



**REPORT TO:** East Lothian Integration Joint Board

**MEETING DATE:** 22 April 2021

**BY:** Chief Finance Officer

**SUBJECT:** Budget Offers for 2021/22 from Partners

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## 1 PURPOSE

- 1.1 This report presents the Board with confirmation on the formal budget offers from East Lothian Council and NHS Lothian to East Lothian IJB for 2021/22.

## 2 RECOMMENDATIONS

- 2.1 The IJB is asked to:
- agree and accept the final budget offer from East Lothian Council for 2021/22; and
  - agree and accept the final budget from NHS Lothian for 2021/22.

## 3 BACKGROUND

- 3.1 East Lothian Council agreed their budgets for 2021/22 at a Special Council Meeting on the 2<sup>nd</sup> March 2021, following which a budget offer letter was issued to the IJB on 16<sup>th</sup> March 2021. This offer has subsequently been updated and a final offer was issued on 13<sup>th</sup> April 2021.
- 3.2 This position is the formal offer from East Lothian Council and no further changes are expected. Details of the budget offer are noted in table below and a copy of the offer letter is included as Appendix 1.

<b>East Lothian Council Budget Offer to East Lothian Integration Joint Board</b>	<b>2021/22</b>
	<b>£000's</b>
Base Budget	54,297
Additional Scottish Government Funding - 1st tranche (£72.6m)	1,398
Additional Scottish Government Funding - 2nd tranche (£30.5m) (Non Recurring)	582
	<b>56,277</b>

Less Non Delegated Functions	- 540
Non HRA - Private Sector Housing Grant	256
HRA - Disabled Adaptations (Capital)	1,000
HRA - Garden Aid	238
	<b>57,231</b>

*Table 1 – East Lothian Council Budget Offer for 2021/22*

- 3.3 The 1<sup>st</sup> tranche of additional Scottish Government funding represents East Lothian's share of the national budget increase of £72.6m. This increase is for the uplift in Living Wage, Carers' Act and uprate of Free Personal Care. The 2<sup>nd</sup> tranche of Scottish Government funding represents a further uplift in funding following feedback from COSLA and Chief Finance Officers that the initial allocation was not adequate to deliver the proposed commitments to the Real Living Wage in Adult Social Care.

<b>Additional Scottish Government Funding</b>	<b>2021/22</b>
	<b>£000's</b>
Living Wage	650
Living Wage (Non Recurring)	582
	<b>1,232</b>
Carers	544
Free Personal Care Uplift	204
Adult and Wellbeing Budget	<b>1,980</b>

*Table 2 – Breakdown of additional Scottish Government Funding for 2021/22*

- 3.4 Following the allocation letter issued to NHS Boards on 28th January 2021 from Scottish Government, NHS Lothian issued an indicative budget offer on 25th February 2021 to the IJB, prior to their Board approval. This has since been approved by the Board of NHS Lothian on 7<sup>th</sup> April 2021 and is now the formal budget offer to East Lothian IJB.
- 3.5 The formal offer from NHS Lothian reflects the national uplift to its baseline funding of 1.5%. This offer does not include any additional funding for additional costs of COVID which are currently assumed to be fully funded. Also, a revised pay offer is being considered but is still under discussion so the budgetary consequences are not included. Once further information is received, an update will be provided to the IJB.
- 3.6 The budget offer from NHS Lothian to the IJB is shown below and a copy of the letter is included in Appendix 2. Recurrent budget is based on budget used in the January 2021 iteration of the NHS Lothian Financial Plan with General Medical Services (GMS) budget being uplifted in a separate allocation.
- 3.7 East Lothian IJB budget offer from NHS Lothian is :

<b>NHS Lothian Budget Offer to East Lothian Integration Joint Board</b>	<b>2021/22</b>
	<b>£000's</b>
East Lothian IJB baseline recurrent budget (excluding GMS)	93,315
1.5% uplift on baseline	1,400
GMS budget ( uplifted separately)	12,704
Additional resources / budget adjustments	1,192
	<b>108,612</b>

*Table 3: NHS Lothian Budget Offer for 2021/22*

- 3.8 NHS Lothian is to pass through the 1.5% uplift in full to East Lothian IJB but at this stage their financial plan is not in balance for 2021/22 and the level of uplift is insufficient to meet all cost pressures in the system. We will monitor any further national budget outcomes in particular the funding arrangements for Boards being revisited by the Scottish Government in line with the outcome of the pay negotiations.
- 3.9 The combined offers are shown below and represent a 3.3% increase in base budgets from 2020/21.

