

REPORT TO: East Lothian Integration Joint Board

MEETING DATE: 26 November 2015

BY: Chief Finance Officer

SUBJECT: Financial Assurance – next steps

1. PURPOSE

This report considers how the IJB will complete its financial assurance processes.

2. RECOMMENDATIONS

- 2.1 The IJB is asked to:
- i. Note the contents of this report.

3. BACKGROUND

- 3.1 The IJB is undertaking a process of financial assurance to review the financial resources (budgets) proposed by NHS Lothian and East Lothian Council to support the functions that these two bodies have delegated to the IJB.
- 3.2 In summary this process will consider the 14/15 out-turn for these functions, the impact of the 15/16 financial plan on any financial pressures identified, the 15/16 projected out-turn and the proposals in the 16/17 financial plans to manage any further financial issues arising from 2015/16.
- 3.3 This process will also review how the IJB's budget was arrived at – that is how the total resources available to East Lothian Council and NHS is how the total resources available to East Lothian Council and NHS Lothian were made available to support the delegated functions and how those resources were then distributed to the IJB.
- 3.4 The financial assurance process is led by the Chief Officer and Chief

Financial Officer and will be reviewed the Chief Internal Auditor and considered by the Audit and Risk Committee prior to being presented to the IJB.

- 3.5 It is also clear, especially within NHS Lothian, that all services (including those representing functions that have been delegated) are under serious challenge both financially and operationally. The overall pressures from the settlement for 16/17 can only exacerbate this position.
- 3.6 Neither NHS Lothian nor East Lothian Council have completed their financial planning for 2016/17 (and beyond) and much of the financial assurance work will be done on indicative information. That, of course, does not change 14/15 outcome nor the 15/16 forecast position but the IJB will not have a clear position on the 16/17 resources until late in the 15/16 financial year
- 3.7 The question with regard to financial assurance that the IJB must consider really comes to two points :-
- Is this budget fair?
 - Is this budget adequate?
- 3.8 The issue of fairness can also be split into two parts:-
- 3.8.1 Has the budget for the IJB been arrived at fairly based on the totality of the Partner's budget resources available – is the 'baseline' position fair to the IJB?
- 3.8.2 Has the IJB received its fair share of the financial settlement(s) for 16/17 and beyond?
- 3.9 The IJB needs to consider its position with regard to these two issues given that the IJB has to publish a Strategic Plan for 2016/17 which must include a financial plan. This financial plan can only be the totality of the resources that have been proposed from the Partners. The CO and the CFO are discussing a range of risk sharing models with both Partners that would support the management of any financial risk to allow the IJB its key role of delivering the ambitions expressed in its financial plan.

4. POLICY IMPLICATIONS

- 4.1 The relevant policy issues referred to in this report arise from the Public Bodies (Joint Working) (Scotland) Act 2014.

5. EQUALITIES IMPLICATIONS

- 5.1 The relevant policy issues referred to in this report arise from the Public Bodies (Joint Working) (Scotland) Act 2014.

6. RESOURCE IMPLICATIONS

- 6.1 There are no additional resource implications arising from the content of this report.

7. BACKGROUND PAPERS

- 7.1 Report to the IJB – 29 October 2015.

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