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Item No: 7

Meeting Date: Wednesday 20th March 2024

Glasgow City Integration Joint Board

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

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Integration Joint Board Financial Allocations and Budgets for 2024-25

Purpose of Report:

This report will outline the revenue budget for Glasgow City Integration Joint Board for 2024-25 and the budget available for services commissioned from Glasgow City Council and NHS Greater Glasgow & Clyde.

Background/Engagement:

In line with the Integration Scheme, the Chief Officer has fully engaged in Glasgow City Council's budget setting process for 2024-25, which determined the funding allocations delegated to the IJB for 2024-25. 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.

Governance Route:

The matters contained within this paper have been previously considered by the following group(s) as part of its development.

- HSCP Senior Management Team
- Council Corporate Management Team
- Health Board Corporate Management Team
- Council Committee
- Update requested by IJB
- Other
- Not Applicable

Recommendations:

The Integration Joint Board is asked to:

- a) note the contents of this report;

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	<ul style="list-style-type: none">b) note the funding allocation from Glasgow City Council and the assurances provided in relation to the funding for the pressures in asylum;c) note the indicative funding allocation from NHS Greater Glasgow and Clyde, subject to confirmation when the out-turn for the 2023-24 financial year has been finalised including distributions of pay awards for 2023-24;d) agree the balanced budget outlined in section 7 including the savings programme detailed in section 7.8;e) agree the saving proposal for £3m from a review of access to social care support, £4.638m waitlisting for services in self-directed support and the proposal to remove £0.280m of the Children's Service Change Fund, in principle subject to more detailed report being presented to the IJB in May;f) agree the transfer of the planned underspend of £9.581m to general reserves, subject to approval of the final outturn report in June 2025;g) refer the proposed increases to non-residential charges to the Glasgow City Council City Administration Committee for approval;h) delegate a budget to NHS Greater Glasgow and Clyde of £1,052,081,000 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 7;i) delegate a budget to Glasgow City Council of £541,501,100 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 7;j) agree that the Partnership will offer a 10.09% uplift to an agreed percentage of full contract values (detailed at section 11), to providers of Adult Social Care within Glasgow Purchased Services and a 10.09% uplift on the full contract value to residential providers of Adult Social Care within Glasgow Purchased Services effective from 8 April 2024; andk) note that the uplifts agreed at j) will be subject to Providers confirming, they will pay staff providing direct care at least £12.00 per hour from 8 April 2024.
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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 2024-25 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 the implications this has for the priorities outlined in the Strategic Plan.

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Implications for Health and Social Care Partnership:

Reference to National Health & Wellbeing Outcome(s):

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:

There has been significant investment in the workforce which supports delivery of Health and Social Care over the last five years with an increase of 11% in the health workforce and 7.7% increase in the social care workforce.

The challenging financial climate has required savings options to be considered which will result in a reduction in staffing. This report highlights savings options which will result in a reduction of 62.2 FTE (0.98%) in Council services and the potential for 90 FTE (1.3%) in Health services, which will be the subject of a separate report in May.

Carers:

Supporting carers to sustain them in their caring role remains a strategic priority for the HSCP. All of the budget measures proposed here are informed by that commitment. Whilst surplus funds have been taken as part of the broader budget proposals, existing carer support capacity will remain unaffected. However, it is prudent to assume that other savings proposals will have some impact on carers across the city.

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. Proposals have been subject to a preliminary Equality Impact Assessment to understand impacts, inform the development of the proposals, and to take steps to mitigate any impacts identified, wherever possible. Where proposals are not sufficiently developed and where the engagement activity with stakeholders to inform the proposal has not yet been undertaken then further engagement will be undertaken and reported back to the May IJB. The outcome of the equality considerations of the proposals within this report can be accessed on our website.

[Equalities Impact Assessments | Glasgow City Health and Social Care Partnership \(hscp.scot\)](https://www.glasgow.gov.uk/Equalities-Impact-Assessments-Glasgow-City-Health-and-Social-Care-Partnership-hscp.scot)

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Fairer Scotland Compliance:	Overall, the expenditure on services within this budget supports the delivery of a Fairer Scotland, however some of the equality impact assessments have identified that there is potential for a disproportionate impact on those living in poverty. Mitigations are being planned wherever possible.
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Financial:	Financial implications are detailed throughout this report.
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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.
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Economic Impact:	Not applicable at this time.
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Sustainability:	<p>The financial position of the IJB is dependent on the funding allocations received from the Council and the Health Board. The financial pressures facing the IJB is unprecedented and is reflective of both cost and demand pressures. The funding allocations received do not fully meet these pressures.</p> <p>The IJB has an opportunity as part of proposed budget smoothing to use the impact of these additional savings to increase General Reserves in 2024-25. It is currently forecast that the IJB will end 2023-24 with a General Reserve of £5.7m. Including the impact of the budget smoothing this will increase to £15.3m. This would represent 0.9% compared to the targeted 2% for General Reserves.</p> <p>Holding General Reserves significantly below the 2% target level represents a significant risk to the IJB with concerns already being expressed by external audit. Reserves is a key component of the IJB's funding strategy. General Reserves are not held to meet any specific liability and offer the IJB some flexibility to deal with unforeseen events or emergencies. For 2024-25 this will include the risks which still exist in relation to financial volatility especially in relation to homelessness, prescribing, pay settlements and funding arrangements for 2024-25. It will also help to support the implementation of the significant savings programme and the wider budget strategy which is required to be delivered. It is also important for the long-term financial stability and the sustainability of the IJB that sufficient General Reserves are held in reserve to manage unanticipated pressures from year to year.</p>
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Sustainable Procurement and Article 19:	Not applicable at this time.
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Risk Implications:	<p>Delays in setting the budget will impact on the IJBs ability to achieve financial balance in 2024-25 and will require recovery plans to be put in place which will impact on all services.</p> <p>The volatility of the drugs supply market, demand for services, cost of living crisis, acceleration of home office decisions and inflation continues to represent a significant financial risk to the IJB. This level of risk will require the IJB to keep its financial strategy under review to ensure services are delivered within the funding available. This financial risk will be monitored during 2024-25 and reported through the financial performance reports to the IJB and IJB Finance, Audit and Scrutiny Committee.</p> <p>The IJB has a statutory duty to deliver a balanced budget within the funding allocations provided by Partner Bodies. To achieve this, decisions are required which will result in a number of services being reduced. It is recognised that this comes with a risk in relation to Partner Bodies being able to meet their statutory obligations. There are no other options available to the IJB given the funding available and the pressures being faced.</p>
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Implications for Glasgow City Council:	The budget is required to be spent in line with the Strategic Plan and the approved directions.
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Implications for NHS Greater Glasgow & Clyde:	The budget is required to be spent in line with the Strategic Plan and the approved directions.
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Direction Required to Council, Health Board or Both	
Direction to:	
1. No Direction Required	<input type="checkbox"/>
2. Glasgow City Council	<input type="checkbox"/>
3. NHS Greater Glasgow & Clyde	<input type="checkbox"/>
4. Glasgow City Council and NHS Greater Glasgow & Clyde	<input checked="" type="checkbox"/>

1. Purpose

- 1.1. This report will outline the revenue budget for Glasgow City Integration Joint Board for 2024-25 and the budget available for services commissioned from Glasgow City Council and NHS Greater Glasgow & Clyde.

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2. Background

- 2.1. The Health Board and Local Authority will delegate functions 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. IJB and Chief Finance Officer's Responsibility to Set a Balanced Budget

- 3.1. 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.
- 3.2. CIPFA produced the statement 'The Role of the Chief Finance Officer in Local Government'. This sets out how the requirement of this legislation and professional standards should be fulfilled by the Chief Finance Officer in carrying out their role as well as the role of the organisation in meeting these requirements.
- 3.3. This statement confirms that the IJB has the following responsibilities: -
 - Establish a medium-term business and financial planning process to deliver the organisation's strategic objectives, including:
 - a medium-term financial strategy to ensure sustainable finances
 - a robust annual budget process that ensures financial balance
 - Ensure that professional advice on matters that have financial implications is available and recorded well in advance of decision making and used appropriately.
 - Ensure that those making decisions are provided with information that is fit for purpose – relevant, timely and giving clear explanations of financial issues and their implications.
- 3.4. This statement confirms that the Chief Financial Officer has the following responsibilities: -
 - Lead development of a medium-term financial strategy and the annual budgeting process to ensure financial balance and a monitoring process to ensure its delivery.
 - CFO deemed to be holder of the 'red card', the CFO must exercise a professional responsibility to intervene in spending plans in order to maintain the balance of resources so that the IJB remains in sound financial health.

