

FINANCIAL RISKS ANALYSIS 2017-18

1 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to provide a summary of the key financial risks facing the Council.
- 1.2 A number of Council wide risks, both revenue and capital have been identified along with risks for each department and service of the Council. For each departmental risk the financial impact has been quantified and the likelihood assessed based on the standard risk matrix.
- 1.3 There are currently 33 departmental risks totalling £3.256m. Only 2 of the risks are categorised as likely and no risks have been categorised as almost certain.
- 1.4 The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

FINANCIAL RISKS ANALYSIS 2017-18

2. INTRODUCTION

2.1 This report outlines the process and approach developed in carrying out a financial risks analysis and provides a note of the current assessment of financial risks for 2017-18.

3 DETAIL

3.1 Introduction

3.1.1 The Council is currently in a period of significant financial challenge. In developing its budget to address both restricted resources and cost and demand pressures there are a number of financial risks the Council needs to consider and manage.

3.1.2 There are a number of risks that affect the income or expenditure across the whole council and these have been identified. Financial risks have been considered by each department and service of the Council.

3.1.3 For each risk, the financial impact has been quantified and the likelihood assessed based on the standard risk matrix as follows:

- 1 – Remote
- 2 – Unlikely
- 3 – Possible
- 4 – Likely
- 5 – Almost Certain

3.1.4 The Argyll and Bute Integrated Joint Board (IJB) with responsibility for Social Work and a range of Health services was established and came into effect on 1 April 2016. The IJB will be responsible for financial and strategic oversight of these services. It will be the responsibility of the IJB to consider the individual financial risks associated with Integration Services and they are therefore not contained within this report. A Council wide risk has been included in respect of the IJB being unable to deliver the social care service within the budget allocated.

3.1.5 Following the EU referendum result there are potential uncertainties and risks arising from BREXIT. It is too early in the BREXIT process to quantify the potential impact on the Council, however, this will be closely monitored and reported as the BREXIT process progresses.

3.2 Council Wide Risks

Revenue

- 3.2.1 The estimated level of council tax income is based on current and forecast Band D equivalents and non-payment rates. This reflects our most recent experience in terms of the council tax base and likely collection rates. A 1% variation in council tax income amounts to approximately £0.454m. As at the end of December 2017, there is an estimated over recovery of Council Tax income of £0.600m, therefore this risk is unlikely to materialise.
- 3.2.2 As part of the budget for 2016-17 the Council agreed to implement 125 Service Choice Savings options with a saving by 2018-19 of £9.723m (this figure has subsequently reduced slightly due to the delay/reduction of the Leisure Trust and Catering and Cleaning saving options). Of this, £2.552m relates to the saving target for 2017-18. Whilst the Council have a good track record in delivering savings, a 10% shortfall on this savings target would amount to £0.255m. As at the end of December 2017 109 risks have been delivered, 13 are on track to be delivered and 3 have a potential shortfall which can be met from underspends elsewhere within the Council for 2017-18.
- 3.2.3 The budget approved to be transferred over to the Integrated Joint Board for the provision of Social Care Services in 2017-18 amounts to £56.362m. It is the responsibility of the Chief Officer and Chief Financial Officer to manage the overall financial resources of the IJB. Where relevant they will identify the cause of any forecast overspends and prepare a budget recovery plan which will be submitted to the IJB, the Council and NHS Highland. Where recovery plans are unsuccessful and an overspend occurs at the financial year end, and there are insufficient reserves to meet the overspend, then the partners will be required to make additional payments to the IJB. Whilst any additional payments by the Council and NHS Highland will be deducted from future years funding/payments, there is still a financial risk that the Council may have to pay out additional monies. There was an overspend in Social Work services in 2016-17, however, overall the Health and Social Care Partnership were underspent and therefore no additional payments were required. The latest budget monitoring report for the IJB as at the end of December 2017 is attached as appendix 2 to this report. The forecast overspend for 2017-18 is currently reported as £2.915m and the share of this apportioned to Argyll and Bute Council is £1.915m.
- 3.2.4 Auto enrolment will require the Council to automatically enrol all staff into the pension scheme by October 2017 (although staff may wish to opt out) and this will create an additional cost to the Council in respect of employer superannuation contributions. The budget for 2017-18 has been based on the assumption that 60% of the staff auto enrolled will remain in the scheme. There was a risk that all staff could choose to remain in the scheme and this was quantified at £0.136m, however, payroll section have now completed an analysis of who was auto enrolled and the provision in 2017-18 is sufficient.
- 3.2.5 The Council wide risks noted above, in addition to other Council wide risks, are

noted within the table below. The financial impact noted in the previous report has now been compared to the potential financial that could still materialise before now and the year end.

Description	Likelihood	Previous Financial Impact £000	Potential Financial Impact as a 31 December 2017 £000
1% variation in Council Tax Income	2	454	0
10% shortfall on Savings Options	2	255	0
IJB refer to Council for additional funding to deliver social work services	3	1,914	1,915
Employers Superannuation enrolment into pension scheme	3	136	0
Employers NI rate increase by 1%	2	608	0
Energy costs increase by 10% greater than anticipated	2	440	0
Repairs and Maintenance costs increase, due to unforeseen emergencies, by 10%	2	210	210
1% variation of General Inflation Risk	2	750	0
Total		4,767	2,125

Capital

- 3.2.6 The finance settlement announcement on 15 December 2016 provided details of the Local Government funding for 2017-18 and we are therefore certain what our funding is in respect of General Capital Grant and the specific capital grants which have been distributed.
- 3.2.7 The capital plan for the period 2016-2020 includes an estimate of £8.105m in respect of capital receipts. This was based on an assessment provided by the Special Projects in June 2017. The actual capital receipts across the capital programme are now going to be less than budget due to the conclusion of one large sale for less than originally anticipated. The shortfall of £2.750m will be considered as part of the Council's budget process for 2018-19.

3.2.8 In respect of TIF, the Scottish Futures Trust (SFT) acknowledge that the information presented by the council regarding current and potential scale and makeup of the office and retail market along with the current external market conditions was unlikely to generate the required increase in NDR. Officers are reviewing the financial model and the council and SFT are exploring potential alternative financial model to augment TIF. £0.927m has been expended to date and additional approved expenditure will be minimised until a viable alternative model has been agreed upon.

3.3 Departmental/Service Risks

3.3.1 The detail of each departmental financial risk is included within Appendix 1. The following table provides a summary of the number of risks within each department and likelihood category with the financial impact.

Department	1 - Remote		2 - Unlikely		3 - Possible		4 - Likely		5 - Almost Certain		Total	
	No.	£000	No.	£000	No.	£000	No.	£000	No.	£000	No.	£000
Community Services	0	0	1	50	2	100	1	50	0	0	4	200
Customer Services	3	170	3	205	8	699	1	30	0	0	15	1,104
Development & Infrastructure	2	120	1	10	11	1,822	0	0	0	0	14	1,952
Total	5	290	5	265	21	2,621	2	80	0	0	33	3,256

3.3.2 The current top five risks in terms of the financial impact are noted in the table below.

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Amenity Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	3	700
Roads and Amenity Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence.	3	300
Roads and Amenity Services	Roads Maintenance - Roads Network	Adverse weather conditions result in deterioration of the road network necessitating greater spend on repair of defects.	3	230
Facility Services	Property - Central Repairs	Increased demands on CRA as a result of the decrease in capital funding available and increases in supplier/contractor charges.	3	200
Planning and Regulatory Services	Dangerous Buildings interventions	Deal in Building Standards with an increasing level of dangerous building work which has significant financial implications for Council	3	180

3.3.3 The current top five risks in terms of the likely impact are noted in the table below.

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Education	Legislative Requirements - Education (Scotland) Act	Education (Scotland) Act 2000 was enacted March 2016. This places additional requirements on Councils in terms of Gaelic Education.	4	50
Customer and Support Services	Non-Domestic Rates Relief	Risk of demand changing due to legislative changes outwith our control or new charitable businesses.	4	30
Roads and Amenity Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	3	700
Roads and Amenity Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence.	3	300
Roads and Amenity Services	Roads Maintenance - Roads Network	Adverse weather conditions result in deterioration of the road network necessitating greater spend on repair of defects.	3	230

3.4 Changes to Financial Risks since last Report

3.4.1 The changes to the departmental risks since the last report to Policy and Resources Committee on 8 December 2017 for the period to the end of October are noted below:

- Homeless Temporary Accommodation – this risk has been removed for 2017-18 as full universal credit will not start until 2018-19.
- Energy Costs - a review has been carried out for 2017-18 and there is a forecast underspend for the year. This risk will be included in the 2018-19 risks.

