Item No: 8

Meeting Date: **Wednesday 23rd March 2022**

Glasgow City Integration Joint Board

Report By: **Sharon Wearing, Chief Officer, Finance and Resources**

Contact: **Sharon Wearing**

Phone: **0141 287 8838**

Integration Joint Board
Financial Allocations and Budgets for 2022-23

Purpose of Report:	To provide the IJB with a full update on the proposed financial allocations to, and implications for, the IJB Budget in 2022-23.

Background/Engagement:	In line with the Integration Scheme, the Chief Officer has fully engaged in Glasgow City Council's budget setting process for 2022-23, which determined the funding allocations delegated to the IJB for 2022-23. The Chief Finance Officer has had initial informal discussions with the Assistant Director of Finance in relation to the interim budget offer from NHS Greater Glasgow and Clyde.

Recommendations:	The Integration Joint Board is asked to: a) note the contents of this report; b) note and accept the funding offer from Glasgow City Council; c) note and conditionally accept the indicative funding offer from NHS Greater Glasgow and Clyde, subject to confirmation when the out-turn for the 2021/22 financial year has been finalised along with further clarification on the totality and distribution of future Covid-19 funding is determined; d) note that the budget for set aside is still notional and further updates will be provided in 2022-23; e) agree to the funding pressures outlined at section 5.2;

	f) advise which option is approved in relation to kinship and foster care allowances as outlined in section 5.12; g) agree to the savings programme outlined at section 5.14; h) delegate a budget to NHS Greater Glasgow and Clyde of £1,004,609,000 and direct that this budget is spent in line with the strategic plan of the IJB and the proposals included within this paper at section 5.2 and 5.14; i) delegate a budget to Glasgow City Council of £517,250,800 and direct that this budget is spent in line with the strategic plan of the IJB and the proposals included within this paper at section 5.2, 5.12 and 5.14; j) agree that the Partnership will offer a 4.79% uplift to an agreed percentage of full contract values (detailed at paragraph 5.5 to 5.6), to providers of Adult Social Care within Glasgow Purchased Services from 28 March 2022; k) agree that the Partnership will offer a 10.53% uplift to an agreed percentage of full contract values (detailed at paragraph 5.7), to providers of Children and Families Social Care within Glasgow Purchased Services from 28 March 2022; and l) note that this uplift will be subject to Providers confirming they will pay staff providing direct care at least £10.50 per hour from 28 March 2022.

Relevance to Integration Joint Board Strategic Plan:

This report describes the financial allocation and budgets made available to the Integration Joint Board for 2022/23 by Glasgow City Council and NHS Greater Glasgow and Clyde; outlines the financial pressures on health and social care services; and the measures we will take to address the financial challenges and priorities facing the partnership and throughout the Strategic Plan.

Implications for Health and Social Care Partnership:

Reference to National Health & Wellbeing Outcome:	The financial framework for the Partnership contributes to the delivery of the 9 national health and wellbeing outcomes that health and social care partners are attempting to achieve through integration.

Personnel:	Staffing implications are highlighted where appropriate in the report.

Carers:	The current shape of service provision across the system must move to one that includes an increased use of technology enabled care and other support networks being deployed in care support not just for the service user but also for their unpaid carer. The transformation programmes approved by the IJB for Older People and Adult Services involve the

	development of this changed system of service provision.

Provider Organisations:	An update on the proposed annual uplift for provider organisations is included within this report.

Equalities:	Within this report there is reference to proposals against which projected savings targets have been applied. The activity to achieve any proposed savings will be carried out with a focus on equalities and the extent to which any subsequent changes to policies and/or services may impact on any stakeholders, but in particular stakeholders with protected characteristics. Where possible proposals have been subject to a preliminary Equality Impact Assessment to understand impacts, inform the development of the proposals, and mitigate any impacts identified. Where proposals are not sufficiently developed and where the engagement activity with stakeholders to inform the proposal has not yet been undertaken EQIA's will be prepared when appropriate to ensure the impact on groups with protected characteristics can be fully assessed. Completed EQIAs in relation to the proposals within this report can be accessed on our website: https://glasgowcity.hscp.scot/equalities-impact-assessments

Fairer Scotland Compliance:	The expenditure on services within this budget supports the delivery of a Fairer Scotland.

Financial:	Financial implications are detailed throughout this report.

Legal:	The Chief Finance Officer's duties in Scotland require a balanced budget to be set. This is established in s108(2) of the Local Government (Scotland) Act 1973 and s93(3) of the Local Government Finance Act 1992. Directions are being issued in line with the legislation.

Economic Impact:	Not applicable at this time.

Sustainability:	Not applicable at this time.

