
NORTH AYRSHIRE COUNCIL

27 November 2019

Audit & Scrutiny Committee

Title: North Ayrshire IJB Financial Position

Purpose: To provide an update on the financial position of the North Ayrshire IJB and the plans to mitigate the current projected overspend.

Recommendation: It is proposed that the Committee note the attached reports.

1. Executive Summary

- 1.1 The Audit and Scrutiny Committee agreed to receive regular reports on the financial performance of the North Ayrshire IJB. The Committee requested a further update on the financial position of the partnership following a reported overspend position during the 2019-20 financial year.
- 1.2 The attached reports and supplementary information provide an overview of the financial position for the IJB and additional information on service demands, together with information on the local and national challenges in delivering on the ambitions of health and social care integration.

2. Background

- 2.1 The Scottish Government integrated health and social care so that people have access to the services and support they need, so that their care feels seamless to them, and so that they experience good outcomes and high standards of support. Integration requires services to be redesigned and improved, with a strong focus on prevention, quality and sustainability. Audit Scotland observed in their report published in November 2018 that integration can work within the current legislative framework, but that Integration Authorities are operating in an extremely challenging environment. It is acknowledged that health and social care services are driving forward many improvements in the experience of care, every day and often in challenging and difficult circumstances, but that the pace of change needs to increase. Much of the change that needs to happen is to completely transform how we deliver health and social care services, moving away from traditional approaches and looking after people for longer in their own homes. This is a huge cultural change for staff, communities and our partners and requires a realignment of expectations of the services we can continue to provide and how we provide those. The North Ayrshire HSCP is delivering the

Thinking Different, Doing Better experience to clearly communicate the challenges we face and the case for change.

- 2.2 The IJB approved a balanced budget for 2019-20 in March 2019. That budget was underpinned by a requirement to deliver savings of £6.1m and to manage a number of in-year unfunded pressures. Whilst the budget and savings plans are completely aligned to the IJB's Strategic Plan and the ambitions within that to change how we deliver health and social care services, we have never underestimated the challenge we face in terms of delivering service change across all services at pace whilst continuing to meet new demand for services. So many of the delegated services, particularly for social care, are demand led and for some services these are very specialist and high cost. This leads to a greater risk of being able to plan for and respond to in-year demands for services. Some of this is being reflected in the challenges being faced by health and social care systems across the country. The recent Auditor General's report reports a potential £1.8 billion shortfall in funding across Scotland by 2023-24. Whilst we await the quarter two position, by the end of quarter one this year, 22 of the 31 Integration Joint Boards were projecting overspends totalling £87 million.
- 2.3 The IJB approved a Financial Recovery Plan in September this year, at which time we were projecting a year-end overspend across the partnership of £2m. The Financial Recovery Plan includes actions to address the areas of overspend to help work towards financial balance for this year. In the main the actions outlined in the plan will deliver a recurring benefit and assist with providing a sustainable position for future years. It is therefore important that officers in the HSCP continue to work on delivering against those actions.
- 2.4 The IJB was presented with an update on the financial position last week where it was noted, with disappointment, the deterioration of the position to a projected overspend of nearly £3m. The partnership has made significant progress in a number of areas for social care including reducing Care Home placements and bringing children back from residential placements. However, we also face some significant challenges in meeting unprecedented demand for packages of care to facilitate hospital discharge and managing community waiting lists for services. In addition, our current limited availability of local kinship and foster carers alongside decisions taken, sometimes outwith our control by Children's Hearings and Courts, has led to some children being placed in very expensive care placements.
- 2.5 Whilst we are still confident of delivering the savings that have been agreed by the IJB, some delays have impacted on our ability to fully realise the extent of these savings in-year. For example, the delay in the opening of Trindlemoss and the delay associated with the process around the implementation of the Adult Support tender has, in both instances, meant that we have lost at least four months' worth of savings.
- 2.6 Whilst the IJB understand the responsibility to plan and deliver services from within the delegated budget, we recognise the challenges in recovering an overspend of nearly £3m by this point in the financial year and the impact of the short-term decisions and actions that would require to be taken to fully recover

this position. These actions would inevitably have longer term consequences, both financially and for individual people's outcomes and would not necessarily address the areas where we continue to have financial and operational pressures. These actions would also have unintended consequences on other areas of the care system we have responsibility for, including acute hospitals which are already at breaking point. None of this would align with our strategic ambition to shift the balance of care and improve outcomes for people in North Ayrshire and could result in the loss of trust between communities and the partnership as well as undermining our ability to deliver on areas of positive transformational change.

- 2.7 North Ayrshire Council continue to hold £1.5m on behalf of the IJB to allow the repayment of the outstanding debt of £5.1m to the Council over the next few years. Last financial year (2018-19) the partnership successfully delivered financial balance and made the first instalment towards reducing the debt, this positive outcome was partly supported by an underspend in the Health element of the budget which was utilised to offset social care overspends. In 2019-20 there are significant challenges in balancing the delegated Health budget. With a programme of service change including closure of wards (Elderly Mental Health and Learning Disabilities) which are delivering care on a Pan Ayrshire basis and therefore rely on other areas having plans for alternative care for individuals. We have seen significant delays in delivering these service changes which has had an impact on the health element of the IJB budget.
- 2.8 The IJB recognise that it is unlikely at this stage that we will be able to fully recover the full £3m overspend alongside managing continuing demand for services, therefore we are working towards reducing this as far as practically possible. It is important that we continue to progress the actions set out in the financial recovery plan as these are targeted not only at reducing the overspend for this year but also to address recurring overspends in future years. This is with an expectation that realistically we will not be in a position as planned to make this year's full instalment of £1.5m against the outstanding debt with the Council. The IJB do not want to be in a position of further adding to the £5.1m outstanding debt and therefore will focus on ensuring the final outturn is managed to at least £1.5m

3. Proposals

- 3.1 It is proposed that the Committee notes the current position and that the pressures experienced are not unique to North Ayrshire. The Committee is asked to note the impact of delays in delivering savings this year and the plans in place to reduce the projected position.

4. Implications

Financial:	The implications are outlined in the attached reports.
Human Resources:	The implications are outlined in the attached reports.
Legal:	The implications are outlined in the attached reports.
Equality:	The implications are outlined in the attached reports.
Environmental & Sustainability:	The implications are outlined in the attached reports.
Key Priorities:	The implications are outlined in the attached reports.
Community Benefits:	The implications are outlined in the attached reports.

5. Consultation

5.1 The attached report outlines the consultation that has taken place.



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For further information please contact **Caroline Cameron** on **01294 324954**.

Background Papers

Appendix 1 – IJB Financial Monitoring Report – Period 6

Appendix 2 – Supplementary Demand Pressure Information

Appendix 3 – Integration Authorities Financial Position at Q1 2019-20

Appendix 4 – Audit Scotland – *NHS in Scotland 2019* (October 2019)

Appendix 5 – Scottish Government - *Medium Term Health and Social Care Financial Framework* (October 2018)

Appendix 6 – Health and Sport Committee – *Looking ahead to the Scottish Government – Health Budget 2020-21* (October 2019)

Appendix 7 – Council Budget Engagement Resources – NAHSCP