Draft Budget 2018-19
COSLA

Introduction
1. COSLA welcomes the opportunity to provide a submission to the Health & Sports Committee’s call for views on the 2018/19 Budget. COSLA notes the Committee’s wish to hear views at this stage, well ahead of the likely date for the announcement of the Scottish Budget, and we are happy to assist the Committee where we can.

2. Health and social care is a critical policy area for COSLA and we appreciate the opportunity to feed our views to the Committee around the concerns we have on the pressures and challenges, as well as the opportunities. In particular, we are keen to engage with the Committee on what a truly transformative health and social care system should look like and where the priorities in the Scottish Budget should lie.

COSLA’s response
3. The Committee has asked for views on four questions specifically in relation to the health and sport budget. Before responding to these, it is worth saying something about the wider Scottish budget process, as this does have a significant bearing on the focus of the health and social care budget and influences our response to the questions.

The Wider Scottish Budget Process
4. We would draw the Committee’s attention to the Final Report of the Scottish Parliament’s Budget Process Review Group, the recommendations of which COSLA fully supports. The Committee may also find COSLA’s response to the review group helpful in understanding the wider concerns we have around the current budget process in Scotland and that this acts against effective prioritisation of budget, both for health & social care and more widely across public sector services.

5. These responses detail the issues which cause significant systemic problems which prevent us all from achieving our objectives, outcomes and priorities. By way of summary the issues identified include:
   - one year short term budgets which prevent long term financial planning
   - initiative led budgets which are hampering the ability for collaborative working and longer term prioritisation across public sector services.
   - the inflexibility that the current level of statutory prescription and central prioritisation brings, when trying to manage budgets locally to deliver innovation and a shift in the balance of spending towards prevention eg staff numbers, central ringfencing of spend
   - new commitments funded on the basis of ‘working assumptions’, or incomplete evidence, where no further opportunity exists to reassess costs and seek further funding, should those assumptions prove to be flawed
   - reductions to core local government budgets with no cognisance of the interrelationship between all that local authorities do to reduce inequalities, build community capacity, resilience and assets and decrease demand for services in other parts of the system such as health and social care.
the practice of investing in 'more' and 'new' commitments, without indicating what, out of the current budget priorities and statutory commitments can be disinvested in to accommodate those commitments as core budgets reduce or at best remain static in the face of increased demand

- the continued focus on inputs not outcomes
- a disconnect between the public narrative around the level of investment in public services, versus budget pressures and the need for service redesign so that public services can be sustainable into the future. This becomes evident when the desire to do more for everyone through universal entitlements and further/more free provision does not marry with the budgets available. Progressing with these individual commitments is often a barrier to meeting our shared ambition of effectively targeting resources where they are most needed to deliver a shift in the balance of care, improve outcomes and address inequalities.

6. Another consequence of short term budgeting which is highly relevant to the health and social care budget is the difference in timing for budget setting within the NHS and local government. Local government sets budgets before the commencement of each financial year, however the NHS sets budgets after the financial year has commenced and this immediately creates a disconnect for services we are seeking to integrate. Different public sector bodies are – as a system norm - prioritising and setting budgets in different ways and at different points in time. This is an issue in itself, but it also increases in importance when combined with 1 year budget cycles.

7. These things need to change if those delivering services are to be given the best conditions for successful outcomes. We would welcome the Committee’s support in emphasising the need for a fresh approach to the Scottish budget going forward, which does truly focus on priorities and seeks to deliver genuine public service reform.

Questions asked by the Committee

Do you consider that the Scottish Government’s health and sport budget for 2017-18 reflects its stated priorities (as set out in the National Performance Framework, the LDP standards and the National health and wellbeing outcomes)? If not, how could the budget be adjusted to better reflect priorities?

8. COSLA would note that the NPF and the National Health and Wellbeing outcomes are shared priorities between Scottish Government and Local Government, indeed, the health and wellbeing outcomes also having been agreed by the Parliament in the Integration legislation. As such these are the shared priorities of all the spheres of government in Scotland. However, despite setting priorities in partnership, we do not have a similar approach to agreeing the resources needed to deliver on those priorities. Such an approach would require seeing the resources as a whole and agreeing where to invest and how to manage the consequences of those decisions across the public sector.

9. From COSLA’s perspective, protecting the NHS while cutting local government budgets is counter-productive to our overall objectives as a country, to the objectives for health and social care in the longer run and inevitably stores up more problems and costs to be met by the public purse later on.

10. However, it is clear that currently our agreed national priorities are not matched by the Scottish Government budget in terms of relative allocations of resource across the
public sector, or the commitments which are made to increase investment and support innovation in particular policy areas. For example, a key priority across all parties and policy areas is to close the equality gap, address health inequalities and invest in preventative spending. However in reality at a national level, we are still prioritising and protecting crisis intervention and crisis based services at the expense of our ability to shift spending and, in health and social care, shift the balance of care. This is further encouraged by national performance and accountability measures which set targets and reward spending and operational decisions that focus on process-based crisis interventions and input measures, regardless of their effectiveness or whether they deliver outcomes for people. These issues are also evident in concerns raised by other stakeholders including those with in the NHS such as the RCN, that input and crisis-focused HEAT standards can interfere with clinical decision-making and drive system behaviours that run counter to the overall policy intent.

