Wage	4,867
Prescribing	3,539
HSCP support costs to Council	3,005
	1,476
	<b>17,395</b>
<b>Add: 2% Uplift to Set Aside Budget</b>	1,305
	<b>1,305</b>
<b>HSCP Estimated Budget for 2023/24</b>	<b>372,632</b>
<b>Additional Funding Requirement for 2023/24</b>	<b>(18,700)</b>
<b>Funded By:</b>	
2023/24 Health Budget Uplift	2,688
2023/24 2% Uplift to Set Aside Budget	1,305
Real Living Wage Adult Social Care £10.90	3,374
FPNC Baseline	276
Full year impact of 2022/23 local government pay settlement	1,054
NI Uplift Health	371
Charges to users uplift to 5%	180
Savings Identified to date for 23/24	2,490
	<b>11,738</b>
<b>Total</b>	<b>11,738</b>
<b>Remaining Recurring Funding Gap 2023/24</b>	<b>(6,962)</b>
<b>Non Recurring Funds Identified To Mitigate Funding Gap:</b>	
Drawdown from general reserves	4,562
Earmarked Reserve Mitigation of delays in delivery of savings	400
Earmarked reserves prescribing	2,000
	<b>6,962</b>
<b>2023/24 HSCP Opening Budget</b>	<b>372,632</b>

- 10.1. The table above, summarises the overall anticipated budget position for the IJB for 2023/24 reflecting:
- The pressures highlighted in Section 9.6 of this report
  - Proposed savings for approval by IJB 31 March 2023
  - Drawdown of general and ear-marked reserves to deliver non-recurring financial balance in 2023/24
  - Increase in Partnership funding in line with the conditions of the Scottish Government Budget for 2023/24
- 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 2023/24, thereby enabling members to set a balanced budget for 2023/24.

## 11. Risks to be Managed Through Reserves

- 11.1. In line with national guidance and good financial governance, the IJBs Reserves Policy (revised in June 2020) proposes 2% as an optimum level of reserves to drive transformation and, if required, to ensure the IJB has the financial flexibility to draw on non-recurring support to balance the annual revenue budget position each year over the medium-term. At the close of 2022/23 the IJB holds £5,781k, equating to circa 2% of the IJB's net budget (including set aside) in general reserves.
- 11.2. Maintaining sufficient unallocated reserves provides a degree of financial protection and immediate financial resilience moving forward, guided by the risk profile faced by the IJB. Audit Scotland continues 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.
- 11.3. The IJB reserves policy allows for flexibility in terms of potential fluctuations. This allows for the IJB to increase unallocated reserve balances 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.
- 11.4. As highlighted earlier in this report (section 4.5, and section 10) in order to deliver a balanced budget in 2023/24 the IJB will need to draw on the financial flexibilities it has available, to provide non-recurring support to balance the annual revenue budget and deliver a balanced budget for 2023/24.
- 11.5. It is currently forecast that the IJB will start 2023/24 with a General Reserve of £5.8m. Therefore, as detailed in section 10 moving into 2023/24 in order to address the budget gap, under the Medium Case scenario **79% (£4,562k)** of the IJB's general reserves will be required. This leaves the IJB general reserve of **£1,219k** (circa **0.4%** of the IJB's net budget, including set aside).
- 11.6. Holding General Reserves significantly below the 2% target level represents a significant risk to the IJB. Reserves is a key component of the IJB's funding strategy. General Reserves are not held to meet any specific liability and offer the IJB some flexibility to deal with unforeseen events or emergencies. It is also important for the long-term financial stability and the sustainability of the IJB that sufficient General Reserves are held in reserve to manage unanticipated pressures from year to year.
- 11.7. General Reserves at 0.4% are considered low and means that the financial resilience of the IJB in future years will be severely comprised. However, given



the cost pressures and the funding offered by Partners, there is no other option but to use reserves as part of this funding strategy.

## 12. **Financial Recovery Plan**

12.1. Should it not be possible for a balanced budget to be set, the Chief Officer (CO) and Chief Finance Officer (CFO) will be required to implement a recovery plan from the outset of the financial year. In the event of a financial recovery plan being required the CO and CFO, working with the HSCP's SMT will require to take the following actions with immediate effect:

- The Chief Officer will require to make all discretionary spend decisions in partnership with the relevant Head of Service;
- Suspension, where necessary, of ongoing development initiatives;
- Waiting lists may require to be established;
- Overtime restricted to critical cover only;
- Holding, on a temporary basis, any 'non-frontline' service vacancies. In doing so, only appointing to those posts which the Chief Officer considers to be a service priority. These decisions would be taken on an individual and fully risk-assessed basis; and
- Reviewing all non-recurring monies and other budgets to determine where these can be used in-year to fund the budget shortfall.

12.2. As members will be aware, the mechanisms used to balance the budget for 2023/24 are on a non-recurring basis and therefore the financial gap to be addressed in future years will encompass both the gap in 23/24 and 24/25. Consequently, a financial recovery plan will still be required in 23/24 to identify options to close this gap on a recurring basis. This will require the Chief Officer to bring a rolling programme of **Savings** and **Reform** proposals to the IJB throughout 2023/24 and into future years. This reflects the position highlighted in the Head of Strategic Planning and Health Improvement's **Delivering Sustainable Futures** paper

## 13. **COVID-19**

13.1. IJB Members should note that similar to 2022/23, the 2023/24 budget proposals are presented on the basis of "business as usual", and do not include any assumptions as regards any extraordinary costs which may be incurred in respect of any significant outbreak of COVID-19. In such a case for accounting purposes, these costs would be recorded separately, with the assumption that costs will be covered by partners, and ultimately by government.

