

ADULT SOCIAL CARE AND PUBLIC HEALTH COMMITTEE**Thursday, 18 July 2024**

REPORT TITLE:	2023/24 FINANCIAL OUTTURN
REPORT OF:	DIRECTOR OF HEALTH, CARE AND STRATEGIC COMMISSIONING

REPORT SUMMARY

This report provides a summary of the year-end revenue and capital position for the Adult Social Care and Public Health Committee for the 2023/24 financial year as at the end of March 2024. The report provides Members with an overview of budget performance, including progress on the delivery of the 2023/24 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 on the performance of those budgets.

The year-end revenue outturn for 2023/24, represents an adverse variance against the Committee revenue budget of £1.192m, which is a £0.757m deterioration from the quarter 3 forecast.

This matter affects all Wards within the Borough.

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 draft, unaudited 2023/24 outturn adverse Directorate variance of £1.192m, which has been managed corporately by utilising the contingency budget, savings from reduced energy costs and use of flexible use of capital receipts;
2. Note the progress on delivery of the 2023/24 savings programme;
3. Note the transfer to and use of earmarked reserves, as detailed in table four;
4. Note the draft, unaudited 2023/24 capital outturn position detailed in table five.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 Regular monitoring and reporting of the revenue and capital budgets and savings achievements enables decisions to be taken in a timely manner, which may produce revenue benefits and will improve financial control of the Council.
- 1.2 This report presents timely information on the full year financial position for 2023/24, prior to final audit engagement.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Policy and 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 meeting on 27 February 2023, the Council agreed a net revenue budget for 2023/2024 of £366.6m to be met by government grants, council tax, and business rates. In quarter 1, a favourable £2.000m variation against the funding relating to an adjustment of Business Rates Section 31 grants, increased the revenue budget to £368.6m.
- 3.2 The Council's Quarter 1 monitoring report, presented on 12 July 2023 to the Policy & Resources Committee, highlighted growing in-year pressures of £3.6m, which had risen to £7.2m by Quarter 2 and £7.97m by Quarter 3. Several potential mitigations were identified that could be used to present a balanced budget at the end of the year. This report sets out the updated revenue financial position for the Adult Social Care and Public Health Committee at the end of the year.

Economic Context

- 3.3 Throughout 2023-24 the headline consumer price inflation (CPI) continued to decline from 8.7% at the start of the year to 3.4% in February but was still above the Bank of England's 2% target.
- 3.4 Having begun the financial year at 4.25%, the Bank of England's Monetary Policy Committee (MPC) increased the Bank Rate to 5.25% in August 2023 and it has remained at this level through to March 2024. Although financial markets have shifted their interest rate expectations downwards, with expectations of a cut early in the new year, the MPC's focus remains on maintaining the current interest rate in order to control inflation over the medium term.
- 3.5 The overall risk environment remained particularly challenging throughout 2023/24, with subdued economic activity, poor outlooks for growth and inflation and increased geopolitical tensions, all placing significant pressures on finances and restricting the ability to forecast and plan, with confidence.

Revenue Outturn Position

- 3.6 At the end of 2023/24, against the Directorate's revised net revenue budget of £131.257m, there is an adverse variance of £1.192m, which can be managed corporately by utilising the contingency budget, savings from reduced energy costs, and utilisation of flexible use of capital receipts, along with reserves management.

TABLE 1 2023/24 ADULT CARE AND HEALTH REVENUE BUDGET & OUTTURN

Service Area	Budget £'000	Outturn £'000	Variance	
			£'000	%
ASC Central Functions	8,096	8,924	828	10%
Delivery Services	5,586	5,752	166	3%
Mental Health & Disability Services - CWP	54,888	52,506	(2,382)	(4%)
Older People Services	62,382	64,735	2,353	4%
Other Care Commissions	(59)	249	308	(522%)
Public Health	(161)	(161)	0	0%
Wirral Intelligence Service	525	444	(81)	(15%)
Directorate Deficit/(Surplus)	131,257	132,449	1,192	1%

