
NORTH AYRSHIRE COUNCIL

24 January 2023

Cabinet

Title: Revenue Budget 2022/23 : Financial Performance to 30 November 2022

Purpose: To advise Cabinet of the financial performance for the Council at 30 November 2022.

Recommendation: That Cabinet agrees to:

- (a) note the information and financial projections outlined in the report;
- (b) approve the earmarking of £0.023m identified at 2.5 to meet future year commitments;
- (c) note the latest financial projection for the Health and Social Care Partnership highlighted at 2.6;
- (d) note the current projected deficit position of KA Leisure; and
- (e) approve the virements detailed in Appendix 7.

1. Executive Summary

- 1.1 The General Services Revenue Estimates for 2022/23 were approved by Council on 2 March 2022. The Housing Revenue Account (HRA) Revenue Budget for 2022/23 was approved by Council on 16 February 2022.
- 1.2 As part of the monitoring procedures to keep the Cabinet informed of the financial performance of the Council, financial performance reports are presented on a regular basis. This is the third report for 2022/23 and covers the period to the end of November 2022 (Period 8). Projections have been made to the year-end.
- 1.3 At Period 8 the General Fund is forecasting a net in-year underspend of (£0.048m) after transferring resources to/from earmarked reserves.
- 1.4 The Housing Revenue Account is forecasting a net in-year underspend of (£0.817m), (1.5%).

- 1.5 At the end of October 2022, the Health and Social Care Partnership is projecting a year-end underspend of (£0.077m), (0.0%), for 2022/23, an increase of £0.026m from the previously reported position. The Council services element is reporting a projected overspend of £0.129m, which is a movement of £0.421m from the previously reported underspend. This has been offset by a projected underspend in relation to the Health services element of (£0.206m), which is an improvement of (£0.447m) over the same period.
- 1.6 KA Leisure has indicated a projected trading deficit of £0.280m for 2022/23. It is anticipated that the additional financial support to KA Leisure will be drawn from previously approved earmarked funds.
- 1.7 Significant risks to the reported position have been identified arising from inflationary pressures in relation to energy costs and essential commodities, including food and vehicle fuel, and the ongoing negotiations in relation to 2022/23 pay settlement for teachers. These pressures are likely to be offset in the short term by reductions arising from the current industrial action by teacher unions. However, the full impact of this will continue to be assessed and quantified. The net impact of these in terms of the utilisation of Council reserves and knock on effect on future budget gaps will continue to be monitored and reported to Cabinet as appropriate.

2. Background

General Fund

- 2.1 The Council set a breakeven budget for 2022/23. In addition to the budget approved on 2 March 2022, earmarked funds of £31.875m were carried forward from 2021/22 for service expenditure in 2022/23 and are reflected in the figures within the 2022/23 financial performance reports as they are drawn down.
- 2.2 Current financial projections indicate that a net in-year underspend of (£0.048m), net of transfers to/from reserves, is anticipated for the year to 31 March 2023.

2.3 Details of the current financial projections are summarised in the following table:

	Appendix No	Annual Budget £000's	Projection to 31 March 2023 £000's	Projected Variance for year (Fav)/Adv £000's	Projected Variance @ Period 6 (Fav)/Adv £000's	Movement £000's	Note
Service Expenditure							
Chief Executives	1	19,423	19,379	(44)	(49)	5	
Communities	2	172,547	170,425	(2,122)	(1,915)	(207)	(i)
Place	3	51,799	54,645	2,846	2,653	193	(ii)
Other Corporate Services	4	34,319	31,245	(3,074)	(3,030)	(44)	(iii)
Sub Total		278,088	275,694	(2,394)	(2,341)	(53)	
Health and Social Care Partnership	8	118,871	118,871	-	-	-	2.6
Balance for Services		396,959	394,565	(2,394)	(2,341)	(53)	
Financing Charges	5	12,272	12,272	-	-	-	
Contribution to Loans Fund Reserve	5	3,661	3,661	-	-	-	
Total Planned Expenditure		412,892	410,498	(2,394)	(2,341)	(53)	
Planned Income							
Aggregate External Finance	5	(346,101)	(346,101)	-	-	-	
Council Tax	5	(62,005)	(61,960)	45	63	(18)	
Use of Earmarked Funds	5	(4,786)	(4,786)	-	-	-	
Total Planned Income		(412,892)	(412,847)	45	63	(18)	
Net Expenditure/ (Income)		-	(2,349)	(2,349)	(2,278)	(71)	
Carried Forward Funds		-	2,301	2,301	2,278	23	
Revised Net Expenditure/(Income)		-	(48)	(48)	-	(48)	

2.4 The reported Planned Income includes a number of adjustments to Scottish Government funding from that included in the approved budget, as detailed in the following table:

	General Revenue Grant £000's	Non Domestic Rates £000's	Specific Grants £000's	TOTAL AEF £000's
Planned Income				
Approved Budget 30 September 2022	(282,462)	(37,575)	(21,259)	(341,296)
Movements:				
22/23 Pay Award	(3,744)			(3,744)
Cost of Living Award Funding	(910)			(910)
Green Growth Accelerator	(26)			(26)
Music Tuition Charging	(27)			(27)
Scottish Disability Assistance support	(98)			(98)
Revised Planned Income	(287,267)	(37,575)	(21,259)	(346,101)

2.5 Commentary on Significant Movements from the Approved Budget

The Council's overall financial forecast against the revised budget is a net breakeven position. Although this is consistent with the previously reported position, it includes a number of movements at a service level. A brief explanation of the significant movements from the previous forecasts are outlined as follows:

(i) Communities – underspend of (£2.122m), an increase of (£0.207m) from the previously reported underspend.

The movement since Period 6 is primarily related to:

- Impact of industrial action by Teachers, (£0.278m);
- Vacancy management across services, (£0.152m); and
- Increased net income linked to school meals uptake within Facilities Management, (£0.125m).

These have been partly offset by:

- Increased residential childcare and external day placements, £0.250m; and
- Increased teacher cover projections, £0.141m.

It is requested that the amount previously approved earmarking in relation to the expansion of ELC provision is reduced by (£0.070m) to reflect updated cost projections.

Current employee cost projections will be updated for the implications of the ongoing national teacher pay settlement negotiations and the impact of any further industrial action as these elements are quantified.

(ii) Place – overspend of £2.864m, an increase of £0.193m from the previously reported overspend.

The net movement since Period 6 is primarily related to:

- Additional survey costs incurred in supporting the Education estate review and additional costs for statutory compliance, £0.199m;
- Additional Streetscene costs due to the extension of seasonal worker contracts, £0.196m;
- Revised energy inflation costs arising from street lighting and traffic signals, £0.131m; and
- Increased transport costs related to additional fuel consumption and SPT contract charges, £0.093m.

These have been partly offset by:

- Additional income across services, (£0.154m);
- Vacancy management across services, (£0.104m);
- Improved recycling prices within waste disposal contracts, (£0.079m); and
- Rephased costs associated with Local Development Plan, (£0.060m).

It is requested that a further £0.093m is earmarked to support anticipated additional expenditure during 2023/24, including:

- £0.050m for Local Development Plan; and
- £0.043m in relation to the Rapid Rehousing Transition Plan.

Virements in relation to the realignment of income from other services budgets within Roads, reflecting revised projections, have been included within Appendix 7.

(iii) Other Corporate Items – underspend of (£3.074m), an increase of (£0.044m) from the previously reported underspend.

The movement since Period 6 is primarily related to additional income in relation to the administration of grants, (£0.166m), which has been partly offset by:

- The utilisation of corporate contingencies, £0.071m; and
- Revised projections for Housing Benefit Overpayment Recoveries, £0.059m.

The revised net underspend has been applied to offset the net overspend reported within Place.

Health and Social Care Partnership

- 2.6 A copy of the HSCP financial performance report as at the end of November 2022 is attached at Appendix 8. The report highlights the key challenges and variances for the Partnership.

The key points for Cabinet to note are summarised below:

- The projected outturn is a year-end underspend of (£0.077m) for 2022/23.
- The projected underspend on the Health Services element is (£0.206m) over the same period. This is partly offset by a projected overspend on the Council Services element of £0.129m;
- The main areas of risk identified include:
 - High risk areas of low volume / high-cost services areas e.g. Learning Disability care packages, children's residential placements and complex care packages;
 - Progress with the work to develop set aside arrangements and the risk sharing arrangements agreed as part of this;
 - Ongoing implementation costs of the Scottish Government policy directives;
 - Lead / hosted service arrangements, including managing pressures and reporting this across the 3 IJBs;
 - The impact on Lead Partnership and acute services from decisions taken by other Ayrshire areas;
 - The Covid recovery process and re-mobilisation of services, including the ability to change and improve services following learning from the Covid response;
 - The impact and implementation of the National Care Service;

- The NHS pay award is not settled for 2022-23 and negotiations are ongoing;
- NHS pay award for 2022/23;
- The current extremely high levels of inflation;
- The review of the Care at Home service which commenced in Spring 2022;
- Supported Accommodation - funding has been included in the budget for the new developments but the adequacy of the funding will only be known when the final occupants are agreed;
- Fire dampener compensation – the final level of compensation has still to be agreed and may vary from the £0.306m assumed in the current projection.

The projected position highlights the progress towards financial balance essential to minimise further financial risk to the Council within the context of the current debt of £2.320m. Proposals for the accelerated repayment of this debt during 2022/23 have been included in the Council's Medium Term Financial Plan. This includes the planned earmarking of an additional £0.834m in 2022/23 presented to Cabinet on 29 November 2022 to support this. Further information will be presented to Cabinet during the course of the year.

Risks

- 2.7 Significant risks to the reported position have been identified arising from inflationary pressures in relation to energy costs and essential commodities, including food and vehicle fuel. A total of £1.666m has been drawn down from earmarked reserves to offset the additional inflationary pressures identified across services to 30 September 2022. In June 2022, Cabinet agreed to earmark £1.888m from the 2021/22 underspend to address unbudgeted inflationary pressures arising from the current cost of living crisis. Any further increases beyond current budget provision may impact on future service provision.

Negotiations in relation to the 2022/23 Teachers' pay settlement are still ongoing and any award in excess of that agreed by local government workers may require the utilisation of Council reserves, with a knock on effect on future budget gaps. These pressures are likely to be offset in the short term by reductions arising from the current industrial action by teacher unions. However, the full impact of further industrial action cannot be quantified at this time. The net risks arising from these negotiations will continue to be monitored and reported to Cabinet as appropriate.

Housing Revenue Account

2.8 The Housing Revenue Account budgeted for a breakeven position in 2022/23 and an in-year underspend of (£0.817m), (1.5%), is currently anticipated for the year to 31 March 2023. This is summarised in the following table with further details provided in Appendix 6.

	Annual Budget £000's	Projection to 31 March 2023 £000's	Projected Variance for year (Fav)/Adv £000's	Previous Variance @ Period 6 (Fav)/Adv £000's	Movement £000's	Note
Employee Costs	5,300	5,407	107	202	(95)	(i)
Property Costs	18,857	19,998	1,141	721	420	(ii)
Supplies and Services	451	325	(126)	(135)	9	
Transport and Plant Costs	34	25	(9)	(9)	-	
Administration Costs	1,874	1,765	(109)	(111)	2	
Third Party Payments	2,550	2,748	198	230	(32)	
Transfer Payments	155	155	-	-	-	
Other Expenditure	368	368	-	-	-	
Capital Financing	24,692	22,624	(2,068)	(2,003)	(65)	(iii)
Gross Expenditure	54,281	53,415	(866)	(1,105)	239	
Income	(54,281)	(54,232)	49	161	(112)	(iv)
Net Expenditure	-	(817)	(817)	(944)	127	

2.9 Commentary Significant Movements from the Revised Budget

A brief explanation of the significant movements from the previous forecasts is outlined as follows:

- (i) **Employee Costs – overspend of £0.107m, a reduction of (£0.095m) from the previously reported overspend**
The movement is primarily related to vacancy management across the service.
- (ii) **Property Costs – overspend of £1.141m, an increase of £0.420m from the previously reported overspend**
The movement is primarily related to increased expenditure on Repairs, £0.127m, and Other Property Costs, £0.309m, which is primarily related to additional Council Tax liabilities.
- (iii) **Capital Financing Costs – underspend of (£2.068m), an increase of (£0.065m) from the previously reported underspend**
The underspend is primarily related to reduced loan charges, reflecting rephasing within the HRA capital programme.
- (iv) **Income – underrecovery of £0.049m, a reduction of (£0.112m) from the previously reported underrecovery**
The movement is primarily related to increased recharges to other services.

