

Integration Joint Board 12th October 2023

Subject :	2023-24 – Month 4 Financial Performance
Purpose :	To provide an overview of the IJB's financial performance as at month 4 (July).
Recommendation :	<p>It is recommended that the IJB:</p> <p>(a) notes the overall integrated financial performance report for the financial year 2023-24 and the current overall projected year-end overspend of £3.859m;</p> <p>(b) notes the progress with delivery of agreed savings;</p> <p>(c) notes the actions which are being taken to progress financial recovery;</p> <p>(d) notes the remaining financial risks for 2023-24; and</p> <p>(e) approves the budget reductions which are detailed at paragraph 2.10.</p>

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

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 July, 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 £3.859m (1.2%) for 2023-24. This includes the financial impact of the NHS pay award but excludes the Council pay award.
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.
2.	CURRENT POSITION
2.1	The report includes an overview of the financial position including commitments against the available resource, explanations for the main budget variances and an update on progress in terms of savings delivery.
2.2	FINANCIAL PERFORMANCE – AT MONTH 4
	<p>At month 4 against the full-year budget of £310.286m there is a projected year-end overspend of £3.859m (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 £3.507m in social care services and a projected overspend of £0.352m 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 £89.932m there is a projected overspend of £0.240m (0.3%) 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 £0.430m (£0.259m favourable movement). The projected costs reflect the recently agreed National Care Home Contract (NCHC) rates.</p>

The budgeted number of permanent placements is 780 and at month 4 there are 774 placements. The projection assumes that the current number of placements will continue to increase to 780 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 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 £0.100m over recovered 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) Care at home (in house and purchased) is projected to be £0.749m underspent (£0.112m favourable). The position is made up of an underspend in in-house services of £1.242m 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 £0.493m following a budget reduction reflecting the transfer of services in-house.
- c) Reablement services are projected to be £0.125m (£0.004m favourable) underspent due to vacancies.
- d) Care at Home Charging Income is projected to under recover by £0.080m (no change) due to an ongoing shift towards personal care which is non chargeable.
- e) Physical Disability Care Packages (including residential and direct payments) - projected underspend of £0.169m (£0.017m favourable) in community care packages, £0.366m underspend (£0.074m favourable) in direct payments and £0.565m overspend (£0.046m favourable) for residential placements. There is also an under-recovery of income of £0.133m (£0.002m favourable).
- f) Anam Cara is projected to overspend by £0.089m (£0.088m favourable) due to covering vacancies and sickness absence (£0.033m) and under-recovered income (£0.056m). The improvement in the projection is following a review of the staff costs and some costs have been appropriately recoded to other areas of the service.
- g) Integrated Island Services is projected to be £0.136m overspent (£0.119m adverse movement). This is mainly due to a projected underspend in care at home costs of £0.169m (£0.029m adverse movement). There is also an overspend at Montrose

	<p>House of £0.157m (adverse movement of £0.061m) which relates to supplies and cleaning costs and an under-recovery of charging income. The SLA for Scottish Ambulance service projected to overspend by £0.033m. Arran medical services are projecting to overspend by £0.045m and the remaining £0.049m projected overspend is due to supplies costs increasing. 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>h) District Nursing is projected to overspend by £0.247m (£0.022m adverse movement) due to an overspend on bank nursing costs and supplies.</p>
	<p>i) Rehab wards are projected to overspend by £0.258m which is an £0.008m favourable movement (Redburn ward £0.211m overspent and Douglas Grant £0.047m overspent). The overspend is due to cover costs for vacancies as well as supplementary staffing for patients who require one to one support.</p> <p>j) Wards 1 and 2 are projected to overspend by £0.750m due to increased use of supplementary staffing.</p> <p>k) 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	Mental Health Services
	<p>Against the full-year budget of £102.479m there is a projected overspend of £1.556m (1.5%) 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 £0.695m (£0.004m adverse) and the main variances are:</p> <ul style="list-style-type: none"> • Care Packages (including residential and direct payments) - projected underspend of £0.264m in community care packages and projected overspends of £0.204m in direct payments and £0.579m for residential placements. • Trindlemoss non-employee costs are projected to underspend by £0.075m. <p>b) Community Mental Health services are projected to underspend by £0.044m (£0.159m adverse movement) which is mainly due to an underspend of £0.207m in community packages (including direct payments) and an overspend in residential placements of £0.268m. The adverse movement is due to an increase in the number of residential placements.</p>

c) The Lead Partnership for Mental Health is projecting to be £1.029m overspent (£0.381m favourable movement) and the main variances are as follows:

- A projected overspend in Adult Inpatients of £0.667m (£0.067m adverse movement) due to overspends in supplementary staff, staff in redeployment, staff cover due to sickness (inc covid outbreak) and reduced bed sale income.
- The UNPACS (Unplanned Activities) budget is projected to overspend by £1.106m (£0.039m adverse movement) based on current number of placements and enhanced costs 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 £0.024m (£0.094m favourable) due to an increase in substitute prescribing costs. The favourable movement is due to a review of the pharmacy cost centres with each now being allocated to specific wards.
- Learning Disability Services are projected to overspend by £0.419m (£0.007m favourable movement) due to high usage of supplementary staffing, a number of out of area patients being cared for, cross-charging for a LD patient whose discharge has been delayed and redeployment staffing costs. Supplementary staffing costs relate 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 £0.257m (£0.017m adverse) due to the use of supplementary staffing.
- The Innovation Fund is projected to underspend by £0.278m (£0.049m favourable) due to slippage within some of the projects and not all of the funding was allocated.
- Addictions in-patients are projected to overspend by £0.045m (£0.105m favourable) due to the use of supplementary staffing. The favourable movement relates to the Scottish Govt funding for 2023/24 being finalised.
- 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 £1.233m (£0.198m favourable) in 2023-24, further information is included in the table below:

Vacancy Savings Target	(£0.873m)
Projected to March 2024	£2.106m
Over/(Under) Achievement	£1.233m

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:

- CAMHS £0.592m
- Mental Health Admin £0.358m
- Psychiatry £0.374m
- Psychology £0.683m
- Associate Nurse Director £0.099m

2.5 **Children and Justice Services**

Children's Services

Against the full-year budget of £39.037m there is a projected overspend of £5.600m (14.3%) (£0.015m favourable) and the main variances are:

a) Care Experienced Children and Young People is projected to overspend by £5.308m (£0.304m favourable). The main areas within this are noted below:

- Children's residential placements are projected to overspend by £5.648m (£0.320m favourable). We started 2023/24 with 32 external placements and there are currently 34 placements (month 3 was 36 placements) which are assumed to continue until the end of the year. Within the £5.648m there is £0.145m relating to enhanced costs for two placements. Despite the number of placements reducing there has been an increase in the rates where 2:1 support is required and part of these costs were also backdated. 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 located 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 the most cases is shared 50/50 with Education services.

	<p>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.</p> <ul style="list-style-type: none"> • Looked after and Accommodated Children (fostering, adoption, kinship etc) is projected to be £0.411m underspent (£0.050m favourable) based on the current number of placements. <p>b) Children with disabilities – residential placements are projected to overspend by £0.238m (£0.006m favourable). This is based on 8 current placements and 2 further placements which are expected to commence during September. Direct payments are projected to underspend by £0.143m (£0.004m favourable). Community packages are projected to underspend by £0.099m (£0.099m favourable) based on 78 current number of packages and assumptions around further packages until the year end.</p>
	<p>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.</p> <p>d) Children’s Houses Employee Costs – are projected to overspend by £0.100m due to additional overtime costs.</p> <p>e) Head of Service – is projected to overspend by £0.321m (£0.016m adverse) which is mainly due to the 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> <p>f) Universal Early Years – is projected overspend by £0.130m (£0.027m favourable) and is mainly due to a projected overspend in care packages of £0.080m.</p>
2.6	ALLIED HEALTH PROFESSIONALS (AHP)
	The non-employee costs element of the AHP services are projected to be on-line. All underspends in employee costs have contributed to the payroll turnover target.
2.7	CHIEF SOCIAL WORK OFFICER
	There is a projected underspend of £0.389m (£0.010m favourable) mainly due to a projected underspend in the Carers Strategy funding.

2.8 MANAGEMENT AND SUPPORT

Management and Support Services are projected to underspend by £2.313m (£0.354m favourable) and the main areas of underspend are:

- An over-recovery of payroll turnover of £0.723m for social care services and an over-recovery of payroll turnover of £0.553m for health services as outlined in the table below.
- The Band 2 to Band 3 regrading costs are still being finalised but there is £0.700m set aside to cover this as part of the agreed 23/24 budget paper. This is included as an underspend as the overspends have been included in the services above. An update on the adequacy of this provision will be provided in future reports.
- There is projected slippage on the LD and MH transition funding of £0.468m due to delays in children transitioning into adult services.

