

Subject: IJB 2021-22 BUDGET

Purpose: To update the IJB on the financial position for the partnership for 2021-22, including the proposed delegated funding, service budget pressures, plans developed to set a balanced budget and the associated risks.

Recommendation: That the Board:
(a) approves the budget for 2021-22 for North Ayrshire Health and Social Care Partnership inclusive of all pressures and savings, noting that the funding position is subject to confirmation by NHS AA;
(b) approves the proposed use of reserves as set out in section 3.4, including £1.116m of IJB general fund reserves to balance the budget for 2021-22 on a non-recurring basis;
(c) accepts the delegation of financial responsibility for the rehabilitation wards at the Ayrshire Central Site (Douglas Grant and Redburn) from 1 April 2021; and
(d) approve the removal of charges for residential respite services

Glossary of Terms	
NHS AA	NHS Ayrshire and Arran
IJB	Integration Joint Board
NAHSCP	North Ayrshire Health and Social Care Partnership
NAC	North Ayrshire Council
CAMHS	Child and Adolescent Mental Health Services
FPC	Free Personal Care
PCIF	Primary Care Improvement Fund
ADP	Alcohol and Drugs Partnership
PfG	Programme for Government
UnPACs	UNPACS, (UNPlanned Activities) – Extra Contractual Referrals
SLA	Service Level Agreement

1.	EXECUTIVE SUMMARY
1.1	The report outlines the funding allocations from NAC and NHS AA, the service pressures, resulting budget gap and the savings plan for 2021-22. The budget for NAC was set on 4 March and NHS AA will set their budget on 29 March, the funding assumption from NHS AA reflected in the report is based on the expected funding settlement, if this changes the plans for the IJB will require to be re-visited.

1.2	The intention was to bring a refreshed 3-year Medium Term Financial Plan to the IJB for approval, this has not been possible due to the reasons outlined in the report. report instead focusses on balancing the budget for 2021-22 and gaining approval for the pressures and savings plans prior to the start of the new financial year. The MTFP will be refreshed over the summer and brought to the IJB for approval later in the year.																				
1.3	The Scottish Government finance settlement set out a number of conditions and requirements for Health Boards and Councils in relation to funding delegated to Integration Authorities. The delegated funding outlined in the report (indicative for NHS AA) meets those Scottish Government requirements.																				
1.4	<p>The table below summarises the overall financial position for 2021-22:</p> <table><tr><th></th><th>Social Care (NAC) £m</th><th>Health (NHS AA) £m</th><th>Total £m</th></tr><tr><td>Funding Increase</td><td>0</td><td>1.528</td><td>1.528</td></tr><tr><td>Funded Pressures</td><td>(3.518)</td><td>(1.916)</td><td>(5.434)</td></tr><tr><td>Budget Gap</td><td>(3.518)</td><td>(0.388)</td><td>(3.906)</td></tr><tr><td>% Baseline Budget</td><td>(2.91%)</td><td>(0.38%)</td><td>(1.75%)</td></tr></table> <p>The approval of the savings plans included in Appendix C will partially address the budget gap together with a review of previously approved budget pressures which are no longer required to be held for the intended purpose. The overall balance will require to be met on a non-recurring basis by a drawn down on IJB reserves carried forward from 2020-21 which will result in a balanced budget for 2021-22.</p>		Social Care (NAC) £m	Health (NHS AA) £m	Total £m	Funding Increase	0	1.528	1.528	Funded Pressures	(3.518)	(1.916)	(5.434)	Budget Gap	(3.518)	(0.388)	(3.906)	% Baseline Budget	(2.91%)	(0.38%)	(1.75%)
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Budget Gap	(3.518)	(0.388)	(3.906)																		
% Baseline Budget	(2.91%)	(0.38%)	(1.75%)																		
1.5	<p>The budget gap position following the identification of savings, review of pressures and general fund reserves is summarised below:</p> <table><tr><th></th><th>Social Care (NAC) £m</th><th>Health (NHS AA) £m</th><th>Total £m</th></tr><tr><td>Budget Gap</td><td>3.518</td><td>0.388</td><td>3.891</td></tr><tr><td>Budget Pressures Review</td><td>-</td><td>(0.262)</td><td>(0.262)</td></tr><tr><td>Savings</td><td>(2.402)</td><td>(0.126)</td><td>(2.528)</td></tr><tr><td>Revised Budget Gap</td><td>1.116</td><td>-</td><td>1.116</td></tr></table> <p>There is a projected underspend of £3.497m during 2020-21 which will be carried forward in the general fund reserve of the IJB, it is proposed that £1.116m of this balance is earmarked to achieve a balanced budget for the IJB for 2021-22 on a non-recurring basis.</p>		Social Care (NAC) £m	Health (NHS AA) £m	Total £m	Budget Gap	3.518	0.388	3.891	Budget Pressures Review	-	(0.262)	(0.262)	Savings	(2.402)	(0.126)	(2.528)	Revised Budget Gap	1.116	-	1.116
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Savings	(2.402)	(0.126)	(2.528)																		
Revised Budget Gap	1.116	-	1.116																		
1.6	A number of financial risks areas are highlighted in the report and the IJB are asked to note these at this stage, the IJB may be asked during 2021-22 to approve any appropriate action to mitigate or manages these areas. The main risks include the ongoing response to the Covid-19 pandemic, the pending pay award for Local Government and NHS staff and the negotiated uplifts for the National Care Home Contract and																				

1.7	The proposed integrated budget for the IJB is £291.702m (inclusive of the estimated Set Aside budget of £36.978m). A summary of the 2021-22 budget and net budget increase is detailed within Appendix A.
1.8	<p>The budget assumes that all 2021-22 Covid related costs will be fully funded and the impact of non-recurring costs has not been included in budget planning assumptions. At the outset of the pandemic there was an assurance that subject to any additional expenditure being fully aligned to local mobilisation plans, including the IJB responses, reasonable funding requirements will be supported. We have contributed to the NHS AA Re-mobilisation Plan submitted to the Scottish Government at the end of February covering the period to March 2022 which describes the recovery and re-mobilisation of services next year and the associated resource requirements.</p> <p>There is a risk that if the full cost of the Covid-19 response is not funded in 2021-22 the IJB may require to recover any overspend in-year. As noted in the financial monitoring report there has been additional funding allocated to IJBs during 2020-21 for use in future years and this will be carried forward in IJB reserves for use in future years which will reduce the risk of exposure to funding for Covid costs.</p>
2.	BACKGROUND
2.1	<p>The Integration Scheme outlines a process of planning for budgets in future years where the Chief Officer and the Chief Finance Officer develop the funding requirements for the Integrated Budget based on the Strategic Plan and present it to the Parties for consideration as part of the annual budget setting process. This includes consideration of pay awards, contractual uplifts, prescribing, resource transfer and ring-fenced funds. The Integration Scheme approved by Scottish Ministers states that following determination of the Council and NHS payments to the IJB, the IJB will refine its Strategic Plan to take account of the totality of resources available and there is an implicit requirement to set a balanced budget prior to the new financial year.</p> <p>The process as outlined in the Integration Scheme has been eroded in recent years with Scottish Government directives and expectations in relation to funding levels to be passed on to IJBs. Whilst the IJB are required to engage with the partner bodies in relation to budget pressures and savings the overall funding allocation will reflect an element of ring fencing and settlement conditions in relation to funding for IJBs.</p>
2.2	NATIONAL POSITION – SCOTTISH GOVERNMENT FUNDING
2.2.1	Scottish Government Medium Term Health and Social Care Financial Framework
	<p>The Scottish Government published its Medium-Term Health and Social Care Financial Framework in October 2018. This looked at current Health and Social Care expenditure, future demand, the future shape of health and social care expenditure and reforming health and social care.</p> <p>The focus of the financial framework is in the main health and social care expenditure commitments, as set out below:</p> <ul style="list-style-type: none"> • Baseline allocations to frontline Health Boards will be maintained in real terms with additional funding over and above inflation being allocated to support the shift in the balance of care. • Over the course of the next five years, hospital expenditure will account for less than 50% of frontline NHS expenditure. This relates to the policy commitment to 'shift the balance of care' with a greater proportion of care provided in a setting close to a person's home rather than in a hospital.

