



## **ADULT SOCIAL CARE AND PUBLIC HEALTH COMMITTEE**

**Tuesday, 26 November 2024**

<b>REPORT TITLE:</b>	<b>2024/25 BUDGET MONITORING REPORT FOR QUARTER 2 (THE PERIOD TO 30 SEPTEMBER 2024)</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF HEALTH, CARE AND STRATEGIC COMMISSIONING</b>

### **REPORT SUMMARY**

This report sets out the financial monitoring information for the Adult Social Care and Public Health Committee as at Quarter 2 (30 September) 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. Regular Member engagement, which this report forms part of, is considered essential in delivering effective governance and financial oversight.

At the end of Quarter 2, there is a reported adverse position of £6.527m on the Committees net revenue budget of £142.24m.

The Council faces a severe financial challenge that demands immediate action. To achieve a balanced budget by the end of the financial year it is imperative to implement all possible measures to curtail spending and generate substantial cost savings. Without substantial action being taken, the Council will not be in a position to provide a balanced budget by financial year end. The Ministry of Housing, Communities & Local Government (MHCLG) have been made aware of the Council's financial position.

The source of the overspend reflects a further deterioration of the outturn position from 2023/24 for which an action plan has been developed and implemented. This action plan was designed to address the main issues generating the adverse position. However, the majority of this overspend is a consequence of increased demand and costs for social care services and will not be easily resolved.

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 2 and the urgent need to examine all available options to address the position.
2. Note that the Director of Finance has contacted the Ministry of Housing, Communities & Local Government (MHCLG) to make them aware of the Council's overall financial position.
3. Note the progress on delivery of the 2024/25 savings programme at Quarter 2.
4. Note the forecast level of reserves and balances at Quarter 2.
5. Note the capital position at the end of Quarter 2.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

- 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 meeting on 26 February 2024, the Council agreed a net revenue budget for 2024/25 of £399.6m to be met by government grants, council tax, and business rates. At Quarter 1, a serious financial position for the Council was reported which requires significant mitigation in-year through all available measures to reduce expenditure and generate cost savings. The source of the overspend reflected the outturn position from 2023/24, for which an action plan has been developed and implemented, and the continued increase in demand for children's and adults social care. In relation to the Council, as at the end of Quarter 2, there is a forecast adverse position of £21.563m on Directorate spend. The Adult, Social Care and Public Health forecast contributes £6.527m of the adverse variance. After utilising the contingency budget and applying £2.88m of flexible use of capital receipts to fund transformational revenue spend, the adverse variance still to be mitigated at the Council level stands at £14.861m.
- 3.2 Addressing and mitigating the in-year adverse position will be incredibly challenging but several potential strategies are available, some of which are already in progress:

- Full utilisation of all contingency funds (fully utilised in the current forecast)
- Council wide spend freeze (implemented from 9 September 2024)
- Maximising the use of capital receipts to finance transformational revenue expenditure (£2.88m already included in the current forecast)
- Reallocation of earmarked reserves
- Use of general fund balances
- Work with MHCLG to identify options for financial sustainability and potential short-term measures to address the issue with the current budget (initial contact has already been made)

These options may help alleviate the current financial pressure. However, this is not a sustainable position going forward and will adversely impact budget planning for 2025/26.

## **Economic Context**

- 3.3 While geopolitical events continue to pose potential threats to price stability, the headline Consumer Price Index (CPI) has fallen to 1.7% in the year to September 2024, below the Bank's target for inflation of 2% for the first time since April 2021.
- 3.4 In September, the Bank of England cut its Bank Rate by 0.25% to 5.00%, marking the first decrease in four years. Additional rate cuts are anticipated in the coming months, provided inflation remains low. However, the Bank emphasised that it was closely monitoring developments in the Middle East, particularly any changes in oil prices that could potentially drive-up inflation.
- 3.5 The next budget has been scheduled by the Chancellor for the 30 October 2024 (too late for inclusion in this report). This autumn a one-year spending review is expected, with a more comprehensive multi-year spending review planned for next spring. According to the Local Government Association (LGA) the results of the upcoming spending review will be crucial in determining the future sustainability of local services.
- 3.6 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 2 Forecast Revenue Outturn Position**

- 3.7 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.
- 3.8 At the end of Quarter 2, against the Committee's revised net revenue budget of £142.24m, there is a forecast adverse variance of £6.527m.

