



Report to Policy Committee

Author/Lead Officer of Report: Ryan Keyworth,
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Report of: *Ryan Keyworth*
Report to: *Adult Health & Social Care Committee*
Date of Decision: *21 September 2022*
Subject: *Month 4 Monitoring*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes		No	X	
Has appropriate consultation taken place?	Yes		No	X	
Has a Climate Impact Assessment (CIA) been undertaken?	Yes		No	X	
Does the report contain confidential or exempt information?	Yes		No	X	

Purpose of Report:

This report brings the Committee up to date with the Council's financial position as at Month 4 2022/23.

Recommendations:

The Committee is recommended to:

1. Note the Council's challenging financial position as at the end of July 2022 (month 4).

Background Papers:

[2022/23 Revenue Budget](#)

Lead Officer to complete: -							
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<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>							
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1. PROPOSAL

1.1 This report brings the 22/23 M4 monitoring information for each committee. Executive Directors and Directors will be required to develop plans to mitigate the in-year forecast overspends.

1.2 Council Portfolio Month 4 2022/23

1.2.1 The Council is forecasting a £21.7m overspend against the 2022/23 budget as at month 4.

Full Year £m	Outturn	Budget	Variance
Corporate	(462.0)	(461.2)	(0.8)
City Futures	47.1	46.6	0.5
Operational Services	115.0	114.9	0.1
People	313.2	293.7	19.5
Policy, Performance Comms	3.2	2.9	0.3
Resources	5.2	3.1	2.1
Total	21.7	0	21.7

1.2.2 This overspend is due to a combination of agreed Budget Implementation Plans ("BIPs") not being fully implemented and ongoing cost / demand pressures that are partially offset by one-off savings.

Full Year £m	One-off	BIPs	Trend	Total Variance
Corporate	0.0	0.0	(0.8)	(0.8)
City Futures	0.0	0.0	0.5	0.5
Operational Services	(5.0)	2.4	2.7	0.1
People	0.1	15.3	4.0	19.5
Policy, Performance Comms	(0.1)	0.3	0.1	0.3
Resources	(0.3)	1.7	0.7	2.1
Total	(5.3)	19.7	7.2	21.7

1.3 Committee Financial Position

1.3.1 Overall Position - £21.7m overspend at Month 4

There is a £12.4m overspend in the Adult Health and Social Care Committee and a £7.5m overspend in the Education, Children and Families Committee	Full Year Forecast £m Month	Outturn	Budget	Variance
	Adult Health & Social Care	163.1	150.8	12.4
	Education, Children & Families	136.1	128.6	7.5
	Strategy & Resources	(440.1)	(442.3)	2.1
	Economic Development & Skills	11.0	10.9	0.1
	Housing	8.8	8.8	(0.0)
	Waste & Street Scene	56.2	56.2	(0.0)
	Transport, Regeneration & Climate	41.8	41.9	(0.1)
	Communities Parks and Leisure	44.9	45.2	(0.3)
	Total	21.7	(0.0)	21.7

The 22/23 pay award proposal affected the outturn in the General Fund by £3.3m The proposed pay award of £1,925 flat rate per employee has been factored into forecasts in M4. Within the outturn at M3, an increase of £4.2m had already been accounted at service level, £5.6m had been provisioned corporately meaning an additional pressure of £3.3m has now been forecast in the M4 outturn, broken down into committees as follows:

£000s Committee	Increase (inc on costs)	Pay Pressures covered	Corporate Funding	Remainin g Pressure
Education, Children & Families Strategy And Resources	3,882	1,181	1,655	1,046
Adult Health And Social Care	2,817	1,209	1,201	407
Communities, Parks, And Leisure	2,658	815	1,133	709
Waste And Street Scene	1,570	483	670	418
Transport, Regen & Climate	820	255	350	215
Economic Development & Skills	546	227	233	86
Housing	410	27	175	208
	396	-	169	227
Grand Total	13,100	4,197	5,586	3,317

The overall position worsened by £1.4m from M3 to M4, improvements elsewhere have offset the full impact of the pay award. The £3.3m pressure for pay was offset in M4 by improvements totalling over £2m across the organisation:

- Transport, regen & climate committee budget position improved by £1.2m due to a release of a one-off provision to mitigate the loss of income from the delayed go live date for the clean air zone
- Education, children's & families improved by £700k due a combination of better-quality forecasting in services and slippage in recruitment
- Strategy & resources improved overall by £270k mainly due to higher investment returns in the market

Most of the full year forecast overspend is attributable to shortfalls in Budget Implementation Plans (BIPs) delivery	Variance Analysis £m Month 4	One-off	BIPs	Trend	Total Variance
Adult Health & Social Care		(0.3)	8.5	4.1	12.4
Education, Children & Families		0.7	6.8	0.0	7.5
Strategy & Resources		(0.3)	1.9	0.6	2.1
Economic Development & Skills		(0.0)	0.0	0.1	0.1
Housing		0.0	0.0	(0.0)	(0.0)
Waste & Street Scene		(3.0)	0.2	2.8	(0.0)
Transport, Regeneration & Climate		(2.1)	2.1	(0.1)	(0.1)
Communities Parks and Leisure		(0.3)	0.2	(0.1)	(0.3)
Total		(5.3)	19.7	7.3	21.7

£5.3m of one-off savings are mitigating part of Contributions from provisions for energy and waste inflation mitigate the in-year impact of rising baseline costs. These are

the ongoing overspend	one-off contributions that will not help our position in 23/24 as the trend continues.			
Balancing the 22/23 budget was only possible with £53m of BIPs, £33m are reported as deliverable in year	£m Portfolio	Total Savings 22/23	Deliverable in year	FY Variance
	People	37.7	22.4	15.3
	Operational Services	7.1	4.7	2.4
	PPC	1.2	0.9	0.3
	Resources	6.7	5.1	1.6
	Total	52.7	33.1	19.7
Focus must be on delivering BIPs in 22/23 and preventing the budget gap from widening	Of the £33.1m BIPs forecast as being deliverable, £10.1m are rated red, which indicates considerable risk of increased overspending. Of the £19.6m savings that are forecast to be undelivered this year, some can be delivered next financial year. It is estimated that £10m of this year's undelivered savings will still be unachievable in 23/24 and form part of the baseline pressures captured in the draft medium term financial analysis presented to the Strategy and Resources Committee on 5 th July 2022.			
Adult Health and Social Care are forecast to overspend by £12.4m	The high cost of packages of care put in place during covid has increased our baseline costs into 22/23. Work is underway as part of an investment plan with additional resource to tackle the underlying issues although recruitment issues are impacting our ability to deliver.			
Education, Children and Families are forecast to overspend by £7.5m	Forecast under-delivery of budget implementation plans in the service are the main cause of overspends; plans to reduce staffing and increase income from Health are looking unlikely and the residential children's home strategy looks unlikely to deliver financial benefits. The service needs to provide mitigations to bring overspends back in line with budgets.			

The following section provides further detail for the Adult Health & Social Care Committee.

1.4.1 Adult Health & Social Care- £12.4m overspend at Month 4

The revenue outturn position for the AHSC Committee is to overspend by £12.4m	Full Year Forecast £m @ Month 4	Outturn	Budget	Variance
	Adult Health & Social Care Integrated Commissioning <i>(Early Help and Prevention - Partnership Funding; Supporting Vulnerable People)</i>	154.2	141.8	12.4
		9.0	9.0	(0.0)
	Total	163.1	150.8	12.4
£8.5m of the overspend relates to BIP shortfalls. Staffing is £1.9m overspent and Purchasing activity £2.2m over budget	Variance Analysis £m @ Month 4	One-off	BIPs	Trend
	Adult Health & Social Care	(0.3)	8.5	4.1
	Integrated Commissioning	0.0	0.0	(0.0)
	Total	(0.3)	8.5	4.1
	Expenditure trends continue in learning disabilities and older people's purchasing budgets with an underlying pressure of £2.2m in this sector and a potential for the position to worsen.			
The impact of the proposed pay offer creates an additional £0.7m pressure to the committee	The proposed pay award of £1,925 flat rate per employee has been factored into forecasts in M4. The proposal leaves an additional pressure of £0.7m for the AHS&C Committee.			
	It should be noted that the pay offer cost is an initial indicative estimate which will require further work to fully understand the actual impact on each service.			
The committee position worsened from M3 to M4 by £0.5m	A contribution from the Fair Cost of Care grant of £0.4m to the committee offset increased costs of £0.2m for the Complex Needs team and contributed towards the overall increased pressure in the service:			
		£m		
	M3 Overspend	11.9		
	Pay Award pressure	0.7		
	Fair cost of care grant contribution	-0.4		
	Complex needs staffing overspend	0.2		
	M4 Overspend	12.4		
BIP delivery for 22/23 is looking challenging, focus needs to be on reviewing high-cost packages put in place during covid	Over £11m of the BIP savings required for 22/23 relate to reviewing high-cost packages of care put in place during the pandemic.			
	Work is underway as part of an investment plan with additional resource to tackle the underlying issue although recruitment issues is impacting on deliverability.			
	Reported delivery of savings in year amounts to £5.3m leaving a continued gap of £5.8m as part of the overall overspend. Further analysis of the reviews is on-going and will be fed into forecasts each month. Staffing issues pose a risk to case review work.			
Recruitment and retention difficulties continue to impact	Vacancies which are part of the investment plan are not fully recruited to.			

