

Title/Subject: Integration Joint Board Business Case 2017/18

Meeting: Integration Joint Board

Date: 18 November 2016

Submitted By: Chief Finance Officer

Action: For Decision

1. INTRODUCTION

- 1.1 The purpose of the report is to present an update on preparation of the IJB Business Case for 2017/18 and present to the IJB the estimated budget requirements and savings proposals for Adult Social Care services and an outline of budget preparation in relation to in-scope NHS Services.
- 1.2 This document has been prepared, as far as possible, in line with the terms of the Integration Scheme and extant national finance guidance from the Integrated Resources Advisory Group (IRAG) on setting IJB budgets post the initial year. It is not currently possible to fully assess the savings proposals against performance on outcomes.

2. RECOMMENDATIONS

The IJB is asked to:

- 2.1 Note the background in which this report has been prepared including the relevant sections of the Integration Scheme and extant national finance guidance from IRAG.
- 2.2 Note the Strategic Plan Delivery Update
- 2.3 Note the Financial and Economic Outlook and current intelligence on likely financial settlements for Local Authorities and NHS Boards
- 2.4 Note the estimated resource requirement for delegated Adult Social Care Services taking account of:
- Key Planning Assumptions
 - Estimated Cost Impact of Demographic and Other Cost Pressures
 - The impact of the Living Wage and the impact of possible scenarios modelled around the treatment of the Integration Fund within the 2017/18 Scottish Draft Budget
 - Draft Savings Programme

- 2.5 Approve the estimated resource requirement and the draft programme of savings options as outlined in Section 6 for Adult Social Care Services for submission to Falkirk Council for consideration within the 2017/18 budget setting process, and note that these will be subject to completion of equalities impact assessments and, where appropriate, consultation on the impact of the proposed savings options.
- 2.6 Note the other financial considerations
- 2.7 Note the update on budget setting for in-scope NHS Services.
- 2.8 Approve the creation of a reserve from any balance of the Integration Fund remaining at the end of 2016/17.
- 2.9 Agree that the business case is submitted to Falkirk Council as part of their budget setting process. A revised business case will be presented to the 3 February 2017 IJB as the NHS budget is developed and will be submitted to NHS Forth Valley Board as part of their budget process.
- 2.10 Note the post due diligence issues still requiring resolution.

3. BACKGROUND

- 3.1 Section 8.3 of the Integration Scheme sets out the arrangements for agreeing the IJB budget or payment for the years subsequent to the initial year. This paper has been written to support this process taking into account, as far as possible, the extant national finance guidance for partnerships from IRAG.
- 3.2 As described in the Integration Scheme a degree of flexibility and pragmatism has been applied in interpreting and applying the national guidance specifically in relation to:
- The relatively early stage of the evolution of the partnership
 - The current stage of development of performance management reporting and timing of available data
 - Differences in financial planning and budget setting cycles of Local Authorities and NHS Boards
 - Quality and availability of information in relation to in-scope services
 - Current demand and costs pressures across in-scope services
 - Ongoing work to develop the Delivery Plan and locality planning arrangements to implement the priorities of the strategic plan, including supporting detailed financial plans
 - Current levels of economic and financial uncertainty.
- 3.3 The sophistication and therefore robustness of this process will improve in the coming years as the partnership arrangements develop and the co-relation between Strategic Plan delivery (including development of localities), Performance and Finance develops.

4. STRATEGIC PLAN DELIVERY UPDATE

- 4.1 The IJB approved the Integrated Strategic Plan 2016 – 19 on 24 March 2016, with further work required to develop a local delivery plan using 'logic modelling' methodology. Workshops were held in June/July with key stakeholders and as a result of these events, 3 logic models were developed and presented to the Board for information.
- 4.2 The activities shown on the models are high level and represent multiple projects, programme and services. In order to provide the Board with more comprehensive and detailed information on the demand, capacity and performance of these services that will inform our understanding of the whole system, further work was identified. An online questionnaire has been issued to managers to score their services against agreed questions based on the RE-AIM framework.
- 4.3 The logic modelling and feedback from the service questionnaire work will be used to finalise the local delivery plan, with linkages to financial planning and workforce information being developed via the Leadership and HR workforce groups respectively.
- 4.4 It is currently anticipated the draft delivery plan will be presented to the February IJB meeting for consideration.
- 4.5 In the interim work is proceeding on key areas:-
- Development of the Frailty Pathway and rapid assessment in Emergency Department. A test of change is taking place during the week of 6 November.
 - Development and Pilot of the Discharge to Assess model due to be begin at the end of November dependent on the development of the multi-disciplinary team and results of the Test of Change and contractual arrangements being concluded
 - Development of the re-ablement programme
 - Review of partnership funded initiatives to ensure investment is aligned to the local outcomes.