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- Ensuring that opportunities and risks are fully considered, and decisions are aligned with the overall financial strategy.
- Providing professional advice and objective financial analysis enabling decision makers to take timely and informed business decisions.

4. Financial Allocation from Glasgow City Council

- 4.1 The Council's Budget Strategy for 2024-25 to 2026-27 was agreed at City Administration Committee on 16 November 2023. That report set out an estimated spending gap of £120 million for that period. Following receipt of the draft Local Government Settlement for 2024-25 this was subsequently updated to £107.7 million. A copy of the letter issued to local authorities on 19 December 2023 is attached at Appendix 1.
- 4.2 This confirms an additional £11.5m to support the uprating of Free Personal and Nursing Care rates and an additional funding of £230m to deliver £12 per hour minimum pay settlement for adult social care workers in commissioned services via agreed contract uplifts.
- 4.3 The letter to COSLA Leaders confirms that this additional funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2023-24 recurring budgets for adult social care services that are delegated. Where there is evidence funding is not passed across to be used for the policy intent, the Scottish Government reserves the right to look at reclaiming this.
- 4.4 On 15 February 2024, the Council agreed its budget for 2024-2027. The Council offer letter is attached in Appendix 2. This budget confirms funding of £541.501m. This letter reflects Glasgow's share of the funding outlined at section 4.2 which has been issued to the Council. This offer is compliant with the conditions outlined at section 4.3.
- 4.5 The letter confirms the Council's commitment to working with the IJB to minimise any losses incurred and to access any available external funding to support losses as a result of pressures including asylum pressures and the Housing Emergency.
- 4.6 Glasgow City Council advises that contingency plans are being prepared to ensure that there are sufficient reserves to ensure that both organisations remain as Going Concerns over this challenging period.

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

- 5.1 The Scottish Government wrote to Health Boards on 19 December 2023 in relation to the Draft Budget for 2024-25 as set out by the Cabinet Secretary for Finance in Parliament that day. The letter is attached in Appendix 3. This letter confirms a funding uplift of 4.3% for Health Boards, with confirmation that this uplift is to cover the costs related to the 2023-24 pay deal and therefore effectively results in a 0% uplift in relation to 2024-25. In terms of pay, funding arrangements for 2024-25, Health Boards are being advised to assume that additional funding will be allocated to support a deal.

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5.2 NHS Greater Glasgow and Clyde Health Board have provided the IJB with an indicative offer for 2024-25 of £1052.081m, inclusive of £240.305m for set aside. This is subject to confirmation when the out-turn for the 2023-24 financial year has been finalised including distributions of pay awards for 2023-24. The interim budget offer is attached in Appendix 4 and represents a 0% uplift reflecting the board uplift from the Scottish Government.

5.3 The set aside budget included within the 2024-25 indicative offer letter continues to be notional budget based on estimated actual usage of in scope services uplifted by 0%. This will continue to be a notional allocation.

6. Service Reset

6.1 Earlier this year the IJB recognised that given the scale of the financial pressure being faced in the current financial year and the forecasts for 2024-25 to 2026-27, that there needed to be a fundamental change to the services which are offered. The IJB agreed to the development of a service reset which would identify the services which are sustainable both in terms of meeting the demands of the population of Glasgow City but also be sustainable within the financial envelope which is available.

6.2 The financial strategy has been developed within this context. Our priority has been to protect core services which deliver care to those who are acutely unwell, support prevention measures and deliver evidenced impact in improving the health and wellbeing of those who access service. The outcome is that we have proposals which will result in reducing services which are not core services to enable us to support those services which have the greatest impact in relation to improving the health and wellbeing of those who access these services. There have also been areas where we have supplemented Scottish Government funding with additional investment. This is no longer sustainable and investment levels are being reduced back to core funding levels.

7. Proposed Budget for 2024-25

Budget Pressures and Funding Offer

7.1 The IJB has a number of pressures which require to be funded in 2024-25 and these are detailed in the table below. The funding offered from Partners and anticipated funds from Scottish Government are detailed below and total £25.300m.

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Pressures	Total £millions
Pay Inflation 24/25 - @3% Council and 0% Health	9.042
Pay Award - 23/24 Shortfall in Allocation	0.848
Superannuation: Reduction in Employer Contribution Council - Recurring	-3.968
Superannuation: Reduction in Employer Contribution Council - Non-Recurring	-25.037
Inflation: Contractual @ 2%	0.373
SG Funding - Scottish Living Wage (Adult Providers and National Care Home Contract)	24.813
SG Funding - Free Personal Care Uplift	0.487
Cost Pressure: Homelessness - underlying budget pressure	15.400
Cost Pressure: Homelessness - implications of home office decisions in 23/24	53.400
Cost Pressure: Prescribing 23/24 and 24/25 - 0% growth in price, 1.8% Volumes	18.500
Cost Pressure: Mental Health Inpatient Staffing Pressures @ 50%	6.700
Cost Pressure: Residential Staffing Pressures	1.000
Cost Pressure: Demographics	4.638
Cost Pressure: Health and Social Care Connect (removal of transition funding - £2.300m 24/25 + £1.5m 25/26)	2.300
Cost Pressure: Inflation	5.530
Cost Pressure: GP IT System (£67k 23/24, £208k 24/25, £173k 25/26)	0.208
Cost Pressure: Prison Services - New Pharmacy Contract and Drug Prices	0.900
Total Pressures	115.134
Less Home Office Asylum Decisions - Subject to Separate Funding Arrangements	-53.400
Net Pressures	61.734
Anticipated Funding	£millions
NHS Funding Offer - @ 0% for 24/25	0.000
Council Funding Offer - @ Flat Cash	0.000
SG Funding Offer - Scottish Living Wage and Free Personal Care Uplift	25.300
Total Additional Funding	25.300
Estimated Funding Gap	36.434

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- 7.2 Pay inflation has been estimated at 3% for Council and 0% for Health. No increase has been assumed for Health based on the funding offer from Scottish Government for Health, which at this stage has no funding included for 2024-25 pay award. Scottish Government advises in the funding letter that ‘at this stage it should be assumed that additional funding will be allocated to support a (pay) deal.’ This is the basis on which this budget has been prepared. However, it represents a significant risk if funding is not secured. Each 1% increase in pay in Health services represents a cost to the IJB of £2.6m. Each 1% increase in pay in Council services represents a cost to the IJB of £3.0m.
- 7.3 The Scottish Government settlement for Local Government included the baselining of pay funding for 2023-24 to meet the costs of pay inflation above 3%. The distribution to Glasgow City Council, which is based on Grant Aided Expenditure (GAE) average allocations, is not sufficient to meet the actual costs of the pay award in Glasgow as our average pay increase, which was 7.08% for Social Work is greater than the national estimate of 6.95%. This has resulted in a shortfall of funding for Social Work Services of £0.848m from 2024-25. A further pressure of £0.660m is also anticipated for 2025-26 due to the non-recurring nature of an element of the funding provided from Scottish Government.
- 7.4 Strathclyde Pension Fund have informed employers that superannuation contribution rates will reduce from 19.3% to 6.5% for 2024/25 and 2025/26, increasing to 17.5% from 2026/27. This impacts on Council services, resulting in a recurring reduction in costs of £3.968m, and a non-recurring reduction of £25.037m. This budget report recommends that budget smoothing is utilised to prevent the IJB facing a £25m pressure in Council services in 2026/27. This is delivered by agreeing additional savings over the next two years to dampen the impact in 2026/27. Only 24/25 savings form part of this report. The strategy for this is illustrated in the table below.