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

	Social Care	Health Services
Vacancy Savings Target	(3.014m)	(1.433m)
Projected to March 2024	3.737m	1.986m
Over/(Under) Achievement	0.723m	0.553m

The position in the table above reflects the assumption in the current financial projections. For social care, a total of £1.286m (42.7% of annual target) has been achieved to date.

The health vacancy projection to the year-end is based on the month 4 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 4 are:

- Children and Families £0.417m
- Learning Disability £0.029m
- Management and Support £0.120m
- Community Care Service Delivery £0.124m
- Rehab and Reablement £0.115m
- Locality Services £0.144m
- Integrated Island Services £0.167m
- 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.

BRAG Status	Position at Budget Approval £m	Position at Month 4 £m
Red	-	0.273
Amber	2.245	0.322
Green	2.718	4.368
Blue	-	-
TOTAL	4.963	4.963

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. This will be brought to the IJB for approval alongside the budget plans for 2024/25. 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																								
	<p>The Integration Scheme states that <i>“either party may increase it’s in year payment to the Integration Joint Board. Neither party may reduce the payment in-year to the Integration Joint Board nor Services managed on a Lead Partnership basis.... without the express consent of the Integration Joint Board.”</i></p> <p>Appendix C highlights the movement in the budget position following the initial approved budget.</p> <p>Reductions Requiring Approval:</p> <table border="1" data-bbox="233 750 1342 1279"> <thead> <tr> <th>Ref</th> <th>Description</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Budget transfer to pharmacy for 2 X Band 8a post – Cardiology & Endocrinology</td> <td>£0.054m</td> </tr> <tr> <td>2</td> <td>Multi-Disciplinary Team funds to Arran Medical Group</td> <td>£0.033m</td> </tr> <tr> <td>3</td> <td>Training grade adjustment – reduction in line with the number of training posts.</td> <td>£0.035m</td> </tr> <tr> <td>4</td> <td>Transfer budget for 5 hours per week for Band 2 Domestic to ACH Domestic for Ward 3</td> <td>£0.004m</td> </tr> <tr> <td>5</td> <td>Transfer of a Band 6 post to Unscheduled Care</td> <td>£0.061m</td> </tr> <tr> <td>6</td> <td>Transfer budget for additional Band 2 domestic hours for the Dunure ward per HIS recommendation</td> <td>£0.010m</td> </tr> <tr> <td>7</td> <td>Lymphoedema top slice – N/E/S Contributions from prescribing</td> <td>£0.029m</td> </tr> </tbody> </table>	Ref	Description	Amount	1	Budget transfer to pharmacy for 2 X Band 8a post – Cardiology & Endocrinology	£0.054m	2	Multi-Disciplinary Team funds to Arran Medical Group	£0.033m	3	Training grade adjustment – reduction in line with the number of training posts.	£0.035m	4	Transfer budget for 5 hours per week for Band 2 Domestic to ACH Domestic for Ward 3	£0.004m	5	Transfer of a Band 6 post to Unscheduled Care	£0.061m	6	Transfer budget for additional Band 2 domestic hours for the Dunure ward per HIS recommendation	£0.010m	7	Lymphoedema top slice – N/E/S Contributions from prescribing	£0.029m
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2.11	Pan Ayrshire Lead Partnership services and Large Hospital Set Aside																								
	<p>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.</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 4 the MH lead partnership is projected to overspend by £1.029m (£0.337m NRAC share for East and £0.294m for South).</p> <p>South HSCP – projected overspend of £0.440m of which £0.163m will be allocated to North. The overspend is mainly due to an overspend of £0.208m in the community store, £0.153m in the continence service and £0.078m in the Family Nurse Partnership.</p>																								

East HSCP – projected underspend of £0.141m of which £0.052m will be allocated to North. The overspend is mainly due to:

Primary Care and Out of Hours Services

There is a projected underspend of £0.189m on the Primary Care Lead Partnership budget and includes a projected underspend in Dental services totalling £0.267m, where staffing numbers are running at less than establishment. In addition, there are projected reduced costs within Primary Care contracting and support £0.343m, 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 £0.469m, as well as a small overspend on projected staff costs in Primary Medical Services £0.057m. 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 £1.254m, as well as Covid-19 Therapeutics projected costs £0.240m

Prison and Police Healthcare

The £0.048m projected overspend at month 4 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 £35.547m. This is based on the 2023-23 figure of £34.850m inflated by the 2023-24 uplift of 2%.

