

To: Renfrewshire Integration Joint Board

On: 25 March 2022

Report by: Chief Finance Officer

Heading: 2022-23 Delegated Health and Social Care Budget

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

1. Purpose

- 1.1 This report describes the financial allocation and budgets made available to the Integration Joint Board (IJB) for 2022/23 by Renfrewshire Council and NHS Greater Glasgow and Clyde (NHSGGC) and outlines the main financial pressures on health and adult social care services.

2. Recommendation

It is recommended that the IJB:

- Agree to accept the delegated Adult Social Care Budget for 2022/23 (Appendix 2);
- Agree to accept the delegated Health Budget for 2022/23 (Appendix 3) subject to:
 - any final adjustments in relation to recurring budget adjustments at month 12; and
 - any further funding allocated by the Scottish Government for the IJB in respect of any additional and/or recurring funding
- Approve a drawdown of reserves, if required, in order to fund any shortfall in funding for 2022/23; and
- Note that, as highlighted in Section 11 of this report, the 2022/23 budget proposals assume “business as usual”. The potential ongoing financial and economic impact of COVID-19 represents a significant additional risk to the IJB, and the wider public sector going forward.

3. Introduction

- 3.1. Renfrewshire IJB is a legal entity in its own right created by Parliamentary Order, following ministerial approval of the Integration Scheme between Renfrewshire Council and NHSGGC. It is accountable for the stewardship of public funds and ensuring that its business is conducted under public sector best practice governance arrangements, including ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and

effectively. The budget delegated by our two partner bodies, is used by the IJB to commission services, which are delivered by Renfrewshire Health and Social Care Partnership (HSCP). The principles of the funding allocated by the two partner organisations is set out in the Integration Scheme, however, utilisation of this funding is delegated to the IJB.

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

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

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

4. 2022/23 Context

- 4.1. This report sets out the implications of the Scottish Government budget for 2022/23, the Bill for which was passed on 10 February 2022, and provides members with an overview of the IJB’s budget allocation for 2022/23.
- 4.2. Members will be aware that as a direct and ongoing consequence of the COVID-19 pandemic, the financial year 2021/22 – similar to the previous year – has presented financial challenges and complexities beyond anything we have experienced before. The impact of COVID-19 on services delivered by the HSCP has been unparalleled, requiring ongoing service change within a short period of time, ultimately having a substantial financial impact, which is likely to continue over the medium term and at least over the next few financial years. The continually changing situation, along with the potential for future spikes in demand for services has and will continue to create additional delivery and financial pressures as well as impacting the HSCP’s transformation and savings plans, which will require ongoing review and realignment.
- 4.3. Members will be required to take these very exceptional circumstances into account when setting the 2022/23 budget, recognising that the IJB’s immediate and medium-term priorities have changed considerably over the last 24 months. As noted in our new Medium Term Financial Plan 2022/23 -2024/25, (which has also been submitted to members for consideration at this meeting), the IJB’s medium term outlook remains uncertain, and as highlighted throughout 2021/22 there is the possibility that there will be a need for the budget position in 2022/23 to rely on the application of temporary financial flexibilities and non-recurring monies to deliver a balanced budget for 2022/23.
- 4.4. The Scottish Government has not provided detailed spending plans beyond their draft budget for 2022/23; despite hopes for a return to multi-year settlements, the 2022/23 budget was for one year only, with a commitment from the Scottish Government for a full Resource Spending Review in May 2022. The Review will aim to set out the government’s long-term funding plans and the roadmap for delivering key commitments, such as the establishment of the National Care Service (NCS). Nevertheless, the continuation of single-year settlements at this time is challenging for the IJB and continues the uncertainty

for our future medium term financial planning, as well as that of our funding partners.

- 4.5. The Scottish Government also announced a Public Sector Pay Policy for 2022/23. Whilst not directly setting local government pay (which is negotiated by local government separately), the policy acts as a reference point for all major public sector workforce groups across Scotland and provides important context for ongoing negotiations with trade unions. The policy sets a flat rate increase of £775 for those earning a salary up to £25k, £700 for those earning £25,000 to £40,000 and £500 for those earning above £40,000. It also sets a guaranteed wage floor of £10.50 per hour.
- 4.6. At this juncture, pay negotiations across the local government employee groups are ongoing and no agreement has yet been reached. However, COSLA has already raised with the Scottish Government that the underlying movement in the core local government settlement will be insufficient to fund a pay settlement at this level. This, combined with the high levels of inflation currently being experienced and which are forecast to remain high for some time, means it will present a challenging environment in which to reach agreement on pay levels. It is however important to note that the current increase to the IJB's base budget is not sufficient to fund a pay settlement above this level.
- 4.7. Over the medium term, significant uncertainty remains, and the IJB will require to continue to plan for a wide range of potential scenarios. Over the past five years, the IJB has taken a medium-term view of its financial position, agreeing transformation and savings plans which have ensured a balanced budget year on year. However, as previously highlighted to members, the impact of COVID-19 as regards the continually changing situation, including potential for future spikes in demand for services has heavily impacted the HSCP's transformation and savings plans, which will require ongoing review and realignment. In addition, there remains significant uncertainty as to the extent of which the transformation programme can be remobilised due to capacity being directed towards the ongoing COVID-19 response from all areas of the HSCP. Consequently, and as previously reported to members, a proportion of the 2021/22 transformation savings have fallen behind previously approved timescales.
- 4.8. The medium-term outlook for the IJB remains uncertain. The IJB should therefore continue to operate with a medium-term financial outlook using the scenario-based approach adopted over the past years, focusing on scale and variability. Re-establishing our transformation programme is a major priority for the IJB, to ensure we are in a positive financial position to react to a likely challenging and uncertain financial period going forwards.
- 4.9. In this context, it is more than likely that we will therefore need to draw on the financial flexibilities available to the IJB to provide non-recurring support to balance the annual revenue budget position each year over the medium-term basis.