Budget Smoothing	24/25	25/26	26/27	Total
	£millions	£millions	£millions	£millions
Cost Pressure: Superannuation Increases from 6.5% to 17.5%			25.037	25.037
Additional Recurring Savings Identified to Meet Shortfall in 26/27	-9.581	-8.000	-7.456	-25.037
Total Budget Smoothing	-9.581	-8.000	17.581	0.000

- 7.5 The Scottish Government have revised the Free Personal and Nursing Care rates, uplifting them by 6.7%. From 1 April 2024 these rates will increase from £233.10 to £248.70 per week for personal care and from £104.90 per week to £111.90 per week for nursing care, subject to Parliamentary approval. The cost of this uplift will be £0.487m and will be funded from the additional monies provided by the Scottish Government to IJBs in 2024-25.

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- 7.6 The full year impact of the acceleration of Home Office decision making is estimated to be £53.4m. Glasgow City Council has advised that it is preparing contingency plans to ensure that there are sufficient reserves to ensure that both organisations remain as Going Concerns over this challenging period. In practical terms this will mean that in relation to an overspend in relation to asylum, Glasgow City Council will ensure that the IJB will close with a break-even position for asylum. This budget assumes that full funding will be put in place to meet these costs by Glasgow City Council.

Funding Gap

- 7.7 The funding gap is £36.434m excluding the impact of accelerated home office decisions. The IJB has a statutory responsibility to deliver a balanced budget each year. Similar to last year a hybrid approach to the IJBs financial strategy has been required to be adopted to deliver financial balance. This will include:

- Savings proposals identified within this report for approval.
- Pressures which will require to be managed within existing budgets.
- Interim management plans which will be required to put in place to allow savings proposals to be further developed before they can be presented to the IJB in May.
- Proposals to use the budget smoothing strategy to increase general reserves.

Savings Proposed

- 7.8 The table below highlights £25.477m of savings which have been developed so far as part of this strategy.

Savings Proposals - Efficiency and Income Maximisation	£millions	Council WTE
Prescribing	8.300	0.0
Pharmacy: Cost Reduction Associated with Paliperidone	0.650	0.0
Carers Service: Removal of Surplus Funds	0.300	0.0
Reduction in Non-Staffing Budgets	0.269	0.0
2% Uplift on Service Level Agreements	0.180	0.0
Office 365 Licenses - 10% Reduction	0.090	0.0
Increase Charges to Service Users by 5% 24/25 and 12.8% for Hot Meals	0.080	0.0
Review of Managed Care Services	0.042	0.0
Performance and Planning - Removal of Post	0.070	1.0
Increase to Equipu Management Fee	0.009	0.0
Total Savings Proposals - Efficiency	9.990	1.0

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Savings Proposals - Service Reform and Innovation	£millions	Council WTE
Maximising Independence Programme	3.500	20.0
Children and Families: Transforming the Balance of Care	2.145	8.2
Change to Terms and Conditions: Public Holidays	0.250	0.0
Review of Support Services	0.247	5.0
Total Savings Proposals - Service Reform and Innovation	6.142	33.2

Savings Proposals - Service Prioritisation and Reduction	£millions	Council WTE
Self-Directed Support: Non-Funding Demographics: Wait List for Services	4.638	0.0
A Review of Access to Social Care Support	3.000	28.0
Homelessness Recovery Plan	0.776	0.0
Removal of Integrated Care Fund	0.400	0.0
A Review of the Childrens Change Fund Programme	0.280	0.0
Removal of Thriving Places Funding to Support Community Connectors	0.160	0.0
Alcohol Drug Partnership: Reduction Applied	0.050	0.0
External Contracts: CDRS and Mental Health Employability - 5% Reduction	0.041	0.0
Total Savings Proposals - Service Prioritisation and Reduction	9.345	28.0
Total Savings Proposals	25.477	62.2

7.9 Appendix 5 provides high level details of these savings proposals for reference. EQIA assessments are included at the link below:
[Equalities Impact Assessments | Glasgow City Health and Social Care Partnership \(hscp.scot\)](https://www.glasgow.gov.uk/Equalities-Impact-Assessments-Glasgow-City-Health-and-Social-Care-Partnership-hscp.scot)

7.10 The saving proposals include a £3m saving from a review of access to social care support and £4.638m waitlisting for services. There is a significant review underway which will be concluded in May. The IJB is therefore asked to approve these saving in principle, subject to a more detailed report being presented to the IJB in May. The review of access to social work support will rest on restricting eligibility criteria to critical need only. For those that do not meet these criteria there will be active signposting to other potential sources of support in the community, including carer support options. Those meeting the eligibility criteria will be subject to assessment and support planning that focuses on their abilities rather than their deficits, which is purposeful, proportionate, and time-limited where appropriate. The emphasis will be on reablement, strengths-based and trauma informed interventions that minimise

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the need for ongoing social work support and maximise the individual's independence from those supports. The report in May will include full details of the proposals, including a revised policy, eligibility criteria and an EQIA assessment.

- 7.11 The proposal to remove £0.280m of the Children's Service Change Fund, will result in a removal of funding which is currently provided across a range of areas out with GCHSCP. Given the sensitivity of the budget setting process and the stage of this programme of work, further work is required to engage with partner organisations and identify how the reduction will be met. The IJB is therefore asked to approve this saving in principle, subject to a more detailed report being presented to the IJB in May.
- 7.12 The savings proposals outlined in section 7.8 include a proposal to increase non-residential services to reflect the increased cost of delivery. Most charges will see a 5% uplift other than Hot Meals at 12.8% to reflect increased food costs. There are no increases to aids and adaptations or blue badge administration. This will require a change to the Council's charging policy. The IJB does not have the legal powers to introduce or change charges. This legal power lies with the Council. If approved by the IJB, Glasgow City Council will require to be directed to revise their charging policy to secure the additional income which these savings will generate.
- 7.13 The savings above will result in a reduction of 62.2 FTE across a range of council services, which is a reduction of 0.98%. A range of options will be used to minimise the impact on employees including the non-filling of vacancies, the use of natural attrition and redeployment of staff where appropriate. Where delivery cannot be delivered through these options, voluntary redundancies/early retirements may be required, and these will be considered on a case-by-case basis.

Pressures to be Managed Within Existing Budgets

- 7.14 It has not been possible to fully bridge the funding gap with savings alone. There are a number of pressures that it is proposed to be managed from within existing budgets. These are noted in the table below:

Pressures to be Managed Within Existing Budget	£millions
All Services - Non-Recurring Turnover Savings to be Delivered Through Vacancy Management Processes	13.000
Adults: MH Inpatient Services - Further Progress in Reducing Overspend	2.000
Contractual Uplifts	0.373
Older People: Incontinence Services	0.250
Primary Care: GP IT System	0.208
Total Pressures to be Managed Within Existing Budgets	15.831

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Gap In Relation to Health Savings

7.15 There remains a gap in the savings plan for community health savings of £4.707m. More time is required to fully develop these plans before they can be presented to the IJB for approval. This includes understanding the board wide implications of our proposals and those presented by other IJBs. These savings will require a reduction in services and therefore a reduction in the staff which currently deliver services. To provide context, based on a band 6, this is estimated to be 90 FTE, which represents 1.9% of the current workforce. The final staffing implications will be higher or lower depending on the final mix of staff reductions required. A range of options will be used to minimise the impact on employees including the non-filling of vacancies, the use of natural attrition and redeployment of staff where appropriate. The NHS does not have a voluntary redundancy/early retirement scheme and therefore is not an option unless something is developed nationally.

7.16 In the interim it is proposed to manage recruitment through the existing vacancy management process to minimise expenditure until the final set of savings are submitted in May.

Budget Smoothing Strategy

7.17 As outlined in section 7.4 additional savings have been taken on Council Services to smooth the impact of the £25m increase in costs which is anticipated in 2026-27 when employer superannuation rates are increase by Strathclyde Pension Fund. The saving of £9.581m in 24-25 will deliver a planned underspend in 2024-25.

7.18 It is proposed as part of this budget smoothing that this is taken to General Reserves in 2024-25. It is currently forecast that the IJB will end 2023-24 with a General Reserve of £5.7m. Including the impact of the budget smoothing will increase this to £15.3m. This would represent 0.9% compared to the targeted 2% for General Reserves.

