



Meeting of East Renfrewshire Health and Social Care Partnership	Integration Joint Board
Held on	17 March 2021
Agenda Item	5
Title	Revenue Budget 2021/22
<p>Summary</p> <p>To provide the Integration Joint Board (IJB) with a proposed 2021/22 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 £53.705 million from East Renfrewshire Council • Accept the £0.614 million for Community Justice expenditure funded by grant via East Renfrewshire Council • Accept the delegated budget for aids and adaptations of £0.400 million • Accept the budget contribution of £73.504 million from NHS Greater Glasgow and Clyde • Accept the opening set aside budget contribution of £32.642 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 Living Wage uplift to our partner providers at 2.2% on the total hourly rate thus allowing for other cost increases 	
<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 type="checkbox"/> Workforce <input type="checkbox"/> Infrastructure</p> <p><input type="checkbox"/> Equalities <input type="checkbox"/> Fairer Scotland Duty</p>

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EAST RENFREWSHIRE INTEGRATION JOINT BOARD

17 March 2021

Report by Lesley Bairden, Chief Financial Officer

REVENUE BUDGET 2021/22 REPORT

PURPOSE OF REPORT

1. To provide the Integration Joint Board with a proposed revenue budget for 2021/22.

RECOMMENDATIONS

2. The Integration Joint Board is asked to:
 - Accept the budget contribution of £53.705 million from East Renfrewshire Council
 - Accept the £0.614 million for Community Justice expenditure funded by grant via East Renfrewshire Council
 - Accept the delegated budget for aids and adaptations of £0.400 million
 - Accept the budget contribution of £73.504 million from NHS Greater Glasgow and Clyde
 - Accept the opening set aside budget contribution of £32.642 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 Living Wage uplift to our partner providers at 2.2% on the total hourly rate thus allowing for other cost increases

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 2021/22 revenue budget and the implications to the IJB and sets out a proposed budget for 2021/22 in line with information presented at the IJB budget seminar on 5 March 2021.
4. The Scottish Government confirmed its budget on 9 March 2021. East Renfrewshire Council considers its budget, including the proposed contribution to the IJB on 15 March 2021. NHSGGC has confirmed the opening budget contribution based on the 1.5% uplift the board received in line with the Scottish Government budget and the confirmation letter is included at Appendix 4b.
5. The context for setting this budget is unique, possibly as far from a “normal” year as we have ever been. The baseline for activity and demand that we would normally work to is significantly different and we need to continue working to shape our services on our post Covid recovery; recognising we are not there yet and still have many unknowns to face.
6. We will need to adopt an evolutionary approach to financial planning and service delivery during 2021/22 and to support this we will need to move away from longer term planning to short term, scenario plans informed by our recovery and emerging issues, allowing for some capacity to adapt and react to an ever changing environment. A flexible transformation programme will be pivotal to provide a framework and governance structure to allow us to work through this in a controlled and informed manner.

7. Our workforce is an incredible asset and have clearly demonstrated not only their commitment but also their ability to flex and adapt to new ways of working with minimal notice. We will continue to build on the lessons learned through the pandemic and from our earlier recovery work.
8. The Scottish Government Budget settlement is for one year only and it is expected that from 2022/23 there will be a return to multi-year budget settlements. This will improve certainty for future financial planning. In the meantime, the Medium-Term Financial Plan will be revised and presented to the IJB in May 2021 and will focus on the short to medium term. This will be regularly revised and reported to the IJB throughout the year.
9. The recommendations made in the National Review of Adult Social Care may have further significant impact on our service delivery and financial position should this progress.

REPORT

10. The Scottish Government draft budget was announced on 25 January 2021 and the main headline relating to the IJB was the transfer of £72.6 million from the Health portfolio to Local Authority to support:

	National £m	Local £m
Living Wage uplift £9.30 to £9.50	34.0	0.566
Up-rating of free personal and nursing care by 7.5%	10.1	0.354
Implementation of the Carers Act	28.5	0.474
Total	72.6	1.394

11. The budget preparation work with our partners had assumed cost increases for each of these elements so there was no “gain” or opportunity for investment.
12. The budget announcement letters included at Appendices 1a and 1b refer to the compliance criteria relating to the £72.6m in that; “The funding allocated to Integration Authorities should be additional and not substitutional to each Council’s 2020-21 recurring budgets for adult social care services that are delegated. This means that, when taken together, Local Authority adult social care budgets for allocation to Integration Authorities must be £72.6 million greater than 2020-21 recurring budgets.”
13. The compliance check included at Appendix 3 shows that the East Renfrewshire Council proposed contribution to the IJB of £53.705 million is in excess of the minimum requirement. In addition a further £0.614 million expenditure is funded from the Criminal Justice Grant funding from the Scottish Government, passed through the council.
14. The proposed East Renfrewshire Council budget will be discussed on 15 March 2021 and the budget offer is summarised at Appendix 2. This budget offer recognises cost pressures relating to pay, inflation and demographic demand (albeit this was difficult to estimate on 2020/21 activity). The cost pressures also make allowance for increased costs relating to our purchased care reaching the end of the current contractual frameworks, with transition to Scotland Excel national frameworks for Care and Support from July 2021. As well as recognising cost pressures the offer also includes a new savings challenge of £1.794 million.

