

**Social Care and Health
Overview and Scrutiny Committee**

19 JANUARY 2023

Corporate Financial Performance 2022/23 – 7-month position ended 31 October 2022

Ward(s) All

Portfolios: Cllr K Pedley – Adult Social Care
Cllr G Flint – Health and Wellbeing

1. Aim

1.1 To inform the Committee of the updated forecast financial position for 2022/23 based on the position to October 2022, as reported to Cabinet on 14 December 2022, to allow the scrutiny of the financial performance of the council, and specifically for the services within the committee's remit.

2. Recommendations:

The Committee are requested to:

2.1 Note the forecast 2022/23 year-end financial position for the council as a whole – a predicted net revenue overspend of £11.33m (an increase of £5.21m since last reported to Cabinet in October 2022), and capital break even position after re-phasing of £92.64m into 2023/24. The section 151 Officer requested that all budgets be reviewed and that services identify mitigating actions to address the revenue position. Following this review, £11.28m of mitigating actions have been identified to address this, resulting in a marginal revenue forecast overspend of £0.05m. Any ongoing pressures or undelivered savings not addressed in year will need to be considered as part of the 2023/24 budget process, putting pressure on that process. Officers are confident at this stage based on known assumptions, that actions being taken will address this and outturn on budget.

2.2 Note and comment on the forecast 2022/23 year-end financial position for services within the remit of this committee – a predicted net revenue overspend of £6.08m and net capital break even position subject to an ongoing review.

3. Report detail - Know

3.1 This report summarises the forecast revenue and capital financial position for 2022/23, based on the position to October 2022, for services within the remit of the Social Care and Health Overview and Scrutiny Committee, as reported to Cabinet on 14 December 2022. The full Cabinet report can be accessed by the following link:

[Corporate Financial Performance 2022/23 - Cabinet 14 December 2022](#)

- 3.2 The Quarter 2 financial position was last reported to this Committee on 27 October 2022, with the next Quarter 3 position planned to be circulated to scrutiny members following the report to Cabinet in February 2023. Given the worsening financial position reported to Cabinet on 14 December 2022 based on the October forecast (an increase of £5.21m since last reported to Cabinet in October 2022) and the mitigation to ensure we can outturn within budget by the year end, then it was felt appropriate for each scrutiny to receive this update, along with the impact on services within the remit of their committees.
- 3.3 The forecast revenue outturn for 2022/23 for services within the remit of this committee as at the end of October 2022, is a net overspend of £6.08m against budget and net of the use of earmarked reserves. This represents an increase of £3.72m since the position reported to this Committee on 27 October 2022. Further details are shown in **Appendix 1**.
- 3.4 The forecast capital outturn for 2022/23 for services within the remit of this committee as at the end of October 2022, is expected to be fully spent within 22/23. Further details of schemes are shown in **Appendix 2**.

Resource and legal considerations:

- 3.5 This report represents the forecast revenue and capital outturn as reported to Cabinet on 14 December 2022.

Reducing inequalities:

- 3.6 Services consider equality issues in setting budgets and delivering services. Irrespective of budgetary pressures the council must fulfil its equal opportunities obligations.

4. Decide

- 4.1 This Committee is asked to note and comment on the forecast revenue and capital forecast for 2022/23 and consider the recommendations as set out.

5. Respond

- 5.1 This report is for noting and comment by the Committee as above.

6. Review

- 6.1 This report is for noting and comment by the Committee as above.

Background papers:

- Various financial working papers.
- Corporate Financial Performance 2022/23, as reported to Cabinet on 14 December 2022.

Contact Officers:

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Forecast Revenue position 2022/23
Services within the remit of the Social Care and Health Overview and Scrutiny Committee

Revenue Forecast

The forecast revenue outturn for 2022/23 for the services under the remit of the Social Care and Health Overview and Scrutiny Committee is an overspend of £6.08m, net of the use of earmarked reserves of £10.95m, as shown in **Table 1**. The forecast revenue outturn shown is based on actual information from the financial system as at the end of October 2022, and discussions with managers regarding year end forecast and achievement of approved savings.

