

Health and Social Care

APPENDIX 1

Adult and Social Care

SERVICE FUNCTION	Budget	
	2014/15 £	2015/16 £
Addictions	7,870	7,870
Assessment and Care Management	2,680,364	2,689,642
Criminal Justice	(46,391)	(81,850)
Learning Disability Services	9,234,794	9,553,805
Management and Administration	78,510	87,865
Meldap	158,226	158,279
Mental Health Services	957,396	938,013
Non Specific Groups	293,459	293,459
Older People	18,217,154	19,740,063
People with AIDS/HIV	8,968	8,968
Performance and Planning	642,730	685,978
Physical Disability Services	1,923,186	1,923,356
Public Protection	374,255	386,503
Service Management	305,308	321,817
Strategic Commissioning	254,894	216,100
NET EXPENDITURE	35,090,723	36,929,868
SUBJECTIVE ANALYSIS		
Employee Costs	12,247,396	12,311,452
Premises Costs	140,197	140,984
Transport Costs	451,995	451,794
Supplies and Services Costs	1,061,464	1,070,206
Third Party Payments	30,473,444	32,061,068
Transfer Payments	20,915	20,915
GROSS EXPENDITURE	44,395,411	46,056,419
INCOME	9,304,688	9,126,551
NET EXPENDITURE	35,090,723	36,929,868

Health and Social Care

APPENDIX 2

Adult and Social Care

ANALYSIS OF BUDGET CHANGE

	£	
REVISED BUDGET 2014/15	35,090,723	
1. Budget Projection		
1.01 1.5% pay award	178,977	
1.02 Inflation on payments to other local authorities	10,850	
		189,827
2. Changes to the Projection		
2.01 Projected increase in National Care Home Contract rates	107,467	
2.02 Increase in LPF employer rate	248,872	
2.03 Other employee cost changes	14,703	
2.04 Free Personal Care uplift	126,360	
2.05 Domestic Abuse - replace HRA funding	44,012	
2.06 Requirement to cease charging for services to carers	250,000	
2.07 Care at home retender	327,000	
2.08 Financial Discipline - Criminal Justice income	(40,944)	
2.09 Remove one-off sensory impairment strategy funding	(22,000)	
2.10 Reduction in Self Directed Support funding	(36,560)	
2.11 Financial Discipline - Adult Support and Protection	(50,000)	
2.12 Other miscellaneous adjustments	5,281	
		974,191
3. Demographic Pressures		
3.01 Community Care	607,751	
3.02 Packages into Adulthood	400,000	
3.03 Aids & Adaptations - increased volume	67,181	
3.04 Joint Equipment Store - increased volume	25,200	
		1,100,132
4. Full Year Effect of Corporate Priorities, Efficiency Proposals etc agreed as part of 2014/15 budget		
4.01 Full year impact of 14-15 workforce reductions	(59,425)	
4.02 Full year impact of Management Review	(58,092)	
4.03 Full year impact of VSER Scheme	(63,488)	
		(181,005)
5. Budgeted Savings		
<i>Financial Discipline</i>		
<i>Staffing Establishment</i>		
5.01 Review of staffing establishment	(214,000)	
<i>Service Savings</i>		
5.02 Charging for in house Day Service Provision	(30,000)	
<i>Council Transformation Programme</i>		
5.03		
5.04		
5.05		
		(244,000)
BUDGET 2015/16		36,929,868

Finance and Resources Committee
13th May 2015

Director of Finance

PREPARATION FOR CREATION OF INTEGRATED JOINT BOARDS

1 Purpose of the Report

- 1.1 The purpose of this report is to provide an update to the Finance and Resources (F&R) Committee on the ongoing preparations for the creation of the four Lothian Integrated Joint Boards (IJBs) during the financial year 2015/16. This reflects the committee's remit to 'have an interest in the wider Integration agenda' as part of its financial governance remit.

Any member wishing additional information should contact the Executive Lead in advance of the meeting.

2 Recommendations

- 2.1 The Finance and Resources Committee is asked to:
- **Note** the current work underway to support the creation of the IJBs for Edinburgh, East Lothian, Midlothian and West Lothian, and the process underway to provide financial assurance to the committee in future;
 - **Consider** the potential impact of the Integrated Joint Board's on NHS Lothian financial management and planning processes.

3 Discussion of Key Issues

3.1 Background

- 3.1.1 The Public Bodies (Joint Working) Act (2014) instructs the creation of an 'Integration Authority' between Health Boards and Local Authorities by April 1, 2016. Within the Lothian region, the four Councils and NHS Lothian have agreed to use the Corporate Body model and to set up four Integrated Joint Boards
- 3.1.2 Edinburgh, East Lothian, Midlothian and West Lothian Councils in partnership with NHS Lothian have submitted Integration Schemes to Scottish Ministers laying out their arrangements to set up four Integrated Joint Boards, one for each Council area. Currently, the Councils and Lothian are awaiting a response from Scottish Ministers.
- 3.1.3 For planning purposes it has been assumed that these bodies will be formally set in during the summer of 2015. Having been set up, the IJBs must agree a Strategic Plan and this Strategic Plan must have a start date. The start date of the Strategic Plan is the date when the formal delegation of functions from the Council and the Health Board takes place along with the appropriate resources.