5. Scottish Government Budget 2022/23

- 5.1. On 9 December 2021, the Scottish Government published their draft budget for 2022/23. Included within the conditions of the draft budget was the continued prioritisation of financial support for social care and integration, with a further £554 million for investment in adult social care and integration.

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

5.2. The letter specifically states the following:

"In 2022-23, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of 2% over 2021-22 agreed recurring budgets and make appropriate provision for increased employer national insurance costs.

The Health and Social Care Portfolio will transfer additional funding of £554 million to Local Government to support social care and integration, which recognises the recurring commitments on adult social care pay and on winter planning arrangements. In doing so, we recognise the potential range of costs associated with elements of the winter planning commitments, and that some flexibility in allocation of funding may be required at a local level.

The overall transfer to Local Government includes additional funding of £235.4 million to support retention and begin to embed improved pay and conditions for care workers, with the Scottish Government considering that this funding requires local government to deliver a £10.50 minimum pay settlement for adult social care workers in commissioned services, in line with the equivalent commitment being made in the public sector pay policy. The additional funding will also support uprating of FPNC and the Carers Act.

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2021/22 recurring budgets for social care services and therefore, Local Authority social care budgets for allocation to Integration Authorities must be at least £554 million greater than 2021/22 recurring budgets."

In summary:

- In 2022/23, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 2% over 2022/23 agreed recurring budgets.
- In 2022/23 Local Authority adult social care budgets for allocation to Integration Authorities must be £554 million greater than 2021/22 recurring budgets.

5.3. The indicative breakdown of the increased £554 million recurring allocation is included in the following table:

Funding	Scotland (£m)	Renfrewshire (£m)	Distribution Information
Living Wage	174.50	5.868	GAE for elderly and people with disabilities 3.39%
Care @ Home Capacity	124.00	4.102	GAE for community-based services 3.31%
Interim Care Winter Planning	20.00	0.662	GAE for community-based services 3.31%
Uprating of Free Personal Care	15.00	0.313	GAE for Personal and Nursing Care 2.09%
Carers Act	20.50	0.695	GAE for elderly and people with disabilities 3.39%
Social Care Investment	200.00	6.783	GAE for elderly and people with disabilities 3.39%
TOTAL	554.00	18.423	

5.4. This letter of the 9 December 2021 from the Director of Health Finance and Governance, is the basis on which NHSGGC and Renfrewshire Council have made their budget offer to the IJB for 2022/23.

5.5. In agreeing the 2022/23 budget, members will wish to consider the medium and longer-term financial context for the IJB and the ongoing financial pressures and significant challenges which are detailed in the HSCP's new Medium-Term Financial Plan 2022/23 -2024/25.

6. Summary of 2021/22 Budget Position

6.1. As reported throughout this financial year, the IJB will deliver an underspend on its core budget. The IJB projected year end underspend at 31 January 2022 is an underspend of c£2m which takes into account the impact of delivering additional services as part of the IJB's response to COVID-19, for which additional funding is provided by the Scottish Government at regular intervals.

6.2. The landscape in relation to both the additional costs arising from COVID-19 and the significant range of additional funding streams released throughout the year by the Scottish Government in relation to a number of priority areas is exceptionally complex and fluid, and it will be a number of weeks before certainty can be provided as to the scale of funding streams that are expected to be carried forward into 2022/23.

7. Delegated Adult Social Care Budget 2022/23

7.1. As previously highlighted to the IJB in the regular budget monitoring reports to the IJB, in addition to the ongoing impact of COVID-19 across all service areas, similar to 2021/22, demographic and socio-economic factors will continue to drive significant demand and cost pressures for 2022/23 in the delegated Adult Social Care budget relating to:

- Funding of the 2022/23 pay award along with the impact of increases in NI contributions;
- Cost pressures arising from contractual arrangements which are subject to renewal;
- Financial impact of the Living Wage (Adult Social Care Pay uplift) across the sector;
- Increases associated with the National Care Home Contract including the rising costs of energy and insurance costs;
- Ongoing pressure on the Care at Home service in relation to costs associated with shifting the balance of care, by supporting people to live safely at home for as long as possible and facilitating prompt discharge from hospital; and
- Increasing number and complexity of care packages required to support adult clients to live as independently as possible in the community.

7.2. The Chief Finance Officer, using a range of informed assumptions, has estimated that the demand and cost growth for Adult Social Care in 2022/23 linked to the areas highlighted above, and in Section 9 of this report, is likely to be in the region of a gross increase of circa £9.7 million.

