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Health, Social Care and Sport Committee

Pre-Budget Scrutiny 2025-26



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Health, Social Care and Sport Committee

To consider and report on matters falling within the responsibility of the Cabinet Secretary for Health and Social Care.



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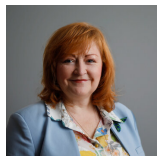
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Membership changes

1. There were 4 changes to the membership of the Committee since the last pre-budget scrutiny:
 - On 7 November 2023, Ivan McKee MSP replaced Stephanie Callaghan MSP.
 - On 9 November 2023, Ruth Maguire MSP replaced Evelyn Tweed MSP.
 - On 18 June 2024, Joe FitzPatrick MSP replaced Ivan McKee MSP.
 - On 10 October 2024, Brian Whittle MSP replaced Tess White MSP.

Introduction

2. In line with the recommendations of the Budget Process Review Group (BPRG) report, Scottish Parliament subject committees have undertaken pre-budget scrutiny in advance of the publication of the Scottish budget. The intention is that Committees will use pre-budget reports to influence the formulation of spending proposals while they are still in development.
3. As part of this scrutiny, committees are required to publish pre-budget reports at least six weeks prior to the Scottish budget. The [Scottish Government has announced](#) its intention for the next Scottish Budget to be presented to the Scottish Parliament on 4 December 2024.

Summary of recommendations

Long-term planning

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.
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.
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.

Prevention

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.
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.

Integrated budgets

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.
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.

Workforce

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.
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.

Commissioning and Procurement

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.

In-year adjustments

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.
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.
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.
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.

Budget transparency and linking budgets to outcomes

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.
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.
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.

Data

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.

Background

24. At its meeting on 25 June 2024, the Committee decided that it would focus its pre-budget scrutiny for 2025-26 on the financial position of integration joint boards (IJBs) - with a key focus on the findings of the [Accounts Commission Finance and Performance report on Integration Joint Boards](#) published on 25 July 2024.
25. Audit Scotland's [NHS in Scotland 2023](#) report noted that, in 2022-23, territorial NHS boards delegated £7.2 billion directly to Integration Authorities (IAs), equivalent to 49 per cent of their budgets. In turn, NHS boards received £7.5 billion to provide services on behalf of IAs. Alongside these payments, NHS boards also transferred £0.7 billion on behalf of themselves and IAs directly to councils.
26. A targeted call for views was issued over the summer recess - running from 9 July 2024 to 20 August 2024. A total of [27 responses](#) were received and published on the Committee's webpages. Written submissions were also received from [Public Health Scotland](#) and [Professor David Bell](#) were also received in advance of the Committee taking oral evidence.

The Call for Views asked respondents 7 substantive questions:

1. How has the financial performance of IJBs supported or hindered progress towards integration of health and social care?
 2. What further resources would help achieve better service delivery and outcomes?
 3. To what extent do current financial arrangements pose challenges for IJBs, with resources allocated from health boards and local authorities? How do these arrangements impact on, or support effective delivery?
 4. Are IJBs using reserves effectively?
 5. Are IJBs using their set aside budgets effectively?
 6. What impact, if any, is ongoing uncertainty around potential future changes to governance arrangements, arising from proposals for the creation of a National Care Service, having on budget setting conversations for IJBs?
 7. How successful have IJBs been in shifting the focus towards addressing low and moderate care needs to reduce the negative impact of hospital admissions / delayed discharges?
27. The Committee took oral evidence as part of its pre-budget scrutiny for 2025-26 at its meeting on [3 September 2024](#). The Committee heard evidence from two panels of witnesses comprising the following:

Panel 1

- Professor David Bell - Professor of Economics, University of Stirling;
- Michael Kellet - Director of Strategy, Governance and Performance, Public Health Scotland;

- Kathrine Sibbald, Senior Manager, Audit Scotland;

Panel 2

- Caroline Cameron, Chief Officer, North Ayrshire IJB;
- Pat Togher, Chief Officer, Edinburgh IJB;
- Sharon Wearing, Chair, Chartered Institute of Public Finance and Accountancy (CIPFA), Integrated Joint Boards Chief Finance Officer Section.

