



# Report

## Finance Update

### Edinburgh Integration Joint Board

24 May 2018

#### Executive Summary

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1. The purpose of this report is threefold: to provide the Integration Joint Board (IJB) with an overview of the financial outturn for 2018/19; to summarise the monies carried into 2019/20; and to update on progress towards a balanced financial plan for 2019/20.

#### Recommendations

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2. The Integration Joint Board is asked to:
  - a) Note that NHS Lothian has increased their 2018/19 budget delegated to the Integration Joint Board by £3.0m. Similarly, the City of Edinburgh Council plans an increase of £7.5m;
  - b) Note that this allows, subject to external audit review, the Integration Joint Board to achieve a breakeven position for 2018/19;
  - c) Recognise that the IJB will carry reserves totalling £9.7m into 2019/20;
  - d) Agree that, after allowing for commitments, that £2.4m of this balance is used on a non recurring basis to support financial balance;
  - e) Note that, in the context of an unbalanced financial plan, further work is required before a full set of directions can be issued to the Council and NHS Lothian; and
  - f) Support the ongoing efforts to reach a balanced position.

#### Background

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3. In February 2019, and based on the positive dialogue with colleagues from the City of Edinburgh Council and NHS Lothian, the board received moderate assurance that a balanced year end position was achievable. At the meeting in

March 2019 it was reported that there was no material change in this position and the status of moderate assurance remained.

4. Draft outturns (subject to audit) have now been received from our partners and the resultant financial position for the IJB is discussed in paragraphs 5 to 12 below.
5. Despite this projected balanced position for 2018/19, the underlying financial pressures and challenges remain. This will be compounded by a financial settlement for 2019/20 where the increase in income is outstripped by the projected increases in cost. The board has been briefed on the implications for the 2019/20 financial plan and associated savings requirements through a combination of development sessions and a formal report to the IJB in March.
6. The plan shared with the board in March remained unbalanced and the Chair, Vice Chair, Chief Officer and Chief Finance Officer were remitted to meet with senior representatives from City of Edinburgh Council and NHS Lothian to progress the options to support financial balance and consider what additional collective actions were required.

## Main report

### Financial outturn for 2018/19

7. At the end of the financial year the Council and NHS Lothian overspent against the budgets delegated by the IJB by £10.5m. To mitigate this, an additional one off contribution has been agreed by NHS Lothian with a further £7.5m pending agreement by the Council, also on a one off basis. These payments will allow the IJB to break even in 2018/19.
8. This position is summarised in table 1 below with further detail included in appendices 1 (NHS Lothian) and 2 (the Council).

	Year to date		
	Budget £k	Actual £k	Variance £k
NHS services			
Core	287,927	288,506	(579)
Hosted	83,599	83,396	203
Set aside	90,969	93,577	(2,608)
Non cash limited	52,444	52,444	0
<b>Sub total NHS services</b>	<b>514,939</b>	<b>517,922</b>	<b>(2,984)</b>
<b>CEC services</b>	<b>200,755</b>	<b>208,237</b>	<b>(7,482)</b>
<b>Total</b>	<b>715,694</b>	<b>726,159</b>	<b>(10,466)</b>
<b>Non recurring contributions</b>	<b>10,466</b>		<b>10,466</b>
<b>Net position</b>	<b>726,159</b>	<b>726,159</b>	<b>0</b>

*Table 1: summary IJB financial position for 2018/19*

9. Services provided by NHS Lothian overspend by £3.0m against the delegated budget. In the context of an overall breakeven position across the organisation, NHS Lothian has agreed to provide an additional one off contribution to the IJB. The Council had previously indicated their intention to agree an additional contribution of £7.1m to the IJB, reflecting the projected overspend for the year. As can be seen from table 1 above, the final outturn is slightly in excess of this (£0.4m) and the Council has indicated that their contribution will be increased to address this further overspend.
10. These non recurring contributions, totalling £10.5m, will allow the IJB to break even in 2018/19.
11. The key financial issues underpinning the position are well rehearsed and have not varied materially throughout the course of the year.