5. FINANCIAL AND ECONOMIC OUTLOOK

- 5.1 As detailed in the financial report to the October IJB meeting continued economic uncertainty post the outcome of the EU Referendum will result in a single year financial settlement for 2017/18.
- 5.2 The Autumn statement will be announced by the UK Chancellor on 23 November 2016 with the Draft 2017/18 Scottish Budget following on 15 December 2016.
- 5.3 The expected impact of the above is that Local Authorities have been advised to anticipate a financial settlement of a similar order to 2016/17 and

NHS Boards to anticipate a financial settlement that would require cash releasing savings of 5%.

- 5.4 As previously advised to the IJB the treatment of the £250m Integration (or Social Care) Fund within the Scottish Budget, particularly in relation to the full year cost of the Living Wage, is pivotal to the financial position of the IJB and therefore financial planning for 2017/18. This paper examines the possible scenarios around this and their potential impact on resources available.
- 5.5 Taking the above into account the IJB should anticipate the level of budget available to deliver in-scope services in 2017/18 to be adjusted by the constituent authorities to a degree that is reasonable and proportionate.

6. ADULT SOCIAL CARE SERVICES

- 6.1 As detailed in Section 1.1 the primary purpose of this report is to present to the IJB the estimated budget requirements and savings proposals for Adult Social Care services and seek the IJB's approval to submit these to Falkirk Council for consideration in line with the terms of the Integration Scheme.

Key Planning Assumptions

- 6.2 The key planning assumptions used in calculating the estimated budget requirements are:

▪ Pay Inflation of	1.25%
▪ Prices Inflation in relation to Care at Home	1.90%
▪ Prices Inflation in relation to External Care Homes	2.00%
▪ Prices Inflation in relation to Other Supplies and Costs	2.00%

- 6.3 The impact of the pay and prices assumptions above on the 16/17 payment to the IJB from Falkirk Council is illustrated in the table below.

Falkirk Council IJB Payment 16/17 (Net Excluding Housing)

	16/17 £m	Planning Assumption Used	Requirement at Est 17/18 Prices £m
Pay Costs	2.677	1.25%	2.710
Care at Home	15.494	1.90%	15.788
External Care Homes	33.046	2.00%	33.707
Other Supplies	2.799	2.00%	2.855
Other Costs	5.060	2.00%	5.161
Other Cost Increases including Pensions increases		Per specific calculations	0.201
Reverse impact of Applying Inflation Assumptions to Income			0.621
TOTAL	59.076		61.044

Pay & Prices Requirements

1.968

- 6.4 The projected cost of in-scope adult social care services in 2016/17 is being met, in part, by utilisation of £2.896m of the Integration Fund, which is in line with the permitted use of the fund.

Estimated Cost Impact of Demographic and Other Cost Pressures

- 6.5 The significant cost pressures experienced in the Adult Social Care budgets in 2016/17 relate to demand and associated cost increases in relation to Care and Home and Residential Care.
- 6.6 Externally purchased Care at Home Services are experiencing growth in demand of around 6.8% and assuming this continues in 17/18 a further cost pressure of £0.442m is projected.
- 6.7 Demand for and cost of residential care is projected to create a cost pressure of £0.905m in 2016/17. It is assumed that the impact of the whole system approach, review of the frailty pathway and savings programme will mitigate this increase to a degree however it would be prudent to plan for a similar levels of additional cost increase in 2017/18 driven by demography and increasing costs and complexity of care.
- 6.8 The costs associated with care packages for young people in transition from Children's to Adult Services is currently estimated at £0.239m. This estimate requires further detailed review with Children's Services.
- 6.9 Per the financial report to the October IJB meeting the full year effect of the costs of care packages for Learning Disability clients being discharged from the Lochview inpatient facility is £0.153m. This estimate will require further review in light of emergent plans for further discharges.
- 6.10 It should be noted that there is some risk that the current projections for 2016/17 will increase further as a result of current demands across the system including measures being taken to address delayed discharges, expedite care packages and the numbers of clients waiting for care home places.
- 6.11 However, taking the pressures detailed in 6.6 to 6.10 together would indicate demographic and other cost pressures totalling £1.739m before being partially mitigated through some of the proposals within the savings programme.