3. Proposals

3.1 It is proposed that Cabinet agrees to:

- (c) note the information and financial projections outlined in the report;
- (d) approve the earmarking of £0.023m identified at 2.5 to meet future year commitments;
- (c) note the latest financial projection for the Health and Social Care Partnership highlighted at 2.6;
- (d) note the current projected deficit position of KA Leisure; and
- (e) approve the virements detailed in Appendix 7.

4. Implications/Socio-economic Duty

Financial

4.1 General Services

The net projection for the year as at 30 November 2022 is a net underspend of (£0.048m).

Housing Revenue Account

The net projection for the year as at 30 November 2022 is a net underspend of (£0.817m).

Human Resources

4.2 None.

Legal

4.3 None.

Equality/Socio-economic

4.4 None.

Environmental and Sustainability

4.5 None.

Key Priorities

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

Community Wealth Building

4.7 None.

5. Consultation

5.1 Progress as outlined in this report has been approved by Executive Directors.

Mark Boyd
Head of Service (Finance)

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

Background Papers

Revenue Budget 2022/23 : Financial Performance to 30 September 2022 - Cabinet 29
November 2022

CHIEF EXECUTIVES
BUDGETARY CONTROL 2022/23

REPORT FOR THE 8 MONTHS TO 30 NOVEMBER 2022

Objective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Chief Executive					
Chief Executive	193	198	5	3%	
Total for Chief Executive	193	198	5	3%	
Financial Services					
Change Programme	62	62	-	0%	
Audit, Fraud, Safety & Insurance	647	656	9	1%	
Corporate Procurement	971	832	(139)	(14%)	1
Financial Services	1,306	1,306	-	0%	
Revenues	(539)	(506)	33	(6%)	
Transformation	712	722	10	1%	
Total for Financial Services	3,159	3,072	(87)	(3%)	
People & ICT					
Employee Services	894	894	-	0%	
HR & Organisational Development	1,103	1,103	-	0%	
ICT	5,288	5,286	(2)	(0%)	
Business Support	1,259	1,259	-	0%	
Customer Services	3,731	3,731	-	0%	
Total for People & ICT	12,275	12,273	(2)	(0%)	
Democratic Services					
Legal & Licensing	461	534	73	16%	2
Policy, Performance & Elections	473	459	(14)	(3%)	
Communications	463	460	(3)	(1%)	
Civil Contingencies	60	60	-	0%	
Committee Services	554	554	-	0%	
Member Services	1,327	1,339	12	1%	
Ayrshire Support Service	54	54	-	0%	
Information Governance	404	376	(28)	(7%)	
Total for Democratic Services	3,796	3,836	40	1%	
Net Total	19,423	19,379	(44)	(0%)	

Subjective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance
	£000	£000	£000	
Employee Costs	16,363	16,218	(145)	(1%)
Property Costs	67	68	1	1%
Supplies and Services	3,071	3,072	1	0%
Transport and Plant Costs	26	26	-	0%
Administration Costs	1,335	1,349	14	1%
Other Agencies & Bodies	1,945	1,945	-	0%
Transfer Payments	817	817	-	0%
Other Expenditure	-	-	-	-
Capital Financing	-	-	-	-
Gross Expenditure	23,624	23,495	(129)	(1%)
Income	(4,201)	(4,116)	85	(2%)
Net Expenditure	19,423	19,379	(44)	(0%)

CHIEF EXECUTIVES
BUDGETARY CONTROL 2022/23

REPORT FOR THE 8 MONTHS TO 30 NOVEMBER 2022

Budget £000	Projected Variance £000	Variance as % of budget	Section
Note 1			Finance - Corporate Procurement
			Movement : There has been a favourable movement of £0.039m since P6 primarily due to additional vacancy management and increased rebate income
957	(131)	-14%	Employee Costs - An underspend of £0.113m due to vacancy management.
-	(8)		Other minor variances
	(139)		
Note 2			Democratic Services - Legal and Licensing
			Movement : There has been an adverse movement of £0.021m since P6 mainly due to reduced Licensing income.
(717)	76	-11%	Income : Projected under-recovery of £0.076m due to under-recovery in Licensing income based on current and prior year trends.
-	(3)		Other minor variances
	73		

COMMUNITIES**BUDGETARY CONTROL 2022/23****REPORT FOR THE 8 MONTHS TO 30 NOVEMBER 2022**

Objective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Early Years Education	19,761	19,698	(63)	(0%)	1
Primary Education	44,548	44,172	(376)	(1%)	2
Secondary Education	56,130	55,963	(167)	(0%)	3
Additional Support Needs	12,593	12,449	(144)	(1%)	4
Education - Other	4,994	4,413	(581)	(12%)	5
Pupil Equity Fund	5,414	5,414	-	0%	
Facilities Management	16,630	15,839	(791)	(5%)	6
Connected Communities	12,477	12,477	-	0%	7
Net Total	172,547	170,425	(2,122)	(1%)	
Less Proposed Carry Forwards	-	1,196	1,196		
Net Total	172,547	171,621	(926)	(1%)	

Subjective Summary	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance
	£000	£000	£000	
Employee Costs	144,797	142,590	(2,207)	(2%)
Property Costs	1,678	1,804	126	8%
Supplies and Services	23,319	22,905	(414)	(2%)
Transport and Plant Costs	176	212	36	20%
Administration Costs	615	588	(27)	(4%)
Other Agencies & Bodies	13,302	13,410	108	1%
Transfer Payments	580	580	-	0%
Other Expenditure	-	-	-	
Capital Financing	78	78	-	0%
Gross Expenditure	184,545	182,167	(2,378)	(1%)
Income	(11,998)	(11,742)	256	(2%)
Net Expenditure	172,547	170,425	(2,122)	(1%)

COMMUNITIES
BUDGETARY CONTROL 2022/23

REPORT FOR THE 8 MONTHS TO 30 NOVEMBER 2022

Budget £000	Projected Variance £000	Variance as % of budget	Section
Note 1			Early Years Education
			Movement : There has been a favourable movement of £0.038m compared to P6. This is mainly due to employee vacancy management
15,186	(63)	0%	Employee costs: £0.063m due to continuing recruitment gaps and vacancy management across the sector,
	(63)		
Note 2			Primary Education
			Movement : There has been an unfavourable movement of £0.062m compared to P6. This is mainly due to revised projections in increased PPP costs.
42,311	(482)	-1%	Employee Costs : £0.482m underspend in non teaching staff costs of which £0.270m is due to a part year saving for Dining Hall Supervisors who were appointed at the start of this academic year. The remainder is due to recruitment gaps and vacancy management across all other categories of non teaching staff.
2,090	89	4%	Supplies and Services : £0.089m overspend in PPP costs due to pass through utility costs subject to same inflationary pressures as other schools.
80	(28)	-35%	Third Party Payments: an underspend of £0.028m as less overtime required due to streamlined processes
(73)	45	-62%	Income: under recovery of school let income due to school lets not fully operational
			These figures do not include any implications from further industrial action as part of the national dispute over teachers' salaries, nor resultant commitments emerging from any subsequent pay settlement. This information will be reflected in future reports at the appropriate time.
	(376)		
Note 3			Secondary Education
			Movement : There has been a favourable movement of £0.142m compared to P6. This is mainly due to continuing recruitment gaps and vacancy management and revised projections in PPP costs.
42,711	(265)	-1%	Employee Costs : £0.265m underspends in non teaching staff costs due to recruitment gaps and vacancy management across all types of staff.
13,210	83	1%	Supplies and Services : £0.083m overspend in PPP costs due to pass through utility costs subject to same inflationary pressures as other schools.
139	(30)	-22%	Third Party Payments: an underspend of £0.030m as less overtime required due to streamlined processes
(79)	45	-57%	Income: under recovery of school let income due to school lets not fully operational
			These figures do not include any implications from further industrial action as part of the national dispute over teachers' salaries, nor resultant commitments emerging from any subsequent pay settlement. This information will be reflected in future reports at the appropriate time.
	(167)		
Note 4			ASN
			Movement: There has been an unfavourable movement of £0.173m compared to P6, mainly due to increases in both residential (£0.164m) and day placement (£0.086m) costs as additional young persons are accessing these services. This is partially offset by further employee costs underspends of £0.087m due to vacancy management.
10,859	(308)	-3%	Employee costs: £0.077m underspend in teaching costs and a £0.231m underspend in non teaching staff costs across all ASN school and bases provision from recruitment gaps and vacancy management across all categories of non teaching staff. There is an ongoing Supporting Needs review and this is due to be completed later this calendar year.
1,010	(242)	-24%	There is a projected underspend of £0.242m on external day placements as a result of the assessment process currently in place. This enables the children to remain in mainstream establishments or in-authority ASN establishments.
499	377	76%	There is a projected overspend of £0.377m on external specialist residential placements due to the wider impact of the pandemic on the ongoing number of children in residential education. Currently there are 10 children in accommodation. Joint working is ongoing with HSCP to continually assess the care setting for these children in delivering positive outcomes.
-	29		Other minor movements across various budget lines
	(144)		

Budget £000	Projected Variance £000	Variance as % of budget	Section
Note 5			Education Other
			Movement :There has been a favourable movement of £0.137m since P6. This is mainly due to underspends in employee costs as a result of the teachers industrial action to date, partly offset by a projected increased spend in teachers HQ cover costs.
3,893	(334)	-9%	Employee costs: £0.074m underspends across central HQ staff and £0.278m underspend in relation to the 2 days industrial action by teachers during 2022.
1,410	21	1%	Third Party Payments - small overspends across various subscriptions/licences
1,677	(290)	-17%	Income - PPP insurance rebate £0.075m, deductions of £0.200m in excess of budget and £0.015m salaries rec'd from capital
22			Other minor movements across various budget lines
(581)			
Note 6			Facilities Management
			Movement: There has been a favourable movement of £0.125m since period 6 which is primarily in relation to increased school meal uptake.
13,873	(498)	-4%	Employee Costs: Underspend of £0.042m is due to reduced commercial catering activity. There is an underspend of £0.205m due to the reduced uptake of school meals. In addition, there is an underspend of £0.231m due to recruitment issues and reduced overtime and casual costs.
1,079	103	10%	Property Costs: Overspend is primarily in relation to purchasing cleaning materials in response to Covid-19.
4,645	(772)	-17%	Supplies and services: There is a saving of £0.124m in food due to reduced commercial catering. There are further food savings of £0.208m due to reduced school meal uptake. In addition, there is an underspend within Early Years of £0.397m which has arisen due to a lower attendance rate than originally anticipated. There is also a saving of £0.062m within tools and implements due to delayed opening of Moorpark Primary and reduced commercial catering activity.
(3,038)	361	-12%	Income: There is an under-recovery in commercial catering income of £0.589m due to the closure of buildings and Covid-19 restrictions. This is offset against an over-recovery of school meal income of £0.179m and cleaning and janitorial income of £0.049m.
			A marketing campaign is being rolled out to encourage the uptake of school meals across the school estate.
15			Other minor movements
			The Early years expansion is linked to specific grant funding provided by the Scottish Government. It is proposed to reduce the £0.467m previously earmarked by £0.070m to £0.397m. This is to match the current projected underspend to the earmark request.
(791)			
Note 7			Connected Communities
			Movement: There has been no change since P6.
7,319	(258)	-4%	Employee Costs: underspends across all sectors due to vacancy management.
1,285	156	12%	Supplies and Services: anticipated inflationary increase in costs.
4,875	(6)	0%	Third Party Payments: additional support of £0.280m will be required for NALL from the Council. This will come from the use of previously earmarked funds totalling £0.365m which will be used to support the trading deficit position and the renewal programme within NALL.
(1,460)	99	-7%	Income: projected £0.165m under recovery across various sectors as income has not returned to pre covid levels, offset by projected over recovery in Arran Outdoor of £0.030m and Harbour Arts Centre of £0.036m.
-	9		Other minor movements across various budget lines.
-			