15. The Living Wage rate per hour moves to £9.50 from £9.30; a 2.2% increase. Last year the IJB opted to increase the total hourly rate for providers by the equivalent rate (3.3% for 2020/21) prior to the Scottish Government mandating this for 2020/21. The Living Wage funding element included within the £72.6 million is to fund the 2020/21 costs on a recurring basis and contribute to 2021/22.
16. For 2021/22 we have a unique set of circumstances as the current rate for those providers moving to the Scotland Excel framework in July will change (to the rate determined by the national contract) and for those off framework providers we need to agree a proposed uplift for the year or until the point transition to the national frameworks during the year.
17. There are three options available to the IJB:
 - Add £0.20 per hour plus oncosts to each provider hourly rate. This is the bare minimum and does not allow for any other differentials or non-pay inflation.
 - Add 1.8% to the headline hourly rate. The rationale for 1.8% is this is 80% of 2.2% and broadly reflects the pay / non pay split of provider costs. This allows for Living Wage to be funded and increases all other elements of the hourly costs.
 - Add 2.2% to the headline rate which increases all pay and non-pay by 2.2%. It is not yet clear if the Scottish Government will mandate this for 2021/22.
18. We are not in a position to give an exact analysis of the Living Wage implications as the implications for the move to the national framework are still being worked through. To allow the IJB to make an informed decision the full year impact of the 1.8% is currently modelled to cost £0.427 million and the 2.2% option would cost £0.534 million. The 2.2% cost exceeds the funding contribution from the Scottish Government when taking into account that 2020/21 was non-recurring.
19. The IJB is asked to agree the 2.2% increase to the headline hourly rates in recognition of the partnership working with our care providers to support the people within East Renfrewshire.
20. The Scottish Government have recently confirmed that sustainability support to our partner providers will be extended to the end of June 2021.
21. The £72.6 million includes £28.5 million for continued implementation of the Carers Act and as discussed at our budget seminar the HSCP spend relating to carers in the current year is just over £1 million which, although this is lower than previous years given the pandemic, is already in excess of the current and new funding totalling £0.9 million to support this activity. The current spend does not include associated support costs such as assessment and care planning.
22. The uprating of Free Personal Care and Free Personal and Nursing Care at 7.5% is higher than had been modelled. The ultimate pressure from this will be determined once we have clarity on some areas yet to be confirmed including; the National Care Home Contract uplift, pay award, cost of Living Wage and the impact of transition to the Scotland Excel national frameworks.
23. The Aids and Adaptations budget is included as £0.400 million and is also subject to ERC budget approval. This comprises two key areas; Care and Repair £0.155 million and Adaptations £0.245 million. This excludes any housing related capital spend.
24. The activity and financial reporting for this is an area we intend to develop in 2021/22 and this also needs to tie in to closer working with ERC Housing colleagues as we move forward.

25. The contribution from NHSGGC (shown at Appendix 4a) reflects the indicative budget offer letter from the Health Board. This includes the minimum 1.5% uplift on the relevant elements of the budget and the offer is confirmed in a letter from NHSGGC included at Appendix 4b.
26. The IJB will note the NHSGGC contribution offer is net of a £39k deduction as an agreed contribution towards the funding for the West of Scotland Sexual Assault and Rape Service.
27. The set aside budget offer is also included and reflects the latest activity at £32.642 million, inclusive of the 1.5% uplift. The unscheduled care work to support the implementation of a mechanism for the set aside budget was delayed by the pandemic. We expect this will resume in 2021/22.
28. In summary the proposed budget contributions to the IJB are:

	Opening Budget £m	Uplifts & Other Increases £m	Savings & Other Deductions £m	Proposed Budget £m	Net Change £m
NHSGGC Revenue	72.813	0.730	(0.039)	73.504	0.691
NHSGGC Set Aside	32.160	0.482	0	32.642	0.482
ERC Revenue	51.313	4.186	(1.794)	53.705	2.392
ERC Aids & Adaptations	0.400	0	0	0.400	0

Note: Criminal Justice grant funded at £0.614m is an increase of £0.008m.

29. In addition to the new savings target included above we also have legacy savings we will bring forward from 2020/21 of £2.394 million. Our total savings challenge in 2020/21 was £2.522 million and we achieved the required savings against our NHSGGC contribution of £0.128 million. To recap on the agreed savings from 12 months ago:

Approved Saving	£m
Adult Care packages – reviews	0.100
Interim Income – based on nursing & residential activity in prior period	0.100
Inflation revision - potential gain from assumptions	0.160
Discretionary Spend Moratorium	0.120
Digital Efficiencies	0.250
Individual Budget Calculator – criteria and contribution	1.664
Total	2.394

30. The 2020/21 budget was agreed at the very start of the pandemic and the events over the last year meant we did not have capacity to progress these savings. This has been recognised in our Covid-19 funding from the Scottish Government through our mobilisation plans and we have received 100% support for the unachieved saving during 2020/21.
31. The IJB will also recall when setting the budget for 2020/21 we recognised we would not have plans in place from 1 April 2020 to deliver a full year effect of the savings and we would utilise our budget savings reserve to phase in the saving throughout the year; in line with our agreed strategy; determined by our approach to achieving the not insignificant savings in previous years.

32. That strategy still stands, albeit deferred for one year however other events have clearly overtaken us; the Covid-19 pandemic, the impact of further significant new savings and the implications that may result from the recommendations within the National Review of Adult Social Care that could effectively handcuff our previous approach to review criteria and implement a non-residential individual contribution.
33. Taking into account the cumulative savings challenge the table below sets out a summary of our cost pressures, as detailed in the supporting appendices, the funding available to meet these pressures and the savings challenge to close the funding gap.

