

7 DECEMBER 2023

Corporate Financial Performance – P6 September Financial Monitoring position for 2023/24

Ward(s) All

Portfolios: Cllr K Pedley – Adult Social Care
Cllr G Flint – Wellbeing, Leisure, and Public Spaces

1. Aim

1.1 To provide the budget monitoring position for Period 6 2023/24. The Chair requested that this item be considered by the Committee.

1. Recommendations:

The Committee are requested to:

2.1 Note the revenue and capital forecast for the financial year end 2023/24 for the services under the remit of the committee.

3. Report detail - Know

3.1 This report summarises the forecast revenue and capital financial position for 2023/24, based on the position to September 2023, for services within the remit of the Social Care and Health Overview and Scrutiny Committee, as reported to Cabinet on 18 October 2023. The full Cabinet report can be accessed by the following link:

[Corporate Financial Performance 2023/24 - Cabinet 18 October 2023](#)

3.2 The forecast position after planned net use of reserves is £14.32m above budget and prior to any mitigating actions. Mitigating actions of £1.76m have been identified reducing the overspend to **£12.56m**.

3.3 The main reasons for this £14.32m over spend can be split into 'Business as usual' (BAU) of £11.05m and 'Impact of Service Transformation Plan' (STP) of £3.27m.

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

Table 1- Explanation of over spend	£m
Business as Usual	
Net increase due to impact of 'business as usual' changes to existing costs of client packages undertaken during the period of February to August 2023. Compared to last year, there has been a significant increase in the number of reviews carried out, with more of these reviews resulting in an increase in package costs	3.55
Inflow/ Attrition/ Backdating - increase due to net inflow of new, deceased and ended clients within the first five months of this financial year. This increase is a combined impact of new clients being placed at a higher average cost than originally budgeted and the number of expected deaths and ended placements being significantly lower than the budgeted trends and seen in previous financial years. It should be noted the full year impact of any changes to client numbers	3.77

and associated costs at the beginning of the financial year have a greater impact on the position.	
Table 1 (Continued)	
Continuation of trends - based on 5 months of data and more informed intelligence, future projections now reflect current trends relating to 'business as usual' changes to existing costs of client packages and net inflow and outflow of service users continuing for the remainder of the financial year	3.97
Market Sustainability and Improvement Fund (MSIF) funding - Government have recently announced a further £570m of MSIF across financial years 2023/24 and 2024/25. This is to address issues such as discharge delays, social care waiting times, low fee rates, and workforce pressures. This is in addition to the £400m included in the February 2022 Cabinet report and equates to an additional £2.18m for Walsall in 2023/24 which will be used to support demand led services across Adult Social care in line with grant conditions;	(2.18)
Additional client contribution and health income relating to care packages partly offset by a shortfall in the income budget associated with the Learning Disabilities joint funding arrangements with Walsall ICB	(0.56)
Overspend on intermediate care services. This is based on current demand and future projections and takes into account the use of the Hospital Discharge Grant funding as announced by government and the use of uncommitted Better Care Fund inflation for 2023/24. Further detailed work is currently taking place on the cost modelling and discussions with health partners on funding allocations, alongside work to identify options to mitigate any remaining pressure.	1.84
Increase in the general bad debt provision to reflect a 50% provision for current outstanding client debt of £8.45m as at the end of August 2023. Improvements in the financial assessment data capture processes and procedures should see a reduced number of credits/ write offs	0.23
Contractual inflation on the Housing 21 unitary charge is higher than originally included in the budget for 2023/24 as based on February RPIx prior to the charge year. This is partially offset by use of the remaining Housing 21 reserve and additional client contribution income	0.58
Impact of vacant posts and staffing changes across the directorate	(0.16)
Subtotal BAU	11.05
Service Transformation Plan	
Delay in maximising income generation through joint funding arrangements and tools. Ongoing discussions with the ICB regarding the joint funding arrangement remain progress	2.21
Delay in the 2022/23 saving relating to improved charging policies and processes due to futureproofing and integration with other systems	0.82
Due to the STP relating to developing and delivering additional support to carers to be aligned to locality reviews	0.24
Subtotal STP	3.27
Overall Health and Social Care Total	14.32

3.5 Reasons for movements

The June forecast position reported to cabinet in July 2023 was an overspend of £7.35m therefore there is a net increase in the overspend of £5.21m over the 3-month period. The key reasons for movements are detailed in **Table 2** below:

Table 2 – Reasons for movements	£m
Changes to existing costs of client packages – Net increase due to the impact of changes to costs on existing client placements	1.98
Inflow/ attrition - Increase due to a net inflow of new, deceased and ended clients. This increase in a combined impact of new clients being placed at a higher than average costs than originally budgeted and the number of expected deaths and ended placements being significantly lower than budgeted and seen in previous financial years	1.95
Continuation of trends – This reflects the projection of current trends relating to business as usual' changes to existing costs of client packages and net inflow and outflow of service users continuing for the remainder of the financial year based on the first 5 months of data.	3.97
Market Sustainability and Improvement Fund - Government recently announced a further £570m of MSIF across financial years 2023/24 and 2024/25. This is to address discharge delays, social care waiting times, low fee rates, and workforce pressures. This equates to an additional £2.18m for Walsall in 2023/24 which will be used to support demand led services across Adult Social Care in line with the grant conditions	(2.18)
Income - additional client contribution and health income (including Section 117 and Continuing Healthcare) relating to care packages	(0.92)
Intermediate Care Services - additional demand, increased spot purchase bed rates for Intermediate care pathways and a reduction in Integrated Care Board (ICB) Better Care Fund inflation allocation	0.61
Other – This includes an increase in housing 21 client contribution income, decrease in the bad debt provision, further underspend due to vacant posts and one-off mitigation for the Public Health STP position.	(0.20)
Total movements	5.21

3.6 Mitigating Actions

Mitigating actions of £1.76m have been identified to reduce the overall forecast position are shown in **Table 3** below.

Table 3 – Details of mitigating actions	£m
Overachievement and full year impact of the 2022/23 savings predominantly relating to review of existing client placements	(1.14)
Release of one-off grant relating to the streamline of Adult Social Care assessments	(0.14)
Use of remaining Housing 21 reserve to partially mitigate the contractual inflation pressure	(0.48)
Total mitigating actions	(1.76)

3.7 Reserves

The total allocated reserves in 2023/24 are £9.08m, of which £6.94m has been used or committed to date. **Table 4** below details the current net use of reserves included within the forecast.

Table 4 - Summary of use of reserves and transfer to reserves				
Reserve Details	Allocated reserve	Use of reserve	Transfer to reserve	Balance of reserve
	£m	£m	£m	£m
Adult Social Care Reserves				
Doctors Assessments	0.04	(0.04)	0.00	0.00
STP/Proud Investment	2.84	(2.84)	0.00	0.00
Provider Uplifts	0.56	(0.56)	0.00	0.00
Housing 21 affordability model	0.48	(0.48)	0.00	0.00
Omicron Fund	0.36	(0.17)	0.00	0.19
Better Care Fund – Quality in care review	0.04	(0.04)	0.00	0.00
National Development Team	0.26	(0.26)	0.00	0.00
Streamline of LA Adult Social Care Assessments	0.14	(0.14)	0.00	0.00
Mosaic Portal Development Post	0.00	0.00	0.01	0.01
Social Work and Capacity Support Grant	0.10	(0.06)	0.00	0.04
Public Health Reserves				
Public Health Grant	3.91	(1.99)	0.12	2.03
Oral Health – Specific funding	0.09	(0.09)	0.00	0.00
Botulinum and Fillers and Tobacco Alliance	0.01	(0.01)	0.00	0.00
Corporate STP mitigation	0.26	(0.26)	0.00	0.00
Total Reserves	9.08	(6.94)	0.13	2.27

3.8 Risks

For the services under the remit of the committee, there are a number of risks totalling **£12.31m**, 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 **£7.80m** 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 5** below.

Table 5 – Revenue Risks 2023/24				
Risk	Value (£m)	Ongoing (£m)	One Off (£m)	Actions to manage risk
High	7.80	2.09	5.71	See Table 6 for details
Medium	3.76	0.32	3.44	
Low	0.75	0.75	0.00	
Total	12.31	3.16	9.15	

The main high risks (Red risks) that could negatively impact the current forecast position if they occur are shown in **Table 6** below.

