

North Ayrshire Integration Joint Board

Report to the Performance and Audit Committee on the 'Audit Dimensions and Best Value' for the year ended 31 March 2021

Issued on 18 June for the meeting on 25 June 2021

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Introduction

The key messages in this report

Background:

As set out in our audit plan, the Code of Audit Practice sets out four audit dimensions which set a common framework for all public sector audits in Scotland.

Our audit work has considered how the Board is addressing these and our conclusions are set out within this report.

Scope of audit

Our audit work was risk based and proportionate, covering the four audit dimensions as follows:

- Financial management;
- Financial sustainability;
- Governance and transparency; and
- Value for money.

Our responsibilities in relation to Best Value ('BV') have been incorporated into this audit work.

I have pleasure in presenting our report to the Performance and Audit Committee ('the Committee') of North Ayrshire Integration Joint Board ("the IJB" "the Board") as part of our 2020/21 audit responsibilities. I would like to draw your attention to the key messages from this paper.

As discussed in our audit plan, the risk profile of public bodies for the 2020/21 audits is significantly affected by the COVID-19 pandemic. Our audit work across each dimension has therefore been specifically focussed on how the Board has responded to these risks.

Our overall conclusions on each dimension are summarised below, with full details provided in the main body of the report:

Financial Management

The IJB continues to have effective financial planning and management arrangements in place with a strong and consistent finance team. The underspend projected at the end of March 2021 has been achieved through close monitoring of the projected position throughout the year. This included close monitoring of COVID-19 costs and unachieved savings which are expected to be fully funded. This will allow the IJB to reduce the debt due to the Council in line with the budget and carry forward reserves into 2021/22.

Financial Sustainability

The IJB has set a balanced budget for 2021/22, with manageable savings plans, however, does require a small draw on reserves in order to achieve a balanced position. It is positive that the IJB have ended the year with free general fund reserves of £4.151m, plus additional earmarked reserves of £6.168m to be carried forward into 2021/22 to cover COVID-19 related costs and transformational change.

The IJB continues to be faced with an extremely challenging financial position in the medium to longer term. This includes the risks identified in the 2021/22 budget, including those associated with COVID-19. Given that the Medium Term Financial Plan ("MTFP") hasn't been updated since 2017/18, the IJB unable to evidence it is financially sustainable in the medium to longer term. Therefore, it is critical that the MTFP is updated to take into consideration lessons learned from the pandemic and to align with the new strategic priorities of the updated strategic commissioning plan, along with any other linked strategic documents such as the integrated workforce strategy.

The IJB is progressing with its transformation programme and is taking an innovative approach to determining future service delivery, which includes ongoing engagement with various stakeholder groups to inform the update to the strategic priorities and future service design. It is important that transformation continues at pace into 2021/22 and beyond, including incorporating any lessons learned from the COVID-19 pandemic into service redesign.

Introduction (continued)

The key messages in this report (continued)

Governance and transparency

The IJB continues to have strong leadership and the transition of the new Chief Officer and Head of Service for Health & Community Care during the year went smoothly. In the interest of continuous improvement, IJB members would benefit from a more structured and tailored programme of training.

The IJB continues to have robust governance and scrutiny arrangements in place that continued through the year. The temporary changes to the governance arrangements resulted in delegated authority to the Chief Officer between March and June 2020. Normal governance arrangements have since returned, albeit through video conferencing given the continued impact of COVID-19 restrictions.

Openness and transparency has been demonstrated through webcast recordings of IJB meetings, which are available to the public on the website. Improvements have been noted in the quality of papers presented to the IJB and in line with our previous recommendation, all performance reports are now published on the website for public access.

Value for money

The IJB continues to have an embedded performance management culture supported by its performance management systems, which analyse data, track progress and identify actions.

The IJB remains agile in how it responds to changing requirements of transformation and based on the requirements of COVID-19. Performance has continued to be strong throughout this challenging period. As the Board moves into remobilisation and recovery from the pandemic, there will be a need to continuously revisit the performance measures to ensure that they are valid and align with the updated strategic priorities once the strategic commissioning plan has been updated.

Best value

The IJB has sufficient arrangements in place to secure best value with a strong focus on continuous improvement. It has a clear understanding of areas which require further development.

Next steps

An agreed Action Plan is included on pages 36 to 42 of this report, including a follow-up of progress against prior year actions. We will consider progress with the agreed actions as part of our 2021/22 audit.

Added value

Our aim is to add value to the Board by providing insight into, and offering foresight on, financial sustainability, risk and performance by identifying areas for improvement and recommending and encouraging good practice. In so doing, we aim to help the Board promote improved standards of governance, better management and decision making, and more effective use of resources. This is provided throughout the report.

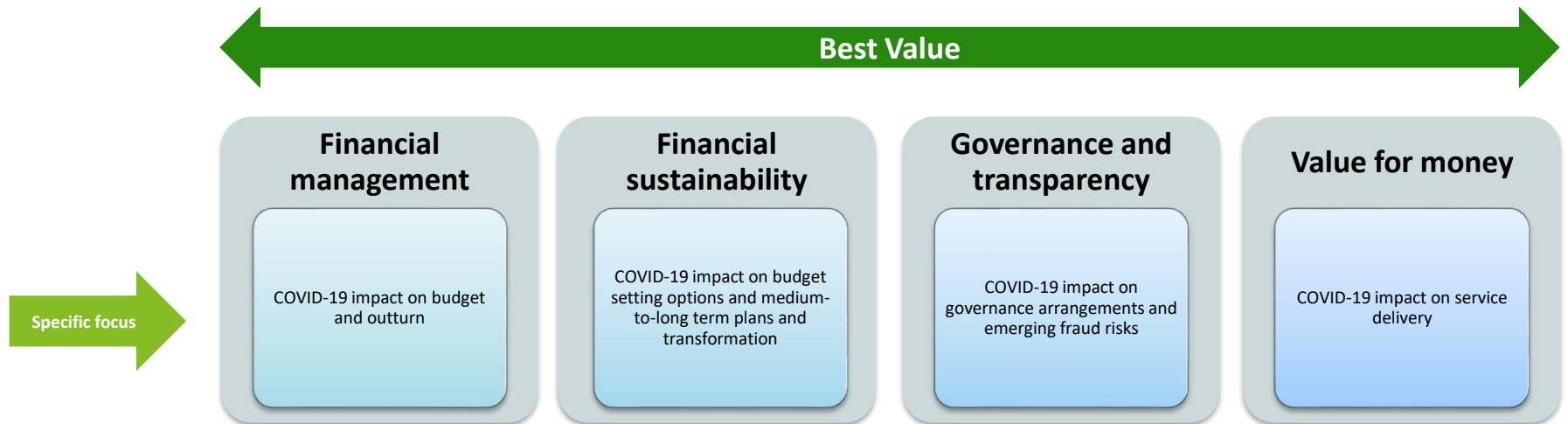
In addition, we have included our “sector developments” on pages 28 to 33 where we have shared our research, informed perspective and best practice from our work across the wider public sector that are specifically relevant to the IJB.

Audit Dimensions and Best Value

Overview

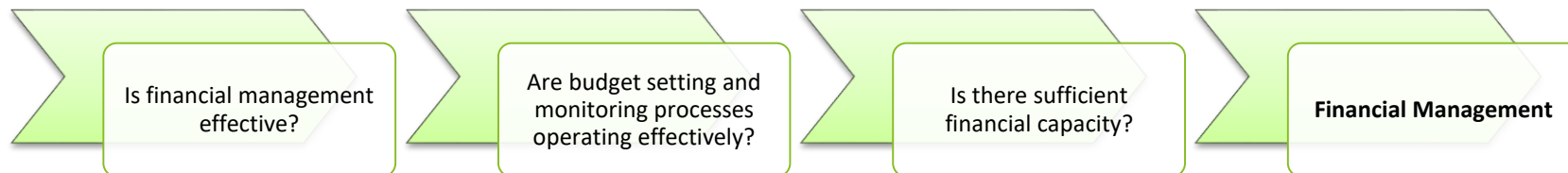
As set out in our audit plan, public audit in Scotland is wider in scope than financial audits. This report sets out our findings and conclusions on our audit work covering the areas set out below.

The risk profile of public bodies for the 2020/21 audits is significantly affected by the COVID-19 pandemic. Our audit work across each dimension has therefore been specifically focussed on how the Board has responded to these risks.



Financial management

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.



Areas considered

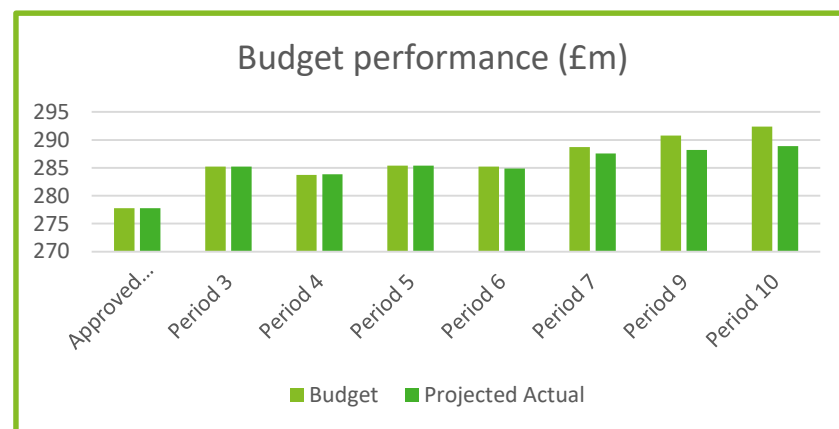
Our approach to the audit dimensions is risk focused. Within our audit plan we confirmed that while there was no specific risk in relation to financial management, we would continue to review the Board's financial management arrangements. In addition, we also identified the following risk:

"Since the start of the pandemic, the risk of fraud and error has increased as the control environment and internal control change. In accordance with Audit Scotland planning guidance, we will consider fraud as a particular focus area in 2020/21."

Current year financial performance

2019/20 conclusion: The accuracy of the financial projections have improved over the year through close working between finance and service areas. This has also benefited from a revised finance structure and systematic processes in place. The implementation of the Financial Recovery Plan has resulted in an improved year-end financial position. However, the IJB still ended the year in a deficit position, increasing its debts due to the Council.

