



North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

SUPPLEMENTARY AGENDA

for the consideration of
the Cabinet at its meeting on 24
May 2016

Business

10. North Ayrshire HSCP 2015/16 Final Outturn

Submit report by the Executive Director (Finance and Corporate Support) on the final outturn for the NAHSCP (Partnership) and outline funding options to meet the increased deficit.

NORTH AYRSHIRE COUNCIL

Agenda Item 10

24 May 2016

Cabinet

Title:	North Ayrshire HSCP 2015/16 Final Outturn
---------------	--

Purpose:	To update cabinet on the final outturn for the NAHSCP (Partnership) and outline funding options to meet the increased deficit.
-----------------	--

Recommendation:	Cabinet agrees to provide additional funding of £2.109m on a non-recurring basis to the IJB and requests the Partnership to bring forward a report early in 2016/17 providing further assurance that the Partnership will deliver services in 2016/17 within available resources.
------------------------	---

1. Executive Summary

1.1 Cabinet agreed at its meeting on 29 March 2016 to provide non-recurring funding of £1.255m to the IJB reflecting the projected overspend within the Partnership as recorded at the end of January 2016. The final outturn in respect of the Partnership has increased to £2.109m.

1.2 This report outlines:

- the factors contributing to the increased overspend;
- the proposed action by the Partnership to ensure there is no recurrence of an overspend in 2016/17; and
- options available to Cabinet.

1.3 The report recommends that the Council makes available additional funding to meet the full cost of the Partnership 2015/16 deficit of £2.109m with a requirement for the Partnership to bring forward a report early in 2016/17 confirming the impact of the proposed corrective action.

2. Background

- 2.1 Cabinet at its meeting on 29 March 2016 noted the Deficit Recovery Plan 2015/16 that had been approved by the IJB at its meeting on 10 March 2016 and agreed to provide additional non-recurring funding of around £1.255m to the IJB, the final value being dependent on the actual outturn for the Partnership. The projected outturn was based on information available at the end of January 2016. The main elements of the original overspend related to:
- A growth in demand for residential, services to children with disabilities which had emerged towards the end of 2014/15 after the Council had agreed its contribution to the Partnership for 2015/16;
 - The additional cost of kinship care associated with the implementation of new payment rates from 1 October 2015;
 - the extent to which the Partnership delivered fully on its saving for 2015/16.
- 2.2 Cabinet agreed to provide funding on a non-recurring basis following reassurance from the Partnership's Chief Officer that a sustainable financial plan was in place for 2016/17. An interim budget had been approved by the IJB on 10 March 2016 which provided some assurance around additional funding for the social care pressures within the Partnership. The final budget for the Partnership has not yet been approved by the Partnership's s95 Officer, sign off requires the Health Board to set its budget for 2016/17, this is expected in May/June 2016.
- 2.3 The value of the overspend has increased significantly since the last report to Cabinet and has been confirmed at £2.109m. Detailed analysis has been carried out to understand the underlying reasons for the significant increase; this is summarised in the attached appendix.
- 2.4 The overspend which has emerged in the final two months of 2015/16 relates to service areas impacted by wider Partnership activity and as such it would not be unreasonable to expect both the Council and the Health Board to consider a joint contribution to meet the overall deficit.

- 2.5 The issues contributing to the growth in the overspend reflect gaps in sound financial management, including underlying management information, how this is used to project outturns and clarity of the responsibilities of all budget holders within the Partnership, an issue flagged up in a recent report by Internal Audit.
- 2.6 The appendix to this report outlines the corrective action proposed by the Partnership to ensure increased accountability and more effective financial management by all budget holders within the Partnership.

3. Proposals

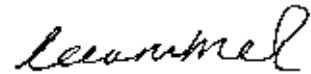
- 3.1 Cabinet has a number of options available to it in considering the growth in the Partnership deficit since the report at the end of March:
- provide additional funding of £0.854m to meet the total deficit of £2.109m;
 - provide additional funding with a requirement that the Partnership refunds this in 2016/17;
 - provide a proportion of additional funding and enter into discussion with the Health Board on its contribution to the element of the overspend that has emerged since the end of January 2016.
- 3.2 In recognition of the late identification of the increased overspend and to provide stability to the Partnership in 2016/17 it is proposed that the Council provides the funding for the full value of the 2015/16 overspend.
- 3.3 To provide further assurance to Cabinet, the Partnership should bring forward a report early in 2016/17 confirming that the corrective action outlined in the attached appendix has been implemented and that the Partnership will deliver services in 2016/17 within available resources.

4. Implications

Financial:	Approval of this report will result in an additional £2.109m of funding being made available to the NAHSCP, an increase of £0.854m from the figure reported on 29 March 2016.
Human Resources:	No specific implications
Legal:	No specific implications.
Equality:	No specific implications
Environmental & Sustainability:	No specific implications
Key Priorities:	No specific implications
Community Benefits:	No specific implications

5. Consultation

- 5.1 Consultation has taken place with the NAHSCP Chief Officer and s95 Officer.



LAURA FRIEL
Executive Director (Finance and Corporate Support)

Reference :

For further information please contact Laura Friel, Executive Director
Finance and Corporate Support on 01294-324554

Background Papers

0

NORTH AYRSHIRE HEALTH AND SOCIAL CARE PARTNERSHIP

Background

At Period 10 the Health and Social Care Partnership projected an overspend of £1.255m and requested funding from the Council to bridge this gap in funding.

The final outturn position has resulted in an overspend of £2.109m, representing an additional shortfall of £0.854m. The Table below highlights the movements.

