



Report to Policy Committee

Author/Lead Officer of Report: Ryan Keyworth,
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Report of: *Ryan Keyworth*
Report to: *Adult Social Care Committee*
Date of Decision: *19th December 2022*
Subject: *Month 7 Monitoring*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? (<i>Insert reference number</i>)				
Has appropriate consultation taken place?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>				

Purpose of Report:

This report brings the Committee up to date with the Council's financial position as at Month 7 2022/23

Recommendations:

The Committee is recommended to:

1. Note the Council's financial position as at the end of October 2022 (month 7).

Background Papers:

[2022/23 Revenue Budget](#)

Lead Officer to complete: -	
1	<p>I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.</p> <p>Finance: <i>Ryan Keyworth, Director of Finance and Commercial Services</i></p> <p>Legal: <i>Sarah Bennett, Assistant Director, Legal and Governance</i></p> <p>Equalities & Consultation: <i>James Henderson, Director of Policy, Performance and Communications</i></p> <p>Climate: n/a</p>
<p><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></p>	
2	<p>EMT member who approved submission: <i>Eugene Walker</i></p>
3	<p>Committee Chair consulted: <i>Cllr Bryan Lodge</i></p>
4	<p>I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.</p>
	<p>Lead Officer Name: <i>Ryan Keyworth</i> <i>Jane Wilby</i></p> <p>Job Title: <i>Director of Finance and Commercial Services</i> <i>Head of Accounting</i></p>
	<p>Date: 23rd November 2022</p>

1. PROPOSAL

1.1 This report sets out the 2022/23 Month 7 financial monitoring position for the Council and the Adult Social Care Policy Committee. The last time the Committee received a budget monitoring update was in September 22 with the Month 4 (July 22) figures.

1.2 Council Portfolio Month 7 2022/23

1.2.1 The Council is forecasting a £18.7m overspend against the 2022/23 budget as at month 7.

Full Year £m	Outturn	Budget	Variance
Corporate	(465.3)	(463.9)	(1.5)
City Futures	47.1	46.9	0.2
Operational Services	113.2	113.4	(0.2)
People	313.6	296.2	17.4
Policy, Performance Comms	3.3	2.9	0.5
Resources	6.8	4.5	2.3
Total	18.7	0.0	18.7

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 Variance £m	One-off	BIPs	Trend	Total Variance
Corporate	0.0	0.0	(1.5)	(1.5)
City Futures	(0.1)	0.0	0.3	0.2
Operational Services	(5.9)	3.1	2.7	(0.1)
People	(0.4)	15.4	2.4	17.4
Policy, Performance Comms	(0.1)	0.3	0.2	0.4
Resources	(0.7)	1.7	1.3	2.3
Total	(7.2)	20.5	5.4	18.7

1.2.3 In 2021/22, the Council set aside £70m of reserves to manage the financial risks associated with delivering a balanced budget position. In 21/22, the council overspent by £19.8m which was drawn from this pool, a further £15m was used to balance the 22/23 budget and current forecast overspend at M7 is set to be £18.7m leaving a remaining risk allocation of £16.5m

M7	£m
Allocated reserves	70.0
21/22 Budget overspend	19.8
22/23 Base budget committed	15.0
22/23 BIP shortfall	20.6
22/23 pressures	5.3
22/23 in year mitigations	(7.2)
Reserves used @ M7	53.5
Remaining reserves	16.5

} (£18.7m overspend @ M7)

1.3 Committee Financial Position

1.3.1 Overall Position - £18.7m overspend at Month 7

There is a £11.6m overspend in the Adult Health and Social Care Committee and a £6.4m overspend in the Education, Children and Families Committee	Full Year Forecast £m @ Month 7			
	Outturn	Budget	Variance	
	Adult Health & Social Care	164.2	152.5	11.6
	Education, Children & Families	135.4	129.0	6.4
	Housing	8.4	8.8	(0.4)
	Transport, Regeneration & Climate	41.5	41.9	(0.3)
	Economic Development & Skills	11.2	11.1	0.0
	Waste & Street Scene	54.4	54.7	(0.3)
	Communities Parks and Leisure	45.1	45.4	(0.3)
	Strategy & Resources	(441.5)	(443.4)	2.0
	Total	18.7	0.0	18.7

Most of the full year forecast overspend is attributable to shortfalls in Budget Implementation Plans (BIPs) delivery	Variance Analysis £m @ Month 7			Trend	Total Variance
	One-off	BIPs			
	Adult Health & Social Care	(0.4)	9.3	2.7	11.6
	Education, Children & Families	0.6	6.0	(0.2)	6.4
	Housing	0.0	0.0	(0.4)	(0.4)
	Transport, Regen & Climate	(2.1)	2.1	(0.3)	(0.3)
	Economic Dev't & Skills	(0.1)	0.0	0.1	0.0
	Waste & Street Scene	(3.3)	0.5	2.5	(0.3)
	Communities Parks & Leisure	(1.0)	0.4	0.3	(0.3)
	Strategy & Resources	(0.9)	2.3	0.6	2.0
	Total	(7.2)	20.6	5.3	18.7

£7.2m of one-off savings are mitigating part of the ongoing overspend

Contributions from provisions for energy and waste inflation mitigate the in-year impact of rising baseline costs. These are one-off contributions that will not help our position in 23/24 as the trend continues.

