
To: Renfrewshire Integration Joint Board

On: 20 March 2020

Report by: Chief Finance Officer

Heading: 2020/21 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 2020/21 by Renfrewshire Council and NHS Greater Glasgow and Clyde (NHSGGC), and, outlines the main financial pressures on health and adult social care services.
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2. Recommendation

It is recommended that the IJB:

- Agree to accept the delegated Adult Social Care Budget for 2020/21;
- Agree to delegate responsibility to accept the 2020/21 delegated Health Budget, to the Chief Officer and Chair of the IJB, subject to:
 - The expected uplift of 3% reflecting the Boards uplift for 2020/21 including any final adjustments in relation to recurring budget adjustments at month 12; and
 - The final budget offer including a budget for Set Aside for 2020/21.
- Approve a drawdown of reserves, if required, in order to fund any shortfall in funding for 2020/21.

3. Introduction

- 3.1. Renfrewshire IJB is a legal entity in its own right created by Parliamentary Order, following ministerial approval of the Integration Scheme between Renfrewshire Council and NHSGGC. It is accountable for the stewardship of public funds and ensuring that its business is conducted under public sector best practice governance arrangements, including ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The budget delegated by our two partner bodies, is used by the IJB to commission services, which are delivered by Renfrewshire Health and Social Care Partnership (HSCP). The principles of the funding allocated by the two partner organisations is set out in the Integration Scheme, however, utilisation of this funding is delegated to the IJB.
- 3.2. Under the terms of the Integration Scheme, partner organisations should make appropriate arrangements to fund pay awards, contractual uplifts, the impact of demographic changes and determine efficiency targets as part of their respective budget setting processes.
- 3.3. The role of the Section 95 Officer (Chief Finance Officer) for the IJB includes both the adherence to professional standards as well as compliance with “The Local Government (Scotland) Act 1973 section 95, which clearly states that:

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

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

4. 2020/21 Context

- 4.1. This report sets out the implications of the Scottish Government budget for 2020/21 which was approved on 5 March 2020 and provides members with an overview of the IJB's anticipated budget allocation for 2020/21.
- 4.2. IJB Members will be aware of the disruption to the budget setting timetable, following the unscheduled General Election on 12 December 2019. As a direct consequence, the UK Government comprehensive spending review, which had been scheduled for November 2019, and, the Scottish Government draft budget scheduled for 12 December 2019 were both postponed.
- 4.3. Despite the above delay, the Scottish Government chose to publish its own draft budget ahead of the UK, based on announcements already made by the UK Government, as well as ongoing engagement with the UK Government and HM Treasury.
- 4.4. The publication of the Scottish Government Budget in advance of the UK Budget for 2020/21 being published on 11 March 2020, was unprecedented. There was, therefore, a degree of uncertainty regarding the spending commitments outlined within the Scottish Budget. In addition, the timing of the UK Budget and Scottish Budget also reduced the time available for Parliamentary scrutiny of the Draft Scottish Government budget; with the Budget Bill Stage 1 debate in the Scottish Parliament having taken place on 27 February 2020 and stages 2 and 3 on 4th and 5th March. It was however recognised by the Scottish Government, that, if the UK budget announcement differed materially from the assumptions made by the Scottish Government, the funding and spending commitments set out in their budget may have to be reconsidered.
- 4.5. In 2018, the Scottish Government published its first Medium Term Financial Strategy (MTFS) with a commitment to provide three-year funding settlements from 2020/21 onwards. The MTFS set out the Government's financial assessment of the funding required to deliver on its key policies over this parliamentary period. It also highlighted that the overall outlook is for little growth through to 2022/23. Based on this, it is therefore likely that in the medium term, public finances in Scotland are likely to remain challenging and subject to further year on year reductions.
- 4.6. However, similar to 2019/20, the Scottish Government has not provided detailed spending plans beyond their budget for 2020/21. Their intention to provide multi-year finance settlements from 2020/21 has been delayed due to the postponement of the UK Government comprehensive spending review, which is unlikely to happen until later this year. It is therefore unlikely that the Scottish Government will commit to multi-year budgets until a similar forecast is provided at a UK level. This clarity would enable the IJB to plan over the medium term with a greater degree of financial certainty in respect of annual uplifts etc. and, adopt a more strategic approach to service re-design and transformation.
- 4.7. As highlighted in previous budget updates to the IJB, as a large proportion of the Scottish Budget is now driven by devolved tax powers, this brings additional risk to the funding available for public services in Scotland, as the performance of the Scottish economy becomes a key factor in the overall level of resources available to the Scottish Government.

- 4.8. The economic outlook provided by the Scottish Fiscal Commission (SFC), outlines economic growth in Scotland averaging around 1.0-1.2% over the next 5 years. This anticipated low level of annual growth over a prolonged period, will therefore have a detrimental impact on future tax receipts, which in turn will have an adverse impact on future budget allocations across the public sector in Scotland.
- 4.9. The revised SFC forecasts outline that: in relation to the devolution of tax and social security powers under the Scotland Act 2016; and, the fiscal framework which accompanies these powers; the block grant adjustments will require the Scottish Government to either raise taxes, cut spending or utilise reserves/borrowing to make up any shortfall. This, the SFC have warned, could result in much larger loan repayments being required, adding further pressure to the Scottish Budget position over the medium term.
- 4.10. Furthermore, there remain wider risks which could further impact on the level of resources made available to the Scottish Government including the changing political and economic environment within Scotland, the UK, and wider. This will potentially have significant implications for Renfrewshire IJB's parent organisations, and therefore the delegated Health and Adult Social Care budgets.
- 4.11. These wider strategic risks and uncertainties for the IJB include:
- The impact of Brexit, including the Scottish Government's response to Brexit, is not currently known; however, Renfrewshire HSCP is actively participating in Brexit planning being taken forward by its partner organisations in alignment with current Scottish Government direction;
 - Complexity of the IJB governance arrangements has been highlighted by Audit Scotland as an ongoing concern, in particular the lack of clarity around decision making. The Ministerial Strategic Group (MSG) Review of Integration Report acknowledges the challenging environment in which Integration Authorities are operating and makes specific proposals around governance and accountability arrangements to be implemented over 2019/20; and
 - A shortage of key professionals including General Practitioners, District Nurses, Mental Health Officers, Psychologists and Care at Home staff are a current recruitment and retention challenge for Renfrewshire HSCP. Potential impacts include negative effect on:
 - The sustainability of, access to, and quality of, services;
 - The resilience and health of our existing workforce as they attempt to provide the required level of services with reduced resources; and
 - The additional cost of using bank and agency staff.
- 4.12. 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.
- 4.13. In November 2019, the IJB approved its Medium-Term Financial Plan 2020/21 to 2024/25, and, agreed to create a transformation reserve to support a step-change in the HSCP's change activity. The Financial Plan set out a two-tiered approach to delivering savings, where Tier 1 short-term savings would be delivered in 2020/21 and Tier 2 savings would be achieved over the period 2021/22 to 2023/24 through transformational change. Tier 1 savings proposals were approved by the IJB on 31 January 2020.
- 4.14. Given the future economic uncertainty highlighted throughout this report, it is vital, that the IJB pro-actively progresses its financial planning strategy in the

