

Meeting date: 21 February 2023

Report to: Cabinet Portfolio Holder for Health and Adult Social Care

Report title: Revenue and Capital Monitoring 2022/23 as at 31 December 2022

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Wards affected:

- All Wards | Bickenhill | Blythe | Castle Bromwich | Chelmsley Wood |
 Dorridge/Hockley Heath | Elmdon | Kingshurst/Fordbridge | Knowle |
 Lyndon | Meriden | Olton | Shirley East | Shirley South |
 Shirley West | Silhill | Smith's Wood | St Alphege
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Public/private report: Public

1. Executive Summary

- 1.1 To update the Cabinet Portfolio Holder for Health and Adult Social Care on the progress in delivery of the Medium Term Financial Strategy for the portfolio.

2. Decision(s) Recommended

- 2.1 Cabinet Portfolio Holder notes the progress being made against the Medium Term Financial Strategy.
- 2.2 Cabinet Portfolio Holder endorses the actions being taken to manage the in-year financial position and the management of identified risks.
- 2.3 In conjunction with the Cabinet Portfolio for Resources, the Cabinet Portfolio Holder approves a contribution of £400,000 to the existing Family Hubs reserve in 2022/23.

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3. Matters for Consideration

- 3.1 Full Council agreed a balanced budget in February 2022 for the three years from 2022/23 to 2024/25. Officers have been working on the new MTFS for 2023/24 to 2025/26. We have followed the established process of taking updates through the Member led Budget Strategy Group followed by an all-Members' Seminar between October and December 2022. There has also been an additional Budget Strategy Group meeting on 16 January 2023.
- 3.2 The budget proposals were then presented to Scrutiny Boards in January and the updated MTFS was presented to Cabinet on 9 February 2023. Following this, the MTFS will be presented to Full Council in early 2023 alongside Cabinet's budget and council tax recommendations for 2023/24. The report covers the updated MTFS along with the assumptions made, decisions recommended and the overall position for 2023/24 to 2025/26.

3.3 Overall Financial Position

- 3.3.1 Appendix A sets out the forecast revenue, capital and reserves position for 2022/23. Appendix B sets out the MTFS savings position.
- 3.3.2 The overall revenue position for adult social care is a break-even position following use of directorate reserves of £2.046 million.
- 3.3.3 The main factors within this forecast are:
- The Fair Cost of Care exercise carried out in the summer of 2022 enabled the council to give an in-year uplift to care at home providers from government funding provided for this purpose. Funding of £587,000 has been utilised in 2022/23. In 2023/24, a Market Sustainability and Improvement Grant of £2.038 million has been allocated to Solihull and this will be utilised to increase the rate paid for care at home providers, as well as residential and nursing providers.
 - We have seen sudden and significant pressure on hospitals that required fast, responsive action to be taken by adult social care. The financial impact arises from the need to provide urgent care for people coming out of hospital. A £500 million national fund has been announced and the council has submitted plans to buy additional capacity and strengthen resilience totalling £1.5 million in 2022/23. In January 2023, a further £200 million was made available to Integrated Care Boards to arrange further community-based bedded capacity. These funds are time limited to 31 March 2023. Funding for future years has been announced alongside this but not all local allocations are available yet.
 - We continue to support the exploitation reduction and safeguarding related support services for adults, including those in transition to adulthood. These costs of £134,000 are being met from a reserve held for this purpose.
 - The directorate is utilising £1.912 million of its reserves in order to break-even. £623,000 of which was approved as part of the latest MTFS. £140,000 is being utilised to purchase additional bed capacity. The remaining £1.149 million reserves are funding one-off expenditure in relation to the extension of the crisis response team (a team of peripatetic social work and occupational therapy staff), to keep in

place the hospital social care team to facilitate hospital discharges, and to meet our contractual commitments relating to fixed term posts.

- 3.4 Public Health services are largely funded from Public Health Grant of £11.829 million. The service is forecasting a surplus of (£233,000) mainly due to temporary vacancies. To provide additional risk funding in the early years of pilot Family Hubs service delivery, £400,000 has been allocated to the Family Hubs service and it is proposed that this is contributed in full to the existing Family Hubs reserve. In line with Council's Financial Regulations, a request will be made to the Cabinet Portfolio Holder for Resources to approve the contribution to the Family Hubs reserve.
- 3.5 The capital programme is £3.655 million. The total expenditure on schemes planned to be delivered within this financial year is £2.048 million. Therefore, all of the unspent budgets will be requested to be carried forward to fund future capital planned expenditure.
- 3.6 The budgets within this portfolio are aligned to the priorities for 2022/23 of the Deputy Leader: Partnerships and Well-being and the Cabinet Portfolio Holder for Children and Education.
- 3.7 Emerging pressures to be managed**
- 3.8 The government plans to reintroduce inspections of local authority's social care functions by the Care Quality Commission (CQC), with councils being potentially subject to government intervention where there is a risk of failure to meet standards. This is requiring an increased demand on capacity to develop new business intelligence and reporting to demonstrate that services provided are sustainable and of good quality.
- 3.9 It is highly uncertain how care providers will respond to the ongoing reform in the social care sector. Care providers will also be assessing the outcome of the Fair Cost of Care exercise and the Council's plans may fall short of their expectations. Uplift requests outside usual processes have been requested by some providers, which the council may not be able to agree to. Some care providers may not be willing accept lower fees so they may not accept referrals from the local authority or cease to provide services. This could lead to a reduction in capacity to meet demand in the community which would then need to be remedied in order to continue to meet statutory duties.
- 3.10 The NHS is an essential partner to deliver joined-up services aimed at preventing ill-health and reducing demand for unplanned care. NHS service pressures, waiting lists and accessibility issues are now widely reported in the media. It is expected that the NHS will be reviewing its financial commitments to relieve the strain on its resources which may mean less funding for the council.
- 3.11 The adult social care sector struggles to recruit and retain staff so that it is able to provide good quality, responsive care. Although not as badly affected as some areas, this is also the case locally and has been exacerbated by the cost-of-living impacts on people living in Solihull. Risks emanating from this may translate into higher fees requested by care providers or the inability to provide services.
- 3.12 The population is ageing and adults with long term health conditions and disabilities are living longer. Also, greater number of younger adults are accessing support for

learning disabilities and autism, and we are seeing increased complexity of people's needs. An estimate of this future pressure has been included as a pressure in the MTFs, but there is a risk it is an under-estimate.

