

## Integration Joint Board 14<sup>th</sup> December 2023

**Subject :** **2023-24 – Month 7 Financial Performance**

**Purpose :** To provide an overview of the IJB’s financial performance as at month 7 (October).

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

- (a) notes the overall integrated financial performance report for the financial year 2023-24 and the current overall projected year-end overspend of £3.858m;
- (b) notes the progress with delivery of agreed savings;
- (c) notes the actions which are being taken to progress financial recovery;
- (d) notes the remaining financial risks for 2023-24; and
- (e) approves the budget reductions which are detailed at paragraph 2.10.

<b>Direction Required to Council, Health Board or Both</b>	Direction to :-	
	1. No Direction Required	X
	2. North Ayrshire Council	
	3. NHS Ayrshire & Arran	
	4. North Ayrshire Council and NHS Ayrshire & Arran	

<b>Glossary of Terms</b>	
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

<b>1.</b>	<b>EXECUTIVE SUMMARY</b>
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 overspend of £3.858m (1.2%) for 2023-24 which is a favourable movement of £0.128m from month 6. This includes the financial impact of the NHS pay award, the impact of the Council pay award is still being finalised.
1.3	From the core projections, overall, the main areas of pressure are residential placements for children, supplementary staff in wards and Unplanned Activities (UnPACs) within the lead partnership for mental health.
<b>2.</b>	<b>CURRENT POSITION</b>
2.1	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.
2.2	<b>FINANCIAL PERFORMANCE – AT MONTH 7</b>
	<p>At month 7 against the full-year budget of £311.735m there is a projected year-end overspend of £3.858m (1.2%). 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 £2.500m (£0.079m favourable) in social care services and a projected overspend of £1.358m (£0.049m favourable) 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	<b>Health and Community Care Services</b>
	<p>Against the full-year budget of £89.893m there is a projected overspend of £0.382m (0.4%) 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 £0.488m (£0.017m favourable movement).</p>

The budgeted number of permanent placements is 780 and at month 7 there are 786 placements. The projection assumes that the current number of placements will continue to 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 financial assessment is completed and this can impact on the final position.

The level of income recovered from charging orders is included in the projection above and is assumed to be £0.204m over recovered (£0.070m favourable) based on the income received to date. This income is not easy to project as it depends on the length of the legal process and time taken to sell the property that the charging order is registered to.

- b) Interim care beds are projected to underspend by £0.250m (£0.250m favourable) based on the usage to date and projected usage until the year end.
- c) Care at home (in house and purchased) is projected to be £0.418m underspent (£0.064m adverse). The position includes an underspend in in-house services of £0.919m (£0.080m adverse) as there are vacant posts, but 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. This is partly offset by an overspend in purchased services of £0.500m (£0.017m favourable) as the budget was reduced to reflect the additional costs of bringing some services in-house after the provider withdrew from the contract.
- d) Reablement services are projected to be £0.125m (£0.002m favourable) underspent due to vacancies.
- e) Care at Home Charging Income is projected to under recover by £0.060m (£0.011m favourable) due to an ongoing shift towards personal care which is non chargeable.
- f) Physical Disability Services - projected underspend of £0.250m (£0.033m favourable) in community care packages, £0.449m underspend (£0.056m favourable) in direct payments and £0.458m overspend (£0.018m favourable) for residential placements. There is also an under-recovery of income of £0.133m (no movement).
- g) Anam Cara is projected to overspend by £0.073m (£0.004m adverse) due to covering vacancies and sickness absence (£0.017m) and under-recovered income (£0.056m).

	<p>h) Integrated Island Services is projected to be £0.308m overspent (£0.041m adverse movement). There is an overspend at Montrose House of £0.241m (adverse movement of £0.046m) which relates to employee costs (the net cost of agency staff versus vacancies), supplies and cleaning costs and an under-recovery of charging income. There is also an overspend of £0.050m due to Band 6 nurses receiving back-dated recruitment and retention premium this financial year. Arran medical services are projecting to overspend by £0.032m and the remaining projected overspend is due to supplies costs increasing. The overspends are partially offset by a projected underspend in care at home costs of £0.086m (£0.049m adverse movement). There are staffing vacancies which are included within the payroll turnover savings figures below which offset the use of agency and bank staff.</p> <p>i) District Nursing is projected to overspend by £0.195m (£0.041m favourable movement) due to an overspend on bank nursing costs and supplies. The favourable movement is due to a reduction in the use of bank staff as posts have been recruited to.</p>
	<p>j) Rehab wards are projected to overspend by £0.202m which is an £0.018m favourable movement (Redburn ward £0.213m overspent and Douglas Grant £0.011m underspent). The overspend is due to cover costs for vacancies as well as supplementary staffing for patients who require one to one support.</p> <p>k) Wards 1 and 2 are projected to overspend by £0.925m (£0.075m adverse movement) due to increased use of supplementary staffing.</p> <p>l) Cumbrae Lodge Continuing Care beds are projected to underspend by £0.150m (no change) due to a reduced charge to reflect the reduction in beds used during the transition to the new service.</p>
2.4	<b>Mental Health Services</b>
	<p>Against the full-year budget of £103.504m there is a projected overspend of £1.618m (1.6%) prior to the reallocation of the Lead Partnership overspend to East and South HSCP. This also 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 2024-25. The main variances are:</p> <p>a) Learning Disabilities are projected to overspend by £0.670m (£0.010m adverse) and the main variances are:</p> <ul style="list-style-type: none"> <li>• Care Packages (including residential and direct payments) - projected underspend of £0.109m in community care packages (£0.136m adverse), projected overspend of £0.384m in direct payments (£0.036m adverse) and £0.446m for residential placements (£0.114m favourable).</li> </ul>