context of its approved Medium-Term Financial Plan through its Tier 2 Transformation Programme. This Programme now represents the principal vehicle for the IJB to address its estimated net budget gap (for the period 2021/22 to 2023/24) of £9m to £19m (based on a range of funding scenarios between 1.5 to 3 percent of annual uplifts from our partner organisations) to ensure the sustainability of our health and social care services going forward and the delivery of the right health and social care services, accessed in the right place and at the right time.

5. Scottish Government Budget 2020/21

5.1. On 6 February 2020, the Scottish Government published their draft budget for 2020/21. Included within the conditions of the draft budget was the continued prioritisation of financial support for social care and integration, with a further £100 million for investment in social care and integration allocated over:

- £57.2m to support cost and demand pressures
- £25m to support continued delivery of the real Living Wage
- £11.6m to support the ongoing implementation of the Carers Act
- £4m to support School Mental Health Services
- £2.2m to support free personal and nursing care

5.2. The government confirmed that taken together, the total additional funding of £100 million is to be additional to each Council's 2019/20 recurrent spending delegated to Integration Authorities and not substitutional. The Government confirmed this means that Local Authority social care budgets for allocation to Integration Authorities and funding for school counselling services must nationally be £100 million greater than the 2019/20 recurrent budget.

5.3. Following the announcement of the Scottish Government's Draft Budget for 2020/21 on 6 February 2020, the Interim Director of Health Finance and Governance, for the Scottish Government wrote to all NHS Chairs, NHS Directors of Finance, Integration Authority Chief Officers and Integration Authority Chief Finance Officers providing details of the funding settlement for Health Boards, which includes Integration Authorities (IJBs). A copy of the letter is attached in Appendix 1.

5.4. The letter specifically states the following:

- In 2020-21, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 3% over 2019-20 agreed recurring budgets.
- In addition to this, and separate from the Board Funding uplift, the Health Portfolio will invest a further £100 million in Local Authorities for investment in social care and integration, and continued support for school counsellors. This will take the total funding transferred from the health portfolio to £811 million in 2020-21. The additional £100 million for local government includes a contribution to continued delivery of the Living Wage (£25 million), uprating of free personal and nursing care payments (£2.2 million), implementation of the Carers Act in line with the Financial Memorandum of the Carers Bill (£11.6 million), along with further support for school counselling services whether or not delegated under the Public Bodies (Joint Working) (Scotland) Act 2014 (£4 million).
- The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2019-20 recurring budgets for social care services that are delegated. Similarly, the £4 million for school counselling services must be additional. This means that, when taken together, Local Authority social care budgets for allocation to Integration Authorities and

funding for school counselling services must be £100 million greater than 2019-20 recurring budgets.

5.5. This letter of the 6 February 2020 from the Interim Director of Health Finance and Governance, is the basis on which NHSGGC have made their indicative budget offer to the IJB for 2020/21.

5.6. On the 6 February 2020, the then Minister for Public Finance and Digital Economy wrote to the Leaders of all Scottish Local Authorities (a copy of the letter is attached at Appendix 2), setting out the Scottish Government's draft spending and tax plans for 2020/21. Within this letter she confirmed that as part of their 2020/21 settlement, Local Authorities would be expected to deliver specific commitments, including the commitment that the allocation to Integration Authorities and funding for school counselling services must be £100 million greater than 2019/20 recurrent budgets.

5.7. The Interim Director of Health Finance and Governance, for the Scottish Government and Director of Community Health and Social Care jointly issued further clarification on 28 February 2020 (Appendix 3). Similar to 2019/20:

“flexibility will be available to Local Authorities to offset their adult social care allocations to Integration Authorities by up to 2% and a maximum of £50 million in 2020-21 based on local needs”.

5.8. The letter of the 28 February 2020 from the Interim Director of Health Finance and Governance, for the Scottish Government and Director of Community Health and Social Care is the basis on which Renfrewshire Council have made their budget offer to the IJB for 2020/21.

5.9. In agreeing the 2020/21 budget, members will wish to consider the medium and longer-term financial context for the IJB and the ongoing financial pressures and significant challenges which were detailed in the HSCP's Medium-Term Financial Plan which was approved by members on 22 November 2019.

6. **Delegated Adult Social Care Budget 2020/21**

6.1. Similar to 2019/20, demographic and socio-economic factors continue to drive significant demand and cost pressures for 2020/21 in the delegated Adult Social Care budget relating to:

- Funding of the 2020/21 pay award of 3%
- Cost pressures arising from contractual arrangements which are subject to renewal;
- Financial impact of the negotiated application of the increased living wage across the sector;
- Increases associated with the National Care Home Contract;
- Ongoing pressure on the Care at Home service in relation to costs associated with shifting the balance of care, by supporting people to live safely at home for as long as possible and facilitating prompt discharge from hospital; and
- Increasing number and complexity of care packages required to support adult clients to live as independently as possible in the community.

6.2. The Chief Finance Officer, using a range of informed assumptions, has estimated that the demand and cost growth for Adult Social Care in 2020/21 linked to the areas highlighted above, and in section 8 of this report, is likely to be in the region of a gross increase of circa £4.4 million.

6.3. At its meeting of 9 March 2020, Renfrewshire Council, following the Director of Finance and Resources recommendations, approved a recurring net uplift to the delegated Adult Social Care budget of £1.8 million. This net uplift includes an adjustment of 2% against the recurring 2019/20 budget, which equates to £1.4 million. These adjustments by the Council are in line with the conditions of the letter of the 28 February 2020 from the Interim Director of Health Finance and Governance, for the Scottish Government and Director of Community Health and Social Care (Appendix 3).