The annual budget for Acute Services is £409.7m. The directorate is overspent by £9.5m after 4 months. This is 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. Several unfunded wards 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.
- Numbers of delayed discharges and high acuity of patients.

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

2.12 FOSTER AND KINSHIP CARER ALLOWANCES

On 29th August, COSLA and the Scottish Government announced the agreement of a new standard national allowance for foster and kinship carers across the country. In the past, each area would set their own allowances but for the first time a national minimum level has been agreed. This will be supported by £16m of new Scottish Government funding. It is anticipated that the share for North Ayrshire will be in the region of £0.475m and this will be confirmed in October. An initial assessment is that the funding approximately aligns with the additional estimated cost in North Ayrshire.

North Ayrshire already pays in excess of the new national rates for all age bandings except 16+. Where we already pay a higher rate, this will remain unchanged.

The rates are detailed in the table below:

Age Banding	Existing NA rate	New national rate	New NA rate
0-4	£200.00	£168.31	£200.00
5-10	£200.00	£195.81	£200.00
11-15	£200.00	£195.81	£200.00
16+	£200.00	£268.41	£268.41

The new rates will be backdated to 1st April 2023. Further consideration will be required re any future year uplifts to the new national minimum rate.

2.13 FINANCIAL RECOVERY PROGRESS

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 demonstrated a significant impact on the position, the projected year-end position has improved by £0.736m since Month 3. The main contributors to this are noted in the table below:

Payroll turnover	292,000
Anam Cara staffing	88,000
Care Experienced Young People	304,000
Looked After Children	50,000
Care at Home	112,000
Transitions funding	60,000
MH Lead Partnership (NA share)	147,000

Work is ongoing to further improve the projected position and an updated plan will be included in the Month 6 report which will be brought to the November IJB.

	<p>This ongoing work is built on the following general principles:</p> <ul style="list-style-type: none"> • Minimise impact on delayed discharges or patient flow during Winter • Exercising professional judgement around the use of waiting lists where this may have an impact elsewhere in the system • Reviewing the need for more active management of non-frontline vacant posts • The non-recurring use of reserves • Working with East and South on lead partnership projections and impact on North Ayrshire • The potential for a freeze on non-essential spend • Escalating levels of spend authorisation within the HSCP. <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 £1.859m.</p> <p>The IJB also holds a General Fund reserve balance of £6.448m 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>
2.14	FINANCIAL RISKS
	<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"> • Current high levels of inflation which impact on costs incurred directly by the Partnership and on our partner providers • High risk areas of low volume / high-cost services areas e.g. Children's residential placements, Learning Disability care packages 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 including the ability to change and improve services following learning from the Covid response. • Continuing risks associated with provider sustainability. • The Local Government pay award is not settled for 2023-24 and negotiations are ongoing; any increase above the budgeted 3% will impact on the financial position unless additional funding is forthcoming.

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

2.15 RESERVES

The IJB reserves position is summarised in the table below.

The 'free' general fund balance of £6.448m is held as a contingency balance, this equates to around 2.3% 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 Reserves		Earmarked Reserves		Total
	Debt to NAC	Free GF	External Funding	HSCP	
	£m	£m	£m	£m	£m
Opening Balance - 1 April 2023	-	6.448	6.997	4.219	17.664
2023-24 Draw Per the Budget Paper	-	-	(1.252)	-	(1.252)
Current Reserve balances	-	6.448	5.745	4.219	16.412

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.

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.

4. IMPLICATIONS

4.1 Financial

The financial implications are as outlined in the report. Against the full-year budget of £310.286m there is a projected overspend of £3.859m. The report outlines the main variances for individual services.

4.2	<p><u>Human Resources</u></p> <p>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></p> <p>None.</p>
4.4	<p><u>Equality/Socio-Economic</u></p> <p>None.</p>
4.5	<p><u>Risk</u></p> <p>Para 2.12 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>
4.6	<p><u>Community Wealth Building</u></p> <p>None.</p>
4.7	<p><u>Key Priorities</u></p> <p>None.</p>
5.	CONSULTATION
5.1	This report has been produced in consultation with relevant budget holders and the Partnership Senior Management Team.
5.2	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.