7.3. Members are reminded that similar to 2021/22, due to COVID-19, the current levels of demand on Care at Home Services, and the number of admissions to Care Homes are not in line with the 'normal projected levels of activity' which we would use to assess the future pressure on these budgets. Consequently, our ability to project on future demand is more complex than in previous years,

and therefore our current estimate for demand and cost growth is heavily caveated.

- 7.4. At its meeting of 3 March 2022, Renfrewshire Council, following the Director of Finance and Resources recommendations, approved a recurring net uplift to the delegated Adult Social Care budget of £11.655 million. Subsequent to this recurring uplift being agreed by Renfrewshire Council, the Scottish Government provided further updates to the Council confirming additional funding to be passed through to the HSCP as follows:

- Additional investment in health & social care (£200m nationally) - £6.783m
- Social work capacity in adult care (£22m nationally) - £0.730m
- Mental Health Recovery & Renewal funding - £0.115m

Taking account of the adjustments above, the base budget for 2022/23 is therefore £93,639,535.

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

Delegated Adult Social care Budget 2022/23	Amount in £000's
2021/22 Adult Social Care Recurring Budget	74.357
Add:	
Renfrewshire share of £554 million for investment in social care and integration	18.423
Mental Health Recovery	0.115
Investment in Social Care Workforce	0.730
Base budget adjustment	0.015
Total Adult Social Care Recurring Budget 2022/23	93.640

- 7.6. The CFO'S recommendation to the IJB is, to note and accept the delegated Adult Social Health Budget offer from Renfrewshire Council for 2022/23 (Appendix 2). This budget offer is in line with the conditions of the letter of the 9 December 2021 from the Director of Health Finance and Governance, for the Scottish Government.

8. Delegated Health Budget 2022/23

- 8.1. In addition to the ongoing impact of COVID-19 across all service areas, similar to Adult Social Care, demographic and socio-economic factors continue to drive significant demand and cost pressures for our delegated Health services in 2022/23 including:

- Pay Inflation and impact of increases in NI contributions;
- Inflationary linked increases on non-pay eligible budgets;
- Prescribing cost / volume / short supply impact; and

- 8.2. Using a range of informed assumptions, the Chief Finance Officer has estimated that the demand and cost growth for Delegated Health Services (not including Set Aside) in 2022/23 linked to the areas highlighted above, and in Section 9 of this report, is likely to be in the region of a gross increase of circa £3.6 million.

8.3. As detailed earlier in this report, on 9 December 2021, the Director of Health Finance and Governance, for the Scottish Government wrote to all NHS Chairs, NHS Directors of Finance, Integration Authority Chief Officers and Integration Authority Chief Finance Officers (Appendix 1), setting out the draft budget for 2022/23 for NHS Boards. This included narrative which set out the expectations that:

- In 2022/23, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 2% over 2021/22 agreed recurring budgets.

8.4. The NHSGGC budget offer for 2022/23 (Appendix 3), is based on an uplift of 2% reflecting the Board's uplift for 2022/23 and is in line with the letter of the 9 December 2021 from the Director of Health Finance and Governance, for the Scottish Government.

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

Delegated Health Budget 2022/23	Amount in £000's
2021/22 Delegated Health Recurring Budget	183,491
Add:	
2.0% uplift applied to eligible budgets (including prescribing)	2,616
National Insurance Increase	371
= Revised Budget After uplift	186,477
Set Aside Budget 21/22	66,111
2.0% uplift applied to set aside budget	1,322
Set Aside Budget 22/23	67,433
Total Delegated Health Recurring Budget 2022/23	253,911

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

8.6. The CFO's recommendation to the IJB is, to note and accept the delegated Health Budget offer from NHSGGC for 2022/23 (Appendix 3) subject to final adjustments when the out-turn for the 2021/22 financial year has been finalised in relation to recurring budget adjustments at month 12, and any further funding allocated by the Scottish Government for the IJB in respect of any additional and/or recurring funding. This budget offer is in line with the conditions of the letter of the 9 December 2021 from the Director of Health Finance and Governance, for the Scottish Government and Director of Community Health and Social Care.

9. Cost Pressures and Demand

9.1. The HSCP's recently revised Medium Term Financial Plan reflects the economic outlook to 2024/25, adopting a strategic and sustainable approach linked to the delivery of priorities in our Strategic Plan 2022-2025. These strategic priorities will continue to provide a focus for future budget decisions, where the delivery of core services must be balanced with the resources available. Our Medium-Term Financial Plan focuses on financial sustainability, acknowledging the uncertainty around key elements including the potential scale of savings

required, and, the need to redirect resources to support the delivery of key priorities.

