



Item No: 9

Meeting Date: Wednesday 25th March 2020

Glasgow City Integration Joint Board

Report By: Sharon Wearing, Chief Office, Finance and Resources

Contact: Sharon Wearing

Tel: 0141 287 8838

INTEGRATION JOINT BOARD FINANCIAL ALLOCATIONS AND BUDGETS FOR 2020-21
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Purpose of Report:	To provide the IJB with a full update on the proposed financial allocations to, and implications for, the IJB Budget in 2020-21.
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Background/Engagement:	In line with the Integration Scheme, the Chief Officer has fully engaged in Glasgow City Council's budget setting process for 2020-21, which determined the funding allocations delegated to the IJB for 2020-21. 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.
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Recommendations:	<p>The Integration Joint Board is asked to:</p> <ul style="list-style-type: none">a) Note the contents of this report;b) Note and conditionally accept the funding offer from Glasgow City Council, on the basis that funding of Homecare Services is continued to be discussed with Glasgow City Council through the Chair;c) Note and conditionally accept the indicative funding offer from NHS Greater Glasgow and Clyde for 2020-21, subject to confirmation in April 2020;d) Note that the budget for set aside is still notional and further updates will be provided once final arrangements are put in place for 2020-21;e) Agree to the funding pressures outlined at section 5.2;f) Agree to the savings programme outlined at section 5.4.
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	<p>g) Delegate a budget to NHS Greater Glasgow and Clyde of £937,361,000 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 5.4; and</p> <p>h) Delegate a budget to Glasgow City Council of £441,199,800 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 and 5.4.</p>
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Relevance to Integration Joint Board Strategic Plan:

This report describes the financial allocation and budgets made available to the Integration Joint Board for 2020/21 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 Scottish Living Wage commitment for 2020-21 will be the subject of a future report to the IJB.
Equalities:	No EQIA carried out as this report does not represent a new or revised plan, policy, service or strategy. A preliminary assessment of the impact of the proposed savings proposals on groups with protected characteristics has been undertaken and can be made available to IJB members on request.
Fairer Scotland Compliance:	The expenditure on services within this budget supports the delivery of a Fairer Scotland.

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Financial:	Financial implications are detailed throughout this report.	
Legal:	<p>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.</p> <p>Directions are being issued in line with the legislation.</p>	
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:	<p>Delays in setting the budget may impact on the IJBs ability to achieve financial balance in 2020-21. The volatility of the drugs supply market and demand for services continues to represent a significant financial risk to the IJB.</p> <p>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 focussed on our response. This may require the IJB to use general reserves to manage this financial risk. This financial risk will be monitored during 2020-21 and reported through the financial performance reports to the IJB and IJB Finance, Audit and Scrutiny Committee.</p>	
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	✓

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1. Purpose

- 1.1 This report will outline the revenue budget for Glasgow City Integration Joint Board for 2020/21 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 £44.2m for 2020-21. The gap has increased from the original planning assumption of £51.4m and reflects the local government settlement offer from the Scottish Government on 6th February 2020 and a review of budget pressures. In delivering a balanced budget Glasgow City Council identified the need for savings of £27.2m.
- 3.2. The Scottish Government Budget Bill is currently at Stage 2. A copy of the letters issued to local authorities on 6 February 2020, and subsequently updated on 28 February is attached at Appendix 1 and 2.
- 3.3. This confirms an additional £100 million will be transferred from the health portfolio to Local Authorities in-year for investment in health and social care and mental health services that are delegated to Integration Authorities. The additional £100 million includes a contribution to the continued delivery of the real Living Wage (£25 million), uprating of free personal and nursing care payments (£2.2 million), implementation of the Carers Act in line with the Financial Memorandum of the Carers Bill (£11.6 million), along with further support for school counselling services (£4 million). The funding for School Counselling will be provided directly to Glasgow City Council. Glasgow City IJB's share of the remaining £96 million is estimated to be £10.979m.
- 3.4. The letter to COSLA Leaders confirms that this additional funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2019-20 recurring budgets for social care services that are delegated.

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- 3.5. Similar to last year, flexibility is also available to Local Authorities to offset their adult social care allocations to Integration Authorities by up to 2% and a maximum of £50 million in 2020-21 based on local needs. This flexibility was offered on 28 February after Glasgow City Council set its budget. 2% equates to £4.855m for Glasgow City IJB. At this stage the Council has not utilised this flexibility.
- 3.6. The Scottish Government and COSLA have also agreed joint political oversight to drive improved performance in health and social care through a combination of enhanced joint accountability and a streamlined improvement and development offer for IJBs. This will be achieved by working with Local Government and NHS Boards to agree a shared national and local approach to accountability for delivery. This will take account of standards, data and measures and we have agreed to work together to develop a small number of deliverable outcomes to help ensure Integration Authorities use their total resources to focus on delivery of key areas for improvement, including reducing delays in care.
- 3.7. On 20 February 2020, the Council agreed its budget for 2020-21. The Council offer letter is attached in Appendix 3. This budget confirms funding of £444.200m. £7.6m of funding has been provided for pressures in relation to pay and pension, which is off-set with a £7.6m reduction in funding to the IJB.