- 3.1.4 Although both the Health Board and the Council will be consulted as part of the IJB's Strategic Planning process, the IJB has sole responsibility for agreeing its Strategic Plan and the financial plan that support it. The Health Board will have to establish any financial risks that may arise for the Strategic Plan.
- 3.1.5 At this time, it's not clear for each of the IJBs which start date will be agreed. If the date is April 2016 (the last date allowed by the Bill) then the financial impact of the IJB in 2015/16 will be constrained to the proposals in the IJB's Strategic Plans for 2016/17 and therefore the Board's 2016/17 financial planning process. If the Start Date is agreed to be during the financial year 2015/16 then the IJB will direct the Health Board (and the Council) to deliver the delegated functions, these directions will include the financial recourse to be used to deliver the functions. These directions may create additional financial risks to the Health Board and the directions will be based on the agreed Strategic Plan.
- 3.1.6 A range of legal, governance, HR and finance issues requires to be resolved as part of the set up of the IJBs. This paper largely addresses the financial aspects of this work.

3.2 Support for the Creation of IJBs

- 3.2.1 NHS Lothian has been working very closely with its Council Partners to support the creation of the IJBs. It has been agreed that much of the work only requires to be done once and then adapted for the individual IJBs in order to ensure consistency in approach as far as practicable. The core of the four Integration Schemes were prepared in this way and a range of more or less formal groups now exists to provide ongoing support to this work. These are:
- Integration Plan Group (Chaired by the Director of Planning) – this group has representatives for all the Councils and NHS Lothian and is working through an overall plan to support the Integration process;
 - Pan Lothian Financial Officers Meeting (Chaired by the Deputy Director of Finance) – this group has representatives of all the Council Section 95 Officers along with the Lothian Director of Finance and the Business Partners for the CHPs. This group has prepared a workplan for all the financial issues to support the creation of the IJBs which support the financial aspects of the overall plan;
 - HR & OD Group.
- 3.2.2 NHS Lothian and its partners have also engaged with national groups and taken cognisance of the work already done in Ayrshire and Arran health board, which has made further progress on this issue.

3.3 Financial Assurance for the IJB

- 3.3.1 As part of their creation, the IJBs will require to undertake a Financial Assurance process and guidance on this has been published by the Scottish Government (IRAG - Guidance for Integration Financial Assurance).

- 3.3.2 The Pan Lothian Financial officers have prepared a paper which lays out a model for this process and this paper (which includes the Scottish Government's guidance) is available on request.
- 3.3.3 The financial assurance process will have to consider the financial risks and assumptions which are inherent in the Board's 2015/16 (and the Councils budgets), then consider the risk inherent in the budget setting model as described above. This proposed budget will then have to be tested against an understanding of the out-turn position in previous years along with a review of pressures which will require to be managed in 15/16.
- 3.3.4 The process of financial assurance will therefore require to consider historical financial performance of the constituent elements of the IJB as part of the assurance process, as well as reviewing future plans prepared by both the Council and the Health Board.

Financial Outturn for NHS Lothian, 2014/15

- 3.3.5 NHS Lothian delivered a breakeven outturn position in 2014/15, with a small underspend of £244k recorded (subject to review by External Audit). In total, an overspend against operational units of almost £35m (including a baseline overspend of £24.6m and unachieved LRP of £10.4m) was offset by both non-recurrent and recurrent flexibility. Table 1 below provides a summary of the outturn position.

Table 1 – Summary Outturn 2014/15, NHS Lothian

	Pay £000	Non Pay £000	Income £000	YTD £000
Baseline position	(437)	(26,724)	2,607	(24,554)
Outstanding efficiency savings		(10,441)		(10,441)
Operational position	(437)	(37,165)	2,607	(34,995)
Non-Recurring Corporate LRP		8,900		8,900
General Reserves Flexibility per Mid Year Review		9,348		9,348
Release of Financial Plan Flexibility		1,388		1,388
Rates Rebates		9,300		9,300
Reserves benefits		6,303		6,303
Net operational position	(437)	(1,926)	2,607	244

3.3.6 A breakdown of the £35m overspend by operational unit is shown in table 2 below.

Table 2 – Outturn by Business Unit

	Year End Position		
	Baseline £000	LRP £000	Total £000
East Lothian CHP	(1,164)	(377)	(1,541)
Midlothian CHP	(541)	(15)	(556)
Edinburgh CHP	(6,512)	(1,054)	(7,567)
West Lothian CHCP	(49)	(25)	(74)
Scheduled Care	(6,092)	(5,681)	(11,772)
Unscheduled Care	(5,080)	(3,021)	(8,102)
Facilities & Consort	1,369	168	1,537
Corporate Services	2,610	(531)	2,079
Strategic Services	(2,022)	95	(1,926)
Business Unit Variance	(17,480)	(10,441)	(27,922)
Additional Pressures:-			
Unscheduled Care	(1,462)	0	(1,462)
Waiting Times	(3,985)	0	(3,985)
SMC Drugs	(1,627)	0	(1,627)
Total Additional Pressures	(7,074)	0	(7,074)
Operational Position	(24,555)	(10,441)	(34,996)

3.3.7 As part of the financial assurance process, due cognisance must be given to the financial challenges across the four CHPs. Consideration must also be given to the financial issues within acute services and particularly in Unscheduled Care, as these services are identified as delegated functions of the IJB and therefore these resources will be included within the set-aside budgets, discussed in section 3.4.

