



**REPORT**

Item No: 11

<b>SUBJECT:</b>	IJB Financial Plan 2018/2019
<b>TO:</b>	Integration Joint Board
<b>Lead Officer for Report:</b>	Chief Accountable Officer
<b>Author(s) of Report</b>	Chief Financial Officer
<b>DATE:</b>	27 March 2018

**1. PURPOSE OF REPORT**

1.1 This paper is coming to the Integration Joint Board (IJB)

For approval <input checked="" type="checkbox"/>	For endorsement <input type="checkbox"/>	For noting <input type="checkbox"/>
--------------------------------------------------	------------------------------------------	-------------------------------------

1.2 This report:-

- (1) Provides an update on the implications of the 2018/2019 grant settlement for each partner and outlines the IJB's indicative Financial Plan for 2018/2019 including details of the budget pressures facing each partner, the key financial assumptions and key risks;
- (2) Outlines the indicative 2018/2019 contributions from each partner and the proposed approach to address the funding gap;
- (3) Notes the requirement to agree directions with each partner for 2018/2019;
- (4) Notes the provisions set out in the IJB Financial Regulations in respect of the management of overspends and budget recovery plans; and
- (5) Notes the position with regard to the potential IJB reserves.

**2. ROUTE TO THE BOARD**

2.1 This paper has been:

Prepared By; Chief Financial Officer	Reviewed By; Chief Officer
--------------------------------------	----------------------------

**3. RECOMMENDATIONS**

3.1 The IJB is asked to agree the following recommendations:

- (1) Note the contents of the report and the cost pressures identified by North Lanarkshire Council (NLC) and NHS Lanarkshire (NHSL);
- (2) Note the contributions from NLC and NHSL to the Integrated Joint Board (IJB) for the financial year 2018/2019;
- (3) Approve the overall IJB Financial Plan for 2018/2019 as set out at section 5.4 including the actions required to address the funding gap;
- (4) Note the base budget adjustments for 2018/2019 totalling £0.894m and re-allocate the budgets totalling £0.894m on a recurring basis to meet cost pressures;
- (5) Approve the savings identified for social care services totalling £4.592m as detailed at appendix 1;

- (6) Endorse the further development of the savings options for health care services totalling £1.745m as highlighted at section 10.4 and appendix 2, subject to any adjustments which may be agreed at the NHSL Health Board on 28 March 2018;
- (7) Note the requirement to consider, as part of the year-end accounting process, the sufficiency of the earmarked reserve for prescribing costs in order to manage future volatility as described in section 8;
- (8) Note the requirement to vary the directions to each partner in respect of the financial year 2018/2019 which is the subject of a separate report to the IJB;
- (9) Endorse the strategic priorities for the transformational change programme in relation to changes in service delivery, changes in structures and the approach to income maximisation for North Lanarkshire residents and charging in order to further progress the integration agenda.

#### **4. BACKGROUND/SUMMARY OF KEY ISSUES**

- 4.1 As a result of the Public Bodies (Joint Working) (Scotland) Act 2014, the IJB has a responsibility to set a balanced budget for 2018/2019.
- 4.2 The funds for the IJB are delegated from NLC and NHSL for the purpose of delivering the delegated functions as set out in the Integration Scheme and the IJB's strategic plan. Additionally, the Health Board will also, 'set aside' an amount in respect of large hospital functions covered by the Integration Scheme.
- 4.3 As the delegated funds come from NLC and NHSL, the level of funding available to the IJB is heavily influenced by these organisations' grant settlements from the Scottish Government. Both NLC and NHSL continue to face challenges balancing their respective budgets due to budget pressures exceeding the provisional level of funding available.
- 4.4 The IJB Financial Plan for 2018/2019 is comprised of the financial contributions from NLC and NHSL to the IJB. The 2018/2019 financial planning assumptions which relate to the IJB are detailed in section 6 (NLC) and section 7 (NHSL).