savings delivery in 22/23, but with the potential to increase staffing pressure in future years

If posts are filled, the £1.9m current employee overspend would increase but an improvement in BIP delivery would be expected.

However, some elements of the investment plan funding employees are time limited with c.£2m due to be removed from staffing budgets over the next 2 financial years.

A Target Operating Model is being worked on and it is anticipated to arrive at an optimum staffing establishment level but will need to consider the level of permanent funding available.

Home care continues to be a huge challenge

Increased cost and size of packages following the pandemic continues to be an underlying issue. The market is also suffering from staff recruitment and retention problems resulting in a lack of capacity.

Fair Cost of Care Exercise and Social Care Reform will increase Adult Social Care responsibilities and costs

Fair Cost of Care is to determine an appropriate fee level on over-65 Care Homes and Homecare delivery. SCC are currently an average to low payer when benchmarked against other Local Authorities which indicates the potential to have to increase rates above current forecast levels. Any grant allocated is unlikely to fully cover the cost of those increases.

Social Care Reform will levy significant new responsibilities on Local Authorities and introduces a cap on care costs. The grant allocated is unlikely to fully cover the costs of those increases or the required increase staffing base needed to deliver our new responsibilities.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The recommendations in this report are that each Policy Committee undertakes any work required to both balance their 2022/23 budget and prepare for the 2023/24 budget.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 There has been no consultation on this report, however, it is anticipated that the budget process itself will involve significant consultation as the Policy Committees develop their budget proposals

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

- 4.1.1 There are no direct equality implications arising from this report. It is expected that individual Committees will use equality impact analyses as a basis for the development of their budget proposals in due course.

4.2 Financial and Commercial Implications

- 4.2.1 There are no direct financial implications from this report.

4.3 Legal Implications

- 4.3.1 Under section 25 of the Local Government Act 2003, the Chief Finance Officer of an authority is required to report on the following matters:

- the robustness of the estimates made for the purposes of determining its budget requirement for the forthcoming year; and
- the adequacy of the proposed financial reserves.

- 4.3.2 There is also a requirement for the authority to have regard to the report of the Chief Finance Officer when making decisions on its budget requirement and level of financial reserves.

- 4.3.3 By the law, the Council must set and deliver a balanced budget, which is a financial plan based on sound assumptions which shows how income will equal spend over the short- and medium-term. This can take into account deliverable cost savings and/or local income growth strategies as well as useable reserves. However, a budget will not be balanced where it reduces reserves to unacceptably low levels and regard must be had to any report of the Chief Finance Officer on the required level of reserves under section 25 of the Local Government Act 2003, which sets obligations of adequacy on controlled reserves.

4.4 Climate Implications

- 4.4.1 There are no direct equality implications arising from this report. It is expected that individual Committees will consider climate implications as they develop their budget proposals in due course.

4.4 Other Implications

- 4.4.1 No direct implication

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 The Council is required to both set a balance budget and to ensure that in-year income and expenditure are balanced. No other alternatives were considered.

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