

## Decision Report – Executive Decision

Forward Plan Reference: FP/22/06/17

Decision Date – 16/11/22



### 2022/23 Budget Monitoring Report – Month 6 – End of September

Executive Member(s): Cllr Liz Leyshon – Deputy Leader of the Council and Lead Member on Finance and Human Resources

Local Member(s) and Division: All

Lead Officer: Jason Vaughan, Director of Finance and Governance

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#### 1. Executive Summary

This is the first Adult Services budget monitoring report being submitted to the Adults & Health Services Scrutiny Committee. It is proposed to bring these reports bi monthly to the committee to note and discuss.

The Adult Services information in this report is taken from the Executive Committee month 6 budget monitoring report submitted on the 16<sup>th</sup> of November 2022.

After taking into account all service expenditure and contingencies the projected outturn position is £405.5m against a net budget of £383.3m. This gives an £21.2m adverse variance which represents a variance of 5.5%. Overall, there has been a favourable movement of £0.8m since the Month 5 position. This continues the down trend from Month 4 which was a forecast overspend of £23.9m for year. The action plan approved by the Executive in Quarter 1 is clearing having a positive impact albeit against a very challenging financial environment.

Table 1 provides a summary of budget, projections, and variances on a service-by-service basis with further detail and mitigations being taken by the responsible director outlined in the body of the report.

The significant variances are:

- Adult Services has a £12.7m adverse variance against their budget (7.9% of service budget); an improvement in position of £0.3m from month five. The improvement mainly relates to home care/supported living, as several placements within Supported Living have come to an end.
- Children's Services has a £16.8m adverse variance against their budget (15.9% of

service budget); a deterioration of £0.3m from month five. Most of this pressure is seen in the children's social care budget (external placements) which is forecasting a £12.1m overspend due to increased complexity and several very high-cost placements, as well as an increase in unregulated care placements.

- Economic & Community Infrastructure (ECI) has a £0.2m favourable variance against their budget (0.3% of service budget); a strengthening in position of £0.3m from month five. This improved position is due to some additional rental income and cost savings.
- Corporate Costs has a £3.9m favourable variance mainly due to an increase in investment income following interest rate increases.
- Corporate Contingency is a favourable variance of £3.3m after taking account of the potential additional costs of the national pay award at an average of 5.5%.

The 2022/23 Budget included over £5m of savings, income generation, and transformation savings with £1.1m achieved, £2.3m on track, £1.1m at risk, and £0.6m unachievable.

Current estimates are that the year-end position of the Capital Programme will be £148.7m against an overall budget of £174.1m, giving a £25.4m total variance. £16.1m of this variance will be reprofiled into future years with a £9.3m underspend projected.

## **2. Recommendations**

- a) Note the Adults Services forecast overspend of £12.7m and the key risks, future issues and opportunities detailed in the report which will be closely monitored and updated throughout the year.

## **3. Reasons for recommendations**

To ensure that the Council continues to maintain tight financial control over its budget.

## **4. Other options considered**

No other options were considered as continuing to monitor the budget on a monthly basis is considered best practice.

## **5. Links to County Vision, Business Plan and Medium-Term Financial Strategy**

The Medium-Term Financial Plan (MTFP) 2021-24 set the funding for the County Vision and the use of those funds is then monitored, via this report and others throughout the year to ensure delivery of Council objectives and actions within the resources available.

## 6. Consultations and co-production

The main report has been prepared by the Finance Team based upon the information and explanations provided by Directors. The detailed services variances, explanations and comments have been provided by the Directors and are set out below.

## 7. Financial and Risk Implications

Any variance at the end of the financial year will have an impact upon the level of reserves. In addition to General Reserves of £27.1m, there are Earmarked Resilience Reserves of £34.6m and further details are provided in Section 28 of the report. There is a relevant Strategic Risk ORG0057 Sustainable MTFP and its current score is:

|            |   |        |   |            |    |
|------------|---|--------|---|------------|----|
| Likelihood | 5 | Impact | 5 | Risk Score | 25 |
|------------|---|--------|---|------------|----|

## 8. Legal and HR Implications

There are no specific legal implications arising from this report.