3.5 Monitoring of Financial Risks

3.5.1 Financial risks will be reviewed and monitored on a two monthly basis and will be included in the pack of financial reports submitted to Policy and Resources Committee.

4 CONCLUSION

4.1 This report summarises the key financial risks facing the Council. Only 2 out of the 33 risks are categorised as likely with no risks categorised as almost certain. The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

5 IMPLICATIONS

5.1 Policy - None.

5.2 Financial - The financial value of each risk is included within the appendix.

5.3 Legal - None.

- 5.4 HR - None.
- 5.5 Equalities - None.
- 5.6 Risk - Financial risks are detailed within the appendix.
- 5.7 Customer Service - None.

**Policy Lead for Strategic Finance and Capital Regeneration Projects -
Councillor Gary Mulvaney**

**Kirsty Flanagan
Head of Strategic Finance
16 January 2018**

APPENDICES

Appendix 1 – Detail of Department/Service financial risks.

Appendix 2 – IJB Budget Monitoring Report as at 31 December 2017.

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 31 DECEMBER 2017

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 31 October 2017		As at 31 December 2017	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Development & Infrastructure	Planning and Regulatory Services	Homelessness Temporary Accommodation Income	Introduction of Universal Credit has an impact on the level and method of benefits recovered for temporarily accommodated individuals.	Provision of Housing Options information and advice service to minimise number of applicants proceeding to full homeless application.	3	25	0	0
Community Services	Education	Pre-Five Units - number of providers	Failure in commissioning pre-five partner provider units together with reducing budgetary support for partners resulting in an increased pressure on the Council of providing the service.	Annual financial appraisal; Support network; Short-term cash injections.	3	50	3	50
Community Services	Education	Central Repairs	Service Choices savings result in budget only available for statutory and emergency repairs.	Regular liaison with Property Services re prioritisation and commitment of in-year spend.	3	50	3	50
Community Services	Education	Legislative Requirements - Education (Scotland) Act	Education (Scotland) Act 2000 was enacted March 2016. This places additional requirements on Councils in terms of Gaelic Education.	Monitoring developments of the implementation of the Act and statutory guidance produced. This will include responding to any consultations.	4	50	4	50
Community Services	Education	Legislative Requirements - Children and Young People (Scotland) Act	Children and Young People (Scotland) Act places a duty on the Council to consult and plan on delivery of early learning and childcare with service users. This may result in demands for changes in the way the service is delivered to adopt a more flexible tailored approach.	Ongoing monitoring of additional funding provided to implement the Act and the financial capacity to implement any changes in the approach to service delivery.	2	50	2	50
Customer Services	Customer and Support Services	Housing Benefit Subsidy	Loss of Housing Benefit Subsidy due to exceeding LA error threshold.	Processes in place for handling of claims accurately and efficiently.	2	125	2	125
Customer Services	Customer and Support Services	Sundry Debt Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Robust monitoring of arrangements with debt collection agency. Joint working with Legal Services to assist services with the recovery of aged debt.	3	85	3	85

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					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Customer Services	Customer and Support Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate, Council entered into new contract with debt collection agents for Council Tax.	Robust monitoring of arrangements with debt collection agency and performance against target collection rates.	3	100	3	100
Customer Services	Customer and Support Services	Non-Domestic Rates Relief	Risk of demand changing due to legislative changes outwith our control or new charitable businesses.	Outwith direct management control.	4	30	4	30
Customer Services	Special Projects	Surplus Properties	Ongoing market difficulties lead to increased numbers of surplus properties, there are residual running costs associated with surplus properties.	Asset Management Strategy	3	50	3	50

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					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Customer Services	Facility Services	Property - Central Repairs	Increased demands on CRA as a result of the decrease in capital funding available and increases in supplier/contractor charges.	Joint strategy with procurement colleagues to reduce potential impact of supplier/contractor charges. Close monitoring of CRA budgets and commitments and instructing only essential repairs.	3	200	3	200
Customer Services	Facility Services	Energy Costs	Increase in energy costs and consumption. The Council are required to participate in the CRC Energy Efficiency Scheme, there is a risk that the required carbon emission reductions are not met and the cost of the allowances could increase.	Energy Management Team actions to reduce energy consumption and efficiency and ensure more accurate billing by energy providers. Regular monitoring of energy budgets to ensure any issues are raised and resolved as soon as possible.	3	200	0	0
Customer Services	Facility Services	Catering Costs - Provision of Meals to Early Years Children	The Children and Young People (Scotland) Act places duties on Councils to provide meals in an Early Years setting to entitled children where sessions span over lunch time. The total quantum of funding of £1.2m may not be sufficient to fund the additional costs depending on uptake and the additional costs to support the meal provision in partner provider settings.	Joint strategy with Education colleagues to implement requirements and closely monitor financial implications. Responding to consultations by COSLA on the distribution and allocation of additional funding.	3	100	3	100
Customer Services	Facility Services	School and Public Transport - provider charges	Increased provider charges	Joint strategy with procurement colleagues to reduce potential impact.	3	100	3	100
Customer Services	Facility Services	Catering Purchases	Increased supplier charges.	Joint strategy with procurement colleagues to reduce potential impact. Control food wastage/portion controls.	2	60	2	60

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					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Customer Services	Special Projects	Rental Income from Properties	Due to current economic climate may be reduced ability to recover rental income from leased properties or place suitable tenants in properties as leases come to an end.	Management of leasehold properties by Estates team, any issues with debt recovery being dealt with in line with Council debt recovery policy.	2	20	2	20
Customer Services	Governance and Law	Elections	More than 1 by-election required outwith standard election cycle.	Outwith direct management control.	3	34	3	34
Customer Services	Governance and Law	Licensing	Reduced numbers of licensing applications leading to reduced income.	Monitoring of trends.	3	30	3	30
Customer Services	Governance and Law	Children's Panel	Increased number of referrals.	Liaise with Community Services colleagues to maximise council facilities/resources in the first instance.	1	10	1	10
Customer Services	Governance and Law	Legal Services	Failure to minimise Council wide use of external legal advice.	Ensure legal services are gateway to access all legal advice.	1	10	1	10
Customer Services	NPDO	Contract RPI	Increase in RPI.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and existing budget.	1	150	1	150
Development & Infrastructure	Roads and Amenity Services	Ferry Services - income	Changes to ferry services resulting in reduced passenger income.	Ensure that ferry operators are charged for the correct number of passengers	3	40	3	40
Development & Infrastructure	Roads and Amenity Services	Piers and Harbours	Reduced fishing fleet resulting in lower number of fish landings.	Monitor fish landings and ensure that all income is collected.	3	40	3	40
Development & Infrastructure	Economic Development	Airfields and Air Services - fuel costs	Increased fuel costs on PSO flights being passed onto the Council.	Scrutinise all claims for increased costs to ensure that they are in accordance with the contract.	3	30	3	30
Development & Infrastructure	Economic Development	Airfields and Air Services - usage	Reduced number of aircraft using the airports.	Monitor usage and market the facilities.	2	10	2	10

