
NORTH AYRSHIRE COUNCIL

24 September 2019

Cabinet

Title:	Revenue Budget 2019/20 : Financial Performance to 31 July 2019
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Purpose:	To advise Cabinet of the financial performance for the Council at 31 July 2019.
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Recommendation:	That Cabinet agrees to (a) note the information and financial projections outlined in the report; (b) note the current financial projection for the Health and Social Care Partnership at 2.7; and (c) approve the virements detailed in Appendix 8.
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1. Executive Summary

- 1.1 The General Services Revenue Estimates for 2019/20 were approved by Council on 27 February 2019. The Housing Revenue Account (HRA) Revenue Budget for 2019/20 was approved by Council on 19 December 2018.
- 1.2 As part of the monitoring procedures to keep the Cabinet informed of the financial performance of the Council, financial performance reports are presented on a regular basis. This is the first report for 2019/20 and covers the period to the end of July 2019 (Period 4). Projections to the year-end have been made.
- 1.3 At Period 4 the General Fund is forecasting a net in-year underspend of £0.318m (0.1%) after transferring resources to other funds. The majority of savings are on track for delivery.
- 1.4 The Housing Revenue Account is forecasting a net breakeven position for the year.
- 1.5 The Health and Social Care Partnership is forecasting an overspend of £2.801m at the end of June 2019. The Council services element of the projected overspend is £2.924m, partly offset by an underspend on the Health services element of £0.123m.
- 1.6 A risk to the forecast position has been identified in relation to European Social Fund (ESF) funding. Income in excess of £2.4m is currently anticipated. Although no concerns have been highlighted in respect of the North Ayrshire Council projects, an ongoing national review of ESF projects may have a negative impact on the funding provided across Scotland. In addition, the Council continues to engage with the Big Lottery to recover all funding in respect of Better Off North Ayrshire.

2. Background

General Fund

- 2.1 The Council has set a breakeven budget for 2019/20. In addition to the budget approved on 27 February 2019, earmarked funds of £12.041m have been carried forward from 2018/19 for service expenditure in 2019/20 and are reflected in the figures within the 2019/20 financial performance reports as they are drawn down.
- 2.2 Current financial projections indicate that an in-year underspend of £0.318m, net of transfers to reserves, is anticipated for the year to 31 March 2020. This represents 0.1% of the Council's total budget.
- 2.3 Details of the current financial projections are summarised in the following table:

	Appendix No	Annual Budget £000's	Projection to 31 March 2020 £000's	Projected Variance for year (Fav)/Adv £000's	Note
Service Expenditure					
Chief Executive and Democratic Services	1	3,930	3,930	-	
Communities	2	132,943	132,943	-	(i)
Finance & Corporate Support	3	15,187	14,885	(302)	(ii)
Place	4	64,091	64,091	-	(iii)
Other Corporate Services	5	19,247	19,231	(16)	
Sub Total		235,398	235,080	(318)	
Health and Social Care Partnership	8	95,675	95,675	-	2.7
Balance for Services		331,073	330,755	(318)	
Financing Charges	6	17,051	17,051	-	
Contribution to Loans Fund Reserve	6	2,150	2,150	-	
Total Planned Expenditure		350,274	349,956	(318)	
Planned Income					
Aggregate External Finance	6	(289,007)	(289,007)	-	
Council Tax	6	(56,789)	(56,789)	-	
Use of Earmarked Funds	6	(4,478)	(4,478)	-	
Total Planned Income		(350,274)	(350,274)	-	
Net Expenditure/ (Income)		-	(318)	(318)	

- 2.4 The current projections include anticipated income in respect of European Structural Fund (ESF) projects, including £2.4m of outstanding income for prior year activities. The national programme for ESF is currently under review following European Commission audit and as a result there remains a risk to the national programme which could impact on local authority ESF awards. The matter is being taken forward by COSLA with regular updates at Leader's meetings. Whilst North Ayrshire Council's programme has not been highlighted as a particular concern, the national solution is changing the funding model and this could have a negative impact as it may affect all of Scotland.

2.5 The reported Planned Income includes a number of adjustments to Scottish Government funding from that included within the budget approved on 27 February 2019, as detailed in the following table:

	Revenue Support Grant £000's	Non Domestic Rates £000's	Specific Grants £000's	TOTAL AEF £000's
Planned Income				
Approved Budget 27 February 2019	(227,179)	(40,954)	(14,719)	(282,852)
Movements:				
Discretionary Housing Payments	(675)			(675)
1 + 2 Languages	(78)			(78)
Barclay Review	(45)			(45)
Free Personal Care for Under 65s	(702)			(702)
Carers Act Extension	(14)			(14)
Pupil Equity Fund - Additional			(9)	(9)
EU Withdrawal	(50)			(50)
Access to Sanitary Products in Schools	(56)			(56)
ELC Realising Change Fund			(15)	(15)
Rapid Rehousing Transition Plan	(147)			(147)
Teachers Pay Award	(3,819)			(3,819)
Pupil Equity Fund - C/F from 2018/19			(545)	(545)
Revised Planned Income	(232,765)	(40,954)	(15,288)	(289,007)

2.6 Commentary on Significant Movements from the Revised Budget

The Council's overall financial forecast against the revised budget is an underspend of £0.318m. A brief explanation of the significant movements from the revised budget is outlined below:

(i) Communities – a breakeven position

The reported breakeven position is related to a number of over and underspends across the service, including:

- Overspend on external specialist residential placements due to the ongoing high number of children in residential education, £0.352m;
- Overspend on Teacher maternity and long-term absence cover, £0.209m; and
- Overspend reflecting to delays in the realisation of planned savings in relation to music instruction, £0.120m;

These have been offset by:

- Underspend in ASN Day Placements (£0.229m);
- Reduced teacher entitlement linked to the anticipated census results (£0.100m);
- Increased income from ASN charges to other local authorities (£0.165m);
- Income from staff secondment recoveries (£0.108m); and
- Additional refunds in relation to the PPP contract (£0.080m).

The service has an underlying pressure in relation to classroom assistants which it is taking steps to resolve.

(ii) **Finance and Corporate Support – underspend of £0.302m**

The underspend is primarily related to:

- Vacancy management across services (£0.217m); and
- Increased recovery of DHP overpayments (£0.060m).

(iii) **Place – a breakeven position**

The reported breakeven position is related to a number of over and underspends across the service, including:

- Overspends on Waste Services' Employee Costs and Transport Costs related to the introduction of the new domestic waste recycling scheme and temporary additional operational demands across staffing and transport, £0.337m;
- Increased transport provision for social services, £0.083m;
- Capital costs relating to the reprovisioning of the CCTV and Concierge service at Marress House, £0.097m;
- The under recovery of commercial property rental income, £0.150m; and
- Delays in the realisation of planned savings in relation to property rationalisation, £0.151m.

These have been offset by:

- Underspends related to vacancy management across services (£0.249m);
- Lower than anticipated aftercare costs at Shewalton landfill (£0.111m),
- Additional income from temporary accommodation rents (£0.155m);
- Increased income from waste recyclates (£0.138m); and
- One-off NDR refunds (£0.208m).

Discussions continue with the Big Lottery to secure full funding for the Better Off North Ayrshire programme.

Health and Social Care Partnership

- 2.7 A copy of the HSCP financial performance report as at the end of June 2019 is attached at Appendix 9. The report highlights the key challenges and variances for the Partnership.

The key points for Cabinet to note are summarised below:

- Projected overspend of £2.801m, £2.924m of which relates to services delegated to the Council, partly offset by an underspend on the Health services element of £0.123m;
- The 2019-20 budget includes savings targets of £6.134m. £0.215m of these are identified as being unlikely to be achieved during 2019/20. The projected financial position assumes that all remaining savings on the plan will be delivered, however, £2.717m have been identified as Red or Amber in the report;
- Each service area has developed mitigating action to address the overspend in their area and there are several actions noted in the report which will assist in reducing the projected overspend;

Delivery of the mitigating actions is essential to minimise further financial risk to the Council within the context of the current debt of £5.139m.

Savings Update

2.8 The 2019/20 General Services Revenue Estimates for 2019/20 included targets for savings of £6.278m across all services. At 31 July 2019 the majority of savings are on target for delivery by 31 March 2020. Exceptions include:

- Delays in the realisation of prior year Property Rationalisation savings and savings from the review of Catering Options within Place, with the projected shortfall met from the existing budgets within Property Running Costs and Facilities Management;
- Delays in realising savings from the review of School Library Services and the redesign of the school music service, with the shortfalls being met from underspends across Communities;
- Savings from Staff Cover Budgets within Communities which are not forecast to be achieved, with a reported overspend of £0.209m being met from other underspends across Communities; and
- A projected £0.058m shortfall in the residential placements element of the Transform Enhanced Support for Young People saving within Communities which is also being met from other underspends across Communities.