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## **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 2023/24. In addition, as highlighted in Section 10 of this report, the 2023/24 budget proposals assume “business as usual”. The potential financial and economic impacts of COVID-19 represent a significant additional risk to the IJB, and the wider public sector going forward.
11. **Privacy Impact** – none.

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**List of Background Papers** – none

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<b>Direction from the Integration Joint Board</b>		
<b>1.</b>	<b>Reference Number</b>	310323-08
<b>2.</b>	<b>Date Direction issued by IJB</b>	31 March 2023
<b>3.</b>	<b>Date from which Direction takes effect</b>	31 March 2023
<b>4.</b>	<b>Direction to</b>	Renfrewshire Council and NHS Greater Glasgow & Clyde
<b>5.</b>	<b>Does the Direction supersede, amend, or cancel a previous Direction – if yes include IJB reference number</b>	No.
<b>6.</b>	<b>Functions covered by the Direction</b>	All functions delegated to the IJB from Renfrewshire Council and NHS Greater Glasgow & Clyde
<b>7.</b>	<b>Full text of Direction</b>	Renfrewshire Council and NHS Greater Glasgow & Clyde are jointly directed to deliver services in line with the Integration Joint Board's Strategic Plan (2022-25), as advised and instructed by the Chief Officer and within the budget levels outlined.
<b>8.</b>	<b>Budget allocated by IJB to carry out Direction.</b>	As outlined in Section 7.6 (Renfrewshire Council) and Section 8.5 (NHS Greater Glasgow & Clyde) of this report and within the supporting Appendices attached.
<b>9.</b>	<b>Outcomes</b>	The functions will be carried out in a manner consistent with the Joint Board's Strategic Plan (2022-25), which was considered by the Integration Joint Board on 25 March 2022.
<b>10.</b>	<b>Performance monitoring arrangements</b>	Performance management is monitored and reported to every meeting of the IJB.
<b>11.</b>	<b>Date of review of Direction</b>	March 2024.

Directorate for Health Finance and Governance  
Richard McCallum, Director



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Chief Executives, NHS Scotland

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

***Issued via email***

15th December, 2022

Dear Chief Executives

**Scottish Government Budget 2023-24**

Following the announcement of the Scottish Government's Budget for 2023-24 by the Deputy First Minister in Parliament today, I am writing to provide details of the indicative funding settlement for Health Boards. A breakdown of this is provided in **Annex A** to this letter.

The Deputy First Minister has set out this budget in the context of the current cost of living crisis and funding parameters set by the Chancellor of the Exchequer in November 2022. This budget sets out the next steps to deliver the Health and Social Care commitments outlined in the Programme for Government, taking into account the current economic environment and recent Emergency Budget Review.

As in previous years, the position will be subject to any amendments agreed through the Scottish Parliament's Budget Bill process, as well as recognising the further work that we will undertake with you specifically in relation to Covid-19 and pay funding arrangements. I will keep you up to date with any changes to our planning assumptions.

**Budget Uplift**

Compared to 2022-23 budgets, Boards will receive a total increase of 5.9% for 2023-24. This includes recurring funding for pay in 2022-23 and a baseline uplift of 2% for 2023-24. Within this total, those Boards furthest from NRAC parity will receive a share of £23.2 million, which will continue to maintain all Boards within 0.8% of parity.

In terms of pay, given the challenging and uncertain outlook for inflation, the need to conclude some pay deals for the current year and the associated implications for spending baselines, the Government has not set out a public sector pay policy alongside the 2023-24 Budget and we will say more on 2023-24 pay (covering Agenda for Change and other staff groups) at an appropriate point in the new year. As part of Boards recurring adjustments for 2022-23, amounts have been included based on pay offers for Agenda for Change and Medical and Dental staffing in 2022-23. The Agenda for Change pay deal remains subject to agreement, and we will work with Directors of Finance to finalise this position once the outcome is known. I will write to Boards in 2023 to confirm finalised baseline budgets following the conclusion of this work.

## **Health & Social Care Levy Funding**

I can confirm that the £69.1 million allocated in 2022-23 to support Boards with the costs of the additional National Insurance levy in 2022-23 will remain with Boards. Following the change in policy by UK Government, this funding is not ringfenced and it is to be determined locally how this resource is utilised.

## **Covid-19 Funding**

Whilst the scale of Covid-19 costs has reduced significantly in 2022-23 and projected to reduce further in 2023-24, we recognise that there are specific legacy costs that will require additional funding support in the new financial year. This includes funding for:

- Vaccinations staffing and delivery;
- Test & Protect activities including Regional Testing facilities;
- Additional PPE requirements; and
- Some specific Public Health measures.

Following today's budget we will seek to provide early clarity as to the total funding to be provided to support these costs. However, beyond the above, NHS Boards and Integration Authorities should expect to meet remaining costs from baseline funding and should continue to drive these costs down as far as possible.

## **Policy Funding**

In addition to the baseline uplift outlined, funding aligned to policy commitments and recovery of health and social care services will be allocated to Boards and Integration Authorities in 2023-24. It is our intention to provide early indication of allocations, where possible, and to align this to the planning guidance that will be issued in relation to Annual Delivery Plans, setting out the priorities for health and social care in the coming year.