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					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Development & Infrastructure	Planning and Regulatory Services	Dangerous Buildings interventions	Deal in Building Standards with an increasing level of dangerous building work which has significant financial implications for Council	Monitor activity and seek to recover costs from the owner	3	180	3	180
Development & Infrastructure	Planning and Regulatory Services	Planning fees reduced by Scottish Government	Planning revenue budgets negatively affected by Better Regulation Bill. Scottish Government reducing planning fees due to poor performance by the Planning Authority	Maintain high levels of performance as articulated by performance markers detailed in Planning Performance Framework annual report.	1	100	1	100
Development & Infrastructure	Planning and Regulatory Services	Planning fee shortfalls	Due to downturn in economic / building activity, in particular renewable energy development and other major developments could lead to planning fee income shortfalls leading to revenue budget pressures.	Continue to monitor Development Management income and expenditure tightly and investigate further income generation streams. Lobby Scottish Ministers through professional organisations to increase Planning fees to a sustainable level. Support the current (Dec 2016) Scottish Government consultation to raise fee caps on Major Applications	3	100	3	100
Development & Infrastructure	Planning and Regulatory Services	Building Warrant fee shortfalls	Due to downturn in economic / building activity, building warrant fee income shortfalls leading to revenue budget pressures.	Continue to monitor Building Standards income and expenditure tightly and investigate further income generation streams. Lobby Scottish Ministers through professional organisations to increase Building Warrant fees to a sustainable level.	3	75	3	75
Development & Infrastructure	Planning and Regulatory Services	Animal Health	Carrying out livestock seizure to protect welfare of the animals	Monitor activity and seek to recover costs from the disposal of the animals.	1	20	1	20
Development & Infrastructure	Roads and Amenity Services	Roads Maintenance - Roads Network	Adverse weather conditions result in deterioration of the road network necessitating greater spend on repair of defects.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	3	230	3	230
Development & Infrastructure	Roads and Amenity Services	Street Lighting	Age of lighting stock requires greater maintenance as health and safety becomes a consideration.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	3	100	3	100
Development & Infrastructure	Roads and Amenity Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence.	Routine inspections to deal with potential weak areas - based on a stitch in time repair regime.	3	300	3	300
Development & Infrastructure	Roads and Amenity Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	Monitor weather conditions and apply gritting policy to minimise costs.	3	700	3	700

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					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Development & Infrastructure	Roads and Amenity Services	Waste Disposal	Re-tender for island haulage and potential for increased prices	Competitive tendering process may assist in minimising the impact of increased prices	3	27	3	27
Total					35	3,481	35	3,256



Argyll & Bute Health & Social Care Partnership

Integration Joint Board

Agenda item: 5.3(i)

Date of Meeting : 31 January 2018

Title of Report : Budget Monitoring – December 2017

Presented by : Caroline Whyte, Chief Financial Officer

The Integration Joint Board is asked to :

- **Note** the overall Integrated Budget Monitoring report for the December 2017 period, including:
 - Integrated Budget Monitoring Summary
 - Quality and Finance Plan Progress
 - Financial Risks
 - Reserves
- **Note** that as at the December period there is a projected year-end overspend of £2.9m primarily in relation to the outstanding budget gap at the start of the year, the expected deliverability of the Quality and Finance Plan, the cost of medical locums and continuing overspends from demand for social care services.
- **Note** the financial progress with the delivery of the Quality and Finance Plan and the overall forecast shortfall in delivery of savings.
- **Note** the progress with the implementation of the financial recovery plan and the trajectory of improvement required to deliver financial balance for the 2017-18 financial year. It is unlikely that financial balance will be achieved and efforts continue to be focussed on reducing the overspend as far as possible to limit the impact on funding partners and the budget gap in future years.

1. EXECUTIVE SUMMARY

1.1 The main summary points from the report are noted below:

- The IJB started 2017-18 with an outstanding budget gap of £2m with the intention of managing this through a reduction in the SLA for acute health services negotiated with NHS Greater Glasgow and Clyde and with the remaining balance being delivered through in-year efficiency savings. This position has deteriorated. This is due to ongoing overspends for locums and agency staff, continuation of overspends in social care services and the expectation that not all of the service changes in the Quality and Finance Plan will be delivered.
- This report provides information on the financial position of the Integrated Budget as at the end of December 2017. The projected year-end outturn position is an overspend of £2.9m. A financial recovery plan has been in place

since September and was subsequently updated in November to include further actions to address the financial position. The financial recovery plan is not delivering the planned improvement to the financial position and some benefits of implementation are being offset by increases in demand for services and further delays to the achievement of recurring savings in the Quality and Finance Plan. It is unlikely at this stage in the financial year that financial balance can be achieved and therefore efforts are focussed on reducing the projected overspend as far as possible to limit the impact on the budget in future years.

- Not all savings in the Quality and Finance Plan will be achieved as planned during 2017-18, the IJB are aware some areas are high risk and there may be a significant lead-in time to deliver some of the more complex service changes. There is an agreed project management process in place and the Quality and Finance Plan Programme Board has been established to focus efforts on ensuring the service changes are delivered as any delays or non-delivery of savings will result in short term actions to deliver financial balance.
- In addition to the projected overspend position there are significant financial risks in terms of service delivery for 2017-18 and there are mitigating actions in place to reduce or minimise these, these risks should continue to be closely monitored together with the delivery of the Quality and Finance Plan.

2. INTRODUCTION

- 2.1 This report sets out the financial position for Integrated Services as at the end of December 2017. Budget information from both Council and Health partners has been consolidated into an Integrated Budget report for the Integration Joint Board.

3. DETAIL OF REPORT

3.1 INTEGRATED BUDGET MONITORING SUMMARY

- 3.1.1 This main overall financial statement is included as Appendix 1. This contains an objective (service area) financial summary integrating both Health and Council services, with a reconciliation of the overall split of the budget allocation.
- 3.1.2 There is an overall increase in funding of £3.163m compared to the approved budget. There is an increase in available funding from £258.885m to £262.048m, the in-year changes in funding are noted in Appendix 1. This relates to an increase in Health Funding, mainly relating to additional non-recurring funding allocations from the Scottish Government and a small net increase to Council funding which relates to the drawdown of budget from reserves.

Year to Date Position – YTD Overspend - £0.194m

- 3.1.3 The main areas to note from this are:
- The overall Year to Date variance is a net overspend of £0.194m. This consists of an underspend of £1.446m in Council delivered services and an overspend of £1.640m in Health delivered services.
 - Within Health provided services the overspend is mainly in relation to the budget profile of savings for 2017-18 which have not yet been

implemented and additional costs in relation to locums, the year to date position is in line with the forecast outturn position.

- Within Council provided services the year to date overspend is mainly in relation to delays in receipt and processing of supplier payments. This year to date underspend position is not an indication of the likely year-end outturn position, as the year to date position for the Council is reported on a cash and not accruals basis.

3.1.4 Council and Health partners use different financial systems and treatments for the monthly profiling of budgets and recording of actual costs which results in financial information relating to the year to date position for the integrated budget not being a reliable indicator of the year-end position.

Forecast Outturn Position – Projected Overspend - £2.915m

3.1.5 The year-end forecast outturn position for the December period is a projected overspend of £2.915m. The main areas are noted below:

ADULT CARE – Projected Overspend £5.2m (October £5.0m)

- Anticipated shortfall of £3.5m in the delivery of Adult Care savings as part of the Quality and Finance Plan
- Budget overspends in relation to locum cover for vacancies and sickness absence, the overspend in medical locums to December is £1.3m.
- Budget overspends across localities in relation to GP prescribing totalling £0.7m.
- Projected overspends for demand for social work services including care home placements, supported living services and integrated equipment store. The projected overspend in adult social care services is £1m, these are generally areas which were overspent at the 2016-17 year-end and are areas of focus for the Quality and Finance Plan for 2017-18 onwards. Significant work is required to contain the expenditure within budget before any deliverable savings can be released.

CHIEF OFFICER – Projected Overspend £1.0m (October £1.1m)

- £1.7m of this overspend is reflective of the outstanding budget gap for social care services at the start of 2017-18, the balance will be held as a projected overspend until such a time as savings are identified to offset this.
- This has been partly offset by the expected over-recovery of vacancy savings, funding set aside to fund cost pressures for war pensions and continuing care which have not as yet been required and slippage on investment plan funding which was paused as part of the financial recovery plan.

CHILDREN AND FAMILIES – Projected Underspend £0.2m (October £0.3m)

- Projected underspends in relation to fostering, kinship and supporting young people leaving care reflecting the level of demand on these budgets.
- Underspend in criminal justice services due to staff vacancies and interim management arrangements.

- These underspends in the social care budget have been mostly offset by new demand for children's residential placements and the unavoidable use of agency social work staff. The demand for children's social care services can be volatile and a small change in demand can have a significant impact on costs.
- The remaining underspend is in relation to vacancy savings in Health delivered services.