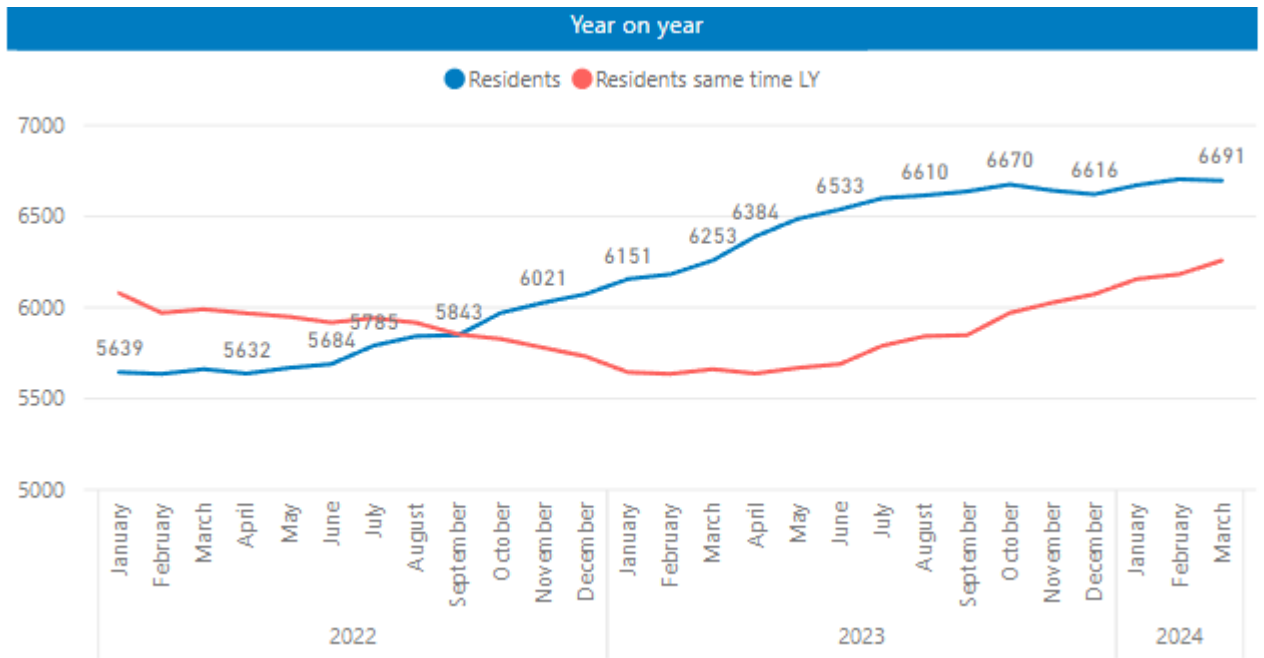
**TABLE 1: 2024/25 ADULT SOCIAL CARE & HEALTH REVENUE BUDGET & FORECAST OUTTURN**

	Budget	Forecast	Variance (+ Fav, - Adv)		Adv/ Fav
	£000	£000	£000	%	
Adult Social Care Central Functions	8,204	8,748	544	7%	Adverse
Older People Services	69,366	74,192	4,826	7%	Adverse
Mental Health & Disability Services - CWP	59,306	60,486	1,180	2%	Adverse
Other Care Commissions	(4)	(140)	(136)	3,400%	Favourable
Delivery Services	5,527	5,724	197	4%	Favourable
Public Health – Central Functions	4,070	3,899	(171)	0%	-
Public Health – Commissioned Services	19,909	20,319	410	0%	-
Public Health – Internal Investment	7,202	7,871	669	0%	-
Public Health – Joint Commissions	1,265	1,265	0	0%	-
Public Health – Grant Funding	(32,607)	(33,599)	(992)	0%	-
<b>Committee Budget</b>	<b>142,238</b>	<b>148,765</b>	<b>6,527</b>	<b>5%</b>	<b>Adverse</b>

3.9 The main pressures within the directorate are in relation to the cost of care budgets, which are currently forecasting a combined overspend of £8.857m, this is partially offset by a £1.309m overachievement of client income which reflects the increased number of clients receiving support.