Sustainable Procurement and Article 19:	Not applicable at this time.

Risk Implications:	Delays in setting the budget may impact on the IJBs ability to achieve financial balance in 2022-23. The volatility of the drugs supply market, demand for services, BREXIT and the impact of responding to the COVID pandemic continues to represent a significant

	financial risk to the IJB. The current focus of the IJB continues to be the response to the Coronavirus outbreak and service delivery during this challenging time. This represents a significant risk for the IJB both in terms of the additional costs which will be incurred in delivering the response to the outbreak in the City and also the impact this will have on our ability to deliver savings as efforts are focused on our response. This may require the IJB to use general reserves to manage this financial risk. This financial risk will be monitored during 2022-23 and reported through the financial performance reports to the IJB and IJB Finance, Audit and Scrutiny Committee.

Implications for Glasgow City Council:	The budget is required to be spent in line with the Strategic Plan and the approved directions.

Implications for NHS Greater Glasgow & Clyde:	The budget is required to be spent in line with the Strategic Plan and the approved directions.

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

1. Purpose

1.1. This report will outline the revenue budget for Glasgow City Integration Joint Board for 2022/23 and the budget available for services commissioned from Glasgow City Council and NHS Greater Glasgow & Clyde.

2. Background

2.1. The Health Board and Local Authority will delegate function and make payments to the Integration Joint Board (IJB) in respect of those functions as set out in the Integration Scheme. Additionally, the Health Board will also ”set aside” an amount in respect of large hospital functions covered by the integration scheme.

2.2. The IJB will make decisions on integrated services based on the strategic plan and the budget delegated to it. The IJB is also required to publish an Annual Financial Statement setting out the total resources included in the Strategic Plan. The IJB will also give directions and make payment where relevant to the Health Board and Local Authority for delivery of the services in line with the Strategic Plan. This should be completed by 1st April each year.

3. Financial Allocation from Glasgow City Council

3.1 The financial forecast for Glasgow City Council has been updated and identified a spending gap of £19.7m for 2022-23. The gap has reduced from the original planning assumption of £37.3m and reflects the local government settlement offer from the Scottish Government on 9 December 2021 and the Scottish Government Budget Bill which at Stage 2 allocated a further £120 million of funding to local government, of which Glasgow was allocated £14.2 million. In delivering a balanced budget Glasgow City Council identified the need for savings of £16.1m. A copy of the letter issued to local authorities on 9 December 2021 is attached at Appendix 1.

3.2. This confirms the £292.6 million provided for investment in health and social care and mental health services in 2021-22 will be maintained with a further £353.9 million transfer from Health for investment in health and social care and mental health services – including £174.5 million to support ongoing adult social care pay, £20.4 million to continue implementing improved rights and support for carers, £15 million to uplift free personal nursing care rates, £124 million of recurring care at home investment, and £20 million for interim care. In addition, a further £200 million will be transferred to deliver a £10.50 minimum pay settlement for adult social care workers in commissioned services.

3.3. The letter to COSLA Leaders confirms that this additional funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2021-22 recurring budgets for adult social care services that are delegated. The Scottish Government 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.

3.4. On 17 February 2022, the Council agreed its budget for 2022-23. The Council offer letter is attached in Appendix 2. This budget confirms funding of £517.251m. This letter reflects Glasgow's share of the funding outlined at section 3.2 which has been issued to the Council. It is anticipated that there is still a further update to this allocation, which will award an additional £136,000. Glasgow City Council has committed to passing this on when confirmation is received. Budgets have been prepared on the basis that this funding will be received.

3.5 As part of the Council's budget papers the Council recognised that it does not have the power to compel the IJB to undertake work. However, they asked the IJB to consider using £8m from the £39m additional funding provided by the Scottish Government to respond to the findings of the Social Recovery Taskforce and the impact of the pandemic. Specific issues where they wish to see investment included addiction services, mental health, disability support, equalities organisations, community justice and violence against women. In addition, they also asked the IJB to increase the allowances for foster and kinship carers by 10% from April 2022 at a cost of £2.1m. No additional funding was offered by the Council to support either request.

3.6 The IJB has a responsibility to set a budget which ensure resources are directed at the delivery of its strategic plan, and as part of this process the level of budget which is directed to all services is considered, including those specifically identified above and current and past budget decisions have included investment in all of these areas. As outlined above these are decisions for the IJB to make and to direct the Council to deliver. If the Council wishes funds to be allocated to specific services, then the Council would be required to identify additional funding to enable these requests to be considered.