## 9. Other Implications:

### Equalities Implications

There are no specific equalities implications arising from the contents of this report.

### Community Safety Implications

There are no community safety implications arising from the contents of this report.

### Sustainability Implications

There are no sustainability implications arising from this report.

### Health and Safety Implications

There are no health and safety implications arising from this report.

### Health and Wellbeing Implications

There are no health and wellbeing implications arising from this report.

### Social Value

There are no Social Value implications arising from this report.

## 10. Scrutiny comments / recommendations:

This report will be presented to Scrutiny for Policies and Place Committee, on 8 November 2022; comments arising will be made available to the Executive at the subsequent meeting.

## 11. Background

Full Council approved the 2022/23 Budget in February 2022. Budget monitoring is

delegated to Executive and Scrutiny and revenue service reports will be presented monthly with a full overview of revenue, capital, and reserves quarterly. This report outlines the forecast year-end position of services against the current 2022/23 budget of £383.3m (the current budget includes carry forwards and reserve movements) as at the end of September 2022.

## Revenue

### 12. Forecast Outturn Position

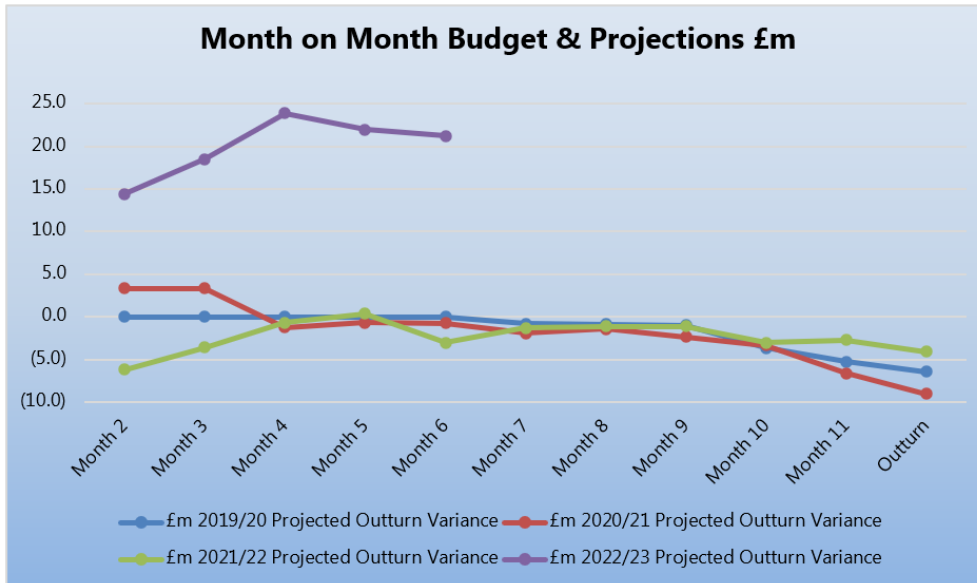
**Table 1** shows the forecast outturn position against the current budget. Further information for each service is shown below, along with details on movements, actions to be taken, future risks and opportunities.

