



<b>Meeting of East Renfrewshire Health and Social Care Partnership</b>	Integration Joint Board								
<b>Held on</b>	18 March 2020								
<b>Agenda Item</b>	6								
<b>Title</b>	Revenue Budget 2020/21								
<p><b>Summary</b></p> <p>To provide the Integration Joint Board (IJB) with a proposed 2020/21 Revenue Budget. The IJB is asked to note that the assumptions within this budget are subject to revision following any implications for Scotland from the United Kingdom budget expected to be agreed on 11 March 2020.</p>									
<b>Presented by</b>	Lesley Bairden, Head of Finance and Resources (Chief Financial Officer)								
<p><b>Action Required</b></p> <p>The Integration Joint Board is asked to:</p> <ul style="list-style-type: none"> <li>• Accept the budget contribution of £51.313 million for 2019/20 from East Renfrewshire Council</li> <li>• Accept the £0.606 million for Community Justice expenditure funded by grant via East Renfrewshire Council</li> <li>• Accept the delegated budget for aids and adaptations of £0.550 million</li> <li>• Accept the indicative budget contribution of £72.135 million from NHS Greater Glasgow and Clyde</li> <li>• Accept the indicative set aside budget contribution of £31.674 million from NHS Greater Glasgow and Clyde</li> <li>• Agree that directions are issued to East Renfrewshire Council and NHSGGC confirming the acceptance of the budget, caveated for amendment following the outcome of the UK budget announcement</li> </ul>									
<p><b>Implications checklist – check box if applicable and include detail in report</b></p> <table style="width: 100%; border: none;"> <tr> <td><input checked="" type="checkbox"/> Financial</td> <td><input type="checkbox"/> Policy</td> <td><input type="checkbox"/> Legal</td> <td><input type="checkbox"/> Equalities</td> </tr> <tr> <td><input checked="" type="checkbox"/> Risk</td> <td><input type="checkbox"/> Staffing</td> <td><input type="checkbox"/> Property/Capital</td> <td><input type="checkbox"/> IT</td> </tr> </table>		<input checked="" type="checkbox"/> Financial	<input type="checkbox"/> Policy	<input type="checkbox"/> Legal	<input type="checkbox"/> Equalities	<input checked="" type="checkbox"/> Risk	<input type="checkbox"/> Staffing	<input type="checkbox"/> Property/Capital	<input type="checkbox"/> IT
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# **EAST RENFREWSHIRE INTEGRATION JOINT BOARD**

**18 March 2020**

**Report by Lesley Bairden, Chief Financial Officer**

## **REVENUE BUDGET 2020/21 REPORT**

### **PURPOSE OF REPORT**

1. To provide the Integration Joint Board with a proposed revenue budget for 2020/21. The proposed budget and contributions from our partners are subject to revision following any implication for Scotland from the UK budget announced on 11 March. The directions to our partners will be caveated to reflect this.

### **RECOMMENDATIONS**

2. The Integration Joint Board is asked to:
  - Accept the budget contribution of £51.313 million for 2019/20 from East Renfrewshire Council
  - Accept the £0.606 million for Community Justice expenditure funded by grant via East Renfrewshire Council
  - Accept the delegated budget for aids and adaptations of £0.550 million
  - Accept the indicative budget contribution of £72.135 million from NHS Greater Glasgow and Clyde
  - Accept the indicative set aside budget contribution of £31.674 million from NHS Greater Glasgow and Clyde
  - Agree that directions are issued to East Renfrewshire Council and NHSGGC confirming the acceptance of the budget, caveated for amendment following the outcome of the UK budget announcement

### **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 provides an update on the latest information relating to the 2020/21 revenue budget and the implications to the IJB and sets out a proposed budget for 2020/21.
4. The Scottish Government has set its budget in advance of the UK budget, expected to be published on 11 March 2020. This means that the budget proposal below may require amendment to reflect any impact on the IJB.
5. The Scottish Government Budget settlement is for one year only and it is expected that from 2021/22 multi-year budget settlements will commence. This will improve certainty for future financial planning. In the meantime, the Medium-Term Financial Plan for the IJB will be revised in April 2020 following the UK budget announcement and the IJB consideration of the proposed 2020/21 budget.

