

Agenda Item	9
Report No	HCW/25/21

HIGHLAND COUNCIL

Committee: Health, Social Care and Wellbeing

Date: 11 November 2021

Report Title: Revenue Budget Monitoring – Quarter 2 for 2021/22

Report By: Executive Chief Officer, Health and Social Care

1. Purpose/Executive Summary

- 1.1 This report provides Members with a revenue monitoring statement for Quarter 2 of the 2021/22 financial year, to the end of September 2021.
- 1.2 In relation to that Quarter 2 position, the forecast is an underspend of £1.403m (0.9% of the budget). This is a reduction in the forecast underspend at Quarter 1 of £0.780m.
- 1.3 The Service continues an ongoing process of review of budget, to revise and re-align the budget at financial ledger code level, and to more accurately reflect service levels. This work includes the re-allocation 'budget holding codes' and other legacy matters within the budget. These changes do not impact directly on the bottom line for the Service as a whole, as they reflect movements within the Service, but support a more relevant and accurate presentation of the budget position at individual line level. This is an ongoing piece of work which means that some of the variances currently being shown will be resolved as this is worked through over the course of this year – paragraphs 4.5 and 4.9.1 are examples of this
- 1.4 The ongoing impact of Covid-19 on the Health and Social Care budget, including residual risks and uncertainties in relation to the pandemic and impact on services, continues to be a key factor in estimating financial forecasts. Reflected within this report is an increase in Out of Authority (OOA) placements and Fostering and Adoption, both impacting on the financial position. This is reflective of what is considered to be a time-lag effect of covid impacts resulting in increasing service demand alongside more complex needs. All OOA placements are currently being reviewed to help identify any resource gap, whilst also ensuring that a plan to return to the Highlands – with appropriate supports in place – is actively being worked on.

2. Recommendations

2.1 Members are asked to:

- i. Note the forecast revenue position as at Quarter 2 of the 2021/22 financial year, including the management action being taken and the risks and uncertainties set out within the report.
- ii. Note the progress update provided in relation to budget savings delivery.

3. Implications

- 3.1 Resource (Budget and Staffing) – the report and appendices provide an up to date forecast of the financial position, including progress with delivery of savings. There are no specific recommendations at this time with particular implications to highlight. As noted below in the risk section, there remains ongoing uncertainty and challenge in financial forecasting as a result of the pandemic.
- 3.2 Legal – no particular implications to highlight.
- 3.3 Community (Equality, Poverty and Rural) – the Service continues to respond to service need across our communities, and redesign of staffing structures and re-alignment of budgets as a result will consider these impacts.
- 3.4 Climate Change / Carbon Clever – no implications to highlight.
- 3.5 Risk – this report and appendices reflects best available information and assessment of expected service impacts, including those related to the Covid-19 pandemic. Despite the easing of restrictions, there remains the risk of changes in circumstance that may have an adverse variance on financial forecasts. In a Health and Social Care context a further consideration is the potential ‘time lag’ effect with demand for service and impact on individuals and families perhaps only emerging sometime after the pandemic and easing of restrictions has taken place.
- 3.6 Gaelic – no implications to highlight.

4. Quarter 2 Monitoring 2021/22

- 4.1 **Appendices 1a and 1b** set out the Quarter 2 monitoring position for the new financial year.
- 4.2 As can be seen from the appendices, against a budget for the year of £158.504m, an underspend of £1.403m (or 0.9% of the budget) is forecast.
- 4.3 The main factors in the movement from Quarter 1, which is a reduction in the underspend of £0.780m since that time, are as summarised below, with more detailed commentary and explanation in the paragraphs which follow.
 - Covid-19 response – an overspend of £0.054m is forecast, contrasted against an underspend of £1.404m at Quarter 1.
 - Looked After Children – an underspend of £0.955m at Quarter 2, being an increase of £0.490m from Quarter 1.
 - Family Teams – an underspend of £1.562m is forecast, contrasted with £1.119m at Quarter 1.

- Other Services for Children – an overspend of £0.732m, contrasted with £0.469m at Quarter 1.

