

EAST RENFREWSHIRE COUNCIL

AUDIT AND SCRUTINY COMMITTEE

26 September 2024

Report by Clerk

NATIONAL EXTERNAL AUDIT REPORT
INTEGRATION JOINT BOARDS' FINANCE AND PERFORMANCE 2024

PURPOSE OF REPORT

1. To provide information on the Audit Scotland report *Integration Joint Boards Finance and Performance 2024*.

RECOMMENDATION

2. It is recommended that the Committee considers the report.

BACKGROUND

3. A copy of the Audit Scotland report [Integration Joint Boards' Finance and Performance 2024](#), published in July 2024, has already been circulated to all Audit and Scrutiny Committee Members. Under the Committee's specialisation arrangements, the Member leading the review of this particular report is Councillor Edlin.

4. Comments on this report were considered by the East Renfrewshire Integration Joint Board (IJB) on 14 August. The Board noted the report and that it would also be considered by the Council's Audit and Scrutiny Committee. A copy of the report, as submitted to the IJB, is attached (Appendix A refers).

RECOMMENDATION

5. It is recommended that the Committee considers the report.

Local Government Access to Information Act 1985

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Background Papers:-

1. Audit Scotland Report [Integration Joint Boards' Finance and Performance 2024](#)



Meeting of East Renfrewshire Health and Social Care Partnership	Integration Joint Board	
Held on	14 August 2024	
Agenda Item	11	
Title	Audit Scotland Report: Integration Joint Boards Finance and Performance 2024	
Summary		
<p>This paper provides an overview and the key messages from the recent Accounts Commission report, published by Audit Scotland on 25th July 2024.</p>		
Presented by	Lesley Bairden, Chief Financial Officer	
Action Required		
<p>The Integration Joint Board is asked to note the report.</p>		
Directions	Implications	
<input checked="" type="checkbox"/> No Directions Required <input type="checkbox"/> Directions to East Renfrewshire Council (ERC) <input type="checkbox"/> Directions to NHS Greater Glasgow and Clyde (NHSGGC) <input type="checkbox"/> Directions to both ERC and NHSGGC	<input type="checkbox"/> Finance <input type="checkbox"/> Policy <input type="checkbox"/> Workforce <input type="checkbox"/> Equalities <input type="checkbox"/> Risk <input type="checkbox"/> Legal <input type="checkbox"/> Infrastructure <input type="checkbox"/> Fairer Scotland Duty	

EAST RENFREWSHIRE INTEGRATION JOINT BOARD

14 August 2024

Report by Chief Officer

Audit Scotland Report: Integration Joint Boards Finance and Performance 2024

PURPOSE OF REPORT

1. The purpose of this report is to provide the Integration Joint Board with an overview of the recent Accounts Commission report, published by Audit Scotland on 25 July 2024.

RECOMMENDATION

2. The Integration Joint Board is asked to note the report.

BACKGROUND

3. Audit Scotland provide independent assurance that public money is spent properly, efficiently and effectively. They provide services to the Auditor General and the Accounts Commission. The Accounts Commission holds councils and other local government bodies in Scotland to account and helps them improve by reporting to the public on their performance. They operate impartially and independently of councils and of the Scottish Government.
4. The report prepared by Audit Scotland on Integration Joint Boards Finance and Performance 2024 provides a high-level independent analysis of the 30 Integration Joint Boards in Scotland, commenting on:
 - the financial performance of IJBs in 2022/23 and the financial outlook for IJBs in 2023/24 and beyond
 - performance against national health and wellbeing outcomes and targets alongside other publicly available performance information
 - a 'spotlight' focus on commissioning and procurement of social care.
5. The report states that community health and social care faces unprecedented pressures and financial uncertainty, with rising unmet need.
6. This report builds on the previous Audit Scotland report: Integration Joint Boards Financial Analysis 2021/22, which was shared with Performance and Audit Committee in June 2023.
7. It is important to recognise the timeframes within this report with financial information up to 2022/23. Given our financial recovery position in 2023/24 clearly where we benchmark now will have worsened to that included in the report.

REPORT

8. The findings of the report, with 7 key messages and 5 recommendations, will come as no surprise to IJB members as we have been discussing many of the themes and issues raised at our meetings for some time.

9. The report sets out 7 key messages and our initial thoughts are added after each:

(1) Integration Joint Boards (IJBs) face a complex landscape of unprecedented pressures, challenges and uncertainties. These are not easy to resolve and are worsening, despite a driven and committed workforce. The health inequality gap is widening, there is an increased demand for services and a growing level of unmet and more complex needs. There is also variability in how much choice and control people who use services feel they have, deepening challenges in sustaining the workforce, alongside increasing funding pressures.

