WIRRAL

Adult Care and Health Overview and Scrutiny Committee
Wednesday, 29 January 2020

REPORT TITLE:	**OSS Adult, Care & Wellbeing Scrutiny Budget Proposals for 2020/21**
REPORT OF:	**Director of Finance & Investment (S151)**

REPORT SUMMARY

This report is part of the Council's formal budget process, as set out in the constitution and in accordance with the legal requirements to set a balanced and sustainable budget for 2020/21.

This report also presents an update on the Medium Term Financial Plan (MTFP) covering the period from 2021/22 to 2024/25.

RECOMMENDATION/S

That scrutiny be requested to:

1. Review and comment on the financial proposals for 2020/21 that will be subject to consultation and further consideration by Cabinet in February 2020; and

2. Note the financial challenges facing the Council in setting a sustainable and balanced budget for the MTFP period from 2021/22 to 2024/25.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

1.1 The Council has a legal requirement to set a balanced budget in March 2020 for the 2020/21 financial year. This report sets out the proposals relating to Adult, Care & Wellbeing portfolio in order to set a balanced budget for 2020/21.

2.0 OTHER OPTIONS CONSIDERED

2.1 The Council has a legal obligation to set a balanced budget in March each year for the following financial year and this report sets out proposals and initiatives that increase income or reduce expenditure to assist in decisions regarding budget setting within Adult, Care & Wellbeing Portfolio. The Cabinet could however choose alternative options to delivering a balanced budget before the budget is finalised in March 2020.

3.0 BACKGROUND INFORMATION

3.1 In September 2019, the Government announced the Local Government Finance Settlement for 2020/21 budgets, in the form of a single year Spending Round. A multi-year Spending Review will now follow in 2020.

3.2 This single year Spending Round forms the basis for updating the MTFP and sets out a 4.3% real-term increase in overall Government funding for Local Authorities - against a backdrop of consistent cuts in the previous three Spending Reviews since 2010 and continuing pressures in social care.

3.3 Details of how the overall announcement will affect the specific funding settlements for individual Local Authorities are not expected to be available at the time of writing the report, December 2019 at the earliest.

3.4 The Spending Round settlement for 2020/21 represents an improvement in funding in comparison to previous assumptions for 2020/21, given:

- No loss of the Council's equivalent of the Revenue Support Grant or Public Health Grant;
- A £6.4m increase in funding for Adult and Children's Social Care;
- A proposed £2.8m increase in Council Tax - resulting from permission to include a 2% Adult Social Care Precept in 20/21, over and above an inflationary increase of up to 2%;
- A (£0.8m) reduction in Council Tax due to the Council's review of the Local Council Tax Reduction Scheme; and
- A new round of the New Homes Bonus allocations for 2020/21 only.

3.5 The latest MTFP position for 2020/21 to 2024/25 – which takes into account changes in funding assumptions and actions taken in 2019/20 – is set out in the table below:

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
MTFP gap	-	28	30	29	28

3.6 The full Council position for 2020/21 is now balanced and includes pressures of £34.9m, offset by savings of £32.9m, the individual components of these are included in Appendices 2 and 3

3.7 The pressures and savings relating to Adult, Care & Wellbeing portfolio are summarised in Appendix 1.

4.0 FINANCIAL IMPLICATIONS

4.1 Any proposed reduction or withdrawal of a savings plan or increase to a pressure may result in either:

- Services within other portfolios having their budgets cut.
- A potential overall budget shortfall.

5.0 LEGAL IMPLICATIONS

5.1 The Council is required to agree a budget for 2020/21 by March 2020. As part of agreeing the budget, the Chief Financial Officer is required under Section 25 of the Local Government Act 2003 to produce a report on the robustness of the estimates made for the Council budget.

5.2 The duty of the Council is to avoid a budget shortfall. The Chief Financial Officer of a Local Authority has a personal duty, under the Local Government Finance Act 1988 Section 114A, to make a report to the Executive if it appears that the expenditure of the authority incurred (including expenditure it is proposed to incur) in a financial year is likely to exceed the resources (including sums borrowed) which are available to meet that expenditure.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 No additional resource requirements directly result from this report.

7.0 RELEVANT RISKS

7.1 There is a risk that the agreed savings will not be delivered or will be delayed. Progress on delivery of agreed savings will be monitored using Budget Monitoring reports presented to Cabinet. As such the Council continues to hold a General Fund reserve of £10m. This represents a minimum level of contingency to support the organisation if savings cannot be delivered and no other options for mitigation can be identified.

7.2 The Council's ability to use one-off funding to bridge funding gaps has reduced significantly over recent years and is only a temporary solution.

8.0 ENGAGEMENT/CONSULTATION

8.1 Views are being sought on the Council's future budget and spending priorities, which will be delivered through an extensive programme of community and stakeholder consultation.

8.2 The majority of this year's financial proposals can be implemented without changing existing Council policies and procedures, as they do not impact on public facing services and do not require wider public consultation.