NHS Lothian Financial Plan

3.3.8 The 2015/16 financial plan is based on the premise that NHS Lothian can deliver the LRP that underpins the financial plan and that the services can operate within the resources that have been allocated to them.

3.3.9 The Financial Plan for NHS Lothian was approved at its Board meeting on the 1st April. The plan sets out the assumptions and risks inherent in the achievement of a balanced position across NHS Lothian in the new financial year.

3.3.10 In total, net of assumed benefits from LRP, a total of £92.9m of additional resources have been identified within the plan. A breakdown of these are shown in table 3 below, setting out known additional funding of £42m, assumed funding (yet to be confirmed) of £21m, and internally generated resources (used in part as corporate flexibility to support monthly financial performance in 2014/15) of £30m.

Table 3 – Summary of additional Financial Plan Resources

Total Available Resources	Recurring (£000)	Non-Recurring (£000)	Total (£000)
Uplift - Confirmed	32,877	0	32,877
Confirmed Allocations	9,135	0	9,135
Anticipated Allocations	17,500	3,496	20,996
Internally Generated Resources	14,066	15,844	29,910
Total	73,578	19,340	92,918

3.3.11 Against these funding sources, anticipated additional costs of £122m have been identified. This is shown in summary in table 4 below. Further detail on the application of financial plan resources are provided in appendix 1.

Table 4 – Summary of use of Resources

	Recurring £(000)	Non- Recurring £(000)	Total £(000)
Recurring Baseline Pressures	(14,268)	0	(14,268)
Recurring LRP gap per Q3	(16,240)	0	(16,240)
Total recurring deficit	(30,508)	0	(30,508)
Unavoidable Commitments	(77,217)	(15,193)	(92,410)
Total Commitments	(107,725)	(15,193)	(122,918)
Funding identified (per table 3)	73,578	19,340	92,918
LRP savings required	20,000	10,000	30,000
Total Funding	93,578	29,340	122,918

- 3.3.12 Table 4 above shows that over £14m of additional funding has been provided in the plan to support existing baseline pressures. Comparing to table 1, this investment will not offset the total underlying overspend in the baseline. Appendix 2 shows the split of the £14,269k at business unit level and the implications for the net gap in 2015/16. The financial plan assumes that other areas of overspend will not recur in future years, and will be managed by the services. This is a key assumption in the financial plan, and a risk to delivering financial balance.
- 3.3.13 A key part of the financial assurance process for the IJBs will be an examination of the LRP plans that underpin the financial plan. This risk is, of course, equally important to the Health Board.
- 3.3.14 The difference between the additional income and the additional costs is expected to be met through the generation of efficiency savings through the Local Reinvestment Programme (LRP). The total 2015/16 LRP target, including carry forward, is £49m, and the plan requires delivery of £30m based on schemes identified at the time the plan was concluded. LRP delivery is a critical funding resource to support additional

costs anticipated within the plan. Failure to deliver the full £30m of LRP savings will result in reduced resources available to support additional costs as planned. The achievement of this remains a very significant risk for NHS Lothian, and to the emergent IJBs.

- 3.3.15 A split of the financial plan at Business Unit level, as presented previously to the F+R committee and to the Board, is attached in Appendix 3 for information. Note that the additional budgets allocated at Business Unit level are shown within this, rather than at IJB level.

Sources of Funds

- 3.3.16 The baseline funding in NHS Lothian (before financial plan adjustments) of £1.426bn is comprised of a number of sources as set out below.

Table 5 – Income Sources

Income Sources		£
SGHD Income	HCH	(954,953,095)
	FHS	(328,916,918)
SLA Income		(75,179,217)
NES Income		(33,771,047)
Other non Lothian income		(12,949,185)
ACT Income		(18,554,000)
RTA income		(1,917,523)
Total of above		(1,426,240,985)

- 3.3.17 Key to note is the elements of the total allocation which are allocated to NHS Lothian as specific resources for defined activity. NHS Lothian will have some discretion over the utilisation over HCH funding, where this is not pre-defined ring fenced funding. Beyond this, other funding streams are for set purposes and must be applied against the expenditure as planned. For example, Family Health Services (FHS) funding is ring fenced to support costs associated with Primary Care Services and cannot be applied across other care programmes. It is important to note that the FHS resource is managed through the health board, however decisions on this resource are made at Scottish Government level, with little influence on this resource locally.

3.4 The Budget Setting Model to identify IJB Resources

- 3.4.1 A model has been prepared to create an opening budget for an IJB. The IJB budget is made up of four elements :-

- Adult Social Care – this is the budget as set by individual Councils at their meetings in February 2015.
- The CHP's Core Services – being those services specifically for the CHPs (including the community hospitals, GMS and GP Prescribing). These are the budgets set for 2015/16 based on the NHS Lothian financial plan agreed on 1st April 2015.

- A share of the Delegated Hosted Services. Hosted services are managed on a pan-Lothian basis by all the CHPs and all the hosted services are delegated to the IJBs except those elements of the services that are national or regional and the PCCO.

Items 1, 2 and 3 above make up the 'Payment' to the Integrated Board from the Council and NHS Lothian.

- A share of the Acute services delegated to the IJB. This is not part of the 'payment' but is a 'set aside' budget held by NHS Lothian on the IJB's behalf.

The total of the 'payment' and the 'set aside' budget is the financial resource that has been delegated to the IJB.