## REPORT

6. The Scottish Government draft spending and tax plans announcement was delivered on 6 February 2020 and set out the draft budget for financial year 2020/21. The main messages for the IJB from the announcement were:
- £100 million nationally transferred from the Health portfolio to Local Authority for in-year investment in health and social care and mental health services that are delegated to IJBs.
  - The £100 million should be additional and not substitutional to each Council's 2019/20 recurring budget.
  - In 2020/21 NHS payments to the IJB must deliver an uplift of at least 3% over the 2019/20 recurring budget.

7. The £100 million to support integration is for:

	National £m	Local £m
Contribution to continued delivery of the Living Wage	25.00	0.42
Uprating of free personal and nursing care	2.20	0.08
Implementation of the Carers Act	11.60	0.19
Further Support for School Counselling	4.00	0.10
Investment in integration	57.20	0.94
Total	100.00	1.73

8. With the exception of School Counselling which has only recently transferred to the HSCP budget the demographic and cost pressures in our budget estimates included assumptions covering Living Wage, free personal and nursing care and carers costs.
9. The letters of 6 February 2020 appended to this report include the supporting detail of the draft budget announcement:
- Appendix 1A: from the Minister for Public Finance and Digital Economy sets out the details of the local government finance settlement for 2020/21.
  - Appendix 1B: from the Interim Director of Health Finance and Governance sets out the details of the 2020/21 indicative budget allocation for Health Boards.
10. The Cabinet Secretary for Finance subsequently wrote to the Leaders of all Scottish local authorities on 27 February 2020 confirming a further £95 million to council revenue core funding.
11. A further letter was issued from the Scottish Government on 28 February 2020, jointly from the Directorates for Health Finance and Governance & Community Health and Social Care, which included the following key messages:
- 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.
  - 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.

12. This letter (included at Appendix 1C) has significant impact for IJBs and the detail is being worked through nationally.
13. The East Renfrewshire Council budget was agreed on 27 February 2020 and recognised the additionality of the £100 million per the draft budget announced. However, the council budget may still be subject to some variation as a result of the final confirmation of the terms of the Scottish and UK budgets.
14. The proposed budget offer to the IJB for consideration in this report is compliant with the settlement conditions set out above. A summary of this position is included at Appendix 2 and Appendix 3 confirms compliance. You will note that there is a minor difference of £3k as a result of planning assumptions on our share of the £100 million prior to confirmation.
15. The East Renfrewshire Council proposed contribution is £51.313 million with a further £0.606 million expenditure funded from Criminal Justice Grant; this funding is passed through the council.
16. The Aids and Adaptations budget is included as c£0.550 million and is also subject to any final adjustments from the UK budget settlement.
17. The contribution from NHSGGC (shown at Appendix 4) reflects the indicative budget offer letter from the Health Board. This includes the minimum 3% uplift on the relevant elements of the budget. Again, this is subject to revision following the final Scottish and UK budget and approval by the Health Board on 21 April.
18. The set aside budget offer is indicative and remains a notional budget at this stage. This has been restated reflecting current activity and includes a 3% uplift. An Unscheduled Care Commissioning Plan has been developed across NHSGGC HSCPs and will be brought to each IJB. This sets out the first steps in developing strategic plans for unscheduled care.
19. This means the minimum revenue budget contributions for our day to day operational activity, excluding set aside and housing aids and adaptations should be:

2020/21 Expected Revenue Budget Contribution	£'000
ERC Minimum Contribution (Appendix 2)	51,313
ERC Grant Funded Criminal Justice (Appendix 2)	606
NHSGGC Expected Contribution (Appendix 4)	72,135
Total	124,054

20. For every 1% change in contribution the impact would be £0.513 million ERC and £0.721 million NHSGGC.

21. Within each partner contribution there are a number of cost pressures, as detailed in the supporting appendices. The table below sets out a summary of the cost pressures, identifies the funding available to meet these pressures and the savings challenge to close funding gaps.

