

**DATE: 1 NOVEMBER 2021**

**CORPORATE FINANCIAL PERFORMANCE – QUARTER 2 (P5 AUGUST) FINANCIAL MONITORING POSITION FOR 2021/22**

**Ward(s)** All

**Portfolio:** Councillor Martin – Adult Social Care  
Councillor Craddock – Public Health

**1. Aim**

To provide the budget monitoring position for Period 5 2021/22. The Chair requested that this item be considered by the Committee.

**2. Recommendations**

2.1 To note the revenue and capital forecast for the financial year end 2021/22 for the services under the remit of the committee

**3. Report detail – know**

3.1 The current net revenue forecast position as at Period 5 (August 2021), after the net use of reserves is an over spend of **£4.63m**.

This forecast revenue position of £4.63m is made up as follows:

- Adult Social Care – £4.63m, further split as
  - £0.80m – Business as Usual
  - £3.83m – Service Transformation Plan
- Public Health – On budget

3.2 Reasons for the current position are shown in **Table 1** below:

<b>Table 1- Explanation of over spend</b>	<b>£m</b>
<b>Business as Usual</b>	
Additional placement costs and shortfall of client contributions of £2.2m related to a significant increase in domiciliary care numbers during the pandemic. £1.1m relates to a significant decrease in actual and projected deaths across residential and nursing and domiciliary care. Further work is required to understand the impact of COVID and how much of this pressure maybe ongoing	3.30
One off use of earmarked reserve to offset the increase in domiciliary care costs during the pandemic	(3.30)
Net increase in demand management placements above expected business as usual numbers for April to July. The increase in costs is mainly associated with the impact of accelerated hospital discharges and transition into longer term care packages from Intermediate care services and partially offset by joint funding income and client contributions. Further data is required in order to determine if the increase seen in the first 4 months will continue in future months for 21/22, or if this is a one-off peak.	0.62
Procure to Pay saving carried forward from 2019/20 was £1.29m of which £0.21m has been validated to date on an ongoing basis and is included in the current forecast position. This is partially offset by additional DP refunds of (£0.69m). Further work is underway to mitigate the remaining pressure including a review of existing provider payments. A detailed plan has been requested	0.39

Under spend on core services within Adult social Care due to vacant posts across the directorate and the one off use of improved better care fund partially offset by one-off costs to support STP delivery	(0.05)
Under spend within Communications, Brand and Marketing due to the one-off use of COVID funding	(0.13)
<b>Subtotal BAU</b>	<b>0.80</b>
<b>Service Transformation Plan</b>	
Older people and front door saving of £2.38m, partially achieved by the single handed proposal of £0.83m (amber), which to note would be higher but has had to be pared back due to delays in procurement timescales. The service is currently looking at options to mitigate this by bringing in additional capacity (including trained OT expertise in single handed care) in order to accelerate care reviews where possible. A plan is required as to how the remaining £1.55m is to be achieved, and is reliant on the implementation of CAMS and Resilient Communities work streams	1.55
Learning disability saving of £1.62m. £0.95m has been validated to date (blue). £0.19m is expected to be delivered from posts being held vacant within the Goscote Centre (green) and a further £0.50m expected to be delivered by end of March as a result of further placement reviews (amber).	(0.02)
Joint funding saving of £2.9m, partially achieved by a legally agreed pooled budget arrangement of £0.78m over and above the existing budget of £0.70m. Further work regarding the joint funding arrangement from 2020/21 onwards remains in progress	2.12
Commissioning Hub saving of £0.15m, is partially expected to be achieved by vacant posts being held within the core commissioning team of £0.12m, the remaining £0.03m is a result of delays in implementing the new operating model	0.03
Dispersed effort activity associated with the CAMs and admin hubs, awaiting plan via the directorate in terms of delivery	0.11
<b>Subtotal STP</b>	<b>3.83</b>
<b>Overall ASC Total</b>	<b>4.63</b>

3.3 The forecast revenue position by service is shown in **Table 2** below:

<b>Service</b>	<b>Annual Budget</b>	<b>Year End Forecast</b>	<b>Planned use of reserves</b>	<b>Variance after reserves</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Management Support & Other	(11.05)	(10.33)	(0.83)	(0.11)
Complex Needs	0.34	0.34	0.00	0.00
Older People	8.75	8.75	0.00	0.00
Health & Social Care	0.46	0.32	0.00	(0.14)
Mental Health Services	1.29	1.32	0.00	0.03
Demand Management	42.87	50.14	(2.57)	4.70
Safeguarding	0.53	0.66	(0.13)	(0.00)
Resources	1.91	1.85	(0.08)	(0.14)
ASC Partnerships	0.48	0.59	0.00	0.11
Access, Assessment & Care Management	6.05	6.60	(0.34)	0.21
Strategy, Commissioning & Delivery Support	0.75	3.88	(3.04)	0.09
Intelligence & Delivery	1.34	1.61	(0.26)	0.01
Communication, Marketing & Brand	0.93	0.80	0.00	(0.13)
<b>Total Adult Social Care</b>	<b>54.65</b>	<b>66.53</b>	<b>(7.25)</b>	<b>4.63</b>
Public Health	(0.00)	8.32	(8.32)	(0.00)
<b>Total Public Health</b>	<b>(0.00)</b>	<b>8.32</b>	<b>(8.32)</b>	<b>(0.00)</b>
<b>Total Health and Social Care</b>	<b>54.65</b>	<b>74.85</b>	<b>(15.58)</b>	<b>4.63</b>

### 3.4 Reserves

The total allocated reserves in 2021/22 are £19.41m, of which £15.58m has been used or committed to date.