11. Local Government has a unique experience of the conflict and contradiction in the priorities set across government, the way they are funded and the way that they are delivered and monitored. A recent example of this is the interplay between the funding and deliverability of the early learning and childcare expansion at the same time as delivering adult social care services that meet current demand alongside the potential pressures on financial sustainability and operational deliverability of potential extension of free personal care and extending the Scottish Living Wage to sleepovers for older people. These commitments cannot be progressed and funded in isolation when their outcomes and deliverability are interdependent.

**For the health and sport budget for 2018-19 where do you suggest any additional resources could be most effectively deployed and where could any further savings be found? What evidence supports your views?**

12. When considering where additional resources should be invested, it is also necessary to reflect on the current reality of the Scottish economic context and the overall financial position of the Scottish Government budget. There are currently only three places that additional resources can come from:
- new or increased taxes
- a redistribution of national spending priorities which requires a cut or a disinvestment in another part of the public sector.
- redistribution of savings from more efficient service models and/or actively shifting spend from within a specific sector to another part through disinvestment and reinvestment of resources.

13. The first is a political decision which is debated in other forums. For the purposes of this submission, assuming that the status quo remains and given that Scotland has already experienced over 10 years of austerity and reductions in public sector spending, the concept of ‘additionality’ and where ‘new money’ comes from is laden with system wide consequences. Equally, after such a long period of spending cuts there is a limit to the extent to which efficiency and savings can dramatically impact on local systems given increases in demand. The only way a meaningful resource can be identified for alternative use is if a significant degree of overt and systematic budget realignment happens. This would, in terms of health and social care, be visible through things like service redesign which require hospital or service closures as part of ‘delivering differently’ and not ‘delivering less’.

14. Last year, COSLA was clear that the relative protection of NHS spending was at the expense of council services provided to the most vulnerable in our society. We are also clear that this disinvestment in local government is a false economy on a number
of levels. Council services are a buffer against inequalities and improve the life chances and personal outcomes for those who most need help. Ultimately, investment in local government will also reduce demand for health and social care provision.

15. Given the Committee’s remit which covers sport as well as health, we would also emphasise the benefits sport brings to the preventative agenda. Sport brings undoubted health and wellbeing benefits and encourages healthy active lives, supporting mental as well as physical health and promoting communities. It is unfortunate therefore that so often Councils are forced to cut back on their sport and leisure provision precisely because of the financial pressures they are challenged with. We need a debate therefore about how we can begin to re-invest in sport and leisure, as part of the solution to the prevention conundrum.

16. In this regard, while drawing new legal parameters around health and social care might be a pragmatic way to plan and run directly interrelated services, in budget terms the health and wellbeing outcomes will only be effectively delivered if we accept that the financial sustainability of the preventative spending done by local government is of equal importance to the NHS as it is to councils. A failure to protect the core local government budget will increase poverty and inequality, and drive up demand for other services – be that police, prisons, health, social care, homelessness or child protection. This is evidenced by the recent increases in demand experienced within England following reductions in local government funding, with similar trends beginning to emerge in Scotland. Indeed, recent statistics show that progress on tackling inequalities in Scotland has slowed, and inequalities are increasing in many areas - something which can be seen in a very real way in our communities by things like the proliferation of food banks.¹

17. However, with this in mind, if local government got additional resources they would consider investing in the following areas:

- **Inequalities**
  If a more equal society is our collective aim, all policy proposals and all new initiatives should be challenged as to the extent they address and/or target resources towards tackling inequality. More free untargeted commitments will undermine transformational change sustainability and a drive towards a more equal society

- **Community resilience and community assets**
  Supporting people and communities to ensure that they have capacity, knowledge, skills to be resilient and take control of their and their families circumstances and outcomes is a key component of a more equal and more sustainable Scotland. However, this will not happen if we do not give it the priority and visibility that it needs as a key component of prevention and early intervention.

- **Mental health**
  If we are to achieve a flourishing Scotland, then we need to deliver on our joint aim of improving Scotland’s mental health and wellbeing. If mental health funding continues to be directed towards care and treatment inputs, at the expense of investment in prevention and early intervention, then we risk inequalities widening and our system failing as services become unsustainable. More needs to be done to protect and improve mental health through investing in building individual and community resilience.

• Investing in testing and financing new models of social care
  Innovation is a shared risk and a shared responsibility between the
  Commissioners and providers of services. However, in this financial
  environment both find it difficult to identify the resources necessary to develop
  and meaningfully test new business and service models, except when local
  circumstance dictates a change through market or service failures. More needs
  to be done to invest in the conditions which support new business models and
  new models of care. This includes a more dynamic relationship between the
  support Scottish Government and other funders give to social enterprise and
  social investment, and political priorities and growth areas like early years and
  social care.