8.3 Should any financial proposals agreed by Cabinet require specific consultation, the Council will commence appropriate consultation directly with any service users and stakeholders who are affected and will feedback their views before final decisions are taken.

8.4 The Council will work with staff and Trade Unions where required to ensure obligations in relation to statutory staff consultation is delivered appropriately and within agreed guidelines.

9.0 EQUALITY IMPLICATIONS

9.1 It is recognised that some of the developing proposals could have equality implications. Any implications will be considered, and any negative impacts will be mitigated where possible.

9.2 Equality implications will be assessed during planning, decision and implementation stages and will be recognised as an ongoing responsibility. Equality issues will be a conscious consideration and an integral part of the process.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The content and/or recommendations contained within this report are expected have no impact on emissions of CO2

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APPENDICES

APPENDIX 1 – Proposed financial proposals for OSS Adult, Care & Wellbeing Scrutiny
APPENDIX 2 – Total Organisational proposed Savings and Pressures
APPENDIX 3 – Budget Gap

BACKGROUND PAPERS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Council: - Wirral Plan **Cabinet:** - Medium Term Financial Strategy 2019-20 – 2022/23 - Revenue Budget 2019/20 & Medium Term Financial Strategy 2019/20 to 2022/23 - Council Budget 2020/21 & Medium Term Financial Strategy **Council:** - Revenue Budget 2019/20 & Medium Term Financial Strategy 2019/20 to 2022/23	13 July 2015 16 July 2018 19 February 2018 23 December 2019 4 March 2019

APPENDIX 1
Proposed financial proposals for OSS Adult, Care & Wellbeing Scrutiny

Directorate	Lead Director	Title of savings proposal	Description of savings proposal	2020/21 Budget saving £m
Adult Care & Health	Graham Hodkinson	Better Use of Technology: Use of technology to increase independence and reduce falls	This saving related directly to a £3m capital bid which enables Wirral to move from an analogue based care and response set of services to digital enabled services. These provide vastly updated technologies including virtual assistants being made available to people. It enables video contact with family members and unlocks a range of assistive solutions for people. The primary savings relate to reducing the amount of care that people need over time to help them to keep safe and to maximise their independence.	0.50
Adult Care & Health	Graham Hodkinson	Review of care	Every year all of the people supported by social care are entitled to a care package review. This is of critical importance in making sure that packages of care are suitable to the persons needs and help them to remain as independent as possible. The majority of social care packages are put in place following a hospital admission, however this is a time when their care needs are highest. A care package review enables care to be appropriately reduced. A saving of £2.3m represents approximately 2% of the available budget and is considered a reasonable target for review, nevertheless increasing demand does make this difficult to achieve.	2.30
Adult Care & Health	Graham Hodkinson	Provider efficiencies	Since it was created by Wirral Council, the costs associated with Wirral Evolutions has increased by around £1m. Expected efficiencies delivered through new customers, contracts, etc. have not been able to be made. It is envisaged that Evolutions can be more cost effective through reviewing their operating costs and model. In partnership with Social Care, people will be reviewed to ascertain those that would benefit from different forms of care provision. It is likely that Evolutions would need to reduce its staffing costs in line with supporting less people, and to reduce venue costs by consolidating the number of centres it operates from. It is however envisaged that employment support and training offers Wirral Evolutions growth opportunities. Discussions are underway with Wirral Evolutions to identify their plans to reduce their costs. There are significant implications for the Council, as commissioner and as 100% Shareholder.	0.50

