

Meeting date: 15th February 2021

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



Subject/report title: Revenue and Capital Monitoring 2020/21as at 31st December 2020

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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

Public/private report: Public

Exempt by virtue of paragraph: N/a

1. Purpose of Report

- 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, for the in-year position as at the end of December 2020 (Period 9/Quarter 3).

2. Decision(s) recommended

- 2.1 Cabinet Portfolio Holder notes the progress being made against the Medium Term Financial Strategy as at the end of December 2020 (Period 9/Quarter 3).
- 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 Cabinet Portfolio Holder approves the delegation of use of grant allocations in respect of Contain Outbreak Management Funding to the Director for Public Health outlined in paragraph 3.3.10.
- 2.4 In conjunction with the Cabinet Member for Resources, the Cabinet Portfolio Holder approves the setting up of a new reserve for the Contain Outbreak Management Fund

and the contribution of any year-end surplus to the reserve as outlined in paragraph 3.3.10.

3. Matters for Consideration

3.1 As Members will be aware a report went to Full Cabinet on the 18th June outlining the initial financial impact of Covid-19 for the 2020/21 financial year. The Period 3 and Period 6 positions have subsequently been reported to Full Cabinet on the 10th September and 5th November respectively. The position is continually moving and evolving and the latest Covid-19 forecast across the Council, as at 31st December (Period 9) for the 2020/21 financial year, which will be reported to Full Cabinet on the 11th February is net nil – meaning that there is no adverse impact on our financial position overall for this financial year.

3.2 The general Covid-19 emergency funding that we have received to date from the government is still being shown corporately, however based on each individual portfolio's financial position at Period 9 we have sufficient government funding to cover the latest forecast position for the Council as a whole, including this portfolio.

3.3 Overall Portfolio Financial Position

3.3.1 Appendix A sets out the forecast revenue, capital and reserves outturn for 2020/21 with detailed explanations on key variances for Covid-19 and non-Covid-19 activities.

3.3.2 The overall revenue position for the portfolio as a whole is a forecast adverse variance of £1.937 million for the financial year, as a result of the impact of Covid-19 on the portfolio spending and savings plans. The non-Covid-19 position overall is balanced and at this stage it is anticipated that the portfolio will be making a contribution into its reserves at the year end.

3.3.3 Within the Adult Care and Support Directorate part of the portfolio the financial plan for the year was underpinned by planned early delivery of MTFS savings of £0.652 million, of which there is now forecast to be a shortfall of £0.503 million (of which £0.068 million relates to previous years) which are detailed in section 3.5 below. In addition, there are now considerable additional pressures made up of £1.820 million adverse Covid-19 impact on the directorate with the non-Covid-19 budgets in a net nil position overall. Other variances are explained in more detail in the Appendix A.

3.3.4 Since the last report to the Cabinet portfolio holder meeting in November the Council has received a further allocations of funding. Notification of an allocation of £0.104 million was received during November for support to Clinically Extremely Vulnerable Individuals. This funding will be used as required to support those who are being advised to shield. This will include telephone support, home visits if required, access to food parcels, support with access to medication and information and advice.

3.3.5 In addition to the above we have received a £0.682million allocation (out of a £149 million national fund) for Adult Social Care Rapid Testing Fund and an indicative allocation of £0.435 million (out of a £120 million national fund) for Social Care staffing (workforce capacity fund). We will be allocating the Adult Social Care Rapid Testing

Fund based on the same formulas used for the distribution of the Infection Control Funding to Registered Care Homes across the Borough. For the Social Care Staffing (workforce capacity fund) allocation, we are still waiting for confirmation of the grant conditions and eligibility. A verbal update will be provided at the meeting.