7.19 Holding General Reserves significantly below the 2% target level represents a significant risk to the IJB with concerns already being expressed by external audit. Reserves is a key component of the IJB's funding strategy. General Reserves are not held to meet any specific liability and offer the IJB some flexibility to deal with unforeseen events or emergencies. For 2024-25 this will include the risks which still exist in relation to financial volatility especially in relation to homelessness, prescribing and pay settlements and funding arrangements for 2024-25. It will also help to support the implementation of the significant savings programme and the wider budget strategy which is required to be delivered. It is also important for the long-term financial stability and the sustainability of the IJB that sufficient General Reserves are held in reserve to manage unanticipated pressures from year to year.

7.20 General Reserves at 0.9% are considered low, however given the cost pressures and the funding offered by Partners, there is no other option but to increase these further as part of this funding strategy. However, it would be prudent to consider options to increase this and as is normal practice a full review of earmarked reserves will be undertaken as part of the outturn reporting to the IJB to determine if any can be re-allocated to General

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Reserves to increase the provision available to support the IJB over the medium term.

Summary of Proposed Budget

- 7.21 The above proposals deliver a balanced budget for the IJB, and this is summarised below:

Summary Proposed Strategy	Total £millions
Funding Gap	36.434
Savings Proposed Within This Report	-25.477
Interim Management Plans - Subject to Health Savings Progressing to May IJB	-4.707
Pressures to be Managed Within Existing Budgets	-15.831
Budget Smoothing Strategy - Transfer of Additional Council Savings to General Reserves	9.581
Balanced Budget	0.000

8. Statement from Chief Social Work Officer

- 8.1 £15.5m of savings have been identified in Social Work Services as part of this budget, of which £6.8m will be generated from efficiency measures, income generation and our transformation programme. These savings can be delivered and still enable the Council to meet its statutory obligations.
- 8.2 The paperwork includes further savings totaling £8.7m which will leave the Council at risk of not being able to fulfil its statutory responsibilities. For existing service users there is no ability to simply stop services. Service users have an assessed need and support packages cannot be changed without re-assessments being made and alternative services put in place. A failure to do this will result in the Council breaching its statutory duty. This significantly hinders the IJBs ability to deliver savings on the scale required.
- 8.3 This will mean budgets available for new demand will require to be curtailed across the whole of Social Work Services and service users with an assessed need will require to wait for a service until the funding becomes available.
- 8.4 As Chief Social Work Officer, I must advise the IJB that there is a risk of not fulfilling our statutory responsibilities, however if no budget were to be approved the risk to the Council and the Service would increase significantly. This would mean that no additional funding could be identified for people's care needs, and this would leave many vulnerable people across the city at a higher level of risk. Not having an approved budget would have severe and enduring repercussions for extremely vulnerable people and would leave both children and adults at increased risk of serious harm.

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8.5 It is clear to make a balanced budget, the reduction in service requires to take place and despite our transformation agenda there will be reduced funding for many of our core packages of support. Staff will require to work with service users regarding the impact to ensure that we do not leave the most vulnerable in our society at unacceptable risk. This will mean that the threshold for access to Social Work Services will be increased and the level of non-essential support will be decreased. Depending on demand, service users who require services may need to wait for packages of support being offered but Social Work Services will prioritise those with greatest need and those at risk of harm.

8.6 The Council may also be challenged on the removal of services from Scottish Government. There will also be challenges from the European Commission for Human Rights, the Mental Welfare Commission, and the Care Inspectorate in relation to failing to meet our statutory duties and the duty of care. The position the IJB finds itself in is concerning and work will require to take place to ensure that there is equity across the system to ensure that we are able to support as many people as possible.

9. Implications of Not Setting a Balanced Budget

9.1 If the IJB does not approve a balanced budget this will require a recovery plan to be put in place immediately to ensure that the IJB remains in financial balance and does not enter into expenditure which cannot be met from the funding which is available. This would result in a freeze on all new expenditure until financial balance is secured and would impact on all services delegated to the IJB. This would impact on all expenditure including recruitment and approval of care packages. The recommendation of the Chief Officer and the Chief Finance Officer is the budget strategy which has been summarised at section 7.21.

10. Criminal Justice

10.1 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.

10.2 A letter of comfort was issued by Scottish Government on 6th February to advise that funding letters would be issued by the end of February. To date these have not been received. Once received plans will be developed to manage this service within the funding available.

11. Scottish Living Wage Uplift Adult Social Care Staff (Providers)

11.1 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 £10.90 per hour to at least £12.00 per hour, which will take effect from 8 April 2024. The pay uplift will apply to staff providing direct care within Adult Social Care in commissioned services in the third and independent sectors. Separate guidance is awaited from Scottish Government in relation to Children's Social Care providers.

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11.2 In line with previous years, it is proposed to apply a 10.09% uplift to an agreed percentage of full contract values, in with typical workforce costs for 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:

- Non-residential – uplift applied to 86.9% of full contract value.
- Personal Assistants – uplift applied to 90% of SDS Option 1 budget.
- Residential Care – uplift applied to 71.8% of full contract values.

11.3 The National Care Home Contract is still subject to national negotiation and will be the subject of a future reports to the IJB. Scottish Government funding has only been provided to meet the uplift to the National Care Home Contract linked to the uplift in the Scottish Living Wage from £10.90 to £12.00.

12 Recommendations

12.1 The Integration Joint Board is asked to:

- a) note the contents of this report;
- b) note the funding allocation from Glasgow City Council and the assurances provided in relation to the funding for the pressures in asylum;
- c) note the indicative funding allocation from NHS Greater Glasgow and Clyde, subject to confirmation when the out-turn for the 2023-24 financial year has been finalised including distributions of pay awards for 2023-24;
- d) agree the balanced budget outlined in section 7 including the savings programme detailed in section 7.8;
- e) agree the saving proposal for £3m from a review of access to social care support, £4.638m waitlisting for services in self-directed and the proposal to remove £0.280m of the Children's Service Change Fund, in principle subject to more detailed report being presented to the IJB in May;
- f) agree the transfer of the planned underspend of £9.581m to general reserves, subject to approval of the final outturn report in June 2025.
- g) refer the proposed increases to non-residential charges to the Glasgow City Council City Administration Committee for approval;
- h) delegate a budget to NHS Greater Glasgow and Clyde of 1,052,081,000 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 7;
- i) delegate a budget to Glasgow City Council of £541,501,100 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 7;
- j) agree that the Partnership will offer a 10.09% uplift to an agreed percentage of full contract values (detailed at section 11), to providers of Adult Social Care within Glasgow Purchased Services and a 10.09% uplift on the full contract value to residential providers of Adult Social Care within Glasgow Purchased Services effective from 8 April 2024; and
- k) note that the uplifts agreed at j) will be subject to Providers confirming they will pay staff providing direct care at least £12.00 per hour from 8 April 2024.



Direction from the Glasgow City Integration Joint Board

1	Reference number	200324-7
2	Report Title	Integration Joint Board Financial Allocations and Budgets for 2024-25
3	Date direction issued by Integration Joint Board	20 March 2024
4	Date from which direction takes effect	20 March 2024
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 2024-25
8	Full text of direction	<p>Glasgow City Council is directed to spend the delegated net budget of £541,501,100 in line with the Strategic Plan and the budget outlined within this report. This includes the proposal to increase non-residential services to reflect the increased cost of delivery as outlined in section 7.</p> <p>NHS Greater Glasgow and Clyde is directed to spend the delegated net budget of £1,052,081,000 in line with the Strategic Plan and the budget outlined within this report.</p> <p>Glasgow City Council is directed to implement, effective from 8 April 2024, the 10.09% uplift to an agreed percentage of full contract values (detailed at section 11), to providers of Adult Social Care within Glasgow Purchased Services and a 10.09% uplift on the full contract value to residential providers of Adult Social Care within Glasgow Purchased Services. This should be</p>

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		subject to Providers confirming they will pay staff providing direct care at least £12.00 per hour from 8 April 2024.
9	Budget allocated by Integration Joint Board to carry out direction	The budget delegated to NHS Greater Glasgow and Clyde is £1,052,081,000 and Glasgow City Council is £541,501,100 as per the report.
10	Performance monitoring arrangements	The budget will be monitored through standard budget monitoring arrangements.
11	Date direction will be reviewed	1 April 2025

outcomes; and consulting and collaborating as early as possible in policy areas where local government has a key interest.

