



Meeting of East Renfrewshire Health and Social Care Partnership	Integration Joint Board
Held on	26 March 2025
Agenda Item	6
Title	Revenue Budget 2025/26
<p>Summary</p> <p>To provide the Integration Joint Board (IJB) with a proposed 2025/26 Revenue Budget. The IJB is asked to note that some of the assumptions within this budget are subject to future revision and refinement based on the caveats identified in the report.</p>	
Presented by	Lesley Bairden, Head of Finance and Resources (Chief Financial Officer)
<p>Action Required</p> <p>The Integration Joint Board is asked to:</p> <ul style="list-style-type: none"> • Accept the budget contribution of £78.412 million from East Renfrewshire Council • Accept the £0.616 million for Justice expenditure funded by grant via East Renfrewshire Council, subject to uplifts to this grant funding. • Accept the delegated budget for aids and adaptations of £0.610 million. • Accept the indicative budget contribution of £90.322 million from NHS Greater Glasgow and Clyde, subject to due governance by the health board. • Accept the indicative set aside budget contribution of £31.868 million from NHS Greater Glasgow and Clyde. • Agree that directions are issued to East Renfrewshire Council and NHS Greater Glasgow and Clyde confirming the acceptance of the budget. • Agree the continued implementation of the Real Living Wage uplift to our partner providers. • Note the ongoing development of the prescribing savings programme required. • Note the deferral of the implementation of charges for non-residential care until 2026/27 and the associated funding support. 	
<p>Directions</p> <p><input type="checkbox"/> No Directions Required</p> <p><input type="checkbox"/> Directions to East Renfrewshire Council (ERC)</p> <p><input type="checkbox"/> Directions to NHS Greater Glasgow and Clyde (NHSGGC)</p> <p><input checked="" type="checkbox"/> Directions to both ERC and NHSGGC</p>	<p>Implications</p> <p><input checked="" type="checkbox"/> Finance <input checked="" type="checkbox"/> Risk</p> <p><input type="checkbox"/> Policy <input type="checkbox"/> Legal</p> <p><input checked="" type="checkbox"/> Workforce <input type="checkbox"/> Infrastructure</p> <p><input checked="" type="checkbox"/> Equalities <input type="checkbox"/> Fairer Scotland Duty</p>

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EAST RENFREWSHIRE INTEGRATION JOINT BOARD

26 March 2025

Report by Chief Financial Officer

REVENUE BUDGET 2025/26

PURPOSE OF REPORT

1. To provide the Integration Joint Board with a proposed revenue budget for 2025/26.

RECOMMENDATIONS

2. The Integration Joint Board is asked to:
 - Accept the budget contribution of £78.412 million from East Renfrewshire Council
 - Accept the £0.616 million for Justice expenditure funded by grant via East Renfrewshire Council, subject to uplifts to this grant funding.
 - Accept the delegated budget for aids and adaptations of £0.610 million.
 - Accept the indicative budget contribution of £90.322 million from NHS Greater Glasgow and Clyde, subject to due governance by the health board.
 - Accept the indicative set aside budget contribution of £31.868 million from NHS Greater Glasgow and Clyde.
 - Agree that directions are issued to East Renfrewshire Council and NHS Greater Glasgow and Clyde confirming the acceptance of the budget.
 - Agree the continued implementation of the Real Living Wage uplift to our partner providers.
 - Note the ongoing development of the prescribing savings programme required.
 - Note the deferral of the implementation of charges for non-residential care until 2026/27 and the associated funding support.

BACKGROUND

3. This report is a continuation of regular revenue budget and revenue budget monitoring reports to the IJB to inform the board of its financial position. This report sets out a proposed budget for 2025/26 in line with the recent IJB budget seminars on 5th February and 13th March 2025.
4. The Scottish Government set out its proposed budget position for 2025/26 on 4th December 2024 with the key points summarised in January revenue budget monitoring report to the IJB. The Scottish Government budget was subsequently passed on 25 February 2025, with no significant change.
5. The main messages, relevant to the IJB, from the budget settlement along with the associated letters to the NHS Boards and to Local Authorities is unchanged:
 - Real Living Wage at £12.60 per hour (care providers)
 - NHS uplift at 3% for pay and non-pay
 - Inflationary increase for Free Personal Nursing care
 - Funding towards the HSCP partner employed National Insurance increases in employers contribution