#### **5. CONCLUSIONS**

- 5.1 Consistent with the majority of public sector organisations, the IJB has a number of inflationary cost pressures which it needs to address during its financial planning process. These pressures exceed the indicative level of funding available to the IJB for the in-scope services and a strategy to close the funding gap in 2018/2019 is required.
- 5.2 The IJB Financial Plan for 2018/2019 is based upon the current assessments by NLC and NHSL of their respective financial landscapes taking into consideration the Scottish Government's 2018/2019 budget. The NLC and NHSL recurring funding contributions for 2018/2019 from each partner have been adjusted to remove non-recurring and in-year funding allocations.
- 5.3 The key highlights of the plan are as follows:
  - NLC confirmed additional funding of £3.937m will be transferred to the partnership to support social care services. In respect of the pension enrolment costs, although these have been delayed to April 2019, the partnership will also be able to retain the funding of £0.666m previously allocated to meet this cost. This totals £4.603m.
  - NHSL confirmed additional funding of £3.784m will be transferred to the partnership to support health care services. A further £1.694m has been included on the understanding this funding will be confirmed in June 2018. This totals £5.478m.

- Both NLC and NHSL have confirmed that the same level of base cash resources would continue to be provided to the IJB. Although base budget adjustments and savings are required in 2018/2019, the budgets released will be retained by the IJB and can be re-allocated to address inflationary cost increases and demographic growth.
- Cost pressures are expected to total £20.090m in 2018/2019 comprising of £13.326m across social care services and £6.764m across health care services.
- The cost pressures can be reduced by base budget adjustments of £0.894m.
- Savings of £4.592m have been identified in respect of social care services for approval by the IJB.
- Savings options of £1.745m are being further developed in respect of health care services.
- The balance of cost pressures remaining is £2.778m and the funding strategy to address this includes management actions, the next phase of the implementation of the transformational change programme and the use of underspends on a non-recurring basis.

5.4 The IJB Financial Plan for 2018/2019 is summarised as follows:

<b>IJB Financial Plan 2018/2019</b>	<b>NLC £m</b>	<b>NHSL £m</b>	<b>Total £m</b>
Inflationary Cost Pressures	10.775	4.315	15.090
Projected Cost Pressures – Prescribing	0.000	2.449	2.449
Projected Demographic Growth and Complexity of Need Costs	1.500	0.000	1.500
New Legislative Commitments – Carers (Scotland) Act 2016	1.051	0.000	1.051
<b>Total Cost Pressures</b>	<b>13.326</b>	<b>6.764</b>	<b>20.090</b>
Additional Funding	(4.603)	(3.784)	(8.387)
Additional Funding - Agenda for Change	0.000	(1.694)	(1.694)
<b>Net Cost Pressures</b>	<b>8.723</b>	<b>1.286</b>	<b>10.009</b>
Base Budget Adjustments	(0.894)	(0.000)	(0.894)
Proposed Savings	(4.592)	(1.745)	(6.337)
<b>Balance of 2018/2019 Cost Pressures</b>	<b>3.237</b>	<b>(0.459)</b>	<b>2.778</b>

<b>IJB Funding Strategy 2018/2019</b>	<b>£m</b>
Management Actions (Targeted Reduction of Cost Pressures and Vacancy Control)	(1.100)
Implementation of Transformational Change Programme (Integrated Service Review Board recommendations – phase 1)	(0.278)
Use of underspends on a non-recurring basis to continue to assist with addressing delayed discharges and unscheduled care through discussions with NLC and NHSL	(1.400)
<b>Total</b>	<b>(2.778)</b>

5.5 In moving forward, three key strategic priorities for 2018/2019 include:

- (a) the roll out of the integrated locality and area wide teams in line with the Integrated Service Review Board outcomes as agreed by the IJB on 23<sup>rd</sup> November 2017;

- (b) the bed-modelling in respect of complex care repatriation; and
- (c) a review of the approach to income maximisation for North Lanarkshire residents and charging.

5.6 The Director of Finance of NHSL and the Head of Business for Financial Solutions of NLC have both contributed to the development of the IJB Financial Plan for 2018/2019.

## **6. 2018/2019 FINANCIAL PLANNING ASSUMPTIONS – NLC**

6.1 The NLC budget for the financial year 2018/2019 was approved on 23 February 2018. This budget included the financial planning assumption that the same level of base cash resources would continue to be provided to the IJB.