- Trindlemoss non-employee costs are projected to underspend by £0.075m.
- b) Community Mental Health services are projected to underspend by £0.245m (£0.021m adverse movement) which is mainly due to an underspend of £0.474m in community packages (including direct payments) and an overspend in residential placements of £0.244m.
- c) The Lead Partnership for Mental Health is projecting to be £1.188m overspent (£0.220m favourable movement) and the main variances are as follows:
- A projected overspend in Adult Inpatients of £0.520m (£0.033m favourable movement) due to overspends in supplementary staff for enhanced observations, staff cover due to sickness (inc. covid outbreak) and reduced bed sale income.
  - The UNPACS (Unplanned Activities) budget is projected to overspend by £1.410m (£0.003m adverse movement) based on current number of placements and enhanced costs remaining until the year end. The adverse movement is due to additional costs for enhanced observations. 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 £0.084m (£0.030m favourable) due to an increase in substitute prescribing costs. The favourable movement is due to revising the projection to reflect updated information from the new prescribing system.
  - Learning Disability Services are projected to overspend by £0.322m (no movement). There is a high usage of supplementary staffing due to backfill for sickness, increased and sustained enhanced observations and vacancies. The enhanced observations are reviewed on a daily basis.
  - Elderly Inpatients are projected to overspend by £0.173m (£0.008m favourable) due to the use of supplementary staffing.
  - The Innovation Fund is projected to underspend by £0.232m (£0.043m adverse) due to slippage within some of the projects and not all of the funding was allocated.

- Additions in patients are projected to overspend by £0.003m (£0.011m favourable) due to the use of supplementary staffing.
- The Directorate cost centre is projected to overspend by £0.095m mainly due and overspend of £0.049m on supplies and £0.012m of legal fees.
- 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 £1.254m (£0.191m favourable) in 2023-24, further information is included in the table below:

Vacancy Savings Target	(£0.873m)
Projected to March 2024	£2.127m
Over/(Under) Achievement	£1.254m

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 MH £0.033m
- CAMHS £0.592m
- Mental Health Admin £0.330m
- Psychiatry £0.377m
- Psychology £0.735m
- Associate Nurse Director £0.060m

## 2.5 **Children and Justice Services**

### **Children's Services**

Against the full-year budget of £39.560m there is a projected overspend of £5.269m (13.3%) (£0.253m adverse) and the main variances are:

- a) Care Experienced Children and Young People is projected to overspend by £4.928m (£0.188m adverse). The main areas within this are noted below:
  - Children's residential placements are projected to overspend by £5.734m (£0.184m adverse). We started 2023/24 with 32 external placements and there are currently 35 placements (month 6 was 34 placements) which are assumed to continue until the end of the year. Within the £5.734m there is £0.145m relating to enhanced costs for two placements. One placement has also moved from being 50/50 funded with Education to 100% HSCP as the placement no longer has an education element. There are a number of factors leading to this challenging position:



- We have 32 places available in our internal children's houses, due to demand these have been operating at 100%+ occupancy for some time, leading to increased use of external placements where residential care is required.
- The requirement to support Unaccompanied Asylum-Seeking Children (UASC) under the National Transfer Scheme and to support trafficked young people who have been identified in North Ayrshire.
- A number of young people in residential care have requested Continuing Care, whereby a young person can remain in their placement until age 21.
- Where appropriate young people are placed to meet their educational needs, the cost of Residential School Placements in the most cases is shared 50/50 with Education services.

Children's Services are continuing to work with other services including Education and Housing to address the challenges. A change programme is being developed to respond to the pressures of residential care, further detail of the scope and plan around this work will be presented to a future IJB.

- Looked After and Accommodated Children (fostering, adoption, kinship etc) is projected to be £0.486m underspent (£0.013m favourable); this is based on the current number of placements and reflects additional monies received to support the uplift in rates for fostering and kinship placements (16+year olds) and the costs associated with this.
- b) Children with disabilities – residential placements are projected to overspend by £0.305m (£0.097m favourable). This is based on 9 current placements and 1 further placement which is expected to commence during December. Direct payments are projected to underspend by £0.240m (£0.051m favourable). Community packages are projected to underspend by £0.119m (£0.015m favourable) based on 73 current number of packages and assumptions around further packages until the year end.
- c) Residential respite – placements are projected to overspend by £0.049m (no movement). These short-term placements are used to prevent an admission to full residential care. There is one short term placement, but this could vary throughout the year and have an impact on the projection.
- d) Head of Service – is projected to overspend by £0.306m (£0.006m adverse). The overspend is mainly due to the planned saving of £0.233m in relation to the staff reconfiguration in the children's houses which is not expected to be fully achieved in 23-24. There are also projected costs of £0.092m for the JII (Joint Investigative Interview) project which is not funded.