Professor Soumen Sengupta, Chief Officer, South Lanarkshire IJB, sent apologies but provided the Committee with additional written evidence after the meeting.

28. It should be noted that this scrutiny is also set in the context of the Committee's ongoing scrutiny at Stage 2 of the National Care Service (Scotland) Bill and the package of proposed draft Stage 2 amendments to the Bill, shared with the Committee by the Scottish Government in June. The Committee is scheduled to take oral evidence from selected stakeholders on this subject during late September and early October. If the National Care Service Bill is passed, this will bring about significant changes to the organisation of health and social care, including IJBs, and there will be costs associated with setting up new bodies such as the National Social Work Agency and a new national care board.
29. Due to its overlapping relevance to the Committee's pre-budget scrutiny, this report also references evidence taken as part of the Committee's scrutiny of the Scottish Government's proposed National Outcomes, which was heard on [10 September 2024](#).

Accounts Commission report

30. As mentioned previously, a key piece of evidence considered as part of the Committee's pre-budget scrutiny was the Accounts Commission Finance and Performance Report on Integration Joint Boards, published 25 July 2024.
31. The Accounts Commission Report focuses on:
- the financial performance of IJBs in 2022/23 and the financial outlook for IJBs in 2023/24 and beyond;
 - performance against national health and wellbeing outcomes and targets alongside other publicly available performance information;
 - a 'spotlight' on commissioning and procurement of social care.

It provides and builds on analysis from two previous bulletins published in [2022](#) and [2023](#) and seeks to answer the following questions:

- How well are IJBs responding to contextual challenges and improving their performance and the outcomes for people?
- How financially sustainable are IJBs and how are they responding to the financial challenges they face?
- How are IJBs using commissioning and procurement to improve performance and deliver improved outcomes in the lives of people who use social care services?

Accounts Commission observations and recommendations

32. The Accounts Commission makes seven key observations in the report:
1. IJBs face unprecedented challenge and uncertainty, widening inequality gap, increased demand and unmet need, workforce sustainability and variation for those seeking care and support.
 2. No evidence of shift in balance of care from hospital to community-focused preventive care, which was the intention of integration. Complex governance systems make planning and decision-making and visible leadership difficult.
 3. Workforce pressures – recruitment and retention becomes ever more challenging. Brexit, COVID-19 and the cost of living have deepened existing pressures. Unpaid carers are increasingly relied upon.
 4. Uncertainty created by the direction of plans for a national care service, and instability of leaderships in IJBs contribute to planning and decision-making difficulties. Innovative approaches are not systematically implemented nor learning shared.
 5. The financial outlook continues to weaken and worsen: similar to other public

bodies, inflation, pay uplifts and COVID-19 legacy costs affect IJBs; transparency on those pressures and what it means for services is essential; in 2022/3, funding for IJBs decreased by 9% in real terms and IJB reserves almost halved. While sizeable savings were reported these mainly arose from unfilled vacancies, and are therefore non-recurring and demonstrate further pressures. Further to this, due to savings required as part of their partner funding allocations (from the NHS and local authorities), the projected funding gap for 2023/4 has almost tripled compared with the previous year. A third of this gap is expected to be bridged by non-recurring savings and a quarter using reserves. The report states that this is not a sustainable approach to balancing budgets

6. Data quality and availability is insufficient to assess performance and to inform improvement in terms of outcomes, with a lack of joined up data sharing. What data there is (national indicators) shows a general decline in performance and outcomes.
 7. The report has a particular focus on commissioning and procurement practices. It concludes that these practices are chiefly driven by budgets, competition and cost rather than outcomes for people. The report identifies positive examples where more ethical, collaborative and innovative commissioning models are being adopted.
33. The Accounts Commission report follows up these observations with five key recommendations, while noting that all bodies involved "need to work collaboratively on addressing the issues" before concluding that "IJBs alone cannot address the crisis in the sector". These five key recommendations are:
1. Medium-term financial plans need to be up to date and reflect all known and foreseeable costs as a starting point to address sustainability challenges
 2. Annual budgets and savings must be achievable and sustainable. As the current budget process isn't working, there should be closer collaboration and clear conversations with all partners and stakeholders about difficult choices that need to be made.
 3. Partners need to share learning systematically to identify and develop services focused on early intervention and prevention and approaches to improving recruitment and retention.
 4. Partners need to understand what data is available and what is required to improve outcomes, and measures and methods to understand the impact of preventative approaches.
 5. IJBs need to evaluate current commissioning and procurement processes - are they ethical and are they geared towards improving outcomes for people?