IJB Budget Inclusions and Exclusions

- 3.4.2 As a general rule, NHS Lothian has included all functions that can be delegated to the IJB's in the Integration Schemes. These functions have been translated into budgets which are generally the operational budgets that are managed by the operational management teams.

Budget Exclusions

- 3.4.3 There are three main areas that have been excluded from budgets delegated to the IJB (at this time):-

- Corporate Functions - These are the budgets for the corporate functions (HR, IT, Finance, Planning etc) provided by both the council and the Health Board. The Integration scheme addresses the issue of how these functions will support the IJB.
- Strategic Reserves - There are various Strategic Reserves that are held corporately by NHS Lothian which support a range of services (mainly payments to third parties) which themselves represent functions largely to the IJB. Work is underway to disaggregate these budgets and delegate them to the appropriate IJB.
- Facilities and Property costs - The running costs of the properties used by the services and the facilities costs of the hospitals are managed through budgets held corporately. Currently there are no plans to delegate these budgets to the IJBs.

- 3.4.4 This budget setting model is based on two simple premises :-

- That an individual costcentre (the costcentres (or aggregations of costcentres) represent services and budgets are held at costcentre level) is either allocated or not allocated to the IJBs. Where it does the costcentre represents a delegated function.
- If a costcentre is allocated to the IJB's then a 'share' is attached to that costcentre indicating how much of that budget will go to each IJB. In the case of CHP core services that share is simply 100% to the appropriate IJB.

3.4.5 There are two main issues that arise from this process :-

- Agreement that the costcentres do indeed represent the delegated functions.

NHS Lothian and the IJB will have to ensure themselves that the costcentres allocated represent delegated functions of the IJB. It is the allocation of costcentres that will drive the calculation of the IJB's budget.

- Agreement of the 'shares' of the pan-Lothian services attributable to each IJB.

The establishment of 'shares' for pan-Lothian services delegated to the IJB is complex. Currently budgets are largely based on historic models and the IJBs will wish to assure themselves that they have received a 'fair share' of each budget – this could be based on a weighted population model on the basis that the allocation of resources to NHS Lothian is principally based on this arrangement. The actual usage of services (especially pan-Lothian services) is also largely historic and influenced by geography and referral patterns. Therefore actual usage may not reflect 'fair shares' and early work using the NRAC allocation distribution model at IJB level suggests, especially within the set aside services, that actual usage is considerably different from a 'fair share'.

3.5 Output from the Budget Setting Model.

- 3.5.1 This model has been used to provide some indicative analyses that illustrate the impact that the IJBs will have on the Lothian budgets. It should be noted that the allocation of costcentres has not been agreed and the model uses a very simple 'share' allocation based on a CHP NRAC formula.
- 3.5.2 The budget setting model takes the NHS Lothian 2015/16 financial plan and recasts it into the IJBs. Clearly, as discussed above, the IJBs are not the CHPs and do not map onto the current Lothian management structure. However, this will give an indication of the relative sizes of the IJBs and the shares of the uplifts identified in the financial plan.
- 3.5.3 Appendix 4 shows a breakdown of the total £1,501m NHS Lothian budget, split between CHP and IJB. This shows how much of the NHS Lothian budget has been categorised through this model as services which are not delegated and for which Lothian will still have the responsibility for Strategic Planning, along with services which are managed by the CHP management teams but which are not delegated to the IJB. Consideration will have to be given as to the planning and governance of such services as they do not fall into the Acute Governance or IJB governance mechanisms. This appendix also shows how much of each IJB's Health Budget is derived from its share of Hosted or Acute (Set Aside) budgets and how much is for budgets specifically allocated to the IJBs, and shows the interrelationship between the IJB's budgets and the management structures.
- 3.5.4 Each IJB's budget is managed on an operational basis by a range of management teams. The management teams of the Joint Directors – who are also the Chief Officers of the IJBs – will manage services that are not delegated to the IJBs and

services of which only a part are delegated to 'their' IJB. This illustrates two operational challenges – that of the IJB in its operational oversight of its resources and that of NHS Lothian in following the directions for four different IJBs on a single pan-Lothian services, both hosted and Acute (Set Aside).

- 3.5.6 The information contained within Appendix 4 is purely illustrative at this stage. However, they demonstrate the operational and planning complexity for NHS Lothian that the introduction of the IJBs will present. They highlight that NHS Lothian will no longer be responsible for planning for a significant element of its overall resources.
- 3.5.7 The inclusion of set aside budgets (principally the Unscheduled Care Division excluding Cancer Services) presents a further issue for the IJB. Due consideration will be required by the IJB relating to the financial consequences of functions delegated to the IJBs which are managed by acute services, and which have a significant overspend.
- 3.5.8 Appendix 5 presents the set aside budgets, split based on NRAC, and compares this with the spend in 2014/15 for these services at IJB level. The split of spend is based on information contained in the Integrated Resource Framework (IRF) activity database which allocates activity to an IJB based on post code, and creates variances against the set aside budget at an IJB level. It is important to note that the utilisation of resources at an IJB level is not consistent with NRAC shares, and highlights the importance of gaining clarification on what constitutes a 'fair share' of budget resource.

