

Cabinet Secretary for Health and Social Care
Rùnaire a' Chaibineit airson Slàinte agus
Cùram Sòisealta
Neil Gray MSP
Niall Gray BPA



4 December 2024

Dear Convenor,

Pre-Budget Scrutiny 2025-26

I thank you for the Health, Social Care and Sport Committee pre-budget scrutiny report which you published on 14 October 2024. In it you outlined a series of recommendations which focussed on the financial position of Integration Joint Boards/ Integration Authorities. I am pleased to provide responses to the Committee's questions, which you will find within the Annex to this letter.

The Committee will be acutely aware of the challenges we collectively face within the 2025-26 Financial Year. The Health and Social Care portfolio is facing significant pressure that necessitates a series of difficult choices. It is within this challenging environment that we must nonetheless deliver an accessible health service free at the point of use and deliver our vision for health and social care. The Scottish Government recognises that strengthened collaboration, and required reform that focuses on delivery of integrated services, will provide the necessary framework, accountability, and opportunities for collaboration that support longer term health and social care reform.

I would like to thank the Committee once again for its letter, and for its continued scrutiny of this incredibly important area of Scottish Government policy. I look forward to continuing to engage with the Committee and hope you have found this response useful.

Yours sincerely,

NEIL GRAY

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Annex A: Information Note for the Committee - Social Care Funding Flows

Context

- Health and social care services were formally integrated in Scotland through the Public Bodies (Joint Working) (Scotland) Act 2014.
- This sets in law the requirement for local authorities and health boards to work together and to create a Health and Social Care Partnership to deliver services.
- Integration means that Integration Authorities work alongside NHS Boards, Local Authorities and community planning partnerships when delivering health and social care services.
- There are differences in how integration works in local areas with different services being delegated .
- IAs can be structured in 2 ways, either establishing a lead agency or an Integration Joint Board (IJB), with 30 of the 31 IAs establishing IJBs. The only Lead Agency being in Highland.
- The IJB is effectively a partnership between Local Government and the NHS Board and these partners provide funding for their delegated services to the IJB. These arrangements are formalised within Integration Schemes – tri-partite agreements between each IJB and their respective Health Board and Local Authority.

Funding

- Health Boards receive all of their core funding from the Scottish Government. Local Authorities receive around 85% of their total funding from the Scottish Government via the Local Government Settlement, with additional revenue from local taxation including council tax, and service charges from users where chargeable.
- Local Authorities have the freedom to allocate their funds across all of their areas of responsibility as they see fit and to meet the needs of their local area. This means that the Scottish Government does not decide how much is spent on social care.
- IJBs receive delegated budgets via both their NHS Board and Local Authority partners, as direct allocations to IJBs are not possible under the 2014 Act.
- The split of funding between the two partners will vary for each IJB, based on the specific integration scheme and mix of services that have been delegated to IJBs.
- In addition to the funding provided by the two partners, there can also be additional funding provided for specific Scottish Government policies, for example the Real Living Wage for Adult Social Care workers in the third and

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private sectors. This funding also has to be routed through the health board or local authority.

- In summary, IJB budgets are made up of contributions from both partners, with the split varying by IJB, as it's for the local partners to agree a budget which will enable them to deliver the ambitions of their Strategic Commissioning Plan.

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Annex B: Response to the Committee's Recommendations

Long Term Planning

Committee Recommendations

4. The Committee draws attention to the extensive evidence it has received concerning the negative impact an ongoing lack of funding certainty has on the capacity of IJBs to plan effectively for the long term.
5. The Committee calls on the Scottish Government to set out what action it is taking as part of the budget process, and more broadly, to improve funding certainty for IJBs, including the extent to which it is prepared to consider the introduction of multi-year settlements, even if only on an indicative basis.
12. The Committee highlights that a lack of funding certainty is having a particularly detrimental impact on the capacity of IJBs to make clear and effective decisions around staff retention and recruitment. It therefore re-emphasises its view that action is needed to improve clarity and transparency around budgets to enable IJBs to make effective staffing plans and decisions.