Housing Revenue Account

2.9 The Housing Revenue Account budgeted for a breakeven position in 2019/20 and a net breakeven position is currently projected. This is summarised in the following table with further details provided in Appendix 7.

	Annual Budget	Projection to 31 March 2020	Projected Variance for year (Fav)/Adv	Note
	£000's	£000's	£000's	
Employee Costs	4,673	4,495	(178)	(i)
Property Costs	18,252	18,107	(145)	(ii)
Supplies and Services	225	225	-	
Transport and Plant Costs	38	36	(2)	
Administration Costs	1,860	1,846	(14)	
Third Party Payments	2,328	2,381	53	(iii)
Transfer Payments	211	211	-	
Other Expenditure	744	744	-	
Capital Financing	20,609	21,274	665	(iv)
Gross Expenditure	48,940	49,319	379	
Income	(48,940)	(49,319)	(379)	(v)
Net Expenditure	-	-	-	

2.10 Commentary Significant Movements from the Revised Budget

A brief explanation of the significant movements from the revised budget is outlined below.

(i) Employee Costs - underspend of £0.178m

The underspend is related to vacancy management.

(ii) Property Costs – underspend of £0.145m

The underspend is primarily related to reduced numbers of void repairs and electrical testing, partly offset by additional planned works.

(iii) Third Party Payments - overspend of £0.053m

The overspend reflects additional recharges in respect of the Anti Social Behaviour Team and project management costs.

(iv) Capital Financing – overspend of £0.665m

The overspend is related to an increased CFCR contribution in support of the HRA capital programme, partly offset by reduced capital charges reflecting the reduced borrowing requirement.

(v) Income – overrecovery of £0.379m

The overrecovery of income is primarily related to an increase in the number of tenanted properties.

3. Proposals

- 3.1 It is proposed that Cabinet agrees to (a) note the information and financial projections outlined in the report; (b) note the current financial projection for the Health and Social Care Partnership at 2.7; and (c) approve the virements detailed in Appendix 8.

4. Implications/Socio-economic Duty

Financial

4.1 General Services

The net projection for the year as at 31 January 2020 is an underspend for the year of £0.318m.

Housing Revenue Account

The net projection for the year as at 31 January 2020 is a breakeven position.

Human Resources

- 4.2 None.

Legal

- 4.3 None.

Equality/Socio-economic

4.4 None.

Environmental and Sustainability

4.5 None.

Key Priorities

4.6 This report directly supports the Council Plan 2019 to 2024 by maximising resources and providing value for money to support financially sustainable delivery models.

Community Wealth Building

4.7 None.

5. Consultation

5.1 Executive Directors have been consulted as part of the review of financial performance and have approved the projected variances contained in this report.

Laura Friel
Executive Director (Finance and Corporate Support)

For further information please contact **David Forbes, Senior Manager (Strategic Business Partner)**, on **01294 324551**.

Background Papers

General Services Revenue Estimates 2019/20 to 2021/22 - Council 27 February 2019
Housing Revenue Account (HRA) Capital Investment Programme, Revenue Budget and Rent Levels for 2019/20 – Council 19 December 2018

DEMOCRATIC SERVICES
BUDGETARY CONTROL 2018/19

REPORT FOR THE 4 MONTHS TO 31 JULY 2019

Objective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Legal	461	467	6	1%	1
Policy, Performance & Community Planning	896	902	6	1%	2
Communications	443	432	(11)	(2%)	
Civil Contingencies	61	61	-	0%	
Committee Services	582	584	2	0%	3
Member Services	1,115	1,109	(6)	(1%)	
Information Governance	372	375	3	1%	
Net Total	3,930	3,930	-	0%	

Subjective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance
	£000	£000	£000	
Employee Costs	3,370	3,373	3	0%
Property Costs	7	8	1	14%
Supplies and Services	214	215	1	0%
Transport and Plant Costs	14	14	-	0%
Administration Costs	964	967	3	0%
Other Agencies & Bodies	238	243	5	2%
Transfer Payments	-	-	-	-
Other Expenditure	-	-	-	-
Capital Financing	-	-	-	-
Gross Expenditure	4,807	4,820	13	0%
Income	(877)	(890)	(13)	1%
Net Expenditure	3,930	3,930	-	0%

COMMUNITIES**BUDGETARY CONTROL 2018/19****REPORT FOR THE 4 MONTHS TO 31 JULY 2019**

Objective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Early Years Education	17,582	17,582	-	0.0%	1
Primary Education	34,726	34,756	30	0.1%	2
Secondary Education	48,164	48,055	(109)	-0.2%	3
Additional Support Needs	15,692	15,714	22	0.1%	4
Education - Other	745	830	85	11.4%	5
Pupil Equity Fund	5,009	5,009	-	0.0%	
Connected Communities	11,025	10,997	(28)	-0.3%	6
Net Total	132,943	132,943	-	0.0%	

Subjective Summary	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance
	£000	£000	£000	
Employee Costs	111,743	111,822	79	0%
Property Costs	438	438	-	0%
Supplies and Services	16,712	16,708	(4)	(0%)
Transport and Plant Costs	219	219	-	0%
Administration Costs	1,010	1,056	46	5%
Other Agencies & Bodies	11,002	11,195	193	2%
Transfer Payments	580	580	-	0%
Other Expenditure	-	-	-	
Capital Financing	61	61	-	0%
Gross Expenditure	141,765	142,079	314	0%
Income	(8,822)	(9,136)	(314)	4%
Net Expenditure	132,943	132,943	-	0%

COMMUNITIES
BUDGETARY CONTROL 2018/19

REPORT FOR THE 4 MONTHS TO 31 JULY 2019

Budget £000	Projected Variance £000	Variance as % of budget	Section
Note 1			Early Years Education
			Financial year 19/20 is year 2 of the expansion programme. It is expected that there will be an additional 18 establishments providing 1140 hours. Initial budgets have been allocated from the new funding in order to reflect the increased level of provision required. It is anticipated that the additional costs will begin to be incurred from August 2019. Therefore although the new budgets have been allocated it is too early to quantify a financial projection for the Early Years service at this stage.
Note 2			Primary Education
1,446	(10)	-1%	PPP unitary charge is projected to be underspent by £0.010m mainly due to expected refunds of utility costs at year end.
	40		Other minor movements.
	30		
Note 3			Secondary Education
35,788	(100)	0%	Employee Costs: Teachers - current predictions of pupil numbers indicate that at Census date there will be a reduced requirement for a small number of Teachers.
11,717	(40)	0%	PPP unitary charge is projected to be underspent by £0.040m mainly due to expected refunds of utility costs at year end.
	31		Other minor movements.
	(109)		
Note 4			ASN
1,052	352	33%	An overspend on external specialist residential placements due to the ongoing high number of children in residential education. Joint working is ongoing with HSCP to improve positive outcomes.
1,010	(229)	-23%	There is an underspend on external day placements as a result of the screening process in place that enables the Council to support children in mainstream establishments or authority ASN establishments.
(264)	(165)	63%	Other Local Authorities income - projections indicate an over recovery due to an increase in charges together with changes in demand.
	64		Other minor movements.
	22		
Note 5			Education Other
1,745	111	6%	Employee costs: overspends in Music Instructors of £0.120m due to a delay in implementing efficiencies (plans are in place which will achieve these savings going forward) and in Teachers maternity & long term sickness cover of £0.209m. This is offset by underspends due to an additional Early Years funding allocation of £0.150m and a vacant Senior Manager post of £0.048m.
141	46	33%	Admin costs : Increased Licence costs from SEEMIS.
211	46	22%	Supplies and Services: mostly due to expected computer replacement costs.
(640)	(118)	18%	Income : Additional income (£0.108m) related to recharges to external organisations for staff on secondments. An expected PPP insurance rebate of £0.030m is partly offset against a reduced income of £0.020m for Music tuition fees. The number of pupils assigned to each Music instructor has increased in order to bring the fee income into line with budget.
	85		
Note 6			Connected Communities
6,052	52	1%	Employee Costs : There are projected overspends in Community Development of £0.052m due to reduced employee turnover.
-163	(80)	49%	Income - Arran Outdoor Education Centre - projected income exceeds budget due to increased occupancy of centre/activities.
	(80)		