- Funding for primary care will increase to 11% of the frontline NHS budget by 2021-22. Half of this will be invested directly into GP services with the remainder in primary care services provided in the community; and
- The share of frontline NHS budget dedicated to mental health, and to primary, community and social care will increase every year of the parliament. These services are managed by Integration Authorities.

The above framework was published pre Covid-19. The Scottish Government's Medium-Term Financial Plan published in January 2021 outlined:

- While it is too early to fully assess the impact of COVID-19 on spending trajectories for 2020-21 and beyond, it is clear that the epidemic has caused significant additional costs and impacted on non-COVID-19-related healthcare in order to provide the necessary capacity in the system.
- Recovering from wider impacts of COVID-19 will take time and will also come with additional costs that create pressures on medium-term spending growth for the sector.
- We are currently revisiting the performance and financial assumptions that underpin the Financial Framework. This will set out the anticipated next steps in the financial arrangements for our health and care services for future years and will provide further detail on our delivery of the outcomes in the PfG and the Scottish Budget for 2021-22.

The Scottish Budget for 2021-22 highlighted:

- investment in the Health and Sport Portfolio will increase to over £16 billion, with a further £869 million of funding to address pressures related to COVID-19.
- Primary Care is central to our health and care services, and we will further increase our Primary Care Fund from £195 million to £250 million in 2021-22. This includes support for delivery of the new GP contract and for wider Primary Care reform.
- Direct investment in mental health services will increase to £139 million, taking overall spending in mental health to over £1.1 billion.
- Recognising the continued importance of the care sector, a total of £883 million will be passed from the Portfolio in 2021-22 to support social care and integration. Note that only £72.6m of this is new funding and is tied to Scottish Government policies.
- Additional £50 million in 2021-22 to support our national mission to reduce drug deaths.

2.2.2 Finance Settlement Conditions

As part of the Scottish Government budget and finance settlement funding letters were issued to NHS Boards and Councils, these detailed the requirements in relation to the level of funding to be delegated to IJBs in 2021-22 (copies in Appendix E).

The specific requirements are as follows:

- In 2021-22, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 1.5% over 2020-21 agreed recurring budgets.
- In addition to this, and separate from the Board Funding uplift, the Health Portfolio will invest a further £72.6 million in Local Authorities for investment in adult social care and integration. This takes the total funding transferred from the health portfolio to £883 million in 2021-22.
- The additional £72.6 million will support delivery of the Living Wage (£34 million), continued implementation of the Carers Act (£28.5 million) and uprating of free personal care (£10.1million).

- The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2020-21 recurring budgets for adult social care services that are delegated.
- Therefore, Local Authority adult social care budgets for allocation to Integration Authorities must be £72.6 million greater than 2020-21 recurring budgets.
- In addition there are monies for Primary Care, Waiting Times, MH and CAMHS, Trauma Networks and Drugs Deaths to be allocated in-year.
- MH – Funding of £111.1 million will be directed to a range of partners for investment to support mental health, and children and young people's mental health. As part of the 2021-22 budget there is £15 million to support the continued establishment of new Community Mental Health and Wellbeing Services.
- Alcohol and Drugs – The 2021-22 Portfolio budget provides an additional £50 million targeted towards reducing drugs deaths. This forms part of a total of funding of £250 million over the next five years and will support further investment in a range of community-based interventions, including primary prevention and expansion of residential rehabilitation.
- Outcomes framework increases from £71.9m nationally to £74.1m (previous years have seen a 5% reduction). Scottish Government finance colleagues have confirmed that there are no assumptions re reductions 'hidden' in the increased figure.

It is anticipated that the Scottish Government will again seek assurance from partnerships that these conditions are being met.

2.3 NORTH AYRSHIRE POSITION – PARTNER FUNDING

2.3.1 North Ayrshire Council

For the last two years the budget settlement for IJBs included an allocation of funding to recognise the growth and demand for social care services, with previous settlements resulting in additional allocations above baseline and Scottish Government policy areas with funding allocations for North Ayrshire of £1.389m and £1.612 for 2019-20 and 2020-21 respectively. There was no allocation for general social care pressures in the 2021-22 budget settlement.

Based on the Finance Settlement £72.6m of ring-fenced funding is required to be passed through to the IJB by local authorities. North Ayrshire Council set their budget on 4 March 2021 where they approved an additional contribution for the IJB of £1.861m for 2021-22. The additional funding is the share of the £72.6m nationally transferred from the health portfolio (£2.042m) as well as the full year impact and adjustments to previously allocated funding (£0.181m).

The partnership engaged with the Council budget process providing estimates of cost pressures and area of service redesign to deliver savings, however there was no additional funding awarded for cost pressures beyond the nationally transferred funding for Scottish Government policies. This is a 'flat cash' situation where cost pressures, including the staff pay award, require to be funded by savings. There will not be any further funding made available during the financial year for pressures, for example if the Local Government pay award exceeds the current public sector pay policy.

A summary of the additional £72.6m funding is noted below:

Policy Area	National Allocation £'m	North Ayrshire Allocation

		£'m
Living Wage	34.0	0.971
Uplift to Free Personal Care	10.1	0.267
Carer's Act	28.5	0.804
General pressures	-	-
TOTAL	72.6	2.042
<i>General Funding Reductions:</i>		
Criminal Justice		(0.109)
Eligibility for Aftercare		(0.006)
Kinship Care		(0.039)
Continuing Care		(0.022)
Throughcare and Aftercare		(0.005)
TOTAL		1.861

It is anticipated that for the policy areas where funding is allocated, i.e. the Living Wage, Free Personal Care, and the Carer's Act the cost of delivering on these priority areas will match the funding allocation.

Included within other funding allocations is a funding reduction to the ring-fenced grant for Justice Services. This funding reduction alongside the requirement to fund inflationary cost increases for the service from within the ring-fenced grant will be challenging for the service during 2021-22. The service are working through the potential impact and where this cannot be mitigated on a recurring basis, they will follow this up with a report to the IJB. There is the potential for this to be mitigated in the short term as there could be additional funding from the Scottish Government to assist with the remobilisation of some areas of Justice Services.

For years 2022-23 and 2023-24 the financial planning assumption from the Council is that that financial pressures facing the IJB will be fully met by savings, i.e. a flat cash financial settlement is assumed.

