

## **North Ayrshire Integration Joint Board**

Interim Report to the Members of the North Ayrshire IJB  
on the audit for the year ended 31 March 2019

Issued 6 June 2019 for the meeting on 20 June 2019

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# Introduction

## The key messages in this report

I have pleasure in presenting our report to the members of the North Ayrshire Integration Joint Board (the IJB) as part of our 2018/19 audit responsibilities. I would like to draw your attention to the key messages from this paper:

### Background

As set out in our plan which was presented to the Performance and Audit Committee in March 2019, the Code of Audit Practice sets out four audit dimensions which set a common framework for all public sector audits in Scotland.

Our audit work has considered how the IJB is addressing these and our conclusions are set out within this report.

As part of this review we met with Chief Officer, Chief Finance and Transformation Officer and Chair of the Performance and Audit Committee. We also observed a Performance and Audit Committee meeting in March 2019.

We then reviewed supporting evidence to support our judgements and conclusions which are contained within this report.

### Scope of audit

Our audit work covered the four audit dimensions as follows:

- Financial sustainability;
- Financial management;
- Governance and transparency; and
- Value for money.

The audit incorporated the specific risks highlighted by Audit Scotland, in particular, the impact of EU withdrawal, the changing landscape for public financial management, dependency on key suppliers and increased focus on openness and transparency.



# Introduction (continued)

## The key messages in this report (continued)

### Overall conclusions

**Financial sustainability** – The IJB expects to achieve short-term financial balance in 2018/19. This is a significant improvement and the first time a balanced position will have been achieved. A balanced budget has been set for 2019/20, however, this includes significant efficiencies and service transformation programmes to be delivered.

As reported in our 2017/18 annual report, the IJB closed 2017/18 with a cumulative deficit position of £5.807m which needs to be recovered in future years. It is positive that the IJB will repay a sum of £0.668m towards this debt to North Ayrshire Council in 2018/19, with the remainder being repaid in future years. There was a plan agreed during 2018/19 for £1.5m of repayment to be made, however a surplus of this value was not generated due to variations between projections and actual costs at the financial year-end. The year-end financial monitoring report to the IJB will include a plan to improve future financial projections.

In the medium-term, the IJB is faced with a challenging financial position as the current level of service provision is not financially sustainable. In response to this, the Medium Term Financial Plan (MTFP) is due to be updated in 2019/20, with the Transformation Board driving the delivery of transformational change.

As part of the 2019/20 transformation programme, the IJB are launching a “Thinking Different, Doing Better” programme aimed at educating staff and the wider public on the role of the partnership and of the case for change. This is a significant commitment but should be highlighted as a good practice example of engaging with key stakeholders to inform future decision making and drive towards shifting the balance of care from a hospital to a community setting.

**Financial management** – The expected underspend position for 2018/19 is a significant improvement on the overspend position that was expected earlier in the year, particularly given historical overspends in previous years. Improvements have been made to the quality and frequency of financial monitoring reports and there is now an effective integrated budget monitoring arrangement in place.

The Social Care Finance Team moved across to the partnership during 2018/19 to facilitate improved communication and joint working with front line HSCP colleagues. This has provided an opportunity to strengthen financial management arrangements, including the reliability and accuracy of financial projections and financial processes.

It is positive to note that work is ongoing nationally, with Ayrshire and Arran acting as the test area for further work to be on “Directions” and Set Aside resources as part of the national Review of Progress of Integration of Health and Social Care.

**Governance and transparency** – In general, the IJB has a good attitude to openness and transparency and there is a supportive culture that underpins this. This could be further enhanced by publishing the papers and minutes of the Performance and Audit Committee online.

There are a number of key governing documents (Financial Regulations, Scheme of Delegation, Reserves Strategy) which have not been reviewed or refreshed by the Board since 2015. We recommend that these are reviewed to ensure that they are still fit for purpose.

It is positive to note that the Board, along with its NHS and Council partners, are reviewing and updating the governance arrangements for the IJBs to take cognisance of the experience from early integration.

**Value for money** – The IJB has a performance management framework in place, with performance regularly considered by management, and the Performance and Audit Committee. It clearly reports on its contribution towards the national outcomes through its quarterly and annual performance reports.

While there is a general decline in performance, the Partnership Performance Reports set out how the IJB intends to address each area of under performance. In particular, there is a focus on trying to shift the balance of care from a hospital to a community setting.

Our detailed findings and conclusions are included on pages 6 to 21 of this report.

# Introduction (continued)

## The key messages in this report (continued)

### **Next steps**

An agreed Action Plan is included at page 24 of this report. We will consider progress with the agreed actions and provide an update on any significant changes in our annual audit report to the Committee in September 2019.

### **Added value**

Our aim is to add value to the IJB by providing insight into, and offering foresight on, financial sustainability, risk and performance by identifying areas for improvement and recommending and encouraging good practice. In so doing, we aim to help the IJB promote improved standards of governance, better management and decision making, and more effective use of resources.

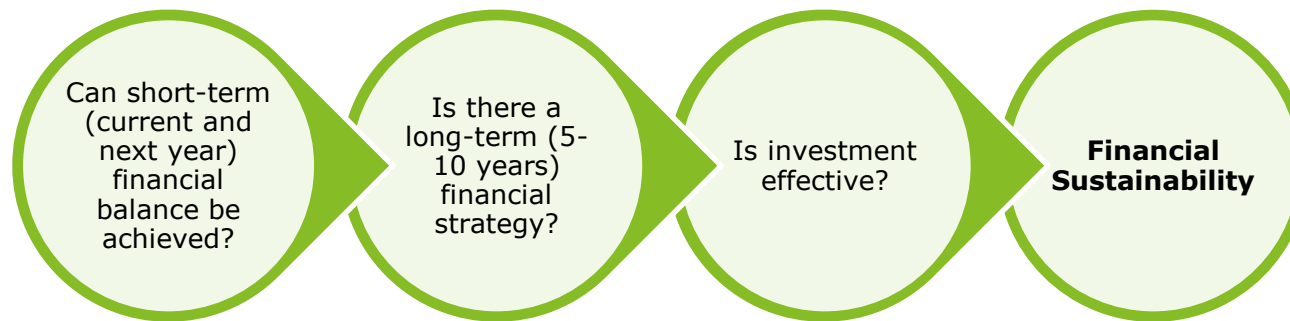
We have provided our separate “Sector Developments” report, where we have shared our research, informed perspective and best practice from our work across the wider public sector that are specifically relevant to the IJB. We would encourage the Board to consider this as part of the ongoing development of the Partnership.

**Pat Kenny**  
**Audit Director**

# Financial sustainability

## Overview

**Financial sustainability** looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.



### **Audit risks**

Within our audit plan we identified a number of risks as follows:

- The IJB fails to take sufficient action to reach a financially sustainable position; and
- The IJB's medium-term financial planning is inconsistent with the Scottish Government's five-year plan.

The following pages summarise our findings and conclusions to address the above risks.

# Financial sustainability (continued)

## Short to medium term financial position

### 2019/20 budget

The IJB approved a balance budget of £270.592m for 2019/20 on 21 March 2019 as set out below.

	Council Delegated Budget (£'000)	NHS Delegated Budget (£'000)	Total Budget (£'000)
Baseline budget	92,929	143,105	236,034
Baseline funding increase	1,389	2,319	3,708
SG funding adjustment	756	-	756
<b>2019/20 excluding set aside</b>	95,074	145,424	240,498
Set aside	-	30,094	30,094
<b>2019/20 budget</b>	<b>95,074</b>	<b>175,518</b>	<b>270,592</b>
Baseline funding increase	1,389	2,319	3,708
Funded pressures	(5,093)	(2,561)	(7,654)
<b>Budget gap</b>	<b>(3,704)</b>	<b>(0,242)</b>	<b>(3,946)</b>
Add historic cash releasing efficiency savings	-	(2,188)	(2,188)
<b>Total savings required</b>	<b>(3,704)</b>	<b>(2,430)</b>	<b>(6,134)</b>
Savings Plans in place	3,704	2,430	6,134
<b>Balanced budget</b>	<b>0</b>	<b>0</b>	<b>0</b>

The budget allocations from the Council and NHS includes the IJBs share of the Scottish Government integration funding allocated to improve outcomes in social care routed to IJBs via Councils and the additional funding to support additional investment by NHS Boards announced in December 2018 which required a real term uplift in baseline funding of 2.6%.

Whilst the overall funding for the IJB has increased year on year, this increase is not keeping pace with the cost and demand pressures required to be funded which results in a significant budget gap. In addition, the IJB are carrying legacy CRES savings targets from previous years which require to be addressed on a recurring basis.

This balanced position includes achievement of cash releasing efficiency savings of £6.134m, which represents a significant financial risk for the IJB at a time of significantly increasing demand for services. A range of cash releasing efficiency savings proposals for the £6.134m have been agreed by the Board as part of the service redesign work being taken forward to ensure that a balanced budget is maintained which includes addressing all legacy CRES targets.

In setting its budget, the IJB recognised that, whilst projecting to achieve short term financial balance, a number of risks exist, including:

- high risk areas of low volume / high cost services areas e.g. Learning Disability care packages, children's residential placements, complex care packages;
- care packages, children's residential placements, complex care packages;
- progress with the work to develop set aside arrangements and the risk sharing arrangements agreed as part of this;
- mitigating the costs and impact of the outlined unfunded pressures;
- implementation costs of the Scottish Government policy directives, for example Free Personal Care for under 65's;
- Potential re-grading of posts due to erosion of grade differentials;
- Lead / hosted service arrangements, including managing pressures and reporting this across the 3 IJBs; and
- the impact on Lead partnership and acute services from decisions taken by other Ayrshire areas.