**Table 1: 2022/23 Budget Monitoring Report as at the end of September 2022 (Month 6)**

| 2021/22      | Service Area                           | Original Budget<br>£m | Current Budget<br>£m | Full Year<br>Projection<br>£m | Month 6<br>Variance<br>£m | A/(F)    | Movement<br>From<br>Month 5 | Direction<br>From<br>Month 5 |
|--------------|--|-----------------------|----------------------|-------------------------------|---------------------------|----------|-----------------------------|------------------------------|
| (0.2)        | Adult Services                         | 159.7                 | 160.0                | 172.7                         | 12.7                      | A        | (0.3)                       | ↑                            |
| 4.2          | Children's Services                    | 105.0                 | 105.4                | 122.2                         | 16.8                      | A        | 0.3                         | ↓                            |
| 0.0          | Public Health                          | 1.3                   | 1.3                  | 1.3                           | 0.0                       | -        | 0.0                         | →                            |
| (1.7)        | Economic & Community<br>Infrastructure | 71.9                  | 74.6                 | 74.4                          | (0.2)                     | (F)      | (0.3)                       | ↑                            |
| <b>2.3</b>   | <b>Direct Services Position</b>        | <b>337.9</b>          | <b>341.3</b>         | <b>370.6</b>                  | <b>29.3</b>               | <b>A</b> | <b>(0.3)</b>                | <b>↑</b>                     |
| (0.2)        | Customers, Digital &<br>Workforce      | 16.9                  | 17.0                 | 16.9                          | (0.1)                     | (F)      | 0.0                         | →                            |
| 0.0          | Finance and Governance                 | 12.1                  | 13.5                 | 13.5                          | 0.0                       | -        | 0.0                         | →                            |
| 0.0          | Accountable Bodies                     | 4.3                   | 4.4                  | 4.4                           | 0.0                       | -        | 0.0                         | →                            |
| (2.6)        | Corporate Costs                        | 1.5                   | 1.1                  | (2.8)                         | (3.9)                     | (F)      | (0.5)                       | ↑                            |
| 0.0          | Trading Units                          | 0.0                   | 0.0                  | 0.2                           | 0.2                       | A        | 0.0                         | →                            |
| <b>(0.5)</b> | <b>Total Service Position</b>          | <b>372.7</b>          | <b>377.3</b>         | <b>402.8</b>                  | <b>25.5</b>               | <b>A</b> | <b>(0.8)</b>                | <b>↑</b>                     |
| (3.6)        | Corporate Contingency                  | 6.0                   | 6.0                  | 2.7                           | (3.3)                     | (F)      | 0.0                         | →                            |
| <b>(4.1)</b> | <b>Total after Contingencies</b>       | <b>378.7</b>          | <b>383.3</b>         | <b>405.5</b>                  | <b>22.2</b>               | <b>A</b> | <b>(0.8)</b>                | <b>↑</b>                     |
| 0.0          | Reserves                               | (8.3)                 | (12.9)               | (12.9)                        | 0.0                       | -        | 0.0                         | →                            |
| 0.0          | Council Tax                            | (279.9)               | (279.9)              | (279.9)                       | 0.0                       | -        | 0.0                         | →                            |
| 0.0          | Business Rates                         | (84.1)                | (84.1)               | (85.1)                        | (1.0)                     | (F)      | 0.0                         | →                            |
| 0.0          | Revenue Support Grant                  | (6.4)                 | (6.4)                | (6.4)                         | 0.0                       | -        | 0.0                         | →                            |
| <b>(4.1)</b> | <b>Total Month 6 Position</b>          | <b>(0.0)</b>          | <b>0.0</b>           | <b>21.2</b>                   | <b>21.2</b>               | <b>A</b> | <b>(0.8)</b>                | <b>↑</b>                     |

Arrows show movement from the previous month:

↑ Favourable movement    → No movement    ↓ Adverse movement



**13. Adult Services Director Mel Lock, Executive Lead Member Cllr Heather Shearer**

- 2022/23 net budget £160.1m, projected adverse variance £12.7m, favourable movement £0.3m.
- 2021/22 net budget £146.2m, outturn favourable variance £0.2m.

