
To: Renfrewshire Integration Joint Board

On: 23 March 2018

Report by: Chief Finance Officer

Heading: 2018/19 Delegated Health and Social Care Budget

1. Purpose

1.1 This report describes the financial allocation and budgets made available to the Integration Joint Board (IJB) for 2018/19 by the Council and NHSGGC and outlines the main financial pressures on health and adult social care services.

2. Recommendation

It is recommended that the IJB:

- Agree to accept the delegated Adult Social Care Budget for 2018/19;
- Agree to provide formal assurance to Renfrewshire Council that resources being transferred for delegated adult social care functions will not be utilised to offset any resource shortfall or unacceptable risk position for the provision of delegated health services;
- Subject to the approval of the recommendations in relation to the delegated Health budget detailed in the Change and Improvement Update, agree to the Chief Finance Officer's (CFO) recommendation to accept the indicative 2018/19 delegated Health Budget which includes assumptions that:
 - The 1.5% cash uplift for 2018/19 allocated by the Scottish Government is received in full (reference Appendix 1)
 - The HSCP's share of any additional monies allocated by the Scottish Government to meet the additional costs of the Scottish Government's pay policy for Agenda for Change Grades above the first 1% will be allocated in full.
 - The budget allocation includes the HSCPs share of the mental health and alcohol and drug funding uplifts from the Scottish Government for 2018/19 (reference Appendix 1)
- Agree subject to the above assumptions being included within the final budget offer made to the HSCP, to delegate responsibility for accepting the 2018/19 delegated Health Budget to the Chief Officer (CO) and Chair of the IJB.
- Approve the use of reserves (from the health budget) to fund the impact of delays in the implementation of the required savings for the Health delegated budget in 2018/19

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. 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, NHSGGC and Renfrewshire Council is used by the IJB to commission services from its two partner organisations. The principles of the funding allocated by the two partner organisations is set out in the Integration Scheme, however, utilisation of this funding is delegated to the IJB.

- 3.2. Under the terms of the Integration Scheme partner organisations should make appropriate arrangements to fund pay awards, contractual uplifts, the impact of demographic changes and determine efficiency targets as part of their respective budget setting processes.
- 3.3. The role of the Section 95 Officer (Chief Finance Officer) for the IJB includes both the adherence to professional standards as well as compliance with “The Local Government (Scotland) Act 1973 section 95, which clearly states that:

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

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

4. 2018/19 Overview

- 4.1. On 14 December 2017 the Scottish Government published their draft budget for 2018/19 which was subject to parliamentary approval over the course of January and February 2018. Included within the conditions of the 2018/19 budget is the continued prioritisation of financial support for social care including the use of funding provided through the health budget of £355 million to support Adult Social Care services. For Renfrewshire HSCP this totals £12.254m.
- 4.2. This report sets out the implications of the Scottish Government budget announcement of 14 December 2017 and provides members with an overview of the IJB's anticipated budget allocation for 2018/19.
- 4.3. In agreeing the 2018/19 budget, members will wish to consider the medium and longer term financial context for the IJB and the ongoing financial pressures and significant challenges which were detailed in the HSCP's three-year Financial Plan which was approved by members on 15 September 2017.
- 4.4. As in 2017/18, the Scottish Government draft budget provided grant figures for one year only, covering 2018/19. Although the Scottish Government has not provided any material details of spending plans beyond 2018/19 it has published some high-level figures for 2019/20 which indicate that the public sector in Scotland will continue to face a challenging medium term financial outlook. There is however significant uncertainty over the scale of the likely reduction. Since a larger proportion of the Scottish Budget is now driven by devolved tax powers, this brings additional risk to the level of funding available for public services in Scotland. As the Scottish Government budget moves towards c50% of its budget being generated from devolved tax raising powers, the performance of the Scottish economy becomes a key factor in the overall level of resources available to the Scottish Government. Whilst economic growth in Scotland remains markedly behind that of the UK, it is likely that the Scottish Government's budget will be subject to uncharted levels of uncertainty and risk moving forward. There are also wider risks which may further influence the level of resources made available to the Scottish Government due to the ever changing political and economic environment, within Scotland, the UK, across Europe and globally.

