

27 OCTOBER 2022

**CORPORATE FINANCIAL PERFORMANCE – P5 AUGUST FINANCIAL MONITORING
POSITION FOR 2022/23**

Ward(s) All

Portfolio: Councillor Pedley – Adult Social Care
Councillor Flint – Public Health

1. Aim

To provide the budget monitoring position for Period 5 2022/23. 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 2022/23 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 2022), after the net use of reserves is an over spend of **£2.36m**.

This forecast revenue position of **£2.36m** is made up as follows:

- Adult Social Care – £2.36m, further split as
 - £0.61m – Business as Usual
 - £1.75m – Service Transformation Plan (after mitigating actions)
- Public Health – Within grant envelope with a forecasted £3.37m of reserves to be carried forward for utilisation in future financial years in line with grant conditions.

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

Table 1- Explanation of over spend	£m
Business as Usual	
Decrease in client placements costs and associated client contributions. This is compared to the net budgeted levels of new clients/deaths, compared to actual activity as at the end of July 2022. Work is underway to determine the financial impact of future projections for the remainder of the financial year based on the above activity and prior year trends	(0.34)
Additional income from joint funding arrangements including Section 117 and Continuing Health Care	(1.24)
Additional bad debt provision to cover 50% of outstanding client debt. (Current outstanding debt is £7.46m as at end of July, this will increase the bad debt provision to £3.73m). This is dependent on the outcome of a review currently lead by Adult Social Care.	1.80
Additional cost of the interim management and staffing arrangements across the directorate; this is partially offset by COVID funding where appropriate	0.39
Subtotal BAU	0.61

Service Transformation Plan	
Delays in the delivery of savings related to the review of existing older people's care packages..	1.81
Delays in the delivery of savings to reduce new demand through the 'front door' including the provision of alternative support.	2.32
Shortfall in funding from the Learning Disability Joint Funding arrangements. On-going discussions with partners regarding the joint funding arrangements from 2020/21 remains in progress. Mitigations for the shortfall are currently being considered.	1.76
Delays in the delivery of savings relating to the All-Age Disability model and transitions	0.18
Use of COVID funding to meeting the ongoing impact of the pandemic on the demand for services and use of planned reserves have released underspends in service to mitigate the impact of the non-achievement of the STPs (Service Transformation Plan) detailed above	(4.36)
Subtotal STP	1.75
Overall Health and Social Care Total	2.36

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

Table 2 – Forecast Revenue Outturn 2022/23				
Service	Net Annual Budget	Year End Forecast	Net Planned use of reserves	Variance after reserves
	£m	£m	£m	£m
Management Support & Other	0.45	0.65	(0.00)	0.20
Improved Better Care Fund	(11.52)	(11.52)	(0.00)	0.00
Complex Needs	0.28	0.28	0.00	0.00
Older People	8.95	9.46	(0.51)	0.00
Health & Social Care	1.95	2.02	0.00	0.07
Mental Health Services	1.31	1.35	0.00	0.04
Demand Management	47.53	53.83	(4.34)	1.96
Safeguarding	0.89	1.06	(0.14)	0.02
Resources	1.40	1.47	0.00	0.07
ASC Partnerships	0.76	0.70	0.00	(0.05)
Access, Assessment & Care Management	5.89	6.22	(0.36)	(0.03)
Strategy, Commissioning & Delivery Support	0.67	0.98	(0.36)	(0.05)
Intelligence & Delivery	1.31	1.43	0.00	0.12
Total Adult Social Care	59.87	67.93	(5.71)	2.36
Public Health	(0.00)	2.77	(2.77)	(0.00)
Total Public Health	(0.00)	2.77	(2.77)	(0.00)
Total Health and Social Care	59.87	70.71	(8.49)	2.36

3.4 Reserves

The total allocated reserves in 2022/23 are £12.95m, of which £8.49m has been used or committed to date.

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

Table 3 - 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	0.15	(0.10)	0.00	0.05
COVID - General	1.40	(1.40)	0.00	0.00
Housing 21 (Affordability Model)	1.22	(0.51)	0.00	0.71
Improved Better Care Fund	0.85	(0.85)	0.00	0.00
Omricon Fund	0.36	(0.36)	0.00	0.00
Public Health Reserves				
Public Health Grant	5.45	(2.63)	0.88	3.70
Contain Outbreak Management Fund (COMF)	2.95	(2.95)	0.00	0.00
Better Mental Health – Specific Grant	0.07	(0.07)	0.00	0.00
Adult Weight Management- Specific Grant	0.14	(0.14)	0.00	0.00
Universal Drug and Crime Reduction - Specific Grant	0.36	(0.36)	0.00	0.00
Total Reserves	12.95	(9.37)	0.88	4.46

