

**Adult Care and Health Overview and Scrutiny Committee**  
**Monday, 16 September 2019**

<b>REPORT TITLE:</b>	<b>Financial Monitoring Report Outturn 2018/19 and Estimate for Quarter 1 2019/20</b>
<b>REPORT OF:</b>	<b>Director of Finance &amp; Investment (S151)</b>

**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 final position for 2018/19 and the financial information as at quarter 1 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:

- 2018/19 Outturn Information.
- Performance against the revenue budget (including savings).
- Performance against the capital budget.

**RECOMMENDATION/S**

That Members of the Adult Care and Health Overview and Scrutiny Committee note the report and appendices and give their views.

## 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 OUTTURN 2018/19

3.1.1 The final outturn position for Adult Care and Health for 2018/19 was balanced to budget. This matches the position forecast at quarter 3. The budget and expenditure along with further description is show in the table below:

**Table 1 – Revenue Outturn 2018/19**

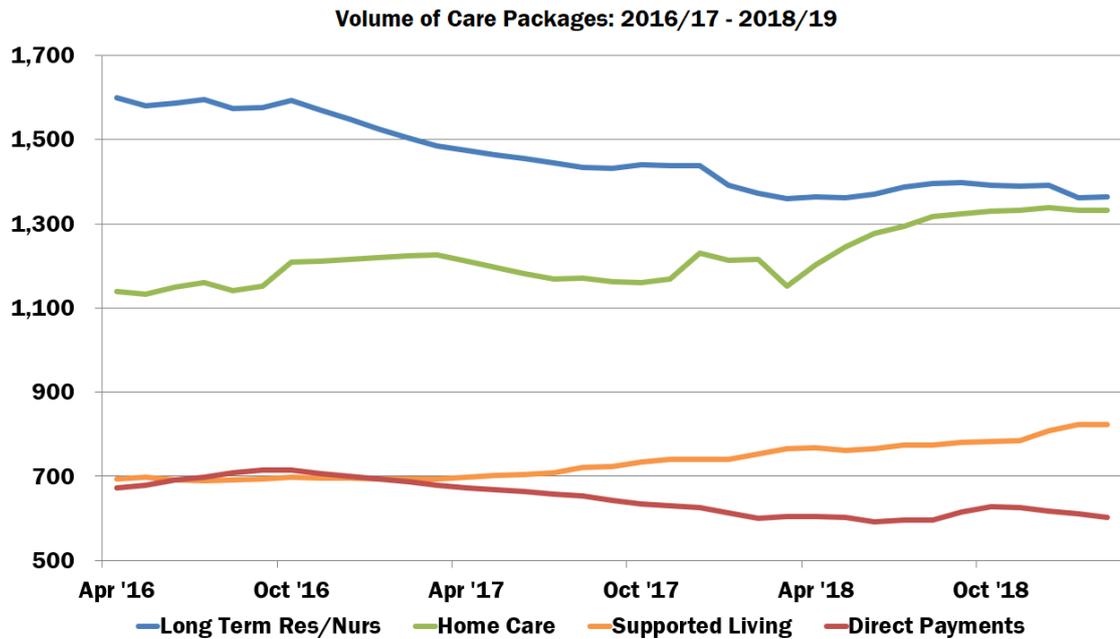
<b>Reasons for variances from budget</b>	<b>Budget £m</b>	<b>Outturn £m</b>	<b>Variance £m</b>
<b>Adult Care and Health:</b> Pressures on Adult Social Care have been contained through actions to managed demand related costs.	91.9	91.9	-
<b>Total</b>	91.9	91.9	-

3.1.2 A detailed breakdown of the 2018/19 revenue budget is attached as Appendix 1 to this report.

3.1.3 Gross expenditure on residential and nursing care increased by 1% over the course of the year, which is commensurate with the marginal increase in number of individuals accessing this service. This is positive in the context of both a growing older people's population on the Wirral and increases in the National Living Wage.

3.1.4 Gross expenditure on domiciliary care, however, increased by 16% over the same time period. This was caused by a net increase of 181 service users (16%) over the year.

3.1.5 The graph overleaf shows that, over the last three years, the number of individuals receiving traditional residential and nursing home care has decreased. It also shows that the number of people being looked after in their own homes (both home care and supported living) has increased in the same time period.



3.1.6 Overall, the total number of individuals receiving a package of care increased from 4,404 to 4,517 (3.8%) over the year, which is slightly higher than original expectations. The increase in demand for services, above and beyond normal demographic growth, is due to an increase in the number of people being discharged from hospital.