# Financial sustainability (continued)

## Short to medium term financial position

### Reserves

The IJB has adopted a Reserves Strategy which was approved in March 2016, where it agreed that it should hold no more than 2% - 4% of net expenditure, based on the lower value this would be £5.0m.

As reported in the budget report to the IJB in March 2019, it recognised that given the significant financial pressures facing the Partnership and the requirement to deliver significant cash releasing efficiency savings, this optimum reserves balance is aspirational. No recommendations were made as part of the 2019/20 budget to allocate any resources to reserves however, consideration may be given to this in future to allow greater flexibility to manage demand fluctuations and to support financial planning over the medium to longer term.

The reserves position in the North Ayrshire IJB is unique in that the Board hold a negative reserve balance which has accumulated from previous year overspends, the negative reserve balance is offset by a debtor on the balance sheet reflecting the debt due to North Ayrshire Council. The Audit Scotland Technical Bulletin 2019/1 states that the IJB should make every effort to remedy the funding situation in year to prevent this position arising. There is currently £1.486m of resource set aside per annum out with the IJB delegated budget to repay this debt within a 4 year period. The IJB are projecting a payment of £0.686m for 2018/19 with the remainder paid over the following years. Going forward, the Board will budget to breakeven each year to ensure that the negative reserve position does not recur.

The estimated reserves position is noted below:

	Total Reserves (£'000)
<b>Balance 31 March 2018</b>	(5,807)
Actual repayment	668
Projected outturn (breakeven)	-
<b>Estimated balance 31 March 2019</b>	<b>(5,139)</b>
Planned repayment	1,486
<b>Estimated balance 31 March 2020</b>	<b>(3,653)</b>

### Medium term financial planning

The IJB recognise that the delivery of services in the same way is neither financially or operationally sustainable. The updated Strategic Plan, approved for 2018-2021, is underpinned by the need to transform care models to provide sustainable services to the local community over the medium term.

A Medium Term Financial Plan (MTFP) was approved in 2017 to cover the period 2017/18 to 2019/20. The intention was to bring a refreshed three year MTFP to the IJB at its meeting in March 2019 for approval, however this was delayed pending clarification on the NHS funding position for 2019/20. As the funding position has now been resolved, the plan is to bring a refreshed three year MTFP to the Board meeting in August 2019 for approval.

As part of this plan, we would expect it to include:

- Scenario planning to assess the funding gap when key assumptions are adjusted;
- Detailed savings plans are identified in order to reduce the projected funding gap;
- A fully integrated budget to allow effective resource planning; and
- Integration of the set aside budget.

This update is also expected to take account of issues set out in the Scottish Government Health and Social Care Medium Term Financial Framework published in October 2018 as well as the work of the Transformation Board in place. This should also take into account the national performance framework which require the IJB to demonstrate how it contributes towards the national outcomes.



# Financial sustainability (continued)

## Medium to long term financial sustainability

### Transformation work

The IJB recognise that redesign and transformation is required to enable services to be provided in the most cost effective manner and within the resource available and to achieve the ambition of the Strategic Plan.

In response to the challenges that the IJB faces, it has put in place a Transformation Board. This is officer led and is tasked with oversight and development of the programme of transformational change and efficiency savings to ensure the financial sustainability of the organisation.

The Transformation Board meets monthly to oversee the change programme, the group is solutions focussed with a view to identifying and implementing actions to get any off track plans back on target and has seen positive results through the achievement of a breakeven position for 2018/19. The planned 2019/20 transformation and savings plans have been reviewed and the change team resource has been aligned to the delivery of these plans and these will be monitored through the Transformation Board.

As part of the drive towards transformational change, a £4m Challenge Fund was supported by North Ayrshire Council aimed at the investment required to transform services. To date £2m of this has been used with recurring savings now being recognised as a result of these projects. The remainder of the Change Fund has been removed due to other competing financial pressures. Any future investment will require to be identified from within the recurring IJB budget.

As part of the 2019/20 transformation programme, the IJB are launching a “**Thinking Different, Doing Better**” programme aimed at educating staff and the wider public on the role of the IJB. Funding has been set aside to pay for temporary cover to ensure that all staff can attend these sessions without having an adverse impact on the day to day health and social care operations.

#### “Think Different, Doing Better” programme

- Dedicated accommodation for sessions over 6-9 months
- 150 sessions
- Interactive workshops
- Q&A sessions with Chief Officer

#### Attendees:

- 3,500 health and social care partnership staff
- All IJB members
- Locality Planning Groups
- Community Councils
- CPP Partners
- NHS Board members
- Community groups

The aim of this programme is to reinforce the partnership vision and values, to stimulate conversation with staff on the need for change, promoting a cultural shift in how the partnership operates, to seek the views of key stakeholders and help inform future operational planning. This is seen as a good practice example of engaging with key stakeholders to inform future decision making and drive towards shifting the balance of care from a hospital to a community setting.

### Deloitte view – Financial sustainability

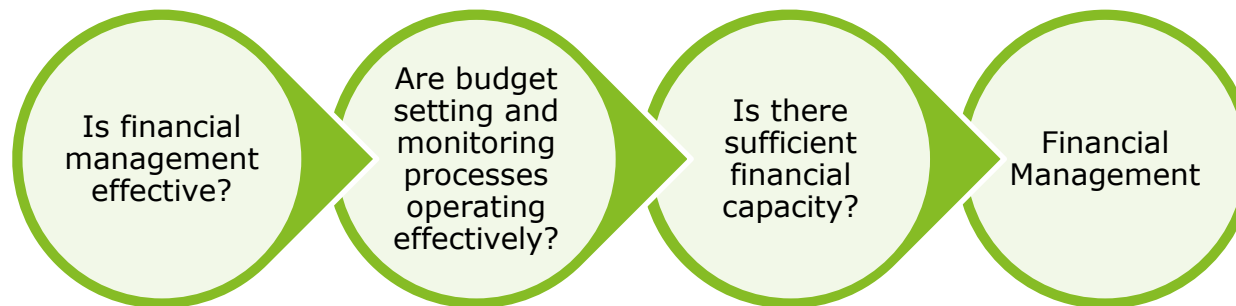
The IJB expects to achieve short-term financial balance in 2018/19 and to start repayment of the historic debt outstanding to North Ayrshire Council. A balanced budget has been set for 2019/20, however, this includes significant efficiencies and service transformation programmes that need to be achieved in order for a balanced budget to be maintained.

In the medium-term, the IJB is faced with an extremely challenging financial position as the current level of service provision is not financially sustainable. The Transformation Board has been established to drive the delivery of transformational change at the required scale and pace to set the direction for the Strategic Plan 2018-21. A Medium Term Financial Plan is in place covering the period 2017/18 to 2019/20, which sets out the key demand pressures and funding assumptions over the five year period. This is due to be updated in 2019/20 and should to take account of issues set out in the Scottish Government’s five-year Medium Term Financial Strategy, its Health and Social Care Medium Term Financial Framework and the work of the Transformation Board.

# Financial management

## Overview

**Financial management** is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.



### **Audit risks**

Within our audit plan we identified a number of risks as follows:

- A lack of appropriate financial management could result in the IJB not achieving its financial targets; and
- The underlying financial performance of the IJB is not transparently reported.

The following pages summarise our findings and conclusions to address the above risks.

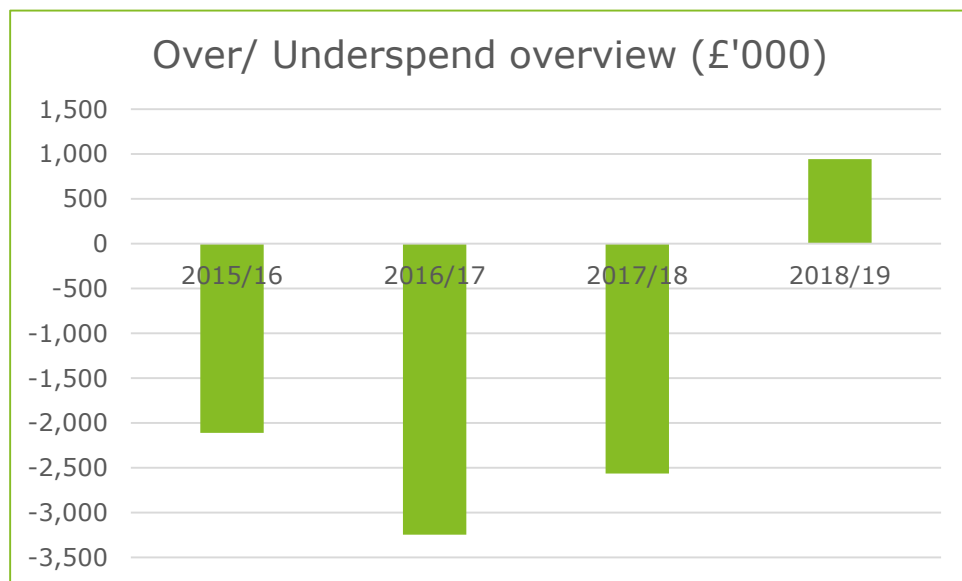
# Financial management (continued)

