

## **Integration Joint Board**

**Thursday 8 September 2016 at 10.00 a.m.**

**Council Chambers  
Cunninghame House  
Irvine**

**1. Apologies**

Invite intimation of apologies for absence.

**2. Declaration of Interest**

**3. Minutes / Action Note (Page 5)**

The accuracy of the Minutes of the meeting held on 5 August 2016 will be confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973 (copy enclosed).

**3.1 Matters Arising**

Consider any matters arising from the minutes of the previous meeting.

**Presentation**

**4. Annual Performance Report**

Receive a presentation from Jo Gibson, Principal Manager (Planning and Performance) on the Annual Performance Report.

**Performance**

**5. Financial Management Report – Period 4 (Page 15)**

Submit report by Eleanor Currie, Principal Manager (Finance) (copy enclosed).

**6. Annual Audit Report (Page 39)**

Submit report by Margaret Hogg, Section 95 Officer (copy enclosed)

## **Service Development**

### **7. Charter for Involvement (Page 83)**

Submit report by Thelma Bowers, Head of Mental Health on the Charter for Involvement (copy enclosed).

## **Governance**

### **8. Directions (Page 87)**

Submit report by Iona Colvin, Director NAHSCP on the proposed policy for making directions to North Ayrshire Council and NHS Ayrshire and Arran Health Board (copy enclosed).

## **Minutes**

### **9. Strategic Planning Group Minute (Page 91)**

Submit the Minutes of the Strategic Planning Group meeting held on 21 July 2016 (copy to be enclosed).

## **Consultations**

### **10. Child Poverty Bill for Scotland (Page 97)**

Submit report by Stephen Brown, Head of Service (Children, Families & Criminal Justice Services) on the response to the Scottish Government's consultation on a Child Poverty Bill for Scotland (copy enclosed).

### **11. Mental Health**

Submit report by Thelma Bowers, Head of Service - Mental Health (copy to follow).

## **EXEMPT INFORMATION**

### **12. Exclusion of the Public**

Resolve in terms of Section 50(A)4 of the Local Government (Scotland) Act 1973, to exclude from the Meeting the press and the public for the following items of business on the grounds indicated in terms of Paragraph 9 of Part 1 of Schedule 7A of the Act.

#### **Non Disclosure of Information**

In terms of Standing Order 17 (Disclosure of Information) the information contained within the following reports is confidential information within the meaning of Section 50A of the 1973 Act and shall not be disclosed to any person by any Member or Officer.

### **13. Social Work Complaints Review Committee**

Submit report by the Chief Executive (North Ayrshire Council) on the findings and recommendations of the Social Work Complaints Review Committee

# Integration Joint Board

## Sederunt

### Voting Members

|                                   |                        |
|-----------------------------------|------------------------|
| Councillor Peter McNamara (Chair) | North Ayrshire Council |
| Mr Stephen McKenzie (Vice Chair)  | NHS Ayrshire & Arran   |
| Dr Carol Davidson                 | NHS Ayrshire & Arran   |
| Councillor Anthea Dickson         | North Ayrshire Council |
| Councillor John Easdale           | North Ayrshire Council |
| Mr Bob Martin                     | NHS Ayrshire & Arran   |
| Dr Janet McKay                    | NHS Ayrshire & Arran   |
| Councillor Robert Steel           | North Ayrshire Council |

### Professional Advisors

|                  |  |
|------------------|--|
| Pete Gilfedder   | Interim Lead Nurse/Mental Health Advisor     |
| Ms Iona Colvin   | Director North Ayrshire Health & Social Care |
| Dr Mark McGregor | Acute Services Representative                |
| Ms Margaret Hogg | Section 95 Officer/Head of Finance           |
| Mr Stephen Brown | Chief Social Work Officer- North Ayrshire    |
| Ms Louise Gibson | Lead Allied Health Professional Adviser      |
| Dr Paul Kerr     | Clinical Director                            |
| Dr Kez Khaliq    | GP Representative                            |

### Stakeholder Representatives

|                   |   |
|-------------------|---|
| Mr Nigel Wanless  | Independent Sector Representative             |
| Mr David Donaghey | Staff Representative - NHS Ayrshire and Arran |
| Ms Louise McDaid  | Staff Representative - North Ayrshire         |
| Mr Martin Hunter  | Service User Representative                   |
| Ms Fiona Thomson  | Service User Representative                   |
| Ms Marie McWaters | Carers Representative                         |
| Ms Sally Powell   | Carers Representative                         |
| Mr Jim Nichols    | Third Sector Representative                   |



### **Agenda Item 3**

**North Ayrshire Health and Social Care Partnership  
Minute of Integration Joint Board meeting held on  
Friday 5 August 2016  
at 10.00 a.m., Council Chambers, Cunninghame House, Irvine**

#### **Present**

Councillor Anthea Dickson, (Chair)  
Stephen McKenzie, NHS Ayrshire & Arran (Vice Chair)

Dr Carol Davidson, NHS Ayrshire & Arran  
Dr Janet McKay, NHS Ayrshire & Arran  
Councillor Peter McNamara, North Ayrshire Council  
Councillor Robert Steel, North Ayrshire Council  
Councillor Catherine McMillan, North Ayrshire Council

Iona Colvin, Director North Ayrshire Health and Social Care (NAHSCP)  
Margaret Hogg, Chief Finance Officer  
Stephen Brown, Chief Social Work Officer – North Ayrshire  
Dr Paul Kerr, Clinical Director  
Nigel Wanless, Independent Sector Representative  
David Donaghey, Staff Representative – NHS Ayrshire and Arran  
Louise McDaid, Staff Representative – North Ayrshire Council  
Fiona Thomson, Service User Representative  
Marie McWaters, Carers Representative  
Jim Nichols, Third Sector Representative

#### **Also Present**

Councillor Irene Oldfather

#### **In Attendance**

David Rowland, Head of Health and Community Care  
Jo Gibson, Principal Manager (Planning and Performance)  
Eleanor Currie, Principal Manager (Finance)  
Dale Meller, Senior Manager, Community Mental Health  
Vickie Campbell, Corporate Business Manager – NHS Ayrshire and Arran  
Karen Andrews, Team Manager (Governance)  
Melanie Anderson, Committee Services Team Leader  
Heather Molloy, Local Integration Officer, Independent Care Homes  
Lawrence McMahon, Clerical Officer, Governance Team  
Louise Harvie, Clerical Officer, Governance Team

#### **Apologies for Absence**

Pete Gilfedder, Interim Lead Nurse/Mental Health Advisor  
Dr Mark McGregor, Acute Service Representative  
Sally Powell, Carers Representative  
Martin Hunter, Service User Representative  
Lynne McNiven, Consultant in Public Health

|     |  |   |
|-----|--|---|
| 1.  | <b>Apologies</b><br><br>Apologies were noted.  |   |
| 2.  | <b>Declarations of Interest</b><br><br>There were no declarations of interested in terms of Standing Order 7.2 and Section 5.14 of the Code of Conduct for Members of Devolved Public Bodies.  |   |
| 3.  | <b>Minutes/Action Note – 16 June 2016</b><br><br>The accuracy of the Minutes of the meeting held on 16 June 2016 was confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973, subject to the inclusion of Dr Janet McKay within the list of apologies recorded.  |   |
| 3.1 | <b>Matters Arising</b><br><br>Development and Implementation of a North Ayrshire Social Enterprise Strategy – this report will be submitted to the IJB prior to the end of 2016.<br><br>Model Publication Scheme – this report will be submitted to the IJB prior to the end of 2016.<br><br>Volunteering Strategy – a progress report prepared by the Third Sector representative was circulated at the meeting, with a further report to be submitted to a future meeting of the IJB prior to the end of 2016.   | John Godwin<br><br>Neil McLaughlin<br><br>Jim Nichols |
| 4.  | <b>National Clinical Strategy</b><br><br>Dr Paul Kerr, Clinical Director provided a presentation on the National Clinical Strategy.<br><br>The presentation included information on the background to the development of the strategy, the strategy's key principles and context, changes to primary and secondary care, the strategic priorities, and the aspiration to deliver 'realistic medicine'.<br><br>Discussion took place on a range of issues, including:-<br><ul style="list-style-type: none"><li>the role of guidelines balanced against the need to prioritise care and ensure affordability;</li></ul> | -   |

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|----|--|-----------|
|    | <ul style="list-style-type: none"> <li>the case for the development of centres of excellence, with pre-treatment and aftercare then delivered locally;</li> <li>the importance of a holistic approach which recognises the complexity of patients' conditions; and</li> <li>the emphasis on clinical reasons for change.</li> </ul> <p>Noted.</p>  |           |
| 5. | <p><b>Annual Performance Report</b></p> <p>The Annual Performance Report 2015/16 was circulated at the meeting.</p> <p>The Chair and Vice Chair commended those involved for their work in preparing the report.</p> <p>The Board agreed (a) to note the Annual Performance Report 2015/16; and (b) that its contents be the subject of further discussion at the next meeting.</p>  | Jo Gibson |
| 6. | <p><b>Final Strategic Refresh</b></p> <p>The report "Our Strategic Plan: the way ahead 2016/18" was circulated at the meeting.</p> <p>The Chair commended the presentation of the strategy document.</p> <p>The Board agreed to approve the Strategy document.</p>   | Jo Gibson |
| 7. | <p><b>2016/17 Budget Update</b></p> <p>Submitted report by Margaret Hogg, Section 95 Officer on the updated indicative Health budget of £130.952m for 2016/17.</p> <p>Appendix 1 to the report provided details of the Health budget, including the movements from the indicative budget provided to the Board in June 2016. Saving proposals developed to meet the savings target of £2.871m set by Health for the approval of the Board were outlined at Appendix 2 to the report.</p> <p>Members asked questions and were provided with further information in relation to:-</p> <ul style="list-style-type: none"> <li>a request submitted to the Council for funds associated with the difference between the anticipated cost of the introduction of the Living Wage and the actual cost;</li> </ul> |           |

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|    | <ul style="list-style-type: none"> <li>• issues surrounding the timing of the Health Board's budget confirmation and the value of seeking to develop longer term budgeting;</li> <li>• the number of proposed savings relating to mental health service provision and rationale for this; and</li> <li>• the reduced nursing establishment within Arran War Memorial.</li> </ul> <p>The Board agreed to (a) approve the proposed savings identified for 2016/17 for Health Services as set out at Appendix 2 to the report, subject to a correction in respect of the reduction in the nursing establishment at Arran War Memorial at item 24, which should read 0.5 FTE and not 5; (b) note the updated indicative budget for 2016/17 for Health Services; and (c) receive an analysis at the next meeting of the funding provided by North Ayrshire Council and NHS Ayrshire and Arran for mental health vs other service provision.</p>   | Margaret Hogg |
| 8. | <p><b>Director's Report</b></p> <p>Submitted report by Iona Colvin, Director NAHSCP on developments within the North Ayrshire Health and Social Care Partnership.</p> <p>The report highlighted works underway in the following areas:-</p> <ul style="list-style-type: none"> <li>• IJB Chair/Vice Chair event;</li> <li>• the Red Cross House development;</li> <li>• Celebrating Success events;</li> <li>• appointment of an Interim Lead Nurse;</li> <li>• Embracing the Wave of Change and Vibrant Communities events</li> <li>• Locality Roadshows;</li> <li>• Carer's Week;</li> <li>• Change Programme Update;</li> <li>• Providers Forum Governance Arrangements; and</li> <li>• the development of an Undernutrition Strategy for Ayrshire.</li> </ul> <p>Reference was also made at the meeting to attendance by the Chair and Councillor Robert Steel at the Young Carer's Festival, and to North Ayrshire's success in being appointed to deliver a national resource of mental health and autism beds at Woodland View.</p> <p>Noted.</p> |               |



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|-------------------|---|--------------------------|
| <p><b>9.</b></p>  | <p><b>Joint Health Protection Plan</b></p> <p>Submitted report by Dr Carol Davidson, Director of Public Health on the Joint Health Protection Plan.</p> <p>The Joint Health Protection Planning Group, comprising representatives from NHS Ayrshire and Arran, the three Ayrshire local authorities and the Ayrshire Civil Contingencies Team produced the Joint Health Protection Plan, which provides:-</p> <ul style="list-style-type: none"> <li>• an overview of health protection responsibilities, priorities, provision and preparedness within Ayrshire and Arran;</li> <li>• describes how NHS Ayrshire and Arran and the three local authorities work jointly to protect public health across a range of health protection topics; and</li> <li>• provides a summary of the key health protection priorities and related joint working planned for 2016/18.</li> </ul> <p>Members asked questions and were provided with further information in relation to:-</p> <ul style="list-style-type: none"> <li>• whether the integration agenda was reflected in this and future health protection plans; and</li> <li>• sexual and drug deaths, which are the subject of separate protection planning.</li> </ul> <p>The Board agreed to approve the Ayrshire and Arran Joint Health Protection Plan 2016/18.</p> | <p>Dr Carol Davidson</p> |
| <p><b>10.</b></p> | <p><b>Review of Equipment and Adaptations</b></p> <p>Submitted report by David Rowland, Head of Service (Health and Community Care) on the work being undertaken by the Equipment and Adaptations Project.</p> <p>The report provided details of Phases 1 and 2 of the project, which included:-</p> <ul style="list-style-type: none"> <li>• Process mapping of the equipment and adaptations process;</li> <li>• Carefirst document streamlining;</li> <li>• Children's OT Services Pilot;</li> <li>• Handrails and bannisters review; and</li> <li>• Equipment Competency Training</li> </ul> <p>The proposed timescales for the proposed areas of work identified by the project were outlined at 3.2 of the report.</p>  |                          |

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|     | <p>Discussion took place on the good progress made in respect of this project and the importance of quantifying both financial and time savings achieved.</p> <p>The Board agreed (a) to support the further development of the project; (b) to receive regular updates on progress; and (c) that the project mapping appendix to the report, which had been omitted in error, would be made available.</p>   | David Rowland |
| 11. | <p><b>HSCP Award Ceremony</b></p> <p>Submitted report by Jo Gibson, Principal Manager (Planning and Performance) on proposals for a Partnership Recognition and Awards event on 13 February 2017 in St. Matthew's Academy.</p> <p>Nominations were invited to serve on an event organising committee.</p> <p>Discussion took place on the implications of an early evening event for those attending from Arran.</p> <p>The Board agreed (a) to support the proposal to hold a Partnership Recognition and Awards event; (b) that Councillor Steel, David Donaghey, Heather Molloy and a Third Sector representative be nominated to serve of the event organising committee, with any further nominations to be submitted directly to Jo Gibson.</p>   | Jo Gibson     |
| 12. | <p><b>Flexible Intervention Service</b></p> <p>Submitted report by Dale Meller, Senior Manager (Community Mental Health) on the proposal to re-tender for the Flexible Intervention Services (FIS) to appoint a service provider and extend the current contract until the tender process is complete</p> <p>The report provided information on the current provider, the Richmond Fellowship Scotland and existing funding arrangements, including a pressure bid of £175,000 to fund the service on an on-going basis.</p> <p>The Board agreed to (a) a re-tender exercise to appoint a service provider to appoint a flexible support service to individuals with mental health problems and learning difficulties and disabilities; and (b) refer the report to the Council's Cabinet to implement the re-tender process.</p> | Dale Meller   |
| 13  | <b>Integration Joint Board Performance and Audit Committee</b>  |               |

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|-------------|---|---------------|
|             | Submitted the Minutes of the Integration Joint Board Performance and Audit Committee held on 9 June 2016.<br><br>Noted.   |               |
| <b>14.</b>  | <b>SPOG</b><br><br>Submitted the Minutes of the Strategic Planning Officers Group held on 24 May 2016.<br><br>Noted.  |               |
| <b>15.</b>  | <b>Urgent Item</b><br><br>The Chair agreed to consider the following item of business as a matter of urgency, to allow action to be taken prior to the next meeting of the Board.   |               |
| <b>15.1</b> | <b>Scottish Government Social Security Consultation</b><br><br>Fiona Thomson, Carers Representative, referred to a Scottish Government consultation on Social Security.<br><br>The Board agreed that (a) the Director's office liaise with the Service User representatives on a proposed consultation response on behalf of the Board; and (b) that the draft response be submitted to the October meeting for approval. | Karen Andrews |
|             | The meeting ended at 11.40 a.m.   |               |



## North Ayrshire Integration Joint Board – Action Note

**Updated following the meeting on 5 August 2016**

| No. | Agenda Item   | Date of Meeting | Action  | Status   | Officer         |
|-----|---|-----------------|---|--|-----------------|
| 1.  | Development and Implementation of a North Ayrshire Social Enterprise Strategy | 4/6/15          | Draft Social Enterprise Strategy to be submitted to the IJB, NACMT and NAC Cabinet Meeting.<br><br>Economic Development   | Agenda – prior to end 2016<br><br>(Report going to Cabinet on 10/5/16) | John Godwin     |
| 2.  | Model Publication Scheme  | 13/8/15         | Report on progress including the outcome of the options appraisal   | Agenda – prior to end 2016   | Neil McLaughlin |
| 4.  | Volunteering Strategy   | 11/2/16         |   | Agenda – prior to end 2016   | J. Nicols       |
| 5.  | Official opening of Woodland View   | 11/2/16         | Details of official opening to be provided to IJB Members   | As soon as available   | T. Bowers       |
| 6.  | Annual Performance Report   | 5/8/16          | The report was circulated at the meeting on 5/8/16 – agreed that it be discussed further at September meeting             | September meeting  | Jo Gibson       |
| 7.  | Scottish Government Social Security Consultation                              | 5/8/16          | Director's office to liaise with Service User reps and a draft response to be submitted to September meeting for approval | October meeting  | K. Andrews      |
| 8.  | Flexible Intervention Service   | 5/8/16          | Refer the report to Cabinet to implement the re-tender process  |  | D. Meller       |



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**Integration Joint Board  
8 September 2016**

**Agenda Item No. 5**

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**Subject:** **Financial Performance Report as at 31 July 2016**

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**Purpose:** To provide an overview of the 2016/17 financial position of the North Ayrshire Health and Social Care Partnership as at 31 July 2016

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**Recommendation:** It is recommended that the Board:

- a) note the content of this report and the projected overspend of £1.852m for 2016/17;
- b) approve the mitigating action being taken to bring the budget online;
- c) approve the virement requests; and
- d) approve the Lead Partnership Services recovery plan for consideration by the South and East Health and Social Care Partnerships.

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**1. EXECUTIVE SUMMARY**

- 1.1 This report provides an overview of the 2016/17 financial position of the North Ayrshire Health and Social Care Partnership as at 31 July 2016. This report reflects the projected expenditure and income and has been prepared in conjunction with relevant budget holders. This is the first report of the financial year and projections will become more robust as the year progresses.
- 1.2 The total approved budget for 2016/17 is £213.486m (NAC £82.490m, NHS £130.996m). This has been increased to £214.085m at period 4. Budget movements are detailed in section 13.
- 1.3 The projected outturn is £1.852m overspent at the year end and the mitigating action required is outlined in section 11.

**2. 2016/17 PERIOD 4 POSITION**

- 2.1 Against the full-year budget of £214.085m there is a projected overspend of £1.852m (0.9%).

The following sections (section 3 – 10) outline the main areas of variance by service area.

### 3. COMMUNITY CARE AND HEALTH SERVICES

3.1 Against the full-year budget of £59.269m there is a projected overspend of £0.783m (1.3%) the main areas of which are:

- **Locality Services** – projected year end underspend of £0.021m. This consists of a projected underspend in relation to care homes and independent living services of £0.094m partially offset by an overspend in adult care packages of £0.072m. The overspend in care packages is due to the use of bank and agency staff to cover sickness absence. To mitigate this moving forward the plan is to use staff in redeployment from other care packages to minimise use of bank and agency staff.

Demand for equipment is higher than the budget set and based on demand will be fully spent by December. To manage spend within the budget requires the introduction of eligibility criteria now. The criteria being applied for equipment to be provided is:

1. provide support required for end of life packages
2. complete adaptations that had started or had been committed to in writing prior to the tightened control on expenditure being put in place
3. maintain equipment and adaptations in situ and on which service users depend and
4. provide equipment deemed essential to support individuals and avoid hospital admissions

If the criteria are not met the equipment will either need to be part of the waiting list or not provided at all.