PLACE
BUDGETARY CONTROL 2022/23

REPORT FOR THE 8 MONTHS TO 30 NOVEMBER 2022

Objective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Directorate and Support	186	186	-	0%	
Housing and Public Protection					
Building Services	(2,541)	(2,541)	-	0%	1
Property Governance	(9)	(9)	-	0%	
Planning Services	290	230	(60)	(21%)	2
Protective Services	1,460	1,360	(100)	(7%)	3
Other Housing	3,032	2,668	(364)	(12%)	4
Total for Housing and Public Protection	2,232	1,708	(524)	(23%)	
Commercial Services					
Roads	6,364	6,874	510	8%	5
Streetscene	4,701	4,960	259	6%	6
Waste Resources	9,224	9,491	267	3%	7
Total for Commercial Services	20,289	21,325	1,036	5%	
Economic Growth and Regeneration					
Economic Development	4,383	4,358	(25)	(1%)	
Growth & Investment	211	211	-	0%	
Total for Economic Growth and Regeneration	4,594	4,569	(25)	(1%)	
Sustainability, Transport and Corporate Property					
Property Management & Investment	1,442	1,529	87	6%	8
Housing Assets & Investment	(4)	(4)	-	0%	
Property Maintenance	3,372	3,571	199	6%	9
Property Running Costs	4,725	4,743	18	0%	
Energy and Sustainability	5,347	6,512	1,165	22%	10
Internal Transport	9,616	10,506	890	9%	11
Total for Sustainability, Transport and Corporate Property	24,498	26,857	2,359	10%	
Net Total	51,799	54,645	2,846	5%	
Transfer to Earmarked Reserves		146	146		
Net Total	51,799	54,791	2,992		

Subjective Summary	Annual Budget	Projected Year End Outturn	Annual Variance Adverse or (Favourable)	% variance
	£000	£000	£000	
Employee Costs	45,247	45,690	443	1%
Property Costs	21,430	22,853	1,423	7%
Supplies and Services	9,804	10,152	348	4%
Transport and Plant Costs	9,379	10,610	1,231	13%
Administration Costs	798	798	-	0%
Other Agencies & Bodies	19,735	19,058	(677)	(3%)
Transfer Payments	-	-	-	0%
Other Expenditure	182	192	10	5%
Gross Expenditure	106,575	109,353	2,778	3%
Income	(54,776)	(54,708)	68	(0%)
Net Expenditure	51,799	54,645	2,846	5%

PLACE
BUDGETARY CONTROL 2022/23

REPORT FOR THE 8 MONTHS TO 30 NOVEMBER 2022

Budget £000	Projected Variance £000	Variance as % of budget	Section
Note 1			Building Services
			Movement: There has been no movement since P6 however the service are currently managing significant financial challenges.
9,164	(347)	(4%)	Employee costs: An underspend of £0.347m in employee costs due to vacancy management.
5,624	(918)	(16%)	Supplies & Services: An underspend of £0.918m in supplies and services. This is due to an underspend in materials as a result of a change in the composition of the works programme. This underspend is partially offset against the reduction in income shown below.
547	69	13%	Transport costs: An overspend of £0.069m in transport costs due to increased fuel and other transport costs.
2,152	792	37%	Third Party Payments: An overspend in third party payments of £0.792m. This is due to an overspend of £0.750m in payment to contractors and an overspend of £0.042m in Agency costs.
(20,153)	358	(2%)	Income: There is an under recovery of income of £0.358m. This is primarily due to the delay in the door renewal, detection equipment and kitchen programmes.
	46		Other minor movements
-			
Note 2			Planning Services
			Movement : There has been a favourable movement of £0.060m since the last reporting period due to delays in the Local Development Plan moving costs into 23-24.
102	(60)	(59%)	Supplies & Services: An underspend of £0.060m due to plans for the LDP moving costs into 23-24.
			It is requested to earmark £0.050m of the Supplies & Services underspend that relates to the Local Development Plan. This is to cover the phasing of the LDP over the next few years.
	(60)		
Note 3			Protective Services
			Movement : There has been a favourable movement of £0.031m since the last reporting period due to vacancies being filled later within the service.
1,749	(100)	(6%)	Employee Costs: An underspend of £0.100m in staffing costs due to vacancies during the year now filled with the exception of one position and resignations pending.
	(100)		
Note 4			Other Housing
			Movement: There has been a favourable movement of £0.073m since period 6. This is mainly due to a decrease in employee costs across the service, partly offset by a small decrease in income and an increase in property costs, relating mainly to Council Tax payments.
4,466	(443)	(10%)	Employee Costs: Underspend due to vacancy management.
2,590	53	2%	Property Costs: £0.034m of the overspend relates to Council Tax payments. This is for backdated Council Tax from the previous two years, which is due for temporary furnished properties while they were unoccupied for a short period of time between tenants. Further overspend in Temporary Accommodation property rents as additional units have been in use, which is offset by the additional income for these properties.
	26		Other minor movements
			It is requested to earmark £0.043m of the vacancy underspend that relates to the Rapid Rehousing Transition Plan, which is linked to grant funding provided by the Scottish Government. This is in addition to the £0.053m RRTP funding that was requested to be earmarked at period 6.
	(364)		

Budget £000	Projected Variance £000	Variance as % of budget	Section
Note 5			Roads
			Movement: An additional £0.131m energy budget that was included in period 6 has been removed from Roads to show the inflationary impact of the rising energy costs for operating street lighting and traffic signals. The additional budget will be drawn down from contingency at year end.
2,458	236	10%	Supplies and Services: Overspend of £0.132m on street lighting and traffic signal electricity costs, which is due to inflation. Further overspend of £0.104m relates mainly to coated roadstone costs, which have been adversely affected by inflation.
2,526	(45)	(2%)	Third Party Payments: Due to Covid-19 related delays in implementing the Car Parking Charges and Decriminalised Parking Enforcement saving, the £0.125m budget allocated for the introduction will not be used. The roads maintenance budget has been adversely affected by inflationary pressures which is reflected in the overall overspend. There is also a small overspend of £0.050m in unavoidable contractor costs. In addition to this, there is an overspend of £0.025m on Artificial Intelligence software costs related to Asset Management.
(3,092)	273	(9%)	Income: £0.346m under recovery of income relating to the saving for Car Parking Charges and Decriminalised Parking Enforcement, which will not be achieved this year due to delays in the transfer of these powers. This is partly offset with an over recovery in fees and charges in Network.
	46		Other minor movements.
			A budget virement for £0.788m has been included in Appendix 7. This is mainly to increase the income and related expenditure budgets for work carried out for other Council Services.
	510		
Note 6			Streetscene
			Movement : There has been an adverse movement of £0.037m since P6 comprised of increased payroll costs of £0.196m offset by increased income of £0.104m and a reduction in materials of £0.047m
6,690	237	4%	Employee Costs: There is an overspend of £0.237m in employee costs primarily due to extension of seasonal workers to January 2023 £0.182m and turnover not achieved of £0.055m
129	152	118%	Transport Costs: There is an overspend of £0.152m in transport costs primarily due to additional vehicles required for the Covid response and seasonal workers.
(2,888)	(148)	5%	Income: There is an over-recovery of income due to increased internments of £0.104m and £0.036m of income from other departments.
	18		Other minor movements
	259		
Note 7			Waste Services
			Movement : There has been a favourable movement of £0.092m since P6 due to; additional Income from Sale of Vouchers £0.050m and reduced costs on Bulky waste £0.052m and Organic £0.027m, offset by higher costs in Trade Effluent of £0.042m.
4,763	826	17%	Employee Costs: Additional temporary labour remains in place within Waste Operations as the service recovers from the pandemic. Work to review beats taking account of post pandemic waste composition analysis and to balance the burden of new builds is ongoing with Trade Union colleagues resulting in support arrangements being required. In addition there is a high volume of annual leave not taken due to COVID, requiring holiday cover.
413	130	31%	Supplies & Services: Overspend on Trade effluent £0.112m and Refuse containers £0.070m, offset by underspends in Materials £0.051m
6,369	(725)	(11%)	Third Party Payments: Underspend in Payment to contractors of £0.708m largely a result of improved quality of our recycle streams following sustained 'right stuff, right bin' campaigns alongside more competitive recycle prices within our disposal contracts.
201	201	100%	Transport Costs: Overspend of £0.201m due to the new way of working requiring 2 additional hire vehicles plus a long term hire. This is being reviewed in line with the post pandemic review of beats.
(2,930)	(134)	5%	Income: Over-recovery of income due to the recycles market for glass, cans, plastics and paper being favourable to provide income rather than a cost to the council £0.121m.
-	(31)		Other minor movements.
	267		
Note 8			Property Management and Investment
			Movement : There has been no significant movement since P6
2,350	(90)	(4%)	Employee Costs: An underspend of £0.052m due to vacancy management.
(8,653)	119	(1%)	Income: There is an under-recovery of £0.119m in fee income.
-	58		Other minor movements including payment to contractors £0.036m and supplies and services £0.020m
	87		

Budget £000	Projected Variance £000	Variance as % of budget	Section
Note 9			Property Maintenance
			Movement : There has been an unfavourable movement of £0.199m since P6 due to additional survey costs incurred in supporting the Education estate review and additional costs for statutory compliance.
6,733	199	3%	Property Costs : There is an overspend of £0.144m due to external surveying works associated with supporting the Education Estate Review. Statutory Compliance is also reporting an overspend of £0.067m.
	199		
Note 10			Energy and Sustainability
			Movement : There has been no movement since P6
5,374	1,160	22%	Property Costs: Due to the current energy crisis and after drawing down £0.658m from contingencies there is an overspend in property costs of £1.160m due to increased utility cost charges. Electricity is forecast to be £0.070m overspent, gas £0.981m over and biomass £0.109m over. The reported overspends are after the inclusion of budgeted inflation contingencies. The remaining overspend will be offset against the additional inflationary provisions agreed by Council which have been reported within the Other Corporate Items appendix. A review is underway to confirm options available to reduce consumption across our estate further to help mitigate the inflationary pressure. This will be considered in the context of a need for sufficient ventilation in buildings and will also be contingent on temperatures experienced during the winter season
-	5		Other minor movements
	1,165		
Note 10			Internal Transport
			Movement - There has been an unfavourable movement of £0.093m due to a £0.049m increase in fuel costs as a result of higher usage than previously forecasted and £0.043m increase in transport provision costs as SPT contract prices are projected to be higher than initially anticipated.
1,682	43	3%	Employee Costs: There is an overspend of £0.043m due to reduced staff turnover.
4,201	499	12%	Transport Provision Costs: Projected overspend of £0.499m is largely due to direct fuel cost increases and indirect fuel and labour cost increases through our school transport contracts.
1,823	274	15%	Fuel Costs: This projected overspend of £0.274m is due to the increase in fuel prices and the legislative changes restricting the use of rebated gas oil (or 'red diesel' as it is commonly referred to).
467	53	11%	External Hires: Projected overspend of £0.053m due to additional hire vehicles as a result of increased lead time for replacement vehicles.
1,123	50	4%	Repairs & Maintenance: Projected overspend of £0.050m in repairs and maintenance due to price increases and maximising the life of assets due to the increased lead time for replacement vehicles and the shortage of available rental alternatives.
-	(29)		Other minor movements
			The reported overspends are after the inclusion of budgeted inflation contingencies. The remaining fuel price related overspend will be offset against the additional inflationary provisions agreed by Council which have been reported within the Other Corporate Items appendix.
	890		