## Financial performance

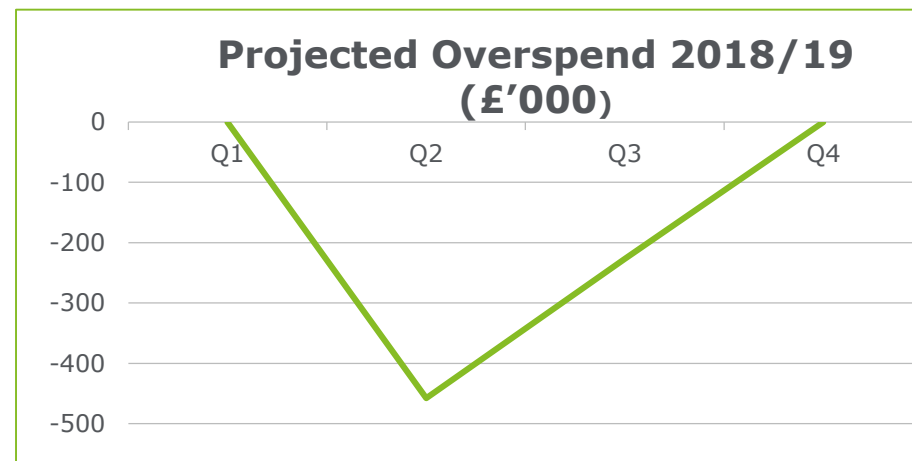
### 2018/19 projected outturn

The IJB is expected to end the year with an overall underspend of £0.945m. After accounting for earmarked ring-fenced funding of £0.277m there is an underspend of £0.668m transferred to general reserves which will be allocated to reduce the outstanding debt to North Ayrshire Council for previous year overspends. This position is a significant improvement from the position as at 30 September 2018 which forecast an overspend of £0.458m and the first time that the IJB has been in a position to commence repayment of the outstanding debt to the Council. In August 2018, a recovery plan was approved by the Board to address the projected overspend. The impact of the plan so far has been to improve the financial position by £0.765m. As a result, this is the first time that a balanced position will have been achieved.

This has been achieved as a result of good financial management and the work of the Transformation Board to help deliver transformational change.



The overspend reported to the Board during the year is illustrated as follows:



The key reasons for the variances as at 31 December 2018, which net to an projected overspend of £0.227m were:

- Health and Community Care Services (overspend of £0.308m) - Care home placements including respite placements projected to overspend by £0.718m due to increase permanent placements. This is offset by a projected underspend of £0.400m in Care at home services.
- Management and Support Costs (overspend of £0.228m) - There is a projected overspend of £0.682m relating to Cash Releasing Efficiency Savings (CRES) savings still to be identified and £0.055m in relation to workforce savings. This is partially offset by an underspend in contract inflation of £0.150m and a number of other small underspends.

# Financial management (continued)

## Financial performance and systems of internal financial control

### Savings Plans

The 2018/19 budget included £4.003m of savings plus £2.557m of carried forward NHS CRES savings (total £6.560m). A further workforce saving of £0.055m was approved in period 6 taking the total savings required to £6.615m for 2018/19.

BRAG Status	Position at Budget Approval (£'000)	Position at period 9 projections (£'000)
Red	3,148	2,424
Amber	519	649
Green	2,893	226
Blue	0	3,316
<b>TOTAL</b>	<b>6,560</b>	<b>6,615</b>

The projected year-end outturn position assumes that the Red savings would not be delivered as planned and this was reflected in the overall projected outturn position. However, the IJB is now forecasting that an overall underspend position will be delivered for 2018/19 with unachieved savings being offset by a number of operational underspends and a transfer of £1.5m held by the Council on behalf of the IJB. It is encouraging that the level of savings with red status has reduced since the budget was approved, recognising a greater level of confidence of delivery and the progress made so far with identifying savings against the CRES target.

### Financial reporting

The IJB has effective financial planning and management arrangements in place. Senior management and board members regularly review progress. The Board reviews financial performance at each meeting.

We note that the quality of financial monitoring reports has improved and now include detailed information on the Lead Partnership and set aside, and the IJB operates on the basis of an integrated budget. Amendments to the budget during the year are transparently reported in the financial monitoring reports.

We are also pleased to note that work is ongoing nationally, with Ayrshire and Arran acting as the test area for further work to be on Directions/ Set Aside resources as part of the national Review of Progress of Integration of Health and Social Care. Currently, projected variances are included within the host Partnership's accounts on a directly managed service basis with an assumption of NRAC risk-sharing arrangement, however, the pan-Ayrshire work will analyse cost and activity data to identify true fair shares.

We have, however, recommended the following improvements to the budget setting process:

- There needs to be a link between the budgeted spend and the IJB's priorities as set out in the Strategic Commissioning Plan.
- There needs to be improved links between the budget and outcomes: there is no information of the outcomes the IJB expects to be progressed (and to what extent) by the budget, which makes it difficult for the IJB to assess to what extent budgetary decisions are impacting on outcomes achieved.

# Financial management (continued)

## Systems of internal financial control

### Financial capacity

The finance team is led by the Chief Finance and Transformation Officer who was appointed to her role in July 2018. She has experience in local government finance roles for a number of years including undertaking the role of S95 officer for another IJB previously. She has sufficient status to be able to deliver good financial management. The appointment of the new Chief Finance and Transformation Officer has been pivotal in the significant improvement in the IJB's financial position, with the increased focus on financial management. The fact that this position is a dedicated IJB role, with complete autonomy from both the Council and NHS, has helped ensure that the needs of the IJB are kept at the forefront. This has been demonstrated through the move towards a truly integrated view of resources at the financial year-end and through the budget process for 2019/20.

The Social Care Finance Team moved across to the partnership during 2018/19 to facilitate improved communication and joint working with front line HSCP colleagues. This has provided an opportunity to strengthen financial management arrangements, including the reliability and accuracy of financial projections and financial processes.

### Internal audit

North Ayrshire Council's Chief Internal Auditor provides the Internal Audit function for North Ayrshire IJB.

During the year, we have reviewed all internal audits presented to the Audit and Performance Committee and the conclusions have helped inform our audit work, although no specific reliance has been placed on the work of internal audit.

### Standards of conduct for prevention and detection of fraud and error

We have reviewed the IJB's arrangements for the prevention and detection of fraud and irregularities. Overall we found the IJB's arrangements to be operating effectively.

### Deloitte view – financial management

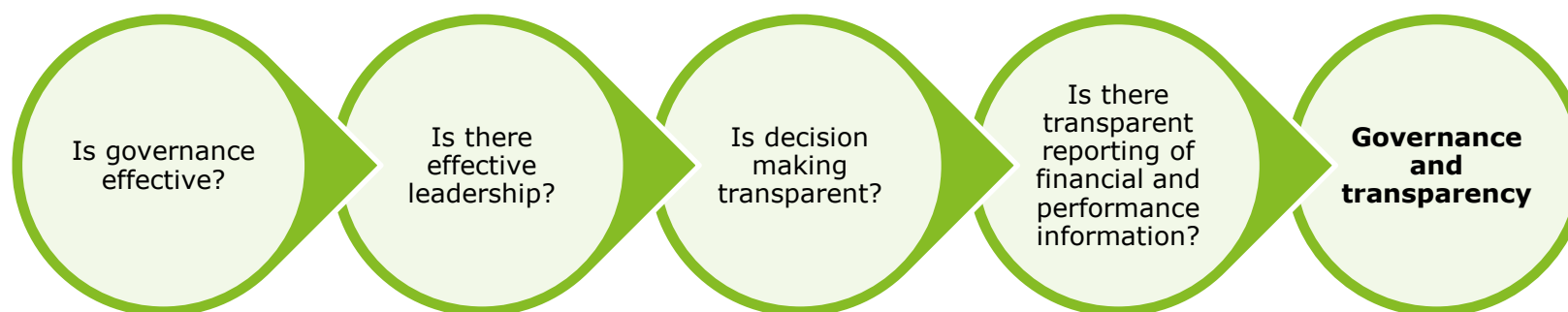
The IJB is forecasting to underspend in 2018/19, after £1.5m is transferred back from North Ayrshire Council which was held on behalf of the IJB. The IJB will repay a sum of £0.668m towards the outstanding debt to the Council. It was envisaged that during the year the first instalment of the repayment would be £1.5m, however, a surplus of that value was not generated due to variations between projections and actual costs at the financial year-end. The final outturn position is a significant improvement on the overspend position that was expected earlier in the year, particularly given historical overspends in previous years. Improvements have been made to the quality and frequency of financial monitoring reports and there is now an effective integrated budget monitoring arrangement in place. The appointment of the Chief Finance and Transformation Officer has been pivotal in the significant improvement of the IJB's financial position.

It is positive to note that work is ongoing nationally, with Ayrshire and Arran acting as the test area for further work to be on Directions/ Set Aside resources as part of the national Review of Progress of Integration of Health and Social Care.

# Governance and transparency

## Overview

**Governance and transparency** is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information



### **Audit risks**

Within our audit plan we identified a number of risks as follows:

- There is a risk that governance arrangements between the IJB and its funding partners are not consistent; and
- The IJB's approach to openness and transparency is not keeping pace with public expectations and good practice.

The following pages summarise our findings and conclusions to address the above risks.

