

ADULT SOCIAL CARE AND PUBLIC HEALTH COMMITTEE

Thursday, 18 July 2024

REPORT TITLE:	2024/25 BUDGET MONITORING FOR QUARTER ONE (THE PERIOD TO 30 JUNE 2024)
REPORT OF:	DIRECTOR OF HEALTH, CARE AND STRATEGIC COMMISSIONING

REPORT SUMMARY

This report sets out the financial monitoring information for the Adult Social Care and Public Health Committee as at Quarter 1 (30 June) of 2024/25. The report provides Members with an overview of budget performance, including progress on the delivery of the 2024/25 saving programme and a summary of reserves and balances, to enable the Committee to take ownership of the budgets and provide robust challenge and scrutiny to Officers and where appropriate, Committees on the performance of those budgets.

Managing a budget requires difficult decisions to ensure that a balanced position can be presented. Regular Member engagement, which this report forms part of, is considered essential in delivering effective governance and financial oversight.

At the end of Quarter 1, there is a reported adverse position of £2.5m on the Committees net revenue budget of £142.4m.

This is not a key decision and affects all wards.

The report contributes to the Wirral Plan 2023-2027 in supporting the organisation in meeting all Council priorities.

RECOMMENDATIONS

The Adult Social Care and Public Health committee is recommended to:

1. Note the adverse position presented at Quarter 1.
2. Note the progress on delivery of the 2024/25 savings programme at Quarter 1.
3. Note the forecast level of reserves and balances at Quarter 1.
4. Note the budget virement due to administrative change in the allocation of Service budgets between directorates, as detailed in paragraph 3.17.
5. Note the capital position at the end of Quarter 1.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 Regular monitoring and reporting of the revenue budgets and savings achievements enables decisions to be taken in a timely manner, which may produce revenue benefits and will improve financial control of Wirral Council.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Policy & Resources Committee has previously determined the budget monitoring process and this report details the agreed course of action.
- 2.2 In striving to manage budgets, available options have been evaluated to maintain a balance between service delivery and a balanced budget.

3.0 BACKGROUND INFORMATION

- 3.1 At the end of Quarter 1, there is a forecast adverse position of £12.493m on full Council spend. This position is based on activity to date, projected trends in income and expenditure and changes to Council funding. The adverse financial position forecast in relation to Adult Care and Health equates to £2.5m of this forecast.

This is a serious financial position for the Council that needs to be significantly mitigated in-year through all available measures to reduce expenditure and generate cost savings. The source of the overspend reflects the outturn position from 2023/24 for which an action plan has been developed and implemented. This is designed to address the main issues generating the adverse position and progress will be reported on this in all future reports and to the relevant committees. However, the majority of this overspend is a consequence of increased demand and costs for social care services and will not be easily resolved.

Whilst the overall position can currently largely be managed in-year by

- a) utilising the contingency budgets,
- b) applying flexible use of capital receipts to fund transformational revenue spend, and
- c) re-provisioning of earmarked reserves,

it is not a sustainable position going forward and will adversely impact budget planning for 2025/26.

Economic Context

- 3.2 While geopolitical events pose potential threats to price stability, the UK's inflation outlook remains positive. The headline Consumer Price Index (CPI) rose by 2.0% in the year to May 2024, while core inflation has markedly declined in recent months. This sustained downward trend in UK inflation is projected to persist, prompting market analysts to forecast lower interest rates in the latter part of the year.
- 3.3 In June, the Bank of England maintained its Bank Rate at 5.25%. While the Monetary Policy Committee (MPC) recognises the need to stimulate the UK

economy by lowering rates in upcoming quarters, concerns over persistent inflationary pressures are likely to postpone any cuts until the third quarter of 2024. Experts anticipate a gradual reduction, with rates potentially reaching around 3% by late 2025.

- 3.4 The results of the UK general election will play a pivotal role in determining the economic trajectory in the coming financial year. Regardless of which political party is successful, the election outcome will influence a range of factors, from fiscal policies and public spending to trade relations and regulatory frameworks.
- 3.5 The overall economic environment, whilst forecast to be more stable than recent years, there remains a great deal of uncertainty and challenge which will need to be monitored carefully as the year progresses. In this context, the Council must remain agile and ready to respond to emerging trends and unforeseen events. Regular reassessment of economic indicators and global developments will be key to navigating this calmer, yet still challenging, economic landscape.

Quarter 1 Forecast Revenue Outturn Position

- 3.6 Table 1 presents the forecast outturn as a net position, i.e. expenditure minus income. Favourable variances (underspends) are shown as negative values and adverse variances (overspends) are shown as a positive value.
- 3.7 At the end of Quarter 1, against the Committee’s revised net revenue budget of £142.4m, there is a forecast adverse variance of £2.5m.
- 3.8 The outturn forecast assumes full achievement of the £4.8m 2024/25 savings target.