- **Community Care Service Delivery** – projected year end overspend of £0.677m.
  - a) Care at home (in house and purchased provision) is projected to be £0.360m overspent which is partly attributable to the increased number of service users and unbudgeted additional costs arising from taking services in house. To reduce costs within care at home and community alarms, the objective is for plain time overtime to be used to cover all sickness absence and / or vacancies. Where this is not possible, any enhanced overtime must be approved by the Senior Manager. This is being closely monitored. Eligibility criteria is also being applied to ensure care is provided to those most in need.
  - b) Responding to community alarms calls is projected to overspend by £0.169m as the number of service users has increased by 7.5% in the past year and call volumes have increased by 13.1%. This is partly due to the pilot project with the Scottish Ambulance Service which is leading to a reduction in the number of hospital admissions.
  - c) Staffing costs at Montrose House are projected to be £0.095m overspent due to the use of bank staff and mainland staff to cover vacancies and suspended posts. The balance of the projected overspend relates to care at home assistants costs for attendance at training and cover for Team Managers on social work placement.
- **Rehab and Reablement** – projected year end overspend of £0.193m. This mainly consists of:
  - a) An under recovery of charging income (£0.080m) as the level of income receivable varies depending on the financial circumstances of each service user. This will be monitored closely throughout the year.



- b) Employee costs are also projected to overspend by £0.051m due to an unbudgeted post and the non-achievement of payroll turnover.
- c) The in-patient ward is projected to overspend by £0.071m due to the use of bank and agency to cover sickness absence and a number of vacancies. To mitigate this moving forward the aim is to reduce the use of supplementary staffing by managing sickness absence and filling of vacancies.
- **Long Term Conditions** – projected underspend £0.099m mainly in employee costs (£0.061m) due to vacant Community Connector posts.

#### 4. MENTAL HEALTH SERVICES

4.1 Against the full-year budget of £67.901m there is a projected overspend of £1.061m (1.6%) the main areas of which are:

- **Learning Disabilities** – projected underspend of £0.243m. This underspend reflects work being undertaken to review sleepover provision and examine alternative methods of care (e.g. Telecare) which will reduce future spend.
- **Community Mental Health** – projected overspend of £0.166m which is mainly due to an overspend on Direct Payments of £0.098m and contract overspends. For both of these areas the issue is insufficient budget rather than spending over budget. A virement request is included in section 14 to enable budgets to be realigned to fix this historic budget issue.
- **Lead Partnership Mental Health**– projected overspend of £1.146m which consists of:
  - a) Adult Inpatient Wards – projected overspend of £0.688m due to the use of supplementary staffing within wards at Woodland View to cover sickness absence levels and number of constant observations. There is also increased spend on agency staffing due to the shortage of bank nurses willing to travel to work in Irvine. To mitigate this moving forward there is the potential to operate an internal local bank for Woodland View and plans for this are currently being developed. The nursing workforce tool will also be undertaken again in August 2016 to determine the appropriate workforce model for delivery of wider mental health services within Woodland view. This will inform an update of the business case for Woodland View and support further financial negotiations with the NHS board.
  - b) Elderly Inpatient Wards – projected overspend of £0.210m. The staffing is over-establishment in some wards and there is use of supplementary staffing due to high sickness absence. To mitigate this moving forward the plan is to reduce staffing levels through retirements and reduce supplementary staffing through enhanced sickness absence management and introduction of mental health specific bank nursing.
  - c) Adult Community - projected overspend of £0.081m due to the need to provide out of hours liaison cover at Crosshouse to replace the ANP service which transferred to Woodland View. No funding has been provided for this and negotiations are ongoing with the NHS to resolve this.

- d) Addictions Ward – projected overspend of £0.085m. This relates to the new detox model of care delivered from ward 5 at Woodland View which was part of the business case and forward planning for the new service including the design of the new addiction service ward, but which did not receive funding in the NHS budget. This service was previously delivered from acute mental health wards at University Crosshouse hospital prior to the opening of Woodland view. To mitigate this moving forward the nursing workforce tool will be undertaken again in August 2016 to determine the appropriate workforce model for delivery of wider mental health services within Woodland view. This will inform an update of the business case for Woodland View and support further financial negotiations with the NHS.

## 5. CHILDREN'S SERVICES AND CRIMINAL JUSTICE SERVICES

5.1 Against the full-year budget of £24.666m there is a projected overspend of £0.639m (2.6%) the main areas of which are:

- **Intervention Services** – projected underspend of £0.361m which mainly relates to temporary slippage in new posts (£0.203m) within the throughcare team. These posts have now been advertised. There is also a recurring underspend in payments to care leavers (£0.125m) based on demand. This is requested as a virement to cover other areas of overspend within Children's Services.
- **Looked After and Accommodated Children** – projected overspend of £0.460m. This is mainly due to residential school placements (£0.519m) of which £0.424m relates to two secure placements which are new for 2016/17. These placements were made after every other option for care provision was exhausted. One placement is due to transfer in the coming months which is factored into the projection. There is also a projected overspend within staff cost for the residential units of £0.149m due to the use of casual staff and overtime to provide cover for sickness and vacancies.

Looked after children placements are projected to underspend by £0.234m. This consists of underspends in kinship care, private fostering, fostering Xtra and IMPACCT carers partially offset with overspends in adoption, fostering and respite. Virement will be requested in period 6 between these areas to realign the budget with anticipated demand for each type of care. This allows any growth in demand up to the mid year point to be considered.

- **Fieldwork** – projected overspend of £0.280m mainly due to the non-achievement of turnover (£0.125m) and the use of agency staff (£0.080m). Agency staff are only employed when there is no other option and are usually employed due to their experience in child protection.

Demand for community packages has increased by 29% over the last twelve months, however, spend has been managed through the introduction of a self-directed support (SDS) pilot within this area. This service area is currently forecasting an overspend of £0.060m (9%) and further work will continue on SDS to manage spend within budget.

- **Lead Services – NHS Children's Services** – projected overspend of £0.280m in relation to trainee health visitors (CEL 13). The Scottish Government have awarded additional funding in the 2016/17 budget to allow the planned growth in health visitor staff. However, the funding received from health has been insufficient to fully fund the numbers targeted by the Scottish Government and negotiations are continuing with the NHS to resolve this.

## 6. PRIMARY CARE

6.1 There are no major variances to report at period 4.

## 7. MANAGEMENT AND SUPPORT COSTS

7.1 Against the full-year budget of £5.057m there is a projected underspend of £0.072m (1.4%) the main areas of which are an income over recovery in relation to recharging staff salaries and an overachievement of payroll turnover.

## 8. CHANGE PROGRAMME

- 8.1
- **Integrated Care fund (ICF)** – the ICF has a full year budget of £2.890m and is projected to underspend by £0.559m mainly due to delays in posts being filled. An element of the funding (£0.486m) was unallocated at the time of setting the budget and this has now been allocated but is also contributing to the underspend. Given the current budget position it is proposed that this is used to help assist balance the overall partnership overspend.
  - **Delayed Discharge** - delayed discharge has a full year budget of £0.867m. Due to the timing around programme start dates, it is currently estimated that £0.177m of slippage is likely on this programme. This is already assumed as a non-recurring saving. We are committed to fully spending against delayed discharge funding and eligible areas of spend will be allocated to this area.

See Appendix C for more detail on the Change Programme.

## 9. LEAD PARTNERSHIP SERVICES

9.1 The projected overspend for North Lead Partnership Services is £1.426m and this is already included in the £1.852m projected overspend for the partnership.

| Service Area        | Projected<br>Outturn<br>000's | £ |
|---------------------|-------------------------------|---|
| Mental Health       | 1,146                         |   |
| Children's Services | 280                           |   |
| Keepwell            | -                             |   |
| <b>TOTAL</b>        | <b>1,426</b>                  |   |

In 2015/16 there was an agreement that the financial position would be viewed as a further year of due diligence and each parent organisation would take responsibility for any shortfall in funding. A due diligence exercise is underway for 2016/17 to ensure that all base line budget issues have been addressed and any unresolved budget issues will be discussed with parent organisations. Moving forward in 2016/17 where an overspend cannot be avoided within a lead partnership budget a recovery plan should be agreed across the three partners; should the recovery plan fail then all the HSCPs are liable to address the shortfall which exists, which are not related to base line budget issues. This shortfall will be distributed to each partner based on a 'fair share' principle which is currently being developed across the three Ayrshire partnerships.

- 9.2 As the Lead Partner for Mental Health and Children's Services (Health Visiting) the North Ayrshire Health and Social Care Partnership has responsibility for developing a recovery plan for these areas. This needs to be agreed by the North IJB and presented to the other partners for approval. This is detailed for approval in Appendix D.

## 10. SET ASIDE BUDGET

- 10.1 The Integration Scheme, also makes provision for the Set Aside budget to be managed in-year by the Health Board with any recurring over or under spend being considered as part of the annual budget setting process. It is difficult to estimate the total expenditure on the Set Aside budget for 2016/17 as there are a high number of unfunded beds open at the present time to meet demands. This will be managed in year by the NHS and the budget implications for 2017/18, which are not linked to base line budget issues, will be discussed across the three partnerships.

## 11. MITIGATING ACTION

- 11.1 The action being taken to reduce the projected overspend of £1.852m and bring the budget online is shown in Appendix D. Note that £0.446m of the mitigation relies on additional funding being secured from the NHS for gaps in funding commitments. If this funding is not provided then further mitigating action will require to be identified.

## 12. SAVINGS UPDATE

- 12.1 The 2016/17 budget included £6.871m of savings. As agreed at the IJB of 5 August 2016 a combined savings schedule is provided below which shows the saving per service area.

| Service Area                     | Share of the 2016/17 Budget % | Approved Savings £ 000's | Share of 2016/17 Savings % |
|----------------------------------|-------------------------------|--------------------------|----------------------------|
| Community Care and Health        | 28%                           | 1.193                    | 17%                        |
| Mental Health                    | 32%                           | 2.511                    | 37%                        |
| Children & Criminal Justice      | 14%                           | 1.144                    | 17%                        |
| Management and Support Costs     | 2%                            | 0.350                    | 5%                         |
| Cross Service                    | -                             | 1.673                    | 24%                        |
| All other areas inc Primary Care | 24%                           | -                        | -                          |
| <b>TOTAL</b>                     | <b>100%</b>                   | <b>6.871</b>             | <b>100%</b>                |

All agreed Council and Health savings for 2016/17 have already been removed from the Partnership budget.

This section provides a summary update on progress in delivering these savings with detailed progress against each element in shown in Appendix E.

- 12.2

| BRAG Status  | 2016/17 Approved Saving | Period 4 Progress |
|--------------|-------------------------|-------------------|
| Red          | 750                     | 750               |
| Amber        | 2,278                   | 2,278             |
| Green        | 3,843                   | 3,369             |
| Blue         | 0                       | 474               |
| <b>TOTAL</b> | <b>6,871</b>            | <b>6,871</b>      |

As highlighted in the previous budget update report some savings are at risk from delivery and this is reflected in the update provided within Appendix E. One saving in relation to fostering is showing a £0.020m shortfall but this will be reviewed and if required an alternative saving will be presented in period 6. At this stage the projections assume all savings will be delivered. This will be subject to more robust information in period 6.

### **13. BUDGET MOVEMENTS**

- 13.1 The total approved budget for 2016/17 is £213.486m (NAC £82.490m, NHS £130.996m). This has been increased to £214.085m at period 4. In total the budget has increased by £0.599m. Budget movements since the approved budget are detailed in Appendix F.

### **14. VIREMENT**

- 14.1 The following virement is requested for approval:

**Mental Health** - £0.100m from community packages to direct payments in line with actual expenditure.

**Children and Criminal Justice Services** - £0.125m from care leavers to supported carers £0.025m, disability care packages £0.060m and the standby service £0.040m in line with actual expenditure.

### **15. Implications**

#### **15.1 Financial**

The projected outturn is £1.852m overspent for 2016/17 and the mitigating action required is outlined in detail in Appendix D. This mitigating action will be reviewed and updated as required throughout the year.

As highlighted in the previous budget update report some savings are at risk from delivery and this is reflected in the update provided within Appendix E. At this stage the projections assume all savings will be delivered. This will be subject to more robust information in period 6.

#### **15.2 Human Resources**

There are no human resource implications.

#### **15.3 Legal**

There are no legal implications.

#### **15.4 Equality**

There are no equality implications.

#### **15.5 Environmental & sustainability**

There are no environmental & sustainability implications.

### **16. CONSULTATIONS**

- 16.1 This report has been produced in consultation with relevant budget holders, the Partnership Senior Management Team and the Director of Finance for NHS Ayrshire and Arran and the Executive Director Finance and Corporate Support for North Ayrshire Council.

## **17. CONCLUSION**

- 17.1 It is recommended that the Board:
- a) note the content of this report and the projected overspend of £1.852m for 2016/17;
  - b) approve the mitigating action being taken to bring the budget online;
  - c) approve the virement requests; and
  - d) approve the Lead Partnership Services recovery plan for consideration by the South and East Health and Social Care Partnerships.

**For more information please contact Eleanor Currie, Principal Manager – Finance on 01294-317814 or Margaret Hogg, Chief Finance Officer on 01294 314560.**

## 2016/17 Budget Monitoring Report – Period 4 Objective Summary

## Appendix A

| Partnership Budget - Objective Summary               | 2016/17 Budget |                   |  |                |                   |  |                |                   |  |
|--|----------------|-------------------|--|----------------|-------------------|--|----------------|-------------------|--|
|  | Council        |                   |  | Health         |                   |  | TOTAL          |                   |  |
|  | Budget         | Projected Outturn | Projected Over/ (Under) Spend Variance | Budget         | Projected Outturn | Projected Over/ (Under) Spend Variance | Budget         | Projected Outturn | Projected Over/ (Under) Spend Variance |
|  | £'000          | £'000             | £'000                                  | £'000          | £'000             | £'000                                  | £'000          | £'000             | £'000                                  |
| <b>COMMUNITY CARE AND HEALTH</b>                     | <b>48,833</b>  | <b>49,492</b>     | <b>659</b>                             | <b>10,436</b>  | <b>10,560</b>     | <b>124</b>                             | <b>59,269</b>  | <b>60,052</b>     | <b>783</b>                             |
| : Locality Services                                  | 24,308         | 24,214            | (94)                                   | 3,415          | 3,488             | 73                                     | 27,723         | 27,702            | (21)                                   |
| : Community Care Service Delivery                    | 22,319         | 22,996            | 677                                    | 0              | 0                 | 0                                      | 22,319         | 22,996            | 677                                    |
| : Rehabilitation and Reablement                      | 635            | 758               | 123                                    | 1,778          | 1,848             | 70                                     | 2,413          | 2,606             | 193                                    |
| : Long Term Conditions                               | 1,146          | 1,085             | (61)                                   | 3,009          | 2,971             | (38)                                   | 4,155          | 4,056             | (99)                                   |
| : Integrated Island Services                         | 425            | 439               | 14                                     | 2,234          | 2,253             | 19                                     | 2,659          | 2,692             | 33                                     |
| <b>MENTAL HEALTH SERVICES</b>                        | <b>20,977</b>  | <b>20,896</b>     | <b>(81)</b>                            | <b>46,924</b>  | <b>48,066</b>     | <b>1,142</b>                           | <b>67,901</b>  | <b>68,962</b>     | <b>1,061</b>                           |
| : Learning Disabilities                              | 16,011         | 15,770            | (241)                                  | 482            | 480               | (2)                                    | 16,493         | 16,250            | (243)                                  |
| : Community Mental Health                            | 3,589          | 3,754             | 165                                    | 1,789          | 1,790             | 1                                      | 5,378          | 5,544             | 166                                    |
| : Addictions   | 1,377          | 1,372             | (5)                                    | 982            | 979               | (3)                                    | 2,359          | 2,351             | (8)                                    |
| : Lead Partnership Mental Health NHS Area Wide       | 0              | 0                 | 0                                      | 43,671         | 44,817            | 1,146                                  | 43,671         | 44,817            | 1,146                                  |
| <b>CHIDREN'S SERVICES AND CRIMINAL JUSTICE</b>       | <b>26,741</b>  | <b>27,107</b>     | <b>366</b>                             | <b>3,484</b>   | <b>3,757</b>      | <b>273</b>                             | <b>30,225</b>  | <b>30,864</b>     | <b>639</b>                             |
| : Intervention Services                              | 4,037          | 3,677             | (360)                                  | 275            | 274               | (1)                                    | 4,312          | 3,951             | (361)                                  |
| : Looked After & Accommodated Children               | 15,020         | 15,480            | 460                                    | 0              | 0                 | 0                                      | 15,020         | 15,480            | 460                                    |
| : Fieldwork  | 6,186          | 6,466             | 280                                    | 0              | 0                 | 0                                      | 6,186          | 6,466             | 280                                    |
| : CCSF   | 469            | 455               | (14)                                   | 0              | 0                 | 0                                      | 469            | 455               | (14)                                   |
| : Criminal Justice                                   | (15)           | (15)              | 0                                      | 0              | 0                 | 0                                      | (15)           | (15)              | 0                                      |
| : Early Years  | 263            | 236               | (27)                                   | 1,611          | 1,605             | (6)                                    | 1,874          | 1,841             | (33)                                   |
| : Policy & Practice                                  | 781            | 808               | 27                                     | 0              | 0                 | 0                                      | 781            | 808               | 27                                     |
| : Lead Partnership NHS Children's Services Area Wide | 0              | 0                 | 0                                      | 1,598          | 1,878             | 280                                    | 1,598          | 1,878             | 280                                    |
| <b>PRIMARY CARE</b>                                  | <b>0</b>       | <b>0</b>          | <b>0</b>                               | <b>47,876</b>  | <b>47,876</b>     | <b>0</b>                               | <b>47,876</b>  | <b>47,876</b>     | <b>0</b>                               |
| <b>MANAGEMENT AND SUPPORT COSTS</b>                  | <b>4,001</b>   | <b>3,857</b>      | <b>(144)</b>                           | <b>1,056</b>   | <b>1,128</b>      | <b>72</b>                              | <b>5,057</b>   | <b>4,985</b>      | <b>(72)</b>                            |
| <b>CHANGE PROGRAMME</b>                              | <b>0</b>       | <b>0</b>          | <b>0</b>                               | <b>3,557</b>   | <b>2,998</b>      | <b>(559)</b>                           | <b>3,557</b>   | <b>2,998</b>      | <b>(559)</b>                           |
| <b>OTHER LEAD PARTNERSHIP SERVICES</b>               | <b>0</b>       | <b>0</b>          | <b>0</b>                               | <b>200</b>     | <b>200</b>        | <b>0</b>                               | <b>200</b>     | <b>200</b>        | <b>0</b>                               |
| <b>TOTAL</b>   | <b>100,552</b> | <b>101,352</b>    | <b>800</b>                             | <b>113,533</b> | <b>114,585</b>    | <b>1,052</b>                           | <b>214,085</b> | <b>215,937</b>    | <b>1,852</b>                           |