<b>East Lothian Integration Joint Board Combined Budget</b>	<b>2021/22</b>
	<b>£000's</b>
East Lothian Council	57,231
NHS Budget offer including GMS	108,612
<b>East Lothian IJB baseline budget</b>	<b>165,843</b>

*Table 4: Overall IJB Budget for 2021/22*

- 3.10 As both offers are unlikely to be sufficient to meet all the pressures in the delegated services, local efficiency plans are required to ensure a balanced financial position is met by the IJB in 2021/22. Early discussions have been held on efficiency/savings plans within the Partnership. Details of suggested efficiency/savings plans will be shared at a later session of the IJB and may require decisions to be made on future service provision.
- 3.11 Both budget offers should be considered in context of the challenging financial climate both partners face, forecasted expenditure and the resulting financial gap. Similarly in line with the integration scheme the board should consider this offer in terms of “fair and adequacy” and respond to partners.
- 3.12 As reported to the IJB in February and above, it is expected that additional funding for COVID-19 related costs will continue in 2021/22.
- 3.13 In recent years a variety of additional funding has been allocated to Integration Authorities to support for example Primary Care Improvement, increased Mental Health Workforce as part of Scottish Government’s Mental Health Strategy and Alcohol and Drugs funding.

These funding sources will continue, with some at an increased level, further details of increases will be confirmed when details are known. These initiatives are also included in the letter from Scottish Government mentioned above and a copy of this is included at Appendix 3.

#### **4 ENGAGEMENT**

4.1 The IJB makes its papers and reports available on the internet.

#### **5 POLICY IMPLICATIONS**

5.1 There are no new policies arising from this paper.

#### **6 INTEGRATED IMPACT ASSESSMENT**

6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy

#### **7 DIRECTIONS**

7.1 There are no Directions implications arising from this paper

#### **8 RESOURCE IMPLICATIONS**

8.1 Financial – discussed above

8.2 Personnel – none

8.3 Other – none

#### **9 RISK**

9.1 The “business as usual” risks raised by this report are already included within the IJB risk register.

9.2 Of particular note are:

- the extent to which COVID-19 costs will be met by the Scottish Government through the mobilisation planning process;
- delivery of the savings and recovery programme in line with projections; and
- That there will be no further waves of COVID-19;

- The impact of the EU withdrawal is unknown – and assumed to be cost neutral in our financial plans. Any additional related costs have no additional funding allocations attached to them at this stage.

## 10 BACKGROUND PAPERS

### 10.1 None

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<b>DESIGNATION</b>	Chief Finance Officer
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<b>DATE</b>	April 2021

### Appendices:

Appendix 1: Letter from East Lothian Council Confirmation of 2021/22 Allocation to East Lothian IJB

Appendix 2: Letter from NHS Lothian confirming budget offer to East Lothian IJB

Appendix 3: Letter from Scottish Government on Budget 2021/22 – Indicative Allocation



## Appendix 1

Our Ref.: JL/SF/LB/IJBPROPOSAL (AMEND)  
Email: jlamond@eastlothian.gov.uk

13 April 2021

Peter Murray  
Chair of East Lothian Integrated Joint Board

John Muir House  
Haddington  
East Lothian  
EH41 3HA  
Tel 01620 827827

Dear Peter

### **Financial Resource Proposal from East Lothian Council to East Lothian Integration Joint Board – 2021/22 to 2023/24 (amended letter)**

You will be aware that I wrote to Cllr Akhtar on 16 March 2021 setting out the level of financial resource to be provided to East Lothian Integrated Joint Board in 2021/22 in line with the approval Council budget. You will note that within that letter a number of budget areas were still to be formalised, and this letter provides an update on these as well as providing confirmation of the additional national funding that has more recently been provided to support the delivery of the real living wage in 2021/22.

You will note that this national funding has been provided for 2021/22 only and as such will remain subject to future national settlement discussions.

Details setting out the proposed revised allocation for 2021/22 is set out in the table below.

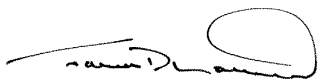
<b>Proposed IJB Budget 2021/22</b>	<b>£m</b>
Adult Wellbeing 2021/22 approved Budget	55.695
<b>Less</b> Non-delegated Functions	(0.540)
<b>Add</b>	
Additional Living Wage Uplift (non-recurring)	0.582
Non HRA – Private Sector Housing Grant	0.256
HRA – Disabled Adaptions (Capital)	1.000
HRA – Garden Aid	0.238
<b>Total IJB budget allocation 2021/22</b>	<b>57.231</b>

I can confirm that this represents an uplift of £1.980m from the 2020/21.