6.4. The following table provides a summary of the above:

Delegated Adult Social Care Budget 2020/21	Amount In £000's
2019/20 Adult Social Care Recurring Budget	70,826
<u>Add:</u>	
Renfrewshire share of £100 million for investment in social care and integration (per Appendix 3)	3,200
<u>Less:</u>	
2% adjustment against the recurring 2019/20 budget	(1,400)
= Total Adult Social Care Recurring Budget 2020/21	72,626

6.5. The CFO'S recommendation to the IJB is, to note and accept the delegated Adult Social Health Budget offer from Renfrewshire Council for 2020/21 (Appendix 4) . This budget offer is in line with the conditions of the letter of the 28 February 2020 from the Interim Director of Health Finance and Governance, for the Scottish Government and Director of Community Health and Social Care

7. **Delegated Health Budget 2020/21**

7.1. Similar to Adult Social Care, demographic and socio-economic factors continue to drive significant demand and cost pressures for our delegated Health services in 2020/21 including:

- Pay Inflation and impact of Agenda for change circa 4%;
- Inflationary linked increases on non-pay eligible budgets;
- Net increase of 4% for Prescribing; and
- Additional monies to support increases to the funding of our two hospices

7.2. Using a range of informed assumptions, the Chief Finance Officer has estimated that the demand and cost growth for Delegated Health Services (not including Set Aside) in 2020/21 linked to the areas highlighted above, and in section 8 of this report, is likely to be in the region of a gross increase of circa £4 million.

7.3. As detailed earlier in this report, on 6 February 2020, the Interim Director of Health Finance and Governance, for the Scottish Government wrote to all NHS Chairs, NHS Directors of Finance, Integration Authority Chief Officers and Integration Authority Chief Finance Officers (Appendix 1), setting out the draft budget for 2020/21 for NHS Boards. This included narrative which set out the expectations that the:

“settlement will support continued delivery of the core priorities set out in the Programme for Government, which focus on; waiting times improvement, primary care, investment in mental health and delivering further progress in the integration of health and social care, as well as continuing to shift the balance of spend towards community health services. It also recognises the wider inflationary pressures faced by Boards and Integration Authorities”.

7.4. The key funding messages outlined in the letter of 6 February 2020 include:

- In 2020/21, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 3% over 2019-20 agreed recurring budgets.
- All Territorial Boards will receive a baseline uplift of 3%.
- Investment in the Primary Care Fund will increase to by £50m to £205 million in 2020/21 to support the implementation of the GP contract and development of new models of primary care, and, includes £10 million to be invested in GP premises.
- Funding of £89 million to be directed to a range of partners for investment to support mental health, and children and young people's mental health; and
- Alcohol and drugs: an additional £12.7 million - expected investment by Boards and Integration Authorities to increase by 3% over and above 2019/20 agreed recurring budgets

7.5. The NHSGGC indicative budget offer for 2020/21 (Appendix 5), is based on an uplift of 3% reflecting the Board's uplift for 2020/21, and, is in line with the letter of the 6 February 2020 from the Interim Director of Health Finance and Governance, for the Scottish Government. Similar to previous years, it is anticipated that the formal budget offer from the NHS Board will not be received until April 2020, following NHSGGC Board approval.

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

Delegated Health Budget 2020/21	Amount In £000's
2019/20 Delegated Health Recurring Budget	171,227
Add:	
Realignment of PCIF/PCIP Funds Pharmacy	288
Realignment of Historic Pharmacy Funds (Indicative Figure)	654
Revised Budget before Uplift	172,169
Add:	
3% Uplift	3,769
Revised Budget After Uplift	175,938
<u>Notional' Set Aside Budget *:</u>	
Set Aside 19-20	55,927
3 % Uplift on Set Aside Budget	1,678
Set Aside Budget 20-21	57,605
= Total Delegated Health Recurring Budget 2020/21	233,543

Note: these are high level indicative figures (which do not include any final adjustments in relation to recurring budget adjustments at month 12) which have yet to be agreed pending final receipt of the formal budget offer from NHSGGC.

7.7. Members should note that the set aside budget included within the 2020/21 indicative offer letter continues to be notionally uplifted for 2020/21. A separate report on the Unscheduled Care Commissioning Plan will be presented to the IJB and represents the first steps in developing strategic plans for the unscheduled care pathway as set out in legislation.

- 7.8. The CFO'S recommendation to the IJB is, to delegate responsibility to accept the 2020/21 delegated Health Budget, to the Chief Officer and Chair of the IJB subject to:
- The expected uplift of 3% reflecting the boards uplift for 2020/21 including any final adjustments in relation to recurring budget adjustments at month 12; and
 - The final budget offer including a budget for Set Aside for 2020/21.

8. **Cost Pressures and Demand**

- 8.1. The HSCP's Medium-Term Financial Plan reflects the economic outlook to 2024/25, adopting a strategic and sustainable approach linked to the delivery of priorities in our Strategic Plan. These strategic priorities will continue to provide a focus for future budget decisions, where the delivery of core services must be balanced with the resources available. Our Medium-Term Financial Plan focuses on financial sustainability, acknowledging the uncertainty around key elements including the potential scale of savings required and the need to redirect resources to support the delivery of key priorities.
- 8.2. As recommended by the CFO in previous reports to the IJB, it is important that the IJB works to create sufficient reserves to provide temporary funding to drive transformation, and, build up contingency reserves during the course of the financial year. 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.
- 8.3. Over recent months, budget assumptions have been updated to reflect the impact of new statutory obligations and, increasing demographic and demand pressures. In addition, the CFO has identified ways to redirect existing resources to mitigate the impact of current and emerging cost pressures.
- 8.4. As detailed in the HSCP's Medium-Term Financial Plan, the financial projections include a range of key assumptions for which there remains significant and real uncertainty. These include:

- **Future funding allocations from Partner Organisations:** the Scottish Government has not provided any material details of spending plans beyond 2020/21 other than high level figures which indicate low levels of cash growth.
- **Future Pay Settlements:** the move to multi-year settlements provided a degree of certainty over pay pressures through to 2020/21. However, uncertainty will once again arise in relation to future pay pressures as the current 3-year agreement comes to an end, and a new cycle of negotiations commences. 2020/21 is also the final year of the current valuation of pension commitments, with a likely change in employer contribution rates from 2021/22. In addition, public sector pensions may also be adversely affected from the outcome of the McCloud Case, (a successful equality challenge) which could impact on all public sector pensions across the UK.

The sustainability of future pay awards at similar levels, in the context of an expectation of further reductions in resources, will be a major challenge for the IJB to manage in future years. Employee costs represent 34% of the IJB's net budget. Inflationary pressure in this area represents a significant pressure for the IJB eg every 1 % increase to current pay rates represents an additional cost of c£810k per annum.