3.7 The £39m funding provided by the Scottish Government has been provided to IJBs for specific purposes and receipt of the funding from Scottish Government is contingent on the delivery of these commitments. £37m of this funding relates to the full year implications of funding already issued to the IJB in 2021/22 and spending plans have already been approved by the IJB. This includes the winter pressure funding, the uplift of adult social care providers to £10.02 and increased Mental Health Officer capacity. The remaining £3m relates to the uplift for free personal care which needs to be passported to services and the continued implementation of the Carers Act. There is governance in place with Scottish Government to report on the outcomes delivered by this funding and as a result of this and the conditions applied to the funding there is no scope for redirection to any other purposes.

3.8 Allowances for foster and kinship carers are currently subject to a national review which is expected to report early in the financial year 2022 recommending national allowance levels. Based on previous consultations, the level of payments made to Glasgow City foster and kinship carers track well with 60% being paid above the proposed national allowance. As funding has not been provided to support a 10% increase to foster and kinship carers we are not in a position to support this level of increase. However, later in the report, the IJB can consider the proposals for foster and kinship carers.

4. Financial Allocation from NHS Greater Glasgow and Clyde Health Board

4.1 The Scottish Government wrote to Health Boards on 9 December 2021 in relation to the Draft Budget for 2022-23 as set out by the Cabinet Secretary for Finance in Parliament that day. The letter is attached in Appendix 3. The letter covers the Scottish Government's expectations of the Health Board in relation to the budget and any financial implications for Integration Authorities. This letter confirms that NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least uplift of 2% over 2021-22 agreed recurring budgets and make appropriate provision for increased employer national insurance costs.

4.2 This letter also confirms an allocation of £845.9 million for investing in reforming services including Primary Care, Waiting Time Improvements, Mental Health and CAMHS, Trauma Network and Drugs Deaths, some of which will be delegated to the IJB.

4.3 NHS Greater Glasgow and Clyde Health Board have provided the IJB with an indicative offer for 2022-23 which is subject to confirmation when the out-turn for the 2020/21 financial year has been finalised along with further clarification on the totality and distribution of future Covid-19 funding is determined. The interim budget offer is attached in Appendix 4 and represents a 2% uplift reflecting the board uplift from the Scottish Government.

4.4 This offer includes the IJB's share of national funding being provided to meet the National Insurance uplift for Health Board services. This funding does not fully meet the anticipated cost, with a current funding gap of £0.113m identified for Glasgow City. The Health Board continue to pursue this funding gap with the Scottish Government. For budget planning purposes costs have been reduced to match the funding being made available.

4.5 The set aside budget included within the 2022-23 indicative offer letter continues to be notional budget based on estimated actual usage of in scope services uplifted by 2%. This will continue to be a notional allocation. A final Unscheduled Care Commissioning Plan is the subject of a sperate report to this IJB. The legislation requires the IJB and Health Board to put in place arrangements to support set aside arrangements for unscheduled care and is subject to external assessment. The Unscheduled Care Commissioning Plan delivers a joint strategic commissioning approach to unscheduled care which will deliver on the intentions of the legislation.

5. Proposed Budget for 2022-23

5.1 The funding outlined in section 4 is summarised below. This reflects the funding offered from Partners and anticipated funds from Scottish Government.

Movement in Funding	**£millions**
NHS Greater and Glasgow and Clyde - Funding Uplift	12.183
Glasgow City Council - Flat Cash Settlement	0.000
Sub Total - Partners Funding	**12.183**
Scottish Government Funding - Full Year Implications 21/22 Monies	
Winter Pressure Funding	23.820
Adult Social Care Provider Uplift - £10.02 and Baseline Real Living Wage	19.810
Mental Health Recovery and Renewal - MHO Capacity	0.419
National Trauma Training Programme	0.050
Scottish Disability Allowance - Gathering Evidence Child Disability Payment	0.455
Sub Total - Scottish Government Funding - Full Year Implications 21/22 Monies	**44.554**

Scottish Government Funding - New Monies	
Investment in Social Care including £10.50 Uplift to Adult Social Care Providers	22.703
Social Work Workforce	2.434
Free Personal Care Uplift	0.647
Implementation of Carers Act	2.315
Sub Total - Scottish Government Funding - New Monies	**28.099**
Total Additional Funding	**84.836**