**Table 3** below details the current net use of reserves included within the forecast.

<b>Table 3 - Summary of use of reserves and transfer to reserves</b>				
<b>Reserve Details</b>	<b>Allocated reserve</b>	<b>Use of reserve</b>	<b>Transfer to reserve</b>	<b>Balance of reserve</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Doctors Assessments	0.20	(0.13)	0.00	0.07
COVID - General	3.83	(3.82)	0.00	0.00
COVID - Infection Control	1.33	(1.33)	0.00	0.00
COVID - Rapid Testing	1.21	(1.21)	0.00	0.00
COVID - Outbreak Management	8.06	(8.06)	0.00	0.00
COVID - Community Testing	0.80	(0.80)	0.00	0.00
Improved Better Care Fund	1.10	(0.95)	0.81	0.96
Better Care Fund	0.51	(0.51)	0.00	0.00
Public Health Grant	2.18	(0.49)	1.07	2.75
Aven House Worker (IFRS) - Public Health	0.04	(0.04)	0.00	0.00
National Development Team for Inclusion Project	0.15	(0.11)	0.00	0.04
<b>Total Reserves</b>	<b>19.41</b>	<b>(17.46)</b>	<b>1.88</b>	<b>3.83</b>

### 3.5 Risks

For the services under the remit of the committee, there are a number of risks totalling **£10.74m**, which have not been included within the above forecast. At this stage the risks are not certainties and as such are not included in the monitoring as an under or over spend. High risks of **£6.97m** are included in the corporate monitoring report to CMT. If the risks become certainties, they will need to be included in the forecast position as overspends unless alternative action can be identified to mitigate these costs. A summary of the risk assessment is shown in **Table 4** below.

<b>Table 4 – Revenue Risks 2020/21</b>				
<b>Risk</b>	<b>Value (£m)</b>	<b>Ongoing (£m)</b>	<b>One Off (£m)</b>	<b>Actions to manage risk</b>
High	6.97	0.00	6.97	Ongoing discussions with the CCG to resolve validation of Section 117 recharges and ASC STP proposals currently identified as Amber
Medium	2.84	1.78	1.06	
Low	0.93	0.00	0.93	
<b>Total</b>	<b>10.74</b>	<b>1.78</b>	<b>8.96</b>	

The main high risks (Red risks) that could negatively impact the current forecast position if they occur are shown in **Table 5** below.

<b>Table 5- High risks</b>		
<b>Service</b>	<b>Reason/ explanation of risk</b>	<b>£m</b>
Demand Management	Section 117 recharges to Walsall CCG	3.98
ASC STP Savings	Adult Social Care STP proposals currently identified as Amber	2.32
Demand Management	Client numbers within demand management increased significantly for M1-M3 as a result of accelerated discharges from ICS. The risk is based on if the current trend continues for the remainder of the financial year	0.68
<b>Total High Risks</b>		<b>6.97</b>

### 3.6 Service Transformation Plan 2021/22

Included within the budget for 2021/22 for services within the remit of this Committee are £13.73m of approved savings. Table 6 gives an early indication of the progress towards implementing these benefits:

<b>Table 6 - Delivery of 2021/22 approved savings</b>						
<b>Benefit Ref</b>	<b>Benefit</b>	<b>Total Savings</b>	<b>Delivered/ Validated (Blue/ Green)</b>	<b>Planned Saving (Amber)</b>	<b>Shortfall (Red)</b>	<b>Mitigating Actions</b>
		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Older People &amp; Front Door</b>						
OP89	Reducing New Demand - Front Door	(1.14)	0.00			
OP90A	Review Older people Residential/ Nursing Placements	(0.81)	0.00	(0.83)	1.55	
OP90B	Review Community Care Packages	(0.42)	0.00			
OP90C	Further reductions on client packages and placements	0	0.00			
<b>Older People Front Door Subtotal</b>		<b>(2.38)</b>	<b>0.00</b>	<b>(0.83)</b>	<b>1.55</b>	<b>0.00</b>
<b>Learning Disability</b>						
OP90D	Review of LD packages	(0.77)				
OP91	Reduction of day care funded by direct payments	(0.69)	(0.94)	(0.50)	(0.02)	
OP92	All Age Disability	(0.16)	0.00	0.00		
OP97	Review of Resources	0.00	(0.19)	0.00		
<b>Learning Disability Subtotal</b>		<b>(1.61)</b>	<b>(1.14)</b>	<b>(0.50)</b>	<b>(0.02)</b>	<b>0.00</b>
<b>Joint Funding Arrangements</b>						
OP94A/95	Review for joint funding tool arrangements	(2.90)	0.00	(0.78)	2.12	
<b>Joint Funding Arrangements Subtotal</b>		<b>(2.90)</b>	<b>0.00</b>	<b>(0.78)</b>	<b>2.12</b>	<b>0.00</b>
<b>Other</b>						
OP87	Reconfiguration of Commissioning Hub	(0.15)	(0.12)	0.00	0.03	
OP83	Staff Reconfiguration - Resilient Communities	(0.11)	(0.06)	(0.06)	0.00	
OP93	Direct Payment fees	(0.03)	(0.01)	(0.02)	0.00	
OP96	Benefit maximisation project	(0.78)	(0.65)	(0.13)	0.00	
OP113	CAM Dispersed Effort Benefit Target	(0.11)	0.00	0.00	0.11	(0.04)
OP109	A&BS Dispersed Effort Benefit Target	(0.07)	(0.03)	0.00	0.04	
Various	ASC - Various	(4.84)	(4.84)	0.00	0.00	
Various	Public Health	(0.74)	(0.74)	0.00	0.00	
Various	Communications, Branding & Marketing	(0.01)	(0.01)	0.00	0.00	
<b>Other Subtotal</b>		<b>(6.84)</b>	<b>(6.45)</b>	<b>(0.21)</b>	<b>0.18</b>	<b>(0.04)</b>
<b>Total STP 2021/22</b>		<b>(13.73)</b>	<b>(7.59)</b>	<b>(2.32)</b>	<b>3.83</b>	<b>(0.04)</b>

Each benefit is “BRAG” categorised as follows:

- Blue (delivered);
- Green (on track to be delivered with no issues at year end of 2021/22);
- Amber (not guaranteed at this stage but no major issues expected, some management action needed to ensure delivery) or,
- Red - (at high risk of not being achieved either in part or in full and therefore a robust delivery plan is required).

### 3.7 Capital Summary

The total capital programme related to this portfolio is £0.93m. The current forecast position is projected to be £0.93m. A summary is detailed in **Table 7** below:

<b>Table 7- Forecast Capital Outturn 2021/22</b>					
<b>Service</b>	<b>Annual Budget</b>	<b>Actual Year to Date</b>	<b>Forecast</b>	<b>Year End Variance</b>	<b>Proposed carry forward to 2022/23</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Council Funded</b>					
All Age Disability Hub	0.04	0.02	0.04	0.00	0.00
<b>SUB-TOTAL</b>	<b>0.04</b>	<b>0.02</b>	<b>0.04</b>	<b>0.00</b>	<b>0.00</b>
<b>Externally Funded</b>					
ICES (Integrated Equipment Store)	0.89	0.40	0.89	0.00	0.00
<b>SUB-TOTAL</b>	<b>0.89</b>	<b>0.40</b>	<b>0.89</b>	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL</b>	<b>0.93</b>	<b>0.42</b>	<b>0.93</b>	<b>0.00</b>	<b>0.00</b>

### 4. Public Health

The forecast revenue position for 2021/22 before net use of/transfer to reserves is an under spend of (**£0.53m**) due to an underspend on staffing costs due to the impact of one-off funding to support the local authority’s COVID response and vacant posts within the service partially offset by costs associated with short term projects. After net transfer to reserves totalling **£0.53m** Public Health is **on budget**. This includes spend on sexual health services, drug and alcohol prevention and rehabilitation services, health visiting, school nursing, control of infectious diseases, oral health promotion, healthy weight and smoking cessation services.

The balance of Public Health of reserves carried forward from 2020/21 was £3.62m (this includes the earmarked reserve for COVID recovery of £1.40m). In the August position is a forecast transfer to reserves of £1.07m and use of reserves of (£0.53m), with an expectation that the remaining £4.16m will be carried forward to be utilised in future financial years.

In addition to the above, there is a total of **£8.032m** relating to the COMF (Contain outbreak management) grant for 2021/22 to support the Local Authority’s response to COVID. Further work is underway to scope a detailed expenditure plan in line with the conditions set out within the grant determination.

### 5. Financial information

- 5.1 The financial implications are as set out in the main body of this report. The council has a statutory responsibility to set a balanced budget and to ensure it has an adequate level of reserves. The council will take a medium term policy led approach to all decisions on resource allocation.

## 6. Reducing Inequalities

6.1 Services consider and respond to equality issues in setting budgets and delivering services. Irrespective of budgetary pressures, the Council must fulfil equal opportunities obligations

## 7. Decide

7.1 To approve the recommendations as set out in this report.

## 8. Respond

8.1 The Executive Director for Adult Social Care, with finance in support will be working with Directors and Heads of service to review the forecast, to continue to implement mitigating actions for any forecast overspends and to consider these financial implications in line with the council's budget setting process.

## 9. Review

9.1 Regular monitoring reports are presented to Cabinet to inform them of the impact of Covid-19 and the financial forecast for 2021/22, including an update on risks and impact on the budget for 2022/23 and beyond.

**Background papers:** Various financial working papers

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