2020/21 update: The IJB has reported small variances against budget through the first part of the year, at which time it was assumed unachieved savings would not be funded by the Scottish Government. Funding for the unachieved savings due to COVID-19 of £1.467m was then reflected in the latest projection when confirmed. The IJB is projecting an overall full year underspend of £3.497m. As a result of the close monitoring of the budget position, including the impact of COVID-19, the IJB is on track to be able to make the planned debt repayment of £1.5m to North Ayrshire Council. The full underspend is anticipated to be carried forward for use in 2021/22 and held as earmarked reserves.



The key reasons for the projected underspend are:

- Community Care and Health is projecting a £0.965m underspend, which is primarily due to the number of care home places being less than budgeted.
- Mental Health is projecting a £0.308m overspend, which is primarily due to overspends in learning disabilities and delays in achieving savings attributable to implementation of the CM2000 system which has been postponed as the focus for providers has been responding to COVID-19. The system has now been implemented in February 2021. This has been offset by projected underspends in lead partnership for mental health, which is in large part due to overachievement of the vacancy savings target.

Financial management (continued)

Current year financial performance (continued)

- Management and support costs are projecting an underspend of £1.476m. This is due to over recovery of payroll turnover, the allocation of unscheduled care funding, and the underspend in funding set aside to improve unscheduled care performance.

In addition to the impact of unachieved savings, the Scottish Government has also confirmed funding for COVID-19 costs totalling £8.744m in line with the IJB's latest mobilisation cost submission. The three largest areas of costs relate to payments to commissioned care providers (£3.003m), personal protective equipment (£1.723m) and the unachieved savings (£1.467m).

2020/21 conclusion: The IJB is projecting to end the year in an underspend position which has been achieved through close monitoring of the projected position throughout the year, including the monitoring of additional costs and unachieved savings arising as a result of COVID-19. This is anticipated to allow the IJB to reduce the debt due to the Council in line with the budget and to carry forward the underspend as earmarked reserves into 2021/22.

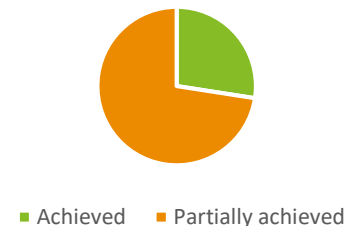
Savings Plans

2019/20 conclusion: The IJB continues to face challenges in achieving savings required. In order to ensure future financial sustainability, it is critical that the Board set realistic targets with clear plans in place, ensuring there is sufficient lead time to implement the changes required.

2020/21 update: The approved 2020/21 budget included a need to make £3.861m of savings. This was monitored as part of the financial monitoring reports to the Board during the year through the use of a Red, Amber, Green (RAG) rating.

Savings totalling £2.394m are anticipated to be achieved, with the remaining £1.467m of savings delayed or reduced due to the COVID-19 pandemic. In most cases, the impact was a delay rather than non-delivery due to the impact of COVID-19. The IJB has now received confirmation that this will be fully funded in the year by the Scottish Government on a non-recurring basis. This has been reported regularly to the Board throughout the year through the Financial Performance reports.

Achievement of savings £'000



2020/21 conclusion: The IJB continues to face challenges in achieving savings required. Whilst unachieved savings have been funded for 2020/21, this is on a non-recurring basis to assist the Board with meeting the challenges of COVID-19. In order to ensure future financial sustainability, it is critical that as the Board starts to look to remobilise and recover from COVID-19, that realistic savings targets are set with clear plans in place to achieve service transformation.

Financial reporting

2019/20 conclusion: The IJB continues to have effective financial planning and management arrangements in place. Further work is still required to align the Strategic Plan to the MTFP.

2020/21 update: From our review of the monitoring reports during 2020/21, it is clear that in overall terms, the reports to management and the Board are consistent and transparent, with appropriate arrangements in place to ensure services were delivered from within the available resources.

Financial management (continued)

Financial reporting (continued)

The transformation change programme (discussed further on pages 14-15), agreed as part of the 2020/21 budget process, aligns the service changes to the IJB priorities. The 2021/22 budget also includes specific areas of investment to improve outcomes. Further work is planned as part of the refresh of the MTFP to align the Strategic Plan to demonstrate that resources are being directed in line with priorities.

We note that in 2018 the Scottish Parliament Health and Sport Committee highlighted continued challenges and sought reassurance from the Scottish Government that developing budget information against outcomes was a top priority. The Scottish Government confirmed that it has established a framework for linking budgets and outcomes where Integration Authorities must publish annual audited accounts, their budgets for the year, financial performance reports during the course of the year and an annual finance report as part of the annual performance report

Notwithstanding the above, the Committee concluded that they *“continue to struggle to identify any coherent link between spend and outcomes. Given the billions of pounds under the control of the Integration Authorities and the statutory duty to report outcomes, we expect the Scottish Government to provide the Scottish Parliament with a clear linkage to show in every Authority the relationship between spending, outputs and outcomes”*.

The progress being made in linking budgets and outcomes therefore remains a key focus for the Scottish Parliament and Scottish Government.

2020/21 Conclusion: The IJB continues to have effective financial planning and management arrangements in place. As reported in previous years, further work is still required to update both the MTFP and the Strategic Plan and to ensure that these documents closely align strategic priorities and outcomes with the budget, reporting on how the planned deployment of resources contributes to the delivery of strategic outcomes. There are plans to update the MTFP in the summer of 2021 and the Strategic Plan is to be updated by April 2022.

Financial capacity

2019/20 conclusion: The IJB continues to have a strong and consistent finance team with the relevant financial skills, capacity and capability.

2020/21 update: The Finance and Transformation team has remained relatively consistent throughout the year. One key change during the year resulted in the previous Chief Finance and Transformation Officer (S95 Officer) being appointed as the Chief Officer of the IJB from December 2020. The S95 Officer post was filled on an interim basis by the Principal Manager for Finance. Following a recruitment process a permanent S95 Officer has been appointed from 7 June 2021. The Finance and Transformation team is supported by the integrated social care finance team. We are satisfied that there is sufficient continuity, despite the changes.

COVID-19 has had an impact on the workload and capacity within the Finance and Transformation team, given the additional monthly COVID-19 submissions which has placed pressure on resource.

2020/21 Conclusion: The IJB continues to have a strong and consistent finance team with the relevant financial skills, capacity and capability. We will monitor the impact of the change in S95 Officer and any impact of COVID-19 on the capacity of the finance team as part of the 2021/22 audit.

Financial management (continued)

Internal audit

We have assessed the internal audit function, including its nature, organisational status and activities performed. While the IJB specific internal audit work has not yet concluded, from the wider internal audit programme conducted by the Council and Health Board internal auditors, no significant control deficiencies have been identified as a result of COVID-19 restrictions.

The 2020/21 Internal Audit Plan was approved by the Committee in November 2020. This comprised two projects, one to be completed by the North Ayrshire Council's internal audit function (15 days), and one assignment completed by the Health Board's internal audit provider, totalling 30 days to be split equally between the three Ayrshire IJBs.

Regular progress reports have been reported to the Committee throughout the year. The planned work is expected to be completed for the year, with one minor amendment to the work planned by the Health Board's internal auditors resulting in resources being redirected to an alternative project on "Delayed Discharges".

Some work from the Council Internal Audit plan was deferred into 2021/22 where the audit would have required a physical visit to have taken place. This did not impact on the overall assurance given.

We have reviewed the work of internal audit. The conclusions have helped inform our audit work, although no specific reliance has been placed on this work. We will also consider the work of internal audit these as part of our audit work on the Annual Governance Statement and report our conclusions in our final report to the Committee in August 2021.

Standards of conduct for prevention and detection of fraud and error

We have assessed the Board's arrangements for the prevention and detection of fraud and irregularities, which includes the arrangements at the Council and Health Board given that the IJB relies on their systems and processes. This has included specific considerations in response to the increased risk of fraud as a result of COVID-19. Overall we found the Board's arrangements to be to be designed and implemented appropriately.

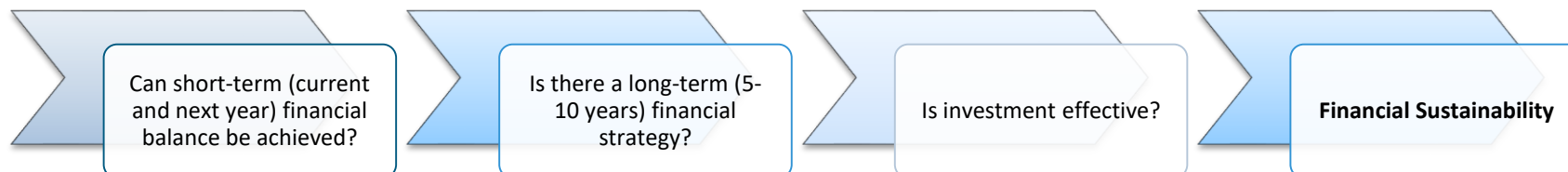
Deloitte view – financial management

The IJB continues to have effective financial planning and management arrangements in place with a strong and consistent finance team. The underspend projected at the end of March 2021 has been achieved through close monitoring of the projected position throughout the year. This included close monitoring of COVID-19 costs and unachieved savings which have been fully funded. This will allow the IJB to reduce the debt due to the Council in line with the budget and carry forward reserves into 2021/22.

The IJB continues to face challenges in achieving savings required. Whilst unachieved savings have been funded for 2020/21, this is on a non-recurring basis to assist the Board with meeting the challenges of COVID-19. Realistic savings targets need to be set with clear plans in place to achieve service transformation. Management has confirmed that the 2021/22 budget incorporates realistic savings plans taking into account the impact of COVID-19. We will monitor this as part of our 2021/22 audit.

Financial sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.



Areas considered

Our approach to the audit dimensions is risk focused. Within our audit plan we identified that there remains a significant risk that robust medium to long term planning arrangements are not in place to ensure that the Board can manage its finances sustainably and deliver services effectively, identify issues and challenges early and act on them promptly.

Budget setting

2019/20 conclusion: The level of savings required in 2020/21 is significantly lower than previous years and more in line with savings actually achieved in the past. The impact of COVID-19 remains a significant challenge.

2020/21 update: A balanced 2021/22 budget was approved by the Board on 18 March 2021. As set out in the table below, while some savings have been agreed in order to address part of the budget gap, the IJB approved a draw on reserves of £1.116m to balance the IJB budget. COVID-19 costs have not been included in the budget, although management has assumed that these will be funded by the Scottish Government, as was the case in 2020/21.