19/20 Payroll Inflation and Auto Enrolment	<u>+£7.600m</u>
Total Funding for Pressures	<u>+£7.600m</u>
 Reduction in IJB Funding Contribution	 <u>-£7.600m</u>
 Net Movement in Funding	 <u>+£0.000m</u>

- 3.8. In April 2018 the Council took the decision to transfer services from Cordia LLP back into Council Services. The services which transferred to the Health and Social Care Partnership had an estimated budgeted deficit of £4.7m. In 2019-20 the IJB agreed to fund 50% of the recurring deficit on the basis that the Council would fund the remaining 50% on a recurring basis. On 26 September 2019 the Council's City Administration Committee agreed to provide 50% of the overspend on homecare in 2019-20 and confirmed to the IJB that this would be baselined into future year budgets from 2020-21. The letter from the Council confirming this offer on 2 October 2019 is contained in Appendix 4.
- 3.9. The effect of the council's funding offer above is that the IJB will now be required to find the funding to meet the Council's original commitment to meet its 50% share of the deficit for this service. No additional funding will be provided by Glasgow City Council. This report recommends that this continues to be pursued with the Council through the Chair.

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

- 4.1 The Scottish Government wrote to Health Boards on 6 February 2020 in relation to the Draft Budget for 2020-21 as set out by the Minister for Public Finance and Digital Economy in Parliament that day. The letter is attached in Appendix 5. 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 3% over 2019-20 agreed recurring budgets.
- 4.2 In 2020-21 integration will bring together, under the direction of Integration Authorities, more than £9.4 billion of expenditure previously managed separately by NHS Boards and Local Authorities for social care, community health care and some hospital services. Integration Authorities must be empowered and supported by their Local Authority and NHS Board partners to use the totality of these resources, including any targeted investment already committed for specific purposes, to better meet the needs of their local populations.
- 4.3 The set aside budget included within the 2020-21 indicative offer letter continues to be notional uplifted for 2020-21. A separate report on the Unscheduled Care Commissioning Plan is being presented to the IJB and represents the first steps in developing strategic plans for the unscheduled care pathway as set out in legislation.
- 4.4 This letter also confirms an allocation of £461 million for investing in reforming services including Primary Care, Waiting Time Improvements, Mental Health and CAMHS, and Trauma Network, some of which will be delegated to the IJB.
- 4.5 NHS Greater Glasgow and Clyde Health Board have provided the IJB with an indicative offer for 2020-21 which is subject to Health Board approval. The formal offer from the Health Board will not be received until April 2019. The interim budget offer is attached in Appendix 6 and represents a 3% uplift reflecting the board uplift from the Scottish Government.

5. Proposed Budget for 2020-21

- 5.1. The funding outlined in section 4 is summarised below. This reflects the funding offered from Partners.

Movement in Funding	£millions
NHS Greater and Glasgow and Clyde - Funding Uplift	15.130
Glasgow City Council - Payroll Inflation and Auto Enrolment	7.600
Glasgow City Council - Reduction in IJB Funding Contribution	-7.600
Sub Total - Partners Funding	15.130
Scottish Government Funding - Investment in Living Wage, Uprating Free Personal Care and Integration and Carers Act	10.979
Total Additional Funding	26.109

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- 5.2. The IJB has a number of pressures which require to be funded in 2020-21.

Pressures to be Funded	£millions
Pay Inflation and Auto Enrolment	15.883
Prescribing and Drugs	4.724
Homecare Services - remaining budget deficit	2.350
Scottish Living Wage (Providers) and National Care Home Contract	4.664
Free Personal Care Uplift	0.098
Carers Act Implementation	1.346
Demographic Pressures - 2019/20	2.780
Demographic Pressures - 2020/21 @ 4%	6.000
Demand Pressures - Investment in Additional Social Workers	1.250
Contractual Inflation	0.482
Investment - Children and Families to Support Transformation	0.302
Total Pressures to be Funded	39.879
Funding Gap	13.770

- 5.3. The National Care Home contract is currently the subject of national negotiations, which have not yet concluded. The estimate provided above for Scottish Living Wage and National Care Home contract may require to be revised once negotiations are concluded. As a result the allocation for demographic pressures is also a provisional figure and will not be allocated until Scottish Living Wage and the National Care Home contract are considered by the IJB. This will be the subject of a future report to the IJB.
- 5.4. This leaves a funding gap of £13.770m 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
Savings - Public Health Researcher - Discontinue	-0.060
Savings - Hospital based prescribing (HBP) drugs	-0.025
Savings - Glasgow Alcohol & Drug Recovery Services - Day service redesign	-0.420
Savings - Reduction to central team business support GADRS	-0.028
Savings - School Counselling Service (Lifelink Youth)	-0.220
Savings - Removal of Prescribing Contingency	-5.279
Savings - A Review of Supplies and Services within Support Services	-0.164
Savings - Maximising Independence - Adults/Older People	-2.950
Savings - Maximising Independence - Children	-3.360
Savings - Adult Services – Services Reviews in a Number of Services	-0.130
Savings - Income Maximisation	-0.150
Savings - A Review of Teams within Resources	-0.165