The August forecast position reported to this Committee on 27 October 2022 was an overspend of £2.36m, net of the use of reserves, therefore a net increase of **£3.72m** over the 2 months.

Table 1: Summary of forecast outturn position 2022/23					
Service	Annual Budget	Year End Forecast	Net Use of Reserves	Draft Outturn after use of and transfer to Earmarked Reserves	Variance to Budget
	£m	£m	£m	£m	£m
Management Support & Other	0.63	2.16	(1.38)	0.78	0.15
Improved Better Care Fund	(11.99)	(11.99)	0.00	(11.99)	0.00
Complex Needs	0.28	0.46	(0.01)	0.45	0.17
Older People	8.95	9.47	(0.52)	8.95	0.00
Health & Social Care	0.00	3.20	(1.11)	2.08	2.08
Mental Health Services	1.31	1.30	(0.00)	1.30	(0.01)
Demand Management	49.41	58.12	(4.73)	53.39	3.98
Safeguarding	0.90	1.06	(0.14)	0.92	0.02
Resources	1.32	1.41	(0.00)	1.41	0.09
ASC Partnerships	0.74	0.58	(0.00)	0.58	(0.16)
Access, Assessment & Care	5.33	5.39	(0.41)	4.98	(0.35)
Strategy and Commissioning	0.49	0.49	(0.00)	0.49	0.00
Intelligence & Delivery	1.11	1.21	(0.00)	1.21	0.10
Total Adult Social Care	58.48	72.86	(8.30)	64.56	6.08
Public Health	0.00	2.65	(2.65)	0.00	0.00
Total Services within remit of Committee	58.48	75.51	(10.95)	64.56	6.08

Total earmarked reserves of £16.05m are available for use in 2022/23 (where approval has been given by Cabinet for additional funds for specific services). Within the reported outturn position a total of £10.95m of earmarked reserves are forecast to be used.

The main variances are summarised in **Table 2** below.

Table 2 – Reasons for revenue outturn variance		
Service	Variance £m	Explanation of Year End Outturn
Management Support & Other	0.15	Interim management costs
Complex Needs	0.17	Increased demand and costs associated with the Integrated equipment store due
Health & Social Care	2.08	Increased demand and costs relating to Intermediate Care services (supporting discharges from hospital)
Demand Management	3.98	Due to partial achievement of approved STP proposals (see table below) and increased client placements costs and associated client contributions.
Resources	0.09	Additional staffing costs
ASC Partnerships	(0.16)	Underspend mainly associated with vacant posts within the service
Access, Assessment & Care Management	(0.35)	Underspend mainly associated with vacant posts within the service
Intelligence & Delivery	0.10	Over spend due to staffing costs and additional system license costs
Total Services within remit of this Committee	6.08	

Reasons for Movements

The August forecast position reported to this Committee on 28 November 2022 was an overspend of £2.36m, net of the use of reserves, therefore a net increase of £3.72m over the 2 months. The key reasons for movements are detailed in **Table 3** below:

Table 3 – Reasons for movements in variance		
Service	Movement £m	Explanation of Movement in Year End Variance
Health and Social Care	1.90	Increased costs in discharge to assess beds and reablement hours due to increased demand and the assumption this continues for the remainder of the financial year. This is as a result of assessment delays, the ongoing impact of COVID and the likely impact of the upcoming winter period.
Demand Management (Business as usual)	1.78	Increase in client placements costs. This is predominantly due to an increase in backdated client costs and as a result of an increase in future client projections, partially offset by additional joint funding income arrangements.
Complex Needs	0.17	Increase due to increased demand and costs in the Integrated equipment store (ICES)

Various services	(0.41)	Decrease in staffing costs across services within this remit as a result of revised recruitment dates and vacant posts
Demand Management (STP)	0.28	Revalidation of current cost reductions and future projections associated with STPs (Service transformation proposals)
Total Movements for Services within remit of this Committee	3.72	

Risks

For the services under the remit of the committee, there are a number of risks totalling **£12.68m**, 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 **£5.22m** 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.