- 3.13 Development and transformation of services will deliver new operational pilot Family Hubs from April 2024, partially met by DfE Family Hubs Transformation Fund grant. The hub offer is an important means of delivering early help at the heart of our communities, with an aim to reduce the number of families entering statutory services. As such, this offer is an integral part of the Children's Improvement Plan. As the hub offer will form part of the on-going wider prevention and early-intervention model for children living in the borough, the expectation is that the hub offer is embedded into existing core budgets. Key multi-agency partners are focussing on ensuring long-term funding is realised to maintain the offer and that efficiency savings as a result of co-location of services can be realised. There is ongoing dialogue over future funding arrangements for this multi-agency programme including with the new Integrated Care System.
- 3.14 A number of Public Health contracts will terminate during the MTFs period. The majority of existing contracts were agreed at fixed prices over a number of years and do not currently provide for inflation whilst those that are NHS provided include provision for pay inflation in line with NHS Agenda for Change pay rises that have been agreed above levels of increases to Public Health Grant. The impact of inflation could give rise to contract price increases across a number of contracts and the level of pressure for the service will depend on future allocations of Public Health Grant, which are advised on an annual basis.
- 3.15 Funding for some key public health and preventative programmes including aspects of smoking cessation, alcohol support and weight management are increasingly being directed from DHSC to emerging Integrated Care Systems so joint working with the ICS will be key to further service development for some of the service areas.

4. What options have been considered and what is the evidence telling us about them?

- 4.1 Based on the latest forecasts, there is sufficient base budget and reserve funding to enable the portfolio to deliver services and meet its financial commitments. It is anticipated that the position will continue to be stable through to the end of the year as strong internal governance procedures are in place.
- 4.2 Pressures arising so far during this financial year for adult social care, as set out in 3.5.3 above, have been managed using grant funding and reserves. The adult social care contingency reserve continues to be a buffer that prevents the directorate from calling on the corporate budget strategy reserve.

5. Reasons for recommending preferred option

- 5.1 The portfolio continues to manage a challenging set of pressures, using evidence-based decisions to understand and respond to the causes of emerging pressures, with significant risks and mitigating actions being reported to the Directorate Leadership Team and the Corporate Leadership Team to ensure that the portfolio remains within budget.

5.2 There is a strong corporate process to oversee delivery of savings and review variances to budget. Actions are being taken in a planned way across the portfolio and will be fed into the budget process where actions would reflect a change from currently agreed plans. ARTOP Board (Aligning Resources To Our Priorities) meet quarterly to oversee the council's financial position.

6. Implications and Considerations

6.1 State how the proposals in this report contribute to the priorities in the [Council Plan](#):

Priority:	Contribution:
<p>People and Communities:</p> <ol style="list-style-type: none"> 1. Improving outcomes for children and young people in Solihull. 2. Good quality, responsive, and dignified care and support for Adults in Solihull when they need it. 3. Take action to improve life chances and health outcomes in our most disadvantaged communities. 4. Enable communities to thrive. 	This is the key purpose of the portfolio
<p>Economy:</p> <ol style="list-style-type: none"> 5. Develop and promote the borough's economy, with a focus on revitalising our town and local centres. 6. Maximising the opportunities of UK Central and HS2. 7. Increase the supply of affordable and social housing that is environmentally sustainable. 	N/A
<p>Environment:</p> <ol style="list-style-type: none"> 8. Enhance our natural environment, improve air quality and reduce net carbon emissions. 	N/A
<ol style="list-style-type: none"> 9. Promote employee wellbeing 	N/A

6.2 Consultation and Scrutiny:

6.2.1 This is an update report.

6.3 Financial implications:

6.3.1 The financial implications are set out in the body of the report.

6.4 Legal implications:

6.4.1 No decisions in this report.

6.5 Risk implications, including Risk Appetite:

6.5.1 The budget monitoring report takes account of known forecast variances. In addition, there may be pressures which are currently being monitored and managed by budget managers that could affect the final outturn position for 2022/23.

6.5.2 As mentioned in Section 3 of this report there are a number of substantial financial risks that the authority is facing as a result of external economic conditions which will be included in the Council's Budget Setting Process.

6.5.3 The Corporate risk relating to the delivery of the MTFS is currently at a net level 9. The new MTFS that will be presented to Full Council in February 2023 will need to reduce this risk to at least a net level 8.

6.5.4 Covid-19 Funding has now all been committed and any further pressures will need to be managed within individual Portfolios.

6.6 Equality implications:

6.6.1 No changes proposed

6.7 Linkages to our work with the West Midlands Combined Authority (WMCA), Local Enterprise Partnership or the Birmingham & Solihull Integrated Care System (ICS):

6.7.1 The Council works with other health and local authority partners across the West Midlands.

7. List of appendices referred to

7.1 Appendix A – Revenue, Capital and Reserves

7.2 Appendix B - MTFS

8. Background papers used to compile this report

8.1 N/A

9. List of Other Relevant Documents

9.1 N/A