6.2 The Scottish Government indicated that the grant offer for 2018/2019 contained a number of shared priorities, one of which included continuing to prioritise financial support for social care. An additional £3.973m has therefore been included in the NLC financial settlement for 2018/2019 in recognition of a range of pressures local authorities are facing, including:

- support for the implementation of the Carers (Scotland) Act 2016;
- maintaining the joint commitment to the Living Wage (including the agreement to now extend it to cover sleepovers); and
- an increase in the free personal and nursing care payments

At the Council meeting on 23<sup>rd</sup> February 2018, NLC agreed to augment the base cash resource by passing the full allocation of £3.937m on to the IJB.

6.3 An allocation of £2.922m is required to meet the projected costs for the living wage increase, the impact on sleepover costs and the increase in free personal care and nursing care payments. The living wage has increased by 30p from £8.45 per hour to £8.75 per hour for all adult care workers, effective from May 2018.

6.4 New cost pressures will be incurred when the Carers (Scotland) Act 2016 comes into force on 1 April 2018. At this stage, the financial impact of the implementation of the Carers Act across the partnership is not clear with the Scottish Government guidance continuing to evolve through to April 2018. The estimated cost of implementing the Act was set out in the Bill's Financial Memorandum at £19.4m nationally, £17.4m of which has been included in the local authority financial settlements. The funding allocation of £3.973m for the IJB which is highlighted at section 6.2 includes an estimate of £1.051m for the costs associated with meeting the new duties of the Act. This total estimated cost includes approximately £0.291m for the Carer Information Strategy, the funding for which was previously allocated to NHSL. There is a risk that sufficient funding has not been made available to meet the cost of implementing the new legislative duties. Financial information is being collated to monitor the impact of this and regular updates on the implementation of the Act will be reported to the IJB.

6.5 NLC employee cost pressures and increments, including homecare, are estimated to be £4.278m. The NLC pay award is still subject to agreement.

6.6 A projected cost of £2.583m has been included in the 2018/2019 IJB Financial Plan in respect of inflationary increases on externally commissioned services. This will include self directed support providers, direct payments, personal budgets, foster carers, adoption allowances, registered social landlords and kinship care payments. An inflation uplift of 3.39% has been agreed for the national care home contract which requires all providers delivering publicly funded care to pay all care workers, regardless of age, experience or time in employment, a minimum of £8.75 from 1<sup>st</sup> May 2018. The contract also commits providers employing

nurses and delivering publicly funded care to pay nurses on average agenda for change band 5. The revised rates are conditional on further work being carried out on the cost of care calculator.

- 6.7 A provision of £1.500m has been included for demographic cost increases in respect of:
- the support for the transition of vulnerable young adults with complex needs leaving school;
  - the projected increases in the older population and
  - the increasing complexity of social care needs.
- 6.8 In the autumn of 2017, the Local Government Pension Committee amended the regulations in respect of the timetable for the auto-enrolment of all employees and this is now April 2019. As the Council commenced providing resources in the 2017/2018 revenue budget for this commitment, funding of £0.666m can be applied to the 2018/2019 budget position on a non-recurring basis. The cost of auto-enrolment assumes a 25% opt-out rate.
- 6.9 It is also helpful to note that in 2017/2018, the Scottish Government gave local authorities the option to reduce the allocation to the IJB by up to £5.210m below the level of budget agreed with the IJB for 2016/2017. NLC approved a decision not to reduce the contribution to the IJB. A potential significant cost pressure was therefore avoided in 2017/2018. Recurring funding of £8m and non-recurring funding of £3m were also allocated to the IJB in 2017/2018 by NLC.