We committed to regularly reviewing councils' powers and funding, with the expectation that services will be delivered at a local level unless agreed otherwise; and to develop a framework for collecting and sharing evidence to ensure progress is maintained.

We also undertook to agree a new Fiscal Framework governing how local authorities' funding is allocated, reducing ring-fencing and giving greater control over budgets to meet local needs. On Thursday 14 December we jointly published an update on the development of this fiscal framework and our officials will continue to work together to develop this further. We also wish to work with COSLA through the development of that Fiscal Framework to ensure the distribution arrangements for the settlement continue to meet the needs of our remotest communities and changing population. In this regard, I am open to considering adjusting the funding floor percentage ahead of the Local Government Order and would welcome any views on this or other elements of distribution as part of the consultation to the order due to publish on Thursday 21 December."

As part of our discussions with you on the new fiscal framework we will also seek to increase discretion for local authorities to determine and set fees and charges locally. This will include continuing our joint work to agree next steps following the recently closed consultation on building warrant and verification fees, and a consultation on planning fees to launch in early 2024. We also intend to explore with local government options in respect of other fees and charges which are currently levied locally but set nationally, with a view to further empowering councils in these areas.

The intention is that the indicative allocations to individual local authorities for 2024-25 will be published in a Local Government Finance Circular on Thursday 21 December. That circular will begin the statutory consultation period on the settlement.

The total funding which the Scottish Government will make available to local government in 2024-25 through the settlement will be over £14 billion for the first time should all 32 councils agree to freeze council tax. This includes:

- An additional £6m to support the expansion of Free School Meals;
- An additional £11.5m to support the uprating of Free Personal and Nursing Care rates;
- Additional funding of £230m to deliver a £12 per hour minimum pay settlement for adult social care workers in commissioned services via agreed contract uplifts;
- An additional £6.8m for Discretionary Housing Payments
- £145.5m to continue to maintain teachers and support staff (on which further detail will follow) as well as £242m to support teacher pay uplifts;

This excludes funding for teacher pension contributions. As you are aware there will be an increase in the employer contribution rate in the Scottish Teachers' Pension Scheme. The rate is set to increase from 23% to 26% from 1 April 2024, following the conclusion of the 2020 scheme valuation. The UK Government have publicly stated that the funding will be allocated to individual UK Government departments in Spring 2024. Scottish Ministers will make decisions on funding allocations once the UK Government funding position is clearer and the implications for consequentials are understood.

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Discussions with COSLA are also underway to finalise the costs of delivering the £12 per hour minimum pay commitment for PVI providers delivering children's social care, bringing this in line with ELC and adult social care. Following discussions with COSLA, and approval through the formal financial governance process, our aim is to provide additional funding in 2024-25 for children's social care.

The funding allocated to Integration Authorities for Free Personal and Nursing Care and adult social care pay in commissioned services should be additional and not substitutional to each Council's 2023-24 recurring budgets for adult social care services that are delegated. This means that, when taken together, Local Authority adult social care budgets for allocation to Integration Authorities must be £241.5 million greater than 2023-24 recurring budgets to ensure funding from Health and Social Care Portfolio contributes to meeting outcomes in this area. Where there is evidence funding is not passed across to be used for the policy intent, the Scottish Government reserves the right to look at reclaiming this.

Within the Verity House approach, Scottish Government and Local Government are committed to developing a joint overarching framework of outcomes, accountability and monitoring. It is envisaged that this framework will be finalised by spring 2024. In the meantime, this settlement includes almost £1 billion of funding which has been baselined into the General Revenue Grant, as part of our commitment under the Verity House Agreement to remove ring-fencing and increase funding flexibilities to local authorities, subject to agreeing the detail set out below. As I have advised the COSLA President, Vice President and Resources Spokesperson in our pre-budget engagement, the baselining exercise has required us to restate the fiscal position for prior years to meet Parliamentary expectation on budget presentation. In light of this restatement, I have asked my officials to provide the necessary data to ensure that the reconciliations are clearly understood by COSLA.

The baseline proposals will deliver flexibilities across Social Care, Education, Social Justice, Net Zero and Justice. The detail of the individual lines is set out in the Annex to this letter.

In return, our expectation is that Councils will continue to deliver all statutory and contractual commitments associated with the relevant funding. In relation to the funding for Social Care being baselined we expect the continued payment of the living wage to adult social care staff in commissioned services, with Councils benefitting from flexibility on how that is delivered locally.

Alongside this, we expect that local government will continue in good faith to engage in a range of discussions about future policy direction. Given the joint work required to progress the delivery of the National Care Service, and the positive progress made so far, we expect this to continue, with every effort being made to reach agreement on outstanding matters in relation to arrangements for the chairs of local boards, direct funding and consistency of delegation.

Our offer to baseline £564.1m of education funding is conditional upon the agreement that, by the end March 2024, the assurance framework being sought by the Cabinet Secretary for Education and Skills is in place and that the new joint Education Assurance Board has been

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established. In light of the £521.9 million of early learning and childcare (ELC) funding which is being baselined, I am also seeking your agreement to commit publicly to exploring options for a national indicative rate or range of rates for the ELC PVI sector to secure their financial sustainability in future years.

Further discussion on flexibility on other Education funding lines will take place within the Education Assurance Board once it is operational. Our expectation is also that Councils will continue to honour the existing joint agreement on provision of free school meals on a universal basis to primary 4, 5 and special school pupils, building upon our earlier agreement with respect to universal provision to primary 1 to 3 pupils.

This baselining is an initial step in the process of embedding the Verity House Agreement and is not a one-off event. I have emphasised the need for further movement in Budget 2025-26 to my Cabinet colleagues and over the coming months we will be identifying further lines which could be considered and put forward for baselining supported by the outcomes, accountability and monitoring framework to be agreed in the coming months.

The Scottish Government is committed to working in partnership with Local Government to deliver a national freeze on Council Tax in 2024-25. We have engaged closely with you to discuss the parameters and principles for identifying funding to support this commitment and will continue discussions during the coming months to reach agreement. Consequently, we have set aside £144 million to fund a freeze in Council Tax across each of Scotland's 32 local authorities. The funding earmarked is equivalent to a 5% increase in Council Tax nationally, taking into account the average rise to Council Tax in 2023-24, whilst recognising that inflationary pressures have eased in the last 12 months.

The funding represents the Council Tax revenue that might have been raised (net revenue), and excludes the forgone revenue associated with the increased cost of the Council Tax Reduction scheme, and other deductions (gross revenue), which Council Tax rises would have caused. On this basis we will seek the agreement of councils to freezing their Council Tax in 2024-25, and as I have indicated this week, I remain open to continued dialogue as to how we might best achieve that.

In respect of the statutory accounting framework and discussions on its robustness over the past number of years, I can also confirm that I have no plans in the immediate future to commence the Capital Accounting Review which was proposed in the Resources Spending Review in May 2022.

Should all councils agree to freeze Council Tax, the 2024-25 Local Government Settlement of over £14 billion offers an increase equivalent to 6.0% in cash terms since the 2023-24 budget. It continues to provide local government with a funding settlement that is both fair and affordable, under the most challenging of circumstances. Critically, in the face of a worst-case scenario Autumn Statement and amongst all the difficult decisions in the Budget, we have increased the Local Government Settlement's share of the discretionary budget.

I acknowledge that this Budget cannot deliver the resources all our partners will want. I am under no illusions about the challenging fiscal environment we face across all of our public services, not only this year but in years to come. This Budget addresses key priorities, targets resources on low-income households and paves the way for future investment in this

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Parliament. It treats local authorities fairly and consistently with other portfolios. Scottish Ministers have had to take difficult decisions which have allowed us to prioritise funding and invest in the areas which have the greatest impact on the quality of life for the people who call Scotland home.

