

Scrutiny for Adults and Health Committee

Forward Plan Reference:– Executive Meeting: 15/03/23

Meeting Date – 08/03/23



2022/23 Revenue Budget Monitoring Report – Month 10 – End of January 2023

Lead Member(s): Cllr Liz Leyshon – Deputy Leader of the Council and Lead Member on Finance and Human Resources. Cllr Heather Shearer – Lead Member for Adult Social Care, Cllr Mike Stanton – Associate Lead Member for Adult Social Care
Local Member(s) and Division: All

Lead Officer: Jason Vaughan, Director of Finance & Governance

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1. Executive Summary

The overall corporate projection is for an overspend of £23.1m which is an improvement from the previous month of £1.2m and against the net budget of £383.2m represents a 6% overspend. The significant variances are:

- Adult Services has a £11.9m adverse variance against their budget (7.4% of service budget); no movement in position from month nine. The overspend mainly relates to increased demand in residential and nursing placements. There are also pressures forecast due to inflation and potential home closures across Somerset.
- Children's Services has a £19.9m adverse variance against their budget (18.9% of service budget); an improvement of £0.9m from month nine. Most of this pressure is seen in the external placements budget (for children looked after) which is forecasting a £13.9m overspend.
- Economic & Community Infrastructure (ECI) has a £0.8m favourable variance against their budget (1.1% of service budget); a strengthening in position of £0.1m from month nine. This improved position is mainly due to reductions in costs within Somerset Waste due to the Recycling More role out.
- Finance & Governance are reporting a £0.1m favourable variance which is an improvement of £0.1m from month 9. The projected underspend is within Democratic Services and is mainly because of savings within staffing and increased income generation.
- Corporate Costs has a £3.4m favourable variance due to an increase in investment income following interest rate increases, additional grant funding, and uncommitted Resilience for Business-as-Usual budget.

- Corporate Contingency is a favourable variance of £3.3m after taking account of the additional costs of the national pay award of £1,925 and the reduction of 1.25% in employers National Insurance from November 2022.

2. Recommendations

- Note the Adults Social Care forecast overspend for 2022/23 of £11.9m.

3. Reasons for recommendations

To ensure that the Council continues to maintain tight financial control over its budget, and to ensure the Finance team has adequate resources to devote to the work of the MTFP.

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) 2022-23 to 2026-27 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 service variances, explanations and comments have been provided by the Directors and are set out below.

7. Financial and Risk Implications

The financial implications are set out in the report and to represent a significant strategic risk for the council.

There is a relevant Strategic Risk ORG0057 Sustainable MTFP and its current score is:

Likelihood	5	Impact	5	Risk Score	25
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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 full corporate report will be presented to Scrutiny for Policies and Place Committee, on 07 March 2023; comments arising will be made available to the Executive at the subsequent meeting.

11. Background

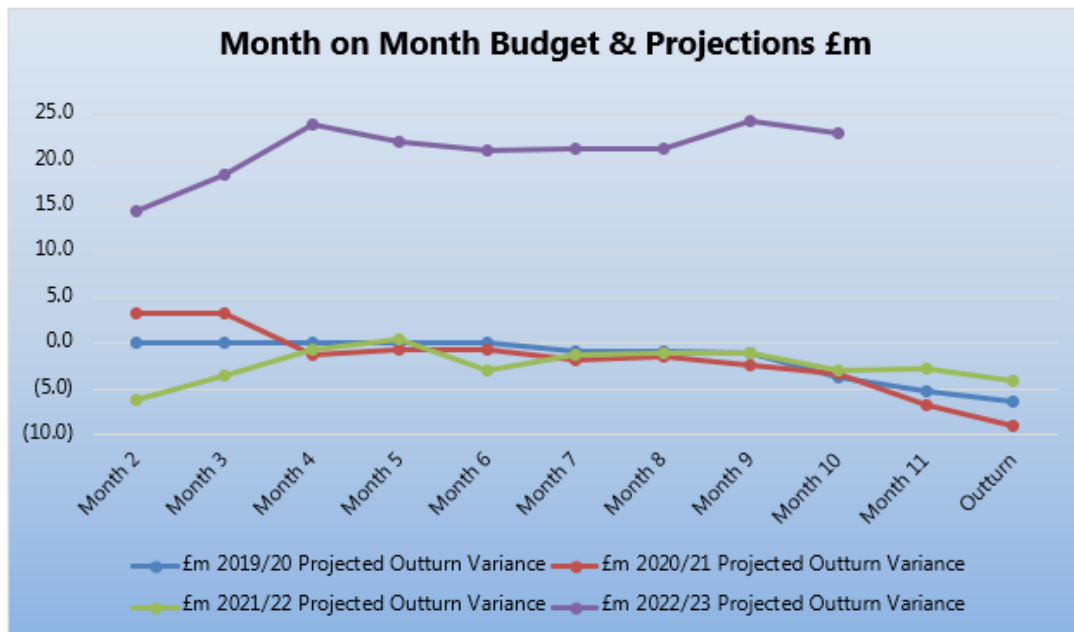
Full Council approved the revenue budget of £378.7m for 2022/23 in February 2022. Budget monitoring is delegated to Executive and Scrutiny and revenue service reports will be presented monthly with a full overview of revenue, capital, and reserves quarterly. This report outlines the forecast year-end position of services against the current 2022/23 budget of £383.2m (the current budget includes carry forwards and reserve movements) as at the end of January 2023.

