

Lothian NHS Board

By Email Only

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Chair and Chief Officer of IJB

Date 2 May 2017
Your Ref
Our Ref
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Dear Colleague

BUDGET AGREEMENT 2017/18 – MIDLOTHIAN INTEGRATION JOINT BOARD (IJB)

Further to my letter of 10th February 2017 and the submission of NHS Lothian's Local Development Plan to the Scottish Government on 11th April 2017, I am now in a position to confirm the resource allocation for your IJB. Your total budget for 2017/18 is £84.8m.

In addition to the delegated budget shown as part of your financial plan, a further £1.45m will be passed through from Health directly to your IJB from the Social Care fund and is your IJB's share of the £14.2m which is part of NHS Lothian's base uplift. This will be in addition to the budget allocation above.

At this stage NHS Lothian is planning on the assumption that there will be no base uplift in 2018/19 and therefore the IJB budget allocation for next year will be in line with this year. However, recognition needs to be made that some of the funding sources for this year's financial plan are non recurring in nature and at this stage no guarantee can be given that this level of funding will be available in future years.

The budget allocation excludes a contribution from the £2m investment to support Primary Care. The utilisation of this fund will be determined through the Primary Care Board, co-chaired by Tracey Gillies and David Small. The allocation also excludes a contribution from the £2m investment to support a quality improvement approach to elimination of unwarranted variation and waste in Primary Care prescribing proposals. To take this forward proposals will be considered, and agreed, by the Effective Prescribing Group.

Finally the Scottish Government has funding available for investment in IJB delegated functions, and these will be allocated to IJBs once available. The level of this funding is not yet clear by Board/IJB.

The methodology for apportioning budgets and allocating uplift is summarised below:



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Chair Mr Brian Houston
Chief Executive Mr Tim Davison
Lothian NHS Board is the common name of Lothian Health Board

- **GP Prescribing budgets** – This budget is set based on the estimated 16/17 expenditure. To be able to achieve this NHS Lothian has allocated £8.5m of non-recurring resource to the prescribing budgets. In recognition of future growth, NHS Lothian has laid aside £2m for pump priming of quality improvement prescribing initiative schemes to help manage the pressure referenced above;
- **Pay Uplift** – The importance of maintaining integrity of pay budgets has been recognised by the Board and the balance of the 17/18 uplift along with other recurring resources have been allocated across all recurring pay budgets to meet pay awards;
- **Primary Care Investment** – the £2m recurring Investment in Primary care included in the Financial Plan is still to be allocated across the partnerships and once agreed will form part of the in year adjustments to the budget, referenced above;
- **NRAC** – The additional 16/17 NRAC £6m and the anticipated 17/18 NRAC £19m parity funding have, along with recurring reserves, been allocated to those cost pressures previously agreed by the Board as a funding priority in the 16/17 Financial Plan but had only a non-recurrent funding solution to support them up to this point;
- **Social Care Fund** – The additional funding will be allocated as directed by the Scottish Government and does not form part of this budget allocation;
- **Efficiencies** - Chief Officers in their capacity as managers of NHS Lothian services have developed financial recovery plans to demonstrate how financial balance can be achieved for those services for which they have responsibility. IJBs will need to be assured that those recovery actions identified do not impact on their ability to deliver strategic direction. As plans are agreed this may result in the reallocation of budgets to reflect the consequent service change. This will be agreed with IJBs.

IJBs will be expected to deliver financial balance through their Directions to the Board and through the Partnerships, and working with Acute Services to reduce estimated expenditure on a recurring basis to deliver a balanced ongoing position across all delegated services of the IJB.

For 2016/17 NHS Lothian agreed with IJB Partners that a year end financial adjustment would be made, non recurrently, in order that the Health component of the IJBs budgets

would be able to deliver a balanced outturn. This has been achieved largely through the use of flexible resources in reserves which were explicitly not included in last year's plan.

However, NHS Lothian's reserves have already been deployed in the financial plan this year and as a consequence no further resources are available, with the exception of those referenced above. Therefore each IJB will be required to explicitly set out cost reduction plans through their directions in order to ensure the IJB can achieve a balanced outturn at the end of the year.

Performance Metrics

During the final quarter of 2016/17 NHS Lothian introduced a framework to measure performance under integration. This suite of measures will allow each Integration Authority's performance to be monitored and improvement opportunities identified. The development of this framework is seen as iterative and will be further refined and developed throughout the coming months and years and our expectation is that you will identify clear measures for these and work with Jim Crombie on monitoring of these.

To date, the performance framework has included data by each IJB on;

- Number of front door attendances & admissions – for the IJB
- Number of front door attendances & admissions – broken down by GP practice and referral type
- Front door inpatient conversion rate
- Analysis of the acuity of attendances
- Age profiling of front door attendances and admissions
- Performance against the 4 hour target
- Unplanned inpatient total occupied bed days
- No of delayed discharges vs. trajectory
- No. of packages of care against locally set trajectory
- Delayed discharges by length of delay
- Total occupied bed days for delayed discharges

The letter from Geoff Huggins received in January detailed plans to measure performance under integration at a national level. This added a further two measures that would be monitored for each IJB:

- End of life care
- Balance of care

Further work analysing each IJB performance over time will allow the development of improvement trajectories to support the delivery of the milestones set out by Scottish Government, and to deliver financial balance on the set aside budget.

Finally we have agreed that during 17/18 we should jointly revisit the cost model utilised to allocate set aside and hosted services budgets. This will consider the utilisation of the NRAC formula. I propose that we do not make any allocation formula changes in 17/18 but plan to implement in 18/19.

Yours sincerely

Susan Goldsmith
Director of Finance