## **7. 2018/2019 FINANCIAL PLANNING ASSUMPTIONS – NHSL**

- 7.1 NHS Boards will receive an uplift of 1.5% on the recurring base budget. The NHSL Health Board agreed in principle to pass on to the IJB the relevant share of the uplift based on the proportion of the delegated recurring budget. This has been calculated to be £3.784m.
- 7.2 UK Government budget committed to 'funding pay awards for NHS staff on the Agenda for Change contract'. NHS Boards have been advised to incorporate a working assumption that central funding will be provided to meet the additional costs of the Scottish Government pay policy for Agenda for Change Grades above the first 1%. The funding position cannot be confirmed until the summer however £1.694m has been included within the 2018/2019 IJB Financial Plan.
- 7.3 The NHSL Health Board also agreed in principle to pass on any specific funding relating to the IJB. A central component of the settlement in 2018/2019 is designed to support a further shift in the share of the frontline NHS budget dedicated to mental health and to primary, community and social care. The detail of the potential additional funding is attached at appendix 3 for information.
- 7.4 In line with current arrangements, confirmation of the additional funding for NHSL will be issued during the year. These further allocations are not included in the NHSL settlement figures at present and more information on how this funding will be made available, what it can be spent on and the arrangements for accessing the funds are expected in due course. NHSL will seek to maximise its share of additional funding and ensure the full benefit is passed to the IJB.
- 7.5 The Scottish Government indicated on 31st January 2018 an aspiration for all public sector employees to receive a minimum pay increase for 2018/2019. This is structured to provide a 3% pay increase for employees earning up to £36,500, with a 2% increase for those earning up to £80,000 and a cash cap of £1,600 for those earning £80,000 or more. NHSL employee cost pressures are therefore estimated to be £3.233m. The NHS pay award will be subject to

the recommendations of the Pay Review Bodies, the outcome of which will not be known until part way through 2018/2019.

- 7.6 An estimate of £1.082m has been included in respect of non-pay cost increases on health care services.
- 7.7 As noted at section 6.4, the funding of £0.291m for the Carer Information Strategy which was previously allocated to NHSL, is now included within the funding allocation of £3.973m to the IJB.

## **8. 2018/2019 PRESCRIBING PROJECTED COST PRESSURES**

- 8.1 A break-even position was achieved in respect of prescribing costs in 2016/2017 and an earmarked reserve to manage prescribing volatility in future years of £0.616m was established as a result of a windfall gain in prescribing in 2016/2017.
- 8.2 An overspend for GP prescribing is projected for 2017/2018. The Prescribing Quality and Efficiency Programme has continued to achieve savings and avoid costs, however shortages in supply across the UK have pushed the prices charged for a range of drugs up considerably. The time lag in prescribing data means the actual costs cannot be confirmed until after the year end. The short supply issues are expected to continue in 2018/2019 and the financial plan includes an increase in prescribing costs of £2.449m (3.4%).
- 8.3 Following consultation with the Director of Finance of NHSL, it is proposed that reliance continues to be placed on the outcome of the Prescribing Quality and Efficiency Programme to manage this growth. A robust work programme is being developed to continue to deliver efficiencies and achieve further cost reductions. In addition to this, as part of the year-end process, a recommendation will be made to the IJB in respect of the sufficiency of the earmarked reserve to manage the ongoing volatility of prescribing costs. Prescribing costs will continue to be closely monitored throughout 2018/2019.

## **9. SET-ASIDE BUDGET**

- 9.1 The Performance, Finance and Audit Committee were advised of the progress made during 2017/2018 to update the calculation of the set-aside budget including the challenges associated with this complex accounting process. The set-aside budget for the financial year 2018/2019 will be confirmed in June 2018 following receipt of the validated 2016/2017 activity levels from the Information Services Division.

## **10. 2018/2019 FINANCIAL STRATEGY**

- 10.1 Based on the key financial planning assumptions detailed in section 6 (NLC) and section 7 (NHSL), the net cost pressures are estimated to be £10.009m in respect of the financial year 2018/2019. In order to achieve a balanced budget, the proposed 2018/2019 financial strategy is detailed as follows.
- 10.2 Base budget adjustments, which total £0.894m, are included in the 2018/2019 IJB Financial Plan. This relates to recurring underspends across energy costs, transport, flexibility budgets and facility support. These budgets would be retained by the IJB and re-aligned to address cost pressures across social care services.