- 4.5. For 2018/19, the Scottish Government have exercised devolved tax raising powers to generate an increase in their budgeted resources for 2018/19 to support local government. However, future opportunities for the Scottish Government to generate similar additional resources in the short to medium term may be limited. Real uncertainty therefore remains over the scale of the reduction in resources over the medium term. This along with the continuation of annual cost pressures and increasing demand will drive a need for further significant and sustained savings to ensure financial sustainability across all sectors.
- 4.6. The HSCP's three-year Financial Plan reflects the economic outlook beyond 2018/19, adopting a strategic and sustainable financial plan linked to the delivery of priorities in our Strategic Plan. These strategic priorities will continue to provide a focus for future budget decisions, where the delivery of core services must be balanced with the resources available. Our three-year Financial Plan focuses on a medium-term perspective centred 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. In addition, it is important that the IJB works towards creating sufficient reserves to protect it during the course of the financial year as highlighted by the CFO in previous reports to the IJB. In addition, members should note that Audit Scotland will continue to closely monitor the IJB's position to ensure unallocated general working balances remain at an appropriately prudent level.
- 4.7. Over the past number of months, budget assumptions have been updated including the impact of new statutory obligations, and the impact of increasing demographic and demand pressures. In addition, the CFO has identified areas of existing resource to re-direct to mitigate the impact of current and emerging cost pressures.
- 4.8. As detailed in the HSCP's three-year Financial Plan the financial projections beyond 2018/19 include a range of key assumptions for which there remains significant and real uncertainty. These include:
- Future funding allocations from Partner Organisations*** – as the Scottish Government has not provided any material details of spending plans beyond 2018/19 other than high level figures which indicate low levels of cash growth in the budget for 2019/20.
 - Future Pay Settlements*** - at present no national agreement has been reached on a pay settlement for 2018/19. The public sector pay policy announced by the Scottish Government alongside the Draft Budget outlined a 3% pay increase for 2018/19 for those employees earning up to £36,500 with 2% applying thereafter.
 - Demand led Pressures*** – demographic and socio-economic demand led cost pressures continue to be a key financial risk moving forward. The HSCP continues to actively progress a wide range of key demand and cost management actions to mitigate the financial impact of these pressures whilst seeking to achieve better outcomes for clients and their families.
 - Prescribing*** - impact of additional premiums paid for drugs on short supply
- 4.9. The implications of the above and the associated impact on the Renfrewshire IJB delegated budgets are outlined in the following sections of this report.

5. Delegated Adult Social Care Budget 2018/19

- 5.1. For 2018/19 the scale of demand and cost pressures faced by Adult Social Care is significant due to potentially substantial cost pressures arising from: the renewal of contractual arrangements; impact of living wage negotiations; Carers Act; increase on the National Care Home Contract and 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.
- 5.2. Over the past years, Adult Social Care has successfully managed to take forward a wide range of mitigation programmes designed to dampen the impact of demand led growth, however, there is a risk that as these pressures continue to grow in their scale and impact, the ability to mitigate and dampen these is not able to keep pace with the resources available.
- 5.3. Working with Renfrewshire Council's Director of Finance, the Chief Finance Officer, using a range of informed assumptions, has estimated that the demand and cost growth for Adult Social Care in 2018/19 linked to the areas highlighted in para 5.1 is likely to be in the region of a gross increase of c.£4million.
- 5.4. In 2017/18 Renfrewshire Council set aside £4.4 million for Adult Social Care service pressures, which throughout 2017/18 has been managed jointly by the Director of Finance and Resources for the Council and the CFO. It is anticipated that around £1.5 million of non-recurring resource will remain unallocated in 2017/18, with a minimum of £1 million available on a recurring basis moving into 2018/19. The non-recurring resources unallocated at the end of 2017/18 will be carried forward by the Council to be made available to the HSCP in 2018/19.
- 5.5. In recognising these pressures following the Director of Finance and Resources recommendation, Renfrewshire Council, at its meeting of 2 March 2018 agreed to make provision for c.£2.1 million of additional resources to be made available for drawdown by the HSCP in 2018/19. This additional resource is broadly equivalent to the Council's share of the £66m additional funding provided to Local Authorities as part of the settlement for Local Government for 2018/19 (Appendix 1)
- 5.6. The table below summarises the impact this would have on the 2017/18 base budget carried forward into 2018/19. This position may change during the course of 2018/19 as emerging pressures become clearer.