3.6 Impact on NHSIL

- 3.6.1 The Integration Schemes for all four IJBs are clear on the need to avoid financial turbulence within the Health Board (and the Council) and identify a mechanism for working together to ensure that pan-Lothian services are not destabilised by the plans of any one IJB.
- 3.6.2 That said, after the start date of the IJB financial plans (and this may not impact 15/16 as discussed above) the IJBs will issue directions to the Health Board for the delivery of delegated functions in line with their strategic plan. This will change the current financial planning and operational process as follows :-
- Financial Planning – the financial plans for delegated functions will be undertaken by the IJB and not the Health Board. This means that the IJB will have a significant input into the overall financial planning cycle and NHS Lothian will have to reflect the IJB's Strategic Plans as part of that planning cycle. Although the Act instructs that IJB's sharing Health Board resources work together it is possible that this may prove challenging in some areas and the IJBs may have a different position on the development of Acute services delegated to the position of the overall Acute services which are managed by the Board
 - Financial Flexibility may be impacted by the IJBs. If the Scottish Government directs allocations through the Health Board to the IJBs instead of to the Health Board the Health Board's ability to manage flexibly such allocations will diminish. Financial Flexibility is an element of the 15/16 financial plan and was part of the solution to the 14/15 financial out-turn. The IJBs are allowed to take 'planned

underspend' into their reserves. The details behind this still has to be agreed but there is the clear potential to remove flexibility from the Board's control.

3.7 Future Work required

3.7.1 Much work remains to be done before the IJBs are set up in the summer of 2015. Even those IJBs who agree a start date for their Strategic Plans during the current financial year will be constrained by the budgets for 2015/16 having already been set and by the range of detail that can be included into their strategic plans before the Start Date. Its likely that IJBs going live in year will only wish to influence a small element of their delegated functions and therefore the potential for operational financial turbulence is modest. However the 16/17 financial planning cycle will be heavily influenced by the IJBs and this has to be recognised.

3.7.2 The following tasks are now critical for both the Board and the IJBs:

- Completion and agreement of the budget setting model;
- Completion of the Financial Assurance Process;
- Completion of the Risk Register for the IJB with any concomitant impact on the Board's Risk register clearly examined;
- Agreement of an operational financial risk sharing protocol, especially for the Set Aside budgets which are completely out-with any Operational Management of the IJBs;
- Redesign of the Lothian Financial Planning process to reflect the input from the IJB's Strategic Plans.

3.8 Key Risks

3.8.1 There are a number of key risks to NHS Lothian, many of which arise from the issues described above. These include:-

- **Understanding of budgets by the IJB** – There is a risk that the IJBs do not fully understand the budget that have been allocated to them – in that the relationships between the inputs and capacity in financial terms and the outputs in activity terms are not clearly or sufficiently defined and delineated – and that the risks around the budgets are not fully quantified, because of the current indicative nature of projected future resources available to the partnerships.
- **Flexibility to manage resources by the health board** - The Health Board, having committed 60% of its direct healthcare resource to the IJBs in the form of resource allocations, has less flexibility in order to manage its residual managed services' financial pressures, or in meeting additional in year financial demands from delegated functions. This is implicit in the arrangements by which the NHS Board met its obligation to break even in 2014/15; based on an analysis of its preliminary financial out-turn.
- **IJB Strategic Planning** - The impact of the IJB's Strategic Plans (Including their Financial Plans) will impact on the Financial Planning processes (and outcomes) of the Board. The impact of the IJB's Directions for those functions delegated to the IJBs on the operational financial management of the Board's services.

- **Risks arising from the IJB Financial Model** - The Council and Health Board budgets having been agreed for 2015/16 , the financial resources that support the functions to be delegated to the IJB require to be extracted from within the overall budget. Other than the elements relating to the statutorily required chief of social work and criminal justice, the Council budgets are well defined and these will simply directly allocated to the IJB. However within the Health system there are four major issues to be resolved, including
 - Agreement to budgets at a cost-centre level for mapping onto designated services - functions have been delegated to the IJB but NHS Lothian budgetary system is based on services which do not necessarily (at the lowest operational level) map onto the level at which the operational budgets are held
 - Agreement of the 'shares' of the pan-Lothian acute delegated and hosted services attributable to each IJB
 - A clear understanding of the position around funding sources within the operational budgets. For example within Health, Budgets virtually all the budgets are supported by income from the Scottish Government, however the Council is required to charge for some of its services and this means that the budgets above are shown net of that income
 - The budget allocated to the IJBs will not include significant elements of facilities, property or corporate services. The IJB should consider how it can fully understand its use of these resources in the absence of such being held within the delegated budgets
- **Operational risks that will be identified during Due Diligence** – The IJBs will wish to assure themselves that a due diligence process has taken place in regard to the financial resources allocated to it. The Scottish Government has published further guidance – Guidance for Integration Financial Assurance – and this recommends that the IJB should 'obtain assurance that its resources are adequate to allow it to carry out its functions and to assess the risks associated with this.' In 2015/16, this work will be an examination of the budget set by the Council and the Health Board and how those budgets have been translated into the budgets allocated to the IJB. There will be risks that are specific to the Council and Health elements of these resources and those where the risks are borne by both.

4 Risk Register

- 4.1 The NHS Lothian Risk Register requires to be updated to reflect the risks highlighted above.

5 Impact on Inequality, Including Health Inequalities

- 5.1 An impact assessment has not yet been carried out. Given that the Board will continue, at least in the short term, operationally delivering all the services which it has delivered until now then there should be no further impact on Inequality. However, this requires to be confirmed.