### **Financial plan for 2019/20**

12. The financial plan presented to the board in March was based on indicative information agreed with our partners. Formal offers of delegated budgets have now been received from the Council and NHS Lothian, these are attached as appendices 4 and 5 respectively. Although slightly different in quantum from the figures reported to the IJB in March 2019, there is no material impact on the savings requirement. The delegated budgets total £666m and are summarised in table 2 below:

	<b>Council £k</b>	<b>NHS Lothian £k</b>	<b>Total £k</b>
18/19 delegated budget	200,725	430,429	631,154
Scottish Government settlement	13,037	11,185	24,222
Council priorities fund	2,500		2,500
Unscheduled care		3,373	3,373
Balance of £4m (non recurring)		3,700	3,700
Other adjustments	707	347	1,054
<b>Total delegated resources</b>	<b>216,969</b>	<b>449,035</b>	<b>666,004</b>

*Table 2: proposed IJB delegated budget 2019/20*

13. It should be noted that the information presented in this paper assumes that agreement is reached to release the £2.5m provided for in the Council's "priorities fund". Conversely the budget set out above does not include the £0.2m allocated in the Council budget to provide transitional relief to organisations following the health and social care grants review.
14. Set against this funding, the projected cost of delegated services is £687m as demonstrated in table 3 below. This estimate is based on modelling assumptions developed in conjunction with officers from the Council and NHS Lothian.

	£k
Opening cost base	644,938
<i>Anticipated increase in costs</i>	
Costs funded non recurrently in 18/19	3,380
Pay awards, increments & contract inflation	12,762
Growth and capacity	19,920
Matched funding	4,880
Other	1,574
<b>Total projected costs</b>	<b>687,455</b>

*Table 3: projected cost of delegated services 2019/20*

## **IJB reserves**

15. As part of the financial planning process the IJB provides for a few specific commitments which are not included in baseline budgets. This sets aside funding for plans which are not finalised and/or the supporting business case(s) have yet to be agreed. In some instances these plans will be progressed during the year and the associated costs incurred but, for some of the proposals, implementation may be delayed. These monies are held in the IJB reserves and released to baseline budgets as and when the relevant plans agreed. Where any of this money is unspent at the end of the year it is carried into the following year via the reserve.
16. Similarly, in instances where targeted funding is received (for example from the Scottish Government) it is not always possible to be spent in full within the financial year it is received. Again, this can reflect the delay in agreeing and implementing the associated plans. In these instances the IJB has the flexibility to carry the funds into the following year and the reserve is once again the mechanism used to do this.
17. For the reasons outlined above, the IJB ended the year with a total of £9.7m in reserves. The 2 separate sources (respectively referred to as "IJB reserves" and "investment monies") are detailed in the following table. Again, this position is subject to audit and further detail of the balances is included in appendix 5.

	£k
IJB funded reserves	5,901
Investment monies	3,791
<b>Total</b>	<b>9,692</b>

*Table 4: funding carried forward to 19/20 via the IJB's reserves*

18. Whilst the monies carried forward are non recurring (i.e. one off and can only be spent once) the IJB also has some recurring reserves. This latter type of reserve means that the budget is available each year and can therefore be used to fund plans with ongoing commitments. These reserves were agreed via the financial planning process to support investment in areas considered to be a priority at the time.

19. Adding these recurring reserves to the non recurring monies carried forward gives the IJB access to £9.7m as detailed in table 5 below. Sound financial discipline requires that we consider how these funds will be used in 2019/20. In practice this means that we should consider whether the original commitments remain the priority given the current strategic direction, any new or emerging priorities and the overall financial position.
20. It should be noted that these sums do not include any monies for centrally funded initiatives (i.e. investment monies) received by the IJB. A proposal relating to the use of these funds will be presented to the board in June.

