

Scrutiny Briefing

Budget Update 21/22 and Approach to 22/23

September 2021

Structure of Briefing

- Mid year 21/22 Update
 - Key Financial Assumptions
 - Budget Savings Target
 - Current Position As At Period 4 21/22
- Budget Transformation Team
- Budget Process 22/23 to 26/27
- Forward View – Key Risks and Emerging Pressures
- Covid Impact
- Key Messages and Key Priorities

21/22 Key Financial Assumptions (1)

- 2021/22 council tax increase of 1.99% general
- 2021/22 adult social care precept of 3%
- All £9m of savings proposals are adopted and delivered in 2021/22
- Increasing to £14m in 2022/23
- No new reliance on Reserves in 2021/22 – but balanced with one off measures
- 2021-2026 assumed council tax increases of 1.99% general – total impact £14m
- Pay freeze for 2021/22
- 2% pay award per annum from 2022/23 (c£2m p.a.)

Key Financial Assumptions (2)

- Council Tax & Business Rates income reduced = £5.6m less than originally planned
- CCG financial planning guidance delayed
- NHS returned to command and control structure
- NHS integrating care reform proposals from 2022/23

Budget Savings Target 21/22

Savings by Directorate	2021/22	2022/23	2023/24	2024/25	2025/26
	£000s	£000s	£000s	£000s	£000s
Adults	665	665	665	665	665
Children's	705	686	686	686	686
Population Health	272	1,015	1,015	1,015	1,792
Growth	954	1,198	1,462	1,520	1,583
Operations & Neighbourhoods	1,823	2,621	2,481	2,481	2,415
Finance & IT	1,354	4,123	4,123	4,123	4,123
Governance	355	335	335	335	335
Corporate	2,803	3,208	3,208	3,208	3,208
Total	8,930	13,851	13,975	14,033	14,807
<u>Savings</u>	2021/22	2022/23	2023/24	2024/25	2025/26
	£000s	£000s	£000s	£000s	£000s
RED	651	5,139	5,139	5,139	5,139
AMBER	3,367	4,900	4,990	5,015	5,822
GREEN	4,912	3,812	3,846	3,879	3,846
Total	8,930	13,851	13,975	14,033	14,807

Integrated Commissioning Fund Budgets Period 4

Forecast Position £000's	YTD Position			Forecast Position			Variance	
	Budget	Actual	Variance	Budget	Forecast	Variance	COVID Variance	Non- COVID Variance
Acute	74,827	74,621	206	112,252	112,262	(9)	0	(9)
Mental Health	14,904	14,853	52	22,346	22,200	146	0	146
Primary Care	30,061	30,152	(92)	46,504	46,779	(276)	0	(276)
Continuing Care	5,215	5,084	131	7,867	7,777	90	0	90
Community	12,394	12,787	(393)	18,435	19,327	(892)	(939)	47
Other CCG	6,930	7,326	(396)	12,798	12,795	3	0	3
CCG TEP Shortfall (QIPP)	0	0	0	0	0	0	0	0
CCG Running Costs	1,443	1,386	56	2,278	2,278	0	0	0
Adults	13,405	16,164	(2,759)	40,214	42,448	(2,234)	402	(2,636)
Children's Services - Social Care	17,160	17,892	(731)	53,510	58,970	(5,460)	0	(5,460)
Education	2,457	7,999	(5,542)	7,239	7,078	161	(113)	274
Individual Schools Budgets	90	(8,581)	8,672	0	0	0	0	0
Population Health	5,132	4,447	685	15,397	14,782	615	472	143
Operations and Neighbourhoods	15,238	36,604	(21,367)	51,234	51,750	(516)	(350)	(166)
Growth	560	277	283	9,420	9,401	19	132	(113)
Governance	3,230	6,980	(3,751)	9,083	9,709	(626)	(2,063)	1,437
Finance & IT	2,833	3,618	(786)	8,326	8,409	(83)	0	(83)
Quality and Safeguarding	54	(58)	112	142	135	7	0	7
Capital and Financing	(332)	(600)	268	4,775	4,358	417	0	417
Contingency	1,309	(1,411)	2,721	3,959	4,365	(406)	0	(406)
Contingency - COVID Costs	0	6,707	(6,707)	0	16,741	(16,741)	(16,741)	0
Corporate Costs	1,678	1,992	(314)	5,051	5,006	45	0	45
LA COVID-19 Grant Funding	(4,619)	(21,783)	17,164	(13,856)	(31,955)	18,099	18,099	0
Other COVID contributions	0	(445)	445	0	(489)	489	489	0
Integrated Commissioning Fund	203,969	216,013	(12,044)	416,974	424,127	(7,153)	(611)	(6,542)

Current Position At Period 4 (£6.214m) Council Overspend – Where and Why??