Table 6- Summary of high risks	£m
Outstanding debt from Walsall ICB relating to S117 and CHC recharges over one year old. The directorate is working with the ICB to resolve any queries relating to this outstanding debt.	5.49
Impact of backdating information within Mosaic. Risk of active/ placements with financial commitments not yet recorded on the database and therefore omitted from the current forecast position.	0.50
Residential and nursing uplift commitments in excess of original investment.	0.30
Additional risk arising from discharges out of the Intermediate Care Service and placements made at a significantly higher weekly cost than the average existing clients.	0.60
Impact of specific provider failure. A provider has potential financial stability issues, commissioning and operational teams are continuing to support this provider. The risk is that current clients would need to be transferred to another care home should this materialise.	0.18
Reduced direct payment refunds based on current levels.	0.50
Saving proposals currently identified as 'not fully guaranteed' (Amber)	0.23
Total High Risks	7.80

3.9 Service Transformation Plan Benefits

Included within the budget for 2023/24 for services within the remit of this Committee are £7.07m of approved savings including £5.02m carried forward from 2022/23. **Table 7** gives an early indication of the progress towards implementing these benefits:

Table 7 - Delivery of 23/24 approved savings (includes carry forwards from 2022/23)						
Benefit Ref	Benefit	Total Savings	Delivered/ Validated (Blue/ Green)	Planned Saving (Amber)	Shortfall (Red)	Mitigating Actions
		£m	£m	£m	£m	£m
Adult Social Care – STP Benefits						
OP89/ OP90	Managing demand on ASC paid services through collaboration	(2.59)	(2.59)	0.00	0.00	0.00
OP10	Develop and deliver additional support to Carers	(0.24)	0.00	0.00	(0.24)	(0.24)
OP11	Increase the number of Shared Lives placements	(0.12)	0.00	(0.12)	0.00	0.00
Various	Improved Charging Policy and Processes	(1.55)	(0.68)	(0.05)	(0.81)	(0.90)
Various	Controlling cost and maximising Income through clear joint funding arrangements	(2.21)	0.00	0.00	(2.21)	0.00
OP15	Income generation – Review of Section 75 grants	(0.06)	0.00	(0.06)	0.00	0.00
Subtotal Adult Social Care		(6.77)	3.27	0.23	3.26	(1.14)
OP112	Contract efficiencies	0.30	0.04	0.00	0.26	(0.26)
Subtotal Public Health		(0.30)	0.04	0.00	0.26	(0.26)
Total STP 2023/24		(7.07)	3.31	0.23	3.52	(1.40)

Each benefit is “BRAG” categorised as follows:

- Blue (delivered),
- Green (on track to be delivered with no issues at year end of 2022/23),
- 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)

3.10 Capital Summary

The total capital programme related to the remit of the committee is £0.93m. The current forecast position is projected to be £0.93m. A summary is detailed in **Table 8** below:

Service	Annual Budget	Actual Year to Date	Forecast	Year End Variance	Carry forward to 2023/24
	£m	£m	£m	£m	£m
Externally Funded					
ICES (Integrated Equipment Store)	0.89	0.31	0.89	0.00	0.00
Council Funded	0.04	0.04	0.04	0.00	0.00
Strategic Development					
GRAND TOTAL	0.93	0.35	0.93	0.00	0.00

4. Public Health (Core Grant)

The current forecast position before the net use of/ transfer to reserves in an over spend of £2.13m. After use of planned reserves totalling (£2.13m) Public health is **on budget**.

The £2.13m over spend prior to planned net use of reserves can be split as follows:

- (£0.12m) – Mainly associated with an under spend on staffing due to part year vacancies across the service partially offset by agency staff.
- £1.99m – Planned projects funded from reserves for the financial year 2023/24. This includes investments into the Mental Health and Young Adults wellbeing services and Sexual Health.
- £0.26m - Partial delay in achieving the STP proposal relating to the ‘review of existing transformation fund’ (total saving £0.30m of which £0.04m has been delivered). This is mitigated corporately on a one-off basis for 2023/24, plans to be identified for 2024/25 onwards.

The balance of Public Health of reserves carried forward from 2022/23 was £3.91m. There is an expectation that the remaining £2.04m will be carried forward to be utilised against cost pressures and ongoing activity in future financial years in line with grant conditions..

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. With regards to the expenditure funded by the Public Health grant an annual assurance statement is completed and signed off by Director of Public Health and S151 officer as required by Department of Health and Social Care.

9. Review

9.1 Regular monitoring reports are presented to Cabinet to inform them of the financial forecast for 2023/24, including an update on risks and impact on the budget for 2024/25 and beyond.

Background papers: Various financial working papers

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