- **Demand led Pressures:** the scale of evolving demographic and socio-economic demand led cost pressures continue to be a key financial risk

moving forward. Historically, our services have been able to manage this demand through the transformation of services, which has enabled gains in productivity and effectiveness to secure delivery of more services from the money they have received. However, our ability to continue to manage the current and projected demand levels into the future is limited.

- **Prescribing:** with the ending of the risk sharing arrangement across NHS GGC Partnerships on 31 March 2018, prescribing costs now represents one of our main financial risks, mainly due to the volatility of global markets and the impact of drug tariffs in relation to contracts with community pharmacy.
- **Inflation and Contractual Commitments:** Non-Pay inflationary pressures reflect anticipated annual increases to payments to third parties, and in the main reflect anticipated increases linked to contracts such as the National Care Home Contract and Supported Living Framework.

8.5. The following table provides a high-level summary of the gross estimated budget pressures (based on medium case scenarios) in relation to the above for 2020/21:

Type of Pressure	Using Medium Case Scenarios		
	Health £000's	Social Care £000's	Overall Position £000's
Contractual	62	1,215	1,277
Pay	2,012	906	2,918
Demand	464	1,405	1,869
Living Wage		863	863
Prescribing	1,398		1,398
Total Pressures	3,936	4,388	8,324

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

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

8.7. The following table shows that taking all of the above into account, the remaining budget against which any savings targets need to be delivered is circa £30.3 million, (14.67%) the majority of which are employee related budgets.

Health Budget Influencable Spend	19-20
	£'000's
2019/20 Budget	172,079
Add: Resource Transfer & Social Care Fund	33,250
Add: Action 15 and PCIP 19-20 Allocations	1,195
	206,524
Less:	
Set Aside	-31,242
Resource Transfer	-20,996
Prescribing	-36,721
FHS	-47,804
Social Care Fund	-12,254
Mental Health (Per SG Direction for 18-19)	-20,088
Action 15	-403
PCIP	-893
Health Visitors Money (Ring Fenced Funding)	-3,597
ADP (Ring fenced Funding)	-2,229
Non-recurring Budget	-1,389
	-176,227
= Remaining Budget Against which savings can be applied	30,297
% of budget against which savings can be applied	14.67%

- 8.8. Building on the long-standing approach to deliver savings and efficiencies for our delegated adult social care and health services, over the past few years, through its Change and Improvement Programme, the HSCP has successfully managed to take forward a number of programmes intended to dampen and mitigate the impact of demand led growth. However, the scope to further mitigate and reduce demand to deliver additional recurring savings through previously tried methodologies is limited.
- 8.9. As highlighted earlier in this report (paragraph 4.13), in November 2019, the IJB approved its Medium-Term Financial Plan 2020/21 to 2024/25. The Financial Plan set out a two-tiered approach to delivering savings, where Tier 1 short-term savings would be delivered in 2020/21 and Tier 2 savings would be achieved over the period 2021/22 to 2023/24 through transformational change. Tier 1 savings proposals were approved by the IJB on 31 January 2020.
- 8.10. A key element of the Tier 2 approach is the implementation of the HSCP's Transformation Programme. This programme will enable:
- A strategic approach to be taken to the prioritisation of transformational activity;
 - The review of current service provision and the design of future, innovative service models to ensure the sustainability of our health and social care services going forward; and
 - The delivery of, the right health and social care services, accessed in the right place and at the right time.
- 8.11. In its 2019/20 budget, Renfrewshire Council, in recognition that the HSCP was progressing a range of service transformation and redesign projects which take time to fully develop and implement, agreed to earmark £1.4 million of non-recurring resources, to support the HSCP meet the costs of transformation activities.
- 8.12. In addition, in recognition that service transformation and redesign projects take time to fully develop and implement, the IJB at its meeting of 20 September 2019, approved the CFO's recommendations to:
- Create a 'Transformation Programme' reserve to provide resources to mitigate the risk of change, and to support the transition of HSCP services; and,

- to work towards achieving a 2% general reserve balance in recognition of the level of risk which the organisation is likely to be exposed to over the medium term.

- 8.13. At its meeting of 9 March 2020, Renfrewshire Council approved a motion to commit £1 million of this non-recurring resource in response to the recommendations of the Renfrewshire Alcohol and Drugs Commission. This funding is to support priorities emerging from the Alcohol and Drugs Commission, in recognition of the prevention and early intervention emphasis of the Commission's recommendations to support improving outcomes for adults. The remainder of the £1.4 million, ie £400,000, will remain available for the HSCP to draw down in support of its Transformation Programme.
- 8.14. As outlined in the 'Medium Term Financial Plan', and further described in this report, it is likely that from 2021/22, the budget position for IJBs will be subject to significant demand and cost led financial pressures.
- 8.15. In addition, it is clear from Renfrewshire Council's own Medium-Term Financial Outlook, that it anticipates it will be subject to significant pressure over the medium term which is likely to constrain the level of funding uplift it can realistically provide to the HSCP.
- 8.16. Over the past couple of years, the HSCP has benefited from resources passed through from Health as part of the local government settlement arrangements. This has been a key factor in maintaining the current financial stability of the Partnership. However, it should be recognised that the Scottish Government is likely over the medium term to face an increasingly challenging financial position which may place the ability for a pass through of resources from Health to HSCP's under increasing pressure. On this basis, the IJB should continue to plan for a range of potential outcomes, ensuring sufficient flexibility to manage in a sustainable manner the position which emerges over the next few years. The likely scenario is that a significant level of further recurring savings will be required. At the same time, we need to deliver sustainable and modern services which meet the needs of service users and their families.
- 8.17. It is therefore essential that the IJB continues to focus on the need to pro-actively progress its transformation and modernisation agenda, maintaining a medium-term perspective of the financial challenges and where appropriate generate reserves to help to:
- Address medium-term pressures on the assumption that the financial position is more than likely to get more pressured;
 - To provide temporary funding to drive transformation; and,
 - Build up contingency reserves in line with Audit Scotland's recommendations.
- 8.18. The decision by the IJB in September 2019 to create a transformation reserve, and, work towards achieving a 2% general reserve is therefore crucial in ensuring the financial sustainability of the partnership in the medium term.