Caroline Cameron, Director
Author – Paul Doak, Head of Finance and Transformation
Eleanor Currie, Principal Manager Finance
 [pdoak@north-ayrshire.gov.uk/eleanorcurrie@north-ayrshire.gov.uk]

2023-24 Budget Monitoring Report–Objective Summary as at 31st July 2023

Appendix A

Partnership Budget - Objective Summary	2023/24 Budget									Over/ (Under) Spend Variance at Period 3 £'000	Movement in projected variance from Period 3 £'000
	Council			Health			TOTAL				
	Budget	Outturn	Over/ (Under) Spend Variance	Budget	Outturn	Over/ (Under) Spend Variance	Budget	Outturn	Over/ (Under) Spend Variance		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
COMMUNITY CARE AND HEALTH	70,681	69,703	(978)	19,251	20,469	1,218	89,932	90,172	240	616	(376)
: Locality Services	28,207	27,999	(208)	5,332	5,578	246	33,539	33,577	38	306	(268)
: Community Care Service Delivery	36,717	35,938	(779)	0	0	0	36,717	35,938	(779)	(728)	(51)
: Rehabilitation and Reablement	2,190	2,188	(2)	0	0	0	2,190	2,188	(2)	1	(3)
: Long Term Conditions	944	1,024	80	10,244	11,020	776	11,188	12,044	856	1,029	(173)
: Community Link Workers	197	188	(9)	0	0	0	197	188	(9)	(9)	0
: Integrated Island Services	2,426	2,366	(60)	3,675	3,871	196	6,101	6,237	136	17	119
MENTAL HEALTH SERVICES	29,726	30,252	526	72,753	73,783	1,030	102,479	104,035	1,556	1,898	(342)
: Learning Disabilities	22,971	23,665	694	545	546	1	23,516	24,211	695	691	4
: Community Mental Health	5,869	5,825	(44)	1,782	1,782	0	7,651	7,607	(44)	(203)	159
: Addictions	886	762	(124)	1,784	1,784	0	2,670	2,546	(124)	0	(124)
: Lead Partnership Mental Health NHS Area Wide	0	0	0	68,642	69,671	1,029	68,642	69,671	1,029	1,410	(381)
CHILDREN & JUSTICE SERVICES	34,484	39,941	5,457	4,553	4,696	143	39,037	44,637	5,600	5,615	(15)
: Irvine, Kilwinning and Three Towns	3,151	2,986	(165)	0	0	0	3,151	2,986	(165)	(83)	(82)
: Garnock Valley, North Coast and Arran	3,139	3,072	(67)	0	0	0	3,139	3,072	(67)	(175)	108
: Intervention Services	1,868	1,883	15	437	438	1	2,305	2,321	16	(84)	100
: Care Experienced Children & Young people	22,618	27,926	5,308	0	0	0	22,618	27,926	5,308	5,628	(320)
: Head of Service - Children & Families	1,071	1,474	403	0	0	0	1,071	1,474	403	305	98
: Justice Services	2,412	2,396	(16)	0	0	0	2,412	2,396	(16)	(133)	117
: Universal Early Years	225	204	(21)	3,698	3,840	142	3,923	4,044	121	157	(36)
: Lead Partnership NHS Children's Services	0	0	0	418	418	0	418	418	0	0	0
CHIEF SOCIAL WORK OFFICER	1,852	1,463	(389)	0	0	0	1,852	1,463	(389)	(379)	(10)
PRIMARY CARE	0	0	0	53,378	53,337	(41)	53,378	53,337	(41)	(56)	15
ALLIED HEALTH PROFESSIONALS	0	0	0	10,291	10,291	0	10,291	10,291	0	0	0
COVID NHS	0	0	0	0	(274)	(274)	0	(274)	(274)	(275)	1
MANAGEMENT AND SUPPORT COSTS	7,192	6,083	(1,109)	4,787	3,583	(1,204)	11,979	9,666	(2,313)	(1,959)	(354)
NATIONAL COMMISSIONED SERVICE	0	0	0	3	3	0	3	3	0	0	0
FINANCIAL INCLUSION	1,335	1,335	0	0	0	0	1,335	1,335	0	(19)	0
OUTTURN ON A MANAGED BASIS	145,270	148,777	3,507	165,016	165,888	872	310,286	314,665	4,379	5,441	(1,081)
Return Hosted Over/Underspends East	0	0	0	0	(337)	(337)	0	(337)	(337)	(462)	125
Return Hosted Over/Underspends South	0	0	0	0	(294)	(294)	0	(294)	(294)	(403)	109
Receive Hosted Over/Underspends South	0	0	0	0	163	163	0	163	163	0	163
Receive Hosted Over/Underspends East	0	0	0	0	(52)	(52)	0	(52)	(52)	0	(52)
OUTTURN ON AN IJB BASIS	145,270	148,777	3,507	165,016	165,368	352	310,286	314,145	3,859	4,576	(736)