- 3.3.6 A further source of funding during the financial year linked to Covid-19 has been through the claims that have been made to the Clinical Commissioning Group (CCG). These claims include costs related to support for people leaving hospital, receiving short term or joint funded services and admissions avoidance services and are allowable under national guidance. Just under £2.8million of costs have been reclaimed from the CCG via this method, up to the end of December 2020. The fact that we have been able to make these claims during 2020/21 are likely to have had a positive effect on our budget position for the current year.
- 3.3.7 Within the Public Health Directorate part of the portfolio, there is a forecast adverse variance of £0.117 million as a result of the impact of Covid-19 resulting from pressures associated with the provision of emergency PPE to care homes, children and adults' social care, other front-line staff across the council and schools and special schools.
- 3.3.8 The non-Covid-19 impact for Public Health is a balanced position as the Public Health forecast favourable grant variance of £0.763 million can be contributed to the Public Health reserve in line with terms and conditions of the grant allocation. This variance has resulted from an increase to Public Health grant for 2020/21 announced in the spring of 2020, the impact of reductions in activity in some public health services during lockdown period and revised working practices due to social distancing and delays in implementation of new programmes of work as a result of staff redeployment onto COVID responses.
- 3.3.9 Further work within the Public Health directorate supporting the impact of Covid-19 includes supporting the Test and Trace programme for which a funding allocation of £1.473 million has been received. This is a significant area of work for the Directorate and the funding is meeting the cost of additional regulatory services capacity, environmental health support, infection control and additional testing and swabbing capacity, specialist public health capacity and communications resources. This is covered in full from the grant allocations with approval already made to contribute any year end surplus for 2020/21 into a reserve to meet potential costs in 2021/22. The current forecast for 2020/21 is a positive variance of £0.714 million.
- 3.3.10 The Council is also receiving Contain Outbreak Management Funding (COMF), which is forecast to total £3.462 million by the end of January 2021 based on current Covid-19 Tier allocations. Further funding is expected to be made to the end of March 2021 on the current basis of £4/head of population if an authority is in Tiers 3, 4 or 5 and £2/head if in Tier 2. However, the funding is due to be reviewed by the DHSC so the current forecast does not include potential funding receivable beyond the end of January 2021.
- 3.3.11 In addition to use of funds as described for Test and Trace activity as described at 3.3.8 above, COMF funding, in line with the terms and conditions of the grant allocation, is being used more widely by the authority to ensure compliance and enforcement of Covid restrictions and to provide additional support for community and

workplaces and those disproportionately impacted by the virus. The current forecast is a positive variance of £1.812 million. The DHSC have confirmed that a year-end surplus can be carried forward to meet response needs in 2021/22. Approval is therefore being sought to set up a new reserve for the Contain Outbreak Management Fund and to contribute the year end variance to the reserve and delegate use of COMF funding to the Director for Public Health.

3.3.12 The Directorate has been notified of further funding due in relation to the roll out of Community Testing at new sites in the borough which will also cater for asymptomatic testing. This will be directly funded through a per test payment of £14 per test.

3.3.13 There are no other significant variances in public health.

3.3.14 The capital programme is currently forecast to spend £1.8million from a budget of £3.9million. Thus there is a projected variance of circa £2.1million. The variance is mainly driven by the impact of Covid-19 on works, specifically relating to the Disabled Facilities Grant during the year. There is ongoing review of the position and it will be updated should there be any significant change in activity that impacts the forecast position. Any unspent balance will be rolled forward into the 2021/22 budget and discussions are being had on investment to save options that will optimise the funds available. Linked to that, and included within the Housing Capital Programme 2021/22 report also on this agenda there is a request to approve an allocation of £1.825million to Solihull Community Housing to meet statutory Disabled Facilities Grant (DFG) demand. This figure is based on an estimate of SCH of what will be sufficient to meet statutory DFG responsibilities, based on current expectations of demand and includes a number of higher value works delayed due to Covid-19.

3.3.15 It is proposed that the balance of the DFG allocation in 2021/22 should again be allocated to projects proposed by the Director of Adult Care and Support which are to be approved by the Cabinet Member for Health and Social Care at a future meeting.

3.3.16 The reserve position for the portfolio shows a level of contingency funding to manage the risks and potential pressures which currently exist and those which are also being identified as part of the new Medium Term Financial Strategy (MTFS) process for the next three years. The contingencies are not currently being used to manage the Covid pressure in the current financial year, which is being managed at a Council level, however they may be required to fund any post Covid changes in activity levels and costs in future financial years.