OTHER CORPORATE ITEMS
BUDGETARY CONTROL 2022/23

REPORT FOR THE 8 MONTHS TO 30 NOVEMBER 2022

Objective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Strathclyde Passenger Transport	2,212	2,188	(24)	(1%)	
SPT Concessionary Fares	286	286	-	0%	
Ayrshire Joint Valuation Board	975	932	(43)	(4%)	
	3,473	3,406	(67)	(2%)	1
Other Corporate Costs					
Pension Costs	1,895	1,895	-	0%	
Central Telephones	310	310	-	0%	
Other Corporate Items (incl Transformation Costs, Bad Debt Provision, External Audit fees and other centrally held funding.)	26,219	23,291	(2,928)	(11%)	2
Housing Benefits	2,422	2,343	(79)	-3%	3
	34,319	31,245	(3,074)	(9%)	
Less Proposed Carry Forwards			959		
Net Total	34,319	31,245	(2,115)	(6%)	

OTHER CORPORATE ITEMS
BUDGETARY CONTROL 2022/23

REPORT FOR THE 8 MONTHS TO 30 NOVEMBER 2022

Budget £000	Projected Variance £000	Variance as % of budget	Section
Note 1			Joint Boards
			There has been movement of £0.021m from Period 6 due to a requisition refund from SPT
3,473	(67)	-2%	There is a projected underspend of £0.067m as annual requisitions confirmed at less than current budget.
	(67)		
Note 2			Other Corporate Items
			There has been a favourable movement of £0.082m since Period 6 due to additional administration grants received from the Scottish Government, partly offset by the utilisation of previously approved CTR budgets to offset increased claims.
26,219	(3,158)	-12%	The projected underspend is primarily related to the drawdown of £1.666m earmarked funds in relation to additional contractual and non contractual energy and fuel costs reported across the services, linked to significant unbudgeted inflationary pressures and the release of £0.552m of earmarked funds in relation to the 2022/23 pay settlement. In addition, centrally held funds of £0.607m are not expected to be fully utilised in year, including additional Scottish Government funding in relation to Core Curriculum Charges, changes to DHP distributions and the administration of grants. Additional corporate income of £0.103m is anticipated in relation to the shared AVC scheme and the purchase of additional annual leave.
			These funds have been applied to offset the overspend reported within Place at Appendix 3.
	(3,158)		
Note 3			Housing Benefit
			There has been movement of £0.059m from Period 6 due to the revised Housing Benefit overpayment recoveries.
2,422	(79)	-3%	Projected underspend of £0.079m due to the provision of Housing Benefits and overpayment recovery.
	(79)		

MISCELLANEOUS ITEMS
BUDGETARY CONTROL 2022/23

REPORT FOR THE 8 MONTHS TO 30 NOVEMBER 2022

Objective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% variance	Note No
	£000	£000	£000		
Financing Charges	12,272	12,272	-	-	
Contribution to Loans Fund Reserve	3,661	3,661	-	-	
Scottish Government Funding	(346,101)	(346,101)	-	-	
Council Tax	(62,005)	(61,960)	45	(0%)	1
Use of Earmarked Funds	(4,786)	(4,786)	-	-	
Net Total	(396,959)	(396,914)	45	(0%)	

Note 1 Council Tax

Movement: There has been a favourable movement of £0.018m since period 6. This is mainly due to increases in the Council Tax base.

In year Council Tax collection performance has continued to return towards pre pandemic levels. However, net collections for prior years is lower than anticipated at this point in the financial year.

HOUSING REVENUE ACCOUNT
BUDGETARY CONTROL 2022/23

REPORT FOR THE 8 MONTHS TO 30 NOVEMBER 2022

	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£	£	£		
Employee Costs	5,300	5,407	107	2%	1
Property Costs					
Responsive Repairs	5,677	6,613	936	16%	
Void Repairs	3,021	3,112	91	3%	
Planned and Cyclical Maintenance	4,957	4,854	(103)	(2%)	
Aids and Adaptions	1,648	1,648	-	0%	
Other property costs	3,554	3,771	217	6%	
Total for Property Costs	18,857	19,998	1,141		2
Supplies & Services	451	325	(126)	(28%)	3
Transport Costs	34	25	(9)	(26%)	
Administration Costs	1,874	1,765	(109)	(6%)	4
Third Party Payments	2,550	2,748	198	8%	5
Transfer Payments	155	155	-	0%	
Other Expenditure	368	368	-	0%	
Capital Financing Costs	24,692	22,624	(2,068)	(8%)	6
Gross Expenditure	54,281	53,415	(866)	(2%)	
Income					
Council House Rents	(53,310)	(52,967)	343	(1%)	
Other Rents	(326)	(388)	(62)	19%	
Recharges	(499)	(679)	(180)	36%	
Other Income	(146)	(198)	(52)	36%	
Transfer from HRA Reserves	-	-	-	0%	
Total Income	(54,281)	(54,232)	49	(0%)	7
Net Expenditure	-	(817)	(817)		

HRA
BUDGETARY CONTROL 2022/23

REPORT FOR THE 8 MONTHS TO 30 NOVEMBER 2022

Budget £000	Variance £000	Variance as % of budget	Section
Note 1			Employee costs
			Movement - There has been a favourable movement of £0.095m since Period 6 due to vacancy management.
5,300	107	2%	An overspend in employee costs of £0.107m. This is due to an increased projection in the salary uplift.
107			
Note 2			Property Costs
			Movement - an adverse movement of £0.420m since Period 6. This is due to an increase of £0.027m in Responsive Repairs, £0.100m in Void Repairs and £0.309m in Other Property Costs primarily due to £0.206m in Council Tax payments and £0.041m in void rent loss, offset by a reduction of £0.016m in Planned and Cyclical
18,857	1,141	6%	An overspend in property costs of £1.141m. This is due to an overspend of £0.935m in Responsive Repairs, partially related to construction inflation, £0.092m in Voids Repairs, and £0.217m in other property costs of which £0.206m relates to increased Council Tax payments and £0.017m in void rent loss, offset by an underspend of £0.103m in Planned and Cyclical Maintenance.
1,141			
Note 3			Supplies & Services
			Movement - an adverse movement of £0.009m since Period 6.
451	(126)	-28%	An underspend in supplies and services of £0.126m. This is primarily due to underspends of £0.080m in computer equipment and £0.054m in software licences.
(126)			
Note 4			Administration Costs
			Movement - there has been an adverse movement of £0.002m since Period 6.
1,874	(109)	-6%	An underspend in administration costs of £0.109m. This is primarily due to an underspend of £0.105m in legal fees.
(109)			
Note 5			Third Party Payments
			Movement - there has been a favourable movement of £0.032m since Period 6. This is due to a reduction of £0.020m in Housing Asset and Investment recharges and £0.012m in ASB Tenance & Support charges.
2,550	198	8%	An overspend in third party payments of £0.198m. This is due to an overspend of £0.236m in the Housing Asset and Investment recharges partially offset by an underspend of £0.038m in the ASB & Tenancy support charges.
198			
Note 6			Capital Financing Costs
			Movement - a favourable movement of £0.065m since P6 due to further rephasing of the capital programme.
24,692	(2,068)	-8%	There is an underspend in capital financing costs of £2.068m due to reduced loan charges. This is due to the reduced levels of expenditure currently being experienced in the HRA Capital budget
(2,068)			
Note 7			Income
			Movement - a favourable movement of £0.112m since Period 6. This is due to an increase of £0.136m in recharges offset by a reduction of £0.024m in other income.
(54,281)	49	0%	An under recovery in income of £0.049m. This is due to an under recovery of £0.342m in Council House Rents partially offset by an over recovery of £0.061m in Other Rents, £0.180m in Recharges and £0.052m in Other Income.
49			

HRA reserves and balances	B/fwd from 2021/22	Transfer to / from Reserves	Use of Earmarked sums	Earmarking of in year surplus	Funding of Capital Projects	Projected Balance at 31/03/23
	£m	£m	£m	£m	£m	£m
Council House Building Fund	5.280	-	-	-	(1.151)	4.129
Welfare Reform	1.500	-	-	-	-	1.500
Sustainability Fund	5.000	-	-	-	-	5.000
Voids - non programmed works	1.558	-	-	-	-	1.558
Software Licences	0.123	-	-	-	-	0.123
Contingency Balance	0.781	-	-	0.817	-	1.598
Infrastructure Improvements	0.416	-	-	-	-	0.416
Major Refurbishment Works	0.052	-	-	-	-	0.052
Tenant led balance	0.636	-	-	-	-	0.636
Electrical Testing	0.270	-	-	-	-	0.270
	15.616	-	-	0.817	(1.151)	15.282

Budget Management - 30 November 2022

Virement/Budget Adjustment Requests

	Perm (P) / Temp(T)	2022/23	
		Virement £m	Directorate Total £m
1) Budget Virements			
Place			
Roads Network - Third Party Payments	T	0.758	
Roads Network - Supplies and Services	T	0.030	
Roads Network - Income	T	-0.788	
			0.000



Integration Joint Board 15th December 2022

Subject: **2022-23 – Month 7 Financial Performance**

Purpose: To provide an overview of the IJB's financial performance as at Month 7 (October) including an update on the estimated financial impact of the Covid-19 response.

Recommendation: It is recommended that the IJB:

- (a) notes the overall integrated financial performance report for the financial year 2022-23 and the current overall projected year-end underspend of £0.077m;
- (b) notes the progress with delivery of agreed savings;
- (c) notes the remaining financial risks for 2022-23, including the impact of remaining Covid-19 estimates and costs; and
- (d) approves the budget reduction which is detailed at paragraph 2.11.

Glossary of Terms	
NHS AA	NHS Ayrshire and Arran
HSCP	Health and Social Care Partnership
MH	Mental Health
CAMHS	Child & Adolescent Mental Health Services
BRAG	Blue, Red, Amber, Green
UNPACS	UNPACS, (UNPlanned Activities) – Extra Contractual Referrals
NRAC	NHS Resource Allocation Committee
GAE	Grant Aided Expenditure
PAC	Performance and Audit Committee
MARAC	Multi Agency Risk Assessment Conference

1.	EXECUTIVE SUMMARY
1.1	The report provides an overview of the financial position for the Partnership and outlines the projected year-end outturn position informed by the projected expenditure and income commitments; these have been prepared in conjunction with relevant budget holders and services. It should be noted that, although this report refers to the position at the end of October, further work is undertaken following the month end to finalise projections, therefore the projected outturn position is as current and up to date as can practicably be reported.
1.2	The projected outturn is a year-end underspend of £0.077m (0%) for 2022-23. This includes the financial impact of the recently agreed local authority pay award but

	excludes the NHS pay award which has still to be agreed so this is still an unquantified risk.
1.3	From the core projections, overall, the main areas of pressure are learning disability care packages, residential placements for children, supplementary staff in wards and Unplanned Activities (UnPACs) within the lead partnership for mental health.
2.	CURRENT POSITION
2.1	<p>The report includes an overview of the financial position including commitments against the available resource, explanations for the main budget variances and an update on progress in terms of savings delivery.</p> <p>The report also includes detail of the estimated costs and potential financial impact of the Covid-19 response.</p>
	FINANCIAL PERFORMANCE – AT MONTH 7
2.2	<p>At Month 7 against the full-year budget of £282.672m there is a projected year-end underspend of £0.077m (0%). The Integration Scheme outlines that there is an expectation that the IJB takes account of the totality of resources available to balance the budget in year. Following this approach, an integrated view of the financial position should be taken, however it is useful to note that this overall position consists of a projected overspend of £0.129m in social care services and a projected underspend of £0.206m in health services.</p> <p>Appendix A provides the financial overview of the Partnership position. The sections that follow outline the significant variances in service expenditure compared to the approved budgets.</p> <p>The projections for some areas will be subject to fluctuations as they depend on recruitment plans for new funding and also the capacity of providers to take on work.</p>
2.3	Health and Community Care Services
	<p>Against the full-year budget of £80.666m there is a projected overspend of £0.422m (0.5%) which is an adverse swing of £0.092m and the main variances are:</p> <p>a) Care home placements including respite placements (net position after service user contributions and charging order income) are projected to underspend by £1.003m which is a favourable movement of £0.080m.</p> <p>The budgeted number of permanent placements is 778 and at month 7 there are 787 placements. The projection assumes that the current number of placements will continue to increase to 799 placements by the end of the year. Within the projection there is an assumption that recent placements which do not have a completed financial assessment (often due to the pressure to discharge from hospital) are costed with 50% of the cases at the current average cost of a placement and 50% at the gross or interim funded rate. It is likely that there will still be some cases being gross or interim funded at the year end. Their actual cost will not be known until the FA1 financial assessment is completed and this can impact on the final position.</p>

The level of income recovered from charging orders was under recovered in 2021-22 but an online position is assumed at month 7 as the income received to date is in line with the target.