- 10.3 Proposed 2018/2019 savings across social care services, which total £4.592m, are highlighted at appendix 1 for approval.
- 10.4 The range of savings options for 2018/2019 which total £1.745m in respect of health care services continue to be developed by officers and are summarised at appendix 2. The IJB is asked to endorse the recommendation that officers continue to develop these options and prepare implementation plans for IJB approval as appropriate.
- 10.5 In relation to the remaining funding gap of £2.778m, officers will continue to progress a range of management actions to address cost pressures in-year. This includes the ongoing targeted reduction of cost pressures, including the management of prescribing costs, the strategy to increase the reablement service, the implementation of the discharge to assess model within Home Support and vacancy control. An indicative target of £1.100m is being set in respect of these opportunities.
- 10.6 In order to take forward the transformational change programme, an implementation plan has been agreed in respect of the first phase of the recommendations of the Integrated Service Review Board. A conservative indicative target of £0.278m is being set for the financial year 2018/2019 and it is expected that the review of the structure will contribute towards this initial target.
- 10.7 It is proposed that the remaining balance of cost pressures of £1.4m will be offset by the planned use of underspends through discussions with NLC and NHSL on a non-recurring basis to continue to assist with addressing delayed discharges and unscheduled care. As detailed at section 11.3, the general fund reserve balance is projected to be an indicative £5.647m in 2018/2019.
- 10.8 In the medium term, as the integration agenda progresses, it is recognised that significant transformational work is ongoing in relation to changes in service delivery and structures. Of significance, three key strategic priorities in 2018/2019 include:
- The roll out of integrated locality and area wide teams in line with the Integrated Service Review Board outcomes as agreed by the IJB on 23<sup>rd</sup> November 2017;
  - Bed-modelling in respect of complex care repatriation; and
  - A review of the approach to income maximisation for North Lanarkshire residents and charging.

## 11. RESERVES STRATEGY

- 11.1 As at March 2018, the general fund reserve balance is £2.704m. Requests totalling £0.590 m are pending and will be included as part of the year-end accounting process. Subject to approval, this would reduce the general fund reserve balance to £2.114m.
- 11.2 As at March 2018, the partnership is projecting an underspend of £3.533m as follows:
- |                            |           |            |
|----------------------------|-----------|------------|
| NLC                        | £2.433m   | underspend |
| NHSL Excluding Prescribing | £1.900m   | underspend |
| NHSL Prescribing Only      | (£0.800m) | overspend  |
| Net Projected Position     | £3.533m   | underspend |
- 11.3 It is intended that any underspend across the in-scope partnership budgets in 2017/2018 will be transferred to reserves, further details of which will be included as part of the year-end accounting arrangements. The general fund reserve balance is therefore projected to be an indicative £5.647m.

- 11.4 The IJB will be asked to approve reliance on the projected balance in reserves for 2018/2019 as a potential non-recurring funding solution to manage slippage in either the implementation of the savings and/or the funding strategy.

## **12. FINANCIAL RISK**

- 12.1 In preparing the IJB Financial Plan for 2018/2019, a range of estimates have been included that contain elements of risk and uncertainty. Reliance is placed on the financial management and budgetary control processes embedded within each partner's existing reporting arrangements.
- 12.2 The IJB Financial Plan for 2018/2019 remains indicative at this stage as each partner requires to conclude on the detailed budget setting processes in relation to the IJB. Until the financial assumptions are confirmed and the actions detailed in the IJB Financial Plan for 2018/2019 are implemented, there is a financial risk that one or both partners may overspend. The financial monitoring reports in the early part of the year will indicate the extent of this.
- 12.3 There are provisions within the IJB Financial Regulations which set out an agreed process to be followed in the event that an overspend is forecast on either partner's in scope budget. The IJB Chief Accountable Officer and the IJB Chief Financial Officer will agree a budget recovery plan with the relevant partner to balance the overspending budget.
- 12.4 The IJB financial strategy must ensure sustainability for the current and future years whilst recognising the significant challenges for both partners. Efficient, effective and affordable services fit for the future will need to be developed as part of the integration and transformational change activities. If these activities do not generate the required level of savings or if funding released from a whole system approach to IJB cost reduction activity is not passed to the IJB, then there is a risk future budgets will not be balanced.
- 12.5 The projected increase in demographic growth, linked to increasing vulnerability and complexity, will continue to place services under pressure. The strategic commissioning intentions in respect of service delivery models and service levels is therefore critical to future financial sustainability. A sustainable medium to long term financial strategy for the IJB is being developed in consultation with each partner and will be reported to a future meeting of the IJB.
- 12.6 In relation to the proposed savings recommended to the IJB for approval, work has been carried out by each partner to assess the risks and the deliverability of each saving.