TABLE 1: 2024/25 ADULT SOCIAL CARE & HEALTH REVENUE BUDGET & FORECAST OUTTURN

	Budget	Forecast	Variance (+ Fav, - Adv)		Adv/ Fav
	£000	£000	£000	%	
Adult Social Care Central Functions	8,205	8,629	424	5%	Adverse
Older People Services	69,493	70,835	1,342	2%	Adverse
Mental Health & Disability Services - CWP	59,306	60,347	1,041	2%	Adverse
Other Care Commissions	(131)	(411)	(280)	213%	Favourable
Delivery Services	5,527	5,500	(27)	0%	Favourable
Public Health	0	0	0	0%	Adverse
Committee Budget	142,400	144,900	2,500	2%	Adverse

- 3.9 The forecast represents the continued pressures within residential and nursing settings. The numbers of clients supported in Wirral continues to increase with numbers at quarter 1 being 7% higher than the same time last financial year.
- 3.10 Domiciliary care pick up continues to improve with activity reflecting an increase of 15% in commissioned packages since the start of last financial year. This improvement has supported progress in reducing waiting times in the community and on hospital discharge, work continues system wide across our Health Partners to ensure people who require care and support can achieve their desired outcomes.
- 3.11 The forecast assumes full achievement of the £4.8m saving target, any slippage against this saving will further impact on the adverse forecast.
- 3.12 **Public Health:** A balanced position is reported at quarter 1. The Public Health Grant for 2024-2025 is £32.957m, an increase of £0.958m from the 2023-24 allocation.

Pressures to be managed.

- 3.13 It is financially imperative and legally required that the Council report a balanced position at the end of the financial year. Failure to do so results in the Council's Section 151 officer having to produce a Section 114 report under the Local Government Act 1988.
- 3.14 A number of actions and projects have been taken by the Senior Leadership Team to try and address the overall position. In relation to Adult Care and Health, this ranges from the development of joint commissioning activities within Adults and Childrens, as well as panels reviewing high-cost placements..

Role of Policy and Service Committee

- 3.15 As per the 'Budget Monitoring and Budget Setting Processes Report', which can be found elsewhere on the Committee's agenda, the Committees will be responsible for containing net expenditure within their overall budget envelope and not overspending. When an adverse variance is forecast, each committee will be required to take remedial action, with detailed plans and timeframes, to bring the budget back in line and ensure that overspends are mitigated.
- 3.16 Where a Committee has taken all possible steps for remedial action and is unable to fully mitigate an overspend, this must be reported to the Policy and Resources Committee who will then take an organisational-wide view of how this adverse variance will be managed. There must be immediate action agreed to ensure a deliverable, balanced forecast position can be reported, and this will be monitored on a monthly basis.

Budget Virements/ Amendments

- 3.17 Since the end of 2023/24, there have been an administrative change to how the Wirral Intelligence Team report between directorates, previously reporting into Adult Care and Health, from the 2024/25 financial year, it will now report within the Law &

Corporate Services Directorate. This is an administrative change that does not impact the strategic delivery of services.

Progress on delivery of the 2024/25 savings programme.

3.18 Table 2 presents the progress on the delivery of the 2024/25 approved savings.

TABLE 2: ADULT CARE AND HEALTH SUMMARY OF PROGRESS ON DELIVERY OF 2024/25 SAVINGS

Saving Title	Agreed Value	Outturn Value	RAG Rating	Comments
Demand Mitigations	£4.8m	£4.8m	Green	Forecast to be achieved
TOTAL	£4.8m	£4.8m		

3.19 In terms of savings, good progress has already been achieved to date with over £1m already validated against the £4.8m target, representing a 21% achievement target to date.

Reserves and Balances

3.20 Earmarked reserves represent money that has been set aside for a clearly defined purpose, and which is available to meet future expenditure in that area. Table 3 below sets out the reserves within Adult Care and Health at the start of the financial year.

TABLE 3: ADULT CARE AND HEALTH - EARMARKED RESERVES

	Opening Balance £000	Forecast Use of Reserve £000	Forecast Contribution to Reserve £000	Closing Balance £000
Public Health Ringfenced Grant	6,627	0	0	6,627
Champs Innovation Fund	16	0	0	16
Champs Covid-19 Contact Tracing Hub	123	-123	0	0
Implementation of Charging Reform	98	0	0	98
Safeguarding Adults Board	63	-63	0	0

Adult Social Care & Public Health Total	6,927	-186	0	6,741
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- 3.21 The Safeguarding reserve within Adult Social Care represents unspent contributions from previous years and are to be held in reserve for future Safeguarding activities.
- 3.22 The present forecast assumes a balance of £6.741m at the end of the financial year.
- 3.23 A small reserve for Implementation of Charging Reform was set up to carry one off funds received to support costs Wirral may incur in implementing the new government charging reforms due to commence in October 2025.

