

Integration Joint Board

Date of Meeting: 24 August 2022

Title of Report: Finance & Policy Committee Annual Report 2021-22

Presented by: Chair of Finance & Policy Committee

<p>The IJB is asked to:</p> <ul style="list-style-type: none">• Note the annual report

1. EXECUTIVE SUMMARY

- 1.1 In line with the principles of good governance, an Annual Report is prepared by the Finance & Policy Committee for submission to the Integration Joint Board. The purpose of this report is to provide the IJB with assurance that the Committee has evaluated its activity and performance. It also provides a further opportunity for the Committee to raise any matters of concern to the Board. This report provides the Annual Report of the Finance & Policy Committee for financial year 2021/22.
- 1.2 The Committee has met on 10 occasions during the year, with all minutes submitted to the Integration Joint Board and published within those papers. The Committee has been supported throughout the year by the Council's Committee services team and all papers and minutes have been published for members to access.
- 1.3 This report provides both a summary of the work of the Committee as well as an evaluation of its effectiveness.

2. INTRODUCTION

- 2.1 The purpose of this report is to provide the IJB with a summary of the work of the Finance & Policy Committee and assessment of how it has performed its governance role throughout 2021/22. The finances of the HSCP remained a high risk throughout much of the year and required the committee to continue to scrutinise and challenge financial reports throughout the period. The turnover in respect of the Chief Officer and Chief Financial Officer roles at the same time added to the perceived risk in this regard. The Committee considers that it performed well in its oversight of Finance and is therefore pleased to be able to provide assurance to the IJB that it has operated effectively throughout the year. The Committee considers that its work over the past two years in particular has contributed to improved financial management and performance of the HSCP.

3. DETAIL OF REPORT

3.1 The report provides an overview of the following aspects of the work of the Finance & Policy Committee:

- Summary of the Committee Meetings
- Committee Self Evaluation & Improvement
- Committee Membership and Remit
- Evaluation by Chair

3.2 Finance & Policy Committee Meetings

This section provides a summary of the items of business considered at each of the meetings of the Committee held during the year. Meetings were held electronically throughout the period and the Committee continued to meet more frequently than the other committees of the IJB. The IJB is provided with the minutes of each meeting as a matter of course, this also provides members with the opportunity to raise issues or question the Chair in respect of the work of the Committee at any point during the year.

3.2.1 Meeting 1 - 23 April 2021

- The governance arrangements for the Transformation Programme and Board were considered and approved, along with an update report and a summary of the work of the Service Improvement Officers.
- A progress report / deep dive report on the Older Adults and Community Hospitals Budget and Savings Programme was considered.
- The committee also completed its self-assessment.

3.2.2 Meeting 2 – 21 May 2021

- The favourable outturn position for 2020/21 was welcomed and the additional repayment of debt to Argyll & Bute Council agreed, along with a revised schedule for the repayment of the balance.
- A summary of the costs and funding associated with covid-19 was considered.
- Routine reports on Financial Risk, a Transformation update and the budget outlook were also presented.
- The annual report by the Chair of the Committee was noted and approved.
- A detailed paper on the Jura Respite Flat was discussed in detail.
- The Children and Families deep dive report on savings was considered.
- A proposal to relocate GP Premises and Services into the Cowal Community Hospital was discussed and approved to progress.

The committee also formally thanked Judy Orr, Head of Finance and Transformation for her contribution to the Health and Social Care Partnership and for her contribution to the work of the Finance & Policy Committee and HSCP more widely.

3.2.3 Meeting 3 – 25 June 2021

- The Month 2 Management accounts were considered, these presented a significant forecast overspend position.
- A Transformation update based on the 4th June Transformation Board meeting was considered along with a detailed review of progress with Corporate Savings.

3.2.4 Meeting 4 – 27 August 2021

- The Committee considered the period 4 management accounts which still reported a substantial forecast overspend. As a consequence, the Committee requested the incoming Chief Financial Officer to prepare a recovery plan for the September IJB meeting. This was to ensure compliance with the terms of the Integration Scheme.
- Routine reports on the Budget Outlook and Financial Risks were considered.
- An update on the Transformation Programme was also reviewed along with a deep dive progress report on the Learning Disability and Mental Health Programme and Savings.

The Committee also welcomed James Gow, the new Chief Finance Officer, to the IJB.

3.2.5 Meeting 5 – 24 September

- The 5 month management accounts showed some improvement in the forecast position, this was welcomed by the Committee in the context of the Recovery Plan.
- A report indicating that there was a requirement to review historic savings plans as part of the financial planning process was considered in detail and endorsed.
- The Transformation update and a deep dive progress report on the Older Adults and Community Hospitals Programme were also considered.