6 Involving People

- 6.1 The IJBs will not employ any staff and all the Function delegated will either be delivered by the Health Board or the Council. The creation of the IJBs should not therefore have any immediate impact on any current policies or arrangements. That said, if the IJB's Strategic Plan proposes to move resources from their current provider then that may have an impact. This requires to be further developed.

7 Resource Implications

- 7.1 The resource implications are laid out above.

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6th May 2015

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List of Appendices

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4. Appendix 4 – Budgetary comparison – CHP and IJB
5. Appendix 5 – Indicative Comparison of Set Aside budgets v Actual

	Recurring £k	Non- Recurring £k	Total £k
Funding Stream	73,578	19,340	92,918
Recurring Deficit			
Recurring Baseline Pressures	(14,268)	0	(14,268)
Recurring LRP gap per Q3	(16,240)	0	(16,240)
Total recurring deficit	(30,508)	0	(30,508)
<u>Unavoidable Commitments</u>			
Pay			
Pay uplift	(9,183)		(9,183)
Consultant Seniority/Discretionary Points	(1,763)		(1,763)
Workforce Plans	(1,016)		(1,016)
Other Pay Issues	(382)		(382)
Employers Pension Contribution	(8,698)		(8,698)
Medicines			
GP Prescribing	(5,000)		(5,000)
Secondary Care Prescribing	(13,100)		(13,100)
Other Medicines Investment	(287)		(287)
Supplies Uplift	(8,004)		(8,004)
Delayed Discharge	(4,272)		(4,272)
Unscheduled Care Investments 14-15 stepup	(1,322)		(1,322)
Non Recurring Support for RVH	0	(2,482)	(2,482)
Step Down Beds in East Lothian	(1,000)		(1,000)
Delivering for Patients	0	(9,000)	(9,000)
Sustainable Delivery of TTG/WT Standards	(5,297)		(5,297)
Psychology/CAMHs Capacity	(657)	(247)	(904)
Investment in Primary Care	0	(1,000)	(1,000)
Parental Leave	0		0
Service Developments	(2,262)	(84)	(2,346)
Infrastructure	(407)		(407)
Strategic Investments			
Royal Edinburgh Hospital	(270)	(414)	(684)
RHSC & Neurosciences	(3,406)	(470)	(3,876)
WGH Front Door	(3,460)		(3,460)
East Lothian Community Hospital	0	(163)	(163)
Other Small Projects	(415)	(20)	(435)
Integration	(4,493)		(4,493)
Other	(2,523)	(1,313)	(3,836)
Total Unavoidable Commitments	(77,217)	(15,193)	(92,410)
Net Position before LRP	(34,147)	4,147	(30,000)
LRP- estimated in year delivery	20,000	10,000	30,000
Net Position	(14,147)	14,147	0

Business Unit		Baseline			LRP			Total	Estimated Recurring	Share of Fin Plan	Net gap	Carry Forward	Total
		Budget	Actuals	Variance	Target	Delivered	Unmet LRP	Year-end Position	Baseline	Pressure funding	on baseline	LRP	Gap
		£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k
SUNSHD	Unscheduled Care	227,608	232,689	(5,081)	(6,982)	(3,961)	(3,021)	(8,102)	(6,638)	3,471	(3,167)	(3,059)	(6,226)
SCHED	Scheduled Care	403,676	409,767	(6,091)	(13,663)	(7,982)	(5,681)	(11,772)	(7,116)	3,522	(3,594)	(7,934)	(11,528)
SCHPEL	East Lothian Chp	72,967	74,131	(1,164)	(2,119)	(1,742)	(377)	(1,541)	(1,114)	469	(645)	(184)	(829)
SCHPCE	Edinburgh Chp	312,325	318,838	(6,513)	(7,439)	(6,385)	(1,054)	(7,567)	(6,320)	4,520	(1,800)	(3,988)	(5,788)
SCHPML	Midlothian Chp	53,499	54,040	(541)	(1,040)	(1,025)	(15)	(557)	(796)	396	(400)	(318)	(718)
SCHPWL	West Lothian Chp	120,758	120,807	(49)	(2,434)	(2,409)	(25)	(74)	(1,926)	1,232	(694)	(26)	(720)
SFMCON	Facilities And Consort	130,693	129,325	1,369	(2,283)	(2,450)	168	1,536	(1,602)	564	(1,038)	(556)	(1,594)
SCORP	Corporate Services	88,532	85,921	2,610	(3,283)	(2,752)	(531)	2,079	(392)	95	(297)	(1,348)	(1,645)
SPCOTH	Primary Care Other	0	16	(16)	0	0	0	(16)	0		0	0	0
STRAT	Strategic Services	(1,514,626)	(1,512,620)	(2,006)	(176)	(271)	95	(1,911)	0		0	(151)	(151)
		(104,568)	(87,087)	(17,481)	(39,418)	(28,977)	(10,441)	(27,922)	(25,904)	14,269	(11,635)	(17,564)	(29,199)
	SMC Reserve	(1,627)	0	(1,627)			0	(1,627)					
	USC Reserve	(1,462)	0	(1,462)			0	(1,462)					
	WT Reserve	(3,985)		(3,985)			0	(3,985)					
Totals Operational Position		(111,642)	(87,087)	(24,555)	(39,418)	(28,977)	(10,441)	(34,996)	(25,904)	14,269	(11,635)	(17,564)	(29,199)