	<p>e) Intervention Services – are projected to underspend by £0.020m (£0.068m adverse). The adverse movement is due to posts being filled sooner than planned and increased transport costs.</p> <p>f) Justice Services – is projected as being spent in full, however, there is a risk the service could go into an overspend if there is no additional grant funding to mitigate the potential impact of the 23/24 pay award.</p>												
2.6	<b>ALLIED HEALTH PROFESSIONALS (AHP)</b>												
	The non-employee costs element of the AHP services are projected to be on-line. All underspends in employee costs have been taken as payroll turnover.												
2.7	<b>CHIEF SOCIAL WORK OFFICER</b>												
	There is a projected underspend of £0.465m (£0.081m favourable) mainly due to a projected underspend in the Carers Strategy funding.												
2.8	<b>MANAGEMENT AND SUPPORT</b>												
	<p>Management and Support Services are projected to underspend by £1.703m (£0.053m adverse) and the main areas of underspend are:</p> <ul style="list-style-type: none"> <li>• An over-recovery of payroll turnover of £0.723m for social care services and an over-recovery of payroll turnover of £0.306m for health services as outlined in the table below. This is an adverse movement of £0.111m on the health services element.</li> <li>• There is projected slippage on the LD and MH transition funding of £0.694m (£0.141m favourable) due to delays in children transitioning into adult services.</li> </ul> <p>The turnover targets and projected achievement for the financial year for Health and Social Care services outwith the Lead Partnership is noted below:</p> <table border="1" data-bbox="331 1570 1318 1760"> <thead> <tr> <th></th> <th><b>Social Care</b></th> <th><b>Health Services</b></th> </tr> </thead> <tbody> <tr> <td>Vacancy Savings Target</td> <td>(3.014m)</td> <td>(1.433m)</td> </tr> <tr> <td>Projected to March 2024</td> <td>3.737m</td> <td>1.739m</td> </tr> <tr> <td><b>Over/(Under) Achievement</b></td> <td><b>0.723m</b></td> <td><b>0.306m</b></td> </tr> </tbody> </table> <p>The position in the table above reflects the assumption in the current financial projections. For social care, a total of £1.937m (64.3% of annual target) has been achieved to date.</p>		<b>Social Care</b>	<b>Health Services</b>	Vacancy Savings Target	(3.014m)	(1.433m)	Projected to March 2024	3.737m	1.739m	<b>Over/(Under) Achievement</b>	<b>0.723m</b>	<b>0.306m</b>
	<b>Social Care</b>	<b>Health Services</b>											
Vacancy Savings Target	(3.014m)	(1.433m)											
Projected to March 2024	3.737m	1.739m											
<b>Over/(Under) Achievement</b>	<b>0.723m</b>	<b>0.306m</b>											



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:

- Children and Families £0.600m
- Learning Disability £0.047m
- Management and Support £0.196m
- Community Care Service Delivery £0.187m
- Rehab and Reablement £0.174m
- Locality Services £0.205m
- Integrated Island Services £0.220m
- Community Mental Health £0.073m

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 Savings Progress**

a) The approved 2023-24 budget included £4.963m of savings.

<b>BRAG Status</b>	<b>Position at Budget Approval £m</b>	<b>Position at Month 7 £m</b>
<b>Red</b>	-	0.273
<b>Amber</b>	2.245	0.322
<b>Green</b>	2.718	0.560
<b>Blue</b>	-	3.808
<b>TOTAL</b>	<b>4.963</b>	<b>4.963</b>

b) The main area to note is that previous amber savings of £0.273m, relating to the reconfiguration of staffing within Children and Families, have been escalated to red. Progress to date suggests that the timescale for this saving will not be met and the full £0.273m will not be achieved in 2023-24 but this is accounted for in the projected outturn.

Work is ongoing to refresh the Transformation Plan to focus on the financial challenges which the Partnership expects to face in 2024/25 and 2025/26. The plan is critical to the ongoing sustainability of service delivery. Once it has been endorsed

by the Transformation Board it will be included within future financial monitoring reports. The Transformation Board also has responsibility for overseeing the delivery of the plan and for ensuring that projects remain on track.

Appendix B 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.

**2.10 Budget Changes**

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.”*

Appendix C highlights the movement in the budget position following the initial approved budget.

**Reductions Requiring Approval:**

<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1	North Contribution to the TEC team – this contribution has been made since 2020 but this makes the contribution permanent.	0.075
2	Trindlemoss GP input – increased cost of service	0.008
3	Support the ongoing availability of Buvidal – transfer to NADARS	0.002
4	Contribution from CAMHS to Acute for de-escalation rooms	0.025
5	Pharmacy tariff transfer to reflect historic NRAC share.	0.015

**2.11 Pan Ayrshire Lead Partnership services and Large Hospital Set Aside**

Lead Partnerships: - 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.