9. **Summary of 2020/21 Budget Position**

2019/20 HSPC Budget Rolled Forward to 2020/21	Total
	265,672
Add: HSCP Estimated Budget Pressures for 20/21:	
Contractual	1,277
Pay	2,918
Demand	1,869
Living Wage	863
Prescribing	1,398
	8,325
Add: Notional Set Aside increase	1,678
	1,678
Less:	
Savings approved by IJB in previous years (to be delivered in 2020/21)	-685
Tier 1 Savings (approved by IJB on 31 January 2020)	-1,934
Recurring prescribing	-137
	-2,756
HSCP Budget Requirements for 20/21:	272,919
Additional Funding Requirement for 20/21	-7,247
Funded By:	
20/21 Health Budget Uplift	5447
20/21 Adult Social Care Uplift	1800
Total Increase in Partnership Funding	7,247
= 2020/21 HSCP Opening Budget	272,919

9.1. The table above, summarises the overall anticipated budget position for the IJB for 2020/21 reflecting:

- The pressures highlighted in section 8 of this report
- Savings approved by the IJB in previous years to be delivered in 2020/21
- Tier 1 savings approved by the IJB on 31 January 2020
- Recurring Prescribing underspend
- Increase in Partnership funding in line with the conditions of the Scottish Government Budget for 2020/21.

9.2. Based on the above table, it is the CFO's recommendation that there are sufficient resources included within the proposed budgets set out in this report to meet our current anticipated budget pressures for 2020/21, thereby enabling members to agree our partnership budget offers for 2020/21 and set a balanced budget for 2020/21.

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 2020-21. In addition, there are a number of risks which should be considered on an ongoing basis: adequate funding to deliver core services, financial sustainability of the IJB.
11. **Privacy Impact** – none.
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List of Background Papers – none

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Chief Executives, NHS Scotland

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NHS Directors of Finance
Local Authority Chief Executives
Integration Authority Chief Officers
Integration Authority Chief Finance Officers

Issued via email

6 February 2020

Dear Chief Executives

Budget 2020-21 – Indicative Allocation

Following the announcement of the Scottish Government's Budget for 2020-21 by the Minister for Public Finance and Digital Economy in Parliament today, I am writing to provide details of the funding settlement for Health Boards. A breakdown of the total is provided in **Annex A** to this letter.

The Portfolio settlement will make a significant contribution to the central purpose of the National Performance Framework - enhancing population wellbeing through our core work delivering the healthy and active outcome. In addition, there is a wider benefit from investment in the health and sport portfolio, particularly in relation to outcomes for an inclusive and sustainable economy, reducing poverty and inequality, growing and sustaining inclusive and resilient communities, and promoting a bright future through our children and early years.

The settlement will support continued delivery of the core priorities set out in the Programme for Government, which focus on; waiting times improvement, primary care, investment in mental health and delivering further progress in the integration of health and social care, as well as continuing to shift the balance of spend towards community health services. It also recognises the wider inflationary pressures faced by Boards and Integration Authorities.

Baseline Funding

All Territorial Boards will receive a baseline uplift of 3%. In addition to this, those Boards furthest from NRAC parity will receive a share of £17 million, which will continue to maintain all Boards within 0.8% of NRAC parity.

The National Waiting Times Centre, Scottish Ambulance Service, The State Hospital and NHS 24, along with the NHS National Services Division and Scottish National Blood Transfusion Services (within NHS National Services Scotland) will also receive a baseline uplift of 3%. NHS National Services Scotland, Healthcare Improvement Scotland, and NHS Education for Scotland will receive funding uplifts of 2%, which includes funding towards pay costs. The new budget for Public Health Scotland includes funding transferred from NHS Health Scotland and NHS National Services Scotland.

This position continues to assume that the £15 million of National Board savings is fully delivered in 2020-21 and that further progress is made in National Boards collaborating to deliver service improvement and further savings.

Investment in Improving Patient Outcomes

In addition to the baseline funding uplift, a total of £461 million will be invested in improving patient outcomes in 2020-21, as set out below:

Improving patient outcomes	2019-20 Investment in reform (£m)	2020-21 Investment in reform (£m)	Increase for 2020-21 (£m)
Primary Care	155	205	50
Waiting Times Improvement	106	136	30
Mental Health and CAMHS	61	89	28
Trauma Networks	18	31	13
TOTAL	340	461	121

When combining the £121 million increase in investment in reform with an increase of £333 million in baseline funding for frontline NHS Boards, the total additional funding for frontline NHS Boards will amount to £454 million (4.2 per cent) in 2020-21. Further detail is set out in **Annex A**.

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

Core Areas of Investment

Primary Care

Investment in the Primary Care Fund will increase to £205 million in 2020-21. This will support the implementation of the GP contract and development of new models of primary care - where multidisciplinary teams of nurses, doctors, pharmacists, AHPs and other clinicians work together to meet the needs of their communities. This includes £10 million to be invested in GP premises.

Waiting Times Improvement Plan

Investment of £136 million will be provided to support waiting times improvement and reform. Work will continue to develop Annual Operational Plan submissions, with specific focus on inpatient and day cases, as well as wider plans to deliver sustainable solutions, including progress against the development of the elective centres. Included in this funding is £10 million for winter 2020-21, to allow Boards maximum opportunity to plan as appropriate.

Mental Health and CAMHS

Funding of £89 million will be directed to a range of partners for investment to support mental health, and children and young people's mental health. In the year ahead we will build on previous support to Territorial and National Boards through ongoing delivery of the Mental Health Outcomes Framework, the NHS Workforce Development Programme and support to improve access to high quality mental health services. We will also continue to fund the additional CAMHS staff recommended by the Children & Young People's Mental Health Taskforce from within £5.1 million administered by NHS Education Scotland. This will see a continuation in the Scottish Government's specific investment in Boards to support mental health service delivery. The Minister for Mental Health and her officials will discuss investment plans in more detail with you in the coming months.

The Mental Health Services budget also includes funding to be directed to Integration Authorities for the recruitment of 800 additional mental health workers as outlined in action 15 of the Mental Health Strategy. There will also be investment in perinatal and infant mental health overseen by the Programme Board led by Hugh Masters. Nonetheless the bulk of service provision is funded through NHS Boards' baseline funding, and we expect NHS Boards and Integration Authorities to prioritise spending in these areas in response to increasing demand and in line with Programme for Government commitments to deliver a shift in the balance of overall spending.

Trauma Networks

This funding will increase from £18 million to £31 million, taking forward the implementation of the major trauma networks.

Alcohol and drugs

The Portfolio budget includes an additional £12.7 million to tackle the harm associated with the use of illicit drugs and alcohol. The Minister for Public Health, Sport and Wellbeing and his officials will discuss investment plans in more detail with Boards and Integration Authorities in the coming months. It is expected investment by Boards and Integration Authorities will increase by 3% over and above 2019-20 agreed recurring budgets to address these issues.

