

**Integration Joint Board**

**Agenda item: 12c**

**Date of Meeting: 24 November 2021**

**Title of Report: Savings Programme Review**

**Presented by: James Gow, Head of Finance and Transformation**

**The Integration Joint Board is asked to:**

- Note that the review of the current savings programme has been completed.
- Note the projects where managers have indicated that a saving is no longer achievable in full or in part.
- Note that an earlier iteration of this report has been considered by the Finance & Policy Committee at its meeting on 22<sup>nd</sup> October.
- Approve the proposed cancellations and reductions in the current savings programme.

**1. EXECUTIVE SUMMARY**

1.1 A report on the budget setting process for 2022/23 was considered and endorsed at the September meeting of the Finance and Policy Committee. This report indicated that a review of the current savings programme was required in order to ensure that savings projects are realistic and achievable. This review process was intended to cleanse the savings programme and avoid the further carry forward of projects which are not progressing. It is fully recognised that the implication of cancelling or reducing savings is that the budget gap in future years increases and that these savings will require to be replaced by new proposals. This report should also be considered alongside the Budget Outlook and Progress Report.

1.2 The HSCP set a balanced budget for 2021/22 which included 142 savings projects with a value of £9.3m. These had to be delivered in year to enable the HSCP to operate within budget. Some of these projects have not been delivered for a number of years and were carried forward within the overall programme. A number of such projects have additionally not progressed in the current year. There are examples where projects are no longer appropriate as a result of changing service demands, circumstances, government priorities and a small number of instances where savings targets were duplicated or not well defined.

- 1.3 Managers were asked to review their outstanding savings target and complete a template to request cancellation or amendment where appropriate. These proposals were discussed in detail at weekly savings review meetings and by the ELT. It is recommended that 30 projects are cancelled or have their value reduced. The total value associated with approving this action is £1,470,000. This is slightly less than envisaged at the outset of the process. The IJB are requested to review the list of projects where an amendment form has been accepted by management and approve the reductions and cancellations summarised in the appendix.

## **2. INTRODUCTION**

- 2.1 This report provides the IJB with details of the outcome of the review of the current savings programme. An earlier iteration of this report was considered and endorsed by the Finance & Policy Committee at its meeting in October. This review is an important aspect of the budgeting process for 2022/23 as it is intended to ensure that savings projects which are no longer considered to be deliverable are removed from future financial plans. As stated in the report which outlined the budgeting process, it is understood that the removal or reduction of savings targets will result in an increased overall savings target for 2022/23. It is also important for financial planning purposes that this process is concluded timeously.

## **3. DETAIL OF REPORT**

- 3.1 Following endorsement of the budgeting approach by the Finance and Policy Committee, all relevant managers were asked to review their savings projects and identify those which they no longer considered to be deliverable. A template was required in respect of any requests to cancel or reduce previously agreed savings plans. These were discussed at weekly savings meetings and then by ELT on 11<sup>th</sup> October to confirm the collective management team position. The Finance and Policy Committee endorsed the approach and the savings proposed for amendment at its meeting on the 22<sup>nd</sup> October.
- 3.2 By way of context, the budget for 2021/22 included 142 savings projects with a total value of £9.3m which had to be delivered in year to enable the HSCP to operate within budget. Some £4.7m of these savings related to projects which had been defined in prior years and were not delivered prior to the commencement of 2021/22.
- 3.3 In total 22 forms were submitted in respect of projects whereby cancellation or reduction was requested. Three of these were not supported by the management team as it was felt further work was required in respect of two projects and the other project had already declared that the saving had been achieved. Additional forms were received highlighting specific risks or delays in delivering projects, these did not request that the value of the saving was altered at this point in time.
- 3.4 Appendix 1 provides a list of the savings that are being supported by the management team for removal from the programme or amendment. It should be noted that some projects have more than one line in the plan and

have been aggregated. In particular it is suggested that the Learning Disabilities and Mental Health projects are considered in total rather than as discreet projects. If approved the financial impact will be to add £1,470,000 to the savings programme target for 2022/23. This decision will not have any additional impact on the current year position as the shortfall in the savings programme is already forecast as described in the Budget Monitoring report.

3.5 Upon completion of the process, members of ELT were also requested to ensure that those projects which have not been fully delivered yet will either be delivered in full in the current year or will be carried forward into 2022/23.

3.6 All managers are aware that this request to cleanse the current savings programme is difficult in respect of both the financial and governance implications. Appropriate challenge has been provided throughout the process to ensure that the process has not provided an alternative to delivery of viable savings projects. There is also a collective acknowledgement that savings removed will effectively be re-distributed across all services and thereby replaced by new proposals. It is intended that there will be additional scrutiny in respect of new proposals to reduce the risk that a future large scale review of approved projects will be required.

#### **4. RELEVANT DATA AND INDICATORS**

4.1 The HSCP has a robust process to review and monitor the savings programme in place. Data is derived from the financial systems of the Council and NHS Highland and records held by Service Improvement Officers and the PMO at NHS Highland.

#### **5. CONTRIBUTION TO STRATEGIC PRIORITIES**

5.1 The savings programme is an important aspect of the HSCPs commitment to sound financial management and governance.

#### **6. GOVERNANCE IMPLICATIONS**

6.1 Financial Impact – the removal or reduction in delivery of savings projects has significant financial implications. However these are understood and it is accepted that future savings programmes will be increased as a result of the action proposed in this report. This is preferable to the further carry forward of projects which are not viewed as deliverable.

6.2 Staff Governance – None.

6.3 Clinical Governance – None.

#### **7. PROFESSIONAL ADVISORY**

7.1 Decisions to cancel savings projects have been consulted upon, there are no specific implications from this report which require to be consulted on with Professional Advisory leads. The proposals have been considered by the HSCP ELT.

## 8. EQUALITY AND DIVERSITY IMPLICATIONS

8.1 None directly from this report.

## 9. GENERAL DATA PROTECTION PRINCIPLES COMPLIANCE

9.1 None directly from this report.

## 10. RISK ASSESSMENT

10.1 The removal of, or reduction in, previously agreed savings projects increases the risk that the HSCP will not be able to develop a balanced budget for 2022/23. This action will however reduce the risk that projects are carried forward which are no longer considered deliverable.

## 11. PUBLIC AND USER INVOLVEMENT AND ENGAGEMENT

11.1 None directly from this report, new savings proposals will require to be consulted upon as part of the budgeting process.

## 12. CONCLUSIONS

12.1 This report seeks approval for the removal of £1,470,000 from the current savings plan. It requests the IJB to consider the process and approve the outcome of the savings programme review. It is fully recognised that any value removed from the current programme will increase the future budget gap and will need to be replaced by new savings projects, this work to identify new savings projects is on-going at present.

## 13. DIRECTIONS

Directions required to Council, NHS Board or both.	<b>Directions to:</b>	tick
	No Directions required	√
	Argyll & Bute Council	
	NHS Highland Health Board	
	Argyll & Bute Council and NHS Highland Health Board	

### APPENDICES:

Appendix 1 – Summary of Savings proposed for removal or amendment

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