3.1.7 The pooled fund with Wirral CCG was in deficit by £0.2m at the end of 2018/19. This was caused by £1.0m unbudgeted cost pressures in the CCG, mitigated by a budget surplus of £0.8m in the Better Care Fund. As per the legal agreement between the two parties, this net deficit is shared equally between the two partners, i.e. £0.1m for Wirral CCG and £0.1m for Adult Care & Health.

## 3.2 CAPITAL OUTTURN 2018/19

3.2.1 The capital outturn for Adult Care and Health for 2018/19 was an expenditure of £0.8 million against a revised schedule (as at December 2018) of £1.2 million. This is shown in the table below:

**Table 2 – Capital Outturn 2018/19**

Spend	Revised December	Actual Outturn
Directorate	£000	£000
Adult Care & Health	1,204	798

3.2.2 A summary of progress in the year within the Programme is as follows:

Electronic Support Planning for Domiciliary Care Providers is realising key benefits ensuring appropriate care is delivered to service users. Care workers now update activities real-time which is auditable to support statutory requirements. The new Brokerage Module is operating replacing the previous manual process of emailing Domiciliary Care Providers to source packages of

care. Feedback from Care Providers and Health partners regarding these modules has been really positive in streamlining the overall process and making the provision of care more efficient.

### 3.3 REVENUE POSITION AT QUARTER 1

3.3.1 This Statement provides a summary of the projected year-end revenue position as at Quarter 1, Month 3 (June 2019) for Adult Care & Health.

The forecast figure used is a combination of actual transactions happening within the first quarter and estimates based on a number of factors from the finance teams.

**Table 3 – Revenue Position at Quarter 1**

	Budget £000	Forecast £000	Variance £000	Adv/Fav %
<b>Directorate Items</b>				
Adult Care & Health	87,790	87,790	0	0% -
<b>Directorate (Surplus) / Deficit</b>	<b>87,790</b>	<b>87,790</b>	<b>(0)</b>	<b>0% -</b>
Support / Admin Building Overhead	3,170	3,170	0	
<b>True (Surplus) / Deficit</b>	<b>90,960</b>	<b>90,960</b>	<b>(0)</b>	<b>0% -</b>

*\*An adverse variance is one where the forecast position is worse than the planned position, conversely, a favourable variance is where the forecast position is better than the planned position.*

3.3.2 The balanced position presented for Adult Care & Health is contingent upon the full delivery of the department's in-year efficiency plan.

3.3.3 Demand for services is the key driver of risk 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 9.8% and 10.0% respectively.

3.3.4 In comparison, demand for traditional residential and nursing home services has only risen by 0.5% during the same period.

3.3.5 Failure to achieve some or all of this efficiency plan will result in a net budget deficit at year-end; the maximum risk exposure is £5.0m. The efficiency plan comprises two elements:

- Firstly, the department is building on the success of last year's £2m Learning Disabilities Transformation Programme in order to drive a further £2m savings in 2019/20.
- Secondly, work is ongoing with the Council's NHS partners (Wirral Community Health & Care Foundation Trust and Cheshire & Wirral Partnership) in order to manage demand for social care by maximising