5.2 The IJB has a number of pressures which require to be funded in 2022-23.

Pressures to be Funded	**£millions**
Pay Inflation 21/22 Shortfall, 22/23 and National Insurance Uplift	20.690
Inflation: Contractual	0.139
Winter Pressure Funding Proposals - Approved IJB 1 Dec 21 incl Band 3/4 Nurses	23.820
Scottish Living Wage (Adult Providers) and National Care Home Contract Full Year Impact 21/22 and 22/23 Uplift	28.114
Mental Health Recovery and Renewal - MHO Capacity	0.419
National Trauma Training Programme	0.050
Scottish Disability Allowance - Gathering Evidence Child Disability Payment	0.455
Social Work Workforce	2.434
Free Personal Care Uplift	0.647
Implementation of Carers Act	2.315
Investment: Scottish Living Wage (Children and Families Providers) - Uplift to £10.50 to Bring In Line with Adult Providers	1.483
Investment: Health Visiting Regrading	1.000
Investment: Demographic Pressures	6.411
Investment: Mental Health	1.000
Investment: Children and Families	1.000
Investment: Homelessness Housing Options	1.000
Total Pressures to be Funded	**90.977**
Funding Gap	**6.141**

5.3 The Scottish Government have revised the Free Personal and Nursing Care. From 1 April 2021 these rates will increase from £193.50 to £212.85 per week for personal care and from £87.10 per week to £95.80 per week for nursing care, subject to Parliamentary approval. The cost of this uplift will be £0.647m and will be funded from the additional monies provided by the Scottish Government to integration authorities in 2022/23.

5.4 Pay awards for both employing bodies are still subject to negotiation. If final settlements are higher than the budget assumptions included above, this will require to be funded by the IJB and will require reserves to be utilised.

5.5 Scottish Government funding has been provided to enable employers to update the hourly rate of Adult Social Care Staff offering direct care in commissioned services in the third and independent sectors. The funding will enable an increase from at least £10.02 per hour to at least £10.50 per hour, which will take effect from 28 March 2022. The pay uplift will apply to staff providing direct care within Adult Social Care in commissioned services in the third and independent sectors.

5.6 Similar to last year, it is proposed to apply a 4.79% uplift to an agreed percentage of full contract values, in with typical workforce costs for residential and non-residential services. A separate agreed weighted percentage has been set for Personal Assistants who are paid directly through SDS Option 1 budgets. The percentages to be applied are as follows:-

o Residential care – uplift applied to 71.8% of full contract value
o Non-residential – uplift applied to 86.9% of full contract value
o Personal Assistants – uplift applied to 90% of SDS Option 1 budgets

5.7 The IJB Budget also provides provision to enable providers of Children and Families Social Care within Glasgow Purchased Services to be uplifted to bring them in line with providers of Adult Social Care, effective from 28 March 2022. This will result in a 10.53% uplift using the agreed percentages of full contract values outlined in section 5.6.

5.8 The National Care Home Contract is still subject to national negotiation and will be the subject of future reports to the IJB.

5.9 The Scottish Government has made £2.315m available for implementation of the Carers Act this year. The following investment proposals are recommended to support of the implementation of the IJB's Carers Strategy.

Proposal	**Funding**
9 Family Support Workers to increase support to adults and young carers	£418,769
Additional Carers Team short break budget to meet increased demand	£150,000
Interpreter service to support carers from BAME families accessing carer support	£30,000
Proposal to develop a short breaks bureau increasing Glasgow's capacity to deliver the range and choice of short breaks available to Glasgow's caring community.	£270,000
Additional budget to support respite for carers	£1,446,231
Total	**£2,315,000**

5.10 The Scottish Government has allocated £2.430m to be used to support an expansion of the social work workforce to support the increasing adult social care workload in recognition of current workforce pressures across health and social care. This will be used to recruit 36 additional social workers and 4 team leaders within Adult and Older People services.

5.11 As reported previously there is a funding gap in relation to Health Visitors following a national regrading which took place a number of years ago. This has resulted in a funding pressure of £2.4m, for which no funding has been made available nationally. The IJB agreed to fund £0.5m of this funding gap as part of its 2021/22 budget. This budget recommends a further funding of £1.0m as a second phase in starting to bridge the financial gap which has been caused by this regrading.

5.12 This budget proposal includes £1m of investment in Children and Families. The IJB has the option to consider an increase to kinship and foster carer allowances as part of this investment. There are two options recommended for the IJB to consider:-

Option 1 Await the outcome of the national review and implement the recommendations of the review. It is anticipated that some funding will be made available by Scottish Government as part of implementation. At this stage the value of this cannot be quantified.

Option 2 Agree to increase the kinship and foster care allowances for the 40% of cases in Glasgow where they are currently paid below the proposed national allowance. This will increase kinship and foster carers with children 0-4 years from £137.18 to £146 per week and 5-10 years from £156.30 per week to £170 per week. The remaining 60% who are paid above the proposed national allowance will not be reduced but will be frozen at that level until the outcome of the national review is known.