4.4 The following sections describe the main variances at Quarter 2, the cause and actions being taken. Members will note recurring themes in relation to the prior financial year, and past reports to this Committee.

4.5 Management Team – The position shown, reflecting an overspend of £0.326m, takes account of ongoing work to review and implement the new service structure, the outcome of which and re-alignment of budget will address this position.

4.6 Covid-19 – in the March 2021 budget, the Council agreed to the provision of £2.6m of funding into the Service budget in recognition of the following expected Covid-19 pressures.

- £2.200m Increased numbers of out of authority placements as increasing numbers of children go into these placement and delays in returning children to alternative local settings
- £0.400m Increased demand for foster placements

4.7 As can be seen from the monitoring statement, a modest overspend of £0.054m is forecast against this budget, with this being a significant movement from the underspend reported at Quarter 1. The level of spend forecast against budget is now broadly in line with the level of pressure assessed. As Members will be aware from previous reports, there has always been an expectation of some time lag between the pandemic and in turn the impact on these particular service areas, and this is now being borne out by the demand on service and the resulting financial impact. Further narrative relating to the increased demand for and pressure on Looked After Children and Fostering services it set out in the paragraphs below, with part of that increase in cost attributed to this Covid-19 pressures budget, and the remainder against the core budgets below.

4.8 Looked After Children

4.8.1 Since reporting to the August Committee, at Quarter 1, that Children’s Services had reached the lowest number of children Out of Area (OOA) in over 8 years (at 18 children), there has been a significant increase in new OOA placements in the last 3 months. In total 11 new placements have been purchased for young people requiring specialist care with providers out with Highland. These are balanced somewhat by further children returning and as a result, the total number OOA is currently 25. A net increase of 7 children.

4.8.2 This increase in purchased placements alters the estimated year end forecast, with the costs related to OOA being met from both the Looked After Children budget and the Covid pressures budget as described above. The table below provides context to how these costs are being managed across these budgets, and in turn highlights the net movement between Quarters. In overall terms an increase in cost and overspend of £0.968m between the Quarters as a result of the increase in service demand.

Budget Heading	Quarter 1 Variance	Quarter 2 Variance ¹	Movement between Quarters
Covid-19 pressures	-1.404m	+0.054m	+1.458m

Looked After Children	-0.465m	-0.955m	-0.490m
Net position across the two budget headings	-1.869m	-0.901m	+0.968m

- 4.8.3 There are a variety of contributing factors. Data shows a significant increase in child concern forms across all geographical areas of Highland over the Summer of 2021, demonstrating an increase in demand. Further analysis is ongoing with regards to the level of complexity, but it may be that the level of needs were more hidden during the pandemic and are only now becoming apparent.
- 4.8.4 There are data and signs that prevalence of County Lines and Child Sexual Exploitation has increased in the last 18 months with perpetrators focusing on our Care Experienced Young People and residential houses and several going OOA as a result. There is certainly a heightened awareness of these issues which can appear as increased demand but anecdotal information from workers is such that prevalence has indeed increased. Police Scotland, the Council and partner agencies are working together to offer training and support to social work teams with a funding application being made to the Scottish Government to increase the one dedicated Highland Barnardos worker to two, to offer direct support to children and social workers.
- 4.8.5 A further contributing factor is felt to be that some Highland Council residential services have had to deal with a variety of staffing issues which means those units are not operating at capacity. The continuing impact of Covid is acutely felt in children's residential units with high numbers of permanent staff short term absences due to either suspected or confirmed cases of Covid applying pressure to the reserve residential workforce. There is significant pressure on the units caused by an increase in crisis work in the Family Teams and even in foster placements which has led to a comparative increase in requests to accommodate, again attributed to the impact and pressures of lockdown.
- 4.8.6 During September and October, visits to a number of residential homes were carried out by senior managers. This enabled good conversations with both staff and young people themselves. Resilience, straight talking and also, good humour, were all in evidence.
- 4.8.7 An independent review and report of residential provision in Highland has been commissioned to measure Highland's need against availability and will action any recommendations from said review. The Service is also actively advertising for additional residential staff to try to stabilise safe staffing levels in units caused by covid.
- 4.8.8 Early data shows that our Highland Fostering and Adoption Service has also seen a significant increase in demand, placing almost the same number of children with Highland carers (41 children) this financial year to date as they did for the whole of last financial year (48 children). If these children had not gone to family placements with Highland carers, purchased foster placements would have been required at a higher cost or purchased residential placements OOA at significantly more financial cost. An average OOA residential placement costs £250k per year. Family-based placements offer the optimum outcomes for the majority of young people.