Response to Committee's Recommendations:

The Scottish Government have overall responsibility for health and social care policy in Scotland. However, the statutory responsibility for delivering, commissioning, and charging for services at a local level lies with Local Authorities, Health boards and Integration Authorities.

Integration Authorities have responsibility for managing and delivering financial balance for the health and social care responsibilities that are delegated to them, with funding provided by the respective Health Boards and Local Authorities in line with budget settlements and with reference to the Integration Schemes.

The Scottish Government operates an annual budget due to the single year settlement from the UK Government. With the changes to the UK Government and the intention to hold a multi-year spending review, the option to provide notification of multi-year funding settlements could be considered, even if only indicatively.

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The UK Chancellor's decisions determine how much funding the Scottish Government will receive through the block grant in any given year and this is what allows Scottish Ministers to consider how they achieve the priorities set out in the Programme for Government. In a letter to the Chancellor in advance of the UK Budget, the Cabinet Secretary for Finance and Local Government, welcomed the approach to multi-year spending reviews announced as part of the UK budget noting that improved multi-year information would support all governments and public bodies to secure value for money. She emphasised however that it is important that there is meaningful involvement of the devolved governments throughout the spending review process. The increased certainty that the spending review will provide over funding should also extend to our delivery partners such as the IJBs.

The Scottish Government intends to publish the 2025 Medium Term Financial Strategy (MTFS) after the conclusion of the UK Government's multi-year spending review. The 2025 MTFS will be accompanied by a five-year fiscal sustainability delivery plan which will outline the specific actions being undertaken under each of the three pillars to deliver sustainable finances. The Delivery Plan will build off the opportunity we have with the upcoming UK Spending Review, and will help support a future Scottish Government Spending Review.

While it is for the local partners to set the budgets for Integration Authorities, the Scottish Government provides funding for specific initiatives. In 2024-25, a number of steps have been taken to improve funding certainty for Integration Authorities in relation to allocations from the Scottish Government. Notably, the Scottish Government achieved the aim of issuing 80% of allocations within Quarter 1, providing increased clarity in respect of funding for Health Boards and Integration Authorities.

Work is ongoing to move key allocations in to the core funding of IJB budgets such as Mental Health Outcomes Framework and the £40 million provided to recruit and maintain Multi-Disciplinary Teams to support the efficiency of the hospital discharge process and reduce delays. This will provide greater stability and improved longer term financial planning, increasing their ability to support longer-term sustainable improvements and reform.

In addition to this, we have provided certainty on overall funding commitments for Social Care. For example, we have increased spend by over £1 billion compared to 2021-22 – delivering on our Programme for Government commitment to increase social care spending by 25% (£840 million) over this Parliament – two years ahead of our original target.

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Committee Recommendation

6. The Committee would also welcome an indication from the Scottish Government of whether it would be prepared and able to consider allowing IJBs to carry unspent single year grant funding forward instead of losing it at the end of the financial year.

Response to Committee's Recommendation

A significant portion of the Scottish Government's budget is spent on grant funding, which helps deliver specific outcomes, policies and strategic objectives by supporting individuals and entities across the public, private, and third sectors.

All grant schemes must be actively managed to ensure they deliver the anticipated outcomes and The Scottish Government work with stakeholders to maximise these outcomes. Any underspends identified in current grant awards should be discussed with the Scottish Government when identified.

Scottish Government would primarily clawback unspent grant funding where outcomes agreed between parties in the grant/funding letter were not delivered, ensuring funding can be directed towards other priorities and spent appropriately. This is in accordance with the requirements of the Scottish Public Finance Manual.

