

T: 0300 244 4000
E: scottish.ministers@gov.scot

Lewis MacDonald MSP
Convenor
Health and Sport Committee

Via email: healthandsport@parliament.scot

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Dear Lewis

Thank you for your letter of 18 December providing me with information on the Health and Sport Committee taking evidence from NHS Tayside on 26 November 2019. In your letter you explained that more questions arose from the session and that the committee require more information on:

- How many IJBs in Scotland are in the position of Perth and Kinross where the majority of the risk of overspend is borne by the local authority rather than the relevant NHS Board; and
- Does the Scottish Government provide additional funding for councils which have met the cost of an IJB overspend?
- Use of locum staff

How many IJBs in Scotland are in the position of Perth and Kinross where the majority of the risk of overspend is borne by the local authority rather than the relevant NHS Board.

The expectation is that all Integration Authorities deliver the national health and wellbeing outcomes within their delegated resources. Where a forecast overspend emerges against an element of the operational budget, the Chief Officer, the Chief Finance Officer and the appropriate accountable finance officers of the Health Board and Local Authority must agree a recovery plan to balance the overspending budget. This recovery plan is subject to the approval of the IJB.

Furthermore, the Health Board and Local Authority must agree and include in the Integration Scheme how they will manage an overspend in the circumstance that the recovery plan is unsuccessful; cannot be agreed by the Health Board and Local Authority; or is not approved by the IJB. Statutory Finance Guidance recommends that as a default step if previous stages are unsuccessful, the proportion of the funding partner allocations is used as the mechanism to address the overspend. This “final step” can be preceded by a step where

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delivery partners may opt to take responsibility for any overspend as an alternative. Any Integration Schemes which have arrangements that differ to that set out in the model Integration Scheme have done so by local agreement.

A summary of the national “final step” arrangements is provided in the table in Annex A.

The Perth & Kinross [Integration Scheme is available online](#). Section 9.24 on page 28 provides clarification on the final step arrangements should other options fail to recover a forecast overspend. This is reiterated below:

- First 2 financial years of the Integration Joint Board - the overspend will be met by the Partner with operational responsibility unless agreed otherwise through a tri-partite agreement between the Integration Joint Board and the Partners;
- 3rd financial year of the Integration Joint Board onwards – the overspend **may** be allocated based on each Partner’s proportionate contribution to the Integration Joint Board’s Budget Requisition for that financial year on a like for like basis.

Whilst the Perth & Kinross Integration Scheme allows the partners to have in place a risk share arrangement that is managed according to the percentage share of the integration budget; the partners continue to work to their existing arrangement of “overspend by function”. The use of the word “**may**” rather than “will” is key.

This means that for Perth and Kinross the option to manage the risk share arrangements similar to Dundee City and Angus is already available, however the partners continue to exercise the option, as detailed in the Integration Scheme, to use the existing arrangement.

Does the Scottish Government provide additional funding for councils which have met the cost of an IJB overspend?

Local Government Funding

We have ensured our partners in local government receive a fair funding settlement – despite further cuts to the Scottish Budget from the UK Government – with a package of £11.2 billion for all local authorities in 2019-20. This represented a real terms increase of more than £310 million for essential public services. Included in this total of £11.2 billion was an additional £160 million for Health and Social Care.

The Scottish Government’s policy towards local authorities’ spending is to allow local authorities the financial freedom to operate independently. As such, the vast majority of funding is provided by means of a block grant. It is the responsibility of individual local authorities to manage their own budgets and to allocate the total financial resources available to them, including any contributions to IJBs, on the basis of local needs and priorities, having first fulfilled their statutory obligations and the jointly agreed set of national and local priorities.

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NHS Funding

NHS Tayside's funding for 2019/20 is £762.9 million.

Scotland's fiscal resource budget has reduced by £1.5 billion (5%) in real terms between 2010-11 and 2019-20, whilst health resource funding has increased by 13.1% over the same period and NHS Scotland funding is at a record high level, with investment in health in excess of £14 billion for 2019-20.

The Medium Term Financial Framework (MTFF) published in October 2018 set out a new deal for territorial NHS Boards. The new deal aids longer-term planning by providing increased financial flexibility, requiring them to break-even over a 3-year period, with the flexibility to under or overspend by up to 1% in each year. In addition, a clean slate was provided to NHS Territorial Boards with outstanding brokerage, to support them in taking forward the measures set out in the health and social care delivery plan.

Integration Joint Boards and Local Authorities already had financial flexibility in so much that they can hold reserves, the arrangements introduced in the MTFF brings NHS Boards into line with them.

We will continue to support NHS Boards in working towards a balanced and sustainable financial position, while ensuring that patient care remains the top priority. The Scottish Government has made clear that we expect additional support provided to be repaid as soon as possible once the Boards return to recurring financial balance.

The Committee seeks the view of the Scottish Government on this use of locums across Scotland, and detail of the action which will be taken by the Scottish Government to address the issue of lack of suitable candidates in medical professions at a national level.

The use of locums in an organisation as large and complex as NHS Scotland is inevitable, and allows services to respond to planned and unplanned absences ensuring the service continuation and the continuation of vital front line services at these times. Spend on Medical agency staff reduced from £100.4 million in 2017/18 to £98.0 million in 2018/19, and continues to represent a very small amount of NHS Scotland's £6.9 billion of staffing costs.

We are taking a number of steps to ensure we have a sustainable medical workforce. By 2021, overall medical undergraduate numbers will have increased by 190 places (or 22%) over 2016 levels. This includes, since 2016, 50 ring-fenced widening access places focused on SIMD 20 applicants and 55 places on our Scottish Graduate Entry Medicine Programme (which includes a return of service bursary). We have also increased the number of students on our targeted pre-medical entry courses from 40 to 50, focused on socially disadvantaged as well as remote & rural applicants. Please note that we have also increased the number of foundation places by 100 and that our overall fill rates are up.

For the 2019-20 intake, we have set a new target for Scottish domiciled and the rest of EU medical students to increase retention of medical students, replacing 100 rest of UK medical students with 100 Scottish domiciled/EU students on a phased basis over the next three years.

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In September 2019, we published our Programme for Government which included a commitment to develop proposals for a new medical school in Scotland.

I trust that this response provides clarity on the approach we are taking to the various matters you raised in your letter.



JEANE FREEMAN

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Annex A

Overview of the approach to managing overspend arrangements by Integration Authority

By contribution to the integrated budget	By overspend on functions	To be agreed as required
Aberdeen City	Argyll & Bute	North Ayrshire
Aberdeenshire	Scottish Borders	East Ayrshire
Moray	Perth & Kinross	South Ayrshire
Dumfries & Galloway		West Lothian
Dundee		Midlothian
Angus		Edinburgh
Fife		East Lothian
		East Dunbartonshire
		Renfrewshire
		Glasgow City
		Inverclyde
		East Renfrewshire
		West Dunbartonshire
		Falkirk
		Clackmannanshire & Stirling
		Western Isles
		Highland
		Shetland
		Orkney
		North Lanarkshire
		South Lanarkshire

Key:	
By contribution to the integrated budget	Areas who have agreed that the overspend will be funded by the Parties based on the proportion of their current year contributions to the IJB.
By overspend on functions	Where the Parties have agreed that the delivery partner will take responsibility for the overspend.
To be agreed as required	Where the proportions have not been agreed but will be subject to discussion as required.

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