GG&C COMMISSIONED SERVICES – Projected Underspend £0.2m

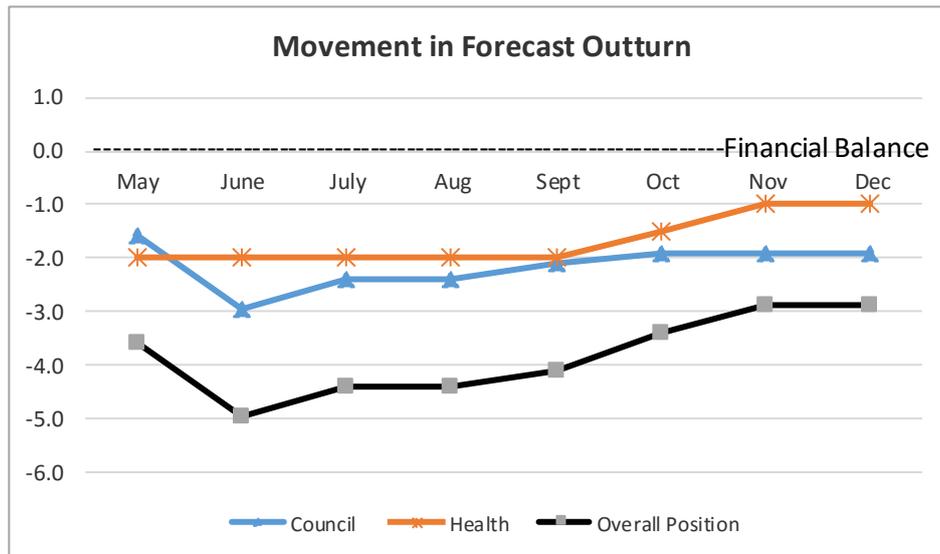
- The HSCP has been clear with NHS GG&C around commissioning intentions for acute health services and the plan to reduce delayed discharges and unscheduled care activity. Part of the financial plan at the start of the year was to reduce the SLA value with NHS GG&C, although at that time the potential savings were not able to be quantified. The SLA value for 2017-18 remains under negotiation but there is an intention to withhold the historic payment for delayed discharges and move to a current activity payment basis, this would see a potential reduction of £0.5m to the payment to NHS GG&C. This benefit is now included in the projected year-end position, although this reduction has not yet been agreed with NHS GG&C.
- There are a number of service areas which are charged on a variable activity basis where demand for services has increased, this growth in demand is partly offsetting any potential reduction in the SLA value.

BUDGET RESERVES – Projected Underspend £1.8m (October £1.5m)

- Represents the uncommitted element of budget reserves which can be utilised to offset the overall projected outturn position. The level of budget reserves has significantly reduced as many of the balances were removed as part of the Quality and Finance Plan for 2017-18, this estimate is based on an assessment of the likely outturn informed by financial performance in previous years. This includes funding set aside as part of the community investment plan, mental health funding, primary care transformation funding and winter pressures. It is possible that some of these allocations will require to be re-provided in 2018-19.

3.1.6 The forecast outturn position is reliant on a number of assumptions around the current and expected level of service demand and costs, this is subject to change and is reported through routine monthly monitoring, clearly the closer to the financial year-end the more accurate the projected position becomes. The position at the end of the October period was a forecast overspend of £3.4m, this has reduced to £2.9m as at December.

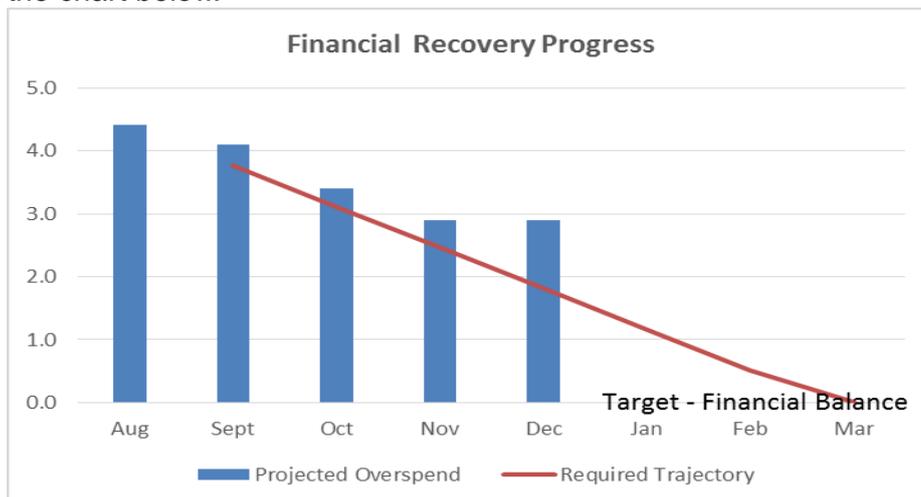
3.1.7 The chart below shows the movement in the forecast outturn position during the 2017-18 financial year:



3.1.8 A financial recovery plan has been in place since August 2017 and was subsequently updated in October to include additional actions to increase the momentum of cost reduction to deliver financial balance. The overall financial position has improved since August however the scale of the improvement would indicate that the financial recovery plan is not going to deliver the improvement required to deliver financial balance at the financial year-end.

3.1.9 The financial recovery plan is impacting on front line service delivery across all services, is leading to gaps in service delivery due to recruitment delays and is generating some resistance from staff and teams. The financial benefit of this is not being fully recognised in the financial forecasts as the recovery plan is not delivering the full £0.7m a month improvement required whilst at the same time accommodating an increase in demand for services (for example children’s residential placements and older people’s residential care home placements) and also the impact of additional delays in delivering savings on the Quality and Finance Plan.

3.1.10 Progress against the required trajectory of financial improvement is illustrated in the chart below:



3.1.11 It is clear from the above that the financial position is not moving towards financial balance at the pace and momentum required to have confidence that this can be delivered by the year-end. Efforts remain focused on reducing the overspend position as far as possible and the financial recovery plan will continue to be in place until the financial year-end.

3.1.12 Any overspend in the 2017-18 financial year would require to be added to the budget gap for 2018-19 as the IJB would require to borrow funding from the Health Board and/or Council and repay this. Based on current projections this would require a further £2.9m of savings to be delivered in 2018-19 together with the in-year budget gap due to funding and pressures. In addition there will be project funding estimated at £0.5m which may require to be re-provided in 2018-19, ordinarily where there was an expected budget underspend this would be facilitated through the earmarking of reserves.

3.2 QUALITY AND FINANCE PLAN PROGRESS

3.2.1 Progress with the individual budget reductions outlined in the Quality and Finance Plan is detailed in Appendix 2. This notes the financial savings delivered to the December 2017 period and any estimated year-end shortfall.

3.2.2 Savings are declared where these are achieved on a recurring basis, there are a number of non-recurring savings or underspends which are partly offsetting delays in delivering recurring savings. These underspends are not declared as savings in-year and all declared savings are those which have been delivered on a recurring basis.

3.2.3 To the December period £3.6m of savings have been delivered on a recurring basis, a number of these are savings which had been carried forward from 2016-17 or are efficiency savings. This leaves total savings of £5.1m to be delivered in 2017-18, this is in addition to the £2m of unidentified savings.

3.2.4 The update on progress includes an estimate of the recurring shortfall in the delivery of savings for each individual service change, in terms of the overall position at this stage an estimate of £4.0m has been included in the forecast outturn position as the indicative level of savings forecast not to be delivered in 2017-18. The main areas where there are expected to be shortfalls or delays in savings delivered are:

- Rural Cowal Out of Hours Service (£0.3m)
- Re-design of community pathways and community hospital services to shift the balance of care as a result of reduced length of stay, reduced delayed discharges and reduced emergency admissions – Campbeltown, Mid Argyll, Cowal, Bute, Islay (£1.4m)
- Lorn and the Islands Hospital (£0.3m)
- Struan Lodge Service Re-design (£0.2m)
- Corporate and Support Staff Efficiencies (£0.2m)
- Catering and Cleaning and other Ancillary Services (£0.4m)
- Prescribing (£0.2m)

3.2.5 For 2017-18 we have a consistent project management approach in place for the monitoring of the Quality and Finance Plan, to enable progress on the delivery of the plan to be monitored both in operational and financial terms. SMT will ensure there are clear lines of responsibility for projects, that there is

clear oversight of the progress of all projects, risks and timelines are clearly identified and monitored and any deviations from plans or risks of non-delivery are identified at the earliest opportunity.