I look forward to working with COSLA in the year ahead to deliver our shared priorities and to continue to fully implement the Verity House Agreement.

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FUNDING BASELINED IN 2024-25

Funding Line	Proposal (£m)
Local Heat and Energy Efficient Strategies	2.4
Community Justice Partnership Funding	2.0
Living Wage	333.5
Blue Badge	0.72
Free Personal and Nursing Care	42.3
Former Housing Support Grant	1.0
Free period products in schools and public places	4.9
Early Learning and Childcare Specific Revenue Grant	521.9
Free School Meals	42.2
Total (£m)	£950.92

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Covid-19 Funding

Whilst the scale of Covid-19 costs has reduced significantly in 2023-24, we recognise there are specific legacy costs that will require additional funding support in the new financial year. This includes funding for:

- Vaccinations staffing and delivery.
- Test & Protect activities including Regional Testing facilities.
- Additional PPE requirements; and
- Some specific Public Health measures.

Following today's budget, we will seek to provide early clarity as to the total funding to be provided to support these costs. However, beyond the above, NHS Boards and Integration Authorities should expect to meet remaining costs from baseline funding and should continue to drive these costs down as far as possible.

Policy Funding

In addition to the baseline uplift outlined, funding aligned to policy commitments and recovery of health and social care services will be allocated to Boards and Integration Authorities in 2024-25. It is our intention to provide early indication of allocations where possible, and to align this to the planning guidance that will be issued in relation to Annual Delivery Plans, setting out the priorities for health and social care in the coming year.

We are aware there has been a rise in the volume of allocations over the past few years and we are committed to reducing this. We are also aware timing of some allocations being later in the year leads to uncertainty and difficulties in service planning without funding certainty. We are committing to putting out 80% of allocations in the first quarter, where necessary these may be a % of the full allocation value.

Health and Social Care Integration

Formal notification of the terms and approach to the Local Government funding settlement will be given in the Circular and Local Government Budget Letter. The Health and Social Care Portfolio will transfer net additional funding of £241.5 million to Local Government to support social care and integration. The overall transfer to Local Government includes additional funding of £230 million to deliver a £12 per hour minimum pay settlement for adult social care workers in private and third sectors, in line with the Real Living Wage Foundation rate. In addition, an inflationary uplift on Free Personal Nursing Care rates (£11.5 million) is provided.

The funding allocated to Integration Authorities for Free Personal and Nursing Care and adult social care pay in third and private sectors should be additional and not substitutional to each Council's 2023-24 recurring budgets for adult social care services that are delegated. This means that, when taken together, Local Authority adult social care budgets for allocation to Integration Authorities must be £241.5 million greater than 2023-24 recurring budgets to ensure funding from Health and Social Care Portfolio contributes to meeting outcomes in this area. Where there is evidence funding is not passed across to be used for the policy intent, the Scottish Government reserves the right to look at reclaiming funding allocated.

We have progressed baselining prior year Real Living Wage funding totalling £333.5 million to Local Government. A further £52.3 million has been baselined for other commitments including uprating free personal nursing care.

Capital

a. Capital Budget

The health capital budget increases from £578 million to £754 million, however if the health research element is excluded (which is a ring-fenced budget that cannot be used for capital investment), the budget reduces by £59 million from £373 million to £314 million. This is lower than our planning assumptions, which were shared with Chief Executives, Chairs and Directors of Finance in August.

The settlement allows for formula capital to be maintained at 2023-24 levels, all major projects in construction to be completed (Baird and Anchor, Parkhead Health Centre, QEUH rectification and Jubilee Phase 2), as well as support for the national replacement programmes for Ambulances and Radiotherapy equipment. Beyond these

core areas outlined above, we will not be providing any funding, including in relation to our intention to increase formula capital so that it doubles over the Capital Spending Review period (2021-22 to 2025-26).

In respect of 2023-24, we are asking all Boards to review their capital expenditure for the remainder of the year and to defer any areas where spend is discretionary.

b. New Developments and Capital Planning

We are aware that most Boards are developing infrastructure plans and individual projects which will require Scottish Government funding to progress. Given the challenging settlement we are managing, we will not be funding development costs for any new projects, as we do not anticipate starting construction of any new project over the next two years at least. We understand the local challenges this will present in some instances, so the Health Capital Finance team will arrange a discussion with all affected Boards in the New Year to confirm arrangements. However, in the meantime, NHS Boards should immediately stop any project development spend, otherwise these costs may need to be funded from local formula capital budgets which should instead be directed towards maintenance of the existing estate and essential equipment and digital replacement.

Now that we have clarity on the capital funding position, a Directors' Letter on Whole System Planning that focusses on maintaining your current estate, will be issued in the New Year.

c. Small Scale Projects

The Scottish Government has always looked to provide capital support for relatively small scale, but essential investments, that could not be funded through formula capital. At this point, our ability to fund such investments is extremely limited and Boards should not anticipate receiving additional funding in 2024-25, even if funding has previously been agreed.

It is clear that there is significant financial challenge in 2024-25 above levels we have seen before and we will continue to work closely with Chief Executives to address this. I thank you again for your support to date and your continued engagement moving into the next financial year.

2024-25 Financial Planning

I wrote to all Boards previously outlining my expectations for 2024-25 plans, being:

- a clear programme of work and supporting actions to achieve the target of 3% recurring savings on baseline budgets,; and
- an improved forecast outturn position compared to your forecast outturn position reported at the start of 2023-24.

Further to this, I confirmed for Boards in receipt of brokerage in previous years that this would be capped for 2024-25. There is no central budget available for brokerage and any funding given for this limits investment in other areas.

Financial savings

I am aware the 3% savings target alone will not be enough to return to breakeven or in some cases the brokerage cap. There are a number of areas of work underway to support NHS Boards and collectively improve the financial position as set out below.

15 box grid

I have communicated previously the 15 box grid approved by Board Chief Executive on 14 November. This sets out 15 areas of focus for Boards to progress. There are various national programmes of work supporting these areas to be implemented at a local level.

The Financial Delivery Unit will continue to co-ordinate and assist Boards to identify further actions or areas that will support delivery of your 3% recurring savings target.

NHS Scotland Planning and Delivery Board (NHSSP&DB)

The NHSSP&DB has been established to direct and co-ordinate a range of national work including strategic planning, national programmes and national improvement. Work will continue to rationalise national programmes and agree priorities to simplify the landscape and have a stronger focus on affordability. As agreed, decisions will be taken on a Once for Scotland basis working alongside Board Chief Executives and the other functional professionals groups.

CHOICES

As set out at the Board Chief Executive meeting on 12 December, we will progress the development of the CHOICES options which will provide the framework in which decisions around the following key areas will be made:

- Workforce
- Innovation
- Service and infrastructure optimisation

Further guidance will follow in respect of the above and will take account of the discussions you have been having with the NHS Scotland Chief Operating Officer and members of my team.

It is clear that there is significant financial challenge in 2024-25, above levels we have seen before, and we will continue to work closely with Chief Executives and colleagues across the whole system. I thank you again for your support to date and your continued engagement moving into the next financial year.