2023-24 Savings Tracker

Appendix B

Savings ref number	Description	Deliverability Status at budget setting	Deliverability Status at month 4	2023/24 Saving	Description of the Saving
Children, Families & Criminal Justice					
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
Community Care & Health					
2	Deliver the Strategic Plan objectives for Older People's Residential Services - Reduction in Care Home Places	Amber	Green	1,000,000	Month 10 placements are 762 and are projected to rise to 770 by the year end. 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. Implications – possible use of waiting list to manage numbers.
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. Implications – reduction in use of other care homes for respite places
4	Montrose House Capacity	Green	Amber	210,000	Amend registration from 30 beds to 20 beds across 2 staffed wings. This will be 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.
Mental Health					
6	Trindlemoss pool running costs	Green	Green	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 therapy.
7	Trindlemoss Day Care	Green	Green	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	Green	30,000	The contract has ceased and will not be renewed.
Other Areas					
9	Carers Act Funding - Substitution of Spend	Green	Green	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 4	2023/24 Saving	Description of the Saving
Other Areas					
10	Payroll Turnover - increase to target (social care)	Green	Green	1,000,000	22/23 Month 10 – projecting turnover savings £4.414m v target £2.014m resulting in a projected overachievement of target in 22/23 of £2.4m. Saving based on less than 50% of this year's overachievement
11	Income Generation - 5% Increase to fees and charges	Green	Green	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. Social care charges are means-tested with the exception of community alarms
13	Review the contingency funds	Green	Green		
12	Staffing Reconfiguration - Finance and Transformation	Green	Green	35,091	Saving released through management and admin structure change
TOTAL SOCIAL CARE SAVINGS				4,020,623	

Health:

Savings ref number	Description	Deliverability Status at budget setting	Deliverability Status at month 4	Approved Saving 2023/24 £m	Description of the Saving
13	Payroll Turnover - Health Lead Partnership	Green	Green	392,245	22/23 Month 10 – projecting turnover savings £2.182m v target £0.481m resulting in a projected overachievement of target in 22/23 of £1.701m. The saving is based on less than 25% of this year's overachievement
14	Payroll Turnover - Health Non Lead Partnership	Green	Green	250,000	22/23 Month 10 – projecting turnover savings £1.789m v target £1.183m resulting in a projected overachievement of target in 22/23 of £0.606m. The saving is less than 50% of this year's overachievement.
15	Reprovisioning of Continuing Care beds	Amber	Amber	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.
21	Inflationary increase to East HSCP re Woodland View beds	Green	Green	-	
TOTAL HEALTH SAVINGS				942,245	

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)
Revised Budget			118.582
Resource Transfer	1-3	P	23.597
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
Roundings		T	0.007
Social Care Budget Reported at Month 4			145.270
HEALTH	Period	Permanent or Temporary	£'m
Initial Baseline Budget			164.500
Month 10-12 Adjustments			2.473
MDT funding			0.828
Adjust for full year impact of part year amounts			0.052
Revised Baseline			167.853
Baseline Funding Increase			2.164
Adjust for recurring funding			7.629
Adjust for non-recurring			2.434
Resource Transfer			(23.597)
2023/24 Opening Position			156.483
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 trf	4		0.019
Lymphoedema Top Slice RX	4		(0.029)
HD Ref 51 Band 2-4	4		0.054
Roundings	4		(0.001)
Anticipated budgets included in the report but not yet in the ledger	4		8.659
Health Budget Reported at Month 4			165.016

TOTAL COMBINED BUDGET			310.286
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