6. There remains the ongoing issue around timing of the notification for funding allocations such as PCIP, Mental Health Action 15 and Alcohol & Drugs Partnership allocations. The later these allocations, the more difficult forward planning becomes, particularly as we have no flexibility locally to underwrite any risk. Planning for these allocations therefore remains per the 2024/25 allocations and assumes no flexibility around reserves. The impacts of the reduction in bundled funding are included within this.
7. Both partner contributions are compliant with the conditions set out by the Scottish Government, with the full pass through of policy funding. Both partners have also included some funding in addition to the minimum requirement;
 - The contribution from East Renfrewshire Council includes £1.199m as a share of the additional funding received by the council from the national gain of £289m, a further £0.110m recognising in part the increase on support costs. The council has also agreed to support the IJB with the impact of deferring non-residential charging until April 2026, with £1.5m.
 - The contribution from NHSGGC includes a sustainability payment that will allow us to cover the 40% unfunded pressure from employers national insurance pressures. This is at the discretion of the health board. We also anticipate c£0.359m for prescribing on a one off basis.
8. For context, whilst the budget settlement is better than expected the challenges we still face in setting this budget are not unique to our IJB. The national pressures within health and social care are significant and include impact of employers' national insurance on care providers and prescribing costs and volumes.
9. We are now "firmly in the pack" of IJBs with no reserve flexibility and remain in financial recovery for 2024/25, albeit significantly improved from 2023/24.
10. The Audit Scotland Integration Joint Boards Finance Bulletin 2023/24 reports the provisional funding gap was estimated at a national level of £457 million. The latest intelligence through the Chief Officers and Chief Financial Officers indicates this is c£560 million for 2025/26.
11. We are taking minimal legacy savings challenges into 2025/26, with the exception of our prescribing pressure and that is a real testament to the work that has gone into maintaining our service delivery, minimising the impact on those we support and our staff as much as possible whilst delivering the 2024/25 extensive savings programme.
12. We also recognise the challenges faced by our partners in setting budgets for 2025/26 and forward planning.
13. Work is ongoing at a national level through Chief Officers and Chief Financial Officers to demonstrate the impact that the ongoing financial challenges are having across the sector.
14. A refreshed Medium Term Financial Plan will be presented to the IJB in June, following any decision taken on the 2025/26 proposed budget.

REPORT

15. East Renfrewshire Council agreed its budget, including the proposed contribution to the IJB on 26th February 2025; as detailed at Appendix 1. The Scottish Government budget conditions determined that contributions should be no less than recurring budget plus share of policy funding and on that basis the minimum contribution has been exceeded.
16. The NHSGGC contribution has been agreed with our partner colleagues and is subject to due governance by the health board, with details at Appendix 2. This reflects the 3% uplift on the relevant elements of the pay and non-pay budget. This proposed contribution also exceeds the minimum contribution requirement.
17. As with prior years the NHSGGC recurring budget for the current year may change by 31 March 2025, depending on any late Scottish Government allocations, but will not significantly impact the figures reported.
18. The set aside budget offer is also included and reflects a 5.5% increase on prior year activity.
19. This proposed budget for IJB consideration recognises cost pressures relating to pay, inflation and demographic demand & complexity. The latter is limited to a full year cost of all care packages in place as at December 2024. For every 1% increase to purchased care new demand would cost c£0.5 million and will need to be managed from within the agreed budget for the year. The cost pressures also make allowance for the Living Wage to be paid by our partner providers, increases to the National Care Home Contract, other contractual inflation and uplifting Free Personal and Nursing Care allowances per the Scottish Government budget.
20. The proposed budget also includes some provision for sustainability impacts from the care provider market. We know the continued financial challenges, compounded by the national insurance increases will have some local impact and we need to be able to mitigate the impact on service delivery.
21. The Aids and Adaptations budget within ERC is £0.610 million and comprises two key areas; Care and Repair £0.273 million and Adaptations £0.337 million. This excludes any housing related capital spend. We know that demand for the service is increasing as are costs relating to adaptation work and this budget is finite.
22. In summary the proposed budget contributions to the IJB are:

Proposed Contributions	Opening Budget £m	Funding Confirmed £m	Total £m	Anticipated Funding £m	Proposed Budget to IJB £m	Change £m
NHSGGC (1)	85.091	5.231	90.322	1.174	91.496	6.405
NHSGGC Set Aside	28.430	3.438	31.868		31.868	3.438
ERC (2)	72.794	5.618	78.412		78.412	5.618
ERC Aids & Adaptations	0.530	0.080	0.610		0.610	0.080
1. Employers NI, sustainability and prescribing support are anticipated						
2. Justice grant funded at £0.616m subject to any increase in grant funding						

23. Appendices 1 and 2 provide detail on each partner budget contribution to the IJB.

24. The table below sets out a summary of our cost pressures, the funding available to meet these pressures and the savings challenge to close the remaining funding gap for 2025/26. This also shows the underlying deficit that still needs to be funded by 1 April 2027.

