
NORTH AYRSHIRE COUNCIL

29 August 2023

Cabinet

Title: Revenue Budget 2023/24 : Financial Performance to 30 June 2023

Purpose: To advise Cabinet of the financial performance for the Council at 30 June 2023.

Recommendation: That Cabinet agrees to:

- (a) note the information and financial projections outlined in the report;
- (b) note the latest financial projection for the Health and Social Care Partnership highlighted at 2.6;
- (c) note the potential impact of the review of Strathclyde Pension Fund on future budget pressures; and
- (d) approve the virements detailed in Appendix 7.

1. Executive Summary

- 1.1 The General Services Revenue Estimates for 2023/24 were approved by Council on 1 March 2023. The Housing Revenue Account (HRA) Revenue Budget for 2023/24 was approved by Council on 15 February 2023.
- 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 first report for 2023/24 and covers the period to the end of June 2023 (Period 3). Projections have been made to the year-end.
- 1.3 At Period 3 the General Fund is forecasting a net in-year overspend of £0.802m, (0.2%), after transferring resources to/from earmarked reserves.
- 1.4 The Housing Revenue Account is forecasting a net in-year underspend of (£6.363m), (11.0%).
- 1.5 The Health and Social Care Partnership is projecting a year-end overspend of £4.576m, (1.6%), for 2023/24. The Council services element is reporting a projected overspend of £3.837m and the Health services element is reporting a projected overspend of £0.739m.

- 1.6 Significant risks to the reported position have been identified arising from ongoing inflationary pressures across services, linked to the higher than anticipated Consumer Price Index, and the potential impact of the ongoing 2023/24 non teacher pay negotiations. However, it is anticipated that any additional costs arising from these negotiations will be matched by additional Scottish Government grant funding.
- 1.7 Following completion of the triennial review of Strathclyde Pension Fund's assets and liabilities, it is anticipated that the current level of employers' contribution will be reviewed with a view to a potential reduction in employers' contributions from 2024/25. Officers will continue to monitor developments and any projected cost reductions will be reported within the Medium Term Financial Plan 2024/25 to 2026/27 later in the year.

2. Background

General Fund

- 2.1 The Council set a breakeven budget for 2023/24. In addition to the budget approved on 1 March 2023, earmarked funds of £26.697m were carried forward from 2022/23 for service expenditure in 2023/24 and are reflected in the figures within the 2023/24 financial performance reports as they are drawn down.
- 2.2 Current financial projections indicate that a net in-year overspend of £0.802m, (0.2%), net of transfers to/from reserves, is anticipated for the year to 31 March 2024.
- 2.3 Details of the current financial projections are summarised in the following table:

	Appendix No	Annual Budget £000's	Projection to 31 March 2024 £000's	Projected Variance for year (Fav)/Adv £000's	Note
Service Expenditure					
Chief Executives	1	19,915	19,857	(58)	(i)
Communities	2	183,363	183,363	-	(ii)
Place	3	54,087	55,778	1,691	(iii)
Other Corporate Services	4	17,266	16,435	(831)	(iv)
Sub Total		274,631	275,433	802	
Health and Social Care Partnership	8	121,493	121,493	-	2.6
Balance for Services		396,124	396,926	802	
Financing Charges	5	12,730	12,730	-	
Contribution to Loans Fund Reserve	5	4,811	4,811	-	
Total Planned Expenditure		413,665	414,467	802	
Planned Income					
Aggregate External Finance	5	(342,784)	(342,784)	-	
Council Tax	5	(65,495)	(65,495)	-	(v)
Use of Earmarked Funds	5	(5,386)	(5,386)	-	
Total Planned Income		(413,665)	(413,665)	-	
Net Expenditure/ (Income)		-	802	802	

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 1 March 2023	(276,338)	(40,982)	(19,495)	(336,815)
Movements:				
Settlement Adjustment	257			257
Early Learning and Childcare	(218)		6	(212)
HSCP Adult Social Care	(2,821)			(2,821)
HSCP - CJSW			1	1
DHP Allocation	(2,752)			(2,752)
PEF carry forward 2022/23			(442)	(442)
Revised Planned Income	(281,872)	(40,982)	(19,930)	(342,784)

2.5 Commentary on Significant Movements from the Approved Budget

The Council's overall financial forecast against the revised budget is a net overspend position. This 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) Chief Executive's – underspend of (£0.058m)

The underspend is primarily related to vacancy management within Democratic Services.

(ii) Communities – breakeven

The breakeven position reported to 30 June reflects a range of overspends, offsetting underspends and utilisation of earmarked reserves across the services.

These are primarily related to:

- Increased residential childcare and external day placements, £0.978m;
- An under-recovery of commercial catering and school meal income within Facilities Management, £0.561m; and
- A projected overspend on Teachers HQ cover costs, £0.400m.

These have been offset by:

- Vacancy management across services, combined with a targeted reduction in overtime and casual staff costs, (£0.934m);
- Reduced Supplies & Services costs within Facilities Management linked to reduced commercial catering activity and school meal uptake, (£0.653m); and
- A net increase in income recovery across services, (£0.225m).

Virements in relation to the allocation of Early Years employee and third party payments budgets have been included within Appendix 7.