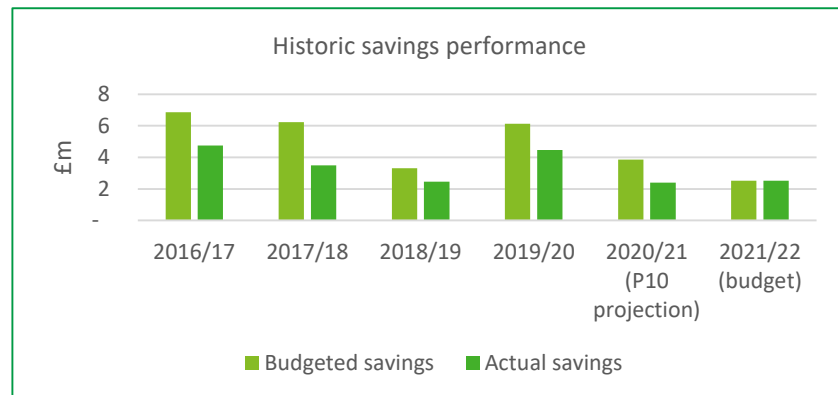
	Total £m
Funding increase	1.528
Funding pressures	(5.434)
Initial budget gap	(3.906)
Further reduction to budget gap	0.262
Agreed savings plans	2.528
Remaining budget gap – use of free reserves	(1.116)

Following the approval of the IJB budget at the end of March 2021 further funding was allocated by the Scottish Government to IJBs to address a shortfall across Scotland in the funding provided to meet the Scottish Living Wage commitment. Given that the North Ayrshire IJB approved budget for 2021/22 incorporated meeting this commitment, the additional funding of £0.861m reduces the budget gap. In addition, the National Care Home Contract uplift for 2021/22 has now been settled which is at a lower level than the planning assumptions as part of the approved budget. As a result of these changes, the revised draw on reserves requirement is £0.181m.

The savings plan is made up of a number of targeted savings, each with a RAG rating given - £0.204m assessed as Amber and £2.324m assessed as Green. There are detailed plans in place for savings, which are overseen by the Transformation Board. The savings plans for 2021/22 are in line with the value of savings achieved in previous years and therefore appear manageable.

Financial sustainability (continued)

Budget setting (continued)



In setting its budget the Board has recognised that a number of risks exist, many of which are consistent with the risks identified in setting the 2020/21 budget, including:

- High risk areas of low volume/ high cost services areas, e.g. Learning Disability care packages, children's residential placements, 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, for example Free Personal Care for under 65's.
- Lead/hosted service arrangements, including managed pressures.
- The potential financial impact of the HSCP response to the COVID-19 pandemic and the wider public sector financial impact.
- The COVID-19 recovery process and remobilisation of services, including the ability to change and improve services following learning from the COVID-19 response.
- Impact of the Independent Review of Adult Social Care.
- Local Government and NHS pay awards, which have yet to be settled for 21/22.
- National Care Home Contract increases which are still subject to negotiations.
- Delivery of 20/21 savings delayed by COVID-19 and the potential impact on the delivery of the 21/22 savings programme.

Whilst the impact of the withdrawal from the EU has not been specifically considered by the IJB, it has been considered separately by the Council. It has determined that there is no immediate risk for the short-term, with any likely impact to be in the medium to longer term. The IJBs one-year Bridging Strategic Commissioning Plan 2021/22 sets out that a full Brexit impact assessment will be undertaken and mitigations to limit the impact on services which may be negatively affected will be considered as part of updating the longer term strategic commissioning plan.

Board members were fully involved in the budget process in advance of the formal budget setting meeting. This included a budget development session in January 2021 to take Board members through the 2021/22 budget proposals, as well as the proposals for a one-year Bridging Strategic Commissioning Plan 2021/22, with a view to updating a longer term strategic commissioning plan by April 2022. Due to the ongoing restrictions as a result of the pandemic, the development session was carried out via video conferencing so potentially less interactive than sessions in the past, however, all members had the opportunity to contribute.

To support the 2021/22 budget process and the one-year Bridging Strategic Commissioning Plan 2021/22, various service user groups were surveyed to find out their experience of services during COVID-19. These discussions have centred more around the future direction of the IJB's strategic priorities and what is important to the service users and other stakeholders, rather than the short-term financial demands. This is the beginning of an 18-month engagement programme that is discussed in further detail on page 14.

2020/21 conclusion: A balanced budget has been set for 2021/22, albeit requiring the use of reserves to achieve this. The level of savings approved in 2021/22 are manageable, based on delivery in previous years. We are therefore satisfied that a robust budget setting process is in place. However, the impact of COVID-19 remains a significant challenge which could impact on the IJB achieving medium and longer term financial sustainability through the IJBs recovery and redesign of services.

Financial sustainability (continued)

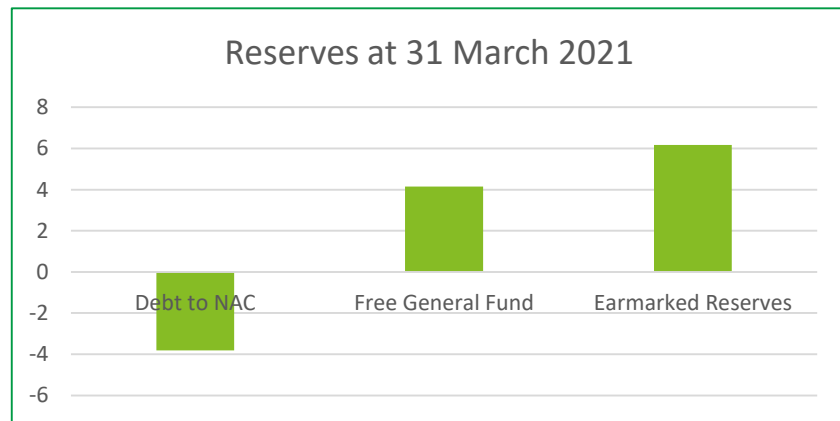
Reserves

2019/20 conclusion: In line with good practice, the IJB continues to review its reserves strategy and it is positive to note that it has recognised that consideration may be given to allocating resources to reserves in the future to support financial planning over the medium to longer term. The negative reserves position and ability to repay this to the Council still represents a significant risk given the history of the in year financial position.

2020/21 update: The IJB approved the updated Reserves Policy Strategy in October 2019 and this has not changed during 2020/21.

The reserves position in the IJB is unique in that the Board holds a negative reserve balance which has accumulated from previous year overspends. The negative reserve balance is offset by a debtor on the balance sheet reflecting the debt due to the Council. As noted on page 6, the IJB is expecting to be in a position to repay £1.5m to the Council in 2020/21 to reduce the debt owed, with a further repayment of £1.5m incorporated into the budget for 2021/22.

A summary of the closing reserves position at 31 March 2021 is illustrated below:



The reserves comprise free general fund reserves, carry forward reserves from Scottish government funding and other earmarked reserves. As noted on page 6, the IJB is projecting an underspend for the year of £3.497m. From this balance, it was agreed as part of the 2021/22 budget to earmark £1.116m from “free General Fund” reserves to balance the budget on a non-recurring basis. It was also agreed to put aside a further £0.500m to Establish a Challenge Fund to assist the IJB with developing longer term plans for delivering savings and service improvement. One of the means by which the IJB aims to achieve this is through investment in technology solutions. As noted on page 10, following approval of the budget in March 2021, additional funding from the Scottish Government was announced, resulting in a reduced draw on reserves requirement to balance the 2021/22 budget, and an overall improved free general fund reserves position of £4.151m. This represents 1.6% of the net expenditure budget. Whilst this is short of the targeted 2.0%, this is still progress towards establishing a contingency reserve. Furthermore, it is acknowledged that the Reserves Policy of 2-4% is aspirational, particularly in light of the challenges faced by the IJB as a result of COVID-19.

There has been further additional funding allocated to IJBs from the Scottish Government during 2020/21 for use in future years, and there is an expectation that these amounts will be carried forward in earmarked reserves for spending in 2021/22. These additional amounts totalling £6.168m relate to funding for further Integration Authority Support, Adult Social Care Winter Plan, Community Living Change Funding, Primary Care Improvement Fund, Mental Health Strategy funding, and the Alcohol and Drug Partnership.

2020/21 conclusion: The Reserves Policy approved in October 2019 continues to be appropriate. The IJB is estimating a small free general fund reserves balance of £4.151m for the first time. It is also positive to note that the IJB is reducing its debt owed to the Council and has set aside a small fund for delivering savings and service improvements, which is critical for progressing transformation of services and ensuring future financial sustainability.

Financial sustainability (continued)

Medium-to long-term financial planning

2019/20 conclusion: The IJB continues to be faced with an extremely challenging financial position in the medium to longer term. Given the risks associated with COVID-19 highlighted in the 2020/21 budget, these will need to be taken into account in updated medium and long term plans. The MTFP has not yet been updated, with further delays as a result of management focusing on responding to COVID-19. The IJB is therefore unable to provide evidence that it is financially sustainable in the medium to longer term.

2020/21 update: The IJB still has no MTFP due to the level of uncertainty with the funding for 2021/22 and future years. This includes, for example, potential impacts from the recent Independent Review of Adult Social Care (Feeley Review) that is discussed in our sector updates on page 31, and local government and NHS pay awards for 21/22 which haven't been finalised. Management have noted that due the financial risks and uncertainties outlined above, together with a one year Scottish Government finance settlement, this makes it difficult for IJBs to look further than a year into the future. There are, however, plans to start work on a MTFP in the summer of 2021.

In line with the one-year budget, discussed on page 10, a one-year **Bridging Strategic Commissioning Plan 2021/22** was approved which focuses on service improvement and pandemic recovery. This carries forward the 5 strategic priorities from the previous strategic plan of:

- tackling inequalities,
- engaging communities,
- prevention and early intervention,
- bringing services together, and
- improving mental health and wellbeing.

These priorities have also been mapped to the three Scottish Government COVID-19 recovery priorities (Innovate and Integrate – Ensure Equity – Better Outcomes) as well as continuing to work towards the Nine National Health and Wellbeing Outcomes.