Summary Table	ERC	NHS	Total
	£m	£m	£m
Cost Pressures	9.774	5.638	15.412
Funding Offsets	(4.562)	(2.923)	(7.485)
Non-Recurring Pension Gain	(2.067)		(2.067)
Savings - existing	(1.645)	(2.715)	(4.360)
Savings - Support for deferred charging*	(1.500)		(1.500)
Gap 2025/26	0.000	(0.000)	(0.000)
Recurring Gap			
Remove pension gain	2.067		2.067
Remove Care at Home delay pressure	(0.391)		(0.391)
Remove non prescribing initiative reserve		0.359	0.359
Remove non recurring turnover / underspend		0.324	0.324
Recurring Gap**	1.676	0.683	2.359
** Assumes non residential charging of £1.5m in place for 2026/27			
* Support of up to £1.5m in 2025/26			

25. This following table gives more detail on the components of the 2025/26 budget:

Revenue Budget	ERC	NHS	Total
	£m	£m	£m
1. Cost Pressures			
Pay	1.553	1.552	3.105
Inflation & Living Wage	5.396	0.000	5.396
Demographic & Demand	2.230	0.200	2.430
Service Pressures	0.595	0.100	0.695
Prescribing		3.786	3.786
	9.774	5.638	15.412
2. Funding available towards pressures			
Recurring Policy Funding	(3.253)	(2.238)	(5.491)
Additional Funding from Partners	(1.309)	(0.685)	(1.994)
	(4.562)	(2.923)	(7.485)
3. Non-Recurring Pension Gain	(2.067)		(2.067)
4. Unfunded Cost Pressures	3.145	2.715	5.860
5. Proposals to Close the Funding Gap			
Savings Programme identified	(1.645)	(1.515)	(3.160)
Savings in Development - Prescribing		(1.200)	(1.200)
Non Recurring Support - Deferred Charging	(1.500)		(1.500)
	(3.145)	(2.715)	(5.860)
Remaining Gap 2025/26	0.000	0.000	0.000

26. The assumptions for each area of cost pressures include:

Pay

27. The costs of the pay award are on the same planning and reporting assumptions as our partners; i.e. 3% based on the public sector pay policy. The ERC contribution does not include funding for this, whilst the NHS contribution does. Should the costs of pay exceed 3% the working assumption is that the Scottish Government would need to meet this cost.
28. The cost also includes the increase relating to the employers contribution for national insurance. The Scottish Government settlement allows for 60% of this cost to be funded by both partners. It should be noted that in the anticipated funding we expect from NHSGGC there is a discretionary sustainability payment that allows us to fund the remaining 40% of the cost for our health employed staff to be funded.
29. Notably there is no funding for this increase for the costs of the GP contract or services we purchase. Lobbying continues at a national level on the impacts of this policy.

Inflation and Living Wage

30. The proposed budget makes allowance for the National Care Home Contract and this includes allowance for any nursing pay increase linked to the NHS agenda for change pay award, so will be revised in year as directed.
31. The Scottish Living Wage increases from £12.00 to £12.60 per hour (5%) and as with prior years this will be applied to the pay element of the contract hourly rate as directed by Scottish Government.
32. Free Personal and Nursing Care allowances will increased as directed by the Scottish Government.
33. This cost pressure also makes allowance for contractual inflation where we expect some changes to local and national contract frameworks. At this stage we cannot commit to meet our care providers costs of the employers national insurance increases as we have not been funded by the Scottish Government for this. We do however recognise that this is a significant risk to those partners we work with and that there will be an impact on the market sustainability and therefore potentially on the continuity of care.
34. Through the national Chief Officers and Chief Financial Officers groups we continue to demonstrate to the Scottish Government the scale of this pressure, along with the wider financial sustainability challenges.
35. As an interim measure the proposed budget includes provision for provider sustainability to allow us to mitigate any significant local impacts as best we can to ensure we can continue to provide services to those we support.
36. As with previous years we have pared back other inflation to the bare minimum and contain any increases within the existing running cost budgets through managing volumes and the ongoing moratorium on any non-essential spend.
37. Increases in Kinship and Fostering allowances are included.

