

Agenda Item	7
Report No	HCW-03-22

HIGHLAND COUNCIL

Committee: Health, Social Care and Wellbeing

Date: 10 February 2022

Report Title: Revenue Budget Monitoring – Quarter 3 of 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 3 of the 2021/22 financial year, to the end of December 2021.
- 1.2 For this Quarter, the presentation of the report has been amended to more clearly set out the impact of specific Covid related pressure funding, distinct from the core mainstream budget.
- 1.3 In relation to the Quarter 3 position, the forecast is that the core Service budget, excluding specific Covid pressure funding allocation, is overspent by £0.982m. Through the provision of £2.6m of Covid-19 pressure funding, this brings the net position down to a current forecast underspend of £1.618m (1.0% of the budget). As stated above, however, if not for the Covid funding addition, a net overspend would be reported. A targeted action plan is in place to reduce the overspend within 24 months linked to Covid harms and contexts. However, due to new health and care responsibilities being in place, added to future staffing levels being maximised in family teams, these will result in further pressure within the children's services budget.
- 1.4 This forecast for the Service reflects, as per the attached appendices, a neutral position for the Council's budget for Adult Social Care, but as noted in section 4.11 below, there have been significant uncertainties in relation to NHS Highland and their Adult Social Care budget. This is part of ongoing dialogue between the Council and NHSH and this dialogue will require to take account of significant additional Scottish Government funding streams for health and social care which have been made available as well as continue to identify improvements, efficiencies and opportunities for investment in both reform and transformation for both children's and adult services.

- 1.5 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 4.10 are examples of this.
- 1.6 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. The Service continues to see a time-lag effect of Covid impacts resulting in increasing service demand alongside more complex needs, which are expected to continue. All Out of Authority (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.
- 1.7 As the Council moves forward in 2022 it must also be recognised and accounted for that health and wellbeing is a priority for our children and their families and that additional services and targeted interventions introduced during Covid will continue to be required (eg additional vaccinations) and that the gap in service delivery areas 'on-hold' during Covid or which have been developed, will need to be considered within resource allocations to address the medium and long term impacts of Covid.

2. Recommendations

- 2.1 Members are asked to:
- i. Note the forecast revenue position as at Quarter 3 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 – families and young people are committed to transition to net zero – the need to provide services 'from anywhere' and 'close to

families' to reduce the need to travel must be considered as a priority in reform, redesign and transformation

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. 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 3 Monitoring 2021/22

4.1 **Appendices 1a and 1b** set out the Quarter 3 monitoring position for the new financial year.

4.2 As can be seen from the appendices, against a budget for the year of £158.823m, a net underspend of £1.618m (or 1.0% of the budget) is forecast. That however takes account of the addition of £2.6m of Covid pressure funding from the Council. If not for this sum, the underlying position would be an overspend against the core budget of £0.982m for the year. Work is ongoing around the budget for children's health services as the Council financially contributes to the children's health budget as part of the integrated family teams. All children's services, including the child health service, have seen increased referrals as a result of Covid – and are likely to continue to do so. It is estimated that the range of expected budget pressures in children's services are likely to be within the range of £2-3 M for 2022/2023 should no mitigation be put in place.

4.3 The main factors in the movement from Quarter 2, which is an increase in the net underspend of £0.215m since that time, are as summarised below, with more detailed commentary and explanation in the paragraphs which follow.

- Looked After Children – £0.297m increase in underspend due to the effect of part year staffing in new residential units and a reduction in the use of the alternatives to out of authority budget.
- Family Teams – the increase in underspend on the Looked after Children budget above has been partly offset by an increase in spend (and therefore reduced underspend forecast) in the Family Teams budget – value £0.133m. This being reflective of new trainee social workers and health visitor posts recruited to.

4.4 The following sections describe the main variances at Quarter 3, 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 £0.325m, 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 due to the lockdowns,
- £0.400m Increased demand for foster placements

4.7 As can be seen from the monitoring statement, a modest overspend of £0.087m is forecast against this budget. The level of spend forecast against budget is 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. If not for the provision of this £2.6m budget pressure funding, the Service budget would be reporting an overspend for the year.

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 was then a significant increase in new OOA placements – mainly a delayed consequence of the pandemic. In Aug, Sep and October, 11 new OOA placements were purchased and those balanced against further children coming back to Highland, increased the total in Nov to 25. This number at Quarter 3 now totals 26 children OOA, a net increase of only 1 child since Quarter 2.
- 4.8.2 All OOA placements are currently being reviewed by the Placement Services Change Team with family teams 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.
- 4.8.3 The main factor in the financial movement from Quarter 2, which is an increase in the underspend of £0.215m, is due to two new residential units reaching full staffing later into the financial year. The alternative to OOA budget has also been used marginally less than was budgeted for but this can be difficult to estimate due to the ad hoc nature of requests from family teams which are responded to on a case by case basis.
- 4.8.4 With reference to the information given at the last committee that an increase in the prevalence of Exploitation and County Lines is being seen in Highland, the Service, Police Scotland and partner agencies are working together to offer training and support to social work teams, young people and families. There are plans to expand the one dedicated Highland Barnardos worker to two, to offer direct support to children, families, schools and social workers. Whilst we have received initial funding for this, this funding pressure will need to be discussed with all partners to agree how future funding will be achieved.
- 4.8.5 With regards to the issue of some Highland Council residential services dealing with a variety of staffing matters, 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 expected in March 2022.

