

Adult Social Care and Public Health Committee**Tuesday, 14th June 2022**

REPORT TITLE:	CAPITAL AND REVENUE BUDGET MONITORING QUARTER 4
REPORT OF:	DIRECTOR OF CARE AND HEALTH

REPORT SUMMARY

This report sets out the financial monitoring information for the Adult Social Care and Health Committee. The report provides Members with an overview of budget performance for this area of activity. The financial information details the year-end revenue and capital outturn position, as reported at quarter 4 (Apr-Mar) 2021/22.

This matter relates to all Wards within the Borough and is not a key decision.

RECOMMENDATION/S

The Adult Social Care and Health Committee is recommended to:

Note the year-end revenue outturn position of £1.059m favourable and the performance of the capital programme, as reported at quarter 4 (Apr-Mar) of 2021/22.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Regular monitoring and reporting of the Revenue Budgets, savings achievements and Medium-Term Financial Strategy (MTFS) position enables decisions to be taken faster, which may produce revenue benefits and will improve financial control of Wirral Council.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Update reports could be provided at a different frequency however quarterly monitoring is considered good practice.

3.0 BACKGROUND INFORMATION

- 3.1 The financial outturn for 2021/22 is a favourable position of £1.059m against a total net budget of £113.651m.
- 3.2 The outturn reflects some slippage against providers yet to sign up to the Real Living Wage fee rates agreed at Committee on 7th June 2021 and £4.3m achievement of the £4.5m saving target against community care. There is a favourable position against employees as the service has managed vacancies throughout the year. The Better Care Fund (BCF) also reflected a favourable position at year end – this is split 50/50 with Wirral CCG as detailed within the S75 agreement.
- 3.3 Throughout this financial year, the cost of care pressure has been managed through access to increased Government funding for the COVID-19 response and the Clinical Commissioning Group (CCG) responsibility to provisionally fund hospital discharges and deflections. In 2021/22 the CCG funded £1.6m of hospital discharges and deflections and further alleviated costs by funding additional emergency bed provision.

TABLE 1: 2021/22 Adult Care and Health – Service Budget & Outturn

	Budget £000	Outturn £000	Variance (+ Fav / - Adv) £000 %		Adverse/ Favourable
Adult Social Care Central Functions	5,658	4,538	1,120	20%	Favourable
Older People Services - WCFT	51,693	51,756	-63	0%	Adverse
Mental Health & Disability Services - CWP	52,626	52,832	-206	0%	Adverse
Other Care Commissions	-101	-235	134	-133%	Favourable
Public Health	-262	-262	0	0%	Favourable
Wirral Intelligence Service	489	415	74	15%	Favourable
Directorate Surplus / (Deficit)	110,103	109,044	1,059	1%	Favourable
Support / Admin Building Overhead	3,548	3,548	0	0%	
Total Surplus / (Deficit)	113,651	112,592	1,059	1%	Favourable

- 3.4 **Central Functions:** A favourable variance of £1.120m is reported at quarter 4. This variance is as a result of efficient management of vacancies, capitalisation of salaries and maximising the use of grant funding.
- 3.5 **Older People Services:** A minor adverse variance of £0.063m is reported at quarter 4 which is reflected against commissioned services. The outturn reflects full achievement of the £2m savings target attributed to Older People services. Continued uptake by providers of the Real Living Wage approved rates has reduced the expected outturn from quarter 3.
- 3.6 **Mental Health & Disability Services:** An adverse variance of £0.206m is reported at quarter 4. This is in part due to a shortfall against client income. The outturn reflects achievement of £2.3m against the original £2.5m savings target attributed to complex care services. This is an improved position from quarter 3 due to an increase of joint funded income.
- 3.7 **Other Care Commissions:** A favourable variance of £0.134m is reported at quarter 4. A 50% share of the favourable outturn against the BCF is reflected here along with several minor variances from budget.
- 3.8 **Public Health:** A balanced outturn is reported at quarter 4. Public Health is a ringfenced grant with an annual value £30.1m. A balance of £2.912m will transfer to reserves to meet future year contractual commitments. £6.7m of this funding supports public health activities delivered by the Council, representing a significant funding stream.

3.9 **Wirral Intelligence Team:** A favourable variance of £0.074m is reported at quarter 4. The minor surplus within this Service Area relates to employee budgets.

TABLE 2: 2021/22 Adult Care and Health – Subjective Budget & Outturn

TABLE 2: 2021/22 Health Care and Health Care Support Budget & Outturn					
	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Income	-87,334	-92,051	4,717	-5%	Favourable
Expenditure					
Employee	6,647	5,555	1,092	16%	Favourable
Non Pay	58,582	63,209	-4,627	-8%	Adverse
Cost of Care	132,208	132,331	-123	0%	Adverse
Total Expenditure	197,437	201,095	-3,658	-2%	Adverse
Directorate Surplus / (Deficit)	110,103	109,044	1,059	1%	Favourable
Support / Admin Building Overhead	3,548	3,548	0	0%	
Total Surplus / (Deficit)	113,651	112,592	1,059	1%	Favourable

3.10 **Movement on reserves:** Earmarked reserves are amounts set aside for a specific purpose or projects. Table 3 below sets out the reserves within Adult Care and Health and the movement in year.

