

Adults and Safer City Scrutiny Panel

17 November 2020

Report title	Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Linda Leach Adults Councillor Jasbir Jaspal Public Health and Wellbeing	
Corporate Plan priority	Confident Capable Council	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable Director	Claire Nye, Director of Finance	
Originating service	Strategic Finance	
Accountable employee	Alison Shannon	Chief Accountant
	Tel	01902 554561
	Email	Alison.shannon@wolverhampton.gov.uk

Report to be/has been considered by

Recommendations for decision:

The Panel is recommended to:

1. Provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on the budget relevant to the remit of this Panel and how it is aligned to the priorities of the Council.
2. Provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on the Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024.
3. Approve that the Scrutiny Panel response be finalised by the Chair and Vice Chair of the Scrutiny Panel and forwarded to Scrutiny Board for consideration.

1.0 Purpose

- 1.1 The purpose of this report is to seek the Panel's feedback on the budget relevant to the remit of this Panel and how it is aligned to the priorities of the Council. In addition to this, the Panel's feedback is also sought on the Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024 that is due to be presented to Cabinet on 11 November 2020.

2.0 Draft Budget and Medium Term Financial Strategy Background

- 2.1 Since 2010-2011 despite the successive cuts in Council resources, which have led to significant financial challenges, the Council has set a balanced budget in order to deliver vital public services and city amenities. Over the last ten years the Council has identified budget reductions in excess of £235 million.
- 2.2 The Budget and Medium Term Financial Strategy (MTFS) 2020-2021 to 2023-2024 was presented to Full Council for approval on 4 March 2020. The Council was able to set a balanced budget for 2020-2021 without the use of General reserves. However, it was projected that the Council would be faced with finding further estimated budget reductions totalling £15.5 million in 2021-2022 rising to around £20 million over the medium term to 2023-2024.
- 2.3 It is important to note that the budget was prepared prior to the Covid-19 pandemic. At the time of reporting to Council, the full impact of Covid-19 was not anticipated and the impact on both the finances and operating environment could not have been foreseen.
- 2.4 The Covid-19 pandemic has had a significant international, national and regional impact, and will continue to have, significant financial implications for the Council.
- 2.5 Since March 2020, work has been ongoing across the Council to review corporate resources assumptions, growth and inflation assumptions and opportunities in line with the Five Year Financial Strategy to support the budget strategy for 2021-2022 and future years, whilst also detailing the emerging pressures that the Council currently faces in response to the Covid-19 pandemic.
- 2.6 It should be noted that due to external factors, especially surrounding the Covid-19 pandemic and Brexit, budget assumptions remain subject to change. This could therefore result in alterations to the financial position faced by the Council.

3.0 Five Year Financial Strategy

- 3.1 The Council's strategic approach to address the budget deficit continues to be to align resources to Our Council Plan 2019-2024 which was approved by Full Council on 3 April 2019.
- 3.2 Our Council Plan, developed with the people of the City of Wolverhampton at its heart, sets out how we will deliver our contribution to Vision 2030 and how we will work with our partners and communities to be a city of opportunity.

The plan includes six strategic priorities which come together to deliver the overall Council Plan outcome of 'Wulfrunians will live longer, healthier and more fulfilling lives.' Over the medium term, resources will continue to be aligned to enable the realisation of the Council's strategic priorities of achieving:

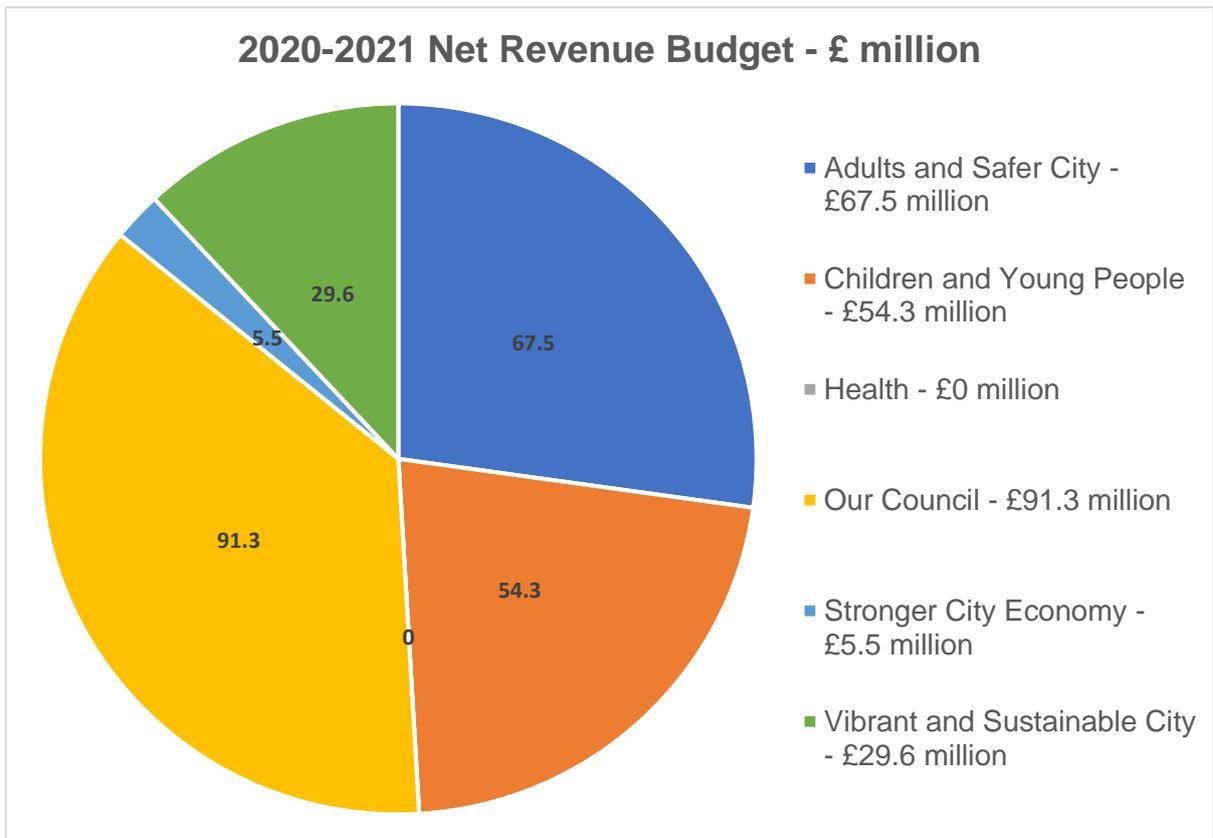
- Children and young people get the best possible start in life
- Well skilled people working in an inclusive economy
- More good jobs and investment in our city
- Better homes for all
- Strong, resilient and healthy communities
- A vibrant, green city we can all be proud of.

- 3.3 All of the strategic outcomes will be supported by the 'Our Council' Programme, which will help us drive organisational improvement and development.
- 3.4 Covid-19 has had a significant international, national and regional impact and will continue to do so over the short and medium term. The pandemic has made the challenges faced in our local economy much harder. Alongside managing the emergency response to the pandemic, the Council has also undertaken extensive planning for recovery which was approved by Cabinet in September. It engaged with around 2,500 people including residents, young people, the voluntary and community sector and other partners, employees, Councillors and businesses across the city. This engagement has shaped the Council's five-point recovery plan, 'Relighting our City'.
- 3.5 The Financial Strategy, approved by Council in March 2019, consists of five core principles underpinned by eight core workstreams. Using the Core Workstreams as the framework for the Financial Strategy detailed delivery plans are being developed all with a lead director. The core principles are:
- **Core Principles:**
 - **Focusing on Core Business.** Focus will be given to those activities that deliver the outcomes local people need and which align to our Council Plan and Financial Strategy.
 - **Promoting Independence and Wellbeing.** We will enable local people to live independently by unlocking capacity within communities to provide an effective and supportive environment.
 - **Delivering Inclusive Economic Growth.** We will continue to drive investment in the City to create future economic and employment opportunities.
 - **Balancing Risk.** We will ensure we base decisions on evidence, data and customer insight.
 - **Commercialising our Approach.** We will boost social value in our City by maximising local procurement spend with people and businesses.