5.13 If approval is given to proceed with Option 2 this will cost £0.522m, leaving the balance of £0.478m available for investment in expanding the existing family support framework. If national funding becomes available for this increase later in the year, this can be re-invested to increase the monies available for family support.

5.14 This leaves a funding gap of £6.141m which will require to be met from savings. The table below identifies the options for funding which are available to the IJB.

Savings Proposals	**£millions**
Review of purchased services including Self Directed Support and Direct Payments for adult and older people's services	-2.000
Reduction in Care Home budget to reflect recent activity levels	-1.200
Maximising Independence: Children and Families	-1.000

Review of Supported Living budget provision	-0.500
Sexual Health - Budget realignment (turnover and income recovery)	-0.302
Primary Care - Budget realignment (turnover and employee budgets)	-0.281
Income - inflation increase @ 2%	-0.213
Income maximisation - recovery of client contributions	-0.200
Treatment Rooms - Budget realignment of Non PCIP budgets	-0.165
Homeless Decommissioning - Savings made from reviews on homelessness purchased services.	-0.089
Removal of Vacancies in OP Planning Team	-0.079
Review of Finance Staffing - Independent Review of Adult Social Care	-0.052
Removal of Vacancies in Business Support	-0.046
Learning Disability and Police Custody - Budget realignment of non pay budgets	-0.014
Total Savings Identified	**-6.141**

5.15 The current focus of the IJB is responding to the Coronavirus outbreak and service delivery during this challenging time. This represents a significant risk for the IJB both in terms of the additional costs which will be incurred in delivering the response to the outbreak in the City and also the impact this will have on our ability to deliver savings as efforts are focused on our response.

5.16 The volatility of the drugs supply market, demand for services and BREXIT also represent a significant financial risk to the IJB.

5.17 The pandemic has also impacted on our current transformation programme with £2.8m still to be delivered in 2022-23. This may require the IJB to use general reserves to manage this financial risk. This financial risk will be monitored during 2022-23 and reported through the financial performance reports to the IJB and IJB Finance, Audit and Scrutiny Committee.

6. Criminal Justice

6.1 Since 2017-18 the funding for Community Justice Authorities has come to IJB's from Central Government. This budget continues to be ring-fenced solely for the provision of criminal justice social work services.

6.2 The 2022-23 allocation letter received on 21 December 2021 confirmed an indicative allocation of £19,403,866 for Glasgow City HSCP. This includes £401,984 for Covid recovery for third sector services which was paid as an additional allocation in 2021-22. Effectively, there is no increase in this year's funding. Work is underway to manage the services within this allocation.

7. Revenue Budget for 2023/24 and 2024/25

7.1 The Medium Term Financial Outlook identifies an estimated funding gap of £32m and £22m in 2022-23 and 2023-24. There has been significant progress already in transforming services. As well as delivering financial savings this has enabled services to increase their effectiveness and efficiency, enabling services to manage the increasing demand and complexity of the patients and service users supported. The IJB is committed to transforming services, and this programme of work will continue moving forward, however future gains will be smaller and this alone will be unable to bridge the funding gap which has been identified above.

7.2 A clear strategy is required to ensure the IJB remains financially sustainable over the medium term. The Medium Term Financial Outlook outlines the financial strategy being adopted to deliver financial sustainability over the medium term.

8. Recommendations

8.1. The Integration Joint Board is asked to:

a) note the contents of this report;
b) note and accept the funding offer from Glasgow City Council;
c) note and conditionally accept the indicative funding offer from NHS Greater Glasgow and Clyde, subject to confirmation when the out-turn for the 2021/22 financial year has been finalised along with further clarification on the totality and distribution of future Covid-19 funding is determined;
d) note that the budget for set aside is still notional and further updates will be provided in 2022-23;
e) agree to the funding pressures outlined at section 5.2;
f) advise which option is approved in relation to kinship and foster care allowances as outlined in section 5.12;
g) agree to the savings programme outlined at section 5.14;
h) delegate a budget to NHS Greater Glasgow and Clyde of £1,004,609,000 and direct that this budget is spent in line with the strategic plan of the IJB and the proposals included within this paper at section 5.2 and 5.14;
i) delegate a budget to Glasgow City Council of £517,250,800 and direct that this budget is spent in line with the strategic plan of the IJB and the proposals included within this paper at section 5.2, 5.12 and 5.14;
j) agree that the Partnership will offer a 4.79% uplift to an agreed percentage of full contract values (detailed at paragraph 5.5 to 5.6), to providers of Adult Social Care within Glasgow Purchased Services from 28 March 2022;
k) agree that the Partnership will offer a 10.53% uplift to an agreed percentage of full contract values (detailed at paragraph 5.7), to providers of Children and Families Social Care within Glasgow Purchased Services from 28 March 2022; and
l) note that this uplift will be subject to Providers confirming they will pay staff providing direct care at least £10.50 per hour from 28 March 2022.

