



ADULT SOCIAL CARE AND PUBLIC HEALTH COMMITTEE

Tuesday, 2 March 2021

REPORT TITLE:	CAPITAL AND REVENUE BUDGET MONITORING, QUARTER 3
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 projected year-end revenue and capital position, as reported at quarter 3 (Apr-Dec) 2020/21.

This matter affects all Wards within the Borough. This is not a key decision.

RECOMMENDATION/S

The Adult Social Care and Health Committee are requested to note the projected year-end revenue forecast position of £0.036m adverse and the performance of the capital programme, as reported at quarter 3 (Apr-Dec) of 2020/21.

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 No other options have been considered.

3.0 BACKGROUND INFORMATION

- 3.1 As at the end of December 2020 (Quarter 3), the forecast year-end position for Adult Care and Health is an adverse variance of £0.036m against a net budget of £106.627m.
- 3.2 The forecast had been expected to significantly deteriorate to an adverse position of approximately £1m due to steadily increasing client numbers, particularly in Domiciliary care, alongside increasing average cost of care packages. However, access to the Government's Covid-19 Tranche grant funding and grants received to support the Clinically Extremely Vulnerable (CEV) have helped to temporarily alleviate much of the in-year financial pressures.

TABLE 1: 2020/21 Adult Care and Health – Service Budget & Forecast

	Budget	Forecast	Variance (+ Fav, - Adv)		Adv/ Fav
	£000	£000	£000	%	
Adult Social Care Central Functions	9,778	9,217	561	6%	Favourable
Older People Services - WCFT	44,903	45,062	(158)	0%	Adverse
Mental Health & Disability Services - CWP	48,293	48,428	(135)	0%	Adverse
Other Care Commissions	(148)	182	(330)	-223%	Adverse
Public Health	215	13	202	0%	Favourable
Wirral Intelligence Service	485	458	27	6%	Favourable
Directorate Surplus / (Deficit)	103,525	103,360	166		Favourable
Support/ Admin Building Overhead	3,577	3,577	0	0%	
Movement in Reserves	(476)	(274)	(202)	42%	Adverse
Total Surplus / (Deficit)	106,627	106,663	(36)	0%	Adverse

- 3.3 **Central Functions:** Favourable variance of £0.561m is mainly due to savings from employee costs from vacancies, staff not at the top of their pay scales although the budget is set assuming that this is the case and short delays in filling vacant posts.
- 3.4 **Older People Services:** Adverse variance of £0.158m. The main contributing factor for the deficit forecast in this area is the increased risk of non-achievement of efficiency savings approved at the start of the financial year. This pressure has been partially offset by access to Government Covid-19 monies and the CCG's responsibility to provisionally fund hospital discharges and deflections. However, since September the remit for CCG funding has reduced and the average cost of a care package has increased, placing greater financial pressure in this area.
- 3.5 **Mental Health & Disability Services:** Adverse variance of £0.135m. The main contributing factor for the deficit forecast in this area is the increased risk of nonachievement of efficiency savings approved at the start of the financial year. The cost of care within Mental Health & Disability Services has been partially eased due to access to Government Covid-19 monies.
- 3.6 **Other Care Commissions:** Adverse variance of £0.330m is caused by early intervention and prevention (EIP) commissions. Many of these commissions have been extended longer than initially anticipated due to the COVID-19 pandemic.
- 3.7 **Public Health:** The favourable variance of £0.202m is in relation to the Cheshire and Merseyside Public Health Partnership (CHAMPS), where responding to the Covid pandemic has led to some vacancy and project slippage. As Public Health variances cannot be utilised by Wirral Council for any other activity, a corresponding movement in reserves is shown, having the impact of fully utilising the grant in-year, which is in line with the ringfenced nature of the grant for Public Health activity. Public Health is a ringfenced grant with an annual value £29.7m and projected to be fully utilised. £6.7m of this funding supports public health activities delivered by the Council, representing a significant funding stream.
- 3.8 **Wirral Intelligence Team:** Favourable variance of £0.03m represents surpluses in staffing costs mainly due to staff not being at the top of their pay scales, although the budget is set assuming that this is the case, coupled with short delays in filling vacant posts.
- 3.9 **Movement on reserves:** The movement within reserves relates to the Cheshire and Merseyside Public Health Partnership (CHAMPS) budget as noted in 3.2.8. It should be noted that the Budget reserves position has moved from Quarter 2 (£5,864m) to Quarter 3 (-£0.476) to more appropriately reflect the controllable nature of the use of reserves by the Public Health team, as Wirral Council cannot access this funding stream.
- 3.10 **Pressures and Savings Statement:** The increased risk of non-achievement of the £3.75m of efficiency savings, approved at the start of the financial year and prior to the Covid-19 pandemic, are exacerbating the financial pressures. In the current circumstances, it has been difficult to forecast with confidence the likely progress toward the achievement of these savings due to the operational disruption and delays caused by Covid-19. At present and based upon savings to date, our forecast position assumes £1m of these savings will be achieved. There also continues to be