# Governance and transparency (continued)

## Openness and transparency

### Openness and transparency

Taking an **open approach** to business can support good governance.

It is about behaviours, centred on a preference for sharing information about how and why decisions are made. In the public sector, this is based on the recognition that public services are delivered for the public good using public money.



**Transparency** can be seen as a process. Access to information provides insight into decision-making and how the organisation works. Transparency in the public sector is supported by statutory requirements and regulations. These are minimum requirements and it is for individual organisations to decide whether the content and volume (in terms of quantity and amount of detail) of the information that they make available contributes to increased understanding. There are judgements to be made, and an approach designed to increase transparency rather than comply with minimum standards is more likely to satisfy the good governance test.

**Openness and transparency** are individually important, and working well together they help demonstrate that public organisations are acting in the public interest.

We have considered the IJB's approach to openness and transparency, how good the IJB's information is; and its commitment to improving openness and transparency.

In general, the IJB has a good attitude to openness and transparency and there is a supportive culture that underpins this.

All Board meetings are held in public, with items on sensitive matters considered in private. Access to all papers and minutes of Board meetings, as well as key governance documents, are available on the IJB's website. However, Performance and Audit Committee papers and minutes for the IJB are not routinely made available online.

Minutes of meetings clearly outline decisions made, who made them and the rationale behind the decisions.

All voting members are required to complete and update their register of interests. These are maintained by the IJB and are available on the IJB website.

A Participation and Engagement Strategy is in place, recognising the range of participation and engagement in local communities and sets out how the partnership and IJB representation and stakeholder involvement can be further developed





# Governance and transparency (continued)

## Leadership, vision and governance arrangements

### Governance and scrutiny arrangements

The IJB is supported in its role by the Performance and Audit Committee. From a review of Board minutes, it was evident that there is an appropriate level of challenge and scrutiny provided by Members.

The Performance and Audit Committee provides a scrutiny role and regularly monitors the performance of the IJB. During the year, the Committee reviewed and updated its terms of reference to ensure that it is delivering on its key aims and objectives. From a review of committee minutes, it was evident that there is an appropriate level of challenge and scrutiny provided by Members. However, we noted that Performance and Audit Committee papers and minutes are not made routinely available on the Board's website. Consideration should be given to making these publicly available to enhance transparency.

The IJB has a number of key governing documents (Financial Regulations, Scheme of Delegation and Reserves Strategy) which have not been reviewed or refreshed since 2015. The IJB should carry out a periodic review of its key governing documents to ensure that they are still fit for purpose.

A report was considered by the IJB in June 2018 setting out the findings from a first stage review of the Integration Scheme (along with that of East Ayrshire). The review process confirmed that a number of areas needed to be addressed in order to improve planning, governance and delivery of Health and Social Care Services in Ayrshire. It also identified that the full powers of the current Integration Scheme have not been utilised and there is further scope to take action within current arrangements. These include:

- **Collaboration across Ayrshire** – There is strong alignment across all 3 partnerships and Lead Partnership arrangements are in place. These arrangements are, however, complex, human resource intensive and can be slow in decision making.
- **Decision making** being made by one IJB which impact on the other two IJBs without due regard or consultation with the other areas. This is exacerbated in lead partnerships .

- **Financial governance** – the arrangements for financial accountability between IJBs in relation to Lead Partnership arrangements requires review. There is potential for conflict over budget setting, detrimental impact of decisions by IJBs and overspends.
- **Performance governance** – Legislation requires that decisions made by an IJB that have an impact on neighbouring IJBs require to be consulted upon. In the lead partnership model this is even more evident as decisions made by a Lead Partnership IJB have direct impact on services in other areas and on Acute services. These issues are not limited to lead partnership arrangements and can include strategic service and finance decisions of an IJB that impact adversely on residents of another area.
- **Financial context** – on an annual basis, the IJBs are required to agree that the finance available from NHS/ Councils is sufficient to deliver on the Strategic Plan. With increasing demand and restrictions on public sector finding, this is increasingly difficult. This presents a risk to early intervention and preventative services.

As a result of the above review the following changes were made to the governance arrangements:

- To consider the potential conflicts in financial governance around the lead partnership model, it was agreed to move to more "fair share" commissioning, based on the National Resource Allocation Committee (NRAC).
- It was agreed to utilise mental health as the initial example of this commissioning model, to bring financial commitments to be in line with usage. Unscheduled care and set aside will also require similar considerations but are more complex.
- Some changes were made to how services are devolved, including Allied Health Professionals, Family Nurse Practitioner Services and Telehealth and United for Health and Smartcare European Programme.



# Governance and transparency (continued)

## Leadership, vision and governance arrangements

### Governance and scrutiny arrangements (continued)

In response to the need to improve the financial and performance governance arrangements, NHS Ayrshire and Arran and the three Partnerships are working with the Scottish Government on a pilot project to review Directions. It is recognised that while the Scottish Government Good Practice Note on Directions, issued in April 2016, clearly sets out that in the case of an IJB, a direction must be given in respect of every function that has been delegated to the IJB, there is no consistency on how Directions are implemented. The purpose of this pilot project is to develop an exemplar set of directions to make commissioning more transparent and to inform any update to the Scottish Government guidance.

It is positive to note that the IJB is reviewing and updating the governance arrangements to take cognisance of the experience from early integration.

### Strategic Plan

The Strategic Plan 2018 – 2021 was approved by the Board in April 2018. This notes that all of the work being taken forward continues to be done within the context of a challenging financial and operational environment.

The Partnership is committed to assessing how it is performing, examining where there are particular strengths to be built upon and where there is scope for improvement. This approach will form one of the key pillars in the drive for continuous improvement and transformational change in order to achieve the Board's objectives.

### Leadership

The IJB has strong leadership and, with its partners, has a clear vision for what it wants to achieve for the people of North Ayrshire. Board members and staff support the vision.

The Partnership is governed by the IJB comprising eight voting members appointed by North Ayrshire Council and the NHS Ayrshire and Arran Board. The voting membership of the Board comprises four elected members from North Ayrshire Council and four non-executive members from NHS Ayrshire & Arran. Representatives from other Sectors including the 3rd Sector, Independent Sector, staff representatives and others representing the interests of patients, service users, carers and professionals also sit on the Board and contribute to its work.

During the year, there has been two changes to the voting membership of the IJB. Despite this change, we still consider there to be sufficient diversity to provide effective balance and scrutiny in leadership. At its meeting in May 2019, the Board appointed a new Chair and Vice Chair of the IJB and a new voting member was appointed following a resignation in March 2019.

# Governance and transparency (continued)

## Leadership, vision and governance arrangements

### Members training

In our 2017/18 annual audit report, we recommended that appropriate training be provided to members to ensure they fully understand reports presented. During 2018/19, the IJB has continued with its development days, with a number of briefing sessions held during the year. The programme for these sessions were developed in consultation with IJB members and included sessions focussed on set aside, financial management and performance.

The IJB are in the process of undertaking a self-evaluation following up on the findings from the Audit Scotland and Ministerial Strategic Group findings of progress in integration. The IJB have plans in place to carry out a skills-gap self assessment following the appointment of its new Members, Chair and Vice Chair. The aim of this is to identify any gaps in Members knowledge and put in place a development plan to address any areas of concern.

### Best value (BV)

It is the duty of the IJB to secure BV as prescribed in Part 1 of the Local Government Scotland Act 2003. We have considered the accountable officers' duty to secure BV as part of our audit work and are satisfied that there are appropriate arrangements in place for securing best value.

### Deloitte view – Governance and transparency

In general, the IJB has a good attitude to openness and transparency and there is a supportive culture that underpins this. This could be further enhanced by publishing the papers and minutes of the Performance and Audit Committee online.

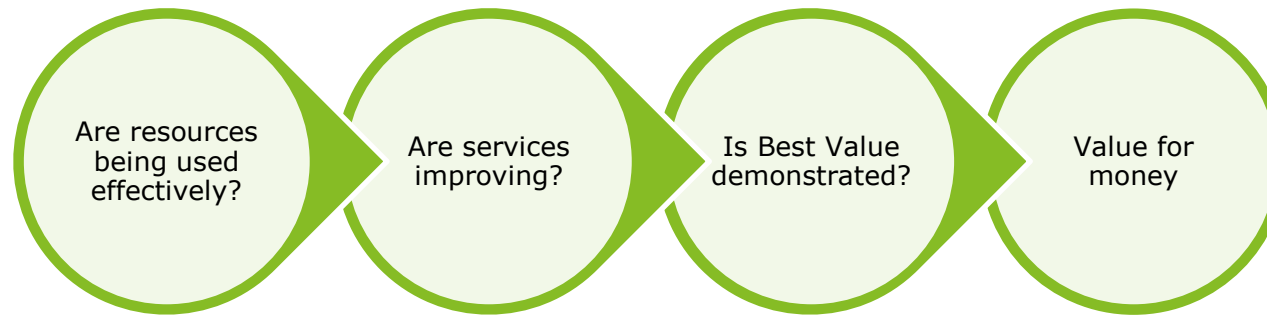
There are a number of key governing documents which have not been reviewed or refreshed by the Board since 2015. We therefore recommend that these are reviewed and refreshed on a periodic basis to ensure that they are still fit for purpose.

It is positive to note that the Board, along with its NHS and Council partners, are reviewing and updating the governance arrangements for the IJBs to take cognisance of the experience from early integration.