A more common funding route from the Scottish Government to IJBs is funding allocations. These are allocated from the Health and Social Care portfolio to the Health Board/local authority to then be passed to the IJBs. Where underspends occur at year-end and agreed with the Scottish Government, IJBs are able to carry these forward in reserves and use in future years. Examples of allocations carried forward in reserves include the MDTs funding and Mental Health Outcomes Framework funding.

Committee Recommendation

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7. The Committee would also welcome any additional insight the Scottish Government is able to provide, at this stage, of the anticipated outlook for IJB funding in 2025-26 and beyond.

Response to Committee's Recommendation

IJBs receive delegated budgets via both their NHS Board and Local Authority partners, as direct allocations from the Scottish Government to IJBs are not possible under the Public Bodies (Joint Working) (Scotland) Act 2014.

As IJB budgets are set by these local partners, it is not possible to give an anticipated outlook for IJB funding in 2025-26 and beyond.

Within Adult Social Care, it is the role of the IJBs to develop their long term strategic delivery and workforce plans, which includes decisions about service delivery and reform.

Please also refer to recommendation 5 for further details on steps the Scottish Government is taking to improve funding certainty.

Prevention

Committee Recommendation

8. The Committee would be interested to know the extent to which the Scottish Government considers that designating preventative spending as a third budget category, separate from capital and revenue spending, would be a helpful innovation that improves transparency and accountability in implementation of the health and social care budget and drives an ongoing shift towards prevention.

Response to Committee's Recommendation

While we note the Committee's point, the Scottish Government's budget figures as currently presented align with the HM Treasury Control aggregate totals being: Resource, Capital, FTs, AME and Non-Cash. There's no scope to deviate from this presentation in the main table given the fiscal framework requirements to align the presentation with these key aggregates.

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Committee Recommendation

9. If it does not agree with such a proposal, the Committee calls on the Scottish Government to set out what actions it has taken to improve the transparency of preventative spending within the health and social care budget and to enable the impact of such spending to be more easily monitored and measured over time.

Response to Committee's Recommendation

As part of the Population Health Framework that is being developed, we will be actively considering approaches to prioritisation and resource allocation (both nationally and locally) which better reflect preventative measures and upstream investment.

The Scottish Government has also worked with partners including Public Health Scotland to ensure there is a clear, consistent understanding across health and social and the whole public sector of the different types of prevention:

- Primary prevention: these actions try to stop problems happening in the first place, either through actions at a population level that reduce risks (like vaccination) or those that address upstream drivers (like poverty);
- Secondary prevention: these actions focus on early detection of a problem to support early intervention and treatment or to reduce the level of harm (like screening).; and
- Tertiary prevention: these actions attempt to minimise the harm of an established problem through careful management (as close to home as possible).

This clarity of definition supports transparency across the Scottish Budget in terms of the types of activity evidence tells us supports improved outcomes. In addition, much prevention activity relates to legislation and the strategic influencing of priorities of delivery partners. The 2025-26 Budget continues to invest in prevention across portfolio budgets, but there is no separate budget line or category for 'preventative spend' – the totality of the HSC budget aims to impact across all three types of prevention to improve outcomes.

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The ongoing improvement work in Social Care and Integration will also improve transparency. Whilst this work progresses, we have established a number of programmes across the Health and Social Care portfolio which will further embed a preventative approach. The Preventative and Proactive Care programme is helping develop preventative healthcare models, and will support the delivery of many of the recommendations made in the Independent Review of Adult Social Care, which highlighted the need for a greater preventative approach. A range of Getting it Right for Everyone (GIRFE) pathfinders and partners have come together with people with lived experience to develop the team around the person toolkit which is being embedded in these areas and will be available for all areas to implement in Autumn 2024.

Integrated Budgets

Committee Recommendation

10. The Committee highlights evidence it has heard during its pre-budget scrutiny which suggests that the ambition behind the integration of health and social care that, over time, budgets would lose their identity and become similarly integrated has never been realised.

