

**Midlothian Integration Joint Board – Financial Assurance Update****Report by Gary Fairley, Head of Finance and Integrated Service Support****1 Purpose of the Report**

The purpose of this report is to give a final update on financial assurance work carried out in relation to the delegation of resources to the Integration Joint Board (the Board) from 1 April 2016.

**2 Background**

Financial resources were delegated to the Board from 1 April 2016 and directions regarding the use of the budgets were issued to the Council and NHS Lothian on 31 March 2016.

In June 2016 Council received a report from the Joint Director, Health and Social Care on Adult Care and Health Budget Setting 2016-17 which gave an update on progress towards agreeing the NHS element of the budget and discussed future arrangements for agreeing and managing efficiencies. It included an update on the use of the Social Care Fund and on the financial pressures which drive the necessity for transformation of services to ensure sustainability moving forward.

**3 Current Position**

The Board, at its meeting on 18 August 2016, agreed to accept NHS Lothian's formal offer, which was issued on 14 June 2016, subject to certain caveats as follows:

- That the Set Aside financial pressures are supported by NHS Lothian
- That the Partnership will manage within its Health Budgets, with further discussions required around the support for the GP Prescribing budget
- That the health budget setting model remains indicative until a final baseline position is agreed
- That the prescribing budget setting model for 17/18 is clarified and agreed with the Partnership.

It was further agreed that the Board would seek an appropriate risk sharing agreement with the Council.

With both elements of its budget for 2016-17 now agreed, this allows the Board to move forward and begin its financial planning for 2017-18 and beyond.

The Financial Monitoring 2016-17 report elsewhere on today's agenda includes details of the continuing financial pressures within the Adult and Social Care budget and the actions being taken to address these.

## **6 Report Implications**

### **6.1 Resources**

There are no resource implications arising directly from this report. The report deals with the financial assurance work undertaken in relation to the delegation of resources to the Board from 1 April 2016.

The Adult and Social Care budget represents the functions delegated and this budget, amounting to £37.086 million, has been delegated to the Board from 1 April 2016.

The Council continues to provide service support to the work of the Board and there is a commitment to continue this support going forward. There will be no charge for these support services.

### **6.2 Risk**

The Council and NHS Lothian continue to manage risk according to their own established policies and arrangements are being developed to manage these risks through the Board arrangements. The directions of the Board will bring a new facet to the risks and these will be managed by the Board.

The ongoing work being undertaken on financial assurance will identify and address the financial risks which are inherent in the new arrangements.

Council and NHS Lothian financial pressures will impact on the resources available to the Board at the same time as demographic pressures increase demand for services. Pressures in relation to the impact of the living wage on service providers and the raising of the charging threshold are being managed. NHS Lothian's overall financial position continues to rely on non-recurrent budgets to fund ongoing services.

The future development of pan-Lothian services will be dependent on IJBs across Lothian working together effectively. There is a risk that this work will be dominated by the larger IJBs.

### **6.3 Policy**

#### **Strategy**

The creation of new arrangements for Health and Social Care is consistent with one of the key findings of the Christie Commission that "public services work effectively together to achieve outcomes".

**Consultation**

Consultation has taken place with the Chief Officer and Chief Financial Officer of the Integration Joint Board.

**Equalities**

There are no equalities issues arising from this report.

**Sustainability**

There are no environmental sustainability issues arising from this report.

**IT Issues**

There are no IT issues arising from this report.

**7 Summary**

Delegation of financial resources to the Board took effect from 1 April 2016. Agreement has been reached on the resources delegated in 2016-17, with the NHS Lothian element being subject to certain caveats. Financial assurance will be an ongoing process as IJBs, Councils and NHS Lothian work together going forward.

**8 Recommendations**

Council is recommended to

8.1 Note this final update on the financial assurance process in relation to the delegation of financial resources to Midlothian Integration Joint Board.

8.2 Note that ongoing work on financial assurance will be subsumed as business as usual within the Financial Services team.

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