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 £1.188m (£0.389m NRAC share for East and £0.340m for South).

**South HSCP (month 6 information)** – projected overspend of £0.360m (£0.080m favourable) of which £0.133m will be allocated to North. The overspend is mainly due to an overspend of £0.247m in the community store to replace obsolete equipment, which will reduce maintenance costs in the medium term, £0.107m in the continence service and £0.010m in the Family Nurse Partnership.

**East HSCP (month 6 information)** – projected underspend of £0.149m of which £0.055m will be allocated to North. The underspend is mainly due to:

**Primary Care and Out of Hours Services (Lead Partnership)**

There is a projected underspend of £0.198m on the Primary Care Lead Partnership budget and includes a projected underspend in Dental services totalling £0.270m, where staffing numbers are running at less than establishment. Recruitment over the remainder of the financial year has the potential to impact on the projected outturn position at month 6. In addition, there are projected reduced costs within Primary Care contracting and support £0.340m, largely due to staff turnover. 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, totalling £0.470m, as well as a small overspend on projected staff costs in Primary Medical Services £0.060m. Work is ongoing to address the Out of Hours increased costs as far as possible over the course of the 2023/24 financial year. This projected outturn position assumes funding will be allocated to fully offset Urgent Care Pathway projected costs £1.198m, as well as Covid-19 Therapeutics projected costs £0.257m

**Prison and Police Healthcare (Lead Partnership)**

The £0.065m projected overspend at month 6 is largely due to increased costs associated with the new national medical contract.

**Set Aside** : - preparatory work is well underway with NHS Ayrshire and Arran and the other Ayrshire partnerships to progress and develop the set aside arrangements to fully implement the legislative requirement. This includes arrangements in relation to the use of Directions, Joint Commissioning Plans and overall progression towards fair share allocations of resources. The North budget for set aside resources for 2023-24 is currently £35.547m. This is based on the 2022-23 figure of £34.850m inflated by the 2023-24 uplift of 2%. Ayrshire Finance Leads have agreed a baseline methodology for set aside budgets which involves using the four full years prior to the pandemic, 2016/17 – 2019/20 inclusive. This will be included in a Q2 update for Ayrshire Finance Leads on 15/12/23.

The annual budget for Acute Services is £421.7m. The directorate is overspent by £16.5m after 7 months. This is caused by increasing overspends on agency medical and nursing staff, together with drug expenditure. These have been required due to the level of operational pressure being experienced, in common with many other

areas in Scotland. Several unfunded wards and beds are open across both main hospital sites.

There is a material underlying deficit caused by:

- Unachieved efficiency savings
- High expenditure on medical and nursing agency staff, high rates of absence and vacancies causing service pressure.
- Delayed transfers of care and high acuity of patients.

The IJBs and the Health Board work closely in partnership to maintain service and improve performance.

## 2.12 **FINANCIAL RECOVERY PLAN**

The Integration Scheme requires the preparation of a recovery plan if an overspend position is being projected to plan to bring overall service delivery back into line with the available resource.

Heads of Service have closely reviewed expenditure and have implemented actions which have seen the projected year-end position improve by a net £0.468m since Month 3. The main contributors to this are noted in the table below:

	<b>TOTAL</b>
Payroll Turnover – Health (non-Lead)	45,000
Anam Cara staffing	104,000
Care Experienced Young People	770,000
Looked After Children	125,000
Transitions funding	286,000
Care Homes	58,000
Physical Disabilities (Community Packages, Direct Payments and Residential)	200,000
Interim Care Beds	250,000
Mental Health Care Packages	201,000
Mental Health Lead Partnership – North element	86,000
Children with a disability	97,000
Carers Funding	81,000
District Nursing	41,000
Rehab Wards	18,000

These areas of improvement have been partially offset by adverse movements in Care at Home, Integrated Island Services, Wards 1 and 2 at Woodland View, UNPACS and intervention services.

Work is ongoing to further improve the projected position and an updated plan will be included in the Month 9 report which will be brought to the February IJB. This work is built on the following general principles:

	<ul style="list-style-type: none"> <li>• No adverse impact on delayed discharges or patient flow during Winter</li> <li>• Exercising professional judgement around the use of waiting lists where this may have an impact elsewhere in the system</li> <li>• Reviewing the need for more active management of non-frontline vacant posts</li> <li>• The non-recurring use of reserves</li> <li>• Working with East and South on lead partnership projections</li> <li>• The potential for a freeze on non-essential spend.</li> </ul> <p>As a contingency there is provision of £2m non-recurring funding set aside in the reserves (appendix D) to contribute towards the 2023-24 position. This would reduce the current projected overspend to £1.858m.</p> <p>The IJB also holds a General Fund reserve balance of £5.821m of unallocated funds, this would underwrite the risk of the remainder of the projected overspend if it cannot be managed downwards in the coming months. This would be a last resort as this funding is non-recurring and it does not resolve the areas underlying the projected overspend.</p>
2.13	<b>FINANCIAL RISKS</b>
	<p>There are a number of ongoing financial risk areas that may impact on the 2023-24 budget during the year, these include:</p> <ul style="list-style-type: none"> <li>• Current high levels of inflation which impact on costs incurred directly by the Partnership and on our partner providers</li> <li>• High risk areas of low volume / high-cost services areas e.g. Children's residential placements, Learning Disability care packages and complex care packages;</li> <li>• Progress with the work to develop set aside arrangements and the risk sharing arrangements agreed as part of this.</li> <li>• Ongoing implementation costs of the Scottish Government policy directives</li> <li>• Lead / hosted service arrangements, including managing pressures and reporting this across the 3 IJBs.</li> <li>• The impact on Lead Partnership and acute services from decisions taken by other Ayrshire areas.</li> <li>• The use of supplementary staffing for enhanced observations across a number of service areas.</li> <li>• The use of high-cost agency staff to support frontline service delivery in areas where there are recruitment challenges.</li> <li>• Continuing risks associated with provider sustainability.</li> <li>• The Local Government pay award for 2023-24 has recently been settled and will be paid from December; the increase is in excess of the budgeted 3% and will have an adverse impact on the projected financial position unless sufficient additional funding is forthcoming.</li> <li>• The NHS Ayrshire and Arran Health Board financial deficit and the risks around further escalation in the national framework for financial escalation.</li> </ul>

North Ayrshire IJB have already discussed our position in relation to the request for payment for delayed discharges.

These risks will continue to be monitored during the remainder of 2023-24 and any impact reported through the financial monitoring report.

## 2.14 RESERVES

The IJB reserves position is summarised in the table below.

The 'free' general fund balance of £5.821m is held as a contingency balance; this equates to around 2.1% of the initial approved IJB budget for 2023-24 which is within, but towards the lower end, of the target range of 2%-4%.

	General Fund Reserve		Earmarked Reserves		Total
	Unearmarked		External Funding	HSCP	
	£m		£m	£m	£m
<b>Opening Balance - 1 April 2023</b>	<b>6.448</b>		<b>6.997</b>	<b>4.219</b>	<b>17.664</b>
Audit Adjustment	(0.627)		(0.309)	-	(0.936)
<b>Corrected Opening Balance</b>	<b>5.821</b>		<b>6.688</b>	<b>4.219</b>	<b>16.728</b>
2023-24 Draw Per the Budget Paper	-		(1.252)	-	(1.252)
<b>Current Reserve balances</b>	<b>5.821</b>		<b>5.436</b>	<b>4.219</b>	<b>15.476</b>

The 2023-24 budget approved the use of £1.252m of previously earmarked reserves to support a balanced budget position for 2023-24. The HSCP earmarked reserves also includes a further amount of £2.0m which was agreed to support the financial position during 2023-24.

The reserves above now reflect the adjustment of £0.936m which was identified in the external audit of the 2022/23 accounts and reported to the November IJB. This related to a difference between the total IJB reserves and the balances due to the IJB from partners' audited accounts and has now been reconciled.

## 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 2023-24 from within the available resource, thereby limiting the financial risk to the funding partners.

### 3.3 Measuring Impact

Ongoing updates to the financial position will be reported to the IJB throughout 2023-24.



<b>4.</b>	<b>IMPLICATIONS</b>
4.1	<p><u>Financial</u> The financial implications are as outlined in the report. Against the full-year budget of £311.735m there is a projected overspend of £3.858m. The report outlines the main variances for individual services.</p>
4.2	<p><u>Human Resources</u> 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 the staffing capacity reduction on a recurring or planned basis.</p>
4.3	<p><u>Legal</u> None.</p>
4.4	<p><u>Equality/Socio-Economic</u> None.</p>
4.5	<p><u>Risk</u> Para 2.13 highlights the financial risks. The report falls in line with the agreed risk appetite statement which is a <b>low</b>-risk appetite in respect to adherence to standing financial instructions, financial controls and financial statutory duties and a <b>high</b>-risk appetite in relation to finance and value for money.</p>
4.6	<p><u>Community Wealth Building</u> None.</p>
4.7	<p><u>Key Priorities</u> None.</p>
<b>5.</b>	<b>CONSULTATION</b>
5.1	<p>This report has been produced in consultation with relevant budget holders and the Partnership Senior Management Team.</p>
5.2	<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>

**Caroline Cameron, Director**

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2023-24 Budget Monitoring Report–Objective Summary as at 31<sup>st</sup> October 2023