Adult Social Care Budget		£m
Projected Outturn for 2018/19 (based on current known and estimated pressures)		67,875
Funded by:		
Base Budget 2017/18 rolled forward		63,848
Balance of Funding Made Available by the Council	Recurring	2,527
	Non-recurring	1,500
Total Funding Available to be drawn down in 2018/19		67,875

note: the above is subject to final adjustments including increases in relation to the 18/19 pay award (still to be agreed with unions);

- 5.7. The amount of drawdown will be agreed between the Council's Director of Finance and Resources and the CFO, on the basis of the actual impact of the cost pressures over the course of the financial year. Members should however note that £1.5m of these resources are non-recurring and will not be available in future years, and will therefore become a recurring pressure for the adult social care budget from 2019/20 onwards. Updates on the level of resource required to be drawn down will be reported to members in the finance budget monitoring papers throughout 2018/19.
- 5.8. Members should also note that on 3 March 2018 Renfrewshire Council also approved a 2.5% increase in charges (including Adult Social Care). In addition, in order to closer align the self-funder rates applied in Council provided Care homes to those charged across the external market, an increase to £686 per week was approved. This increase remains materially below that of other external providers across Renfrewshire.
- 5.9. Given that the Council have again recognised, in their budget allocation to the IJB the significant pressures which the Adult Social Care budget faces in 2018/19, (similar to the CFOs recommendations in 2017/18), it is recommended that the IJB provide formal assurance to Renfrewshire Council that resources being transferred for delegated adult social care functions will not be utilised to offset any resource shortfall or unacceptable risk position for the provision of delegated health services. This assurance will not preclude the IJB making any future service or resource changes where such decisions are in line with the direction of travel as set out in the IJB's Strategic Plan.
- 5.10. As highlighted in Section 3 of this report due to the financial outlook of the Scottish Government's budget beyond 2018/19, members should note the risk that as these pressures continue to grow in their impact, the ability of the Council to assist with additional resources in future years may not be possible.

6. Delegated Health Budget 2018/19

- 6.1. On 14 December 2017, the Director of Health Finance, Scottish Government, wrote to NHS Chief Executives (Appendix 1), setting out the draft budget for 2018/19 for NHS Boards. This included narrative which set out the expectations that the funding settlement for Health Boards would allow for progress to be made in:

“delivering the commitment that more than half of frontline spending will be in community health services by the end of this parliament. The funding in 2018-19 is designed to support a further shift in the share of the frontline NHS budget dedicated to mental health and to primary, community and social care. The Cabinet Secretary for Health and Sport expects NHS Boards and Integration Authorities to contribute to this Programme for Government commitment and it will be essential that this is clearly evidenced as part of plans for 2018-19”

- 6.2. Also included within the letter are details of the:
- funding for Investment in Reform across a range of priority areas
 - Scottish Governments Pay Policy for 2018-19 The pay settlement for NHS staff will of course be subject to the NHS pay reviews process as in previous years.
 - **Core Areas of Investment including:**
 - Transformational change fund of £126 million

for implementation of new service delivery models, improved elective performance and investment in digital capability