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 reduced somewhat since the Quarter 2 position as a result of newly recruited posts. As at end December, there is a £1.429m underspend, of which £0.970m relates to the Family Teams and £0.459m to SDS.
- 4.9.2 In relation to Family Teams, Members will recall from past reports of actions being taken and 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 is 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.
- 4.9.3 While the monitoring position reflects an underspend against Family Teams for the reasons as outlined above, looking beyond the recruitment challenges and actions as outlined, there is some important context in relation to funding for child health services, service demand, service redesign and forward planning, which are key considerations in relation to risks and opportunities looking beyond the current year.
- 4.9.4 In relation to service demand, there have been a number of significant increases in service demand since the commencement of health and social care integration in 2012, as summarised below.
- a. 100% increase in the 0 -5yrs mandatory universal health visiting reviews (in 2021, this accounts for a total of 22,000 reviews).
 - b. 500% increase in the school age immunisation delivery programme (5,000 required immunisations in 2012 with 28,000 in 2020 – excluding the expanded immunisation programme). This will be reviewed within the Vaccine Transformation Programme work in 2022.
 - c. Transforming school nursing role to Advanced Practitioner level. The context of need has changed significantly since integration in 2012. In 2021, 80% of the school nursing year is immunising and there is limited capacity to focus on children at risk or those with mental health need.
 - d. Increase in mental health need, child poverty and the impacts of health inequalities creating additional demand.
 - e. Impacts of Covid 19 pandemic and the emerging increase in demand across all services including more complex needs being presented
- 4.9.5 There is a clear need therefore for review, reform and transformation, to address both the demand issues as highlighted above, as well as part of wider transformation and focus on early intervention. Members can be assured that as part of the ongoing service transformation and redesign, this work is being taken forward. Part of this work will also require further dialogue and engagement with NHS Highland regarding outcomes and funding to support child health services as work to date has identified that the Council, through the Family Teams, is contributing £1- £2M per year to this activity.
- 4.9.6 In relation to SDS, while still underspent, this is at a lower level than previous quarters and showing a modest improvement as the year progresses, and reflective of actions being taken. Members will recall from past reports of actions being taken, 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.

- 4.9.7 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 have highlighted significant financial complexities in the current year as Covid continues to impact, including against the Adult Social Care budget. It is the Council’s position that ongoing conversations in relation to the quantum funding for 22/23 will require to take into account the significant additional Scottish Government funding streams.
- 4.11.3 In relation to Adult Social Care, it is understood that an overspend of £0.976m. is forecast. However, it is expected that this overspend will be fully mitigated by further additional government funds for adult social care received in the year. 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 the achievement of the £3m savings target, which was progressed jointly by the Council and NHS Highland through the joint Programme Management Board.

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.

6. Conclusion

- 6.1 Senior Council Officers and their NHS counterparts are meeting regularly to review the overall financial position in relation to both adult care services and children's (child health) services. This includes the financial contributions for 2022/23 bearing in mind the changed funding position and the Scottish Government additional funding announcements for adult care services.
- 6.2 The budget agreements will be reported to the JMC and Council in due course.

Designation: Executive Chief Officer, Health and Social Care

Date: 4 February 2022

Author: Brian Porter Head of Resources

Background Papers:

ANNEX 1a

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

	£'000	£'000	£'000	£'000
	Annual	Actual	Projected	Year End
	Budget	YTD	Outturn	Variance
1st April 2021 to 31st March 2022				
Quarter 3 April 2021 to December 2021				

BY ACTIVITY

Service Management and Support				
Management Team	359	392	684	325
Business Support	836	632	836	0
COVID-19 Response	2,600	481	2,687	87
	3,795	1,505	4,207	412
Adult Services				
Commissioned Adult Services	112,104	57,253	112,104	0
Mental Health Teams	1,317	804	1,288	-29
Criminal Justice Service	72	-14	72	0
Other Services for Vulnerable Adults	1,330	1,242	1,370	40
	114,823	59,285	114,834	11
Children's Services				
Looked After Children	26,146	19,569	24,894	-1,252
Family Teams	17,615	12,202	16,186	-1,429
Other Services for Children	7,330	5,985	7,970	640
Commissioned Children's Services Income from NHS	-10,886	2,744	-10,886	0
	40,205	40,500	38,164	-2,041
TOTAL HEALTH, WELLBEING AND SOCIAL CARE	158,823	101,290	157,205	-1,618