Integration Joint Boards (IJBs)

Long-term planning

34. The Accounts Commission report highlights that IJBs are often not informed of their allocations from national health service boards ahead of the start of the financial year.

The Committee raised the issue of a lack of long-term certainty on budgets during its oral evidence session on 3 September 2024. Professor David Bell, of the University of Stirling, responded:

” Most of the bodies that are commenting on the performance of the IJBs have argued for the need for longer-term planning, but that is rendered very difficult when one-year budgeting is in force. That stems in part from the way that budgeting is run at both Scottish and United Kingdom Government levels. Obviously, it is not helpful to local authorities not to have a clear view of the allocations that they receive from the NHS.

Kathrine Sibbald, representing Audit Scotland, commented further at the same evidence session. She noted that current arrangements, and any subsequent delays that might occur, can have a significant impact on effective decision-making and budget planning by IJBs.

35. The Committee understands that the Scottish Government does not plan to publish a Medium-Term Financial Strategy alongside the budget but, [in a letter to the Finance and Public Administration Committee](#), it has committed to considering what medium-term financial information it can provide alongside the budget on 4 December.
36. Difficulties around long-term planning for IJBs as a result of annual budget allocations were also highlighted by witnesses on the second panel of witnesses giving evidence and, in particular, the consequential impact this has on recruitment and staffing.

Sharon Wearing, Chair of CIPFA, told the Committee:

” We have asked for more recurring funding to be built into our baseline budgets. Just now, an awful lot of our funding, particularly on the health side, comes through each year. We do not yet have funding allocation letters for quite a few areas, although we have them for some of the bigger areas. When there are annual allocations, it is very hard to recruit staff on a recurring basis, because you do not know what funding you will get in future years.

There are also challenges relating to pay uplifts. In the past couple of years, we got uplifts in the level of funding for pay, but we did not get those in the early years. We would like some security, where possible, in relation to direct allocations. We know that there is a changing picture, but we would like there to be baselining of funding and some confirmation about future levels of funding, so that we can have security when we recruit staff. It is very hard to employ staff right now. We need to employ staff on a permanent basis, so if we do not have security of funding, it is a real risk for us.

37. In response to the call for views, COSLA highlighted it has been calling for multi-year settlements for some time and emphasised the challenges that single-year settlements present for effective planning. It concluded:

” ...it is vital that local authorities and, in turn, Integration Authorities are given multi-year settlements. This would, allow for more effective service design and provide Best Value in public spending. The current trend of issuing single year budgets threatens the sustainability of essential services and does not provide IJBs with the funding certainty required to undertake long-term financial and strategic planning. Scottish Government often conduct in-year efficiency savings which further exacerbates pressures faced by IJBs. Additionally, single year grant funding typically needs to be used within the year and IJBs do not have the ability to carry this funding forward.

38. Professor Sengupta, representing South Lanarkshire IJB, also highlighted in writing to the Committee about the challenge of continuously updating Medium Term Financial Plans given the degree of uncertainty around the level and terms of future funding settlements and specific allocations. He noted:

” For example, Integration Boards and Health Boards were informed in July 24 of the Enhanced Mental Health Outcomes Framework allocations for 2024/25, which involved five previous funding streams being combined into one - and whilst the headline flexibility of consolidating the funding was welcomed, the actual allocation to each Board was reduced in-year at the same time as Scottish Government restated the expectation that progress will be made locally towards 10% of frontline Health Board spend being utilised for mental health services. It is difficult to anticipate such levels of budget changes in-year, posing challenges not just for financial planning but also for service planning and delivery.

39. 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.

40. 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.

41. 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.

42. 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.

Prevention

43. The Committee heard extensive evidence from respondents to the call for views, as well as from witnesses giving oral evidence, regarding the importance of prioritising preventative spending. The Accounts Commission report itself states that:

” the aim of integration is to ensure that people receive the care they need at the right time and in the right setting, with a focus on community-based, preventative care; improving the outcomes for patients, people who use services, carers and their families.