The one-year Bridging Strategic Commissioning Plan 2021/22 builds on lessons from the pandemic, including the benefits from working closely together with different partners, which will be taken forward through the Community Planning Partnership, the newly formed Community Wealth Building Commission, and through continued working with the third sector, independent sector, and other stakeholder groups. It also provides a starting point for developing the refreshed long term strategic commissioning plan. An 18-month engagement process is underway which will be open until March 2022, and seek to gather various different stakeholder's thoughts on the future direction of the IJB, including how service provision should look and what the strategic priorities should be. This includes building on the experiences from the past year in managing the pandemic, including the wealth of experience from the close working relationships with the third sector, independent sector, and community groups.

The IJB uses a number of different platforms for engaging with stakeholders, including the IJB's website, NA HSCP Twitter and Facebook page, Community Planning Partnership website, Virtual Community Centres, Caring for Ayrshire, etc. The use of webcasting also allows the press and members of the public the opportunity to join IJB meetings and to provide input on such matters as the budget, MTFP, the strategic plan, and service redesign.

2020/21 conclusion: The IJB continues to be faced with an extremely challenging financial position in the medium to longer term. This includes the risks identified in the 2021/22 budget discussed on page 10, including those associated with COVID-19. Given that the MTFP has not been updated since 2017/18, the IJB is unable to evidence it is financially sustainable in the medium to longer term. While the uncertainty faced by the IJB is clear, it is critical that future plans are developed based on alternative scenarios to ensure that the IJB is prepared to deliver a financially sustainable service for the future.

Financial sustainability (continued)

Transformation

2019/20 conclusion: The IJB is progressing with its transformation programme and is taking an innovative approach to determining future service delivery. Significant work is still required to make the level of transformational change needed, with COVID-19 likely to impact on timelines and plans.

2020/21 update: A Transformation change programme is in place, covering four main themes of:

- building teams around children;
- developing a wider range of primary care services;
- supporting older people and people with complex care needs; and
- creating mental health and learning disability services to better support people to stay well.

The Transformation Board has oversight of the programme, which includes governance assurance over the savings plans and mitigation plans. The savings plans are sufficiently detailed and include information on the timeline, project owner, and financials, including the planned and projected savings. Responsibility and ownership for executing the savings plans and mitigation plans sits within the service areas where the required skills and knowledge for executing the transformation change sits. The transformation agenda is integrated with budget monitoring, which is in turn driven by the strategic priorities set out in the strategic plan.

Oversight of the Transformation Board's activities is provided by members through regular reports to the IJB, with ultimate decision making authority sitting with the Partnership Senior Management Team ("PSMT") and the IJB.

The Transformation Board continued to meet during 2020/21 and regular progress updates against the savings plan were considered throughout the year. However, due to COVID-19, the IJB refocused the HSCP services on supporting COVID-19 delivery and supporting people living in their communities during lock down and to support the NHS response in protecting hospital services. Whilst prioritising the COVID-19 response, the Board is still on track to achieve a good proportion of the budgeted savings plan (as noted on page 7), with £2.394m expected to be achieved out of the total planned savings of £3.861m. The remaining unachieved savings of £1.467m will be fully funded by the Scottish Government.

In order to accelerate transformational change, the IJB has incorporated lessons learned from the pandemic into the one-year Bridging Strategic Commissioning Plan 2021/22. A central theme identified from these lessons is the importance of the IJB's partners. Partnership working is embedded throughout North Ayrshire, including the following:

- A lot of work was done during the pandemic to work with the third sector.
- Shared services are an integral part of the Ayrshire IJB's structure given that each IJB leads on particular services pan-Ayrshire with the IJB leading on mental health services.
- The Caring for Ayrshire transformation programme is being carried forward by the three Ayrshire IJBs, NHS A&A and the three local authorities.
- The newly created Community Wealth Building (CWB) Commission, on which North Ayrshire Council is an anchor institution. The CWB Commission includes representation from NHS Ayrshire & Arran, Police Scotland, Ayrshire College, Scottish Enterprise, Scottish Fire and Rescue and the Ayrshire Community Trust.
- Ongoing work through the Community Planning Partnership and the Ayrshire Growth Deal.

Financial sustainability (continued)

Transformation (continued)

2020/21 conclusion: The IJB is progressing with its transformation programme and is taking an innovative approach to determining future service delivery, which includes ongoing engagement with various stakeholder groups to inform the update to the strategic priorities and future service design, and to also take into consideration lessons learned from the COVID-19 pandemic.

Significant work is still required to make the level of lasting long-term transformational change needed to ensure financial sustainability, and therefore it is imperative that this work is completed by the revised deadline of April 2022 to ensure there is a clear plan in place for how the Board is going to commission health and care services in a significantly changed post-pandemic world. Both front line services and the shared services teams have had to be flexible, re-prioritise work and focus on the response to the pandemic. It is important there is a refocus of these teams on the transformation agenda.

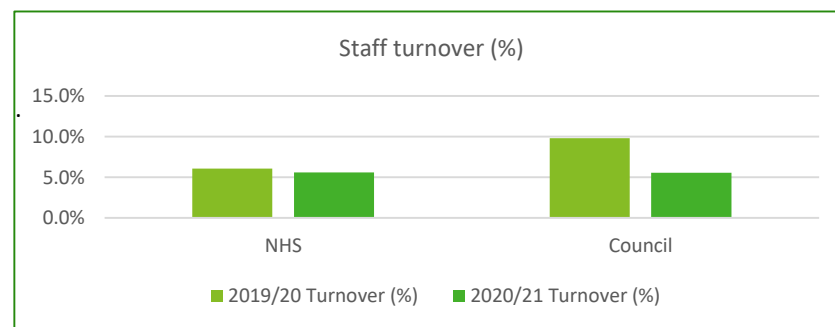
Workforce Planning

2019/20 conclusion: Not specifically reported on within our 2019/20 report.

2020/21 update: An Interim Workforce Plan has been submitted to the Scottish Government acknowledging the continued impact of the pandemic on demand for services and the importance of continuing to focus on the physical and mental wellbeing of all staff. In addition, the one-year Bridging Strategic Commissioning Plan 2021/22 acknowledges that as part of updating the longer term strategic commissioning plan that a number of other key strategy documents will also need to be updated, including the integrated workforce strategy, organisational development plan, MTFP, and transformation plan, to align with the refreshed strategic priorities.

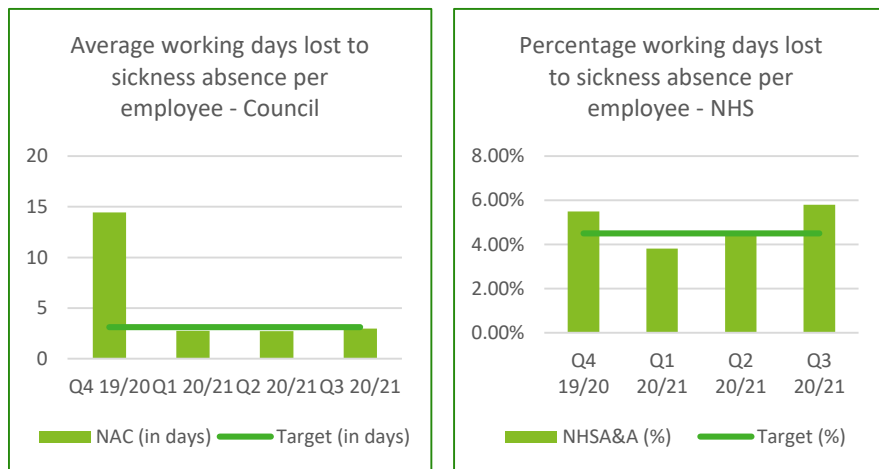
COVID-19 has had a significant financial impact on staff costs due to staff having to shield or resulting in absences due to staff contracting COVID-19. This has resulted in additional COVID-19 staff overtime and temporary staff spend totalling £1.948m, which is being fully funded by the Scottish Government through the latest mobilisation plan submission. The increase in demand for resources has, to the extent possible, been met from using existing staff resources, for example by redeploying day care staff to care at home or for the distribution of personal protective equipment, or by increasing the hours of part-time staff. Staff turnover and non-COVID-19 related staff absence has also been kept low (see graphs below and on the next page) demonstrating effective management of the workforce.

Staff adapted well to remote working, adopting digital technologies to adapt to different ways of working. This has included use of technology to facilitate continued communications with service users, more flexibility meeting times and less need for travel. COVID-19 has accelerated the adoption of technology, including streams of transformation work that were already underway prior to COVID-19.



Financial sustainability (continued)

Workforce Planning (continued)



Staff have also been kept informed, supported and motivated throughout COVID-19 through Staff Wellbeing Hubs, which provide physical locations where staff working in a community setting, and Staff Wellbeing Suites for NHS staff.

2020/21 conclusion: It is positive to see that efforts have been taken during the year to respond to the pressures experienced by the workforce as a result of the pandemic, prioritising the wellbeing of staff and that the IJB has been actively listening to what the workforce has had to say. COVID-19 has had a significant financial impact on staff costs.

More work is still required to ensure the long term viability of the workforce through the development of an updated workforce strategy linked with the updated strategic commissioning plan.

Financial sustainability (continued)

Deloitte view – Financial sustainability

The IJB is on track to achieve an underspend in 2020/21 and has set a balanced budget for 2021/22, albeit required a draw reserves. It is also positive that the IJB have ended the year with free general fund reserves of £4.151m, plus additional earmarked reserves of £6.168m from Scottish Government Funding to be carried forward into 2021/22 to cover COVID-19 related costs and transformational change. We are also pleased to note the anticipated reduction in debt due to the Council. However, it is still faced with significant financial challenges in the medium to longer term.

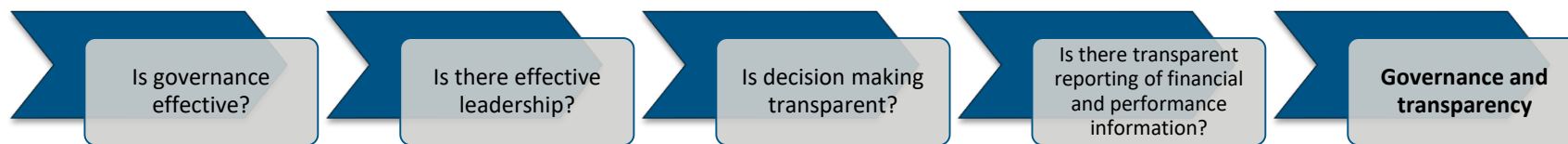
Given that the MTFP hasn't been updated since 2017/18, the IJB is unable to evidence it is financially sustainable in the medium to longer term. While the uncertainty faced by the IJB is clear, it is critical that future plans are developed based on alternative scenarios to ensure that the IJB is prepared to deliver a financially sustainable service for the future.