4.9 Family Teams

- 4.9.1 This budget heading consists of the Family Teams across our Areas, as well as the budget for Self Directed Support (SDS). Overall, the budget is reflecting an underspend, with this having increased somewhat since the Quarter 1 position. As at end September, there is a £1.562m underspend, of which £1.081m relates to the Family Teams and £0.481m to SDS.
- 4.9.2 In relation to Family Teams, Members will recall from past reports of actions being taken that there has been some positive progress made in relation to recruitment to vacancies and over this year, a reduction in the level of underspend forecast. Highland was not unique in facing recruitment challenges, and it remains the case that there are national challenges to recruitment and ongoing difficulties being experienced. Addressing these challenges remains a key focus of the Service Management Team. There has also been some budget adjustments and re-alignments across headings which has contributed to the change in the predicted out-turn.
- 4.9.3 In relation to SDS, while still underspent, this is lower than at Quarter 1, having reduced from £0.569m to £0.481m. This takes account of some of the actions reflected in past reports, with the Council utilising Scottish Government “exceptional circumstances” criteria to look at more flexible ways in which families could look at alternative spending. It still remains the case that Covid-19 has and continues to reduce and impact on the range of supports available to families, and the resulting underspend shown.
- 4.9.4 At its meeting on 28 October, The Council reaffirmed its strong commitment to SDS by agreeing the following Motion:
“Highland Council recognises the amazing job done by Young Carers across the Highlands in caring for their relatives during the COVID-19 Pandemic. We commit to the provision of Self Directed Support and recognise the burden placed on young people and particularly the additional difficulties they have faced whilst traditional respite facilities were unavailable as a result of the pandemic. We consequently commit to the reintroduction of respite in accordance with Scottish Government guidelines.
The funding to support young carers has been budgeted for and this motion seeks to ensure that young carers have the intended flexibility to enable them to receive the support they need, when they need it. This may include the provision of SDS budget directly to the young person to secure the support they need or to an adult on their behalf.”

The Service is likewise committed to delivering on this re-affirmation.

4.10 Other Services for Children –

The main variance relates to unallocated Savings, as was the case during the 2020/21 financial year, this budget heading contains any service savings or corporate savings allocated against the service, pending their re-allocation against relevant budget headings. Often that subsequent allocation can only be finalised once the implementation of savings, and the work associated with that, has been concluded. The main residual elements within this line are pre-existing saving targets associated with management and service re-structure, and children’s commissioned services re-design. Following decisions by the Council in relation to Senior Management Structures, Service re-design is progressing and once complete will allow re-

alignment of the staffing budgets across the Service, including the incorporation of these savings. Similarly, the conclusion of work around commissioned services will allow allocation of savings against individual budget lines.