44. Public Health Scotland's written submission to the Committee also made three budget recommendations, with a central focus on further encouraging preventative spend:

- Shared focus on prevention: to help reduce short-term demand and free up resources for future investment, ensure a shared focus across the public sector on primary prevention and the reduction of health inequalities in key areas (i.e. child poverty).
- Invest in prevention: support reform by defining prevention spend and establishing a new preventative investment category of public expenditure, with the aim of improving health, wellbeing, and social capital.
- Measure progress and accountability: ensure we know what works and focus on whole system accountability for improved health and wellbeing & prevention. Use the revised National Outcomes and strengthen the role of audit bodies to measure system wide reform and the shift to prevention across national and local networks.

The written submission from Public Health Scotland also suggests "establishing a preventative category of public spending 'preventative investment expenditure' with

a clear connection to improving future health, wellbeing, and social capital", which it argues would "provide a baseline for prevention to track the relative balance of prevention expenditure over time and whether we are achieving the shift in public expenditure that we need" and "ensure greater accountability by creating a dedicated form of expenditure for prevention"

45. When asked their view on the suggestion from Public Health Scotland that preventative spending should be designated within budgets as a new category of spending aside from revenue and capital spending, Sharon Wearing responded:

” There is a lot of preventative spending at the moment and, although we cannot capture all of that information, we can capture a lot of it. Part of the challenge is that some of our services have more than one purpose, so not everything that is being done in terms of preventative spending would necessarily be captured in that separate category. We have had a similar discussion in relation to carers. We can capture information about services that go only to carers but, if services are going to carers and an individual, it is not easy to capture that information separately—we are not good at that separation of reporting. At this stage, my view is that I do not see the benefit of the proposal. I think that it is more important to capture the spend in one ledger to try to ensure that loss of identity and allow those shifts towards preventative spend to happen more easily.

46. Pat Togher, Chief Officer of Edinburgh IJB, highlighted some additional challenges he foresees with implementing Public Health Scotland's proposal to create a new preventative spending category within public budgets and offered some further thoughts on the nature of preventative spending more generally:

” I would say that, by definition, it is often difficult to determine precisely what prevention is. A lot of services, including internal services and third sector services, categorise their intervention as early intervention and prevention, for example, but what really needs to be running through the middle of that is a strong evidence base for that categorisation and a consistency about what it is. If there was a specific funding arrangement for preventative spend, there would need to be a consistent interpretation of exactly what it is for in terms of prevention and early intervention.

At the moment, we have a budget in which we are constantly offsetting prevention and early intervention for core statutory duties, and we are dependent on that approach. If there was an option in that regard, it would have to contain a degree of flexibility to enable us to use those budgets accordingly.

47. Caroline Cameron, Chief Officer of North Ayrshire IJB, told the Committee that while shifting the balance of care has been challenging, there had been success in some areas, stating:

” When it comes to progress on shifting the balance of care, we often think of that only in relation to how we are shifting activity from acute hospitals into the community, which has been really challenging. The pandemic has also had on our hospitals a huge impact which they have not yet recovered from. In our own system, in acute hospitals lots of additional beds were opened that it has not been possible to close, which is an additional cost. It is difficult to see when we will be in a position to transfer resource into the community.

However, we have been more successful at shifting the balance of care and improving outcomes across other services—for example, our mental health and learning disability services. We have significantly reduced the number of hospital beds that we have for mental health and learning disabilities and we have provided support within the community.

48. Ms Cameron went on to highlight how North Ayrshire IJB has worked closely with housing staff on supported accommodation models and, in children's services, has seen a reduction in child protection registrations and the number of young people coming into care as a result. However, she went on to highlight the ongoing challenges it faces in making the shift from acute to preventative care:

” We need to focus on the principle of shifting the balance of care across the range of services that we deliver...

...When it comes to the acute side in particular, right from the outset, we knew that it was always going to be difficult to deliver a shift. I understand the principle and there is merit in it—absolutely— but the investment did not come along with it to allow us to double-run and pump-prime our community services in order to facilitate that shift at the outset of integration. As I described, it feels really difficult to achieve that now given how pressured the acute hospital settings are.