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Savings - A Review of Funding for Specialist Children Service	-0.300
Savings - Review of Transport Model to Support the HSCP	-0.429
Savings - Review of Linguistics Services	-0.090

Total Savings Identified	-13.770
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- 5.5. On 26 June 2019 the IJB approved the development of a Maximising Independence programme for Glasgow City which will seek to deliver a sustainable health and social care service for the City which will focus on prevention and early intervention approaches and supporting individuals and communities to support each other. On 20 November 2019 the IJB approved £8.5m of funding to support the implementation of this programme over the next two years. This approach has been introduced in other public sector organisations and is evidenced to show that not only does it improve outcomes for the individual, it also results in a more effective use of resources, with less reliance on health and social care services, which will deliver savings over the longer term. The IJB is already experiencing the pressures of increasing demand as a result of demographic, health and deprivation. It will take time to implement the Maximising Independence programme and this represents a financial risk to the IJB.
- 5.6. 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 focussed on our response. This may require the IJB to use general reserves to manage this financial risk. This financial risk will be monitored during 2020-21 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 2020-21 allocation letter received on 7 February 2020 confirmed an allocation of £18,121,028 for Glasgow City HSCP, an increase of £104,741 or 0.6% from 2019-20. Work is underway to manage the services within this allocation.

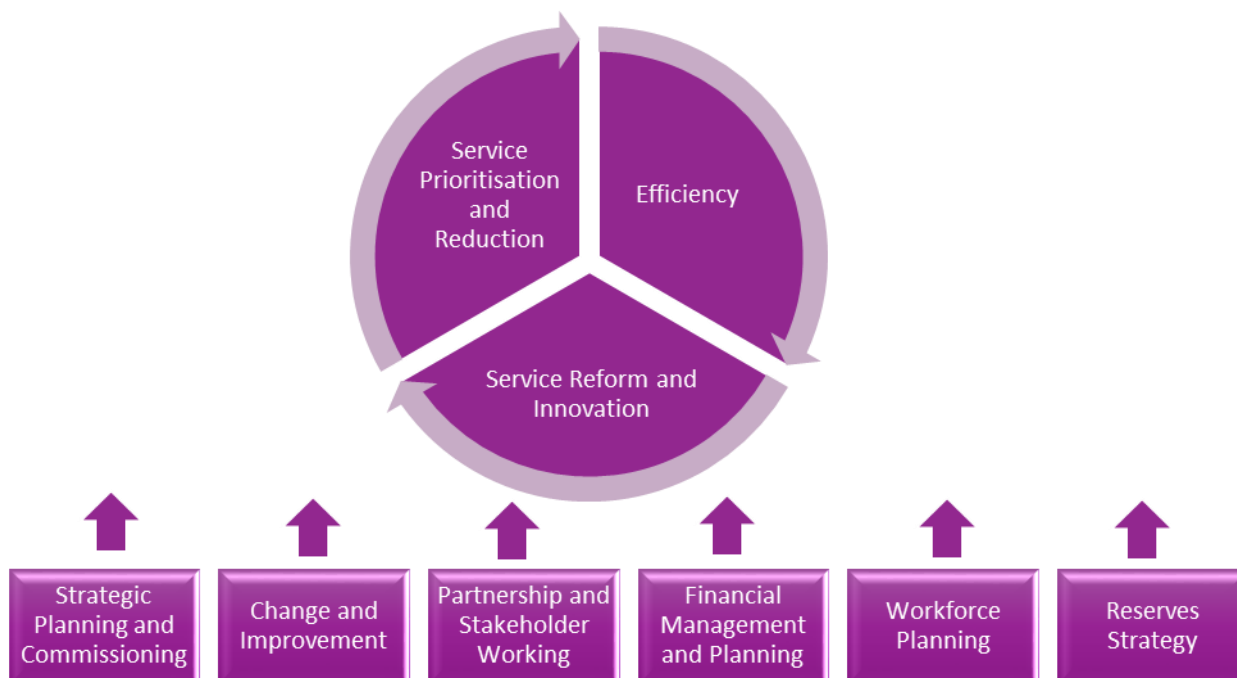
7. Revenue Budget for 2021/22 and 2022/23

- 7.1. The Medium Term Financial Outlook identifies an estimated funding gap of £36m and £33m in 2021-22 and 2022-23. 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.

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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:

- Note the contents of this report;
- Note and conditionally accept the interim funding offer from Glasgow City Council, on the basis that funding of Homecare Services is continued to be discussed with Glasgow City Council;
- Note and conditionally accept the indicative funding offer from NHS Greater Glasgow and Clyde for 2020-21, subject to confirmation in April 2020;
- Note that the budget for set aside is still notional and further updates will be provided once final arrangements are put in place for 2020-21;
- Agree to the funding pressures outlined at section 5.2;
- Agree to the savings programme outlined at section 5.4.
- Delegate a budget to NHS Greater Glasgow and Clyde of £937,361,000 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 5.4; and
- Delegate a budget to Glasgow City Council of £444,199,800 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 and 5.4.