## Period 4 Subjective Summary

| Partnership<br>Subjective Summary | 2016/17 Budget |                      |  |                |                      |  |                |                      |  |
|-----------------------------------|----------------|----------------------|--|----------------|----------------------|--|----------------|----------------------|--|
|                                   | Council        |                      |  | Health         |                      |  | TOTAL          |                      |  |
|                                   | Budget         | Projected<br>Outturn | Projected<br>Over/<br>(Under)<br>Spend<br>Variance | Budget         | Projected<br>Outturn | Projected<br>Over/<br>(Under)<br>Spend<br>Variance | Budget         | Projected<br>Outturn | Projected<br>Over/<br>(Under)<br>Spend<br>Variance |
|                                   | £'000          | £'000                | £'000  | £'000          | £'000                | £'000  | £'000          | £'000                | £'000  |
| Employee Costs                    | 43,965         | 45,198               | 1,233  | 52,037         | 53,264               | 1,227  | 96,002         | 98,462               | 2,460  |
| Property Costs                    | 500            | 374                  | (126)  | 16             | 18                   | 2  | 516            | 392                  | (124)  |
| Supplies and Services             | 2,081          | 2,048                | (33)   | 6,069          | 6,058                | (11)   | 8,150          | 8,106                | (44)   |
| Prescribing Costs                 | 0              | 0                    | 0  | 30,809         | 30,809               | 0  | 30,809         | 30,809               | 0  |
| Primary Medical Services          | 0              | 0                    | 0  | 17,068         | 17,068               | 0  | 17,068         | 17,068               | 0  |
| Transport and Plant               | 552            | 606                  | 54   | 0              | 0                    | 0  | 552            | 606                  | 54   |
| Admin Costs                       | 1,120          | 1,097                | (23)   | 1,820          | 1,728                | (92)   | 2,940          | 2,825                | (115)  |
| Other Agencies & Bodies           | 74,630         | 74,636               | 6  | 6,505          | 6,380                | (125)  | 81,135         | 81,016               | (119)  |
| Transfer Payments                 | 2,489          | 2,526                | 37   | 0              | 0                    | 0  | 2,489          | 2,526                | 37   |
| Other Expenditure                 | 87             | 94                   | 7  | 0              | 0                    | 0  | 87             | 94                   | 7  |
| <b>GROSS EXPENDITURE</b>          | <b>125,424</b> | <b>126,579</b>       | <b>1,155</b>                                       | <b>114,324</b> | <b>115,325</b>       | <b>1,001</b>                                       | <b>239,748</b> | <b>241,904</b>       | <b>2,156</b>                                       |
| Income                            | (24,872)       | (25,227)             | (355)  | (791)          | (740)                | 51   | (25,643)       | (25,947)             | (304)  |
| <b>TOTAL NET EXPENDITURE</b>      | <b>100,552</b> | <b>101,352</b>       | <b>800</b>   | <b>113,533</b> | <b>114,585</b>       | <b>1,052</b>                                       | <b>214,085</b> | <b>215,937</b>       | <b>1,852</b>                                       |



## Change Programme Financial Summary

## Appendix C

### Integrated Care Fund

| Area of Spend  | Budget       | Projected Outturn | Projected Over/ (Under) Spend Variance | Comments on the Projected Spend  |
|--|--------------|-------------------|--|--|
| Ideas and Innovation Fund  | 997          | 916               | (81)                                   | Vacant BBV Co-ordinator assume filled in Oct - £14k underspend and Criminal Justice Officer £10k underspend. Community Phlebotomy service not yet commenced, assumed 6 months spend. |
| Reshaping Care for Older People Legacy   | 337          | 348               | 11                                     | Overspend in dementia training   |
| Engagement and Locality Planning   | 170          | 112               | (58)                                   | Slippage in recruitment to posts - assume filled in October 2016   |
| Teams around GPs   | 95           | 47                | (48)                                   | Vacant posts, assumed filled from October  |
| Change Team  | 815          | 632               | (183)                                  | Vacant posts, assumed filled from October  |
| Social Isolation, Low Level Mental Health Support and Supporting Teams around Primary Care | 476          | 276               | (200)                                  | Slippage is assumed as the projects are not yet underway.  |
| <b>TOTAL</b>   | <b>2,890</b> | <b>2,331</b>      | <b>(559)</b>                           |  |

Note that all of this slippage is recorded against the NHS budget as the funding has not yet been split. It will be split when agreement is reached on the amount for social isolation, low level mental health support and supporting teams around Primary Care. When it is split based on current spend at least £250K of the underspend will be recorded against Council led projects.

### Delayed Discharge

| Area of Spend                      | Budget     | Projected Outturn | Projected Over/ (Under) Spend Variance | Comments on the Projected Spend   |
|------------------------------------|------------|-------------------|--|---|
| SPOC                               | 46         | 23                | (23)                                   | Slippage in recruitment to posts - assume filled in October 2016  |
| Hospital at Home                   | 338        | 331               | (7)                                    |   |
| Bed Based Intermediate Care Ward 1 | 83         | 35                | (48)                                   | Slippage in recruitment to posts - assume filled in October 2016  |
| Bed Based Intermediate Care Ward 2 | 67         | 28                | (39)                                   | Slippage in recruitment to posts - assume filled in October 2016  |
| Whole Model Staffing               | 133        | 250               | 117                                    | The £0.200m saving has been removed from this line but will occur across the areas of spend. This will be reviewed and updated in period 6. |
| <b>TOTAL</b>                       | <b>667</b> | <b>667</b>        | <b>0</b>                               |   |



**Mitigating action required to bring the budget on-line**  
**Appendix D**

| Objective Heading                        | Service Area                          | £ 000'S    | Action  | Council    | Health    | Lead Partnership |
|--|---------------------------------------|------------|---|------------|-----------|------------------|
| <b>Community Care and Health</b>         | : Care at Home                        | 270        | Review and develop eligibility criteria with a view to managing demand.   | 270        | 0         | 0                |
|  | : Community Alarms                    | 50         | Review and develop eligibility criteria with a view to managing demand. Review the call volumes for potential areas of reduction.   | 50         | 0         | 0                |
|  | : Care Homes                          | 167        | Work is underway to bring forward the plans to reduce spending on care placements with savings being agreed for 2017/18 being brought forward. This reflects the success of the reablement service and specifically pavilion 3. | 167        | 0         | 0                |
|  | : Inpatient wards                     | 40         | Management of sickness absence and vacancies to reduce use of bank and agency nursing   | 0          | 40        | 0                |
|  | : Care Packages                       | 32         | Management of sickness absence and vacancies to reduce use of bank and agency nursing. Use of staff in redeployment from other packages to cover on a straight time basis rather than going to Bank / Agency                    | 0          | 32        | 0                |
| <b>TOTAL – Community Care and Health</b> |                                       | <b>559</b> |   | <b>487</b> | <b>72</b> | <b>0</b>         |
| <b>Mental Health</b>                     | : Lead partnership - adult Inpatients | 433        | <ul style="list-style-type: none"> <li>• 1% reduction in total sickness absence levels across unit</li> <li>• 20 % reduction in staff hours associated with enhanced observations</li> </ul>                                    | 0          | 0         | 433              |

|  |   |     |   |   |   |     |
|--|---|-----|---|---|---|-----|
|  |   |     | <ul style="list-style-type: none"> <li>• Review of IPCU model to include function of crisis admission for those from acute required significantly enhanced care for a short period</li> <li>• Introduce Mental Health specific bank nursing system to support short notice needs in Mental health inpatient services reducing spend on expensive agency nursing</li> <li>• Reducing requirement for whole shift cover to meet short notice &amp; term needs through allocation/movement of staff across Woodland View site and as per discussion at Daily Huddle</li> <li>• Review of the nursing workforce tool</li> </ul> |   |   |     |
|  | : Lead Partnership - elderly inpatients | 210 | <ul style="list-style-type: none"> <li>• 1% reduction in total sickness absence levels across unit</li> <li>• Introduce Mental Health specific bank nursing system to support short notice needs in Mental health inpatient services reducing spend on expensive agency nursing</li> <li>• Reducing requirement for whole shift cover to meet short notice &amp; term needs through allocation/movement of staff across Ailsa site and as per discussion at Daily Huddle</li> <li>• Continuing reduction in Band 2/3 posts as per agreed adjustment to skill mix/numbers as existing surplus staff leave</li> </ul>         | 0 | 0 | 210 |

|   |                                      |              |   |            |              |              |
|---|--------------------------------------|--------------|---|------------|--------------|--------------|
|   |                                      |              | • Review of the nursing workforce tool  |            |              |              |
|   | : Lead Partnership – adult community | 81           | Continue to pursue additional funding from the NHS for out of hours liaison cover at Crosshouse   | 0          | 0            | 81           |
|   | : Lead Partnership – addictions ward | 85           | Continue to pursue additional funding from the NHS for this detox ward  | 0          | 0            | 85           |
| <b>TOTAL – Mental Health</b>                            |                                      | <b>809</b>   |   | <b>0</b>   | <b>0</b>     | <b>809</b>   |
| <b>Children’s Services and Criminal Justice</b>         | : Adoption                           | 8            | Review of adoption fees to identify opportunities for reduction. This assumes a 3% reduction.   | 8          | 0            | 0            |
|   | : Residential Units                  | 20           | Review of respite provision.  | 20         |              |              |
|   | : Care Packages                      | 35           | Expand the pilot project on Self Directed Support across all service users where appropriate. This assumes a 2.5% saving over and above savings already approved.   | 35         | 0            | 0            |
|   | : Health Visitors                    | 349          | Continue to pursue the NHS for adequate funding to support this initiative. This is the amount being requested in the report being considered by the NHS (£0.349m). | 0          | 0            | 349          |
| <b>TOTAL – Children’s Services and Criminal Justice</b> |                                      | <b>412</b>   |   | <b>63</b>  | <b>0</b>     | <b>349</b>   |
| <b>Management and Support Costs</b>                     | : Unfunded post                      | 72           | Review existing vacant posts with a view to deleting them and funding this post on a recurring basis.   | 0          | 72           | 0            |
| <b>TOTAL – Management and Support Costs</b>             |                                      | <b>72</b>    |   | <b>0</b>   | <b>72</b>    | <b>0</b>     |
| <b>GRAND TOTAL</b>                                      |                                      | <b>1,852</b> |   | <b>550</b> | <b>144</b>   | <b>1,158</b> |
| REALLOCATION OF ICF SLIPPAGE                            |                                      | -            |   | 250        | (250)        | 0            |
| <b>REVISED TOTAL</b>                                    |                                      | <b>1,852</b> |   | <b>800</b> | <b>(106)</b> | <b>1,158</b> |





## a) Council Element of Savings

| Summary Narrative  | B/R/AG Status | 2016/17 Approved Saving | 2016/17 Projected Achievable Saving | 2016/17 Saving Shortfall | Action being taken to address shortfall  |
|--|---------------|-------------------------|-------------------------------------|--------------------------|--|
| Review of Partnership business support functions   | Green         | 150,000                 | 150,000                             | -                        | Business Support reviewing structure and vacancies in order to achieve savings   |
| Reduction in alternative family placement numbers, reducing the number of children requiring to be accommodated in this way by twenty over the next three years.   | Amber         | 166,400                 | 166,400                             | -                        | Service reviewing all current adoption and fostering placements for analysis and proposed end dates if possible                            |
| Rationalisation of the Family Support services across North Ayrshire   | Blue          | 150,000                 | 150,000                             | -                        | Achieved   |
| Children with Disabilities - improved procurement for provision of community support services.   | Green         | 25,000                  | 25,000                              | -                        |  |
| Transfer of 8 external foster care placements to in-house carer provision  | Green         | 183,040                 | 163,000                             | 20,040                   | Four placements transferred to date saving of £122k achieved and savings of £41k still to be achieved when remaining 4 placements transfer |
| Whole system review of NHS provided beds in care of elderly/elderly Mental Health and purchased nursing care beds.   | Green         | 500,000                 | 500,000                             | -                        | On target to be achieved at present  |
| Older People -The support offered to individuals through their admission to Hospital and in the planning of their discharge back to community settings will be reviewed to improve the quality of support and ensure greater continuity. | Amber         | 50,000                  | 50,000                              | -                        | Post to be identified  |
| Review and redesign day care for older people with a view to securing a more flexible, person centred approach that is aligned with other services to deliver greater efficiency in service provision.                                   | Green         | 50,000                  | 50,000                              | -                        | Post to be identified  |
| Increase in Income Budget. Revision of base budget to reflect inflation increases and improvements to the charging process to ensure charges are implemented according to the policy.  | Green         | 455,000                 | 455,000                             | -                        |  |
| Streamlining management through the integration of services within the HSCP  | Amber         | 90,000                  | 90,000                              | -                        |  |
| NACAS/Money Matters - proposed reduction in the Welfare Reform Payment plus an additional 10% funding from Money Matters   | Blue          | 264,294                 | 264,294                             | -                        | Savings achieved   |
| Review of complex packages of care for individuals with a Learning Disability.   | Amber         | 100,000                 | 100,000                             | -                        |  |
| Mental Health Care Packages baseline budget adjustment based on historic underspends   | Amber         | 30,000                  | 30,000                              | -                        |  |
| Further rationalisation of the Family Support services across North Ayrshire   | Green         | 150,000                 | 150,000                             | -                        |  |

| Summary Narrative  | B/R/A/G Status | 2016/17 Approved | 2016/17 Projected | 2016/17 Saving | Action being taken to address shortfall                                      |
|--|----------------|------------------|-------------------|----------------|--|
| Children & Families Adoption - remove additional investment  | Blue           | 60,000           | 60,000            | -              | Savings achieved through scheme of delegation approval and revision of posts |
| Children & Families - Fostering additional savings to be delivered through revised rates, shift from external to internal carers and renegotiation of external carer rates | Amber          | 50,000           | 50,000            | -              |  |
| Charging review across all services to ensure that current charging policies are being applied appropriately   | Green          | 50,000           | 50,000            | -              |  |
| Children & Families - remove additional investment   | Green          | 141,000          | 141,000           | -              |  |
| Transport Initiative - Reduce level of taxi usage across the partnership and savings through increased use of Pool Cars  | Green          | 33,000           | 33,000            | -              |  |
| Workforce review - maintaining core staffing levels to reduce enhanced overtime costs.   | Green          | 183,500          | 183,500           | -              |  |
| Discretionary spend savings and minor budget realignments. This would require further review during 2016/17  | Green          | 372,444          | 372,444           | -              |  |
| Introduce a Pan Ayrshire shared Carefirst Support Service  | Amber          | 30,000           | 30,000            | -              |  |
| Dementia Respite care - sell additional places to other Authorities to generate additional income.   | Amber          | 38,610           | 38,610            | -              |  |
| Learning Disability Services - development of Self Directed Support Services across the service to provide choice and  | Amber          | 243,935          | 243,935           | -              |  |
| Children's Services - development of Self Directed Support Services across the service to provide choice and flexibility for   | Amber          | 63,000           | 63,000            | -              |  |
| Review of sleepover provision including alternative models of service delivery e.g. telecare   | Amber          | 34,777           | 34,777            | -              |  |
| Contract savings within mental health and children's services  | Green          | 91,000           | 91,000            | -              |  |
| Workforce Restructure - review of business support   | Green          | 20,000           | 20,000            | -              |  |
| Payroll Turnover - active management of the recruitment process to create additional payroll savings. This is in addition to the current target of £0.812m.                | Amber          | 225,000          | 225,000           | -              |  |
|  |                | <b>4,000,000</b> | <b>3,979,960</b>  | <b>20,040</b>  |  |

**b) Health Element of Savings**

| Summary Narrative                   | B/R/AG Status | 2016/17 Approved Saving | 2016/17 Projected Achievable Saving | 2016/17 Saving Shortfall | Action being taken to address shortfall |
|-------------------------------------|---------------|-------------------------|-------------------------------------|--------------------------|---|
| Day Activity Team, Ailsa            | Green         | 100,000                 | 100,000                             | -                        |   |
| Coffee Shop                         | Green         | 5,000                   | 5,000                               | -                        |   |
| Addiction Supplies                  | Green         | 10,000                  | 10,000                              | -                        |   |
| CAMHS supplies                      | Green         | 20,000                  | 20,000                              | -                        |   |
| CAMHS Reserve Fund                  | Amber         | 90,000                  | 90,000                              | -                        |   |
| Arrol Park - Payroll Turnover       | Amber         | 250,000                 | 250,000                             | -                        |   |
| Advocacy Post                       | Green         | 20,000                  | 20,000                              | -                        |   |
| LD Vacant Post                      | Green         | 35,000                  | 35,000                              | -                        |   |
| MH Nurse Training                   | Green         | 30,000                  | 30,000                              | -                        |   |
| MH Project Management Post          | Green         | 40,000                  | 40,000                              | -                        |   |
| Community Addictions - vacant posts | Green         | 50,000                  | 50,000                              | -                        |   |
| Arrol Park - Long Stay Discharge    | Red           | 110,000                 | 110,000                             | -                        |   |

| Summary Narrative   | B/R/A/G Status | 2016/17 Approved | 2016/17 Projected | 2016/17 Saving | Action being taken to address shortfall |
|---|----------------|------------------|-------------------|----------------|---|
| Psychology Supplies   | Green          | 70,000           | 70,000            | -              |   |
| Whole Systems Review  | Red            | 300,000          | 300,000           | -              |   |
| Community MH Vacancies  | Green          | 50,000           | 50,000            | -              |   |
| External NHS Service Level Agreements                                 | Green          | 25,000           | 25,000            | -              |   |
| Unpacs  | Amber          | 25,000           | 25,000            | -              |   |
| Medical Posts - Targetted Reduction                                   | Red            | 300,000          | 300,000           | -              |   |
| Slippage from Lead Nurse Vacant Post                                  | Green          | 6,000            | 6,000             | -              |   |
| Prescribing - Cost Reduction  | Green          | 50,000           | 50,000            | -              |   |
| Prescribing and Medication Saving Across Community Teams              | Amber          | 30,000           | 30,000            | -              |   |
| Payroll Turnover, Reduction in Staff Absence and Review of Skills Mix | Amber          | 421,000          | 421,000           | -              |   |
| Delayed Discharge Slippage  | Green          | 200,000          | 200,000           | -              |   |
| Arran War Memorial  | Amber          | 15,000           | 15,000            | -              |   |
| Cumbræ Lodge  | Green          | 44,326           | 44,326            | -              |   |
| Payroll Turnover and Reduction in Staff Absence                       | Amber          | 214,775          | 214,775           | -              |   |
| Packages of Care  | Green          | 70,000           | 70,000            | -              |   |
| Huntington's Budget   | Green          | 10,000           | 10,000            | -              |   |
| Health Visitor Supplies   | Green          | 20,000           | 20,000            | -              |   |
| Payroll Turnover and Reduction in Staff Absence                       | Amber          | 109,899          | 109,899           | -              |   |
| Review of Administration  | Red            | 150,000          | 150,000           | -              |   |

**2,871,000**

## Appendix F

### North Ayrshire Health and Social Care Partnership BUDGET RECONCILIATION MOVEMENTS SINCE THE APPROVED BUDGET

| <b>NORTH AYRSHIRE COUNCIL</b>                                   | <b>Period</b> | <b>Permanent<br/>or<br/>Temporary</b> | <b>£<br/>000's</b> |
|---|---------------|---------------------------------------|--------------------|
| Initial Approved Budget   |               |                                       | 82,490             |
| : Resource Transfer net off                                     | 4             | P                                     | 18,197             |
| : Transport Contract Inflation transferred to Place Directorate | 4             | P                                     | (84)               |
| : Transport re Arran vans transferred to Place Directorate      | 4             | P                                     | (24)               |
| : Contribution to a Health and Safety Advisor                   | 4             | T                                     | (10)               |
| : Transfer of HSCP WAN Circuits budgets to IT Infrastructure    | 4             | P                                     | (12)               |
| : Corporate Procurement Savings Tunstall (Telecare)             | 4             | P                                     | (5)                |
| <b>Reported budget at period 4</b>                              |               |                                       | <b>100,552</b>     |

| <b>NHS</b>                              | <b>Period</b> | <b>Permanent<br/>or<br/>Temporary</b> | <b>£</b>       |
|---|---------------|---------------------------------------|----------------|
| Initial Approved Budget                 |               |                                       | 130,996        |
| : Resource Transfer net off             | 4             | P                                     | (18,197)       |
| : ORT Funding                           | 4             | P                                     | 87             |
| : Temporary uplift to MH Staffing       | 4             | T                                     | 308            |
| : Woodland View commissioning           | 4             | T                                     | 100            |
| : Daldroch Income Shortfall             | 4             | P                                     | 149            |
| : Cumbrae Lodge Inflation               | 4             | P                                     | 20             |
| : Baseline Resource Transfer Adjustment | 4             | P                                     | 70             |
| <b>Reported budget at period 4</b>      |               |                                       | <b>113,533</b> |

|                    |                |
|--------------------|----------------|
| <b>GRAND TOTAL</b> | <b>214,085</b> |
|--------------------|----------------|



## Integration Joint Board

8 September 2016

Agenda Item No. 6

**Subject: Audit Scotland : 2015/16 Annual Audit Report**

**Purpose:** The Board is invited to note the annual audit report for 2015/16 and consider a verbal report by the external auditor.