The government's Autumn Statement only gives us protection on the energy price cap on current rates until the end of the financial year. Currently, the best open market prices we are able to achieve for 1 April 2023 onwards results in a doubling in the unit price of energy that we will face.

Balancing the 22/23 budget was only possible with £53m of BIPs, £32m are reported as deliverable in year	Budget Savings Delivery Forecast @M7 £m	Total Savings 22/23	Deliverable in year	FY Variance
	Portfolio			
	People	37.7	22.3	15.4
	Operational Services	7.1	4.0	3.1
	PPC	1.2	0.9	0.3
	Resources	6.7	4.9	1.8
	Total	52.7	32.1	20.6

Focus must be on delivering BIPs in 22/23 and preventing the

Of the £32m BIPs forecast as being deliverable, £10m are rated red, which indicates considerable risk that these will not be

budget gap from widening	delivered in full which would increase the existing forecast overspend.
	Of the £20.6m savings that are forecast to be undelivered this year, some can be delivered next financial year. It is estimated that £12m of this year's undelivered savings will still be unachievable in 23/24.
Adult Health and Social Care are forecast to overspend by £11.6m	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.
	The committee position improved in M7 by £200k; purchasing budgets in Older People's and Physical Disabilities improved by a combined £0.5m. This was offset by a continued increase in cost against the Learning Disabilities budget.
Education, Children and Families are forecast to overspend by £6.4m	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 committee position improved in M7 by £0.1m due to reductions to staffing forecasts in the Children's Disability Team. The forecast now assumes current levels of staffing for the rest of the year.

1.4 Adult Health & Social Care- £11.6m overspend at Month 7

The revenue outturn position for the AHS&C Committee is to overspend by £11.6m

Full Year Forecast £m @ Month 7	Outturn	Budget	Variance
Adult Health & Social Care Integrated Commissioning (Early Help and Prevention - Partnership Funding; Supporting Vulnerable People - Housing Related Support/Drugs and Alcohol Services)	155.4	143.8	(11.6)
Total	164.2	152.6	(11.6)

The committee position improved by £0.2m from M6 to M7

The majority of the committee overspend relates to undelivered savings (BIPs)

Variance Analysis £m @ Month 7	One-off	BIPs	Trend
Adult Health & Social Care Integrated Commissioning	(0.4)	9.4	2.6
Total	(0.4)	9.4	2.6

£9.4m of the overspend relates to BIP shortfalls. Staffing is £2m overspent.

Purchasing activities are overspent by £8.7m

PURCHASING POSITION @M7	OUTTURN	BUDGET	VARIANCE	M6 VARIANCE	MOVEMENT
OLDER PEOPLE LEARNING DISABILITIES	34.1	31.2	2.9	3.1	-0.1
PHYSICAL DISABILITIES	34.6	28.0	6.6	6.4	0.2
MENTAL HEALTH	15.7	16.6	-1.0	-0.6	-0.4
	9.2	9.0	0.2	0.1	0.1
Total	93.6	84.8	8.7	8.9	-0.2

Purchasing activity overall improved this month; Older People by £0.1m and Physical Disabilities by £0.4m. This was offset with a continued adverse movement in Learning Disability costs which is overspent by £6.6m; £4.4m of the overspend relating to undelivered BIPs. The trend is continuing to worsen in this area.

The impact of the proposed pay offer creates an estimated additional £0.7m pressure to the committee

The now agreed pay award of £1,925 flat rate per employee was factored into forecasts in M4. The proposal leaves an expected 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 pay award has now been agreed with Unions and will be processed through payroll in November so will flush through actuals in M8.

BIP delivery for 22/23 is looking challenging, focus needs to be on reviewing high-cost packages put in place during covid	<p>Over £11m of the BIP savings required for 22/23 relate to reviewing high-cost packages of care put in place during the pandemic.</p> <p>Work is underway as part of an investment plan with additional resource to tackle the underlying issue although recruitment issues is impacting on deliverability.</p> <p>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.</p>
Recruitment and retention difficulties continue to impact savings delivery in 22/23, but with the potential to increase staffing pressure in future years	<p>Vacancies which are part of the investment plan are not fully recruited to.</p> <p>If posts are filled, the £1.8m current employee overspend would increase but an improvement in BIP delivery would be expected.</p> <p>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.</p> <p>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.</p>
Home care continues to be a huge challenge	<p>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. Pre-covid pandemic, there were 10 clients on average with packages costing over £1,000/week. Numbers are still staying at around 70 clients. This shows that whilst reviews are reducing the original cohort of high-cost home care put in place during the pandemic, these are being replaced by a similar number of equally expensive packages.</p>
Fair Cost of Care Exercise and Social Care Reform will increase Adult Social Care responsibilities and costs	<p>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.</p> <p>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.</p>

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 climate 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.

6. REASONS FOR RECOMMENDATIONS

- 6.1 This paper is to bring the committee up to date with the Council's current financial position as at Month 7 2022/23.

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