Recognising the level of funding that is provided through in-year non-recurring allocations, and to maximise flexibility in delivery, we intend to review funding arrangements ahead of 2023-24. As part of this work, we will seek to bundle and baseline funding where this is appropriate. We will work closely with both Territorial and National Boards to establish a suitable approach.

## **Health and Social Care Integration**

In line with previous years, 2023-24 NHS payments to Integration Authorities for delegated health functions must deliver an uplift of 2% over 2022-23 agreed recurring budgets and make appropriate provision for 2022-23 pay.

The Health and Social Care Portfolio will transfer net additional funding of £95 million to Local Government to support social care and integration, which recognises the recurring commitments on adult social care pay in commissioned services (£100 million) and inflationary uplift on Free Personal Nursing Care rates (£15 million). This is offset by non-recurring Interim Care money ending (£20 million).

The overall transfer to Local Government includes additional funding of £100 million to deliver a £10.90 minimum pay settlement for adult social care workers in commissioned services, in line with Real Living Wage Foundation rate.

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2022-23 recurring budgets for services delegated to IJBs and, therefore, Local Authority social care budgets for allocation to Integration Authorities must be at least £95 million greater than 2022-23 recurring budgets.

## **Capital Funding**

The Health Capital settlement for 2023-24 is in line with the expectations of the Capital Spending Review. Therefore I can confirm that Boards' Capital Resource Limit will be in line with that for 2022-23, plus additional funding will be provided for legally committed projects. The capital programme and commitments is subject to ongoing review by the National Infrastructure Board and the Capital Investment Group, and Boards will be advised at the earliest opportunity on any further allocations for projects in development during 2023-24.

## **2023-24 Financial Planning**

As previously confirmed, where Boards are indicating that financial support is required in 2022-23, we have asked Boards to submit financial recovery plans in the new year, setting out a return to financial balance in the next three years. I expect that Boards are taking proactive steps to develop these plans.

We will be requesting that financial plans for 2023-24 are submitted in the new year and will be issuing guidance to this effect shortly. As noted in my letter on 12 September, all Boards are expected to be engaging with the Sustainability and Value (S&V) programme, reflecting this work at a local level to support delivery of a cost reduction target of 3% per annum and productivity and related improvements in line with the four aims. The S&V board is now meeting regularly as are the working groups taking forward specific ideas. Value propositions have been set out to bring various elements of this work together which will be shared in due course.

Longer term work is required as we move out of recovery, towards transformation and renewal of our health services to deliver world-class, safe, person-centred, and sustainable healthcare for the people of Scotland. This will build on and prioritise specific areas of work in a joined-up way, whilst working in parallel to develop longer term transformation and renewal of our health services.

It is clear that there is significant financial challenge in 2023-24 and we will continue to work closely with Chief Executives to address this. I thank you again for your support to date and your continued engagement moving into the next financial year.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R McCallum', with a long horizontal stroke underneath.

Richard McCallum  
Director of Health Finance and Governance

## Annex A – Board Funding Uplifts

	2022-23 Allocation	Recurring Allocations*	22-23 Pay**	Total 2022-23 Allocation	Uplift***	2023-24 Total Allocation	Uplift from 2022-23	NRAC Funding	Distance from NRAC Parity	HSC Levy Funding (retained by Boards) ****	Uplift from 2022-23 (inclusive of HSC Levy)
	£m		£m	£m	£m	£m	%	£m	%	£m	%
<b>NHS Territorial Boards</b>											
Ayrshire and Arran	806.8	(0.6)	27.4	833.5	16.7	850.2	5.4%	0.0	-0.4%	4.4	6.0%
Borders	234.8	(0.1)	8.0	242.6	6.0	248.6	5.9%	1.1	-0.8%	1.3	6.5%
Dumfries and Galloway	334.1	(0.2)	11.3	345.3	6.9	352.2	5.4%	0.0	1.9%	1.8	6.0%
Fife	749.4	(0.5)	25.5	774.3	16.5	790.8	5.5%	1.0	-0.8%	4.0	6.1%
Forth Valley	598.1	(0.3)	20.3	618.1	13.0	631.1	5.5%	0.6	-0.8%	3.2	6.1%
Grampian	1,072.2	(0.9)	36.4	1,107.7	22.2	1,129.9	5.4%	0.0	-0.4%	5.8	6.0%
Greater Glasgow and Clyde	2,504.0	(1.4)	85.0	2,587.6	51.8	2,639.4	5.4%	0.0	1.7%	13.6	6.0%
Highland	725.6	(0.5)	27.8	752.9	15.3	768.2	5.9%	0.2	-0.8%	3.9	6.4%
Lanarkshire	1,346.8	(0.8)	45.7	1,391.8	32.3	1,424.1	5.7%	4.5	-0.8%	7.3	6.3%
Lothian	1,639.3	(1.3)	55.7	1,693.7	49.6	1,743.3	6.3%	15.7	-0.8%	8.9	6.9%
Orkney	57.1	(0.1)	1.9	59.0	1.2	60.2	5.5%	0.1	-0.8%	0.3	6.0%
Shetland	57.0	0.0	1.9	59.0	1.2	60.1	5.5%	0.0	2.3%	0.3	6.1%
Tayside	856.5	8.7	29.1	894.3	17.9	912.2	6.5%	0.0	-0.7%	4.7	7.1%
Western Isles	84.5	(0.0)	2.9	87.3	1.7	89.0	5.4%	0.0	11.5%	0.5	6.0%
<b>Territorials Total</b>	<b>11,066.1</b>	<b>2.0</b>	<b>379.0</b>	<b>11,447.1</b>	<b>252.2</b>	<b>11,699.2</b>	<b>5.7%</b>	<b>23.2</b>		<b>60.0</b>	<b>6.3%</b>
<b>NHS National Boards</b>											
National Waiting Times Centre	68.1	0.0	6.2	74.3	1.5	75.8	11.3%			0.9	12.8%
Scottish Ambulance Service	305.9	5.6	16.2	327.7	6.6	334.2	9.3%			2.0	10.0%
The State Hospital	40.0	0.0	1.7	41.7	0.8	42.5	6.3%			0.3	7.0%
NHS 24	78.4	5.5	5.0	88.9	1.8	90.7	15.7%			0.7	16.7%
NHS Education for Scotland	492.3	1.4	13.8	507.5	10.1	517.6	5.1%			2.8	5.7%
NHS National Services Scotland	355.3	5.6	10.4	371.2	7.4	378.6	6.6%			1.5	7.0%
Healthcare Improvement Scotland	30.4	1.1	1.4	32.9	0.7	33.6	10.4%			0.2	11.0%
Public Health Scotland	52.1	0.2	3.5	55.8	1.1	56.9	9.3%			0.7	10.8%
<b>Nationals Total</b>	<b>1,422.6</b>	<b>19.5</b>	<b>58.0</b>	<b>1,500.1</b>	<b>30.0</b>	<b>1,530.1</b>	<b>7.6%</b>			<b>9.1</b>	<b>8.3%</b>
<b>Total NHS Boards</b>	<b>12,488.7</b>	<b>21.5</b>	<b>437.0</b>	<b>12,947.2</b>	<b>282.2</b>	<b>13,229.3</b>	<b>5.9%</b>			<b>69.1</b>	<b>6.5%</b>

