1. 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?

The 2017/18 budget may not be sufficient to fully deliver on the required priorities, given the level of savings the HSCP is facing. Whilst East Renfrewshire HSCP recognises the scale of the financial challenge in the current economic climate it is disappointing that the budget settlement mechanisms and formulae are per historic conventions. The future year budget settlements are more of a concern as it is difficult to see where further savings can be taken without significant and detrimental impact on delivering outcomes.

As a long standing integrated CHCP and subsequent HSCP this historic approach takes no recognition of the different stages, ages and scale of integrated partnerships and the historic savings already achieved. Nor do the allocations recognise the specific population dynamics and demands on our HSCP. More clarity is required about the basis of funding and a move to formulae which recognise population dynamics and projections such as a more consistent application of NRAC would be welcomed.

The minimum contribution and flat cash levels went some way to ensuring a minimum resource to the HSCP however the demand and cost pressures still result in a significant savings challenge, with many of those saving opportunities to new HSCPs (such as integrating staffing and accommodation) not available to East Renfrewshire HSCP.

It would have been useful to have had tighter or more specific definitions of ‘flat cash’, ‘minimum budget’ etc. to remove any ambiguity and ensure better clarity of intention (such as treatment of inflation, pay, prescribing, FHS contracts etc. within the base budget).

The set aside budget is still “notional” with recognition nationally that this requires significant progression; this does limit the priority to shift resource from acute to community services. Transitional funding would help facilitate the redesign and meet a double running period, potentially easing the cost pressures with acute services and allowing focus on redesign.

The allocation of funding through partners combined with the notional set aside budget give rise to real challenges when managing a health and social care service. The current process means it is difficult for the money to truly lose identity. The removal or minimising of ring-fenced allocations may lead to increased flexibility.
It would be useful if there was a degree of consistency at a national level on what services and activities support specific outcomes; this would allow easier benchmark comparison and learning.

There needs to be better congruence of timescales for local and central government budget setting processes.

There have been real cost implication in terms of governance with additional reporting requirements, increased bureaucracy, audit and insurance fees with no additional resource to support this. This is in addition to running dual IT systems, maintain two sets of employee terms & conditions etc. Infrastructure changes would be required to mitigate this.

2. 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?

Areas where resources could be most efficiently deployed:
- Targeting areas for preventative services including specific waiting times (such as CAMHS)
- Waiting times and winter pressure funding to HSCPs as well as (or shared with) acute to support the preventative agenda
- More local flexibility to meet outcomes and priorities with creative solutions – move away from quotas
- Transitional funding to support redesign and test of change models

Areas for further savings:
- Staff terms and conditions and funding of voluntary severance costs, particularly for NHS staff would facilitate improved timescales for redesign of services
- Invest to save on infrastructure and systems to allow increased efficiencies from maintaining duplicate system and process
- Set aside budget needs to change to a real cash allocation to allow redesign a subsequent efficiencies

3. 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?

East Renfrewshire HSCP has a strong financial governance process which will support scrutiny of the health and sport budget. However it is still challenging to obtain information on all funding sources and timings for numerous initiatives and priorities. This situation is improving as the CFO network establishes itself and becomes in receipt of more direct information relating to funding, specific grant conditions and non-recurring resources.

Longer term financial planning assumptions are difficult when so much of the allocations are made in any one year, particularly when combined with single year budget settlements, particularly where significant change programmes are
required. It needs to be recognised that IJBs will hold reserves as part of their financial planning and as such needs to be seen in this context.

The linking of resource to outcomes is difficult, given the wide range of performance reporting required; the Health & Wellbeing Outcomes, integration indicators, local targets as these often cross cut, as do existing and new savings proposals. Therefore reporting the costs and impacts will often rely on a number of allocation models. Required returns such as LFRs need to be revised to reflect an outcome focussed approach rather than the historic service based approach.

The annual performance report is an initial step in linking finance to performance.

4. **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?**

The funding is not losing its identity as was the intention and by default it becomes difficult to then achieve truly integrated outcomes. Whilst there is still a ‘council social care’ and a ‘health service’ allocation from two different sources, facilitated by two different systems it is difficult to see how to move away from this without either a direct allocation of resource, or at least indicative future settlements. This could further inform future financial planning.

Development work is required to achieve true outcome focussed budget setting and monitoring. This requires not only capacity but also needs the set aside budget to become a real cash allocation and the systems, data and management information to support this.