Response to Committee's Recommendation

Each year, Health Boards and Local Authorities agree funding allocation for each Integration Authority and it is then for the Integration Authority to use that funding to plan and direct the delivery of services across the areas delegated to them. In essence, once the funding has been allocated – the previous 'Health Board' and 'local authority' identities to the separate sums of money disappear and a single, pooled budget exists, with the Integration Authority responsible for commissioning how it is spent.

However, the Ministerial Strategic Group for Health and Community Care, in its review of Progress with Integration of Health and Social Care, noted that despite this, many Integration Authorities continued to refer to its budget in terms of the source of funding and proposed recommendation 2(vi) in the report to address the problem. Recommendation 2(vi) was as follows:

"IJBs must be empowered to use the totality of resources at their disposal to better meet the needs of their local populations. Local audits of the Health Board and Local Authority must take account of the expectation that money will be spent differently. We should be focused on

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outcomes, not which public body put in which pound to the pot. It is key that the resources held by IJBs lose their original identity and become a single budget on an ongoing basis. This does not take away from the need for the IJB to be accountable for these resources and their use.”

A update was provided as part of the Committee’s pre-budget scrutiny in December 2021 and can be viewed on the [parliamentary website](#). While some progress has been made, we accept that progress has not been uniform and there is still some way to go to fully implement the recommendation.

Committee Recommendation

11. The Committee therefore calls on the Scottish Government and local authorities to set out what further actions they will take or are taking to ensure budgets do not lose their identity – including the desirability and feasibility of integrating existing NHS and local government budget allocations into a single budget for social care that can be managed by the local IJB.

Response to Committee’s Recommendation

Scottish Government remains committed to improving the integration of services and budgets and we will continue to work with local areas to understand and share good practice in budget setting and whole system working. Under the current Public Bodies (Joint Working) (Scotland) Act 2014 funding to IJBs will be allocated from NHS Boards and Local Government, IJBs do not receive direct funding. Optimal ways to continue to improve the integration of budgets will continue to be explored.

The Scottish Government has also taken steps to move key social care funding allocations into core budgets under the Verity House Agreement, including over £300 million for the commitment to uplifting Adult Social Care workers to the Real Living Wage. This funding is transferred to the local authorities by means of the block grant, contributing to the aim of budgets losing their identities and providing certainty over future year transfers.

Workforce

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Committee Recommendation

13. The Committee calls on the Scottish Government and local authorities to set out what actions it is taking to ensure planning for the workforce in Scotland is sufficient to meet the projected growth in demand for health and social care over the coming years.

Response to Committee's Recommendation

The Scottish Government recognises the need to align workforce, service and financial planning to support sustainability of services. Despite the latest health workforce official statistics showing an increase of 1.9% in the number of staff employed in NHS Scotland compared with last year, growing the workforce alone will not ensure improved performance or patient safety and experience, nor will it be sufficient to meet demand given projected population growth, especially amongst older people, and burden of disease projections. Future demand will only be met through service reform, investment in infrastructure and adoption of emerging technologies, alongside our workforce.

A key component of securing a sustainable health and social care system in future will be preventative activity. Scottish Government has the Preventative and Proactive Care Programme to transform models of care to be more preventative, proactive and focused on early intervention, that shifts the balance of care as part of an integrated and collaborative system.

Whilst statutory responsibility to ensure a safe and sustainable workforce currently rests with Local Authorities and Health Boards, who discharge these duties within their local structures and in accordance with the Health and Care (Staffing) (Scotland) Act 2019, the workforce planning guidance, used by Health Boards, Integration Authorities and Local Authorities, is currently being revised to take account of future burden of disease projections and has a focus on reform to meet demand. The guidance will specifically ask for detail on the actions which will be taken to recruit and train staff in sufficient numbers and skills to deliver health and care services now and into the future.