\* Includes recurring allocations from 2021-22

\*\* Includes estimated funding for Agenda for Change and Medical & Dental pay uplift in 2022-23.

\*\*\* Includes NRAC parity adjustments.

\*\*\*\* Included in Boards 2022-23 Baseline Budgets

An Leas-phrìomh Mhinistear agus Ath-shlànachadh  
Cobhid  
Deputy First Minister and Cabinet Secretary for Covid  
Recovery  
John Swinney MSP



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Copy to: Councillor Steven Heddle  
The Leaders of all Scottish local authorities

15 December 2022

Dear Shona,

Today I formally set out the Scottish Government's proposed Budget for 2023-24 in a statement to the Scottish Parliament. I write now to confirm the details of the local government finance settlement for 2023-24.

As discussed when I met with you, the Resources Spokesperson, and Group Leaders on 1 December, we are facing the most challenging budget circumstances since devolution. This is primarily due to over a decade of austerity eroding financial settlements from Westminster, compounded by the impact of Brexit and the disastrous mini-budget. Scottish and local government are experiencing unprecedented challenges as a result of the UK Government's economic mismanagement, resulting in rising prices and soaring energy bills, with inflation estimated to be running at a 41 year high of 11.1% at the time of the Chancellor's Autumn Statement.

My Cabinet colleagues and I have engaged extensively with COSLA Leaders and spokespersons over the course of the year and there is collective understanding that this economic context is also having a significant impact upon local authorities. Councils, like the Scottish Government and rest of the public sector, are working hard to support people through the cost crisis. In this regard we are hugely grateful to councils for their hard work and we fully appreciate that no part of public life has been immune from taking deeply difficult decisions to live within the current fiscal reality.

I have already taken the unprecedented step of making a statement to Parliament to reprioritise over £1.2 billion of funding as part of my Emergency Budget Statement. Despite the scale of that challenge the Scottish Government actively chose to protect Councils during

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that exercise and increased the funding available to councils whilst most other portfolios were required to make significant savings.

The Scottish Government's revenue raising powers offer limited flexibility to deal with challenges of this magnitude. I wrote to the Chancellor on 19 October to highlight the impact of inflation on the Scottish Government's budget and to call for additional funding to help us deal with these inflationary pressures and to support public services.

As we face these challenges, and in the absence of meaningful change in direction by the UK Government, we need to work together to ensure that we deliver for people within the financial constraints we have. I very much welcomed the open discussion on 1 December about how we focus our efforts on our shared priorities, and to that end we are offering to jointly develop an approach to working within this budget which delivers our ambitions.

## **The Local Government Settlement**

Before turning to that offer, I will first set out how I have sought to support local government through the budget itself.

The Resource Spending Review guaranteed the combination of General Revenue Grant and Non-Domestic Rates Income at existing levels between 2023-24 and 2025-26 including the baselining of the £120 million that was added in Budget Bill 2022-23. The Budget delivers those commitments in full, despite the fact that the UK Government's Autumn Statement reversed their previous position on employer National Insurance Contributions resulting in negative consequentials. This decision has conferred around £70 million of additional spending power for local government.