Yours sincerely,

RICHARD MCCALLUM

Director of Health and Social Finance, Digital and Governance

Annex A – Board Funding Uplifts

	2023/24 Allocation	Recurring Allocations*	Updated Allocation	Uplift**	2024/25 Total Allocation	Uplift from 2023/24	NRAC Funding	Distance from NRAC Parity
	£m		£m	£m	£m	%	£m	%
NHS Territorial Boards								
Ayrshire and Arran	850.2	33.1	883.3	0.2	883.5	3.9%	0.2	-0.6%
Borders	248.6	10.4	259.0	1.5	260.4	4.8%	1.5	-0.6%
Dumfries and Galloway	352.2	12.5	364.7	0.0	364.7	3.6%	0.0	1.1%
Fife	790.8	31.3	822.1	7.2	829.2	4.9%	7.2	-0.6%
Forth Valley	631.1	25.7	656.8	2.1	658.9	4.4%	2.1	-0.6%
Grampian	1,129.9	44.4	1,174.2	2.2	1,176.4	4.1%	2.2	-0.6%
Greater Glasgow and Clyde	2,639.4	93.8	2,733.1	0.0	2,733.1	3.6%	0.0	1.3%
Highland	768.2	39.0	807.1	0.0	807.1	5.1%	0.0	-0.6%
Lanarkshire	1,424.1	57.9	1,482.0	6.9	1,489.0	4.6%	6.9	-0.6%
Lothian	1,743.3	72.0	1,815.3	10.2	1,825.5	4.7%	10.2	-0.6%
Orkney	60.2	2.5	62.8	0.8	63.6	5.6%	0.8	-0.6%
Shetland	60.1	2.2	62.4	0.0	62.4	3.7%	0.0	1.9%
Tayside	912.2	39.0	951.2	0.0	951.2	4.3%	0.0	-0.3%
Western Isles	89.0	3.8	92.9	0.0	92.9	4.3%	0.0	12.6%
Territorials Total	11,699.2	467.5	12,166.7	31.1	12,197.9	4.3%	31.1	
NHS National Boards								
National Waiting Times Centre	75.8	6.0	81.8	0.0	81.8	7.9%		
Scottish Ambulance Service	334.2	15.0	349.2	0.0	349.2	4.5%		
The State Hospital	42.5	2.0	44.5	0.0	44.5	4.6%		
NHS 24	90.7	0.7	91.4	0.0	91.4	0.8%		
NHS Education for Scotland	517.6	32.6	550.2	0.0	550.2	6.3%		
NHS National Services Scotland	378.6	1.7	380.3	0.0	380.3	0.4%		
Healthcare Improvement Scotland	33.6	0.2	33.8	0.0	33.8	0.5%		
Public Health Scotland	56.9	0.6	57.5	0.0	57.5	1.0%		
Nationals Total	1,530.1	58.8	1,588.9	0.0	1,588.9	3.8%		
Total NHS Boards	13,229.3	526.3	13,755.6	31.1	13,786.7	4.2%		

* Includes recurring allocations from 2022-23

** Includes NRAC parity adjustments.

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Greater Glasgow and Clyde NHS Board

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Date: 14th March 2024
Our Ref: FMcE

Enquiries to: Fiona McEwan
Direct Line: 07957638165
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Dear Susanne

2024/25 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 2024/25. An update to this letter formally confirming your final allocation for 2024/25 will be issued on behalf of the Board after the Board's financial plan has been approved at the April board meeting and when the Board's financial out-turn is confirmed along with further clarification on the totality and distribution of the pay awards have been determined.

Annual uplift to NHSGGC

The Scottish Government's budget letter issued on 19th December 2023 states that "Compared to 2023-24 budgets, territorial NHS Boards will receive a total increase of 4.3% for 2024-25 to cover costs related to the 2023-24 pay deals, as well as the baselining of £100 million sustainability and NRAC funding provided in 2023-24. For clarity, the 4.3% uplift relates to 2023-24 non-recurring funding now being made on a recurring basis." In real terms this means a pay uplift of 3.6% for NHSGGC.

In terms of pay, funding arrangements for Boards will be revisited by the Scottish Government following the outcomes of the pay negotiations in the new financial year. It should be assumed that additional funding will be allocated to support a deal.

The annual general uplift provided by the Scottish Government to support Boards in meeting expected additional costs related to supplies (which includes prescribing growth and utilities charges) and capital charges for 2024/25 is 0%.

The HSCP Settlement

The funding in relation to the pay award for 2023/24 has already been included in the baseline allocations to the HSCP's. Further detail is anticipated to be received with regards to the additional elements in relation to the 2023/24 pay award namely protected learning time, band 5- 6 and reduced working week. When clarity has been provided on funding arrangements for these elements this will be communicated and allocated in due course.

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Once the pay deal has been negotiated for 2024/25 and the funding agreed this will be passed over to the HSCP.

Due to no uplift being provided for suppliers and capital charges as noted above there is therefore no further uplift for 2024/25.

An indicative allocation based on Month 11 figures is included in **Appendix 1**.

Set Aside Budget

This is initially based on the estimated set aside budget for 2023/24 and will be revised when the Board's final out-turn is confirmed. This figure represents the estimated actual usage of in scope Acute services. This will continue to be a notional allocation.

Recharges to HSCPs

The following items will continue to be charged to the HSCP during 2024/25:

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

Meetings will be arranged before the end of the financial year to allow us to formalise the funding and processes that are required for 2024/25. In the meantime, this letter enables the HSCP to produce its financial plans for 2024/25.

Yours sincerely

Fiona McEwan

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

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Appendix 1 – Financial Allocation 2024/25 (based on month 11 figures)

Spend Categories		Glasgow Hscp
		£000s
Family Health Services		245,625
Fhs Income		(7,288)
Family Health Services Budget (Net)		238,337
Prescribing & Drugs		150,036
Non Pay Supplies		13,752
Pay		256,466
Other Non Pay & Savings		180,259
Other Income		(27,074)
Budget - HCH incl Prescribing		573,439
Total Rollover budget - NET		811,776
Budget Eligible for HCH & Prescribing uplift		573,439
<u>Uplifts</u>		
Scottish Government allocation 24.25	0%	0
Pay uplift - tbd	0%	0
Total Uplift		0
Revised Budget		811,776
<u>Set Aside Budget</u>		
2023.24 Value		240,305
Uplift @ 0%	0%	0
2023/24 Set Aside Value		240,305

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Appendix 5

Savings Proposals	Description	£millions
Prescribing	<p>Prescribing teams will continue to drive cost effective prescribing via core cost efficiency programmes. It is recognised that the target set is a stretch target to drive efficiencies up and reduce the cost pressures in this area. Some of the high-level areas of efficiencies being targeted include:</p> <ul style="list-style-type: none"> • Scriptswitch • Polypharmacy/medication reviews • Invest to save initiatives. • Practice Visits • Programmes which will see a number of changes to the drugs prescribed including moving to generic drugs, lower priced drugs and de-prescribing. 	8.300
Pharmacy: Cost Reduction Associated with Paliperidone	<p>Paliperidone expenditure within Adult Mental Health services circa £1million per annum on the branded version of the drug; generic versions have become available from November 23 and are now being issued by Pharmacy Distribution Centre. Based on Dec23 data, projected full year spend in 2024.25 is £0.350m which allows for the release of funding.</p>	0.650
Carers Service: Removal of Surplus Funds	<p>Carers short break bureau funding no longer required due to duplication with service already provided by carers centres.</p>	0.300
Reduction in Non-Staffing Budgets	<p>A review of non-pay budgets has identified a saving which can be achieved across a range of services.</p>	0.269

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Savings Proposals	Description	£millions
2% Uplift on Service Level Agreements	Service Level Agreements with external agencies are subject to annual increases, normally broadly in line with the Scottish Government uplift received by Health Board's. This saving applies a 2% uplift across all SLA's.	0.180
Office 365 Licenses – 10% Reduction	Office 365 Licenses are in place across all services and cost £900,000 per annum. There are three types of licences: Bronze, Silver and Gold. It is proposed to review the number and types of licences which have been provided to services to deliver a 10% efficiency. It is anticipated that this will be driven primarily through licence types.	0.090
Increase Charges to Service Users by 5% 24/25 and 12.8% for Hot Meals	Fees and charges should be subject to annual increases each year to reflect the increases which are experienced to the cost of delivering services which are subject to charges. As is normal, these fees and charges will be subject to financial assessment, where this is relevant.	0.080
Review of Managed Care Services	The HSCP is withdrawing from its use of the Marie Curie Managed Care Service. It will absorb the services currently provided by the Managed Care service into existing HSCP arrangements. This arrangement will support more flexible and person-centered care provision and will link directly with and be coordinated by the Out of Hours District Nursing service.	0.042
Performance and Planning – Removal of Post	A review of the Planning and Performance Team has identified the potential to reduce the structure by 1 FTE.	0.070