Revenue Budget	ERC £'000	NHS £'000	TOTAL £'000
1. Cost Pressures:			
Pay Award and Incremental Increases	1,021	307	1,328
Inflation, Contracts and Living Wage	2,304	239	2,543
Demographic and Demand Pressures	803	100	903
Prescribing based on a 1.5% pressure only		237	237
Other	58		58
2021/22 New Savings	1,794		1,794
2020/21 Legacy Savings	2,394		2,394
Total Pressures	8,374	883	9,257
2. Funding available towards cost pressures			
	4,186	691	4,877
3. Unfunded Cost Pressures			
	4,188	192	4,380
4. Proposals to Close Funding Gap:			
Learning Disability Bed Model Framework		100	100
Freeze uplift on non-pay – manage through efficiency	150	61	211
Property Savings – lease and other	120		120
Travel and other running costs	60	31	91
Budget Saving – phasing in of reserves			
In year Pressures			
Total of Identified Savings	330	192	522
5. Remaining Recurring Funding Gap			
This will need to be met from Transformation Programme and potentially still consider care packages: revise individual budget calculator to reflect prioritisation based on national criteria. Mitigate in part on a non-recurring basis through reserves.	3,858	0	3,858
Application of Budget Phasing and in Year Pressure Reserves (balances expected as at January 2021)	1,419	0	1,419
In year Gap to Fund (subject to any further Covid-19 funding)	2,439	0	2,439

34. The pay and inflation cost pressures shown above include:
- Pay increases and the ongoing increment pressure resulting from Health Visitors regrading that the IJB previously committed to fund.
 - Allowance is included for the National Care Home Contract; the uplift is yet to be confirmed.
 - The Scottish Living Wage increases from £9.30 to £9.50 per hour.
 - Assumption for the impact of moving to the Scotland Excel framework for Care at Home and Care and Support during 2021/22.

35. The demographic and demand pressures recognise the impact of our increasing population and older people, including carers. This pressure historically results from both residential and care at home demand, although the 2020/21 activity clearly does not fit with prior trends. 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.
36. The post Covid-19 impact on the health and wellbeing of our population is still unclear and we will closely monitor the allocation of the provision we have identified for demographic pressures not only to determine the application but also the sufficiency.
37. The current prescribing cost pressure of £237k is included at 1.5% only i.e. funded to the same level of uplift received. An estimated 4% increase on current costs would require further funding of £395k and as reflected in our revenue monitoring we have assumed the 2020/21 underspend from reduced volumes is added to our existing reserve to allow the costs to be managed over 2021/22. Based on the January 2021 monitoring we are assuming this reserve will be c£422k.
38. In addition to the reserves referred to above we may also need to un-hypothecate other earmarked reserves and utilise our general reserve of £0.272 million to help get us through 2021/22. We would of course be in breach of our reserves policy and whilst financial sustainability has been raised by Audit Scotland in prior year audits this will clearly take us to different territory in 2021/22 and this will be reflected in our 2020/21 annual report and accounts.
39. We may receive additional Covid-19 funding during 2021/22 to support ongoing activity and if so it is hoped that this will extend to unachieved savings; on the same basis as 2020/21 we do not have the immediate capacity to work on this.
40. In the event we are unable to deliver the full savings required during the year through a combination of recurring and non-recurring actions or be in a position where we are unlikely to have full year effect savings in place by 31 March 2022 we may need to invoke the financial recovery process included within our Integration Scheme.
41. In addition to the pressures set out above it is likely we will see continued observation and staffing ratio pressures within the Learning Disability Hosted Service, however as this relates to individual specific circumstances it is difficult to predict and will continue to be managed within the service and the redesign reserve.
42. We will not deliver this magnitude of savings by “doing more of the same” and as discussed at our recent budget seminar we need to look at a radical transformation programme; with an overview included at Appendix 6. If we are to successfully deliver such a significant programme we may need to realign resources to support this.
43. It is proposed that a detailed Transformation Programme will be presented to the IJB at our May meeting when it is hoped there may be clarity on policy decisions following the Scottish Parliament election. Thereafter detailed financial and activity monitoring will be reported to each meeting of the IJB. This programme will build on lessons learned during the pandemic as well as our earlier steps towards recovery. The programme will need to align to, inform and be informed by our strategic plan as well as ensuring fit with system wide work.
44. There is little doubt that the proposed 2021/22 budget will be incredibly challenging to deliver and will leave us with little, if anything, in reserve for unforeseen circumstances or forward investment opportunity to develop our next strategic plan. However we do

not know what the implications will be following the national election in May 2021 for the recommendations made in the National Review of Adult Social Care and given this recognises the need for investment there could possibly be future changes to our financial position.

45. 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.
46. In addition to the proposed revenue budget contributions above we will utilise the expected allocations for the Primary Care Improvement Fund (£2.4 million) and Mental Health Action 15 funding (£0.5 million) as well as any other funding initiatives that are announced during 2021/22.

CONSULTATION AND PARTNERSHIP WORKING

47. 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

48. The proposed 2021/22 budget, subject to the caveats on cost pressure areas yet to be agreed, is set out in this report.

Risk

49. The most significant risk to the IJB remains sustainability and delivering a balanced budget in 2021/22 and beyond. The IJB will most likely deplete reserves and this means we will be non-compliant with our policy on reserves. We may not meet our population's demand for services and may need to invoke the financial recovery process with our partners.
50. The post Covid-19 impact on our population and the impact on the demand for services and how these can be delivered is unclear. There may still be impact from Brexit. The implementation or otherwise of the National Review of Adult Social Care following the outcome of the Scottish Parliament elections in May 2021 is unknown.
51. We need to adequately resource our Transformation Programme if we are to achieve a successful plethora of changes and there is likely to be continued competing demand for fairly scarce resources, both internally within the HSCP and when trying to recruit to any vacancies.
52. There remains a cost pressure within the Learning Disability In-Patient Service from significant observation resource requirements.

Staffing

53. The proposed 2021/22 budget includes funding for staff pay award, allows for the ongoing cost of the Health Visitor regrading and provides funding for care providers to meet the increase in the Scottish Living Wage.

