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| Agenda Item | 9         |
| Report No   | HCW/13/20 |

## HIGHLAND COUNCIL

**Committee:** Health, Social Care and Wellbeing

**Date:** 26 August 2020

**Report Title:** Revenue Budget Monitoring 1<sup>st</sup> Quarter 2020/21

**Report By:** Executive Chief Officer – Health and Social Care

### 1. Purpose/Executive Summary

- 1.1 This report provides the first revenue budget monitoring forecast to members for quarter 1 of the 2020/21 financial year. Against a budget for the Health and Social Care Service of £148.510m, and including Covid-19 costs, the year end forecast is an overspend of £2.251m or 1.5% of that annual budget. An update on the status of budget savings for the financial year is also shown.
- 1.2 As has been previously reported to members at the Corporate Resources Committee and the Highland Council, the negative impact of Covid 19 on the Council's budget has been, and is expected to continue to be, significant during 2020/21.
- 1.3 In an 'ordinary' year the assumptions made as part of the quarter 1 monitoring around activity and income for the remainder of the year are often subject to a fair degree of variability. This year in particular, due to the unprecedented nature of the Covid crisis, forecasts for the remainder of the year are even more open to change.

### 2. Implications

- 2.1 Resource – as set out within the report and accompanying appendices. The figures are being regularly reviewed and revised as a consequence of the continued uncertainty around the impact of Covid and the potential for future local and/or national lockdowns. It is highly likely that the projections will change and budget holders will be working to deliver an improved position by the year end. This will be reflected in future reports to Committee.
- 2.2 Legal – there are no legal implications to highlight.
- 2.3 Community (Equality, Poverty, Rural and Island) – no implications to highlight.
- 2.4 Climate Change / Carbon Clever – no implications to highlight.

2.5 Risk – as noted within the report, Covid-19 represents a significant risk and uncertainty impacting on financial forecasts, with the risk that financial forecasts differ as a result of changed or unforeseen events.

2.6 Gaelic – no implications to highlight.

### **3. Recommendations**

3.1 Members are asked to:

- i. Consider the revenue budget outturn forecast for the year.

### **4. Introduction**

4.1 This report and **Annex 1** sets out the first revenue budget monitoring report for quarter 1 of the 2020/21 financial year.

4.2 As highlighted in the executive summary, and as members will be aware from other reports to Corporate Resources Committee and Highland Council, Covid-19 has had very significant implications upon the Council's financial outlook, and in turn creates a number of risks and uncertainties relating to forecasting. The implications for the Council as a whole, and in relation to scenario planning at Council level were covered in the report to Corporate Resources Committee on 12 August. This report deals exclusively with the budget position relating to the Health and Social Care Service.

### **5. Covid-19 Overview**

5.1 The costs and overspend identified as the Service Covid-19 response, amount to an actual to date at quarter 1 of £0.326m and a year end forecast of £3.623m. The main factors within that forecast cost position are as follows:-

- additional residential placements (both Council and independent providers)
- additional PPE and other Covid-19 costs associated with placements and facilities
- additional respite care provision
- additional fostering and adoption costs
- additional staff costs, across a range of Covid 19 responses incl out of hours service, family teams, mental health officers

5.2 Aside from the Covid-19 response costs, the main variances set out within the quarter 1 forecast are in relation to an overspend on Looked After Children (£1.457m year end overspend), and an underspend within Family Teams (£2.627m year end underspend). Further details regarding these variances are as set out below. Outwith these budget headings, in the main the other budget headings shown are in line with budget, or are not showing significant variance.

### **6. Looked After Children**

6.1 COVID-19 has placed unprecedented pressure on families. Children's Services has responded well, adapting their means of delivery and increasing their availability, operating in an emergency model. Kinship placements have increased as families, friends and neighbours stepped-up to look after children. Foster carers too have had to

manage the increased disruption and trauma in children's lives, home schooling and caring for our most vulnerable children and often working from home. Residential staff, Foster carers and Kinship carers are commended for their resilience, support and dedication. Demand for further intensive support is likely as the impact of COVID-19 on society and the economy continues to have an effect.