	£'000	£'000	£'000	£'000
	Annual	Actual	Projected	Year End
	Budget	YTD	Outturn	Variance

BY SUBJECTIVE

Staff Costs	37,671	27,640	36,879	-792
Other Costs	137,340	75,178	136,501	-839
Gross Expenditure	175,011	102,818	173,380	-1,631
Grants	-16,140	-1,511	-16,135	5
Other Income	-48	-17	-40	8
Total Income	-16,188	-1,528	-16,175	13

NET TOTAL	158,823	101,290	157,205	-1,618
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HEALTH, WELLBEING AND SOCIAL CARE SERVICE 2021/22

	DECEMBER 21/22				GROSS EXPENDITURE				GROSS INCOME				NET TOTAL			
	Quarter 3 April 2021 to December 2021				£'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	Annual Budget	Actual YTD	Year End Outturn	Year End Variance
BY ACTIVITY																
Service Management and Support																
Management Team	359	392	684	325	0	0	0	0	359	392	684	325				
Business Support	836	632	836	0	0	0	0	0	836	632	836	0				
COVID-19 Response	2,600	785	2,687	87	0	-304	0	0	2,600	481	2,687	87				
Adult Services																
Commissioned Adult Services	112,104	57,253	112,104	0	0	0	0	0	112,104	57,253	112,104	0				
Mental Health Teams	1,317	872	1,288	-29	0	-68	0	0	1,317	804	1,288	-29				
Criminal Justice Service	4,310	2,950	4,310	0	-4,238	-2,964	-4,238	0	72	-14	72	0				
Other Services for Vulnerable Adults	1,353	1,225	1,388	35	-23	17	-18	5	1,330	1,242	1,370	40				
Looked After Children																
Fostering & Adoption	5,541	4,345	6,063	522	0	0	0	0	5,541	4,345	6,063	522				
Looked After Children (Residential) In house	3,429	2,158	2,880	-549	0	0	0	0	3,429	2,158	2,880	-549				
Looked After Children (Respite) In house	1,599	994	1,402	-197	0	0	0	0	1,599	994	1,402	-197				
Looked After Children (Residential) Independent / 3rd Sector	7,838	7,699	7,838	0	0	-23	0	0	7,838	7,676	7,838	0				
Looked After Children (Through care & aftercare)	2,063	920	1,487	-576	-31	-82	-31	0	2,032	838	1,456	-576				
Looked After Children (Alternatives to OOA)	5,295	3,723	5,021	-274	-281	-413	-281	0	5,014	3,310	4,740	-274				
Looked After Children Management and Support	693	248	515	-178	0	0	0	0	693	248	515	-178				
Family Teams																
Family Teams - North	2,793	1,871	2,591	-202	0	-3	0	0	2,793	1,868	2,591	-202				
Family Teams - Mid	3,456	2,581	3,431	-25	0	-1	0	0	3,456	2,580	3,431	-25				
Family Teams - West	2,836	2,089	2,716	-120	0	-10	0	0	2,836	2,079	2,716	-120				
Family Teams - South	7,976	5,601	7,353	-623	-15	-32	-15	0	7,961	5,569	7,338	-623				
Self Directed Support (Direct Payments)	569	110	110	-459	0	-4	0	0	569	106	110	-459				
Other Services for Children																
Child Protection	755	342	521	-234	-31	-54	-31	0	724	288	490	-234				
Health and Health Improvement	1,298	876	1,363	65	-693	-142	-693	0	605	734	670	65				
Allied Health Professionals	3,833	2,645	3,570	-263	-30	-114	-30	0	3,803	2,531	3,540	-263				
Primary Mental Health Workers	688	331	484	-204	0	0	0	0	688	331	484	-204				
Specialist Services	397	396	400	3	0	0	0	0	397	396	400	3				
Youth Action Services	1,628	1,121	1,430	-198	0	-6	0	0	1,628	1,115	1,430	-198				
Other Services for Children	914	581	760	-104	-11	-64	47	8	903	517	807	-96				
Staff Training	172	94	149	-23	0	-5	0	0	172	89	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 NESH	0	0	0	0	-10,886	2,744	-10,886	0	-10,886	2,744	-10,886	0				
TOTAL	175,062	102,818	173,381	-1,631	-16,239	-1,528	-16,176	13	158,823	101,290	157,205	-1,618				

Appendix 2 - Savings RAG Assessment				ONLY ENTER G, A or R
Ref	Budget Area	Savings Description	2021/22 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	G
3.14	Family Teams	Redesign of family teams	0.483	G
3.15	Infant feeding support	Cessation of Council funding to NHS Highland for this Service	0.060	A
3.16	Play strategy budget	Removal of budget which has not been spent in recent times (non statutory function)	0.012	G
1.13	Service Staffing Budget	Reduce relief staffing budget based on underspend	0.011	G
			0.816	