Table 4 – Revenue Risks 2022/23		
Risk	Value (£m)	Description and actions to manage risk
High	5.22	See table 5 below
Medium	0.48	Relates to increased new clients within Demand Management
Low	6.99	
Total	18.08	

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

Table 5 - High risks 2022/23		
Service	Reason/ explanation of risk	£m
Demand Management	Section 117 and CHC recharge income from Walsall ICB	4.00
ASC STP Savings	Adult Social Care STP proposals currently identified as Amber*	1.22
Total High Risks		5.22

*The risk of £1.22m is associated with STP proposals that require further work or detailed delivery plans to prevent these savings moving to red. This includes the outcome of ongoing discussions with the ICB in relation to joint funding arrangements.

Service Transformation Plan Benefits

Included within the budget for 2022/23 for services within the remit of this Committee are £13.62m of approved savings. **Table 6** gives an update on progress towards implementing these benefits:

Table 6: Delivery of 2022/23 approved savings – services within the remit of this Committee					
Saving	Total savings £m	Delivered (Blue) £m	To be delivered by 31/03/23 (Green) £m	Not fully guaranteed (Amber) £m	At High risk of non delivery (Red) £m
OP89 – Reducing new demand – front door	(2.32)	(0.00)	(0.93)	(0.16)	(1.23)
OP90A – Review older people client packages	(4.54)	(2.40)	(0.00)	(0.73)	(1.41)
OP90B – Review LD and MH client packages	(1.25)	(1.21)	(0.00)	(0.04)	(0.00)
OP91 – Review of Day Provision	(0.36)	(0.16)	(0.00)	(0.20)	(0.00)
Total ‘Front Door’ and client packages	(8.47)	(3.77)	(0.93)	(1.14)	(2.64)
OP84 – Staffing reconfiguration – Better Care Finance System	(0.09)	(0.00)	(0.00)	(0.00)	(0.09)
OP113 - Implementation of the Better Care Finance System	(0.77)	(0.00)	(0.00)	(0.00)	(0.77)
Total Better Care Finance System	(0.86)	(0.00)	(0.00)	(0.00)	(0.86)
OP94A/95 - Review for joint funding tool arrangements	(1.76)	(0.00)	(0.00)	(0.00)	(1.76)
Total Joint Funding Arrangements	(1.76)	(0.00)	(0.00)	(0.00)	(1.76)
OP94 – Review of funding stream to support Demand Management	(0.30)	(0.00)	(0.30)	(0.00)	(0.00)
OP96 – Benefit maximisation project	(0.18)	(0.00)	(0.00)	(0.00)	(0.18)
OP97 – Review of Goscote operating model	(0.50)	(0.50)	(0.00)	(0.00)	(0.00)
Various – All Age Disability Approach	(0.75)	(0.40)	(0.00)	(0.08)	(0.27)
Various – Public Health	(0.80)	(0.00)	(0.50)	(0.00)	(0.30)
Total Other	(2.53)	(0.91)	(0.80)	(0.08)	(0.76)
Total approved savings for services within remit of Committee	(13.62)	(4.68)	(1.72)	(1.22)	(6.01)

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 either alternative actions are required or a plan to ensure delivery is put back on track).

A Walsall proud resource plan has been agreed to provide additional support towards delivery.

Forecast Capital position 2022/23
Services within the remit of the Social Care and Health Overview and Scrutiny Committee

Capital Forecast

The capital programme for the services under the remit of the Social Care and Health Overview and Scrutiny Committee, as at the end of October 2022, is £0.89m. It is currently expected to be fully spent within 22/23. A list of schemes within the remit of this committee is shown in **Table 6**.

Table 6 – Capital Outturn 2022/23 – Services within the remit of this Committee						
Scheme	Approved Budget £m	Actual year to date £m	Forecast Outturn £m	Year End Variance £m	Proposed Carry Forward to 2023/24 £m	Variance Over/ (Under) £m
Externally Funded schemes						
ICES (Integrated Equipment Store)	0.89	0.32	0.89	0.00	0.00	0.00
Total External Funded Schemes	0.89	0.32	0.89	0.00	0.00	0.00
Total Capital Services within the remit of this Committee	0.89	0.32	0.89	0.00	0.00	0.00