**Recommendation:** That the Board (a) notes the findings of the 2015/16 audit as contained in the External Auditor's annual report at Appendix 2; (b) notes the agreed action plan as outline in Appendix IV of the annual report; (c) considers a verbal report by the External Auditor and (d) approve the Annual Accounts for 2015/16.

|           |   |
|-----------|---|
| <b>1.</b> | <b>INTRODUCTION</b>   |
| 1.1       | The Integrated Joint Board's (IJB's) accounts for the year to 31 March 2016 were submitted to Audit Scotland for audit on 24 May 2016, in accordance with the agreed timetable. The external auditor is required to complete his audit by 30 September 2016 and to report on certain matters arising to those charged with governance in sufficient time to enable appropriate action to be taken before the financial statements are approved and certified.                             |
| 1.2       | The 2015/16 audit of the IJB was conducted by Audit Scotland.   |
| <b>2.</b> | <b>CURRENT POSITION</b>   |
| 2.1       | As part of their audit work, Audit Scotland assessed the key financial and strategic risks being faced by the IJB, as well as auditing the financial statements, reviewing the IJB's financial position and aspects of financial management, sustainability, transparency, governance and best value.   |
| 2.2       | Audit Scotland's annual report, which summarises the finding of their 2015/16 audit, is attached at Appendix 2 and recognises the high level of commitment by the Board to the Integration Agenda.  |
| 2.3       | Audit Scotland have given an unqualified opinion that the 2015/16 financial statements give a true and fair view of the financial position and expenditure and income of the IJB for the year, concluding that the accounts have been properly prepared in accordance with relevant legislation, applicable accounting standards and other reporting requirements. No monetary adjustments have been identified in and the IJB's position remains as reported to the IJB on 16 June 2016. |
| 2.4       | The auditors have confirmed that the IJB has satisfactory financial management arrangements in place and the financial position is sustainable but challenging.   |

|           |  |
|-----------|--|
|           | Pages 7 to 8 in the attached audit report (Appendix 2) outline the 2 key issues identified during the audit for 2015/16, only one of which requires action. The action is identified within Appendix IV of the Audit Scotland report and is already being progressed by the IJB.   |
| 2.5       | Audit Scotland notes that the IJB has effective governance arrangements in place and confirm that internal audit services comply with Public Internal Audit Standards. It notes the requirement to have protocols in place to ensure all internal audit work and subsequent reports are considered and approved by the IJB. This has been progressed with NHS Ayrshire and Arran.  |
| 2.6       | The auditor also comments that the Board could make more information on how it operates publicly available and this is something which will be considered when the IJB website is developed.   |
| 2.7       | <p>An action plan which sets out the main risks identified from the annual audit work is contained in Appendix IV to Audit Scotland's report. Only three actions have been identified and is reflective of the progress the Board has made over the last 12 months. The risks are in relation to:-</p> <ul style="list-style-type: none"> <li>• the need to monitor delivery of the action plan to improve financial management</li> <li>• the completion of the due diligence exercise for 2016/17</li> <li>• the need to monitor new protocols in place to ensure all internal audit work that is relevant to the Board is considered by the Performance and Audit Committee</li> </ul> <p>The Action Plan notes the steps being taken by the IJB to address these issues.</p> |
| 2.8       | Representatives from Audit Scotland will be in attendance at the Board and will present a verbal report highlighting the main findings of the 2015/16 audit.   |
| 2.9       | A copy of the final audited accounts will be published on the North Ayrshire Council's website and a link will be issued to all Board Members for their information.   |
|           |  |
| <b>3.</b> | <b>PROPOSALS</b>   |
| 3.1       | <p>The Board is invited to :-</p> <p>(a) note the findings of the 2015/16 audit as contained in the External Auditor's annual report at Appendix 2; (b) notes the agreed action plan as outline in Appendix IV of the annual report; (c) considers a verbal report by the External Auditor and (d) approve the Annual Accounts for 2015/16.</p>  |
| <b>4.</b> | <b>IMPLICATIONS</b>  |
| 4.1       | <b><u>Financial Implications</u></b>   |
|           | There are no financial implications arising from this report.  |
| 4.2       | <b><u>Human Resource Implications</u></b>  |
|           | None.  |
| 4.3       | <b><u>Legal Implications</u></b>   |
|           | None.  |



|           |   |
|-----------|---|
| 4.4       | <b><u>Equality Implications</u></b>   |
|           | None.   |
| 4.5       | <b><u>Environmental Implications</u></b>  |
|           | None.   |
| 4.6       | <b>Implications for Key Priorities</b>  |
|           | The external audit report provides reassurance that the IJB has satisfactory financial managements and sound governance arrangements in place.  |
| <b>5.</b> | <b>CONSULTATIONS</b>  |
| 5.1       | The Chief Officer, Chief Financial Officer and officers of the IJB have been consulted during the audit process.  |
| <b>6.</b> | <b>CONCLUSION</b>   |
| 6.1       | Audit Scotland have issued an unqualified opinion on the 2015/16 annual financial statements. Three issues have been identified during the course of the audit and actions agreed to address these. |

**For more information please contact Margaret Hogg, Chief Finance Officer on 01294 314560**



North Ayrshire Integration Joint Board

8 September 2016

## North Ayrshire Integration Joint Board Annual Audit Report

1. International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We are drawing to your attention matters for your consideration before the financial statements are approved and certified. We also present for your consideration our proposed annual report on the 2015/16 audit which identifies significant findings from the financial statements audit. The section headed "Significant findings from the audit in accordance with ISA260" in the attached annual audit report sets out the issues identified. This report will be issued in final form after the financial statements have been certified.
2. Our work on the financial statements is now complete. Subject to the satisfactory conclusion of any outstanding matters and receipt of a revised set of financial statements for final review, we anticipate being able to issue an unqualified auditor's report on 8 September 2016 (the proposed report is attached at Appendix A). There are no anticipated modifications to the audit report.
3. In presenting this report to the Integration Joint Board we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.
4. We are required to report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature and request that these misstatements be corrected. We have no unadjusted misstatements to bring to your attention.
5. As part of the completion of our audit we seek written assurances from the Accountable Officer on aspects of the financial statements and judgements and estimates made. A draft letter of representation under ISA580 is attached at Appendix B. This should be signed and returned by the Accountable Officer with the signed financial statements prior to the independent auditor's opinion being certified.

### Outstanding matters

6. There are no outstanding matters

## Appendix A – Proposed Independent Auditors Report

### **Independent auditor's report to the members of North Ayrshire Integration Joint Board and the Accounts Commission for Scotland**

I certify that I have audited the financial statements of North Ayrshire Integration Joint Board for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Statement of Income and Expenditure, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the 2015/16 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Respective responsibilities of the Chief Financial Officer and auditor**

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of North Ayrshire Integration Joint Board and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

## **Opinion on financial statements**

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of North Ayrshire Integration Joint Board as at 31 March 2016 and of the income and expenditure of North Ayrshire Integration Joint Board for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

## **Opinion on other prescribed matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which I am required to report by exception**

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Fiona Mitchell-Knight FCA  
Assistant Director, Audit Services  
Audit Scotland  
4th Floor, The Athenaeum Building  
8 Nelson Mandela Place,  
Glasgow, G2 1BT

9 September 2016

## Appendix C: ISA 580 - Letter of Representation

9 September 2016

Fiona Mitchell-Knight  
Assistant Director  
Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
Nelson Mandela Place  
Glasgow  
G2 1BT

Dear Fiona

### **North Ayrshire Integration Joint Board**

#### **Annual Accounts 2015/2016**

1. This representation letter is provided in connection with your audit of the financial statements of the North Ayrshire Integration Joint Board for the year ended 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements properly present the financial position of the Board as at 31 March 2016, and its income and expenditure for the year then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Board, the Council and NHS Ayrshire and Arran, the following representations given to you in connection with your audit for the year ended 31 March 2016.

#### **General**

3. I acknowledge my responsibility for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by North Ayrshire Integration Joint Board have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
4. The information given in the Annual Accounts, including the Management Commentary and Remuneration Report, presents a balanced picture of the Board and is consistent with the financial statements.
5. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements.

#### **Financial Reporting Framework**

6. The financial statements have been prepared in accordance with Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and in accordance with the requirements of Local Government (Scotland) Act 1973 including all relevant presentation and disclosure requirements.

7. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of North Ayrshire Integration Joint Board for the year ended 31 March 2016.

### **Accounting Policies and Estimates**

8. All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the financial statements. The appropriateness of these policies has been reviewed, and takes account of the requirements set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.
9. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

### **Going Concern**

10. The Senior Officers have assessed the ability of the Integration Joint Board to carry on as a going concern and have disclosed, in the financial statements, any material uncertainties that have arisen as a result.

### **Related Party Transactions**

11. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24.

### **Remuneration Report**

12. The remuneration report has been prepared in accordance with the requirements and includes all eligible remuneration for the disclosed officers.

### **Events Subsequent to the Statement of Balances Date**

13. There have been no material events since the date of the balance sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.
14. Since the date of the balance sheet no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

### **Corporate Governance**

15. I acknowledge, as Section 95 Officer, my responsibility for the corporate governance arrangements of the Board. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.

### **Fraud**

16. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who

have a significant role in internal control or that could have a material effect on the financial statements.

### **Provisions and Contingent Liabilities**

17. There are no provisions or contingent liabilities, arising either under formal agreements or through informal undertakings, requiring disclosure in the accounts.

Yours sincerely

**Margaret Hogg**  
**Chief Financial Officer**





# North Ayrshire Health & Social Care Partnership

PROPOSED 2015/16  
Annual Audit Report for  
members of North  
Ayrshire Integration Joint  
Board and the Controller  
of Audit

September 2016

# Key contacts

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Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively ([www.audit-scotland.gov.uk/about/](http://www.audit-scotland.gov.uk/about/)).

**Fiona Mitchell-Knight** Assistant Director, Audit Scotland is the engagement lead of **North Ayrshire Health & Social Care Partnership** for the 2015/16 year.

This report has been prepared for the use of **North Ayrshire Health & Social Care Partnership** and no responsibility to any member or officer in their individual capacity or any third party is accepted.

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# Key messages

|  |   |
|--|---|
| <b>Audit of financial statements</b>             | <ul style="list-style-type: none"> <li>• This is the first year that the partnership has operated, and published its accounts.</li> <li>• We have issued an unqualified independent auditor's report on the 2015/16 financial statements. They have been prepared in accordance with accounting regulations and guidance.</li> <li>• The accounts were prepared in time to facilitate the consolidation of figures into the health board's accounts in June.</li> </ul>   |
| <b>Financial management &amp; sustainability</b> | <ul style="list-style-type: none"> <li>• The Board has satisfactory financial management arrangements in place and the financial position is sustainable but challenging. Regular budgetary control reports are provided to the Board and to the partner bodies.</li> <li>• The partnership spent £234 million on delivering health and social care services for the residents of North Ayrshire.</li> <li>• There was an overspend of £2.109 million in 2015/16 against budget. North Ayrshire Council agreed to fully fund the overspend. A recovery plan was approved by the Board and includes an action to improving financial forecasting.</li> <li>• The Board had to set its 2016/17 budget in advance of confirmation of the health board's settlement. Any significant change to this could impact the level of service provided by the Board.</li> </ul> |
| <b>Governance &amp; transparency</b>             | <ul style="list-style-type: none"> <li>• Effective governance arrangements are in place.</li> <li>• We obtained audit assurance over the accuracy and completeness of financial transactions processed by the partner bodies.</li> <li>• Internal audit services provided to the Board comply with Public Internal Audit Standards. A protocol should be in place which ensures all internal audit work and subsequent reports are considered by and approved by the IJB.</li> <li>• The Board could make more information about how it operates publicly available.</li> </ul>   |
| <b>Best Value</b>                                | <ul style="list-style-type: none"> <li>• The Board was one of the first established in Scotland, and has shown a very high level of commitment to the integration agenda.</li> <li>• The three Ayrshire IJBs' lead partner service model is an innovative approach.</li> <li>• The strategic plan outlines the partnership's aims, visions and priorities for the next three years. The plan has been reviewed at its mid-point in August 2016.</li> <li>• Key outcomes for the Board, which align with the Community Planning Partnership, have been agreed.</li> <li>• Quarterly performance reports are presented to the Performance &amp; Audit Committee; an annual performance report was published.</li> </ul>   |
| <b>Outlook</b>                                   | <ul style="list-style-type: none"> <li>• Whilst the Board's commitment to providing better preventative and community based care is encouraging, it is too early to judge its impact. The Board will need to demonstrate its evolving approach is making a positive impact on users and outcome measures</li> <li>• The Board will need to operate in a period of austerity with reduced funding in real terms, increasing cost pressures and a growing demand for services. Developing and implementing workforce strategies which enable the redesign of health and care services to meet future needs will be challenging.</li> </ul>  |

# Introduction

1. In October 2015 the Accounts Commission approved the appointment of Audit Scotland's Audit Services Group as external auditors of North Ayrshire Integration Joint Board (the "Board"). Our audit appointment is for one year, covering the 2015/16 financial year. This is the first period for which the Board has prepared financial statements for the health and social care partnership.
2. This report is a summary of our findings arising from the 2015/16 audit. The report is divided into sections which reflect our public sector audit model.
3. The management of the Board is responsible for:
  - preparing financial statements which give a true and fair view
  - implementing appropriate internal control systems
  - putting in place proper arrangements for the conduct of its affairs
  - ensuring that the financial position is soundly based.
4. Our responsibility, as the external auditor, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
5. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility to prepare financial statements which give a true and fair view.
6. [Appendix I](#) lists the audit risks that we identified in the annual audit plan we issued in March 2016. It also summarises the assurances provided by management to demonstrate that risks are being addressed and the conclusions of our audit work. [Appendix II](#) lists the reports we issued to the Board during the year. A number of national reports have been issued by Audit Scotland during the course of the year. These reports, summarised at [Appendix III](#), include recommendations for improvements.
7. [Appendix IV](#) is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers considered the issues and agreed to take steps to address them. The Board should ensure it has a mechanism in place to assess progress and monitor outcomes.
8. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
9. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

# Audit of the 2015/16 financial statements

|                          |  |
|--------------------------|--|
| <b>Audit opinion</b>     | <ul style="list-style-type: none"> <li>• We have completed our audit and issued an unqualified independent auditor's report.</li> </ul>  |
| <b>Going concern</b>     | <ul style="list-style-type: none"> <li>• The financial statements were prepared on the going concern basis.</li> <li>• There is increased financial risk for the Board which had to set its 2016/17 budget in advance of NHS Ayrshire &amp; Arran approving its budget. However we do not feel this or any other events or conditions cast significant doubt on the Board's ability to continue as a going concern.</li> </ul> |
| <b>Other information</b> | <ul style="list-style-type: none"> <li>• We review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. We have nothing to report in respect of this information.</li> </ul>   |

## Submission of financial statements for audit

10. The Public Bodies (Joint Working) (Scotland) Act 2014 specifies that Integration Joint Boards (IJBs) should be treated as if they were bodies falling within section 106 of the Local Government (Scotland) Act 1973. The financial statements of the Board are prepared in accordance with the 1973 Act and the 2015/16 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
11. The IJB put arrangements in place to provide information to its partners for their group accounts, per an agreed timetable. This was particularly important for NHS Ayrshire and Arran which is required to submit audited accounts by 30 June. This included details of balances held at the year-end, the transactions in the year and other information including assurances needed for the governance statements.
12. We received the unaudited financial statements of the Board on 24 May 2016, in accordance with the agreed timetable. The working papers were of a good standard and finance staff provided good support to the audit team which assisted the delivery of the audit by the deadline.

## Overview of the scope of the audit of the financial statements

13. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan presented to the Performance and Audit Committee on 9 June 2016.

14. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2015/16 agreed fee for the audit was set out in the Annual Audit Plan and as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.
15. The concept of audit risk is central to our audit approach. We focus on those areas that are most at risk of causing material misstatement in the financial statements. In addition, we consider what risks are present in respect of our wider responsibility, as public sector auditors, under Audit Scotland's Code of Audit Practice.
16. During the planning phase of our audit we identified a number of risks and reported these to you in our Annual Audit Plan along with the work we proposed doing in order to obtain appropriate levels of assurance. [Appendix I](#) sets out the significant audit risks identified and how we addressed each risk.
17. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

## Materiality

18. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial

statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).

19. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.
20. We summarised our approach to materiality in our Annual Audit Plan. Based on our knowledge and understanding of North Ayrshire Integration Joint Board we set our planning materiality for 2015/16 at £2.259 million (or 1% of gross expenditure). Performance materiality was calculated at £1.356 million, to reduce to an acceptable level the probability of uncorrected and undetected audit differences exceeding our planning materiality level. Additionally, we set a misstatement threshold of £0.025 million (approximately 1% of planning materiality) for reporting errors. Our annual audit plan highlighted that we would report all misstatements greater than £0.025 million.
21. On receipt of the financial statements and following completion of audit testing we reviewed our materiality levels we reviewed our materiality levels, and adjusted our materiality according to actual unaudited gross expenditure. Planning materiality was adjusted to £2.338 million and performance materiality to £1.403 million.

## Evaluation of misstatements

22. The audit identified some minor presentational items in the unaudited accounts which were discussed and agreed with management. None of these had an impact on the net income and expenditure or balance sheet reported to members in June 2016 when the unaudited accounts were presented.

## Significant findings from the audit

23. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:
  - The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
  - Significant difficulties encountered during the audit.
  - Significant matters arising from the audit that were discussed, or subject to correspondence with management.
  - Written representations requested by the auditor.
  - Other matters which in the auditor's professional judgment are significant to the oversight of the financial reporting process.
24. There are no matters other than those set out elsewhere in this report that we want to bring to your attention.
25. Table 1 below details those issues or other audit judgements that, in our view require to be communicated to those charged with governance in accordance with ISA 260.



26. The financial statements have been compiled in accordance with regulations and we have issued an unqualified independent auditor's report. The annual accounts show the results of the IJB's transactions, but do not reflect the way that services have been organised across Ayrshire lead service partners. However, the Management Commentary, and monitoring information provided to Board members reflects this. The impact of these changes is

discussed further in table 2. This limits the ability of readers of the accounts to link audited IJB cost information to other service performance measures published by the partnership. This will be increasingly the case across Scotland as IJBs change the way that services are delivered.