(iii) Place – overspend of £1.691m

The overspend is primarily related to:

- Additional operating costs within Waste Services, including associated costs pressures within Internal Transport, related to additional service demands and the impact of high staff absence levels, £1.157m;
- Cost pressures within Internal Transport arising from inflationary pressures, including increased contractor costs, £0.240m;
- A projected under-recovery of property income, £0.119m;
- Increased utility cost pressures, £0.117m; and
- Costs in relation to community hubs within Sheltered Housing Units, £0.112m.

Virements in relation to the realignment of initial budgets across services and additional income received in relation Employability and Regeneration have been included within Appendix 7.

(iv) Other Corporate Items – underspend of (£0.831m)

The underspend is primarily related to centrally held inflationary cost provisions which are being applied to offset the pressures reported across other services. The impact of inflation will continue to be monitored throughout the year.

(v) Council Tax – breakeven

The breakeven position reported reflects increased expenditure in relation to Council Tax Reduction claims, £0.395m, offset by reduced bad debt provision and the utilisation of centrally held provisions.

Health and Social Care Partnership

2.6 A copy of the HSCP financial performance report as at the end of June 2023 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 overspend of £4.576m for 2023/24.
- The projected overspend on the Council Services element is £3.837m over the same period with a projected overspend on the Health Services element of £0.739m;
- The most significant areas of overspend include residential placements for children, supplementary staff in wards and complex residential care packages within the lead partnership for mental health. Further detail is included in the report at Appendix 8.

As a contingency, the IJB set aside £2m within reserves at the end of 2022/23 in anticipation of budget pressures during 2023/24. This funding reduces the current projected overspend to £2.576m.

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. A recovery plan is being developed for presentation at the next IJB meeting.

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.

The main areas of risk identified include:

- 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

Risks

- 2.7 Significant risks to the reported position have been identified arising from inflationary pressures in relation to essential commodities, including food, and contractor costs. In June 2023, Cabinet agreed to earmark £0.870m from the 2022/23 underspend to address unbudgeted inflationary pressures arising from the ongoing cost of living crisis. Any further increases beyond current budget provision may impact on future service provision.

Negotiations in relation to the 2023/24 pay settlement for non-teaching staff are currently ongoing. It is anticipated that any additional costs arising from these negotiations will be matched by additional Scottish Government grant funding, however, the final impact of any award in excess of available funding may require the utilisation of Council reserves, with a knock-on effect on future budget gaps.

Future Budget Developments

- 2.8 As noted in the Unaudited Annual Accounts for 2022-23, presented to Council on 21 June 2023, Strathclyde Pension Fund has reported a significant increase in the value of fund assets driven by improved returns and increased yields on corporate bonds during 2022-23. Following completion of the triennial review of the Fund's assets and liabilities, it is anticipated that the current level of employers' contribution will be reviewed with a view to a potential reduction in employers' contributions. Although it is not anticipated that this review will impact on current year contributions, any reduction in the level of employers' contributions will result in a reduction in net budget pressures for 2024/25 and beyond. Officers will continue to monitor developments and any projected cost reductions will be reported within the Medium Term Financial Plan 2024/25 to 2026/27 later in the year.

Housing Revenue Account

2.9 The Housing Revenue Account budgeted for a breakeven position in 2023/24 and an in-year underspend of (£6.363m), (11.0%), is currently anticipated for the year to 31 March 2024. The projected position is summarised in the following table with further details provided in Appendix 6.

	Annual Budget £000's	Projection to 31 March 2024 £000's	Projected Variance for year (Fav)/Adv £000's	Note
Employee Costs	6,146	6,146	-	
Property Costs	22,466	22,466	-	
Supplies and Services	570	570	-	
Transport and Plant Costs	36	36	-	
Administration Costs	1,899	1,899	-	
Third Party Payments	2,861	2,861	-	
Transfer Payments	172	172	-	
Other Expenditure	380	380	-	
Capital Financing	23,309	16,946	(6,363)	(i)
Gross Expenditure	57,839	51,476	(6,363)	
Income	(57,839)	(57,839)	-	
Net Expenditure	-	(6,363)	(6,363)	

2.10 Commentary on Significant Movements from the Approved Budget

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

(i) **Capital Financing – underspend of (£6.363m)**

The underspend is due to lower than anticipated loan charges as a result of profiling within the HRA Capital programme. These funds will be required to support the re-phased HRA capital programme in future years.

3. Proposals

3.1 It is proposed that Cabinet agrees to:

- note the information and financial projections outlined in the report;
- note the latest financial projection for the Health and Social Care Partnership highlighted at 2.6;
- note the potential impact of the review of Strathclyde Pension Fund on future budget pressures; and
- 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 June 2023 is a net overspend of £0.802m.

Housing Revenue Account

The net projection for the year as at 30 June 2023 is a net underspend of (£6.363m).

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 2023 to 2028 by maximising financial flexibility to support the delivery of our priorities.