SUMMARY	NHSL				Scheduled Care				Unscheduled Care				Edinburgh CHP				East Lothian CHP				Mid Lothian CHP				West Lothian CHCP				Corporate Depts				Facilities & Consort				Strategic			
	R	NR	Total	% of Budget	R	NR	Total	% of Budget	R	NR	Total	% of Budget	R	NR	Total	% of Budget	R	NR	Total	% of Budget	R	NR	Total	% of Budget	R	NR	Total	% of Budget	R	NR	Total	% of Budget	R	NR	Total	% of Budget				
	£k	£k	£k		£k	£k	£k		£k	£k	£k		£k	£k	£k		£k	£k	£k		£k	£k	£k		£k	£k	£k		£k	£k	£k		£k	£k	£k					
Recurring Annual Budget	1,426,243		1,426,243	100%	368,644		368,644	25.8%	208,393		208,393	14.6%	286,615		286,615	20.1%	73,804		73,804	5.2%	50,556		50,556	3.5%	107,875		107,875	7.6%	76,439		76,439	5.4%	135,319		135,319	9.5%	118,598		118,598	8.3%
Increase on Budget																																								
Pay	21,042	0	21,042	1.48%	8,051	0	8,051	2.18%	4,971	0	4,971	2.39%	2,866	0	2,866	1.00%	586	0	586	0.79%	366	0	366	0.72%	1,096	0	1,096	1.02%	1,741	0	1,741	2.28%	1,196	0	1,196	1.56%	170	0	170	0.14%
Medicines	18,387	0	18,387	1.29%	6,280	0	6,280	1.70%	6,821	0	6,821	3.27%	2,600	0	2,600	0.91%	670	0	670	0.91%	565	0	565	1.12%	1,165	0	1,165	1.08%	1,165	0	0	0.00%	0	0	0	0.00%	287	0	287	0.24%
Supplies, Developments and Infrastructure	10,673	84	10,757	0.75%	2,692	0	2,692	0.73%	468	0	468	0.22%	1,397	27	1,424	0.50%	277	0	277	0.38%	272	0	272	0.54%	395	0	395	0.37%	365	57	422	0.55%	2,589	0	2,589	3.39%	2,218	0	2,218	1.87%
Capacity & Unscheduled Care	12,548	11,729	24,277	1.70%	5,297	900	14,297	3.88%	1,322	0	1,322	0.63%	2,851	130	2,981	1.04%	1,528	0	1,528	2.07%	432	21	453	0.90%	1,118	96	1,214	1.13%	0	0	0	0.00%	0	588	588	0.77%	0	1,894	1,894	1.60%
Forecast Strategic Investments	7,551	1,067	8,618	0.60%	3,737	490	4,227	1.15%	3,684	0	3,684	1.66%	270	414	684	0.24%	233	0	233	0.31%	1,349	0	1,349	0.00%	15	0	15	0.00%	0	0	0	0.00%	0	0	0	0.00%	0	0	0	0.00%
Integration	4,493		4,493	0.32%				0.00%				0.00%	2,176		2,176	0.76%	504		504	0.68%	464		464	0.92%	1,348		1,348	1.25%	0		0	0.00%				0.00%	0		0	0.00%
Recurring Baseline Pressures	14,268		14,268	1.00%	3,522		3,522	0.96%	3,471		3,471	1.67%	4,520		4,520	1.58%	469		469	0.64%	396		396	0.78%	1,231		1,231	1.14%	95		95	0.12%	564		564	0.74%	0		0	0.00%
Other	2,523	2,313	4,836	0.34%		506	506	0.14%	0	0	0	0.00%	0	750	750	0.26%	0	100	100	0.14%	0	167	167	0.33%	0	407	407	0.38%	0	0	0	0.00%	0	0	0	0.00%	2,523	383	2,906	2.45%
	91,485	15,193	106,678	7.48%	29,578	9,996	39,574	10.74%	20,512	0	20,512	9.84%	16,680	1,321	18,001	6.28%	4,103	263	4,366	5.92%	2,495	188	2,683	5.31%	6,354	503	6,857	6.36%	2,216	57	2,273	2.97%	4,349	588	4,937	3.65%	5,198	2,277	7,475	6.30%
LRP Target 15/16	31,786	0	31,786	2.23%	9,629	0	9,629	2.61%	5,454	0	5,454	2.62%	5,624	0	5,624	1.96%	1,556	0	1,556	2.11%	941	0	941	1.86%	2,236	0	2,236	2.07%	3,211	0	3,211	4.20%	2,652	0	2,652	1.96%	483	0	483	0.41%
Net increase in budget	59,699	15,193	74,892	5.25%	19,949	9,996	29,945	8.12%	15,058	0	15,058	7.23%	11,056	1,321	12,377	4.32%	2,547	263	2,810	3.81%	1,742	188	1,930	3.44%	4,118	503	4,621	4.28%	(995)	57	(938)	-1.23%	1,697	588	2,285	1.69%	4,715	2,277	6,992	5.90%
Percentage increase of NHSL budget							39.98%				20.11%				16.53%				3.75%				2.33%				6.17%				-1.25%				3.05%				9.34%	
Revised Budget	1,485,942	15,193	1,501,135	100%	388,593	9,996	398,589	26.6%	223,451	0	223,451	14.9%	297,671	1,321	298,992	19.9%	76,351	263	76,615	5.1%	52,109	188	52,297	3.5%	111,993	503	112,496	7.5%	75,444	57	75,501	5.0%	137,015	588	137,603	9.2%	123,313	2,277	125,590	8.4%