# Value for money

## Overview

**Value for money** is concerned with using resources effectively and continually improving services.



### **Audit risks**

Within our audit plan we identified a number of risks as follows:

- The IJB does not allocate resources effectively; and
- The IJB does not clearly report on its contribution towards the national outcomes.

The following pages summarise our findings and conclusions to address the above risks.

# Value for money (continued)

## Performance management

### Performance management

The IJB has embedded a performance management culture throughout the Partnership. It has created a wider range of performance information to manage services and target improvements for the people of North Ayrshire. This is supported by its performance management systems which analyse data, track progress and identify actions.

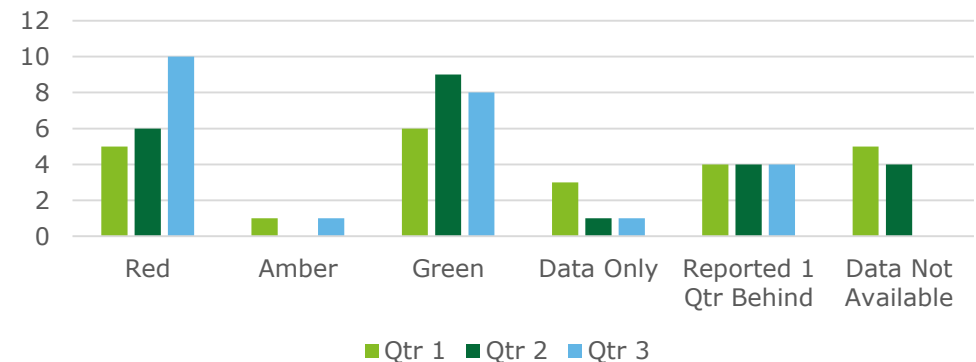
The 2019/20 budget recognises the need to link expenditure to anticipated outcomes but as outlined on page 12, there needs to be improved links between the budget and outcomes.

Regular performance information is provided to the Performance and Audit Committee, IJB members and operational managers. Benchmarking is used to compare performance with other organisations to support change and improvement. Our 2017/18 annual report recommended that performance information is made more publicly available to enhance openness and transparency. However, public reporting of performance information is limited to the Annual Performance Report. As such, this recommendation is yet to be implemented.

### Performance data

From our analysis of performance indicators during the year, we note that between the period April 2018 to December 2018 overall performance has declined. There has been an increase in the number of 'red' indicators reported from 5 to 10. The Partnership Performance Reports sets out how the IJB intends to address each area of under performance. In particular, there is a focus on trying to shift the balance of care from a hospital to a community setting. It is not possible to identify whether the decline in performance is linked to the financial constraints or increase in demand. This re-enforces our recommendation that there needs to be increased links between financial budgets and outcomes to allow the Board to monitor the impact of its decisions.

### Performance Indicators - Overview



### Deloitte view – Value for money

Best Value duties apply to accountable officers across the public sector. One of the key principles of the IJB integration scheme is making best use of public money by providing services that are efficient, effective and sustainable, and best value is a visible theme throughout IJB reports. One mechanism for the IJB ensuring Best Value is through the preparation of the annual performance report, the report assesses performance in relation to best value.

The IJB clearly report on its contribution towards the national outcomes through its quarterly and annual performance reports. The budget also recognises the need to link expenditure to outcomes, but there is still a need to improve the links between budget and outcomes.

# Other specific risks

As set out in our Audit Plan, Audit Scotland identified a number of areas as significant risks faced by the public sector. We have considered these as part of our audit work on the four audit dimensions and summarised our conclusions below.

Risk	Areas considered	Conclusion
EU Withdrawal	We have assessed what work the IJB has done to prepare for the impact of EU withdrawal, specifically considering people and skills; finance; and rules and regulations.	<p>The IJB is reliant on the NHS and Council to prepare for EU withdrawal to minimise the impact on the IJB. While there has been no formal reporting to the IJB, the Chief Officer is actively involved in both the NHS and Council work and can therefore take assurance from this.</p> <p>From our audit work on North Ayrshire Council and NHS Ayrshire and Arran, we are satisfied that both partners are sufficiently prepared for the impact of EU withdrawal. A number of areas, particular for the NHS, including risks relating to prescribing costs, are being considered nationally.</p>
Changing landscape for public financial management	As part of our audit work on financial sustainability (see page 6) we have considered how the IJB has reviewed the potential implications of the Scottish Government's Medium Term Financial Strategy for its own finances, including long term planning.	The Scottish Government Medium Term Financial Strategy and the Scottish Government Health & Social Care Medium Term Financial Framework has not been reviewed or discussed at Board level. We note that this will be considered as part of the planned update to the IJB's MTFP in 2019/20.
Dependency on key suppliers	We obtained a detailed breakdown of expenditure by supplier and performed an analysis to identify if there were any risks of dependency on key suppliers.	As the IJB does not directly engage with suppliers but instead commissions the Council and NHS to provide services, we have not identified a specific risk associated with the IJB. We have considered this risk as part of our audits of the Council and NHS and no issues identified which would indirectly impact on the continuity of health and social care services.
Openness and transparency	We have considered the IJB's approach to openness and transparency as part of our audit work on governance and transparency (see page 15).	From our audit work, we are satisfied that the IJB is appropriately open and transparent in its operations and decision making. We have identified some minor improvements to the availability of Performance and Audit Committee papers and minutes.

# Appendices



# Purpose of our report and responsibility statement

## Our report is designed to help you meet your governance duties

### What we report

Our report is designed to help the Members of the IJB discharge their governance duties.

Our report includes the results of our work on the following:

- Financial sustainability
- Financial management
- Governance and transparency
- Value for money.

### What we don't report

As you will be aware, our audit is not designed to identify all matters that may be relevant to the IJB.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

This report has been prepared for the Members of the IJB, as a body, and we therefore accept responsibility to you alone for its contents.

We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

We welcome the opportunity to discuss our report with you and receive your feedback.



for and on behalf of Deloitte LLP  
Glasgow

6 June 2019



# Action plan

## Recommendations for improvement

Area	Recommendation	Management Response	Responsible person	Target Date	Priority
<i>Performance and Audit Committee Papers and Minutes</i>	The IJB should consider publishing the papers and minutes of the Performance and Audit Committee online. (see page 15 for details)	The Terms of Reference for PAC includes a requirement to submit copies of minutes to the IJB for review. The partnership will publish quarterly performance reports online during 2019-20.	Chief Finance and Transformation Officer	September 2019	Medium
<i>Review of Governing Documents</i>	The key governing documents of the IJB should be reviewed and refreshed on a periodic basis to ensure that they are still fit for purpose. (see page 16 for details)	A schedule of key governance documents including review timescales and responsible officers will be submitted to PAC in June 2019. Thereafter progress with document reviews will be monitored through PAC.	Chief Finance and Transformation Officer	March 2020	Medium
<i>Scottish Government Medium Term Financial Strategy</i>	The planned update to the Board's Medium Term Financial Plan should take account of the financial implications of the Scottish Government five-year Medium Term Financial Strategy. (see page 9 for details)	Updated MTFP will be presented to the IJB in August 2019 for approval.	Chief Finance and Transformation Officer	August 2019	Medium



# Action plan (continued)

## Recommendations for improvement (continued)

Area	Recommendation	Management Response	Responsible person	Target Date	Priority
<i>Budgeting process</i>	<p>We recommended the following improvements to the budget setting process:</p> <ul style="list-style-type: none"><li>• There needs to be a link between the budgeted spend and the IJB's priorities as set out in the Strategic Commissioning Plan.</li><li>• There needs to be improved links between the budget and outcomes: there is no information of the outcomes the IJB expects to be progressed (and to what extent) by the budget, which makes it difficult for the IJB to assess to what extent budgetary decisions are impacting on outcomes achieved.</li></ul> <p>(see page 12 for details)</p>	<p>The service change programme approved as part of the 2019/20 budget aligned the service change to the IJB priorities and impact on service delivery is taken into consideration.</p> <p>Consideration will be given to how this can be more explicit across the entirety of the IJB budget as part of the development of the MTFP.</p> <p>Recognition nationally (by the SG Health and Sport Committee) that there is difficulty in attributing budgets to the National Health and Wellbeing outcomes.</p>	Chief Finance and Transformation Officer	March 2020	Medium

# Action plan (continued)

## Follow-up 2017/18 action plan

We have followed up the recommendations made in our 2017/18 annual report in relation to the wider scope areas and are pleased to note that four of the total seven recommendations made have been fully implemented. The following recommendations have either not been implemented or are only partially implemented. We will continue to monitor these as part of our audit work.