- b) Care at home (in house and purchased) is projected to be £0.004m overspent which is a favourable movement of £0.096m. The position is made up of an underspend in purchased care at home as providers are not always able to accept referrals due to staffing / recruitment issues and an overspend in the in-house service. As there are vacant posts some of the current capacity is being met by existing staff working additional hours and casual staff. Bank staff are being offered contracts and additional staff are being recruited which will replace the need for existing staff to work additional hours.
- c) Community alarms are projected to be £0.096m underspent which is a favourable movement of £0.010m.
- d) Reablement services are projected to be £0.182m underspent which is an adverse movement of £0.005m due to vacancies which are being actively recruited to.
- e) Care at Home Charging Income is projected to under recover by £0.084m (no movement) due to an ongoing shift towards personal care which is non chargeable. This is after applying £0.076m of Covid funding.
- f) Physical Disability Care Packages (including residential and direct payments) - projected overspend of £0.128m in community care packages, £0.170m in direct payments and £0.262m for residential placements. This is an overall adverse movement of £0.025m.
- g) Adaptations are projected to be online based on spend to date.
- h) Anam Cara is projected to overspend by £0.174m which is an adverse movement of £0.019m due to an overspend on employee costs relating to covering vacancies and sickness.
- i) Integrated Island Services is projected to be £0.126m overspent which is a £0.009m adverse movement. The overspend is mainly due to additional accommodation costs for mainland staff working at Montrose House due to local recruitment challenges and adaptation costs to Montrose following the increase to the capacity.
- j) District Nursing is projected to overspend by £0.029m due to an overspend on supplies.
- k) Rehab wards are projected to overspend by £0.212m (Redburn ward £0.310m overspent and Douglas Grant £0.098m underspent), no movement from month 6. The overspend at Redburn is due to cover costs for vacancies as well as supplementary staffing for patients who require one to one support.
- l) Ward 2 is projected to break even which is an adverse movement of £0.040m due to increased drug costs.

2.4	Mental Health Services
	<p>Against the full-year budget of £87.950m there is a projected overspend of £0.740m (0.8%) which is a favourable movement of £0.261m. This excludes any potential variance on the Mental Health Recovery and Renewal Funding where any underspend will be earmarked at the year-end for use in 2023-24. The main variances are:</p> <p>a) Learning Disabilities are projected to overspend by £1.330m and the main variances are:</p> <ul style="list-style-type: none"> • Care Packages (including residential and direct payments) - projected overspend of £0.324m in community care packages, £0.231m in direct payments and £0.512m for residential placements. This is an overall favourable movement of £0.088m. Community Learning Disability Care packages are proving to be one of the most challenging areas to address overspends. The data from CM2000 will be reported back to the service to allow them to see where care has deviated from the planned level and focus reviews to those areas. • Residential Respite is projected to overspend by £0.148m (no movement). The overspend reflects funding the new facility (Roslin House) to full capacity (£0.091m) and increased energy costs (£0.057m). • Agency staffing is projected to overspend by £0.088m due to the use of agency staff during the period of recruiting to full establishment. <p>b) Community Mental Health services are projected to underspend by £0.601m which is mainly due to an underspend of £0.560m in community packages (including direct payments).</p> <p>c) The Lead Partnership for Mental Health is projecting to be £0.039m overspent which is a favourable movement of £0.213m and the main variances are as follows:</p> <ul style="list-style-type: none"> • A projected underspend in Adult Inpatients of £0.066m which is a favourable movement of £0.030m. This is mainly due to overspends in supplementary staff, staff in redeployment and reduced bed sale income which are offset by £0.306m of income in relation to the firestop works. • The UNPACS (Unplanned Activities) budget is projected to overspend by £1.200m (no movement) based on current number of placements remaining until the year end. These placements are for individuals with very specific needs that require a higher level of security and/or care from a staff group with a particular skill set/competence. There are no local NHS secure facilities for women, people with a learning disability or people with neurodevelopmental disorder. This can necessitate an UNPACS placement with a specialist provider which can be out-of-area. The nature of mental health UNPACS spend is that it is almost exclusively on medium or long term complex secure residential placements which are very expensive so a small increase in placements can have a high budgetary impact. Due to the complexity and risk involved, transitions between units or levels of security can take many months. Applications to approve a placement are made to the Associate Medical Director for Mental Health who needs to be satisfied that the placement is appropriate and unavoidable prior to this being agreed.

- A projected overspend in MH Pharmacy of £0.100m (no movement) due to an increase in substitute prescribing costs.
- Learning Disability Services are projected to overspend by £0.275m which is an adverse movement of £0.025m. This is mainly due to high usage of supplementary staffing, cross-charging for a LD patient whose discharge has been delayed and redeployment staffing costs. Supplementary staffing costs relate to backfill for sickness, increase and sustained enhanced observations and vacancies. The enhanced observations are reviewed on a daily basis however, due to the individuals being acutely unwell at present, this level of enhanced observations has been maintained for a lengthy period of time. The projection assumes that we begin cross charging another HSCP for the ongoing costs of the person detailed above where, despite having extensive time to identify an alternative placement there has, as yet been no solution identified.
- Elderly Inpatients are projected to overspend by £0.134m which is a favourable movement of £0.030m mainly due to the reduced use of supplementary staffing.
- The reduction in National Insurance contributions has resulted in a part year saving to the Lead Partnership of £0.148m which is included in the projection.
- The turnover target for vacancy savings for the Lead Partnership is held within the Lead Partnership as this is a Pan-Ayrshire target. There is a projected over-recovery of the vacancy savings target of £1.187m in 2022-23, further information is included in the table below:

Vacancy Savings Target	(£0.481m)
Projected to March 2023	£1.718m
Over/(Under) Achievement	£1.237m

The current projection to the year-end is informed by the recruitment plans and the confidence in recruitment success and realistic timescales for filling individual vacancies.

The areas contributing to this vacancy savings position are noted below:

- Adult Community Health services £0.192m
- CAMHS £0.546m
- Mental Health Admin £0.300m
- Psychiatry £0.100m
- Psychology £0.540m
- Associate Nurse Director £0.040m

2.5 Children and Justice Services

Children's Services

Against the full-year budget of £36.325m there is a projected overspend of £2.501m (6.9%) which is an adverse movement of £0.551m. The main variances are:

- a) Care Experienced Children and Young People is projected to overspend by £2.451m which is an adverse movement of £0.459m. The main areas within this are noted below:

	<ul style="list-style-type: none"> Children's residential placements are projected to overspend by £2.911m prior to Covid funding and projected to overspend by £2.015m after £0.896m of Covid funding. This is an adverse movement of £0.180m. We started 22/23 with 23 placements and there are currently 24 placements. Of these placements two were assumed to be discharged October and two in December but will continue until March 2023, additionally one new place has commenced; we are assuming all current placements are continuing until the end of the year. Fostering placements are projected to underspend by £0.176m (no movement). This is based on the budget for 115 places and 110 actual placements (of which 6 are Covid related and are funded through the Covid-19 funding) since the start of the year. Recruitment of foster carers is an active priority for the team, both to limit the requirement for external foster placements and reduce pressures elsewhere on the service. This is promoted through regular targeted recruitment campaigns, community awareness raising and daily presence on various social media platforms. Our active recruitment strategy is gaining some interest and we are actively pursuing a number of enquiries as a result. Fostering Xtra placements are projected to be on-line after applying £0.086m of Covid funding. The projection is based on the budget for 30 placements and 29 current placements since the start of the year. Private Fostering placements are projected to be £0.047m underspent (no movement) based on the budget for 17 placements and 16 current placements. Kinship placements are projected to underspend by £0.180m which is a favourable movement of £0.030m and this is based on the budget for 376 places and 356 current placements. Adoption placements are projected to overspend by £0.072m (no movement). This is based on the budget for 56 places and 67 actual placements. <p>b) Children with disabilities – residential placements are projected to underspend by £0.173m which is an adverse movement of £0.100m. This is based on an increased number of placements (11) which are expected to continue until the end of the year.</p> <p>c) Residential respite – placements are projected to overspend by £0.405m which is an adverse movement of £0.070m. These short-term placements are used to prevent an admission to full residential care. There is one placement continuing at month 7 but it is expected to cease at the end of November.</p>
2.6	ALLIED HEALTH PROFESSIONALS (AHP)
	AHP services are projected to underspend by £0.122m due to underspends in non-employee costs.
2.7	CHIEF SOCIAL WORK OFFICER
	There is a projected underspend of £0.992m due to a projected underspend in the Carers Strategy funding. There is no movement since month 6.
2.8	MANAGEMENT AND SUPPORT
	Management and Support Services are projected to underspend by £2.855m which is a favourable movement of £0.522m. The main areas of underspend are:

- An over-recovery of payroll turnover of £2.072m for social care services and an over-recovery of payroll turnover of £0.537m for health services as outlined in the table below.
- The reduction in National Insurance contributions has resulted in a part year saving to the Non-Lead Partnership of £0.148m and £0.150m for social care which is included in the projection for Management and Support.
- The additional saving in LD day care employee costs of £0.130m has transferred to the HSCP strategy code to be held as a saving for future years.
- The 2022-23 budget included a budgeted surplus on the social care side offset by a budgeted deficit on the health side of the budget. The net impact is neutral but Appendix A will show this position for each element.

The turnover targets and projected achievement for the financial year for Health and Social Care services out with the Lead Partnership is noted below:

	Social Care	Health Services
Vacancy Savings Target	(2.014m)	(1.183m)
Projected to March 2023	4.086m	1.720m
Over/(Under) Achievement	2.072m	0.537m

The position in the table above reflects the assumption in the current financial projections. For social care, a total of £2.759m (137% of annual target) has been achieved to date. The turnover achieved to date is higher than usual as the 22/23 budget included investment in various areas of staffing and these posts are not fully recruited to yet. The underspend in day care for older people has also been included as payroll turnover in 2022/23 which is a change from 2021/22 when the underspend was held to offset additional care at home costs.

The health vacancy projection to the year-end is based on the month 7 position and is informed by the recruitment plans and confidence in recruitment to posts for the remainder of the year.

The areas contributing to the health and social care vacancy savings are spread across a wide range of services with vacancy savings being achieved in most areas. The main areas at month 7 are:

- Learning Disability £0.430m
- Management and Support £0.359m
- Community Care Service Delivery £0.427m
- Rehab and Reablement £0.298m
- Locality Services £0.266m
- Integrated Island Services £0.256m
- Community Mental Health £0.220m

There have been no intentional plans to pause or delay recruitment and services have actively continued to recruit; in some service areas it has proven difficult to fill posts.

The turnover target for the North Lead Partnership for Mental Health services is detailed within the Lead Partnership information at section 2.4.