	ERC £'000	NHS £'000	TOTAL £'000
<b>1. Cost Pressures:</b>			
Pay Award and Incremental Increases	1,267	702	1,969
Inflation, Contracts and Living Wage	1,521	389	1,910
Demographic and Demand Pressures	1,120		1,120
Prescribing based on a 4% pressure		639	639
Investment in Integration – School Counselling	97		97
2019/20 Legacy Savings (projects and community rationalisation)	<b>330</b>		<b>330</b>
<b>Total Pressures</b>	<b>4,335</b>	<b>1,730</b>	<b>6,065</b>
<b>2. Funding available towards cost pressures</b>			
	<b>2,191</b>	<b>1,442</b>	<b>3,633</b>
<b>3. Unfunded Cost Pressures</b>			
	<b>2,144</b>	<b>288</b>	<b>2,432</b>
<b>4. Proposals to Close Funding Gap:</b>			
Learning Disability Bed Model Framework		100	100
Freeze uplift on non-pay – manage through efficiency / moratorium and review property	120	28	148
Fund Prescribing up to 3% per uplift and manage risk through contingency supported by investment in technician		160	160
Revise adult demographic on current care package costs	100		100
Increase income from interim funding and inflation increases	100		100
Inflation adjustment expected	160		160
<b>Total of Identified Savings</b>	<b>480</b>	<b>288</b>	<b>768</b>
Remaining Funding Gap – will need to be met from care packages: revise individual budget calculator to reflect prioritisation based on national criteria.	1,664		1,664
<b>Total All Savings Proposed</b>	<b>2,144</b>	<b>288</b>	<b>2,432</b>
<b>Savings as a % of Partner Contribution</b>	<b>4.2%</b>	<b>0.4%</b>	

22. The pay and inflation cost pressures include:
- The 2020/21 expected cost for the Care at Home staff regrading and the ongoing increment pressure resulting from Health Visitors regrading.
  - Provision has been included for the National Care Home Contract with the annual inflation still to be confirmed, however an assumption is now included for a reduction on the original planning amount based on current intelligence.
  - The Scottish Living Wage increases from £9.00 to £9.30 per hour. The cost is in excess of the contribution included in the budget settlement, however given the current constraints on the local provider market and recruitment challenges we will fund this. The options under consideration are £0.30 pence per hour plus on costs or a % increase to the total hourly rate for providers.
  - Provision is also included for the impact of moving to a new framework for Care at Home (July) and Care and Support (October) during 2020/21.
23. The demographic and demand pressures recognise the impact of our increasing population and older people. This pressure results from both residential and care at home demand – although we should see care at home costs begin to stabilise as the action plan progresses. The demographic pressures also include costs for young adults transitioning from children services to adult care. There is also provision for continuing care recognising our corporate parenting responsibility for our looked after young people.

