

Midlothian Integration Joint Board



Thursday 7th June 2018

Update on 2018/19 Financial Assurance

Item number: 4.2

Executive summary

At its March 2018 meeting the IJB considered its financial assurance for 2018/19, that is it examined the budget propositions from its partners and applied its two tests – that of fairness and adequacy. At that date a formal offer had been made (and accepted) by Midlothian Council however an indicative position for NHS Lothian was considered based on the NHS Lothian financial plan that had been presented to NHSL Finance and Resources Committee at its January 2018 meeting. The IJB agreed to accept the NHSL indicative position on the basis that NHS Lothian provided further information on the plans underway to deliver financial balance within the Set Aside budgets and that the final offer was not materially different from the indicative position. A final offer has now been received from NHS Lothian and this paper considers this offer.

Board members are asked to:

1. Accept the NHS Lothian 2018/19 budget proposition
 2. Request further information by August laying out plans to bring the Set Aside services back into a break-even position
 3. To note the revised indicative financial pressures for 2018/19
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Update on 2018/19 Financial Assurance

1 Purpose

- 1.1 This paper updates the financial assurance for the IJB's 2018/19 budget which was presented to the IJB at its March 2018 meeting, specifically it considered the formal budget proposition that was made by NHS Lothian in April 2018.

2 Recommendations

- 2.1 Members are asked to :-
1. Accept the NHS Lothian 2018/19 budget proposition
 2. Request further information by August laying out plans to bring the Set Aside services back into a break-even position
 3. To note the revised indicative financial pressures for 2018/19

3 Background and main report

- 3.1 At its March 2018 meeting the IJB considered the budgetary offers from its partners for 2018/19 and beyond. This was based on:-
- For social care budget a proposal from Midlothian Council which was accepted.
 - For its health budgets, the IJB accepted a proposition based on the NHS Lothian financial plan data based on what was presented to the NHSL Finance and Resources Committee at its January meeting.
- 3.2 Since that date there has been a further iteration of the NHSL financial plan and NHSL sent the IJB a formal budget proposition in April 2018. This letter is attached as appendix 1.
- 3.3 The letter from NHS Lothian lays out in some detail the basis of the 2018/19 position. In summary this describes:-
- An overall (for the whole of Lothian) projected financial gap of c. £21m – that is the current NHSL financial plan for 2018/19 does not balance.
 - Pay awards are to be fully funded.
 - The GP prescribing budgets have been reset at the projected closing position for 2017/18.
 - Additional NHSL Investments of £2.0m (£200,000 for Midlothian IJB) have been made to support capacity in Primary Care, which is additional to investment of £2.0m made in 2017/18.
 - Another non-recurrent investment of £2.0m (£200,000 for Midlothian IJB) to support developments in GP prescribing both locally within Midlothian and Lothian wide as appropriate

- 3.16 For noting, the Scottish Government's settlement for 2018/19 included further investments in Primary Care to support the delivery of the new GMS contract, along with investments in Mental Health and Substance Misuse. To date, these investments have not been made available to the Health Boards but when allocated, NHSL will pass on the appropriate elements to the IJBs, as indicated in the letter.
- 3.17 Appendix 2a compares the position that was reported to the IJB in February 2018 with this letter. There are two main differences:-
- Set Aside – this is less than that value discussed previously. There are two reasons for this – the budgetary movements from the closure of Liberton Hospital are now complete and the appropriate budgets have been transferred to the IJB (now in core) thus reducing the overall Set Aside allocation but increasing the Core allocation. There has also been a further revision to the current IJB health budget setting model which has moved budgets from Set Aside into non-delegated. The Health Budget setting model currently examines each service and the cost centres which hold that service's budget to decide if these budgets are delegated to the IJB. There have been a relatively small number (but with a large financial value c. £20m in total) that have been wrongly attributed as delegated and this has now been corrected. However, this adjustment does not prejudice the IJB's position in 2018/19 as the projected pressures in Set Aside are reduced from the previous position. This is laid out in the appendices – the projected pressure being reduced by c. £190,000.
 - The core budget has increased and that element of it which was non-recurrent previously has now been made recurrent. The projected pressures have increased from the previous analysis but that is as a result of further work on the local operational financial plans for the Midlothian HSCP, the previous estimate being understated.
- 3.18 As IJB members will be aware, the IJB applies two tests to any budgetary proposition – that of fairness (a fair share of the resources available to the partner) and adequacy (which is measured on the ability of the partner to manage the projected financial pressure as laid out in their own financial plans). Given that the current health IJB budget setting model will continue to be used until the new model can be brought into operation then the position in the letter complies with these two tests as described in the March IJB paper. A restatement of the financial pressures along with a comparison of the position laid out in March 2018 is included in appendix 2b – this being a quantification of the 'adequacy' test.
- 3.19 Both partners have made multi-year financial propositions available and this information will be used to update the IJB's financial plan. A further report on the development and the current shape of the IJB's financial plan will be brought to the IJB's September meeting.

4 Policy Implications

4.1 There are no new policies proposed or described in this report.

5 Equalities Implications

5.1 There are no implications for equalities in this report.

6 Resource Implications

6.1 The resource implications are laid out above

7 Risk

7.1 The issues above are already noted within the IJB's risk register.

8 Involving people

8.1 The IJB is held in public and its papers are publically available.

9 Background Papers

9.1 March finance report to the IJB

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Appendices

1. Letter from NHS Lothian – 26th April 2018
2. Movements between March financial assurance and NHSiL proposition