	<b>Recurring £k</b>	<b>Non recurring £k</b>	<b>Total £k</b>
IJB funded reserves carried forward		5,902	5,902
Older people	1,500		1,500
Community accommodation	150		150
Community support	2,000		2,000
<b>Total</b>	<b>3,650</b>	<b>5,902</b>	<b>9,552</b>

*Table 5: IJB reserves 2019/20*

21. Recognising commitments already in place and, given the combination of an unbalanced financial plan and the IJB's commitment to invest in transformation, the distribution of reserves set out in table 6 is recommended.

	<b>£k</b>
Existing commitments	4,404
Offset against savings	2,360
Invest in transformation	2,788
<b>Total</b>	<b>9,552</b>

*Table 6: proposed distribution of IJB reserves 2019/20*

22. If agreed, this would allow us to:
- invest £1m in year, rising to the planned level of £2m in 2020/21 in community support;
  - fulfil our remaining commitment (totalling £2.1m) to the interim solutions agreed in November 2017 (i.e. an increase in care home capacity);
  - fund the full year impact of the increase in community capacity for people with mental health conditions (St Stephen's Court);
  - ring fence a one off sum of £2.8m to support transformation (£2m agreed by the board in February 2019 supplemented by £0.8m previously agreed to invest in digital technology); and
  - identify £2.4m to partially offset the in year deficit.

## Balancing the plan and next steps

23. Comparing the anticipated income (i.e. delegated budget per table 3) and expenditure (per table 4) gives an opening savings requirement for the IJB of £21.5m. As referenced above this assumes the release of the £2.5m being held by the Council. This is a slight improvement in the position reported when the IJB agreed the associated savings and recovery programme in March. This programme seeks, as far as possible, to balance efficiency with performance and recognising the longer term need to radically redesign our offer to the people of Edinburgh. Now that the savings and recovery programme has been agreed, detailed implementation plans have been submitted. These, as well as progress against the plan, will be scrutinised via the Partnership's savings governance board, chaired by the Chief Officer. Further oversight will be provided by the, soon to be established, performance and delivery subgroup of the IJB.
24. Despite the identification of a robust and challenging efficiency programme and an assumed contribution of £2.4m from reserves, a residual balance of £7.1m remains. This is set out in table 7 below:

	Total £k
Delegated resources	666,004
Anticipated cost of delegated services	687,455
<b>Projected savings requirement</b>	<b>21,451</b>
Savings programme identified	11,941
Contribution from reserves	2,360
<b>Outstanding balance</b>	<b>7,150</b>

Table 7: projected net position

25. To address this imbalance a range of parallel and urgent actions was agreed by the board in March. An update on these actions is given below:

Action	Update
Review of the IJB's reserves.	This has now been undertaken and the recommendations summarised above.
Identify further contributions to the savings and recovery programme.	Additional projects are now being scoped. This includes the acceleration of agreed schemes as well as the identification of alternatives;
Ongoing overview of financial management discipline through service by service	Initial meetings covering all service areas and chaired by the Chief Officer have now taken place. These discussions will shape our future approach.

reviews.	
Continued dialogue with our partners in NHS Lothian and the Council. options to achieve break even.	A tri-partite meeting was held following the March IJB meeting at which all parties reiterated their collective commitment to address the financial challenge. A series of meetings between the IJB's Chief Officer and Chief Finance Officer, the Council's Head of Finance and the Director of Finance from NHS Lothian has now been established and will work together to explore the options and opportunities to deliver a balance position.
Development of a medium term financial strategy.	It is recognised that this will be an iterative process with the initial draft presented to the board in June following a Board development session in May.

## Key risks

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26. The key risk to the IJB is on the ability to fully deliver on the strategic plan in the context of the prevailing financial position.

## Financial implications

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27. Outlined elsewhere in this report.

## Implications for directions

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28. Following formal acceptance of the budget allocations from the Council and NHS Lothian the figures in the associated financial plan will inform the funds delegated by the IJB back to the partner bodies. Further work will be required to agree how the projected savings will be allocated between the partner organisations.

## Equalities implications

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29. While there is no direct additional impact of the report's contents, budget proposals will be assessed through the existing Council and NHS Lothian arrangements.

## Sustainability implications

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30. There is no direct additional impact of the report's contents.