24. The current prescribing cost pressure is estimated at a 4% increase on current costs; however, as we have an increase of 3% to this budget, I propose that we increase by 3% and manage any risk through the contingency reserve we hold. Every 1% change in cost equates to £0.160 million and we hold £0.222 million in reserve. Clearly there is a degree of risk in this approach and, supported by local and GGC professionals we need to increase the frequency and depth of prescribing financial monitoring and reporting to ensure frequent and robust review.
25. The school counselling budget recently transferred to the HSCP remit and this funding is fully committed, supported by a detailed implementation plan.
26. The 2019/20 savings included a reduction in project funding of £0.5 million and we have achieved £0.270 million of this on a recurring basis. This saving included a review of all former Integrated Care Fund and Delayed Discharge activity; previously treated as a separate funding stream but will be subsumed to the core budget in 2020/21. There is currently £0.5 million deferred income on the IJB balance sheet for this funding stream that will be transferred to the budget saving reserve. It is not possible to realise the £0.230 million balance from within project activity, so this has been added to the 2020/21 pressures. Similarly, a saving of £0.1 million from reviewing community activity to rationalise has been reconsidered; given our move to prioritise care packages and only support those with greatest need our community assets are all the more important.
27. The savings proposals identified of £0.768 million, prior to the review of care packages, can be achieved from the beginning of the year.
28. The £1.664 million balance of savings required will have to come from care package costs as we have been signalling for some time and as set out in our Medium-Term Financial Plan (MTFP). To achieve this, we will have to revise our individual budget calculator to reflect a prioritisation approach where we can only support those most in need, this will be supported by a policy based on the national eligibility criteria. This saving will take some time to deliver and will need to be bridged by our remaining reserves; with expected year-end balances of budget savings £0.8 million (including the £0.5 million to be added) and £0.250 million in year contingency.
29. This will give us just over £1m and if necessary, we may have to unhypothecate remaining earmarked reserves and utilise our general reserve of £0.272 million.
30. The IJB will recall the decision to defer the introduction of a contribution from individuals as part of the budget calculator to ensure equitable treatment and allow time for all care packages to be reviewed. Given the review delays due to resource constraints and the requirement to revise the calculator the IJB is asked to defer the introduction of the contribution (previously estimated c£0.2 million, before further savings applied) during 2020/21.
31. The cost pressures set out above, of just over £6 million is broadly in line with the MTFP published last March and the required savings of £2.432 million falls within the range of a poor settlement in the plan.
32. The MTFP will be revised in April following consideration of this budget proposal by the IJB and taking into account any amendments as a result of the UK budget.
33. In addition to the pressures set out above there is a likely significant cost of observations within Learning Disability in-patients that will be met from the earmarked reserve supporting the bed redesign; a full year cost could be c£0.5 million.

34. The impacts of Brexit and the evolving Covid 19 virus situation may impact on service delivery, costs and population demand for service. There is a caveat to the budget that these cannot be specifically quantified or forecast and are out with normal business expectations.
35. With the caveats around the UK budget, Brexit and Covid 19, it is the view of the Chief Financial Officer that the proposed 2020/21 budget is deliverable. However, this will be extremely challenging and will leave us with little in reserve for unforeseen circumstance or forward investment opportunity to develop our next strategic plan.
36. 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.
37. In addition to the proposed revenue budget contributions above we will utilise year 3 (plus any carry forward) of the Primary Care Improvement Fund (£1.7 million) and Mental Health Action 15 funding, per our submitted spending plans (£0.4 million)

## **CONSULTATION AND PARTNERSHIP WORKING**

38. 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

39. The proposed 2020/21 budget, subject to the caveats around the finalisation of the Scottish and UK budget is set out in this report.

### Risk

40. The risk to the IJB remains delivering a sustainable budget in 2020/21 and beyond. The IJB will deplete reserves and not comply with our policy on reserves. We may not meet our population demand for services.
41. There is an unquantifiable risk of cost and service impact from Brexit and Covid 19.
42. There is a potential cost pressure within the Learning Disability In-Patient Service from significant observation resource requirements.

### Staffing

43. The proposed 2020/21 budget includes funding for staff pay award, meets the ongoing cost of the Health Visitor regrading meets the cost of Care at Home staff regrading and provides funding for care providers to meet the increase in the Scottish Living Wage.
44. The proposed budget also allows for increased capacity within Care at Home.
45. The savings proposals include a saving target of £0.250 million to be achieved from the implementation of a digital programme including continued review of the workforce, brought forward from 2019/20. The savings from phases 1 and 2 of the Fit for the Future structure review are achieved in full.



## Equalities

46. The equalities issue relating to individual budget contributions is included. Any other equalities issues will be addressed through implementation of savings and investment programmes.

## Directions

47. The directions to our partners will be issued upon agreement of the 2020/21 budget, subject to the caveats discussed in this report.

## **CONCLUSIONS**

48. The 2020/21 proposed budget will allow the IJB to set a budget that is balanced and deliverable, subject to achieving all savings on a recurring basis by March 2021. The Medium-Term Financial Plan for the HSCP sets out the cost pressures and challenges for future years and will be revised in April, following any amendments as a result of the UK budget.
49. The report recognises the need to continue to engage with our partners for future financial planning and that an agreed mechanism to agree and operate the set aside budget for 2020/21 is required.