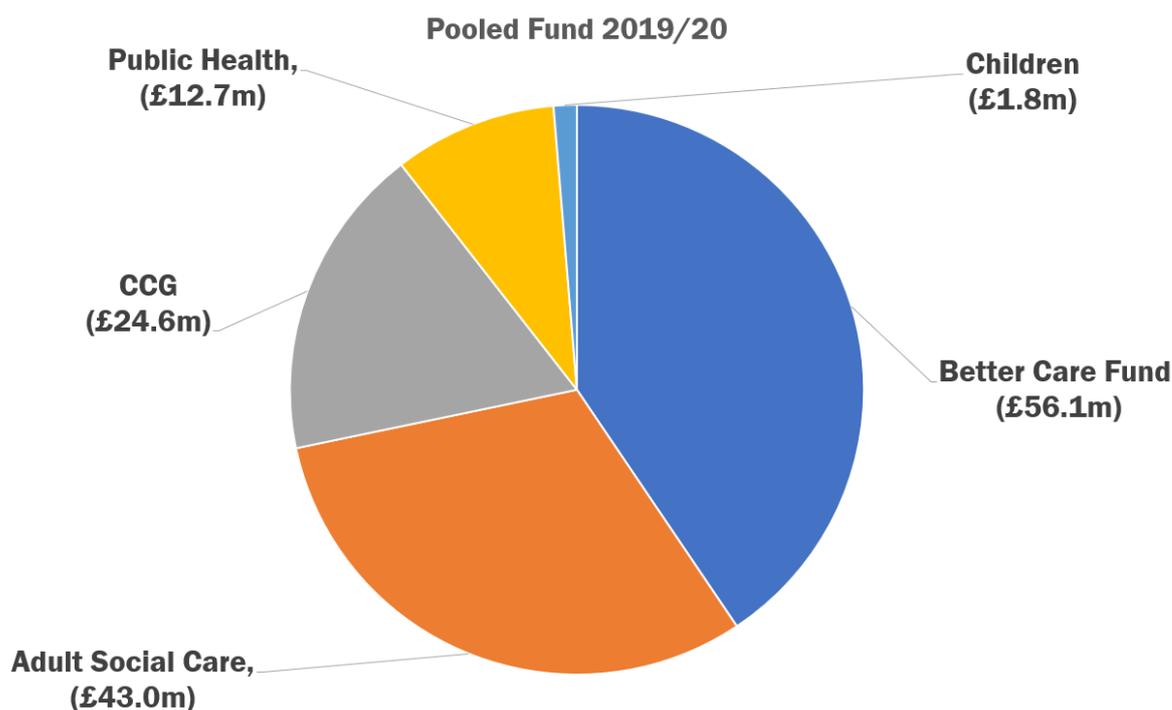
service user's independence and wellbeing. Savings targets have been agreed with each provider and are being monitored through a robust contract management process.

3.3.6 Further information on savings for 2019/20 is contained in section 3.4 of this report.

3.3.7 The pooled fund between Wirral Council and Wirral CCG, totalling £138.2m in 2019/20, is forecast to balance to budget. There is a combined total of £4.5m of 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; and
- Maximising independence and wellbeing.

3.3.8 The pie chart below shows the composition of the pooled fund for 2019/20:



3.3.9 The ringfenced Public Health grant continues to be forecast to balance to budget; of the £56.1m Better Care Fund contained in the pool, £6.8m is also funded from Public Health grant.

3.3.10 A full breakdown of the cost pressures facing Adult Care & Health in 2019/20 is included as Appendix 2 to this report.

### 3.4 IMPLEMENTATION OF SAVINGS

3.4.1 A summary of the position of 2019/20 Adult Care and Health savings at Quarter 1, Month 3 (June 2019) is below.

**Table 4 - Savings 2019/20 (£000's)**

Portfolio	Approved Savings Total	Amount Delivered at Q1	Mitigation	To be Delivered
Adult Care and Health	8,650	2,000	0	6,650
<b>Total</b>	<b>8,650</b>	<b>2,000</b>	<b>0</b>	<b>6,650</b>

3.4.2 The £8.65m comprises the following three elements:

- £2.0m - LD Transformation Programme (budget reduction achieved);
- £5.8m - Mitigating adult social care demand through maximising independence and wellbeing; and
- £0.9m – Use of grant funding for Public Health services.

3.4.3 A breakdown of the different savings options and the progress being made in achieving them is attached as Appendix 3 to this report.

### 3.5 PERFORMANCE AGAINST CAPITAL BUDGETS QUARTER 1 (JUNE 2019)

3.5.1 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 programme as at June 2019 and the expenditure at that date.

**Table 5 – Capital Monitoring at Quarter 1**

	Capital Strategy (as agreed at Council)	Proposed Programme	Q1 Actual Spend
	£m	£m	£m
Adult Care & Health	6.747	7.258	0.056

3.5.2 Current progress on significant schemes:

Extra Care Housing: The Council is to pay Alpha Living 75% of the allocated grant of £0.440m in order for 78 units of extra care to be developed at Woodpecker Close. Site works have now commenced and completion is expected to be August 2020. 75% of the grant of £0.105m is also due to be paid to Magenta for the 21 extra care apartments at Barncroft. 25% of the grants are held back based on completion criteria.

### 4.0 FINANCIAL IMPLICATIONS

4.1 The financial implications of this report are discussed throughout the report. This is essentially 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.