49. 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.

50. 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.

Integrated budgets

51. Witnesses appeared to be in consensus that "true integration" is hindered by an ongoing perception that health and social care budgets are separate from one another. When asked what more can be done to ensure budgets "lose their identity"

and become fully integrated, Sharon Wearing said:

” The phrase “budgets losing their identity” has been used right from the start. However, while we work in two ledgers—one from the council and one from the health board—budgets will never lose their identity. I have said previously to committees that, to get true integration of budgets, things need to be done in one ledger. They cannot be done in two, because what happens is that our health performance is reported through the health board and comes up through the Scottish Government, and the social work bit is reported through the council. To allow budgets to lose their identity, there needs to be a completely different approach, in which we all work in one ledger and the budget is all in one ledger.

52. 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.

53. 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 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.

Workforce

54. The Committee also heard evidence of the various workforce issues affecting IJBs and how this hinders improvements in the delivery of services.

55. Professor David Bell highlighted in evidence that, on the social care side, there is a huge turnover rate for staff - and argued that greater attention should be given to creating a sustainable workforce in the social care sector.

In written submission to the Committee, Professor Bell highlighted that while the Scottish Government's workforce plan assumes a 1 per cent growth in staffing over five years from 2022, NHS England's workforce plan assumes growth of 20 to 21 per cent over the same period. When asked about this divergence, he responded:

” That is a five-year horizon for workforce planning. If errors are made at the start, they can possibly be recovered from later. All the commentators seem to suggest that there will be an increase in the demand for health services of 3 to 4 per cent per annum. If there was no massive increase in productivity in the health service, the consequence would be that you would need to increase the workforce at a rate of 3 to 4 per cent. Over a five-year period, that would obviously build up. There is clearly an issue around productivity in the health service, which is a bit related to the earlier discussion around Covid. However, in essence, that is what has happened. It seems to me that an assumption of 1 per cent growth would need to be accompanied by an optimistic assumption around growth in productivity, and it would be interesting to know how exactly that might come about.

56. Professor David Bell also highlighted to the Committee that there is a high rate of turnover in the leadership of IJBs, leading to a lack of stability in some organisations. Members further queried this point with witnesses, asking what could be done to reduce or at least stabilise the high turnover of leadership in IJBs. Caroline Cameron responded:

” The roles are really difficult. Chief officers and other colleagues who are working in the senior leadership space across IJBs really value the peer support that we get from our colleagues. We have strength in our own networks, too. Lots of aspects of the role are challenging. I do not think that the issue is about pay, grading and recognition, because I do not think that any of us goes into those roles particularly for those reasons.

We need to feel valued and to feel that the work that we are doing—that the IJBs and the health and social care partnerships are doing—is valued. We tend to focus a lot on the things that go wrong and the negatives, instead of celebrating the positives in the work that we are taking forward. One of the more positive experiences that I have in my role is when I am spending time with my team celebrating the good work that is being taken forward. There is a disproportionate focus on some negative aspects.

Pat Togher echoed the points made by Caroline Cameron, but added that an increase in chief officers moving on or retiring earlier is not specific to IJBs and is a challenge facing wider leadership throughout many councils in Scotland.

57. There was a general consensus in evidence submitted to the Committee that recruitment and retention is a major challenge for the health and social care sector - particularly in remote and rural areas - and that the correct incentives must be put in place to foster a sustainable workforce, and that this should include more competitive pay and conditions, better training, and improved opportunities for progression.

58. 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.

59. 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.