Budgets - IJB v CHP

Appendix 4

Managment Team	EL IJB	ED IJB	ML IJB	WL IJB	Non-Delegated	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Scheduled Care					398,102	398,102
Edinburgh CHP	7,932	241,422	6,743	12,483	27,496	296,075
East lothian CHP	51,073	8,585	1,506	3,163	11,960	76,287
Midlothian CHP	1,233	1,714	47,088	632	776	51,443
West Lothian CHP	2,220	10,543	1,850	89,038	7,494	111,145
Corporate					75,484	75,484
Facilities					137,723	137,723
Non Core					512	512
Strategic	1,761	8,195	1,440	2,851	120,407	134,655
Unscheduled Care	17,359	86,594	16,008	29,908	70,390	220,259
	81,577	357,054	74,635	138,075	850,345	1,501,686

SUMMARY OF FULL YEAR BUDGET Vs ESTIMATED COSTS (BASED ON 2014/15 COSTS)

Appendix 5

Split of Set aside - budgets v actual

Indicative Analysis

Service	CURRENT YEAR BUDGET			SPLIT OF CY BUDGET (14-15 NRAC)				APPORTIONED NETT COSTS £ (IRF Output) ^{note 2 - except} Therapies&Management which are allocated on NRAC % ^{note 5}				VARIANCE				TOTAL VARIANCE	
	Gross CY Budget			West Lothian				Midlothian				Midlothian					
		Less Non Lothian (Note 1)	Nett Budget	East Lothian IJB	Edinburgh IJB	Midlothian IJB	IJB	East Lothian IJB	Edinburgh IJB	IJB	IJB	West Lothian IJB	Edinburgh IJB	IJB	West Lothian IJB		
SET ASIDE BUDGETS				12.64%	56.04%	10.44%	20.88%										
DIABETES	£2,371,656	2.70%	-£64,035	£2,307,621	£291,683	£1,293,191	£240,916	£481,831	£118,319	£1,556,003	£279,054	£279,054	£173,365	-£262,812	-£38,138	£202,778	£75,192
ENDOCRINOLOGY	£2,690,698	7.90%	-£212,565	£2,478,133	£313,236	£1,388,746	£258,717	£517,434	£298,711	£1,495,819	£257,978	£210,456	£14,525	-£107,073	£739	£306,979	£215,170
A & E (outpatients)	£13,978,976	8.70%	-£1,216,171	£12,762,805	£1,613,219	£7,152,276	£1,332,437	£2,664,874	£1,499,920	£6,404,006	£1,578,177	£3,560,680	£113,299	£748,270	-£245,740	-£895,806	-£279,978
INFECTIOUS DISEASES	£16,177,073	8.70%	-£1,407,405	£14,769,668	£1,866,886	£8,276,922	£1,541,953	£3,083,907	£1,256,920	£11,903,771	£813,301	£813,301	£609,966	-£3,626,849	£728,652	£2,270,605	-£17,626
CARDIOLOGY	£28,614,962	33.70%	-£9,643,242	£18,971,720	£2,398,025	£10,631,752	£1,980,648	£3,961,295	£3,274,715	£11,299,789	£2,890,644	£2,749,144	-£876,690	-£668,037	-£909,996	£1,212,151	-£1,242,572
GENERAL MEDICINE	£50,904,796	2.80%	-£1,425,334	£49,479,462	£6,254,204	£27,728,290	£5,165,656	£10,331,312	£5,169,881	£27,748,544	£4,800,604	£15,034,858	£1,084,323	-£20,254	£365,052	-£4,703,546	-£3,274,424
GERIATRIC MEDICINE	£29,426,180	0.60%	-£176,557	£29,249,623	£3,697,152	£16,391,489	£3,053,661	£6,107,321	£3,030,182	£20,349,754	£3,238,136	£3,089,598	£666,970	-£3,958,265	-£184,475	£3,017,724	-£458,047
REHAB MEDICINE	£3,363,274	3.50%	-£117,715	£3,245,559	£410,239	£1,818,811	£338,836	£677,673	£233,202	£3,102,605	£43,937	£0	£177,036	-£1,283,794	£294,900	£677,673	-£134,185
RESPIRATORY MEDICINE	£11,891,267	15.70%	-£1,866,929	£10,024,338	£1,267,076	£5,617,639	£1,046,541	£2,093,082	£1,391,277	£6,458,776	£1,411,588	£893,667	-£124,201	-£841,136	-£365,047	£1,199,415	-£130,969
GASTROENTEROLOGY	£0	5.40%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
THERAPIES&MANAGEMENT	£455,946	7.10%	-£32,372	£423,574	£53,540	£237,371	£44,221	£88,442	£48,789	£216,309	£40,297	£80,595	£4,750	£21,061	£3,924	£7,847	£37,583
	£159,874,828		-£16,162,325	£143,712,503	£18,165,260	£80,536,486	£15,003,585	£30,007,171	£16,321,917	£90,535,376	£15,353,715	£26,711,351	£1,843,343	-£9,998,890	-£350,129	£3,295,820	-£5,209,856