The difficult decisions in the Emergency Budget Statement provided one-off additional funding to support enhanced pay deals for local government staff. We recognise the role that increasing pay for local authority employees, especially those on lower incomes, plays in helping more people cope with the cost crisis, but the fact remains that every additional pound we spend on recurring pay deals, must be funded from elsewhere within the Scottish Government budget. I therefore hope that councils will welcome the fact that the budget baselines the additional £260.6 million allocated in 2022-23 to support the local government pay deal and also delivers additional funding to ensure that payment of SSSC fees for the Local Government workforce will continue to be made on a recurring basis.

Despite the challenging budget settlement I have sought to increase funding as much as I can. I have been able to increase General Revenue Grant by a further £72.5 million, taking the total increase to over £550 million. I have also ensured that we have maintained key transfers worth over £1 billion and added a further £102 million of resource to protect key shared priorities particularly around education and social care.

The Resource Spending Review also confirmed the outcome of the 2021 Capital Spending Review and this has been supplemented by £120.6 million mentioned as part of the support to the local government pay deal plus a further £50 million to help with the expansion of the Free School Meals policy.

With regards to that wider settlement, we are providing £145 million to be used by councils to support the school workforce. The Cabinet Secretary for Education and Skills has written separately to COSLA on this matter.

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I am also very grateful for the work undertaken through the Early Learning and Childcare Finance Working Group to develop and scrutinise detailed analysis of the delivery costs for the 1140-hour commitment. This is crucial to ensuring we meet our shared commitment to providing transparency and value for money in a significant programme of public sector investment. The Early Learning and Childcare settlement for 2023-24 takes account of significant declines in the eligible population in recent years and makes provision for important policy and delivery priorities based on feedback from COSLA and local government colleagues.

As set out in separate detailed communications, the Health and Social Care Portfolio will transfer net additional funding of £95 million to Local Government to support social care and integration, which recognises the recurring commitments on adult social care pay in commissioned services (£100 million) and inflationary uplift on Free Personal Nursing Care rates (£15 million). This is offset by the non-recurring interim care money ending (£20 million).

The overall transfer to Local Government includes additional funding of £100 million to deliver a £10.90 minimum pay settlement for adult social care workers in commissioned services, in line with Real Living Wage Foundation rate.

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2022-23 recurring budgets for services delegated to IJBs and therefore, Local Authority social care budgets for allocation to Integration Authorities must be at least £95 million greater than 2022-23 recurring budgets.

The consolidation of funding into the new £30.5 million homelessness prevention fund not only reflects the importance local and national government jointly place on homelessness prevention and earlier intervention, but also simplifies the homelessness funding landscape. This provides more flexibility for council and greater clarity for citizens who want to understand how national and local government are working jointly to improve outcomes.

In total, including the funding to support the devolution of Empty Property Relief, the budget increases the local government settlement by over £550 million relative to the Resource Spending Review position.

I am conscious of the position you set out to me, and the challenges which councils will still face, like all parts of the public sector, in meeting current and emerging demands from within this budget. Therefore, I am offering to continue to work with you with real urgency in the coming weeks to determine how we might jointly approach these challenges and ensure sustainable public services to support our shared priorities now and in the future.

## **Delivering for People and Communities by Working Together Flexibly**

Through the Covid Recovery Strategy, Scottish Government and Local Government, committed to work together to address the systemic inequalities made worse by Covid, to make progress towards a wellbeing economy, and accelerate inclusive person-centred public services.

We must sustain this focus on the outcomes we care most deeply about, in particular:

- i) tackling child poverty,

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- ii) transforming the economy to deliver net zero, and
- iii) sustaining our public services.

No single part of the public service landscape can deliver these outcomes alone. We need to work in partnership to deliver outcomes for people and places across Scottish and local government as our two spheres of government, recognising our joint accountability for change. Local service providers have the critical relationships with people and communities and must be empowered and enabled to organise services around their needs, rather than the funding stream, policy area or body delivering. By doing so, we will collectively reduce complexity and barriers for people, deliver improved outcomes and reduce inequalities among communities in Scotland, and enable the fiscal sustainability of key public services.

Strong local leadership will make this approach work in practice, supported by a national vision and learning from good practice. Community Planning Partnerships are the mechanism in which we need to see a collective and intensive effort to align available resources into prevention and early intervention focused on delivering shared outcomes for people and place. Local authorities have the leading, critical role in CPPs, but CPPs also involve a range of public bodies which must play their part, alongside local third sector and community bodies.

The Scottish Government is committed to building trust and maximising benefits for our citizens and communities. We will act to:

- align budgets to maximise impact on outcomes;
- remove barriers which hinder flexibility in funding, and in the design and delivery of services around people, helping to embed the service changes flowing from this;
- require our partner public bodies and agencies to work collaboratively within CPPs to deliver shared outcomes, take action to address local priorities and align local funding, this will be supported by our Place Director network;
- enable third sector partners to participate and contribute in local plans, including through flexible funding.

Local authorities are key partners in this endeavour. Through COSLA, we will invite local authorities to work with us to:

- prioritise spending to agreed key outcomes for which we are jointly accountable, with clarity as to the way in which we will work together to secure and measure success;
- ensure that joint plans of activity across Community Planning Partnerships can deliver those outcomes in a way which reflects the needs of a local communities, and to robustly account for delivery of these plans;
- share resources across CPPs to deliver these activities in whatever way is most effective;
- continue to share and learn from best practice nationally and locally to embed person centred approaches that work for individuals and communities, and reduce barriers and duplication in our joint systems.

