15 December 2016

Dear Neil,

Thank you for sharing the Health and Sport Committee’s recent report on Health and Social Care Integration Budgets. The report is a fair and balanced reflection of both the progress that has been made so far and the challenges that lie ahead. I look forward to discussing some of the issues raised in it within the wider context of the Scottish Government’s Draft Budget when I meet with the Committee on the 26th December. Ahead of that, I would like to take the opportunity to respond to some of the points raised.

The report recognises some of the operational challenges encountered by Integration Authorities during their first year. I agree that it is important to consider the role of the governance arrangements as integration matures, but at the same time believe that effective leadership will be the key component of success on the ground, which is why we are providing a range of leadership support to Integration Authorities. For example, we are supporting Chairs and Vice-Chairs to develop as a network of leaders and have held four development days to date, which have provided an opportunity to reflect with peers on progress as well as to discuss key challenges and examples of good practice. We are developing a programme of national and local engagement for 2017 that will further support and develop Integration Authorities’ Chairs and Vice-Chairs in their leadership roles. My officials meet monthly with the Chief Officer network to discuss progress and challenges and have also commissioned specific leadership development support for the Chief Officer cohort. This approach supports development of individuals’ skills and also, importantly, helps to build a community of Chief Officers that can offer one another support, can contribute vital intelligence to our work at national level, and enables us to offer additional support where it is needed.
The report raises some important points regarding further developing the financial arrangements for Integration Authorities, particularly in relation to ensuring that the processes for agreeing budgets are appropriate as we move forward. As noted, 2016-17 was a transitional year, with an extended timeframe for Health Boards to submit Local Delivery Plans reflecting the first year of the new arrangements being put in place. I have made it clear that, for 2017-18, Health Boards should engage earlier with their Integration Authorities to set budgets. I am pleased to note that a number of areas have already begun this planning process, accepting that some elements of savings plans may not be finalised at the start of the financial year. With most Integration Authorities feeling more optimistic about the timescales for agreeing their 2017-18 budgets, our view is that there is no need for a new advice note at this stage, but rather that our existing statutory guidance on budget setting for year two onwards, together with early engagement locally between, will be sufficient to allow the process for agreeing next year’s budgets to be more straightforward. Statutory guidance requires that budgets for year two onwards are set on, at least, a rolling three year basis, with a review of years two and three carried out annually. We expect these arrangements to be in place for 2017-18. Progress will be assessed by my officials, with colleagues from COSLA, via our regular meetings with NHS and Local Authority Directors of Finance and with the Integration Authority Chief Finance Officer network.

Regarding the points raised on the £250 million social care fund, I can confirm that this is now baselined recurring funding, and will be routed to Integration Authorities via Health Board allocations. In addition to this, the 2017-18 Draft Budget has announced a further £107 million allocated to Integration Authorities, primarily to deliver the Living Wage for social care workers and to support the delivery of improved outcomes. However, whilst the broad purpose of the fund is clear, we do not consider this ring-fenced funding; the outcomes the funding is intended to deliver align with the broader national outcomes which Integration Authorities are already working towards, and they will have flexibility in how this is spent in line with their strategic commissioning plans. In terms of sleepovers, in regard to the Living Wage in Care commitment, I recently wrote to you outlining our latest position and this is reflected in the additional funding to be provided for integration in 2017-18.

The Draft Budget 2017-18 has highlighted once again our commitment to shift the balance of care towards Community Health Services. Aside from the funding that will be provided to Integration Authorities, a further £72 million will be invested in improvements to primary care and GP services, while investment in mental health services will be taken to over £1 billion for the first time in 2017-18. We will continue to work closely with Health Boards and their integration partners to deliver our commitment to ensuring that, by the end of this Parliament, at least 50% of spending takes place in our Community Health Service.

The report recognises the importance of measuring how Integration Authorities’ budgets contribute towards outcomes. I agree that this is important, whilst at the same time recognising that it brings challenges with it. Integration Authorities have a duty to achieve Best Value, and the legislation requires them to report on how they have used their resources to achieve the statutory health and wellbeing outcomes in their Annual Financial Statements. Specifically, their resource use should be analysed by outcomes, service type, key care groups and localities. We have published statutory guidance which notes that this represents a significant evolution on traditional methods of budgeting and reporting, and that Integration Authorities will need some time to establish the necessary information and analyses to support it. Our work with NHS National Services Scotland to establish a linked data set of health and social care data – known as “Source” – is key here, along with analytical support provided on the ground to assist local teams. My officials are in discussion with the Committee clerk to arrange a briefing session for Committee members early next year on this innovative data work, and I welcome the Committee’s continuing interest in this.
In further developing our approach to how Integration Authorities report on performance, both in terms of financial information and delivery of the statutory health and wellbeing outcomes, I am thoughtful about how to strike an effective balance between ensuring consistency of reporting across the country and allowing flexibility to ensure Integration Authorities can also meet any particular local reporting priorities. As their annual Performance Reports are primarily aimed at meeting the needs of the local community and the organisations themselves, it is my view that it would not be helpful to be too prescriptive about the format of these reports simply to maintain an appearance of national consistency. However, to ensure an appropriate level of consistency on financial reporting, my officials are working with colleagues at COSLA and in Integration Authorities to supplement the Regulations and statutory guidance with a standard pro-forma covering the minimum financial data that must be included in the annual financial statement and performance report. This pro-forma will be ready in time for production of the 2016-17 financial statement. I am of the view that this approach strikes an appropriate balance between meeting national requirements and local needs, but we are still in the early days of reporting by Integration Authorities, and we will continue to work with them on this.

Finally, on equalities, our draft budget includes an Equality Statement which addresses how it will have a positive impact on reducing inequalities. In the specific case of health and social care integration, one of the outcomes that Integration Authorities must demonstrate progress towards is that, “Health and social care services contribute to reducing health inequalities”, and must report on this via their annual Performance Reports. The draft budget also includes an annex which covers how our programme of public service reform, including the integration of health and social care, has an appropriate focus on prevention. This is crucial to delivering the sort of transformational change which integration is intended to deliver. However, as I know the Committee appreciates, it is challenging to separate out spend on preventative policies from spend on Integration Authorities’ strategic priorities taken in the round. Although I would expect Integration Authorities to have prevention at the core of the work they do, and for this to be reflected in their reports, we should be cautious about badging certain spend as being just for prevention when in reality it likely contributes towards a range of improved outcomes.

I again thank the Committee for the report and look forward to continuing to engage with you on this in the year ahead.

SHONA ROBISON