3.4 Progress against savings plans

3.4.1 Appendix B, shows the progress on delivery of the savings plans. There are areas of forecast over and under delivery against the plans for the current financial year. The major variances are:

- Slippage in the delivery of the savings to be achieved through more affordable residential and nursing care (ACS16) – this is as a result of the delayed opening of Tanworth Court, and then the challenges to the whole residential care sector as a result of Covid-19, which has led to periods of needing to pause admissions of new residents in a number of homes to contain the risk of infection.

- Slippage is also expected for the savings around Day Care (ASC1), Efficiencies from the replacement to CareFirst (ASC15) and Reduced Borrowing charges (ASC1819-8) as a result of staff time being diverted to deliver the response to Covid-19. As the council moves into the recovery stage, work will be undertaken to try to improve delivery in year, with an expectation that these savings will be delivered in future years.

3.5 Progress against previously identified pressures

- 3.5.1 The portfolio is, aside from the impact of Covid-19 managing the pressures and mitigations in line with the budget.

3.6 Emerging pressures to be managed

- 3.6.1 As is shown in the appendix and highlighted elsewhere there is expected to be an ongoing pressure from Covid particularly around demand for care, care costs and public health services and work has been carried out to estimate the potential impact. This has now been taken account of as part of the MTFS process which has now been through four Budget Strategy Group meetings and is currently going through the scrutiny process ahead of the Full Cabinet considerations in February and onwards to Full Council.

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

- 4.1 Overall the Portfolio would be in a stable position without the impact of Covid-19. The pandemic has caused a considerable impact on the portfolio.
- 4.2 Where savings plans are currently being shown as red, further work is underway to assess how delivery of these savings can be made more secure.
- 4.3 The result of this work will be fed into the budget setting process and into future forecasts for the current financial year.

5. Reasons for recommending preferred option

- 5.1 The portfolio is managing a challenging set of pressures, and evidenced based decisions are being made to understand the causes of emerging pressures, and appropriate actions to address them. So far the combination of government funding that has been received directly and via our health partners indirectly has addressed the pressures within the current financial year.
- 5.2 There is uncertainty about the longer term impacts of Covid-19 on service costs beyond this financial year and the likely resulting recurrent costs. Through the annual Medium Term Financial Strategy process the portfolio has been able to reflect on and present the latest position in terms of both the anticipated Covid-19 and non Covid-19 related pressures and mitigations and the anticipated subsequent recovery status post Covid-19.
- 5.3 Further government Covid-19 emergency funding has also been announced through the provisional settlement for next financial year which has also been reflected in the and as far as is able to be determined so far allows the impact of Covid to have been

addressed overall for the Council.

6. Implications and Considerations

6.1 State how the proposals in this report contribute to the priorities in the Council Plan:

| Priority: | Contribution: |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| Economy: 1. Revitalising our towns and local centres. 2. UK Central (UKC) and maximising the opportunities of HS2. 3. Increase the supply of housing, especially affordable and social housing. | N/A |
| Environment: 4. Enhance Solihull's natural environment. 5. Improve Solihull's air quality. 6. Reduce Solihull's net carbon emissions. | N/A |
| People and Communities: 7. Take action to improve life chances in our most disadvantaged communities. 8. Enable communities to thrive. 9. Sustainable, quality, affordable provision for adults & children with complex needs. | This is the key purpose of the portfolio. |

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:

6.5.1 Covid-19 has created significant financial risk and is being managed at a Council level as well as within the portfolio.

6.6 Equality implications:

6.6.1 No changes proposed.

7. List of appendices referred to

7.1 Appendix 1 – Revenue, Capital and Reserves

7.2 Appendix 2 – MTFS savings delivery update

7.3 Appendix 3 – Portfolio Covid Cost Summary

8. Background papers used to compile this report

8.1 N/A

9. List of other relevant documents

9.1 N/A