4.11 Adult Services

- 4.11.1 The budget monitoring statement reflects the Council's own budget for adult services, with the forecast being that the quantum funding to be paid to NHS Highland for delivery of adult care services will be within budget.
- 4.11.2 Members will be aware from past reports to this Committee, and also from reports to the Joint Monitoring Committee (JMC) for Health and Social Care Integration, that NHS Highland are forecasting significant financial pressures in the current year, including against the Adult Social Care budget.
- 4.11.3 From the most recent report to the JMC on 7 October 2021, NHS Highland were forecasting a year end overspend of £19.196m overall.
- 4.11.4 In relation to the Adult Social Care, that JMC report reflects a forecast year end overspend of £0.203m. This position includes £8.0m of additional funding secured for 2021/2022 (being £4m Scottish Government/£2m NHS Highland/£2m Highland Council). It also reflects an assumed full achievement of the £3m savings target, with this being progressed jointly by the Council and NHS Highland through the joint Programme Management Board. Should any slippage against the £3m materialise, this will be funded on a 50%/50% basis between NHS Highland and Highland Council. The report to JMC states that an underlying funding gap of £11.300m should however still be recognised, and financial forecasts predict ongoing and increasing funding gaps into future years.
- 4.11.5 Senior Council Officers, and counterparts from NHS Highland, meet on a regular basis to review the overall financial position including the financial challenge for 2022/23. Agreement has still to be reached regarding how the £8m in additional funding is secured. Discussion is also focussing on the £3m Programme Management saving target required for 2022/23.
- 4.11.6 Also on the agenda for this meeting, is an assurance report from NHS Highland relating to Adult Social Care.
- 4.11.7 Opportunities exist to improve working partnerships which in turn, will help improve outcomes for those we work with. Workshops are being planned which will see staff from Highland Council, NHS Highland, Police Scotland and 3rd Sector, come together to look at how we can work more effectively together, in our communities, providing services that are responsive to local need.

5. **Budget Savings Delivery**

- 5.1 Also enclosed with this report is an updated assessment of progress with delivery of budget savings. **Appendix 2** sets out a Red/Amber/Green (RAG) assessment of those savings.

Designation: Executive Chief Officer, Health and Social Care

Date: 1 November 2021

Author: Brian Porter Head of Resources

Background Papers:

HEALTH, WELLBEING AND SOCIAL CARE REVENUE MONITORING - 2021-22

1st April 2021 to 31st March 2022	£'000 Annual Budget	£'000 Actual YTD	£'000 Projected Outturn	£'000 Year End Variance
Quarter 2				
BY ACTIVITY				
Service Management and Support				
Management Team	359	261	685	326
Business Support	836	418	836	0
COVID-19 Response	2,600	692	2,654	54
	3,795	1,371	4,175	380
Adult Services				
Commissioned Adult Services	112,104	28,229	112,104	0
Mental Health Teams	1,178	475	1,140	-38
Criminal Justice Service	62	1	62	0
Other Services for Vulnerable Adults	1,314	736	1,354	40
	114,658	29,441	114,660	2
Children's Services				
Looked After Children	26,056	11,247	25,101	-955
Family Teams	17,601	7,729	16,039	-1,562
Other Services for Children	7,280	3,945	8,012	732
Commissioned Children's Services Income from NHS	-10,886	2,774	-10,886	0
	40,051	25,695	38,266	-1,785
TOTAL HEALTH, WELLBEING AND SOCIAL CARE	158,504	56,507	157,101	-1,403
	£'000 Annual Budget	£'000 Actual YTD	£'000 Projected Outturn	£'000 Year End Variance
BY SUBJECTIVE				
Staff Costs	37,613	17,392	36,921	-692
Other Expenditure	137,130	39,092	136,129	-1,001
Gross Expenditure	174,743	56,484	173,050	-1,693
Grant Income	-16,190	39	-16,190	0
Other Income	-49	-16	-39	10
Total Income	-16,239	23	-16,229	10
NET TOTAL	158,504	56,507	156,821	-1,683