Demographic and Demand

38. These cost pressures recognise the impact of our increasing population, including carers and the ongoing increased complexity of care needs post pandemic particularly in our community based services. This also manifests in increased volumes of equipment we need to buy to support people in their own homes.
39. The costs for young adults transitioning from childrens services to adult care are also included.
40. We will realign the opening care budgets across categories for 2025/26 to reflect the supporting people savings achieved in 2024/25. We will also look at realignment of budget from nursing and residential care to care at home to better reflect demand for services.

Service Pressures

41. Reporting throughout 2024/25 has highlighted the ongoing challenges within Intensive Services and in particular our Care at Home Service where demand remains challenging. The service redesign is progressing and this will support bringing costs in line with the budget. However the timing of the changes means we may not see the full year cost reduction required during 2025/26. The proposed budget includes a modest non-recurring provision to support the ongoing redesign and this will only be drawn on if required.
42. Special observations and replacing damaged infrastructure within the Learning Disability in-patient units continue to present a challenge, albeit with significant reduction from the 2024/25 levels. A modest provision to meet support with these costs is included.
43. The costs of the support services that form part of the ERC delegated budget to the IJB are also increasing for many of the faros above and this needs to be recognised. There is a limit to how much the IJB can control some of these costs through use. This has however been mitigated to some extent by additional funding.

Prescribing

44. This budget continues to present significant challenge and risk with the cost pressures currently projected to increase at around a £2.3m overspend in 2024/25. The cost pressures continue into 2025/26 with the latest estimated pressure, before mitigation at £3.786 million, and this is net of all recurring savings from 2024/25.
45. This pressure will be mitigated to some extent by the re-introduction of a non-pay uplift in 2025/26 as part of the national budget settlement.

Funding

46. The funding we have towards the cost pressures includes the policy funding determined by the Scottish Government budget settlement and includes:
 - Living Wage (care providers)
 - NI Contribution at 60% of costs for HSCP staff
 - Free Personal Nursing Care increases
 - 3% uplift for pay and non-pay on our NHSGGC contribution

47. Both partners are also providing additional funding in their contributions to the IJB:
- ERC have passed on a share of the funding the council received as part of the £289m consequential gain to Scotland from the UK budget settlement. This means the IJB has a £1.199m funding offset against pressures. The council has also provided £0.110m funding in recognition of the increase to support cost pressures and this will mitigate c50% of the increase.
 - NHSGGC discretionary sustainability payment of £0.326m that allows the remaining 40% of the cost of the national insurance increase for health employed staff to be funded. We also anticipate c£0.359m for prescribing on a one off basis.
48. When we take into account the pressures and funding, including the final year of the reduced employer pension contribution for ERC employed staff, this means the level of savings required to balance the budget proposed for 2025/26 is £5.860 million.
49. The current savings proposals, previously discussed with the IJB total £5.860 m, recognising the council commitment to fund up to £1.5m for the deferred non-residential care charging.
50. The prescribing savings comprise two elements; a programme of c£0.5m which is developed and a further programme of savings of c£1.2 m which will focus on a whole system approach, including a focus on wastage and prescribing for care homes.
51. The savings identified for 2025/26 are summarised:

Savings (so far):	ERC £m	NHS £m	Total £m
Full Year Effect 2024/25	(0.088)	0.059	(0.029)
SPF non CaH	(1.000)		(1.000)
Other Charging	(0.207)		(0.207)
Systems Efficiencies	(0.100)		(0.100)
Grants reductions	(0.250)		(0.250)
LD University Funding		(0.200)	(0.200)
Interim Care Funding		(0.200)	(0.200)
Equipu contract use and split		(0.200)	(0.200)
LD Bed Model		(0.050)	(0.050)
Community Nursing		(0.100)	(0.100)
Non Recurring Additional Turnover / Underspend		(0.324)	(0.324)
Prescribing New Saving Programme 2025/26		(0.500)	(0.500)
Prescribing New Saving Programme - Board Wide		(1.200)	(1.200)
Savings so far	(1.645)	(2.715)	(4.360)

52. Whilst this is a good position to be in for 2025/26 we do need to recognise the underlying position is more challenging and we need to continue with identifying savings now, that can be in place for the start of 2026/27 to close the underlying gap of £2.359m once all non-recurring elements of the proposed budget for 2025/26 are removed.