DIRECTION FROM THE GLASGOW CITY INTEGRATION JOINT BOARD

1	Reference number	250320-9
2	Report Title	Integration Joint Board Financial Allocations and Budget for 2020-21
3	Date direction issued by Integration Joint Board	25 March 2020
4	Date from which direction takes effect	25 March 2020
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 2020-21
8	Full text of direction	<p>Glasgow City Council is directed to spend the delegated net budget of £444,199,800 in line with the Strategic Plan and the budget outlined within this report.</p> <p>NHS Greater Glasgow and Clyde is directed to spend the delegated net budget of £937,361,000 in line with the Strategic Plan and the budget outlined within this report.</p>
9	Budget allocated by Integration Joint Board to carry out direction	The budget delegated to NHS Greater Glasgow and Clyde is £937,361,000 and Glasgow City Council is £444,199,800 as per this report.
10	Performance monitoring arrangements	The budget will be monitored through standard budget monitoring Arrangements.
11	Date direction will be reviewed	April 2020.

Ministear airson Ionmhas Poblach agus Eaconomaidh
Dhìdseatach
Ceit Fhoirbheis BPA
Minister for Public Finance and Digital Economy



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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

6 February 2020

Dear Alison

Today the Scottish Government set out proposed Budget, and tax plans and public sector pay policy for 2020-21, and introduced the associated Budget Bill. Further to the announcement the Scottish Government write now to confirm the details of the local government finance settlement.

Details of the indicative allocations to individual local authorities for 2020-21 are also published today in Local Government Finance Circular 1/2020 which begins the statutory consultation period on the settlement.

In coming to the decision to announce the Scottish Budget before the outcome of the UK Budget is known, the Scottish Government listened carefully to the representations COSLA made on behalf of local government of the damaging impact any further delay would have on the delivery of vital public services and also the practical challenges this would pose around the setting and collection of council tax.

The delay to the UK Budget means that we do not know what total Budget funding will be available to Scotland next year, as we do not yet have confirmation of Barnett consequentials that will flow from changes in UK Departmental expenditure or the updated economic and tax forecasts that are needed to finalise the Block Grant Adjustments that impact on over 30% of our Resource DEL budget. For the purposes of this Budget, the Scottish Government has taken an appropriately cautious approach in estimating the likely outcomes of the UK Budget on 11 March for both revenue and capital budgets, noting that the proposed timetable for the Budget Bill is for parliamentary consideration to conclude on 5 March. If the settlement from the UK government is significantly different from the assumptions the Scottish Government have made, we may need to revisit the allocations contained in this letter.

The Budget announced today prioritises our shared objectives of improving wellbeing, supporting inclusive economic growth, responding to the Global Climate Emergency and

tackling child poverty and remains firmly anchored in the jointly agreed National Performance Framework.

The Scottish Government's budget for 2020-21 is bold and ambitious, delivering on our key commitments. Prioritising these commitments has required fresh consideration of all areas of expenditure, as we continue to deal with the effects of UK Government austerity, with Scotland's discretionary resource budget from the UK Government for 2020-21 still set to be considerably lower in real terms than it was in 2010.

The total revenue funding to be provided through the settlement for 2020-21 will be £10,572.8 million, which includes distributable non-domestic rates incomes of £2,790 million.

The Capital settlement has been set at £763.1 million and this includes the continuing expansion of Early Years provision and the addition of a Heat Networks Early Adopters Challenge Fund.

The total funding which the Scottish Government will provide to local government in 2020 -21 through the settlement in funding for core services is therefore £11,336 million, and includes;

- £201 million revenue and £121.1 million capital to support the expansion in funded Early Learning and Childcare (ELC) entitlement to 1,140 hours by 2020;
- In addition to the £160 million available in 2019-20, a further £100 million to be transferred from the health portfolio to the Local Authorities in-year for investment in health and social care and mental health services that are delegated to Integration Authorities under the Public Bodies (Joint Working) (Scotland) Act 2014. This brings the total transferred from the health portfolio to support health and social care integration to £811 million in 2020-21. The additional £100 million for local government includes a contribution to continued delivery of the real Living Wage (£25 million), uprating of free personal and nursing care payments (£2.2 million), implementation of the Carers Act in line with the Financial Memorandum of the Carers Bill (£11.6 million), along with further support for school counselling services whether or not delegated under the Public Bodies (Joint Working) (Scotland) Act 2014 (£4 million);
- Baselineing of the £90 million added at Stage 1 of the Budget Bill for 2019-20;
- The ongoing £88 million to maintain the pupil:teacher ratio nationally and secure places for all probationers who require one under the teacher induction scheme;
- Provision for the Teachers Pay (£156 million) and Pensions (£97 million);
- £5.3 million for Barclay implementation costs; and
- A new capital £50 million Heat Networks Early Adopters Challenge Fund to support local authorities who are ready to bring forward investment-ready heat networks.

As confirmed last week local authorities will continue to have the flexibility for 2020-21 to increase Council Tax by up to a maximum of 3% in real-terms (4.84% cash). This local discretion will preserve the financial accountability of local government, whilst also potentially generating around £135 million to support services.