Integration Fund and Scottish Living Wage

- 6.12 Falkirk IJBs share of the national £250m Integration (or Social Care) Fund for 2016/17 is £7.070m.
- 6.13 Per the financial report to the October IJB meeting the commitments against this funding in 2016/17 are:

INTEGRATION FUND	£m
Partnership Allocation	7.070
Commitments	
Living Wage from 1 October 2016 & Other Cost Pressures	3.540
Assumption per IJB Initial Budget Setting	1.000
Allocation per 16/17 Budget Recovery Plan	1.000
Requirement to Meet Projected Overspend Per 5 Aug IJB	0.896
Discharge to Assess Funding Per 7 October IJB	0.100
Balance Remaining	<u>0.534</u>

6.14 As previously reported a significant financial risk for the IJB is the full year effect of implementing the Scottish Living Wage from 1 October 2016 and the impact of the recently announced increase in the rate payable from 1 April 2017 from £8.25 to £8.45 per hour.

6.15 The full year cost of the Scottish Living Wage at £8.25 is estimated at £6.5m and the estimated additional cost of the increase in the rate to £8.45 is a further £1.5m giving a 2017/18 total estimated cost of £8m

6.16 The treatment of the Integration Fund in the 2017/18 Scottish Budget including the funding for the Scottish Living Wage is pivotal to the financial position of the IJB going forward. At the time of writing it is not clear how this will be treated with the Scottish Budget and therefore 4 scenarios have been modelled.

Scenario 1: No increase from 2016/17 Allocation

Scenario 2: 16/17 Allocation Plus Full Year Effect of Living Wage at £8.25 per hour

Scenario 3: 16/17 Allocation Plus Full Year Effect of Living Wage at £8.45 per hour

Scenario 4: The £250m allocation at a national level becomes £500m continuing the general approach started in the 2016/17 budget.

The net funding remaining after meeting the estimated full year costs of the Scottish Living Wage are detailed in the table below.

	Scenario 1 (No increase from 2016/17 allocation) £m	Scenario 2 (16/17 Allocation Plus Full Year Effect of Living Wage @ 16/17 Rate) £m	Scenario 3 (16/17 Allocation + Full Year Effect of Living Wage @ 17/18 Rate) £m	Scenario 4 (16/17 approach continued - Share of £500m nationally) £m
Estimated Allocation	7.070	10.320	11.820	14.140
Full Year Cost of Living Wage @ £8.25	6.500	6.500	6.500	6.500
Impact of Increase to £8.45 ph	1.500	1.500	1.500	1.500
Remaining Balance Available for Demographic Growth and Cost Pressures	(0.930)	2.320	3.820	6.140

Draft Savings Programme

- 6.17 It is recognised that the economic outlook will require ongoing constraint in public expenditure for the foreseeable future and that the IJB will wish to deliver cost reductions in a manner that is congruent with the direction of the Strategic Plan.
- 6.18 A draft savings programme has been developed in relation to in-scope Adult Social Care Services. The IJB will receive a report in December which will bring forward proposals in relation to Eligibility Criteria and a resource allocation Framework. Subject to the Board's consideration and decision, this could implement revised eligibility framework and operating tighter criteria and provision in line with an outcome focussed assessment. ,
- The approach to savings will be enabled and supported by implementation of revised eligibility framework, operating tighter criteria, and offering lower cost packages of care to meet need where that is appropriate. Transformational savings will be delivered through managing demand getting prevention right, diverting more people away from formal paid service, through reablement.
- 6.19 The confidence level of delivery of savings has been assessed using a scale of (1-3) where 3 represents high confidence of delivering the estimated savings.
- 6.20 The summary of the proposed savings programme is attached as Appendix I and totals a quantum of £2.415m and is split into 3 categories
- Reducing costs where feasible and appropriate in procured care at home and supported living services through efficiencies, for example by reviewing cost care packages
 - Reviewing models of service delivery
 - Increasing income through increasing charges
- 6.21 It should be noted approval of the charging policy is a decision which is reserved to be taken by Falkirk Council although it impacts the overall financial position in relation to services delegated by the IJB.