53. The different staffing terms and conditions mean there is less flexibility within our NHS workforce as we cannot undertake any voluntary severance exercise so the focus is on service redesign and redeployment. We continue exploring opportunities for wider shared services with other partnerships.
54. We continue to have a very good working relationship with our trade union colleagues and engage regularly. We will continue to work through our savings programme and service redesign proposals alongside colleagues.
55. We know the challenges we are facing are not unique to us and that work during 2025/26 will need to see radical changes to ensure financial sustainability across the sector.
56. The Chief Officer and Chief Financial Officer recognise the funding constraints and pressures that our partners are facing and along with the IJB are fully committed to continued partnership working to support whole system financial planning.
57. If any further funding becomes available in year we will address this and revise our planning assumptions, reporting through the revenue budget monitoring to the IJB in line with our routine financial governance.

CONSULTATION AND PARTNERSHIP WORKING

58. The Chief Financial Officer has consulted with our partners and will continue to work in partnership with colleagues to develop the budget setting and financial planning process for future years.

IMPLICATIONS OF THE PROPOSALS

Finance

59. The proposed 2025/26 budget, associated risks and assumptions is set out in this report. The IJB have recognised that we continue to breach our reserves policy, where we should hold 2% of our revenue budget. Our longer term aspiration is to rebuild reserves once we are on a sustainable financial footing.

Risk

60. The most significant risk to the IJB remains financial sustainability and delivering a balanced budget in 2025/26 and beyond.
61. A radical solution to the ongoing prescribing challenges is required as these savings are fundamental.
62. We may not meet our population's demand for services.
63. The implications relating to the employers' national insurance increase for care (and other) providers remain unclear at this stage, however without additional funding there is significant risk to market sustainability. This could impact on the continuity of care and on individual choice and control.
64. Workforce capacity and maintaining morale remain a significant challenge.
65. Managing the expectations of the people we support and their families may result in reputational damage.

Workforce

66. The proposed 2025/26 budget assumes funding for staff pay award and provides funding for care providers to meet the increase in the Scottish Living Wage. The employers' national insurance pressure is included for the HSCP staff.
67. Continued turnover required does impact on our workforce. Whilst the savings plans we have at present will not directly impact individuals in post we do recognise we may need to reduce costs through management of vacancies and natural attrition. Service redesign will be required to ensure impacts of reduced capacity are mitigated.

Equalities

68. We will complete full equalities and fairness impact assessments for all redesign and savings for the IJB to consider alongside proposals and associated implementation for all service change. This should ensure that no individual or groups are adversely impacted and that implementation of change is equitable.
69. Engagement and communication will continue to take place and we remain mindful of any multiple impacts on any group or individual.

DIRECTIONS

70. The directions to our partners will be issued upon agreement of the 2025/26 budget set out in this report and rolling updates will be included in the revenue monitoring report throughout the year. The indicative directions are summarised at Appendix 3.

CONCLUSIONS

71. The 2025/26 proposed budget will allow the IJB to set a budget that is balanced, but clearly includes significant risk in delivering services whilst achieving the required level of savings, both in-year and addressing the underlying deficit.
72. The impact on the care provider market could be significant.
73. A system wide and radical approach to a further Prescribing Action Plan is fundamental to achieving the required level of savings.
74. The decisions taken on the 2025/26 budget will inform our Medium-Term Financial Plan, allowing the IJB to assess progress and to take risk based informed decisions for 2026/27 and beyond. A refreshed plan will be brought to the IJB in June.
75. The report recognises the need to continue to engage with all our partners for future financial planning.

RECOMMENDATIONS

76. The Integration Joint Board is asked to:
 - Accept the budget contribution of £78.412 million from East Renfrewshire Council
 - Accept the £0.616 million for Justice expenditure funded by grant via East Renfrewshire Council, subject to uplifts to this grant funding.
 - Accept the delegated budget for aids and adaptations of £0.610 million.