3.2.6 Meeting 6 – 22 October

- The 6 month management accounts showed further improvement in the financial position and forecast.
- The outcome of the review of the savings programme was considered in detail and endorsed, prior to approval by the IJB, the financial implications of this were debated at length.
- The budget outlook and financial risk update reports were considered.
- Transformation reporting focussed upon Children and Families as well as a paper reviewing the operation of the Transformation Board.

3.2.7 Meeting 7 – 19 November

- The 7 month management accounts again reported an improving in-year financial position and highlighted expectation of significant additional resource to help manage winter pressures.
- The Committee agreed that the HSCP should implement the pay increase for care workers in line with Government policy.
- A budget outlook report was considered which also outlined the proposed approach and timetable for the preparation of the budget for 2022/23.
- The normal Transformation Update report was considered alongside detailed reports covering Corporate savings along with a deep dive report from the Care Homes and Housing Programme Board.

3.2.8 Meeting 8 – 21 January

- The 8 month management accounts provided the committee with confidence that the financial position was improving although a small overspend was still forecast.
- A report on progress with the setting of a budget, savings proposals and the consultation process were all discussed in detail and endorsed. This report also provided the Committee with an overview of the Scottish Government's Draft Budget.
- The Financial Risk register for the current year was considered.
- Social Work fee increases were endorsed prior to consideration by the IJB.
- Transformation Progress was reported in respect of the Learning Disability and Mental Health Programme Board and the Older Adults and Community Hospitals savings.
- A progress report on the development of joint strategic planning in respect of Learning Disability and Autism was noted.

3.2.9 Meeting 9 – 25 February

- The Committee welcomed the Month 10 finance report which indicated that an underspend was now forecast and that this would enable an increased debt repayment at the year end.
- A progress report on the establishment of the budget for 2022/23 was considered.
- A report outlining some changes to the way in which the Transformation Programme was operating was discussed in detail and welcomed by the Committee. It was noted that some pieces of work had been temporarily stood down as a result of the Omicron response.
- An update on the Jura Community Care Flat was also considered, it was noted that this had been a substantial piece of work which had now been concluded.

3.2.10 Meeting 10 – 18 March

- The 11 month management accounts showed further improvement in the financial position and the committee noted that an increased underspend was now forecast and that a significant additional debt repayment was now expected.

- The committee endorsed the budget and savings programme for 2022/23 with a detailed discussion on how the consultation process could be improved in future years.
- Transformation and savings reports relating to Children and Families and Corporate savings were also reviewed in detail.

3.3 Committee Self-Evaluation and Improvement

3.3.1 The self-assessment process was completed by the Committee in April 2021 and was reported in full in the Committee's annual report for 2020/21. The exercise was not repeated in 2021/22. The table below summarises progress in respect of the improvement agenda arising from the self-assessment exercise:

Training for new Committee Members	Board Development Events are now held regularly, specific induction and training for new committee members will be required for new members due to join in 2022.
Ensure Professional Leads are involved and consulted where necessary	Complete, all reports now reference this and, for example, extensive discussions took place in respect of consultation on the budget and savings proposals for 2022/23.
Sharing of best practice with other Committees and the IJB	Partially Complete – Board Development events and inclusion of all minutes on the IJB agenda has provided opportunity for improvement in this regard.
Action tracker to be established	Tracker of progress with savings programmes and transformation projects now in place.
More extended updates to IJB from the Committee and publication of papers	Complete – papers now available to all Board Members and significant time allocated to Finance related matters at the IJB development events.
Workplan to be presented regularly and refreshed	Complete – workplan in place
Committee to seek feedback from IJB and Accountable Officer	Partially Complete – board development sessions and detailed discussion at full IJB meetings relating to the work of the committee provide specific opportunities for feedback.

3.3.2 It is acknowledged that there were a number of challenges faced by management during the year, including the ongoing impact of Covid-19 and significant turnover within the senior team. Despite this, a number of improvements have been implemented during 2021/22. Most importantly,

the Committee was able to hold 10 meetings during the year which, as outlined above, facilitated strategic oversight and scrutiny in respect of the financial position, the budget, budget outlook and the Transformation and Savings programme. The Committee were also required to make some difficult decisions during the year and did this appropriately, examples included approving the outcome of the review of the savings programme and pressing for the development of a Financial Recovery Plan in response to reports of an adverse in-year financial position.

3.4 Committee Membership and Remit

- 3.4.1 The Committee membership consists of six IJB members. New members were appointed and all places were filled throughout the period. In addition there are 3 required attendees – the Chief Officer, Chief Financial Officer and Staffside representative. Other officers attend as required.
- 3.4.2 Councillor Kieron Green chaired the Committee throughout the year and the Committee wish to express thanks for the role he has played in ensuring that the Committee has operated effectively, carried out its duties with diligence and driven the improvement agenda.
- 3.4.3 The remit was last revised in January 2021, the Committee has ensured that its work is consistent with its remit and this enables the Committee to provide assurance to the IJB that it has fulfilled its role effectively throughout 2021/22.