## Appendix A

Partnership Budget - Objective Summary	2023/24 Budget									(Under) Spend Variance at Period 6	Movement in projected variance from Period 6
	Council			Health			TOTAL				
	Budget	Outturn	Over/ (Under) Spend Variance	Budget	Outturn	Over/ (Under) Spend Variance	Budget	Outturn	Over/ (Under) Spend Variance		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
<b>COMMUNITY CARE AND HEALTH</b>	<b>70,430</b>	<b>69,219</b>	<b>(1,211)</b>	<b>19,463</b>	<b>20,806</b>	<b>1,343</b>	<b>89,893</b>	<b>90,025</b>	<b>132</b>	<b>366</b>	<b>(234)</b>
: Locality Services	28,193	27,346	(847)	5,354	5,549	195	33,547	32,895	(652)	(229)	(423)
: Community Care Service Delivery	36,607	35,995	(612)	0	0	0	36,607	35,995	(612)	(693)	81
: Rehabilitation and Reablement	2,131	2,136	5	0	0	0	2,131	2,136	5	2	3
: Long Term Conditions	943	1,004	61	10,420	11,449	1,029	11,363	12,453	1,090	1,027	63
: Community Link Workers	181	174	(7)	0	0	0	181	174	(7)	(8)	1
: Integrated Island Services	2,375	2,564	189	3,689	3,808	119	6,064	6,372	308	267	41
<b>MENTAL HEALTH SERVICES</b>	<b>29,804</b>	<b>30,234</b>	<b>430</b>	<b>73,700</b>	<b>74,888</b>	<b>1,188</b>	<b>103,504</b>	<b>105,122</b>	<b>1,618</b>	<b>1,804</b>	<b>(186)</b>
: Learning Disabilities	22,959	23,629	670	478	478	0	23,437	24,107	670	660	10
: Community Mental Health	5,961	5,716	(245)	1,753	1,753	0	7,714	7,469	(245)	(266)	21
: Addictions	884	889	5	1,837	1,837	0	2,721	2,726	5	2	3
: Lead Partnership Mental Health NHS Area Wide	0	0	0	69,632	70,820	1,188	69,632	70,820	1,188	1,408	(220)
<b>CHILDREN &amp; JUSTICE SERVICES</b>	<b>34,714</b>	<b>39,831</b>	<b>5,117</b>	<b>4,846</b>	<b>4,998</b>	<b>152</b>	<b>39,560</b>	<b>44,829</b>	<b>5,269</b>	<b>5,016</b>	<b>253</b>
: Irvine, Kilwinning and Three Towns	3,183	3,152	(31)	0	0	0	3,183	3,152	(31)	3	(34)
: Garnock Valley, North Coast and Arran	3,062	2,997	(65)	0	0	0	3,062	2,997	(65)	(73)	8
: Intervention Services	1,828	1,807	(21)	0	0	0	1,828	1,807	(21)	(88)	67
: Care Experienced Children & Young people	22,941	27,869	4,928	0	0	0	22,941	27,869	4,928	4,740	188
: Head of Service - Children & Families	1,070	1,376	306	0	0	0	1,070	1,376	306	300	6
: Justice Services	2,413	2,412	(1)	0	0	0	2,413	2,412	(1)	0	(1)
: Universal Early Years	217	218	1	4,199	4,351	152	4,416	4,569	153	134	19
: Lead Partnership NHS Children's Services	0	0	0	647	647	0	647	647	0	0	0
<b>CHIEF SOCIAL WORK OFFICER</b>	<b>1,858</b>	<b>1,393</b>	<b>(465)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,858</b>	<b>1,393</b>	<b>(465)</b>	<b>(384)</b>	<b>(81)</b>
<b>PRIMARY CARE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>52,998</b>	<b>52,932</b>	<b>(66)</b>	<b>52,998</b>	<b>52,932</b>	<b>(66)</b>	<b>0</b>	<b>(66)</b>
<b>ALLIED HEALTH PROFESSIONALS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,200</b>	<b>10,200</b>	<b>0</b>	<b>10,200</b>	<b>10,200</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>COVID NHS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(274)</b>	<b>(274)</b>	<b>0</b>	<b>(274)</b>	<b>(274)</b>	<b>(274)</b>	<b>0</b>
<b>MANAGEMENT AND SUPPORT COSTS</b>	<b>8,908</b>	<b>7,539</b>	<b>(1,369)</b>	<b>3,476</b>	<b>3,142</b>	<b>(334)</b>	<b>12,384</b>	<b>10,681</b>	<b>(1,703)</b>	<b>(1,756)</b>	<b>53</b>
<b>NATIONAL COMMISSIONED SERVICE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FINANCIAL INCLUSION</b>	<b>1,335</b>	<b>1,333</b>	<b>(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,335</b>	<b>1,333</b>	<b>(2)</b>	<b>(3)</b>	<b>1</b>
<b>OUTTURN ON A MANAGED BASIS</b>	<b>147,049</b>	<b>149,549</b>	<b>2,500</b>	<b>164,686</b>	<b>166,695</b>	<b>2,009</b>	<b>311,735</b>	<b>316,244</b>	<b>4,509</b>	<b>4,769</b>	<b>(260)</b>
Return Hosted Over/Underspends East	0	0	0	0	(389)	(389)	0	(389)	(389)	(461)	72
Return Hosted Over/Underspends South	0	0	0	0	(340)	(340)	0	(340)	(340)	(403)	63
Receive Hosted Over/Underspends South	0	0	0	0	133	133	0	133	133	133	0
Receive Hosted Over/Underspends East	0	0	0	0	(55)	(55)	0	(55)	(55)	(52)	(3)
<b>OUTTURN ON AN IJB BASIS</b>	<b>147,049</b>	<b>149,549</b>	<b>2,500</b>	<b>164,686</b>	<b>166,044</b>	<b>1,358</b>	<b>311,735</b>	<b>315,593</b>	<b>3,858</b>	<b>3,986</b>	<b>(128)</b>