FINANCE AND CORPORATE SUPPORT
BUDGETARY CONTROL 2018/19

REPORT FOR THE 4 MONTHS TO 31 JULY 2019

Objective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% variance	Note No
	£000	£000	£000		
Directorate	287	296	9	0%	
Audit & Risk	650	650	-	0%	
Finance					
Head of Service	121	121	-	0%	
Business Support	1,299	1,162	(137)	0%	1
Corporate Procurement	782	782	-	0%	
Customer Services	4,621	4,477	(144)	0%	2
Financial Services	1,124	1,104	(20)	0%	
FMS Project	0	0	-	0%	
Revenues	(382)	(392)	(10)	0%	
People & Transformation					
Head of Service	114	114	-	0%	
Employee Services	987	987	-	0%	
Human Resources & Organisational Development	757	757	-	0%	
ICT	3,665	3,665	-	0%	
Transformation	1,163	1,163	-	0%	
Net Total	15,187	14,885	(302)	0%	

Subjective Summary	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance
	£000	£000	£000	
Employee Costs	12,502	12,274	(228)	0%
Property Costs	0	0	-	0%
Supplies and Services	2,058	2,064	6	0%
Transport and Plant Costs	32	32	-	0%
Administration Costs	519	509	(10)	1%
Other Agencies & Bodies	1,768	1,768	-	2%
Transfer Payments	52,037	52,037	-	0%
Other Expenditure	200	200	-	0%
Capital Financing	0	0	-	-
Gross Expenditure	69,116	68,883	(232)	0%
Income	(53,929)	(53,998)	(70)	0%
Net Expenditure	15,187	14,885	(302)	0%

FINANCE & CORPORATE SUPPORT
BUDGETARY CONTROL 2018/19

REPORT FOR THE 4 MONTHS TO 31 JULY 2019

Budget £000	Projected Variance £000	Variance as % of budget	Section
Note 1			Business Support
1,464	(132)	-9%	Employee Costs - There is a projected underspend of £0.132m due to vacancy management
	(5)		Other Minor Variances
	(137)		
Note 2			Customer Services
2,172	(85)	-4%	Employee Costs - There is a projected underspend of £0.085m due to vacancy management and maternity leave
(51,097)	(60)	0%	Income - There is a projected overrecovery of £0.060m within DHP overpayments recovered
	1	-	Other Minor Variances
	(144)		

PLACE
BUDGETARY CONTROL 2018/19

REPORT FOR THE 4 MONTHS TO 31 JULY 2019

Objective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Directorate and Support	232	205	(27)	(12%)	
Physical Environment					
Head Of Physical Environment	99	102	3	3%	
Building Services	(2,506)	(2,506)	-	0%	
Works Scoping and Quality Assurance	-	-	-	0%	
Property Governance	(2)	(2)	-	0%	
Property Management & Investment	1,545	1,513	(32)	(2%)	1
Housing Assets & Investment	-	-	-	0%	
Property Maintenance	3,786	3,786	-	0%	
Property Running Costs	5,114	5,207	93	2%	2
Energy and Sustainability	3,903	3,903	-	0%	
Facilities Management	12,712	12,712	-	0%	
Other Housing	3,736	3,593	(143)	(4%)	3
Total for Physical Environment	28,387	28,308	(79)		
Commercial Services					
Head Of Commercial Services	210	220	10	5%	
Roads	6,724	6,724	-	0%	
Streetscene	4,514	4,514	-	0%	
Internal Transport	9,717	9,817	100	1%	4
Waste Resources	7,684	7,801	117	2%	5
Total for Commercial Services	28,849	29,076	227		
Economic Growth and Regeneration					
Management	281	281	-	0%	
Planning & Protective Services	1,589	1,478	(111)	(7%)	6
Economic Development	4,753	4,743	(10)	(0%)	
Total for Economic Growth and Regeneration	6,623	6,502	(121)		
Net Total	64,091	64,091	-		

Subjective Summary	Annual Budget	Projected Year End Outturn	Annual Variance Adverse or (Favourable)	% variance
	£000	£000	£000	
Employee Costs	51,591	51,363	(228)	(0%)
Property Costs	20,606	20,429	(177)	(1%)
Supplies and Services	11,207	11,143	(64)	(1%)
Transport and Plant Costs	9,437	9,670	233	2%
Administration Costs	1,185	1,189	4	0%
Other Agencies & Bodies	18,285	18,273	(12)	(0%)
Transfer Payments	1,223	1,223	-	0%
Other Expenditure	490	491	1	0%
Capital Financing	-	97	97	
Gross Expenditure	114,024	113,878	(146)	(0%)
Income	(49,933)	(49,787)	146	(0%)
Net Expenditure	64,091	64,091	-	0%

PLACE
FINANCIAL PERFORMANCE 2018/19

REPORT FOR THE 4 MONTHS TO 31 JULY 2019

Budget £000	Projected Variance £000	Variance as % of budget	Section
Note 1			Property Maintenance
3,786	(32)	(1%)	Employee Costs : £0.032m underspend in employee costs - due to vacancy management.
	(32)		
Note 2			Property Running Costs
5,114	93	2%	Net Property Costs - Overspend is primarily due to the current delay in delivery of property rationalisation savings of £0.151m and the under recovery of income in relation to the commercial property rental of £0.150m. Partly offset by a refund of Non Domestic Rates of £0.208m for 17/18 & 18/19 due to property revaluations.
	93		
Note 3			Other Housing
3,911	(121)	(1%)	Employee Costs - There is a projected underspend of £0.121m due to vacancy management
0	97	(36%)	Capital Financing Costs - There is a potential overspend of £0.097m relating to the reprovisioning of the CCTV and Concierge facility at Marress House.
(4,661)	(125)	(2%)	Income - Projected over recovery of £0.125m income, the majority of which can be attributed to temporary accommodation income, as an additional 25 properties are currently in use
	6		Other minor movements
	(143)		
Note 4			Internal Transport
4,334	83	2%	Transport Provision Costs - there is a projected overspend of £0.083m, primarily as a result of the continued trend of increasing demand for social services transport provision.
385	16	4%	External Hires - are predicted to be £0.016m overspent as a result of additional hires required to accommodate temporary operational needs related from the change in the process for the disposal of residual waste.
	1	-	Other minor movements
	100		
Note 5			Waste Services
4,417	262	6%	Employee Costs - there is a projected overspend of £0.262m partly due to additional resources required to support the introduction of a new domestic waste recycling scheme in April. Also partly due to a requirement to supplement current resources to support seasonal and operational demands. Work is ongoing to address this overspend.
454	(111)	(24%)	Supplies & Services - a projected underspend of £0.077m on aftercare costs of Shewalton Landfill Site which are being partly met from an existing provision and partly as a result of reduced leachate and trade effluent volumes, which can vary due to rainfall levels.
150	75	50%	Transport - a projected overspend of £0.054m re External Hires and Fuel due to the extension of additional vehicles required to support the introduction of a new domestic waste recycling scheme. Also a projected overspend of £0.037m in Haulage due to additional loads of materials being transported from Arran as a result of increased separation of recyclates and increasing waste arisings.
5,491	29	1%	Third party payment – there is a projected overspend of £0.311m in the recyclate processing costs due to a reduction in market prices for recyclates and contamination levels. Awareness campaigns are ongoing to reduce levels of contamination. There is a projected underspend of £0.379m for residual waste disposal costs due to a reduction in waste arisings. This is partly offset by projected overspends of £0.058m in Household Recycling Centre waste costs and £0.042m in the Bulky Waste contract residual processing costs.
(3,000)	(138)	5%	Income - additional income projected of £0.045m due to increased separation and sale of scrap metal for recycling partly offset by reduced income from the Sale of Cardboard £0.016m. There is also £0.085m projected additional income from Waste Gas Extraction due to the capping and closure of the final landfill site cell. As well as additional income projected from Commercial Refuse Collection charges £0.041m.
	117		
Note 6			Planning & Protective Services
2,406	(96)	(4%)	Employee Costs - underspends due to vacancy management in Planning of £0.070m and Protective Services of £0.026m.
	(15)	-	Other Minor Movements
	(111)		

OTHER CORPORATE ITEMS
BUDGETARY CONTROL 2018/19

REPORT FOR THE 4 MONTHS TO 31 JULY 2019

Objective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Strathclyde Passenger Transport	2,233	2,233	-	0%	
SPT Concessionary Fares	286	286	-	0%	
Ayrshire Joint Valuation Board	786	786	-	0%	
Other Corporate Costs					
Pension Costs	1,843	1,827	(16)	(1%)	
Central Telephones	86	86	-	0%	
Other Corporate Items (incl Transformation Costs, Bad Debt Provision, External Audit fees and other centrally held funding.)	14,013	14,013	-	0%	
Net Total	19,247	19,231	(16)	(0%)	