## **13. IJB DIRECTIONS TO PARTNERS**

- 13.1 As part of the requirements set out in the Public Bodies (Joint Working) (Scotland) Act 2014, the IJB is required to direct NLC and NHSL to deliver integrated service provision in line with the IJB's Strategic Plan. These directions should be varied to reflect the IJB Financial Plan for 2018/2019. If the directions are not varied, the IJB will be in breach of its legal responsibilities.
- 13.2 The directions to each partner stipulate that services are to be delivered in line with the strategic plan and in line with the financial plan. The directions also note that, following approval by the IJB, the partners require to implement the outcome of agreed savings to address the funding gap. The directions are set out in a separate report to the IJB

## **14. IMPLICATIONS**

14.1 NATIONAL OUTCOMES

The IJB Financial Plan relates to all nine national outcomes.

14.2 ASSOCIATED MEASURE(S)

The IJB and both partners are required to achieve a balanced budget for 2018/2019.

14. IMPLICATIONS (Cont.)

14.3 FINANCIAL

This paper has been reviewed by Finance:

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------	-----	--------------------------

The IJB and both partners are required to achieve a balanced budget for 2018/2019. The financial implications are as detailed in sections 6 and 7 of this report. The IJB Financial Plan for 2018/2019 remains indicative at this stage until the detailed budget setting processes in relation to the IJB are concluded.

14.4 PEOPLE

Savings will be evaluated in terms of clinical risk and financial risk. Equality impact assessments will also be completed as required.

14.5 INEQUALITIES

EQIA Completed:

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------	-----	--------------------------

EQIAs are in progress as appropriate.

14.6 CARBON MANAGEMENT IMPLICATIONS

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
-----	--------------------------	----	--------------------------	-----	-------------------------------------

15. BACKGROUND PAPERS

None.

16. APPENDICES

- |                                                   |            |
|---------------------------------------------------|------------|
| Proposed Savings 2018/2019 - NLC                  | Appendix 1 |
| Proposed Savings 2018/2019 - NHSL                 | Appendix 2 |
| Potential NHS Board Funding Allocations 2018/2019 | Appendix 3 |

CHIEF ACCOUNTABLE OFFICER (or Depute)

Members seeking further information about any aspect of this report, please contact Marie Moy on telephone number 01698 453709.

Ref	NLC Savings Proposals	2018/2019 Saving £m	Estimated F.T.E.
1	<p><b>A review of intermediate care home provision across North Lanarkshire</b></p> <p>Review the provision of services in the existing intermediate care homes with a view to rationalising social work intermediate care, recognising that the move to a Discharge to Assess model will reduce demand for places. This is in line with the strategic commissioning priorities of the partnership to support people to live independently at home.</p>	1.956	49
2	<p><b>Review inflationary uplifts applied to care providers</b></p> <p>Review inflationary uplifts on contracts for care provision and for fostering, adoption and kinship allowances etc.</p>	1.000	N/A
3	<p><b>A review of eligibility and support for equipment and adaptations</b></p> <p>The focus of service delivery would be on priority 1 and priority 2 cases. Priority 3 cases would not automatically be considered unless budget was available.</p>	0.300	N/A
4	<p><b>Reductions in service delivery within day services</b></p> <p>It is proposed to review Day Services for younger adults with disabilities and older adults in order to reduce costs while recognising the cost avoidance benefit from the delivery of these services.</p>	1.186	12
5	<p><b>Review of service provision in Children and Family intensive services</b></p> <p>Review of services currently provided by the Families First, Community Alternatives Service and the 7 Day Centre.</p>	0.150	3
<b>TOTAL – NLC</b>		<b>4.592</b>	<b>64</b>

Classification	2018/2019 £m	Estimated FTE
Service Productivity	1.655	6.1
Workforce	0.090	1.2
Procurement	-	-
Infrastructure	-	-
Other	-	-
<b>TOTAL – NHSL</b>	<b>1.745</b>	<b>7.3</b>

- (1) The 2018/2019 Draft Budget includes £70.2m in respect of mental health, an increase of £17m from 2017/2018. Although indicative at this stage and still subject to change, Mental Health policy officials have provided plans to allocate £34.7m of the £70.2m to NHS Boards. Details will follow on the distribution of the additional £17m of national funding which comprises of £12m to go towards the commitment to increase the workforce by an extra 800 workers over the next 5 years and £5m for transformation in Children and Adolescent Mental Health Services.

