

INTEGRATION JOINT BOARD

Date of Meeting: 27 November 2019

Title of Report: Financial Recovery Plans

Presented by: Cleland Sneddon, Chief Executive, Argyll and Bute Council

The Integration Joint Board is asked to:

- Note the impact of previous years' and the current financial overspend projection on Council financial reserves and balanced budget position.
- Note the potential that the Council's Section 95 officer may require to implement an emergency financial recovery plan for "retained" Council services as a result of the HSCP projected overspend.
- Agree that the IJB consider and confirm that such emergency financial controls have been implemented by the HSCP along with detailed plans and management controls to ensure the delivery of the remaining agreed savings.

1. EXECUTIVE SUMMARY

The financial monitoring report presented by the HSCP Chief Financial Officer for the period to 30 September 2019 indicates a projected overspend in 2019-20 of £1.989m. This consists of an overspend of £1.671m within Social Work delivered services and an overspend of £0.318m within Health. The effect of the projection on Argyll and Bute Council's projected outturn would require its use of policy based reserves contingency that in turn would require the Council to introduce a Financial Recovery Plan for its "retained" services.

2. INTRODUCTION

2.1 The financial monitoring report presented by the HSCP Chief Financial Officer for the period to 30 September indicates a projected overspend in 2019-20 of £1.989m. In relation to the current Scheme of Integration arrangements for the write back of overspends to parent bodies, £1.671m of this overspend would require to be met by Argyll and Bute Council.

3. DETAIL OF REPORT

3.1 Previous years' overspends written back to the Council total £4.282m which require to be repaid by the HSCP and are subject to a tapered repayment schedule with £0.100m due to have been repaid in the current financial year. Advice from the Council's External Auditors, Audit Scotland, indicates that the Council cannot create a debtor provision on its balance sheet for the outstanding sum and therefore this debt impacts directly on the Council's reserves position.

3.2 At start of financial year 2019-20, the Council only had £1.706m uncommitted general reserves and in June 2019 committed £0.094m of this to other services reducing the uncommitted amount to £1.612m. The effect of a further overspend of £1.671m by the HSCP is to push the Council's outturn position into its financial policy contingency provision that in turn would trigger the Council's Section 95 officer to introduce a Financial Recovery Plan containing emergency measures to bring the Council's outturn position back into balance. The Council is also entering the winter period that in previous years has seen additional budgetary pressures emerge.

3.3 Reviewing the financial monitoring reports presented to the IJB during the course of 2019-20, the key elements contributing to the overspend appear to relate to the non-delivery of agreed savings. Since the approval of the 2019-20 budget, an initial Financial Recovery Plan was agreed on 7 August 2019 and a further version of the Plan was agreed on 25 September 2019. Despite these iterations the agreed savings have not been delivered in full and an overspend remains projected.

3.4 A Council Financial Recovery Plan featuring emergency measures would impact on all "retained" Council services such as Education; Roads and Infrastructure; Commercial Services; Customer and Support Services; Development and Economic Growth; and Legal and Regulatory Services. Before implementing such measures I would want full assurance from the IJB that all such similar emergency measures have been implemented by the HSCP and that detailed plans and management controls are in place for the delivery of the remaining agreed savings.

4. RELEVANT DATA AND INDICATORS

4.1 See Financial Monitoring Report within this agenda pack.

5. CONTRIBUTION TO STRATEGIC PRIORITIES

5.1 The Integrated 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

6. GOVERNANCE IMPLICATIONS

6.1 Financial Impact – The forecast outturn position for 2019-20 is a forecast overspend of £1.989m as at 30 September 2019. Successive financial recovery plans have not been successful in bringing the financial projection back in line with budget due to non-delivery of agreed savings.

6.2 Staff Governance – None.

6.3 Clinical Governance - None.

7 EQUALITY & DIVERSITY IMPLICATIONS

None directly from this report.

8 GENERAL DATA PROTECTION PRINCIPLES COMPLIANCE

None directly from this report.

9 RISK ASSESSMENT

N/A.

10 PUBLIC & USER INVOLVEMENT & ENGAGEMENT

N/A.

11 CONCLUSIONS

12 DIRECTIONS

Directions required to Council, NHS Board or both.	Directions to:	tick
	No Directions required	
	Argyll & Bute Council	
	NHS Highland Health Board	
	Argyll & Bute Council and NHS Highland Health Board	

REPORT AUTHOR AND CONTACT

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