- Children's Services (£5.460m overspend)
 - External Placements (£3.243m overspend)
 - Internal Placements (£2.059m overspend)
 - Child Protection and Children in Need-transport (£197K overspend)
- Adults Services (£2.234m overspend)
 - Residential and Nursing net (£179K overspend)
 - Supported Accommodation (£1.262m overspend)
 - Support at Home (£175K overspend)
 - Mental Health (£286K overspend)
- Ops and Neighbourhood (£516K overspend)
 - Car Parking Income (£701K overspend)
 - Delays to Savings Delivery (£266K overspend)
 - Offsetting mitigations

Budget Transformation Team

- Well documented financial challenges
- Use of reserves for last 3 years to balance the budget
- 21/22 known to be a tipping point beyond which increasingly likely that we will be unable to set a balanced budget unless significant cost savings achieved
- And yetcost pressures continue to increase
- WHY?

Transformation Team

- Project and programme management. **In house**
- Benchmarking – research / policy / drafting proposals. **Additional Policy Role**
- Experience – consult / engage / involve / insight. **In house**
- Data – analysis / forecasting. **In house**
- Finance – CBA, invest to save, impact bonds, external funding, proposal costing. **2 additional finance roles.**
- HR – talent focus / practical skills training / workforce insight. **In house**
- Procurement / commissioning – STAR / LEP etc.
- Process reengineering – LEAN / whole systems / squads. **?? New training offer.**
- Systems – link ICS/IAS, finance. **In house**
- Experience Reference Group – staff insight. **Shortlist identified.**

External support

- Future Gov
- Newton Europe
- KPMG
- Grant Thornton
- Centre for Governance and Scrutiny
- CiPFA
- Local Government Association (LGA)
- SOCITM
- APSE
- Nesta

Transformation Team Work programme

	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Children	Delivery						
Adults	Scoping		Delivery				
Corporate	Diagnostic						
Growth							
Operations							
Workforce upskilling (e.g. project management)	Scope & procure		Delivery				

Budget Process 22/23 to 26/27

- Medium Term Financial Plan, 5 years with focus on 22/23, currently being updated
- Legal Responsibility to Set a Balanced Budget
- Statutory Duties to Deliver
- Planning Requirements by Directorate:
 - Staffing related cost pressures
 - Demographic pressures
 - Inflationary pressures
 - Income Targets
 - Impact of Budget Savings
 - Lasting impact of Covid
- Funding Assumptions, How will we pay for Services?

Budget Process 2022/23 to 2026/27

- Process started early
- All Directorates considering areas for finding reductions and impact analysis
- Initial Directorate options already submitted but further work needed
- Special Budget SLT Mid-October 2021
- Special Budget Board Late October
- Budget Settlement December (late)
- Scrutiny January 2022
- Budget SCB/Cabinet February 2022
- Budget Council February 2022

2021/22 Whole Council Medium Term Financial Plan – Budget Requirement (Feb '21)

	2021/22 '£000	2022/23 '£000	2023/24 '£000	2024/25 '£000	2025/26 '£000
Previous Year's Net Budget	205,279	194,494	205,561	209,462	216,947
Service Pressures					
Staffing related cost pressure	1,689	3,093	2,483	2,513	2,272
Demographic pressures	8,049	3,246	3,861	5,400	4,282
Inflationary pressures	(340)	203	237	200	200
Reduction in other fees/charges/income	7,972	(1,339)	(700)	(250)	0
Grant reduction	0	0	0	0	0
Other service pressures	(1,681)	(973)	364	1,118	513
Total service pressures	15,689	4,231	6,245	8,981	7,267
Service Reductions					
Undelivered savings	0	0	0	0	0
Existing savings to be delivered by management	(648)	(4,546)	(2,228)	(1,650)	0
New savings to be delivered by management	(8,191)	(4,921)	(124)	(58)	(774)
New funding	(16,896)	16,303	8	212	0
Fees & charges	0	0	0	0	0
Vacancy factor	(739)	0	0	0	0
Total service reductions	(26,474)	6,837	(2,344)	(1,496)	(774)
Net budget increase/(decrease)	(10,785)	11,067	3,901	7,485	6,493
Proposed total budget for year	194,494	205,561	209,462	216,947	223,440