- 9.2. As recommended by the CFO in previous reports to the IJB, it is important that the IJB maintains sufficient reserves to provide temporary funding to drive transformation, and, if required, the capacity to draw on the financial flexibilities available to the IJB to provide non-recurring support to balance the annual revenue budget position each year over the medium-term.
- 9.3. The projected positive outturn for 2021/22, reflects ongoing challenges in terms of recruitment and retention issues across all service areas as well as a reduction in estimated prescribing related costs due to: prescribing volumes remaining lower than in previous years; prices subject to fluctuation due to short supply; and the impact of one-off windfalls from discount rebates and tariff swap reductions.
- 9.4. Despite the projected positive outturn for 2021/22 it is vital that the IJB continues to maintain sufficient unallocated reserves to provide an appropriate degree of financial protection and immediate financial resilience moving forward, and that the level of unallocated reserves held is guided by the risk profile faced by the IJB. As always, Audit Scotland will continue to closely monitor the IJB's position in respect of unallocated reserves as part of their wider assessment of the IJB's financial stability and resilience, and, to ensure unallocated reserves remain at an appropriately prudent level.
- 9.5. Members are also reminded that the IJB reserves policy allows for flexibility in terms of potential fluctuations. This allows for the IJB to increase unallocated reserve balances significantly where resources permit, providing future financial resilience for those years where the level of resources available to the IJB may be significantly constrained and will require a draw down from unallocated reserves in order to deliver financial balance.
- 9.6. In line with the approach taken in the Medium-Term Financial Plan, a scenario-based approach continues to be adopted to estimate future cost pressures and demand. Potential outcomes have been considered over: low, medium, high and worst-case projected positions. The low projection outlines a more optimistic outlook, while the worst-case indicates the position if pressures emerge at the higher end of current projections.
- 9.7. Over recent months, budget assumptions have been updated to reflect the impact of new statutory obligations and, increasing demographic and demand pressures.
- 9.8. The projected budget gap is based on a range of demand and cost pressures which could be faced by the IJB over the medium term. These assumptions are informed by the national context; effect of new statutory obligations; increasing demographic and demand pressures as well as the impact of COVID-19.
- 9.9. The financial projections for 2022/23 include a range of key assumptions for which there remains significant and real uncertainty. These include:
 - **The impact of COVID-19 across a range of areas** including provider payments, significant increases in demand etc
 - **Future funding allocations from Partner Organisations:** Despite hopes for a return to multi-year settlements, the Scottish Government 2022/23 budget was for one year only, with a commitment for a full Resource Spending Review in May 2022. The core local government revenue settlement for 2022/23 reflects a flat cash position, and therefore a real terms reduction, meaning their ability to further support

the HSCP is limited. The spending review may answer some questions in terms of the expected funding and governance arrangements for the NCS, but at this time the impact of this on future funding allocations from partners remains unclear. It follows then, that the continuation of single-year settlements at this time is challenging for the IJB and continues the uncertainty for our future medium term financial planning, as well as that of our partner organisations.

- **Demand led Pressures:** demographic and socio-economic demand led cost pressures continue to be a key financial risk moving forward, as illustrated by the changing needs of our communities during the pandemic.
- **Inflation and Contractual Commitments:** previous planning assumptions regarding anticipated annual increases to third parties for contracts such as the National Care Home Contract and Supported Living Framework have been overridden by the considerable spike in inflation in early 2022. Additionally, as part of its Budget for 2022/23 the Scottish Government has recommended a £10.50 minimum pay settlement from 1 April 2022, for adult social care workers in commissioned services, to support employee retention and begin to embed improved pay and conditions for care workers. This builds on the recent increase to a minimum of £10.02 implemented in November 2021 and has had a significant impact on contractual commitments.
- **Future Pay Settlements:** Employee costs represent circa 34% of the IJB's net budget and any increase in pay awards impacts directly on cost pressures for the IJB. Inflationary pressure in this area also represents a significant pressure for the IJB. The assumptions for pay reflect the current inflationary assumptions of both Partner bodies. Consideration is also given to the challenges of recruiting and whether pay settlements are keeping pace with industry standards, particularly in light of the considerable burden placed on employees in the health and social care sector throughout the pandemic.
- **Demographics, Deprivation and Health:** Our new Strategic Plan aims to shape our services around individuals and communities in Renfrewshire, taking cognisance of the changing demographic and their associated health and social care needs. It remains to be seen how detrimental the lasting impacts of COVID-19 will be on our communities, but with Renfrewshire already having the 9th highest share of deprived data zones nationally (of 32 areas) and with the understanding that the Four Harms of the pandemic will be more acutely felt in areas of deprivation, we can project that this will result in very marked negative impacts on population health in the future, and increased pressure on health and social care services as a direct result.
(<https://data.gov.scot/coronavirus-covid-19/>)

9.10. 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 2022/23. (Members should note that these scenarios are regularly updated to ensure that the CFO has early sight of any significant changes):

Type of Pressure	Using Medium Case Scenarios		
	Health £000's	Social Care £000's	Overall Position £000's
Contractual	515	3,824	4,339
Pay	1,856	1,999	3,855
Demand	795	2,327	3,122
Living Wage		1,503	1,503
Prescribing	459		459
Total Pressures	3,625	9,653	13,278

- 9.11. As previously discussed with members, the delegated health budget includes a number of budget areas which cannot be considered for planned savings, a summary of which is included in the following table. This shows that taking all of the above into account, the remaining budget against which any savings targets would need to be delivered is circa £25.5m, (10.02%) the majority of which are employee related budgets.