The revenue allocation delivers a real-terms increase for local government for 2020-21 compared to 2019-20. Taken together with the additional spending power that comes with the flexibility to increase Council Tax (worth around £135 million next year) the total revenue funding would deliver a real-terms increase in the overall resources to support local government services of £435.9 million or 4.3%.

In 2020-21 integration will bring together, under the direction of Integration Authorities, more than £9.4 billion of expenditure previously managed separately by NHS Boards and Local

Authorities for social care, community health care and some hospital services. Integration Authorities must be empowered and supported by their Local Authority and NHS Board partners to use the totality of these resources, including any targeted investment already committed for specific purposes, to better meet the needs of their local populations.

Individual local authorities will, in return for this settlement, be expected to deliver certain specific commitments.

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2019-20 recurring budgets for social care services that are delegated. Similarly, the £4 million for school counselling services must be additional. This means that, when taken together, Local Authority social care budgets for allocation to Integration Authorities and funding for school counselling services must be £100 million greater than 2019-20 recurring budgets.

We will also continue to take forward our ambitious programme of educational reform that will deliver an education system led by communities, schools and teachers. The Scottish Government, in partnership with local authorities, will empower schools to make key decisions over areas such as the curriculum, budgets and staffing while continuing to deepen collaboration across the education sector. In recognising that teachers are central to achieving our ambition of delivering excellence and equity in Scottish education we will continue to commit an overall funding package of £88 million in the local government finance settlement to support both maintaining the pupil teacher ratio at a national level and ensuring that places are provided for all probationers who require one under the teacher induction scheme.

Each local authority area will continue to benefit from Pupil Equity Funding (PEF) which forms part of the overall commitment from the Scottish Government to allocate £750 million through the Attainment Scotland Fund, over the term of the Parliament to tackle the attainment gap. £120 million in Pupil Equity Funding is going directly to headteachers to provide additional support to help close the attainment gap and overcome barriers to learning linked to poverty. PEF is additional to the £62 million Attainment Scotland funding, which is outwith the local government finance settlement. Money from the Attainment Scotland Fund will continue to provide authorities and schools with additional means to provide targeted literacy, numeracy and health and wellbeing support for children and young people in greatest need.

The Heat Networks Early Adopters Challenge Fund will be a competitive fund to provide enabling and financial support to assist the build and installation of exemplar local authority-led heat network projects. The Challenge Fund will offer capital funding up to an intervention rate of 50 per cent and will be available for new and existing heat networks who are able to demonstrate progress towards greenhouse gas emissions reductions and wider socio-economic benefits. There will also be a smaller development funding call within the Challenge Fund to help develop early stage project proposals to become investment-ready in future years. The detailed terms and conditions for the Heat Networks Early Adopters Challenge Fund will be drawn up in consultation with COSLA and we anticipate that it will launch early in the financial year.

The Scottish Government remains committed to a competitive non-domestic rates regime, underlined by the proposals outlined in this Scottish Budget. The poundage in Scotland has been capped below the Consumer Price Index inflationary increase at 49.8 pence, a 1.6 per cent increase. The Scottish Government are also introducing some further support for intermediate sized properties which will ensure around 95 per cent of properties in Scotland now pay a lower poundage than they would in other parts of the United Kingdom. Full details of this and all other reliefs are set out in Local Government Finance Circular 1/2020.

In these unprecedented times with all the uncertainty imposed upon us by the UK Government the Scottish Government believe, taking into account all the circumstances, the allocations set out in this local government finance settlement is the best that could be achieved and continues to provide a fair settlement to enable local authorities to meet our shared priorities of improving wellbeing, supporting inclusive economic growth, responding to the Global Climate Emergency and tackling child poverty.

KATE FORBES

Directorate for Health Finance and Governance
Richard McCallum, Interim Director



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Chief Executives, Local Authorities
Chief Executives, NHS Boards
Chief Officers, Integration Authorities

Copy to: Directors of Finance, Local Authorities
Directors of Finance, NHS Boards
Chief Finance Officers, Integration Authorities

Issued via email

28 February 2020

Dear Colleagues

Budget 2020-21

The Scottish Government's Budget for 2020-21, which was announced in Parliament on 6 February by the Minister for Public Finance and Digital Economy, confirmed that the Health Portfolio will transfer a further £100 million to Local Authorities for investment in social care and integration, and for continued support for school counselling services. This will take the total funding transferred from the health portfolio to £811 million in 2020-21.

The distribution of the additional £100 million for Local Authorities is set out in the **Annex**, and includes a contribution to continued delivery of the Living Wage (£25 million), uprating of free personal and nursing care payments (£2.2 million), implementation of the Carers Act in line with the Financial Memorandum of the Carers Bill (£11.6 million), along with further support for school counselling services whether or not delegated under the Public Bodies (Joint Working) (Scotland) Act 2014 (£4 million).

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2019-20 recurring budgets for social care services that are delegated. Similarly, the £4 million for school counselling services must be additional. This means that, when taken together, Local Authority social care budgets for allocation to Integration Authorities and funding for school counselling services must be £100 million greater than 2019-20 recurring budgets.