2021/22 Whole Council Medium Term Financial Plan – Funding the Budget (Feb '21)

	2021/22 '£000	2022/23 '£000	2023/24 '£000	2024/25 '£000	2025/26 '£000
Proposed total budget for year	194,494	205,561	209,462	216,947	223,440
Resources <i>(Assumes increase in Council Tax)</i>					
Revenue Support Grant (and PH Grant)	0	(29,259)	(29,552)	(29,847)	(30,146)
Business Rates baseline	(50,430)	(25,210)	(25,462)	(25,717)	(25,974)
Business Rates Top Up	(31,371)	(29,918)	(30,217)	(30,519)	(30,825)
Business Rates section 31 grant	(7,961)	(5,131)	(5,182)	(5,234)	(5,286)
Business Rates 100% retention pilot	0	0	0	0	0
Council Tax (Before general increase)	(94,524)	(94,895)	(95,265)	(95,265)	(95,636)
Council Tax 1.99% General Increase	(1,880)	(3,813)	(5,799)	(7,810)	(9,899)
Council Tax 3% Adult Social Care Precept	(2,835)	(2,903)	(2,972)	(3,031)	(3,103)
Collection Fund COVID Deficit - Council Tax	2,382	2,382	2,382	0	0
Collection Fund COVID Deficit - Business Rates	1,424	1,424	1,424	0	0
Collection fund surplus (Prior years)	(2,500)	(2,500)	(1,000)	0	0
Collection Fund surplus (2019/20) - Council Tax	(645)	(645)	(645)	0	0
Collection Fund surplus (2019/20) - Business Rates	(58)	(58)	(58)	0	0
New homes bonus	(654)	(319)	0	0	0
GMCA return of reserves	(4,000)				
Use of reserves	(1,442)	(413)	(242)	(275)	(275)
Total resources	(194,494)	(191,257)	(192,589)	(197,698)	(201,143)
Imbalance (surplus)/deficit cumulative	(0)	14,304	16,874	19,249	22,297