Health Budget Influencable Spend	22/23 £'000
2022-23 Budget	218,554
Add: Resource Transfer & Social Care Fund	35,357
	253,911
Less:	
Set Aside	-66,111
Resource Transfer	-23,103
Prescribing	-37,483
FHS	-52,547
Social Care Fund	-12,254
Mental Health (Per SG Direction)	-22,706
Health Visitors (Ring fenced Funding)	-3,943
ADP (Ring Fenced Funding)	-1,640
CAMHS (Ring Fenced funding)	-575
GP issues	-101
Hospices	-2,668
Equipu	-526
Rent Of Premises	-524
District Nursing (Ringfenced Funding)	-3,475
GP Appraisers	-808
	-228,464
= Remaining Budget against which Savings can be applied	25,447
% of Budget against which Savings can be applied	10.02%

- 9.12. As outlined in the new Medium Term Financial Plan 2022/23 -2024/25, and further described in this report, it is likely that from 2022/23, the budget position for IJBs will be subject to significant demand and cost led financial pressures.
- 9.13. In addition, it remains clear from Renfrewshire Council's own Revenue Budget and Council Tax 2022/23 report of 3 March 2022 that it anticipates it will be subject to significant financial pressure over the medium term with a risk of a further period of constraint and reduction in core funding for local governments in Scotland. In this context there is a greater risk that any future uplifts in funding to the IJB similar to that provided in previous years may not be deliverable.

- 9.14. Over the past few years, the HSCP has benefited from resources passed through from Health as part of the local government finance settlement arrangements. This has been a key factor in maintaining the current financial stability of the Partnership. However, as highlighted earlier in this report, it should be recognised that the Scottish Government is likely over the medium term to face a progressively challenging financial position which may place the ability for any future pass through of resources from Health to HSCP's under increasing pressure.
- 9.15. On this basis, the IJB should continue to plan for a range of potential outcomes, ensuring sufficient flexibility to manage in a sustainable manner the position which emerges over the next few years. The likely scenario is that a significant level of further recurring savings will be required. At the same time, we need to deliver sustainable and modern services which meet the needs of service users and their families. Consequently, savings options which do not align with the guiding principles for transformation previously agreed by the IJB will require consideration.
- 9.16. It is therefore essential that the IJB continues to focus on the need to pro-actively progress its transformation and modernisation agenda, maintaining a medium-term perspective of the financial challenges and where appropriate generate reserves to continue 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,
 - Maintain contingency reserves in line with Audit Scotland's previous recommendations which will be crucial in ensuring the financial sustainability of the partnership in the medium term.

10. Summary of 2022/23 Budget Position

	Total £000's
2021/22 HSCP Budget Rolled Forward to 2022/23	323,959
Add: HSCP Estimated Budget Pressures for 2022/23	
Contractual	4,339
Pay	3,855
Demand	3,122
Living Wage	1,503
Prescribing	459
	13,278
Add: New Posts Funded from Winter Monies	9,682
Add: 2% Uplift to Set Aside Budget	1,322
	11,004
HSCP Estimated Budget for 2022/23	348,241
Additional Funding Requirement for 2022/23	-24,282
Funded By:	
2022/23 Health Budget Uplift	2,987
2022/23 2% Uplift to Set Aside Budget	1,322
2022/23 Adult Social Care Budget Uplift	19,283
Winter Planning Monies from SG to NHSGGC	349
Total Increase in Partnership Funding	23,941
Drawdown from General Reserves to Cover Funding Gap	341
= 2022/23 HSCP Opening Budget	348,241

10.1. The table above, summarises the overall anticipated budget position for the IJB for 2022/23 reflecting:

- The pressures highlighted in Section 9 of this report;
- Costs associated with the implementation of the Winter Planning investment monies;
- Drawdown of general reserves to deliver non-recurring financial balance in 2022/23; and an
- Increase in Partnership funding in line with the conditions of the Scottish Government Budget for 2022/23.

10.2. Based on the above table, it is the CFO's recommendation that there are sufficient resources within the proposed budgets (including draw down of IJB reserves) set out in this report to meet our current anticipated budget pressures for 2022/23, thereby enabling members to agree our partnership budget offers for 2022/23 and set a balanced budget for 2022/23.

11. **COVID-19**

11.1. IJB Members should note that the 2022/23 budget proposals are presented on the basis of "business as usual", however, ongoing and developing COVID-19 issues continue to highlight that this is not the case. It should be recognised that

extraordinary costs are being incurred and will continue to be incurred for the foreseeable future.

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 2022-23. In addition, as highlighted in Section 11 of this report, the 2022/23 budget proposals assume "business as usual". The potential financial and economic impacts of COVID-19 represents a significant additional risk to the IJB, and the wider public sector going forward.
11. **Privacy Impact** – none.