In addition to the delegated funding allocation to the IJB the Council budget includes £1.486m, set aside to support repayment of the IJB debt to the Council, this budget allocation remains unchanged for 2021-22.

2.3.2 NHS Ayrshire and Arran

The Scottish Government letter outlines the expectations in terms of resource for IJBs including a directive for a funding uplift to be applied, this is the same approach taken in 2021-22 and again is not the bottom up approach traditionally adopted under the Integration Scheme.

In relation to the Scottish Government directive, the elements which impact on the IJB Health funding allocation are noted below:

- In 2021-22, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 1.5% over 2020-21 agreed recurring budgets.
- In addition there are monies for Primary Care, Waiting Times, MH and CAMHS, Trauma Networks and Drugs Deaths to be allocated in-year. We are currently awaiting further information on these allocations.
- MH – Funding of £111.1 million will be directed to a range of partners for investment to support mental health, and children and young people's mental health. As part of the 2021-22 budget there is £15 million to support the

continued establishment of new Community Mental Health and Wellbeing Services.

- Alcohol and Drugs – The 2021-22 Portfolio budget provides an additional £50 million targeted towards reducing drugs deaths. This forms part of a total of funding of £250 million over the next five years and will support further investment in a range of community-based interventions, including primary prevention and expansion of residential rehabilitation.
- Outcomes framework increases from £71.9m nationally to £74.1m (previous years have seen a 5% reduction). Scottish Govt confirmed that there are no assumptions re reductions ‘hidden’ in the increased figure.

The 1.5% uplift is based on the payroll assumptions for the Scottish Public Sector Pay Policy, i.e. 3% for salaries up to £25K and 1% for those earning above £25K (capped at £800). Any pay award agreed above this public sector pay policy assumption will result in the funding for NHS Boards, and IJBs, being revisited during the year in line with the outcome of pay negotiations.

Discussions have taken place with Health Board colleagues in relation to the funding for 2021-22, received there is an expectation that the Health Board plans will reflect the pass through of the 1.5% to the IJB. The IJB will then plan to fund pressures and develop savings plans within the overall financial allocation. This has not been formally approved and the Health Board will meet on 29 March to set their budget, including agreeing funding allocations for partnerships. The assumption in this financial position is that this will be basis of the funding allocation, if the Health Board decision does not reflect this position this will require to be updated and brought back to the IJB for further consideration.

Assuming the 1.5% Health Board uplift is passed through to the IJB there has been a determination of the value of the uplift on that basis. The Health Board will delegate each IJB a budget based on a delegated service basis, the position in this report reflects the position on a managed basis as this is the position delegated to the North partnership to financially manage. The Ayrshire Finance Leads have agreed the reconciliation of the uplift and pressures from an IJB to managed basis.

The baseline budget requires to be appropriately adjusted to not apply the uplift where:

- There are significant in-year allocations of funding, these allocations do not form part of the Health Board baseline funding to which the annual uplift is applied, for example Action 15 Mental Health funding.
- There are separate risk sharing arrangements in place, e.g. prescribing.
- There is a separate uplift basis other than the general board uplift, e.g. GMS.

The determination of the appropriate baseline budget to apply the uplift has been agreed with the Ayrshire Finance Leads and the Health Board Director of Finance.

The calculation of the baseline uplift is detailed in the table below:

	£m	
2020-21 Budget	164.324	As per period 9 monitoring report.
<i>Less:</i>		
In-year allocations	(3.824)	Action 15, Mental Health Bundle, District Nurses, Veterans, ADP, Winter Plan, Local Improvement Fund
Covid Funding	(8.937)	Covid Funding
Risk Sharing	(29.232)	Prescribing
Different Uplift	(20.496)	General Medical Services (GMS)
Revised Baseline	101.835	
1.5% Uplift	1.528	

The expectation is that on a managed basis a baseline funding uplift of £1.528m will be passed through to the IJB from the Health Board.

The 2021-22 baseline budget includes the Douglas Grant and Redburn Wards (£2.719m). These were operationally managed by the North HSCP during 2020-21 but the IJB have not accepted the delegated budget as following due diligence there was a budget shortfall in these wards which requires to be addressed prior to fully accepting financial responsibility for the wards. There are now plans to reduce the capacity of the Redburn Ward from 30 beds to 20 beds which reduces the budget shortfall and therefore the IJB are recommended to accept full operational and financial responsibility for the wards from 1 April 2021. This approach has been agreed with NHS A&A.

2.3.3 The benefits of a delegated funding approach from both partners are:

- The IJB can manage the budget process in terms of developing pressures and savings (including providing for those pressures not planned to be funded by partners), providing greater transparency and governance re decision making.
- Allows resource to be allocated by the IJB in line with the priorities in the Strategic Plan.
- Allows the SG directive to be followed, not only in terms of application of the uplift but also in terms of priority areas to be protected (e.g. Mental Health and Drug and Alcohol services).
- Facilitates the ongoing in-year management of the IJB financial position in relation to the funding and budget being managed on an integrated way to deliver financial balance.
- Supports future years planning and the development of a Medium-Term Financial Plan, supporting an earlier approach to financial planning and an integrated approach to distribution of resource.
- Aligns with the proposals in the review of integration for budget planning and resource delegation for IJBs.

3.	PROPOSALS
3.1	2020-21 FINANCIAL POSITION
	<p>The overall projected outturn position for 2020-21 as at period 10, is a projected year-end underspend of £3.497m. This is the position following the full funding announcement for Covid-19 which totals £10.2m for 2020-21.</p> <p>The main areas of pressure are learning disability care packages, looked after children and adult in-patients within the lead partnership. However, there has been significant progress to reduce the pressures in these areas. This position is likely to be sustained until the financial year end, and as all Covid-19 costs are fully funded, the IJB will underspend and repay £1.5m of the debt to North Ayrshire Council as planned.</p> <p>The savings plan for 2020-21 anticipates that a total of £2.394m of savings will be delivered in-year, with £1.467m of savings potentially delayed or reduced. The delays are due to Covid-19 and the main areas are:</p> <ul style="list-style-type: none"> • External residential placements – the savings for 2021-22 have been adjusted to reflect the delays from 2020-21. • LD Day Services – the plans for the review of day services have been delayed due to the inability to effectively engage with staff on the proposed changes. • Adult Community Support CM2000 – this was delayed due to providers and service focussing on the Covid related service and staffing issues, however is now fully implemented and the full impact of the system saving should be achieved during 2021-22.
3.2	2021-22 REVENUE BUDGET PLANS
	<p>NAHSCP 2021-22 integrated budget is expected to be £254.724m (excluding Set aside) and £291.702m (including Set Aside budget of £36.978m).</p> <p>A summary of the 2021-22 total budget and net funding increase is detailed within Appendix A. The pressures and savings are detailed separately in Appendix B (pressures) and C (savings). Sections 3.2.1 to 3.2.4 provide an overview of the pressures and savings.</p>
3.2.1	BUDGET PRESSURES
	<p>NAHSCP service cost and demand pressures are detailed within Appendix B.</p> <p>New budget pressures for health and social care services total £5.434m. These have been developed in partnership with finance supporting front line services to identify current and emerging financial pressures considering historic demand and costs and potential future variations. The provision of funding for pressures has the impact of increasing the budget gap to be addressed through savings, therefore the pressures are only included in budget plans where these are absolutely unavoidable. The pressures have been subject to a rigorous challenge process, both within the service, within the HSCP directorate, by finance and by peers. The pressures recommended for approval have been through this challenge process and are deemed to be unavoidable and therefore recommended for approval.</p> <p>The pressures are noted below with full detail in Appendix B:</p>