HEALTH, WELLBEING AND SOCIAL CARE SERVICE 2021/22

Financial Year 21/22	GROSS EXPENDITURE				GROSS INCOME				NET TOTAL			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Annual Budget	Actual YTD	Year End Outturn	Year End Variance	Annual Budget	Actual YTD	Year End Outturn	Year End Variance	Annual Budget	Actual YTD	Year End Outturn	Year End Variance
Quarter 2 April 2021 to September 2021												
Service Management and Support												
Management Team	359	261	685	326	0	0	0	0	359	261	685	326
Business Support	836	418	836	0	0	0	0	0	836	418	836	0
COVID-19 Response	2,600	584	2,654	54	0	108	0	0	2,600	692	2,654	54
Adult Services												
Commissioned Adult Services	112,104	28,229	112,104	0	0	0	0	0	112,104	28,229	112,104	0
Mental Health Teams	1,178	543	1,140	-38	0	-68	0	0	1,178	475	1,140	-38
Criminal Justice Service	4,300	1,903	4,300	0	-4,238	-1,902	-4,238	0	62	1	62	0
Other Services for Vulnerable Adults	1,337	719	1,372	35	-23	17	-18	5	1,314	736	1,354	40
Looked After Children												
Fostering & Adoption	5,541	2,792	5,979	438	0	0	0	0	5,541	2,792	5,979	438
Looked After Children (Residential) In house	3,369	1,300	2,819	-550	0	0	0	0	3,369	1,300	2,819	-550
Looked After Children (Respite) In house	1,580	623	1,417	-163	0	0	0	0	1,580	623	1,417	-163
Looked After Children (Residential) Independent / 3rd Sector	7,626	4,113	7,626	0	0	-23	0	0	7,626	4,090	7,626	0
Looked After Children (Through care & aftercare)	2,063	563	1,567	-496	-31	-61	-31	0	2,032	502	1,536	-496
Looked After Children (Alternatives to OOA)	5,496	2,357	5,415	-81	-281	-413	-281	0	5,215	1,944	5,134	-81
Looked After Children Management and Support	693	-4	590	-103	0	0	0	0	693	-4	590	-103
Family Teams												
Family Teams - North	2,792	1,239	2,590	-202	0	-1	0	0	2,792	1,238	2,590	-202
Family Teams - Mid	3,447	1,656	3,408	-39	0	-1	0	0	3,447	1,655	3,408	-39
Family Teams - West	2,835	1,334	2,736	-99	0	-10	0	0	2,835	1,324	2,736	-99
Family Teams - South	7,973	3,555	7,232	-741	-15	-20	-15	0	7,958	3,535	7,217	-741
Self Directed Support (Direct Payments)	569	43	88	-481	0	-66	0	0	569	-23	88	-481
Other Services for Children												
Child Protection	755	218	570	-185	-31	-54	-31	0	724	164	539	-185
Health and Health Improvement	1,298	664	1,299	1	-693	-139	-693	0	605	525	606	1
Allied Health Professionals	3,833	1,776	3,570	-263	-30	-101	-30	0	3,803	1,675	3,540	-263
Primary Mental Health Workers	688	228	580	-108	0	0	0	0	688	228	580	-108
Specialist Services	397	234	397	0	0	0	0	0	397	234	397	0
Youth Action Services	1,628	681	1,446	-182	0	-11	0	0	1,628	670	1,446	-182
Other Services for Children	864	422	761	-103	-11	-1	-6	5	853	421	755	-98
Staff Training	172	49	149	-23	0	-5	0	0	172	44	149	-23
Independent Funds	0	-16	0	0	0	0	0	0	0	-16	0	0
Unallocated Savings	-1,590	0	0	1,590	0	0	0	0	-1,590	0	0	1,590
Commissioned Children's Services income from NHS	0	0	0	0	-10,886	2,774	-10,886	0	-10,886	2,774	-10,886	0
TOTAL	174,743	56,484	173,330	-1,413	-16,239	23	-16,229	10	158,504	56,507	157,101	-1,403

Appendix 2 - Savings RAG Assessment

**ONLY
ENTER G,
A or R**

Ref	Budget Area	Savings Description	2021/22 Savings £m	2022/23 Savings £m	2023/24 Savings £m	Total Savings £m	Status R A G
4.04	Children's Services Redesign	Re-align early intervention posts across Children's Services, schools and Early Learning and Childcare, linked to a re-structure of services and a review of health services funded by the Council.	0.250			0.250	G
2.15	Third Sector Contracts	Review of priorities and delivery and reduction in payment - subject to negotiation and member agreement		0.150	0.150	0.300	G
3.14	Family Teams	Redesign of family teams	0.483			0.483	G
3.15	Infant feeding support	Cessation of Council funding to NHS Highland for this Service	0.060			0.060	G
3.16	Play strategy budget	Removal of budget which has not been spent in recent times (non statutory function)	0.012			0.012	G
1.13	Service Staffing Budget	Reduce relief staffing budget based on underspend	0.011			0.011	G
			0.816	0.150	0.150	1.116	