2.9	LOCAL AUTHORITY PAY AWARD SHORTFALL																		
	<p>The recently agreed local government pay award was not fully funded. The total cost of the pay award was £4.384m against the budgeted increase of £2.077m. The additional cost of £2.307m will be partially met by additional recurring Scottish Government funding of £1.866m and the gap of £0.441m will be an in-year overspend with the recurring cost being factored into the 23/24 budget.</p> <p>There is also an additional cost in relation to the additional day of leave as some frontline posts will require to be covered during this leave. The estimated cost of this is £0.120m.</p>																		
2.10	Savings Progress																		
	<p>a) The approved 2022-23 budget included £0.683m of savings.</p> <table><tr><th>BRAG Status</th><th>Position at Budget Approval £m</th><th>Position at Month 7 £m</th></tr><tr><td>Red</td><td>-</td><td>0.060</td></tr><tr><td>Amber</td><td>0.060</td><td>-</td></tr><tr><td>Green</td><td>0.623</td><td>-</td></tr><tr><td>Blue</td><td>-</td><td>0.623</td></tr><tr><td>TOTAL</td><td>0.683</td><td>0.683</td></tr></table> <p>b) The main area to note is that red savings of £0.060m relating to adoption allowances will not be achieved but this is accounted for in the projected outturn. The review of allowances is complete, but the benefit will not be realised until future years as the changes will apply to future cases.</p> <p>Appendix B shows the full Transformation Plan for 2022/23 which has been agreed by the Transformation Board; the Board is in place to provide oversight and governance to the programme of service change. A focus of the Board is to ensure plans are in place to deliver savings and service change, with a solution focussed approach to bringing programmes back on track.</p> <p>Not all the service changes on the Transformation Plan have savings attached to them but there is an expectation that they will lead to service improvements. The Plan is critical to the ongoing sustainability and safety of service delivery and to supporting the delivery of financial balance in future.</p> <p>Appendix C provides an overview of those service changes which do have financial savings attached to them and the current BRAG status around the deliverability of each saving.</p>	BRAG Status	Position at Budget Approval £m	Position at Month 7 £m	Red	-	0.060	Amber	0.060	-	Green	0.623	-	Blue	-	0.623	TOTAL	0.683	0.683
BRAG Status	Position at Budget Approval £m	Position at Month 7 £m																	
Red	-	0.060																	
Amber	0.060	-																	
Green	0.623	-																	
Blue	-	0.623																	
TOTAL	0.683	0.683																	
2.11	Budget Changes																		
	<p>The Integration Scheme states that “either party may increase it’s in year payment to the Integration Joint Board. Neither party may reduce the payment in-year to the Integration Joint Board nor Services managed on a Lead Partnership basis.... without the express consent of the Integration Joint Board.”</p>																		

	<p>Appendix D highlights the movement in the overall budget position for the Partnership following the initial approved budget.</p> <p>Reduction Requiring Approval:</p> <p>1) Drug Tariff Reduction 2022-23 £0.320m</p>
2.12	<p>NHS – Set Aside and Pan Ayrshire Services</p> <p><u>Lead Partnerships:</u> The IJB outturn position is adjusted to reflect the impact of Lead Partnership services. The outturn for all Lead Partnership services is shared across the 3 Partnerships on an NRAC basis; this position is currently the default pending further work to develop a framework to report the financial position and risk sharing across the 3 Partnerships in relation to hosted or lead service arrangements, which has been delayed by the requirement to focus efforts on the Covid response.</p> <p>The final outturn in relation to North Lead Partnership services would not be fully attributed to the North IJB as a share would be allocated to East and South Partnerships; similarly, the impact of the outturn on East and South led services will require to be shared with North. At Month 7 the MH lead partnership is projected to overspend by £0.039m (£0.013m NRAC share for East and £0.012m for South). The information reported for South is the month 6 info as they do not report at month 7.</p> <p>East HSCP –the month 6 position is a projected £0.974m underspend of which £0.360m (37%) is attributable to North. The main variances are:</p> <ul style="list-style-type: none"> <p><u>Primary Care and Out of Hours Services (Lead Partnership)</u> There is a projected underspend of £0.824m on the Primary Care Lead Partnership budget and is due largely to projected underspends in Primary Care, Primary Medical Services and Dental services where staffing numbers are running at less than establishment. The projected underspend within Dental services is largely due to reduced staffing costs in Childsmile and within the Dental management team, with both service areas running with vacancies. In addition, there are reduced costs within Primary Care contracting and support, largely due to staffing turnover, as well as projected savings in diabetic retinopathy services and East Ayrshire Community Hospital medical and general pharmaceutical services.</p> <p>These reduced costs are partially offset by additional costs in the GP element of Out of Hours services, as well as additional costs in the overnight nursing service. These elements of additional cost result in a projected overspend of £0.217m, with work ongoing to address, as far as possible, over the course of the 2022/23 financial year. Ayrshire Urgent Care Services costs related to the Covid-19 pandemic are recharged against the Local Mobilisation Plan (Community Clinical Hub). As highlighted previously in this report, projected costs for 2022/23 require to be reduced as far as possible, with a recovery plan, to ensure costs can be contained within budget going forward.</p> <p><u>Prison and Police Healthcare (Lead Partnership)</u> The £0.150m projected underspend at month 7 is largely due to net staffing savings. Medical contracts at both Prison and Police have reduced and is contributing to the projected underspend. These contracts have been renegotiated with 2021/22 being the first year of the new contract for Prison and Police</p>

	<p>Custody. A review of the prison service is being undertaken and it is anticipated that surplus funds will go towards improving staffing levels within the prison.</p> <ul style="list-style-type: none"> • <u>Other Lead Services</u> <p>The £0.100m projected outturn is online with budget and relates to anticipated charges for services from Marie Curie. All three Ayrshire IJBs approved additional funding of £0.004m on a non-recurring basis as part of their 2022/23 budgets to increase the overall budget from the £0.088m baseline. This additional funding is required to offset identified cost pressures and to meet service demands from 1 April this year. The non-recurring nature of the approved uplift reflects that a service review is to be undertaken in 2022/23.</p> <p>South HSCP – projected overspend of £0.143m of which £0.053m will be allocated to North. The overspend is mainly due to an overspend in the community store and continence service offset by vacancies in the Family Nurse Partnership.</p> <p>Set Aside: - an approach has yet to be decided on for 22/23, which may be used as a “shadow year” for using current year activity. This will depend on how representative the activity is felt to be. By default, inflation will be applied to the 2021/22 budget. The annual budget for Acute Services is £379.3m. The directorate is overspent by £8.2m, caused by increasing overspends on agency medical and nursing staff, together with increasing drug expenditure. These have been required due to the level of operational pressure being experienced, in common with many other areas in Scotland.</p> <p>There is a material underlying deficit caused by:</p> <ul style="list-style-type: none"> • Unachieved efficiency savings • High expenditure on medical and nursing agency staff, high rates of absence and vacancies causing service pressure • High numbers of delayed discharges and high acuity of patients. <p>The IJBs and the Health Board work closely in partnership to maintain service and improve performance.</p>
2.13	<p>FINANCIAL RISKS</p>
	<p>There are a number of ongoing financial risk areas that may impact on the 2022-23 budget during the year, these include:</p> <ul style="list-style-type: none"> • High risk areas of low volume / high-cost services areas e.g. Learning Disability care packages, children’s residential placements and complex care packages. • Progress with the work to develop set aside arrangements and the risk sharing arrangements agreed as part of this • Ongoing implementation costs of the Scottish Government policy directives • Lead / hosted service arrangements, including managing pressures and reporting this across the 3 IJBs • The impact on Lead Partnership and acute services from decisions taken by other Ayrshire areas • The Covid recovery process and re-mobilisation of services, including the ability to change and improve services following learning from the Covid response • The impact and implementation of the National Care Service. • The NHS pay award is not settled for 2022-23 and negotiations are ongoing.

- The current extremely high levels of inflation
- The review of the Care at Home service which commenced in Spring 2022
- Supported Accommodation - funding has been included in the budget for the new developments but the adequacy of the funding will only be known when the final occupants are agreed.
- Fire dampener compensation – the final level of compensation has still to be agreed and may vary from the £0.306m assumed in the current projection.

These risks will be monitored during 2022-23 and the financial impact reported through the budget monitoring report.

2.14 COVID-19 – FINANCE MOBILISATION PLAN IMPACT

Summary of position

From the outset of the pandemic the HSCP acted very swiftly to respond and developed a mobilisation plan detailing the additional activities to support our response, alongside the estimated financial impact. Financial returns were submitted to the Scottish Government on a regular basis during 2020-21 and 2021-22, on the premise that any additional costs aligned to mobilisation plans would be fully funded. This process will continue during 2022-23 with returns moving from quarterly to monthly. Covid funding of £13.321m was carried forward from 2021-22 for use in services delegated to the Partnership during 2022-23 and the costs outlined below will be met from this funding. Any unused funding, based on the projected spend in the month 6 return, will be reclaimed by the Scottish Government and redistributed to Health Boards for Covid-related costs in non-delegated services.

2.15 Mobilisation Plan and Funding Position

The initial month 3 mobilisation plan cost submission was submitted in July and estimated the costs to be £4.067m to March 2023. The changes since month 3 are summarised in the table below with the main area being payments to providers to reflect the payments made to date and the extension of part of the scheme to 31st March 2023. The costs remain estimates as the situation continually evolves there will be a further update submitted each month.

The local finance mobilisation plan submission is included as Appendix E. The main areas of cost are summarised below:

Service Area	Initial Month 3 Return £m	Month 4 Return £m	Month 5 Return £m	Months 6 and 7 Return £m
Payments to Providers	1.100	1.100	1.953	2.143
PPE	0.418	0.418	0.419	0.326
Additional Staff	1.317	1.317	1.315	1.318
Loss of Income	0.246	0.246	0.246	0.210
Children & Families	0.957	0.957	0.957	1.107
Other Areas	0.029	0.029	0.015	0.015
TOTAL	4.067	4.067	4.905	5.119

Based on the projected spend, it is anticipated that £8.202m will be reclaimed by Scottish Government. IJBs have been advised by Government that a year-end reconciliation and balancing adjustment will be carried out in the event that too much or too little funding has been retained by IJBs.

2.16 **Provider Sustainability Payments and Care Home Occupancy Payments**

COSLA Leaders and Scottish Government have agreed an approach to supporting the social care sector to ensure that reasonable additional costs will be met. We have been making payments to commissioned social care providers in line with the agreed national principles for sustainability and remobilisation payments to social care providers during COVID 19.

Care Home Occupancy Payments - The Scottish Government ceased these payments at the end of October 2021 but exceptions were made following the Omicron outbreak and limited payments were made to eligible care homes. Meetings are being held with each care home to discuss ongoing sustainability and to provide support.

Sustainability payments – the most recent guidance issued on 22nd June reduces the scope of what providers can claim for. The main costs that can be claimed relate to testing and vaccination and this is extended to 31st March 2023. The Social Care Staff Support Fund was also extended to 31st March 2023 (previously to 30th September 2022).

The sustainability payments are estimated to be a significant cost in our mobilisation plan and the timely submission and assessment of claims is key to ensuring we can accurately estimate the financial cost and ensure the costs are reclaimed from the Scottish Government. The breakdown of payments made in 2022-23 up to 31st October 2022 are shown in the tables below:

PROVIDER SUMMARY	NCHC Care Homes	Other	Total
Total Number of Providers	17	49	66
Number contacting NAC	16	11	27
Providers Supported to date	16	11	27

OUTSTANDING CLAIMS	NCHC Care Homes	Other	Total
Total Number of Claims	-	4	4
Value of Claims	-	156,720	156,720

SUPPORT PROVIDED	NCHC Care Homes	Other Services	TOTAL
	£	£	£
Occupancy Payments	81,650	0	81,650
Staffing	631,342	191,215	822,556

PPE, Infection Control	181,778	47,994	229,772
Other	74,075	7,894	81,969
TOTAL	968,845	247,102	1,215,947

2.17 RESERVES

The IJB reserves position is summarised in the table below with full detail given in Appendix F.

The 'free' general fund balance of £7.248m is held as a contingency balance, this equates to around 2.5% of the IJB budget for 2021-22 which is above the lower target level of 2% and does demonstrate significant progress towards establishing a contingency reserve of between 2% and 4%.