- 6.2 There is an increase in LAAC (Looked After and Accommodated Children) compared with last year and an increase of children on the Child Protection Register (highest risk children living at home/at risk of being accommodated) demonstrating higher costs to accommodate our LAAC and additional need in the community. There are currently 369 LAAC as compared with 354 in May 2019 an increase of 15 children. Since COVID-19 restrictions were implemented, child protection registrations have increased by 41% in Highland. There were 90 children on the child protection register on 23rd April 2020, and as of 29th July 2020, there were 127 children registered. This compares with an average of 85 for the same period in 2019.
- 6.3 The greatest financial impact of COVID-19 on Children's Services to date has been in additional purchased residential and fostering placements, renting property to shield children, supplementing residential staff who are shielding/self-isolating and overtime in family and mental health teams. Out of Area (OOA) residential placements have increased by x6 at a total cost of £130k per month and approximately £1.4M if they all remain in placement for the full financial year. This is being monitored extremely closely and the decision about any additional child coming into care is made by the Head of Children's Services.
- 6.4 The Placement Services Change Programme has been negatively impacted upon as young people could not be returned during the lockdown and in-area beds were being utilised for breakdowns in home/kinship/fostering/residential in Highland. In-area units have been used as flexibly as practical to keep children in Highland, with an increase of x6 children taken into HC residential care as families struggle with the implications of lockdown. Children accommodated in HC operated units cost approximately £70,000 less per year per child than spot purchased placements. The Placement Team are working hard on return planning for 20 children in purchased placements both in and OOA. Achieving a positive balance of returns against new placements is obviously the ideal, but this year is likely to pose one of the most challenging due to the obvious impact of COVID-19 on increased purchased residential and fostering placements, HC residential placements, and the concurrent delay in returning young people from OOA.

## **7. Family Teams**

- 7.1 The underspend shown is in line with the year end position for 2019/20, and reflective of the level of staff budget underspend and vacancies since that time. As noted above, additional Covid-19 related staff and other costs within Family Teams are shown against the Covid-19 heading, not against the teams budgets.
- 7.2 In relation to implications, and actions being taken regarding staffing, the Council is currently recruiting nationally for all vacant health and social work posts and interviews will be held shortly. Family team staff have continued during COVID 19 to have direct contact with families and have also facilitated virtual meetings for child protection, reviewing child's plans. Approval panels for kinship, fostering and adoption have continued too, and this is critical for planned moves for children into more permanent homes and with virtual Children's Hearings this has meant that social work staff have not incurred additional expenditure by traveling regularly to Inverness for hearings.

7.3 Staff are aware of the wider financial challenges within the Council and have worked hard at limiting expenditure unless critical, in line with corporate guidance.

## 8. Budget Savings Status

8.1 **Annex 2** sets out the RAG (Red/Amber/Green) risk status of agreed budget savings for the 2020/21 financial year. The presentation is as per the 'at risk' savings reported to the June Council meeting in the context of Covid-19 implications.

Designation: Executive Chief Officer – Health and Social Care

Date: 17 August 2020

Author: Brian Porter, Head of Resources

Background Papers:

## HEALTH, SOCIAL CARE AND WELLBEING REVENUE MONITORING REPORT 2020-21

| 1st April 2020 to 31st March 2021                | £'000<br>Actual<br>YTD | £'000<br>Annual<br>Budget | £'000<br>Year End<br>Outturn | £'000<br>Year End<br>Variance |
|--|------------------------|---------------------------|------------------------------|-------------------------------|
| <b>BY ACTIVITY</b>                               |                        |                           |                              |                               |
| <b>Service Management and Support</b>            |                        |                           |                              |                               |
| Management Team                                  | 13                     | 172                       | 123                          | (49)                          |
| Business Support                                 | 202                    | 814                       | 829                          | 15                            |
| COVID-19 Response                                | 326                    | 0                         | 3,623                        | 3,623                         |
|  | <b>541</b>             | <b>986</b>                | <b>4,575</b>                 | <b>3,589</b>                  |
| <b>Adult Services</b>                            |                        |                           |                              |                               |
| Commissioned Adult Services                      | 116                    | 104,901                   | 104,901                      | 0                             |
| Mental Health Teams                              | 246                    | 1,202                     | 1,111                        | (91)                          |
| Criminal Justice Service                         | 200                    | 50                        | 50                           | 0                             |
| Other Services for Vulnerable Adults             | 575                    | 1,317                     | 1,375                        | 58                            |
|  | <b>1,137</b>           | <b>107,470</b>            | <b>107,437</b>               | <b>(33)</b>                   |
| <b>Children's Services</b>                       |                        |                           |                              |                               |
| Looked After Children                            | 5,798                  | 24,804                    | 26,261                       | 1,457                         |
| Family Teams                                     | 3,509                  | 18,401                    | 15,774                       | (2,627)                       |
| Other Services for Children                      | 1,308                  | 7,530                     | 7,395                        | (135)                         |
| Commissioned Children's Services Income from NHS | (3)                    | (10,681)                  | (10,681)                     | 0                             |
|  | <b>10,612</b>          | <b>40,054</b>             | <b>38,749</b>                | <b>(1,305)</b>                |
| <b>TOTAL HEALTH, SOCIAL CARE AND WELLBEING</b>   | <b>12,290</b>          | <b>148,510</b>            | <b>150,761</b>               | <b>2,251</b>                  |
| <br>   |                        |                           |                              |                               |
|  | £'000<br>Actual<br>YTD | £'000<br>Annual<br>Budget | £'000<br>Year End<br>Outturn | £'000<br>Year End<br>Variance |
| <b>BY SUBJECTIVE</b>                             |                        |                           |                              |                               |
| Staff Costs                                      | 8,005                  | 37,043                    | 33,932                       | (3,111)                       |
| Other Costs                                      | 5,512                  | 127,379                   | 129,486                      | 2,107                         |
| <b>Gross Expenditure</b>                         | <b>13,517</b>          | <b>164,422</b>            | <b>163,418</b>               | <b>(1,004)</b>                |
| Grants   | (1,184)                | (15,889)                  | (15,930)                     | (41)                          |
| Other Income                                     | (43)                   | (23)                      | 3,273                        | 3,296                         |
| <b>Total Income</b>                              | <b>(1,227)</b>         | <b>(15,912)</b>           | <b>(12,657)</b>              | <b>3,255</b>                  |
| <b>NET TOTAL</b>                                 | <b>12,290</b>          | <b>148,510</b>            | <b>150,761</b>               | <b>2,251</b>                  |

## Annex 2 – RAG Status of 20/21 Budget Savings

| Service Heading             | Saving Description  | Amount<br>20/21<br>£m | RAG Status |
|-----------------------------|---|-----------------------|------------|
| H&SC / Educ                 | Further savings from restructuring  | 1.000                 | Green      |
| H&SC                        | Review of contracts   | 0.660                 | Green      |
| H&SC                        | Children's Services Redesign  | 0.310                 | Green      |
| H&SC                        | Review funding Section 17 and 22 payments, and governance of remittances - e.g. better utilisation of Scottish Welfare Fund | 0.060                 | Green      |
| H&SC / Educ<br>Procurement  | Review of non discretionary spend (lower prices/better VFM)   | 0.318                 | Amber      |
| H&SC / Educ                 | Service-wide Review of Service Support services (£100k saving already approved for 20/21)                                   | 0.250                 | Amber      |
| H&SC PSCP                   | Review of costs chargeable to HRA (estimate and being investigated)   | 0.100                 | Amber      |
| Educ / F&R                  | Council wide Review of business support to create an integrated service, reduce duplication and achieve efficiencies.       | 0.075                 | Amber      |
| H&SC Children's<br>Services | Commissioned Children's Services agreed through redesign process  | 0.399                 | Red        |
| H&SC / Educ                 | Service-wide Review of income budgets level / budget provision  | 0.050                 | Red        |
|                             | <b>TOTAL</b>  | <b>3.222</b>          |            |