The remainder of the budget will support delivery of the new mental health strategy, mental health legislation including funding for the Mental Welfare Commission and other specific pilots, projects and third sector organisations. This funding is provided on the basis that it is in addition to a real terms increase in existing 2017/2018 spending levels by NHS Boards and Integration Authorities. Further details on the funding for Mental Health will be included in letters from the Mental Health Division of the Health and Social Care Directorate.

- (2) £110m has been identified for the Primary Care Fund nationally. A proportion of the new funding will be directed as follows:
- to support the implementation of the new GP contract due to be implemented from 1 April 2018;
  - to build and expand multi-disciplinary teams in general practices for improved patient care and a strengthened and clarified role for GPs as expert medical generalists and clinical leaders in the community; and
  - to transform primary care as described in the Blue Book, Memorandum of Understanding and forthcoming National Workforce Plan.

The fund will cover pharmacists, community link workers, GP recruitment and retention, primary care fund transformation, GP out of hours and the vaccination transformation programme. It is likely to be allocated on an NRAC basis. As described in the Memorandum of Understanding, it will be passed directly and in full to Integration Authorities and it is for Integration Authorities to commission services. Services will be planned and commissioned via three year Primary Care Improvement Plans, due by the end of July 2018. Further details on the funding for Primary Care will be included in letters from the Primary Care Division of the Health and Social Care Directorate.

- (3) £10m has been identified for the GP Premises Sustainability Fund to support the National Code of Practice for GP premises which sets out the Scottish Government's plan to facilitate the shift to a model which does not entail GPs providing their practice premises.

During the period from 2018 to 2023, all GP contractors who own their premises will be eligible to receive a GP Sustainability Loan out of the GP Premises Sustainability Fund. These loans will help support general practice as a whole. They will allow partners to release capital without destabilising their practice, reduce the up-front cost of becoming a GP partner, and make general practice more financially rewarding.

The loans will be repayable if the premises are sold or are no longer used by the GP contractor for the provision of PMS under a contract with a Health Board. Any practice may apply to Scottish Government and, if they meet the criteria, funding will be provided. If there are too many applicants in one quarter, applications will be rolled forward.

- (4) In respect of the Alcohol and Drug Partnerships, in 2018 a refreshed alcohol framework will be in place which will continue to take on Scotland's often problematic relationship with alcohol and substance misuse.

The 2018/2019 Draft Budget includes an additional £20m investment nationally in alcohol and drug treatment and support services. NHS Boards have been asked to plan on this investment being used to support additional work to foster improvement and innovation in the way that services are developed and delivered as part of the new substance use strategy.

This additional funding is not yet included in NHS Board baseline budgets and is expected to be in addition to the £53.8m that was allocated to the NHS Board baseline in 2017/2018. Further details of the funding will be included in letters from the Substance Misuse Unit of the Health and Social Care Directorate further to publication of the new strategy.

- (5) NHS Boards will receive a recurring allocation of £20m in 2018/2019 to support the expansion of Health Visitors in line with the manifesto commitment. The Family Nurse Partnership budget will increase nationally by £2.4m to £16.9m and service level agreements will be refreshed in March/April 2018. NHS Boards have been advised to plan for at least the same values as 2017/2018 with any increase in budget being in line with agreed expansion programmes.
- (6) An additional £2.6m is being invested for breastfeeding. This relates to the provision of nutritional support to women in pregnancy and their infants and children and to a new Programme for Government commitment to increase resources for breastfeeding to support mothers, particularly in the days immediately following birth. Funding will be distributed across NHS Boards in line with national and local identification of gaps in the overarching breastfeeding support model.
- (7) There is a £126m Transformational Change Fund, an increase of £101m from 2017/2018. The fund will provide support to the regional delivery plans for the implementation of new service delivery models, improved elective performance and investment in the digital strategy. NHS Boards have been advised not to make any assumptions about the allocation of this resource at this stage.