

SOCIAL & HEALTH CARE OVERVIEW AND SCRUTINY COMMITTEE

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|------------------------|--|
| Date of Meeting | Wednesday 11 th November 2020 |
| Report Subject | Budget 2021/22 – Stage 1 |
| Cabinet Member | Cabinet Member for Social Services |
| Report Author | Corporate Finance Manager, Chief Executive and Chief Officer (Social Services) |
| Type of Report | Strategic |

EXECUTIVE SUMMARY

A report to Cabinet in October provided an update on the financial forecast for 2021/22 and the following two financial years. The report is attached as Appendix 1.

A full review of the forecast has been undertaken to build an accurate and robust baseline of cost pressures that will need to be funded. The review has taken into full account the ongoing impacts of the emergency situation including the speed of recovery of income against set targets.

Due to the current level of uncertainty scenarios have been presented in a range of low to high.

The report also sets out the limited solutions available to fund these cost pressures. The funding strategy is highly dependent on sufficient national funding for local government, a position which is unchanged since the budget for 2020/21 was set.

The details of the cost pressures for Social and Health Care are included within this report. The Committee is invited to review the costs pressures and risks, and to advise on any potential efficiency options to explore.

A slide presentation will be made at the meeting.

RECOMMENDATIONS

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| 1 | That the Committee reviews and comments on the Social and Health Care cost pressures. |
| 2 | That the Committee advises on any areas of cost efficiency it would like to be explored further. |
| 3 | That the Committee reviews and advises on the overall budget strategy. |

REPORT DETAILS

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| 1.00 | EXPLAINING THE FINANCIAL FORECAST |
| 1.01 | A report to Cabinet in October provided an update of the overall financial forecast for 2021/22. |
| 1.02 | Due to the current level of uncertainty scenarios have been presented in a range of low to high. |
| 1.03 | As in recent years the budget for 2021/22 will be considered in stages. This is a first stage report which details the forecast and the cost pressures which make-up the total budget requirement. |
| 1.04 | Revisions to the Forecast All inflationary, demand-led service and other cost pressures have been reviewed and evaluated. The cost pressures have been categorised as: <ul style="list-style-type: none">- Prior Year Decisions/ Approvals- Loss of Income- Legislative/Unavoidable Indexation- Issues requiring national resolution- National Funding Requirements (Pay Awards)- Strategic Considerations |
| 1.05 | The full details of the forecast are attached to this report in Appendix 1. A summary is given below. |

Table 1. Revised Summary 2021/22

| Summary of Pressures | 21 / 22 | | |
|--|---------------|---------------|---------------|
| | L | M | T |
| | £m | £m | £m |
| Prior Year Decisions/Approvals | 1.257 | 1.257 | 1.257 |
| Income Loss | 0.708 | 0.876 | 1.261 |
| Legislative/Unavoidable Indexation Pressures | 0.576 | 0.576 | 0.576 |
| National Resolution Pressures | 3.652 | 4.359 | 7.079 |
| National Funding Requirement (Pay) | 5.787 | 6.949 | 8.073 |
| Strategic Decisions | 2.444 | 5.619 | 9.090 |
| Total Pressures | 14.423 | 19.636 | 27.336 |
| | | | |

1.06 This report sets out in detail the cost pressures within the portfolio of this Committee.

1.07 **Social and Health Portfolio Pressures**

These are set out in the paragraphs which follow.

1.08 **Table 2: Social Services Pressures**

| Pressure Title | £m | Note |
|---|---------------|------|
| Prior Year Decision/Approval | | |
| • Marleyfield Revenue Costs | 0.425 | 1. |
| Legislative/Unavoidable Indexation | | |
| • Sleep in Pay Ruling | 0.125 | 2. |
| • Adoption Service | 0.022 | 3. |
| Requiring National Resolution | | |
| • Social Care Commissioning | 1.880 – 3.825 | 4. |
| Strategic Decisions | | |
| • Transition to Adulthood | 0.495 – 1.100 | 5. |
| • Children's Registered Residential Care Home | 0.138 | 6. |
| • Missing from Home Coordinator | 0.034 | 7. |

1. Marleyfield Revenue Costs – Marleyfield Residential Home is being extended to incorporate 32 additional beds and the pressure is to contribute towards the increased running costs. This pressure was agreed within the 2020/21 budget, partial year budget was allocated

in 2020/21 and the balance for the full year included in the 2021/22 budget.