- 6.22 A full Equality and Poverty Impact Assessment will be completed on the proposed savings. Officers will seek the views of interested groups and stakeholders to assist with the decision making process.

Changes in Legislative and Other Policy Requirements

- 6.23 It is not anticipated that the financial impact associated with the Carers Act will have a material financial impact on costs until 2018/19. A further assessment of the cost implications associated with this will be undertaken as part of future planning.
- 6.24 The changes in relation to Criminal Justice Authorities do have the potential to have a financial impact. It is anticipated this will become clearer within the draft Scottish Budget in December and will be considered and reported to the Board in due course.

Estimated Adult Social Care Budget Requirement for 2017/18

- 6.25 Taking the factors above into account the total estimated budget requirements for 2017/18 are detailed below.

Summary Requirements	£m
Falkirk Council Base Payment at 17/18 Prices	61.044
Less: Proposed Savings Programme	(2.455)
16/17 Demographic Growth and Cost Pressures Being Met from Integration Fund	2.896
Demographic Growth: Significant Growth Areas	
Care at Home	0.442
Residential Care	0.905
Other Cost Pressures : Full Year Effect of LD Discharges	0.153
Transitions	0.239
Full Year Cost of Living Wage @ 8.25	6.500
Impact of Increase in Living Wage to £8.45	1.500
NET ESTIMATED 2017/18 EXPENDITURE REQUIREMENT	71.224

Consisting Of:	£m
Net Requirement at 17/18 prices excluding cost of living wage, demographic growth and other cost pressures being managed from Integration Fund in 2016/17	58.589
Cost of living wage, demographic growth and other cost pressures currently being managed from Integration Fund	12.635
TOTAL	71.224

Other Financial Considerations

- 6.26 In order to begin to lever change, support the implementation of the savings programmes and the whole system approach a degree of investment in management and business support capacity is required. Requirements are currently being developed and are currently anticipated to cost in the region of £0.220m. These proposals require further discussion and refinement and it is proposed that the IJB Chief Officer and Chief Finance officer lead the further development of the proposals and takes forward discussions around how they might be financed with the Chief Executives of Falkirk Council and NHS Forth Valley and the Chair and Vice Chair of the IJB.

7. NHS BUDGETS

Overview of Current Position

- 7.1 As referred to above NHS Budget Setting cycles have traditionally run behind those of Local Authorities for various reasons including the timing of confirmation of allocations from Scottish Government and not having the legislative requirements to set budgets and Council Tax rates in February. 2017/18 plans have not at this stage been discussed by the NHS Board and therefore the indicative savings requirements detailed in section 7.6 were calculated by the IJB Chief Finance Officer and should be regarded as illustrative.
- 7.2 Whilst the aspiration is to align budget setting cycles and in line with the Integration Scheme this will not be fully achieved for 2017/18 budget setting.
- 7.3 At the current point in time it only possible to give an outline of planning assumptions for NHS Boards and broad thematics of savings approaches.
- 7.4 As reported above current intelligence suggests NHS Boards should plan for a financial settlement which would require cash releasing savings of 5%. In terms of NHS Forth Valley this would require cash releasing savings of circa £24m.

Key Financial Planning Assumptions

- 7.5 NHS Forth Valley are currently working through financial modelling for pay, price and prescribing inflation factors and known cost commitments including national and regional developments.

Within the NHS Forth Valley's most recent published financial plan for which covers the period from 2016/17 to 2020/21 the key financial planning assumptions for 17/18 were as follows:

Basic Pay Increase	1%
Basic Prices Increase (General Inflation)	2%
Resource Transfer	1%
Prescribing in Hospitals / Secondary Care	10%
Prescribing in Primary Care	4.25%

Indicative Savings Requirements and Broad Savings Thematics

- 7.6 Based on the set-aside, operational and universal elements of the NHS budgets for the partnership at September 2016 the indicative relative shares of savings relating to the partnership would be:

	Annual Budget	5% Indicative Savings Requirement
	£m	£m
Set-Aside	24.849	1.242
Operational (excluding Partnership Funds)	42.528	2.126
Universal (excluding budgets relating to national terms and conditions)	30.269	1.513
TOTAL	97.646	4.882

- 7.7 Financial Performance to date in relation to the Set-Aside, Operational and Universal elements of the partnership budget illustrate costs pressures in relation to:

With the Set-Aside budget (not reported at partnership level in year):
Accident and Emergency Services, Geriatric Medicine, Learning Disability Inpatients; and Mental Health Inpatient Services

Within the Operational Budget:
District Nursing and Community Allied Health Professional Services

Within Universal Services Budget:
Family Health Services Prescribing

- 7.8 Clearly taking in account the pressures above, the indicative savings requirements for 2017/18 and the priorities of the Strategic Plan this represents a complex and challenging set of financial circumstances.