3.2.6 The Quality and Finance Plan Programme Board has now been established and includes representation from officers, IJB members and staff side. Part of their role is to monitor, challenge and support the delivery of the Quality and Finance Plan. The Board provide assurance to the IJB that appropriate challenge, support and rigour is applied to the implementation and development of the Quality and Finance Plan.

3.2.7 There is a reported forecast overspend of £2.9m as at the December 2017 period, this is partly in relation to the expected shortfall in the delivery of the Quality and Finance Plan. With the current estimate being that £4.0m of the agreed savings will not be deliverable in 2017-18 it is clear that there needs to be a focus on accelerating the pace of change to releasing recurring savings, if these were on track to be delivered as planned there would be no reported overspend position.

3.3 FINANCIAL RISKS

3.3.1 An assessment of financial risks together with the likelihood and impact and the potential financial consequences for the Integrated Budget is included as Appendix 3. This only includes financial related risks and highlights areas where there are potential cost or demand pressures facing service delivery.

3.3.2 There are 7 financial risks with a potential financial impact of £2.6m noted at the December 2017 period. These are assessed in terms of likelihood and a summary of the risks is noted in the table below:

Likelihood	Number	Potential Financial Impact £000
Almost Certain	0	0
Likely	0	0
Possible	7	2,600
Unlikely	0	0
Remote	0	0
TOTAL	7	2,600

3.3.3 The potential financial impact represents the estimated full year impact on the budget, this value will reduce as we progress through the financial year. Where financial risks do not materialise or are mitigated entirely the risk will be removed, where risks materialise the impact will be reported through the forecast outturn position.

3.3.4 At December the number and likelihood of risks has reduced from earlier in the financial year and the risk exposure is less significant, however this may be partly due to some previous risks having materialised and now being reported

through the forecast outturn position. There remains significant exposure to risks in relation to demand and in some service areas, for example children's services, a small increase in demand can result in a significant increase in cost.

3.4 RESERVES

3.4.1 The overall position for reserves is noted below:

	£'000
Opening Reserve Balance at 1 April 2017	479
Earmarked Balances	(451)
Unallocated Reserves at 1 April 2017	28

3.4.2 As the current forecast outturn position for 2017-18 is a projected overspend it is not anticipated that there will be additional reserves at the 2017-18 year-end. Likewise as there are only £0.028m of unallocated reserves there are minimal reserves available to offset any potential year-end overspend.

3.4.3 There are balances totalling £0.451m earmarked from IJB reserves, progress with utilising these reserves in line with their agreed purpose is included in Appendix 4.

3.4.4 In addition to the IJB reserve balance there are inherited reserve balances from Council delivered services. These balances for 2017-18 total £0.1m. These historic balances are mainly in relation to unspent grant monies carried forward or funds the Council earmarked specifically from the general fund for service development. The funds are committed for specific projects previously approved by the Council, this includes funding for:

- Sensory Impairment
- Autism Strategy
- Early Intervention (Early Years Change Fund)
- Criminal Justice Transformation
- Violence Against Women Training

4. CONTRIBUTION TO STRATEGIC PRIORITIES

4.1 The Integration Joint Board has a responsibility to set a budget which is aligned to the delivery of the Strategic Plan and to ensure the financial decisions are in line with priorities and promote quality service delivery, monitoring this budget through the financial year is key to ensuring a balanced budget position.

5. GOVERNANCE IMPLICATIONS

5.1 Financial Impact

5.1.1 As at the December 2017 monitoring period significant financial risks have been identified and services are forecasting a year-end overspend of £2.9m. The financial position has improved during the year, however indications are that the financial recovery plan is not providing sufficient momentum or assurance that the financial position can be brought back into line. Efforts remain focussed on containing and reducing the financial overspend as far as possible to limit the impact on future years.

5.2 Staff Governance

The Quality and Finance Plan includes service changes which will impact on staff roles, the IJB will comply with the appropriate staff governance standards.

5.3 Clinical Governance

None

6. EQUALITY & DIVERSITY IMPLICATIONS

Actions in the financial recovery plan may result in delays or increased waiting times for services.

7. RISK ASSESSMENT

7.1 Financial risks are monitored as part of the budget monitoring process. Operational and clinical risks will be taken into account as part of the implementation of the financial recovery plan.

8. PUBLIC & USER INVOLVEMENT & ENGAGEMENT

8.1 Where required as part of the delivery of the Quality and Finance Plan local stakeholder and community engagement will be carried out as appropriate in line with the re-design of service provision. The financial recovery plan requires to be implemented very quickly to ensure the financial position can be addressed, as part of this there will be engagement with individual affected service users.

9. CONCLUSIONS

9.1 This report summarises the financial position of the Integrated Budget as at December 2017. The forecast year-end outturn position is a projected overspend of £2.9m. The starting point for the year was an outstanding budget gap of £2m, therefore there has been an overall deterioration to the position. There has been improvement since the financial recovery plan was implemented, at that time there was a forecast overspend of £4.4m.

9.2 Progress with financial recovery is being impacted by demand for new services, continued service delivery pressures and delays with the delivery of recurring savings in the Quality and Finance Plan. It is unlikely at this late stage in the financial year that financial balance will be achieved at the year-end, efforts will continue to contain the overspend as far as possible to limit the impact on funding partners and on the the budget gap for the IJB in future years.

APPENDICES:

Appendix 1 – Integrated Budget Monitoring Summary – December 2017

Appendix 2 – Quality and Finance Plan Progress – December 2017

Appendix 3 – Financial Risks – December 2017

Appendix 4 – Earmarked Reserves – December 2017

INTEGRATED BUDGET MONITORING SUMMARY - DECEMBER 2017

	Year to Date Position				Forecast Outturn			Previous Period (Oct)	
	YTD Actual	YTD Budget	YTD Variance	Variance	Annual Budget	Forecast Outturn	Forecast Variance	Forecast Variance	Movement in month
	£000	£000	£000	%	£000	£000	£000	£000	£000
Service Delegated Budgets:									
Adult Care	99,309	96,254	(3,055)	-3.2%	130,669	135,859	(5,190)	(5,026)	(164)
Alcohol and Drugs Partnership	697	766	69	9.0%	1,129	1,029	100	70	30
Chief Officer	(11,133)	(11,074)	59	-0.5%	(5,175)	(4,222)	(953)	(1,119)	166
Children and Families	13,586	14,618	1,032	7.1%	19,885	19,695	190	309	(119)
Community and Dental Services	2,725	3,041	316	10.4%	4,055	3,655	400	400	0
Estates	3,887	3,713	(174)	-4.7%	5,109	5,322	(213)	(229)	16
Lead Nurse	983	992	9	0.9%	1,319	1,325	(6)	14	(20)
Public Health	855	969	114	11.8%	1,321	1,169	152	126	26
Strategic Planning and Performance	2,700	2,756	56	2.0%	3,677	3,586	91	(24)	115
	113,609	112,035	(1,574)	-1.4%	161,989	167,418	(5,429)	(5,479)	50
Centrally Held Budgets:									
Budget Reserves	0	1,250	1,250	100.0%	1,503	(297)	1,800	1,500	300
Depreciation	1,878	1,878	0	0.0%	2,504	2,504	0	0	0
General Medical Services	11,915	11,874	(41)	-0.3%	15,862	15,922	(60)	(57)	(3)
Greater Glasgow & Clyde Commissioned Services	44,895	44,662	(233)	-0.5%	59,690	59,453	237	340	(103)
Income - Commissioning and Central	(977)	(927)	50	-5.4%	(1,237)	(1,281)	44	30	14
Management and Corporate Services	1,741	1,889	148	7.8%	4,734	4,515	219	52	167
NCL Primary Care Services	6,231	6,231	0	0.0%	8,508	8,508	0	0	0
Other Commissioned Services	2,426	2,632	206	7.8%	3,508	3,234	274	200	74
Resource Release	3,740	3,740	0	0.0%	4,987	4,987	0	0	0
	71,849	73,229	1,380	1.9%	100,059	97,545	2,514	2,065	449
Grand Total	185,458	185,264	(194)	-0.1%	262,048	264,963	(2,915)	(3,414)	499