Area	Recommendation	Management Response	Responsible person	Target Date	Priority	2018/19 Update
Medium Term Financial Plan	<p>The Medium Term Financial Plan (MTFP) should be refreshed to determine the current expected funding gap. As part of this plan, we would expect it to include:</p> <ul style="list-style-type: none"> <li>• Scenario planning to assess the funding gap when key assumptions are adjusted.</li> <li>• Detailed savings plans are identified in order to reduce the projected funding gap.</li> <li>• A fully integrated budget to allow effective resource planning.</li> <li>• Integration of the set aside budget.</li> </ul>	<p>Budget outlook to be presented to the IJB to inform planning for 2019-20 to 2021-22. Medium Term Financial Plan for the same period will be presented to IJB to align the resources available with the service change required to deliver success within the available budget.</p> <p>The integration of set-aside will require to be taken forward separately pan-Ayrshire with the support of the Health Board.</p>	Chief Finance and Transformation Officer	March 2019	High	<p><i>Partially implemented:</i> The MTFP will be refreshed during 2019/20.</p> <p><b>Updated management response:</b> The 2019/20 budget was approved by the IJB in March 2019 with the MTFP to follow. Unable to present estimate for more than one year at that time due to protracted negotiations over funding. MTFP to be refreshed over coming months and plan to take to IJB in August 2019. The MTFP has been delayed due to uncertainty around the level of funding being provided by NHS Ayrshire and Arran which has an impact of the scenario planning for the MTFP. The work in relation to set aside is being progressed on a pan-Ayrshire basis with SG support, this work is at the early stages with two planning meetings which have taken place focussing on Directions and data.</p> <p><b>Updated target date:</b> August 2019 (follow up with savings approval March 2020)</p>

# Action plan (continued)

## Follow-up 2017/18 action plan (continued)

Area	Recommendation	Management Response	Responsible person	Target Date	Priority	2018/19 Update
Strategic / Transformational Planning	There should be a clear link between the Board's Strategic Plan and the MTFP to demonstrate what transformational work is to be carried out to achieve long term financial sustainability. A corporate workforce plan needs to be integral to this strategy.	Service change will be aligned with the delivery of Strategic Plan outcomes as part of the development of the MTFP for 2019-22. An approach to workforce planning is emerging, building on the work that the Council and NHS are undertaking, acknowledge that an integrated workforce plan should be developed alongside, however this is likely to take longer to develop.	Chief Finance and Transformation Officer	March 2019 (integrated workforce plan TBC)	High	<i>Partially implemented:</i> The MTFP will be refreshed during 2019/20 and a Workforce Plan to be presented to the Board in May 2019.
	A change management programme should then be put in place, with appropriate tools and templates to allow the IJB to demonstrate that the benefits are being achieved.	A consistent approach to project and change management is in place and Transformation Board recently established to ensure governance and accountability.				<p><b>Updated management response:</b></p> <p>Service change proposals for 2019-20 were aligned to the SP priorities. The Workforce Plan is to be presented to the IJB in May 2019. The MTFP will be refreshed over the coming months, plan to present to IJB in August to commence formal planning for 2020-22 budget proposals. The Change Management Programme is monitored via the Transformation Board. The Change Team support has been reviewed. Meetings with the approved lead, change team planning managers, finance lead takes place in March 2019 to agree timescales, milestones and savings trajectories.</p> <p><b>Updated target date:</b> August 2019</p>

# Action plan (continued)

## Follow-up 2017/18 action plan (continued)

Area	Recommendation	Management Response	Responsible person	Target Date	Priority	2018/19 Update
Openness and Transparency	Whilst decision making is transparent and subject to scrutiny and challenge, we recommend that the IJB consider how performance information could be made more publicly available on the IJB's website. This would improve levels of openness and transparency.	The Annual Performance Report is published each year. The Performance and Audit Committee receive quarterly reports on performance, however these are not publicly available as the Performance and Audit Committee papers are not published. The IJB are not currently able to publish these due to NHS information which is not currently in the public domain. Consideration will be given to elements of the performance and audit information which could be more openly shared and published to further support and approach to openness and transparency.	Chief Officer / Chief Finance and Transformation Officer	December 2018	Low	<p><i>Not implemented:</i> Performance information is yet to be made publicly available.</p> <p><b>Updated management response:</b> The key points from PAC meetings will be highlighted at the IJB in due course and agreed measures that link across statutory reporting and other plans that the HSCP input to will be publicised as a matter of course e.g. Council Plan updates, LOIP, MSG objective setting, CLAS, CP and Justice statutory returns, APR, etc. Further specific updates stemming from the monitoring of the change programme works will be presented to the IJB as required. Statutory information is currently in the public domain as is the council plan, LOIP and MSG objectives to date. Again, any significant changes to these that the HSCP feed into will be highlighted to the IJB at future meetings. PAC ToR updated to reflect a requirement for the minutes of PAC meetings to be taken to the IJB for information.</p> <p><b>Updated target date:</b> September 2019</p>



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# Introduction

## Sharing our research, informed perspective and best practice

As part of our “added value” to the audit process, we are sharing our research, informed perspectives and best practice from our work across the wider public sector. In particular, we have included the following within this report:

### **1. Keeping pace? Government’s technology transformation – Research** (pages 4-6)

Technology is a key driver for public sector transformation, making government departments more effective and public services accessible for those who rely on them.

Snapshot research with 815 civil servants has identified their views on the role and adoption of technologies, skills and training, as well as confidence levels in dealing with cyber-attacks. Whilst the results tell us that there is an appreciation of the impact and risks of technology developments, and progress is underway, the public sector appears to be struggling to keep pace.

### **2. Best practice case study** (pages 7-9)

We have provided some case study data where Deloitte have been involved in transformational work within England.

### **4. Deloitte Perspective** (page 10)

We have shared our perspectives and insights which are informed through our daily engagement with companies large and small, across all industries and in the private and public sectors.

### **5. National reports** (pages 11 – 14)

We have summarised the recommendations and proposals from recent Audit Scotland and the Ministerial Strategic Group’s review on progress with integration which should be considered by the IJB as part of the ongoing development of the Partnership.



# Keeping Pace?

## Government's technology transformation

Technology is a key driver for public sector transformation, making government departments more effective and public services accessible for those who rely on them.

Snapshot research with 815 civil servants has identified their views on the role and adoption of technologies, skills and training, as well as confidence levels in dealing with cyber-attacks. Whilst the results tell us that there is an appreciation of the impact and risks of technology developments, and progress is underway, the public sector appears to be struggling to keep pace.

Area	Survey results	Action
Role of technology in government	<p>Respondents were asked which technologies have the most potential to impact on their department and on service delivery. Transformation of existing IT (88 per cent), cyber security (81 per cent) and data analytics (73 per cent) were the top three for greatest effect on the department. For service delivery, online interaction with citizens and cyber security were joint first (72 per cent), followed by transformation of existing IT (63 per cent) and mobile technology (60 per cent).</p> <p>On the other hand, digital currencies, blockchain, Internet and augmented reality are viewed as the least likely to impact either department operations or service delivery. These new technologies may have the power to revolutionise how we do things, however, our survey suggests that while IT professionals in the public sector are aware of them, they perceive them to be well down the list of priorities.</p> <p>But is there a need for the public sector to be at the 'leading edge' or at least be 'faster followers'? Transforming existing IT, the clear priority for survey respondents, and a focus of existing investment is arguably more likely to generate service improvements for citizens and drive savings internally.</p> <p>Equally the use of advanced data analytics to drive better insights for example, is now well established and delivering real benefits for many public sector organisations.</p>	<p>It will be important of course for public sector CIOs to keep a 'watching brief' on new technology. Technology that was new one year can become mainstream the next as functionality matures and the price point reduces.</p>

# Keeping Pace? (continued)

## Government's technology transformation (continued)

Area	Survey results	Action
Adoption of technology	<p>When asked which technologies they had explored for adoption, respondents highlighted those which might be considered more 'mainstream': transformation of IT (78 per cent), cyber security (64 per cent), cloud computing (59 per cent), mobile technology (56 per cent) and data analytics (54 per cent).</p> <p>Interestingly, while 72 per cent felt that online interaction with citizens had potential for the greatest impact on service delivery, only 46 per cent have explored the area for adoption.</p> <p>It's a well-worn stereotype that people working within the public sector believe they are behind the private sector in many areas. Our survey backs up this perception in relation to the adoption of new technologies; whilst 35 per cent felt they were behind others in the public sector, 64 per cent felt they were behind private sector organisations.</p> <p>Barriers highlighted include lack of budget (82 per cent), perceived cost (74 per cent) and 'fear of failure' culture (42 per cent).</p>	<p>The key lessons from our experience that helps accelerate technology adoption:</p> <ul style="list-style-type: none"> <li>• Develop a coherent business case that clearly describes the benefits from the investment. This can help achieve buy-in and ensure the project is appropriately prioritised.</li> <li>• Have a clear Digital Strategy that supports the delivery of the business strategy: leadership and direction are at the core of driving successful technology adoption.</li> <li>• Involve citizens and service users in the design and delivery of new technology. This is critical for realising benefits and delivering 'fit for purpose' solutions.</li> <li>• Work closely with procurement teams to encourage technology innovation and accelerate the procurement process.</li> </ul>
Cyber Security	<p>The survey was conducted approximately one month after one of the biggest cyber-attacks ever within the UK public sector with the WannaCry attack on the NHS.</p> <p>The survey presents a conflicting message in the response to questions of cyber security.</p> <p>When asked which technology developments have the greatest potential to impact on the department and service delivery, cyber security was flagged by 81 per cent and 71 per cent respectively. This shows a significant realisation of the real and present threat and potential for impact.</p> <p>However almost half (44 per cent) are not sure or do not have confidence in their organisation's ability to withstand a cyber-attack. Interestingly the more senior civil servants are, the more likely they are to express confidence. This could be due to the senior group having more visibility of what the department is doing organisation-wide to reduce the risk of cyber-attack, or it could be down to this group having less awareness of the risks and exposure that exists.</p> <p>The survey showed that 56 per cent were confident which could be attributed to an increased awareness amongst users, strengthening of cyber security policy across government and more stringent compliance requirements e.g. GDPR and NIS Directive.</p>	<p>It is clear that the public sector understands the importance of strong and robust cyber security technology.</p> <p>We would encourage organisations to adopt a holistic approach to cyber security including people, processes and technology, and use the clear interest in cyber security to promote awareness amongst staff.</p>