The IJB is progressing with its transformation programme and is taking an innovative approach to determining future service delivery, which includes ongoing engagement with various stakeholder groups to inform the update to the strategic priorities and future service design, and to also take into consideration lessons learned from the COVID-19 pandemic. Significant work is still required to make the level of lasting long-term transformational change needed to ensure financial sustainability, and therefore it is imperative that these plans are updated by the revised deadline of April 2022 to ensure there is a clear plan in place for how the Board is going to commission health and care services in a significantly changed post-pandemic world. More work is also still required to ensure the long term viability of the workforce through the development of an updated workforce strategy linked with the updated strategic commissioning plan.

It is important that transformation continues at pace into 2021/22 and beyond, including incorporating any lessons learned from the COVID-19 pandemic into service redesign. This should include re-focussing teams on the transformation agenda.

Governance and transparency

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information



Areas considered

Our approach to the audit dimensions is risk focused. Within our audit plan we identified that there is a risk that the governance arrangements are not operating effectively (including services delivered by, or in partnership with, others). Furthermore, there is a risk that the revised governance arrangements, enacted in March 2020 in response to the pandemic, are not appropriate or operating effectively.

We also identified that there is a risk that officers and Committee members have not considered how sustainable any changes to the risk appetite will be in the longer term.

Leadership

2019/20 conclusion: The IJB continues to have strong leadership and the transition of new board members during the year went smoothly.

2020/21 update: The Chief Officer left his post in September 2020. An interim Chief Officer was appointed in October through an internal recruitment exercise pending a full external recruitment process. A new Chief Officer was appointed in December 2020, who was previously the S95 Officer. As a result of this appointment, a new S95 Officer has been appointed, as discussed further on page 8. We have reviewed the decision-making process for the departure of the former Chief Officer and satisfied that this was robust.

There has also been the appointment of a new Head of Service for Health & Community Care. These transitions have been smooth and have not caused any significant loss of knowledge or experience given that continuity has been enabled through internal promotions to these roles, and support has been provided by both the Council and Health Board throughout this process.

The Clinical Director retired in September 2020, and recruitment is ongoing to find a permanent replacement.

There has been one change in Board members during the year with the appointment of an NHS nominated member as the new Chair of the Committee, replacing a Council nominated member. This appointment will be to May 2021, following which this role is due to rotate. There have been no other significant changes in the Committee or Board.

From discussion with a number of officers and board members as part of the audit and observation at meetings, it is clear that there is a positive and collaborative culture throughout the organisation, which includes close working relations between the IJB, Council and Health Board.

2020/21 conclusion: The IJB continues to have strong and effective leadership and the transition of the new Chief Officer and Head of Service for Health & Community Care during the year went smoothly. There is a continuing positive and collaborative culture.

Governance and transparency (continued)

Governance and scrutiny arrangements

2019/20 conclusion: The IJB continues to have robust governance and scrutiny arrangements in place and continues to identify areas for improvement. Appropriate arrangements have been put in place in response to the COVID-19 pandemic. The IJB should continue to review all governance documents to ensure they are up to date and fit for purpose.

The IJB should continue to make progress with implementing delegated hospital budgets and set aside requirements, in collaboration with the Scottish Government, NHS Ayrshire and Arran and other Ayrshire partnerships.

2020/21 update: In response to the challenges arising as a result of COVID-19, the Board agreed some temporary changes to its corporate governance arrangements on 19 March 2020. This included:

- Making videoconferencing arrangements for the Board meeting in March with some dialling in and some still attending in person.
- Board Governance and standing committees were paused following the March meeting.
- Delegated powers were granted to the Chief Officer and S95 officer to allow them to make decisions in the absence of formal Board approval during COVID-19, but still requiring discussion with the Chair and Vice Chair of the Board.

Board members were kept informed through these few months, with monthly meetings with the Chief Officer and Directors for voting members, with non-voting members receiving written notes from these meetings via email to keep them briefed. Meetings promptly resumed via videoconferencing in June with the first Committee held 25 June 2020 and Board meeting held 16 July 2020, which ensured minimal disruption in normal governance arrangements.

From analysis of board member attendance during 2020/21 and observations at Performance and Audit Committee, we are satisfied that there has been effective scrutiny and challenge.

Training provided to IJB members is currently ad hoc and provided only where individuals specifically ask for information. While there is training provided by the respective partner bodies, IJB members would benefit from a more structured and tailored programme to specifically focus on the work of the partnership and the IJB to support their role in scrutiny and challenge

A Strategic Risk Register (“SRR”) is a requirement of the Risk Management Strategy approved by the Committee in June 2019. In response to the pandemic, COVID-19 recovery has been included on the latest SRR as a risk. After mitigations, this risk is ranked as a high risk for the IJB. The SRR is reported to the PSMT, the Committee and the IJB.

In our 2019/20 report we recommended that the IJB continue to make progress with implementing delegated hospital budgets and set aside requirements. No progress has been made due to the priority of managing COVID-19 responses. This remains a key area of focus, with preparatory work underway with the support of the Scottish Government, the Health Board, 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, Commissioning Plans and overall progression towards Fair Share allocations of resources.

In response to our recommendation made in previous years, the IJB has carried out reviews of the key governance documents, for example financial regulations and standing orders, to ensure they are up to date and fit for purpose. Improvements can be made by creating a schedule of key governance documents including review timescales and responsible officers, to be used at each Committee for monitoring timely updating of key governance documents.

Governance and transparency (continued)

Governance and scrutiny arrangements (continued)

2020/21 conclusion: The IJB continues to have robust governance and scrutiny arrangements in place. Appropriate arrangements were put in place in response to the COVID-19 pandemic with normal governance arrangements having now returned. While training is provided to members by the respective partner bodies, IJB members would benefit from a more structured and tailored programme of training. In line with our previous years recommendation, as the IJB re-mobilises and recovers from COVID-19, it should continue to work with partners to make progress with implementing delegated hospital budgets and set aside requirements.

Openness and transparency

2019/20 conclusion: The IJB continues to demonstrate a good attitude towards openness and transparency which has been further enhanced during the year including the webcasting of meetings. Further improvements can be made by ensuring data is published on the IJB website on a timely basis.

2020/21 update: The Board has continued to be open and transparent with its decision making. This includes the publication of all IJB papers and minutes on the website, which includes, for example, quarterly performance reports, financial performance reports, and any other papers considered during these meetings. Only reports containing commercial sensitivities are not published, in accordance with the IJB's Standing Orders.

There has been extensive community engagement throughout the pandemic, including multiple surveys issued to service users on their experiences during the pandemic, including surveys issued to users of Drug and Alcohol Recovery Services, Children, Families and Justice Services, Learning Disability Services, with most of the respondents' responses positive in relation to the services that they had received during the year.

Feedback has also been sought from the public and staff through a number of routes to support the future strategic priorities, including:

- The "What Matters to You" campaign.
- From members of the six Locality Planning forums
- Engagement with 2,500 staff, local college students and members of the public through Thinking Different Doing Better

As discussed on page 16, there has also been extensive engagement with staff. This demonstrates that the IJB does a lot to engage all stakeholder groups and is open and transparent in decision making.

IJB meetings are open to the public and all agendas and minutes are available through the North Ayrshire Council website. This continues to include live and archived webcast recordings for all IJB meetings. There is also an HSCP website which has information on the IJB, including strategy documents and performance information.

There has been an improvement in the quality of papers presented by management to the IJB with an increase in the level of detail, particularly in updates on COVID-19 within the Director's Reports.

All NHS and Council staff from the HSCP and stakeholders (including third and independent sectors, IJB and Board members, other health and social care providers) are advised of IJB meeting content via weekly newsletters (issued every Friday to +3,500 recipients).

2020/21 conclusion: The IJB continues to demonstrate a good attitude towards openness and transparency which includes the continued use of webcast recordings available to the public on the website. Improvements have been noted in the quality of papers presented to the IJB and in line with our previous recommendation, all performance reports are now published on the website for public access.

Governance and transparency (continued)

Deloitte view – Governance and transparency

The IJB continues to have strong leadership and the transition of the new Chief Officer and Head of Service for Health & Community Care during the year went smoothly. The decision making process for the departure of the former Chief Officer was robust.

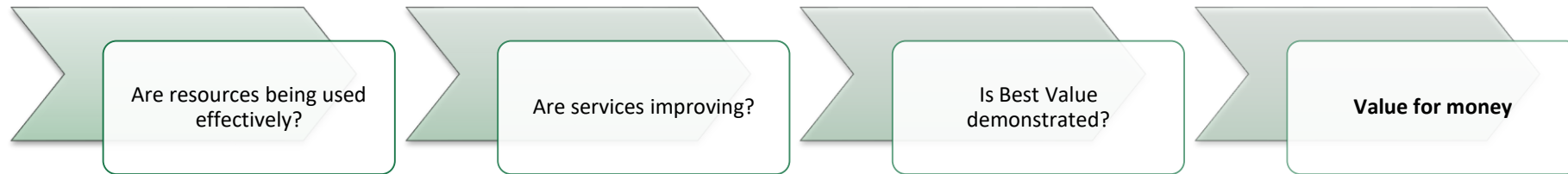
The IJB continues to have robust governance and scrutiny arrangements in place and continues to identify areas for improvement. Appropriate arrangements were put in place in response to the COVID-19 pandemic with normal governance arrangements having now returned. In the interest of continuous improvement, IJB members would benefit from a more structured and tailored programme of training.

The IJB continues to demonstrate a good attitude towards openness and transparency which includes the continued use of webcast recordings available to the public on the website. Improvements have been noted in the quality of papers presented to the IJB and in line with our previous recommendation, all performance reports are now published on the website for public access.

Further work is required to progress with implementing delegated hospital budgets and set aside requirements, in collaboration with the Scottish Government, NHS Ayrshire and Arran and other Ayrshire partnerships.