	Over/ (Under) Spend Final Outturn	Over/ (Under) Spend Forecast at Period 10	Movement in Projection Adverse/ (Favourable)
	£000's	£000's	£000's
Level One Core			
Learning Disability	273	484	(211)
Older People	(163)	(739)	576
Physical Disabilities	329	94	235
Mental Health Community Teams	112	231	(119)
Addiction	(30)	2	(32)
Resource Transfer, Change Fund, Criminal Justice	186	(180)	366
Sub Total	707	(108)	815
Level Four			
Children and Family Social Work Services	1,651	1,619	32
Sub Total	1,651	1,619	32
Direct Overheads and Support Services	(249)	(256)	7
Sub Total	(249)	(256)	7
Total	2,109	1,255	854

As a Partnership we are disappointed to be in this position and have undertaken a full investigation to understand the reasons for this increase and identify corrective action moving forward. This exercise has also been used to have a wider discussion on how to improve forecasting moving forward and the remedial actions identified are reflective of this wider consideration.

A detailed Action Plan is attached.

ACTION PLAN

NORTH AYRSHIRE HEALTH AND SOCIAL CARE PARTNERSHIP

Action	Older People - Care at Home Provided and Purchased
Action Description	To improve the information available to inform projections and ensure the data provided reflects the services commissioned and the resources required to meet these services.
Risk	If inadequate information is provided this will impact on the accuracy of projections.
Management Action	Information will be provided on services commissioned from CM2000 for use within projections. Budget holders will augment this information by providing Finance and Corporate Support with other supporting information to inform projections including changes to service provision and workforce issues.
Assigned to	Head of Health and Community Care
Due Date	31 May 2016

Action	Older People - Care at Home Provided and Purchased
Action Description	To ensure budget holders have clarity on the budgets available for service delivery.
Risk	Overspend position continues into 2016/17 which places a pressure on Partnership budgets.
Management Action	<p>The following actions will be undertaken to mitigate this risk:-</p> <ul style="list-style-type: none"> • The budget will be reviewed and updated to reflect current service provision including new services transferred from the private sector. This will provide budget holders with clarity on the budget available for service delivery including workforce budgets set. Budget holders will be expected to manage within budgets. • A group will be established chaired by the Head of Health and Community Care to review overtime and absence levels across the service area.
Assigned to	Head of Health and Community Care Chief Finance Officer
Due Date	15 June 16

Action	Older People - Residential Care Homes
Action Description	To ensure targets are set which reflect the budgets available for 2016/17.
Risk	Budget savings identified in this budget area for 2016/17 are not delivered which places a pressure on Partnership budgets.
Management Action	<p>The following actions will be undertaken to mitigate this risk:-</p> <ul style="list-style-type: none"> • The 16/17 budget will be updated to reflect current contract rates, current service information in relation to placements

	<p>and targets in relation to current transformational programmes. Targets for placements will be set based on this information and to ensure expenditure is contained within budgets available.</p> <ul style="list-style-type: none"> • Monthly projections will be informed by Central Area Resource Group (CARG) approvals, current demand for services and forecasts of future demand and costs based on the information available. • The format of forecasts will be reviewed to assist budget management by the budget holder.
Assigned to	Head of Health and Community Care Chief Finance Officer
Due Date	20 June 16

Action	Employee Costs
Action Description	To improve the information available to inform projections and ensure the data provided reflects the services commissioned and the resources required to meet these services.
Risk	If inadequate information is provided as the basis for projections this will impact on the accuracy of projections.
Management Action	<p>The following actions will be undertaken to mitigate this risk:-</p> <ul style="list-style-type: none"> • Information will be provided by the Partnership to Finance and Corporate Support on overtime worked but not yet charged to enable this to be built into projections. • The Partnership will provide information on recruitment decisions to Finance and Corporate Support to inform employee cost projections.
Assigned to	Chief Finance Officer Head of Children, Families and Criminal Justice Head of Health and Community Care Head of Mental Health
Due Date	31 May 16

Action	Physical Disabilities - Independent Living Services
Action Description	To enable 2016/17 budgets to be managed within budget set.
Risk	Overspend position continues into 2016/17 which places a pressure on Partnership budgets.
Management Action	A review of current expenditure to be undertaken to determine trends and to identify control actions which can be undertaken to enable spend to be contained within budget set. If this is not feasible a report will be presented to the IJB to consider alternative funding solutions.
Assigned to	Head of Health and Community Care
Due Date	30 June 16

Action	Learning Disability and Mental Health
Action Description	To improve the information available to inform projections and ensure the data provided reflects the services commissioned and the resources required to meet these services.
Risk	If inadequate information is provided as the basis for projections this will impact on the accuracy of projections.
Management Action	Future projections will be produced using information recorded on Carefirst which records information on the commissioned service and the actual service delivered. This will be used to inform future projections.
Assigned to	Chief Finance Officer
Due Date	31 May 2016

Action	Improvement to Budget Monitoring Processes
Action Description	To improve the information available to inform projections and ensure the data provided reflects the services commissioned and the resources required to meet these services.
Risk	If inadequate information or management information is provided as the basis for projections this will impact on the accuracy of projections.
Management Action	<p>The following actions will be undertaken to mitigate this risk:-</p> <ul style="list-style-type: none"> • All budget holders to sign off the basis of projections at the start of each financial year. • Additional support to be offered to budget holders in relation to budget management, where required, including advice and guidance on the operating parameters on which budgets are set. • Council budgets will be subject to early projections undertaken at the end of Period 2 to enable early engagement in relations to budgets for 2016/17. • Budget projections prepared each period will be signed off by each budget holder including a statement on the agreed actions to be undertaken to bring spend within budget. • More detailed budget monitoring will be introduced for P11 and P12 to provide management information to enable tighter budget management prior to financial close.
Assigned to	Chief Finance Officer Head of Children, Families and Criminal Justice Head of Health and Community Care Head of Mental Health
Due Date	31 March 2017