Similar to last year, flexibility will be available to Local Authorities to offset their adult social care allocations to Integration Authorities by up to 2% and a maximum of £50 million in 2020-21 based on local needs.

The Scottish Government and COSLA have agreed joint work to support ongoing local plans to manage the deficit position with a small number of Integration Joint Boards (IJBs) and their partner Health Boards and Local Authorities. The aim of this support is to ensure that structural deficits in funding do not impact on the operational budgets of IJBs, giving them the time and space to redesign and reform services to deliver within agreed budget parameters.

Finally, the Scottish Government and COSLA have agreed joint political oversight to drive improved performance in health and social care through a combination of enhanced joint accountability and a streamlined improvement and development offer for IJBs. This will be achieved by working with Local

Government and NHS Boards to agree a shared national and local approach to accountability for delivery. This will take account of standards, data and measures and we have agreed to work together to develop a small number of deliverable outcomes to help ensure Integration Authorities use their total resources to focus on delivery of key areas for improvement, including reducing delays in care. This work will be progressed quickly using normal mechanisms and we will keep you informed of progress.

Yours sincerely

RICHARD MCCALLUM

Interim Director of Health Finance and Governance

ELINOR MITCHELL

Director of Community Health and Social Care

Annex

Allocation of £100m from Health and Social Care Budget	
	Total (£m)
Aberdeen City	3.51
Aberdeenshire	3.99
Angus	2.29
Argyll and Bute	1.74
Clackmannanshire	0.87
Dumfries and Galloway	3.14
Dundee City	2.77
East Ayrshire	2.26
East Dunbartonshire	1.93
East Lothian	1.80
East Renfrewshire	1.63
Edinburgh, City of	8.28
Eilean Siar	0.62
Falkirk	2.75
Fife	6.62
Glasgow City	10.98
Highland	4.24
Inverclyde	1.63
Midlothian	1.45
Moray	1.80
North Ayrshire	2.70
North Lanarkshire	5.69
Orkney	0.43
Perth and Kinross	2.96
Renfrewshire	3.20
Scottish Borders	2.24
Shetland	0.36
South Ayrshire	2.41
South Lanarkshire	5.75
Stirling	1.57
West Dunbartonshire	1.63
West Lothian	2.77
SCOTLAND	96.00
School Counselling (to Education)	4.00
Total	100.00



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Executive Director of Finance
Martin Booth
BA FCPFA MBA

Appendix 3

Financial Services
Glasgow City Council
City Chambers
George Square
Glasgow G2 1DU

Telephone: 0141 287 3837
Fax No: 0141 287 0264

19 March 2020

Sharon.wearing@glasgow.gov.uk

Dear Sharon

As a result of the budget approved by the Council on 20 February 2020, I can confirm that the Council's 2020-21 contribution to the Glasgow Health and Social Care Partnership amounts to £444,199,800.

Yours sincerely

Martin Booth
Executive Director of Finance

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Executive Director of Finance
Martin Booth
BA FCPFA MBA

Financial Services
Glasgow City Council
City Chambers
George Square
Glasgow G2 1DU

Telephone: 0141 287 3837
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2 October 2019

Sharon.wearing@glasgow.gov.uk

Dear Sharon

Further to my letter to you on 27th August 2019. I can now confirm that the City Administration Committee on 26th September approved that they would provide funding to cover 50% of the overspend on homecare. This is currently estimated as a contribution of £2.35m for 2019/20. I can also confirm that this will be baselined for future year's budgets.

I can also confirm that Glasgow City Council will provide funding of £450k to cover the additional costs incurred as a result of contingency planning in relation to equal pay.

Yours sincerely

Martin Booth
Executive Director of Finance

Directorate for Health Finance and Governance
Richard McCallum, Interim Director



Scottish Government
Riaghaltas na h-Alba
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Chief Executives, NHS Scotland

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

Issued via email

6 February 2020

Dear Chief Executives

Budget 2020-21 – Indicative Allocation

Following the announcement of the Scottish Government's Budget for 2020-21 by the Minister for Public Finance and Digital Economy in Parliament today, I am writing to provide details of the funding settlement for Health Boards. A breakdown of the total is provided in **Annex A** to this letter.

The Portfolio settlement will make a significant contribution to the central purpose of the National Performance Framework - enhancing population wellbeing through our core work delivering the healthy and active outcome. In addition, there is a wider benefit from investment in the health and sport portfolio, particularly in relation to outcomes for an inclusive and sustainable economy, reducing poverty and inequality, growing and sustaining inclusive and resilient communities, and promoting a bright future through our children and early years.

The settlement will support continued delivery of the core priorities set out in the Programme for Government, which focus on; waiting times improvement, primary care, investment in mental health and delivering further progress in the integration of health and social care, as well as continuing to shift the balance of spend towards community health services. It also recognises the wider inflationary pressures faced by Boards and Integration Authorities.

Baseline Funding

All Territorial Boards will receive a baseline uplift of 3%. In addition to this, those Boards furthest from NRAC parity will receive a share of £17 million, which will continue to maintain all Boards within 0.8% of NRAC parity.