3.5 Evaluation by the Chair

- 3.5.1 Despite on-going challenges arising from the Covid-19 pandemic, the committee has met regularly and has been able to operate effectively. In addition to Covid-19, there has been significant changes in the senior management team. Whilst there has been some loss of continuity as a result of these changes, the Committee has operated effectively and has contributed to ensuring that financial management, financial risk management and oversight of the transformation and savings programme has continued. The Committee would like to acknowledge the work of officers in continuing to provide detailed and clear reports which have supported its work throughout the transitional period.
- 3.5.2 Additionally the committee would like to acknowledge the role the previous Head of Finance and Transformation has played in improving governance arrangements and in her role in supporting the Committee throughout the last 2 years.
- 3.5.3 The work of the Finance and Policy Committee clearly evidences the IJB's commitment to addressing the financial challenges which have faced the IJB for a number of years. The committee has comprehensively fulfilled its remit in terms of oversight of finances, considered by the IJB to be a high priority strategic risk. The Committee have provided appropriate challenge to officers and has been able to take important decisions when required. It has also been effective in enabling more detailed discussion of financial matters prior to formal consideration and approval by the full IJB

- 3.5.4 The Committee has continued to allocate significant time to the Transformation and Savings programme. This has included ‘deep dives’ in respect of each service and the work being progressed to make savings and transform the way in which services are delivered.
- 3.5.5 Financial performance for the year ended 31 March 2021 was welcomed, the positive position enabled the IJB to repay some of its debt early which in turn reduced financial risk for future years. The Committee also welcomed further progress in this regard towards the end of 2021/22. This was due to a number of factors including delivery of savings, careful financial management and additional funding from the Scottish Government. The early repayment of debt is a significant priority for the Committee. It is recognised that the requirement to repay debt has placed additional financial strain on the HSCP which in turn has constrained investment and transformation. The improvement in the financial position is regarded by the Committee as an important achievement, however, there is a requirement to ensure that value for money is being delivered and further efficiencies and savings will be required in future to ensure that the HSCP continues to operate on a financially sustainable basis.
- 3.5.6 I am pleased to commend the work of the Committee to the IJB and provide assurance, that in my opinion, the Committee has operated effectively throughout the year and has discharged its responsibilities with diligence. This opinion is formed on the basis of the totality of evidence considered by the Committee throughout the year. I would also like to acknowledge the role committee members, committee services, officers of the HSCP have played in facilitating the work of the Committee.

4. RELEVANT DATA AND INDICATORS

- 4.1 Minutes of Finance & Policy Committee meetings and related papers.

5. CONTRIBUTION TO STRATEGIC PRIORITIES

- 5.1 This document contributes to good governance of the Integration Joint Board and provides assurance to the IJB that the Finance & Policy Committee is operating effectively and in a manner that is consistent with its terms of reference.

6. GOVERNANCE IMPLICATIONS

- 6.1 Financial Impact – The Committee has considered multiple reports relating to financial performance and planning. The Committee is extremely pleased that the position has improved over the past two years and risks in respect of finance are perceived to have reduced substantially as a result.
- 6.2 Staff Governance – The Committee has considered staff governance issues as part of its scrutiny of savings and transformation projects and the financial position which has indicated vacancies and recruitment are an on-going issue.
- 6.3 Clinical Governance – None.

7. PROFESSIONAL ADVISORY

7.1 Consideration should be given to this report.

8. EQUALITY AND DIVERSITY IMPLICATIONS

8.1 None directly from this report.

9. GENERAL DATA PROTECTION PRINCIPLES COMPLIANCE

9.1 No issues arising directly from this report.

10. RISK ASSESSMENT

10.1 The Committee has reviewed financial risks in detail throughout the year. In terms of the wider strategic risk relating to financial management, it is perceived that this risk has continued to reduce throughout the last two years.

11. PUBLIC AND USER INVOLVEMENT AND ENGAGEMENT

11.1 The Committee scrutinised the proposed public engagement and consultation methodology in respect of the budget for 2022/23 in some detail. Whilst it was possible to make some improvements to this during the year, officers were requested to review the process and improve engagement processes further.

12. CONCLUSIONS

12.1 The Finance & Policy Committee is asked to consider this report and request that it is placed on the next agenda of the IJB, following any amendments requested by the Committee.

12.2 The report concludes that the Finance & Policy Committee has performed its role effectively and diligently throughout 2021/22. It recognises the challenges faced by management as a consequence of Covid-19 and the significant change in senior staff. It has scrutinised, in detail, the reports presented to the committee and has continued to contribute to the improving financial position of the HSCP. The early repayment of debt, delivery of savings and reduced financial risk are considered to be important achievements in the last two years and provide a significant opportunity for the HSCP to focus on longer term transformation and planning.

13. DIRECTIONS

	Directions to:	tick
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Directions required to Council, NHS Board or both.	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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