



MTFS and Council Budget 2021/22

Social and Health Care
Overview & Scrutiny
November 2020





Financial Forecast 2021/22



Financial Forecast for 2021/22

- » Appendix 1 provides a detailed list of cost pressures included in the forecast
- » Forecast minimum requirement significantly increased from the forecast of £9-10m for 2021/22 reported to Council in February
- » This is a forecast and not a budget at this stage
- » It does not become a budget until it is (1) refined (2) choices are made and (3) there are funding solutions
- » The forecast shows a range of possible figures – line by line - from lower to middle to higher
- » All estimates are backed up by *Method Statements*

Forecast for 2021/22

- » No assumptions are made on local taxation at this point
- » Fees and charges are as now and will be subject to indexation as per the *Council Policy for Fees and Charges*
- » There are no local budget choices presented at this stage
- » There are no efficiencies of scale available to us – the situation has not changed since we set the last annual budget – in fact the opposite is true. We have warned of the need to have safe and resilient services – the experience of the emergency has illustrated what resilience is, and why it is needed

The Future – What we advised back in February

- » For the Council to be sustainable future local government settlements will need to have in-built minimum 4% annual increases
- » Specific grants need to be stable and index-linked
- » 3 year forward planning by Governments is needed
- » The sustainability of Council budgets will be under serious threat without the above
- » There are no local service choices or corporate financing options of scale remaining
- » Early planning for 2021/22 - 2023/24 underway with an updated forecast planned for May



Cost Pressures 2021/22



Summary Totals of Cost Pressures

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

Social Services Cost Pressures (1)

- » Prior Year Decision/Approvals – Marleyfield
Revenue Costs – expansion of Marleyfield
Residential Care Home £0.425m
- » Legislative/Unavoidable Indexation – Sleep-in
Pay Ruling – Supreme Court Ruling on sleep-in
pay rates £0.125m
- » Legislative/Unavoidable Indexation – Adoption
Service - increased financial contribution to
regional service £0.022m

Social Services Cost Pressures (2)

- » Requiring National Resolution - Social Care Commissioning – annual inflation £1.880 - £3.825m
- » Strategic Decisions – Transition to Adulthood - costs for young adults transferring to Adult Social Services £0.495 - £1.100m
- » Strategic Decisions – Children’s Registered Residential Care Home – in county provision for residential placements £0.138m

Social Services Cost Pressures (3)

- » Strategic Decisions – Missing from Home Coordinator – additional cost of a post to enhance the safeguarding of children £0.034m

Social Services Cost Pressures (4)

Pressure Category/Item	L	M	T
	£m	£m	£m
Prior Year Decision/Approvals - Marleyfield Revenue Costs	0.425	0.425	0.425
Legislative/Unavoidable Indexation - Sleep-in pay ruling	0.125	0.125	0.125
Legislative/Unavoidable Indexation - Adoption Service	0.022	0.022	0.022
Requiring National Resolution - Social Care Commissioning	1.880	1.945	3.825
Strategic Decisions - Transition to Adulthood	0.495	0.656	1.100
Strategic Decisions - Children's Registered Residential Care Home	0.138	0.138	0.138
Strategic Decisions - Missing from Home Coordinator	0.034	0.034	0.034
Total Pressures	3.119	3.345	5.669



Strategic Solutions



Three Part Solutions and Risk-Taking

- » Service transformations and efficiencies – low possibilities and a realistic minimum £1m assumed as a contribution to the budget gap
- » Taxation and income – up to £5m as a realistic maximum
- » Government funding – high reliance on national RSG and specific grant funding as the predominant solution
- » Taking some ‘open risks’ in-year – on variable cost pressures - with limited budget protection

National Position and Funding (1)

Welsh Government depended upon to meet the following in full (shown at low estimate levels):-

- » Legislative Cost Pressures: £0.391m
 - » CTRS/Council Tax Collection Levels: £1.772m
 - » Social Care Commissioning: £1.880m
 - » Pay Awards: £5.787m
 - » Total: £9.830m
- » A general uplift in RSG and specific grants is also needed for indexation, a sustainable schools system e.g. ALN and FSM, depleted income e.g. school transport charging, and capital borrowing costs

National Position and Funding (2)

- » A national survey to capture the sum total of cost pressures across all Welsh Councils has been undertaken through the Welsh Local Government Association (WLGA)
- » The outcome of this work will be analysed and shared with Welsh Government to help support the case for adequate funding uplifts to meet rising inflationary impacts and service demands

Potential Funding Scenarios

Gap at the Lower Level	14.423	14.423	14.423	14.423	14.423	14.423
Percentage Increase	0%	1%	2%	3%	4%	5%
	£m	£m	£m	£m	£m	£m
RSG	0	1.994	3.988	5.982	7.975	9.969
Efficiencies	1.000	1.000	1.000	1.000	1.000	1.000
Council Tax	0.677	1.550	2.423	3.296	4.169	5.041
Total Potential Funding	1.677	4.544	7.411	10.278	13.144	16.010
Remaining Gap	12.746	9.879	7.012	4.145	1.279	(1.587)

Budget Timetable

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

Support and Challenge Today

- » review of all cost pressures
- » advise on risk-taking on Low, Medium and High budgeting scenarios
- » advise on any efficiency options to explore
- » advise on local taxation policy
- » advise on expectations of Governments
- » advise on messages for public communications