As you will appreciate, the public sector financial landscape that we all operate within remains extremely challenging, with significant additional financial challenges anticipated by the Council in the years to come. As such, I have requested that further discussions should take place between officers within East Lothian Council and the Integrated Joint Board that will assist and support future financial planning for 2022/23 onwards and deliver agreed outcomes within the resources available.

I hope that this provides you with a helpful update and I look forward to receiving early confirmation from you about the adequacy of budget levels which will in turn, be devolved back to the Council, including the supporting directions that will apply during 2021/22.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jim Lamond', with a large, stylized loop at the end.

Jim Lamond  
Executive Director for Council Resources (CFO)  
East Lothian Council

c.c: Monica Patterson – Chief Executive, ELC  
Alison MacDonald – Chief Officer East Lothian  
Iain Gorman – Head of Operations East Lothian  
Claire Flanagan – Chief Finance Officer East Lothian  
Cllr Shamin Akthar – Vice-Chair East Lothian IJB  
Sarah Fortune – Head of Finance, ELC



**Appendix A – Indicative Budget Allocation 2022/23 and 2023/24**

	<b>2022/23 £m</b>	<b>2023/24 £m</b>
Adult Wellbeing 2021/22 approved Budget	57.027*	58.522*
<b>Less</b> Non-delegated Functions	(0.790)	(0.790)
<b>Add</b>		
Non HRA – Private Sector Housing Grant	0.256	0.256
HRA – Disabled Adaptions (Capital)	1.000	1.000
HRA – Garden Aid	0.238	0.238
<b>Total IJB budget allocation</b>	<b>57.731</b>	<b>59.226</b>

\* includes additional funding with the expectation that this will be funded from increased national resources

\* includes a further £0.250m efficiencies to be delivered each year.



## Appendix 2

Lothian NHS Board

*By Email Only*

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Alison MacDonald  
Chief Officer  
East Lothian Integration Joint Board

Date 14 April 2021  
Your Ref  
Our Ref  
Enquiries to Susan Goldsmith  
Extension 35810  
Direct Line 0131 465 5810  
Email [susan.goldsmith@nhslotthian.scot.nhs.uk](mailto:susan.goldsmith@nhslotthian.scot.nhs.uk)

Dear Alison

### **Budget Agreement 2021/22 – East Lothian Integration Joint Board**

I write further to the letter from Craig Marriott on the 25<sup>th</sup> February and the subsequent approval of the NHS Lothian Financial Plan by the Board of NHS Lothian on the 7<sup>th</sup> of April, which has accepted limited assurance on the achievement of a breakeven outturn for the health board next year. This letter sets out the key elements of your IJB budget for 21/22 and beyond, based on the information contained in the Plan.

Please note the budget details contained within this letter is based on the latest formal communication from the Scottish Government on the 28<sup>th</sup> January. Since that time, further information on a revised pay uplift offer has been made available, however this is still under consideration and we have yet to receive further communication on the impact this will have on the total uplift to Lothian, and the pass through implications for your IJB. Once further information is received, a final budget letter will be issued to reflect any amendments.

Due to the exceptional circumstances the health and social care sector finds itself in as we move into the new financial year, the Lothian budget as agreed will be under constant review, in particular relating to additional costs of Covid which we currently assume will be fully funded but which are not included within the figures here. At this stage, I am able to confirm baseline IJB budgets for the new financial year subject to the caveat above, and the additional allocation reflecting the current national uplift. However other budgetary amendments may not yet be known, and your contribution to the ongoing development of plans to address emerging critical issues is greatly appreciated.

### **Baseline Budget and Uplift**

The approved Plan includes details on the anticipated additional funding sources and planned allocation of resources for 2021/22. Based on current data NHS Lothian will



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Edinburgh EH1 3EG

Chair Brian G. Houston  
Chief Executive Tim Davison  
*Lothian NHS Board is the common name of Lothian Health Board*

receive a 1.5% uplift to baseline budgets which reflects earlier planning assumptions on a 1% pay award. East Lothian IJB's share of this base uplift is £1,400k.

In addition, NHS Lothian has received a further £5.9m of funding as a contribution to NRAC parity, maintaining Lothian at 0.8% behind the parity figure. This resource has been included in the allocation of funds within the Financial Plan.