## **RECOMMENDATIONS**

50. The Integration Joint Board is asked to:
  - Accept the budget contribution of £51.313 million for 2019/20 from East Renfrewshire Council
  - Accept the £0.606 million for Community Justice expenditure funded by grant via East Renfrewshire Council
  - Accept the delegated budget for aids and adaptations of £0.550 million
  - Accept the indicative budget contribution of £72.135 million from NHS Greater Glasgow and Clyde
  - Accept the indicative set aside budget contribution of £31.674 million from NHS Greater Glasgow and Clyde
  - Agree that directions are issued to East Renfrewshire Council and NHSGGC confirming the acceptance of the budget, caveated for amendment following the outcome of the UK budget announcement

## **REPORT AUTHOR**

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8 March 2020

Chief Officer, IJB: Julie Murray

## **BACKGROUND PAPERS**

IJB 28.11.2018 - Item 12: Revenue Budget 2019/20 Update

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Dhìdseatach  
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Councillor Alison Evison  
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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);
- Baselining 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



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Chief Executives, NHS Scotland

Copy to: NHS Chairs  
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
<b>TOTAL</b>	<b>340</b>	<b>461</b>	<b>121</b>

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

NHS Territorial Boards	Total 2019-20	Uplift £m	Uplift %	2020-21 Total
	Allocation £m			allocation £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
	<b>10,086.2</b>	<b>319.7</b>	<b>3.2%</b>	<b>10,405.9</b>
<b>NHS National Boards</b>				
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
	<b>1,270.7</b>	<b>39.8</b>	<b>3.1%</b>	<b>1,312.1</b>
<b>Total NHS Boards</b>	<b>11,357.0</b>	<b>359.5</b>	<b>3.2%</b>	<b>11,718.0</b>
<b>Improving Patient Outcomes</b>	<b>340.0</b>	<b>121.0</b>	<b>-</b>	<b>461.0</b>
<b>Total Frontline NHS Boards***</b>	<b>10,861.9</b>	<b>453.8</b>	<b>4.2%</b>	<b>11,315.7</b>

\* 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.

Directorate for Health Finance and Governance  
Richard McCallum, Interim Director



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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



**ELINOR MITCHELL**

Director of Community Health and Social Care



## 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
<b>SCOTLAND</b>	<b>96.00</b>
<b>School Counselling (to Education)</b>	<b>4.00</b>
<b>Total</b>	<b>100.00</b>

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## EAST RENFREWSIRE COUNCIL : PROPOSED BUDGET CONTRIBUTION 2020/21

	ERC £,000	CJ Grant £,000	Total £,000
<b>2019/20 Approved Budget</b>	48,789		48,789
Adjustments: after ERC budget agreement			
Free Personal Care	8		8
Carers Act	481		481
School Counselling	311		311
Criminal Justice Grant Funded		561	561
<b>Restated 2019/20 Base Budget</b>	<b>49,589</b>	<b>561</b>	<b>50,150</b>
<b>Cost Pressures 2020/21</b>			
<b>Pay Award and Increments</b>	799	**	799
<b>Inflationary Adjustments</b>		**	
Utilities, Transport and Fuel	18		18
National Care Home Contract / Free Personal Care / Living Wage / Contracts	1,457		1,457
Fostering and Kinship	46		46
<b>Demographic Pressures</b>			
Increase in Demand for Services - Older People	688		688
Increase in Demand for Services - Adults	100		100
Increase in Client Assessed Need - Transitions to Adulthood	252		252
Increase in Demand - Assessment & Care Management Capacity	39		39
Corporate Parenting - Continuing Care	41		41
<b>Investment in Integration Funding - £100m Nationally</b>			
Investment in Integration - School Counselling - share of £4m	97		97
Investment in Integration - Adults - share of £96m	1,630		1,630
<b>Other Adjustments</b>			
Care at Home Sustainability - Workforce Regrading	315		315
Historic Abuse Inquiry - Capacity	130		130
Adjustments to central support charges	23		23
Criminal Justice Grant Funded Expenditure (** will meet pay and inflation costs)		45	45
<b>Additional Expenditure</b>	<b>5,635</b>	<b>45</b>	<b>5,680</b>
<b>Total Spending Requirement for 2019/20</b>	<b>55,224</b>	<b>606</b>	<b>55,830</b>
<b>1 Savings target in ERC proposed contribution</b>	<b>(4,122)</b>		<b>(4,122)</b>
Compliance Adjustment	211		211
<b>ERC Proposed Revenue Contribution to IJB 2020/21</b>	<b>51,313</b>		<b>51,313</b>
<b>Criminal Justice Service Grant Funded Expenditure</b>		<b>606</b>	<b>606</b>
<b>Total Budget agreed by ERC on 27 February 2020</b>			<b>51,919</b>
<b>1 Original Savings Proposed as part of ERC budget 2018-2021</b>	<b>(3,429)</b>		
In year increases proposed as part of ERC planning	(248)		
Additional proposed to meet further cost pressures for 2020/21	(445)		
Savings included prior to budget announcement on 6 February	(4,122)		