54. Whilst it is difficult to envisage staffing reductions in the current circumstances and given our previous top down structure review as part of the Fit for the Future programme we cannot rule out any staffing impact from redesign and / or efficiency. We will continue to work closely with our Trade Union colleagues should this be the case.

Equalities

55. We will complete full equalities impact assessments for all transformation work streams and savings proposals for the IJB to consider alongside proposals. This should ensure that no individual or groups are adversely impacted and that implementation of change is equitable.
56. There will need to be appropriate engagement and communication and we will need to be mindful of any “double hits” with potential for crossover within work streams or multiple impacts; this will require close scrutiny

Directions

57. The directions to our partners will be issued upon agreement of the 2021/22 budget, subject to the caveats discussed in this report.

CONCLUSIONS

58. The 2021/22 proposed budget will allow the IJB to set a budget that is balanced, but predicated on significant savings being achieved through transformation, application of non-recurring funding and possible changes to budget during the year resulting from any policy changes.
59. There is clearly risk associated with the 2021/22 financial position as it stands and the move to shorter term updates to our current and Medium-Term Financial Plan for the HSCP will allow the IJB to assess progress and to take risk based informed decisions throughout the year.
60. The report recognises the need to continue to engage with our partners for future financial planning and that an agreed mechanism to progress the set aside budget for 2021/22 is required.

RECOMMENDATIONS

61. The Integration Joint Board is asked to:
- Accept the budget contribution of £53.705 million from East Renfrewshire Council
 - Accept the £0.614 million for Community Justice expenditure funded by grant via East Renfrewshire Council
 - Accept the delegated budget for aids and adaptations of £0.400 million
 - Accept the budget contribution of £73.504 million from NHS Greater Glasgow and Clyde
 - Accept the opening set aside budget contribution of £32.642 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 Living Wage uplift to our partner providers at 2.2% on the total hourly rate thus allowing for other cost increases

REPORT AUTHOR

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9 March 2021

Chief Officer, IJB: Julie Murray

BACKGROUND PAPERS

IJB 17.03.2021 – Item 05. Revenue Budget Monitoring Report

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Ceit Fhoirbheis BPA
Cabinet Secretary for Finance
Kate Forbes MSP



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Councillor Alison Evison
COSLA President
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Copy to: The Leaders of all Scottish local authorities

28 January 2021

Dear Alison,

Today I set out the Scottish Government's proposed Budget, including tax and public sector pay policies for 2021-22 and introduced the associated Budget Bill to Parliament. Further to the announcement I write now to confirm the details of the local government finance settlement.

The intention is that details of the indicative allocations to individual local authorities for 2021-22 will be published on Monday 1 February in a Local Government Finance Circular which will begin the statutory consultation period on the settlement.

COVID-19 has taken a heavy toll on our society, communities and lives. While the local impacts have undoubtedly been severe in many areas, our communities have also shown an enduring resolve in a time of great crisis. I am indebted to local authorities in continuing to support their communities and to deliver vital public services and for the central role in administering financial support to our businesses under the most significant of pressures.

The physical and mental ill-health caused by COVID-19, together with the economic impacts, including loss of businesses and jobs, have in turn impacted people's standards of living and put many more on the cusp of financial insecurity, with the risks of poverty and homelessness that brings. There have been significant consequences for education and our communities have felt the economic impacts sharply in how we travel, live, work, and shop. Our Budget responds to those challenges.

The total non-COVID-19 revenue funding to be provided through the settlement for 2021-22 will be £11,003.4 million, which includes distributable non-domestic rates incomes of £2,631 million.

The Capital settlement has been set at £617 million.

The total funding which the Scottish Government will provide to local government in 2021 -22 through the settlement is therefore £11,620.4 million, and includes;

- £59 million revenue to support the final tranche of increased funding for the expansion in funded Early Learning and Childcare entitlement to 1,140 hours;
- In addition to the £100 million available in 2020-21, a further £72.6 million to be transferred from the health portfolio to the Local Authorities in-year for investment in adult 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 £883.6 million in 2021-22. The additional £72.6 million for local government includes a contribution to continued delivery of the real Living Wage (£34 million), uprating of free personal and nursing care payments (£10.1 million), continued implementation of the Carers Act in line with the Financial Memorandum of the Carers Bill (£28.5 million);
- 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;
- Continued provision in support of Teachers Pay (£156 million) and Pensions (£97 million);
- An increase of £7.7 million in the specific grant support for Inter-Island Ferries bringing the total to £19.2 million;
- £5.3 million for Barclay implementation costs; and
- The capital settlement includes an uplift in provision for flood risk schemes of £10 million.

In recognition of the unique pressures created by the pandemic the settlement also includes an additional £90 million available to compensate councils who choose to freeze their council tax at 2020-21 levels, helping to protect household incomes. This additional allocation provides compensation to support services and equates to an increase in council tax of around 3%.

Including the additional funding to compensate for a council tax freeze the revenue allocation delivers an increase for local government for 2021-22 compared to 2020-21 of £335.6 million or 3.1% to support services.

I can also confirm local government will be allocated a further £259 million of non-recurring COVID-19 funding for 2021-22. The distribution of this funding, which will be provided as general revenue grant, will be discussed and agreed with COSLA.

Local authorities will again, in return for this settlement, be expected to deliver further certain specific commitments.

This year, we will again work with local government to agree a small number of deliverable outcomes to help ensure Integration Authorities use total resources to focus on delivery of key areas for improvement, including: reducing delayed discharges; improving availability of, and access to, community-based health and social care services; and ensuring more people are

supported to stay at home. We will also wish to ensure that the social care workforce is supported and sustained during and following the challenges of the Covid pandemic. We will provide support and challenge by working with local government to agree a shared national and local approach to accountability for delivery, building upon existing shared mechanisms for routine reporting of expenditure, activity and outcomes across Scotland.