**Table 4: 2022/23 Adult Services as at the end of September 2022 (Month 6)**

| Service Area  | Current Budget<br>£m | Full Year Projection<br>£m | Month 6 Variance<br>£m | A/(F)      | Movement From Month 5 | Direction From Month 5 |
|---|----------------------|----------------------------|------------------------|------------|-----------------------|------------------------|
| <b>Adult Social Care - Physical Disability/Sensory Loss/65 Plus</b> |                      |                            |                        |            |                       |                        |
| Residential & Nursing   | 40.2                 | 46.5                       | 6.3                    | A          | 0.2                   | ↓                      |
| Home Care   | 24.8                 | 24.3                       | (0.5)                  | (F)        | 0.3                   | ↓                      |
| Direct Payments   | 10.7                 | 12.0                       | 1.3                    | A          | (0.2)                 | ↑                      |
| Staffing Costs  | 10.2                 | 9.2                        | (1.0)                  | (F)        | (0.1)                 | ↑                      |
| Other   | 3.0                  | 3.4                        | 0.4                    | A          | 0.2                   | ↓                      |
| <b>sub total</b>  | <b>88.9</b>          | <b>95.4</b>                | <b>6.5</b>             | <b>A</b>   | <b>0.4</b>            | <b>↓</b>               |
| <b>Mental Health</b>  |                      |                            |                        |            |                       |                        |
| Residential & Nursing   | 11.0                 | 13.4                       | 2.4                    | A          | (0.5)                 | ↑                      |
| Home Care/Supported Living  | 4.5                  | 5.1                        | 0.6                    | A          | 0.1                   | ↓                      |
| Staffing/Deprivation of Liberty Safeguards                          | 4.5                  | 4.5                        | 0.0                    | -          | 0.0                   | →                      |
| Other   | 1.0                  | 1.5                        | 0.5                    | A          | 0.1                   | ↓                      |
| <b>sub total</b>  | <b>21.0</b>          | <b>24.5</b>                | <b>3.5</b>             | <b>A</b>   | <b>(0.3)</b>          | <b>↑</b>               |
| <b>Learning Disabilities</b>  |                      |                            |                        |            |                       |                        |
| Residential & Nursing   | 20.6                 | 21.8                       | 1.2                    | A          | 0.4                   | ↓                      |
| Supported Living/Home Care  | 25.1                 | 26.7                       | 1.6                    | A          | (1.1)                 | ↑                      |
| Direct Payments/In Control  | 9.1                  | 9.6                        | 0.5                    | A          | 0.3                   | ↓                      |
| Day Care  | 3.5                  | 5.0                        | 1.5                    | A          | (0.1)                 | ↑                      |
| Discovery   | 29.8                 | 28.2                       | (1.6)                  | (F)        | 0.0                   | →                      |
| Other   | 8.2                  | 8.6                        | 0.4                    | A          | (0.1)                 | ↑                      |
| <b>sub total</b>  | <b>96.3</b>          | <b>99.9</b>                | <b>3.6</b>             | <b>A</b>   | <b>(0.6)</b>          | <b>↑</b>               |
| <b>Commissioning</b>  |                      |                            |                        |            |                       |                        |
| Commissioning   | 13.0                 | 13.0                       | 0.0                    | -          | 0.0                   | →                      |
| Better Care Fund  | (34.7)               | (34.7)                     | 0.0                    | -          | 0.0                   | →                      |
| LD Pooled Budget Income   | (24.4)               | (25.3)                     | (0.9)                  | (F)        | 0.2                   | ↓                      |
| <b>sub total</b>  | <b>(46.1)</b>        | <b>(47.0)</b>              | <b>(0.9)</b>           | <b>(F)</b> | <b>0.2</b>            | <b>↓</b>               |
| <b>Adult Services Total</b>   | <b>160.1</b>         | <b>172.8</b>               | <b>12.7</b>            | <b>A</b>   | <b>(0.3)</b>          | <b>↑</b>               |

## Adult Services - key explanations, actions, & mitigating controls

### Adult Social Care - Physical Disability/Sensory Loss/65 Plus

This area of Adult Social Care spend is currently projected to be £6.5m overspent. There remains a cost pressure against both Residential and Nursing placements as the need to use more beds than budgeted for continues, resulting in a projected overspend of £5.1m. We are projecting £1.2m for potential home closures across Somerset due to difficult financial stability within the current market.

There continue to be a number of interim placements as the service works with the NHS trusts to ensure a timely discharge for people from hospital. These placements are currently funded from the Intermediate Care budget but could have a longer-term impact on the social care budget as evidence shows that 48% of people going into interim beds end up going into permanent care, compared with 27% who go from our pathway bed base.

Home Care delivery has increased this month, due to an increase in capacity being created within the market. We are projecting home care to be £0.5m underspent. As we continue to offer choice and have a varied market that includes micro-providers, we are projecting overspend of £1.3m. This is mainly due to an increase in one off payments and ongoing packages due to additional demand.