Reform Funding

This budget prioritises baseline funding, along with increased investment in particular areas of reform that will improve patient outcomes. We will however work with colleagues to agree investment in specific programmes of work, such as in relation to radiology and laboratories services, as well as in-year funding to support the strategies of NHS 24 and Scottish Ambulance Service, which will have a wider benefit to the service.

Health and Social Care Integration

In 2020-21, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 3% over 2019-20 agreed recurring budgets.

In addition to this, and separate from the Board Funding uplift, the Health Portfolio will invest a further £100 million in Local Authorities for investment in social care and integration, and continued support for school counsellors. This will take the total funding transferred from the health portfolio to £811 million in 2020-21. The additional £100 million for local government includes a contribution to continued delivery of the Living Wage (£25 million), uprating of free personal and nursing care payments (£2.2 million), implementation of the Carers Act in line with the Financial Memorandum of the Carers Bill (£11.6 million), along with further support for school counselling services whether or not delegated under the Public Bodies (Joint Working) (Scotland) Act 2014 (£4 million).

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2019-20 recurring budgets for social care services that are delegated. Similarly, the £4 million for school counselling services must be additional. This means that, when taken together, Local Authority social care budgets for allocation to Integration Authorities and funding for school counselling services must be £100 million greater than 2019-20 recurring budgets.

In 2020-21 integration will bring together, under the direction of Integration Authorities, more than £9.4 billion of expenditure previously managed separately by NHS Boards and Local Authorities for social care, community health care and some hospital services. Integration Authorities must be empowered and supported by their Local Authority and NHS Board partners to use the totality of these resources, including any targeted investment already committed for specific purposes, to better meet the needs of their local populations.

Capital Funding

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

Three Year Financial Plan

We will continue to engage with Boards to finalise Annual Operational Plans and three year planning assumptions. This will set out a number of principles to be delivered in relation to finance and wider performance and I hope the information contained in this letter will assist in the finalising of plans.

Yours sincerely



RICHARD MCCALLUM

Interim Director of Health Finance and Governance

Annex A – Board Funding Uplifts

	Total 2019-20			2020-21 Total
NHS Territorial Boards	Allocation	Uplift	Uplift	allocation
	£m	£m	%	£m
Ayrshire and Arran	740.2	22.2	3.0%	762.4
Borders	213.4	6.4	3.0%	219.8
Dumfries and Galloway	306.9	9.2	3.0%	316.1
Fife	679.3	22.2	3.3%	701.5
Forth Valley	541.5	17.3	3.2%	558.7
Grampian	984.0	29.5	3.0%	1,013.5
Greater Glasgow and Clyde	2,295.8	68.9	3.0%	2,364.7
Highland	645.3	20.7	3.2%	666.0
Lanarkshire	1,231.2	36.9	3.0%	1,268.1
Lothian	1,482.6	57.4	3.9%	1,540.1
Orkney	51.1	1.5	3.0%	52.6
Shetland	52.3	1.6	3.0%	53.9
Tayside	784.9	23.5	3.0%	808.5
Western Isles	77.7	2.3	3.0%	80.0
	10,086.2	319.7	3.2%	10,405.9
NHS National Boards				
National Waiting Times Centre	58.3	1.7	3.0%	60.0
Scottish Ambulance Service	270.3	8.1	3.0%	278.4
The State Hospital	36.5	1.1	3.0%	37.6
NHS 24	70.6	2.1	3.0%	72.7
NHS Education for Scotland*	444.8	16.7	3.8%	461.5
NHS Health Scotland / Public Health Scotland**	18.9	0.4	2.0%	47.9
NHS National Services Scotland**	345.6	9.1	2.6%	327.7
Healthcare Improvement Scotland	25.8	0.5	2.0%	26.3
	1,270.7	39.8	3.1%	1,312.1
Total NHS Boards	11,357.0	359.5	3.2%	11,718.0
Improving Patient Outcomes	340.0	121.0	-	461.0
Total Frontline NHS Boards***	10,861.9	453.8	4.2%	11,315.7

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

** Budget for Public Health Scotland of £47.9 million reflects budget for new public health body and includes transfer of £27.1 million from NHS National Services Scotland.

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



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APPENDIX 2

Councillor Alison Evison
COSLA President
Verity House
19 Haymarket Yards
Edinburgh
EH12 5BH

Copy to: The Leaders of all Scottish local authorities

6 February 2020

Dear Alison

Today the Scottish Government set out proposed Budget, and tax plans and public sector pay policy for 2020-21, and introduced the associated Budget Bill. Further to the announcement the Scottish Government write now to confirm the details of the local government finance settlement.

Details of the indicative allocations to individual local authorities for 2020-21 are also published today in Local Government Finance Circular 1/2020 which begins the statutory consultation period on the settlement.

In coming to the decision to announce the Scottish Budget before the outcome of the UK Budget is known, the Scottish Government listened carefully to the representations COSLA made on behalf of local government of the damaging impact any further delay would have on the delivery of vital public services and also the practical challenges this would pose around the setting and collection of council tax.

The delay to the UK Budget means that we do not know what total Budget funding will be available to Scotland next year, as we do not yet have confirmation of Barnett consequentials that will flow from changes in UK Departmental expenditure or the updated economic and tax forecasts that are needed to finalise the Block Grant Adjustments that impact on over 30% of our Resource DEL budget. For the purposes of this Budget, the Scottish Government has taken an appropriately cautious approach in estimating the likely outcomes of the UK Budget on 11 March for both revenue and capital budgets, noting that the proposed timetable for the Budget Bill is for parliamentary consideration to conclude on 5 March. If the settlement from the UK government is significantly different from the assumptions the Scottish Government have made, we may need to revisit the allocations contained in this letter.

The Budget announced today prioritises our shared objectives of improving wellbeing, supporting inclusive economic growth, responding to the Global Climate Emergency and



tackling child poverty and remains firmly anchored in the jointly agreed National Performance Framework.

The Scottish Government's budget for 2020-21 is bold and ambitious, delivering on our key commitments. Prioritising these commitments has required fresh consideration of all areas of expenditure, as we continue to deal with the effects of UK Government austerity, with Scotland's discretionary resource budget from the UK Government for 2020-21 still set to be considerably lower in real terms than it was in 2010.

The total revenue funding to be provided through the settlement for 2020-21 will be £10,572.8 million, which includes distributable non-domestic rates incomes of £2,790 million.

The Capital settlement has been set at £763.1 million and this includes the continuing expansion of Early Years provision and the addition of a Heat Networks Early Adopters Challenge Fund.