Direction from the Glasgow City Integration Joint Board

1	**Reference number**	230322-8
2	**Report Title**	Integration Joint Board Financial Allocations and Budget for 2022-23
3	**Date direction issued by Integration Joint Board**	23 March 2022
4	**Date from which direction takes effect**	23 March 2022
5	**Direction to:**	Glasgow City Council and NHS Greater Glasgow and Clyde jointly
6	**Does this direction supersede, revise or revoke a previous direction – if yes, include the reference number(s)**	No
7	**Functions covered by direction**	Budget 2022/23
8	**Full text of direction**	Glasgow City Council is directed to spend the delegated net budget of £517,250,800 in line with the Strategic Plan and the budget outlined within this report. NHS Greater Glasgow and Clyde is directed to spend the delegated net budget of £1,004,609,000 in line with the Strategic Plan and the budget outlined within this report. Glasgow City Council is directed to implement, effective from 28 March 2022, the 4.79% uplift to an agreed percentage of full contract values (detailed at paragraph 5.6), in line with typical workforce costs, to providers of Adult Social Care within Glasgow Purchased Services and 10.53% uplift to an agreed percentage of full contract values (detailed at paragraph 5.6), in line with typical workforce costs, to providers of Children and Families Social Care within Glasgow Purchased Services.

9	**Budget allocated by Integration Joint Board to carry out direction**	The budget delegated to NHS Greater Glasgow and Clyde is £1,004,609,000 and Glasgow City Council is £517,250,800 as per this report.
10	**Performance monitoring arrangements**	The budget will be monitored through standard budget monitoring arrangements.
11	**Date direction will be reviewed**	1 April 2023

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

Copy to: The Leaders of all Scottish local authorities

09 December 2021

Dear Councillor Evison,

Today I formally set out the Scottish Government's proposed Budget for 2022-23 to the Scottish Parliament. Alongside the Budget I also published the Scottish Public Sector Pay Policy, the Medium Term Financial Strategy and the Resource Spending Review Framework. Further to the budget statement I write now to confirm the details of the local government finance settlement for 2022-23.

The intention is that the indicative allocations to individual local authorities for 2022-23 will be published in a Local Government Finance Circular on Monday 20 December. These can only be calculated following the publication next week of education statistics that are key to the distribution formula. That circular will begin the statutory consultation period on the settlement.

This Budget comes at a crucial juncture for Scotland. Over the past year, thanks to the hard work and sacrifices of everyone across Scotland, including the critical role Local Authorities have played in continuing to support our communities and administer financial support to our businesses, we have started to look beyond the immediate impact of the pandemic.

As the emergence of new variants demonstrates, we must remain vigilant and ensure the necessary resources are available for the continued protection of people and public services, but we must also look to the future. This Budget seeks to balance immediate pressures with long term imperatives – shifting the dial on inequalities, carbon emissions and economic prosperity. It also delivers on the Programme for Government and our Shared Policy Programme with the Scottish Green Party.

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The total revenue funding to be provided through the settlement for 2022-23 will increase to £11,794.8 million, which includes distributable non-domestic rates income of £2,766 million.

The capital settlement has been set at £679.5 million. In parallel I am mindful of the challenges in delivering capital investment in the current economic climate so I will also explore the potential to offer flexibility to councils on carry forward of unspent capital from 2021-22 in light of the operation of the Fiscal Framework. This is subject to consideration about the impact on the Scottish Government reserve and I would hope to be in a position to provide confirmation in the early part of 2022 following the UK Government's Supplementary Estimates.

The total funding which the Scottish Government will provide to local government in 2021-22 through the settlement is therefore £12,474.3 million, an increase of £853.9 million and includes;

- £145 million for additional teachers and support staff in addition to the £88 million to maintain the pupil:teacher ratio nationally and secure places for all probationers who require one under the teacher induction scheme;
- funding to maintain 100 day commitments including the removal of curriculum and music tuition charges and expanded School Clothing Grant;
- £68.2 million for Child Bridging Payments;
- maintaining the £292.6 million provided in 2021-22 and providing a further £353.9 million transfer from Health for investment in health and social care and mental health services – including £174.5 million to support ongoing adult social care pay, £20.4 million to continue implementing improved rights and support for carers, £15 million to uplift free personal nursing care rates, £124 million of recurring care at home investment, and £20 million for interim care;
- In addition, a further £200 million will be transferred to support pay and sustainability of social care services bringing (with further detail set out below);
- £5.3 million for Assessors for Barclay implementation costs;
- an extra £62.5 million of Capital including:
    - £30 million for Free School Meals;
    - £20 million for the Local Bridge Maintenance Fund;
    - £11 million for Flood Prevention; and
    - £1.6 million for Coastal Protection

In terms of the broader Local Government Finance package, I have listened to the Live Well Locally campaign and intend to offer a number of flexibilities in direct response to that campaign.