Commissioning and Procurement

60. As part of its scrutiny, the Committee also explored how much progress had been made in promoting a more ethical and productive approach to commissioning and procurement.
61. Kathrine Sibbald, from Audit Scotland, told the Committee that its "Integration Joint Boards: Finance and Performance 2024" report concluded that there "is still a long way to go" to improve commissioning to be more focused on a collaboration and ethical commissioning practices. She further stated:
- ” It all comes back to what I have referred to several times now: the need for collaborative working and ensuring that that message is spread more across all the IJBs, with support for them to take that work forward. A lot of work is clearly on-going, but it is in the early days of development.
62. Witnesses representing IJBs also commented on the progress being made to promote more ethical approaches to commissioning and procurement - particularly in relation to social care services. For example, Caroline Cameron, told the Committee:
- ” As we all know, there is always a balance to be found between cost and quality. When we commission care services, a much heavier weight is placed on the quality of care that is delivered. We can further promote that approach by working with our commission providers, particularly around the fair work agenda and how they support their workforce. The key challenges are around recruitment and retention, making sure that the workforce is being paid appropriately in line with the Scottish living wage, and ensuring that staff are getting support with training and meeting their needs.
63. Pat Togher, representing Edinburgh IJB, described the challenges experienced in Edinburgh as being mainly related to the constant need to deliver cost efficiencies and the availability of providers being insufficient to meet the level of demand. He further stated:
- ” Similarly to Caroline Cameron’s board, we are taking a much more ethical approach to commissioning and procurement. We are well informed and our relationships and partnerships remain strong, particularly with the community based providers that we have in Edinburgh. For example, any decisions that we have to make in advance of budget setting incur an awful lot of partnership and engagement work well in advance. We are taking an approach that works and works well for us just now, but, needless to say, moving forward will be challenging for us in terms of longer-term financial sustainability.

64. Sharon Wearing highlighted the importance of using people with lived experience as part of the commissioning process in order to deliver better outcomes. She stated:

” Their contribution is very much valued and they are very much part of that process. I definitely think that we need to follow that direction of travel more, because those people and their experiences are what really matter to ensure that we get the right services for people. Taking in and using people’s experiences of service delivery, what they would like to see and what they think works as part of the process is really key.

65. 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.

Wider Health and Social Care budget

In-year adjustments

66. In his written submission to the Committee, Professor David Bell highlighted Scottish Fiscal Commission concerns about the wider impact on health and social care budgets of recent public sector pay settlements. Witnesses were invited to talk about the anticipated impact for IJBs of in-year budget cuts.

67. Professor David Bell elaborated on these issues in oral evidence:

” It appears to be the case that possibly both the UK Government and the Scottish Government underestimated the increase in wages that they were going to pay out during this financial year, so they did not build in to their budgets sufficient headroom for the kinds of pay settlements that have been announced.

A consequence of that is that, as we understand it, the UK Chancellor of the Exchequer has said that some more money will be available at the UK level but the NHS in England will have to absorb some of the increased costs that are associated with the increase in wages. A consequence of that is that NHS funding in England will not increase at the same rate as the wages in England. Because of that, the Barnett consequentials that will follow from this slightly lower increase than the wage increase south of the border are resulting in strong pressures on the Scottish Government, which had also made a perhaps too optimistic assumption about the increase in pay in the NHS that would be needed. The consequence of that is that we are now confronted with a pretty difficult situation in that we might have to make in-year adjustments to the budget.

68. Sharon Wearing commented on the anticipated impact of in-year budget cuts more directly:

” From where we are starting, right now, we are having to look at significant reductions in our budget. The information that the IJBs have from the 28 responses that we have had tells us that we have budget gaps of £513 million. That, added to the in-year cuts, will just make that challenge even harder and it will impact on the services that we are able to provide.

We are already looking at recovery plans to try to reduce that gap, but not everybody has fully developed plans; that is highlighted in the Accounts Commission report. IJBs are struggling to identify all their budget options and some of them are using reserves to reduce that gap. There is no doubt that putting anything else on top of that will have further impact on the services that we deliver.

Sharon Weaving commented further in response to IJBs utilising reserves, stating:

” We have a depleting level of general reserves, which is the area of reserves that we can use to help balance the budget. A number of IJBs do not have any reserves left. When we started the financial year, after setting the budget, 13 of the IJBs had no general reserves left. We estimate that, by the end of this financial year, 15 of them will not have any general reserves. That means that half of all the IJBs that can hold general reserves will not have any left. That is a worrying concern.

You will see in the Accounts Commission report that the numbers are going down, and we are seeing that across the piece. Earmarked reserves are for specific purposes, and they cannot necessarily be used to offset budget pressures. A lot of those reserves are tied to primary care funding or action 15 funding for mental health, for example. That money has to be spent for that specific purpose. There is a trend of there being very little left now.