MISCELLANEOUS ITEMS
FINANCIAL PERFORMANCE 2018/19

REPORT FOR THE 4 MONTHS TO 31 JULY 2019

Objective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% variance	Note No
	£000	£000	£000		
Financing Charges	17,051	17,051	-	-	
Contribution to Loans Fund Reserve	2,150	2,150	-	-	
Scottish Government Funding	(289,007)	(289,007)	-	-	
Council Tax	(56,789)	(56,789)	-	-	
Use of Earmarked Funds	(4,478)	(4,478)	-	-	
Net Total	(331,073)	(331,073)	-	-	

HOUSING REVENUE ACCOUNT
BUDGETARY CONTROL 2018/19

REPORT FOR THE 4 MONTHS TO 31 JULY 2019

	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£	£	£		
Employee Costs	4,673	4,495	(178)	(4%)	1
Property Costs					
Responsive Repairs	1,759	1,743	(16)	(1%)	
Void Repairs	3,451	3,338	(113)	(3%)	
Planned and Cyclical Maintenance	7,308	7,286	(22)	(0%)	
Aids and Adaptions	1,849	1,849	-	0%	
Other property costs	3,885	3,891	6	0%	
Total for Property Costs	18,252	18,107	(145)		2
Supplies & Services	225	225	-	0%	
Transport Costs	38	36	(2)	(5%)	
Administration Costs	1,860	1,846	(14)	(1%)	
Third Party Payments	2,328	2,381	53	2%	3
Transfer Payments	211	211	-	0%	
Other Expenditure	744	744	-	0%	
Capital Financing Costs	20,609	21,274	665	3%	4
Gross Expenditure	48,940	49,319	379	1%	
Income					
Council House Rents	(48,025)	(48,363)	(338)	1%	
Other Rents	(323)	(305)	18	(6%)	
Recharges	(449)	(475)	(26)	6%	
Other Income	(143)	(176)	(33)	23%	
Transfer from HRA Reserves	-	-	-	0%	
Total Income	(48,940)	(49,319)	(379)	1%	5
Net Expenditure	-	-	-		

HRA**BUDGETARY CONTROL 2018/19****REPORT FOR THE 4 MONTHS TO 31 JULY 2019**

Budget £000	Variance £000	Variance as % of budget	Section
Note 1			Employee Costs
4,672	(178)	-4%	There is an underspend of £0.178m due to vacancy management.
(178)			
Note 2			Property Costs
18,252	(145)	-1%	There is an underspend projected in Property Costs due to fewer Void Repairs £0.114m and a reduction in electrical testing of £0.091m. This is offset by an increase in Planned Works of £0.059m
(145)			
Note 3			Third Party Payments
2,328	53	2%	There is an overspend of £0.053m projected to reflect an increase in recharges from the Anti-Social Behaviour team and project management from PMI
53			
Note 4			Capital Financing
12,212	1,086	9%	There is a projected additional CFCR contribution from the overall underspend within the HRA of £1.086m.
8,396	(421)	-5%	There is a projected underspend in capital financing costs of £0.421m following assessment of current borrowing requirements.
665			
Note 5			Income
(48,025)	(338)	1%	There is an over recovery of Council House rents due to a higher number of tenanted properties than expected at the start of the year.
(1,028)	(41)	0%	Other income is expected to exceed budget by £0.041m due to increased Sheltered Housing Unit charges
(379)			

HRA reserves and balances	B/fwd from 2018/19	Transfer to / from Reserves	Use of Earmarked sums	Earmarking of in year surplus	Funding of Capital Projects	Balance at 31/03/19
	£m	£m	£m	£m	£m	£m
Council House Building Fund	7.025	-	-	-	(2.647)	4.378
Welfare Reform	3.000	-	-	-	-	3.000
Contingency Balance	1.000	-	-	-	-	1.000
Infrastructure Improvements	0.545	-	-	-	-	0.545
Major Refurbishment Works	0.052	-	-	-	-	0.052
Trindlemoss	0.791	-	-	-	-	0.791
	12.413	-	-	-	(2.647)	9.766

Budget Management - 31 July 2019
Virement/Budget Adjustment Requests

	Perm (P) / Temp(T)	2018/19	
		Virement £m	Directorate Total £m
1) Budget Virements			
Communities			
Youth Music Initiative - Creative Scotland Grant - Income	T	-0.152	
Youth Music Initiative - Creative Scotland Grant - Employee Costs	T	0.152	0.000
Democratic Services			
Community Justice - South Ayrshire & East Ayrshire - Income	T	-0.170	
Community Justice - South Ayrshire & East Ayrshire - Employee & Project costs	T	0.170	0.000



Integration Joint Board 29 August 2019

Subject: Budget Monitoring – Month 3 (June 2019)

Purpose: To provide an update on financial performance to June 2019, including the projected outturn for the 2019-20 financial year.

Recommendation: It is recommended that the IJB:

- a) Note the early indication of a projected year-end overspend of £2.801m;
- b) Notes the further planned actions to address the projected overspend and deliver financial balance;
- c) Approve the changes in funding as detailed in section 2.11 and Appendix E; and
- d) Note the potential impact of the Lead Partnerships.

Glossary of Terms	
NHS AA	NHS Ayrshire and Arran
HSCP	Health and Social Care Partnership
MH	Mental Health
CAMHS	Child & Adolescent Mental Health Services
BRAG	Blue, Red, Amber, Green
UNPACS	UNPACS, (UNPlanned Activities) – Extra Contractual Referrals
CRES	Cash Releasing Efficiency Savings
NES	NHS Education Scotland – education and training body
NRAC	NHS Resource Allocation Committee

1.	EXECUTIVE SUMMARY
1.1	The report provides an overview of the financial position for the partnership and outlines the projected year-end outturn position informed by the projected expenditure and income commitments, these have been prepared in conjunction with relevant budget holders and services. It should be noted that although this report refers to the position at the June period end that further work is undertaken following the month end to finalise projections, therefore the projected outturn position is as current and up to date as can practicably be reported.
1.2	The projected outturn is a year-end overspend of £2.801m for 2019-20, it should be noted that this is the first monitoring period and at a point relatively early in the financial year. There is scope for this position to fluctuate due to in-year cost and demand pressures and assumptions in relation to funding and the achievement of savings. The position has been adjusted to reflect the potential impact of Lead Partnership services. In the absence of any alternative risk sharing agreement for lead partnership

	services an NRAC share of the projected position has been assumed as this would be in line with the allocation in previous years.
1.3	Overall the main areas of pressure continue to be learning disability care packages, care homes, care at home, looked after children, and adult in-patients within the lead partnership. There are mitigating actions outlined in Appendix D specifically for Learning Disability Care packages as this area is the most significant in terms of the financial impact of high cost care packages and the service change programme. This will potentially further improve the position and services will continue to deploy tight financial management controls across services to bring expenditure overall back into line with budget.
1.4	It is essential that the IJB operates within the delegated budget and commissions services from the Council and Health Board on this basis as financial balance needs to be achieved. The service transformation programme and the delivery of those service changes will be at the forefront as this will have the greatest impact on the delivery of financial balance and the ongoing sustainability and safety of services.
2.	CURRENT POSITION
2.1	The report includes an overview of the financial position including commitments against the available resource, explanations for the main budget variances, an update on progress in terms of savings delivery and action required to work towards financial balance.
	FINANCIAL PERFORMANCE
2.2	<p>Against the full-year budget of £243.622m there is a projected overspend of £2.801m (1.1%). An integrated view of the financial position should be taken; however, it is useful to note that this overall position consists of a projected overspend of £2.924m in social care services offset by a projected underspend of £0.228m in health services.</p> <p>The Integration Scheme outlines that there is an expectation that the IJB takes account of the totality of resources available to balance the budget in year.</p> <p>Appendix A provides the financial overview of the partnership position. The sections that follow outline the significant variances in service expenditure compared to the approved budgets with detailed analysis provided in Appendix B.</p>
2.3	Health and Community Care Services
	<p>Against the full-year budget of £67.738m there is a projected overspend of £1.511m (2.2%). The main reasons for the projected overspend are:</p> <ul style="list-style-type: none"> a) Care home placements including respite placements – projected to overspend by £0.313m which is mainly due to respite placements (£0.393m). This overspend is assumed to the first call on any uncommitted Carers Act funding. Permanent placements are projected to overspend by £0.120m and would require a reduction of one less residential and one less nursing placement than the number discharges for each month from August 2019 to bring budget back in line. The projection can vary due to factors other than the number of placements e.g. the impact of interim funded places, outstanding requests for funding etc so this will continue to be monitored closely. These overspends are

partially offset by a projected over-recovery of Charging Order income of £0.200m which is based on income received to date and improved processes to track the charging orders.