Category	Social Care (NAC)	Health (NHS A&A)	TOTAL
	£m	£m	£m
Pay pressures	1.915	1.106	3.021
Demographic Pressures	0.693	-	0.693
Transitions of Care	0.856	-	0.856
Contract Inflation	0.396	0.100	0.496
Pan Ayrshire Pressures	-	0.301	0.301
Resource Transfer Inflation	(0.342)	0.342	-
Other	-	0.067	0.067
Total New Pressures	3.518	1.916	5.434
Previous Pressures	-	(0.262)	(0.262)
NET FUNDED PRESSURES	3.518	1.654	5.172

During 2020-21 provision was made for health Lead Partnership pressures recognising the North Ayrshire contribution towards pressures faced for services led by East or South. These pressures were agreed with the Ayrshire Finance Leads with an agreement that the IJBs have a shared responsibility to fund. Following a review of these pressures £0.262m has been identified as not being required for 2021-22. £0.208m of this relates to the Ayrshire Urgent Care service with the remainder relating to funding set aside for care packages, neither of these amounts are required to be provided for in the budget.

The pay award assumption in the budget is different for Local Government than the NHS, as there is an expectation that no additional funding would be provided for a pay award higher than the public sector pay assumption for the Local Government workforce. Therefore a 3% provision for the pay award for Social Care is provided for in the budget pressures. If the Social Care element was reduced in line with the Scottish Public Sector Pay Policy, as per the NHS, the estimated cost would reduce the pressures by £0.585m.

In addition to the above pressures there are the Scottish Government priorities as outlined in the table in paragraph 2.3.1. It is assumed that the costs associated with these pressures will be matched by the additional funding provided.

The IJB budget planning discussions for 2021-22 included a number of potential pressure areas where the pressures were not recommended to be specifically provided for in the budget. This is because there are uncertainties around the value of the pressure or the costs were to be managed in-year either by developing a financial recovery plan or within the overall in-year financial position.

The pressures were noted as including:

- General Medical Services – Maternity and Paternity Payments
- GP practices in difficulty – this pressure did not impact during 2020-21 but will remain a financial risk in future years
- Daldorch income – pan-Ayrshire recurring pressure due to a change in the service from being a national children's unit, early discussions are taking place Pan-Ayrshire to mitigate this pressure

Prescribing remains the responsibility for the Health Board to fund as under the terms of the Integration Scheme the Board underwrite the prescribing risk across all three

Ayrshire IJBs. Prescribing is a volatile budget and the approach is to minimise risk across years with the Health Board retaining responsibility for any under or overspends, as such no pressures or savings are detailed for prescribing.

A new pressure of £0.5m was provided for as part of the 2020-21 budget to be set aside on a recurring basis for investment in Unscheduled Care. Plans to invest this funding were delayed due to the pandemic, however the amount remains set aside in the budget. There is much learning from the Covid pandemic in how we have managed unscheduled care, improved delayed discharge performance and worked with acute colleagues to improve communication and joint working to improve the position. This learning will inform the plans to invest this resource to work towards sustaining and improving our performance, one of the priority areas being enhancing our hospital based social work team. Further updates on these plans will be provided to the IJB through the regular financial performance reports.

3.2.2 SCOTTISH GOVERNMENT POLICY AREAS

The finance settlement includes funding for investment in health and social care integration aligned to Scottish Government policy areas, a summary of this funding is below:

Policy Area	National Allocation £'m	North Ayrshire Allocation £'m
Living Wage	34.0	0.971
Uplift to Free Personal Care	10.1	0.267
Carer's Act	28.5	0.804
TOTAL	72.6	2.042

The Living Wage will increase from £9.30 per hour to £9.50 per hour (2.2%) from 1 April 2021. This will increase the hourly rates being paid to providers and self-directed support recipients as follows:

	2020-21 Rate Per Hour	2021-22 Rate Per Hour
Care at Home & Housing Support	£17.36	£17.75
Sleepovers	£11.46	£11.71
Personal Assistant Day Time Hourly Rate	£12.66	£12.93
Personal Assistant Sleepover Hourly Rate	£11.73	£11.99

The cost of this rate uplift will be met from the funding allocated for the Scottish Living Wage as part of the £72.6m.

In addition, an element of the National Care Home Contract uplift relates to the Living Wage and the uplift in the Free Personal Care rate increases the cost of care home placements. Additional funding will be required to support these pressures, the residual pressure for the IJB in relation to the NCHC being the staffing elements not covered under the LW arrangement and the non-staff costs. The NCHC rate has not yet been agreed for 2021-22 and the net pressure position is based on a planning assumption of the uplift rate, this remains a risk until the uplift is agreed.

The Carer's Act funding is aligned to the support for unpaid carers and is intended to put in place supports identified through Carers Assessments and other supports for carers. It is proposed that part of the increase in Carer's Funding is used to waive residential respite charges for all recipients of the service. Charges are required to be waived where a need is identified through a carer's assessment, however not all those accessing residential respite services have taken up the offer of a carers assessment. On the basis that residential respite care is provided primarily to provide a break for carers it would be in the spirit of the Act to waive all charges for this service, regardless of whether a Carer's assessment has been undertaken. The waiving of charges will result in an estimated loss of income of £0.157m which can be met from the increase in funding.

Effective support for carers is not a new issue but the increasing pressures on carers and local carers services have been highlighted throughout the current pandemic. Support for carers is also a significant focus of the Independent Review of Adult Social Care, which recommends that carers need better, more consistent support to carry out their caring roles and to take a break from caring. We will focus on reinvigorating the Carers supports during 2021-22 with a targeted plan to ensure the resources are used in the most effective way, a further update will be brought to the IJB later in the year.

3.2.3 BUDGET GAP

A summary of the budget gap and overall savings requirement is outlined below:

	Social Care (NAC) £m	Health (NHS AA) £m	Total £m
Funding Increase	0	1.528	1.528
Net Funded Pressures	(3.518)	(1.654)	(5.172)
Budget Gap	(3.518)	(0.126)	(3.644)
% Baseline Budget	(2.91%)	(0.12%)	(1.64%)

Whilst there is no specific statutory responsibility for the IJB to set a balanced budget by a specific date, there is an implicit requirement outlined in the Integration Scheme and in terms of best practice for financial planning and management a balanced budget should be approved and set prior to the start of the new financial year.

3.2.4 BUDGET SAVINGS

Savings in relation to NAC and NHS commissioned services are detailed within Appendix C. The savings are RAG rated informed by an overall assessment of the ease of delivery and the impact on services, indicating an overall risk of deliverability.

RAG Deliverability Status	Social Care (NAC) £m	Health (NHS A&A) £m	Total £m
Red	-	-	-
Amber	0.204	-	0.204
Green	2.198	0.126	2.324
TOTAL	2.402	0.126	2.528

The IJB are recommended to approve the savings proposals. The savings do not fully address the budget gap of £3.644m and it proposed that the balance of £1.116m is met by a non-recurring draw on the reserves carried forward from 2020-21. Use of

reserves is a temporary solution and is not a sustainable solution. Health and Social Care services are at this time still in the midst of responding the demands of the Covid-19 pandemic, therefore at this stage it is not recommended to go back to services to request further savings proposals, particularly when there are so many unknowns to the budget next year including the ongoing pay negotiations, the National Care Home Contract negotiations and the ongoing impact of Covid-19 on services and the overall financial position.