To further support the supply of qualified healthcare professionals, Scottish Government have established an Advisory Panel for Controlled Student Intakes to better plan undergraduate places for healthcare professions. This will improve the way we plan our future student intakes, allowing a truly holistic view across professions, taking account of service reform and role diversification.

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As the committee will be aware from their work, and subsequent report on the Remote and Rural Healthcare Inquiry, workforce development and planning are key measures to ensuring a sustainable workforce. The issues that were raised during this enquiry, of adequate training, recruitment and retention, whilst more acutely felt in rural and remote areas due to broader issues of infrastructure, housing and transport, also apply to the wider workforce and are likely to be exacerbated if demand continues to increase throughout the whole health and social care system.

The Scottish Government will continue to actively support health boards across Scotland to plan locally for service need and for service delivery. The Centre for Workforce Supply (CWS), established in November 2021 to support workforce capacity across NHS Scotland and ensure it has the right people, in the right place, at the right time, continues to work collaboratively within NHS Education for Scotland to support the implementation of workforce initiatives which help tackle priority supply challenges.

Scottish Government recognise that strengthened collaboration, and required reform, such as the National Care Service, that enable shared accountability and focuses on delivery of integrated services, will provide the necessary framework and opportunities for collaboration, and accountability to support longer term workforce planning, responding to the issues already outlined. Work is already in progress through the regular meetings held between the Scottish Government and IJB officials, providing a space to share best practice and agree on any required actions.

Commissioning and Procurement

Committee Recommendation

14. The Committee has heard from IJBs that they are ambitious to improve their approach to commissioning and procurement with a view to fostering greater collaboration and better use of ethical commissioning practices. It therefore calls on the Scottish Government and local authorities to set out what additional support they will provide to help IJBs realise that ambition

Response to Committee's Recommendation

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The Adult Social Care Ethical Commissioning working group was established in 2022 to look at improvements to the current commissioning process. It is jointly led by Scottish Government and Cosla and membership includes representatives from Integration Authorities, trade unions, users of social care and providers. Early work included identifying existing good practice, examples of collaborative commissioning, barriers to ethical commissioning and financial considerations.

The group has considered the recommendations of the Independent Review of Adult Social Care in relation to ethical commissioning and agreed a set of draft principles which can apply to both commissioning and procurement practice. The intention is to seek further views on the draft ethical principles. The working group is now moving towards a delivery phase of practical support for commissioners. Members developed an Implementation Plan of actions that can be progressed to support ethical commissioning principles.

In-year adjustments

Committee Recommendation

15. The Committee notes evidence that a growing number of IJBs are having to rely on their funding reserves to bridge the funding gap created by the recent in-year adjustments to the 2024-25 Scottish Budget and the negative impact this is likely to have on long-term sustainability of budgets

Response to Committee's Recommendation

The Scottish Government notes the committee's point on in-year adjustments and the negative impact on long-term sustainability of budgets.

Integration Authorities have responsibility for managing and delivering financial balance for the health and social care responsibilities that are delegated to them.

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The Scottish Government provides funding to Health Boards and local authorities and it is for local partners to agree a budget which will enable them to deliver the ambitions of their Strategic Commissioning Plan.

Each Integration Authority will have varying levels of reserves to use towards the delivery of services delegated to them and the decision on how to use these reserves remains with them. While we recognise that reserves are finite, the use of them in a time of such financial challenge is appropriate and represents prudent financial planning.

Committee Recommendation

16. The Committee calls on the Scottish Government to set out what implications recent pay settlements in health and social care are likely to have on budget allocations for IJBs and how likely it is that they will result in in-year adjustments having to be made to those budgets. The Committee further calls on the Scottish Government to set out what steps it will take to ensure delivery of existing services is protected in this context, both in the current financial year and in 2025-26 and beyond.

Response to Committee's Recommendation

Pay uplifts for NHS Agenda for Change staff are fully funded with an allocation passing from Scottish Government to NHS Boards. Where staff are delegated to the Integration Authority, this will be passed on in full.