- b) Independent Living Services are projected to overspend by £0.421m which is due to an overspend on physical disability care packages within the community and residential packages. Both the community and residential packages continue to be reviewed and reduced where appropriate. There will be further work undertaken with the implementation of the Adult Community Support framework which will allow further monitoring of delivery. There is also potential for a pilot using further technology to reduce sleepovers and higher cost care packages.
- c) Packages of care are projected to overspend by £0.057m due to the use of supplementary staffing, this has improved from the 2018/19 position.
- d) Care at home (purchased and in house) projected overspend by £0.776m due to an increase in provided hours and the budget being reduced to reflect the 2019-20 approved saving (purchased care). The overspend on in-house services relates to providing additional hours to cover a service that a provider handed back and the in-house service had to increase capacity to ensure the safety of vulnerable service users within the community of the North Coast locality. To mitigate the overspend in purchased care the purchased hours would need to be by 1,300 hours per week which is a 15% reduction. The service currently has, between hospitals and community, over 90 individuals waiting on a care at home package and 50 individuals waiting on an increase in their care packages. Therefore, there is a requirement of the service to manage risk so to reduce the current hours dramatically would have a negative impact on the communities and lead to further hospital and care home admissions. To prevent this level of reduction and subsequent build-up of waiting lists the care at home team are reviewing options to reduce spend. This includes reduce the level of hours being delivered on an incremental week to week basis to achieve financial balance and reviewing the process for reducing packages to ensure reduction in need is actioned quicker.
- e) Long Term Conditions (Ward 1), projected overspend of £0.261m which is mainly due to an overspend in employee costs to ensure staffing levels are at a safe level. This is a recurring pressure for which funding requires to be identified. This will be reviewed during 2019/20 along with other wards. Ward 2 is projected to be online, but this is subject to receiving £0.504m of funding from East HSCP for their patients, East have indicated their intention to reduce the number of commissioned beds.
- f) District Nursing is projected to underspend by £0.028m due to vacant posts. This is after applying £0.075m of payroll turnover.
- g) Community Care employee costs are projected to overspend by £0.254m due to supernumerary / unfunded posts.
- h) Carers Act Funding is projected to underspend by £0.500m based on the committed spend. This could fluctuate depending on the volume of carers' assessments undertaken and the level of demand/services identified from

	these assessments. This underspend will be used in the first instance to cover the projected overspend on care home respite placements.
2.4	<p>Mental Health Services</p> <p>Against the full-year budget of £75.897m there is a projected overspend of £1.126m (1.5%). The main reasons for the projected overspend are:</p> <ul style="list-style-type: none"> • Learning Disabilities – projected overspend of £1.505m of which £1.431m is in relation to community care packages and £0.269m for residential placements. These overspends are partially offset by vacant posts. <p>Appendix D outlines the action plan to reduce the overspend in learning disability services.</p> <ul style="list-style-type: none"> • Community Mental Health – is projected to underspend by £0.114m mainly due to vacancy savings (after allocating £0.090m of payroll turnover) and an underspend in care packages. • Lead Partnership – overall projected underspend of £0.184m which consists of: <p><i>Overspends:</i></p> <ul style="list-style-type: none"> • Adult inpatients £0.514m - mainly due to the delay in closing the Lochranza ward on Ailsa site. The projection also assumes that a fifth bed will be sold by October 2019. The ability to close Lochranza will be dependent on achieving at least two discharges from Lochranza. • Psychiatry £0.034m - primarily due to agency costs. Agency staff are used in the absence of being able to recruit permanent posts. • UNPACS £0.120m – based on current placements and no fluctuation in the service level agreement with Glasgow. <p><i>Underspends:</i></p> <ul style="list-style-type: none"> • CAMHS £0.240m – due to vacancies and delays with recruitment. This is after applying £0.150m of payroll turnover. • Psychology £0.157m – due to vacancies. This is after applying £0.150m of payroll turnover. • Adult Community Mental Health £0.065m - due to vacancies. • MH Pharmacy £0.110m – due to continued low substitute prescribing costs. <p>Note that elderly inpatients have an adverse position at month 3 due to holding vacancies in relation to reconfiguring the wards. This resulted in using supplementary staff in the interim, but it is assumed to be online pending implementation of the elderly mental health review.</p>

2.5

Children & Justice Services

Against the full-year budget of £35.753m there is a projected overspend of £0.699m (2%). The main reasons for the projected overspend are:

a)

Residential Schools and Community Placements – projected overspend of £1.052m. The projection is based on the current number of placements and estimated discharge dates for each placement based on the support from the mainstreamed Challenge Fund project. There are currently 28 placements including 1 on remand (ends September 2019) and 2 secure placements. The projection assumes 2 discharges in August 3 in October and 7 in December with the remaining 15 assumed to be still in a placement at the year end. There is no provision for any increase in placements. To bring this budget online the discharge dates for each person would need to be brought forward but this would not be possible for all placements. To minimise the impact of this overspend the underspends being reported below for looked after children and children with a disability will need to be maintained which means any additional demand will need to be cost neutral.

b)

Looked After Children Placements – projected underspend of £0.136m due to the current demand for fostering, adoption and kinship payments.

c)

Early Years – are projected to underspend by £0.028m mainly due to the level of vacancies in health visiting. This is after allocating £0.200m of payroll turnover and accounting for £0.175m of potential additional costs for the regrading of HV posts.

d)

Children with Disabilities Residential Placements – projected underspend of £0.280m due to one child transitioning to adult services and another assumed to be transferring to Trindlemoss.

2.6

Management and Support Costs

Against the full-year budget of £9.627m there is a projected underspend of £0.704m (7.3%). This underspend relates to uncommitted pressure funding awarded as part of the 2019-20 budget, the requirement for this funding will need to be closely monitored and may require to be delegated to services as and when required.

2.7

Primary Care and Prescribing

Prescribing is the responsibility for the Health Board to fund and under the terms of the Integration Scheme and it underwrites the prescribing risk across all three Ayrshire IJBs. At month 3 prescribing is projected to be online at the year end.

2.8

Savings Progress

a)

The 2019-20 budget included £6.134m of savings.

BRAG Status	Position at Budget Approval £m	Position at Period 3 £m
Red	-	0.543
Amber	2.980	2.389

Green	3.154	3.202
Blue	-	-
TOTAL	6.134	6.134

b) The projected year-end outturn position assumes:

- i) £0.215m of the Red savings in relation to reducing LD sleepovers will not be delivered as planned and this is reflected in the overall projected outturn position.
- ii) The £0.328m risk of savings delivery relating to Trindlemoss is not currently included in the projected overspend position as there is ongoing work to establish the achievability of the saving.

If progress is made to deliver the savings this would improve the overall outturn position (LD sleepovers) or prevent the overspend increasing further (Trindlemoss).

The projected financial position assumes that all remaining savings on the plan will be delivered. Progress with savings delivery requires to be closely monitored to ensure the impact on the financial position can be assessed and corrective action taken where necessary. Appendix C provides an overview of these savings, further detail will be provided in future monitoring reports.

The Transformation Board is in place to provide oversight and governance to the programme of service change. A focus of the Board is to ensure plans are in place to deliver savings and service change, with a solution focussed approach to bringing programmes back on track.

2.9 Financial Recovery Plan

Each service area has developed mitigating action to address the overspend in their area and there are several actions noted in this report which will assist in reducing the projected overspend. These will be monitored and if they don't reduce the overspend a formal financial recovery plan will be brought to a future IJB.

2.10 Financial Risks

The 2019-20 budget setting paper noted unfunded pressures which could present a risk to the projected outturn position. This included:

- a) Intermediate Care and Rehab investment was funded by the Health Board on a part-year basis in 2018-19. The business case was predicated on acute hospital savings offsetting the investment, however with the approach taken to pass through the funding uplift there is an expectation that the IJBs will fund the full year impact of the investment. Currently there is part year funding in the IJB budget to support the investment for about 6 months, the full year impact would be a further £0.322m assuming no recruitment to unfilled posts.
- b) Paid as if at work is a pressure relating to health employed staff and the payment of a holiday pay element for regular additional payments, e.g. overtime. The cost across the Health Board is estimated to be £1.4m but is unclear at this stage what the cost will be for each service, for North Ayrshire this is estimated to be around £0.2m. When the cost pressure value is known the partnership will look to services to fund from within existing resources where possible.