2017/18 Broad NHS Savings Thematics

- 7.9 Broad thematics in terms of a savings programme in relation to in-scope NHS budgets are likely to be structured across the following areas:

- Service Change –including redesign and improved productivity
- Workforce – efficient use of staffing resources
- Prescribing – both in Hospital / Secondary care and Primary Care
- Procurement – pricing and contract focus

- 7.10 Given the relatively early stage of budget preparation in comparison to Adult Social Work Services it is proposed that the IJB Chief Officer and Chief Finance Officer work closely with the Chief Executive, Director of Finance and other senior officers from NHS Forth Valley to prepare a revised business case for approval by the IJB.

8. TRANSFERS FROM THE SET-ASIDE BUDGET FOR LARGE HOSPITAL SERVICES

- 8.1 The IJB approved the service changes in relation to the Lochview Learning Disability Inpatient facility and services for female patients with complex mental health needs at its meeting of 7 October 2016.
- 8.2 As detailed within the resource implications for these service changes virement or transfer of resources between the set-aside and operational elements of the budgets will be required as a result of the changes.
- 8.3 It is proposed the relevant transfer of resources be incorporated within the IJB's detailed IJB financial plan for 2017/18.

9. POST DUE DILIGENCE ISSUES

- 9.1 As previously reported to the IJB two significant post due diligence issues remain to be resolved. These relate to Community Hospitals and Parity or Equity of the allocation of NHS Budgets between the Falkirk and Clackmannanshire and Stirling Partnerships.

The Finance Workstream has still to conclude the work examining these issues and agree professional advice to support resolution. The intention is that these matters should be concluded to allow reporting the February 2017 meetings of both Partnerships.

Until resolution is reached on these issues they should be considered a risk in terms of the IJB business case.

10. RESERVES STRATEGY

- 10.1 In line with the IJBs financial regulations and reserves strategy it is proposed to create an IJB reserve from any remaining balance of the Integration Fund in 2017/18. The creation of this reserve should be viewed as part of developing prudent financial planning and governance arrangements for the IJB and would be intended to be available to be called upon in relation to unforeseen financial pressures emerging in 2017/18 which are congruent with the restrictions applicable to the use of the Integration Fund.
- 10.2 It should be noted that it is not intended for the IJB to create significant levels of general reserves.

11. CONCLUSIONS

Resource Implications

The resource implications are detailed in the body of the report.

Impact on IJB Outcomes and Priorities

The partnership budget consists of payments from the constituent authorities, set-aside budget for large hospital services and partnership funding streams (including Integrated Care Fund and Delayed Discharges Funding) allocated from Scottish Government via NHS Boards for IJBs to invest in line with Strategic Plan priorities.

Legal & Risk Implications

A statement that highlights any legal issues and risk that may arise, relating to the integration authority or the constituent partners.

Consultation

Requirements for consultation on the proposed savings programme will require to be considered and will utilise existing mechanisms of the partner organisations as part of their respective budget options consultation processes.

Equalities Assessment

An equalities assessment will require to be prepared for each of the savings proposals.

Approved for Submission by: Patricia Cassidy, Chief Officer

Author – Ewan C. Murray, Chief Finance Officer

Date: 15 November 2016

List of Background Papers:

Integration Scheme
Integrated Resourcing Advisory Group (IRAG) Finance Guidance
Falkirk Health and Social Care Partnership Strategic Plan and Joint Strategic Needs Assessment (JSNA)
IJB 2016/17 Budget
IJB Budget Recovery Plan
Previous IJB Financial Reports