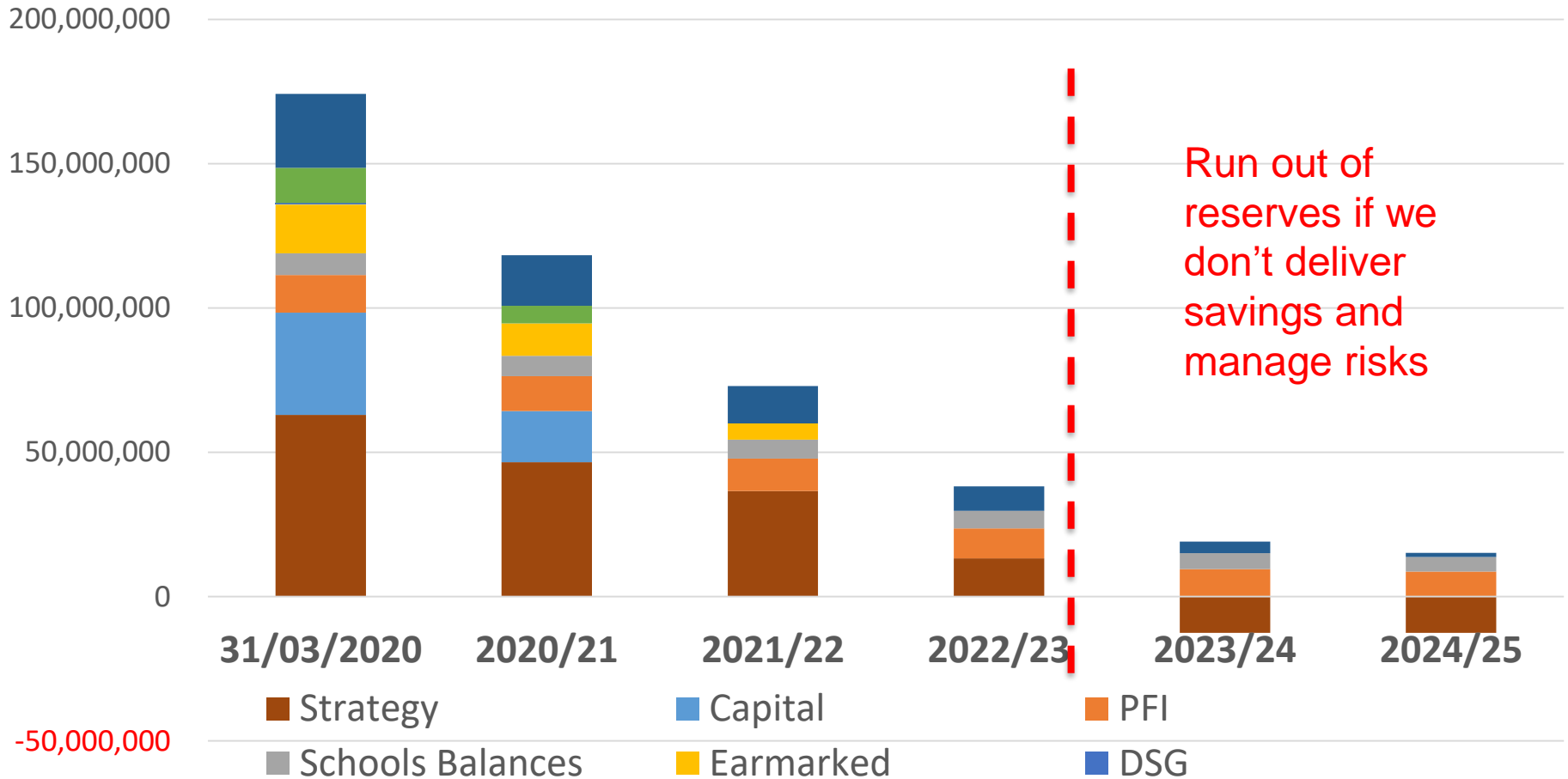
Savings Requirement in Context

Savings requirement in 2022/23 is approx. £23m* - representing:

- 11% of net budget
- 14% of net controllable budget
- 23% of net controllable budget excld. Children

* Includes MTFP assumed investment return in Children's and that 21/22 savings delivered in full

Reserves Forecast 2020 - 2025



Key Risks and Emerging Pressures

- Continued Pandemic impact
 - Income/costs and tax base
 - More vulnerable population
 - Homelessness
- Non delivery of savings & cross cutting enabling programmes
- Children's Services demand
- Adults Social Care – Demand & provider sustainability
- Recovery of Health System and improving health outcomes
- Future Viability of Active Tameside
- Schools Funding, SEN, SEN Transport
- Insufficient growth in tax base, retaining and growing businesses

Covid Impact

- Without Government Support would be overspending by >£30m more than we are
- Adults – impact of additional costs once NHS Covid funding stops c.£980k – likely to continue into future years
- Children’s – nothing as yet
- Education – traded income affected c.£612k
- Active Tameside – c.£3.5m
- Airport Dividend - £6.5m
- PPE - £xxm

Key Messages

- Our health and growth inequalities not sufficiently recognised through funding models & our underfunding means we need to be realistic about the level of service cuts required in the future
- Regardless of the increase in savings proposals put forward, we still have not got enough money to do everything we want to do
- 21/22 is now a one off Transition year which must be used to get our heads around the difficult decisions that will be required to produce a sustainable budget for 22/23
- Maximising opportunities through external investment
- Different contract with our population
- Fragility of Local Government sector means Increased Audit Scrutiny

Key Priorities 2021

- Need to continue to accelerate the Children's 7 point Sustainability Plan and Growth priorities invested in from 20/21
- Must deliver on ALL 21/22 agreed savings proposals
- Need to continue to develop at least a further £10m of savings proposals / cuts from 22/23 onwards
- Must develop confident plans for all cross cutting themes in particular those that manage demand, further the integration agenda or bring extra income into the organisation
- Relentless focus on delivery of savings

Thank you for your time

Any questions?