**Table 1: Significant findings from the audit**

| Significant findings from the audit in accordance with ISA260  |
|--|
| <p><b>1. Budgeting and Financial Sustainability</b></p> <p>The Board incurred an overspend of £2.109 million. A recovery plan was approved by the Board and by the partner bodies, with the overspend being funded by North Ayrshire Council. Periodic budget reporting to the Board throughout the year had predicted a lower overspend. The projected overspend increased from £1.355 million at period 10 to £2.109 million at the year end. The increase over the intervening period was due to additional costs within community care and independent living services that were not forecast at period 10. An action plan has been developed to improve financial management moving forward.</p> <p><i>Appendix IV – Action Plan No. 1</i></p>  |
| <p><b>2. Set Aside Costs</b></p> <p>The accounts include £20.825 million set aside costs for hospital acute services. The budget and expenditure reported for the set aside is equal and based on the historic use of acute services in the area. The figures are provided by NHS Ayrshire &amp; Arran. Partners agreed that this would be managed by NHS Ayrshire &amp; Arran with no in year financial consequences on the partnership. The set aside is excluded from the financial monitoring information used by the IJB to monitor performance, see table 2.</p> <p><i>Resolution:</i> The income and expenditure account in the annual accounts correctly incorporate the set aside costs of £20.825 million. The set aside budget will be reviewed annually as part of the Strategic Plan and should reflect any redesign of services. No further action required.</p> |



## Future accounting and auditing developments

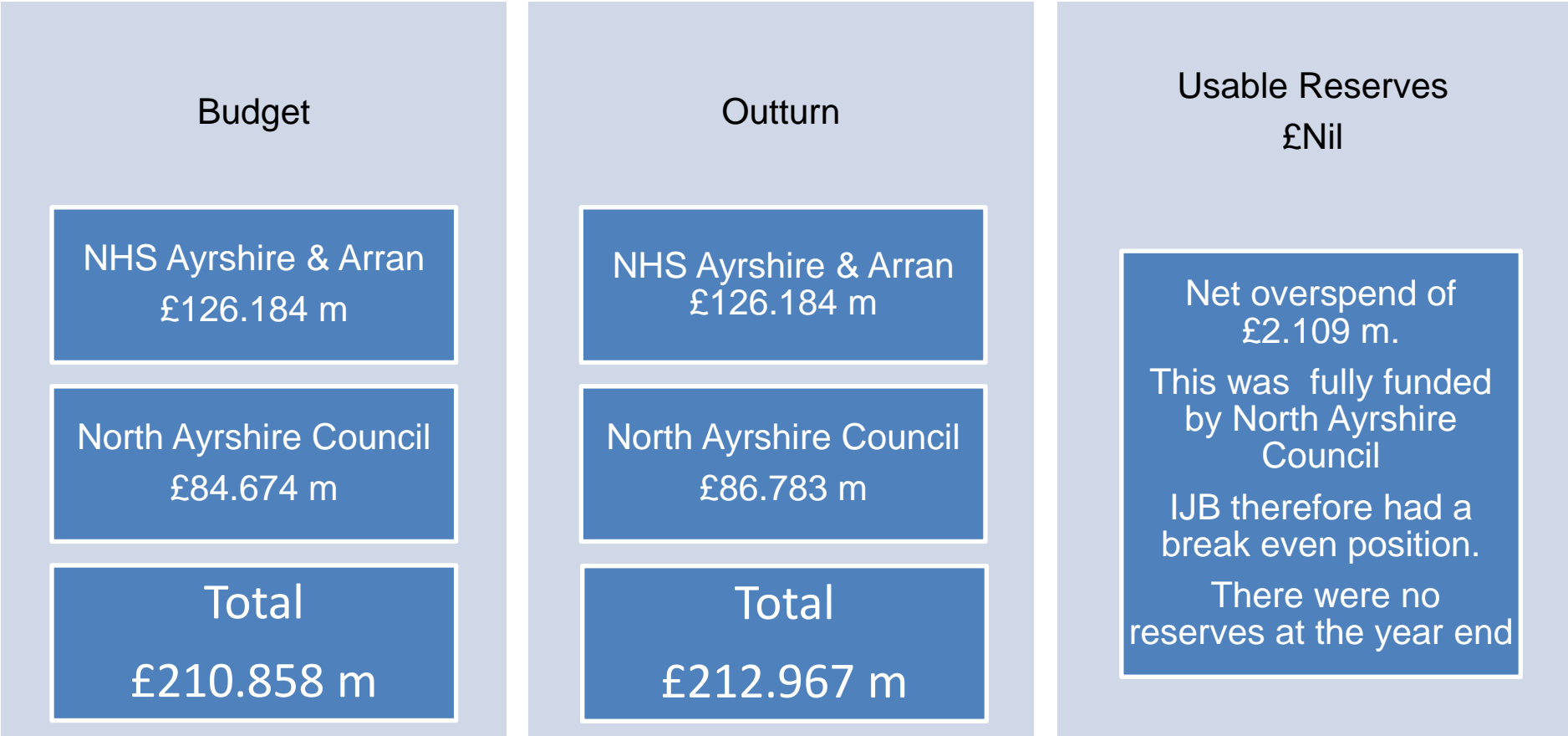
### Audit appointment from 2016/17

27. The Accounts Commission is responsible for the appointment of external auditors to integration joint boards. Paragraph 1 referred to Audit Scotland's one year appointment as the auditor of North Ayrshire Integration Joint Board in 2015/16. This was restricted to one year to reflect the final year of our five year appointment as auditors of NHS Ayrshire & Arran and North Ayrshire Council. External auditors are appointed for a five year term either from Audit Scotland's Audit Services Group or private firms of accountants.
28. The procurement process for the new round of audit appointments was completed in March 2016. From next year (2016/17) Deloitte LLP will be the appointed auditor for North Ayrshire Integration Joint Board.
30. The new Code increases the transparency of our work by making more audit outputs available on Audit Scotland's website. In addition to publishing all Annual Audit Reports, Annual Audit Plans and other significant audit outputs will be put on the website for all audited bodies. This includes outputs for public sector bodies audited by firms. This is irrespective of whether the body meets in public or makes documents private.

### Code of Audit Practice

29. A new Code of Audit Practice applies to public sector audits for financial years starting on or after 1 April 2016. It replaces the Code issued in May 2011. It outlines the objectives and principles to be followed by auditors.

# Financial management and sustainability



The figures above represent the net costs of partnership services managed by North Ayrshire IJB. They exclude £0.041 million of net partnership income, for services delivered on behalf of East and South Ayrshire, not reflected in the IJB Statement of Income and Expenditure Account. They exclude the acute services set aside of £20.825 million discussed in Table 1.

## Financial management

31. In this section we comment on the North Ayrshire Integration Joint Board financial performance and assess the Board's financial management arrangements.
32. The Board does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer. All funding and expenditure for the Board is processed in the stakeholders' accounting records. Satisfactory arrangements are in place to identify this income and expenditure and report this financial information to the Board.
33. Lead partnership responsibilities are specified in the integration schemes for each of the three Ayrshire joint boards. These each specify that the lead board is responsible for the operational management and performance of those lead partnership services. Budget monitoring reports for the Board therefore include £29.811 million funding and expenditure for services which the Board lead on behalf of East and South Ayrshire IJBs. Conversely, budget monitoring reports exclude £29.770 million of funding and expenditure provided to the Board for services that are lead by either East or South Ayrshire IJBs. This nets to £0.041 million and is appropriately adjusted within the annual accounts.
34. The integration scheme between NHS Ayrshire & Arran and North Ayrshire Council sets out the amount to be paid by the parties to North Ayrshire Integration Joint Board. Delegated baseline budgets for 2015/16 were subject to due diligence and comparison to actual expenditure in previous years.
35. Legislation empowers the Board to hold reserves. The integration scheme and the reserves strategy set out the arrangements between the partners for addressing and financing any overspends or underspends. It highlights that underspends in an element of the operational budget arising from specific management action may be retained by the Board to either fund additional in year capacity, or be carried forward to fund capacity in future years of the Strategic Plan. Alternatively, these can be returned to the partner bodies in the event of a windfall saving.
36. Where there is a forecast overspend the partner bodies must agree a recovery plan to balance the budget.

## Financial performance 2015/16

37. The Board set a breakeven budget for 2015/16. This was based on expenditure of £204.818 million to deliver partnership services: with £119.289 million contributed from NHS Ayrshire & Arran (excluding set aside budget); and £84.478 million contributed by North Ayrshire Council. The budget was increased by £6.040 million during the year to £210.858 million; the NHS budget to £126.184 million and the Council budget to £84.674 million.
38. The main reasons for the increases to the budget include: additional funding was made available by the Scottish Government and NHS Ayrshire & Arran for prescribing (£2.494 million); from the Scottish Government for low pay in care homes (£0.291 million) and Kinship care (£0.558 million); and the inclusion of budgets for Keepwell, trainee health visitors and dementia nurses (£1.284 million).

39. The actual outturn for the year was an overspend of £2.109 million for the year as illustrated in Table 2:

**Table 2: Summary of financial performance**

| Partnership budget objective summary       | Budget (£m) | Actual (£m) | Variance (£m) |
|--|-------------|-------------|---------------|
| Level One – Core                           | 123.652     | 124.421     | 0.769         |
| Level Two – Non District General Hospitals | 6.561       | 6.496       | (0.065)       |
| Level Three – Lead Partnership Services    | 46.678      | 46.577      | (0.101)       |
| Level Four – Children's Services           | 26.669      | 28.346      | 1.677         |
| Direct Overheads & Support Services        | 7.298       | 7.127       | (0.171)       |
| <b>Total Partnership Expenditure</b>       | 210.858     | 212.967     | 2.109         |
| NHS Ayrshire & Arran Funding               | 126.184     | 126.184     | (0.000)       |
| North Ayrshire Council Funding             | 84.674      | 86.783      | 2.109         |
| <b>Total Income</b>                        | 210.858     | 212.967     | 2.109         |
| <b>Surplus/Deficit</b>                     |             | 0           | 0             |
| Net lead partnership income                |             | (-0.041)    |               |
| Set aside                                  |             | 20.825      |               |
| <b>Gross income/expenditure</b>            |             | 233.751     |               |

Source: *Integration Joint Board Papers 16 June 2016*

40. The biggest overspend occurred in the children and families service. Expenditure on 'children with disabilities' increased by £1.089 million due to increased demand for services. Changes to legislation resulted in 'kinship care' fees increasing by £0.250 million. Additional investment has been targeted at this service for 2016/17.
41. Overspends also arose in the learning disabilities, physical disabilities, and prescribing services. These were partly offset by savings achieved in other services.
42. A recovery plan to address the overspend of £2.109 million was approved by the partners on 24 May 2016. This was funded by North Ayrshire Council. However, a previous recovery plan for £1.255 million had been approved in March 2016.
43. The increase over the intervening period was due to additional costs within community care and independent living services that were not forecast at period 10. In addition, there were issues identified with the financial management governance, including underlying management information, how this is used to project forecasts /outturns and clarity of the responsibilities of all budget holders within the Partnership. An action plan has been developed to improve financial management moving forward and to minimise the impact on future budgets.

**Action Plan No 1**

## Financial management arrangements

44. As auditors, we need to consider whether audited bodies have established adequate financial management arrangements. We do this by considering a number of factors, including whether:
  - the Chief Financial Officer has sufficient status to be able to deliver good financial management
  - standing financial instructions and standing orders are comprehensive, current and promoted within the Board
  - reports monitoring performance against budgets are accurate and provided regularly to budget holders
  - monitoring reports do not just contain financial data but are linked to information about performance
  - Board members provide a good level of challenge and question budget holders on significant variances.
45. The previous Chief Financial Officer was in post throughout the accounting year, and was responsible for ensuring that appropriate financial services are available to the Board and the Chief Officer. A new Chief Financial Officer was appointed in April 2016.
46. We reviewed the standing financial instructions and standing orders, which were created on the formation of the IJB. These were approved by the Board and we consider these to be comprehensive.
47. Financial monitoring of the partnership budget is reported in an agreed format to the Board, and externally to NHS Ayrshire & Arran and North Ayrshire Council. This is reported, approximately 6 weeks in arrears, for every two months from July to March. An annual review for the year to March is provided alongside the annual accounts.
48. Projections of the year end position are included in the budget monitoring reports. These provide information on any adjustments to the baseline budgets, together with forecast outturn for the year and reasons for variances. Income and expenditure is analysed in accordance with the joint services provided by the partnership. Underspends and overspends are also attributed to the relevant partner body. The Board has responsibility for carrying out detailed scrutiny of the financial and operational performance and ensuring that prompt corrective actions are taken where appropriate.
49. We attended a number of Performance and Audit Committee meetings during the year. Members provide a good level of challenge and question the Chief Financial Officer on significant variances and service performance issues.

## Conclusion on financial management

50. Despite the overspend, we have concluded that the Board has satisfactory financial management arrangements. The recovery plan action plan has recommended improvements to budget forecasting and monitoring processes. These will support the review and scrutiny of financial performance, the achievement of financial targets, and better awareness of any potential overspends.

## Financial sustainability

51. Financial sustainability means that the Board has the capacity to meet its current and future plans. In assessing financial sustainability we are concerned with whether:
- spending is being balanced with income in the short term
  - long-term financial pressures are understood and planned for.

## Financial planning

52. The Board allocates the resources it receives from the Health Board and Local Authority in line with the Strategic Plan. Due diligence was undertaken to consider the sufficiency of the 2015/16 budget provided for the Partnership.
53. Delays to the agreement of the Scottish Government's financial plans meant that the IJB budget for 2016/17 was not formally set at the beginning of the financial year. The council budget was set on 17 February 2016. This provided confirmation around the council element of the Partnership funding for 2016/17. The health board budget was formally approved by the Board on 11 August 2016. During the intervening period the Board set an interim working budget, based on assumed funding from the Health Board.
54. This meant that for the first few months of 2016/17 the Board were pursuing its strategic plan activities but were unable to carry out the planned due diligence on its 2016/17 budget. There was therefore uncertainty during this period regarding the extent to which the Board could develop and implement its strategic plan objectives.

In 2016/17 North Ayrshire Council will provide funding of £82.490 million. This is a reduction of £4.293 million from the 2015/16 final outturn. NHS Ayrshire & Arran has agreed funding of £130.996 million. Total funding is therefore £212.486 million excluding the set aside budget. The NHS Ayrshire & Arran contribution includes the Board's £7.280 million share of the increased investment by the Scottish Government to offset social care demand issues and cost pressures.

55. The 2016/17 budget incorporates the need to make savings: £2.871 million relating to 'health' services; and £4.000 million for 'council' services.

## Conclusion on financial sustainability

56. While there were well documented reasons why the Board required to set an interim working budget for 2016/17, there are risks to service delivery when operating without an agreed budget.

**Refer Action Plan no 2**

57. Overall we conclude that the Partnership's financial position is sustainable but challenging currently and in the foreseeable future. Adequate financial planning arrangements are in place and we have also relied on the North Ayrshire Council and NHS Ayrshire and Arran's track record of delivering efficiency savings.

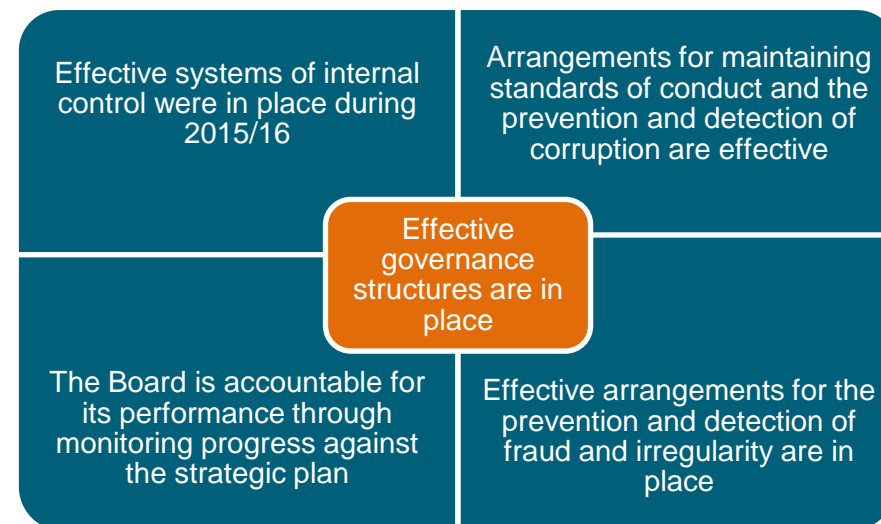
## Outlook

58. NHS boards and councils have faced several years of financial constraints and this is expected to continue in the coming years.

The ageing population and increasing numbers of people with long term conditions and complex needs have already placed significant pressure on health and social care budgets. This puts further pressure on finances.

- 59. Strategic plans, while setting out the broad direction, will need to be clear regarding the Board's priorities and the financing and staff that will be available over the longer term to match these priorities. It is important that they provide detail on the level of resources required in each key area and how they will shift resources towards preventative and community based care.
- 60. Achievement of the Board's 2016/17 budget is dependent on a number of factors including making savings totalling £6.871 million.
- 61. A Change Programme Board comprising officers, IJB members, service users and service providers has been set up. This is overseeing the projects designed to deliver an effective shift in service delivery models and resources. The Board will need to demonstrate how it intends to achieve these efficiencies.

## Governance and transparency



- 62. Good governance is vital to ensure that public bodies perform effectively. This can be a particular challenge in partnerships, with board members drawn from a wide range of backgrounds.
- 63. The integration scheme between North Ayrshire Council and NHS Ayrshire and Arran sets out the key governance arrangements. It also sets out the requirement to identify and collate a core set of indicators and measures which relate to integrated functions to enable the reporting of performance targets and improvement measures.



64. The Board are responsible for establishing arrangements for ensuring the proper conduct of the affairs of North Ayrshire Integration Joint Board and for monitoring the adequacy of these arrangements.
65. The Board comprises a wide range of service users and partners including four elected councillors nominated by North Ayrshire Council and four non executive directors nominated by NHS Ayrshire and Arran.
66. The Board is supported by a Chief Officer who provides overall strategic and operational advice to the Integration Joint Board, and is directly accountable to the Board for all of its responsibilities. The Chief Officer is also accountable to both the Chief Executive of North Ayrshire Council and the Chief Executive of NHS Ayrshire and Arran. The Chief Officer also provides regular reports to both the Council and the NHS Board.
67. The Board is responsible for the management and delivery of health and social care services in North Ayrshire, and is supported by a number of groups as illustrated at [Exhibit 1](#).
68. The Operational structure is divided into four core teams: Children, Families and Criminal Justice; Health and Community Care; Mental Health Services; and Planning and Performance. The integration scheme requires the Chief Officer to provide regular updates on the operational delivery of services which they lead to the other IJBs. We consider the Board's financial management arrangements provide relevant information on lead partnership services to enable this.

69. The Board and each of the groups met on a regular basis throughout the year. We review Board minutes and Performance and Audit Committee minutes to ensure they are fulfilling their responsibilities. We also periodically attend meetings of the Performance and Audit Committee.

#### Exhibit 1: Committees and Groups at North Ayrshire Integration Joint Board



70. Standing Orders for the Integration Joint Board were approved when it was established in April 2015. These have been reviewed throughout the year to ensure they remain appropriate to the IJB.



Schemes of Delegation have been in place since April 2015 which clarify the functions delegated by North Ayrshire Council and NHS Ayrshire and Arran. These delegate operational management of services to the Chief Officer.

71. We concluded that the Board has appropriate governance arrangements in place and they provide a framework for effective organisational decision making.

## Internal control

72. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial systems and controls of audited bodies as a whole. However, the extent of this work should also be informed by their assessment of risk and the activities of internal audit.
73. All financial transactions of the Board are processed through the financial systems of North Ayrshire Council and NHS Ayrshire & Arran. They are subject to the same controls and scrutiny of the council and health board, including the work performed by internal audit.
74. Data controller principles for the IJB have been derived from the 'Ayrshare' principles that have been developed over the last 10 years. This is an information sharing agreement that has been in place between North Ayrshire Council, East Ayrshire Council, South Ayrshire Council and NHS Ayrshire & Arran covering child health, education and social work services.

75. The Board is keen to ensure only relevant information is shared and accessed by relevant people, and therefore keeping information secure. Until the structure of service provision has been developed further each party will remain responsible for its element of data security, protection, maintenance, training and technical support.
76. We sought and obtained assurances from the external auditor of the council and health board regarding the systems of internal control used to produce the transactions and balances recorded in the Board's annual accounts.
77. We also reviewed the Board's budget setting and financial management arrangements. Overall, we consider the systems of internal control to be effective.

## Internal audit

78. Internal audit provides the Board and Chief Officer with independent assurance on the Board's overall risk management, internal control and corporate governance processes. Internal audit services are provided to the Board by the respective internal auditors at both North Ayrshire Council and NHS Ayrshire and Arran. We carried out a review of the adequacy of the internal audit functions at each of the partner bodies. We concluded that internal audit at each partner body operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.
79. To avoid duplication of effort we place reliance on the work of internal audit wherever possible.

80. The Board's Chief Internal Auditor concluded that reasonable assurance can be placed on the adequacy and effectiveness of the IJB's systems of governance, risk and internal control. This assertion was based on the Chief Internal Auditor's audit work carried out at North Ayrshire Council that related to the Board and by reviewing reports issued by the NHS Ayrshire and Arran internal auditor.
81. The internal audit service provider for NHS Ayrshire & Arran, PricewaterhouseCoopers (PwC), recently agreed to a sharing protocol for the reports they issue to NHS Ayrshire & Arran for the delivery of the internal audit plan. This meant that, in 2015/16, there was no mechanism in place for PwC to consult with the Performance & Audit Committee regarding the audit work they planned to carry out regarding the Board, nor was there a protocol for PwC reports to be presented to the Performance & Audit Committee.

**Refer Action Plan no 3**

82. As services become more integrated this will present a greater challenge to internal audit to produce audit plans that cover the accounting systems and governance arrangements for all the organisations.