	<p>c) There is a potential pressure in relation to GP practices in difficulty. This is a dynamic pressure which we will look to manage in-year. If this cannot be achieved, then the default position would be to fund the North fair share of this (circa £0.2m) from any underspend in the Primary Care Improvement Fund (PCIF).</p> <p>The IJB may be asked to take further decisions during 2019-20 in relation to managing the above pressures.</p> <p>In addition to these pressures there is a potential reduction to the funding available for Ward 2 as East HSCP are reviewing the level of beds they require in this ward.</p>
2.11	<p>Budget Changes</p> <p>The Integration Scheme states that “<i>either party may increase it’s in year payment to the Integration Joint Board. Neither party may reduce the payment in-year to the Integration Joint Board nor Services managed on a Lead Partnership basis.....without the express consent of the Integration Joint Board</i>”.</p> <p>Appendix E highlights the movement in the overall budget position for the partnership following the initial approved budget.</p> <p><i>Reductions Requiring Approval:</i></p> <p>The specific reductions that the IJB are required to approve are:</p> <ol style="list-style-type: none"> 1) Procurement posts £0.085m – funding transferred to the corporate procurement team on a temporary basis to provide additional capacity until March 2020. This will be used to increase the level of ‘in contract’ spend. 2) TEC Contribution £0.050m – funding transferred to Facilities to allow TEC team and Hub Services to continue for a further 6 months. 3) AMD to Medical Director £0.096m – funding for sessions relating to Associate Medical Director role transferred to Medical Director as current AMD works in North and is retiring. <p>It is recommended that the IJB approve the budget reductions outlined above.</p> <p><i>Future Planned Changes:</i></p> <p>Further areas which are outstanding and will be included in future reports include:</p> <p>The transfer of the Douglas Grant and Redburn rehab wards from acute services to the North HSCP. The operational management of these wards has already transferred to the partnership, but the due diligence undertaken on the budget has highlighted a funding shortfall. It has been agreed with NHS Ayrshire & Arran that the financial responsibility will not transfer until balance is found. In the meantime, we are managing services and working to reduce the projected overspend prior to any transfer.</p>
2.12	<p>Lead Partnerships</p> <p><i>North Ayrshire HSCP</i></p>

	<p>Services managed under Lead Partnership arrangements by North Ayrshire Health and Social Care Partnership are projected to be £0.184m underspent. Full detail on the underspend is given in section 2.4 above.</p>
	<p>South Ayrshire HSCP</p> <p>Services hosted and/or led by the South Partnership are forecast to be online. An overspend on incontinence advisors is more than offset by an underspend on the Community Equipment Store. The Community Equipment Store was funded an additional £0.280m in budget setting, although it should be noted that expenditure is volatile depending on the timing of purchases.</p>
	<p>East Ayrshire HSCP</p> <p>Services managed under Lead Partnership arrangements by East Ayrshire Health and Social Care Partnership are projected to marginally overspend by £0.288m in total. The overall Primary Care Lead Partnership projected overspend is £0.266m and this projected variance mainly relates to additional payments within Primary Medical Services to GP practices currently experiencing difficulty (mainly practices that the NHS Board is administering due to previous GPs handing back contracts). The GP practices in difficulty issue is extremely fluid however negotiations are progressing with practices with a view to them returning to independent contractor status. Additional Ayrshire Urgent Care Services costs resulting from increased rates being paid to attract GPs over certain periods can prove challenging to fill without financial incentives. These additional costs are partially offset by savings in Dental services.</p>
	<p>Further work is being taken forward to develop a framework to report the financial position and impact of risk sharing arrangements across the 3 partnerships in relation to hosted or lead service arrangements. This is to ensure the IJB are fully sighted on the impact for the North Ayrshire partnership. The IJB will be kept informed of progress with this work which is being progressed by the Ayrshire Partnership Finance Leads.</p> <p>At month 3 the impact of the Lead Partnerships has been calculated based on the average NRAC share which is the method that was used in previous years and has been agreed by the Ayrshire Finance Leads.</p> <p>The NRAC shares are: North 36.6%, South 30.5% and East 32.9%</p>
2.14	<p>Set Aside</p> <p>The Integration Scheme 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. The 2019-20 set aside budget for North HSCP is £30.094m, based on expenditure in 2018-19. The acute directorate, which includes the areas covered by the set aside budget, is overspent by £3.7m after 3 months.</p> <p>58 additional and unfunded beds were open at the 31st March 2019. This had reduced to 40 by the 30th June. The high level of delayed discharges at both Crosshouse and Ayr is causing increased operational pressure and additional expenditure.</p> <p>During 2018-19 the North Partnerships use of the set aside resources was £30.094m against the NRAC 'fair share' of £28.697m which is £1.127m above the 'fair share'. There is an expectation that the North Partnership will move towards its 'fair</p>

	share'. The Models of Care programmes including the Intermediate Care and Rehab investment and the Palliative End of Life proposals being developed represent agreed or potential investment by NHS A&A to invest in community services with a view to reducing acute beds. This is in effect a mechanism to reduce the set aside resources.
3.	PROPOSALS
3.1	<u>Anticipated Outcomes</u>
	<p>Continuing to closely monitor the financial position will allow the IJB to take corrective action where required to ensure the partnership can deliver services in 2019-20 from within the available resource, thereby limiting the financial risk the funding partners, i.e. NAC and NHS AA.</p> <p>The transformational change programme will have the greatest impact on the financial sustainability of the partnership, the IJB require to have a clear understanding of progress with plans and any actions that can be taken to bring the change programme into line.</p>
3.2	<u>Measuring Impact</u>
	Updates to the financial position will be reported to the IJB throughout 2019-20.
4.	IMPLICATIONS
Financial:	<p>The financial implications are as outlined in the report.</p> <p>Against the full-year budget of £243.622m there is a projected overspend of £2.801m (1.1%). The report outlines the action being taken and proposed action to reduce the projected overspend.</p> <p>This is an early indication of the projected outturn at the first quarter of the financial year, there are a number of assumptions underpinning the projections which could change as we progress through the year. We will continue to work with services to ensure the most accurate and reliable position is reported.</p> <p>The main areas of financial risk which may impact on this position are highlighted in the report.</p>
Human Resources:	None
Legal:	None
Equality:	None
Children and Young People	None
Environmental & Sustainability:	None
Key Priorities:	None

Risk Implications:	Within the projected outturn there are various over and underspends including the non-achievement of savings which need to be addressed.
Community Benefits:	None

Direction Required to Council, Health Board or Both	Direction to :-	
	1. No Direction Required	
	2. North Ayrshire Council	
	3. NHS Ayrshire & Arran	
	4. North Ayrshire Council and NHS Ayrshire & Arran	√

4.	CONSULTATION
4.1	<p>This report has been produced in consultation with relevant budget holders and the Partnership Senior Management Team.</p> <p>The report is shared with the Director of Finance for NHS Ayrshire and Arran and the Executive Director Finance and Corporate Support for North Ayrshire Council.</p>
5.	CONCLUSION
5.1	<p>It is recommended that the IJB:</p> <ul style="list-style-type: none"> a) Note the early indication of a projected year-end overspend of £2.801m; b) Notes the further planned actions to address the projected overspend and deliver financial balance; c) Approve the changes in funding as detailed in section 2.11 and Appendix E; and d) Note the potential impact of the Lead Partnerships.

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2019-20 Budget Monitoring Report–Objective Summary as at 30 June 2019

Appendix A

Partnership Budget - Objective Summary	2019/20 Budget								
	Council			Health			TOTAL		
	Budget	Outturn	Over/ (Under) Spend Variance	Budget	Outturn	Over/ (Under) Spend Variance	Budget	Outturn	Over/ (Under) Spend Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COMMUNITY CARE AND HEALTH	54,733	56,133	1,400	13,005	13,116	111	67,738	69,249	1,511
: Locality Services	25,385	26,070	685	4,504	4,530	26	29,889	30,600	711
: Community Care Service Delivery	25,962	27,152	1,190	0	0	0	25,962	27,152	1,190
: Rehabilitation and Reablement	1,225	1,286	61	1,918	1,798	(120)	3,143	3,084	(59)
: Long Term Conditions	1,802	1,258	(544)	4,587	4,800	213	6,389	6,058	(331)
: Integrated Island Services	359	367	8	1,996	1,988	(8)	2,355	2,355	0
MENTAL HEALTH SERVICES	23,449	24,988	1,539	52,448	52,035	(413)	75,897	77,023	1,126
: Learning Disabilities	17,686	19,308	1,622	513	396	(117)	18,199	19,704	1,505
: Community Mental Health	4,366	4,283	(83)	1,616	1,585	(31)	5,982	5,868	(114)
: Addictions	1,397	1,397	0	1,350	1,269	(81)	2,747	2,666	(81)
: Lead Partnership Mental Health NHS Area Wide	0	0	0	48,969	48,785	(184)	48,969	48,785	(184)
CHILDREN & JUSTICE SERVICES	32,127	32,792	665	3,626	3,660	34	35,753	36,452	699
: Intervention Services	3,859	3,938	79	327	375	48	4,186	4,313	127
: Looked After & Accomodated Children	16,323	17,002	679	0	0	0	16,323	17,002	679
: Fieldwork	4,713	4,802	89	0	0	0	4,713	4,802	89
: CCSF	311	283	(28)	0	0	0	311	283	(28)
: Criminal Justice	2,621	2,621	0	0	0	0	2,621	2,621	0
: Early Years	394	389	(5)	2,880	2,852	(28)	3,274	3,241	(33)
: Policy & Practice	3,906	3,757	(149)	0	0	0	3,906	3,757	(149)
: Lead Partnership NHS Children's Services Area Wide	0	0	0	419	433	14	419	433	14
PRIMARY CARE	0	0	0	47,719	47,719	0	47,719	47,719	0
ALLIED HEALTH PROFESSIONALS				5,151	5,106	(45)	5,151	5,106	(45)
MANAGEMENT AND SUPPORT COSTS	7,715	7,034	(681)	1,912	1,889	(23)	9,627	8,923	(704)
CHANGE PROGRAMME	655	656	1	1,082	1,082	0	1,737	1,738	1
TOTAL	118,679	121,603	2,924	124,943	124,607	(336)	243,622	246,210	2,588
Return Hosted Over/Underspends East	0	0	0		0	56			56
Return Hosted Over/Underspends South	0	0	0		0	52			52
Receive Hosted Over/Underspends East	0	0	0		0	105			105
REVISED PROJECTED OUTTURN	118,679	121,603	2,924	124,943	124,607	(123)	243,622	246,210	2,801