- Mental Health Strategy
increasing the level of investment in mental health services - £17 million towards the commitment to increase the workforce by an extra 800 workers over the next 5 years; and for transformation in CAMHS (provided on the basis that it is in addition to existing 2017/18 spending levels by NHS Boards and IJBs). Therefore, total spending on mental health and CAMHS services must increase as a minimum by £17 million above inflation.
- Primary Care Fund
rises to £110 million in 2018-19 to support the expansion of multidisciplinary teams for patient care, and a strengthened and clarified role for GPs as expert medical generalists and clinical leaders in the community.
- Social Care
NHS Boards are required to transfer £350 million from baseline budgets to IJBs to support social care with an additional recurring £5 million in relation to war pensions and guaranteed income payments.
- Alcohol and Drug Partnerships
additional investment of £20 million in treatment and support services in addition to the £53.8 million allocated to Boards in 2017/18

6.3. In addition, the letter makes clear the expectation that all NHS Boards should have agreed their 2018/19 budget settlements for IJB's prior to the start of the new financial year.

6.4. Building on the long-standing approach to deliver savings and efficiencies for local health services, during the past year, the CO has successfully managed to take forward a number of mitigation programmes intended to dampen the impact of demand led growth. However, the scope to further mitigate and reduce demand for further recurring savings is limited.

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

- 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 known costs;
- Family Health Service budgets directly fund income to contracted services such as GPs;
- Social Care Fund is passed directly through to Renfrewshire Council for allocation to the Adult Social Care Budget;
- Mental Health services protection in line with the Scottish Government's directions for the 2018/19 budget allocation;
- Health Visitors funding – this is a ring-fenced allocation from the Scottish government in line with their priority to increase the number of Health Visitors by 2019/20

6.6. The table below provides a summary of the above, highlighting that the amount of remaining budget against which any savings targets need to be delivered is c £31.2 million the majority of which are employee related budgets.

Health Budget Influencable Spend	£'000's
2017/18 Net Recurring Budget <i>(not including Set Aside)</i>	£160,863
Less:	
Resource Transfer	-£16,900
Prescribing	-£35,041
Family Health Services	-£43,747
Social Care Fund	-£12,400
Mental Health (per SG directions for 18/19)	-£18,949
Health Visitors Money (ring fenced funding)	-£2,589
	-£129,626
= Remaining budget against which savings can be applied	£31,237
% of budget against which savings can be applied	19.42%

6.7. The CFO, using a broad range of assumptions, has estimated that the demand and cost growth for delegated Health Services (not including Set Aside) in 2018/19 is likely to be in the region of £4.1 million. In order to identify the funding gap for 2018/19 the Chief Finance Officer has built in a number of assumptions which include:

- Inflationary increase of 1.5% (on eligible budgets)
- Additional monies to support the Scottish Government pay agenda
- Zero uplift for Resource Transfer in 2018/19
- Approval of the second tranche of savings (detailed in the Change and Improvement Paper to the IJB on 23 March 2018)

6.8. The table below provides a summary of the above:

	Amount In £000's
Anticipated Budget Pressures	4, 026.0
<u>Less:</u> Estimated share of SG 1.5% allocation to Health Boards	(1,750.9)
<u>Less:</u> Estimated additional funding for Agenda for Change pay uplift	(593)
<u>Less:</u> Savings / Mitigation	(1,545.0)
= Remaining Shortfall	= (137.06)

6.9. Taking into account all of the above this would then leave the delegated Health Budget with a funding gap of £137k, which would be funded on a non-recurring basis from the ear marked reserve for prescribing.