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2020-21 recurring budgets for adult social care services that are delegated. This means that, when taken together, Local Authority adult social care budgets for allocation to Integration Authorities must be £72.6 million greater than 2020-21 recurring budgets.

The Scottish Government, in partnership with local authorities, retains the ambition of empowering 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.

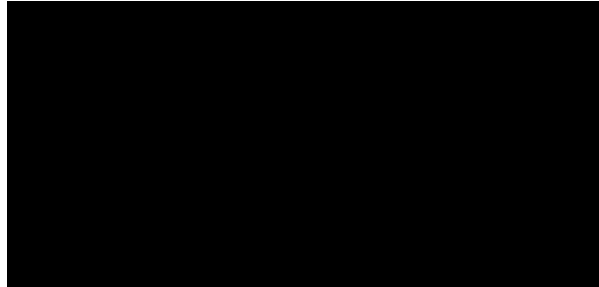
We will continue to invest in the Attainment Scotland Fund to deliver the Scottish Attainment Challenge. This will see each local authority area continue to benefit from over £120 million in Pupil Equity Funding (PEF), which will go directly to headteachers to provide additional support to help close the poverty-related attainment gap and overcome barriers to learning linked to poverty. This is in addition to the £62 million in Attainment Scotland Funding allocated to LAs outwith the local government finance settlement. This funding 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 most impacted by poverty.

On non-domestic rates, the Scottish Budget commits, within the fiscal limitations of the devolved settlement, to extending the 100% Retail, Hospitality and Leisure (RHL) and aviation relief for at least three months. We hope that this interim measure will provide a degree of certainty in the absence of any clarity from UK Government over both the future of their equivalent RHL relief and other macroeconomic support measures such as the furlough scheme. Should the UK Government bring forward an extension to their equivalent RHL relief that generates consequential funding, Ministers will match the extension period as part of a tailored package of business support measures. In addition, our decision to reduce the Basic Property Rate ('poundage') to 49 pence, the same as in 2019-20, will deliver savings for Scottish businesses compared with previously published plans. Notwithstanding the limitations of the devolved settlement we are fully committed to doing all we can to prioritise support for businesses and this unprecedented step will ensure that properties' gross rates liabilities are no higher than they were prior to the pandemic, all else being equal.

In coming to the decisions announced in the Scottish Budget I have listened carefully to the representations that COSLA made on behalf of local government over the unprecedented pressures and challenges they are facing and this is recognised in the decisions taken on the level of funding to be delivered through the local government finance settlement.

The Scottish Government and COSLA worked together to agree the details of a lost income scheme to compensate councils for the loss of income from sales, fees and charges due to the pandemic in 2020-21. The scheme was worth an estimated £90 million for 2020-21 but was subject to confirmation of the consequentials from the UK Government. While that confirmation is still awaited, I can also confirm that I am increasing the allocation to £200

million, which when added to the previously committed £49 million of consequential that could also be used to support lost income for council Arm's Length Organisations will provide an extra £249 million of allocated funding to support councils losses due to the pandemic. While I appreciate that confirmation of this additional funding is coming late in the financial year it will allow councils to manage the costs of COVID-19 and subsequently support continued financial sustainability. I can reaffirm my commitment that if there are any further consequential that accrue to the Scottish Budget for this purpose in 2021-22, I will pass these on in full to Scottish local authorities.



KATE FORBES

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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

28 January 2021

Dear Chief Executives

Budget 2021-22 – Indicative Allocation

Following the announcement of the Scottish Government's Budget for 2021-22 by the Cabinet Secretary for Finance 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 immediate priority of the budget is to support our response to the pandemic and take forward delivery of the key ambitions set out in the Programme for Government.

The position set out in this letter is subject to any amendments agreed through the Scottish Parliament's Budget Bill process, and may also require to be updated to reflect the UK Government's Budget on 3 March. I will keep you up to date with any changes to your planning assumptions.

Baseline Funding

All Boards will receive a baseline uplift of 1.5%. In addition, those Boards furthest from NRAC parity will receive a share of £30.2 million, which will continue to maintain all Boards within 0.8% of NRAC 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.

The funding position continues to assume that the £15 million of National Board savings are fully delivered in 2021-22 and that further progress is made in National Boards collaborating to deliver service improvement and further savings. Whilst we have taken account of the

particular challenges in delivering this in full in 2020-21, I expect National Boards to identify sufficient recurring measures to address this position going forward.

Covid-19 Funding

Additional funding of £869 million will be provided to support the ongoing response to the pandemic, and we will develop our approach to allocating this funding on receipt of remobilisation plans due at the end of February. While we anticipate that further Covid funding will be provided by the UK Government, this tranche of funding should provide sufficient assurance for continuing with key programmes of work, such as vaccinations and Test and Protect.

Investment in Improving Patient Outcomes

In addition to the baseline funding uplift, a total of £595.9 million will be invested in improving patient outcomes in 2021-22, as set out below:

Improving patient outcomes	2020-21 Investment in reform (£m)	2021-22 Investment in reform (£m)	Increase for 2021-22 (£m)
Primary Care	205	250	45
Waiting Times	136	136	-
Mental Health and CAMHS	89	111.1	22.1
Trauma Networks	31	37.8	6.8
Drugs Deaths	11	61	50
TOTAL	472	595.9	123.9

When combining the £123.9 million increase in investment in reform with an increase of £193 million in baseline funding for frontline NHS Boards, the total initial additional funding for frontline NHS Boards will amount to £316.9 million (2.8 per cent) in 2021-22. 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 £250 million in 2021-22. This will support the delivery of the new GP contract and wider Primary Care reform and continued development of new models of primary care.