This draw on reserves will reduce if the Social Care element of the pay award pressure settles at less than 3% across all staff. If the pay settlement is in line with the Scottish Public Sector Pay Policy the draw on reserves would reduce by £0.585m.

3.2.5 MENTAL HEALTH SERVICES

The North partnership lead on acute Mental Health services across Ayrshire and therefore require to ensure that the services have plans to balance the budget moving into 2021-22. We have developed plans to ensure that lead partnership Mental Health services are sustainable and are not impacted by pressures elsewhere in services.

The overall position for the lead partnership element of the North managed budget is summarised below:

	£m
2020-21 Baseline Budget	46.576
1.5% Baseline funding uplift	0.699
Pay Pressures (mainly pay related)	(0.665)
Non-pay Pressures	(0.150)
Budget Gap/Savings Requirement	(0.116)
Savings - Elderly Mental Health Bed Review	0.116
Net	-

The saving outlined to address this budget gap is included in Appendix C.

Significant savings have been delivered to date from the review of Elderly Mental Health inpatient services at the Ailsa site, with over £1.9m released to date either as resource transfer for patients or to address CRES savings requirements. There is a remaining uncommitted amount of £0.371m (net of the savings above) which has been subject to discussion on a pan Ayrshire basis and agreement will require to be reached across the three Ayrshire partnerships on how any resource should be distributed. There are a number of proposals being developed for Mental Health services which will require investment and this resource will be held in the Lead Partnership until such time agreement is reached.

3.2.6 FUTURE PLANNED BUDGET ADJUSTMENTS

The podiatry budget is held by East HSCP and work is underway to devolve this to each partnership. Information on this will be presented to a future IJB.

The previous risks and transfers of the two Rehab Wards at Ayrshire Central (Redburn and Douglas Grant) and also the commissioning of beds at Ward 2 by East Ayrshire HSCP have been resolved as part of the 2021-22 budget.

3.3 ACUTE SET ASIDE BUDGET

	<p>The Scottish Government's Health and Social Care Medium Term Financial Framework refers to system reform assumptions including material savings to be achieved from reducing variation in hospital utilisation across health and social care partnerships, with assumed efficiencies from reduced variation in hospital care coupled with 50% reinvestment in the community to sustain improvement. Furthermore, the Ministerial Strategic Group for Health and Community Care Review of Progress with Integration of Health and Social Care contained the proposal that delegated hospital budgets and set aside requirements must be fully implemented. Each Health Board, in partnership with the Local Authority and IJB, must fully implement the delegated hospital budget and set aside budget requirements of the legislation, in line with the statutory guidance published.</p> <p>The full implementation of the set aside arrangements is key to delivering this commitment to planning across the whole unplanned care pathway and partnerships must ensure that set aside arrangements are fit for purpose and enable this approach.</p> <p>This has not been achieved in Ayrshire and Arran during the current financial year as the priority was the response to Covid-19. However preparatory work is well underway with NHS AA and the other Ayrshire partnerships to progress and develop the set aside arrangements to fully implement the legislative requirement. This includes arrangements in relation to the use of Directions, Commissioning Plans and overall progression towards Fair Share allocations of resources.</p> <p>The budget for set aside resources for 2021-22 is £36.978m. This is based upon 2019-20 actual activity (£35.371m) inflated by the 3% uplift for 2020-21 and the 1.5% baseline uplift for 2021-22. This may require to be updated following the further work being undertaken by the Ayrshire Finance Leads to establish the baseline resources for each partnership and how this compares to the Fair Share of resources. It is anticipated that 2021-22 will be used as a shadow year for these arrangements. A further update will be provided to IJBs as this work progresses.</p>
3.4	<p>IJB RESERVES</p> <p>The IJB is established as a Local Government body therefore has the ability to hold reserve balances. Reserve balances are held as part of an approach to good financial management, the purpose of reserves is as follows:</p> <ul style="list-style-type: none"> a) As a working balance to help cushion the impact of uneven cash flows; b) As a contingency to manage the impact of unexpected events or emergencies; and c) As a means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities. <p>The balance of reserves should be considered as part of the budget setting process. The IJB has a reserves policy in place which outlines an optimum value of reserves to be held uncommitted in contingency, this is currently set as 2% to 4% of net expenditure, based on the lower value this would be £5m. Given the ongoing requirement to deliver significant savings and continue the response to Covid-19 this optimum reserves balance is aspirational.</p> <p>The position in the North Ayrshire IJB is unique in that we hold a negative reserve balance which has accumulated from previous year overspends, the negative reserve balance is offset by a debtor on the balance sheet reflecting the debt due to North Ayrshire Council. There is currently £1.486m of resource set aside outwith the IJB delegated budget to repay this debt. There is no expectation from North Ayrshire</p>

Council that the IJB increase this annual debt repayment as a consequence of any underspend in the IJB budget.

There has been further additional funding allocated to IJBs from the Scottish Government during 2020-21 for use in future years, there is an expectation that IJBs will carry forward these funds in reserves. This additional funding relates to:

	National Amount £m	North Share £m
Further Integration Authority Support	100.0	2.840
Adult Social Care Winter Plan	40.0	1.238
Community Living Change Funding	20.0	0.513
Primary Care Improvement Fund	38.2	0.657
Action 15	11.2	0.433
ADP	8.1	0.131
TOTAL	217.5	5.812

In addition, the projected outturn position at period 10 for the IJB is a year-end underspend of £3.497m, with further detail on this included in the financial management report.

The estimated position, based on the current projected outturn position, for IJB reserves is noted below:

	General Fund Reserves		Earmarked Reserves		Total £m
	Debt to NAC £m	Free GF £m	SG Funding £m	HSCP £m	
Opening Balance at 1 April 2020	(5.293)	-	0.207	-	(5.086)
<i>Movement in-year:</i>					0.000
Planned Debt Repayment	1.486				1.486
Projected Outturn (at period 10)		3.497			3.497
Use of SG Funding			(0.207)		(0.207)
Additional SG Funding			5.812		5.812
Est Balance at 31 March 2021	(3.807)	3.497	5.812	-	5.502
<i>Proposed Use of Reserves:</i>					
Earmarked for 21-22 Budget		(1.116)			(1.116)
Establish Challenge Fund		(0.500)		0.500	-
Revised Est Balance at 31 March 2021	(3.807)	1.881	5.812	0.500	4.386

The earmarked reserve balances relate to ring-fenced funding for the ADP, Mental Health Action 15, PCIF and the additional Integration Funding set out in the table above, including funding to assist with ongoing Covid costs.

It is proposed to establish a challenge fund reserve of £0.5m to assist the HSCP with developing longer term plans for delivering savings and service improvement. One of the main areas this would support would be the investment in technology solutions. The allocation and assessment of this funding would be determined by the PSMT with reporting of progress through the financial monitoring report to the IJB.