In developing the Plan we have continued to apply key principles in the allocation of resources as noted below:

- The importance of maintaining integrity of pay budgets through an equitable application of budget uplift to meet pay awards;
- A need to use recurrent resources against recurrent costs as far as possible, particularly in relation to the baseline recurrent gap;
- A recognition that there will be certain national costs which are inevitable;
- Under the arrangements for financial planning there is an expectation that all Business Units will work to deliver financial balance against their budgets and therefore there needs to be recognition of the relative efficiency challenge across operational units;
- A reasonable balance of risk for NHS Lothian in the context of its breakeven target.

Recognising these key principles, the additional uplift of £29m (representing the 1.5% increase on baseline budget of £23.1m and a further NRAC settlement of £5.9m) has been prioritised against the following key areas across Lothian:

- £16.5m to fully fund pay awards, including Agenda for Change;
- £10.2m to support the costs of the fourth year of the previous Agenda for Change pay deal;
- £0.5m additional resource allocated to IJBs to meet their 1.5% uplift value;

The balance of funding has either been used for further cost growth in previously funded cost pressures, or to fund recurrent cost pressures which have previously been supported but with non-recurring funds.

The underlying gap of circa £25m gap in the Financial Plan assumes that each of the IJBs can agree the application of additional resource against cost pressures which feature across NHS Lothian delegated functions. In addition it would be helpful to agree a mutually acceptable position for key cost pressures impacting across IJBs and non-delegated functions. We will continue dialogue with you in this regard.

## Summary Budget Adjustments

Table 1 below summarises the impact of these additions on your IJB with the percentage uplift values against your baseline included. These figures are generated from the IJB mapping table for 2021/22.

Please note that the measure of uplift provided excludes GMS - we expect to receive a separate uplift allocation for this later in the year and any incremental adjustment to your budget baseline will be made once this uplift has been confirmed. Further detail on the allocations below is provided within Appendix 1.

**Table 1 – Budget adjustments for East Lothian IJB, 2021/22**

	Status	Allocation	East Lothian IJB £'000	% uplift on base
<b><u>Baseline Budget</u></b>	Delegated	Core	60,491	
		Hosted	14,418	
	Set Aside		18,406	
			<b>93,315</b>	
		GMS	12,704	
<b>Total</b>			<b>106,020</b>	
<b><u>Additional Budget</u></b>				
Pay Uplift			830	0.9%
AfC Framework Change			590	0.6%
IJB Uplift @1.5%			(21)	0.0%
<b>Share of Baseline Uplift</b>			<b>1,400</b>	
Additional Resources			860	
<b>Baseline budget per Financial Plan</b>			<b>2,260</b>	
Additional other budget adjustments			332	
<b>Total Budget</b>			<b>108,612</b>	

As well as the 1.5% uplift, a further £0.860m of additional resources is included in the table. This resource reflects the following budget allocations to your IJB:

- Unscheduled care £761k
- Insulin Pumps £60k
- St John's Investment - Nursing £39k

Note that, whilst there is a commitment to support these cost pressures on a recurrent basis, only non-recurring resource is available at this time, consistent with previous years. We will continue to work with you to apply the principle of recurrent funding for recurring pressures as far as practicable, however at this stage we do not have a funding solution for elements of these pressures into next year.

Please note also that, For your IJB, the amount of resource available in total is less than the cost of the pay award by £21k. There will therefore be a requirement to manage this resource shortfall within your IJB, contingent on the final announcement on next year’s uplift.

**East Lothian IJB 2021/22 – 2025/26 Budget**

At this stage the Scottish Government has only provided indicative funding for 2021/22 as part of a one-year settlement. However, assumptions have been made in order to forecast forward into future years and the implications of assumed additional funding streams and their agreed application for East Lothian IJB are shown below. The element of projected uplift is a prudent assumption that future years’ uplift will be sufficient only to cover the costs of the pay award, although this remains subject to confirmation and we would hope that any future uplift agreement will provide resources beyond the pay award requirement. At this stage, no further assumptions have been made around other uplift values. Table 2 shows the budget values to 2025/26.

**Table 2 – East Lothian estimated budget baselines to 2025/26**

	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000
Baseline Budget	107,575	108,428	109,299	110,189
Additional Budget	863	881	899	918
<b>Estimated Total Budget</b>	<b>108,438</b>	<b>109,309</b>	<b>110,199</b>	<b>111,107</b>

A more detailed breakdown of these constituent balances is presented in Appendix 1.

I can also confirm that support services to the IJB, including Finance, will be provided on the same basis as previously. These resources are not included in the budgets set out above.