## 2023-24 Savings Tracker

## Appendix B

Savings ref number	Description	Deliverability Status at budget setting	Deliverability Status at month 7	2023/24 Saving	Description of the Saving
<b>Children, Families &amp; Criminal Justice</b>					
1	Staffing reconfiguration - children & families	Amber	Red	273,000	Review staffing provision within children's houses with the saving phased over 2023/24 and 2024/25 – 50/50
<b>Community Care &amp; Health</b>					
2	Deliver the Strategic Plan objectives for Older People's Residential Services - Reduction in Care Home Places	Amber	Blue	1,000,000	The budget for 23/24 would fund an average 780 places at the current split of nursing/residential (60/40). This reflects reduced demand and investment in CAH to support more people at home.
3	Care Home Respite	Amber	Green	560,000	All respite care to be provided in-house at Anam Cara and Montrose House and any use of other respite provision funded via Carers budget.
4	Montrose House Capacity	Green	Amber	210,000	Registration amended from 30 beds to 20 beds across 2 staffed wings. This is supported by introduction of intermediate care beds at Arran War Memorial Hospital.
5	Reconfigure respite provision at Anam Cara	Amber	Amber	112,000	The service is currently relocated to Taigh Mor (8 beds) on a temporary basis and this proposal would reduce capacity from 14 beds to 9 beds in one wing when it reverts to Anam Cara.
<b>Mental Health</b>					
6	Trindlemoss pool running costs	Green	Blue	85,000	Trindlemoss Pool has never opened due to ongoing maintenance issues. The historic budgeted running costs are £0.085m but it is expected actual costs would be much higher. The pool will not open and alternative therapies will be provided e.g. bounce
7	Trindlemoss Day Care	Green	Blue	168,932	Trindlemoss day opportunities staffing was restructured during 2021/22 and 2022/23. This saving has already been achieved and will remove the additional staffing budget.
8	Intermediate Placement Scheme - cessation of service	Green	Blue	30,000	The contract has ceased and will not be renewed.
<b>Other Areas</b>					
9	Carers Act Funding - Substitution of Spend	Green	Blue	500,000	There is a plan in place to invest across carer service contract, preparation of carer plans, short breaks and other support to carers. This proposal will invest £0.500m in contributions to Red Rose House, Roslin House, Anam Cara, waiving of charges and day services.

Savings ref number	Description	Deliverability Status at budget setting	Deliverability Status at month 7	2023/24 Saving	Description of the Saving
<b>Other Areas</b>					
10	Payroll Turnover - increase to target (social care)	Green	Blue	1,000,000	The saving is based on less than 50% of the 2022/23 overachievement
11	Income Generation - 5% Increase to fees and charges	Green	Blue	46,600	Implement a 5% increase to fees and charges and a 5% increase to the maximum charge. The impact will be limited where service users are already paying the maximum charge.
12	Staffing Reconfiguration - Finance and Transformation	Green	Blue	35,091	Saving released through management and admin structure change
<b>TOTAL SOCIAL CARE SAVINGS</b>				<b><u>4,020,623</u></b>	

**Health:**

Savings ref number	Description	Deliverability Status at budget setting	Deliverability Status at month 7	Approved Saving 2023/24 £m	Description of the Saving
13	Payroll Turnover - Health Lead Partnership	Green	Blue	392,245	The saving is based on less than 25% of the 2022/23 overachievement
14	Payroll Turnover - Health Non Lead Partnership	Green	Blue	250,000	The saving is based on less than 50% of the 2022/23 overachievement
15	Reprovisioning of Continuing Care beds	Amber	Blue	300,000	Currently provided through Cumbrae Lodge Care Home in Irvine but the provider does not want to continue to provide the service. Plans are being developed to relocate the service to Taigh Mor in Beith with an anticipated saving of £0.3m.
<b>TOTAL HEALTH SAVINGS</b>				<b><u>942,245</u></b>	