## Involving people

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31. As above.

## Impact on plans of other parties

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32. As above.

## Report author

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**Judith Proctor**

**Chief Officer, Edinburgh Health and Social Care Partnership**

Moira Pringle, Chief Finance Officer

E-mail: [moira.pringle@NHS Lothian.scot.nhs.uk](mailto:moira.pringle@NHS Lothian.scot.nhs.uk) | Tel: 0131 469 3867

## Appendices

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Appendix 1	Financial outturn 2018/19 – delegated services delivered by NHS Lothian
Appendix 2	Financial outturn 2018/19 – delegated services delivered by City of Edinburgh Council
Appendix 3	Budget letter from City of Edinburgh Council
Appendix 4	Budget letter from NHS Lothian
Appendix 5	EIJB reserves carried forward to 2019/20

## FINANCIAL OUTTURN 2018/19

## DELEGATED SERVICES DELIVERED BY NHS Lothian

	Budget £k	Actual £k	Variance £k
<b>Core services</b>			
Community AHPs	14,035	14,433	(398)
Community hospitals	11,503	11,478	25
District nursing	11,231	10,817	414
GMS	79,454	79,472	(18)
Mental health	11,806	10,435	1,371
Other	55,519	57,534	(2,015)
Prescribing	80,612	80,573	39
Resource transfer	23,766	23,763	3
<b>Sub total core</b>	<b>287,927</b>	<b>288,505</b>	<b>(578)</b>
<b>Hosted services</b>			
AHPs	6,697	6,356	340
Complex care	1,411	1,381	30
GMS	6,264	6,263	1
Learning disabilities	7,910	8,221	(311)
Unscheduled care	5,992	5,992	0
Mental health	24,505	25,044	(539)
Oral health services	9,308	8,965	343
Other	1,056	1,049	7
Palliative care	2,366	2,376	(10)
Psychology	4,565	4,506	60
Rehabilitation medicine	3,378	3,050	328
Sexual health	3,251	3,220	31
Substance misuse	4,083	4,180	(98)
UNPAC	2,812	2,792	20
<b>Sub total hosted</b>	<b>83,599</b>	<b>83,396</b>	<b>203</b>
<b>Set aside services</b>			
A & E	6,748	7,051	(303)
Cardiology	4,436	4,378	58
Diabetes	1,082	1,214	(132)
Gastroenterology	3,091	2,853	239
General medicine	24,659	26,164	(1,506)
Geriatric medicine	13,527	13,409	119
Infectious disease	6,650	6,942	(293)
Junior medical	13,495	14,105	(610)
Management	1,524	1,498	26
Other	6,994	7,058	(63)
Rehabilitation medicine	2,108	2,243	(135)
Therapies	6,654	6,661	(7)
<b>Sub total set aside</b>	<b>90,969</b>	<b>93,577</b>	<b>(2,608)</b>
<b>Non cash limited</b>	<b>52,444</b>	<b>52,444</b>	<b>0</b>
<b>Total</b>	<b>514,939</b>	<b>517,922</b>	<b>(2,983)</b>

## FINANCIAL OUTTURN 2018/19

## DELEGATED SERVICES DELIVERED BY CITY OF EDINBURGH COUNCIL

	Budget £k	Actual £k	Variance £k
<b>Employee costs</b>			
Council Paid Employees	88,616	88,237	379
<b>Non pay costs</b>			
Premises	1,133	1,464	(331)
Transport	2,005	3,492	(1,487)
Supplies & Services	6,100	6,052	48
Third Party Payments	197,590	203,864	(6,274)
Transfer Payments	822	578	244
Other	0	44	(44)
<b>Sub total</b>	<b>207,650</b>	<b>215,494</b>	<b>(7,844)</b>
<b>Gross expenditure</b>	<b>296,266</b>	<b>303,731</b>	<b>(7,465)</b>
<b>Income</b>	<b>(95,511)</b>	<b>(95,494)</b>	<b>(17)</b>
<b>Total</b>	<b>200,755</b>	<b>208,237</b>	<b>(7,482)</b>

Moira Pringle  
Chief Finance Officer  
Edinburgh Integration Joint Board

**Date** 22 March 2019

**Your ref**

**Our ref** HD/AS/010/19

Dear Moira

### **Edinburgh IJB Allocation 2018/19 and 2019/20**

This letter provides a further update on the Council's budget framework assumptions as they relate to the development of the EIJB recovery plan 2018/19 and EIJB revenue budget 2019/20.