You will be aware that we have been working with CFOs to develop a revised cost and budget allocation model. This work has been delayed due to the impact of Covid but we will work with CFOs to introduce the new model in this financial year as a shadow year to support strategic planning.

We will continue to work with all IJBs as we allocate further NHS resources across services in the coming year between delegated and non-delegated functions. I would expect that further investment will be required in specific areas, and you will be updated as progress is made on these issues.

I look forward to working with you in the coming year as we continue to work together to identify and action opportunities to develop health service delivery within available resources across your IJB.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Susan Goldsmith'.

**Susan Goldsmith**  
**Director of Finance**

cc Chief Finance Officer  
Enc

## APPENDIX 1

		Status	Allocation	2021/22			2022/23	2023/24	2024/25	2025/26
				East Lothian IJB		Total	East Lothian IJB	East Lothian IJB	East Lothian IJB	East Lothian IJB
			Recurring £'000	Non Recurring £'000	£'000	£'000	£'000	£'000	£'000	
<b>IJB Budgets - 21/22 to 25/26</b>										
<b>Baseline Budget</b>	Delegated	Core	60,491		60,491	61,185	61,615	62,054	62,503	
		Hosted	14,418		14,418	14,770	14,939	15,112	15,288	
	Set Aside		18,406		18,406	18,914	19,167	19,426	19,690	
			<b>93,315</b>	<b>0</b>	<b>93,315</b>	<b>94,869</b>	<b>95,722</b>	<b>96,593</b>	<b>97,481</b>	
<b>Total</b>	GMS		12,704		12,704	12,706	12,706	12,707	12,707	
			<b>106,020</b>	<b>0</b>	<b>106,020</b>	<b>107,575</b>	<b>108,428</b>	<b>109,299</b>	<b>110,189</b>	
<b>Additional Budget</b>										
			830		830	848	865	883	902	
			590		590	6	6	6	6	
			(21)		(21)	0	0	0	0	
		<b>Share of Baseline Uplift</b>	<b>1,400</b>	<b>0</b>	<b>1,400</b>	<b>853</b>	<b>871</b>	<b>889</b>	<b>908</b>	
		Unscheduled Care (funded non rec. in 20/21)		761	761					
		Insulin Pumps Adults (funded non rec. in 20/21)		60	60					
		STJ Investment - Nursing (funded non rec. in 20/21)	39		39					
		<b>Baseline budget per Financial Plan</b>	<b>1,439</b>	<b>821</b>	<b>2,260</b>	<b>853</b>	<b>871</b>	<b>889</b>	<b>908</b>	
		Unscheduled Care (from USC Reserve)		206	206					
		Other	116	10	126	10	10	10	10	
		<b>Additional local budget adjustments</b>	<b>116</b>	<b>216</b>	<b>332</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	
		<b>Total Budget</b>	<b>107,575</b>	<b>1,037</b>	<b>108,612</b>	<b>108,438</b>	<b>109,309</b>	<b>110,199</b>	<b>111,107</b>	



## Appendix 3

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



**Scottish Government**  
Riaghaltas na h-Alba  
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T: 0131-244 3475

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Chief Executives, NHS Scotland

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

### ***Issued via email***

28 January 2021

Dear Chief Executives

### **Budget 2021-22 – Indicative Allocation**

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

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

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

### **Baseline Funding**

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

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

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

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

## Covid-19 Funding

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

## Investment in Improving Patient Outcomes

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

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

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

<b>NHS Territorial Boards</b>	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%
	<b>10,405.9</b>	<b>(8.5)</b>	<b>10,397.5</b>	<b>186.2</b>	<b>1.8%</b>	<b>10,583.7</b>	<b>30.2</b>	
<b>NHS National Boards</b>								
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		
<b>Nationals Total</b>	<b>1,312.1</b>	<b>11.0</b>	<b>1,323.1</b>	<b>22.8</b>	<b>1.7%</b>	<b>1,345.9</b>		
<b>Total NHS Boards</b>	<b>11,718.0</b>	<b>2.5</b>	<b>11,720.6</b>	<b>209.1</b>	<b>1.8%</b>	<b>11,929.6</b>		
<b>Improving Patient Outcomes</b>	<b>472.0</b>		<b>472.0</b>	<b>123.9</b>		<b>595.9</b>		
<b>Total Frontline NHS Boards**</b>	<b>11,326.6</b>	<b>(7.3)</b>	<b>11,319.3</b>	<b>316.9</b>	<b>2.8%</b>	<b>11,636.2</b>		

\*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