3.5 Risks

For the services under the remit of the committee, there are a number of risks totalling **£18.08m**, 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 **£5.68m** 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)	Ongoing (£m)	One Off (£m)	Actions to manage risk
High	5.68	0.00	5.68	Ongoing discussions with the ICB to resolve validation of Section 117 recharges and ASC STP proposals currently identified as Amber
Medium	2.76	0.00	2.76	
Low	9.64	0.00	9.64	
Total	18.08	0.00	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		
Service	Reason/ explanation of risk	£m
Demand Management	Section 117 and CHC recharges to Walsall ICB	2.91
ASC STP Savings	Adult Social Care STP proposals currently identified as Amber*	2.77
Total High Risks		5.68

*The risk of £2.77m 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.

3.6 Service Transformation Plan 2022/23

Included within the budget for 2022/23 for services within the remit of this Committee are £13.62m of approved savings including £4.64m carried forward from 2021/22. Table 6 gives an early indication of the progress towards implementing these benefits:

Table 6 - Delivery of 2022/23 approved savings (including carry forward from 2021/22)						
Benefit Ref	Benefit	Total Savings	Delivered/ Validated (Blue/ Green)	Planned Saving (Amber)	Shortfall (Red)	Mitigating Actions
		£m	£m	£m	£m	£m
'Front Door' and client package reviews						
OP89	Reducing New Demand - Front Door	(2.32)	(0.00)	(0.00)	2.32	
OP90A	Review Older people client packages	(4.54)	(1.59)	(1.13)	1.81	
OP90B	Review LD and MH client packages	(1.25)	(1.03)	(0.22)	0.00	
OP91	Review of Day Provision	(0.36)	(0.16)	(0.20)	0.00	
'Front Door' and client package reviews Subtotal		(8.47)	(2.78)	(1.55)	4.13	
Better Care Finance System						
OP84	Staffing reconfiguration – Better care Finance System	(0.09)	(0.00)	(0.09)	0.00	
OP113	Implementation of the Better Care Finance System	(0.77)	(0.00)	(0.77)	0.00	
Better Care Finance System Subtotal		(0.86)	(0.00)	(0.86)	(0.00)	
Joint Funding Arrangements						
OP94A/95	Review for joint funding tool arrangements	(1.76)	(0.00)	(0.00)	1.76	
Joint Funding Arrangements Subtotal		(1.76)	(0.00)	(0.00)	1.76	
Other						
OP94	Review of funding stream to support Demand Management	(0.30)	(0.30)	(0.00)	0.00	
OP96	Benefit maximisation project	(0.18)	(0.00)	(0.00)	0.18	(0.18)
OP97	Review of Goscote operating model	(0.50)	(0.50)	(0.00)	0.00	
Various	All Age Disability Approach	(0.75)	(0.22)	(0.35)	0.18	
Various	Public Health	(0.80)	(0.00)	(0.00)	0.80	(0.80)
Other Subtotal		(2.53)	(1.02)	(0.35)	1.16	(0.98)
Total STP 2022/23		(13.62)	(3.80)	(2.77)	7.06	(0.98)

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)

3.7 Capital Summary

The total capital programme related to this portfolio is £0.89m. The current forecast position is projected to be £0.89m. A summary is detailed in **Table 7** below:

Service	Annual Budget	Actual Year to Date	Forecast	Year End Variance	Proposed carry forward to 2023/24
	£m	£m	£m	£m	£m
Externally Funded					
ICES (Integrated Equipment Store)	0.89	0.36	0.88	0.00	0.00
GRAND TOTAL	0.89	0.36	0.88	0.00	0.00

4. Public Health (Core Grant)

The current net forecast position before the net use of/transfer to reserves is an over spend of **£2.08m**. This is split as follows:

- (£0.88m) – Underspend on core grant as a result of vacant posts across the service and uncommitted grant allocation from 2022/23
- £2.96m – One-off projects funded from Public Health reserves

The balance of Public Health of reserves carried forward from 2021/22 was £5.45m. This includes the impact of specific COVID grant funding totalling £1.40m. There is an expectation that the remaining £3.37m will be carried forward to be utilised in future financial years in line with grant conditions.

Included in the £2.96m use of reserves is £0.800m of mitigation for the approved 2022/23 saving. This is aligned to current service reviews and plans are been developed in order to meet the delivery on this saving 2023/24 onwards.

In addition to the above, there is a total of **£2.95m** relating to the COMF (Contain outbreak management) grant to support the Local Authority's response to COVID, this is forecast to fully utilised in 2022/23 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 impact of Covid-19 and the financial forecast for 2022/23, including an update on risks and impact on the budget for 2023/24 and beyond.

Background papers: Various financial working papers

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