

Key Feature 2: Integrated finances and financial planning				
Proposal 2.1: Health Boards, Local Authorities and IJBs should have a joint understanding of their respective financial positions as they relate to integration				
Rating	Not yet established	Partly Established	Established	Exemplary
Indicator	Lack of consolidated advice on the financial position of statutory partners' shared interests under integration.	Working towards providing consolidated advice on the financial position of statutory partners' shared interests under integration.	Consolidated advice on the financial position on shared interests under integration is provided to the NHS/LA Chief Executive and IJB Chief Officer from corresponding financial officers when considering the service impact of decisions.	Fully consolidated advice on the financial position on shared interests under integration is provided to the NHS/LA Chief Executive and IJB Chief Officer from corresponding financial officers when considering the service impact of decisions. Improved longer term financial planning on a whole system basis is in place.
Our Rating				
Evidence / Notes	A rating of Partly established was agreed at the IJB Development session on 10 May 2019. This response was also endorsed by a Finance Group made up of representatives from each Partner. It was generally felt that there is evidence of finance professionals working together to increase understanding of respective financial positions. The impact of this has been demonstrated by real willingness to better understand spend in set aside (e.g. one acute hospital working across Forth Valley and the challenges to ensure universal access for everyone regardless of post code, age etc.), willingness amongst partners to get behind and stick with re-commissioning of home care which has had very positive recent feedback. However, the comments also highlighted that there was room for improvement: - We have a clear picture of the social care arm of the budget but less transparency in terms of the NHS budget. The CFO is working with NHS partners to improve this picture. We do not yet have a shared understanding on the use of reserves. - A number of elements of good practice are in place, particularly at an operational level: - Consolidated reports are produced - Reports across the Partnership reflect an agreed position – the Council(s) and HB both refer to the H&SCP/ IJB positions in corporate reporting - Directions are issued, reflecting the budgets available and future further development of directions are being considered - Risk sharing arrangements are highlighted in IJB papers - Reports across the Partnership reflect risks as a result of financial pressures - Savings monitoring arrangements are in place and are being developed further. - This work is regularly being reviewed and refined, with ongoing improvements made. - There are inherent difficulties in trying to ensure money loses its identity, at a time when the public sector is facing significant financial challenges. - Improvement actions are required around understanding the whole system impact of finance and service decisions. - The planned move to delegate operational management of in-scope NHS services to the Chief Officers & Partnerships should help to address this issue in part. However, the delegation is on a phased basis. The Partnership is in a period of transition which impacts on the indicators set out above. - Falkirk partnership is working with the Institute of Public Care to develop an approach to transformation that the IJB, and the Partners, can support. Future strategic financial decisions will be linked to this work, ensuring a clear understanding of the approach being taken.			
Proposed improvement actions	- Develop one budget, moving away from finances being identified as belonging to a constituent partner, allowing for enhanced strategic commissioning and effective monitoring against performance. - Align the medium term financial plan closely to the Strategic and Locality Plans - Develop processes whereby budget planning is based on evidenced need, rather than focussing on deficit. - Work to provide transparency on both sides of the budget so that we have full awareness of the risks, budget gaps and how the total IJB budget can be best use to bring about the transformation needed. - Provide Chief Finance Officer with appropriate finance support and access to budget holders. - Progress work to structure locality budgets. - Develop option appraisals that describe risk and impact on whole system to better improve decision making.			