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

General Services Revenue Estimates 2023/24 to 2025/26 - Council 1 March 2023
Housing Revenue Account (HRA) Capital Investment Programme, Revenue Budget and Rent Levels for 2023/24 – Council 15 February 2023

CHIEF EXECUTIVES
BUDGETARY CONTROL 2023/24

REPORT FOR THE 3 MONTHS TO 30 JUNE 2023

Objective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Chief Executive					
Chief Executive	201	205	4	2%	
Total for Chief Executive	201	205	4	2%	
Financial Services					
Change Programme	8	8	-	0%	
Audit, Fraud, Safety & Insurance	682	707	25	4%	
Corporate Procurement	974	943	(31)	(3%)	
Financial Services	1,450	1,450	-	0%	
Revenues	(500)	(500)	-	0%	
Transformation	740	754	14	2%	
Total for Financial Services	3,354	3,362	8	0%	
People & ICT					
Employee Services	898	898	-	0%	
HR & Organisational Development	1,074	1,074	-	0%	
ICT	5,309	5,309	-	0%	
Business Support	1,258	1,258	-	0%	
Customer Services	3,948	3,948	-	0%	
Total for People & ICT	12,487	12,487	-	0%	
Democratic Services					
Legal & Licensing	496	482	(14)	(3%)	
Policy, Performance & Elections	488	431	(57)	(12%)	1
Communications	469	473	4	1%	
Civil Contingencies	60	60	-	0%	
Committee Services	554	543	(11)	(2%)	
Member Services	1,339	1,346	7	1%	
Ayrshire Support Service	410	418	8	2%	
Information Governance	57	50	(7)	(12%)	
Total for Democratic Services	3,873	3,803	(70)	(2%)	
Totals	19,915	19,857	(58)	(0%)	

Subjective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance
	£000	£000	£000	
Employee Costs	16,886	16,806	(80)	(0%)
Property Costs	68	68	-	0%
Supplies and Services	3,058	3,058	-	0%
Transport and Plant Costs	25	25	-	0%
Administration Costs	1,332	1,337	5	0%
Other Agencies & Bodies	1,958	1,958	-	0%
Transfer Payments	853	853	-	0%
Other Expenditure	-	-	-	-
Capital Financing	-	-	-	-
Gross Expenditure	24,180	24,105	(75)	(0%)
Income	(4,265)	(4,248)	17	(0%)
Net Expenditure	19,915	19,857	(58)	(0%)

CHIEF EXECUTIVES
BUDGETARY CONTROL 2023/24

REPORT FOR THE 3 MONTHS TO 30 JUNE 2023

Budget £000	Projected Variance £000	Variance as % of budget	Section
	Note 1		Democratic Services - Policy, Performance & Elections
447	(57)	-13%	Employee Costs - There is an underspend of £0.057m due to vacancy management.
	(57)		

COMMUNITIES**BUDGETARY CONTROL 2023/24****REPORT FOR THE 3 MONTHS TO 30 JUNE 2023**

	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
Objective Summary	£000	£000	£000		
Early Years Education	20,773	20,775	2	0%	1
Primary Education	48,062	47,667	(395)	(1%)	2
Secondary Education	61,230	61,184	(46)	(0%)	3
Additional Support Needs	13,649	14,285	636	5%	4
Education - Other	4,805	4,971	166	3%	5
Pupil Equity Fund	4,604	4,604	-	0%	
Facilities Management	17,658	17,295	(363)	(2%)	6
Connected Communities	12,582	12,582	-	0%	7
Net Total	183,363	183,363	-	0%	

	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance
Subjective Summary	£000	£000	£000	
Employee Costs - Teachers	95,738	96,176	438	0%
Employee Costs - Non Teachers	55,613	54,381	(1,232)	(2%)
Property Costs	1,409	1,363	(46)	(3%)
Supplies and Services	25,611	25,213	(398)	(2%)
Transport and Plant Costs	168	170	2	1%
Administration Costs	515	500	(15)	(3%)
Other Agencies & Bodies	13,100	14,122	1,022	8%
Transfer Payments	580	580	-	0%
Other Expenditure	-	-	-	
Capital Financing	78	71	(7)	(9%)
Gross Expenditure	192,812	192,576	(236)	(0%)
Income	(9,449)	(9,213)	236	(2%)
Net Expenditure	183,363	183,363	-	0%