# Keeping Pace? (continued)

## Government's technology transformation (continued)

Area	Survey results	Action
Skills and training	<p><b>Skills</b> Digital skills gaps provide a barrier to adoption according to 68 per cent of respondents. For many CIOs, figuring out the answer as to where to invest in skills can be challenging. The IT industry is constantly morphing with skills that were readily available a month ago being in short supply today. There is a clear move within the public sector towards user-centred design and data analytics, and it is perhaps not surprising that these figure large in terms of skills gaps in the survey.</p> <p>In our experience an added complication is the disparity in salaries between IT staff in the public and private sector. There is a fear factor of training people up only for them to get a better paid job elsewhere.</p> <p>Beyond the IT team, digital skills for the entire workforce need to be considered and addressed. One respondent suggested that there is a need for a standardised set of digital skills for all staff while another pointed to the need for more structured programmes to support upskilling.</p> <p>Investment in skills, for both the IT team and wider workforce, needs to be linked to the organisation's IT Strategy. Once an organisation has established what it wants to achieve, it can then establish a plan, including the volume and type of skills required. This will typically be a mix of in-house and outsourced resource dependent upon the nature of the project.</p> <p><b>Training</b> 'On the job' training continues to be the most important means through which civil servants acquire the digital skills they need to perform their job effectively (64 per cent).</p> <p>Given the pervasiveness of technology in the workplace and at home, a potential working assumption is that all staff have, or will acquire on the job, the digital skills they need. This a potentially dangerous assumption. There are still many people within the workplace who are uncomfortable with technology. If they have not been given the right support and training, the risk is that they will become less effective in the workplace and the benefits of the organisation's investment in technology will not be fully realised.</p>	<ul style="list-style-type: none"> <li>• Involve HR professionals in skills analysis, including the digital skills required for the entire workforce as well as the more specific skills for the IT team. The principles behind training needs analysis are still as relevant as they ever were: identifying people's current skill levels and any gaps is crucial to IT benefits delivery.</li> <li>• Embed a structured training programme based on the skills analysis.</li> <li>• Consider partnerships with universities, local employers and trusted suppliers. Some of the skills needed in the public sector can be accessed in small bites. For example, skills necessary with particular new technologies do not require long-term continuity of resource. External resources can deliver pace, capability and, with larger suppliers, an element of risk transfer that justifies the higher cost in the short and medium term.</li> <li>• In-house academies and training programmes can be used to upskill the existing workforce. Well-designed programmes can have a big impact on culture and levels of buy-in. Delivering programmes or partial programmes via e-learning will be time efficient and help to keep skills up-to-date</li> </ul>

# Best practice case studies

Our teams have worked with a number of English Council to support them through transformation programmes. We have set out on pages 8 and 9 two specific case studies that formed part of this work, including how they have applied demand management to transform services, and the outcomes achieved which are relevant to the Health and Social Care Partnership.

- **New Adult Services front door** – this increased contact centre capabilities and resolution at the first point of contact.
- **Re-defining the care offer within its Social Care service** - this included planning and delivering targeted reviews of care packages, re-defining the care offer and rolling out strength based approaches as well as a new contact model.

# Best practice case studies (continued)

## Council– New Adult Services front door

### Overview

In 2015, an English Council embarked on a £100m efficiency programme. Adult Social Care directorate was expected to contribute £43.1m to this target, approximately 15% of their operating budget. This is in the context of an ageing population with increasing social care needs, workforce pressures and a complex provider marketplace.

### The challenge

To improve demand management at the 'front door'. This is needed to reduce pressures on front line operational teams through an enhanced contact centre function and a new digital service.

### What we did

We set up a project team that combined experienced operating model practitioners from Deloitte with Adult Services staff to bring deep operational expertise:

- As part of a department wide operating model the team defined a channel strategy that described how Adult Services would interact with customers and professionals.
- We worked with the leadership team to agree an agile approach to developing a new contact and assessment team to shift operational activity to the phone channel.
- Starting with a high level design of the contact centre, the team worked through three test cycles to design and implement: new processes; changes to internal policy around information management and financial delegation; an organisation structure with new capabilities; enhanced management information; and a transparent governance structure.
- The team collaborated with digital developers to design a new digital service to improve customers' access to information and advice and transform the processes that describe how they interact with Adult Services.

### Outcomes

The bespoke digital service and contact centre:

- Increased the contact centre resolution rate from 30% to 70%; and
- Reduced the cost to serve customers by 25%.

Adult Services have been able to make a compelling business case for investing in the contact centre to deliver longer term savings across their front line teams.

# Best practice case studies (continued)

## Council – Re-defining the care offer

### Overview

The Council was facing a significant funding gap, which was challenging the future sustainability of the Council. This was in the context of an aging population and increased demand for adult social care services.

### The challenge

To identify and deliver a number of change initiatives across Adult Services to reduce spend and better manage projected increased demand. As part of this there was a need to address inconsistency in social work practice and inequity of care packages.

### What we did

**Re-defined the care offer:** jointly with staff we developed a strengths based, tiered model to promote a consistent approach among social care practitioners. The approach promotes reablement and considers alternative creative approaches to meeting need which draws on a person's natural support.

A framework was developed to guide staff in their practice and we then delivered training and communications to upskill staff and promote the new approach. This was supported by a benefits tracking system to monitor progress across the service and to address variance between teams.

**Targeted reviews:** through a diagnostic of the social care data, we prioritised a number of service user reviews (adults and children with disabilities). We worked with the Council to put in place a dedicated team and support them to undertake strengths based reviews which included preparing and delivering an induction programme; putting in place a benefits tracking system; and undertaking regular reporting and team meetings to discuss progress and unblock issues.

**New front door:** We supported the Council to put in place a new approach for managing demand at the front door, redesigning the customer journey including the promotion of digital channels. We redesigned processes and increased the skills and delegated authorities of call handlers in the contact centre to improve resolution at the first point of contact.

### Outcomes

The Council had a savings target for the whole council that they asked us to help them jointly achieve of £10.5m over 2 years. We helped them deliver £15.5m over 3 years. £9m of this was from adult and children with disabilities services and the remaining on procurement initiatives (see other case study).

# Deloitte perspectives

## Talking Public Sector: Our podcast series on government and public services

Our podcast explores the big challenges facing the public sector, how citizens want the public services to be run and what the future holds by drawing on expert opinion and exclusive research. Aimed at anyone who works in or with the public sector, this podcast brings together leaders from government and the public services, industry experts and commentators to provide an insights on the big issues facing public bodies in the UK and around the world.

Listen and subscribe to Talking Public Sector:

<https://www2.deloitte.com/uk/en/pages/public-sector/articles/talking-public-sector.html>

## Tech Trend 2019: A Government and Public Services Perspective

Our recently published 10<sup>th</sup> edition of the Tech Trends report reflects on a decade of disruptive change and demystifies the future of digital transformation. The story of technology trends is inseparable from the story of the public sector.

Technology can help make government more effective by protecting and maintaining infrastructure, creating more personalised and secure citizen interactions, or automating tasks so workers can focus on more value-added jobs.

As leaders work to reshape their organisations and realise these possibilities, they rely on fresh, relevant insights. We are delighted to share [our perspective](#) which provides a UK Government and Public Services lens on Deloitte's *Technology Trends 2019: Beyond the digital frontier*.

<https://www2.deloitte.com/uk/en/pages/public-sector/articles/public-sector-tech-trends.html>

## Digital government: It's all about the people *a view from Government and Public Sector Lead Partner, Rebecca George*

Deloitte has published our third Digital Disruption Index. Based on a survey of the UK's most senior digital leaders from both private and public sectors, the index explores levels of digital maturity in their organisations. The results reinforce my belief that the defining factor in getting digital right is not the technology – which of course needs to deliver – but is people: the people who lead digital transformation and the people with the skills to make it happen.

Read Rebecca's full view at:

<https://www2.deloitte.com/uk/en/pages/public-sector/articles/digital-government-all-about-people.html>

The Digital Disruption Index is available online:

<https://www2.deloitte.com/content/campaigns/uk/digital-disruption/digital-disruption/digital-disruption-index.html>

**One of the key insights is around Artificial Intelligence (AI)** which is increasingly a strategic priority. After Cloud, Cyber-security and Data analytics – three foundational digital pillars – respondents to our survey rated AI as the most important technology to their digital strategy.

The use of advanced data science, whether explicitly AI or a combination of AI, Robotic & cognitive automation (RCA) and Data analytics, is at the centre of much current debate about ethics and the societal impact of digital technology. A significant number of senior leaders seem unaware of these ethical considerations. We believe that what is unethical in the real world is unethical in the digital world, and we explore how organisations are able to make AI decision-making as transparent as human decision-making.