Proposal 2.2 : Delegated budgets for IJBs must be agreed timeously				
Rating	Not yet established	Partly Established	Established	Exemplary
Indicator	Lack of clear financial planning and ability to agree budgets by end of March each year.	Medium term financial planning is in place and working towards delegated budgets being agreed by the Health Board, Local Authority and IJB by end of March each year.	Medium term financial and scenario planning in place and all delegated budgets are agreed by the Health Board, Local Authority and IJB by end of March each year.	Medium to long term financial and scenario planning is fully in place and all delegated budgets are agreed by the Health Board, Local Authority and IJB as part of aligned budget setting processes. Relevant information is shared across partners throughout the year to inform key budget discussions and budget setting processes. There is transparency in budget setting and reporting across the IJB, Health Board and Local Authority.
Our Rating				
Evidence / Notes	A rating of 'Partly established' was agreed during the IJB Development Session held on 19 May 2019. This rating is in line with the views of the finance group recommendation. Significant progress has been made in how we share intelligence throughout the year to inform budget discussions and budget setting processes. Budgets agreed timely and information provided to the IJB is sufficient, however there remains a lack of transparency and collaboration in the budget setting process; there is no integrated transformational change budget setting process. Attendees at the development session noted that the budget setting process is somewhat constrained by differing national annual settlement timescales. This structure does not support medium term decisions (i.e. 3 years). The IJB are however able to plan on a medium term basis using a combination of indicative settlement information and local data regarding need. In addition, a single settlement would assist planning e.g. include winter contingency funding. The group requested that this information be fed back to the Scottish Government. Annual Budgets Per the wording of the proposal, the Falkirk Partnership has set their budget timeously and had a financial settlement from each Partner prior to 31 March. Directions have been issued timeously also. However, there remains a budget gap in the approved budget which has not been bridged, i.e. savings have not been identified on the health arm of the budget. A balanced budget has not therefore been set. Medium Term Financial Planning The indicators above reference medium term financial planning. This is at an early stage but is a priority area of development in the near term			
Proposed improvement actions	Annual Budgets In order to ensure more robust annual budgeting, the NHS budget timetable must be brought forward to be more in line with LA timeframes, i.e. mid to late Feb. This provides enough time for IJBs to subsequently review and approve their own budgets by 31 March. The significant swings in financial settlements, particularly to the LAs, impact on the ability to prepare robust, considered budgets timeously. A clear, consistent approach to funding from the Scottish Government for the next 3 years for example, would provide some stability and help to facilitate budget development aligned to strategic priorities. This would also assist in better longer term planning and decision making. The delegation of the operational management of NHS services to the Partnership should help to align the annual budget setting process for the Partnership as a whole, and facilitate the development of savings from a whole systems approach. However, in a time of financial constraint, this will be challenging. Medium Term Financial Planning All partners have now completed work on medium term financial plans/budget strategies. This is being reviewed and distilled down to partnership level where necessary. Assumptions and scenarios around demographic growth etc are also being reviewed.			

Proposal 2.3: Delegated hospital budgets and set aside budget requirements must be fully implemented				
Rating	Not yet established	Partly Established	Established	Exemplary
Indicator	Currently have no plan to allow partners to fully implement the delegated hospital budget and set aside budget requirements.	Working towards developing plans to allow all partners to fully implement the delegated hospital budget and set aside budget requirements, in line with legislation and statutory guidance, to enable budget planning for 2019/20.	Set aside arrangements are in place with all partners implementing the delegated hospital budget and set aside budget requirements. The six steps for establishing hospital budgets, as set out in statutory guidance, are fully implemented.	Fully implemented and effective arrangements for the delegated hospital budget and set aside budget requirements, in line with legislation and statutory guidance. The set aside budget is being fully taken into account in whole system planning and best use of resources.
Our Rating				
Evidence / Notes	A rating of 'Not yet established' was agreed during the IJB Development session on 10 May 2019. This rating was also discussed by the Finance Group who concluded that some of the requirements of the 'partly established' indicators are in place. General feedback indicated suggested that considerable work is required within this area, with NHS Forth Valley continuing to manage the delegated hospital budget. Respondents suggested that the delay in agreeing the integrated structure has hampered progress. Work has been undertaken regarding Set Aside: • A budget has been identified and allocated to each partner and performance against this is monitored • A methodology for identifying the budget was agreed • A figure is included in each Partnership's financial monitoring statements although the risk remains within the NHS The ability to move funds from set aside to community based support requires a huge, national cultural shift with a change in the attitudes and behaviours of the both public and professionals. It is difficult to see where funds can readily be released as often a saving in bed days in one area, can simply help with increasing demand in other areas – in short there is no real free up of resources. It may therefore take some time (i.e. a number of years) to see such a shift in resources, if at all. The bigger implication of this is the reality, even after exploring the potential of integration, that there is insufficient public resources to sustain Health and Social Care services in their current form and transformation / integration requires to be accompanied by additional resources and/or public policy reform. The current position does not allow an understanding of the impact of activity on budget, or help to identify where the opportunities for improvement lie. Work will continue to improve these linkages including exploring the potential of Systems Dynamic Modelling and other scenario building approaches.			
Proposed improvement actions	• Develop and provide transparent set aside and delegated hospital budgets with clear understanding of how best to use these budgets to meet local needs, improve outcomes and achieve transformation (and a balanced long term budget). • CFO will work with NHS colleagues to develop a plan and timescale to fulfil the six steps. • The partnerships are considering the development of a suit of principles to help facilitate a review of the arrangements and will work closely with the Acute Site Director in this regard.			