APPENDIX 2
FULL ORGANISATION FINANCIAL PRESSURES

Item	Description	Value £m	Perm/ Temp
Adult Care & Health			
Demand Factors	Increasing demand and acuity in care packages in Adult Social Care	3.80	P
Contract Increases	Agreed increase for contracts with Cheshire & Wirral Partnership	0.17	P
Contract Increases	Agreed increase for contracts with Wirral Community Foundation Trust	0.27	P
Demographic Growth	Additional demand associated with increasing population	1.91	P
Fee Rate Increase	Increased provider free rate associated with the actual cost of care	3.00	P
Specialist Fee Rate Increase	Increased provider free rate associated with the actual cost of care	0.65	P
ACH reserve	Replacing adult care & health one off reserves	4.00	P
Total Adult Care & Health		**13.80**	
Children & Families			
EDT	Increased costs relating to the resourcing of the Emergency Duty Team (out of hours service)	0.14	P
EHPHA	Contractual increased for Environmental Port Health Authority	0.09	P
Residential Placement numbers & rate	Increased costs of additional forecast looked after children and fee increases	2.97	P
Troubled Families	Grant reduction to support Troubled Families programme	1.61	P
Total Children & Families		**4.81**	
Delivery Services			
Assisted Travel	Costs associated with growth in demand for assisted travel	0.37	P
Market Income	Reduction in income from Birkenhead Market	0.20	P
Barrowman	Street cleansing barrowman	0.20	P
Car Parking	Reduction in income from supermarket car parking	0.35	P
Energy	Increased energy costs of Council owned buildings	0.50	P
Garden Waste Recycling	Decreased income from household for garden waste recycling take-up	0.20	P
Golf Courses	Reversal of the transfer of two golf courses to expert provider	0.11	P
Enforcement	Loss of income from termination of enforcement contract	0.50	P
Leisure Income	Reduction of income from take up of leisure centre facilities	0.54	P
Waste Contract Inflation	Contractual inflation on waste management contract	0.30	P
Winter Maintenance	Additional costs of winter gritting	0.20	P
Waste Levy	Contractual increases on the Merseyside Waste Development Levy	0.90	P
Health and Safety	Additional works required to ensure Health & Safety standards are met	0.10	P
PFI Support	Additional resources to support PFI contract	0.05	P
Total Delivery Services		**4.52**	
Business Management			
Coroners Service	Additional demand and legacy cost increases	0.27	P
New Committee System	Additional cost associated with moving to a Committee System	0.10	P
Housing Benefit Grant	Reduction in Government Housing Benefit Administration Grant	0.60	P
Grads & Apprentices	Funding for graduates and apprenticeship scheme for cohort II	0.39	P
Traded Services Income	Legacy of unachievable income from traded services	0.42	P
Communications	Unachievable income from advertising	0.16	P
Total Business Management		**1.94**	
Economic and Housing Growth			
Wirral Growth Company	Re-phased income from regeneration developments	3.48	P
Planning Posts	Additional posts in Planning Department	0.30	P
Regeneration Growth	Investment for regeneration to generate future income	0.50	P
Regen Posts	Funding for new posts	0.30	P
Local Plan	Posts associated with local plan	0.40	P
Culture Events	Underpinning of cultural events programme following Borough of Culture Year	0.50	P
Total Economic & Housing Growth		**5.48**	
Cross Cutting & Corporate			
Welfare Assistance	Additional resource for the Local Welfare Assistance Scheme	0.20	P
Climate Emergency	Investment to support Climate Emergency Declaration	0.25	P
Staff Pay	Increased resources to meet the staff pay rise	2.88	P
Capital Financing	Cost of financing the Capital Programme	1.00	P
Total Cross Cutting & Corporate		**4.33**	
Total Pressures		**34.88**	

FULL ORGANISATION FINANCIAL SAVINGS PROPOSALS

Item	Description	Value £m	Perm/ Temp
Adult Care & Health			
New Housing	Housing for Independence including Extra Care Housing	0.50	P
Better use of technology	Use of Technology to increase Independence and reduce falls	0.50	P
Review of Care	Care Package Review for Independence	2.30	P
Provider efficiencies	Wirral Evolutions increasing employment and reducing cost	0.50	P
Financial Assessment	Use of Electronic Financial Assessments to ensure accelerated income collection times	0.20	P
Total Adult Care & Health		**4.00**	
Children & Families			
Looked After Children reductions	Managed movement of looked after children from high cost services to lower cost/better outcomes	1.27	P
Total Children & Families		**1.27**	
Delivery Services			
3G Pitches	Additional income from use of new 3G pitches	0.10	P
Marine Lake	Lease of Marine Lake food and drink offer	0.10	P
LED Lighting	Reduction in energy costs from low energy LED Street Lighting	0.13	P
Total Delivery Services		**0.33**	
Economic and Housing Growth			
Release of Leases	Cost reduction as a result of exiting leased office accommodation	0.03	P
Total Economic & Housing Growth		**0.03**	
Cross Cutting & Corporate			
Minimum Revenue Provision	Reduction in the amount set aside for the future repayment of debt	2.59	P
Pensions Valuation	Reduction in employers pension contributions following the triennial	7.29	P
Cash Flow Investments	Investing in ethical and commercial opportunities	2.00	P
Pension Strain	Capitalisation of pension strain from exits	1.18	P
Lobo refinancing	Interest rate savings from refinancing of high interest legacy loans	2.00	P
New Council Model	Council wide structural modernisation model	5.00	P
Contracts review	Reduction in cost from renegotiating/ceasing council wide contracted supply	5.00	P
Zero based budgeting		1.12	P
Capitalisation of salaries		1.12	P
Total Cross Cutting & Corporate		**27.29**	
Total Savings		**32.92**	

APPENDIX 3
2020/21 BUDGET GAP

		£m
2019/20 Baseline Budget		**285.21**

2020/21 Funding:		**£m**
	2020/21 Council Tax	146.66
	Adult Social Care Precept	2.85
	Change in CTRS	(0.80)
	Business Rates	70.73
	Section 31 Grants	12.47
	Top up Grant	34.40
	BCF	16.87
	New Homes Bonus	0.65
	Capital receipts	4.50
Total 2020/21 Funding		**288.33**

2020/21 Budget:	Budget 19/20	285.21
	Add: 20/21 Pressures	34.88
	Less: 20/21 Savings	(32.92)
	Less: Social Care Grant income	(6.38)
	Plus:	
	2019/20 unachieved savings	6.03
	BCF grant	1.50
Total budget 20/21		**288.33**

Budget Gap/(Surplus)		**(0.00)**