

Midlothian Integration Joint Board



Chief Officer :- Eibhlin McHugh

By Email Only

Mrs Susan Goldsmith
Director of Finance
NHS Lothian
Waverley Gate

Dear Mrs Goldsmith,

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

Thank you for your letter of 2 May 2017.

At its March 2017 meeting I presented an indicative NHS Lothian budget to the IJB for 2017/18 as part of the process of agreeing the overall IJB budget. This indicative value was based on the latest iteration of the NHSiL financial plan and is only c. £140,000 different from the budget in your letter which is, simply the product of a few further minor adjustments. This difference is clearly not material. The IJB is content to accept this budget and grateful for the support that the Health Board has given and continues to give to the IJB around the budget setting process.

I note your comments around the further investments in primary care, GP prescribing support programmes and any future Scottish Government investments

The IJB's Integration Scheme lays out a model for financial management which, in effect, expects a break-even position. I appreciate that NHS Lothian has no further resources but the IJB is not, as you know, an operational unit

with its own management capacity and I am anxious about resolving financial issues outwith the Partnership's direct control. I would be grateful for further discussion as to how the IJB and NHSiL can work together to support financial delivery in both set aside and other budgets outwith the partnership. It would be useful, therefore, to get an early detailed understanding of the financial pressures projected in the current financial plan against the set aside budgets.

Of course what will help to resolve a range of financial management issues is a clearer understanding of the IJB's use of the pan-Lothian resources, as you discuss in your letter. I would support a detailed analysis of the use by the IJB of the set aside beds (and other acute services as appropriate) and the hosted services. This can become part of the more thorough review of the IJB health budget setting model as we now need to move towards a proposition for the IJBs in Lothian as to what constitutes a fair share of the Lothian resources for delegated functions for each IJB. I am copying this response to the Chief officers in the other Lothian IJBs in that we will all have to work together to finalise an appropriate resource sharing mechanism. I am happy to support your proposal that any changes to the current model suggested by this work are not actioned until 2018/19.

I also appreciate your concern around the performance targets for each IJB as indicated by the recent Scottish Government letter. It is important to recognise that the IJB has set targets along the lines of the Scottish Government's recommendations which are encapsulated in the IJB's directions to NHS Lothian and I'm pleased that NHS Lothian is developing performance systems that will allow the IJB to understand if NHS Lothian is delivering against these targets. That said, such delivery is, like everything else the IJBs undertake, a partnership between the IJB(s) and NHS Lothian and we need to be clear as to how this partnership will work in operational terms, especially considering that this financial year is now nearly three months old.

The other issue the IJBs are keen to drive forward is that of a multi-year financial plan. I appreciate your comments around the proposed position for 18/19 and it would also be useful to consider how we might work together to develop a financial plan for future years. In principle, NHSiL would indicate to the IJB the resources available to it in future years and the IJB would then decide how to deploy these resources to deliver its strategic plan. However, this may be very difficult to do in practice, especially in the next couple of years and we need to consider how to best drive this change in the financial planning process forward.

In terms of in year budget setting and management, I would appreciate your thoughts on how we can reflect any changes to the IJB's budget arising from further SG allocations. It would be useful to know what the current assumptions on SG allocations are in the base budget and how we will ensure that the IJB receives its share of any in-year allocations that support delegated functions.

We have set up meetings to discuss these finance issues between the IJBs and NHSiL and I am keen that we get the matters discussed above on the agenda for these meetings.

Yours sincerely,

Eibhlin McHugh
Chief Officer

On behalf of Midlothian Integration Joint Board