## **Arrangements for the prevention and detection of fraud and other irregularities**

83. Arrangements are in place to ensure that suspected or alleged frauds or irregularities are investigated by one of the partner bodies

internal audit sections. Since the Board does not directly employ staff, it has been agreed that investigations will be carried out by the internal audit service of the partner body where the fraud or irregularity originates. If this relates to NHS Ayrshire & Arran, there are arrangements in place to use the Counter Fraud Services.

84. We concluded that the Board had effective arrangements in place for fraud detection and prevention during 2015/16.

## **Arrangements for maintaining standards of conduct and the prevention and detection of corruption**

85. The integration joint board requires that all members must comply with the Standards in Public Life - Code of Conduct for Members of Devolved Public Bodies. In addition, a register of members' interests is in place for Board Members and senior officers.
86. Based on our review of the evidence we concluded that the Board has effective arrangements in place for the prevention and detection of corruption and we are not aware of any specific issues that we need to record in this report.

## **Transparency**

87. The Strategic Plan and locality planning arrangements enable wider partners to engage in, and support the delivery of the Strategic Plan. The Integration Scheme sets out the requirement for the consultation and engagement of key groups.

88. The Integration Joint Board's purpose and vision are outlined in its Strategic Plan. This shows what success would look like and sets out the Board's priorities for the current year and next two years. In doing so, it takes account of the priorities outlined in the 2020 Vision for Health and Social Care and the commitment within the North Ayrshire Single Outcome Agreement (2013-2017) to reduce local inequalities of outcome.
89. The Strategic Plan 2015-2018 incorporates an action plan. This sets out the actions that the partnership will take and provides a basis for measuring how well they are doing and how these are linked to the Board's priorities and the national outcomes. The action plan is monitored each quarter and was refreshed at the mid point of the plan in August 2016.
90. In addition to North Ayrshire Council and NHS Ayrshire & Arran representation, the Board includes a number of representatives from health and social care professionals, including GPs, employees, unpaid carers, service users, and the third sector.
91. Local residents should be able to hold the Board to account for the services it provides. Transparency means that residents have access to understandable, relevant and timely information about how the Board is taking decisions and how it is using its resources.
92. Neither the Board nor the health & social care partnership have their own website. Information about services provided by the Board, or details of the meetings held by the Board can be accessed through the North Ayrshire Council website, where access is also provided for committee papers and minutes of meetings.
93. Members of the public can attend meetings of the Board. A significant amount of the Board's development work is discussed and considered through the Performance and Audit Committee, or through the groups listed at [Exhibit 1](#). Minutes and related papers for the Board are available on the council or health board websites, however, the other committee/group papers are not publicly available. The Board should consider enhancing transparency by publishing papers submitted to standing committees and groups. Where papers include confidential information these can be withdrawn or redacted as appropriate.
94. As part of the commitment to openness and transparency the Board should consider whether to set up its own web site or improve the dedicated area within the council's and health board's web sites. For example, presently the location of the minutes of the Board appear as though it were a committee of the council. Also, the composition of the Board can only be traced through reviewing Board minutes.
95. The Board demonstrates some areas of transparency. However the amount of information publicly available could be increased.

## Outlook

96. North Ayrshire Integration Joint Board faces continuing challenges on a number of fronts including mounting financial challenges, meeting exacting performance targets, and delivering the Scottish Government's aim of having people living longer and healthier lives at home or a homely setting (i.e. the 2020 Vision).

97. Embedding the IJB's governance arrangements will be an essential element in meeting its future challenges and maintaining accountability. All stakeholders including patients, clinicians, carers, the public, staff, partner bodies and the Scottish Government, benefit from the assurance and confidence a good governance regime brings.
98. The structure of IJBs brings the potential for real or perceived conflicts of interest for board members and senior managers. For example, there is the risk that efficiency savings achieved by the Board may not be passed on by the partners who, themselves, are under pressure to deliver services with reduced financial resources. This could hamper the Board's ability to make decisions about the changes involved in redesigning services. Members of the public may also be unclear who is ultimately responsible for the quality of care. Going forward partners will need to keep governance arrangements under review to ensure they are effective, particularly when disagreements arise.

## Best Value



99. The Public Bodies (Joint Working) (Scotland) Act 2014 set out a broad framework for creating integration authorities and gave councils and NHS boards a great deal of flexibility to enable them to develop integrated services that are best suited to local circumstances.
100. Integration authorities are required to contribute towards nine national health and wellbeing outcomes. These high level outcomes seek to measure the quality of health and social care services and their impact on, for example, allowing people to live independently and in good health, and reducing health inequalities. This signals an

important shift from measuring internal processes to assessing the impact on people using health and social care services.

- 101.** Accountable officers have a specific responsibility to ensure that arrangements have been made to secure Best Value. IJBs need to establish effective arrangements for scrutinising performance, monitoring progress towards their strategic objectives, and holding partners to account. There is also a need for regular reporting to partner organisations. This is particularly important as most members of North Ayrshire Council and NHS Ayrshire & Arran are not directly involved in the Board's work.

## Arrangements for securing Best Value

- 102.** The Board was one of the first to be established in Scotland, and has demonstrated a very high level of commitment to the integration agenda throughout. The integration scheme specifies the very wide range of functions delegated by the council and the health board to the Board. These include all services previously carried out by the council's social services department plus a wide range of service previously carried out by the health board including primary care, all community hospitals, all mental health inpatients services, and palliative care. Good progress is being made.
- 103.** The integration scheme committed the Board to delivering the national outcomes for Health & Wellbeing, Children, and Criminal Justice. Partners identified a core set of indicators and targets and then agreed a framework for reporting progress against these. Locality planning arrangements are also being developed which are

multi disciplinary and multi sector and allow for different local needs to be taken into account in strategic planning.

- 104.** The Board is also committed to a number of high profile deliverables, including savings plans relating to both North Ayrshire Council and NHS Ayrshire & Arran, and national HEAT targets relating to psychological therapies, waiting times for Child & Adolescent Mental Health Services, etc.
- 105.** The three Ayrshire IJBs identified services that each of the three Ayrshire partnerships would lead. For example, the North Ayrshire Health & Social Care Partnership leads the delivery of Mental Health Services for all of Ayrshire. A key objective in respect of the allocation of lead partnership services across the Ayrshire partnerships was to fairly and effectively monitor, manage and share risks and resources.
- 106.** The Integration Scheme sets out the requirement for a Workforce Development Plan which will detail how the partnerships addresses workforce planning, learning and development and organisational development support for the workforce. This is currently being progressed by a pan Ayrshire working group.
- 107.** An Organisation Development Strategy was developed in June 2014 on a pan-Ayrshire basis. In April 2015, a North Ayrshire specific organisation development plan was included in the partnership's strategic plan. This was reviewed by internal audit in March 2016 and detailed that the 15 actions are in progress or have been completed. An updated Organisational Development plan is due to be submitted to the Board later in 2016.

- 108.** The 2015/16 budget incorporated approved efficiency savings of £2.817 million; £2.217 million for North Ayrshire Council and £0.600 million for NHS Ayrshire & Arran. Progress against these targets is reported for every two months from July to March to the Board as part of the financial management report and to the partner bodies. As reported to the IJB board in June 2016, savings have not been fully delivered in 2015/16.
- 109.** Overall, we concluded that the Board has arrangements in place for securing BV and continuous improvement.

## Performance management

- 110.** The Strategic Plan identifies five strategic priorities that are linked to the Scottish Government's nine health and wellbeing outcomes, together with the six additional outcomes for children and community justice. These are:
- Tackling inequalities
  - Engaging communities
  - Bringing services together
  - Prevention and early intervention
  - Improving mental health and wellbeing
- 111.** Performance information and data relating to the indicators that support the strategic priorities is recorded on the Covalent system that is used by both the council and the health board. This consists of 62 indicators and 57 actions. Progress against each of the indicators and actions is reported quarterly to the Performance and Audit Committee.
- 112.** The performance management framework will continue to evolve as improved targets or data sources become available from sources such as the change programme.
- 113.** The Public Bodies (Joint Working) (Scotland) Act 2014 requires that an annual performance report is completed within four months of the year end. Guidance highlights that the report should cover areas including: assessing performance in relation to the national health and wellbeing outcomes; financial performance and best value; reporting on localities; inspection of services; and a review of strategic commissioning plan (if applicable). While the publication of the performance report is not a statutory requirement until 2016/17, the Board produced this "national" report in 2015/16.
- 114.** The Annual Performance Report has been produced in a format consistent with the Scottish Government guidelines. It provides a high level summary of the main achievements of the Partnership and draws on and expands on the information provided in the quarterly reports. Testimonies from service users and actions undertaken have been included to show where progress and improvements have been made by the Partnership
- 115.** The details in the performance report are linked to the refresh of the strategic plan. The refreshed strategic plan was approved by the Board in August 2016 and was subject to significant consultation with staff, providers and service users. It is planned that that a



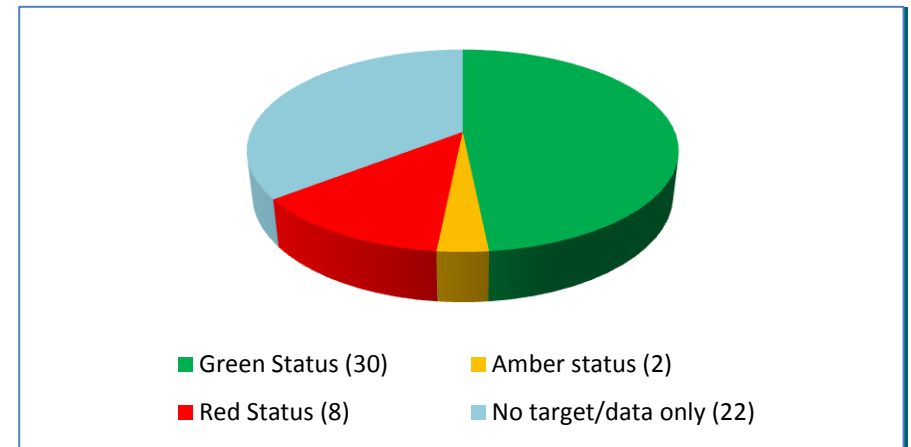
summary of the strategic plan will be delivered to all households in North Ayrshire.

116. We concluded that the Board has established a satisfactory performance management framework. This is based on the existing performance frameworks at both North Ayrshire Council and NHS Ayrshire & Arran.

## Overview of performance targets in 2015/16

117. The Board's performance against the 62 indicators encompasses the nine national outcomes plus the three national outcomes for both criminal justice and children's services. This is reported on a quarterly basis. Information on the indicators progress to date follows the Covalent convention of RAG status and are summarised in exhibit 2.
118. Of 62 strategic plan indicators, 30 were categorised as green, 2 amber, 8 red and 22 had either no target or data source to compare it to. These are categorised as:
- Green means on target
  - Amber means slightly adrift
  - Red means significantly adrift
  - No target i.e. there is no target or data source and quality is still being verified.

**Exhibit 2: Progress against strategic plan indicators 2015/16**



119. The Partnership's Change Programme has focussed on four main areas going forward to improve the services for users:

- Build Teams around Children
- Develop Primary Care services in local communities
- Support the needs of Older People and Adults with Complex Care Needs
- Develop and deliver a new strategy for Mental Health and Learning Disability

This will require the creation of new targets and indicators to ensure performance is measured in these key areas.

## National performance audit reports

- 120.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2015/16, a number of reports were issued which are of direct interest to the Board. These are outlined in [Appendix III](#) accompanying this report.
- 121.** North Ayrshire Integration Joint Board has processes in place to ensure that all national performance reports and their impact on the Board are considered by the Board and Performance and Audit Committee, as appropriate. The Chief Internal Auditor prepares a covering report highlighting the key issues in national performance reports relevant to the Board.

## Outlook

- 122.** The Board faces continuing challenges on a number of fronts including mounting financial challenges, meeting exacting performance targets, and delivering the Scottish Government's aim of having people living longer and healthier lives at home or a homely setting (i.e. the 2020 Vision)..
- 123.** The Board is responsible for co-ordinating health and social care services and commissioning NHS Ayrshire & Arran and North Ayrshire Council to deliver services in line with the strategic plan. Over time, there will be a shift in resources that this will lead to a change in how services are provided, with a greater emphasis on preventative services and allowing people to receive care and support in their home or local community.

- 124.** The Board will need to continue to demonstrate and report whether this is making a positive impact on service users and improving outcomes. To help achieve this it is important that the Board has strategies covering the workforce, risk management, engagement with service users, and data sharing arrangements which help to enable delivery of the Board's strategic priorities.



# Appendix I: Significant audit risks

The table below sets out the audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

| Audit Risk  | Assurance procedure   | Results and conclusions  |
|---|---|--|
| <b>Risk of material misstatement in the financial statements</b>  |   |  |
| <p><b>Financial statements</b></p> <p>Financial statements are being prepared for the first time in 2015/16, and will require income, expenditure and year end balances between North Ayrshire Council, NHS Ayrshire &amp; Arran, and the IJB to be agreed.</p> <p><b>Risk:</b> There is a risk that year end procedures for agreeing year end balances are not fully embedded to enable North Ayrshire IJB to present its financial statements in accordance with the Code and in accordance with timescales to meet NHS reporting requirements.</p> | <ul style="list-style-type: none"> <li>• We continued to engage with officers prior to the accounts being prepared to help ensure the relevant information was disclosed and timetable met.</li> <li>• We tested to ensure the governance statement is in accordance with the Code requirements.</li> <li>• We review technical guidance from IRAG and LASAAC.</li> <li>• Ensured accounting policies are appropriate and complete.</li> <li>• We obtain assurances from the auditors of North Ayrshire Council and NHS Ayrshire &amp; Arran over the accuracy, completeness and appropriate allocation of the IJB ledger entries.</li> </ul> | <ul style="list-style-type: none"> <li>• Financial statements were prepared in accordance with the Code and in accordance with timescales to meet NHS reporting requirements.</li> </ul> |

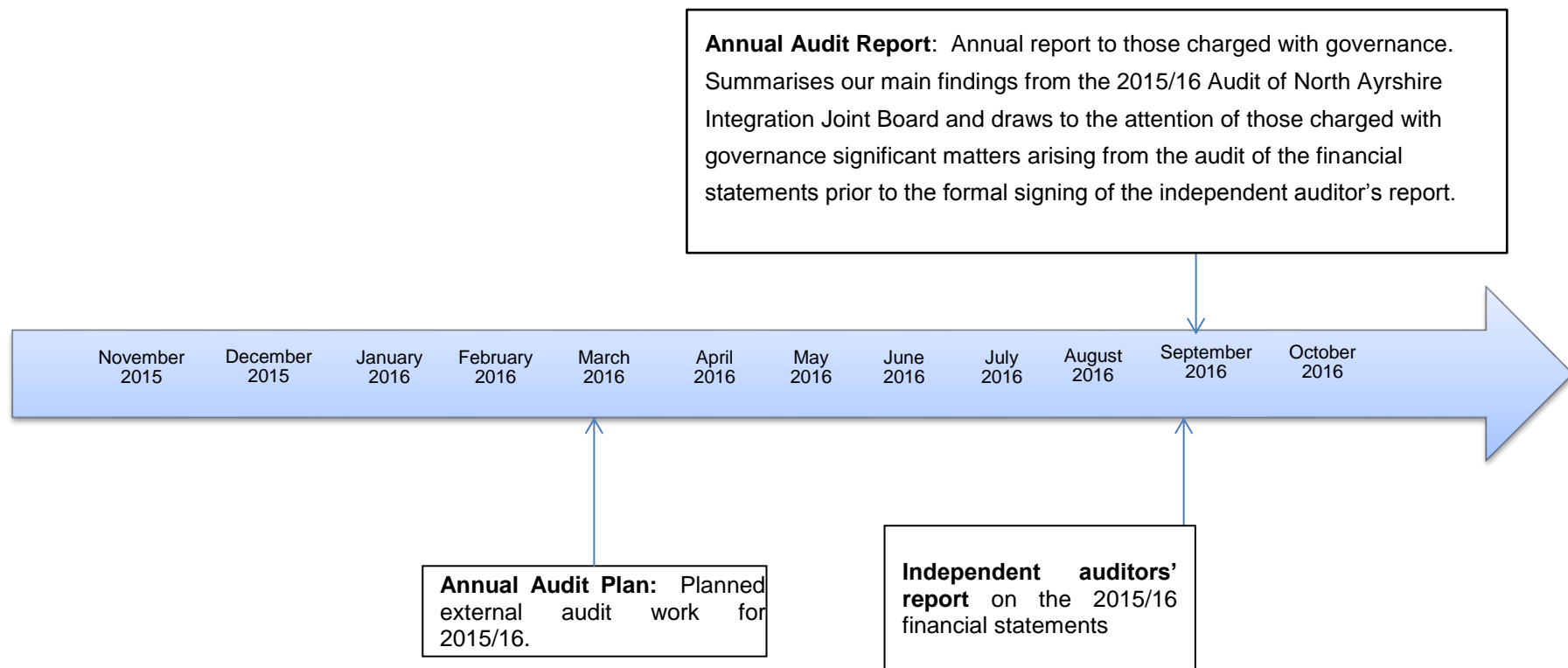
| Audit Risk   | Assurance procedure  | Results and conclusions  |
|--|--|--|
| <p><b>Governance statement and management assurances</b></p> <p>The preparation of the financial statements of the IJB relies on the provision of financial and non-financial information from the systems of the two partner bodies. The Chief Financial Officer of the IJB must obtain assurance; that the costs transferred to the accounts of the IJB are complete and accurate and were incurred on behalf of the IJB for services prescribed in the integration scheme.</p> <p><b>Risk:</b> The Chief Financial officer does not have adequate assurance that information received from each party is accurate and complete.</p> | <ul style="list-style-type: none"> <li>• We ensured the governance statement adequately reflects the position of IJB.</li> <li>• We ensured that financial reporting throughout the year is accurately reflected in the year end position.</li> <li>• We considered whether appropriate action is taken on issues raised in Internal Audit reports.</li> <li>• We obtained audit assurances from the auditor of the council and health board regarding the accuracy and allocation of IJB transactions and to ensure they are recorded in the correct financial year.</li> </ul> | <ul style="list-style-type: none"> <li>• The governance statement reflects the position of the IJB.</li> <li>• No monetary adjustments were identified in the audit of the annual accounts. Therefore the year end position of the board has been accurately reflected.</li> <li>• Satisfactory consideration has been given to issues raised by Internal Audit.</li> <li>• Satisfactory written assurances were received from the external auditors of the council and health board regarding accuracy, allocation and cut-off of IJB transactions.</li> <li>• The financial statements accurately reflect the year end position of the IJB, but noted that the financial reporting throughout the year did not correctly forecast the year end overspend on council related services.</li> </ul> |

| Audit Risk   | Assurance procedure   | Results and conclusions  |
|--|---|--|
| <p><b>Management override</b></p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. ISA 240 states that audit procedures should be responsive to risks related to management override of controls.</p> <p><b>Risk:</b> Management could manipulate the position disclosed in the financial statements by overriding controls that otherwise appear to be operating effectively.</p> | <ul style="list-style-type: none"> <li>• We confirmed the external auditor of the council and health board has carried out testing of year end journal entries to confirm transactions are of the nature and type expected.</li> <li>• Confirmed the external auditor of the council and health board has carried out focussed testing of the regularity and cut-off assertions.</li> <li>• Review of any accounting estimates for bias if applicable.</li> </ul> | <ul style="list-style-type: none"> <li>• Confirmations of testing by external auditors of the council and health board for journal entries, regularity and cut-off of income and expenditure was satisfactory. This was confirmed through written assurances.</li> <li>• No significant accounting estimates were relevant to the accounts.</li> </ul> |
| <p><b>Risks identified from the auditor's wider responsibility under the Code of Audit Practice</b></p>  |   |  |
| <p><b>Reserves Policy</b></p> <p>The reserves strategy has been developed and is scheduled for approval by the IJB.</p> <p><b>Risk:</b> The IJB may not be able to hold any reserves until this has been approved, or it may be unclear how to account for under and overspends.</p>   | <ul style="list-style-type: none"> <li>• We ensured this was completed and approved.</li> <li>• We ensured the agreed reserves policy adequately outlines how the IJB is able to hold reserves in the event of future managed over or underspends.</li> </ul>   | <ul style="list-style-type: none"> <li>• The reserves policy was completed and approved by the Board on 10 March 2016.</li> <li>• From review of the reserves policy, it satisfactorily outlines how the IJB is able to hold reserves in the event of future managed over or underspends.</li> </ul>   |