**TOTAL NORTH HSCP SAVINGS**

**4,962,868**

## 2023-24 Budget Reconciliation

## Appendix C

COUNCIL	Period	Permanent or Temporary	£'m
Initial Approved Budget			121.408
Less Living Wage Fund not yet allocated			(2.826)
<b>Revised Budget</b>			<b>118.582</b>
Resource Transfer	1-6	P	24.640
HSCP Fin Circ 3	1-3	T	0.013
Living Wage - final allocation	1-3	P	2.808
ICT Licences Various	1-3	P	(0.012)
Island Funds	1-3	T	0.015
Facilities Management Costs - Montrose House	1-3	P	0.387
West Road - Capital funded from Revenue	1-3	T	(0.300)
Care at Home – Draw from reserves	4	T	0.173
Transport (taxi) budget transferred to HSCP	6	P	0.247
Curator fees budget transferred from Legal Services	6	P	0.004
Fostering and Kinship – additional SG funding re increased rates.	6	P	0.486
Commercial Waste	7	P	0.005
Roundings	7		0.001
<b>Social Care Budget Reported at Month 7</b>			<b>147.049</b>
HEALTH	Period	Permanent or Temporary	£'m
<b>Initial Baseline Budget</b>			<b>164.500</b>
Month 10-12 Adjustments			2.473
MDT funding			0.828
Adjust for full year impact of part year amounts			0.052
<b>Revised Baseline</b>			<b>167.853</b>
Baseline Funding Increase			2.164
Adjust for recurring funding			7.629
Adjust for non-recurring			2.434
Resource Transfer			(23.597)
<b>2023/24 Opening Position</b>			<b>156.483</b>
Net impact of Pan Ayrshire Pressures	1	P	0.028

Top Slicing Posts 2022-23	2		(0.054)
MDT Funds to Arran Medical Group	3		(0.033)
Training Grade Adjustments	3		(0.035)
Ward 3 Band 2 Domestic	3		(0.004)
V2 B6 to AHM233	3		(0.061)
Virement 12 Band 2 Domestic	4		(0.010)
Virement 18 Band 3 budget transfer - J Baird	4		0.019
Lymphoedema Top Slice RX	4		(0.029)
HD Ref 51 Band 2-4	4		0.054
District Nursing Anticipated	5		0.032
HD REF 110 Multi-Disciplinary Teams	5		0.120
Post (EB) transferred to Medical Records	5		(0.037)
Integrated Infant Feeding (South)	5		0.057
Integrated Infant Feeding (SG)	5		0.050
2023-24 RX Budget	6		(0.908)
Training Grade ADJ - August	6		0.270
PFG LOCAL IMPROVEMENT	6		0.457
ADP National Mission	6		0.207
ADP Residential Rehab	6		0.094
ADP AFC Pay Uplift	6		0.091
ADP Lived & Living Experience	6		0.009
ADP Drug Prevalence	6		0.059
ADP Whole Family Approach	6		0.066
ADP MAT 70%	6		0.175
HD126: MENTAL HEALTH AFTER COVID HOSPITALISATION SERVICE 23-24	6		0.039
REMOVE Anticipate MACH (Mental Health After Covid)	6		(0.102)
<b>HD185: MENTAL HEALTH OUTCOMES FRAMEWORK</b>	6		2.178
<b>HD227: DELIVERY OF VETERAN SPECIFIC MENTAL HEALTH SUPPORT</b>	6		0.105
<b>HD229: DIGITAL THERAPY POSTS</b>	6		0.059
COMMUNITY PHLEBOTOMY - NORTH SHARE	6		(0.039)
SOUTH ADP WARD 5 W/VIEW PAY UPLIFT	6		0.003
SOUTH ADP ORT PAY UPLIFT	6		0.005
SOUTH ADP PREV&SERVICES SUPPORT PAY UPLIFT	6		0.004
Apprenticeship Levy	6		0.225
Training Grade ADJ - September	6		(0.007)
ADP PSST Support - South	6		0.008



South Naloxone kits	6		0.002
South MAT Funding - Psychiatry	6		0.029
ADP Pay Uplift	6		0.003
Drug Tarif Anticipate 2023-24	6		0.525
North HSCP Medical Pay Award 23/24	6		0.532
LDS Shortfall - Alloway Place	7		(0.008)
TEC (North) to CSS	7		(0.075)
Budget adj for Buvidal use NADARS	7		(0.002)
MH Strategy Action 15 Workforce 23-24	7		0.879
CAMHS IMP - IPCU	7		0.243
CAMHS IMP - INT HOME TREATMENT TEAMS	7		0.221
CAMHS IMP - OOH UNSCHEDULED CARE	7		0.148
CAMHS IMP - LD FORENSIC AND SECURE	7		0.089
HD305: SPECIALIST COM PERINATAL MH, INFANT MH & NEONATAL PSYCHOLOGY INTERVENTION	7		0.373
ANTICIPATE TRANCHE 2: SPECIALIST COM PERINATAL MH, INFANT MH & NEONATAL PSYCHOLOGY INTERVENTION	7		0.215
DE-ESCALATION ROOMS TO RESOURCE	7		(0.025)
Hd254 Pharmacy tariff reduction to reflect historic NRAC share.	7		(0.015)
Hd256 Increase to the pharmacy tariff to match the actuals on the national allocation letter.	7		0.018
Roundings	7		(0.001)
Anticipated budgets included in the report but not in the ledger	7		3.000
<b>Health Budget Reported at Month 7</b>			<b>164.686</b>

<b>TOTAL COMBINED BUDGET</b>	<b>311.735</b>
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