COMMUNITIES
BUDGETARY CONTROL 2023/24

REPORT FOR THE 3 MONTHS TO 30 JUNE 2023

Budget £000	Projected Variance £000	Variance as % of budget	Section
	Note 1		Early Years Education
	2		Other minor movements.
			A reduction to the budget of £1.198m in 23/24 has necessitated a drawdown from Education earmarked funds pending permanent savings to be implemented for 24/25. Service redesign proposals are being developed.
	2		
	Note 2		Primary Education
45,654	(384)	-1%	Employee Costs : projected underspend in non teaching costs across all Primary Schools
-	(11)		Other minor movements
	(395)		
	Note 3		Secondary Education
46,642	(50)	0%	Employee Costs : projected underspend in non teaching costs across all Secondary Schools
	4		Other minor movements
	(46)		
	Note 4		ASN
11,830	(255)	-2%	Employee costs: Projected underspend of £0.255m in non teaching staff costs across all ASN school and bases provision.
355	(70)	-20%	There is a forecasted underspend of £0.070m on payments to Other Local Authorities due to a reduction in the number of NAC children accessing placements in their establishments.
1,003	42	4%	There is a projected overspend of £0.042m on external day placements as a result of additional children requiring this level of support and an increase in rates from these establishments.
499	936	188%	There is a projected overspend of £0.936m on external specialist residential placements. Currently there are 9 children in accommodation with an additional 3 expected in the near future; 2 children have left education provision in June 2023. Increased pressures on internal care settings as well as changing needs of children and young people have resulted in an increase in the need for external residential settings. Joint working is ongoing with HSCP to ensure that all options are fully explored in both education and care to determine the appropriate level of care and education provision to deliver positive outcomes for children and young people.
-	(17)		Other minor movements.
	636		
	Note 5		Education Other
3,462	348	10%	Employee costs: projected overspend in Teachers HQ Cover of £0.400m offset by underspends in HQ employee costs of £0.051m
1,252	9	1%	Third Party Payments: overspends across various subscriptions
1,121	(191)	-17%	Income: PPP insurance rebate £0.075m, PPP deductions of £0.085m in excess of budget, £0.017m salaries received from capital and £0.014m school let income
	166		
	Note 6		Facilities Management
13,285	(194)	-1%	Employee Costs: There is an underspend of £0.194m due to recruitment challenges and a targeted reduction of overtime and casual costs. There is an overspend of £0.023m within commercial catering attributed to Lochshore cafe.
6,403	(653)	-10%	Supplies and Services: There is a underspend of £0.059m in commercial catering costs and a further underspend in food of £0.347m due to reduced school meal uptake. School meal surveys have been issued to primary and secondary schools and the results will be used to inform menus and service provision for the new school year. Promotional activities including a radio campaign and social media posts are also planned. Any increased school meal activity will reduce the level of underspends shown above. In addition, there is an underspend within Early Years of £0.247m which has arisen due to a lower attendance rate than originally anticipated.
3,053	484	16%	Income: There is an under-recovery in commercial catering income of £0.395m due to a reduction in commercial events and cost/income challenges within commercial venues, and an under-recovery of school meal income of £0.166m. This is partially offset by an over-recovery of cleaning and janitorial income of £0.076m.
	(363)		

Budget £000	Projected Variance £000	Variance as % of budget	Section
	Note 7		Connected Communities
7,217	(111)	-2%	Employee Costs: Underspends in Community Facilities, Libraries, Country Parks and Community Development due to vacancy management.
174	52	30%	Supplies and Services: small overspends across a number of budget lines
(962)	42	-4%	Income: £0.080m under recovery in Community Facilities as income has not returned to pre-covid levels and projected over-recovery of £0.038m in Arran Outdoor Education Centre
-	17		Other minor movements.
	-		

PLACE
BUDGETARY CONTROL 2023/24

REPORT FOR THE 3 MONTHS TO 30 JUNE 2023

Objective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Directorate and Support	194	194	-	0%	
Housing and Public Protection					
Building Services	(2,543)	(2,543)	-	0%	1
Property Governance	(7)	(7)	-	0%	
Planning Services	322	322	-	0%	
Protective Services	1,736	1,736	-	0%	
Other Housing	2,562	2,509	(53)	(2%)	2
Total for Housing and Public Protection	2,070	2,017	(53)	(3%)	
Commercial Services					
Roads	7,396	7,446	50	1%	3
Streetscene	5,117	5,117	-	0%	
Waste Resources	9,612	10,690	1,078	11%	4
Total for Commercial Services	22,125	23,253	1,128	5%	
Economic Development, Growth and Regeneration					
Economic Policy	201	201	-	0%	
Employability & Skills	1,955	1,982	27	1%	
Regeneration	1,221	1,221	-	0%	
Business	954	954	-	0%	
Growth & Investment	216	216	-	0%	
Total for Economic Development, Growth and Regeneration	4,547	4,574	27	1%	
Sustainability, Transport and Corporate Property					
Property Management & Investment	1,565	1,639	74	5%	5
Housing Assets & Investment	(1)	(1)	-	0%	
Property Maintenance	3,494	3,494	-	0%	
Property Running Costs	4,728	4,850	122	3%	6
Energy and Sustainability	5,194	5,268	74	1%	7
Internal Transport	10,171	10,490	319	3%	8
Total for Sustainability, Transport and Corporate Property	25,151	25,740	589	2%	
Net Total	54,087	55,778	1,691	3%	

Subjective Summary	Annual Budget	Projected Year End Outturn	Annual Variance Adverse or (Favourable)	% variance
	£000	£000	£000	
Employee Costs	46,380	47,063	683	1%
Property Costs	21,417	21,604	187	1%
Supplies and Services	9,699	9,842	143	1%
Transport and Plant Costs	7,498	8,081	583	8%
Administration Costs	774	771	(3)	(0%)
Other Agencies & Bodies	17,020	17,018	(2)	(0%)
Transfer Payments	-	-	-	0%
Other Expenditure	182	166	(16)	(9%)
Capital Financing	-	-	-	
Gross Expenditure	102,970	104,545	1,575	2%
Income	(48,883)	(48,767)	116	(0%)
Net Expenditure	54,087	55,778	1,691	3%