The total funding which the Scottish Government will provide to local government in 2020 -21 through the settlement in funding for core services is therefore £11,336 million, and includes;

- £201 million revenue and £121.1 million capital to support the expansion in funded Early Learning and Childcare (ELC) entitlement to 1,140 hours by 2020;
- In addition to the £160 million available in 2019-20, a further £100 million to be transferred from the health portfolio to the Local Authorities in-year for investment in health and social care and mental health services that are delegated to Integration Authorities under the Public Bodies (Joint Working) (Scotland) Act 2014. This brings the total transferred from the health portfolio to support health and social care integration to £811 million in 2020-21. The additional £100 million for local government includes a contribution to continued delivery of the real Living Wage (£25 million), uprating of free personal and nursing care payments (£2.2 million), implementation of the Carers Act in line with the Financial Memorandum of the Carers Bill (£11.6 million), along with further support for school counselling services whether or not delegated under the Public Bodies (Joint Working) (Scotland) Act 2014 (£4 million);
- Baselineing of the £90 million added at Stage 1 of the Budget Bill for 2019-20;
- The ongoing £88 million to maintain the pupil:teacher ratio nationally and secure places for all probationers who require one under the teacher induction scheme;
- Provision for the Teachers Pay (£156 million) and Pensions (£97 million);
- £5.3 million for Barclay implementation costs; and
- A new capital £50 million Heat Networks Early Adopters Challenge Fund to support local authorities who are ready to bring forward investment-ready heat networks.

As confirmed last week local authorities will continue to have the flexibility for 2020-21 to increase Council Tax by up to a maximum of 3% in real-terms (4.84% cash). This local discretion will preserve the financial accountability of local government, whilst also potentially generating around £135 million to support services.

The revenue allocation delivers a real-terms increase for local government for 2020-21 compared to 2019-20. Taken together with the additional spending power that comes with the flexibility to increase Council Tax (worth around £135 million next year) the total revenue funding would deliver a real-terms increase in the overall resources to support local government services of £435.9 million or 4.3%.

In 2020-21 integration will bring together, under the direction of Integration Authorities, more than £9.4 billion of expenditure previously managed separately by NHS Boards and Local

Authorities for social care, community health care and some hospital services. Integration Authorities must be empowered and supported by their Local Authority and NHS Board partners to use the totality of these resources, including any targeted investment already committed for specific purposes, to better meet the needs of their local populations.

Individual local authorities will, in return for this settlement, be expected to deliver certain specific commitments.

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2019-20 recurring budgets for social care services that are delegated. Similarly, the £4 million for school counselling services must be additional. This means that, when taken together, Local Authority social care budgets for allocation to Integration Authorities and funding for school counselling services must be £100 million greater than 2019-20 recurring budgets.

We will also continue to take forward our ambitious programme of educational reform that will deliver an education system led by communities, schools and teachers. The Scottish Government, in partnership with local authorities, will empower schools to make key decisions over areas such as the curriculum, budgets and staffing while continuing to deepen collaboration across the education sector. In recognising that teachers are central to achieving our ambition of delivering excellence and equity in Scottish education we will continue to commit an overall funding package of £88 million in the local government finance settlement to support both maintaining the pupil teacher ratio at a national level and ensuring that places are provided for all probationers who require one under the teacher induction scheme.

Each local authority area will continue to benefit from Pupil Equity Funding (PEF) which forms part of the overall commitment from the Scottish Government to allocate £750 million through the Attainment Scotland Fund, over the term of the Parliament to tackle the attainment gap. £120 million in Pupil Equity Funding is going directly to headteachers to provide additional support to help close the attainment gap and overcome barriers to learning linked to poverty. PEF is additional to the £62 million Attainment Scotland funding, which is outwith the local government finance settlement. Money from the Attainment Scotland Fund will continue to provide authorities and schools with additional means to provide targeted literacy, numeracy and health and wellbeing support for children and young people in greatest need.

The Heat Networks Early Adopters Challenge Fund will be a competitive fund to provide enabling and financial support to assist the build and installation of exemplar local authority-led heat network projects. The Challenge Fund will offer capital funding up to an intervention rate of 50 per cent and will be available for new and existing heat networks who are able to demonstrate progress towards greenhouse gas emissions reductions and wider socio-economic benefits. There will also be a smaller development funding call within the Challenge Fund to help develop early stage project proposals to become investment-ready in future years. The detailed terms and conditions for the Heat Networks Early Adopters Challenge Fund will be drawn up in consultation with COSLA and we anticipate that it will launch early in the financial year.

The Scottish Government remains committed to a competitive non-domestic rates regime, underlined by the proposals outlined in this Scottish Budget. The poundage in Scotland has been capped below the Consumer Price Index inflationary increase at 49.8 pence, a 1.6 per cent increase. The Scottish Government are also introducing some further support for intermediate sized properties which will ensure around 95 per cent of properties in Scotland now pay a lower poundage than they would in other parts of the United Kingdom. Full details of this and all other reliefs are set out in Local Government Finance Circular 1/2020.

In these unprecedented times with all the uncertainty imposed upon us by the UK Government the Scottish Government believe, taking into account all the circumstances, the allocations set out in this local government finance settlement is the best that could be achieved and continues to provide a fair settlement to enable local authorities to meet our shared priorities of improving wellbeing, supporting inclusive economic growth, responding to the Global Climate Emergency and tackling child poverty.



KATE FORBES

Directorate for Health Finance and Governance
Richard McCallum, Interim Director



Scottish Government
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Chief Executives, Local Authorities
Chief Executives, NHS Boards
Chief Officers, Integration Authorities

Copy to: Directors of Finance, Local Authorities
Directors of Finance, NHS Boards
Chief Finance Officers, Integration Authorities

Issued via email

28 February 2020

Dear Colleagues

Budget 2020-21

The Scottish Government's Budget for 2020-21, which was announced in Parliament on 6 February by the Minister for Public Finance and Digital Economy, confirmed that the Health Portfolio will transfer a further £100 million to Local Authorities for investment in social care and integration, and for continued support for school counselling services. This will take the total funding transferred from the health portfolio to £811 million in 2020-21.

The distribution of the additional £100 million for Local Authorities is set out in the **Annex**, and includes a contribution to continued delivery of the Living Wage (£25 million), uprating of free personal and nursing care payments (£2.2 million), implementation of the Carers Act in line with the Financial Memorandum of the Carers Bill (£11.6 million), along with further support for school counselling services whether or not delegated under the Public Bodies (Joint Working) (Scotland) Act 2014 (£4 million).