Proposal 2.4: Each IJB must develop a transparent and prudent reserves policy				
Rating	Not yet established	Partly Established	Established	Exemplary
Indicator	There is no reserves policy in place for the IJB and partners are unable to identify reserves easily. Reserves are allowed to build up unnecessarily.	A reserves policy is under development to identify reserves and hold them against planned spend. Timescales for the use of reserves to be agreed.	A reserves policy is in place to identify reserves and hold them against planned spend. Clear timescales for the use of reserves are agreed, and adhered too.	A clear reserves policy for the IJB is in place to identify reserves and hold them against planned spend and contingencies. Timescales for the use of reserves are agreed. Reserves are not allowed to build up unnecessarily. Reserves are used prudently and to best effect to support full implementation the IJB's strategic commissioning plan.
Our Rating				
Evidence / Notes	A rating of 'Partly established' was agreed at the IJB Development session on 10 May 2019. This rating was also endorsed by a Finance Group, albeit it was recognised that the IJB does meet some of the indicator under 'established' Responses and comments highlighted that although there was a clear understanding of reserves in terms of the provision of information, there was less clarity about the policy. Comments included: • Area requires more work to better understand reserves and to develop creative approaches to using reserves to facilitate changes and improvements. • The IJB has an approved Reserves policy which is applied as evidenced in CFO finance reports. • It should be the exception rather than the rule that reserves are used to meet overspends but rather that they are used strategically to achieve change and prevent future overspends. • Discussions around the use of reserves have been held during the IJB (as minuted) with agreement that we need to balance the use of these resources to best effect with the agreement not to hold monies unnecessarily. Whilst a prudent approach is required, this must be put in the context of budget cuts being made across the public sector in terms of staff and services.			
Proposed improvement actions	• Reserves policy more explicitly set out to inform and support Strategic Plan and improve outcomes/performance. • Develop strategic commissioning plan that clearly shows how reserves are used to support change and improvements • Reserve spending is monitored for impact / achieving agreed outcomes • Improvements can be made around the indication of timescales for the use of reserves and this issue has been discussed at IJB meetings. • As part of the transfer the management of operational health services to the Partnership, as well as some of the wider transformation work required, it has been agreed that proposals for existing reserves will be taken to a future meeting of the IJB.			

Proposal 2.5: Statutory partners must ensure appropriate support is provided to IJB S95 Officers.

Rating	Not yet established	Partly Established	Established	Exemplary
Indicator	IJB S95 Officer currently unable to provide high quality advice to the IJB due to a lack of support from staff and resources from the Health Board and Local Authority.	Developments underway to better enable IJB S95 Officer to provide good quality advice to the IJB, with support from staff and resources from the Health Board and Local Authority ensuring conflicts of interest are avoided.	IJB S95 Officer provides high quality advice to the IJB, fully supported by staff and resources from the Health Board and Local Authority and conflicts of interest are avoided. Strategic and operational finance functions are undertaken by the IJB S95 Officer. A regular year-in-year reporting and forecasting process is in place.	IJB S95 Officer provides excellent advice to the IJB and Chief Officer. This is fully supported by staff and resources from the Health Board and Local Authority who report directly to the IJB S95 Officer on financial matters. All strategic and operational finance functions are integrated under the IJB S95 Officer. All conflicts of interest are avoided.
Our Rating				
Evidence / Notes	A rating of 'Partly established' was agreed during the IJB Development session on 10 May 2019. In general, it was agreed that whilst the Chief Finance Officer is able to provide good quality advice to the IJB, this is hampered by the current lack of support provided. The plans agreed to provide appropriate support to the Chief Finance Officer, should be progressed at pace. Comments included: • There are still cultural and bureaucratic issues that stop the flow of information and delegation from being as smooth as it should. More planning and administrative support is also needed to progress a robust financial model. • The CFO is the only officer in Finance that works at a Partnership level. This means the role can be very operational i.e. production of accounts rather than strategic as required. • There is some support from both Council and Health Board to IJB S95 officer. Sharing of information has improved and relationship between senior officers is good.			
Proposed Improvement actions	• Support needs to be provided by both partners to ensure that transparency, timely information and ongoing monitoring and reporting of progress on savings plans and budgetary control is an integral part of the work of the IJB and its Audit Committee. • Health Board intends to increase support and discussions to transfer staff/resources are progressing. Savings to inform Council budget setting process in place, same approach required in Health Board with Chief Officer leading savings for IJB delegated functions - adopting same approach as Council process this year - enhances accountability and transparency.			