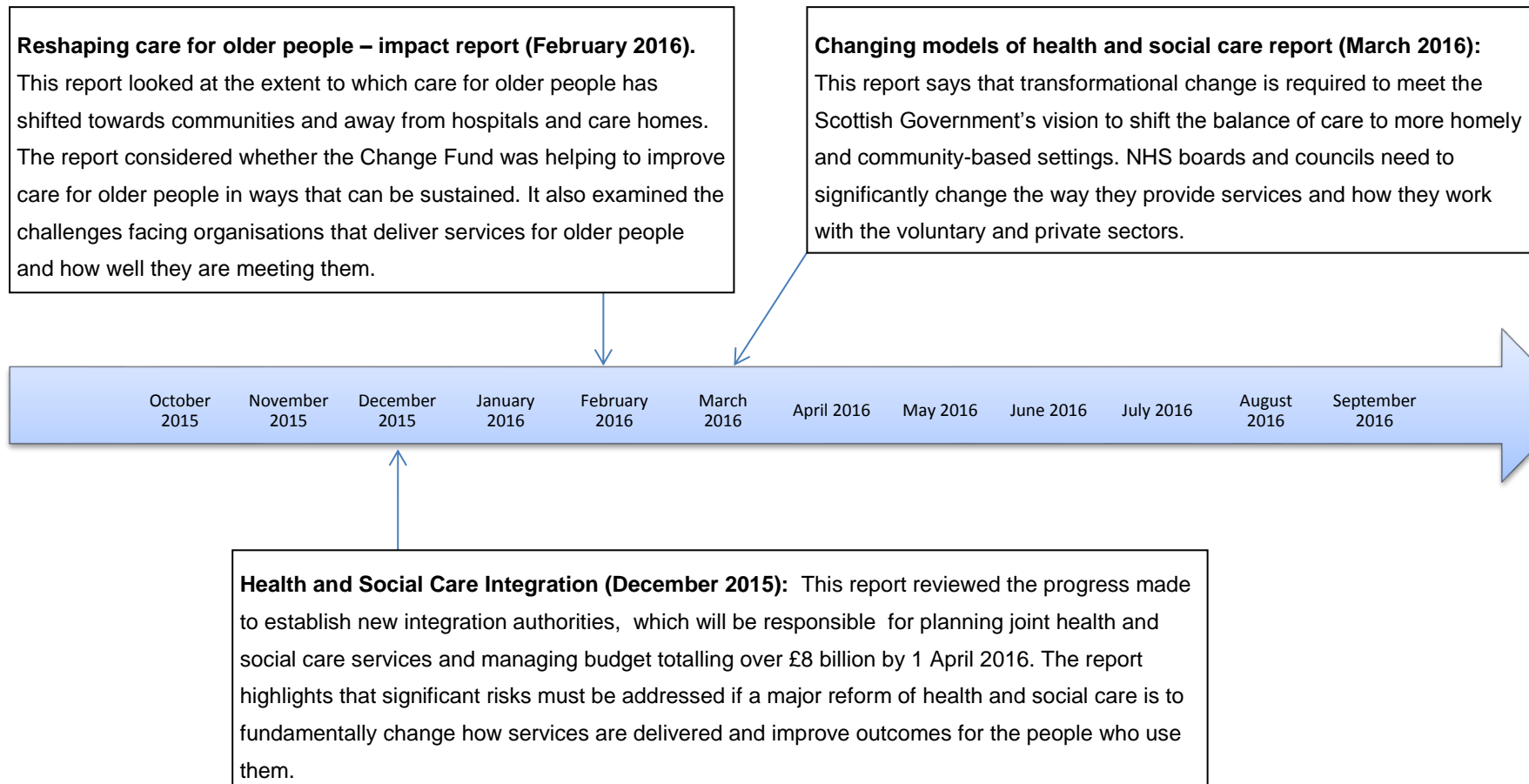
| Audit Risk  | Assurance procedure  | Results and conclusions  |
|---|--|--|
| <p><b>Financial Sustainability</b></p> <p>The IJB is forecasting an overspend in 2015/16 of £1.4 million. The IJB's indicative three year budget requires efficiencies to be sought over this period to enable the IJB to break even.</p> <p><b>Risk:</b> Strong financial management and budgetary control will be required by the IJB and between parties. Otherwise there is a risk the IJB will not meet the efficiencies or service improvements required to meet the challenges caused by reduced funding combined with increasing demand for services.</p> | <ul style="list-style-type: none"> <li>• We ensured that the ongoing budget monitoring accurately reflects the position of the IJB.</li> <li>• Obtained evidence of recovery plan or remedial action being taken on areas of overspend.</li> </ul> | <ul style="list-style-type: none"> <li>• Ongoing financial monitoring was consistently reported to the Board. Budget movements and variances from previous periods were explained, as were forecast year end positions.</li> <li>• The IJB overspent in year by £2.109 million. The council fully funded the overspend, as agreed by North Ayrshire Council Cabinet on 24 May. .</li> <li>• There was a significant increase in the year end overspend from that which had been predicted at the end of month 10.</li> <li>• A recovery plan was provided to the Board, council and health board; and an action plan was presented in June 2016.</li> <li>• This identified that there were some weaknesses in financial management which is an area for further improvement.</li> </ul> |

| Audit Risk  | Assurance procedure  | Results and conclusions  |
|---|--|--|
| <p><b>Annual Performance Report</b> – The Public Bodies (Joint Working) (Scotland) Act 2014 requires that an annual performance report is completed within four months of the year end.</p> <p><b>Risk:</b> The IJB may not be able to comply with this requirement and deadline, given that this is the first year of operation and external guidance regarding how this should be presented is not yet available.</p> | <ul style="list-style-type: none"> <li>• We reviewed the quality of ongoing performance reporting to the IJB and PAC.</li> <li>• Considered progress towards issuing the annual performance report and whether this covers the information required by the, still to be issued, guidance.</li> </ul> | <ul style="list-style-type: none"> <li>• Scottish Government guidance issued in late March 2016 has advised that the first required publication of the annual performance report is for 2016/17.</li> <li>• The Board chose to issue an annual performance Report for 2015/16 and it covers the areas required by guidelines.</li> <li>• Quarterly performance monitoring to the Performance and Audit Committee and provides sufficient details for members.</li> </ul> |
| <p><b>Risk management</b></p> <p>The integration scheme requires that a risk management strategy for the IJB should be agreed and in place by 31 March 2016.</p> <p><b>Risk:</b> Without a formal process of risk recognition and management action to assess and mitigate risk there is a danger that the board could suffer loss or harm on the crystallisation of specific risks.</p>                                | <ul style="list-style-type: none"> <li>• Reviewed the final risk management strategy, ensured it adequately covers the risks faced by the IJB, and ensured it documents the proposed management action for mitigating these risks.</li> </ul>  | <ul style="list-style-type: none"> <li>• A pan- Ayrshire risk management strategy and risk register for the IJB is being developed and will be presented to a future Board meeting.</li> </ul>   |

## Appendix II: Summary of North Ayrshire Integration Joint Board local audit reports 2015/16



# Appendix III: Summary of Audit Scotland national reports 2015/16



## Appendix IV: Action plan

| No.<br>AS ref. | Paragraph<br>ref. | Issue/risk/Recommendation  | Management action/response  | Responsible<br>officer / Target<br>date    |
|----------------|-------------------|--|---|--|
| 1.<br>74251    | 43                | <p><b>Issue:</b> A recovery plan to finance the £2.109 million overspend was approved in May 2016. However, a previously agreed recovery plan for a forecast overspend of £1.255 million was approved in March 2015. The increase over the intervening period was due to additional costs within community care and independent living services that were not forecast at period 10.</p> <p><b>Recommendation:</b> The action plan developed to improve financial management should be monitored to ensure that the improvement actions are delivered.</p> | The action plan is being monitored quarterly.   | Chief Financial Officer.<br>March 2017     |
| 2.<br>70461    | 56                | <p><b>Issue:</b> The Board operated during the first few months of 2016/17 without a fully approved budget.</p> <p><b>Recommendation:</b> Due diligence should be carried out when the 2016/17 budget is approved, and assurance provided that this is consistent with the interim budget.</p>   | A due diligence exercise is currently underway and will be presented to Strategic Planning and Operational Group (SPOG) and the IJB when the results of this exercise are complete. | Chief Financial Officer.<br>September 2016 |



| No.<br>AS ref. | Paragraph<br>ref. | Issue/risk/Recommendation   | Management action/response   | Responsible<br>officer / Target<br>date  |
|----------------|-------------------|---|--|--|
| 3.<br>74338    | 81                | <p><b>Issue:</b> The protocol for sharing internal audit reports produced by the internal audit service provider for NHS Ayrshire &amp; Arran, PricewaterhouseCoopers (PWC), has recently been agreed but is still untested. In 2015/16 there was no mechanism in place for PWC to consult with the Performance &amp; Audit Committee regarding the audit work they plan to carry out that relates to the Board, nor was there a protocol for PWC reports to be presented to the Performance &amp; Audit Committee.</p> <p><b>Recommendation:</b> The recently approved protocol should ensure that all internal audit work that is relevant to the Board is considered by the Performance &amp; Audit Committee.</p> | A protocol has been approved for the sharing of internal audit work and will ensure that all relevant work is considered by the Performance and Audit Committee. | Chief Internal Auditor.<br>December 2016 |



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**Integration Joint Board**  
**8<sup>th</sup> September 2016**  
**Agenda Item 7**

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**Subject:** **Charter for Involvement**

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**Purpose:** To seek IJB agreement and approval for sign up to the Charter for Involvement

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**Recommendation:** That the IJB approves sign up to the Charter for involvement

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## **1. INTRODUCTION**

- 1.1 The National Involvement Network (NIN) is a network of people who get support from different organisations across Scotland. Most of the people involved have learning disabilities.

NIN has been meeting since 2006. NIN members share ideas and experiences about being involved in things that affect their lives. There are five or six meetings held per year which are held alternately in Edinburgh and Glasgow.

In 2009 NIN produced its first Charter for Involvement. This explained how people wanted to be more involved in the organizations that supported them. In 2012 the Charter was evaluated and NIN decided to write an improved, updated one. This was published at the start of 2015.

## **2. CURRENT POSITION**

### **2.1 The New Charter**

The Charter for Involvement has been funded by the Scottish Government.

The new Charter consists of 12 Statements which explain how people want to be involved

- In the support they get
- In the services they receive
- In the wider community

The aim is to help people who get support to be more involved in things that matter to them. People want to be listened to and respected.

Organisations that provide support, including public bodies, are invited to commit to putting the Charter into practice by signing up to the Charter. This means working with the people they support to produce a plan about how the Charter can be implemented.

To date 28 organisations have signed up to the Charter. This includes large national Third Sector organisations and small local support providers. The Strategic Planning group from Dundee City Council became the first public body to sign up in November 2015. South Ayrshire Health & Social Care Partnership has undertaken to sign up to the Charter at an event in June.

The Charter is recognised as a model for Participation by the Care Inspectorate and is promoted and referenced by the Mental Welfare Commission for Scotland.

## **2.2 The Future of NIN**

NIN meetings have expanded considerably in the past two years with new members joining from a large number of organisations. Twenty seven organisations have supported people to attend NIN meetings. Many other organisations have expressed an interest in attending NIN meetings but cannot due to difficulties in getting to meetings. There are also fifty nine organisations on the NIN mailing list.

To address this NIN has responded to this in two ways.

1. By holding meetings in new places. This year there will be meetings in Galashiels and Perth.
2. By supporting the development of local Involvement networks.

Organisations in Ayrshire expressed an interest in forming a local Involvement network, and a planning group has been working to organise events to launch a network. An event is taking place in South Ayrshire to help launch a network. We are very keen to do so in North Ayrshire too. Local networks are also being planned in Dumfries and Galloway, the Scottish Borders and Tayside.

## **3. PROPOSALS**

- 3.1 That the IJB for the North Ayrshire Health and Social Care Partnership agree to sign up to the Charter enabling and providing people who get support a platform on which their voice can be heard, and ensuring that they can have more choice and control in their lives.
- 3.2 All organisations currently signed up to the charter have identified the charter to be an effective framework for involving people in how their organization is planned and run.

### **Anticipated Outcomes**

- 3.3 It is anticipated that the Charter will demonstrate the following outcomes:
  - Improve the involvement of supported people in how their support is planned and delivered
  - Provide a framework that informs continual improvement
  - Embed the values and culture of self-directed support
  - Acts as a catalyst for change

Guide practical steps to improve involvement, including:

- Support planning
- Evaluating services
- Staff recruitment
- Writing policies
- Governance structures

### **Measuring Impact**

- 3.4 The NIN has conducted an introductory evaluation of the new Charter to find out if the Charter was making a difference. NIN members planned and carried out interviews of 15 Chief Executives who had been first to sign up to the Charter. A report of these interviews has been published in July 2016.
- 3.5 A more detailed evaluation is planned for during 2016, including using Talking Mats to assess how much people are able to live independently and do the things they want to do.
- 3.6 Following sign up to the Charter an action plan will need to be developed with identified outcomes linked to each charter statement and actions required in order to meet them. NIN representatives are members of the NAHSCP Learning Disability Strategy steering group to support embedding the Charter within planning processes. The development of Peer evaluator roles is also a future consideration.

## **4. IMPLICATIONS**

That North Ayrshire Health and Social Care Partnership provide a commitment to putting the principles and Statements in the Charter into practice.

A local Involvement network will require its participatory member agencies to help with resources, meeting places, etc. It will be supported by the NIN but its activities will be determined by its local members.

### **4.1 FINANCIAL IMPLICATIONS**

There is little financial commitment involved in signing up to the Charter. NIN is supported by ARC Scotland which receives funding from the Scottish Government.

### **4.2 Human Resource Implications**

There are no human resource implications identified

### **4.3 Legal Implications**

There are no legal implications

### **4.4 Equality Implications**

The sign up to and practice of charter for involvement principles fulfils strategic priorities in relation to the Equality agenda.

#### **4.5 Environmental Implications**

None.

#### **4.6 Implications for Key Priorities**

The membership/sign up to the Charter for Involvement is in alignment with the delivery of the 5 strategic priorities.

### **5. CONSULTATIONS**

- 5.1 Learning Disability services have been fully engaged and support sign up to the Charter. East and South Ayrshire Health and Social Care Partnerships are in different stages of sign up to the Charter.

### **6. CONCLUSION**

- 6.1 That the members consider and approve the recommendations in this report

**For more information please contact Thelma Bowers, Head of Mental Health on 01294 317803**

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**Integration Joint Board**  
**8<sup>th</sup> September 2016**  
**Agenda Item No. 8**

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|                        |  |
|------------------------|--|
| <b>Subject:</b>        | <b>IJB Directions to NHS Ayrshire &amp; Arran / North Ayrshire Council</b>   |
| <b>Purpose:</b>        | To ask the IJB to consider agree the policy for making “directions” to North Ayrshire Council and NHS Ayrshire & Arran Health Board.   |
| <b>Recommendation:</b> | <p>The IJB is asked to:-</p> <ol style="list-style-type: none"> <li>1. Consider and agree the directions attached at Appendix 1.</li> <li>2. Agree that these and all future directions that may be agreed by the Board be issued on the Board's behalf by the Chief Officer to the Chief Executives of North Ayrshire Council and NHS Ayrshire &amp; Arran as appropriate.</li> </ol> |

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## **1. BACKGROUND**

- 1.1 The Public Bodies (Joint Working)(Scotland) Act 2014 requires the Integration Joint Board to make directions to the Council and NHS Ayrshire and Arran to carry out the IJB's delegated functions. Such directions are intended to ensure the delivery of integrated health and social care functions is consistent with the Strategic Plan. These can be made in respect of functions managed by the Chief Officer and those managed within NHS acute hospitals (funded by set-aside budgets). They require to deal with the budgetary arrangements in relation to that function.
- 1.2 Within Ayrshire, the Councils and NHS have already delegated all their decision making functions to the IJBs. However, the Board still requires to put in place a procedure for agreeing directions.

## **2. PROPOSALS**

- 2.1 It is proposed that IJB members agree to delegate the authority to issue directions from 1<sup>st</sup> April 2016 to the IJB Chief Officer. To reduce unnecessary bureaucracy, it is proposed to record the decisions taken by IJBs as directions. The report template for IJB will be amended to ensure recommendations within reports are clearly identified as directions.
- 2.2 It would be good practice to review directions at regular intervals, particularly where there are changes to strategic and/operational plans, or when action is needed to balance budgets.

- 2.3 No template or model text for directions has been published by the Scottish Government, and none is in development. The format is at the discretion of individual IJBs. The template for directions issued since 1<sup>st</sup> April 2016 is attached at Appendix 1.

### **3. IMPLICATIONS**

#### **3.1 Financial Implications**

There are no financial implications directly resulting from this policy.

#### **3.2 Human Resource Implications**

There are now human resource implications arising from this policy.

#### **3.3 Legal Implications**

Whilst the legislation states that directions **must** set out how each integrated health and social care function is to be exercised, the Scottish Government has yet to publish a template or model text for these. The Scottish Government has issued a Good Practice Note on Directions for IJBs for each individual IJB to adopt their own policy.

#### **3.4 Equality Implications**

As these are directions to both partner organisations, which are public bodies, they will meet the requirements of both NHS Ayrshire & Arran and North Ayrshire Council's equalities duties.

#### **3.5 Implications for Key Priorities**

The directions require to action the recommendations of our Strategic Plan.

### **4. CONCLUSION**

- 4.1 The IJB are asked to approve the policy for issuing directions and approve the initial set of directions from 1<sup>st</sup> April 2016.