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2019-20 recurring budgets for social care services that are delegated. Similarly, the £4 million for school counselling services must be additional. This means that, when taken together, Local Authority social care budgets for allocation to Integration Authorities and funding for school counselling services must be £100 million greater than 2019-20 recurring budgets.

Similar to last year, flexibility will be available to Local Authorities to offset their adult social care allocations to Integration Authorities by up to 2% and a maximum of £50 million in 2020-21 based on local needs.

The Scottish Government and COSLA have agreed joint work to support ongoing local plans to manage the deficit position with a small number of Integration Joint Boards (IJBs) and their partner Health Boards and Local Authorities. The aim of this support is to ensure that structural deficits in funding do not impact on the operational budgets of IJBs, giving them the time and space to redesign and reform services to deliver within agreed budget parameters.

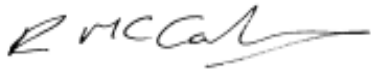
Finally, the Scottish Government and COSLA have agreed joint political oversight to drive improved performance in health and social care through a combination of enhanced joint accountability and a streamlined improvement and development offer for IJBs. This will be achieved by working with Local

Government and NHS Boards to agree a shared national and local approach to accountability for delivery. This will take account of standards, data and measures and we have agreed to work together to develop a small number of deliverable outcomes to help ensure Integration Authorities use their total resources to focus on delivery of key areas for improvement, including reducing delays in care. This work will be progressed quickly using normal mechanisms and we will keep you informed of progress.

Yours sincerely

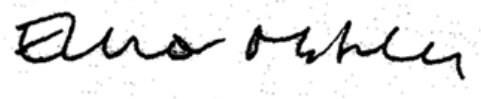
RICHARD MCCALLUM

Interim Director of Health Finance and Governance

A handwritten signature in black ink, appearing to read 'R McCallum', with a stylized flourish at the end.

ELINOR MITCHELL

Director of Community Health and Social Care

A handwritten signature in black ink, appearing to read 'Elinor Mitchell', with a stylized flourish at the end.

Annex

Allocation of £100m from Health and Social Care Budget	
	Total (£m)
Aberdeen City	3.51
Aberdeenshire	3.99
Angus	2.29
Argyll and Bute	1.74
Clackmannanshire	0.87
Dumfries and Galloway	3.14
Dundee City	2.77
East Ayrshire	2.26
East Dunbartonshire	1.93
East Lothian	1.80
East Renfrewshire	1.63
Edinburgh, City of	8.28
Eilean Siar	0.62
Falkirk	2.75
Fife	6.62
Glasgow City	10.98
Highland	4.24
Inverclyde	1.63
Midlothian	1.45
Moray	1.80
North Ayrshire	2.70
North Lanarkshire	5.69
Orkney	0.43
Perth and Kinross	2.96
Renfrewshire	3.20
Scottish Borders	2.24
Shetland	0.36
South Ayrshire	2.41
South Lanarkshire	5.75
Stirling	1.57
West Dunbartonshire	1.63
West Lothian	2.77
SCOTLAND	96.00
School Counselling (to Education)	4.00
Total	100.00

Your Ref:
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 Telephone: 0141-618 7363
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 Date: 11 March 2020



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

Dear Sarah

2020/21 Financial Allocation from Renfrewshire Council

Renfrewshire Council agreed its budget for the financial year 2020/21 yesterday, 9 March 2020.

In setting the budget, Council agreed total funding to the Renfrewshire HSCP of **£72,625,648.**

This amount includes the following uplift from the HSCP base 2019/20 budget:

Free Personal & Nursing Care	£46,000
Carers Act Extension funding	£390,000
Pass through of increased HSCP funding from the Scottish Government	£2,764,000
Total	£3,200,000

As permitted by the Scottish Government, flexibility to offset the local government allocation to integration authorities by up to 2% has been agreed by Council, reducing the above increase to a net uplift of **£1,800,000.**



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



For clarity, the total uplift of £1,800,000 includes funding for the 2020/21 pay award.

Yours sincerely



Alan Russell
Director of Finance & Resources



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Greater Glasgow and Clyde NHS Board

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Dear David

2020/21 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 2020/21. An update to this letter formally confirming your final allocation for 2020/21 will be issued on behalf of the Board after the Board's financial plan has been approved at the 21 April board meeting and when the Board's financial out-turn is confirmed.

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 2020/21 is 3.0% totalling £68.9m.

The HSCP Settlement

The Scottish Government's funding allocation letter issued on 6 February 2020 states that *"In 2020-21, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 3.0% over 2019/20 agreed recurring budgets"*.

The total allocation uplift to all six HSCPs should be £25.9m based on the current recurring budget at 31 January 2020. This will be adjusted when the 2019-20 out-turn is finalised in April.

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

Set Aside Budget

During 2019/20 work had been undertaken to identify the actual budgets and costs of unscheduled care services and these will be used as the basis for the set aside allocation for 2020/21. This is initially based on the estimated out-turn for 2019/20 uplifted by 3.0% 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 until commissioning plans are in place between HSCPs and the Board.

Recharges to HSCPs

The following items will continue to be charged to the HSCP during 2020/21:

- The HSCP's proportional share of the Apprenticeship Levy based on your HSCP's payroll cost; and

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

I hope this now enables the HSCP to finalise its financial plans for 2020/21.

Yours sincerely

A handwritten signature in black ink, appearing to read 'James Hobson', with a long horizontal flourish extending to the right.

James Hobson

Assistant Director of Finance
NHS Greater Glasgow and Clyde

Appendix 1 – Financial Allocation (based on month 10 figures)

Spend Categories		Renfrewshire Hsc
		£000s
Family Health Services *		48,867
Fhs Income*		(2,495)
Family Health Services Budget (Net)		46,372
Prescribing & Drugs		37,492
Non Pay Supplies		5,196
Pay		47,763
Other Non Pay & Savings		35,296
Other Income		(893)
Budget - HCH incl Prescribing		124,856
Total Rollover budget - NET		171,227
Adjustments:		
Non Recurring bud allocated to base		(174)
Realignment of Specialist Children's Services		
Realignment of PCIF/ PCIP Funds Pharmacy		288
Realignment of Historic Pharmacy Funds		654
Budget Eligible for HCH & Prescribing uplift		125,623
<u>Uplifts</u>		
Scottish Government allocation	3.00%	3,769
Revised Budget		175,938
Set Aside budget:		
Actual 2019/20 - April to January		46,606
Estimate February - March 2020		9,321
Estimated Set Aside allocation 2019/20		55,927
Indicative allocation for 20/21 (3% uplift)		57,605