10. This reflects our local position and reporting to the IJB. The one area where there is possibly less of an issue, at least historically is around choice and control.

(2) We have not seen significant evidence of the shift in the balance of care from hospitals to the community intended by the creation of IJBs. They operate within complex governance systems that can make planning and decision making difficult. They cannot address the issues across the sector alone. Whole-system collaborative working is needed as part of a clear national strategy for health and social care that will promote improved outcomes across Scotland but reflects the need to respond to local priorities.

11. We do a good track record of partnership working and have developed good connections with acute around hospital discharge. However there are wider issues and we still operate across NHS GGC with a notional set aside budget.

(3) The workforce is under immense pressure reflecting the wider pressures in the health and social care system. Across the community health and social care sector there are difficulties in recruiting and retaining a skilled workforce. The Covid- 19 pandemic, the cost-of-living crisis and the impact of the withdrawal from the European Union have deepened existing pressures. Unpaid carers are increasingly relied on as part of the system but are also disproportionately affected by the increased cost-of-living. Without significant changes in how services are provided and organised, these issues will get worse as demand continues to increase and the workforce pool continues to contract.

12. Again these issues are all reflected in various reports to the IJB including the difficulties we have had recruiting, particularly around care at home and in our mental health services. Our partners in the third and independent sector also face the same challenges.

(4) Uncertainty around the direction of the plans for a National Care Service and continued instability of leadership in IJBs have also contributed to the difficult context for planning and delivering effective services. We are seeing examples of IJBs trying to work in new and different ways, but there is a lack of collaboration and systematic shared learning on improvement activities.

13. There is clearly a tension or constriction to wider collaborative working when the local focus is managing capacity challenges.

(5) The financial outlook for IJBs continues to weaken with indications of more challenging times ahead.

- In common with other public sector bodies, financial pressures arising from rising inflation, pay uplifts and Covid- 19 legacy costs are making it difficult to sustain services at their current level and, collaborative, preventative and person-centred working is shrinking at a time when it is most needed.*
- The financial outlook makes it more important than ever that the budget process involves clear and open conversations with IJB partners, workforce, people who use services and other stakeholders around the difficult choices required to achieve financial sustainability.*
- Overall funding to IJBs in 2022/23 decreased by nine per cent in real terms or by one per cent in real terms once Covid-19 funding is excluded. The total reserves held by IJBs almost halved in 2022/23, largely due to the use and return of Covid-related reserves. The majority of IJBs reported notable savings, but these were largely arising on a non-recurring basis from unfilled vacancies.*
- IJBs have had to achieve savings as part of their partner funding allocations for several years. The projected funding gap for 2023/24 has almost tripled, in comparison to the previous year, with over a third anticipated to be bridged by non-recurring savings, with a quarter of the gap bridged using reserves. This is not a sustainable approach to balancing budgets.*

14. Given our financial recovery position in 2023/24 none of the above will be new to the IJB. The report shows where we benchmark in 3 exhibits based on 2022/23:

- Exhibit 3: Operational Surplus as a proportion of net costs of services (page 17) shows us 13th from bottom with less the 0.5%. It is expected that for 2023/24 will be much lower as our operational deficit before recovery support was 2.99% of budget*
- Exhibit 5: Year End IJB reserves as a proportion of new cost of services shows us 5th from bottom. Given the reserves we used as part of financial recovery we would expect this position to worsen. It is worth noting that 3 of the bottom 5 IJBs had no contingency as part of their reserves balance – we would be in this position for 2023/24.*
- Exhibit 6: Funding gap as a proportion of net cost of service shows us as 7th highest and that the funding gap grew for 2023/24. It is worth noting that this mirrors the trend across all. Whilst it is likely our position in the ranking would worsen, given many IJBs across the country are depleting their reserves we may become less of an outlier.*

(6) Data quality and availability is insufficient to fully assess the performance of IJBs and inform how to improve outcomes for people who use services with a lack also of joined up data sharing. However, available national indicators show a general decline in performance and outcomes.

15. We report against the required national indicators and as at 2023/24 our local performance has always been relatively positive, despite financial challenges. We have also developed our own performance indicators to demonstrate local priorities and engagement feedback from stakeholders has been consistently positive.

16. We do expect to see a decline across a range of indicators given the significant financial challenges and associated savings required. In particular the focus on early intervention

and prevention and the focus on health inequalities is likely to be impacted. Clearly any national developments going forward will allow us to better assess performance, but this will always need to have some degree of local context.