Value for money

Value for money is concerned with using resources effectively and continually improving services.



Areas considered

Our approach to the audit dimensions is risk focused. Within our audit plan we identified that the pandemic is expected to have had a substantial impact on performance measures during the year, and therefore that *“there is a risk that performance reporting has not been timely, reliable, balanced, transparent and appropriate to users’ needs.”*

Performance management framework

2019/20 conclusion: The IJB continues to have an embedded performance management culture supported by its performance management systems, which analyse data, track progress and identify actions. In addition, there is regular performance information which is provided to the Performance and Audit Committee, IJB members, operational managers and is publicly reported. However, we recognise that, as a result of the COVID-19 pandemic, the normal performance monitoring arrangements are not in place and the Annual Performance Report will be published later in the year.

2020/21 update: The Board continues to have a well-established performance management framework in place, and this has continued through COVID-19 with regular quarterly reports taken to the IJB’s Performance and Audit Committee. It monitors against all the agreed national indicators including:

- Local Government Benchmarking framework indicators
- Ministerial Steering Group Indicators
- The NHS Local Delivery Plan targets
- HSCP National Health and Wellbeing Outcome Indicators

In addition to the quarterly reports taken to the IJB’s Performance and Audit Committee, the suite of performance reporting also includes:

- Six-monthly joint performance report for chief executives of North Ayrshire Council and NHS Ayrshire & Arran; and
- Six-monthly review of each Partnership directorate (Health and Community Care, Children, Families and Justice Services and Mental Health and Learning Disability Services) using the ASPIRE approach (All Services Performance Information Review and Evaluation).

There were no changes to the performance reporting arrangements during the year, despite COVID-19 putting a temporary hold on the normal schedule of IJB and Committee meetings. These meetings promptly resumed in June 2020 therefore there was no impact to the normal cycle of quarterly performance reports. The Annual Performance Report 2019-20 was approved by the IJB in September 2020.

2020/21 conclusion: The IJB continues to have an embedded performance management culture supported by its performance management systems, which analyse data, track progress and identify actions. In addition, there is regular performance information which is provided to the Committee, IJB members, and operational managers, and is publicly reported. As noted on page 20, all quarterly performance reports are now published on the website on a timely basis.

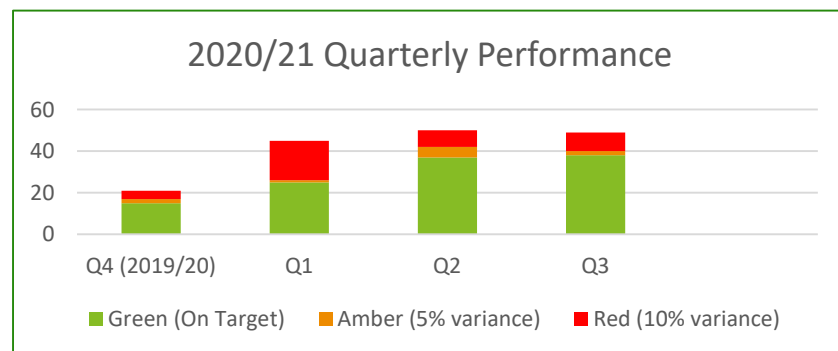
Value for money (continued)

Performance data

2019/20 conclusion: Prior to the COVID-19 pandemic, while actions have been identified to change models of service delivery and improve outcomes, the impact is not yet evidenced in the performance data. The pace and scale of transformation needs to increase to address the challenges faced. We do, however, recognise that resources are currently focused on managing the impact of COVID-19.

2020/21 update: From our analysis of performance data for 2020/21, performance has improved during the year, with the number of indicators on target, increasing from 28 in Q1 to 38 in Q3. This is summarised in the chart below.

For 2020-21 a full and complete cross-service review of all performance measures was undertaken resulting in changes to the set of measures attributed to the strategic objectives, as set out in the Strategic Plan, and to reflect the continuing transformation of services to meet continual service demand. This takes into account remobilisation of teams and services while retaining focus on the changing COVID-19 restrictions. This is the reason for the number of measures being a lot lower for Q4 of 2019/20.



Examples of some of the green areas (on target) from the latest performance report include:

- **% of children looked after in a community placement:** 89.9% (target 90%; Q2 89.5%; Q1 90.5%)
- **Number of individuals confirmed with a care at home package:** 674 (target 650; Q2 786; Q1 590)
- **Number of service users receiving care at home at the end of the quarter:** 2,074 (target 2,167; Q2 2,047; Q1 1,980)

Examples of some of the red areas (+10% of target) from the latest performance report include:

- **% of children with BMI percentile >91%:** 12.8% (target 10.5% - new measure in Q3);
- **All accepted urgent mental health referrals will be seen within 24 hours from Acute wards:** 42.9% (target 100%; Q2 57.1%; Q1 75%).
- **Percentage working days lost to sickness absence per employee – NHS:** 5.8% (target 4.5%; Q2 4.4%; Q1 3.8%). This has been impacted by the increase in demand due to COVID-19.

For red areas, the responsible service manager is required to provide the actions to resolve this in line with an agreed timescale within which the measure will meet set targets. For example, identified action for **% of children with BMI percentile >91%** has the following actions:

- an early years' healthy weight pathways (Jumpstart Tots) is currently being tested across Ayrshire and Arran.
- continue to offer support around infant feeding, breastfeeding, weaning and fussy eating; and
- a targeted additional programme of support for identified families.

Value for money (continued)

Performance data (continued)

In response to the pandemic, the HSCP developed a mobilisation plan detailing additional activities to support its response to COVID-19. The plan provided a focal point for the HSCP's response to the pandemic and set out clearly from the start how it would adapt and mobilise services to either expand or retract, re-prioritise activities and resources and also highlight the areas of greatest risk. Some of the key areas of mobilisation and their performance at Q3 are detailed below, demonstrating that the IJB has continued to perform well during 2020/21 despite the challenges of COVID-19.

Nature of provision	Q3 performance
Reducing the level of delayed discharge	Number of service users delayed in discharge to a care home after funding confirmed: 10 (target: 10) (Green)
Maintaining as far as possible mental health services	From survey responses from North Ayrshire Drug and Alcohol Recovery Services, they have had a positive experience from the service. The Q3 performance of addictions referrals to Treatment within 3 weeks (Alcohol) and Addictions referrals to Treatment within 3 weeks (Drugs) has been green for both at 97.8% and 99.0% respectively (target: 90%) (Green)
Resilience and sustainability of care at home provision	Number of services users receiving Care at Home at the end of the quarter was 2,074 against a target of 2,167 (Green)

2020/21 conclusion: The IJB remains agile in how it responds to changing requirements of transformation and in response to the requirements of COVID-19. Performance has continued to be strong throughout this challenging period. Clear actions are put in place for addressing areas of performance requiring improvements.

As the Board moves into remobilisation and recovery from the pandemic, there will be a need to continuously revisit the performance measures to ensure that they are valid and align with the updated strategic priorities once the strategic commissioning plan has been updated.

Equalities

2019/20 conclusion: Not specifically reported within our 2019/20 report.

2020/21 update: One of the five strategic priorities, as set out in the Strategic Plan 2018-21, is to tackle inequalities. Inequalities are therefore central to the IJB's priorities. These feed into a number of different targeted outcomes, nine of which are national health and wellbeing outcomes and includes one on *"Health and social care services contribute to reducing health inequalities"*. These then feed into 23 performance indicators that measure progress against the outcomes. There is regular reporting on performance to both the IJB and the Committee. By webcasting the IJB's meetings, this contributes to addressing 2 of 5 of the IJB's strategic priorities including, i) Engaging Communities and ii) Tackling Inequalities.

Whilst inequalities are central to the IJB's priorities, more can still be done to show how money spent is translating to outcomes for the area, for example how much money was spent in progressing the aim around reducing the percentage of children with a BMI percentile above 91%? Whilst quarterly performance reporting is well set out and communicates progress compared to previous quarters and an equivalent quarter from the previous year, it is not clear how much money is spent on each area, and whether the IJB is making the most of the budget. The issue of linking budgets to outcomes is discussed further on page 8.

2020/21 conclusion: Inequalities are one of the IJB's 5 strategic priorities and therefore central to what they do. As part of updating the strategic commissioning plan, the IJB should look at developing links between budget and outcomes.

Value for money (continued)

Deloitte view – Value for money

The IJB continues to have an embedded performance management culture supported by its performance management systems, which analyse data, track progress and identify actions. In addition, there is regular performance information which is provided to the Committee, IJB members, and operational managers, and is publicly reported.

The IJB remains agile in how it responds to changing requirements of transformation and based on the requirements of COVID-19. Performance has continued to be strong throughout this challenging period with clear actions are put in place for addressing areas of performance requiring improvements. As the Board moves into remobilisation and recovery from the pandemic, there will be a need to continuously revisit the performance measures to ensure that they are valid and align with the updated strategic priorities once the strategic commissioning plan has been updated.

Inequalities are one of the IJB's five strategic priorities and therefore central to what they do. As part of updating the strategic commissioning plan, the IJB should look at developing links between budget and outcomes to help demonstrate how the work being done is linked to the planned improvement in outcomes.

Best Value

It is the duty of the Board to secure **Best Value** as prescribed in Part 1 of the Local Government in Scotland Act 2003. We have a statutory duty to be satisfied that the local government bodies have made proper arrangements for securing BV.

Duty to secure Best Value

1. It is the duty of the IJB to make arrangements which secure Best Value
2. Best Value is continuous improvement in the performance of the IJB's functions
3. In securing Best Value, the IJB shall maintain an appropriate balance among:
 - a) The quality of its performance of its functions
 - b) The cost to the IJB of that performance
 - c) The cost to persons of any service provided by the IJB for them on a wholly or partly rechargeable basis
4. In maintaining that balance, the IJB shall have regard to:
 - a) Efficiency
 - b) Effectiveness
 - c) Economy
 - d) The need to make the equal opportunity requirements
5. The IJB shall discharge its duties in a way that contributes to the achievement of sustainable development.
6. In measuring the improvement of the performance of an IJB's functions, regard shall be had to the extent to which the outcomes of that performance have improved.