PLACE
BUDGETARY CONTROL 2023/24

REPORT FOR THE 3 MONTHS TO 30 JUNE 2023

Budget £000	Projected Variance £000	Variance as % of budget	Section
Note 1			Building Services
(2,543)	-	-	Building Services are projecting a break-even position at period 3. However there remain significant challenges facing the Housing Revenue Account in relation to property costs, particularly void repairs, which would have an impact on Building Services. The position is being monitored.
Note 2			Other Housing
3,839	(53)	(1%)	Employee Costs: projected underspend of £0.053m due to vacancy management.
			(53)
Note 3			Roads
2,873	61	2%	Supplies and Services: After drawing down £0.656m budget from contingency and earmarked funds, there remains a projected overspend of £0.043m on street lighting and traffic signal energy costs, which is due to inflation. Further forecasted overspend of £0.010m on software licences and small overspends across the service.
			(11)
			Other minor movements.
			50
Note 4			Waste Services
5,132	769	15%	Employee Costs: The overspend is attributed to additional resources to deal with new builds and to cover a significant, and challenging, sickness absence rate. The statutory nature of the service requires additional resources to cover unforeseen absences. A robust absence monitoring process is in place and an overall review of the Waste service in light of legislative changes and current service demands is ongoing. This will also take account of waste compositional analysis.
482	82	17%	Supplies & Services: Forecast overspends on Refuse containers £0.052m and Trade effluent £0.025m.
160	255	159%	Transport Costs: Additional vehicles are in place to deal with pressures from new builds and seasonal demands in Garden Waste, however some of these vehicles will be removed from October 2023.
			(28)
			Other minor movements
			1,078
Note 5			Property Management and Investment
2,582	(45)	(2%)	Employee Costs: A projected underspend of £0.045m due to vacancy management.
(1,263)	119	(9%)	Income: There is a projected under-recovery in fee income of £0.119m.
			74
Note 6			Property Running Costs
6,349	112	2%	Property Costs: due to associated costs for community hubs within SHUs.
			10
			Other minor movements
			122
Note 7			Energy and Sustainability
8,262	74	1%	Property Costs: Due to the current energy crisis and after drawing down the maximum available £3.048m from contingencies and earmarked funds there is a projected overspend in property costs of £0.074m due to increased utility cost charges.
			A number of workstreams are ongoing to reduce consumption to reduce the above tariff related increases and as part of our overall sustainability strategy.
			74
Note 8			Internal Transport
4,668	171	4%	Transport Provision Costs: Projected overspend of £0.171m due to an increase in contractors operating and running costs which has resulted in higher contract pricing.
385	79	21%	External Hires: Projected overspend of £0.079m which is mainly due to additional hire of vehicles, due to pending delivery of replacement vehicles.
1,117	70	6%	Repairs & Maintenance: Projected overspend of £0.070m in repairs and maintenance which is due to price increases and maximising the life of assets due to the increased lead time for replacement vehicles.
			(1)
			Other minor movements
			319

OTHER CORPORATE ITEMS
BUDGETARY CONTROL 2023/24

REPORT FOR THE 3 MONTHS TO 30 JUNE 2023

Objective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Strathclyde Passenger Transport	2,257	2,242	(15)	(1%)	
SPT Concessionary Fares	286	291	5	2%	
Ayrshire Joint Valuation Board	965	932	(33)	(3%)	
	3,508	3,465	(43)	(1%)	
Other Corporate Costs					
Pension Costs	1,895	1,895	-	0%	
Central Telephones	350	350	-	0%	
Other Corporate Items (incl Transformation Costs, Bad Debt Provision, External Audit fees and other centrally held funding.)	11,531	10,710	(821)	(7%)	1
Housing Benefits	(19)	14	33	-174%	
	17,265	16,434	(831)	(5%)	

OTHER CORPORATE ITEMS
BUDGETARY CONTROL 2023/24

REPORT FOR THE 3 MONTHS TO 30 JUNE 2023

Budget £000	Projected Variance £000	Variance as % of budget	Section
	Note 1		Other Corporate Items
11,531	(821)	-7%	The projected underspend is primarily related to centrally held inflationary cost provisions which are being applied to offset pressures reported across other services. The impact of inflation will continue to be monitored throughout the year.
	(821)		

MISCELLANEOUS ITEMS
BUDGETARY CONTROL 2023/24

REPORT FOR THE 3 MONTHS TO 30 JUNE 2023

Objective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% variance	Note No
	£000	£000	£000		
Financing Charges	12,730	12,730	-	-	
Contribution to Loans Fund Reserve	4,811	4,811	-	-	
Scottish Government Funding	(342,784)	(342,784)	-	-	
Council Tax	(65,495)	(65,495)	-	-	1
Use of Earmarked Funds	(5,386)	(5,386)	-	-	
Net Total	(396,124)	(396,124)	-	-	

Note 1 Council Tax

There has been a significant increase in the value of CTR claims received in the first quarter of 2023/24, £0.395m. This has been offset by reduced bad debt provision and the utilisation of centrally held cost of living provisions. Following the impact of the Cost of Living Allowance distributed during 2022/23, Council Tax collection rates have reduced to levels which are in line with pre pandemic performance.