**Mental Health**

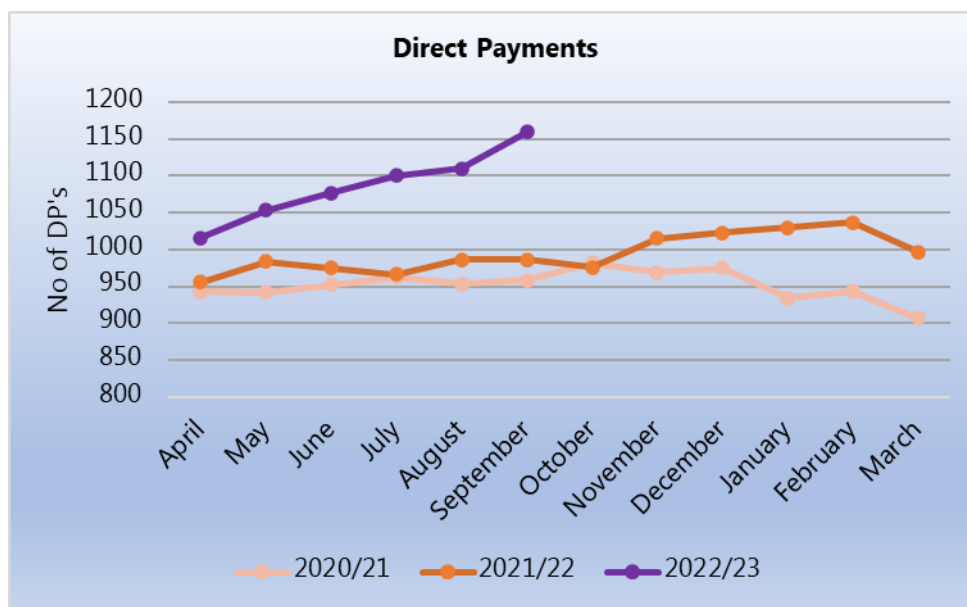
The Mental Health budget is projected to be overspent by £3.5m. Residential and nursing continues to be a pressure for the service due to a combination of increasing numbers and high unit costs. This budget includes individuals who have a diagnosis of dementia.