BV arrangements

The IJB has a number of arrangements in place to secure best value. This is evidenced through the Strategic Plan 2018-21, which has been extended by a year via the one-year Bridging Strategic Commissioning Plan 2021/22, and the Annual Performance Reporting.

As noted elsewhere within this report, the IJB has an established governance framework and strong leadership and partnership working. There is a culture of continuous improvement, which was highlighted last year as part of the North Ayrshire Council Best Value Assurance Report published in June 2020.

The IJB recognises that it must deliver services within the financial resources available and, as noted elsewhere in this report, further work is required to achieve medium to longer term financial sustainability.

In relation to the new requirements in relation to the Islands Act, North Ayrshire Council have added island assessment to its equalities and socio-economic assessment templates. As a result, every policy and strategy should now be automatically subject to island assessment. This equally applies to the IJB. This is demonstrated through the HSCP's mobilisation plan, which includes specific provisions for the islands, such as *"Island resilience (Arran & Cumbrae) additional capacity and resilience for Island Communities"*.

Deloitte view – Best Value

The IJB has sufficient arrangements in place to secure best value and has a clear understanding of areas which require further development.

Sector developments



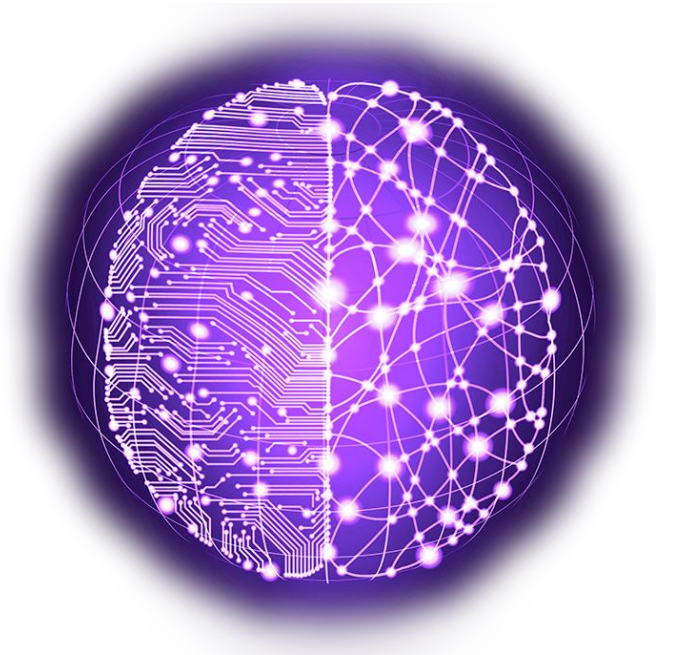
Digital transformation

Shaping the future of European healthcare

Background and overview

Digital technologies are crucial enablers for bridging the gap between demand for healthcare and the capacity of healthcare services to meet demand. Leveraging the opportunities and efficiencies offered by digital transformation is key for any organisation to remain viable and fit for the future, but for Europe's healthcare services, which are made up of multiple services and organisations, across a range of geographies and jurisdictions, the challenges and solutions are complex.

This is the third report from Deloitte UK's Centre for Health Solution's 'Shaping the future of healthcare' series. While our first two reports focused on the UK, this report surveyed 1,800 clinicians to explore the potential for digital transformation to address the current and future challenges facing healthcare systems in Europe.



Next steps

A summary of the key conclusions are provided on the following pages. The full report is available at [deloitte-uk-shaping-the-future-of-european-healthcare.pdf](https://www.deloitte.com/uk/en/insights/industry/healthcare/shaping-the-future-of-european-healthcare.pdf)

Digital transformation (continued)

Shaping the future of European healthcare (continued)

The drivers of digital transformation in healthcare

Healthcare systems across Europe are facing unprecedented pressure. While the quantity and quality of care has improved, the scale and complexity of healthcare needs have grown, together with public expectations of more personalised and convenient services.

At the same time, healthcare staff and resources have become increasingly constrained and the gap between supply and demand has grown. Most countries are looking to digital transformation to close this gap but progress has been slow and the digital maturity of providers, both within and between countries, varies widely.

Over the past six months, the need to respond swiftly to the COVID-19 pandemic has accelerated the use of digital health technologies, but more remains to be done to ensure the equity and sustainability of healthcare.

Perspectives of our survey of clinicians on digital transformation

To explore further, we launched a survey of 1,800 clinicians to assess the use of digital technologies across seven European countries. Its aim was to understand the views of frontline clinicians working across primary and secondary care about the challenges they face and the benefits they are seeing from technology adoption.

When asked about the current state of digitalisation in their country, the most frequently mentioned negative words were 'Slow, Complex and Bureaucratic'. The three most frequently mentioned positive words were 'Fast, Innovative and Efficient'.

Overall, those surveyed were hopeful about the future. The majority of European clinicians feel that it will take less than five years from now to achieve a fully digital healthcare system. Their expectations are also largely positive. The top three words they hope to use to describe the system in five years from now are 'Fast, Efficient, Simple'.

Digital transformation (continued)

Shaping the future of European healthcare (continued)

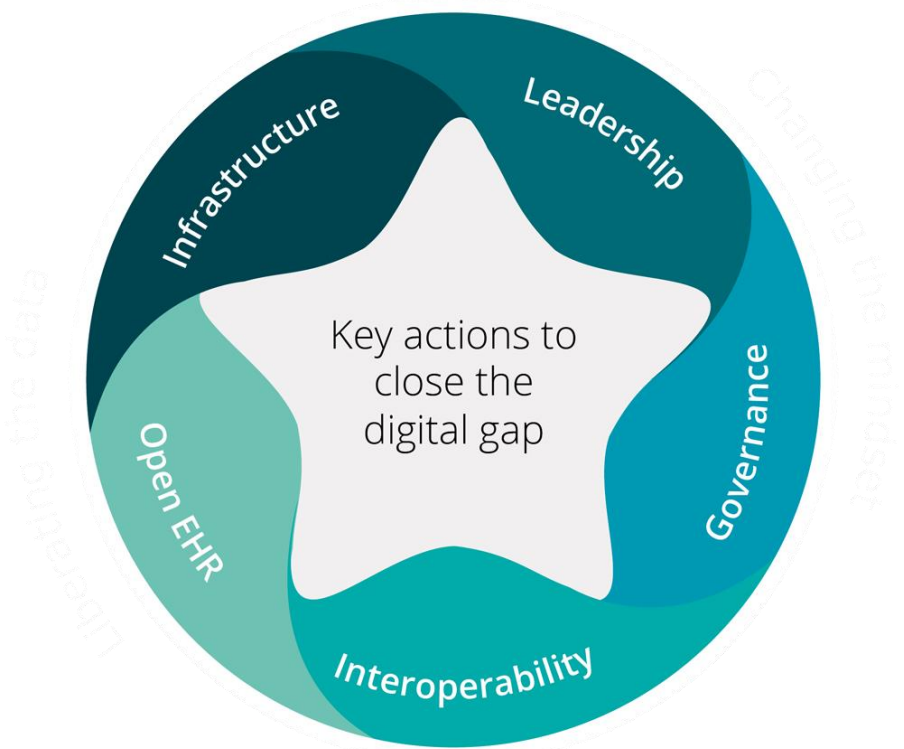
Challenges to digital transformation

Our primary research shows that the benefits from digital transformation adoption vary widely. To realise the benefits, infrastructure, cultural and operational changes are needed including improvements in the education and training of clinicians. They also need to adapt to the fact that patients are becoming better informed and more demanding than in the past.

Responses to the survey identified the top three challenges organisations face in implementing digital technologies as: bureaucracy in healthcare (57.4 per cent), the cost of technologies (50.3 per cent) and finding the right technologies (49.0 per cent).

While the responses were broadly similar across the seven countries, the top three challenges included training staff to use technology among clinicians in Italy and Portugal, and sharing patient data among those in the Netherlands.

Furthermore, majority of clinicians across Europe said that their organisation is 'very well' or 'reasonably well prepared' to adopt digital technologies, with Denmark was most prepared and Germany the least.



Independent review of adult social care

Feeley report

Background and overview

On 1 September 2020 the First Minister announced that there would be an Independent Review of Adult Social Care in Scotland as part of the Programme for Government. The Review was chaired by Derek Feeley, a former Scottish Government Director General for Health and Social Care and Chief Executive of NHS Scotland. Mr Feeley was supported by an Advisory Panel of Scottish and international experts.

The principal aim of the review was to recommend improvements to adult social care in Scotland, primarily in terms of the outcomes achieved by and with people who use services, their carers and families, and the experience of people who work in adult social care. The review took a human-rights based approach.

The Independent Review concluded at the end of January 2021 and its report, together with an accompanying short film, was published on 3 February 2021.

Next steps

The review concluded that there are three things that must change in order to secure better outcomes – 1. Shift the paradigm, 2. strengthen the foundations and 3. redesign the system. A summary of the recommendations on the following pages. The full report is available at [Adult social care: independent review - gov.scot \(www.gov.scot\)](https://www.gov.scot/adult-social-care-independent-review)



Independent review of adult social care (continued)

Feeley report (continued)

The recommendations within the report cover the following key themes



Scottish Futures Trust - New Frontiers for Smarter Working, Work and Workplace post COVID-19

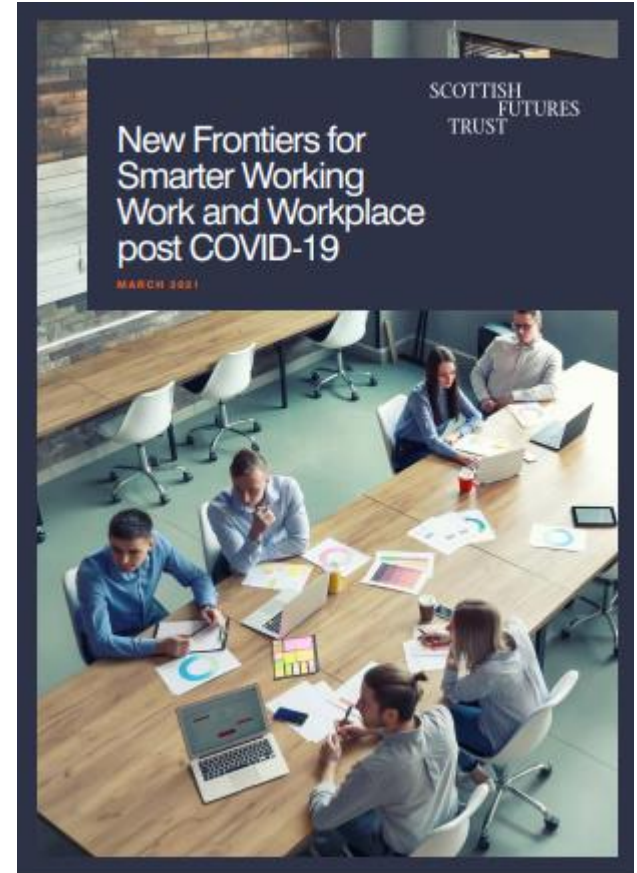
Background and overview

COVID-19 has fast-tracked a social revolution where a wider range of working choices could be on the horizon for hundreds of thousands of workers.