the risk of, potentially significant, increases in demand for care services as we move through the year and the impact of Covid-19 and the period of lockdown is realised. The reduced 'cost of care' burden on the revenue budget will be offset by the increased risk of non-achievement of the full £3.75m of efficiency savings. £2.75m of these savings are considered high risk of non-achievement.

TABLE 2: 2020/21 Adult Care and Health – Subjective Budget & Forecast

	Budget	Forecast	Variance		Adv/ Fav
	£000	£000	(+ Fav, - Adv) £000	%	
Income	(83,919)	(83,734)	(185)	0%	Adverse
Expenditure:					
Employee	5,786	5,291	495	9%	Favourable
Non Pay	53,846	53,987	(142)	0%	Adverse
Cost of Care	127,813	127,816	(3)	0%	Adverse
Total Expenditure	187,445	187,094	351	0%	Favourable
Directorate Surplus / (Deficit)	103,525	103,360	166	0%	Favourable
Support/Admin Building Overhead	3,577	3,577	0	0%	
Movement in Reserves	(476)	(274)	(202)	42%	Adverse
Total Surplus / (Deficit)	106,627	106,663	(36)	0%	Adverse

3.11 **Income:** Adverse variance of £0.185m due to the impact of Covid-19 through clients suspending packages of care during the pandemic.

3.12 **Employees:** Favourable variance of £0.495m. There are surpluses in all areas due to vacancies, staff not at the top of their pay scales although the budget is set assuming that this is the case, coupled with short delays in filling vacant posts.

3.13 **Non Pay:** Adverse variance of £0.142m relates to early intervention and prevention (EIP) commissions. Many of these commissions have been extended longer than initially anticipated due to the COVID pandemic.

3.14 **Cost of Care:** The adverse variance of £0.03m, is not material at this level. It should be noted that the forecast was expected to have significantly deteriorated to an adverse position of approximately £1m due to steadily increasing client numbers, particularly in Domiciliary care, alongside increasing average cost of care packages. However, access to the governments Covid-19 Tranche grant funding and other grants received to support the Clinically Extremely Vulnerable (CEV) have helped to temporarily alleviate much of the in-year financial pressures.

3.15 Capital Budget

TABLE 3: 2020/21 Adult Care and Health – Capital Budget and Forecast Position

	Budget	Forecast	Variance (+ Fav, - Adv)		Adv/ Fav
	£000	£000	£000	%	
Adult Care & Health	7,550	911	6,639	88%	Favourable

3.16 Table 3 provides an update on the 2020/21 Capital Programme. Several variations have arisen since the programme was agreed in March 2020. The Covid-19 pandemic has delayed the expected programme of Assistive Technology installations and Extra Care Schemes in 2020-21. These budgets will be slipped into the next financial year (2021-22).

4.0 FINANCIAL IMPLICATIONS

4.1 This is the capital and revenue budget monitoring report that provides information on the forecast outturn for the Adult Care and Health Directorate for 2020/21. 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 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 Capital and 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.
4. Capitalisation Directive

8.0 ENGAGEMENT/CONSULTATION

8.1 The priorities in the Council Plan 2025 were informed by stakeholder engagement carried out in 2019.

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.

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APPENDICES

None

BACKGROUND PAPERS

- 2020/21 Revenue Budget Monitor for Quarter Three (Apr - Dec)
- Capital Monitoring Quarter 3 2020/21
- Revenue Budget 2020/21 and Medium-Term Financial Plan (2021/22 to 2024/25)

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Adult Social Care and Public Health Committee	18 January 2021