List of Background Papers – none

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Direction from the Integration Joint Board		
1.	Reference Number	250322-10
2.	Date Direction issued by IJB	25 March 2022
3.	Date from which Direction takes effect	25 March 2022
4.	Direction to	Renfrewshire Council and NHS Greater Glasgow & Clyde
5.	Does the Direction supersede, amend or cancel a previous Direction – if yes include IJB reference number	No.
6.	Functions covered by the Direction	All functions delegated to the IJB from Renfrewshire Council and NHS Greater Glasgow & Clyde
7.	Full text of Direction	Renfrewshire Council and NHS Greater Glasgow & Clyde are jointly directed to deliver services in line with the Integration Joint Board's Strategic Plan (2019-22), as advised and instructed by the Chief Officer and within the budget levels outlined.
8.	Budget allocated by IJB to carry out Direction.	As outlined in Section 7.5 (Renfrewshire Council) and Section 8.5 (NHS Greater Glasgow & Clyde) of this report and within the supporting Appendices attached.
9.	Outcomes	The functions will be carried out in a manner consistent with the Joint Board's Strategic Plan (2019-22), which was considered by the Integration Joint Board on 22 March 2019.
10.	Performance monitoring arrangements	Performance management is monitored and reported to every meeting of the IJB.
11.	Date of review of Direction	June 2022

Directorate for Health Finance and Governance
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Chief Executives, NHS Scotland

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

Issued via email

9 December 2021

Dear Chief Executives

Scottish Government Budget 2022-23

Following the announcement of the Scottish Government's Budget for 2022-23 by the Cabinet Secretary for Finance and the 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 Cabinet Secretary has set out that this is a transitional budget, paving the way for a full resource spending review in May 2022, and taking the next steps to deliver the Health and Social Care commitments outlined in the Programme for Government. As in previous years, the position set out in this letter will be subject to any amendments agreed through the Scottish Parliament's Budget Bill process, as well as recognising the further work that we will undertake with you specifically in relation to Covid-19 funding arrangements. I will keep you up to date with any changes to our planning assumptions.

Baseline Funding

All Boards will receive a baseline uplift of 2% along with further support for increased employer national insurance costs arising from the UK Health and Social Care Levy. In addition, those Boards furthest from NRAC parity will receive a share of £28.6 million, which will continue to maintain all Boards within 0.8% of parity.

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

Boards should make appropriate provision for medical, dental and other staff groups, and expect to accommodate these costs within the baseline uplift.

Covid-19 Funding

We recognise the scale of anticipated Covid commitments and expenditure for 2022-23 and are keeping this under close review. To this end, we are currently seeking clarity on the level of Covid-19 funding that will be provided by HM Treasury in 2022-23. In addition however to the baseline uplift we will provide:

- an initial £30 million in 2022-23 on a recurring basis to support the permanent recruitment of Vaccination staff. Further funding will be provided following review of staffing models across NHS Boards.

- funding of £33 million for the first six months of 2022-23 for the National Contact Centre staffing and Test and Protect contact tracing staffing, £17.5 million for mobile testing units, and a further £4.1 million for the regional labs staffing in 2022-23.

We will set out more detail on overall financial support as we receive further clarity from HM Treasury and as planning arrangements are developed. We will continue to work closely with NHS Directors of Finance and Chief Financial Officers, to ensure that all appropriate steps are being taken to deliver value and efficiency across totality of spending.

Investment in Improving Patient Outcomes

In addition to the funding above, a total of £845.9 million will be invested in improving patient outcomes in 2022-23, as set out below:

Improving Patient Outcomes	2021-22 Investment in reform (£m) Restated	2022-23 Investment in reform (£m)	Increase for 2022-23 (£m)
Primary Care	250.0	262.5	12.5
Waiting times	196.0	232.1	36.1
Mental Health and CAMHS	231.1	246.0	14.9
Trauma Networks	37.8	44.3	6.5
Drugs Deaths	61.0	61.0	0.0
TOTAL	775.9	845.9	70.0

When combining the £70 million increase in investment set out above with the increase of £317.4 million in baseline funding for frontline NHS Boards, the total additional funding for frontline NHS Boards will amount to £387.4 million (3.2 per cent) in 2022-23 - see **Annex A**.

Core Areas of Investment

Further detail on funding allocations and arrangements will be set out by individual policy areas, however please note the overall funding committed:

Primary Care

Investment in the Primary Care Fund will increase to £262.5 million in 2022-23 as a first step to increasing primary care funding by 25% over the life of this Parliament. Funding will continue to support the delivery of the new GP contract as well as wider Primary Care reform and new models of care including multi-disciplinary teams and increased use of data and digital.

Waiting Times Recovery

Investment of £232.2 million is being provided to support waiting times improvement, recovery and reform. This includes £60 million for NHS Recovery and an additional support for National Treatment Centres. As in previous years this includes £10 million for winter, to allow Boards maximum opportunity to plan as appropriate.

Mental Health and CAMHS

Funding of £246 million for Improving Patient Outcomes will be directed to a range of partners for investment to support mental health and children and young people's mental health. It will help fund a range of activities which support prevention and early intervention through offering a sustained increase in investment in mental health services. It will support our commitment to increase direct mental health funding by at least 25% over this parliamentary term. It will incorporate recurring funding of £120 million, which was provided in 2021-22 to support the delivery of the Mental Health Transition and Recovery Plan, published in October 2020, including significant funding to improve Child and Adolescent Mental Health Services and to reduce waiting times.

As part of the 2022-23 budget we are investing to deliver commitments across perinatal and infant mental health, school nursing service, increased funding for suicide prevention, enhanced services for children and young people, and action on dementia, learning disabilities and autism.