We will seek to agree jointly how to put this commitment into operation practically over the coming months and to develop robust assurance that demonstrates delivery of critical priorities and reform. We need to be data driven and transparent, reflecting the accountability which comes with responsibility. Scottish and Local Government need to agree metrics and mechanisms for monitoring impact and outcomes, so that intervention and resource can be

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targeted where it is most needed to secure improvement. This will include seeking to reduce unnecessary reporting.

This approach is aimed at building trust and relationships and as well as adopting it through this budget, it will be reflected in the partnership agreement that will underpin the New Deal for Local Government set out in the Resources Spending Review. In order to offer flexibility across funding and work towards removal of ring fencing, the Scottish Government will need clear commitment from local government about delivery of agreed joint outcomes.

The Cabinet Secretary for Social Justice, Housing and Local Government would welcome an initial discussion on this when you meet next week at the Strategic Review Group, in order to pave the way for work at pace among our officials.

## **Non-Domestic Rates and Other Local Taxation Measures**

As Leaders will be aware, the 1 April 2023 marks the date of the next Non-Domestic Rates revaluation, and the first to reflect the reforms introduced by the independent Barclay Review of Non-Domestic Rates. These reforms, including the move to three-yearly revaluations and a one-year tone date, will ensure that property values more closely align with prevailing property market conditions in Scotland.

The Budget freezes the poundage and acknowledges the impact of the revaluation by introducing a number of transitional reliefs to ensure that any properties which see significant increases in their rates liabilities following the revaluation do so in a phased manner. The Barclay Review also recommended a number of reforms to the Non-Domestic Rates appeals process which are critical to ensuring the deliverability of the three-yearly revaluation.

The new two-stage appeals process will commence on 1 April 2023 alongside the transfer of functions of Valuations Appeals Committees to the Scottish Courts and Tribunals Service. The Non-Domestic Rates (Scotland) Act 2020 and subsequent regulations have, amongst other things, provided Assessors and Councils with greater information-gathering powers and have also increased the transparency of the process for ratepayers including, for the first time, the provision of draft values on 30 November 2022. These reforms are intended to reduce the reliance on the formal appeals process to deliver accurate rateable values and the Act also provided a legal basis for the pre-agreement of values.

Many of the reforms of the Barclay Review seek to incentivise behaviour changes to deliver a more effective and efficient system. Reflecting the ability to pre-agree values and the importance of building resilience in the new appeals system to support the transition to more frequent revaluations, Ministers plan to make administrative changes to the funding treatment of appeals associated with public sector bodies, including councils.

The current system essentially sees the public sector challenge other parts of the public sector with private sector advisor fees effectively extracting resources from public services. The conclusion of the process determines funding allocations outside the remit of the annual budget framework with successful public bodies benefiting financially to the detriment of other ratepayers and public services. The volume of public sector appeals also serves to delay access to justice for other appellants.

Ministers do not believe that this offers value for money for the public. Whilst the right to propose and appeal will remain, to incentivise the use of the pre-agreement powers and

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discourage the continued reliance on the formal appeals process, from 1 April 2023, all bodies, including councils, who receive their funding through the Scottish Government budget process, will see the financial incentive for proposing and appealing removed.

Where a property occupied by a public body is subject to a successful proposal or appeal, the financial benefit from the reduction in rateable value will result in a downward re-determination of revenue allocations at a subsequent fiscal event. On this basis, Ministers will be encouraging all public bodies to begin the process of pre-agreement with their local assessors ahead of 1 April 2023 to ensure that values are accurate prior to the start of the revaluation and that this approach be adopted by default for future revaluations.

The Non-Domestic Rates (Scotland) Act also had the effect of abolishing Empty Property Relief as agreed with the Scottish Green Party a part of the 2019-20 Budget process. Unoccupied properties will therefore be liable for full rates from 1 April 2023 if relief is not available under a local scheme. To effectively devolve responsibility for the relief and provide greater fiscal empowerment for council, as agreed by the Settlement and Distribution Group, the budget provides an additional £105 million of General Revenue Grant, significantly more than the cost of maintaining the national relief in light of the subsequent decision to freeze the poundage.

In addition, following consultation with members of the Institute of Revenues, Rating and Valuation, we will bring forward regulations intended to empower councils to tackle rates avoidance more effectively. In combination, the funding transfer and the proposed new powers will provide significant additional fiscal flexibility to councils to administer support for unoccupied properties in a way that is tailored to local needs.

Furthermore, I can confirm that the Scottish Government will not seek to agree any freeze or cap in locally determined increases to Council Tax, meaning each council will have full flexibility to set the Council Tax rate that is appropriate for their local authority area. I do hope that councils will reflect carefully on the cost pressures facing the public when setting council tax rates.

We are also committed to expanding councils' ability to raise additional revenues and discussions among our respective officials have commenced to identify a structured approach to future potential local taxes. At the same time, councils now have the power to establish local workplace parking levy schemes and our work to introduce a local visitor levy bill in this parliamentary session is on track.

Finally, I am conscious that, while it is not directly applicable to Local Government pay negotiations, many stakeholders have used Public Sector Pay Policy as a reference point in previous years. For this reason, I feel it is important to highlight to you that we have taken the decision not to announce pay uplifts or publish a Public Sector Pay Policy for 2023-24.