**Learning Disabilities**

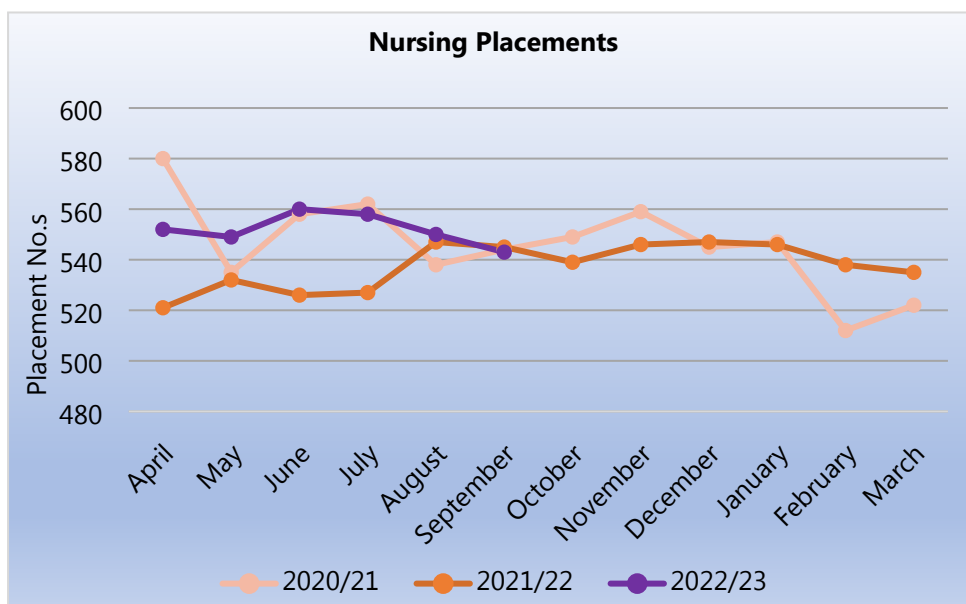
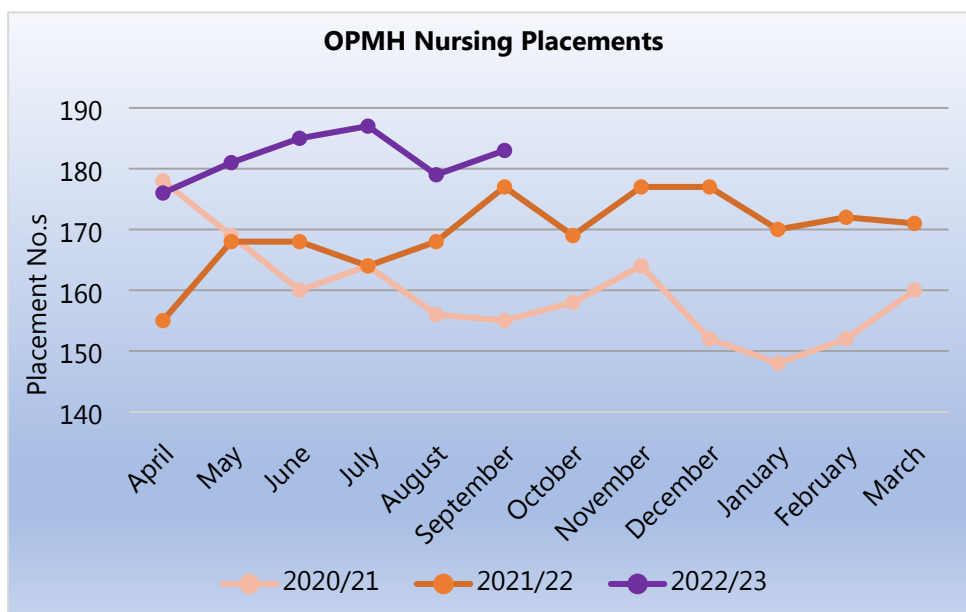
Overall, the cost of Learning Disabilities is projected to overspend by £3.6m. We are currently projecting an overspend of £1.6m within Supported Living and homecare, due to market sustainability. Supported Living is in the best interest of people but is an area where unit costs can be high, this month we have seen a number of placements within Supported Living come to an end due to a number of reasons.

As families feel more self-assured of living with Covid they feel more confident of using day services as an option for a carer’s break/respice. Consequently, we are seeing increased need and subsequent spend. Therefore, resulting in a current projected overspend of £1.5m.

**Adult Services - key performance cost drivers**



Since month 5, we have seen an increase in the number of people receiving a Direct Payment, with total packages increasing from 1,110 to 1,160. The currently weekly average cost of a Direct Payment is £287.73 per package, compared to £289.06 within month 5.



The number of Older People Mental Health (OPMH) Nursing placements has increased by four since month 5 from 179 to 183. The current weekly average cost for OPMH Nursing is £832 per placement, compared to £810 within month 5.



Nursing placements decreased by seven since month 5 from 550 to 543. The current weekly average cost for Nursing is £759 per placement, compared to £723 within month 5.

## Adult Services - key risks, future issues & opportunities

Adult Social Care had £7.2m of one-off money last year the budget therefore came in underspend. ASC has seen significant additional funding this year, however the inflation uplift, increase in demand post covid and the increased cost of living has resulted in this projection.

90% of the ASC budget is spent on individual placements purchased through the market via block and spot placements. Therefore, there is a significant risk that this budget will continue to overspend. This is due to increase demand, the cost-of-living rise, particularly the increase in petrol, gas, electric, and food. Alongside this our neighbouring authorities, due to lack of supply in their areas, are wanting to purchase additional beds in Somerset at significantly higher cost than we currently purchase these beds. We have therefore built into this budget £5.4m amount to stabilise and have sufficiency in the market.

When we consider the market spend on supporting people to remain independent at home, we need to take into consideration the spend on Home Care and Direct Payments you will see increase in both these areas.