Reconciliation to Council and Health Partner Budget Allocations:

	Year to Date Position				Forecast Outturn			Previous Period	
	YTD Actual	YTD Budget	YTD Variance	Variance	Annual Budget	Forecast Outturn	Forecast Variance	Forecast Variance	Movement in month
	£000	£000	£000	%	£000	£000	£000	£000	£000
Argyll and Bute Council	36,292	37,738	1,446	3.8%	56,380	58,295	(1,915)	(1,914)	(1)
NHS Highland	149,166	147,526	(1,640)	-1.1%	205,668	206,668	(1,000)	(1,500)	500
Grand Total	185,458	185,264	(194)	-0.1%	262,048	264,963	(2,915)	(3,414)	499

FUNDING RECONCILIATION - DECEMBER 2017

Partner	£000	£000	£000
<p>Argyll and Bute Council: Opening Funding Approved Annual Budget at December 2017 Movement <i>Details:</i> Non-recurring drawdown of budget from Reserves Violence Against Women Funding Transfer Integration Services Contribution to HR and First Aid Training</p>		56,360 56,380 <hr/> 20	45 3 (28) <hr/> 20
<p>NHS Highland: Opening Funding Approved: Core NHS Funding Additional SG Funding Opening Funding Approved Annual Budget at December 2017 Movement <i>Details:</i> Other SG funding increases/decreases Transfer from SW to fund ICAT Team</p>	197,945 4,580	202,525 205,668 <hr/> 3,143	3,063 80 <hr/> 3,143

**INTEGRATION JOINT BOARD
QUALITY AND FINANCE PLAN PROGRESS - DECEMBER 2017**

APPENDIX 2

Ref	Description	Detail	Key Date	Previously approved 2016-17 saving?	2017-18 Budget Reduction £000	Achieved to December 2017	Remaining	Estimated Shortfall	2018-19 Budget Reduction £000
CHILDREN'S SERVICES:									
CF01	Redesign of Internal and External Residential Care Service	Minimise the use of external placements, increase the capacity of our residential units by adding satellite flats and developing a core and cluster model. Develop social landlord scheme to support 16+ young people moving from foster care or residential care. Further review and where possible bring back all 16+ year olds to local area.	Apr-17	No	300	300	0	0	400
CF02	Redesign staffing structure across Children and Families service to cope with duty under CYP Act and government initiatives within NHS.	Scoping of children and Families staffing requirements as case load increases due to the requirements of the Children and Young People (Scotland) Act the service will be looking after children for longer. For the next 8 years there will be a steady increase only levelling out in 2026. Incrementally the service will require 5 additional social workers. Health visiting pathway requires additional Health Visitors, additional services for children in distress are required. Requirement to scope and cost a new staffing structure through consultation with staff and those who use the service, we will develop a programme board and look at front line staff and management structure to further develop integrated teams. Reviewing workloads and supporting third tier sector to undertake social care tasks.	Sep-17	No	100	26	74	59	200
CF03	School Hostels - Explore the opportunities to maximise hostel income.	May be opportunities to actively market accommodation over holiday periods and use annexe accommodation to attract locums at a reduced cost. Although we have an income budget that we currently do not achieve we would hope to over recover income.	Mar-18	No	0	0	0	0	10
LORN AND THE ISLANDS HOSPITAL:									
AC01	Lorn and the Islands Hospital Future Planning to improve the local services and engage specialist services appropriately to deliver best possible care.	LIH group established with representation from public, community, third and independent sector working jointly to design services that will minimise or avoid all delayed discharges, offer excellent quality local care complemented by specialist care out of area as required. Prevention of admissions to be achieved by shifting the overall balance of care and staff to ensure anticipatory care planning in place. Working with the LIH group to explore clinical options and offer continued, consistent appropriate hospital care. Data collection and scrutiny to inform the service design. Recruitment and retention strategies to support the service.	Dec-18	Yes, partly.	347	30	317	255	647
AC02	Further improvement and investment in the scope of OLI Community Wards to offer quality services and support on discharge and timely assessment and reablement.	Community staff further upskilled through training and understanding of scope of services. Resource to ensure that 'virtual wards' feel and give a service which is perceived as real and more effective than location based services.	Estimated April 18	No	included above	included above	included above	included above	included above
CARE HOMES:									
AC03	Putting environment, independent living and service user choice at the heart of care support by reviewing the current buildings and care service employed by Ardfenaig and Eader Glynn to deliver an improved environment, better choice and control.	Identify all options with partners to better provide support when care at home is no longer possible. Seek engagement to review all options with full regard for choices and control of people who use these services.	Anticipate Jan 19	No	0	0	0	0	53
AC04	Identified demand for greater choice of support care on Tiree, currently and for future planning.	Island demand to be quantified, and provision reviewed in line with current and emerging demands.	Jan-19	No	0	0	0	0	46

Ref	Description	Detail	Key Date	Previously approved 2016-17 saving?	2017-18 Budget Reduction £000	Achieved to December 2017	Remaining	Estimated Shortfall	2018-19 Budget Reduction £000
LEARNING DISABILITY:									
AC05	Redesign of Learning Disability services including day services and support at home for adults across Argyll and Bute, the priority needs to be given to service user need and demand in each local area.	Utilise learning from Helensburgh redesign, and engage with stakeholders. Full account of service user views and the current and emerging needs, encouraging independence and shifting the balance of care.	Phased from Aug17	Yes, partly.	175	67	108	25	525
COMMUNITY MODEL OF CARE:									
AC06	Repatriate top 15 high cost young adult care placements from outwith Argyll and Bute. This includes service users who are in residential care and some who are receiving specialist supported living services outwith the area.	Identify then review top 15 adults outwith the area currently and undertake review with a view to bringing their care package back to Argyll and Bute. Need to link with housing providers and social care providers to identify capacity and cost to bring adults back to shared tenancy arrangements.	Quarterly rolling reviews from April 17	No.	73	0	73	0	194
AC07	Supported living is categorised into four categories. Critical (P1) and substantial (P2) needs will be met and others will be signposted to self-help and community resources.	Review existing supported living care packages to ensure that cases meet the priority of need framework. Promote use of SDS. Introduce Area Resource Groups to scrutinise adult care supported living and delayed discharge packages.	Quarterly rolling reviews from April 17	No.	0	0	0	0	460
AC08	Review the delivery of services for older people to consider alternative ways of delivering services for older people.	Ensure all new packages adhere to Value for Money principles. Consider alternative ways to deliver support/meet the assessed outcomes of service users.	Ongoing from 16-17	Yes, partly.	200	200	0	0	200
AC09	Redesign the provision of sleepovers provided by the HSCP.	Shift to new model of care using telecare/overnight response teams. Work with care providers to redesign unavoidable sleepover provision and look for opportunities to share provision across multiple service users.	Ongoing from 16-17	Yes	200	0	200	0	200
AC11	Investment in 'Neighbourhood Team' approach to delivery of care at home for the community across Mid Argyll, Kintyre and Islay. Putting service users at the heart of service design.	More responsive and person centred approach to delivery, better meeting needs. A best practice model, which is truly person centred, maintains independence and recognises dignity alongside independence, and improved outcomes.	Oct-17	No	0	0	0	0	0
AC12	Investment in 'Neighbourhood Team' approach to delivery of care at home for the community across Oban Lorn and the Islands. Putting service users at the heart of service design.	More responsive and person centred approach to delivery, better meeting needs. A best practice model, which is truly person centred, maintains independence and recognises dignity alongside independence, and improved outcomes.	Oct-17	No	0	0	0	0	0
AC14	Modernise community hospital care in Campbeltown establishing a cross agency 'Planning for the Future' group, to actively review range of bed space uses and options. Aim to achieve community based, and community focussed hospital model linking seamlessly with enhanced community services.	Review group to identify and engage with stakeholders on best use of bed spaces to maintain a quality and responsive service 24/7 which supports patients appropriately and timeously. Improving community focus and hospital criteria aims to reduce or negate delayed discharges, improve prevention and anticipatory care planning. Potential for greater joined up working with other hospitals, and effective use of data assumed.	Apr-18	Yes, partly.	232	0	232	232	232