	<p>It is anticipated that a further earmarked reserve will be established at the financial year-end in relation to the Douglas Grant ward in relation to the Major Trauma Network development.</p> <p>The 'free' general fund balance of £1.881m is proposed to be held as a contingency balance, this equates to around 0.07% of the IJB budget for 2021-22 so remains short of the target of 2% but does demonstrate progress towards establishing a contingency reserve. The final position for reserves will be outlined in the year-end outturn report in June 2021 and in the Annual Accounts. Any movement in the year-end outturn position will be adjusted in the free general fund balance.</p>
3.5	FINANCIAL RISKS
	<p>There are a number of ongoing financial risk areas that may impact on the 2021-22 budget during the year, these include:</p> <ul style="list-style-type: none"> • High risk areas of low volume / high cost services areas e.g. Learning Disability care packages, children's residential placements, complex care packages • Progress with the work to develop set aside arrangements and the risk sharing arrangements agreed as part of this • Ongoing implementation costs of the Scottish Government policy directives, for example Free Personal Care for under 65's • Lead / hosted service arrangements, including managing pressures and reporting this across the 3 IJBs • The impact on Lead partnership and acute services from decisions taken by other Ayrshire areas • The potential financial impact of the HSCP response to the Covid 19 pandemic and the wider public sector financial impact, including on the Council and Health Board and the funding allocated by the Scottish Government aligned to our mobilisation plans • The Covid recovery process and re-mobilisation of services, including the ability to change and improve services following learning from the Covid response • The impact, implementation and service and community expectations following the publication of the Independent Review of Adult Social Care • The Local Government and NHS pay awards are not settled for 2021-22 and negotiations are ongoing, as outlined in the report the risk is mitigated for the social care workforce by providing for a 3% increase and for NHS it is anticipated that additional funding would be allocated if the pay award settlement is higher than the current assumption • National Care Home Contract increases are subject to ongoing negotiation and further complicated by the impact of the pandemic on care homes • Delivery of 2020-21 savings delayed by COVID 19 and the potential impact on the delivery of the 2021-22 savings programme <p>These risks will be monitoring during 2021-22 and financial impact reported through the financial monitoring report.</p>

3.6	MEDIUM TERM FINANCIAL PLAN UPDATE
	<p>It will not be possible to develop an informed medium-term financial plan beyond 2021-22, due the impact of the pandemic and also the unknown impact of the policy, legislation and funding implications of the recently published report on the Independent Review of Adult Social Care. The main unknowns to project the financial position of the IJB beyond 2021-22 relate to funding and pay related inflationary pressures, which are not yet known fully for 2021-22 therefore making future planning scenarios beyond this very difficult.</p> <p>The intention is to update the medium-term financial plan over summer 2021. This will cover the period 2022-23 onwards, with consideration to aligning the time period to the next iteration of the strategic plan.</p>
3.7	TRANSFORMATION PROGRAMME
	<p>The partnership Transformation Board has a key role to:</p> <ul style="list-style-type: none"> • Monitor, track and challenge the delivery of the Health and Social Care Partnership Change Programme. • Monitor track and challenge the budget position including pressures, and savings. • Provide oversight of the delivery of service transformational change priorities. <p>The Transformation Board meets monthly to oversee the change programme, the group is solutions focussed with a view to identifying and implementing actions to get any off-track plans back on target. The planned 2021-22 transformation and savings plans have been reviewed and the change team resource has been aligned to the delivery of these plans and these will be monitored through the Transformation Board.</p>
4.	<u>Anticipated Outcomes</u>
	<p>There are a number of outcomes anticipated in relation to the 2021-22 Budget:</p> <ul style="list-style-type: none"> • Transformational Change for financial and service sustainability will feature at the forefront of the IJB and NAHSCP agenda throughout 2021-22 and beyond. • The proposed plans will deliver a balanced budget for 2021-22, noting that £1.1m of this is non-recurring through the use of IJB reserves, for next year this will enable the IJB and NAHSCP to have plans to operate within the delegated funding. • Financial resources shall be effectively targeted to improve the health and care outcomes for the people of North Ayrshire. • The pan-Ayrshire work will provide further clarity on the use of resources and how we work together this move towards Fair Shares, this will facilitate improved reporting during 2021-22.
5.	<u>Measuring Impact</u>
	<ul style="list-style-type: none"> • A financial framework tracker is used to monitor all key budget spend areas on a monthly basis focused on highlighting those areas not performing as required, reasons why and agreeing early corrective action. • Full year financial outturn forecasts will be compiled monthly with variance analysis and relevant explanations.

	<ul style="list-style-type: none"> • Detailed monthly financial review sessions will be undertaken with the Director, all Heads of Service and relevant senior managers in NAHSCP to ensure timely action is being taken where needed to stay within budgets. • Regular financial performance reports will be presented to the IJB to ensure it is kept fully informed of performance and importantly any major areas of concern requiring corrective action. • The Transformation Board will meet monthly to review progress with savings and any corrective action required to bring any plans back online. • Monthly monitoring and progress of all savings will be undertaken and reported on alongside budgetary performance, with any projects delivering adversely versus the agreed plans being highlighted at the earliest opportunity and having corrective action agreed accordingly. • Ongoing close monitoring and reporting of Covid-19 related costs and the mobilisation plans.
6	IMPLICATIONS
Financial:	<p>It is essential that the IJB and NAHSCP operate within the 2021-22 delegated budget, this is supported by approving a balanced budget before the new financial year.</p> <p>The report outlines estimated delegated funding and the pressures required to be met from within the overall integrated budget. It is estimated there is a requirement to deliver £2.5m of savings during 2021-22, supported by the use of £1.1m reserves on a non-recurring basis, alongside dealing with a number of other known pressures and the risk of managing fluctuating demand for services. The plans outlined in the report allow for a one year balanced position to be approved, this includes addressing a number of pressure areas which were previously unfunded.</p> <p>Appendix A shows the total 2021-22 IJB Budget Appendix B shows the proposed service pressures Appendix C shows the proposed savings Appendix D shows the NHS baseline uplift for 2021-22 on a managed Appendix E shows the Scottish Government Finance Settlement letters</p>
Human Resources:	There will be full consultation with the Trade Unions as appropriate.
Legal:	The IJB has an implicit obligation to funding partners to set a balanced budget prior to the start of the new financial year. The financial position and funding as detailed out would result in both partners complying with the Scottish Government directives re delegated funding for Integration Authorities.
Equality:	Equality Impact Assessments (EIAs) have been undertaken for all savings proposals. None of the new proposals require a full impact assessment at present. Some proposals, where the future model is currently undecided, will require a further assessment when further information is available e.g. older people day services.
Children and Young People	Approval of relevant pressures will allow continued and greater investment in early intervention and prevention in relation to children and young people, hence reducing the future likelihood of the need for care in institutional settings.

Environmental & Sustainability:	There are no environmental and sustainability implications.
Key Priorities:	The 2021-22 budget proposals support delivery of the HSCP Strategic Plan Priorities and the Strategic Bridging Plan, there would be no adjustment required to the Strategic Plan outcomes and priorities.
Risk Implications:	Failure to operate within the delegated budget would delay the repayment of previous year's debts and add further to the requirement to repay any further overspends to NAC and NHA AA. This would impact on the overall financial sustainability and credibility of the partnership.
Community Benefits:	Effective delivery of services as per the 2021-22 budget and associated plans should allow key strategic priorities to be met which should maximise benefits for the North Ayrshire community as a whole, but also benefit those areas of the community most in need.