- Accept the indicative budget contribution of £90.322 million from NHS Greater Glasgow and Clyde, subject to due governance by the health board.
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- Agree that directions are issued to East Renfrewshire Council and NHS Greater Glasgow and Clyde confirming the acceptance of the budget.
- Agree the continued implementation of the Real Living Wage uplift to our partner providers.
- Note the ongoing development of the prescribing savings programme required.
- Note the deferral of the implementation of charges for non-residential care until 2026/27 and the associated funding support.

REPORT AUTHOR

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13 March 2025

Chief Officer, IJB: Julie Murray

BACKGROUND PAPERS

IJB Paper: 27.03.2024 – Item 6. Revenue Budget 2024/25

https://www.eastrenfrewshire.gov.uk/media/10166/IJB-Item-06-27-March-2024/pdf/IJB_Item_06_-_27_March_2024.pdf?m=1710509964090

	ERC £'000	Justice Grant £'000	Total £'000
2024/25 Approved Opening Budget	68,864	616	69,480
In Year Adjustments			
Adult Social Care Uplift	3,929		3,929
Pay Award Uplift	245		245
Additional SG funding	256		256
Children's LW / Casework & Related Admin	290		290
2 Justice Grant Funding		(616)	(616)
Restated 2023/24 Base Budget	73,584	0	73,584
Allocations as part of ERC Budget per Government Settlement			
Pay award uplift 2024/25	37		37
Employers NI increase	378		378
Providers Living Wage	2,431		2,431
Free Personal Nursing Care Uplift	467		467
Children & Young People Mental Health funding baselined	266		266
MH Capacity Grant ended	(60)		(60)
Additional funding from ERC	1,199		1,199
Support allocation recharges	110		110
1 2024/25 Contribution to the HSCP (agreed by ERC 26/2/25)	78,412	0	78,412
Cost Pressures Expected for 2025/26:			
Inflationary Pressures			
Pay Award, Increments, NI	1,757		1,757
National Care Home Contract, Living Wage, Free Personal & Nursing Care etc.	5,396		5,396
Demographic Pressures			
Increase in Demand for Services - Adults & Older People	1,600		1,600
Increase in Client Assessed Need - Transitions to Adulthood	630		630
Intensive Services Capacity	391		391
Total Cost Pressures 2023/24	9,774	0	9,774
Total Funding Available towards Cost Pressures			
Settlement per Scottish Government Budget	3,253		3,253
Additional Funding from ERC	1,309		1,309
Non Residential Charging Deferred (up to £1.5m)	1,500		1,500
	6,062	0	6,062
Funding Gap	(3,712)	0	(3,712)
Savings Proposals Identified	1,645		1,645
Non Recurring Pension Gain	2,067		2,067
Proposals to Close this Gap	3,712	0	3,712

- 1 Settlement conditions; must be a minimum of flat cash plus share of new funding. The agreed contribution provides additional funding
- 2 Subject to uplift and any grant changes in 2024/25

	Revenue Budget £'000	Set Aside £'000	Total £'000
2024/25 Opening Recurring Budget	85,091	28,430	113,521
In year Adjustments to recurring base	3,482		3,482
Restated Recurring Budget 2024/25	88,573	28,430	117,003
Allocations as part of Government Settlement			
3% Uplift on Pay and eligible non pay	1,749		1,749
Increase to set aside to reflect usage		3,438	3,438
Provisional Budget offer per Letter of 6 March	90,322	31,868	122,190
Addition Funding Expected			
National Insurance 60%	489		489
Sustainability Funding	326		326
Non Recurring Prescribing Support	359		359
	1,174	0	1,174
1 Expected Budget Contribution 2025/26	91,496	31,868	123,364
Cost Pressures Expected for 2025/26:			
Pay Award, NI	1,552		
Prescribing	3,786		
Inpatients infrastructure	100		
Equipment	200		
Total Cost Pressures	5,638		
Total Funding Available towards Cost Pressures	2,923		
Remaining Gap	2,715		
Savings detailed proposals at March 2025	1,515		
Prescribing New Savings Plan to be Developed	1,200		
Savings to balance budget	2,715		

1 Expected funding is in excess of settlement 3% uplift on relevant budgets

Greater Glasgow and Clyde NHS Board

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Date: 6th March 2025
Our Ref: FMcE

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Dear Julie

2025/26 Indicative Financial Allocation to East 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 2025/26. An update to this letter formally confirming your final allocation for 2025/26 will be issued on behalf of the Board after the Board's financial plan has been approved at the April board meeting and when the Board's financial out-turn is confirmed along with further clarification on the totality and distribution of the pay awards and other funding allocations have been determined.