#### **2018/2019**

The Council's approved allocation to the EIJB for 2018/19 is now £200.725m. This represents an increase of £3.169m from the provisional offer set out in my letter of 19 March 2018 and the uplift reflects the following adjustments:

- £1.044m in respect of the transfer of responsibility for Sheltered Housing contracts;
- Carer's Act. An additional allocation of £0.265m taking total funding to £1.465m;
- Additional funding of £0.293m reflecting costs arising from the Apprenticeship Levy;
- An additional allocation of £0.275m to reflect the financial impact of pensions auto-enrolment and other minor adjustments;
- An allocation of £1.292m to reflect the additional financial implications of the 3.5% pay award for 2018/19.

Based upon analysis of period nine data, the forecast overspend in 2018/19 on services delegated to the Council by the EIJB is £7.041m. The mechanisms for management of overspends are set out in the EIJB Integration Scheme and the Council's offer to the EIJB will be reviewed when the outturn position for the current financial year is confirmed.

#### **2019/2020**

Following the Council budget meeting on 21<sup>st</sup> February 2019, the Council's approved allocation to the EIJB for 2019/20 is £216.969m, representing an increase of £16.244m (8.1%) relative to the approved offer for the current year. This increase of £16.244m includes the following elements:

- The full allocation of £9.127m of earmarked funding for health and social care within the Local Government Finance Settlement;
- Carer's Act. An additional allocation of £0.887m has been approved taking total recurring funding to £2.352m;
- An allocation of £3.023m has been approved in line with additional funding confirmed to support the expansion of Free Personal and Nursing Care for under 65s;
- Additional funding of £2.5m is to be added to the Council Priorities Fund and can be drawn down subject to achievement of prolonged improvements in service outcomes. Performance based criteria and associated monitoring arrangements will be developed in consultation with the Chief Officer of the Health and Social Care Partnership;
- A budget transfer of £0.4m from the Council's Safer and Stronger Communities Service to supplement the EIJB grant programme;
- An additional allocation of £0.307m to reflect the estimated financial impact of an increase in the employer's pension contribution rate;

In addition to the active monitoring and management of the revenue budget through the EIJB, I will provide quarterly budget monitoring reports to the Council's Finance and Resources Committee which will provide a further opportunity for Members to monitor the financial performance of the delegated Health and Social Care budget against the approved budget.

I note that the EIJB will be considering the revenue budget for 2019/20 at the Board meeting on 29<sup>th</sup> March and I would be grateful if you could confirm the approved delegated budget for 2019/20 and provide the related directions at the earliest opportunity.

If you require any additional information or clarification, please let me know.

Yours sincerely



Hugh Dunn

**Head of Finance**

Cc: Judith Proctor, Chief Officer, EIJB  
Karen Dallas, Principal Accountant (Health and Social Care)

Lothian NHS Board

*By Email Only*

Finance Director's Office  
 Waverley Gate  
 2-4 Waterloo Place  
 Edinburgh  
 EH1 3EG  
 Telephone 0131 536 9000  
[www.nhslothian.scot.nhs.uk](http://www.nhslothian.scot.nhs.uk)



Judith Proctor  
 Chief Officer  
 Edinburgh Integration Joint Board

Date 9 May 2019  
 Your Ref  
 Our Ref  
 Enquiries to Susan Goldsmith  
 Extension 35810  
 Direct Line 0131 465 5810  
 Email [susan.goldsmith@nhslothian.scot.nhs.uk](mailto:susan.goldsmith@nhslothian.scot.nhs.uk)

Dear Colleague

### **Budget Agreement 2019/20 – Edinburgh Integration Joint Board**

I write further to my letter of 15<sup>th</sup> February and the approval of the NHS Lothian Financial Plan by the Board of NHS Lothian on April 3<sup>rd</sup>, which accepted limited assurance on the achievement of a breakeven outturn for the health board next year.

