
NORTH AYRSHIRE COUNCIL

29 May 2018

Audit and Scrutiny Committee

Title: **Operational Budget Management in the Health and Social Care Partnership**
Progress Update to Report dated 27 March 2018

Purpose: To provide an update and assurance to the Committee of the approach being taken by the HSCP regards financial management, governance and accountability within the Health and Social Care Partnership

Recommendation: That the Committee notes the actions and assurance being given by the Health and Social Care Partnership to strengthen financial management, governance and accountability

1. Executive Summary

- 1.1. This update is a follow up to the report presented to this Committee on 27 March 2018, to provide assurance regards the progress made in relation to the findings and action being taken from the review of financial management, governance and accountability within the Health and Social Care Partnership (HSCP).
- 1.2. Subsequent to identification as an issue in the both the Council's and Integration Joint Board's (IJB) external audit reports, an audit was carried out by the Council's Head of Finance to establish whether a robust framework for financial management, governance and accountability was in place.
- 1.3. An Action Plan was presented in the report to this Committee on 27 March 2018 which outlined the steps being taken by the HSCP to address the weaknesses identified in the management of budgets within the HSCP and to ensure a more robust framework was established.
- 1.4. An updated version of the Action Plan showing the progress made to date is attached at Appendix 1. The plan identified six key actions to be taken, to date five out of the six actions have been completed with good progress being made with the one other action not yet complete. This should help establish a more robust financial accountability framework supporting the HSCP to deliver services within budget.
- 1.5. A presentation will also be delivered at the Committee meeting demonstrating the financial management, governance and accountability work being done in 2018/19, alongside an overview of the new financial framework tracker being used to ensure strengthening of overall financial grip within the HSCP.

2. Background

- 2.1. The Executive Summary highlights the background to this report.
- 2.2. The six key findings and basis for the Action Plan emerging from the Operational Budget Management audit are summarised below:-
- a) The need for further training for all budget holders; (Action complete)
 - b) Approval of expenditure should be restricted to budget holders; (Action complete)
 - c) Guidance requires to be provided to budget holders on managing demand within available budget; (Action complete)
 - d) Implementation of Challenge Fund initiatives to establish a universal framework for accessing care and applying charges; (Action ongoing)
 - e) Ensure budget holders have the ability to fully control the budgets they are responsible for to allow effective management; (Action complete) and
 - f) Effective communication of all budget decisions. (Action complete)
- 2.3. A Financial Framework Tracker has been developed for the HSCP to ensure that it starts 2018/19 with a clear understanding of its budgets, savings and pressures, supporting delivery of service within the agreed financial envelope.
- 2.4. The aim of the Tracker is to provide the link between key non-financial KPI's AND their associated financial costs. More detail will be shown within the presentation at the Committee meeting.

3. Proposals

- 3.1. That the Committee (a) notes the progress and assurance update given (b) notes the actions being taken by the Health and Social Care Partnership to strengthen financial management, governance and accountability

4. Implications

Financial:	There are no direct financial implications. However it is essential that operational budget management arrangements are effective and ensure service delivery is contained within the financial envelope.
Human Resources:	No direct implications.

Legal:	No direct implications.
Equality:	No direct implications.
Children and Young People:	No direct implications.
Environmental & Sustainability:	No direct implications.
Key Priorities:	Effective financial management, governance and accountability ensures that key priorities are delivered within the financial envelope.
Community Benefits:	No direct implications.

4. Consultation

- 4.1. The report has been discussed with the Director of the HSCP and Director of Finance and Corporate Support for North Ayrshire Council.



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For further information please contact Shahid Hanif on 01294 324954.

Background Papers

None.

Note: A Presentation will be delivered on screen at the Committee meeting.

**HEALTH AND SOCIAL CARE PARTNERSHIP
ACTION PLAN
AUDIT OF OPERATIONAL BUDGET MANAGEMENT**

Action	A
Action Description	The Chief Financial Officer should consider offering additional support to budget holders to aid their budget management of all budgets, irrespective of the host partner body.
Risk	A failure to support budget holders to access and engage with financial monitoring could impact on the effectiveness of operational budget management.
Priority (1, 2, 3)	2
Paragraph Reference	3.4
Assigned to	Chief Financial Officer
Due Date	30 th June 2018
Management Response	Training needs will be identified and training materials developed. A training schedule will be delivered by a combination of the principal manager and corporate finance. The Budget Holders Charter will be reviewed, updated and reissued.
Update	COMPLETE: Following a survey of budget holders the type of training offered was adapted to wider awareness sessions for each team. These sessions included an overview of the total IJB budget, savings, pressures, Challenge Fund, the role of the budget holder, role of a social worker regards budgets, role of Finance and the main challenges moving forward. One to one training sessions were offered at the awareness sessions and many have been taken up. The budget holders Charter has also now been updated and will be signed off and issued by the end of May 2018.