Work is ongoing with NHS Boards and partners on their current positions, with responsibility for social care provision remaining the statutory responsibility of Local Government.

However, we will continue to engage across the sector to ensure that solutions not only address financial pressures but put the needs of local people, particularly the most vulnerable, at the centre of decision making.

Committee Recommendation

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17. The Committee calls on the Scottish Government to give an overview of how it has factored anticipated future growth in the health and social care workforce into its budget planning processes.

Response to Committee's Recommendation

We recognise there are financial pressures which are likely to continue to be sustained for health and social care services going forward. We have been working to reduce the use of off-framework agency staffing, reduce the costs of supplementary staffing, optimise staff banks and delivering wellbeing and workforce practice interventions, to reduce the overall incidence of unplanned absence and enhance capacity.

We are working to understand the likely supply of and demand for health and social care workforce in the future. Whilst we acknowledge that demand for services has continued to increase and in all likelihood will continue to rise, available domestic workforce supply is unlikely to be able to meet this demand alone and therefore we are focussing on reform of services and reform of the workforce. We are also looking to the future in respect of reducing the burden of disease and demand on services through prevention and early intervention. Our vision for health and social care is supported by four key areas of work: improving population health, a focus on prevention and early intervention, providing quality services, and maximising access - with these all underpinned by giving due consideration to the people at our service's heart and across three horizons

- In the short term we must ensure that our services are delivered in a way that optimises current arrangements and resources.
- In the medium term, we need to begin to transform how we work and begin to shift the balance of care closer to people's homes and drive forward more proactive approaches.
- In the longer term we need to fundamentally change how we think about the delivery of health and care, driving investment in prevention and early intervention.

Building on the positive and innovative actions we are already taking across areas including tobacco and alcohol control to improve population health and reduce health inequalities, we are developing a long term Population Health Framework. The Framework will take a

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cross-government, cross-sector approach to improve the key building blocks of health and will be published in 2025. The Framework is being developed jointly with COSLA and in collaboration with key partners, including Public Health Scotland.

In terms of reform of the workforce, we anticipate and indeed expect the shape of the workforce to change over time in support of service reform.

Within Adult Social Care, it is the role of Integration Authorities, Local Authorities and employers to develop their long term strategic delivery and workforce plans, which includes decisions about service reform and responsive recruitment. Scottish Government has provided funding every year since 2016 to support uplift the Adult Social Care workforce pay, this has recently been extended to Children's social care workforce and is calculated based on the size of the workforce (as identified through contract values), and baselined each year. The Scottish budget for 2024-25 provided an additional £2 billion investment in social care and integration. This delivers on our commitment to increase spending by 25% over this parliament – two years ahead of our original target.

Committee Recommendation

18. The Committee further calls on the Scottish Government to set out what action it is taking to ensure in-year adjustments to IJB budgets occur only in exceptional circumstances and, in the event that they do, that IJBs are given as much advanced notice as possible to enable them to plan accordingly.

Response to Committee's Recommendation

The Scottish Government are reliant on funding provided from the UK government through the Block Grant. Through the nature of this, in-year adjustments can be required. When the UK government make funding adjustment to health spending in England, it has a corresponding impact on the health funding provided to Scotland, resulting in these in-year adjustments.

In addition to this, the utmost importance is placed on balancing the Scottish Government's budget each financial year and in-year adjustments are only made under these exceptional circumstances. The Scottish Government and the whole of the public sector faces a

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financial position that is extremely challenging and in-year adjustments have been required. It is always necessary to ensure resources are used economically, efficiently and effectively, and increased additional scrutiny is being applied to expenditure. Please refer to recommendation 5 for further details on steps the Scottish Government is taking to improve funding certainty.