Capital Programme

- 3.24 Table 4 below sets out the spend against the capital programme for Adult Social care during 2024/25

TABLE 4: ADULT CARE AND HEALTH CAPITAL PROGRAMME 2024/25

Capital Programme	2024/25			
	Budget £000	Borrowing £000	Grants £000	Total £000
Telecare & Telehealth Ecosystem	1,861	0	1,861	1,861
Extra Care Housing	2,276	691	1,585	2,276
Citizen and Provider Portal/Integrated IT	53	52	1	53
Liquid Logic – Early Intervention & Prevention	214	214	0	214
Total	4,404	957	3,447	4,404

- 3.25 **Telecare & Telehealth Ecosystem:** This capital project is replacing analogue Telecare equipment with new digital Telecare equipment ready for the switching off of analogue telephone lines in 2025. 4,962 homes are connected to Telecare and 5,142 people are being supported in their own homes. 86% of customers are now connected to digital care. 376 homes are equipped with activities of daily living sensors (ADL) supporting early intervention and prevention.
- 3.26 **Extra Care:** Adult Social Care Commissioning Leads are working closely with strategic housing colleagues on new site opportunities which are either at planning or pre-planning stage.
- 3.26.1 There are several sites under current consideration across the Wirral but are not yet confirmed for progression. Some areas have multiple sites for consideration, and Officers are mindful to develop where there is an evidenced need or gap in provision, and not over develop.

3.26.2 Sycamore place opened in February 2024 and Spinnaker House is due to open in September 2024.

3.27 **Liquid Logic and Early Intervention:** The project covers the development of an Early Intervention & Prevention Module within the Adult Social Care system – Liquid logic, to provide the ability to import identified data sets for risk factors and stratification to enable early intervention & prevention.

3.27.1 Initial testing has commenced with imports of Health data and a workshop is planned with Knowsley & Liverpool, to agree the scoring matrix and map risk indicators. Once the initial testing developments have been completed, associated project groups will be established which will include operational input. This project is scheduled for completion in 2024/25.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 1 budget monitoring report that provides information on the forecast outturn for the Adult Care and Health Directorate for 2024/25. The Council has robust methods for reporting and forecasting budgets in place and alongside formal Quarterly reporting to 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 The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council. 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.
- 5.3 It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 At this time, there are no additional resource implications as these have already been identified for the proposals agreed and submitted. However, where the budget is unbalanced and further proposals are required, then there will be resource implications, and these will be addressed within the relevant business cases presented to the Committee.

7.0 RELEVANT RISKS

- 7.1 The Council's ability to maintain a balanced budget for 2024/25 is dependent on a stable financial position. That said, the delivery of the budget is subject to ongoing variables both positive and adverse which imply a level of challenge in achieving this outcome.
- 7.2 In any budget year, there is a risk that operation will not be constrained within relevant budget limits. Under specific circumstances the Section 151 Officer may issue a Section 114 notice but that position has not been reached at the present time.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 Consultation has been carried out with the Senior Leadership Team (SLT) in arriving at the governance process for the 2024/25 budget monitoring process and budget setting process.
- 8.2 Since the budget was agreed at Full Council on 26 February, some proposals may have been the subject of further consultation with Members, Customer and Residents. The details of these are included within the individual business cases or are the subject of separate reports to the Committee.

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 At this time, there are no further equality implications as these have already been identified for the proposals agreed and submitted. However, where the budget is unbalanced and further proposals are required, then there may be equality implications associated with these, and these will be addressed within the relevant business cases presented to the Committee.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 This report has no direct environmental implications; however due regard is given as appropriate in respect of procurement and expenditure decision-making processes that contribute to the outturn position.

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 In year activity will have incorporated community wealth implications. Consideration would have taken account of related matters across headings such as the following:
- **Progressive Procurement and Social Value**
How we commission and procure goods and services. Encouraging contractors to deliver more benefits for the local area, such as good jobs,

apprenticeship, training & skills opportunities, real living wage, minimising their environmental impact, and greater wellbeing.

- **More local & community ownership of the economy**
Supporting more cooperatives and community businesses.
Enabling greater opportunities for local businesses.
Building on the experience of partnership working with voluntary, community and faith groups during the pandemic to further develop this sector.
- **Decent and Fair Employment**
Paying all employees a fair and reasonable wage.
- **Making wealth work for local places**

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APPENDICES

None

BACKGROUND PAPERS

Adult Social Care and Public Health Committee Report 18 Jul 24: Budget Monitoring and Budget Setting Processes Report.

Adult Social Care and Public Health Committee Report 18 Jul 24: 2023/24 Financial Outturn

CIPFA's Financial Management Code

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Adult Social Care and Public Health Committee	5 March 2024
Adult Social Care and Public Health Committee	23 January 2024
Adult Social Care and Public Health Committee	28 November 2023
Adult Social Care and Public Health Committee	19 September 2023
Adult Social Care and Public Health Committee	13 June 2023
Adult Social Care and Public Health Committee	6 March 2023
Adult Social Care and Public Health Committee	29 November 2022
Adult Social Care and Public Health Committee	11 October 2022
Adult Social Care and Public Health Committee	14 June 2022