6.10. Members should note that the current projected 2018/19 pressure for prescribing is due to the impact of short supply. Although work is underway to mitigate this increased pressure through a number of actions including: collaborating with other HSCPs in GG&C and across Scotland to proactively engage with the Scottish Government with the clear aim of establishing plans to reduce overall drug costs in 18/19. This may include a clear focus to: test how improved national procurement can generate a cost advantage in year; considering what drugs are available in 2018/19 in Scotland/locally with the joint aim that patient need is met, patient safety assured, effectiveness and evidence are prioritised but costs are reduced. Chief Officers are clear that this work must deliver real benefits in year in order to avoid the risk of these excess costs driving us to further reduce other service and staffing budgets to fund these.

The table below provides a summary of the main causes and effects of short supply.

Short Supply	
Causes	Malfunctioning equipment on the production line
	Shortage of a raw material
	Packaging failing to meet the required specification
	Manufacturing temporarily suspended due to quality concerns
	Imbalance between supply and demand e.g. unanticipated changes in demand or inaccuracies in forecast usage
Effects	Medicines are manufactured in very few sites worldwide, therefore, there is little flexibility in the supply chain should problems arise
	Significant increase in costs
	Impacts on the ability of dispensers both in acute and primary care to provide drugs for patients
	Can occur at a local or national level
	Worldwide burden for community pharmacy, NHS employees, GP practices through the additional time spent attempting to source drugs and/or identify and risk assess alternatives - in turn impacts on patient care through anxiety for patients as changes in medication may be necessary
	Poorer outcomes may result if optimal treatment is delayed or unavailable

6.11. *Set Aside Budget for 2018/19*

The joint working group chaired by the Assistant Director of Finance for NHSGGC, which includes representatives from the Scottish Government and the CFOs for Glasgow and Renfrewshire HSCP's (representing all 6 HSCP's), continues to review the Set Aside budget to identify an agreed mechanism for the transfer of resource. Once this work is concluded the set aside budget delegated to HSCP's will be based on actual activity data and costs, and will replace the current notional allocation.

6.12. *Historic Community Health Partnership (CHP) undelivered savings*

The Chief Officer has agreed a way forward to enable the HSCP to fund our share of the historic £3.6m savings detailed in 2017 for the IJB.

6.13. As NHSGGC are yet to approve their 2018/19 budget, in order to agree the delegated Health Budget for 2018/19 the CFO's recommendation to the IJB is to accept the indicative 2018/19 delegated Health Budget which includes assumptions that:

- The 1.5% cash uplift for 2018/19 allocated by the Scottish Government is received in full (reference Appendix 1)
- The HSCP's share of any additional monies allocated by the Scottish Government to meet the additional costs of the Scottish Government's pay policy for Agenda for Change Grades above the first 1% will be allocated in full.
- The budget allocation includes the HSCP's share of the mental health and alcohol and drug funding uplifts from the Scottish Government for 2018/19 (reference Appendix 1)

6.14. Agree subject to the above assumptions being included within the budget offer made to the HSCP, to delegate responsibility for accepting the 2018/19 delegated Health Budget to the CO and Chair of the IJB.

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 2018-19. In addition there are a number of risks which should be considered on an ongoing basis: adequate funding to deliver core services, delivery of additional unallocated savings within the current financial year
11. **Privacy Impact** – none.

List of Background Papers – none

Author: Sarah Lavers, Chief Finance Officer

Health Finance Directorate
Christine McLaughlin, Director



T: 0131-244 3464
E: christine.mclaughlin@gov.scot

Chief Executives, NHS Scotland

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

Issued via email

Our Ref: A19675337

14 December 2017

Dear Chief Executives

Draft Budget 2018-19 – Indicative Allocation

Following the announcement of the Scottish Government’s Draft Budget for 2018-19 by the Cabinet Secretary for Finance and the Constitution in Parliament today, I am writing to provide details of the funding settlement for Health Boards and the indicative 2018-19 baseline budget for Territorial and National Boards. A breakdown of the total is provided in the annex to this letter.