HOUSING REVENUE ACCOUNT
BUDGETARY CONTROL 2023/24

REPORT FOR THE 3 MONTHS TO 30 JUNE 2023

	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£	£	£		
Employee Costs	6,146	6,146	-	0%	
Property Costs					
Responsive Repairs	7,293	7,293	-	0%	
Void Repairs	3,576	3,576	-	0%	
Planned and Cyclical Maintenance	5,041	5,041	-	0%	
Aids and Adaptions	1,617	1,617	-	0%	
Other property costs	4,939	4,939	-	0%	
Total for Property Costs	22,466	22,466	-	0%	1
Supplies & Services	570	570	-	0%	
Transport Costs	36	36	-	0%	
Administration Costs	1,899	1,899	-	0%	
Third Party Payments	2,861	2,861	-	0%	
Transfer Payments	172	172	-	0%	
Other Expenditure	380	380	-	0%	
Capital Financing Costs	23,309	16,946	(6,363)	(27%)	2
Gross Expenditure	57,839	51,476	(6,363)	(11%)	
Income					
Council House Rents	(56,803)	(56,803)	-	0%	
Other Rents	(332)	(332)	-	0%	
Recharges	(474)	(474)	-	0%	
Other Income	(230)	(230)	-	0%	
Total Income	(57,839)	(57,839)	-	0%	
Net Expenditure	-	(6,363)	(6,363)		

HRA**BUDGETARY CONTROL 2023/24****REPORT FOR THE 3 MONTHS TO 30 JUNE 2023**

Budget £000	Variance £000	Variance as % of budget	Section
	Note 1		Property Costs
22,466	0	0%	No variance is projected at period 3 however there remains significant pressures on the property cost budgets and particularly in relation to void repairs. The position will continue to be monitored and an update will be provided at period 5.
	0		
	Note 2		Capital Financing Costs
23,309	6,363	27%	There is a projected underspend in capital financing costs of £6.363m due to lower than anticipated loan charges. This is due to the profiling within the HRA Capital budget. The underspend will be reflected in the Business Plan which is currently being reviewed.
	6,363		

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	4.709	-	-	6.363	(4.065)	7.007
Welfare Reform	1.500	-	-	-	-	1.500
Sustainability Fund	5.000	-	-	-	-	5.000
Voids - non programmed works	0.198	-	-	-	-	0.198
Software Licences	0.123	-	-	-	-	0.123
Contingency Balance	0.781	-	-	-	-	0.781
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
	13.685	-	-	6.363	(4.065)	15.983

Budget Management - 30 June 2023
Virement/Budget Adjustment Requests

	2023/24		
	Perm (P) / Temp(T)	Virement £m	Directorate Total £m
1) Budget Virements			
Place			
Streetscene - Transport Costs	P	0.066	
Streetscene - Supplies and Services	P	0.062	
Streetscene - Third Party Payments	P	0.020	
Streetscene - Income	P	-0.148	
Waste - Supplies & Services	P	0.080	
Waste - Third Party Payments	P	0.120	
Waste - Income	P	-0.200	
Waste - Third Party Payments - realignment of budgets to reflect current position	T	0.610	
Waste - Third Party Payments - realignment of budgets to reflect current position	T	-0.610	
Regeneration - Third Party Payments	T	0.308	
Regeneration - Employee Costs	T	0.017	
Regeneration - Supplies and Services	T	0.007	
Regeneration - Income	T	-0.332	
Employability - Income	P	0.193	
Employability - Supplies and Services	P	0.048	
Employability - Admin Costs	P	-0.006	
Employability - Employee Costs	P	-0.103	
Employability - Third Party Payments	P	-0.132	
Employability Grants - Employee Costs	T	0.878	
Employability Grants - Third Party Payments	T	1.970	
Employability Grants - Supplies and Services	T	0.060	
Employability Grants - Admin Costs	T	0.010	
Employability Grants - Income	T	-2.918	
			0.000
Communities			
Early Years - Funded Providers Provision	P	-0.242	
Early Years - Employee Costs	P	0.242	
			0.000

Integration Joint Board 24th August 2023

Subject :	2023-24 – Month 3 Financial Performance
Purpose :	To provide an overview of the IJB's financial performance as at month 3 (June).
Recommendation :	It is recommended that the IJB: <ul style="list-style-type: none"> (a) notes the overall integrated financial performance report for the financial year 2023-24 and the current overall projected year-end overspend of £4.576m; (b) notes the progress with delivery of agreed savings; (c) notes the remaining financial risks for 2023-24; and (d) approves the budget reductions which are detailed at paragraph 2.10.

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 June, 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 £4.576m (1.6%) 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 3
	<p>At month 3 against the full-year budget of £285.076m there is a projected year-end overspend of £4.576m (1.6%). 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 £3.837m in social care services and a projected overspend of £0.739m 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> <p>East and South HSCP do not report at month 3 so the impact of their Lead Partnership services is not included in this report.</p>
2.3	Health and Community Care Services
	<p>Against the full-year budget of £89.901m there is a projected overspend of £0.616m (0.7%) 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 £0.171m. The projected costs reflect the recently agreed National Care Home Contract (NCHC) rates.</p> <p>The budgeted number of permanent placements is 780 and at month 3 there are 771 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</p>