Ref	Description	Detail	Key Date	Previously approved 2016-17 saving?	2017-18 Budget Reduction £000	Achieved to December 2017	Remaining	Estimated Shortfall	2018-19 Budget Reduction £000
AC15	Improvements to community focussed care in Mid Argyll, with focus on improving the model of delivery and service in MACHICC. Improved responsive community services able to respond 24/7 supporting patients in their own homes. Shifting the balance of care and ensuring effective and efficient use of hospital services.	Improvements and expansion of community based services in Mid Argyll to achieve reduced or nil delayed discharges, greater prevention and anticipatory care planning to enable people to live in their own homes, or return to their own homes as quickly as possible.	Apr-18	Yes, partly.	170	20	150	150	170
AC16	Continue with the review and redesign in-patient ward in Cowal Community Hospital currently reviewing the acute observation beds, short term assessment beds, delayed discharges, prevention of admissions and A&E breaches. The review will include considering enhanced community care to prevent admissions.	Continue the current review and consider how we deliver community services in Cowal to provide 24/7 response to support patients at home.	Sep-17	Yes, partly.	537	35	502	502	537
AC17	Continue with the review and redesign GP in-patient ward in Victoria Hospital currently reviewing the acute observation beds, short term assessment beds, delayed discharges, prevention of admissions and A&E breaches. The review will include considering enhanced community care to prevent admissions.	Redesign of community services in Bute to provide 24/7 response to support patients at home. Community and staff engagement.	Sep-17	Yes.	250	0	250	250	250
AC18	Improve and expand community based care on Islay through investment in preventative measures to address delayed discharge and reduce admissions. Shifting the balance will include making better use of Islay Hospital and Gortanvogie Care home to meet community care demands.	Review use and need of community services on Islay to better support people to live at home with quality services. Enhancing community based care including using technology where appropriate, and consider use of alternative booking systems. Support from and engagement with both communities and staff to help shift balance.	Commencement Oct 17 - duration likely 9 - 12 months.	Yes, partly.	330	100	230	230	330
AC19	Review of AHP Out-patient service delivery	Consider increasing protocol driven review of follow-up and domiciliary visits. Use of technology like VC and Flo. Review whether AHPs could offer review instead of trips to GG&C to see consultants. Extension of roles like Orthopaedic triage and 'First Contact' input into GPs.		No	0	0	0	0	0
AC20	Seek to ensure care at home services offer flexibility and choice and are person centred and fit for purpose. Current in-house services are restricted and review would enable options to be explored with external providers to improve West Argyll service.	Neighbourhood teams with external providers give flexibility and should be considered within options following period of market testing. Would require input from procurement and commissioning staff to expand and improve the current care at home service.	Apr-18	Yes, partly.	0	0	0	0	160
AC25	In older people day resource centres improve and address issues of high levels of management structure to integrate and consolidate services within realistic opening hours based on client demand.	Review the management at HSCP operated day services. Consider a reduction in opening hours of adult day services. Evidence indicates shorter opening hours would be appropriate and acceptable in day services. Moreover, there is a high management resource which is capable of rationalisation. Engagement and consultation with service users and with staff to align needs and demands.	Oct-17	No	50	0	50	0	208

Ref	Description	Detail	Key Date	Previously approved 2016-17 saving?	2017-18 Budget Reduction £000	Achieved to December 2017	Remaining	Estimated Shortfall	2018-19 Budget Reduction £000
MENTAL HEALTH SERVICES:									
AC21	Improve community based support and services for dementia to achieve shift in balance of care and respond to need and demand in person centred service.	Implement full review and scoped options for community models which meet user demand, support carers and person centred outcomes. Appraise neighbourhood model and scope options which shift balance of care.	Dec-18	No	250	200	50	50	250
AC22	Deliver improved mental health consultant support and create dedicated consultants to each locality Community Mental Health Team, and a dedicated consultant for inpatients. Better sharing of on call services, additional locality clinics and support for crisis response and places of safety.	CMHT services and patients would benefit from the redesign to support an improved model. Locality consultation and with CMHT's to support change, and achieve better outcomes.	Oct-17	No	0	0	0	0	0
AC23	Steps to ensure and maintain patient and community safety will be taken by redesignating and maintaining a secure locked environment for those with the most fragile mental health requiring extra care. This is based on the needs of service users, and experience from current Intensive Patient Care Unit.	Actions required pertain to legislation relevant to service delivery, which will be strictly followed. Work with staff to make changes to overall establishment and working practices and to agree robust admission criteria. Some work with GG&C should needs arise for additional services.	May-17	No	100	100	0	0	200
AC24	Further enhancement to community based care to ensure those with mental health issues have the same opportunities and choices. To include consideration of a step up / step down model for Lochgilphead and area service users.	Adopt community focussed approach, and use technology when possible, to review use of Ross Crescent to make this appropriate for a modernised mental health service. Ensuring patient choice and views are at the centre of service provision, with independence encouraged and supported.	Dec-17	No	45	0	45	0	45
CORPORATE SERVICES:									
CORP1	Front line health and social care staff working together in same locations, and move corporate and support staff.	Co-locate staff into unused space in our hospitals, close the corporate support HQ building in Lochgilphead, move to other sites in Lochgilphead including council offices. Savings expected to be achieved from a range of departmental budgets including; finance, planning, IT, HR, pharmacy management, medical management, lead nurse and estates.	Apr-17	No	335	76	259	205	335
CORP2	Integrate health and social work administration, implement digital technology and centralise appointment systems.	Follow on from co-location CORP 1, a targeted piece of work would commence in 2017-18 to extend the review of social work administration and medical record keeping. The implementation of electronic solutions to improve efficiency and a move to electronic medical records would be required.	Sep-17	No	120	23	97	69	325
CORP3	Management /Professional Leadership Review	Review the overall management structure.	Apr-18	No	tbc	tbc	tbc	tbc	tbc
CORP4	Rationalisation of Estates/Property-linked to CORP's 1 and 2.	Review of current property portfolio and opportunities to rationalise this. Review the current leases in place and find alternative accommodation to reduce costs.	Sep-17	No	75	0	75	75	75
CORP5	Implement Lync/Skype for Business	Implement Skype for Business (Microsoft Lync) communications platform, this will reduce telephone and travel costs and improve communication and collaboration. Business case is due to be finalised It is required to maximise benefits in Corp 1 and Corp 2.	Apr-18	Yes	0	0	0	0	0
CORP6	Catering and Cleaning and other Ancillary Services	Reduction in buildings occupied and opportunities to work with our partner organisations, take opportunities to reduce costs for catering and domestic services. Significant opportunities to share services and reduce costs.	Sep-17	No	505	80	425	393	505

Ref	Description	Detail	Key Date	Previously approved 2016-17 saving?	2017-18 Budget Reduction £000	Achieved to December 2017	Remaining	Estimated Shortfall	2018-19 Budget Reduction £000
CORP7	Vehicle Fleet Services	Explore opportunities for the centralisation of shared fleet service (as in part of NHS Grampian), look to share vehicles with partners, and a review of the provision of services.	Sep-17	No	0	0	0	0	0
CORP8	The agreement with NHS Greater Glasgow & Clyde (NHSGG&C) provides hospital services outside Argyll and Bute.	Invest in community services and IT to reduce delayed discharges and patients length of stay in NHS GG&C hospitals, and commission NHSGG&C to reduce return appointments and follow up rates. Activity targets to be agreed based on national target for Scotland to free up 400,000 occupied bed days.	Apr-17	No	tbc	tbc	tbc	0	tbc
CORP9	Capital projects - Dunoon GP practices new build, Bute Health and care campus, Care Home redesign, and new model of care relocation of Salen Surgery to Craignure & elements of CORP 4	Formal capital design projects at large and small scale, latter to be costed by March 2017 for inclusion in capital programmes for next 2 years. Large scale projects require formal processes and resource.	TBC	No	0	0	0	0	0
CORP10	Alcohol and Drugs Partnership	The ADP will look to review and reduce costs being incurred in delivering alcohol brief interventions, supporting the voluntary sector and the ABAT statutory service sector. The reduction in 17-18 equates to 8% of the total budget for ADP.	Apr-17	No	100	100	0	0	150
TOTAL					4,494	1,357	3,137	2,495	6,707

2016-17 QUALITY AND FINANCIAL PLAN

PREVIOUSLY APPROVED SAVINGS - STILL TO BE DELIVERED:

1	Prescribing		100	100	0	0	100
5	Redesign of the Out of Hours Service for Cowal		300	55	245	245	300
13	Closure West House	*updated to reflect actual shortfall in 2016-17 - increased by £170k	270	50	220	220	270
14	Closure AROS		150	42	108	108	150
15	Kintyre Medical Group	*updated to reflect actual shortfall in 2016-17 - increased by £50k	75	0	75	75	75
21	Review Day Hospital Services for Older People with Dementia	*updated to reflect actual shortfall in 2016-17 - increased by £25k	25	25	0	0	25
27	Kintyre Patient Transport		25	0	25	25	25
29	Mid Argyll Operational Teams Redesign	*updated to reflect actual shortfall in 2016-17 - increased by £20k	20	0	20	20	20
45	Ardlui		10	10	0	0	10
51	Supporting Young People Leaving Care		17	17	0	0	17
52	Consultation Support Forum		5	5	0	0	5
55	Struan Lodge	*updated to reflect actual shortfall in 2016-17 - increased by £175k (full year saving of £350k planned from 2018-19)	175	0	175	175	175
56	Thomson Court	*updated to reflect actual shortfall in 2016-17 - increased by £10k (full year saving of £20k planned from 2018-19)	10	0	10	0	10
59	Bowman Court Progressive Care Centre		80	80	0	0	80
61	Internal Mental Health Support Team		60	0	60	0	60
62	Assessment and Care Management		12	0	12	12	12
63	Assessment and Care Management		30	0	30	30	30
66	Supported Living Services	*updated to reflect actual shortfall in 2016-17 - increased by £100k	100	0	100	50	100
			1,464	384	1,080	960	1,464

2016-17 SAVINGS - FULL YEAR IMPACT:

55	Struan Lodge		0	0	0	0	175
56	Thomson Court		0	0	0	0	10
58	Tigh a Rhuda		22	22	0	0	22
			22	22	0	0	207

Ref	Description	Detail	Key Date	Previously approved 2016-17 saving?	2017-18 Budget Reduction £000	Achieved to December 2017	Remaining	Estimated Shortfall	2018-19 Budget Reduction £000
2016-17 APPROVED SAVINGS - ADDITIONAL SAVINGS DELIVERABLE:									
1	Prescribing				700	300	400	200	1,400
3	Further Savings from closure of Argyll and Bute Hospital				282	250	32	32	282
27	Kintyre Patient Transport.				25	0	25	25	75
5	Redesign of the Out of Hours Service for Cowal				29	0	29	29	29
10	NHS GG&C contract / services				100	0	100	100	100
					1,136	550	586	386	1,886
NEW:									
EFFICIENCY SAVINGS:									
1	Commissioned Services				500	500	0	0	500
3	Budget Reserves				350	350	0	0	200
4	Equipment Depreciation				50	46	4	0	50
5	Increased patients' services income				50	50	0	0	50
6	Community Dental Services				20	20	0	0	20
7	Review of Podiatry Services Budgets				20	0	20	0	20
8	Helensburgh & Lomond Locality - local initiatives, recurring underspends				20	20	0	0	20
9	Medical Physics Department - review of supplies budget to make best use of resources based on in year underspend.				45	23	22	22	45
10	Energy Costs for Health Buildings (excluding A&B Hospital & Aros)				50	10	40	0	50
11	Oban, Lorn & Isles Locality - patients' travel				40	40	0	0	40
12	Review of Radiography Services Budgets				50	17	33	0	50
13	Mental Health Bridging Funding				0	0	0	0	400
14	HEI Budget - reduction on basis that requirement will reduce in line with beds				0	0	0	0	50
15	Mid Argyll Social Work Office				10	0	10	0	10
16	Admin - travel reduction				3	3	0	0	3
17	Planning				51	51	0	0	51
18	Review MAKI management structure to ensure best use of resources.				130	0	130	130	250
19	Children and Families - Respite				10	10	0	0	10
20	Children and Families - Carers Payments				10	10	0	0	10
21	Children and Families - Children Affected by a Disability				10	10	0	0	10
22	Adult Services Fees and Charges				50	50	0	0	50
23	Children and Families - Child Trust ISAs				10	10	0	0	10
24	Adult Services Charging Order Long Term Debt Adjustment				25	25	0	0	25
25	Social Work Utility Costs				33	33	0	0	33
26	Mull Medical Group - reduction in use of GP locums				50	0	50	50	50
					1,587	1,278	309	202	2,007
GRAND TOTAL					8,703	3,591	5,112	4,043	12,271

* highlighted figures have been updated for actual remaining balance following 2016-17 year-end

INTEGRATION JOINT BOARD

APPENDIX 3

FINANCIAL RISKS - DECEMBER 2017

Ref	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS/ACTIONS IN PLACE	LIKELIHOOD		POTENTIAL FINANCIAL IMPACT £000
				SCORE	OVERALL LIKELIHOOD	
1	Prescribing	Costs increase through national pricing agreements, new drugs are introduced, volumes dispensed increase.	Closer working with prescribers to ensure formulary compliance and Best Value.	3	Possible	500
2	Commissioned Services	The volume of high cost care packages increases.	Closer scrutiny of applications for care packages.	3	Possible	250
3	Adult Care - Older People Service Demand	Demand for services for older people (ie over 65s) exceeds the demand pressure already factored into the budget.	Ongoing monitoring and reporting of service demand and provision costs to IJB management team.	3	Possible	600
4	Medical Locums	Need for use of locums increases in A&B Hospital, Lorn & Islands hospital and Mull GP services, and risk of new requirement in other areas.	Pursue new models of service provision with NHS Glasgow and Greater Clyde and the local teams.	3	Possible	200
5	Children and Families - Looked After Children Residential Placements	Increased demand for services, level of support or increased placement cost. High cost service where small movement in demand can significantly increase costs.	Regular client reviews to minimise duration of placements and maximise existing resources where possible.	3	Possible	250
6	Adult Care - Sustainability of Commissioned Service Providers	Risk of financial and operational sustainability of care at home and care home commissioned providers, leading to additional financial support or costs of re-provision of services locally.	Commissioning team contract monitoring process and the ongoing dialogue with commissioned providers. Support with workforce and recruitment issues across Argyll and Bute, open to innovative ways to provide support and support tests of change as part of the National Care Home Contract work.	3	Possible	300
7	NHS Greater Glasgow & Clyde SLA	Charges from GG&C increase due to growth in activity levels, risk that with SLA negotiations GG&C pass on activity changes in-year and that no agreement can be reached on a reduced SLA value in light of reduced delayed discharge and unplanned admissions activity.	Management of contract and negotiations, monitoring of any cases passed onto the IJB on a cost basis, information flows in place with GG&C. Ensuring patient flow and capacity in the community supports shift in the balance of care and reduces activity in GG&C. Holding the agreement of the SLA unless in line with the commissioning intentions set out at the start of the year.	3	Possible	500

EARMARKED RESERVES MONITORING -OCTOBER 2017

Description	Opening Balance £	Forecast Spend 2017-18 £	Forecast Spend Future Years £	Lead Officer	Progress Update
Technology Enabled Care	208,000	208,000	0	Stephen Whiston	Project is progressing. 17/18 budget is £405k which includes £208k c/f.
Mull GP transformation	65,000	65,000	0	Annie MacLeod	Project is progressing for completion in 17/18.
Mastermind Project	25,000	25,000	0	Nicola Gillespie	Project is progressing, awaiting recruitment.
Everyone's Business	41,000	10,000	31,000	Gillian Davies	Project is progressing, awaiting recruitment. There could be delay in spend.
Primary Care Transformation Fund - Developing GP Clusters	18,000	18,000	0	Joyce Robinson	Project is progressing. Payments to support Cluster Groups
Primary Care Transformation Fund - Buurtzorg Model in Appin	50,000	5,000	45,000	Pamela McLeod	Delayed due to recruitment. Project Manager Post advertised.
Primary Care Transformation Fund - Urgent Care Resource Hub - Bute	44,000	44,000	0	Joyce Robinson/Liz Higgins	Project is progressing. Prescribing Link Worker advertised and associated costs. Plans being developed to spend any uncommitted balance.
TOTAL	451,000	375,000	76,000		