This letter sets out the key elements of your IJB budget for 2019/20 and beyond, based on the information contained in the Plan, updated for any new information now available.

### **Baseline Budget and Uplift**

The approved Plan includes details on the anticipated additional receipts and planned allocation of resources for 2019/20. NHS Lothian received a 2.6% uplift to baseline budgets equating to £35.8m which gives due recognition to the additional cost of the reform to the Agenda for Change pay scales. Edinburgh IJB's share of this base uplift is £11,185k.

In developing the Financial Plan a number of principles were endorsed by NHS Lothian's Finance and Resources Committee:

- The importance of maintaining integrity of pay budgets through an equitable application of budget uplift to meet pay awards;
- A need to use recurrent resources against recurrent costs as far as possible, particularly in relation to the baseline recurrent gap;
- A recognition that there will be certain national costs which are inevitable;
- Under the arrangements for financial planning there is an expectation that all Business Units will plan to deliver financial balance against their budgets and therefore there needs to be recognition of the relative efficiency challenge across operational units;
- A reasonable balance of risk for NHS Lothian in the context of its breakeven target.



Headquarters  
 Waverley Gate  
 2-4 Waterloo Place  
 Edinburgh EH1 3EG

Chair Brian G. Houston  
 Chief Executive Tim Davison  
*Lothian NHS Board is the common name of Lothian Health Board*

Recognising these key principles, the additional recurrent base uplift has been prioritised against the following key areas across Lothian:

- £24.4m to fully fund pay awards, including Agenda for Change;
- £2.5m to provide a recurrent funding solution to the uplift to prescribing for 2018/19, previously funded through non recurring sources;
- £3m for Primary Care Investment, being the final £1m instalment of the £5m investment and making the £2m 18/19 investment recurring;
- £12.3m is provided to meet prior year recurring commitments previously funded from a non-recurrent source in 2018/19.

The current gap on the Financial Plan of circa £26m assumes that each of the IJBs can agree the application of additional resource against cost pressures which feature across NHS Lothian delegated functions. In addition it would be helpful to agree a mutually agreeable position for key cost pressures impacting across IJBs and non-delegated functions. We will continue dialogue with you in this regard.

### **Unscheduled Care**

Given the patient safety and quality issues that the Board is facing in it's delivery of unscheduled care, it has endorsed the need to create both additional physical capacity at both the RIE and St Johns 'Front Door' and to enhance clinical staffing levels and management capacity. This will increase the costs attributed to the "Set Aside" element of IJB's resources and the Financial Plan utilises funding available to the Board to address this increased cost. This effectively passes additional Set Aside resource to the IJBs. The values set out reflect the latest information on the allocation of this resource at an IJB level, and may differ from the estimates initially identified in the Plan. The Plan figures were based on available information and necessary assumptions on the deployment of this resource. Updated information has now been received, reflected in amended figures in this area.

### **Additional Support**

NHS Lothian has been in dialogue with you in the last year over financial support to additional capacity within social care. We have previously discussed support totalling £4m, and in 2018/19 we supported £300k of additional spend. The Financial Plan has factored in the balance of £3.7m non-recurrently into Edinburgh, and this is within your uplift allocation.

## **Summary Budget Adjustments**

Table 1 below summarises the impact of these additions on your IJB with the percentage uplift values against your baseline included. These figures are generated from the IJB mapping table for 2018/19. We have updated the mapping table for 2019/20 and can provide a further update on budget allocations on agreement of this update.

Please note that the measure of uplift provided includes GMS - we expect to receive a separate uplift allocation for this later in the year and any incremental adjustment to your budget baseline will be made once this uplift has been confirmed. However, in the meantime the additional flexibility allocated to reach 2.6% will need to give consideration to the additional costs of growth within GMS. In addition, non-cash limited expenditure and budget is excluded from these calculations, consistent with last year.