TABLE 3: 2021/22 Adult Care and Public Health – Earmarked Reserves

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Adult Social Care – Safeguarding	181	-173	0	8
Public Health Ringfenced Grant	3,682	0	2,912	6,594
Champs Innovation Fund	2,419	0	745	3,163
Champs Covid-19 Contact Tracing Hub	1,962	0	1,931	3,894
Project ADDER (Addiction, Diversion, Disruption, Enforcement, Recovery)	0	0	871	871
Better Care Fund	0	0	236	236
Total	8,244	-173	6,695	14,766

- 3.11 The Safeguarding reserve within Adult Social Care has an opening balance of £0.181m. The funding for the combined Board has now ceased. The residual funds have been used to support the Merseyside Safeguarding Adults Board business unit transition period and any residual SARs (Safeguarding Adults Reviews). A small amount of costs remains outstanding which will be offset against the balance of the reserve during 2022-23.

Public Health Grant

- 3.12 Since the 2013 transfer of the Public Health function in 2013 from the NHS to the Council has been supported by the allocation of a ring-fenced grant from the Department of Health and Social Care. The current allocation for the Public Health grant is based on applying a weight per head (reflecting public health need) to each council's projected population from the Office for National Statistics. The principal indicator that quantifies needs is the standardised mortality ratio (SMR) for those aged under 75 years; SMR<75 aims to show whether an area has had more or fewer deaths compared to the national average. A higher SMR<75 number indicates that an area had had a higher relative number of early deaths. The formula reflects that Wirral has a high proportion of areas with a higher rate of deaths under 75 which is the core funding principle of the grant. The grant allocated on a yearly basis, has set criteria against which spend can occur and is subject to national audit.
- 3.13 The grant must be used only for meeting eligible expenditure incurred or to be incurred by local authorities for the purposes of their public health functions as specified in section 73B(2) of the National Health Service Act 2006 ("the 2006 Act"). The Public Health grant will only be paid to local authorities to support eligible expenditure. Grant carried over to the following year is governed by the grant conditions.
- 3.14 In 2021/22 the Public Health grant was £30.1m which was an increase of £0.4m on the previous year. The use of the grant is modelled over a 5 year period to enable the implementation of a medium-term prevention strategy to reduce health inequalities as described in the Wirral Plan. The grant is allocated nationally on a yearly basis but we need to plan for our commitments to our longer term contracts, many of which run for 5 years plus to ensure value for money, continuity of service to residents and job security for staff. The future of the grant is uncertain with speculation that the ring-fencing will be removed at some point and that the funding will be combined with the Council's general top-up grant funding. This poses two major challenges to the 5 year strategy in that the grant may be subject to top-up grant formula and therefore may reduce and that the removal of the ring fence may result in funding being diverted to other council activities. Since 2020, the Council has received significant additional funding from Government to fund Covid-19 Outbreak Management activities, some of this funding has been used to fund public health activities in support of the council's response to the pandemic, some of which were part of the 5 year strategy. As a result, a proportion of the 2021/22 Public Health grant remains unspent at the end of the year and will be carried forward in the ring-fenced Public Health reserve.
- 3.15 This will be available to mitigate any reductions in the Public Health grant going forward and ensure that the 5 year strategy can continue to be delivered. The 5 year strategy contributes to the Council's key priority to reduce inequalities and is

key to achieving the councils long term objectives. The funding also supports the employment of key public health posts within the Council.

- 3.16 The activities funded by the Public Health grant are required to be reported to the Department of Health and Social Care on an annual basis signed by the Director of Public Health and S151 Officer and therefore the funding must be kept separate and identifiable from all other reserves. There is a risk that where the Public Health grant is not spent during the year and is carried forward, the Department of Health and Social Care may reduce the following years grant allocation. However, given the ongoing pandemic and the requirement for continuing support, it is assumed that under these circumstances the risk of an adjustment in future years grant will be minimal. The council has a clear rationale for carrying unspent funding forward. The 5 year strategy is protecting the council's future financial sustainability from any unforeseen detrimental impact to council budgets from a reduction in the Public Health grant.
- 3.17 Wirral has been awarded £2.8m as part of the ADDER/Accelerator programme for a two year period covering 2021-2023. This is one-off funding supporting the national drug treatment and recover programme. The reserve is set up to carry unused funds received in 2021-22 forward into the new financial year.
- 3.18 The Better Care Fund forms part of the S75 agreement in place between the LA and Wirral CCG and allows for unspent funds to be carried forward for use in the following financial year. The reserve will support the continued hospital discharge process for the first quarter of the 2022-23 financial year.
- 3.19 **Pressures and Savings Statement:** Within each Committee's revenue budget there are a number of savings proposals that were based on either actual known figures or best estimates available at the time. At any point during the year, these estimated figures could change and need to be monitored closely to ensure, if adverse, mitigating actions can be taken immediately to ensure a balanced forecast budget can be reported to the end of the year. Of the £4.5m target set against Adult Social Care and Public Health at the start of the financial year, £4.3m savings have been achieved.

