

Adult Care and Health Overview and Scrutiny Committee
Tuesday, 19 November 2019

REPORT TITLE:	FINANCIAL MONITORING REPORT ESTIMATE FOR QUARTER 2 2019/20
REPORT OF:	Director of Finance & Investment (S151)

REPORT SUMMARY

This report sets out the financial monitoring information for the Adult Care and Health Overview & Scrutiny Committee. The report provides Members with detail to scrutinise budget performance for this area of activity. The financial information covers the financial information as at the end of quarter 2 2019/20.

Information has been drawn from the relevant sections of the most recent Cabinet revenue and capital monitoring reports and combined with additional relevant service information to produce a bespoke report for this Overview & Scrutiny Committee. The report includes the following:

- Performance against the revenue budget (including savings)
- Performance against the capital budget

RECOMMENDATION/S

- 1 That Members note the report and appendices.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Overview and Scrutiny Committees receive regular financial updates throughout the year. These allow Committees to understand the financial position of the council and to scrutinise decisions and performance as required.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Not applicable

3.0 BACKGROUND INFORMATION

3.1 REVENUE POSITION AT QUARTER 2

- 3.1.1 This Statement provides a summary of the projected year-end revenue position as at Quarter 2, Month 6 (September 2019) for Adult Care & Health.

	Budget £k	Forecast £k	Variance £k
Directorate Items			
Health & Care Outcomes	91,110	90,656	454
Integrated Commissioning Programme	(1,578)	764	(2,342)
All Age Disability Service	(2,178)	(3,100)	923
Health & Wellbeing	(183)	(183)	-
Directorate Surplus/(Deficit)	87,172	88,138	(965)
Support/Admin Building Overhead	3,498	3,498	-
Total Surplus/(Deficit)	90,670	91,635	(965)

- 3.1.2 The forecast position presented for Adult Care & Health is an adverse movement of £965k from Quarter 1.
- 3.1.4 Demand for services is the key driver of cost in Adult Care and Health: Increased demand for adult social care services is seen predominantly in the care at home sector, where the volume of home care and supported living services provided in the last twelve months has increased by 6% and 8% respectively.
- 3.1.5 In comparison, demand for traditional residential and nursing home services has only risen by 1% during the same period. The increase in demand for residential and nursing care services is at odds with the decrease in demand seen in the previous three years.

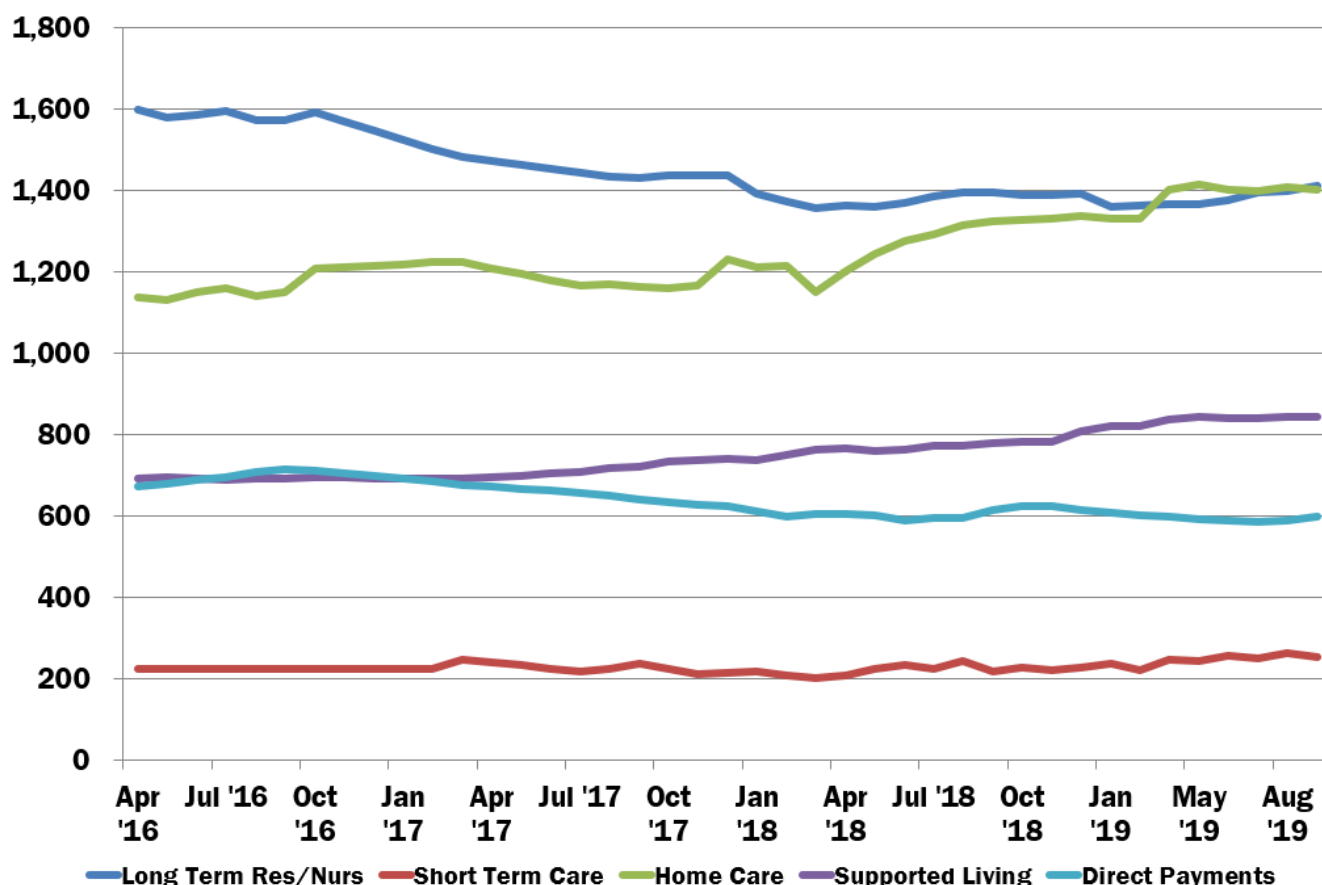
3.1.6 The forecast £965k adverse position relies upon the delivery of the department's in-year efficiency plan. Failure to achieve some of this efficiency plan will result in a greater net budget deficit at year-end; the maximum risk exposure is £6,200k. The efficiency plan comprises:

Description	Value (£k)
Gross budget deficit	6,263
Corrective action:	
Full use of Period 14 Reserve	2,200
Settlement of old-year joint funded cases	600
Full recover of 3 rd party top ups	394
Direct Payment audits	300
Savings achievable from WCFT and CWP	1,804
Total corrective action	5,298
Total Surplus/(Deficit)	(965)

3.1.7 The use of the Period 14 Reserve (£2,200k) is contingent upon the Director of Finance receiving approval from Internal Audit.

3.1.8 The change in demand for adult social care services is displayed in the graph below:

Graph 1 – Demand for Social Services 2016 to Present



3.2 POOLED FUND

3.2.1 The pooled fund between Wirral Council and Wirral CCG, totalling £140,411k in 2019/20, is forecast to be in surplus by £34k. This is shown in the table below:

Description	Budget (£k)	Forecast (£k)	Variance (£k)
Adult Social Care*	43,368	43,140	228
Public Health	12,689	12,657	32
CCG	24,568	24,568	-
Children & Young People*	1,800	1,880	(80)
Better Care Fund	57,986	58,132	(146)
Total Surplus/(Deficit)	140,411	140,378	34

**Looked after Children with Disabilities budgets (£1.108m) are contained within the total figures for Adult Social Care as part of the All-Age Disability Service.*

3.2.2 There is a combined total of £4,500k known budget challenges facing the pooled fund in 2019/20, mostly relating to pre-agreed savings targets and demographic growth across learning disability and mental health services in Adult Care & Health and Wirral CCG. Work is ongoing to quantify the mitigation identified against these pressures. Known mitigations include, but are not limited to:

- Additional grant funding,
- More cost-effective commissioning
- Maximising independence and wellbeing.

3.2.3 The financial challenges experienced by NHS Wirral CCG and Wirral Council will continue throughout 2019/20, despite integration. The key for Wirral will be to ensure that integration of commissioning is seen as an opportunity to help to transform provision to make more effective use of the resources available (making the most of the “Wirral pound”), rather than the financial challenges being seen as a barrier to integration. Financial benefits from integration will flow as a result of more efficient commissioning and the increased health and wellbeing of Wirral residents.

3.2.4 The ringfenced Public Health grant continues to be forecast to balance to budget; £6,800k of the Public Health Grant is contained within the £56,100k Better Care Fund budget.

3.3 IMPLEMENTATION OF SAVINGS

3.3.1 A summary of the position of 2019/20 Adult Care and Health savings at Quarter 2, Month 6 (September 2019) is below.

Table 3: Savings 2019/20 (£k)

Portfolio	Approved Savings Total (£k)	Amount Delivered at Q2 (£k)	Mitigation (£k)	To be Delivered (£k)
Adult Care and Health	8,650	2,387	-	5,298
Total	8,650	2,387	-	5,298

3.3.2 The £8,650k comprises the following three elements:

- £2,000k - LD Transformation Programme (budget reduction achieved)
- £5,800k - Maximising independence and wellbeing
- £850k – Use of grant funding for Public Health services

3.3.3 A breakdown of the different savings options and the progress being made in achieving them is attached as Appendix 2 to this report.

3.4 PERFORMANCE AGAINST CAPITAL BUDGETS QUARTER 2 (SEPTEMBER 2019)

3.4.1 The Programme for 2019/20 is a dynamic programme and as a result is always subject to change. The table below shows the capital strategy agreed at council then the proposed program as at September 2019 and the expenditure at that date.