**Older Peoples Services: adverse variance of £4.826m**

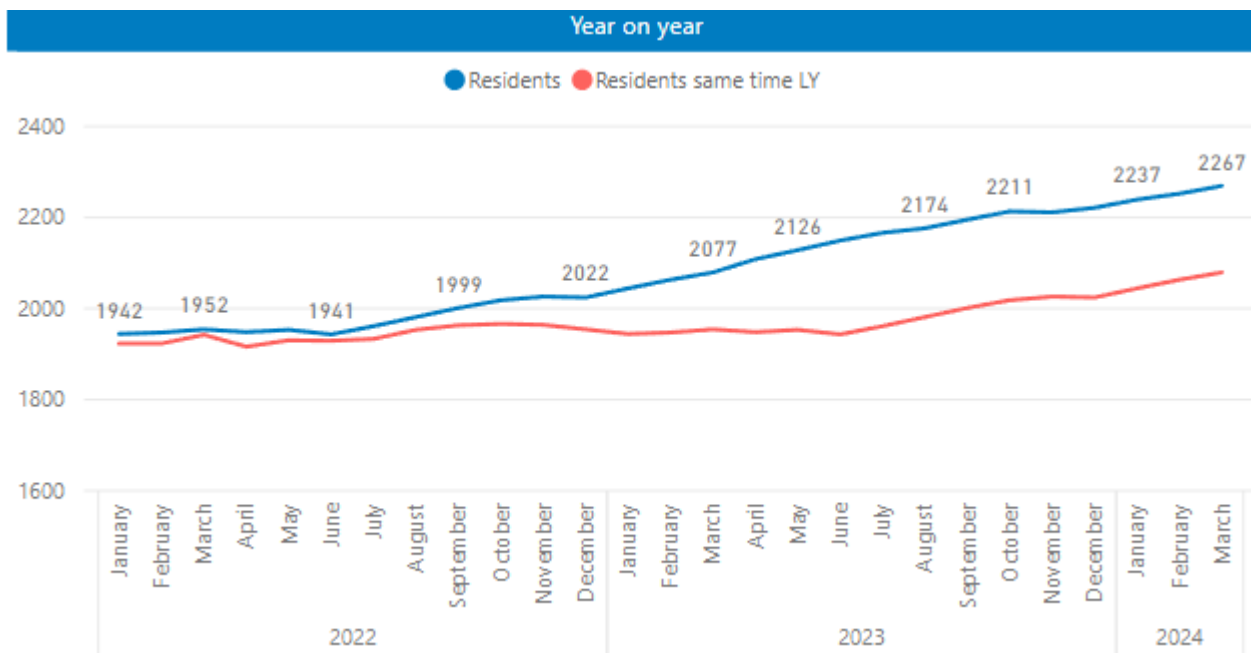
3.10 Pressures remain within residential and nursing settings, with the number of clients that we continue to support increasing in terms of numbers and complexity of needs. Pressures continue in relation to social care supporting an efficient discharge from hospital and the additional support needs by clients entering social care from a hospital setting. The graph below shows the number of older people aged 65 plus supported since January 2022:



3.11 Similarly demand for Elderly Mentally Infirm (EMI) services continue to rise, with the Council supporting, on average, 36 more clients than at this corresponding time last year. Based on an average weekly rate, and excluding any additional one to one support, the full year impact of this increasing client group is £1.462m

**Mental Health and Disability Services: adverse variance of £1.180m**

3.12 Community care reflects an adverse variance of £1.180m within complex care. This has been partially offset by additional joint funding expectations, which reflects the increasing complexities and needs of the clients that we are supporting within a social care setting. The graph below shows the number of clients aged 18-64 in receipt of social care services since January 2022:



- 3.13 In relation to the directorate forecast overspend, weekly budget efficiency meetings are being held with senior managers to manage through a set of mitigating actions which are being tracked and monitored over the financial year. Of the original full year savings target of £4.800m, £4.642m has been validated to date, however demand is currently continuing to outstrip the current mitigation programme.
- 3.14 The Directorate has implemented an action plan to potentially reduce ongoing expenditure and mitigate the overspend position. Additional resources have been brought in to ensure all 12-week reviews are undertaken, ensuring any efficiencies from care packages are made as early as possible.
- 3.15 The Director continues to engage proactively with the NHS around a whole system approach. This is currently proving incredibly challenging due to the financial pressures within the Trust and the measures they have implemented to try and manage demand.
- 3.16 It is not conceivable that the current overspend can be addressed by the Directorate in year without significant additional external funding. The continued increase in people requiring assessment for care packages is leading to a net increase in overall numbers that cannot be mitigated by savings within existing care packages / arrangements.

### **Public Health**

- 3.17 A balanced position is reported at quarter 2. The Public Health Grant for 2024-2025 is £32.957m, an increase of £0.958m from the 2023-24 allocation. For 2024-2025 Public Health spend is forecast to be an excess of £0.7m above the £32.6m received for the ringfenced annual Public Health Grant. The position includes a non-recurrent contribution of £0.79m towards programmes within the Children's department. This position is consistent with the targeted aim to reduce the Public Health Grant reserve, leading to an estimated year end reserve total of £5.9m
- 3.18 Following the Public Health Grant review in 2023, a 3-year reserve spend plan was agreed with ASC&PH Committee and the Office for Health Inequalities and Disparities to reduce the Public Health Grant Reserve to a level equivalent to 10% of the value of the ringfenced annual Public Health Grant.
- 3.19 Progress has been made within the 3 year reserve spending plan with increased allocations for the Community, Voluntary and Faith Sector, Housing and Fuel Poverty.

### **Pressures to be managed**

- 3.20 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.
- 3.21 A number of actions and projects have already been taken by the Senior Leadership Team (SLT) 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, panels reviewing high-cost placements, the implementation of task and finish groups and the weekly budget efficiency meetings.

- 3.22 A robust vacancy management process has been agreed by SLT and implemented, consequently, any external recruitment will only be undertaken by exception.
- 3.23 From Monday 9<sup>th</sup> September, the Director of Finance also introduced a spending freeze. The aim of this freeze is to keep the 2024/25 costs to an absolute minimum to ensure the Council is in a better position to continue to fulfil its statutory duties and take the necessary steps to deliver a balanced budget.
- 3.24 However, despite all of these measures, the latest financial projections for this year, mean the Council is still confronted with a significant risk of an in-year overspend, meaning further options need to be explored.
- 3.25 Below is a summary of the options available to help mitigate the in-year position, some of which are already in progress:
- Full utilisation of all contingency funds (fully utilised in the Quarter 2 forecast),
  - Council wide spend freeze (implemented from Monday 9<sup>th</sup> September)
  - Maximising the use of capital receipts to finance transformational revenue expenditure
  - Reallocation of earmarked reserves
  - Use of general fund balances (£13.8 million available)
  - Work with MHCLG to identify options for financial sustainability (initial contact has already been made)
- 3.26 The severity of the adverse financial position at Quarter 2 will require implementing most of these proposed measures. Any additional decline in the financial situation would leave the council unable to achieve a balanced budget for 2024/25. Even if we could theoretically balance the budget using the aforementioned resources, it would place the Council in a precarious position at the start of the new financial year lacking both contingency and emergency funds. This situation is untenable which is why the Director of Finance has already initiated contact with MHCLG.

**Progress on delivery of the 2024/25 savings programme.**

3.27 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**

<b>Saving Title</b>	<b>Agreed Value</b>	<b>Outturn Value</b>	<b>RAG Rating</b>	<b>Comments</b>
Demand Mitigations	£4.8m	£4.8m	<b>Green</b>	Forecast to be achieved



<b>TOTAL</b>	<b>£4.8m</b>	<b>£4.8m</b>		
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3.28 In terms of savings, good progress has already been achieved to date with £4.642m already validated against the £4.8m target as at the end of Quarter 2, representing a 97% achievement target to date. Whilst progress against the original savings target is extremely positive half way through the financial year, demand is currently still continuing to outstrip the current mitigation programme.