£1.486m is held by the Council to support a further repayment of debt at the end of 2022-23 and this is not reflected in the financial projection. The Council and Partnership are currently exploring options to clear the full debt by the end of the current financial year.

	General Fund Reserves		Earmarked Reserves			Total
	Debt to NAC	Free GF	SG Funding	Non-SG Funding £m	HSCP	
	£m	£m	£m	£m	£m	£m
Opening Balance - 1 April 2022	(2.321)	7.248	23.106	0.699	0.500	29.232

3. PROPOSALS

3.1 Anticipated Outcomes

Continuing to closely monitor the financial position will allow the IJB to take corrective action where required to ensure the Partnership can deliver services in 2022-23 from within the available resource, thereby limiting the financial risk to the funding partners.

The estimated costs and funding in relation to the Covid-19 response also require to be closely monitored to ensure that the IJB can plan for the impact of this and to ensure that the IJB is in the position to re-claim funding to compensate for the additional costs.

3.2 Measuring Impact

Ongoing updates to the financial position will be reported to the IJB throughout 2022-23.

4.	IMPLICATIONS
Financial:	The financial implications are as outlined in the report. Against the full-year budget of £282.672m there is a projected underspend of £0.077m. The report outlines the main variances for individual services.
Human Resources:	The report highlights vacancy or turnover savings achieved to date. Services will review any staffing establishment plans and recruitment in line with normal practice when implementing service change and reviews as per agreement with the IJB, there is no intention to sustain this level of staffing capacity reduction on a recurring or planned basis.
Legal:	None
Equality:	None
Children and Young People	None
Environmental & Sustainability:	None
Key Priorities:	None
Risk Implications:	<p>Para 2.13 highlights the financial risks.</p> <p>The report falls in line with the agreed risk appetite statement which is a low-risk appetite in respect to adherence to standing financial instructions, financial controls and financial statutory duties and a high-risk appetite in relation to finance and value for money.</p>
Community Benefits:	None

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

5.	CONSULTATION
5.1	<p>This report has been produced in consultation with relevant budget holders and the Partnership Senior Management Team.</p> <p>The IJB financial monitoring report is shared with the NHS Ayrshire and Arran Director of Finance and North Ayrshire Council's Head of Finance after the report has been finalised for the IJB.</p>
6.	CONCLUSION
6.1	<p>It is recommended that the IJB:</p> <p>(a) notes the overall integrated financial performance report for the financial year 2022-23, the overall projected year-end underspend of £0.077m;</p> <p>(b) notes the progress with delivery of agreed savings;</p> <p>(c) notes the remaining financial risks for 2022-23;</p>

	(d) approves the budget reduction which is detailed at para 2.11.
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For more information please contact:

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Eleanor Currie, Principal Manager – Finance at eleanorcurrie@north-ayrshire.gov.uk**

2022-23 Budget Monitoring Report–Objective Summary as at 31st October 2022

Appendix A

Partnership Budget - Objective Summary	2022/23 Budget										
	Council			Health			TOTAL				
	Budget	Outturn	Over/ (Under) Spend Variance	Budget	Outturn	Over/ (Under) Spend Variance	Budget	Outturn	Over/ (Under) Spend Variance	Over/ (Under) Spend Variance at Period 6	Movement in projected variance from Period 6
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COMMUNITY CARE AND HEALTH	64,242	64,174	(68)	16,424	16,914	490	80,666	81,088	422	330	92
: Locality Services	27,764	27,473	(291)	5,250	5,350	100	33,014	32,823	(191)	(203)	12
: Community Care Service Delivery	31,489	31,399	(90)	0	0	0	31,489	31,399	(90)	(97)	7
: Rehabilitation and Reablement	1,849	1,846	(3)	0	0	0	1,849	1,846	(3)	(7)	4
: Long Term Conditions	925	1,118	193	9,083	9,473	390	10,008	10,591	583	522	61
: Community Link Workers	184	181	(3)	0	0	0	184	181	(3)	(2)	(1)
: Integrated Island Services	2,031	2,157	126	2,091	2,091	0	4,122	4,248	126	117	9
MENTAL HEALTH SERVICES	30,968	31,759	791	56,982	56,931	(51)	87,950	88,690	740	1,001	(261)
: Learning Disabilities	21,482	22,812	1,330	482	482	0	21,964	23,294	1,330	1,325	5
: Community Mental Health	5,780	5,239	(541)	1,649	1,589	(60)	7,429	6,828	(601)	(518)	(83)
: Addictions	3,706	3,708	2	1,658	1,628	(30)	5,364	5,336	(28)	(58)	30
: Lead Partnership Mental Health NHS Area Wide	0	0	0	53,193	53,232	39	53,193	53,232	39	252	(213)
CHILDREN & JUSTICE SERVICES	32,355	34,856	2,501	3,970	3,970	0	36,325	38,826	2,501	1,950	551
: Irvine, Kilwinning and Three Towns	3,082	3,124	42	0	0	0	3,082	3,124	42	7	35
: Garnock Valley, North Coast and Arran	2,106	2,077	(29)	0	0	0	2,106	2,077	(29)	(33)	4
: Intervention Services	1,753	1,768	15	340	340	0	2,093	2,108	15	(19)	34
: Care Experienced Children & Young people	21,674	24,125	2,451	0	0	0	21,674	24,125	2,451	1,992	459
: Head of Service - Children & Families	1,191	1,215	24	0	0	0	1,191	1,215	24	9	15
: Justice Services	2,385	2,385	0	0	0	0	2,385	2,385	0	(3)	3
: Universal Early Years	164	162	(2)	3,195	3,195	0	3,359	3,357	(2)	(3)	1
: Lead Partnership NHS Children's Services	0	0	0	435	435	0	435	435	0	0	0
CHIEF SOCIAL WORK OFFICER	2,552	1,560	(992)	0	0	0	2,552	1,560	(992)	(986)	(6)
PRIMARY CARE	0	0	0	49,330	49,330	0	49,330	49,330	0	0	0
ALLIED HEALTH PROFESSIONALS			0	8,801	8,679	(122)	8,801	8,679	(122)	(124)	2
COVID NHS	0	0	0	806	806	0	806	806	0	0	0
MANAGEMENT AND SUPPORT COSTS	13,924	11,260	(2,664)	2,318	2,127	(191)	16,242	13,387	(2,855)	(2,333)	(522)
LOCAL AUTHORITY PAY AWARD SHORTFALL	0	561	561	0	0	0	0	561	561	441	120
OUTTURN ON A MANAGED BASIS	144,041	144,170	129	138,631	138,757	126	282,672	282,927	255	279	(24)
Return Hosted Over/Underspends East	0	0	0	0	(13)	(13)	0	(13)	(13)	(82)	69
Return Hosted Over/Underspends South	0	0	0	0	(12)	(12)	0	(12)	(12)	(78)	66
Receive Hosted Over/Underspends South	0	0	0	0	53	53	0	53	53	53	0
Receive Hosted Over/Underspends East	0	0	0	0	(360)	(360)	0	(360)	(360)	(223)	(137)
OUTTURN ON AN IJB BASIS	144,041	144,170	129	138,631	138,425	(206)	282,672	282,595	(77)	(51)	(26)

2022-23 Transformation Plan

Appendix B

Savings reference number	Project	Project Description	Deliverability Status	Saving/ Investment	Approved Saving 2022/23 £	Investment	Saving Delivered at Month 7 £	Projected Saving	Projected Shortfall 22/23 £
Children, Families and Justice Services									
SP/HSCP/20/1	Children and Young People - External Residential Placements	Monitor and review all placements with a view to reducing the overspend.	Amber	Saving			-	-	
SP/HSCP/20/4	Adoption Allowances	Monitor Adoption Allowances. With a view to reduce the overspend	Red	Saving	59,535		-	-	59,535
SP/HSCP/20/19	Fostering - reduce external placements.	Monitor Fostering Placements with a view to reduce the overspend	Red	Saving			-	-	
	Transport review	Review of costs relating to taxi utilisation and implementation of new electronic form. Aim to reduce transport budget in council. Links in with David Hammonds Transformation Project.	Red	Saving					
	Grow internal fostering capacity	Review capacity of existing foster carers with a view of increasing existing capacity	Amber	Cost neutral					
NACSTA4030	Fostering Short Breaks	Develop an inhouse short break service to replace the commissioned service provided by Cornerstone.	Amber	Saving			-	-	-
Mental Health and LD									
	Transformation of CAMHS - CAMHS Specification	CAMHS have reviewed and updated referral guidance to align with the CAMHS National Specification. Some risks identified in order to facilitate the continued changes are accommodation, and recruitment of clinical staff.	Amber	Investment		1,091,463			
	Transformation of CAMHS - CAMHS Age 25	CAMHS are developing specific pathways to provide care and support up to the age of 25 where appropriate e.g. Eating Disorders, Neuro, Personality Disorders, Early Psychosis.	Amber	Investment		623,402			
	Transformation of CAMHS - CAMHS Waiting List	Two external providers have been procured to support Neuro waiting for assessment (Purple House)	Amber	Investment		311,701			

Savings reference number	Project	Project Description	Deliverability Status	Saving/ Investment	Approved Saving 2022/23 £	Investment	Saving Delivered at Month 7 £	Projected Saving	Projected Shortfall 22/23 £
	Transformation of CAMHS - CAMHS Psyc Waiting List	Clinical Director & Senior Manager agreed plan in order to reduce access to Psychiatry. In addition to this, 3 non-medical prescribers have been trained and are prescribing for ADHD clinics.	Amber	Investment		366,707			
	Transformation of CAMHS - Out of Hours Unscheduled Care	Recruitment and implementation of a new service to provide support to children and young people on an unscheduled basis. CAMHS are being commissioned by Paediatrics to deliver this service via Scottish Government funds.	Amber	Investment		86,294			
	Transformation of CAMHS - CAMHS Intensive Home Treatment	Recruitment is ongoing. Accommodation required to house team together. Ongoing development of policies and procedures for team in alignment with partners agencies	Amber	Investment		14,752			
	Transformation of CAMHS - CAMHS Liaison		Amber	Investment		129,073			
	Primary Care Mental Health investment	Creation of a business case to deliver Mental Health to Primary Care over the next 4 years. Allocation of funds will be incrementally increased over the duration of the next four years. North leading for Ayrshire.	Green	Investment		261,159			
	Continued review of models of care at Woodland View	A particular focus on rehabilitation models of care for MH building on learning from Warrix Avenue. Development of a business case for ARBD is also underway. A test of change for ward 7B will be reported through this workstream.	Amber						
	Implementation of MAT standards	Programme of work to set up the systems required to report on Medical Assisted Treatment standards for Addictions. The programme will be run on a pan ayrshire basis led by North. The national direction was for this to be led by Public Health but they have not started any recruitment so North will take forward in the meantime.	Green	Investment					
	Complex Care Model - Independent living change fund	Recruit the Intensive Support Team agreed through this fund and monitor progress of assessments of out of area placements. A dynamic register should be developed and maintained which will feed into national data.	Amber	Investment		513,000			
	ACORN business model	Mental Health Rehabilitation service needing help to transition to a social enterprise. Now incorporated within Caring for Ayrshire.	Red	Saving	-		-	-	-
	Implementation of Trakcare Patient Management System in Community Services	Implementation of new information recording system for NHS to report on 18 weeks RTT. This will include development of new processes and transfer of data from current system to the new one. This will allow for better recording of clinical activity and inform future DCAQ work. Adult community mental health will go live first followed by other community teams currently utilising Access databases. A Pan	Green	Cost neutral					
	Implementation of Unscheduled Care	Part of the national redesign of urgent care work. The aim of the mental health project is to deliver an integrated system to support mental health and wellbeing by utilising existing mental health services and enhancing their pathways for unscheduled mental health presentations.	Green	Investment					