4.0 Budget – Adults and Safer City Scrutiny Panel remit

- 4.1 As detailed above, when addressing the budget challenge, the Council continues to focus on aligning its resources to strategic outcomes.
- 4.2 The Council holds a net revenue expenditure budget totalling £248.2 million for the 2020-2021 financial year. Of this, services relevant to the remit of the Adults and Safer City Scrutiny Panel have net revenue expenditure budgets totalling £67.5 million, as can be seen in Chart 1 below.

Chart 1 – Net Revenue Budget 2020-2021



- 4.3 A further breakdown of the net revenue budget for each service relevant to the remit of this Panel is provided in Table 1 below:

Table 1 – Service and Revenue Budget Provision

Service	2020-2021 Gross Expenditure Budget £000	2020-2021 Gross Income Budget £000	2020-2021 Net Revenue Expenditure/ (Income) Budget £000
Adults Assessment & Care Management East	6,759	(1,493)	5,266
Business Change	-	-	-
Carer Support	837	(6)	831
Community Financial Support	2,040	(490)	1,550
Community Safety & Community Cohesion	1,567	(1,534)	33
Community Support	547	-	547
Director of Adults Services and Additional Monies	1,034	(7,726)	(6,692)
Emergency Duty Team	482	(162)	320
Independent Living Service	2,766	(915)	1,851
Learning Disabilities Care Purchasing	26,852	(5,367)	21,485
Learning Disability Provider	4,960	(303)	4,657
Mental Health Assessment & Care Management	6,434	(1,105)	5,329
Older People Care Purchasing	37,358	(15,530)	21,828
Older People Provider Services	3,539	(6)	3,533
Physical Disabilities Care Purchasing	6,524	(1,740)	4,784
Quality Assurance and Policies	367	-	367
Strategic Commissioning	1,967	(128)	1,839
Total	104,033	(36,505)	67,528

4.4 Gross expenditure and gross income relate to the budgets directly in the control of the service area. Overhead costs such as property related expenditure and support services are held separately.

4.5 When reviewing the budget, it is important to consider the gross income and gross expenditure for each service. Budget efficiencies can be achieved through reductions in expenditure budgets, in addition to maximising income generation opportunities.

4.6 There are no significant capital programmes that fall within the remit of this panel.

5.0 Key Strategies and Transformation

5.1 Approximately 80% of the total budget referred to in this report is spent directly on meeting care and support needs. Whilst an element of this provides pre eligibility support such as reablement or preventative services, the largest proportion is spent on meeting statutory needs where people have been assessed as meeting nationally set eligibility criteria, meaning that if those needs are not met the authority could be legally challenged for not undertaking its statutory duties.

- 5.2 The remaining budget is spent on teams that are involved in assessment and arranging support, safeguarding adults, commissioning and contract management, policy and quality assurance, and financial assessments and welfare benefits. Whilst some of these areas are also statutorily required, they don't involve direct care provision.
- 5.3 Community safety sits under the responsibility of the Director for Public Health but the functions delivered are under the Adults and Safer City Scrutiny Panel remit rather than Health Scrutiny.
- 5.4 Adult Services continue to promote independence through the implementation of 3 Conversations and the wider Transforming adult social care programme. Promoting independence and providing reablement support has a positive impact on reducing demand, enabling people to remain at home for longer
- 5.5 Covid-19 may have an impact on future demand due to the length of time individuals are taking to recover resulting in increases in care packages, it is too early to say whether this demand may be offset by the drop in residential care currently seen in the market.
- 5.4 The revenue budgets allocated enable the following key services and transformation work:
- **Transforming Adult Social Care (TASC)** - The TASC programme is the internal programme that designs, coordinates and implements transformational change programmes. Projects that sit under the programme are measured on their contribution to improving outcomes for people, meeting any changes in statute or case law that may impact on the way adult social care is delivered and ensuring adult social care services are efficient and deliver value for money.
 - **Better Care Programme** - Significant amounts of health funding are channelled through the Better Care programme and therefore this is a second programme of work that explores how better working with health services in the city can deliver improved outcomes, operational and financial efficiencies in Wolverhampton. This programme is currently being aligned to the Wolverhampton Integrated Care Alliance (ICA) which is predominantly concerned with improving health services.
 - Finally, there is a sub-regional approach to considering how health and care services may be delivered in the Black Country. This work is currently known as either Sustainable Transformation Partnerships (STP) or Integrated Care Systems (ICS). This is predominantly addressing how more specialist health services are delivered on a larger footprint, but it is important that local authorities are involved to ensure a focus remains on maintaining local services and opportunities for closer joint work continue to be explored.