Direction Required to Council, Health Board or Both	Direction to :-	
	1. No Direction Required	
	2. North Ayrshire Council	
	3. NHS Ayrshire & Arran	
	4. North Ayrshire Council and NHS Ayrshire & Arran	√

8.	CONSULTATION
8.1	The budget plans detailed in this report have been produced in consultation with relevant budget holders, the NAHSCP Senior Management Team and IJB members. The funding assumptions align with information shared and agreed with the Directors of Finance for NAC and NHS AA.
9.	CONCLUSION
9.1	The plans outlined in the report support the IJB to approve a balanced budget for 2021-22, supported by the use of £1.1m of reserves on a non-recurring basis. The IJB are recommended to approve the budget for 2021-22 inclusive of all related pressures and savings. The IJB may be asked to re-visit plans if the Health Board delegated funding changes from that outlined in the report.

For more information please contact:

Eleanor Currie, Interim S95 Officer on 01294 317814 or eleanorcurrie@north-ayrshire.gov.uk

North Ayrshire Health and Social Care Partnership

2021-22 Total Budget

	NAC £m	NHS AA £m	Total £m
Budget @ P9 2020-21	106.016	153.666	259.682
Adjust for Non-Recurring 2020-21 Funding	(7.812)	(0.535)	(8.347)
Baseline Funding Increase	-	1.528	1.528
SG Funding Adjustment*	1.861	-	1.861
2021-22 Budget excluding set aside	100.065	154.659	254.724
Draft set aside budget	-	36.978	36.978
2021-22 Budget including set aside	100.065	191.637	291.702

* SG Funding Adjustment:

	£m
Living Wage	0.971
Uplift to Free Personal Care	0.267
Carers Act	0.804
Eligibility for Aftercare	(0.006)
Community Justice Services	(0.109)
Kinship Care	(0.039)
Continuing Care	(0.022)
Throughcare and Aftercare	(0.005)
Total Additional Funding	1.861

North Ayrshire Health and Social Care Partnership

2021-22 Budget Pressures

	Social Care £m	Health £m	TOTAL £m	
Pay Award	1.915	1.106	3.021	Provision in line with Public Sector Pay Policy for NHS and 3% provision for NAC/Social Care
Demographic Pressures:				
: Older People Community Services (CAH)	0.258	-	0.258	Projected increase in the number of older people.
: Physical Disabilities	0.103	-	0.103	Historic increase in PD care packages.
: Children	0.072	-	0.072	Fostering increase based on the average increase per annum since 2016/17
: Learning Disabilities (Older Clients & Carers)	0.260	-	0.260	Historic trend of increase in LD care packages, increase in client base due to support being provided due to inability for familial care supports not able to continue or at the same level.
Transitions of Care:				
: Learning Disability	0.528	-	0.528	Known individuals planned to transition from children's to adult services.
: Mental Health	0.328	-	0.328	Known individuals planned to transition from children's services or a hospital setting to adult services.
Contract Inflation:				
: National Care Home Contract	0.187	-	0.187	Inflation increase for payments to care homes - assumption of same increase to 2020-21 pending outcome of negotiations.
: UnPACs and SLAs	-	0.100	0.100	Increased cost of placements and the Service Level Agreement with Glasgow City.
: Outwith the Living Wage and NCHC	0.209	-	0.209	Inflation increase for all contracts outwith care homes and those covered by the Living Wage hourly rate.
Pan Ayrshire Pressures				
: Respiratory Rapid Response contribution		0.078	0.078	Contribution towards a Pan Ayrshire Respiratory rapid response service.
: GMS Premises		0.140	0.140	Contribution to increased costs of GP premises e.g. rates.
: NHS Equipment store (drivers)		0.018	0.018	Contribution to additional drivers required for the NHS equipment store based in South Ayrshire.
: Nurse Co-ordinator Rape and Sexual Assault		0.015	0.015	Contribution to a post that has existed since 2019, funding now required to be mainstreamed.
: MH Data Analyst		0.050	0.050	Pan Ayrshire cost of an additional data analyst required to cover increased reporting and MH returns and to support requirements for detailed Directions
Other Areas				
: Ward 2 - reduction in contribution from East		0.067	0.067	East Ayrshire have reduced their bed usage requirement from 10 to 6 beds resulting in a reduction in the associated funding, previously indicated reduction was greater, successfully negotiated fixed payment.
: Resource Transfer Inflation	- 0.342	0.342	-	Inflationary increase to historic resources passed from health to community services when hospital beds are decommissioned and to Integration funding - based on 1.5% NRAC uplift.
TOTAL PRESSURES 2021-22	3.518	1.916	5.434	

North Ayrshire Health and Social Care Partnership 2021-22 Savings

Savings ref number	Description	Deliverability Status at budget setting	Previously Agreed or New	Approved Saving 2021/22 £m
Children, Families & Criminal Justice				
1	Children and Young People - External Residential Placements	Green	Previously Agreed	0.450
2	Adoption Allowances	Green	Previously Agreed	0.066
3	Fostering - Reduce external placements	Green	Previously Agreed	0.036
4	Community Support - Children's Care Packages	Green	Previously Agreed	0.008
Mental Health and LD Services				
5	Integration of LD/ MH Teams	Green	New	0.050
6	Learning Disability Day Services	Green	Previously Agreed	0.088
7	Mental Health - Flexible Intervention Service	Green	Previously Agreed	0.008
Health and Community Care				
8	Care Homes	Green	New	0.500
9	TEC Solutions	Green	New	0.150
10	Care at Home - Reablement Investment	Green	Previously Agreed	0.300
11	Care at Home - Review	Green	Previously Agreed	0.135
12	Day Centres - Older People	Green	New	0.050
13	Charging Policy - Montrose House	Green	Previously Agreed	0.050
Whole System				
14	Payroll Turnover Inflation	Green	New	0.057
15	Business Support Review	Green	New	0.150
16	Supported Accommodation	Amber	Previously Agreed	0.204
17	Transport	Green	New	0.050
18	Charging Policy - Inflationary Increase	Green	Previously Agreed	0.050

TOTAL SOCIAL CARE SAVINGS**2.402****Health:**

Savings ref number	Description	Deliverability Status at budget setting	Previously Agreed or New	Approved Saving 2021/22 £m
19	Payroll Turnover Inflation	Green	New	0.010
20	Elderly Mental Health inpatients (lead partnership)	Green	New	0.116

TOTAL HEALTH SAVINGS**0.126****TOTAL NORTH HSCP SAVINGS****2.528**

NHS Ayrshire and Arran 1.5% Baseline Uplift 2021-22

OVERALL SUMMARY	East	North	South	Total
HSCP Managed Basis	997,205	1,527,523	746,050	3,270,778
IJB Delegated / Population Basis	1,049,502	1,186,555	1,034,722	3,270,778