69. Caroline Cameron echoed the points made by Sharon Wearing on the financial challenges currently facing IJBs. She suggested that these challenges were further compounded by the impact of inflation:

” Where we have a static allocation of funding to implement a policy area or investment, that loses value over time because of the costs of inflation with regard to pay and other things across services. There is absolutely no doubt that that would be difficult to manage alongside the financial challenges that we currently face.

70. 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.

71. 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.

72. 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.

73. 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.

Budget transparency and linking budgets to outcomes

74. As part of its wider scrutiny of the health and social care budget, Members discussed issues around budget transparency. This discussion and subsequent points made often mirrored themes heard in previous pre-budget scrutiny sessions. While not a central topic of the Committee's session focusing on IJBs, budget transparency was a key theme during the Committee's scrutiny of the proposed National Outcomes on 10 September 2024.
75. Witnesses were of the view that more can be done to improve budget transparency. In oral evidence to the Committee, Emma Congreve representing the Scottish Health Equity Research Unit, stated:
- ” There is a lot to be said about budget transparency, which would have to come before any ideas about ring fencing—if that was pursued—because, at the moment, it is incredibly hard to see where money is being spent in the Scottish budget. We get a good idea of budget allocations through the budget process, but then it is very hard to see where spend has occurred and what has changed through the year. Speaking with my Fraser of Allander Institute hat on again, we have been asking for more transparency in that. It could be an interesting idea, during the budget scrutiny process, to push for the spend that is allocated on health, particularly in the NHS, to set out what is preventative and what is responding to pressures in the NHS.
76. Witnesses were asked how the use of programme budgeting and marginal analysis could be used to achieve improved transparency. Professor Donaldson gave the Committee the following explanation of the concepts of programme budgeting and marginal analysis:
- ” ... it is basically a framework for managing scarce resources in any situation. In my experience as a health economist, we have usually worked with different parts of the NHS to help them to plan use of their next year's, or their next few years', resources. Programme budgeting is just a statement of where we are now in terms of how we are spending our resources. It is completely unthreatening—it is just saying how we currently spend our resources. The marginal analysis bit...then leads us into thinking about how we might move those resources around to get more benefit in total. That, in plain language, is what programme budgeting and marginal analysis are about
77. Emma Congreve also argued that setting out how different lines of the Scottish budget align with the National Outcomes would be a useful exercise, not only in terms of improving budget transparency but also in making the National Performance Framework a more meaningful tool for holding the Scottish Government and other parts of the public sector to account for their spending decisions.

78. Professor Donaldson expanded on this point, highlighting that there are two key issues:

” We need to think about how aspects of the framework relate to one another, as Emma Congreve explained, and we need to think about how we can link activity and budgets at national and local levels back to the NPF. Tess White said that the fact that that is not happening is “alarming”. I was critical of what is happening at the local level, but I would like to defend people who are working at that level, too. In a sense, their accounting systems are set up for different purposes—that is all. We need to think about how the information in those accounts can be more aligned with the framework.

79. On 3 September, following an earlier announcement from the UK Chancellor that a Treasury audit had estimated departmental spending budgets for 2024-25 were at least £15 billion lower in real terms compared to 2021 spending review plans, the Finance Secretary made a fiscal statement to the Scottish Parliament in which she announced in-year adjustments to balance the 2024-25 Scottish Budget. Her letter to the Finance Committee, issued on the same date, makes reference to impact assessments the Scottish Government has undertaken of these adjustments.

Commenting generally on the need to link budget decisions to outcomes, Emma Congreve stated:

” It is really important that we understand how budget decisions relate to the outcomes in the NPF, because the budget is so wide ranging. Even last week’s announcement on the fiscal situation was quite wide ranging. Being able to pin things through to the NPF is quite a challenge, but with the decision to cut mental health funding, for example, you would expect to at least see some evidence that, through the decision-making process, there was discussion about, or analysis of, the impacts on the NPF outcome on mental wellbeing. One would like there to be recognition that such thinking played a part. The Scottish Government might produce that information internally, but it is not published.

Emma Congreve further noted that:

” The Scottish Government is almost a bit of an outlier in not having the same level of routine reporting back to the Scottish Parliament on what is spent year to year. That data will be buried somewhere, but it should be brought to the surface.

80. 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.

81. 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.

82. 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.