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 January 2023
(Month 10)**

2021/22 Outturn Variance	Service Area	Original Budget £m	Current Budget £m	Full Year Projection £m	Month 10 Variance £m	A/(F)	Movement From Month 9	Direction From Month 9
(0.2)	Adult Services	159.7	160.1	172.0	11.9	A	0.0	→
4.2	Children's Services	105.0	105.5	125.4	19.9	A	(0.9)	↑
0.0	Public Health	1.3	1.3	1.3	0.0	-	0.0	→
(1.7)	Economic & Community Infrastructure	71.9	74.4	73.6	(0.8)	(F)	(0.1)	↑
2.3	Direct Services Position	337.9	341.3	372.3	31.0	A	(1.0)	↑
(0.2)	Customers, Digital & Workforce	16.9	17.0	16.7	(0.3)	(F)	(0.1)	↑
0.0	Finance and Governance	12.1	14.0	13.9	(0.1)	(F)	(0.1)	↑
0.0	Accountable Bodies	4.3	4.5	4.5	0.0	-	0.0	→
(2.6)	Corporate Costs	1.5	0.4	(3.0)	(3.4)	(F)	0.0	→
0.0	Trading Units	0.0	0.0	0.2	0.2	A	(0.0)	→
(0.5)	Total Service Position	372.7	377.2	404.6	27.4	A	(1.2)	↑
(3.6)	Corporate Contingency	6.0	6.0	2.7	(3.3)	(F)	0.0	→
(4.1)	Total after Contingencies	378.7	383.2	407.3	24.1	A	(1.2)	↑
0.0	Reserves	(8.3)	(12.8)	(12.8)	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	→
(4.1)	Total Month 10 Position	(0.0)	(0.0)	23.1	23.1	A	(1.2)	↑



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

- 2022/23 net budget £160.1m, projected adverse variance £11.9m, No movement.
- 2021/22 net budget £146.2m, outturn favourable variance £0.2m

**Table 2: 2022/23 Adult Services as at the end of January 2023
(Month 10)**

Service Area	Current Budget £m	Full Year Projection £m	Month 10 Variance £m	A/(F)	Movement From Month 9	Direction From Month 9
Adult Social Care - Physical Disability/Sensory Loss/65 Plus						
Residential & Nursing	40.2	46.9	6.7	A	0.0	➡
Home Care	24.8	24.4	(0.4)	(F)	0.0	➡
Direct Payments	10.7	12.0	1.3	A	0.0	➡
Staffing Costs	10.2	8.4	(1.8)	(F)	0.0	➡
Transport, Daycare & Other	3.0	3.0	0.0	-	0.0	➡
sub total	88.9	94.7	5.8	A	0.0	➡
Mental Health						
Residential & Nursing	11.0	13.0	2.0	A	0.0	➡
Home Care/Supported Living	4.5	5.3	0.8	A	0.0	➡
Staffing/Deprivation of Liberty Safeguards	4.5	4.5	0.0	-	0.0	➡
Direct Payments, Day Care & Other	1.0	1.4	0.4	A	0.0	➡
sub total	21.0	24.2	3.2	A	0.0	➡
Learning Disabilities						
Residential & Nursing	20.6	22.2	1.6	A	0.0	➡
Supported Living/Home Care	25.1	27.0	1.9	A	0.0	➡
Direct Payments/In Control	9.1	9.8	0.7	A	0.0	➡
Day Care	3.5	5.0	1.5	A	0.0	➡
Discovery	29.8	27.9	(1.9)	(F)	0.0	➡
Transport, Shared Lives & Other	8.2	8.7	0.5	A	0.0	➡
sub total	96.3	100.6	4.3	A	0.0	➡
Commissioning						
Commissioning	13.0	12.6	(0.4)	(F)	0.0	➡
Better Care Fund	(34.7)	(34.7)	0.0	-	0.0	➡
LD Pooled Budget Income	(24.4)	(25.4)	(1.0)	(F)	0.0	➡
sub total	(46.1)	(47.5)	(1.4)	(F)	0.0	➡
Adult Services Total	160.1	172.0	11.9	A	0.0	➡