The "Other" adjustment reflects smaller budget changes as part of the financial planning process. Further detail is available on request.

**Table 1 – Budget adjustments for Edinburgh IJB, 2019/20**

	Status	Allocation	Edinburgh IJB £'000	% uplift on base
<b><u>Baseline Budget 19/20</u></b>	Delegated	Core	200,005	
		GMS	75,583	
		Corporate	2,094	
		Hosted	65,574	
	Set Aside		87,172	
<b>Total</b>			<b>430,428</b>	
<b><u>Additional Budget 18/19</u></b>				
Pay Uplift			4,991	1.2%
Investment in Prescribing			2,085	0.5%
PC Investment share of £3m			1,710	0.4%
Balance of Base Uplift			2,400	0.6%
<b><u>Share of Base Uplift</u></b>			<b>11,185</b>	<b>2.6%</b>
Unscheduled Care Investment			3,447	0.8%
Edinburgh Support			3,700	0.9%
Other			273	0.1%
			<b>18,606</b>	<b>4.3%</b>
<b>Total Budget</b>			<b>449,034</b>	
<i>The baseline budget includes the 16/17 and 17/18 Social Care Fund; Drugs and Alcohol Partnership Funding</i>				

## **Edinburgh IJB 2019/20 – 2023/24 Budget**

At this stage the Scottish Government has only confirmed funding for 2019/20. However, assumptions have been made in order to forecast forward into future years and the implications of assumed additional funding streams and their agreed application for Edinburgh IJB are shown below. The element of projected uplift is based on the assumption that future years' uplift will be in line with that received in 2019/20, although this remains subject to confirmation. At this stage, no further assumptions have been made around other uplift values. Table 2 shows the budget values to 2023/24.

**Table 2 – Edinburgh estimated budget baselines to 2023/24**

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Baseline Budget	439,561	446,835	450,683	454,607
Additional Budget	7,274	3,847	3,924	4,003
<b>Estimated Total Budget</b>	<b>446,835</b>	<b>450,682</b>	<b>454,607</b>	<b>458,610</b>

A more detailed breakdown of these constituent balances is presented in **Appendix 1**.

In addition, there are a number of additional funds which have been included in the Financial Plan for set aside functions, but which have not been included in the future years IJB allocations above as we do not yet have confirmation on how these resources will be allocated across each IJB (e.g. funding for new medicines). Once agreed, these allocations will further increase the total resources delegated to the IJB.

Finally, I can confirm that support services to the IJB, including Finance, will be provided on the same basis as previously. These resources are not included in the budgets set out above.

You will be aware that we have been working with CFOs to develop a revised cost and budget allocation model. This requires further work but we have agreed that we will introduce the new model in this financial year as a shadow year to support strategic planning.

We will continue to work with all IJBs as we allocate further NHS resources across services in the coming year between delegated and non-delegated functions. I would expect that further investment will be required in specific areas such as unscheduled care and in medicines, and you will be updated as progress is made on these issues.

I look forward to working with you in the coming year as we continue to work together to identify and action opportunities to develop health service delivery within available resources across your IJB.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Susan Goldsmith'.

**Susan Goldsmith**

**Director of Finance**

cc Chief Finance Officer

Enc



*The baseline budget includes the 16/17 and 17/18 Social Care Fund; Drugs and Alcohol Partnership Funding*

## EIJB RESERVES CARRIED FORWARD TO 2019/20

	£k
<i>IJB funded reserves</i>	
Older people	1,244
MH community accommodation	150
Community support	1,830
Interim solutions agreed by IJB	1,233
Transformation - technology	788
Other	656
<b>Sub total</b>	<b>5,901</b>
<i>Investment monies:</i>	
Primary care improvement fund	745
Primary care transformation & stability	68
Action 15 (mental health strategy)	790
Seek, keep and treat	1,077
Carers act	1,111
<b>Sub total</b>	<b>3,791</b>
<b>Total</b>	<b>9,692</b>