**Appendix 3**

**COMPLIANCE CHECK TO BUDGET SETTLEMENT - ERC CONTRIBUTION**

Based on ERC Budget set on 27 February 2020	£,000
Recurring 2019/20 Budget	49,589
1 Add: Investment in Integration Funding - Adults	1,630
Add: Investment in Integration Funding - School Counselling	97
<b>Minimum Contribution per Settlement (1) Conditions</b>	<b><u>51,316</u></b>

ERC Agreed Budget Contribution to IJB 27 February 2020 51,313

- 1 The minor difference relates to planning assumptions on East Renfrewshire's share of the £100m  
At the point of ERC setting its budget this was assumed at £1.627m for adults, subsequently confirmed at £1.630m.



## NHS GREATER GLASGOW &amp; CLYDE - PROPOSED BUDGET CONTRIBUTION 2020/21

	£'000	Eligible to Uplift £'000	Expected Uplift 3.00% £'000
<b>2019/20 Opening Recurring Budget</b>			
Pay	17,787	17,787	533
Non Pay	3,853	3,853	116
Prescribing	15,984	15,984	480
Resource Transfer	11,679	11,679	350
Family Health Services	24,098		0
Recurring Expenditure	<u>73,401</u>	<u>49,303</u>	<u>1,478</u>
		0	
Family Health Services Income	(1,512)		0
Other Income	(1,196)	(1,196)	(36)
<b>2020/21 Recurring Base Budget</b>	<b><u>70,693</u></b>	<b><u>48,107</u></b>	<b><u>1,442</u></b>
<b>Add: Expected Inflation Uplift</b>	<b>1,442</b>	<b>70,693</b>	
<b>Expected 2020/21 Budget Offer excluding Set Aside</b>	<b><u>72,135</u></b>	72,135	
<b>Cost Pressures</b>		% Pressure	
Pay Award	662	3.9%	
Prescribing	639	4.0%	
Non Pay	39	1.0%	
Resource Transfer	350	3.0%	
Health Visitor Regrade	40		
Learning Disability In Patient Observations (potential significant cost - variable)			
Total Cost Pressures	<u>1,730</u>		
Expected Uplift	1,442		
Funding Gap	<b><u>288</u></b>		

	NHS £000	ERC £000	IJB £000	Total £000
Funding Sources to the IJB				
1 Original Revenue Budget Contributions	72,135	51,313		123,448
Criminal Justice Grant Funded Expenditure		606		606
Funding Outwith Revenue Contribution				
1 Housing Aids & Adaptations *		550		550
Set Aside Budget	30,751			30,751
Total IJB Resources	<u>102,886</u>	<u>52,469</u>	-	<u>155,355</u>
Directions to Partners				
Revenue Budget	72,135	51,313	-	123,448
Criminal Justice Grant Funded Expenditure		606		606
Resource Transfer	10,900	(10,900)		0
Carers Information	58	(58)		0
	<u>83,093</u>	<u>40,961</u>	-	<u>124,054</u>
Housing Aids & Adaptations *				
Set Aside Budget	30,751	550		550
	<u>113,844</u>	<u>41,511</u>	-	<u>155,355</u>

\* includes capital spend

1 Subject to final budget confirmation following UK budget and associated partner approval