I can confirm that councils will have full flexibility to set the Council Tax rate that is appropriate for their local authority area. In setting Council Tax rates, we expect councils to take full account of the local needs and impacts on household budgets of the decisions they make.

I acknowledge the argument in Live Well Locally that reserves are one off in nature and do not represent a substitute for recurring funding. However, I would also highlight that across Scotland some councils have accrued additional reserves during the pandemic,. Since we are likely to continue to face economic and fiscal challenges during 2022-23, I would encourage all councils to consider whether current levels of General Fund Reserve balances are an efficient use of public funds at this time.

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In addition to flexibility on Council Tax rate setting, I recognise that local government have repeatedly called for removal of ring-fencing in the settlement and a greater focus on trust and partnership working. On that basis I commit to reviewing all ring-fenced funding as part of the forthcoming Resource Spending Review and would welcome your constructive engagement in that process so that removal of ring-fencing goes hand in hand with agreement about shared priorities and outcomes whilst ensuring maximum value for money.

More immediately, as recognised in correspondence from Councillors Parry and MacGregor on 06 December 2021, Scottish Government and COSLA officials are currently working together to develop a combined employability grant offer letter for 2022-23 which removes ring-fencing for the various employability programmes and instead focusses on the characteristics and needs of service users with the view of continuing to work together to develop options for a refreshed and collective approach to employability funding for 2023-24 onwards.

I and my ministerial colleagues fully recognise and value the work of Local Employability Partnerships and the important role that they play in shaping the crucial services that individuals need across their journey towards and into employment and that Scottish Government officials will continue to work in partnership with Local Authority employability leads and COSLA to achieve our shared ambitions.

Alongside reducing ring-fenced funding, the Scottish Government remains committed to working with COSLA to develop a rules based fiscal framework to support future funding settlements for local government. The development of a fiscal framework will have direct relevance to the Scottish Government's Resource Spending Review and I am keen to see some substantive work being taken forward during the first part of 2022.

It will be important for local government to bring forward proposals that can then be explored in partnership. The development of a fiscal framework is also an important part of the ongoing work on the Local Governance Review, which considers how powers, responsibilities and resources are shared across national and local spheres of government, and with communities.

The correspondence of 06 December 2021 referenced above also included a request from Leaders to provide flexibility to enable all 2021-22 employability funding to Local Government to be spent across 2021-22 and 2022-23. This request has unfortunately come too late to be factored into the Budget position I outlined today but I will prioritise the request in the coming days to try and agree a position which ensures that services to those requiring support is provided as swiftly as possible whilst reducing the administrative burden on those delivering the services.

I am also content to agree your request of 08 October 2021 for an extension of the flexibilities to allow capital receipts to be used to fund the financial impact of COVID and to fund transformational projects in 2022-23. I had previously stated that the COVID capital receipts flexibility was limited to two financial years, in the light of ongoing COVID impacts I will agree this extension for one further financial year. The extension of these flexibilities is dependent on confirmation from the UK Government that this will not result in an adjustment to Scotland's block grant. I am currently seeking that confirmation.

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Similarly, I also agree to extend the period for the loans fund principal repayment holiday for one further year. I will deliver this through an administrative arrangement rather than a further statutory instrument. Any council looking to use this flexibility in 2022-23 should take the loans fund holiday in 2021-22 and carry that saving to their General Fund reserve. To keep with the original intent of this flexibility the increase in General Fund reserves from taking this holiday are to be earmarked as being to fund the financial impact of COVID, and that earmarked reserve must be used in the course of 2022-23.

In terms of your request for a change in policy on capital accounting for service concessions, I remain committed to continuing to work with Directors of Finance and CIPFA/LASAAC on the capital accounting review.

Finally, in acknowledgment of the calls for greater fiscal empowerment across local government, the Transport (Scotland) Act 2019 introduced a discretionary power for local authorities to implement workplace parking licensing (WPL) schemes. I can confirm that regulations to implement those powers will be laid early next year to enable this to progress.

Prior to the COVID-19 pandemic, the Scottish Government was developing legislation to introduce the power for local authorities to create a visitor levy, or tourism tax but this was paused due to the pandemic. Given the overall impact of the pandemic on the tourism sector in Scotland it would be prudent to carefully review that work and undertake further stakeholder engagement before making a firm decision on the next steps, however I am committed to taking this forward in 2022.