HSCP Managed Basis Calculation				
	East	North	South	Total
HSCP Annual Budget 20/21 @ M9	197,060,709	164,324,149	97,744,667	459,129,525
Less Prescribing Schedule 5	(24,667,916)	(29,232,347)	(23,278,141)	(77,178,404)
Less Schedule 5 Lead	(2,268,852)			(2,268,852)
Less Prescribing Non Schedule 5	(768,850)	0	0	(768,850)
Less GMS	(16,958,966)	(20,495,569)	(16,552,260)	(54,006,796)
Less East Central FHS	(49,309,644)		0	(49,309,644)
Less East Central PMS	(13,139,579)	0	0	(13,139,579)
Less COVID-19	(8,904,589)	(8,937,168)	(6,828,689)	(24,670,446)
Less PCIF	(8,427,848)			(8,427,848)
Less Combat Stress	(1,424,090)			(1,424,090)
Public Dental Service	(1,950,000)			(1,950,000)
GP OOH	(368,957)			(368,957)
Dental Outcomes Framework	(853,769)			(853,769)
Vaccinations & Immunisations	(777,500)			(777,500)
Less Action 15		(1,522,062)		(1,522,062)
Less Mental Health Bundle		(1,492,428)		(1,492,428)
Veterans First Point		(104,962)		(104,962)
Less Family Nurse Partnership			(978,897)	(978,897)
Community Store DEL			350,000	350,000
Additional ADP Funding (DDTF)	(83,726)	(83,726)	(49,189)	(216,641)
Winter Plan NR Funding	(100,000)	(100,000)	(100,000)	(300,000)
PfG Local improvement fund	(383,380)	(460,605)	(213,468)	(1,057,453)
PfG Chool Nursing Service Posts	0	0	(138,000)	(138,000)
GP Premises Funding	(110,899)	0	0	(110,899)
2020/21 Local Improvemnet Fund Tranche 2	(28,000)	0	(169,000)	(197,000)
District Nurse posts	(53,809)	(60,392)	(50,354)	(164,555)
Revised IJB Baseline	66,480,335	101,834,890	49,736,668	218,051,893
Uplift at 1.5%	997,205	1,527,523	746,050	3,270,778

IJB Delegated / Population Basis Calculation				
	East	North	South	Total
HSCP Annual Budget 20/21 @ M9	197,060,709	164,324,149	97,744,667	459,129,525
Less Lead Services per budgets	(89,284,292)	(50,096,951)	(2,079,258)	(141,460,500)
Less Hosted Services per budgets	(4,831,269)	(274,507)		(5,105,776)
Recharges Hosted East	1,579,149	1,772,012	1,480,108	4,831,269
Recharges Hosted North	98,300	98,204	78,003	274,507
Recharges Lead East	29,456,472	32,667,683	27,160,137	89,284,292
Recharges Lead North	16,407,994	18,356,353	15,332,604	50,096,951
Recharges Lead South	679,732	762,572	636,954	2,079,258
Base budgets by IJB	151,166,794	167,609,515	140,353,216	459,129,525
Less COVID-19	(8,904,589)	(8,937,168)	(6,828,689)	(24,670,446)
Less Prescribing Sch 5	(27,037,594)	(27,783,583)	(22,357,227)	(77,178,404)
Less Prescribing Sch 5 (Lead)	(794,838)	(816,768)	(657,247)	(2,268,852)
Less Prescribing Non Sch 5	(269,348)	(276,779)	(222,722)	(768,850)
Less GMS	(16,958,966)	(20,495,569)	(16,552,260)	(54,006,796)
Less East Central FHS	(16,119,858)	(18,084,411)	(15,105,374)	(49,309,644)
Less East Central PMS	(4,295,471)	(4,818,967)	(4,025,141)	(13,139,579)
Less PCIF	(2,952,493)	(3,033,955)	(2,441,399)	(8,427,848)
Less Combat Stress	(465,550)	(522,288)	(436,252)	(1,424,090)
Less Action 15	(498,513)	(557,709)	(465,840)	(1,522,062)
Less Family Nurse Partnership	(320,012)	(359,012)	(299,872)	(978,897)
GP OOH	(120,616)	(135,316)	(113,025)	(368,957)
Public Dental Service	(683,136)	(701,984)	(564,881)	(1,950,000)
Veterans First Point	(34,313)	(38,495)	(32,154)	(104,962)
Dental Outcomes Framework	(279,106)	(313,122)	(261,541)	(853,769)
Additional ADP Funding	(70,822)	(79,454)	(66,365)	(216,641)
Vaccinations & Immunisations	(254,173)	(285,150)	(238,177)	(777,500)
Winter Plan NR Funding	(98,073)	(110,026)	(91,901)	(300,000)
Community Store DEL			350,000	350,000
PfG Local improvement fund	(345,693)	(387,823)	(323,937)	(1,057,453)
PFG Commitment - School Nursing				
Service Posts - 1st Tranche	(45,114)	(50,612)	(42,275)	(138,000)
GP Premises Funding	(36,254)	(40,672)	(33,972)	(110,899)
2020/21 Local Improvemnet Fund				
Tranche 2	(69,014)	(70,918)	(57,067)	(197,000)
District Nurse posts	(57,648)	(59,238)	(47,669)	(164,555)
Mental Health Outcomes Framework	(488,807)	(546,850)	(456,770)	(1,492,428)
Revised IJB Baseline	69,966,791	79,103,646	68,981,456	218,051,893
Uplift at 1.5%	1,049,502	1,186,555	1,034,722	3,270,778

**Directorate for Health Finance Corporate
Governance and Value**
Richard McCallum, Interim Director



Scottish Government
Riaghaltas na h-Alba
gov.scot

T: 0131-244 3475
E: richard.mccallum@gov.scot

Chief Executives, NHS Scotland

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

Issued via email

28 January 2021

Dear Chief Executives

Budget 2021-22 – Indicative Allocation

Following the announcement of the Scottish Government's Budget for 2021-22 by the Cabinet Secretary for Finance in Parliament today, I am writing to provide details of the funding settlement for Health Boards. A breakdown of the total is provided in **Annex A** to this letter.

The immediate priority of the budget is to support our response to the pandemic and take forward delivery of the key ambitions set out in the Programme for Government.

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

Baseline Funding

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

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

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

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

Covid-19 Funding

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

Investment in Improving Patient Outcomes

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

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

When combining the £123.9 million increase in investment in reform with an increase of £193 million in baseline funding for frontline NHS Boards, the total initial additional funding for frontline NHS Boards will amount to £316.9 million (2.8 per cent) in 2021-22. Further detail is set out in **Annex A**.

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

Core Areas of Investment

Primary Care

Investment in the Primary Care Fund will increase to £250 million in 2021-22. This will support the delivery of the new GP contract and wider Primary Care reform and continued development of new models of primary care.

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

Support for Waiting Times

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

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

Mental Health and CAMHS

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

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

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

Trauma Networks

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

Alcohol and drugs

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

Reform Funding

This budget prioritises baseline funding, along with increased investment in particular areas of reform that will improve patient outcomes and funding for the response to the Covid pandemic. We will however continue to work with colleagues to agree investment in specific programmes of work, as well as in-year funding to support the strategies of NHS 24 and Scottish Ambulance Service, which will have a wider benefit to the sector.

Health and Social Care Integration

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

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

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

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

Capital Funding

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

2021/22 Financial Plan

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'R McCallum', with a long horizontal flourish extending to the right.

Richard McCallum

Interim Director of Health Finance and Governance

Annex A – Board Funding Uplifts

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

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

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