- 3.7 **ASC Central Functions:** An adverse variance of £0.828m is reported at quarter 4. The staffing budgets are reported here along with any relevant savings targets.
- 3.8 **Delivery Services:** An adverse variance of £0.166m is reported at quarter 4. The budgets for in-house services are reported here with a small pressure against utilities.
- 3.9 **Mental Health & Disability Services - CWP:** A favourable variance of £2.382m is reported at quarter 4. Savings achieved continue to have a cumulative impact on the forecast for 2023-24 and achievement of securing alternative funding against high cost care packages has also helped to support the outturn position.
- 3.10 **Older People Services:** An adverse variance of £2.353m is reported at quarter 4. Pressures remain against older people services with a continued drive to supporting a more efficient discharge from hospital pathway. Numbers of clients supported continue to increase, up by 7% from the end of financial year 2022-23.
- The rising cost of residential and nursing placements has impacted on the forecast and reflects the additional support needed by clients entering social care from a hospital setting.
- 3.11 **Other Care Commissions:** An adverse variance of £0.308m is reported at quarter 4. This area contains services accessed across all client groups, for example Assistive Technology AT and the equipment service. There has been positive growth within clients receiving AT, numbers have increased by over 12% from the end of 2022/23.
- 3.12 **Public Health:** A balanced position (following contribution from reserves) is reported at quarter 4. The Public Health Grant for 2023-24 is £32.014m which is an increase of £1.025m from 2022/23.

- 3.13 **Wirral Intelligence Service:** A small favourable variance of £0.081m is reported for 2023/24 reflecting part year variances within the team.

Action plan

- 3.14 It is recognised that there are a number of issues within the outturn position, and particularly the variances between quarter 3 and the final outturn, which will impact on the position in 2024/25.
- 3.15 In order to ensure that these issues are appropriately managed, actions for each directorate have been recorded in conjunction with the Director and progress against these will be monitored monthly.
- 3.16 This process will also monitor the activity data within the particularly high-risk areas that have emerged as budget pressures at the end of 2023/24 within the Adult Care and Health Directorate. The management and effective mitigation of these demand led costs is critical to achieve a balanced budget position in 2024/25 and beyond.
- 3.17 The issues that have emerged during the outturn process are largely relating to business as usual activities that fall outside the main Change Programme. The resourcing of these required activities will be considered alongside the existing transformation resource in place to support the Change Programme.
- 3.18 The outputs of this work and the proposed corrective action will feed into the budget setting process for 2025/26 and the next iteration of the Medium-Term Financial Plan.
- 3.19 Enhanced procedural rigour in relation to the budget monitoring process is set out in the report titled 'Budget Monitoring and Budget Setting Processes' found later in the agenda. This outlines the stringent processes implemented for the upcoming fiscal year. The recent reorganising of financial operations has bolstered financial support and resources across the entire organisation to support these processes alongside the implementation of Oracle Fusion. This has equipped the Council with an accessible financial analysis tool. The enterprise resource planning software provides enhanced data integration, processing capabilities and reporting functionalities. With Oracle Fusion now operational, comprehensive insights can be derived from financial data through in-depth analysis, enabling more informed decision-making and strategic planning based on accurate, real-time financial information across all business units and operations.

Progress on delivery of the 2023/24 savings programme.

- 3.20 Table 3 presents the progress on the delivery of the 2023/24 approved savings. Adult Care and Health have worked closely with both NHS Wirral Community Health and Care Foundation Trust (WCHFT) and Cheshire and Wirral NHS Partnership Trust (CWP) towards achieving the savings target set. In terms of savings, £4.835m of the £5.935m savings targets were delivered, representing 63% of the total savings target with a further 19% or £1.100m achieved through mitigation. The table below summarises the progress made by the Directorate:

TABLE 3: ADULT CARE AND HEALTH DELIVERY OF 2023/24 SAVINGS

Savings Title	Approved Saving £m	Delivered £m	Delivered through mitigation £m	Delayed/ unachieved in year £m
Review of all age disability transition planning	-1.000	-1.000	0	0
Review of Services to support Independent Living	-4.935	-2.735	-1.100	-1.100
Total Savings	-5.935	-3.735	-1.100	-1.100

3.21 £1.1m of the £4.935m saving in relation to reviewing services to support independent living was not achieved as at the end of the financial year. Whilst independent living is being actively encouraged and promoted, the demand pressures and increases within residential and nursing services has resulted in the saving not being fully achieved in year. **Earmarked Reserves**

3.22 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 4 below sets out the reserves within Adult Care and Health and the movement in year.