Building on previous years' settlements, Local Authorities will again be expected to deliver further certain specific commitments and outcomes.

This year, we will again work with local government 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. To support retention, and begin to embed improved pay and conditions for care workers, the additional £200 million funding transfer requires local government to deliver a £10.50 minimum pay settlement for adult social care workers in commissioned services, in line with the equivalent commitment being made in the public sector pay policy.

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2021-22 recurring budgets for adult social care services that are delegated. 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.

This Budget cannot deliver the resources all our partners will want. It addresses key priorities, targets resources on low income households, and paves the way for future investment in this Parliament. Where possible, it seeks to cushion all sectors against the headwinds that COVID-19, Brexit and UK Government's settlement have created and it treats Local Authorities fairly and consistently with other portfolios.

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The 2022-23 Local Government Settlement of almost £12.5 billion offers a like with like increase of 7.5 per cent in real terms and continues to provide local government with a funding settlement that is both fair and affordable, under the most challenging of circumstances. I look forward to working with COSLA in the year ahead to deliver the broader commitments set out in this letter.

Yours sincerely,

KATE FORBES

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Executive Director of Finance
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BA FCPFA MBA

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11 March 2022

Executive Director Social Care Services/Chief Officer Glasgow City HSCP
Commonwealth House
32 Albion Street
Glasgow
G1 1LH

Dear Ms Wearing

As a result of the budget approved by the Council on 17 February 2022 and an update within the Local Government Finance Circular 1/2022 issued on 2 March 2022 I can confirm that the Council's 2022-23 contribution to the Glasgow Health and Social Care Partnership amounts to £517,250,800.

Yours sincerely

Martin Booth
Executive Director of Finance

Directorate for Health Finance and Governance
Richard McCallum, Director

Scottish Government
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Chief Executives, NHS Scotland

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

Issued via email

9 December 2021

Dear Chief Executives

Scottish Government Budget 2022-23

Following the announcement of the Scottish Government's Budget for 2022-23 by the Cabinet Secretary for Finance and the Economy in Parliament today, I am writing to provide details of the funding settlement for Health Boards. A breakdown of the total is provided in **Annex A** to this letter.

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

Baseline Funding

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

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

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

Covid-19 Funding

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

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

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

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

Investment in Improving Patient Outcomes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Yours sincerely

RICHARD MCCALLUM
Director of Health Finance and Governance

Annex A – Board Funding Uplifts

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

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

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

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

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

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Greater Glasgow and Clyde NHS Board

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Date: 9th March 2022
Our Ref: FMcE

Enquiries to: Fiona McEwan
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Dear Susanne

2022/23 Indicative Financial Allocation to Glasgow Health and Social Care Partnership

Further to initial informal discussions with Chief Officers and Chief Finance Officers, I am writing to you with an indicative budget proposal for 2022/23. An update to this letter formally confirming your final allocation for 2022/23 will be issued on behalf of the Board after the Board's financial plan has been approved at the April board meeting and when the Board's financial out-turn is confirmed along with further clarification on the totality and distribution of future Covid-19 funding is determined.

Annual uplift to NHSGGC

The annual general uplift is provided by the Scottish Government to support Boards in meeting expected additional costs related to pay, supplies (which includes prescribing growth and utilities charges) and capital charges. The Board's uplift for 2021/22 is 2.0% totalling £48.8m with a further allocation of £13.6m to support the increased employer national insurance costs arising from the UK Health and Social Care Levy.

The HSCP Settlement

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

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

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

Set Aside Budget

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

Covid-19 Funding

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

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

Recharges to HSCPs

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

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

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

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

Yours sincerely

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

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

Spend Categories		**Glasgow Hscp**
		£000s
Family Health Services		218,002
FHS Income		(4,207)
Family Health Services Budget (Net)		**213,795**
Prescribing & Drugs		139,248
Non Pay Supplies		18,255
Pay		227,305
Other Non Pay & Savings		172,538
Other Income		(25,965)
Budget - HCH incl Prescribing		**531,380**
Total Rollover budget - NET		**745,175**
Adjustments:		
Non Recurring bud allocated to base		(4,450)
Budget Eligible for HCH & Prescribing uplift		**526,930**
Uplifts		
Scottish Government allocation	2.00%	**10,539**
Uplift for National Insurance increases	13.6 m	**1,644**
Total Uplift		**12,183**
Revised Budget		**757,358**
Set Aside Budget		
2021/2022 Value		242,403
Uplift @ 2%		4,848
2022/23 Value		**247,251**