There are a number of reasons for this, not least among them the desire to approach pay negotiations differently for 2023-24, the imperative for reform and the need to ensure the sustainability of public sector pay and workforce arrangements. This does not change our view that our job in the midst of a cost crisis is not to press down on pay, particularly the most vulnerable. We will be sharing further guidance in relation to 2023-24 pay at an appropriate point in the new year which is likely to be considered by Trade Union colleagues relevant in Local Government pay negotiations, if you agree I will ask my officials to engage

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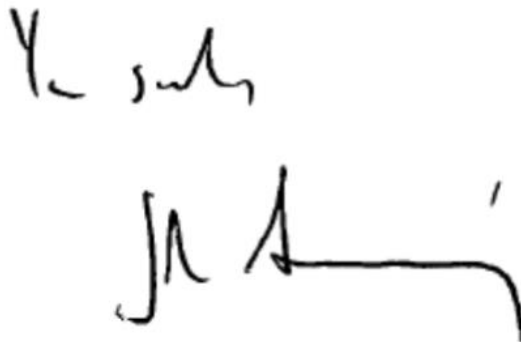


with COSLA officers as this develops to determine if you might wish to formally endorse or adopt it.

I am under no illusions about the challenging fiscal environment we face across all of our public services over the next few years but I have sought to protect the local government settlement as far as possible with an overall settlement of over £13.2 billion. The budget goes significantly beyond the commitments made in the Resource Spending Review. It provides substantive additional funding and it does not pass on the negative consequential for employer national insurance contributions resulting from of the Autumn Statement. Importantly, it provides a number of fiscal and policy flexibilities. Alongside the settlement, I hope my offer to build on the Covid Recovery Strategy will be warmly and urgently received, to enable us to make urgent progress on the New Deal.

I want us to work in partnership, to build on the Covid Recovery Strategy and agree an approach which improves delivery of sustainable public services, designed around the needs and interests of the people and communities of Scotland, at its heart.

I would welcome confirmation that you are supportive of the proposed joint work outlined above and I look forward to working with COSLA and Leaders in the months ahead to deliver on our shared priorities.



**JOHN SWINNEY**

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**Your Ref:**  
**My Ref:** AMacA/CB  
**Contact:** Alastair MacArthur  
**Telephone Number:** 0300 300 0285  
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**Date:** 22 March 2023



Ms Sarah Lavers  
 Chief Financial Officer  
 Renfrewshire Health & Social Care Partnership  
 Renfrewshire House  
 Cotton Street  
 PAISLEY

Dear Sarah

### **2023/24 Financial Allocation from Renfrewshire Council**

Renfrewshire Council agreed its budget for the financial year 2023/24 on 2 March 2023.

In setting the budget, Council agreed total funding to the Renfrewshire HSCP of £92.788 million.

The above amount reflects:

- the pass through in full to the HSCP of Scottish Government funding received through the local government settlement and as outlined in Finance Circular 11/22 of £(0.388) million being £(0.664) million reflecting the removal of interim care funding received on a one-off basis in 2022/23 and £0.276 million relating to free personal and nursing care.
- the Council decision to provide a proportionate share of funding relating to the 2022/23 pay award - £1.054 million
- the Council decision to reflect the full costs of services provided by the Council in supporting adult social care service delivery through an appropriate level of cross charge (£1.476 million); this amount being subject to ongoing discussion and agreement between our respective finance teams. We have discussed the mechanism whereby this support services cost will be actioned, and have agreed a cost recharge as opposed to budget transfer.

Subsequent to this amount being agreed by Council, the Scottish Government has confirmed to Council the level of additional funding to be passed through to the HSCP in relation the Living Wage as being £3.374 million.



**Finance and Resources**  
**Director: Alastair MacArthur CPFA**  
 Renfrewshire House, Cotton Street, Paisley, PA1 1JB  
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Taking account of these further adjustments, the base budget for 2023/24 will therefore be £97.638 million.

Yours sincerely



**Alastair MacArthur**  
**Director**



**Greater Glasgow and Clyde NHS Board**

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Date: 9<sup>th</sup> March 2023  
 Our Ref: FMcE

Enquiries to: Fiona McEwan  
 Direct Line: 07957638165  
 E-mail: [fiona.mcewan@ggc.scot.nhs.uk](mailto:fiona.mcewan@ggc.scot.nhs.uk)

Dear Christine

### **2023/24 Indicative Financial Allocation to Renfrewshire Health and Social Care Partnership**

Further to initial informal discussions with Chief Officers and Chief Finance Officers, I am writing to you with an indicative budget proposal for 2023/24. An update to this letter formally confirming your final allocation for 2023/24 will be issued on behalf of the Board after the Board's financial plan has been approved at the April board meeting and when the Board's financial out-turn is confirmed along with further clarification on the totality and distribution of the pay awards have been determined.

#### **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 2023/24 is 2.0% totalling £51.8m.

#### **The HSCP Settlement**

The Scottish Government's budget letter issued on 15th December 2022 states that *"In line with previous years, 2023-24 NHS payments to Integration Authorities for delegated health functions must deliver an uplift of 2% over 2022-23 agreed recurring budgets and make appropriate provision for 2022-23 pay."*

The total allocation uplift to all six HSCPs should be £18.5m based on the current recurring budget at 31st January 2023. This will be adjusted when the 2022/23 out-turn is finalised in April and the pay award allocations have been confirmed.