TABLE 4: 2023/24 ADULT CARE AND HEALTH – EARMARKED RESERVES

Reserve	Opening Balance £000	Use of Reserve £000	Contribution to Reserve £000	Closing Balance £000
Adult Social Care – Safeguarding	46	0	17	63
Public Health Ringfenced Grant	6,912	(325)	40	6,627
Champs Innovation Fund	69	(53)	0	16
Champs Covid-19 Contact Tracing Hub	204	(81)	0	123
Implementation of Charging Reform	98	0	0	98
Total	7,329	(459)	57	6,927

3.23 The Safeguarding reserve within Adult Social Care had an opening reserve balance of £0.046m. The funding for the combined Board has now ceased. The closing balance of the reserve represents partner monies received as ring fenced contributions for Safeguarding Reviews. The unspent contributions are to be held in reserve for future Safeguarding activities.

3.24 The Public Health Ringfenced Grant reserve had an opening balance of £6.912m. £0.325m was utilised within the 2023/24 financial year to contribute towards in year contracts and commitments.

- 3.25 Implementation of Charging Reform – A small reserve was established in the 2022/23 financial year to support costs Wirral may incur in implementing the new government charging reforms due to commence in October 2025.

Capital Programme

- 3.26 Table 5 below sets out the spend against the capital programme for Adult Care and Health during 2023/24.

TABLE 5: CAPITAL PROGRAMME 2023/24

Capital Scheme	Budget £'000	Outturn £'000	Variance £'000
Citizen and Provider Portal/Integrated IT	63	10	(53)
Liquid Logic – Early Help & Prevention	45	0	(45)
Telecare & Telehealth Ecosystem	1,452	425	(1,027)
Total	1,560	435	(1,125)

- 3.29 Citizen and Provider Portal - The enhanced functionality for portal developments and integrated system elements are moving towards evaluation and project close. 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 has been enabled in our test environment to support guided searching for services on Wirral Infobank and an embedded real time view of Health records within the adult social care system record is now live.
- 3.30 Liquid Logic – Early Help & Prevention – 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 and prevention. 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.
- 3.31 The Telecare and Telehealth Ecosystem element of the funding has been spent on equipment designed to enable people to remain safely in their own homes. The equipment “packages” typically consist of a series of sensors that work together to establish the routines and habits of the resident and report changes that provide an early indication of illness or deterioration of a long-term condition. Alarm buttons are

also supplied in the event of an emergency. The equipment links to a base unit that collects the information and relays it to an alarm receiving centre. The analogue to digital transition of the Telecare Service by the end of 2024 remains on course. As of 1 May 2024, 82% of Telecare Service customers are now supported with digital systems. Wirral Council will have completed its transition one year ahead of the national deadline, minimising risk to residents and offering improved and more flexible services to customers.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 4 budget monitoring report that provides information on the revenue outturn for the Adult Care and Health Directorate for 2023/24. The Council has robust methods for reporting and forecasting budgets in place and alongside formal Quarterly reporting to Policy and Resources Committee and Service Committees. 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 is 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 2023/24 was dependent on a stable financial position. The delivery of the budget was subject to ongoing variables both positive and adverse which gave 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. The issuing of a Section 114 notice bans all new spending with the exception of protecting vulnerable people and statutory services and pre-existing commitments.

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 2023/24 budget monitoring process and the 2023/24 budget setting process.

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 13 June 2023: Budget and Budget Monitoring Process Report

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	18 July 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	24 October 2022
Adult Social Care and Public Health Committee	14 June 2022
Adult Social Care and Public Health Committee	25 January 2022
Adult Social Care and Public Health Committee	16 November 2021