Annual uplift to NHSGGC

The Scottish Government's budget letter issued on 4th December 2024 states that "NHS Boards will receive a 3% uplift on baseline funding in 2025-26. This is to meet the expected costs of the 2025-26 pay deal in line with public sector pay policy with pay remaining fully funded and provides a 3% uplift for non-pay to support inflationary pressures. In addition to this, recurring funding has been included for 2024-25 pay deals as well as moving appropriate recurring funding into the baseline."

The HSCP Settlement

Baseline funding will be uplifted by the 3% as stated in the budget letter.

Additional funding with regards to the additional elements in relation to the 2023/24 pay award namely band 5-6 and the first 30 mins reduction in working week, is being provided. The impact of the band 5-6 evaluations is still unknown and when clarity has been provided on funding arrangements for these elements this will be communicated and allocated in due course.

Once the pay deal has been negotiated for 2025/26 and if additional funding is agreed this will be passed over to the HSCP if it is over and above the 3% that has already been included in the funding allocation.

An allocation has still to be provided for the 60% of the NI direct pay costs increase, once this allocation has been confirmed, the HSCP share will be included in the financial allocation for 2025/26.

The Board intends to pass over a recurring sustainability payment, this must be ringfenced and used to assist with the pressures arising due to only 60% of the National Insurance direct pay cost increase being funded by Scottish Government. These figures will be confirmed in due course.

An indicative allocation based on Month 9 figures is included in **Appendix 1**.

Set Aside Budget

This is initially based on the estimated set aside budget for 2024/25 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.

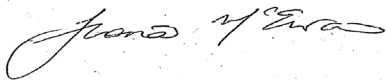
Recharges to HSCPs

The following items will continue to be charged to the HSCP during 2025/26:

- The HSCP's proportional share of the Apprenticeship Levy based on your HSCP's payroll cost;
- The HSCP's proportional share of the annual cost arising from the change in accounting treatment of pre 2010 pension costs as the non recurring funding generated from this change was used to provide non recurrent support to all service areas in 2016/17; and
- The HSCP's share of Office 365 costs based on the number of licences in use.

Meetings will be arranged before the end of the financial year to allow us to formalise the funding and processes that are required for 2025/26. In the meantime, this letter enables the HSCP to produce its financial plans for 2025/26.

Yours sincerely



Fiona McEwan

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

Appendix 1 – Financial Allocation 2025/26 (based on month 9 figures)

Spend Categories		East Renfrewshire HSCP
		£000s
Family Health Services		31,356
Fhs Income		(1,078)
Family Health Services Budget (Net)		30,278
Prescribing & Drugs		20,695
Non Pay Supplies		2,977
Pay		24,557
Outstanding Uploads		752
Other Non Pay & Savings		10,406
Other Income		(1,091)
Budget - HCH incl Prescribing		58,295
Total Rollover budget - NET		88,573
Budget Eligible for HCH & Prescribing uplift		58,295
<u>Uplifts</u>		
Scottish Government allocation 25.26	3.0%	1,749
Sustainability Funding tbc	0.0%	0
SG NI 60% funding tbc	0.0%	0
Total Uplift		1,749
Revised Budget		90,322
<u>Set Aside Budget</u>		
2024.25 Value (2023.24 final +5.5%)		31,868
2025/26 Set Aside Value		31,868

	NHS £000	ERC £000	Total £000
Funding Sources to the IJB			
Revenue Budget Contributions	91,496	78,412	169,908
Justice Grant Funded Expenditure		616	616
Justice Grant Income		(616)	(616)
Funding Outwith Revenue Contribution			
Housing Aids & Adaptations *		610	610
Set Aside Budget	31,868		31,868
Total Proposed IJB Resources	123,364	79,022	202,386
Directions to Partners			
Revenue Budget	91,496	78,412	169,908
Criminal Justice Grant Funded Expenditure		616	616
Criminal Justice Grant Income		(616)	(616)
Resource Transfer and other recharges	(13,496)	13,496	0
Carers Information Strategy	58	(58)	0
Sub Total Direct Revenue Budget	78,058	91,850	169,908
Housing Aids & Adaptations *		610	610
Set Aside Budget	31,868		31,868
Total Proposed IJB Resources	109,926	92,460	202,386

* excludes any capital spend