We will maintain Covid-19 funding support for Community Hubs while they are still required. This is alongside our continued support for multi-disciplinary teams, which are supporting GPs to fulfil their role as expert medical generalists in the community.

Support for Waiting Times

Investment of £136 million will again be provided for investment in addressing waiting times. Whilst progress had been made in reducing waiting times in recent years, the response to the pandemic has interrupted this progress. In addition to this funding, we will consider the provision of further funding beyond this level in order to support the remobilisation of elective care as part of NHS Board remobilisation plans and reduce the backlog.

Included within the funding is £136 million, is £10 million for winter 2021-22, to allow Boards maximum opportunity to plan as appropriate.

Mental Health and CAMHS

Funding of £111.1 million will be directed to a range of partners for investment to support mental health, and children and young people's mental health. This funding will underpin our continued approach to improving mental health services and support for children, young people and adults.

As part of the 2021-22 budget we are providing £15 million to support the continued establishment of new Community Mental Health and Wellbeing Services. While the pandemic has had an impact on the planning and development of those services, we are working with local authorities to ensure they are ready to start supporting children, young people and their families as soon as possible, with support available across all 32 local authorities in 2021.

The Mental Health Transition and Recovery Plan outlines the Scottish Government's response to the mental health impacts of COVID-19 and further funding will be provided from the £869 million COVID-19 funding to support Boards and Integration Authorities in meeting these challenges.

Trauma Networks

This funding will increase from £31 million to £37.8 million, taking forward the implementation of the major trauma networks.

Alcohol and drugs

The 2021-22 Portfolio budget provides an additional £50 million targeted towards reducing drugs deaths. This forms part of a total of funding of £250 million over the next five years and will support further investment in a range of community-based interventions, including primary prevention and expansion of residential rehabilitation.

Reform Funding

This budget prioritises baseline funding, along with increased investment in particular areas of reform that will improve patient outcomes and funding for the response to the Covid pandemic. We will however continue to work with colleagues to agree investment in specific programmes of work, 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 sector.

Health and Social Care Integration

In 2021-22, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 1.5% over 2020-21 agreed recurring budgets.

In addition to this, and separate from the Board Funding uplift, the Health Portfolio will invest a further £72.6 million in Local Authorities for investment in adult social care and integration. This takes the total funding transferred from the health portfolio to £883 million in 2021-22. The additional £72.6 million will support delivery of the Living Wage (£34 million), continued implementation of the Carers Act (£28.5 million) and uprating of free personal care (£10.1 million).

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2020-21 recurring budgets for adult social care services that are delegated.

Therefore, Local Authority adult social care budgets for allocation to Integration Authorities must be £72.6 million greater than 2020-21 recurring budgets.

Capital Funding

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

2021/22 Financial Plan

We will continue to engage with Boards to finalise Remobilisation Plans and the development of one year financial plans and I hope the information contained in this letter is helpful in the finalising of these plans. We plan to revisit three year financial plans when the NHS is no longer on an emergency footing.

Yours sincerely



Richard McCallum

Interim Director of Health Finance and Governance

Annex A – Board Funding Uplifts

NHS Territorial Boards	2020-21 Allocation	Recurring Allocations	Total 2020-21 Allocation	Uplift incl NRAC	Uplift incl NRAC	2021-22 Total Allocation	NRAC Funding	Distance from NRAC parity
	£m	£m	£m	£m	%	£m	£m	%
Ayrshire and Arran	762.4	(0.6)	761.8	12.7	1.7%	774.5	1.2	-0.8%
Borders	219.8	(0.4)	219.4	3.3	1.5%	222.7	-	-0.8%
Dumfries and Galloway	316.1	(0.3)	315.8	4.7	1.5%	320.6	-	1.5%
Fife	701.5	(1.3)	700.2	12.4	1.8%	712.6	1.9	-0.8%
Forth Valley	558.7	(1.0)	557.7	11.8	2.1%	569.4	3.4	-0.8%
Grampian	1,013.5	(0.8)	1,012.7	15.2	1.5%	1,027.9	-	0.1%
Greater Glasgow and Clyde	2,364.7	(2.0)	2,362.7	35.4	1.5%	2,398.1	-	1.8%
Highland	666.0	(0.6)	665.5	26.4	4.0%	691.9	16.4	-0.8%
Lanarkshire	1,268.1	(1.1)	1,267.1	19.0	1.5%	1,286.1	-	-0.8%
Lothian	1,540.1	0.4	1,540.5	29.0	1.9%	1,569.5	5.9	-0.8%
Orkney	52.6	(0.0)	52.6	2.2	4.2%	54.8	1.4	-0.8%
Shetland	53.9	(0.0)	53.8	0.8	1.5%	54.6	-	0.4%
Tayside	808.5	(0.7)	807.8	12.1	1.5%	819.9	-	-0.8%
Western Isles	80.0	(0.1)	79.9	1.2	1.5%	81.1	-	10.6%
	10,405.9	(8.5)	10,397.5	186.2	1.8%	10,583.7	30.2	
NHS National Boards								
National Waiting Times Centre	60.0	-	60.0	0.9	1.5%	60.9		
Scottish Ambulance Service	278.4	1.1	279.5	4.2	1.5%	283.7		
The State Hospital	37.6	-	37.6	0.6	1.5%	38.1		
NHS 24	72.7	-	72.7	1.1	1.5%	73.8		
NHS Education for Scotland*	461.5	0.2	461.7	9.9	2.1%	471.7		
NHS National Services Scotland	327.7	8.7	336.4	5.0	1.5%	341.4		
Healthcare Improvement Scotland	26.3	0.9	27.1	0.4	1.5%	27.5		
Public Health Scotland	47.9	-	47.9	0.7	1.5%	48.6		
Nationals Total	1,312.1	11.0	1,323.1	22.8	1.7%	1,345.9		
Total NHS Boards	11,718.0	2.5	11,720.6	209.1	1.8%	11,929.6		
Improving Patient Outcomes	472.0		472.0	123.9		595.9		
Total Frontline NHS Boards**	11,326.6	(7.3)	11,319.3	316.9	2.8%	11,636.2		