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 assumed to be online 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 £0.637m underspent. The position is made up of an underspend in in-house services of £1.145m 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 £0.508m as the budget was reduced to reflect the additional costs of bringing some services in-house after the provider withdrew from the contract.
- c) Reablement services are projected to be £0.121m underspent due to vacancies.
- d) Care at Home Charging Income is projected to under recover by £0.080m 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 £0.152m in community care packages, £0.292m underspend in direct payments and £0.611m overspend for residential placements. There is also an under-recovery of income of £0.135m. There will be a further review of these projections in month 4 to focus on areas where there are unused hours or clawback of direct payments.
- f) Anam Cara is projected to overspend by £0.177m due to covering vacancies and sickness absence (£0.121m) and under-recovered income (£0.056m).
- g) Integrated Island Services is projected to be £0.163m underspent. This is mainly due to a projected underspend in care at home costs of £0.198m.. There is also an overspend in supplies and cleaning costs of £0.075m.
- h) District Nursing is projected to overspend by £0.225m due to an overspend on bank nursing costs and supplies.
- i) Rehab wards are projected to overspend by £0.265m (Redburn ward £0.215m overspent and Douglas Grant £0.050m overspent). The overspend is due to cover

	<p>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 due to a reduced charge to reflect the reduction in beds used during the transition to the new service.</p>
2.4	<p>Mental Health Services</p>
	<p>Against the full-year budget of £101.049m there is a projected overspend of £1.898m (1.9%) 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 £0.691m and the main variances are:</p> <ul style="list-style-type: none"> • Care Packages (including residential and direct payments) - projected underspend of £0.310m in community care packages and projected overspends of £0.497m in direct payments and £0.684m 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 £0.203m which is mainly due to an underspend of £0.218m in community packages (including direct payments) and an overspend in residential placements of £0.083m.</p> <p>c) The Lead Partnership for Mental Health is projecting to be £1.410m overspent and the main variances are as follows:</p> <ul style="list-style-type: none"> • A projected overspend in Adult Inpatients of £0.600m 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 £1.067m 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 £0.118m due to an increase in substitute prescribing costs.
- Learning Disability Services are projected to overspend by £0.426m 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, increased and sustained enhanced observations and vacancies. The enhanced observations are reviewed on a daily basis.
- Elderly Inpatients are projected to overspend by £0.240m due to the use of supplementary staffing.
- The Innovation Fund is projected to underspend by £0.229m due to slippage within some of the projects and not all of the funding was allocated.
- Addictions in patients are projected to overspend by £0.150m due to the use of supplementary staffing.
- 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 £1.035m in 2023-24, further information is included in the table below:

Vacancy Savings Target	(£0.873m)
Projected to March 2024	£1.908m
Over/(Under) Achievement	£1.035m

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 £0.376m
- Psychiatry £0.348m
- Psychology £0.495m
- Associate Nurse Director £0.097m

2.5 **Children and Justice Services**

Children's Services

Against the full-year budget of £39.191m there is a projected overspend of £5.615m (14.3%) and the main variances are:

a) Care Experienced Children and Young People is projected to overspend by £5.628m. The main areas within this are noted below:

- Children's residential placements are projected to overspend by £5.700m. We started 2023/24 with 32 external placements and there are currently 36 placements which are assumed to continue until the end of the year. Within the £5.700m there is £0.250m relating to enhanced costs for two placements. 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 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 £0.361m underspent based on the current number of placements.

b) Children with disabilities – residential placements are projected to overspend by £0.245m. 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 £0.139m.

c) Residential respite – placements are projected to overspend by £0.049m. 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) Children's Houses Employee Costs – are projected to overspend by £0.100m due to additional overtime costs.

e) Head of Service – is projected to overspend by £0.305m 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.												
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 been taken as payroll turnover.												
2.7	CHIEF SOCIAL WORK OFFICER												
	There is a projected underspend of £0.379m mainly due to a projected underspend in the Carers Strategy funding.												
2.8	MANAGEMENT AND SUPPORT												
	<p>Management and Support Services are projected to underspend by £1.959m and the main areas of underspend are:</p> <ul style="list-style-type: none"> • An over-recovery of payroll turnover of £0.723m for social care services and an over-recovery of payroll turnover of £0.261m for health services as outlined in the table below. • The Band 2 to Band 3 regrading costs are still being worked through 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 £0.380m due to delays in children transitioning into adult services. <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="341 1498 1326 1688"> <thead> <tr> <th></th> <th>Social Care</th> <th>Health Services</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>1.694m</td> </tr> <tr> <td>Over/(Under) Achievement</td> <td>0.723m</td> <td>0.261m</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 £0.934m (31% of annual target) has been achieved to date.</p> <p>The health vacancy projection to the year-end is based on the month 3 position and is informed by the recruitment plans and confidence in recruitment to posts for the remainder of the year.</p>		Social Care	Health Services	Vacancy Savings Target	(3.014m)	(1.433m)	Projected to March 2024	3.737m	1.694m	Over/(Under) Achievement	0.723m	0.261m
	Social Care	Health Services											
Vacancy Savings Target	(3.014m)	(1.433m)											
Projected to March 2024	3.737m	1.694m											
Over/(Under) Achievement	0.723m	0.261m											

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 3 are:

- Children and Families £0.275m
- Learning Disability £0.029m
- Management and Support £0.098m
- Community Care Service Delivery £0.091m
- Rehab and Reablement £0.099m
- Locality Services £0.115m
- Integrated Island Services £0.132m