A new report by infrastructure experts, the Scottish Futures Trust (SFT) reveals that the workforce of the future - predominantly those who have been office based - will want to make informed choices of where and how to work most productively and more beneficially for their wellbeing.

Post the pandemic, organisations should consider the three 'Hs' of working - from Home, a nearby hub or local location, where employees can meet clients or have time to concentrate on projects, or the HQ and head office, where people can gather to socialise, brainstorm ideas or collaborate face-to-face.

The "New Frontiers for Smarter Working, Work and Workplace Report also finds that this new blended future will depend on how employers gauge the benefits from the improved working set up while ensuring the wellbeing of employees.



Next steps

The report reveals a new future for best work, productivity and wellbeing. The full report is available at

[Layout 1 \(scottishfuturestrust.org.uk\)](https://scottishfuturestrust.org.uk)

Appendices



Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Performance and Audit Committee and the Board discharge their governance duties. Our report includes our work on the following:

- Financial management;
- Financial sustainability;
- Governance and transparency;
- Value for money; and
- Best value.

The scope of our work

We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for the Board, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.


What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the Board.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the procedures performed in fulfilling our audit plan.

We welcome the opportunity to discuss our report with you and receive your feedback.



Pat Kenny, CPFA
For and on behalf of Deloitte LLP
Glasgow | 18 June 2021

Action plan

Recommendations for improvement

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
1	<i>Governance and Scrutiny</i>	IJB members would benefit from a more structured and tailored programme to specifically focus on the work of the partnership and the IJB to support their role in scrutiny and challenge. (page 20)	Planning was underway for development of a NA IJB induction programme. However, work was delayed due to COVID-19. The Scottish Government Integration team have developed a national resource which will be launched later in the year, which we will use to compliment our own programme.	Chief Finance & Transformation Officer	March 2022	Low

Action plan (continued)

Follow-up previous year actions

We have followed up the nine wider scope recommendations made in our previous years' audits and are pleased to note that three of the recommendations have been fully implemented, two have been partially implemented, and four have not been implemented. The following recommendations have either not been implemented or are only partially implemented. We will continue to monitor these as part of our 2021/22 audit work.

Area	Recommendation	Management Response	Responsible person	Target Date	Priority	2020/21Update
<i>Review of Governing Documents</i>	The key governing documents of the IJB should be reviewed and refreshed on a periodic basis to ensure that they are still fit for purpose.	A schedule of key governance documents including review timescales and responsible officers will be submitted to Committee in June 2019. Thereafter progress with document reviews will be monitored through the Committee.	Governance Manager	March 2020	Medium	<p>Partially implemented: we have sighted the updated Financial Regulations and Strategic Risk Register and therefore satisfied that this has been actioned. Improvements can still be made by creating a schedule of key governance documents including review timescales and responsible officers, to be used at each Committee for monitoring timely updating of key governance documents.</p> <p>Updated management response: Schedule of key governance documents will be developed and reported back to the Committee.</p> <p>Updated target date: September 2021</p>

Action plan (continued)

Follow-up previous year actions

Area	Recommendation	Management Response	Responsible person	Target Date	Priority	2020/21Update
						Not implemented
<i>Set aside</i>	The IJB should continue to make progress with implementing delegated hospital budgets and set aside requirements, in collaboration with the Scottish Government, NHS Ayrshire and Arran and other Ayrshire partnerships (see page 28).	This pan-Ayrshire work has been delayed due to the COVID-19 response, but will require to be progressed during 2020-21 to ensure the 3 partnerships can work towards a fair share of resources.	Chief Finance and Transformation Officer	March 2021	Medium	<p>Updated management comment: Progress has not been achieved in Ayrshire and Arran during the current financial year as the priority was the response to COVID-19. However preparatory work is well underway with the support of the Scottish Government, 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, Commissioning Plans and overall progression towards Fair Share allocations of resources. The North HSCP Chief Officer is leading the group that will progress this.</p> <p>Revised target: March 2022</p>

Action plan (continued)

Follow-up previous year action plans

Area	Recommendation	Management Response	Responsible person	Target Date	Priority	2020/21 Update
<i>Scottish Government Medium Term Financial Strategy</i>	The planned update to the Board's Medium Term Financial Plan should take account of the financial implications of the Scottish Government five-year Medium Term Financial Strategy.	Updated MTFP will be presented to the IJB in August 2019 for approval.	Chief Finance and Transformation Officer	August 2019	Medium	<p>Not implemented: The planned update of the MTFP has been delayed to summer of 2021.</p> <p>Updated management response: It will not be possible to develop an informed medium-term financial plan beyond 2021-22, due the impact of the pandemic and also the unknown impact of the policy, legislation and funding implications of the recently published report on the Independent Review of Adult Social Care. The main unknowns to project the financial position of the IJB beyond 2021-22 relate to funding and pay related inflationary pressures, which are not yet known fully for 2021-22 therefore making future planning scenarios beyond this very difficult. The intention is to update the medium-term financial plan over summer 2021. This will cover the period 2022-23 onwards, with consideration to aligning the time period to the next iteration of the strategic plan.</p> <p>Updated target date: March 2022</p>

Action plan (continued)

Follow-up previous year action plans (continued)

Area	Recommendation	Management Response	Responsible person	Target Date	Priority	2019/20 Update
<i>Budgeting process</i>	<p>We recommended the following improvements to the budget setting process:</p> <ul style="list-style-type: none"> There needs to be a link between the budgeted spend and the IJB's priorities as set out in the Strategic Commissioning Plan. There needs to be improved links between the budget and outcomes: there is no information of the outcomes the IJB expects to be progressed (and to what extent) by the budget, which makes it difficult for the IJB to assess to what extent budgetary decisions are impacting on outcomes achieved. 	<p>The service change programme approved as part of the 2019/20 budget aligned the service change to the IJB priorities and impact on service delivery is taken into consideration. Consideration will be given to how this can be more explicit across the entirety of the IJB budget as part of the development of the MTFP. Recognition nationally (by the Scottish Government Health and Sport Committee) that there is difficulty in attributing budgets to the National Health and Wellbeing outcomes.</p>	Chief Finance and Transformation Officer	March 2020	Medium	<p>Not implemented: The planned update of the MTFP has been delayed to summer of 2021.</p> <p>Updated management response: As above in relation to the MTFP, the linking of budget to outcomes has been a challenge nationally but where this will add value this will be considered as part of the MTFP refresh.</p> <p>Updated target date: March 2022</p>

Action plan (continued)

Follow-up previous year action plans (continued)

Area	Recommendation	Management Response	Responsible person	Target Date	Priority	2019/20 Update
Medium Term Financial Plan	<p>The Medium Term Financial Plan (MTFP) should be refreshed to determine the current expected funding gap. As part of this plan, we would expect it to include:</p> <ul style="list-style-type: none"> • Scenario planning to assess the funding gap when key assumptions are adjusted. • Detailed savings plans are identified in order to reduce the projected funding gap. • A fully integrated budget to allow effective resource planning. • Integration of the set aside budget. 	<p>The 2019/20 budget was approved by the IJB in March 2019 with the MTFP to follow. Unable to present estimate for more than one-year at that time due to protracted negotiations over funding. MTFP to be refreshed over coming months and plan to take to IJB in August 2019. The MTFP has been delayed due to uncertainty around the level of funding being provided by NHS Ayrshire and Arran which has an impact of the scenario planning for the MTFP. The work in relation to set aside is being progressed on a pan-Ayrshire basis with Scottish Government support, this work is at the early stages with two planning meetings which have taken place focusing on Directions and data.</p>	Chief Finance and Transformation Officer	August 2019 (follow up with savings approval March 2020)	High	<p>Not implemented: The planned update of the MTFP has been delayed, but as noted on the previous page this will be updated during 2021.</p> <p>Updated management response: See response on page 39.</p> <p>Updated target date: March 2022</p>

Action plan (continued)

Follow-up previous year action plans (continued)

Area	Recommendation	Management Response	Responsible person	Target Date	Priority	2019/20 Update
Strategic / Transformational Planning	There should be a clear link between the Board’s Strategic Plan and the MTFP to demonstrate what transformational work is to be carried out to achieve long term financial sustainability. A corporate workforce plan needs to be integral to this strategy.	Service change proposals for 2019-20 were aligned to the SP priorities. The Workforce Plan is to be presented to the IJB in May 2019.	Chief Finance and Transformation Officer	August 2019	High	Partially implemented: The planned update of the MTFP has been delayed. An interim workforce plan was issued to the Scottish Government at the end of April 2021, but a medium to longer term plan has yet to be updated. This should be prioritised alongside updating the MTFP and the strategic commissioning plan.
	A change management programme should then be put in place, with appropriate tools and templates to allow the IJB to demonstrate that the benefits are being achieved.	The MTFP will be refreshed over the coming months, plan to present to IJB in August to commence formal planning for 2020-22 budget proposals. The Change Management Programme is monitored via the Transformation Board. The Change Team support has been reviewed. Meetings with the approved lead, change team planning managers, finance lead takes place in March 2019 to agree timescales, milestones and savings trajectories.				Updated management response: The updated workforce plan has been submitted to the Scottish Government. Some Transformation Board meetings have been cancelled during 2020-21 due to priority being given to COVID-19. There were still meetings for individual projects e.g. Supported Accommodation, LD day care reviews, CM2000, Homefirst, unscheduled care hub including mental health supports which were attended by the approved leads, planning managers and finance. The 2021-22 plan is being developed and will be finalised once the 2021-22 budget is approved.
						Updated target date: March 2022



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