(7) Current commissioning and procurement practices are driven largely by budgets, competition, and cost rather than outcomes for people. They are not always delivering improved outcomes and are a risk for the sustainability of services. Improvement to commissioning and procurement arrangements has been slow to progress but is developing. There are some positive examples of where more ethical and collaborative commissioning models are being adopted.

17. Our local commissioning arrangements continue to focus on collaboration and outcomes for our people. This has been a long standing approach within East Renfrewshire and the development work with our 3rd sector in particular is notable. We benchmark favourably across IJBs in relation to providers rates and work to support the sustainability of our local providers. To some extent the focus on the financial landscape can detract from this positive work. This reduces flexibility to use resources to be innovative and develop our ethical commissioning work with external partners.
18. The context section of the report highlights that IJBs face a complex landscape of considerable challenges and uncertainties and that these challenges and pressures are not easily resolved and are worsening.
19. The financial performance section shows that funding to IJBs has decreased by 9% in real terms since 2020/21 and draws out that much of the collective savings challenge has been achieved on a non-recurring basis through use of reserves and in turn those reserves are diminishing.
20. The projected funding gap for 2023/24 has almost tripled and that financial sustainability risk have been identified by auditors in the vast majority of IJBs.
21. The report makes 5 recommendations and our initial thoughts are added after each:
 - 1) *Integration Joint Boards should ensure that their Medium-Term Financial Plans are up to date and reflect all current known and foreseeable costs to reflect short and longer-term financial sustainability challenges*
22. Our Medium Term Financial Plan is refreshed annually after the budget is set each year and in the event of any significant changes will be revised during the year. Our in year financial reporting also informs of any emerging issues.
23. It is difficult to see however, how such a level of financial challenge combined with increased demand is sustainable on the status quo.

(2) Integration Joint Boards should ensure that the annual budgets and proposed savings are achievable and sustainable. The budget process should involve collaboration and clear conversations with IJB partners, workforce, people who use services and other stakeholders around the difficult choices required to achieve financial sustainability

24. The annual budgets have always been agreed to date, however the level of required savings to meet future costs pressures make this decision increasingly challenging.

(3) Integration Joint Boards should work collaboratively with other IJBs and partners to systematically share learning to identify and develop:

- service redesign focused on early intervention and prevention*
- approaches focused on improving the recruitment and retention of the workforce*

25. Given we are one of six IJBs with one health board we have a relatively strong collaboration record at a local level. There are national groups for IJB chairs and vice chairs, for Chief Officer and for Chief Financial Officers.

(4) work collaboratively with other IJBs and partners to understand what data is available and how it can be developed and used to fully understand and improve outcomes for those using IJB commissioned services. This should include a consideration of gaps in data. It should also include consideration of measures to understand the impact of preventative approaches

26. As above, as one of six, collaboration is integral to much of the way we work within the geography of NHS Greater Glasgow and Clyde. Given there is no national system for performance data there will always be variation in what is captured and how it is recorded. We do have a concern that the financial pressures mean a move away from the long term focus on prevention to a short term focus on cost reduction.

(5) evaluate whether the local commissioning of care and support services, and the contracting of these services, adheres to the ethical commissioning and procurement principles, improving outcomes for people.

27. This has been an area of strength for us. Whilst we use national commissioning frameworks we also develop local frameworks to ensure we meet the best outcomes, at a local level, in a collaborative way.

CONSULTATION AND PARTNERSHIP WORKING

28. This is not relevant for this report.

IMPLICATIONS OF THE PROPOSALS

29. Whilst there are no direct implication from this report, the issues, challenges, pressures and risks are clearly set out. These are all relevant locally as well as nationally.

DIRECTIONS

30. There are no directions resulting from this report.

CONCLUSIONS

31. This report and the recommendations focus on IJBs, however to respond to the significant and complex challenges in primary and community health and social care all the bodies involved need to work collaboratively on addressing the issues – IJBs alone cannot address the crisis in the sector. The next iteration of this annual report will be produced jointly with the Auditor General for Scotland and will take a whole system approach and will make recommendations to the Scottish Government, councils, NHS boards as well as IJBs, as appropriate.

RECOMMENDATIONS

32. The Integration Joint Board is asked to note the report.

REPORT AUTHOR AND PERSON TO CONTACT

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Chief Officer, IJB: Julie Murray

31 July 2024

BACKGROUND PAPERS

PAC 26.06.2023 - Audit Scotland Report: Integration Joint Boards Financial Analysis 2021/22
https://www.eastrenfrewshire.gov.uk/media/9263/PAC-Item-08-26-June-2023/pdf/PAC_Item_08_-_26_June_2023.pdf?m=1687186205037