Budget transparency and linking budgets to outcomes

Committee Recommendation

19. The Committee calls on the Scottish Government to outline what steps it is taking to improve transparency of the budget process and, in particular, to provide a clear overview of how specific budget allocations align with progress towards the corresponding national outcomes set out in the National Performance Framework. This should include what progress it is seeking to make towards measuring over time the effectiveness of spending on health and social care in contributing positively to those national outcomes related to health and care

Response to Committee's Recommendation

As the Committee notes, it is important that there is a clear link between budget allocations and the corresponding national outcomes.

The Scottish Government is focusing efforts and resources on the four key priorities: eradicating child poverty, growing the economy, tackling the climate emergency, and ensuring high quality and sustainable public services.

This is underpinned by work throughout the year to align budgets to priorities. Those priorities are articulated in the Programme for Government, which sets out plans for the year ahead, with related spending plans set out in the 2025-26 Budget (to level 4).

At a Portfolio-level, a range of in-year reporting provides data on spending across health and social care, supporting both analysis of and decision-making in relation to commitments and priorities. In particular, Public Health Scotland's annual Costs Book publication provides information on health service spending and supports the Scottish Government and external stakeholder in tracking progress against a

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number of key commitments such as shifting the balance of care, increased investment in primary care and mental health, as well as informing wider exercises such as NRAC calculations.

The Budget must comply with statutory obligations to assess the impacts that budget decisions will have on certain societal groups. As such, HSC Directorates are providing the required information to demonstrate evidence to the Scottish Exchequer against the statutory duties on the provisional budget proposals. The statutory duties include:

- The duties within **Equalities and Fairer Scotland** Legislation to ensure an equality impact assessment takes place, the public sector equality duty is met, and the Fairer Scotland duty with regard to socio-economic concerns is assessed.
- The existing **Islands Communities Impact Assessment**, which is statutorily required. The Scottish Government is required to record the decision over whether or not there are impacts on island communities as a result of budget strategic decisions formally.
- The new **Children's Rights and Wellbeing** impact assessment, which is statutorily required, includes a strategic assessment examining all impacts which will be published.
- The **Consumer Duty** impact assessment, which is a new statutory responsibility which flows from the Consumer (Scotland) Act 2024. This requires us to demonstrate due regard has been paid to consumers in budget decisions.
- In addition to the above, **Business and Regulatory Impact Assessments** are not a legal commitment, but are recommended as best practice and are highly relevant in the context of the Government's priority to grow the economy and recognise the needs of Business

In addition to Impact Assessments undertaken against the statutory duties above, the Equality and Fairer Scotland Budget Statement (EFSBS) is published alongside the Scottish Budget publication to provide analysis and supporting evidence of the equality impacts of budget allocations. A key purpose of the statement is to provide assurance that the Scottish Government has taken due regard to consider the equality impacts of policy decisions as required by the Public Sector Equality Duties (PSED) and Fairer Scotland Duty (FSD).

In addition to this, The [Public Bodies \(Joint Working\) \(Scotland\) Act 2014](#) requires Integration Joint Boards to publish an Annual Performance Report (APR), within four months of the end of each reporting year. These reports look back upon the last financial year,

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reflecting upon the IJB's performance against agreed local and national performance indicators and in delivering the commitments set out within the latest Strategic Plan.

Committee Recommendation

20. Particularly in relation to the health and social care budget, the Committee calls on the Scottish Government to outline the extent to which it makes use of Programme Budgeting and Marginal Analysis as a tool in budget decision-making and whether it can publish any analysis it has undertaken using this approach.

Response to Committee's Recommendation

Programme Budgeting and Marginal Analysis (PBMA) methodology was [explored](#) in 2012 by Health and Social Care Analysis in the Scottish Government, working with Public Health Scotland (then NHS Information Services Division). The approach was piloted as an additional way to categorise cost categories in NHS Scotland Cost Book data. However, the work was exploratory, focused on programme budgeting only, with no marginal analysis across categories or time, and the methodology was not prioritised and taken forward by PHS in subsequent years. This would have been a PHS business prioritisation decision at the time.