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 3 £m
Red	-	0.273
Amber	2.245	2.182
Green	2.718	2.508
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. 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	<p>Budget Changes</p> <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> <ol style="list-style-type: none"> 1) Transfer to IT re software costs £0.012m 2) Transfer to Capital re West Road £0.300m <p>Any NHS reductions will be reported in month 4.</p>
2.11	<p>Pan Ayrshire Lead Partnership services and Large Hospital Set Aside</p> <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 3 the MH lead partnership is projected to overspend by £1.410m (£0.462m NRAC share for East and £0.403m for South). South and East HSCP do not report until month 4.</p> <p>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%.</p> <p>The annual budget for Acute Services is £409.9m. The directorate is overspent by £6.8m after 3 months. This 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</p>

	<p>other areas in Scotland. Several unfunded wards are open across both main hospital sites.</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>
2.12	FINANCIAL RECOVERY PLAN
	<p>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.</p> <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 £2.576m.</p> <p>A financial recovery plan is being developed to address the main areas of overspend and to identify further areas which can contribute to bringing the position back into line, this will be brought to next IJB meeting with the Month 4 financial report.</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>
2.13	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.

2.14 RESERVES

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

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 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 an 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	<u>Financial</u> The financial implications are as outlined in the report. Against the full-year budget of £285.076m there is a projected overspend of £4.576m. The report outlines the main variances for individual services.
4.2	<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.
4.3	<u>Legal</u> None.
4.4	<u>Equality/Socio-Economic</u> None.
4.5	<u>Risk</u> Para 2.12 highlights the financial risks. 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.
4.6	<u>Community Wealth Building</u> None.
4.7	<u>Key Priorities</u> None.
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.

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2023-24 Budget Monitoring Report–Objective Summary as at 30th June

Appendix A

Partnership Budget - Objective Summary	2023/24 Budget								
	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	70,156	69,498	(658)	19,745	21,019	1,274	89,901	90,517	616
: Locality Services	28,157	28,233	76	6,148	6,378	230	34,305	34,611	306
: Community Care Service Delivery	36,577	35,849	(728)	0	0	0	36,577	35,849	(728)
: Rehabilitation and Reablement	2,206	2,207	1	0	0	0	2,206	2,207	1
: Long Term Conditions	944	1,108	164	10,952	11,817	865	11,896	12,925	1,029
: Community Link Workers	197	188	(9)	0	0	0	197	188	(9)
: Integrated Island Services	2,075	1,913	(162)	2,645	2,824	179	4,720	4,737	17
MENTAL HEALTH SERVICES	29,692	30,180	488	71,357	72,767	1,410	101,049	102,947	1,898
: Learning Disabilities	22,864	23,555	691	542	542	0	23,406	24,097	691
: Community Mental Health	5,942	5,739	(203)	1,623	1,623	0	7,565	7,362	(203)
: Addictions	886	886	0	1,784	1,784	0	2,670	2,670	0
: Lead Partnership Mental Health NHS Area Wide	0	0	0	67,408	68,818	1,410	67,408	68,818	1,410
CHILDREN & JUSTICE SERVICES	34,627	40,087	5,460	4,564	4,719	155	39,191	44,806	5,615
: Irvine, Kilwinning and Three Towns	3,184	3,101	(83)	0	0	0	3,184	3,101	(83)
: Garnock Valley, North Coast and Arran	3,188	3,013	(175)	0	0	0	3,188	3,013	(175)
: Intervention Services	1,885	1,801	(84)	440	440	0	2,325	2,241	(84)
: Care Experienced Children & Young people	22,655	28,283	5,628	0	0	0	22,655	28,283	5,628
: Head of Service - Children & Families	1,075	1,380	305	0	0	0	1,075	1,380	305
: Justice Services	2,412	2,279	(133)	0	0	0	2,412	2,279	(133)
: Universal Early Years	228	230	2	3,698	3,853	155	3,926	4,083	157
: Lead Partnership NHS Children's Services	0	0	0	426	426	0	426	426	0
CHIEF SOCIAL WORK OFFICER	1,852	1,473	(379)	0	0	0	1,852	1,473	(379)
PRIMARY CARE	0	0	0	53,406	53,350	(56)	53,406	53,350	(56)
ALLIED HEALTH PROFESSIONALS	0	0	0	10,176	10,176	0	10,176	10,176	0
COVID NHS	0	0	0	0	(275)	(275)	0	(275)	(275)
MANAGEMENT AND SUPPORT COSTS	5,271	4,216	(1,055)	(17,227)	(18,131)	(904)	(11,956)	(13,915)	(1,959)
FINANCIAL INCLUSION	1,457	1,438	(19)	0	0	0	1,457	1,438	(19)
OUTTURN ON A MANAGED BASIS	143,055	146,892	3,837	142,021	143,625	1,604	285,076	290,517	5,441
Return Hosted Over/Underspends East	0	0	0	0	(462)	(462)	0	(462)	(462)
Return Hosted Over/Underspends South	0	0	0	0	(403)	(403)	0	(403)	(403)
OUTTURN ON AN IJB BASIS	143,055	146,892	3,837	142,021	142,760	739	285,076	289,652	4,576

2023-24 Savings Tracker

Appendix B

Savings ref number	Description	Deliverability Status at budget setting	Deliverability Status at month 3	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	Amber	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	Amber	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 3	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 3	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

PUBLIC INFORMATION

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	21.562
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)
Social Care Budget Reported at Month 3			143.055