Action	B
Action Description	Heads of Service to consider operational budget management arrangements and how budget responsibility can be delegated to those budget holders who are responsible for incurring expenditure.
Risk	A failure to delegate budget management responsibility to those responsible for incurring expenditure impacts on the ability to hold budget holders to account for expenditure.
Priority (1, 2, 3)	1

Paragraph Reference	3.6
Assigned to	Partnership Senior Management Team
Due Date	31 st July 2018
Management Response	Initially key risk areas (LD care packages and residential school placements) will continue to be signed off at Head of Service level until the training is complete and the projected spend is controlled. All other areas will remain as is but will be delegated to those responsible for incurring spend once the training is complete.
Update	COMPLETE: Costs relating to the key risk areas are still being signed off by the Head of Service and will continue to be throughout 2018/19. All other budgets are assigned to the person responsible for incurring the expenditure.

Action	C
Action Description	All budget holders to be given management guidance in relation to the management of care budgets to ensure consistency of service provision across all service areas, and the use of waiting lists to control demand where this is appropriate.
Risk	The lack of controls on expenditure could result in further overspends which will contribute further to the Partnerships deficit. Different approaches to demand management could also result in an inequality of service across the Partnership.
Priority (1, 2, 3)	1
Paragraph Reference	3.10
Assigned to	Partnership Senior Management Team
Due Date	31 st March 2018
Management Response	Management guidance will be issued where all care packages (except those in relation to child or adult protection) will only be approved if they are within budget or funded by reductions in other care packages. Exceptions to this must meet criteria which will be outlined in the guidance. Managed waiting lists will be operated to control demand.
Update	COMPLETE: Management guidance has been developed and was issued on 14 th May 2018. The guidance does not have exception criteria as it was felt this detracted from the need for budget holders to actively manage their budget. The emphasis was that budget management is an integral part of the role of a senior manager and team leader. The guidance also includes a section on the use of waiting lists.

Action	D
Action Description	The Challenge Fund projects are to be implemented as soon as possible and specifically the review of thresholds and criteria, roll out of Self Directed Support and the review and development of the Partnerships charging policy to provide a universal framework to support the operational management of care budgets.
Risk	A failure to establish a universal framework for assessments of care could lead to inequality in service provision and the continuation of thresholds and criteria being employed which are financially unsustainable for the Partnership.
Priority (1, 2, 3)	1
Paragraph Reference	3.11
Assigned to	Partnership Senior Management Team
Due Date	30 th September 2018
Management Response	Phase 1 of the Challenge Fund is underway but some projects have been delayed due to difficulties securing the necessary post resource to implement the projects. Phase 2 funding has still to be released but will be requested with a view to commencing projects in April 2018.
Update	ONGOING: Phase 1 projects are progressing well in the main. There are still some projects that are delayed due to securing the necessary people resource to implement the project. Some of the phase 1 projects are nearing a point where a decision on their sustainability will be required. Phase 2 has not yet commenced but will focus on changing the culture of staff, the charging policy, multi-disciplinary teams and self-directed support.

Action	E
Action Description	A review of budgets to be undertaken to identify areas where budget holders do not have full control and new processes implemented to ensure budget holders approve spend or delegate the budget further to those who currently incur expenditure.
Risk	Budget holders cannot fully control expenditure and therefore cannot effectively manage the budgets under their direct responsibility.
Priority (1, 2, 3)	2
Paragraph Reference	3.12

Assigned to	Partnership Senior Management Team
Due Date	30 th April 2018
Management Response	A full review of budgets will be undertaken and if required budgets will be split to the relevant budget holder.
Update	COMPLETE: All budgets were reviewed and the equipment and adaptations budget was split to reflect the relevant budget holders and cost centres were reallocated within Children's Services.

Action	F
Action Description	PSMT to review how budget decisions are communicated to senior managers, team leaders and managers and implement a process to increase the effectiveness of this communication.
Risk	If budget holders are not informed about decisions which are taken about budgets they directly manage there is a risk that the intended outcome will not be achieved.
Priority (1, 2, 3)	1
Paragraph Reference	3.13
Assigned to	Partnership Senior Management Team
Due Date	30 th June 2018
Management Response	Initial awareness sessions will be held with all senior managers, managers and team leaders to give them an overview of the partnership budget and financial position. Regular updates (the double sided graphic report) will be emailed to all senior managers, managers and team leaders. A regular update will be included in the Directors update to all staff.
Update	COMPLETE: These sessions were undertaken and included an overview of the total IJB budget, savings, pressures, Challenge Fund, the role of the budget holder, role of a social worker regards budgets, role of Finance and the main challenges moving forward. The double sided graphic report has been circulated to all senior managers, managers and team leaders and will continue to be. Any relevant updates on the financial position are included in the Directors update. The key theme in all financial communications has been to cascade it below senior manager level directly rather than via the senior managers only.