Health Boards and their partners are expected to prioritise mental health and to deliver the Programme for Government commitment that at least 10% of frontline health spending will be dedicated to mental health and at least 1% will be directed specifically to services for children and young people by the end of this parliamentary session.

Trauma Networks

This funding will increase from £37.8 million to £44.3 million, taking forward the implementation of the major trauma networks.

Alcohol and drugs

The total 2022-23 Portfolio budget of £85.4 million includes £50 million to be targeted towards reducing drugs deaths. This is part of the delivery of the National Drugs Mission, with a commitment to provide a total of £250 million of additional funding by 2025-26. Funding will support further investment in a range of community-based interventions, with a focus on supporting individuals and their families within their community, as well as an expansion of residential rehabilitation and improving delivery of frontline care as part of the overarching aim of reducing harms and avoidable deaths caused by substance misuse.

Health and Social Care Integration

In 2022-23, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of 2% over 2021-22 agreed recurring budgets, and make appropriate provision for increased employer national insurance costs.

The Health and Social Care Portfolio will transfer additional funding of £554 million to Local Government to support social care and integration, which recognises the recurring commitments on adult social care pay and on winter planning arrangements. In doing so, we recognise the potential range of costs associated with elements of the winter planning commitments, and that some flexibility in allocation of funding may be required at a local level.

The overall transfer to Local Government includes additional funding of £235.4 million to support retention and begin to embed improved pay and conditions for care workers, with the Scottish Government considering that this funding requires local government to deliver a £10.50 minimum pay settlement for adult social care workers in commissioned services, in line with the equivalent commitment being made in the public sector pay policy. The additional funding will also support uprating of FPNC and the Carers Act.

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2021-22 recurring budgets for social care services and therefore, Local Authority social care budgets for allocation to Integration Authorities must be at least £554 million greater than 2021-22 recurring budgets.

Capital Funding

Territorial Boards should assume a five per cent increase in their initial capital formula allocation. National Boards formula capital will be unchanged.

2022-23 Financial Planning

As previously confirmed, we will return to three year financial planning in 2022-23. It is expected that Boards will submit these plans in line with the timescales for three year operational plans, however we will provide further updates on this in advance of the new financial year.

It is recognised that some specific cost pressures have been highlighted by NHS Boards, such as those relating to CNORIS, Office 365 and PACS reprovisioning. We will undertake further work with Directors of Finance to determine the extent of these pressures and planning assumptions that should be made.

Yours sincerely

RICHARD MCCALLUM

Director of Health Finance and Governance

Annex A – Board Funding Uplifts

NHS Territorial Boards	2021-22 Allocation	Recurring Allocations**	Total 2021- 22 Allocation	Uplift***	Uplift	2022-23 Total Allocation	NRAC Funding	Distance from NRAC Parity
	£m	£m	£m	£m	%	£m	£m	%
Ayrshire and Arran	774.5	12.0	786.4	20.3	2.6%	806.8	0.2	-0.8%
Borders	222.7	3.7	226.3	8.5	3.7%	234.8	2.7	-0.8%
Dumfries and Galloway	320.6	5.2	325.8	8.3	2.6%	334.1	0.0	1.3%
Fife	712.6	11.2	723.8	25.5	3.5%	749.4	7.0	-0.8%
Forth Valley	569.4	9.2	578.7	19.4	3.4%	598.1	4.6	-0.8%
Grampian	1,027.9	17.6	1,045.5	26.7	2.6%	1,072.2	0.0	-0.5%
Greater Glasgow and Clyde	2,398.1	43.4	2,441.5	62.4	2.6%	2,504.0	0.0	1.9%
Highland	691.9	12.6	704.5	21.2	3.0%	725.6	3.1	-0.8%
Lanarkshire	1,286.1	20.2	1,306.3	40.6	3.1%	1,346.8	7.2	-0.8%
Lothian	1,569.5	26.0	1,595.5	43.8	2.7%	1,639.3	3.0	-0.8%
Orkney	54.8	0.9	55.7	1.4	2.6%	57.1	0.0	0.6%
Shetland	54.6	0.9	55.6	1.4	2.6%	57.0	0.0	2.4%
Tayside	819.9	14.4	834.4	22.2	2.7%	856.5	0.8	-0.8%
Western Isles	81.1	1.2	82.4	2.1	2.6%	84.5	0.0	12.1%
Territorials Total	10,583.7	178.5	10,762.2	303.9	2.8%	11,066.1	28.6	
NHS National Boards								
National Waiting Times Centre	60.9	4.9	65.9	2.2	3.4%	68.1		
Scottish Ambulance Service	283.7	14.2	297.9	8.0	2.7%	305.9		
The State Hospital	38.1	0.8	39.0	1.0	2.7%	40.0		
NHS 24	73.8	2.4	76.2	2.2	2.9%	78.4		
NHS Education for Scotland	471.7	8.3	479.9	12.4	2.6%	492.3		
NHS National Services Scotland	341.4	5.4	346.8	8.5	2.4%	355.3		
Healthcare Improvement Scotland	27.5	2.2	29.7	0.7	2.5%	30.4		
Public Health Scotland	48.6	1.7	50.4	1.7	3.4%	52.1		
Nationals Total	1,345.8	39.9	1,385.8	36.8	2.7%	1,422.6		
Total NHS Boards	11,929.5	218.4	12,148.0	340.7	2.8%	12,488.7		
Improving Patient Outcomes****	775.9		775.9	70.0		845.9		
Total Frontline NHS Boards*	11,816.2	200.9	12,017.1	387.4	3.2%	12,404.4		

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

** Includes recurring allocations from 2020-21 and funding for Agenda for Change and Medical & Dental pay uplift in 2021-22.