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 £5.8m 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 £6.7m. Including £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.

Spend on people living in their own homes which includes home care and direct payments is projecting to be £0.9m. We continue to offer choice and have a varied market that includes micro-providers.

Mental Health

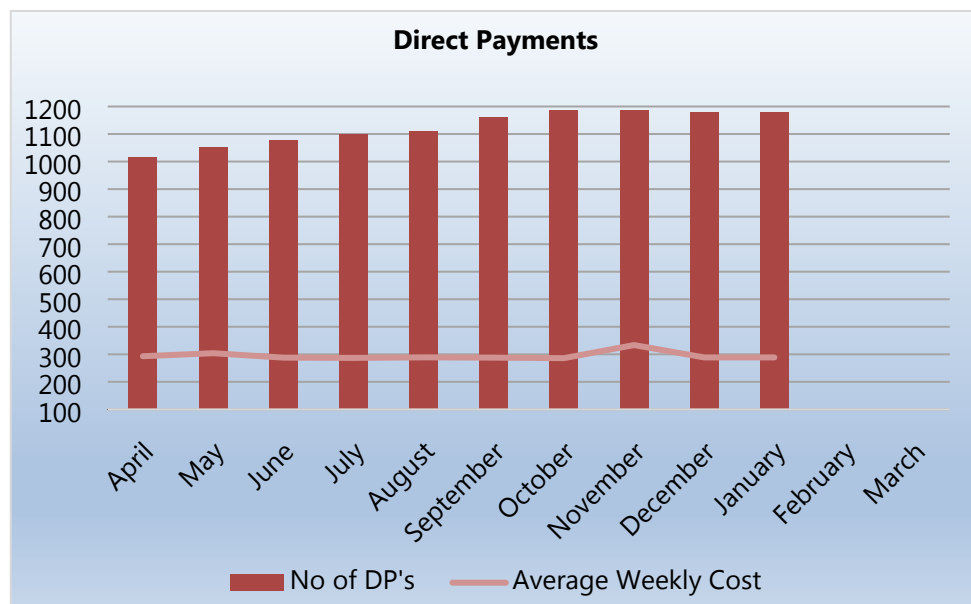
The Mental Health budget is projected to be overspent by £3.2m. Residential and nursing continues to be a pressure for the service due to a combination of increasing numbers and high unit costs. This budget includes individuals who have a diagnosis of dementia.