A central component of the settlement for the Portfolio is that it will allow for progress to be made in delivering the commitment that more than half of frontline spending will be in community health services by the end of this parliament. The funding in 2018-19 is designed to support a further shift in the share of the frontline NHS budget dedicated to mental health and to primary, community and social care. The Cabinet Secretary for Health and Sport expects NHS Boards and Integration Authorities to contribute to this Programme for Government commitment and it will be essential that this is clearly evidenced as part of plans for 2018-19.

Investment in Reform

Funding for reform will increase by £175 million, to £303 million in 2018-19.

	2017-18 (£m)	2018-19 (£m)	Increase for 2018-19 (£m)
Transformational Change Fund	25.0	126.0	101.0
Primary Care	60.0	110.0	50.0
Mental Health	30.0	47.0	17.0
Trauma Networks	5.0	10.0	5.0
Cancer	8.0	10.0	2.0
Total Investment in reform	128.0	303.0	175.0

The components of these lines and the approach to allocating reform funding will be set out by individual policy areas in advance of the new financial year.

Baseline Funding

Territorial Boards will receive a cash terms uplift of 1.5%. In addition to this, those Boards furthest from NRAC parity will receive a share of £30 million, which will mean that no Board is further than 0.8% from NRAC parity in 2018-19.

The four patient facing National Boards, (Scottish Ambulance Service, NHS24, Golden Jubilee and The State Hospital) will each receive a cash terms uplift of 1.0%. In addition, the Scottish Ambulance service will receive a further £6 million to support the implementation of their strategy. NHS National Services Scotland, Healthcare Improvement Scotland, NHS Education for Scotland and NHS Health Scotland will receive a flat cash settlement.

The National Board savings requirement of £15 million in 2017-18 will be made recurring in 2018-19. This savings requirement is not yet reflected in the National Board baseline allocation and will be agreed in advance of the new financial year.

When combining the £175 million increase in investment in reform, with an increase of £179 million in baseline funding for NHS Boards, the total additional funding for frontline NHS Boards will amount to £354 million (3.7 per cent) in 2018-19.

Pay Policy

The Scottish Government has set out its 2018-19 pay policy, which recommends a 3% pay increase for public sector workers earning £30,000 or less and a cap of 2% on the increase in the pay bill for staff earning more than £30,000. In addition, there will be a cap on the pay increase for highest paid, with a maximum cash increase of £1,600 for those earning above £80,000.

The pay settlement for NHS staff will of course be subject to the NHS pay reviews process as in previous years.

Core Areas of Investment

Transformational Change

The transformational change fund of £126 million will provide support to the regional delivery plans for implementation of new service delivery models, improved elective performance and investment in our digital capability.

Mental Health

Through our new Mental Health Strategy, we are shifting the balance of care towards mental health, increasing the level of investment in mental health services and improving support in the crucial period from birth to young adulthood. To support this, in 2018-19 a further £17 million will be invested, which will go towards the commitment to increase the workforce by an extra 800 workers over the next 5 years; and for transformation in CAMHS. In order to maximise the contribution from this direct investment, this funding is provided on the basis that it is in addition to a real terms increase in existing 2017-18 spending levels by NHS Boards and Integration Authorities. As a result therefore, it is expected that NHS Boards and Integration Authorities ensure that total spending on mental health and CAMHS services in 2018-19 will increase as a minimum by £17 million above inflation. Directions regarding the use of £17 million will be issued in year.

Primary Care

Investment in the Primary Care Fund will rise to £110 million in 2018-19. This will support the transformation of primary care by enabling the expansion of multidisciplinary teams for improved

patient care, and a strengthened and clarified role for GPs as expert medical generalists and clinical leaders in the community.

Social Care

As in 2017-18, Territorial NHS Boards are required to transfer £350 million from baseline budgets to Integration Authorities to support social care. A further £5 million will be allocated in 2018-19 on a recurring basis to Boards to be transferred to Integration Authorities in relation to war pensions and guaranteed income payments.

As part of the settlement for Local Government, £66 million has been provided to Local Authorities recognising a range of pressures in relation to Social Care. This funding will be allocated directly to Local Authorities from the Scottish Government and will not pass through NHS Board baselines.