The National Waiting Times Centre, Scottish Ambulance Service, The State Hospital and NHS 24, along with the NHS National Services Division and Scottish National Blood Transfusion Services (within NHS National Services Scotland) will also receive a baseline uplift of 3%. NHS National Services Scotland, Healthcare Improvement Scotland, and NHS Education for Scotland will receive funding uplifts of 2%, which includes funding towards pay costs. The new budget for Public Health Scotland includes funding transferred from NHS Health Scotland and NHS National Services Scotland.

This position continues to assume that the £15 million of National Board savings is fully delivered in 2020-21 and that further progress is made in National Boards collaborating to deliver service improvement and further savings.

Investment in Improving Patient Outcomes

In addition to the baseline funding uplift, a total of £461 million will be invested in improving patient outcomes in 2020-21, as set out below:

Improving patient outcomes	2019-20 Investment in reform (£m)	2020-21 Investment in reform (£m)	Increase for 2020-21 (£m)
Primary Care	155	205	50
Waiting Times Improvement	106	136	30
Mental Health and CAMHS	61	89	28
Trauma Networks	18	31	13
TOTAL	340	461	121

When combining the £121 million increase in investment in reform with an increase of £333 million in baseline funding for frontline NHS Boards, the total additional funding for frontline NHS Boards will amount to £454 million (4.2 per cent) in 2020-21. Further detail is set out in **Annex A**.

Full details of the method of allocation and evidence of delivering against agreed outcomes will be set out by individual policy areas.

Core Areas of Investment

Primary Care

Investment in the Primary Care Fund will increase to £205 million in 2020-21. This will support the implementation of the GP contract and development of new models of primary care - where multidisciplinary teams of nurses, doctors, pharmacists, AHPs and other clinicians work together to meet the needs of their communities. This includes £10 million to be invested in GP premises.

Waiting Times Improvement Plan

Investment of £136 million will be provided to support waiting times improvement and reform. Work will continue to develop Annual Operational Plan submissions, with specific focus on inpatient and day cases, as well as wider plans to deliver sustainable solutions, including progress against the development of the elective centres. Included in this funding is £10 million for winter 2020-21, to allow Boards maximum opportunity to plan as appropriate.

Mental Health and CAMHS

Funding of £89 million will be directed to a range of partners for investment to support mental health, and children and young people's mental health. In the year ahead we will build on previous support to Territorial and National Boards through ongoing delivery of the Mental Health Outcomes Framework, the NHS Workforce Development Programme and support to improve access to high quality mental health services. We will also continue to fund the additional CAMHS staff recommended by the Children & Young People's Mental Health Taskforce from within £5.1 million administered by NHS Education Scotland. This will see a continuation in the Scottish Government's specific investment in Boards to support mental health service delivery. The Minister for Mental Health and her officials will discuss investment plans in more detail with you in the coming months.

The Mental Health Services budget also includes funding to be directed to Integration Authorities for the recruitment of 800 additional mental health workers as outlined in action 15 of the Mental Health Strategy. There will also be investment in perinatal and infant mental health overseen by the Programme Board led by Hugh Masters. Nonetheless the bulk of service provision is funded through NHS Boards' baseline funding, and we expect NHS Boards and Integration Authorities to prioritise spending in these areas in response to increasing demand and in line with Programme for Government commitments to deliver a shift in the balance of overall spending.

Trauma Networks

This funding will increase from £18 million to £31 million, taking forward the implementation of the major trauma networks.

Alcohol and drugs

The Portfolio budget includes an additional £12.7 million to tackle the harm associated with the use of illicit drugs and alcohol. The Minister for Public Health, Sport and Wellbeing and his officials will discuss investment plans in more detail with Boards and Integration Authorities in the coming months. It is expected investment by Boards and Integration Authorities will increase by 3% over and above 2019-20 agreed recurring budgets to address these issues.

Reform Funding

This budget prioritises baseline funding, along with increased investment in particular areas of reform that will improve patient outcomes. We will however work with colleagues to agree investment in specific programmes of work, such as in relation to radiology and laboratories services, as well as in-year funding to support the strategies of NHS 24 and Scottish Ambulance Service, which will have a wider benefit to the service.

Health and Social Care Integration

In 2020-21, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 3% over 2019-20 agreed recurring budgets.

In addition to this, and separate from the Board Funding uplift, the Health Portfolio will invest a further £100 million in Local Authorities for investment in social care and integration, and continued support for school counsellors. This will take the total funding transferred from the health portfolio to £811 million in 2020-21. The additional £100 million for local government includes a contribution to continued delivery of the Living Wage (£25 million), uprating of free personal and nursing care payments (£2.2 million), implementation of the Carers Act in line with the Financial Memorandum of the Carers Bill (£11.6 million), along with further support for school counselling services whether or not delegated under the Public Bodies (Joint Working) (Scotland) Act 2014 (£4 million).

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2019-20 recurring budgets for social care services that are delegated. Similarly, the £4 million for school counselling services must be additional. This means that, when taken together, Local Authority social care budgets for allocation to Integration Authorities and funding for school counselling services must be £100 million greater than 2019-20 recurring budgets.