We have several system changes that should begin to impact on the overspend position in month 6 alongside the additional funding agreed to stabilise the market which will begin to have an impact in September.

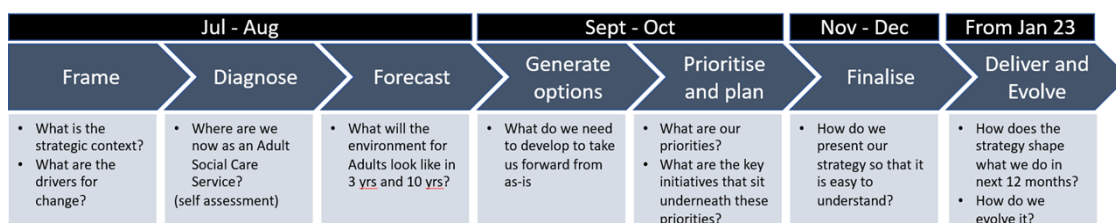
## Adult Social Care Transformation Q2 Update

### ASC Strategy Development:

We need to develop a refreshed Adult Social Care Strategy that is informed by

- the views and experiences of staff, service users and other key stakeholders,
- reflects the context within which we are working
- clearly sets out our key ambitions and vision for the future

We have agreed the plan and approach with SMT which will focus on the following areas:



We have identified existing strategies being delivered within the system to ensure connection, avoid duplication, and understand how all these components contribute to the wider strategy that needs to be developed.

We have worked with leaders in the service to map the strategy content. Capturing the views of all key partners in this process remains important, and a comms and engagement action plan has been drafted for October so that all our key stakeholders have a chance to influence what our revised Strategy looks like.

### **Co-production**

In Somerset, we know that we need to make significant improvements with how we co-produce changes with people, so they have a voice in shaping our services. We are currently forming our ambition with this project.

### **Operational Restructure**

Further options for the ASC Operational restructure are currently being developed and costed as a result of budget restrictions. A phased approach has been agreed and detailed within the Business Case and job profiles being drafted and going through job evaluation.

### **Assurance and Inspection Readiness**

New Policy, Performance and Assurance Service Manager now in post and successfully appointed a Policy & Assurance Lead Officer

First draft of the Self-Assessment shared with SMT and is being used to inform strategy development. Liaison with North Somerset and other LA areas to share ideas and progress in relation to assurance and inspection readiness. TriX ASC Procedures contract starting 29 August 2022 – initial implementation meeting scheduled early September 2022.

A final draft of the Local Authority Assurance inspection framework was shared by CQC to support preparation activity. This is pending sign off by Secretary of State in 2023.

### **Liberty Protection of Safeguards**

Somerset County Council has formed and submitted its response to the national consultation to the codes and practice. We are expected to hear the outcome of the consultation in by the end of 2022.

### **Charging Reform**

The Government issued their response to the consultation on the operational guidance for implementing reforms. There is greater clarification on many points of detail, and a delay for the ability of self-funders already in residential care to request placements at Local Authority rates.

We have also received the detailed technical specification for the care cost

calculator. This will enable us to begin to plan the implementation of the software and business processes that will support the cap on care costs.

The cost of care exercise concluded in August with over 30% of home care providers contributing which is a great result and in line with national expectations. This information will contribute to a Market Sustainability Plan that will be submitted to DHSE in October.

The team has also been busy looking at different self-assessment tools available that will form part of our solution to managing the additional demand that reforms will bring. Consultation is now open concerning the options for government distribution of funding to support implementation of the charging reforms. Business case and non-key decision paper draft to support the award for the financial self-assessment tool.

### **Homecare Recommissioning**

We have identified a number of challenges and opportunities with our Homecare market, and with the contract due for renewal from April 2024, we are taking the opportunity to revisit our model and what we commission. This project will look to understand and deal with the current challenge this section of the market faces, whilst looking to transform the model in the future.

### **PAMMS**

This project is working on embedding a regional market management toolkit to support the coordinate measurement of quality, spend and activity within commissioned services at the request of SW ADASS. We are piloting the QA module with volunteer care providers from September 2022, with weekly regional project meetings to monitor implementation.