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Savings Proposals	Description	£millions
Increase to Equipu Management Fee	<p>Equipu Partnership transferred to the HSCP when Cordia LLP disbanded a number of years ago. There has been no uplift applied to the management fee since transfer, primarily as a result of a review of service arrangements by the HSCP. Given the increase in costs which have been experienced in recent years it is now appropriate to apply an increase of 10% in 2024-25.</p>	0.009
Maximising Independence Programme	<p>Maximising Independence (MI) aims to transform health and social care for adults and older people in Glasgow, so that people can remain living at home for as long as possible with the right support in place for them and their carers.</p> <p>Working alongside individuals, carers, communities, local organisations and partners focused on developing alternative ways of providing services, focusing on service redesign and community prevention and early intervention models.</p> <p>A series of projects will be delivered under the banner of MI focussed on social prescribing, widening technology enabled care, implementing an asset-based approach to social work assessment as well as streamlining access to services through front-end change for the HSCP’s online platforms.</p> <p>Savings will be achieved through a combination of:</p> <ul style="list-style-type: none"> • Early intervention and prevention initiatives targeting loneliness and isolation and therefore reducing future spend on mental health services. 	3.500

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	<ul style="list-style-type: none"> • Establishing social prescribing, engaging service users with non-HSCP activities and services within their local communities. Thereby reducing both Primary Care spend, and statutory social work spend through SDS. • Reduction in spend in the Telecare budget, through provision of commercial alternative devices to suitable service users, through the third sector. • Cultural change in social work practice towards a risk enablement culture and assets-based approach. This will reduce statutory SDS spend over time. <p>It is anticipated that part of this programme will generate efficiencies in terms of streamlining access to services, reducing the level of staff required to support delivery. This saving estimates a reduction in 20 WTE as a Phase 1 reduction. More work is required to identify the posts which will be reduced moving forward and it is planned to conclude this in October including discussions with trade unions. Turnover savings will be used to assist the management of the delivery of this savings while these plans are being refined.</p>	
<p>Children and Families: Transforming the Balance of Care</p>	<p>Children’s Services will continue to implement the transformational agenda and the aspirations of the Promise, in alignment with a further strengthening of GIRFEC. In line with the opportunities associated with the Whole Family Wellbeing Fund (WFWF), Child Poverty Pathfinder, the HSCP, Council and Children’s Services Integrated Planning Partnership are working on resetting the transformational ambition for children and young people in the City to ensure that early support, prevention, and family support approaches are able to meet the scale of need and challenge.</p>	<p align="center">2.145</p>

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	<p>The ongoing objective is to shift the spend from funding placements out with the city and reinvest in early intervention and prevention approaches. This builds on the success of the transformation agenda over the last 6 years of the HSCP, where the numbers of children and young people in formal care (residential and foster care) have been reduced from 1413 in January 2016 to currently 631; representing a reduction of 55%. Of particular significance is the fact that there are now only 83 children in care under 5 from that cohort of 631. This saving targets a further reduction of Out Of Authority Purchased Placements by 5 and a reduction in Purchased Fostering Placements by 10 per annum.</p> <p>In addition, it is proposed to deliver a saving through a reduction of staffing due to a reduction in overall case holding levels as a result of the success of the transformation agenda. Reductions will be made across the whole structure to reflect this.</p>	
<p>Change to Terms and Conditions: Public Holidays</p>	<p>All Council staff are currently entitled to 12.5 public holidays per year. For those staff required to work public holidays as part of their work pattern, staff claim double time or plain time and a day in lieu of hours worked – up to 12.5 days per year.</p> <p>This represents a significant additional cost to SWS for services which require to operate during public holidays.</p> <p>It is proposed to revise this arrangement to the following:</p> <ul style="list-style-type: none"> • Changing current arrangements to reflect 6.5 “fixed” Public Holidays which will attract double time (e.g., 6.5 - (Christmas, New Year, Easter Friday and Monday). • A further 6 Public Holidays will be normal working days and will not attract public holiday enhancements. 	<p align="center">0.250</p>

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	<p>This would represent a change to the current conditions of service in relation to public holidays and is subject to agreement and discussion with Trade Unions and Glasgow City Council. Implementation is assumed for Quarter 4 to allow discussions to take place.</p>	
<p>Review of Support Services</p>	<p>A review of a number of support services within Resources will be undertaken with the aim of reforming services to deliver integrated support services which meet the business needs not only now but over the medium term. This is also to ensure that support services remain proportionate to the size of the organisation and is in recognition of the financial challenges facing the HSCP.</p>	<p>0.247</p>
<p>Self-Directed Support: Non-Funding Demographics: Wait List for Services</p>	<p>It has not been feasible to fund demographics uplifts this year. This will require services to manage demand within the budgets that are available and, in some cases, may require waiting lists to be operated for access to care. This will have a direct impact on the provision of care to vulnerable adults and older people. People who have been assessed in critical need may not be able to receive a social care package of support if demand is higher than the budget available.</p> <p>The delivery of this proposal requires to be closely linked to the review of access to social care support which will be the subject to a separate report in May.</p>	<p>4.638</p>
<p>A Review of Access to Social Care Support</p>	<p>There is a significant review underway which will be concluded in May. The IJB is therefore asked to approve this saving in principle, subject to a more detailed report being presented to the IJB in May. The review of access to social work support will rest on restricting eligibility criteria to critical need only. For those that do not meet these criteria there will be active signposting to</p>	<p>3.000</p>

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	<p>other potential sources of support in the community, including carer support options. Those meeting the eligibility criteria will be subject to assessment and support planning that focuses on their abilities rather than their deficits, which is purposeful, proportionate, and time-limited where appropriate. The emphasis will be on reablement, strengths-based and trauma informed interventions that minimise the need for ongoing social work support and maximise the individual's independence from those supports. The report in May will include full details of the proposals, including a revised policy, eligibility criteria and an EQIA assessment.</p>	
Homelessness Recovery Plan	<p>Homelessness Services continue to pursue recovery planning to reduce costs pressures in part mitigation of the increase in service demand. Areas already agreed and are subject to implementation include:</p> <ul style="list-style-type: none">• Reduction in void property timescales and B & B usage• Revision of Storage of Personal Belongings in Storage Policy and Furniture Storage• Revision of Décor Maintenance• Provision of Meals <p>Good progress has been made in relation to delivery in 23-24 and this work will continue, and it is estimated that a saving can be secured which will assist in reducing the financial pressure within this service. Future work will include continuation of this work as well as a redesign of purchased services to secure a saving.</p>	0.776

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Savings Proposals	Description	£millions
Removal of Integrated Care Fund	<p>The Integrated Care Fund encompasses a number of projects of engaged with Third Sector partner organisations who deliver effect in communities in line with GCHSCP's strategic priorities and vision.</p> <p>This saving would be realised through £300K of savings as a result of mutually agreed cessation of work with a third sector organisation within the City during 22/23 and through £100K of savings by ceasing the ongoing support for Power of Attorney applications.</p>	0.400
A Review of the Childrens Change Fund Programme	<p>The Children's Change Fund has been in place since 2012 and has historically part funded a range of services. A review of the outcomes being delivered has been undertaken and as a result of the emerging public sector financial challenges, it has been agreed that this funding will end from end of Sept 2024.</p>	0.280
Removal of Thriving Places Funding to Support Community Connectors	<p>The Glasgow City Planning Partnership Thriving Places approach started in 2013 and works with 10 neighbourhoods with significant deprivation and focuses on delivering social wellbeing. Thriving Places funding has been a combination of Integration Grant (£0.4m) and HSCP funding (£0.16m per annum) which enabled a 'community connector' post to be hosted within a local organisation, most often a local housing association. It is proposed to end the HSCP funding from 24/25.</p>	0.160
Alcohol Drug Partnership: Reduction Applied	<p>Reduction applied to budgets for both the Prevention and City Alcohol Drug Group (CALDG), to be achieved by removing funds which are not currently allocated to existing programmes of work.</p>	0.050

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Savings Proposals	Description	£millions
External Contracts: CDRS and Mental Health Employability - 5% Reduction	Proposal to reduce contract values for the Compassionate Distress Response Service (CDRS) and MH Employability Services by 5%.	0.041
Total Savings Identified		25.477