Data

83. A number of those contributing evidence to the Committee's pre-budget scrutiny highlighted the need for a more collaborative approach to the sharing of data to enable the impact of budget decisions to be more clearly monitored. Kathrine Sibbald confirmed that collaborative working had been one of the key themes of Audit Scotland's 2024 IJB report and that a key element of that would be to look at improved collaboration on data collection as part of a national strategy.
84. Professor Bell argued that without good data, there would be no way of knowing whether a decision made in the short term would have detrimental effects in the long-term. For this reason, he emphasised the importance of more effective data sharing.
85. On the subject of data sharing, Michael Kellet of Public Health Scotland, said:
- ” We do not, from a Public Health Scotland perspective, have a position on the governance arrangements. However, we think that there is an opportunity in the legislation to consider the data legislative environment. One of the frustrations across the system around health and social care data is organisations' inability, in order to protect privacy, to share data. We think that there is an opportunity, on which we are working with colleagues and Government, to ensure that we take a progressive approach to legislation on data collection, data use and data protection.
86. In its written submission, Public Health Scotland confirmed that they are working closely with the Scottish Government and other stakeholders on supporting improved availability of of data on social care.
87. Witnesses were also asked about the role of local improvement support team (or LIST) analysts in data gathering. Caroline Cameron explained that North Ayrshire IJB has LIST analysts aligned with each of its partnerships, and that it was looking at ways of joining up social care and health data in order to get a clearer picture of a patient's health and social care journey.
88. Sharon Wearing confirmed that her own board has LIST analysts locally, but then acknowledged:

” ...one opportunity that we all recognise is that we really need our information technology systems to talk to each other. We want our staff to be able to access information on our service users and patients just once—we do not want people having to repeat all their information to different parts of the team over and over again. The focus should be on how we get our systems to talk and pool that information, so that we can see in front of us all the information that is there for a particular patient or service user, and do that just once. There is a lot of technology that can allow us to do that, and it would be better for us to do it collectively rather than all trying to do it individually. There is scope there to make significant improvements, and that should be a focus.

89. 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.

90. 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.

Annexe A - Extracts from the Minutes of the Health, Social Care and Sport Committee Meetings

22nd Meeting (Session 6), Tuesday 3 September 2024

2. Pre-budget scrutiny 2025-26:

The Committee took evidence from—Professor David Bell, Professor of Economics, University of Stirling; Michael Kellet, Director of Strategy, Governance and Performance, Public Health Scotland; Kathrine Sibbald, Senior Manager, Audit Scotland;

and then from—Caroline Cameron, Chief Officer, North Ayrshire Integration Joint Board; Pat Togher, Chief Officer, Edinburgh Integration Joint Board; Sharon Wearing, Chair, Chartered Institute of Public Finance and Accountancy Integrated Joint Boards Chief Finance Officer Section.

Clare Haughey declared an interest as holding a bank nurse contract with NHS Greater Glasgow and Clyde.

Ruth Maguire declared an interest as having been a councillor on North Ayrshire Council and a member of North Ayrshire Integration Joint Board.

3. Pre-budget scrutiny 2025-26 (in private):

The Committee considered the evidence it heard earlier under agenda item 2.

The Committee agreed to write to Professor Soumen Sengupta to request that he submit further evidence in writing.

23rd Meeting (Session 6), Tuesday 10 September 2024

2. National Performance Framework: Proposed National Outcomes:

The Committee took evidence from—Emma Congreve, Co-lead, Scottish Health Equity Research Unit; Professor Cam Donaldson, Professor of Health Economics, Glasgow Caledonian University;

and then from—Carol Calder, Audit Director, Performance Audit & Best Value, Audit Scotland; Professor Chik Collins, Director, Glasgow Centre for Population Health; Stephen Boyd, Director, IPPR Scotland.

Sandesh Gulhane declared an interest as a practising NHS GP.

3. National Performance Framework: Proposed National Outcomes (in private):

The Committee considered the evidence it heard earlier under agenda item 2.

Annexe B - Official Reports of meetings of the Health, Social Care and Sport Committee

- [3 September 2024](#) - Pre-budget scrutiny 2025-26
- [10 September 2024](#) - National Performance Framework: Proposed National Outcomes