3.20 Capital Outturn

TABLE 4: 2021/22 Adult Care and Health – Capital Outturn

	Budget	Outturn	Variance
Citizen and Provider Portal/Integrated I.T.	60	36	24
Community Intermediate Care	500		500
Extra Care Housing	2,764	110	2,654
Liquidlogic - Early Intervention & Prevention		31	-31
Telecare & Telehealth Ecosystem	2,391	610	1,781
TOTAL ADULT CARE AND HEALTH	5,715	788	4,927

3.21 Telecare & Telehealth Ecosystem

A full review of spending and a revised capital requirement has been completed this month. Predicted costs of £3M have been reduced as additional funding streams become available – in total over £415k of planned Council expenditure has been avoided and met by the NHS. Discussions are ongoing to confirm the level of

borrowing required to deliver this programme of work as greater alignment and stronger interdepartmental working with Strategic Housing is considered. Further variance is expected as negotiations with suppliers result in better value purchasing, along with continued investment from NHS.

3.22 Extra Care

The Housing 21 Upton Scheme is expected to start financial year 2022-23 when £2,764,050 (75% of the expected grant) will be paid. The balance of payment is expected to fall due early in financial year 2024-25.

The Rock Ferry High site is expected to complete 2023 and the Belong Scheme in late 2022.

3.23 Citizen and Provider Portal/Integrated I.T.

The enhanced functionality for portal developments and integrated system elements are currently being tested with the aim of a planned roll out by the end of this financial year. This will be dependent on the necessary testing being successfully completed for implementation for the committed spend. This covers a broader range of online adult social care service ability for providers and residents with integration across the core case management system for brokering services. An enhanced care finder element will focus on the ability to source personal assistants as part of the Direct Payment service options and the go live of an embedded real time view of Health records within the adult social care system record.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the revenue budget monitoring report that provides information on the forecast outturn for the Adult Care and Health Directorate for 2021/22. The Council has robust methods for reporting and forecasting budgets in place and alongside formal quarterly reporting to the Policy & Resources Committee, the financial position is routinely reported at Directorate Management Team meetings and corporately at the Strategic Leadership Team (SLT). In the event of any early warning highlighting pressures and potential overspends, the SLT take collective responsibility to identify solutions to resolve these to ensure a balanced budget can be reported at the end of the year.

5.0 LEGAL IMPLICATIONS

- 5.1 Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.
- 5.2 The provisions of section 25, Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the chief finance (s.151) officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. This is in addition to the personal duty on the Chief Finance (Section 151) Officer to make a report, if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to

exceed the resources (including sums borrowed) available to it to meet that expenditure.

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 The possible failure to deliver the Revenue Budget is being mitigated by:
1. Senior Leadership / Directorate Teams regularly reviewing the financial position.
 2. Availability of General Fund Balances.
 3. Review of existing services and service provision.

8.0 ENGAGEMENT/CONSULTATION

8.1 The themes in the Wirral Plan were initially informed by stakeholder engagement carried out in 2019, as part of the development of the Wirral Plan 2025. These themes have remained the same, however further engagement has been sought over the past year aligned to the refreshed Wirral Plan 2021 - 2026 to ensure social and economic changes as a result of the pandemic and other factors are reflected.

9.0 EQUALITY IMPLICATIONS

- 9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.
- 9.2 There are no equality implications arising specifically from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 The Wirral Plan 2025 includes a set of goals and objectives to create a sustainable environment which urgently tackles the environment emergency. These are based on developing and delivering plans that improve the environment for Wirral residents. The performance report will include information on key areas where environment and climate related outcomes are delivered.
- 10.2 No direct implications. The content and/or recommendations contained within this report are expected to have no impact on emissions of Greenhouse Gases.

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 Adult Social Care and Public Health services in general impact positively on community wealth including through commissioning local providers, employing people and paying care workers in the borough the Real Living Wage.

REPORT AUTHOR: Sara Morris
Senior Finance Business Partner

email: saramorris@wirral.gov.uk

APPENDICES

None

BACKGROUND PAPERS

- 2021/22 Revenue Budget Monitor Month 8 (Apr - Nov)
- 2021/22 Revenue Budget Monitor Quarter Two (Apr - Sep)

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Adult Social Care and Public Health	7 June 2021
Adult Social Care and Public Health	29 July 2021
Adult Social Care and Public Health	23 September 2021
Adult Social Care and Public Health	13 October 2021
Adult Social Care and Public Health	16 November 2021
Adult Social Care and Public Health	25 January 2022