Proposal 2.6: IJBs must be empowered to use the totality of resources at their disposal to better meet the needs of their local populations.				
Rating	Not yet established	Partly Established	Established	Exemplary
Indicator	Total delegated resources are not defined for use by the IJB. Decisions about resources may be taken elsewhere and ratified by the IJB.	Total delegated resources have been brought together in an aligned budget but are routinely treated and used as separate health and social care budgets. The totality of the budget is not recognised nor effectively deployed.	Total delegated resources are effectively deployed as a single budget and their use is reflected in directions from the IJB to the Health Board and Local Authority.	Total delegated resources are effectively deployed as a single budget and their use is reflected in directions from the IJB to the Health Board and Local Authority. The IJB's strategic commissioning plan and directions reflect its commitment to ensuring that the original identity of funds loses its identity to best meet the needs of its population. Whole system planning takes account of opportunities to invest in sustainable community services.
Our Rating				
Evidence / Notes	A rating of 'Partly established' was agreed at the IJB Development session on 10 May 2019. This rating was endorsed by the Finance Group. - This area requires further work, although initial progress has been made in some areas. Some decisions regarding in-scope functions have recently been taken outwith the IJB or the HSCP SLT. - Other comments included: - S95 report describes Council and Health Board separately - this needs to change to support single budget reporting and how the budget is to be used informed by directions. - We are not yet in the position to be able to do so as money still retains its identity. Decisions about use of resources on both arms of the budget are for the IJB and its Chief Officer not for the individual respective bodies. - The IJB are presented with a unified budget on a regular basis. Separate Directions are issued to each Partner. - However, reports still refer to the adult social work arm of the budget and the health arm of the budget – the funds haven't yet lost their identity. In addition, decisions are not always taken in the right place and in this respect are used as separate budgets, under the Partners control. - Some funds have lost their identity to an extent, for example Integrated Care Fund and Delayed Discharge monies are held separately and have distinct governance process which looks at outcomes etc.			
Proposed improvement actions	- Decisions on IJB functions and services are taken within the IJB governance process. - The IJB requires a full breakdown of resource transfer and hospital set aside and clear governance established for decision making, responsibility and accountability. - Once the localities are in place this will drive change forward and we should see a positive change in the way resources are utilised. - Increase pace of transfer of services to the IJB, including transparent set aside etc. budgets and agree as a matter of urgency hosting arrangements and timescale for these hosting arrangements to come into force (with an agreed review period). - Agreement on how decisions are made on hosted services and how outcomes and budgets are monitored. - Develop a capital plan in partnership with NHS Forth Valley and Falkirk Council, identify areas of possible activity which could reduce revenue costs for partners and/or provide opportunities for co-location. This includes opportunities in relation to community hospitals, locality bases and intermediate care. - The Partnerships plan to move to more detailed Directions, focussing on service change, transformation and improved clarity around decision making aligned to Strategic priorities. - The move to transfer the operational management of health services to the Partnership will help to address some issues around decision making and help to unify the budget as a single management team take on overall ownership. Building a better understanding of interdependencies across the whole health and social care system, including modelling of these interdependencies, should also help to unify the budget.			