A further adjustment will also be required to the individual HSCP settlements when the reallocation of the Specialist Children's budgets have been agreed.

An indicative allocation based on Month 10 figures is included in **Appendix 1**.

## Set Aside Budget

This is initially based on the estimated set aside budget for 2022/23 uplifted by 2.0% and will be revised when the Board's final out-turn is confirmed. This figure represents the estimated actual usage of in scope Acute services. This will continue to be a notional allocation.

## Covid-19 Funding

As per the budget letter NHS Boards and Integration authorities should expect to meet the remaining costs from baseline funding and should continue to drive these costs down as far as possible as there is no additional funding available to support these costs with the exception being the following:-

- Vaccinations staffing and delivery;
- Test & Protect activities including Regional Testing facilities;
- Additional PPE requirements; and
- Some specific Public Health measures

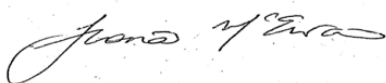
## Recharges to HSCPs

The following items will continue to be charged to the HSCP during 2023/24:

- The HSCP's proportional share of the Apprenticeship Levy based on your HSCP's payroll cost;
- 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; and
- The HSCP's share of Office 365 costs based on the number of licences in use.

Meetings will be arranged before the end of the financial year to allow us to formalise the funding and processes that are required for 2023/24. In the meantime, this letter enables the HSCP to produce its financial plans for 2023/24.

Yours sincerely



### **Fiona McEwan**

Assistant Director of Finance- Financial Planning & Performance  
NHS Greater Glasgow and Clyde

**Appendix 1 – Financial Allocation 2023/24 (based on month 10 figures)**

Spend Categories		Renfrewshire Hscp
		£000s
Family Health Services		62,370
Fhs Income		(1,873)
<b>Family Health Services Budget (Net)</b>		<b>60,496</b>
Prescribing & Drugs		37,510
Non Pay Supplies		17,650
Pay		54,159
Other Non Pay & Savings		26,125
Other Income		(879)
<b>Budget - HCH incl Prescribing</b>		<b>134,565</b>
<b>Total Rollover budget - NET</b>		<b>195,062</b>
<b>Adjustments:</b>		
Non Recurring budget allocated to base		(153)
<b>Budget Eligible for HCH &amp; Prescribing uplift</b>		<b>134,412</b>
<b><u>Uplifts</u></b>		
Scottish Government allocation	2.00%	2,688
Uplift for pay 22.23 tbc		
Total Uplift		2,688
<b>Revised Budget</b>		<b>197,750</b>
<b><u>Set Aside</u></b>		
2022/23 Estimated Value		65,272
Uplift @ 2%	2%	1,305
<b>2023/24 Set Aside Value</b>		<b>66,577</b>

An Leas-phrìomh Mhinistear agus Ath-shlànachadh  
Cobhid  
Deputy First Minister and Cabinet Secretary for Covid  
Recovery  
John Swinney MSP



Scottish Government  
Riaghaltas na h-Alba  
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Cllr Shona Morrison  
COSLA President  
By email: [megan@cosla.gov.uk](mailto:megan@cosla.gov.uk)

Copied to:  
Cllr Stephen Heddle, COSLA Vice President  
&  
Cllr Katie Hagmann, COSLA Resources  
Spokesperson

21 February 2023

Dear Shona,

I am writing to set out further detail on the stage 3 Budget announcement. Since the publication of the draft budget on 15 December, I have listened closely to all of our partners. I understand the significant budget challenges faced by Local Government to deliver crucial support for people and communities across Scotland.

Hard decisions are having to be made across all public services and I have already provided additional funding to Local Government as set out in my letter on 15 December. But I recognise that local authorities, like this government and other public bodies, are facing significant additional pressures, caused largely by the increase in inflation and energy costs. The failure of the U.K. Government to provide specific additional support for the public sector is disappointing and I hope you will join me in pressing for this in the U.K. budget.

I have nevertheless announced today in parliament that I will provide an additional £100 million as a contribution to support councils to make a meaningful 2023-24 pay offer for non-teaching local government staff, recognising the critical role that those staff play in delivering front line services. This delivers on the commitment made in my letter of the 14 February.

I hope this will enable a swift agreement in the Scottish Joint Council pay negotiations so that relevant staff receive a pay increase in 2023-24 as early as possible.

We are already supporting Local Government pay with an additional £260.6 million reflecting the 2022-23 pay award. This will be baselined within the Budget for future years and in 2023-24 consists of £140 million revenue and £120.6 million capital.

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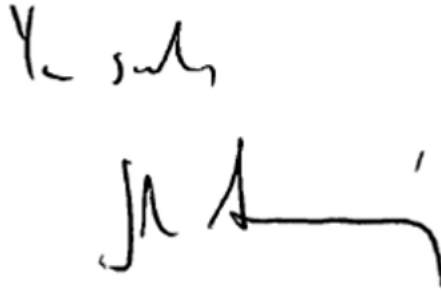
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In addition I confirmed last week that we would provide a further £156 million in Scottish Government funding (£33 million for 2022-23, and £123 million for 2023-24) to support the enhanced offer to the SNCT pay negotiations for both years.

I trust that this letter serves to confirm the position for SJC pay negotiations ahead of consideration by COSLA Leaders on Friday 24 February.

A handwritten signature in black ink, appearing to read 'John Swinney', written in a cursive style.

**JOHN SWINNEY**

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