2. Sleep in Pay Ruling – In February 2020 the Supreme Court heard an appeal against a decision that employees are not entitled to minimum wage whilst working a sleep-in shift. This pressure is to cover the additional cost of Flintshire County Council employees should we be required to pay the minimum wage for the duration of a sleep in. The outcome of the appeal has not yet been announced.
3. Adoption Service – The North Wales Adoption Service, which is a regional service hosted by Wrexham County Borough Council, was reviewed and financial contributions have been evaluated which resulted in an increase to Flintshire's contribution for 2020/21 and subsequent years.
4. Social Care Commissioning – Fee payments to external care providers need to be inflated annually to reflect increasing cost pressures on operational overheads and increases to pay, most notably the increase to National Living Wage. The range reflects a number of scenarios based on estimated increases in fee rates. Residential care fees are set following meetings of the North Wales Care Fees group, Flintshire's residential fees are currently set slightly below the North Wales average and as a minimum we aim to match to suggested regional increase.
5. Transition to Adulthood – This pressure estimates the costs of young people transferring to Adult Social Services. Young people with learning disability needs, who are of school leaving age, have their future needs assessed and services provided can include residential college placements, day care provision or Direct Payments. The range provided considers the average number of young people transferring along with an average estimated cost of the service to be provided.
6. Children's Registered Residential Care Home – To support a reduction in the number Children's of Out of County Placements provision of a registered residential children's home within the Flintshire area is to be delivered. The pressure is for the revenue costs associated with running of a home offering 4 placements, which includes 3 assessment and support placements and 1 emergency bed.
7. Missing from Home Coordinator – This forms part of the response to a multiagency review to strengthen our approach to safeguarding children at risk of going missing, being exploited, being trafficked or at risk of exploitation through County Lines.