• Building local operational capacity
  The Scottish Government needs to re-evaluate how much competing and
  duplicative spending there is on national improvement support across the
  Government at the expense of a local workforce. Improvement teams and
  activities are operating nationally across multiple policy areas but promoting
  similar concepts and similar skill sets. The local workforce is overwhemed by
  the number of central teams taking a ‘once for Scotland’ approach, when the
  local workforce does not have the capacity or the numbers to engage in or to
  utilise that support. This has in itself been a consequence of budget cuts.
  Transformational change will not be driven nationally, it will be driven locally.
  The resources currently spent nationally, and the expertise currently held
  centrally, should be streamlined and reallocated.

18. Importantly, if asked the question about disinvestment, councils would highlight issues
  around new policy commitments, universal entitlements, free prescriptions, prescribing
  generally and would also emphasise the importance of seeing the full potential for a
  more innovative use of integration budgets by ensuring that hospital set aside is - in
  reality as well as in law - under the discretions of the IJBs.

Is sufficient information available to support scrutiny of the Scottish Government’s
health and sport budget? If not, what additional information would help support
budget scrutiny?

19. As outlined in our comments on the wider budget process, COSLA does not believe
  the current budget process allows for effective scrutiny. Information needs to be
  available to allow for scrutiny of the whole budget from the outset i.e. - there needs to
  be information available about shared priorities and outcomes of the budget as a
  whole, not just specific policy initiatives which are added on each year. COSLA
  strongly believes the Parliamentary Committees have a critical role to play in scrutiny
  of the decisions made in the budget and the outcome of these decisions.

20. COSLA, in general, will take one of four positions in respect of policy decisions and
  spending commitments which it is helpful to understand when considering the input we
  make to committees which facilitates parliamentary scrutiny of the budget. Local
  government will generally be:
  • Supportive of policy commitments with joint political agreement between COSLA
    and Scottish Government, where we are also content with the resources to support
    those decisions – an example of this was around raising the charging thresholds to
    better manage and respond to issues around inequality and potential poverty which
    was done by consent and with no dispute over resources;
• Supportive of a shared policy objective/commitment but expressing concern about the resources allocated by the Scottish Government to deliver the commitment. The consequence for local government being that if a national commitment is underfunded it inherently assumes a contribution from local government budgets which we do not have without compromising other locally agreed spending commitments. An example of this might be the Self Directed Support Act, where we have consistently raised concerns that the level of funding provided did not match the scale or likely duration of additional costs to deliver the transformational change required to fully implement the Act, whilst at the same time remaining fully committed the principles of the Act;
• Expressing concern over whether a policy commitment is necessary or of added value, or whether it may have an adverse impact on local decision making, local democratic accountability, the statutory role of local government and outcomes for people. But, with no corresponding concern around the resources. For example proposals for legislation on Autism
• Expressing concern where there is no agreement over the policy or the resources needed for a new commitment for example while local government believes in valuing and supporting the role of carers, we did not agree that the carers act would deliver these objectives and also have serious and continued concerns about the funding of the provisions in the Act.

21. These distinctions are important in terms of the evidence COSLA provides to support the Committee’s work in scrutinising the budget decisions and spending commitments of the Scottish Government. Supporting this degree of consideration over time, with a more prolonged and iterative view of budget scrutiny is a critical role for the Committee and COSLA would look to support that work in any way possible.

What impact has the integration of health and social care budgets had on ensuring resources are directed at achieving the Scottish Government’s desired outcomes?

22. COSLA would reiterate that these are not Scottish Government priorities but in terms of integration, they are shared priorities supported by the Scottish Government, Parliament and Local Government. In this regard, COSLA has welcomed the move to integration of health and social care partnerships and remains an extremely active partner in seeking to drive forward the local integration agenda. Partnerships are now operating into their second year and there has been a great deal of learning and resolution of challenges for all parties over this period. Indeed, the IJB annual reports will provide detail of ways in which they are beginning to materially invest in and design services differently.

23. IJBs have not however, been able – as of yet – to deliver this shift in spending on a radical scale. This is perhaps to be expected when considering the scale of the operational challenge, the cultural and behavioural issues present and the financial environment. Undoubtedly integration partnerships are experiencing the challenges presented by short term budgeting at the national level and the downward consequence of this for local government and NHS budgeting. There is also a concern about whether it is possible to significantly shift the balance of care without a financial environment that allows for investment to disinvest alongside a performance culture that rewards and recognises ‘success’ through a series of input measures predominantly focused around failure demand. Finally, there are also accountability and audit issues which have become evident as the work of IJBs has progressed. These are not insurmountable but they are significant and have manifested themselves around issues such as set aside and underspends/overspends, savings and efficiencies across a hard-pressed system.
24. Finally, COSLA would add that for integration to do the job expected of it, the systems around IJBs need to consistently act in ways that support integration and transformational change. The National Health and Social Care Delivery Plan, the NHS regional planning activity, Local Governance Review, Review and ongoing work on targets and indicators are just a few of the Scottish Government led agendas which should all have at their heart and be able to evidence how they are delivering for and with integration on the NPF and the health and wellbeing outcomes.

25. The success of integration therefore is not the sole responsibility of IJBs. In this regard the Scottish Parliament also has a significant role to play in supporting the conditions for success.