APPENDIX I Falkirk IJB –Draft Social Work Adult Services Savings Proposals November 2016				
Savings approach		Area of Focus	£m	Confidence Level (1 – 3)
1	Reducing costs where feasible and appropriate in procured care at home and supported living services through efficiencies, for example by reviewing higher cost care packages	1.1 Review of high cost care packages	0.500	3
		1.2 Home care provision - shift from directly provided to procured services	0.200	1.5
		1.3 Increased efficiencies derived from real time monitoring	0.075	2 – Internal 1 - External
2	Reviewing models of service delivery	2.1 Review of Garden Aid Scheme	0.250	2
		2.2 Review of day services for Older People	0.100	2
		2.3 Review of day services for Younger Adults	0.230	2
		2.4 Reducing costs of in house and external provision of residential care	0.800	3
3	Increasing revenue income	3.1 Review of Charging policy	0.300	2
		Total	2.415	
The approach to savings will be enabled and supported by implementation of revised eligibility framework, operating tighter criteria, and offering lower cost packages of care to meet need where that is appropriate. Transformational savings will be delivered through managing demand getting prevention right, diverting more people away from formal paid service, through reablement.				

With regards to confidence level 3 indicates a high level of confidence, 2 medium and 1 low.

APPENDIX II – Extract from Integration Scheme

8.3 Payment in subsequent years

- 8.3.1 The method for determining the amount to be paid by the Parties to the Integration Joint Board in respect of each of the Integration Functions (other than those to which paragraph 8.2.2 above applies, i.e. the Integrated Budget) shall be based on and take account of the following:
- I. The indicative three year financial element in the Strategic Plan, subject to annual approval through the Parties' respective budget setting processes.
 - II. The Integration Joint Board business case which shall be presented to the Parties for consideration against their other priorities and negotiation of their contributions.
 - III. The business case should be evidence based with full transparency on its assumptions and take account of the factors listed at paragraph 4.2.8 (as adjusted) of the IRAG Professional Guidance.
 - IV. Regard should continue to be directed to the implications of actual and projections relative to budget for recent financial years.
 - V. Recognition that additional one-off funding may be provided to a Party or Parties by the Scottish Government, or some other body, for expenditure in respect of Integration Functions.
 - VI. Recognition that a degree of flexibility and pragmatism will be required.
- 8.3.2 The method for determining the Set aside Budget shall be as described in paragraph 8.2.2 above.
- 8.3.3 If the Strategic Plan identifies a change in hospital utilisation, the resource implications for the Set aside Budget will be determined through a detailed business case to be approved by the Parties.
- 8.3.4 Due diligence will require to be carried out by the Council's Chief Finance Officer, the accountable officer of NHS Forth Valley and the Integration Joint Board's Chief Finance Officer to assess the adequacy of the Payment made in respect of the Integrated Budget and the sum set aside in terms of the Set aside Budget.

APPENDIX III – Extract from IRAG Guidance

Extract From IRAG Guidance

4.2.8 The Chief Officer, and the Integration Joint Board financial officer where such is appointed separately, should develop a case for the Integrated Budget based on the Strategic Plan and present it to the Local Authority and Health Board for consideration and agreement as part of the annual budget setting process. The business case should be evidence based with full transparency on its assumptions and take account of:

- **Activity Changes.** *The impact on resources in respect of increased demand (e.g. demographic pressures and increased prevalence of long term conditions) and for other planned activity changes;*
- **Cost inflation.** *Pay and supplies cost increases;*
- **Efficiencies.** *All savings (including increased income opportunities and service rationalisations/cessations) should be agreed between the Integration Joint Board, Local Authority and Health Board as part of the annual rolling financial planning process to ensure transparency;*
- **Performance on outcomes.** *The potential impact of efficiencies on agreed outcomes must be clearly stated and open to challenge by the Local Authority and Health Board;*
- **Legal requirements.** *Legislation may entail expenditure commitments that should be taken into account in adjusting the payment;*
- **Transfers to/from the notional budget for hospital services** *set out in the Strategic Plan. See section 4.3.1*
- **Adjustments to address equity.** *The Local Authority and Health Boards may choose to adjust contributions to smooth the variation in weighted capita resource allocations across partnerships; information to support this will be provided by ISD15 and ASD.*

*4.2.9 The partner Local Authority and Health Board will evaluate the case for the Integrated Budget against their other priorities and are expected to negotiate their respective contributions accordingly. The allocations will be a negotiated process based on priority and need and it should not be assumed that they will be the same as the historic or national allocations to the Health Board and Local Authority. The method for determining the contributions is required to be included in the Integration Scheme (**Section 1(3)**).*