

7. IJB FINANCE ARRANGEMENTS AND FINANCIAL ASSURANCE UPDATE

Report by Director

The Board considered a report (copies of which had been circulated) by the Director providing information on the proposed financial management and governance arrangements for the Integration Joint Board and providing an update on the financial assurance process for 2016/17 budget contributions to the IJB.

The report recalled that, as detailed in the approved Integration Scheme, there were four main elements of services and resources which would be delegated to the IJB. These were:-

- West Lothian Adult Social Care Services
- West Lothian Delegated Community Health Services
- Share of Pan Lothian Hosted Health Services
- Share of Acute Health Services

In preparation for resources being delegated, significant work had been undertaken to identify the level of relevant 2015/16 budgets that related to functions that would be delegated to the IJB from 1 April 2016. The 2016/17 budgets would be calculated taking account of budget growth and savings approved by the council and NHS Lothian. Members were asked to note that during the course of 2016/17 it was likely that there would be further movements in the approved contributions to the IJB, for example, as a result of additional Scottish Government funding received in year relating to delegated activities.

The Board was informed that the budgets delegated to the IJB would relate to the direct service delivery functions and would exclude budgets relating to central support and overhead services (for example Legal, HR, Finance, Facilities Management and Estates) which would continue to be managed under existing arrangements reflecting the nature of these services. For VAT clarity purposes, support in relation to these services would be provided by the Council and NHS Lothian free of charge to the IJB.

The report went on to examine financial management and governance arrangements under the following headings:-

Budget Responsibility
Chief Finance Office
Financial Regulations
Final Accounts
Strategic Plan
Financial Monitoring and Reporting

In relation to the financial assurance process in respect of 2016/17 budget resources delegated to the IJB, the proposed approach had been reported to the Board in October 2015. This took account of Scottish

Government and Audit Scotland guidance and was set out in the report.

Work continued to progress around financial assurance and the key aspects of this was the 2016/17 budget settlement and planning work progressing by the Council and NHS Lothian. This was considered in section C.5 of the report.

The Board was asked to:-

- Note the proposed financial management and governance arrangements for the IJB budget in 2016/17.
- Note the proposed approach to financial assurance and the progress and proposed timescales for the completion of the financial assurance process.

Presentation

The Board heard a presentation by Carol Mitchell, Business Manager, providing detailed information in relation to the components of the IJB budget and how the IJB budget amount would be derived. The Board heard how the IJB budget differed from the HSCP budget, together with the reasons for the variations. differences between the IJB and the HSCP

In relation to resource allocation to and from the IJB, it was explained that West Lothian Council and NHS Lothian would advise WL IJB of the value of the budget and the method of deriving those budgets. The WL IJB would, in line with its Strategic Plan, allocate budgets to functions/services to be delivered by the council and the health board. The WL IJB would issue directions to the Chief Executives of the council and health board advising the value of the budget they had been allocated for each function/service and what outcomes they were required to deliver in utilising those funds.

It was noted that, where resources allocated back to each party differed from the resources allocated by each party, a balancing payment would be required to be made between the parties.

The final presentation slides outlined the Budget Management Responsibilities and details of the Operational Budget Management = Delivering Delegated Functions/Services.

Decision

1. To note the proposed financial management and governance arrangements for the IJB budget in 2016/17 as outlined in the report.
2. To note the proposed approach to financial assurance and the progress and proposed timescales for the completion of the financial assurances process.
3. To note the terms of the presentation and concerns expressed by Board members in relation to the proposed method of calculating

West Lothian's share of Pan Lothian Prescribing budget.

4. To note that, in relation to the concerns around the Prescribing budget, the Board would wish to make challenges as appropriate.