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

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

EAST RENFREWSIRE COUNCIL : PROPOSED BUDGET CONTRIBUTION 2021/22

	ERC £,000	CJ Grant £,000	Total £,000
2020/21 Approved Budget	51,313	606	51,919
Cost Pressures 2021/22			
Pay Award and Increments (including Living Wage)	1,021	8	1,029
Inflationary Adjustments			
Utilities, Transport and Fuel	19		19
National Care Home Contract / Free Personal Care / Living Wage / Contracts	2,253		2,253
Fostering and Kinship	32		32
Demographic Pressures			
Increase in Demand for Services - Older People	237		237
Increase in Demand for Services - Adults	138		138
Increase in Client Assessed Need - Transitions to Adulthood	327		327
Increase in Demand - Assessment & Care Management Capacity	39		39
Corporate Parenting - Continuing Care	62		62
Investment in Integration Funding - £72.6m Nationally			
Investment in Integration - Adults - share of £72.6m			
Living Wage £34.0m	566		566
Free Personal Care Uplift £10.1m	354		354
Carers £28.5m	474		474
Remove equivalent costs included in pay and pressures	(1,394)		(1,394)
Other Adjustments			
Carbon Reduction	(8)		(8)
Adjustments to central support charges	66		66
Additional Expenditure - Cost Pressures	4,186	8	4,194
Total Expenditure Requirement for 2021/22	55,499	614	56,113
Savings target in ERC proposed contribution	(1,794)		(1,794)
Compliance Adjustment	0		0
ERC Proposed Revenue Contribution to IJB 2021/22	53,705		54,319
Criminal Justice Service Grant Funded Expenditure		(614)	(614)
Total Budget proposed by ERC on 15 March 2021	53,705	0	53,705

COMPLIANCE CHECK TO BUDGET SETTLEMENT - ERC CONTRIBUTION

	£,000
Recurring 2020/21 Budget	51,313
Add:Local Impact of £72.6m	1,394
Minimum Contribution per Settlement Condition	<u>52,707</u>
ERC Current Proposed Budget Contribution to IJB	<u>53,705</u>

Item 05. Appendix 4

NHS GGC - PROPOSED BUDGET CONTRIBUTION

	Eligible to Uplift	Expected Uplift	1.50%
	£'000	£'000	£'000
2020/21 Opening Recurring Budget			
Pay	18,282	18,282	274
Non Pay	4,079	4,079	61
Prescribing	15,791	15,791	237
Resource Transfer	11,889	11,889	178
Family Health Services	25,533		0
2020/21 Recurring Expenditure	<u>75,574</u>	<u>50,041</u>	<u>750</u>
		0	
Family Health Services Income	(1,403)		0
Other Income	(1,358)	(1,358)	(20.0)
2020/21 Recurring Net Base Budget	<u>72,813</u>	<u>48,683</u>	<u>730</u>
Add: Expected Inflation Uplift	730		
Less: West of Scotland Sexual Assault & Rape Service	(39)		
Expected 2021/22 Budget Offer excluding Set Aside	<u>73,504</u>		
Cost Pressures		% Pressure	
Pay Award	274	1.5%	
Prescribing - limit to 1.5%	237	1.5%	
Non Pay	61	1.5%	
Resource Transfer	178	1.5%	
Health Visitor Regrading Cost	33		
Learning Disability In Patient Observations (significant variable cost)	<u>100</u>		
Total Cost Pressures	<u>883</u>		
Expected Uplift	691		
Funding Gap	<u>192</u>		

Greater Glasgow and Clyde NHS Board

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Dear Julie

2021/22 Financial Allocation to East Renfrewshire Health and Social Care Partnership

Further to the Scottish Budget I can now confirm the Board's allocation to the HSCP for 2021/22. This will be updated further when the out-turn for the 2020/21 financial year has been finalised.

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 2021/22 is 1.5% totalling £33.7m.

The HSCP Settlement

The Scottish Government's funding allocation letter issued on 28 January 2021 states that *"In 2021/22, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 1.5% over 2020/21 agreed recurring budgets"*.

The total allocation uplift to all six HSCPs should therefore be £13.1m based on the recurring budget at 31 January 2021 and the partnership's share of this allocation is included in **Appendix 1**.

Set Aside Budget

During 2020/21 work has continued to identify the actual budgets and costs of unscheduled care services and these will be used as the basis for the set aside allocation for 2021/22. However, until the final out-turn for 2020/21 is confirmed the current value has been uplifted by 1.5%. This figure represents the estimated actual usage of in scope Acute services. This will continue to be a notional allocation until commissioning plans are in place between HSCPs and the Board.

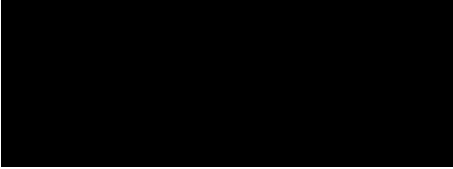
Recharges to HSCPs

The following items will continue to be charged to the HSCP during 2021/22:

- 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.