2019-20 Budget Monitoring Report – Detailed Variance Analysis per service

	Budget £000's	Outturn £000's	Over/ (Under) Spend Variance £000's	
COMMUNITY CARE AND HEALTH	67,738	69,249	1,511	
Locality Services	29,889	30,600	711	<p>Older People permanent care homes - projected overspend of £0.120m based on 815 placements (551 Nursing and 264 Residential). Respite care is projected to overspend by £0.393m based on the spend to date.</p> <p>Income from Charging Orders - projected over recovery of £0.200m'</p> <p>Independent Living Services :</p> <ul style="list-style-type: none"> * Direct Payment packages- projected underspend of £0.079m on 53 packages and a net decrease of 2 packages expected during the year.. * Residential Packages - projected overspend of £0.142m based on 38 packages. * Community Packages (physical disability) - projected overspend of £0.200m based on 50 packages <p>NHS Packages of Care - projected overspend of £0.057m due to use of supplementary staffing.</p> <p>District Nursing - projected underspend of £0.028m due to vacancies.</p>
Community Care Service Delivery	25,962	27,152	1,190	<p>Care at home</p> <ul style="list-style-type: none"> - in house service - projected overspend of £0.071m based on the current level of contracted costs remaining until the year end. Care at home staff have been incurring additional hours as there are moratoria on four of the purchased care providers. - Purchased Care at home - projected overspend of £0.705m. This is after reducing the budget by £0.500m to reflect the agreed 19-20 saving. There are four moratoria in place but the hours purchased from other providers has increased. <p>Direct Payments - projected underspend of £0.094m based on 39 packages with an assumed reduction of one package during the year.</p> <p>Transport costs - projected overspend of £0.054m due to increase in staff mileage within care at home.</p> <p>Admin costs - projected overspend of £0.071m mainly due to mobile phone equipment.</p> <p>Voluntary Organisations - projected overspend £0.088m mainly in relation to the Alzheimer service.</p> <p>Income - projected over recovery £0.020m mainly in relation to Community Alarm income and CM2000 non compliance charges.</p>

	Budget £000's	Outturn £000's	Over/ (Under) Spend Variance £000's	
Rehabilitation and Reablement	3,143	3,084	(59)	Employee costs - projected underspend £0.079m due to vacancies.
Long Term Conditions	6,389	6,058	(331)	<p>Ward 1 - projected overspend of £0.261m due to the use of supplementary staffing.</p> <p>Ward 2 - projected online assuming £0.504m of funding transfers from East HSCP in relation to Kirklandside patients.</p> <p>Elderly CMHT - underspend of £0.040m due to vacancies.</p> <p>Carers Act Funding - projected underspend of £0.500m based on the committed spend. This could fluctuate depending on the volume of carers' assessments undertaken and the level of demand/services identified from these assessments. This underspend will be used in the first instance to cover the projected overspend on care home respite placements.</p>
Integrated Island Services	2,355	2,355	0	
MENTAL HEALTH SERVICES	75,897	77,023	1,126	
Learning Disabilities	18,199	19,704	1,505	<p>Residential Packages - projected overspend of £0.269m based on 39 current packages and a net increase of 1 package until the year end.</p> <p>Community Packages - projected overspend of £1.431m based on 291 current packages less 5% invoice variances and a net movement in year of 3 new packages for provided packages. The projection assumes savings of £0.490m will be achieved. The projection for direct payments is based on 39 current packages with a net increase of 2 to the year end less £0.100m recovery of unspent balances.</p> <p>Employee costs - projected underspend £0.127m mainly due to vacant posts</p>
Community Mental Health	5,982	5,868	(114)	<p>Residential Packages - projected underspend of £0.050m based on 25 current placements with an assumed net reduction of 4 places by the year end.</p> <p>Employee costs - projected underspend £0.091m mainly due to vacant posts</p>
Addictions	2,747	2,666	(81)	<p>Employee costs - projected underspend £0.081m due to vacant posts</p> <p>ADP - projected online position.</p>



















	Budget £000's	Outturn £000's	Over/ (Under) Spend Variance £000's	
Lead Partnership (MHS)	48,969	48,785	(184)	<p>Adult Community - projected underspend of £0.065m due to vacancies.</p> <p>Adult Inpatients- projected overspend of £0.514m due to a delay in closing the Lochranza wards. Assumes a 5th bed is sold from October.</p> <p>UNPACs - projected overspend of £0.120m assuming the charge for the Forensic Services SLA is similar to the 18-19 charge.</p> <p>LDS - assumed online pending completion of the relocation of services to Woodland View.</p> <p>Elderly Inpatients - assumed online pending the finalisation of the elderly mental health bed redesign.</p> <p>Addictions - projected underspend of £0.056m due to vacancies.</p> <p>CAMHS - projected underspend of £0.240m due to vacancies.</p> <p>MH Admin - projected underspend of £0.109m due to vacancies..</p> <p>Psychiatry - projected overspend of £0.034m due to agency costs.</p> <p>MH Pharmacy - projected underspend of £0.110m mainly within substitute prescribing.</p> <p>Psychology- projected underspend of £0.157m due to vacancies.</p> <p>Action 15 - assumed online position</p>
CHILDREN'S AND JUSTICE SERVICES	35,753	36,452	699	
Intervention Services	4,186	4,313	127	<p>Employee costs - projected overspend of £0.042m mainly due to incremental drift.</p> <p>Supported Carers Scheme - projected overspend of £0.024m based on 6 carers supporting 6 children.</p> <p>Transport Costs - projected overspend of £0.026m in relation to mileage costs.</p>

	Budget £000's	Outturn £000's	Over/ (Under) Spend Variance £000's	
Looked After & Accom Children	16,323	17,002	679	<p>Looked After Children placements - projected underspend of £0.136m based on the following:-</p> <p>Kinship - projected overspend of £0.105m. Budget for 339 placements, currently 339 placement but projecting 356 placements by the year end.</p> <p>Adoption - projected online. Budget for 74 placements, currently 74 placements.</p> <p>Fostering - projected underspend of £0.076m. Budget for 120 placements, currently 121 placements but projecting 113 placements by the year end.</p> <p>Fostering Xtra - projected underspend of £0.155m. Budget for 32 placements, currently 28 placements but projecting 24 placements by the year end.</p> <p>Private fostering - projected online. Budget for 11 placements, currently 11 placements.</p> <p>IMPACCT carers - projected underspend of £0.016m. Budget for 4 placements, currently 2 placements.</p> <p>Residential School placements including community packages - projected overspend of £1.052m. The projection is based on the current number of placements and estimated discharge dates for each placement based on the support from the mainstreamed Challenge Fund project. There are currently 28 placements including 1 on remand (ends September 2019) and 2 secure placements. The projection assumes 2 discharges in August 3 in October and 7 in December with the remaining 15 assumed to be still in a placement at the year end. There is no provision for any increase in placements.</p> <p>Employee Costs - underspend of £0.270m due to vacancies.</p>
Fieldwork	4,713	4,802	89	Employee costs - projected overspend if £0.056m due to non achieved payroll turnover.
CCSF	311	283	(28)	Outwith the threshold for reporting
Criminal Justice	2,621	2,621	0	Outwith the threshold for reporting
Early Years	3,274	3,241	(33)	Outwith the threshold for reporting
Policy & Practice	3,906	3,757	(149)	<p>Employee costs - projected overspend of £0.087m due to non achieved payroll turnover.</p> <p>Residential Placements - projected underspend of £0.280m due to one child transitioning to adult services and another assumed to be transferring to Trindlemoss.</p> <p>Private Foster Placements - projected overspend of £0.057m due to one new placement.</p>
Lead Partnership (CS)	419	433	14	Outwith the threshold for reporting