Savings reference number	Project	Project Description	Deliverability Status	Saving/ Investment	Approved Saving 2022/23 £	Investment	Saving Delivered at Month 7 £	Projected Saving	Projected Shortfall 22/23 £
Health and Community Care									
	TEC Solutions	To appoint a temporary 'Project Manager' post, who will oversee the procurement and installation of	Green	Investment		50,000		-	-
	Analogue to Digital	Funding received for a Project Manager to manage the process of moving all services users from analogue to digital technology.	Amber	Investment		996,000			
SP/HSCP/20/17	Care at Home - Service Review	This project will incorporate the review of the care at home job role and any implications for service as a	Amber	Investment				-	-
	Hospital Team Model		Green						
	Arran Integrated Services model	Continue to work towards an Integrated Hub on Arran building on the frailty work and developing a single point of contact for all health and social care services. It is anticipated there will be a substantial amount of investment required and a business case will be developed.	Green						
	Primary Care Investment Fund	Remodel how we deliver primary care locally, ensuring that multi-disciplinary teams are available in each medical practice across North Ayrshire. This will help ensure that when needed local people will get the right care and support they need	Green	Investment					
	HSCP MDT - Community Health & Care	Implement HSCP MDTs across each of the localities to support GP practices and HSCP service coordinate care for those with the most complex needs. This approach will replace Older People Local Operational Teams.'							
	Develop Care at Home - Minimum data set	Scope all current recording processes for data and look to consolidate a dataset that can be used for all reporting needs.		Cost neutral					
	AHP Whole System redesign	exercise; to better understand the distribution and contribution of AHPs in health and care in North Ayrshire, to support future workforce planning that maximises this contribution for the benefit of the people of North	Amber						
	Interim Beds	To utilise a one-off lump sum, provided by the Scottish Government, to provide interim beds, for a maximum of 6 weeks, for clients who will have an onward move to permanent care.	Green						

Savings reference number	Project	Project Description	Deliverability Status	Saving/ Investment	Approved Saving 2022/23 £	Investment	Saving Delivered at Month 7 £	Projected Saving	Projected Shortfall 22/23 £
Partnership Wide									
	Supported acc models - NAC housing/ Sleepover/ outreach model	Continue working with third sector providers to implement supported accommodation models in the	Green	Saving				-	-
	SDS Review	Engage with all stakeholders to look at how we encourage a more innovative and person centred approach to SDS. Implement an SDS Review Learning Board to help progress.							
	Carers Review	Develop a resource release model for allocation of funds for carers as well as implement a short break service.	Amber	Saving			-	-	-
	Adult Complex Care Model - Call Monitoring	Review of call monitoring system for provision of adult community supports. This will include evaluation of current provision and development of a specification for future tender as the current contract is due to expire.							
	Implementation of Eclipse information system	Implementation of new information recording system for social care to replace Care First. This will include development of new protocols and transfer of data from current system to the new one.							
	Money matters and GP Practice Welfare Rights service	Facilitate the introduction of a money advise service available within GP practices.		Investment		78,000			
	Payroll Turnover Inflation	Monitor slippage through staff turnover with a view to meeting the savings target.		Saving	301,201		301,201	-	-
	Business Support Review (linked to Care at home review)	Scope and review the remit of the business support unit and how it could be adapted to the benefit of all HSCP teams.							
	North Elderly Mental Health inpatients (lead partnership)	Agree the spend going forward for the recurring savings achieved through bed retraction from Ailsa.		Saving	321,000		321,000	-	-
	HSCP Challenge Fund - invest to save	Monitoring of all projects approved through the Challenge Fund with a focus on invest to save ideas.							
	Transitions	Improve transition pathways from Childrens to Adult services as well as into older adults in order to improve outcomes for service users.							
	Caring for Ayrshire	The focus for Caring for Ayrshire is to bring a greater proportion of health provision into local communities. The Caring for Ayrshire work will ensure local GP practices are fit for purpose and have the capacity to host multi-disciplinary teams and meet local health and care needs.		Investment					
	Advocacy Strategy	Refresh of Advocacy strategy with a view to incorporating both adult and childrens services.		Cost neutral					

2022-23 Savings Tracker

Appendix C

North Ayrshire Health and Social Care Partnership
2022/23 Savings

Savings ref number	Description	Deliverability Status at budget setting	Approved Saving 2021/22 £m	Deliverability Status Month 7	Saving Delivered @ Month 7 £m	Projected to Deliver during Year £m	Projected Shortfall £m	Comment
1	Adoption Allowances	Amber	0.060	Red	-	0.060	-	Currently projecting an overspend.
TOTAL SOCIAL CARE SAVINGS			0.060		0.000	0.060	0.000	

Savings ref number	Description	Deliverability Status at budget setting	Approved Saving 2021/22 £m	Deliverability Status Month 7	Saving Delivered @ Month 7 £m	Projected to Deliver during Year £m	Projected Shortfall £m	Comment
2	Payroll Turnover Inflation	Green	0.302	Blue	0.302		-	Achieved
3	Elderly Mental Health inpatients (lead partnership)	Green	0.321	Blue	0.321	-	-	Achieved
TOTAL HEALTH SAVINGS			0.623		0.623	0.000	0.000	
TOTAL NORTH HSCP SAVINGS			0.683		0.623	0.060	0.000	

2022-23 Budget Reconciliation

Appendix D

COUNCIL	Period	Permanent or Temporary	£'m
Initial Approved Budget			116.017
Base budget adjustments	1		(0.046)
Uploaded Budget			115.971
Resource Transfer	1	P	26.228
Software Licences transfer to IT	3	P	(0.002)
Montrose Cleaning Post to Facilities Management	3	P	(0.014)
Software Licences transfer to IT	4	P	(0.003)
Summer of Play Funding from Education	5	T	0.056
Insurance – transfer to corporate	6	P	(0.075)
Software Licences transfer to IT	6	P	(0.006)
MARAC funding	6	T	0.009
Pay Award Funding	7	P	1.866
Commercial Waste - Corporate adjustment	7	P	0.013
Roundings			(0.002)
Budget Reported at Month 7			144.041

HEALTH	Period	Permanent or Temporary	£'m
Initial Approved Budget			163.988
Resource Transfer			(26.228)
Month 10-12 Adjustments			22.401
Adjust for Non-recurring funding			(22.408)
Full Year effect of Part Year Reductions			0.128
REVISED 22-23 BUDGET			137.881
Training Grade Adj – April	1	P	(0.064)
Vire No 2 - East to North CAMHS Admin	1	P	0.099
Band 2-4 SG Funding reduction	1	P	(0.007)
AHP Clinical Admin Budget Transfer	2	P	0.048
Dean Funding to Partnerships	2	P	0.085
Prescribing Uplift	2	P	1.631
Prescribing Cres	2	P	(0.715)
Prescribing out non schedule 5	2	P	(0.429)
Scottish Huntington's Post	3	P	0.014
Daldorch Income Shortfall	3	P	0.045
Community Store Contributions	3	P	(0.006)
Iona/Lewis Patient to South	3	T	(0.046)
Marie Curie contract uplift	3	P	(0.004)
Trakcare/Huntington's/ Daldorch	3	P	0.086
Staff Wellbeing Posts from OH&RD	4	P	0.193
Top Slicing Posts- Prescribing	4	P	(0.071)

Admin Post transferred to Medical Records	4	T	(0.034)
Naloxone for Police Scotland	4	T	0.026
Dean Funding	5	P	0.095
Rx Top Slicing to Pharmacy	5	P	(0.008)
Uplift DOAC (Direct Oral Anticoagulant) Rebate	5	P	0.06
Uplift CRES to Primary Care Rebate Scheme	5	P	0.068
Dysphagia Post	5	P	(0.021)
ADP PSST Support	5	T	0.008
CAMHS Liaison Funding	5	T	(0.350)
Specialist Pharmacist in Substance Misuse	6	T	0.012
BBV (Blood Borne Virus) Funding	6	T	0.242
Maternal and Infant Nutrition Allocation	6	T	0.020
Dean Funding Pay Award	6	P	0.061
GP Office 365 Upgrade	6	T	(0.137)
HD200 Drug Tariff Reduction 2022-23	7	P	(0.320)
Medical Pay Award 2.5% Top Up	7	T	0.170
Roundings	7		(0.001)
Budget Reported at Month 7			138.631

COMBINED BUDGET MONTH 7	282.672
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Mobilisation Submission – Month 7

Covid-19 Costs - HSCP - All														
Workstream Mapping	£000s	April	May	June	July	August	September	October	November	December	January	February	March	2022-23 Revenue Total
1. Public Health	Scale up of Public Health Measures	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Vaccinations	Flu Vaccination & Covid-19 Vaccination (FVCV)	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Workforce and Capacity	Additional Community Hospital Bed Capacity	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Workforce and Capacity	Additional Staff Costs (Contracted staff)	(17)	0	0	0	0	0	0	0	0	0	0	0	(17)
3. Workforce and Capacity	Additional Staff Costs (Non-contracted staff)	92	93	93	109	109	109	109	109	109	109	109	109	1,260
4. PPE, Equipment and IPC	Additional Equipment and Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0
4. PPE, Equipment and IPC	Additional Infection Prevention and Control Costs	45	45	45	32	32	20	18	18	18	18	18	18	326
4. PPE, Equipment and IPC	Additional PPE	0	0	0	0	0	0	0	0	0	0	0	0	0
4. PPE, Equipment and IPC	PPE Hub Running Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Social Care and Community Capacity	Additional Capacity in Community	21	9	10	(13)	0	(27)	0	0	0	0	0	0	0
5. Social Care and Community Capacity	Additional Care Home Placements	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Social Care and Community Capacity	Adult Social Care	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Social Care and Community Capacity	Children and Family Services	188	79	79	68	68	139	81	81	81	81	81	81	1,107
5. Social Care and Community Capacity	Homelessness and Criminal Justice Services	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Social Care and Community Capacity	Reducing Delayed Discharge	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Social Care and Community Capacity	Covid-19 Financial Support for Adult Social Care Provider	291	291	291	243	243	459	55	55	54	54	54	54	2,143
5. Social Care and Community Capacity	Social Care Support Fund Claims	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Social Care and Community Capacity	Chief Social Work Officer	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Primary Care	Additional FHS Contractor Costs	13	13	13	12	12	12	0	0	0	0	0	0	75
6. Primary Care	Primary Care	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Miscellaneous	Digital & IT costs	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Miscellaneous	Loss of Income	47	41	41	41	41	43	(29)	0	0	0	0	0	225
7. Miscellaneous	Other	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Miscellaneous	Payments to Third Parties	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Miscellaneous	Staff Wellbeing	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Miscellaneous	Patient Transport	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Covid Costs - HSCP - All		680	571	572	492	504	755	234	263	262	262	262	262	5,119

Reserves Position in Detail

Earmarked Funds	
: Alcohol & Drug Partnership	890
: Mental Health Action 15	511
: Primary Care Improvement Fund	1,856
: 21-22 Budget Gap	0
: Challenge Fund	500
: Community Living Change Fund	513
: Covid19 Funding	13,321
: Neighbourhood Networks	145
: Mental Health Officer Development Grant	41
: NAC Recovery and Renewal – Mental Health Element	71
: Joint Equipment	5
: Nethermain's Adaptations	40
: Supported Accommodation	50
: Care at Home Capacity	1,192
: Interim Care	1,046
: Trauma Training	50
: Trauma Trainer	48
: Family Wellbeing Fund	106
: Perinatal MH Nurse	65
: Unaccompanied Asylum-Seeking Children	11
: Multi-Disciplinary Teams	644
: Health Care Support Workers	144
: MH Recovery and Renewal	2,057
: Medical photography	4
: Data Sims	28
: School Nursing	56
: Buvidal	109
: AHP Winter Funding	51
: Perinatal and Infant Mental Health	86
: Cossette Funding	18
: Replacement Mattress Programme	78
: Expansion of Primary Care Estates	55
: GP Premises Improvements - tranches 1 and 2	81
: Mental Health Wellbeing in Primary Care	40
: Dental Practice Improvement	265
: Dental Winter Preparedness	128
Total Earmarked	24,305
Outstanding Debt	(2,321)
Unallocated General Fund	7,248
General Fund	29,232