6.0 Draft Budget and Medium Term Financial Strategy 2020-2021 to 2023-2024

- 6.1 Since March 2020, Cabinet have been provided with two further Budget and Medium Term Financial Strategy (MTFS) updates in July and November 2020 to review corporate resources assumptions, growth and inflation assumptions and opportunities in line with the Five Year Financial Strategy to support the budget strategy for 2021-2022 and future years, whilst also detailing the emerging pressures that the Council currently faces in response to the Covid-19 pandemic.
- 6.2 In November 2020, Cabinet were presented with the Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024 report in which it was forecast that, after taking into account projected changes to corporate resources and emerging pressures, the projected remaining budget deficit for 2021-2022 would be in the region of £4.5 million, rising to £19.6 million over the medium term period to 2023-2024. This assumes the Government will fund Covid-19 pressures over the medium term. As detailed in the Cabinet report appended at Appendix 1, in the event that sufficient grant funding to meet the pressures arising as a result of Covid-19 is not provided by the Government to local authorities, this would have a significant impact on the Council and result in the Council undertaking a fundamental review of all services in order to identify budget reductions sufficient enough to set a balanced budget.
- 6.3 Appendix 1 provides a copy of the 'Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024' report for your consideration. Feedback from this and the other Scrutiny Panel meetings will be reported to Scrutiny Board on 8 December 2020, which will consolidate that feedback in a formal response to Cabinet on 13 January 2021. The feedback provided to Scrutiny Board will include questions asked by Panel members, alongside the responses received. Cabinet will take into account the feedback from Scrutiny Board when considering the final budget setting report in February 2021, for approval by Full Council in March 2021.

7.0 Panel Recommendations

- 7.1 The Panel are recommended to provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on:
- the budget relevant to the remit of this Panel and how it is aligned to the priorities of the Council;
 - the Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024;
 - any other comments.
- 7.2 The Panel are also recommended to approve that the Scrutiny Panel response be finalised by the Chair and the Vice-Chair of the Scrutiny Panel and forwarded to Scrutiny Board for consideration.

8.0 Financial implications

- 8.1 The financial implications are discussed in the body of the report, and in the report to Cabinet.
[MH/10112020/A]

9.0 Legal implications

- 9.1 The legal implications are discussed in the report to Cabinet.
[TS/10112020/Q]

10.0 Equalities implications

- 10.1 The equalities implications are discussed in the report to Cabinet.

11.0 Climate change and environmental implications

- 11.1 The climate change and environmental implications are discussed in the report to Cabinet.

12.0 Human resources implications

- 12.1 The human resources implications are discussed in the report to Cabinet.

13.0 Corporate landlord implications

- 13.1 The corporate landlord implications are discussed in the report to Cabinet.

14.0 Health and wellbeing implications

- 14.1 The health and wellbeing implications are discussed in the report to Cabinet.

15.0 Covid implications

- 15.1 The Covid implications are discussed in the report to Cabinet.

16.0 Schedule of background papers

Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024, report to Cabinet, 11 November 2020

Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024, report to Cabinet, 29 July 2020

Final Budget Report 2020-2021, report to Full Council, 4 March 2020