However, certain NHS Scotland Boards are in the early stages of implementing a Patient Level information Costing System (PLICS) which will provide unprecedented patient-level financial insight. This will enhance budget scrutiny and financial decision making not only for the health boards but also when setting their IJB budgets. A phased approach has been agreed for all Boards to implement PLICS, aiming for a national system to be operational towards the end of 2025/26.

Committee Recommendation

21. To allow it to have a clearer understanding of the implications for IJBs as part of its 2025-26 pre-budget scrutiny, the Committee calls on the Scottish Government to share with it the findings of the impact assessment of in-year adjustments to the 2024-25 Scottish Budget referenced in the Finance Secretary's Pre-Budget Fiscal Update on 3 September.

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Response to Committee's Recommendation

The Scottish Government is committed to making proportionate assessments of the impact of budget decisions to fulfil its statutory duties and ensure budget decisions maximise positive outcomes. Individual portfolios assessed the impact of the individual measures announced in the Fiscal Statement. Following this, an overall assessment was undertaken of the complete package of measures taken based on this information.

In the interest of transparency, the Scottish Government has now published the details of the equality and Fairer Scotland impact assessments provided by portfolios. Further quality assurance was undertaken on this impact assessment prior to publication of this information. The details can be found here:

[Pre-Budget Fiscal Statement: Equality and Fairer Scotland Impact Assessment - gov.scot \(www.gov.scot\)](http://www.gov.scot)

Details on the Fiscal Statement's impact on other applicable duties, such as Children's Rights and Wellbeing and Consumer Duty, will be published alongside the Scottish Budget in December. This is in line with the required timescales set out in law and guidance.

Data

Committee Recommendations

22. The Committee highlights evidence from its pre-budget scrutiny that good availability of data and data sharing arrangements are a fundamental prerequisite for good budget decision-making.

23. In this context, it highlights the calls it has heard in evidence for improvements to the availability of data and data sharing arrangements in health and social care. The Committee therefore calls on the Scottish Government to set out what it is doing to make such improvements and how it will ensure that these can contribute to improved budget decision-making in the future as well as measuring more accurately the impact of health and social care-related budget decisions over time.

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Response to Committee's Recommendations

The Scottish Government's overall approach to making improvements to the availability of data and data sharing across health and social care is progressed through the Data Strategy for Health & Social Care, in conjunction with COSLA. A full update for 2024 was published in April 2024, which covers our broad priorities for 2024-25: [Health and social care - data strategy: 2024 update - progress and priorities - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/publications/2024/04/240401-health-social-care-data-strategy-2024-update-progress-priorities/).

Each Integration Authority, Health board and Local Authority, will have their own data sharing arrangements, as set out in their integration scheme.

Integration Authorities must ensure that data sharing arrangements set out in the integration scheme are in place. Both the Health Board and the local authority must provide the necessary financial data for service, facilities or resources that relate to the planned use of services within the area of the Integration Authority.

[Section 23 of Freedom of Information \(Scotland\) Act 2002](#) also requires that all Scottish public authorities subject to the Act maintain a publication scheme. A publication scheme sets out the types of information that a public authority routinely makes available. The Integration Joint Board will need to develop and put in place a publication scheme, along with a guide setting out what information it will make available.

In addition, Integration Authorities and NHS Boards are required to report annually on their spend (annual accounts) and how this spend has contributed to the objectives (performance report) set out in their delivery plans.

Integration Authorities and NHS boards provide quarterly reporting to the Scottish Government. This quarterly reporting will set out the financial position of each organisation as well as providing the national picture for NHS Boards and, separately, for Integration Authorities. However, as noted, the statutory responsibility for social care lies with Local Government and Integration Authorities are under no obligation to provide further data to the Scottish Government.

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The data sharing arrangements discussed above give IJBs access to the data required around decision making, improving outcomes and ensures that the money spent delivers value for money.

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