	Budget £000's	Outturn £000's	Over/ (Under) Spend Variance £000's	
PRIMARY CARE	47,719	47,719	0	
ALLIED HEALTH PROFESSIONALS	5,151	5,106	(45)	Outwith the threshold for reporting
MANAGEMENT AND SUPPORT	9,627	8,923	(704)	Projected underspend - this underspend relates to pressure funding awarded as part of the 2019-20 and the pressures have not yet arisen. This funding will be closely monitored and delegated to services as and when required.
CHANGE PROGRAMME & CHALLENGE FUND	1,737	1,738	1	Outwith the threshold for reporting
TOTAL	243,622	246,210	2,588	

Threshold for reporting is + or - £50,000

2019-20 Savings Tracker

Savings reference number	Description	Responsible Senior Management Lead	Deliverability Status at budget setting	Approved Saving 2019/20 £	Deliverability Status Month 3
	Health and Community Care				
SP-HSCP-19-02	Roll out of multidisciplinary teams - Community Care and Health	Helen McArthur	Amber	55,000	
SP-HSCP-19-04	Day Centres - Older People	Helen McArthur	Green	38,232	
SP-HSCP-19-05	Deliver the Strategic Plan objectives for Older People's Residential Services	Helen McArthur	Green	130,350	
SP-HSCP-19-09	Care at Home - Reablement Investment	Helen McArthur	Amber	500,000	
SP-HSCP-19-12	Assessment and Self Directed Support	Isabel Marr	Green	150,000	
NHS - HSCP-9	Packages of Care	Isabel Marr	Amber	150,000	
	Mental Health and Learning Disabilities				
SP-HSCP-19-01	Integration of the Learning Disability team	Jan Thomson	Amber	56,000	
SP-HSCP-19-07	Mental Health - Tarryholme / Trindlemoss (Council element)	Jan Thomson	Amber	328,000	
NHS - HSCP-1	Trindlemoss (full year impact is £0.370m)* NHS element	Jan Thomson	Amber	250,000	
SP-HSCP-19-10	LD - Reduction to Sleepover Provision	Jan Thomson	Amber	215,000	
SP-HSCP-19-11	Reprovide Fergushill/Hazeldene at Trindlemoss & redesign commissioned services	Jan Thomson	Green	111,000	
SP-HSCP-19-06	Adult Community Support - Commissioning of Services	Jan Thomson /Julie Barrett	Green	388,000	
NHS - HSCP-4	UnPACs - 7% reduction*	John Taylor	Green	200,000	
NHS - HSCP-5	Substitute Prescribing - 5% reduction*	John Taylor	Green	135,000	
NHS - HSCP-3	Review of Elderly Mental Health Inpatients*	William Lauder	Green	727,000	
NHS - HSCP-6	See a 5th bed at Woodland View - MH inpatients*	William Lauder	Amber	90,000	
	Children, Families and Justice Services				
SP-HSCP-19-03	Fostering - reduce external placements.	Mae Henderson	Green	127,408	
SP-HSCP-19-08	Children's residential placements (CF)	Mae Henderson	Amber	355,000	

APPENDIX 9

	Partnership Wide				
SP-HSCP-19-13	Charging Policy	Lisa Duncan	Green	200,000	●
NHS - HSCP-10	Reduce business admin services	Julie Davis	Green	50,000	●
NHS - HSCP-11	ICF Project - Partnership Enablers	Michelle Sutherland	Amber	27,000	●
NHS - HSCP-12	ICF Project - Buckreddan care home	Michelle Sutherland	Amber	16,000	●
NHS - HSCP-13	Uncommitted ICF Funding	Michelle Sutherland	Green	80,000	●
SP-HSCP-19-20	Living Wage	n/a	Green	187,000	●
NHS - HSCP-7	Resource Transfer to South Lanarkshire	n/a	Green	40,000	●
SP-HSCP-19-14	19/20 impact of 18/19 part year savings	Stephen Brown	Green	113,000	●
SP-HSCP-19-15	Respite	n/a	Green	200,000	●
SP-HSCP-19-16	Payroll Turnover Target	Stephen Brown	Amber	500,000	●
SP-HSCP-19-17	Lean Efficiency Programme	Stephen Brown	Green	50,000	●
NHS - HSCP-2	Payroll Turnover Target - Mental Health *	Thelma Bowers	Amber	300,000	●
NHS - HSCP-8	Payroll Turnover Target - Other Services	Thelma Bowers	Amber	365,000	●

6,133,990

Learning Disability Services – Action Plan

APPENDIX 9 Appendix D

Ref	Action	Lead	Deadline
1	Appointment of temporary agency social workers to enhance team capacity. There are several vacancies and maternity leave in the team which is impacting on the ability to undertake reviews.	Jan Thomson	August 2019
2	Appointment of permanent social workers to fill existing vacancies.	Jan Thomson	August 2019
3	Appointment of a Transformation development manager as additional leadership capacity to support the senior management team in the delivery of the LD programme. Areas of priority identified with focused work to be undertaken on delivery and pace acceleration of case reviews as mitigation for team capacity.	Thelma Bowers	June 2019
4	<p>Review of Community Packages – management scrutiny of spend for community care packages and residential care packages to map and identify ongoing areas for targeted reviews and anticipated reductions in care provided</p> <p><i>Note that the projection already assumes £240K will be achieved so only any projected saving above £240K will impact on the projected outturn.</i></p>	Phil Cummins and the LD review team	Ongoing but expected to complete x reviews per month.
5	<p>Roll out CM2000 to the larger providers in advance of the new contracts going live in 2020. A project group is in place and plans are developed for a shadow roll out to providers in 2019/20 in alignment with Commissioning tender for adult community services completed and framework in place by January 2020.</p> <p><i>Note that the projection already assumes £50K will be achieved so only any projected saving above £50K will impact on the projected outturn.</i></p>	Helen McArthur	January 2020
6	Sleepovers – the case for the clustering of sleepovers will be finalised and a proposal to integrate, where possible, into current provision within care at home responder service or identify alternative partnership approaches.	Jan Thomson supported by the Change Team	August 2019

7	Review community packages for people aged 65+ <i>Note that the projection already assumes £200K will be achieved so only any projected saving above £200K can be included.</i>	LD Team Manager	August 2019
8	Supported accommodation – planning and referrals for the new provision to be finalised by September 2019 with savings modelled.	Norma Bell Jan Thomson Stuart McKenzie and Helen McArthur	September 2019

Appendix E

2019/20 Budget Reconciliation

COUNCIL	Period	Permanent or Temporary	£
Initial Approved Budget			95,074
Resource Transfer	3	P	22,993
ICF Procurement Posts - Transfer to Procurement	3	T	(85)
FPC under 65's Scottish Government Funding	3	P	702
Roundings	3		(5)
Period 3 reported budget			118,679

HEALTH	Period	Permanent or Temporary	£
Initial Approved Budget (based on month 9 of 2018-19)			145,425
Adjustments to reflect month 10 -12 of 2018-19 including non recurring amounts			(1,845)
Opening baseline budget for 19-20			143,580
Resource Transfer	3	P	(22,993)
Superannuation Uplift	3	P	2,994
Voluntary Redundancy Scheme	3	P	271
Post from acute - PA to Clinical Nurse Manager, Long Term conditions	3	P	15
Post from acute - Clinical Nurse Manager, Long Term Conditions	3	P	34
Functional Electrical Stimulation (Physio Equip) Equipment from acute			10
Pharmacy Fees	3	P	19
HPV Boys Implementation	3	P	18
Action 15 (anticipated increase)	3	P	930
Post from Acute -Specialist Pharmacist in Substance Misuse	3	T	12
Old age liaison psychiatrist from acute	3	P	108
Patient Transport Service	3	P	49

Infant feeding nurse	3	T	41
Associate Medical Director responsibility payment to Medical Director	3	T	(24)
Associate Medical Director sessions to the Medical Director	3	T	(71)
Contribution to the Technology Enabled Care (TEC) project	3	T	(50)
Period 3 reported budget			124,943

GRAND TOTAL	243,622
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