3.4.2 A summary of the position of 2019/20 Adult Care and Health performance against capital budgets at Quarter 2, Month 6 (September 2019) is shown below:

Description	Capital Strategy (as agreed at Council) £'000	Proposed Programme £'000	Q2 Actual Spend £'000
Adult Care & Health	6,747	2,114	1,032
Total expenditure	90,083	88,734	2,891

3.4.3 Current progress on significant schemes: -

- Alcohol Treatment (£406k increase): Part of an overall grant of £6,000k allocated to 23 authorities. The aim is to assist local authorities to prioritise alcohol treatment, invest in equipment and facilities and ensure that treatment expertise is enhanced to better meet the needs of people with alcohol problems.
- Learning Disability Extra Care Housing (£3,000k decrease): Demand is less than expected due to the private sector finding alternative funding sources to back their developments such as through the supported living regime.
- Extra Care Housing (£2,110k decrease): Two Extra Care developments which have been awarded Council grant are on currently on site. Barncroft is scheduled for completion in January 2020 and will provide 21 units of Extra Care and the Woodpecker Close site is scheduled for completion in September 2020, providing 78 units. No other developments are planned for this year.

4.0 FINANCIAL IMPLICATIONS

4.1 This is a financial monitoring performance update report.

5.0 LEGAL IMPLICATIONS

5.1 There are none arising directly from this report.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 There are no implications arising directly from this report.

7.0 RELEVANT RISKS

7.1 There are none directly relating to this report. The monitoring of financial performance is important to ensure robust financial control procedures are in place. The council faces financial challenges in this period as it seeks to increase income, reduce costs whilst transforming its approach to services. There is a risk in future years that the Council does not achieve a planned approach.

8.0 ENGAGEMENT/CONSULTATION

8.1 No consultation has been carried out in relation to this report.

9.0 EQUALITY IMPLICATIONS

9.1 No because there is no relevance to equality.

10.0 ENVIRONMENT AND CLIMATE CHANGE

10.1 No implications.

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APPENDICES

Appendix 1 – 2019/20 Revenue Budget
Appendix 2 – 2019/20 Revenue Savings

BACKGROUND DOCUMENTS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

APPENDIX 1

2019/20 Revenue Budget

2019/20	Budget (£k)	Outturn (£k)	Variance (£k)
EXPENDITURE			
Employees	4,700	4,452	248
Care Packages & BCF	114,438	119,648	(5,210)
Commissioned Services	24,981	24,548	433
Support Charges	4,841	4,841	-
	148,960	153,489	(4,529)
INCOME			
Service User Charges	(22,072)	(22,739)	667
Grant Funding	(27,495)	(28,000)	505
Joint Funded Income	(8,723)	(9,003)	280
Use of Reserves	-	(2,200)	2,200
Other Income	-	88	(88)
	(58,290)	(61,854)	3,564
Total Surplus/(Deficit)	90,670	91,635	(965)

2019/20 Initial Revenue Budget Pressures

Description	(£k)	
PRESSURES		
Fee Rate Increases	(4,750)	
Demographic Growth	(1,850)	
Pre-agreed Savings	(2,000)	
Supplies & Services Savings	(300)	
Reduction in Specific Grants	(1,200)	
Other Contractual Changes	(1,300)	
		(11,400)
MITIGATION		
Net increase in BCF	3,500	
Winter Pressures	1,800	
Social Care Support Grant	500	
Other Mitigating Items	600	
		6,400
Total Surplus/(Deficit)		(5,000)

APPENDIX 2

2019/20 Revenue Savings

Title	Target	Achieved		Yet to be Achieved		
		Blue	Green	Amber	Red	Mitigation
		(£k)				
LD						
Transformation Programme	2,000	2,000	-	-	-	-
Use of Public Health Grant	850	-	850	-	-	-
Maximising Independence & Wellbeing	5,800	387	444	1,804	965	2,200
Total	8,650	2,387	1,294	1,804	965	2,200

LD Transformation Programme

The department is building on the success of last year's £2,000k LD Transformation Programme in order to drive a further £2,000k savings in 2019/20. This includes reviewing accommodation arrangements and exploring initiatives around the use of assistive technology. The budget reduction has been achieved in 2019/20.

Use of Public Health Grant

Existing Public Health contracts values are lower following retendering enabling grant funding to be used on other services that meet Public Health outcomes criteria.

Maximising Independence & Wellbeing

This expenditure pressure is being partially mitigated by additional grant funding and use of reserves (pending audit approval) in 2019/20. The remaining balance is being delivered through joint working with the Council's NHS partners (Wirral Community Trust and Cheshire & Wirral Partnership). Target efficiency values have been agreed with each NHS partner and are being monitored through a robust contract management process.