Learning Disabilities

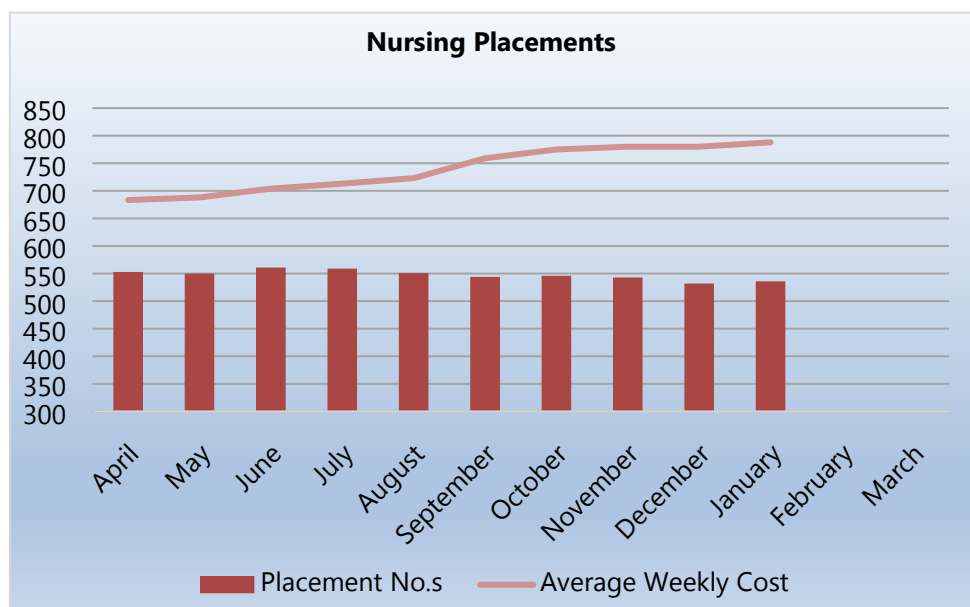
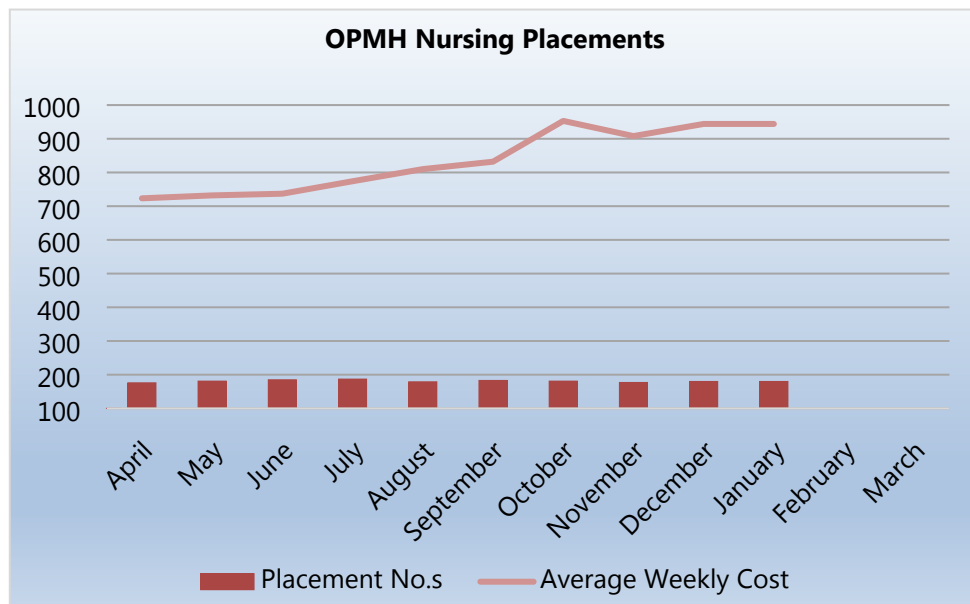
Overall, the cost of Learning Disabilities is projected to overspend by £4.3m. We are currently projecting an overspend of £1.9m within Supported Living and homecare, due to market sustainability. Supported Living is in the best interest of people but is an area where unit costs can be high.

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 9, we have seen the number of people receiving a Direct Payment stay the same, with total packages 1,181. The currently weekly average cost of a Direct Payment is £289 per package.



The number of Older People Mental Health (OPMH) Nursing placements has remained stable at 180. The current weekly average cost for OPMH Nursing is £944 per placement.

Nursing placements increased by four since month 9 from 531 to 535. The current weekly average cost for Nursing is £788 per placement, compared to £780 within month 9.

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 fuel costs 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 are working with the provider market to make sure we have adequate beds but the cost of these is significantly higher than our usual fee rates.

Report Sign-Off

		Signed-off
Legal Implications	Honor Clarke	23/02/2023
Governance	Scott Wooldridge	27/02/2023
Corporate Finance	Jason Vaughan	23/02/2023
Human Resources	Chris Squire	24/02/2023
Property	Paula Hewitt / Oliver Woodhams	23/02/2023
Procurement / ICT	Claire Griffiths	23/02/2023
Senior Manager	Jason Vaughan	23/02/2023
Commissioning Development	Sunita Mills / Ryszard Rusinek	27/02/2023
Local Member	All	
Executive Member	Cllr Liz Leyshon - Deputy Leader of the Council and Lead Member on Finance and Human Resources	27/02/2023
Opposition Spokesperson	Opposition Spokesperson – Finance and Human Resources – Cllr Mandy Chilcott	Sent on 28/02/2023