| 1.09 | <p><u>Table 3: Summary of Pressures for SC&HOSC</u></p> <table border="1" data-bbox="323 197 1380 309"> <thead> <tr> <th data-bbox="323 197 667 232">Portfolio</th> <th data-bbox="667 197 895 232">Low (£m)</th> <th data-bbox="895 197 1141 232">Medium (£m)</th> <th data-bbox="1141 197 1380 232">Top (£m)</th> </tr> </thead> <tbody> <tr> <td data-bbox="323 232 667 309">Social Services</td> <td data-bbox="667 232 895 309">3.119</td> <td data-bbox="895 232 1141 309">3.345</td> <td data-bbox="1141 232 1380 309">5.669</td> </tr> </tbody> </table> | Portfolio | Low (£m) | Medium (£m) | Top (£m) | Social Services | 3.119 | 3.345 | 5.669 | | | | | | | | | | |
|-----------------|---|-------------|----------|-------------|----------------------------------|-----------------|---------|-------------|-----------------|-------------|---|-------------|---------------------------------|------------|---------|-------------|---------------------|---------|----------------------------|
| Portfolio | Low (£m) | Medium (£m) | Top (£m) | | | | | | | | | | | | | | | | |
| Social Services | 3.119 | 3.345 | 5.669 | | | | | | | | | | | | | | | | |
| 1.10 | <p>Emerging Risk – Out of County Placements</p> <p>Although not included as a cost pressure at this stage the ongoing risk of increasing costs for Out of County placements is being closely monitored.</p> | | | | | | | | | | | | | | | | | | |
| 1.11 | <p>Strategic Funding Solutions</p> <p>The solutions available to the Council to fund the cost pressures outlined in the report are three-fold:-</p> <ul style="list-style-type: none"> - Government Funding (Aggregate External Finance) - Local Taxation and Income - Service Transformation and Efficiencies <p>We can also consider suppressing the budget requirement by not making full budget provision for some risks and treating them as ‘Open Risks’ to be managed in-year.</p> <p>The funding strategy is highly dependent on sufficient national funding for local government.</p> | | | | | | | | | | | | | | | | | | |
| 1.12 | <p>Budget Timeline</p> <p>The UK Spending Review has been confirmed for 25th November with the draft Welsh Government Budget set for 21 December 2020 and with the Final Budget set for 2 March 2021.</p> <p>An outline of the local budget timeline at this stage is set out in the table below:</p> <p><u>Table 4: Budget Timeline</u></p> <table border="1" data-bbox="323 1599 1380 1944"> <thead> <tr> <th data-bbox="323 1599 703 1635">Date</th> <th data-bbox="703 1599 1380 1635">Event</th> </tr> </thead> <tbody> <tr> <td data-bbox="323 1635 703 1671">November</td> <td data-bbox="703 1635 1380 1671">Overview and Scrutiny Committees</td> </tr> <tr> <td data-bbox="323 1671 703 1706">15 December</td> <td data-bbox="703 1671 1380 1706">Cabinet</td> </tr> <tr> <td data-bbox="323 1706 703 1742">21 December</td> <td data-bbox="703 1706 1380 1742">WG Draft Budget</td> </tr> <tr> <td data-bbox="323 1742 703 1778">22 December</td> <td data-bbox="703 1742 1380 1778">Provisional Local Government Settlement</td> </tr> <tr> <td data-bbox="323 1778 703 1814">23 December</td> <td data-bbox="703 1778 1380 1814">Cabinet and all Member Briefing</td> </tr> <tr> <td data-bbox="323 1814 703 1850">19 January</td> <td data-bbox="703 1814 1380 1850">Cabinet</td> </tr> <tr> <td data-bbox="323 1850 703 1886">16 February</td> <td data-bbox="703 1850 1380 1886">Cabinet and Council</td> </tr> <tr> <td data-bbox="323 1886 703 1944">2 March</td> <td data-bbox="703 1886 1380 1944">WG Final Budget/Settlement</td> </tr> </tbody> </table> | Date | Event | November | Overview and Scrutiny Committees | 15 December | Cabinet | 21 December | WG Draft Budget | 22 December | Provisional Local Government Settlement | 23 December | Cabinet and all Member Briefing | 19 January | Cabinet | 16 February | Cabinet and Council | 2 March | WG Final Budget/Settlement |
| Date | Event | | | | | | | | | | | | | | | | | | |
| November | Overview and Scrutiny Committees | | | | | | | | | | | | | | | | | | |
| 15 December | Cabinet | | | | | | | | | | | | | | | | | | |
| 21 December | WG Draft Budget | | | | | | | | | | | | | | | | | | |
| 22 December | Provisional Local Government Settlement | | | | | | | | | | | | | | | | | | |
| 23 December | Cabinet and all Member Briefing | | | | | | | | | | | | | | | | | | |
| 19 January | Cabinet | | | | | | | | | | | | | | | | | | |
| 16 February | Cabinet and Council | | | | | | | | | | | | | | | | | | |
| 2 March | WG Final Budget/Settlement | | | | | | | | | | | | | | | | | | |

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| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | As set out in the report. |

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| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 3.01 | As set out in the report. |

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| 4.00 | RISK MANAGEMENT |
| 4.01 | As set out in the report. |

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| 5.00 | APPENDICES |
| 5.01 | Appendix 1 – Cabinet Report 20 th October 2020 – Medium Term Financial Strategy and Budget 2021/22 |

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| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | <p>Cabinet Report 20th October 2020 – Medium Term Financial Strategy and Budget 2021/22</p> <p>Contact Officer: Gary Ferguson, Corporate Finance Manager Telephone: (01352) 702271 E-mail: gary.ferguson@flintshire.gov.uk</p> |

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| 7.00 | GLOSSARY OF TERMS |
| 7.01 | <p>Specific Grants: An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.</p> <p>Annual Settlement: the amount of its funds the Welsh Government will allocate annually to local government as a whole, as part of its total budget and to individual councils one by one. The amount of Revenue Support Grant each council will receive is based on a complex distribution formula for awarding Aggregate External Finance (AEF). The formula is underpinned by assessments of local need based, for example, of population size and demographics and levels of social deprivation.</p> <p>Financial Year: the period of 12 months commencing on 1 April.</p> |

Revenue: a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.

Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.