**REPORT AUTHOR:** **Christopher Kelly**  
Principal Accountant  
telephone: (0151) 666 3417  
email: [chriskelly@wirral.gov.uk](mailto:chriskelly@wirral.gov.uk)

## **APPENDICES**

Appendix 1 – 2018/19 Revenue Budget  
Appendix 2 – 2019/20 Revenue Budget  
Appendix 3 – 2019/20 Revenue Savings

## **BACKGROUND PAPERS**

### **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Budget Council	<b>4<sup>th</sup> March 2019</b>
Cabinet – Financial Monitoring Outturn 2018/19	<b>22<sup>nd</sup> July 2019</b>
Cabinet – Quarter 1 Financial Monitoring 2019/20	<b>2<sup>nd</sup> September 2019</b>

## APPENDIX 1

### 2018/19 Revenue Budget

2018/19	Budget (£m)	Outturn (£m)	Variance (£m)
<b>EXPENDITURE</b>			
Employees	7.2	7.0	0.2
Care Packages & BCF	108.5	110.6	(2.1)
Commissioned Services	24.4	26.2	(1.8)
Support Charges	4.7	4.7	-
	<b>144.8</b>	<b>148.5</b>	<b>(3.7)</b>
<b>INCOME</b>			
Service User Charges	(19.5)	(21.0)	1.5
Grant Funding	(25.4)	(26.6)	1.2
Joint Funded Income	(7.5)	(7.8)	0.3
Other Income	(0.5)	(1.3)	0.7
	<b>(52.9)</b>	<b>(56.6)</b>	<b>3.7</b>
<b>Net Budget</b>	<b>91.9</b>	<b>91.9</b>	<b>-</b>

### 2018/19 Service User Numbers

Care Type	Mar '18	Mar '19	+/- (%)
Residential & Nursing	1,359	1,363	0.3%
Short Term Care	202	224	10.9%
Home Care	1,151	1,332	15.7%
Supported Living	765	822	7.5%
Direct Payments	605	603	(0.3%)
Total Headcount	4,404	4,571	3.8%

## APPENDIX 2

### 2019/20 Revenue Budget

2018/19	Budget (£m)	Outturn (£m)	Variance (£m)
<b>EXPENDITURE</b>			
Employees	6.1	6.6	(0.5)
Care Packages & BCF	129.4	133.4	(3.9)
Commissioned Services	38.3	36.3	1.9
Support Charges	3.2	3.2	-
	<b>177.0</b>	<b>179.5</b>	<b>(2.5)</b>
<b>INCOME</b>			
Service User Charges	(21.9)	(22.1)	0.2
Grant Funding	57.2	59.5	2.3
Joint Funded Income	(7.7)	(7.8)	0.1
Other Income	(0.3)	(0.2)	(0.1)
	<b>87.1</b>	<b>89.6</b>	<b>2.5</b>
<b>Net Budget</b>	<b>91.0</b>	<b>91.0</b>	<b>-</b>

### 2019/20 Revenue Budget Pressures

<u>Description</u>	<u>(£m)</u>
<b>Pressures</b>	
<u>Fee Rate Increases</u>	<u>(4.8)</u>
<u>Demographic Growth</u>	<u>(1.9)</u>
<u>Pre-agreed Savings</u>	<u>(2.0)</u>
<u>Supplies &amp; Services Savings</u>	<u>(0.3)</u>
<u>Reduction in Specific Grants</u>	<u>(1.2)</u>
<u>Other Contractual Changes</u>	<u>(1.3)</u>
	<b>(11.4)</b>
<b>Mitigation</b>	
<u>Net increase in BCF</u>	<u>3.5</u>
<u>Winter Pressures</u>	<u>1.8</u>
<u>Social Care Support Grant</u>	<u>0.5</u>
<u>Other Mitigating Items</u>	<u>0.6</u>
	<b>6.4</b>
<b>Forecast net budget deficit</b>	<b>(5.0)</b>

## APPENDIX 3

### 2019/20 Revenue Savings

Title	Target	Achieved	Yet to be Achieved			
		Blue	Green	Amber	Red	Mitigation
(£m)						
LD Transformation Programme	2.00	2.00	-	-	-	-
Use of Public Health Grant	0.85	-	0.85	-	-	-
Maximising Independence & Wellbeing	5.80	-	5.20	0.60	-	-
<b>Total</b>	<b>8.65</b>	<b>2.00</b>	<b>6.05</b>	<b>0.60</b>	-	-

#### **Learning Disability Transformation Programme**

The department is building on the success of last year's £2m LD Transformation Programme in order to drive a further £2m savings in 2019/20. This includes reviewing accommodation arrangements and exploring a number of 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**

£3.0m is being delivered through partnership working with the Council's NHS partners (Wirral Community Trust and Cheshire & Wirral Partnership). This will manage demand for social care by maximising service users' independence and wellbeing. Target efficiency values have been agreed with each NHS partner and are being monitored through a robust contract management process. The remaining balance is being mitigated through additional national grant funding.