**For more information please contact Iona Colvin, Director or Karen Andrews, Team Manager (Governance) on [01294] 317723 or [icolvin@north-ayrshire.gcsx.gov.uk](mailto:icolvin@north-ayrshire.gcsx.gov.uk)**



**NORTH AYRSHIRE INTEGRATION JOINT BOARD  
DIRECTIONS 2016/17**

| Ref No.    | Date of IJB | Direction to :                                 | Direction                         | Function             | Date of Review |
|------------|-------------|--|-----------------------------------|----------------------|----------------|
| 190516-06  | 19-05-2016  | North Ayrshire Council<br>NHS Ayrshire & Arran | Health Inequalities Strategy      | Policy               | Ongoing        |
| 190516-07  | 19-05-2016  | North Ayrshire Council                         | Appointment of Section 95 Officer | Standards/Governance | April 2018     |
| 190516-08  | 19-05-2016  | North Ayrshire Council                         | Appointment of Standards Officer  | Standards/Governance | Nil            |
| 190516-08a | 19-05-2016  | North Ayrshire Council                         | Code of Conduct                   | Standards/Governance | April 2017     |
| 190516-09  | 19-05-2016  | North Ayrshire Council<br>NHS Ayrshire & Arran | Concerns Hub Proposal             | Commissioning        | Ongoing        |
| 190516-13  | 19-05-2016  | North Ayrshire Council<br>NHS Ayrshire & Arran | Equalities Outcomes               | Policy               | April 2017     |
| 160616-05  | 16-06-2016  | North Ayrshire Council<br>NHS Ayrshire & Arran | Technology Enabled Care Strategy  | Policy               | Ongoing        |
| 160616-06  | 16-06-2016  | North Ayrshire Council<br>NHS Ayrshire & Arran | Period 12 Outturn Report          | Budget               | Ongoing        |
| 160616-07  | 16-06-2016  | North Ayrshire Council                         | Unaudited Annual Accounts         | Budget               | September 2017 |
| 050816-05  | 05-08-2016  | North Ayrshire Council<br>NHS Ayrshire & Arran | Annual Performance Report 15/16   | Policy               | August 2017    |
| 050816-06  | 05-08-2016  | North Ayrshire Council<br>NHS Ayrshire & Arran | Strategic Plan Refresh 2016-18    | Policy               | Ongoing        |
| 050816-07  | 05-08-2016  | NHS Ayrshire & Arran                           | Budget Savings – NHS – 2016/17    | Budget               | Ongoing        |
| 050816-10  | 05-08-2016  | North Ayrshire Council<br>NHS Ayrshire & Arran | Equipment and Adaptations         | Policy               | Ongoing        |





**Minutes of North Ayrshire Strategic Planning Group Meeting**  
**Held on Thursday 21<sup>st</sup> July 2016 at 9.30 am**  
**Brodict Hall, Brodict, Arran**

**Present:**

Stephen McKenzie, Chair, Strategic Planning Group  
Freddie Crawford-Grundy, Member of the NHS MH Public Reference Group  
Sam Falconer, NHS Pharmacy Representative  
Marion Gilchrist, Team Leader LD Community Team, NHS (Co-ordinator of Kilwinning Locality Forum)  
Louise McDaid, Staff Side  
Heather Molloy, Independent Sector Development Officer  
Elaine Young, Assistant Director of Public Health, NHS  
Lynne McNiven, Consultant in Public Health, NHS  
David Rowland, Head of Service, Health & Community Care, HSCP  
Fiona Thomson, PPF Representative  
Linda Brough, Policy & Community Planning Officer, NAC  
Stephen Brown, Head of Service, Children & Families & Criminal Justice, HSCP  
Dr Paul Kerr, Clinical Director, HSCP  
Ruth Betley, Practice Manager, Arran Medical Group  
Thelma Bowers, Head of Mental Health Services, HSCP  
Pete Gilfedder, Associate Nurse Director/Lead Nurse, HSCP  
Helen McArthur, Senior Manager, Community Care Services  
Jim Nichols, Third Sector Representative  
Christine Speedwell, NA Carers Centre  
Emma Anderson, Team Manager Housing

**In Attendance:**

Annie Weir, Programme Manager, Integration of Health & Social Care, HSCP  
Scott Bryan, Team Manager – Planning, HSCP  
Karen Broadfoot, Clerical Assistant (Minutes)  
Louise Harvie, Clerical Officer (shadow minutes)

**Apologies:**

Jo Gibson, Principal Manager, Planning & Performance, HSCP  
Sharon Bleakley, Scottish Health Council  
David Bonellie, AOPC Representative  
Geoff Coleman, Public Support Manager, NHS  
Linda Anderson,  
Cllr Grace McLean, North Ayrshire council  
Dr Rachel Fraser, GP Largs Medical Group, (GP Lead of North Coast Locality Forum)  
Eunice Johnstone, Planning Manager, Policy, Planning & Performance, NHS  
Gordon McKay, APF Representative  
Dr Chris Black, GP Bourtrees Medical Practice, (GP Lead Irvine Locality Forum)  
Dr Kes Khalaq, GP Stakeholder  
Norma Bell, Independent Living Manager, HSCP  
Debbie Campbell, Team Manager - Performance, HSCP



Laura Barrie, KA Leisure

David Donaghey, Podiatrist (Staff Side)

Mark Gallagher, Alcohol & Drugs Partnership Representative

Tim Ross, Chief Inspector, Alcohol and Drugs Partnership

Dr. Janet McKay, Chair of Garnock Valley Locality Forum

Simon Morrow, Dental Representative, NHS

Margaret Hogg, Finance, NAC

Dr John Taylor, Mental Health, NHS

Nigel Wanless, Independent Sector Representative

Allan Weaver, Criminal Justice, Social Work, NAC

## 1. Welcome

- 1.1 Stephen McKenzie welcomed everyone to the meeting and thanked the group for travelling to Arran for today's meeting.
- 1.2 Sam Falconer, pharmacy representative, gave the group an impromptu update on the Medicine in Scotland paper published by Healthcare Improvement Scotland, June 2016. The factsheet explains how your doctor (or other healthcare professional) decides on the right treatment for you.

The factsheet can be accessed on the following website -  
[http://www.healthcareimprovementscotland.org/our\\_work/technologies\\_and\\_medicines/adtc\\_resources/medicines\\_factsheet.aspx](http://www.healthcareimprovementscotland.org/our_work/technologies_and_medicines/adtc_resources/medicines_factsheet.aspx)

- 1.3 Freddie Crawford Grundy raised concerns over non-stop prescribing. Dr Paul Kerr explained the process in place to review patient medications.  
Elaine Young added that there may be opportunities to look at the enhanced role of pharmacists within the GP practices.

## 2. Minutes and action note of the meeting held on 24<sup>th</sup> May 2016

- 2.1 The Minutes of the meeting held on the 24<sup>th</sup> May 2016 were approved as accurate.

## 3. Matters Arising

- 3.1 Action note agenda item 4.5 Introduction to locality representatives – representation at today's SPG from Arran, Kilwinning and North Coast locality forums. Further discussion on locally representation at SPG or IJB meetings required.



#### 4. Presentation – What is unique about Arran?

- 4.1 Jim Nichols gave a photographic presentation highlighting the facilities and unique qualities on Arran:
- 4.2 Stephen McKenzie stated that the presentation gives a sense of community and the HSCP on the island.

David Rowland highlighted the strong drive behind the Review of Arran Services. To date, a clear understanding of existing services - including pressures, deficiencies and service gaps - has been identified. Currently looking at creating a SPOC (Single Point of Contact) and building on the sense of community.

Louise McDaid added that the staff side has met with Alan Stout and staff of the partnership. There is a further drop in being held in August for staff as part of the review.

- 4.3 Stephen McKenzie suggested that there is a sense of uniqueness on Arran with similarities with other areas on the mainland.

Jim Nichols highlighted the advantages on Arran with the Third Sector already integrated with the NHS and the GP practice. The Third Sector is also involved with the delivery of services. .

Stephen Brown acknowledged the 12,000 additional people on Arran over the summer leading to additional pressures on services. There is also a GP vacancy on the island.

- 4.4 Jim Nichols advised that a community resilience group with Scottish and Southern Electricity has been set up following the snow storm of 2013. The lessons from this event are still ongoing and message boards have been sent to the island to keep residents informed.

Thelma Bowers added that the housing strategy has highlighted the benefits of operating an additional ferry and changes to improve planning permission. Jim added Arran has a poor stock of available social housing with the waiting in July sitting at 239.

The population issue on Arran was addressed, highlighting that the 30/40 age group is in decline which has led to fewer children on the island.



## 5. Overview of development

- 5.1 Scott Bryan gave a presentation to the group on Refreshing the Strategic Plan highlighting the development of the plan, responses to the consultation and publication date.

Stephen McKenzie thanked Scott for this update adding that overall this is a very positive endorsement of the plan. Stephen sought the group's thoughts on the update.

Louise McDade highlighted the locality forums input to the process advising that while the North Coast generally has higher levels of income and life expectancy, there are areas of deprivation.

As the consultation time for the refreshed Strategic Plan was short only 103 people responded. It was highlighted that while the consultation on the document was limited, the various developments within had been subject to much wider engagement.

After discussion, it was accepted as a useful exercise and gives a sense of where the SPG is going.

- 5.2 Stephen McKenzie underlined the expectation from the Scottish Government on integration with the reallocation of resources from acute to the community sector.

David Rowland stated that the change programme has been consolidated within the strategic aims from the start. Covering papers would be welcomed to show this progress.

Stephen McKenzie thanked everyone for their work on refreshing the strategic plan and for the attendance at all the SPG meetings.

## 6. Focus on the Locality Planning Forum

- 6.1 Irvine Locality Forum Update

Fiona Thomson provided a brief update on the Irvine forum. It is currently considering how best to progress with their identified priorities.

Kilwinning Locality Forum Update

Marion Gilchrist advised that Leona Dallas, Community Connector, has joined the Kilwinning Locality Forum. They are in the process of testing the new Kilwinning 'button' on CareNA which will provide users with all available resources within the locality.

The forum is arranging a market place event which will now take place at the end of September 2016.

Representatives from Kilwinning Medical Practice to meet with Buckreddan to discuss GP involvement. The forum has met with early years' groups and planning to have the same meetings with older peoples' groups.

North Coast Locality Forum Update

Louise McDade informed the group that the next meeting of the North Coast Locality Forum is the 16<sup>th</sup> August 2016. Discussions would be welcomed on finances for early mental health well being with one pocket of money to help all localities rather than a small amount being allocated to each area.

Garnock Valley Locality Forum Update

Helen McArthur had no update to give from this group.

The topic of locality budgets was raised. Current options would be for a separate budget for each forum, or possible having a centralised budget that can be used to further shared interests across the all areas. This will be developed further at the Locality Forum Development Network.

Stephen McKenzie thanked everyone again for their attendance at today's meeting.

**7. Visit to Arran War Memorial Hospital**

- 7.1 Before the meeting closed Stephen McKenzie invited everyone to have lunch and then to travel on the bus to the Arran War Memorial Hospital for a tour of the facility.

**8. Date of next meeting**

- 8.1 Thursday, 15<sup>th</sup> September 2016 at 9.30am, West Kilbride Village Hall, 1 Arthur Street, West Kilbride, KA23 9EN



**8.2 Additional Dates and Venues for 2016/2017**

Thursday, 10<sup>th</sup> November 2016 at 9.30am (venue to be confirmed).  
Thursday, 26<sup>th</sup> January 2017 at 9.30am (venue to be confirmed)  
Thursday, 23<sup>rd</sup> March 2017 at 9.30am (venue to be confirmed)  
Thursday, 18<sup>th</sup> May 2017 at 9.30am (venue to be confirmed)  
Thursday, 13<sup>th</sup> July 2017 at 9.30am (venue to be confirmed)  
Thursday, 7<sup>th</sup> September 2017 at 9.30am (venue to be confirmed)  
Thursday, 2<sup>nd</sup> November 2107 at 9.30am (venue to be confirmed)  
Thursday, 11<sup>th</sup> January 2018 at 9.30am (venue to be confirmed)



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**Integration Joint Board**  
**8 September 2016**  
**Agenda Item 10**

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**Subject:** **Child Poverty Bill for Scotland**

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**Purpose:** To advise on a response to the Scottish Government's consultation on a Child Poverty Bill for Scotland

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**Recommendation:** To agree to approve the draft response to the Child Poverty Bill at Appendix 1

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## **1. INTRODUCTION**

- 1.1 The Scottish Government has issued a consultation on a Child Poverty Bill for Scotland which it intends to introduce in early 2017. Comments are sought on the Bill by 30 September 2016.
- 1.2 The UK Government announced its intention to repeal parts of the Child Poverty Act 2010, including child poverty targets based on income, through the Welfare Reform and Work Bill. The Scottish Government obtained amendments to opt out of this legislation and is now bringing forward its own proposals for tackling and measuring child poverty.
- 1.3 It has published a Bill to set out its proposals to eradicate child poverty including:
  - Enshrining in legislation its ambition to eradicate child poverty.
  - Reinstating statutory income-based targets to reduce the number of children living in poverty.
  - Placing a duty on Scottish Ministers to develop a Child Poverty Delivery Plan and to report annually on their progress.

## **2. CURRENT POSITION**

- 2.1 The Bill highlights that one in five children live in poverty in Scotland. Children from the poorest families are less likely to get qualifications, to get a job or to go to university. In North Ayrshire it is estimated that one in four children live in poverty (End Child Poverty Campaign report, 2014). The proposals in this Bill, together with a range of other strategic initiatives, should assist in tackling this complex issue.

### **3. PROPOSALS**

- 3.1 A draft response to the ten consultation questions in the Bill is attached at **Appendix 1**. The response welcomes the Bill's ambition to eradicate child poverty and to make income targets statutory. It highlights that this cannot be achieved through legislation alone and needs to be complemented by the wider strategic context. The Bill seeks views on the role of the Ministerial Advisory Group on Child Poverty. It is suggested that strengthening links between the Ministerial Advisory Group and local Boards such as North Ayrshire's Fair for All Board may assist. It is also proposed that the Ministerial Advisory Group could have a role in developing ways of receiving reports on and ensuring that best practice in tackling child poverty is shared and replicated more widely across Scotland. The retention of income targets is supported as they are recognised and understood. In setting targets to reduce poverty by 2030, the impact of welfare reform will need to be taken into account as this compounds child poverty.

#### **3.2 Anticipated Outcomes**

The anticipated outcome from the proposed legislation would be the eradication of child poverty.

#### **3.3 Measuring Impact**

The Bill proposes that impact be measured using the following income targets:

1. Relative poverty: the percentage of children living in households with equivalised, net incomes of less than 60% UK median household income, in the same year.
2. Absolute poverty: the percentage of children living in households with equivalised, net incomes of less than 60% of UK median household income, in the base year (2010/11), adjusted for inflation.
3. Combined low income and material deprivation: the percentage of children living in low income households that lack certain basic necessities. Low income here is defined as an equivalised, net household income of less than 70% of the UK median household income.
4. Persistent poverty: the percentage of children living in a household in relative poverty for at least three years out of a four-year period.

### **4. IMPLICATIONS**

#### **4.1 Financial Implications**

No direct implications

#### **4.2 Human Resource Implications**

No direct implications

#### **4.3 Legal Implications**

No direct implications

#### 4.4 **Equality Implications**

No direct implications

#### 4.5 **Environmental Implications**

No direct implications

#### 4.6 **Implications for Key Priorities**

The Child Poverty Bill's ambition to eradicate Child Poverty has implications for the SOA's outcome - "Children's health and wellbeing is improved by breaking the cycle of poverty, inequality and poor outcomes".

### 5. **CONSULTATIONS**

- 5.1 There has been consultation on this report with the Chief Executive. A report on the draft response will also be considered by the Council's Cabinet.

### 6. **CONCLUSION**

- 6.1 The Scottish Government is seeking views on its Child Poverty Bill which sets out in legislation its ambition to eradicate child poverty, to reinstate income based poverty targets, and to place a duty on Scottish Ministers to develop a delivery plan. The IJB's approval is sought to a response to the Bill (Appendix 1) which broadly welcomes its proposals and highlights some of the challenges involved.

**For more information please contact Stephen Brown on Tel No 01294 317804 or email: [sbrown@north-ayrshire.gcsx.gov.uk](mailto:sbrown@north-ayrshire.gcsx.gov.uk)**



## **Consultation on a Child Poverty Bill for Scotland**

### **North Ayrshire's Response**

**1. Do you agree with the Scottish Government including in statute an ambition to eradicate child poverty?**

The ambition to eradicate child poverty will surely be universally welcomed. Indeed, much of the recent legislative and policy developments will undoubtedly impact positively on children living in poverty. The expansion of early years provision and ongoing work around the Attainment Challenge are just two examples of this.

It is crucial that the introduction of additional legislation specifically around child poverty takes cognisance of the wider context. A Child Poverty Act cannot, in and of itself, eradicate child poverty, and it will be important to ensure that such an Act not only complements the wider policy context but brings additionality to the existing legislative suite.

**2. What are your views on making income targets statutory?**

Making income targets statutory ensures a driver for change and improvement. Arguably, embedding the targets in statute also ensures that the issue remains at the forefront of the national psyche and can be used to hold Government to account when targets are not met.

**3. How do you think the role of the Ministerial Advisory Group on Child Poverty can be developed to ensure that they play a key role in developing the legislation?**

The key to the Ministerial Advisory Group is ensuring that the membership remains relevant and contemporary and contains the necessary expertise to advise on what is undoubtedly a complex issue. It would also be important that terms of reference are revised to ensure that the Group is given a key role from the outset in developing the legislation.

The Group could also be used to maximise engagement with other stakeholders and have responsibilities beyond the introduction of any Act to review and monitor progress.

North Ayrshire CPP has established a Fair for All Board comprising key advisors on inequalities and it is responsible for progressing our inequalities pledges. Strengthening links between the Ministerial Advisory Group and local Boards of this nature could assist them in their role.

The Fair for All Board will develop the improvement measures outlined in the Inequality strategy and will link to the National Improvement Framework as a measure of the wellbeing of our communities.

**4. How can links between the national strategy and local implementation be improved? What could local partners do to contribute to meeting these national goals? This might include reporting and sharing best practice or developing new strategic approaches.**

North Ayrshire Council and wider Community Planning Partners have been actively working to reduce inequalities at a local level and improve children's outcomes. This work is embedded in our local planning arrangements and progress reported on in a variety of ways. Our new Locality Partnerships will provide a means of targeting inequalities at a micro level. This approach will allow for the development of bespoke localised responses as appropriate.

The aspiration to eradicate child poverty will require an integrated and concerted effort and legislation may need to consider the responsibilities of individual CPPs in relation to delivering on the agenda and also reporting on progress.

A potential role for the Ministerial Advisory Group could be to hear evidence relating to best practice, ensuring that such examples are grounded in research and can evidence impact. Furthermore, the Advisory Group could have a role in developing ways of ensuring that best practice is shared and replicated more widely across Scotland as appropriate.

**5. What are your views on the income-based measures of poverty proposed for Scottish child poverty targets? For example, are there any additional income-based measures you think we should also use (and if so, why)? Are there any alternative approaches to measuring income – for example, as used in other countries – that you think could apply in Scotland?**

The four income-based indicators are all now well-established and it is recognised that they complement one another to provide a better overall measure of poverty. Given they are recognised and generally understood and accepted, it would make sense to continue to use these measures. In addition, the continuity of sticking with these measures allows us to move forward with key baseline information.

**6. What are your views on the Scottish Government's proposals for the levels of child poverty that the targets will be set at?**

The Scottish Government's proposed targets are, undoubtedly, set at ambitious levels. Nevertheless, the aspiration to eradicate child poverty will never be realised without this level of ambition. In North Ayrshire such targets will be hugely difficult to achieve given the current levels of child poverty.

The impact of welfare reform has had a significant and adverse impact on a number of families and has, undoubtedly, compounded the issue of child poverty. It would be important therefore to ensure that as the newly devolved powers in relation to Social Security are reviewed, this is not done in isolation from the child poverty agenda.

**7. What are your views on the Scottish Government's proposal to set targets on an *after housing costs* basis? For example, are there any disadvantages to this approach that we have not already considered?**

'After Housing Costs' (AHC) has long been recognised as providing a more accurate measurement of the extent of poverty than 'before housing costs' (BHC). Housing costs are obviously essential and can be hugely significant. In order to ensure that we are able to measure the disposable spend available to families accurately, then AHC has to be the preferred measure, fully accepting that this makes the targets being proposed even more ambitious.

In its Children's Services Plan 2016-20 Performance Framework North Ayrshire's CPP has included the percentage of children living in poverty **after housing costs** as one of its measures.

The disadvantages of measuring poverty after housing costs are outlined in the consultation document and, as long as these are understood, they fall far short of outweighing the advantages.

**8. What are your views on the Scottish Government's proposal to set targets that are expected to be achieved by 2030?**

Given the ambitious level at which Government is proposing setting targets, and given also that AHC is likely to be the preferred measure, 2030 would seem a reasonable timeframe for achievement. The setting of targets and the date by which we aim to achieve those targets, needs to take cognisance of the scale of the challenge. The World Bank report on Inclusive Growth for example states clearly that it is 'important to recognise the time lag between reforms and outcomes' and that a longer term perspective is crucial. (Ianchovichina & Lundstrom, 2009)

Nevertheless, the danger of such an expansive timeframe could be that momentum to achieve can be more difficult to muster particularly given that the politicians, professionals and experts involved in setting the targets are likely to have changed considerably by 2030. It would be worth considering interim targets that helps ensure more immediacy of effort.

**9. What are your views on the proposal that Scottish Ministers will be required to produce a Child Poverty Delivery Plan every five years, and to report on this Plan annually?**

This approach is welcomed and should ensure that progress is closely and regularly monitored. The Delivery Plan will be a crucial document in ensuring that there is a clear route map outlining how we move from the current situation to where we need to be by 2030.

**10. Do you have any suggestions for how the measurement framework could usefully be improved? For example, are there any influencing factors that are not covered by the measurement framework? Or are there any additional indicators that could be added?**

The current framework with its themes of 'Pockets, Prospects and Places' is supported. Indeed, the approach has been used within North Ayrshire as a framework to review progress at a local level.

Given that education remains arguably the single most significant route out of poverty, it may be useful to develop a measure that allows us to compare children's educational performance against previous parental performance. Such a measure may be too complex to establish but would be a useful indicator of progress.