**We have recently been engaged with NHS Lothian where we have gone live, as part of a data gathering and piloting phase, with two unattended and six attended robots. These are helping clinicians to triage referrals quicker and are also automating the invoice raising process in the finance department.**

# Health and social care integration

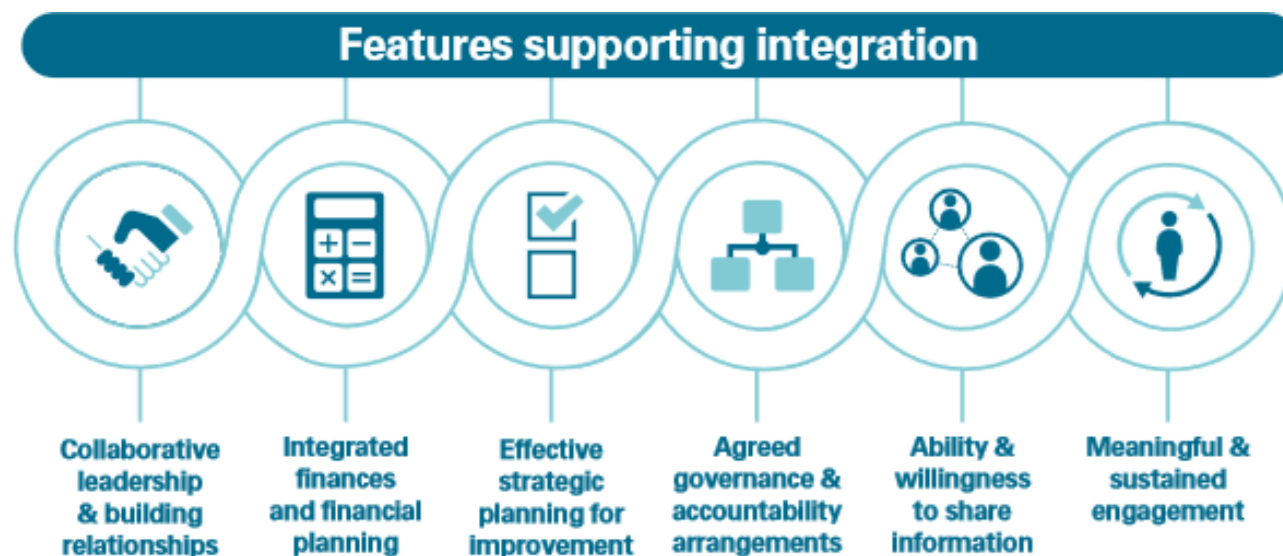
## Audit Scotland and the Ministerial Strategic Group have both reviewed progress with integration

### Overview

Audit Scotland issued its latest progress report on Health and Social Care Integration in November 2018 as part of its health and social care series. It reported that while some improvements have been made to the delivery of health and social care services, Integration Authorities (IA), Councils and NHS Boards need to show a stronger commitment to collaborative working to achieve the real long-term benefits of an integrated system. While some progress was noted, the remaining challenges are significant. It found that success will depend on long term integrated financial planning and stable and effective leadership. All bodies involved (being IAs, Councils, NHS Boards, the Scottish Government and COSLA) need to tackle these issues as a matter of urgency in order to transform the way services are provided for Scotland's ageing population.

The Ministerial Strategic Group (MSG) issued its progress review in February 2019. The report referred to evidence emerging of good progress in local systems and referred to Audit Scotland's report which highlighted a series of challenges that need to be addressed. The pace and effectiveness of integration need to increase.

Both reports highlighted six areas must be addressed if integration is to make a meaningful difference to people in Scotland.



### Next steps

The IJB, in partnership with the NHS and the Council consider how these issues identified in these reports will be addressed as part of the development of the Partnerships.



# Health and social care integration (continued)

Audit Scotland and the Ministerial Strategic Group have both reviewed progress with integration (continued)

Key findings	Audit Scotland conclusion	Audit Scotland recommendations (for IJBs)	MSG proposals
<b>Collaboration leadership and building relationships</b>	A lack of collaborative leadership and cultural differences are affecting the pace of change	<p>No specific recommendations for IJBs. The Scottish Government and COSLA should:</p> <ul style="list-style-type: none"> <li>• Ensure that there is appropriate leadership capacity in place to support integration</li> <li>• Increase opportunities for joint leadership development across the health and social care system to help leaders to work more collaboratively.</li> </ul>	<ul style="list-style-type: none"> <li>• All leadership development will be focused on shared and collaborative practice.</li> <li>• Relationships and collaborative working between partners must improve.</li> <li>• Relationships and partnership working with the third and independent sector must improve.</li> </ul>
<b>Integrated finances and financial planning</b>	Longer term, integrated financial planning is needed to deliver sustainable service reform.	<p>The Scottish Government, COSLA, Councils, NHS Boards and IA's should work together to:</p> <ul style="list-style-type: none"> <li>• Support integrated financial management by developing a longer-term and more integrated approach to financial planning at both a national and local level. All partners should have greater flexibility in planning and investing over the medium to longer term to achieve the aim of delivering more community based care.</li> </ul> <p>IAs, Councils and NHS bodies should work together to:</p> <ul style="list-style-type: none"> <li>• View their finances as a collective resource for health and social care to provide the best possible outcomes for people who need support.</li> </ul>	<ul style="list-style-type: none"> <li>• Health Boards, Local Authorities and IJBs should have a joint understanding of their respective financial positions as they relate to integration.</li> <li>• Delegated budgets for IJBs must be agreed timeously.</li> <li>• Delegated hospital budgets and set aside requirements must be fully implemented.</li> <li>• Each IJB must develop a transparent and prudent reserves policy.</li> <li>• Statutory partners must ensure appropriate support is provided to IJB S95 Officers.</li> <li>• IJBs must be empowered to use the totality of resources at their disposal to better meet the needs of their local populations.</li> </ul>

# Health and social care integration (continued)

Audit Scotland and the Ministerial Strategic Group have both reviewed progress with integration (continued)

Key findings	Audit Scotland conclusion	Audit Scotland recommendations (for IJBs)	MSG proposals
<b>Effective strategic planning for improvement</b>	Good strategic planning is key to integrating and improving health and social care services	<p>IA's, Councils and NHS Boards should work together to:</p> <ul style="list-style-type: none"> <li>• Ensure operational plans, including workforce, IT and organisational change plans across the system, are clearly aligned to the strategic priorities of the IA</li> <li>• Monitor and report on the Best Value in line with the Public Bodies (Joint Working) (Scotland) Act 2014.</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory partners must ensure that Chief Officers are effectively supported and empowered to act on behalf of the IJB.</li> <li>• Improved strategic inspection of health and social care is developed to better reflect integration.</li> <li>• National improvement bodies must work more collaboratively and deliver the improvement support partnerships require to make integration work.</li> <li>• Improved strategic planning and commissioning arrangements must be put in place.</li> <li>• Improved capacity for strategic commissioning of delegated hospital services must be in place.</li> </ul>
<b>Agreed governance &amp; accountability arrangements</b>	It is critical that governance and accountability arrangements are made to work locally.	<p>The Scottish Government, COSLA, Councils, NHS Boards and IAs should work together to:</p> <ul style="list-style-type: none"> <li>• Agree local responsibility and accountability arrangements where there is disagreement over interpretation of the Public Bodies (Joint Working) (Scotland) Act 2014 and its underpinning principles. Scenario or examples of how the Act should be implemented should be used which are specific to local concerns. There is sufficient scope within existing legislation to allow this to happen.</li> </ul>	<ul style="list-style-type: none"> <li>• The understanding of accountabilities and responsibilities between statutory partners must improve.</li> <li>• Accountability processes across statutory partners will be streamlined</li> <li>• IJB chairs must be better supported to facilitate well run Boards capable of making effective decisions on a collective basis</li> <li>• Clear directions must be provided by IJBs to Health Boards and Local Authorities</li> <li>• Effective, coherent and joined up clinical and care governance arrangements must be in place.</li> </ul>

# Health and social care integration (continued)

Audit Scotland and the Ministerial Strategic Group have both reviewed progress with integration (continued)

Key findings	Audit Scotland conclusion	Audit Scotland recommendations (for IJBs)	MSG proposals
<b>Ability &amp; willingness to share information</b>	IAs are using data to varying degrees to help plan and implement changes to services but there are still gaps in key areas.	<p>The Scottish Government, COSLA, Councils, NHS Boards and IAs should work together to:</p> <ul style="list-style-type: none"> <li>• Share learning from successful integration approaches across Scotland.</li> <li>• Address data and information sharing issues, recognising that in some cases national solutions may be needed.</li> <li>• Review and improve the data and intelligence needed to inform integration and to demonstrate improved outcomes in the future. They should also ensure mechanisms are in place to collect and report on this data publicly.</li> </ul>	<ul style="list-style-type: none"> <li>• IJB annual performance reports will be benchmarked by Chief Officers to allow them to better understand their local performance data.</li> <li>• Identifying and implementing good practice will be systematically undertaken by all partnerships.</li> <li>• A framework for community based health and social care integrated services will be developed.</li> </ul>
<b>Meaningful &amp; sustained engagement</b>	Meaningful and sustained engagement will inform service planning and ensure impact can be measured.	<p>IAs, Councils and NHS Boards should work together to:</p> <ul style="list-style-type: none"> <li>• Continue to improve the way that local communities are involved in planning and implementing any changes to how health and care services are accessed and delivered.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective approaches for community engagement and participation must be put in place for integration.</li> <li>• Improved understanding of effective working relationships with carers, people using services and local communities is required.</li> <li>• We will support carers and representatives of people using services better to enable their full involvement in integration.</li> </ul>



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