NHS Boards should ensure that 2018-19 budget settlements for Integration Authorities are in place in advance of the new financial year.

Alcohol and Drug Partnerships

In 2018 a refreshed alcohol framework will be in place which will continue to take on Scotland's often problematic relationship with alcohol misuse. This renewed focus on alcohol and drugs will be backed by additional investment of £20 million in treatment and support services and further detail will be provided on this before the start of the financial year. This funding is not included in Board baseline budgets and is in addition to the £53.8 million that was allocated to Board baselines in 2017-18. Our expectation is that following the budget we will, as last year, write outlining the allocation by Board area and associated Ministerial expectations.

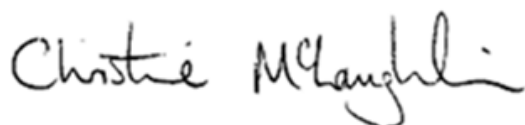
Capital Funding

We will continue to prioritise funding for existing commitments and Boards should assume an unchanged initial capital formula allocation.

Annual Plan

We will shortly set out the requirements for an annual plan, which will replace the previous Local Delivery Planning process and will link into the Regional and National Delivery Plans. This will set out a number of principles to be delivered in relation to finance and wider performance.

Yours sincerely



CHRISTINE MCLAUGHLIN
Director of Health Finance
Scottish Government

Annex

2018-19 Draft Budget Funding Allocations

	2017-18 Budget Bill	Recurring Allocation Adjustments	Total 2017-18 Allocation	Uplifts	Total 2018-19 Allocation	Distance from NRAC parity
	£m	£m	£m	£m	£m	%
Territorial Boards						
Ayrshire and Arran	683.6	-0.3	683.3	11.6	694.9	(0.8%)
Borders	197.7	-0.1	197.6	3.0	200.6	1.1%
Dumfries and Galloway	284.9	-0.1	284.8	4.3	289.1	2.8%
Fife	624.7	-0.2	624.5	12.1	636.6	(0.8%)
Forth Valley	496.7	-0.1	496.6	10.3	506.8	(0.8%)
Grampian	902.4	-0.2	902.1	18.5	920.6	(0.8%)
Greater Glasgow & Clyde	2,123.5	-0.9	2,122.6	31.8	2,154.5	1.8%
Highland	592.6	-0.2	592.4	12.0	604.3	(0.8%)
Lanarkshire	1,135.9	-0.4	1,135.5	20.7	1,156.1	(0.8%)
Lothian	1,356.0	-0.6	1,355.4	29.0	1,384.3	(0.8%)
Orkney	46.7	0.3	47.0	0.7	47.7	(0.4%)
Shetland	47.5	0.4	47.9	0.7	48.7	(0.4%)
Tayside	721.3	-0.2	721.1	13.7	734.8	(0.8%)
Western Isles	71.6	0.3	72.0	1.1	73.0	11.3%
Total	9,285.1	-2.3	9,282.8	169.4	9,452.0	
Special Boards						
National Waiting Times Centre Board	51.9	1.5	53.4	0.5	54.0	
Scottish Ambulance Service	229.3	0.0	229.3	8.6	237.9	
NHS National Services Scotland	324.7	3.5	328.2	0.0	328.2	
Healthcare Improvement Scotland	24.7	0.1	24.7	0.0	24.7	
The State Hospital	34.4	0.0	34.4	0.3	34.8	
NHS 24	65.2	0.4	65.6	0.7	66.3	
NHS Education for Scotland	420.0	0.0	420.0	0.0	420.0	
NHS Health Scotland	18.4	0.0	18.4	0.0	18.4	
Total	1,168.6	5.5	1,174.1	10.1	1,184.3	
TOTAL	10,453.7	3.2	10456.9	179.5	10,636.3	
Investment in Reform				175.0		
Total additional funding for frontline Boards				354.5		