*** Includes funding for increased employer NI contributions and NRAC parity adjustments.

**** Restated for Mental Health and NHS Recovery Funding

Your Ref:
My Ref: AMacA/CB
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Email: alastair.macarthur@renfrewshire.gov.uk
Date: 9 March 2022



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

Dear Sarah

2022/23 Financial Allocation from Renfrewshire Council

Renfrewshire Council agreed its budget for the financial year 2022/23 on 3 March 2022.

In setting the budget, Council agreed total funding to the Renfrewshire HSCP of £86,011,535.

The above amount reflects the pass through in full to the HSCP of Scottish Government funding received through the local government settlement and as outlined in Finance Circular 9/21 of £11,655,000 as directed by the Cabinet Secretary.

Subsequent to this amount being agreed by Council, the Scottish Government has provided further updates to Council confirming additional funding to be passed through to the HSCP as follows:

Additional investment in health & social care (£200m nationally) - £6.783 million
 Social work capacity in adult care (£22m nationally) - £0.730 million

Finally, within the funding outlined in Finance Circular 9/21 there is £0.115 million related to Mental Health Recovery & Renewal. This amount has now been confirmed as being related to services delivered by the HSCP, and therefore requires to be passed through.

Taking account of the adjustments above, the base budget for 2022/23 will therefore be £93,639,535.

Yours sincerely

Alastair MacArthur
Director



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Date: 9th March 2022
 Our Ref: FMcE

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Dear Christine

2022/23 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 2022/23. An update to this letter formally confirming your final allocation for 2022/23 will be issued on behalf of the Board after the Board's financial plan has been approved at the April board meeting and when the Board's financial out-turn is confirmed along with further clarification on the totality and distribution of future Covid-19 funding is determined.

Annual uplift to NHSGGC

The annual general uplift is provided by the Scottish Government to support Boards in meeting expected additional costs related to pay, supplies (which includes prescribing growth and utilities charges) and capital charges. The Board's uplift for 2022/22 is 2.0% totalling £48.8m with a further allocation of £13.6m to support the increased employer national insurance costs arising from the UK Health and Social Care Levy.

The HSCP Settlement

The Scottish Government's budget letter issued on 9 December 2022 states that *"In 2022-23, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of 2% over 2021-22 agreed recurring budgets, and make appropriate provision for increased employer national insurance costs."*

The total allocation uplift to all six HSCPs should be £21.1m based on the current recurring budget at 31 January 2022. This will be adjusted when the 2021/22 out-turn is finalised in April.

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

Set Aside Budget

This is initially based on the estimated set aside budget for 2021/22 uplifted by 2.0% and will be revised when the Board's final out-turn is confirmed. This figure represents the estimated actual usage of in scope Acute services. This will continue to be a notional allocation.

Covid-19 Funding

As per the Scottish Government Letter issued on the 25th of February 2022 for further Covid funding in 2021/22:

"Where funding remains at year end 2021-22, this must be carried in an earmarked reserve for Covid-19 purposes in line with usual accounting arrangements for Integration Authorities, and I expect that this funding to be used before further allocations are made through the Local Mobilisation Planning process. This can be used to support continuation of costs which were funded in 2021-22 as a direct result of Covid-19. Use of these allocations to meet Covid-19 expenditure should be agreed by the IJB Chief Finance Officer and the NHS Board Director of Finance. The funding should be targeted at meeting all additional costs of responding to the Covid pandemic in the Integration Authority as well as the NHS Board."

Recharges to HSCPs

The following items will continue to be charged to the HSCP during 2022/23:

- 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.

Meetings will be arranged before the end of the financial year to allow us to formalise the funding and processes that are required for 2022/23. In the meantime, this letter enables the HSCP to produce its financial plans for 2022/23.

Yours sincerely

Fiona McEwan

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

Appendix 1 – Financial Allocation 2022/23 (based on month 10 figures)

Spend Categories		Renfrewshire HSCP
		£000s
Family Health Services		53,626
FHS Income		(1,081)
Family Health Services Budget (Net)		52,545
Prescribing & Drugs		37,570
Non Pay Supplies		17,035
Pay		51,274
Other Non Pay & Savings		25,928
Other Income		(862)
Budget - HCH incl Prescribing		130,946
Total Rollover budget - NET		183,491
Adjustments:		
Non Recurring bud allocated to base		(153)
Budget Eligible for HCH & Prescribing uplift		130,793
<u>Uplifts</u>		
Scottish Government allocation	2.00%	2,616
Uplift for National Insurance increases	13.6 m	371
Total Uplift		2,987
Revised Budget		186,477
<u>Set Aside Budget</u>		
2021/2022 Value		66,111
Uplift @ 2%		1,322
2022/23 Value		67,433