Non recurring allocations including Scottish Government allocations for COVID-19 for both health and social care expenditure will be passed directly to the partnership when received by the Board.

Yours sincerely



James Hobson
Assistant Director of Finance
NHS Greater Glasgow and Clyde

Appendix 1 – Financial Allocation 2021/22

Spend Categories	East Renfrewshire Hscp
	£000s
Family Health Services *	25,533
Fhs Income*	(1,403)
Family Health Services Budget (Net)	24,130
Prescribing & Drugs	15,791
Non Pay Supplies	4,079
Pay	18,282
Other Non Pay & Savings	11,889
Other Income	(1,358)
Budget - HCH incl Prescribing	48,683
Total Rollover budget - NET	72,813
Adjustments:	
Non Recurring bud allocated to base	(44)
Budget Eligible for HCH & Prescribing uplift	48,639
<u>Uplifts</u>	
Scottish Government allocation	730
West of Scotland Sexual Assault & Rape Service (Topsliced)	(39)
West of Scotland Sexual Assault & Rape Service (Hosted)	
Total Uplift	690
Revised Budget	73,504
Set Aside Budget	
2020/21 value	32,160
Uplift at 1.5%	482
2021/22 value	32,642

	NHS £000	ERC £000	IJB £000	Total £000
Funding Sources to the IJB				
Original Revenue Budget Contributions	73,504	53,705		127,209
Criminal Justice Grant Funded Expenditure		614		614
Criminal Justice Grant Income		(614)		(614)
Funding Outwith Revenue Contribution				
Housing Aids & Adaptations *		400		400
Set Aside Budget	32,642			32,642
Total Proposed IJB Resources	106,146	54,105	0	160,251
Directions to Partners				
Revenue Budget	73,504	53,705	0	127,209
Criminal Justice Grant Funded Expenditure		614		614
Criminal Justice Grant Income		(614)		(614)
1 Resource Transfer and other recharges	(13,147)	13,147		0
Carers Information Strategy	58	(58)		0
	60,415	66,794	0	127,209
Housing Aids & Adaptations *		400		400
Set Aside Budget	32,642			32,642
Total Proposed IJB Resources	93,057	67,194	0	160,251

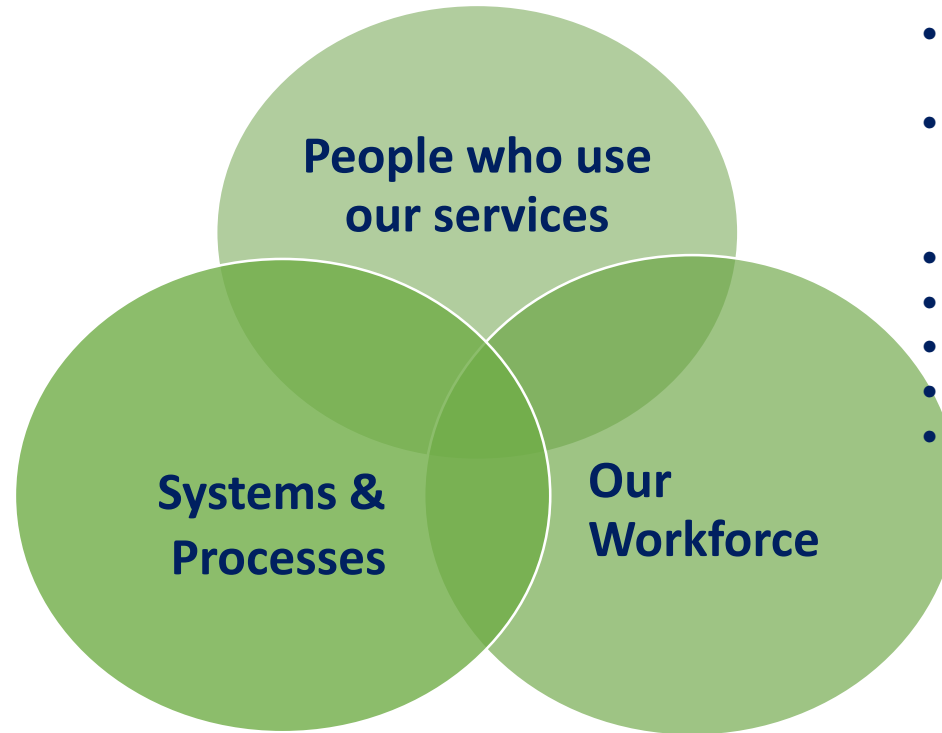
* excludes capital spend

1 Based on 2020/21 subject to review of recharges reflecting pay award, inflation and employing body

HSCP Transformation Programme 2021 Onwards

Business Systems & Processes

- New case recording system - end to end process improvement
- Replacement of CM2000 Care at Home system
- Back office process automation including RPA.
- Transition to Scotland Excel Framework and other commissioning opportunities
- Increased and improved contact methods through improved telephony systems in health and care centres



All 3 areas are underpinned by:

- Post pandemic recovery
- Informed by and informing strategy and planning
- Focus on transforming health and social care
- Prioritising and resourcing projects appropriately
- Collaborating with our partners and providers
- Use of Scottish Approach to Service Design (SAtdS) and Plan Do Study Act (PDSA)

Individuals Experience

- Review and developing our customer journey with those who use our services
- Internet of Things (IoT) –supporting people to remain safe at home and plan for future needs
- Smart Technology
- Attend Anywhere
- LD Change Fund
- Service redesign
- Mental Health post Covid

Workforce Productivity

- Implementation of care at home redesign
- Workforce plan and fit with transformation
- Technologies to support the frontline
- Empowerment
- Organisational development

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