In 2020-21 integration will bring together, under the direction of Integration Authorities, more than £9.4 billion of expenditure previously managed separately by NHS Boards and Local Authorities for social care, community health care and some hospital services. Integration Authorities must be empowered and supported by their Local Authority and NHS Board partners to use the totality of these resources, including any targeted investment already committed for specific purposes, to better meet the needs of their local populations.

Capital Funding

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

Three Year Financial Plan

We will continue to engage with Boards to finalise Annual Operational Plans and three year planning assumptions. This will set out a number of principles to be delivered in relation to finance and wider performance and I hope the information contained in this letter will assist in the finalising of plans.

Yours sincerely

RICHARD MCCALLUM

Interim Director of Health Finance and Governance

Annex A – Board Funding Uplifts

	Total 2019-20			2020-21 Total
NHS Territorial Boards	Allocation	Uplift	Uplift	allocation
	£m	£m	%	£m
Ayrshire and Arran	740.2	22.2	3.0%	762.4
Borders	213.4	6.4	3.0%	219.8
Dumfries and Galloway	306.9	9.2	3.0%	316.1
Fife	679.3	22.2	3.3%	701.5
Forth Valley	541.5	17.3	3.2%	558.7
Grampian	984.0	29.5	3.0%	1,013.5
Greater Glasgow and Clyde	2,295.8	68.9	3.0%	2,364.7
Highland	645.3	20.7	3.2%	666.0
Lanarkshire	1,231.2	36.9	3.0%	1,268.1
Lothian	1,482.6	57.4	3.9%	1,540.1
Orkney	51.1	1.5	3.0%	52.6
Shetland	52.3	1.6	3.0%	53.9
Tayside	784.9	23.5	3.0%	808.5
Western Isles	77.7	2.3	3.0%	80.0
	10,086.2	319.7	3.2%	10,405.9
NHS National Boards				
National Waiting Times Centre	58.3	1.7	3.0%	60.0
Scottish Ambulance Service	270.3	8.1	3.0%	278.4
The State Hospital	36.5	1.1	3.0%	37.6
NHS 24	70.6	2.1	3.0%	72.7
NHS Education for Scotland*	444.8	16.7	3.8%	461.5
NHS Health Scotland / Public Health Scotland**	18.9	0.4	2.0%	47.9
NHS National Services Scotland**	345.6	9.1	2.6%	327.7
Healthcare Improvement Scotland	25.8	0.5	2.0%	26.3
	1,270.7	39.8	3.1%	1,312.1
Total NHS Boards	11,357.0	359.5	3.2%	11,718.0
Improving Patient Outcomes	340.0	121.0	-	461.0
Total Frontline NHS Boards***	10,861.9	453.8	4.2%	11,315.7

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

** Budget for Public Health Scotland of £47.9 million reflects budget for new public health body and includes transfer of £27.1 million from NHS National Services Scotland.

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

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Greater Glasgow and Clyde NHS Board

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Dear Susanne

2020/21 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 2020/21. An update to this letter formally confirming your final allocation for 2020/21 will be issued on behalf of the Board after the Board's financial plan has been approved at the 21 April board meeting and when the Board's financial out-turn is confirmed.

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 2020/21 is 3.0% totalling £68.9m.

The HSCP Settlement

The Scottish Government's funding allocation letter issued on 6 February 2020 states that "*In 2020-21, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 3.0% over 2019/20 agreed recurring budgets*".

The total allocation uplift to all six HSCTs should be £25.9m based on the current recurring budget at 31 January 2020. This will be adjusted when the 2019-20 out-turn is finalised in April.

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

Set Aside Budget

During 2019/20 work had been undertaken 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 2020/21. This is initially based on the estimated out-turn for 2019/20 uplifted by 3.0% 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 until commissioning plans are in place between HSCTs and the Board.

Recharges to HSCTs

The following items will continue to be charged to the HSCT during 2020/21:

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

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- 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.

I hope this now enables the HSCP to finalise its financial plans for 2020/21.

Yours sincerely

James Hobson

Assistant Director of Finance
NHS Greater Glasgow and Clyde

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

Spend Categories		Glasgow Hscop
		£000s
Family Health Services *		200,872
Fhs Income*		(9,642)
Family Health Services Budget (Net)		191,230
Prescribing & Drugs		136,608
Non Pay Supplies		31,083
Pay		194,303
Other Non Pay & Savings		159,262
Other Income		(22,413)
Budget - HCH incl Prescribing		498,843
Total Rollover budget - NET		690,074
Adjustments:		
Non Recurring bud allocated to base		(4,765)
Realignment of Specialist Children's Services		8,759
Realignment of PCIF/ PCIP Funds Pharmacy		1,025
Realignment of Historic Pharmacy Funds		460
Budget Eligible for HCH & Prescribing uplift		504,322
<u>Uplifts</u>		
Scottish Government allocation	3.00%	15,130
Revised Budget		715,447
Set Aside budget:		
Actual 2019/20 - April to January		179,542
Estimate February - March 2020		35,908
Estimated Set Aside allocation 2019/20		215,450
Indicative allocation for 20/21 (3% uplift)		221,914

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