### Reserves and Balances

3.29 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. On 1 April 24, earmarked reserves in relation to the Adult Social Care and Public Health Committee totalled £6.927m. Of the total earmarked reserves, 14% will be spent in 2024/25. Table 3 below details the reserves which are available.

**TABLE 3: ADULT CARE AND HEALTH - EARMARKED RESERVES**

<b>Reserve</b>	<b>Opening Balance £'000</b>	<b>Forecast Use of Reserve £'000</b>	<b>Contributions to Reserves £'000</b>	<b>Closing Balance £'000</b>
Public Health Ringfenced Grant	6,627	(690)	0	5,937
Champs Innovation Fund	16	0	0	16
Champs Covid-19 Contact Tracing Hub	123	(123)	0	0
Implementation of Charging Reform	98	(98)	0	0
Safeguarding Adults Board	63	(63)	0	0
<b>Adult Social Care &amp; Public Health Total</b>	<b>6,927</b>	<b>(974)</b>	<b>0</b>	<b>5,953</b>

3.30 The Committee is currently forecast to have £5.953m of earmarked reserves at the end of the financial year 2024/25. Of this, the full value is considered as ringfenced, with specific conditions limiting their use. There are no forecast non ringfenced reserves remaining. Details of the forecast closing balances are contained in table 4 below:

**TABLE 4: ANALYSIS OF FORECAST CLOSING RESERVES BALANCES**

<b>Reserve</b>	<b>Ringfenced £'000</b>	<b>Non Ringfenced £'000</b>	<b>Closing Balance £'000</b>
Public Health Ringfenced Grant	5,937	0	5,937
Champs Innovation Fund	16	0	16
<b>Total</b>	<b>5,953</b>	<b>0</b>	<b>5,953</b>

### Capital Programme

3.31 Table 5 below sets out the spend against the capital programme for Adult Social care during 2024/25.

**TABLE 5: ADULT CARE AND HEALTH CAPITAL PROGRAMME 2024/25**

Capital Programme	2024/25			
	Budget £000	Spend to Quarter 2 £000	Full Year Forecast £000	Variance £000
Telecare & Telehealth Ecosystem	1,861	395	800	1,061
Extra Care Housing	2,276	0	0	2,276
Citizen and Provider Portal/Integrated IT	53	0	53	0
Liquid Logic – Early Intervention & Prevention	214	0	214	0
<b>Total</b>	<b>4,404</b>	<b>395</b>	<b>1,067</b>	<b>3,337</b>

3.32 **Telecare & Telehealth Ecosystem:** The key milestone of this project is to complete the analogue to digital transition of Telecare which is on course to be completed by December 2024. At this point, evolution of the service will become business as usual as we learn more about the effectiveness of a remote monitoring approach and we tailor packages to better meet need and take advantage of the developing technology marketplace and systems. Aligned to this work is the targeted deployment of personalised technologies to support people. This technology is generally more advanced and complex than Telecare and requires careful prescription by social workers and health professionals. However, both types of approach also require a single platform / dashboard to enable the benefits to be measured and confirmed. Currently, this work is scheduled to continue until at least December 2026, in line with the planned telecoms switchover.

3.33 **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.

3.33.1 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.

3.34 **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. This project is scheduled for completion in the current financial year.

#### 4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 2 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).
- 4.2 The Council currently faces a critical financial position, as detailed within the body of the report, which requires immediate action. MHCLG have been made aware of the situation. At present, there is a significant risk of Section 114.

## **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 that both 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. For the current year this remains a significant risk.

## **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.
- 8.3 Due to the current position, engagement with MHCLG has been initiated. Further updates will be provided when available and at future meetings.

## **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**

**REPORT AUTHOR:** **Jess Whitley**  
Head of Finance – People  
jessicawhitley@wirral.gov.uk

## APPENDICES

None

## BACKGROUND PAPERS

Adult Social Care and Public Health Committee Report 18 Jul 24: Budget Monitoring and Budget Setting Processes Report.  
CIPFA's Financial Management Code

## SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
Adult Social Care and Public Health Committee	18 July 2024
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

