

Scrutiny of Draft 2021/22 Budget and Medium-Term Financial Plan Update 2022-24

Comments from Overview and Scrutiny Panels - January/February 2021

Adult Care and Wellbeing Overview and Scrutiny Panel – 28 January 2021

The Panel heard that the current financial forecast (Period 8) overspend position of c£357k (0.3%) was a significant improvement on the Q1 position of £2m overspend, for which the Directorate is to be congratulated. The main reasons for the overall improved forecast are tighter control on overall spend, managing accountability, the drop in new admissions to care and nursing homes by people leaving hospital and a decrease in projected number of people coming into the care system, although the costs of those being placed are, on average, higher.

It was noted that a 1% increase in the Adult Social Care Levy was proposed in line with inflation for 2021/22 and the additional Social Care Grant for 2021/22 c£2.2m was welcomed.

The Directorate continues to monitor budget pressures around additional costs relating to the complexity/acuity for over 65's, growth in the price and complexity of care packages for adults with a learning disability and adults with a physical disability (including those transitioning from children's to adults care) and the greater cost of mental health packages of care. It will be important to see how shifts during the COVID pandemic evolve. For example, whether the drop in numbers entering care and nursing homes continues. Services will need to continue to deliver efficiencies, transformational change and increase levels of income generation to remain within overall recommended budget.

Greater certainty over adult social care funding in the long-term to enable local authorities to plan remains very important. The Panel is aware that the Council continues to lobby the Government in this respect and responded to a recent consultation.

Maintaining an appropriate level of financial reserves is important in order to have sufficient resilience and this is something the OSPB could explore as part of its budget discussion.

Children and Families Overview and Scrutiny Panel – 29 January 2021

- Members were concerned about the ongoing significant cost pressures in relation to the High Needs Block of the Dedicated Schools Grant, and the resulting deficit of around £10.5m which will be carried forward into 2021/22. The Panel was concerned about how this deficit will be dealt with when the time-limited accounting regulations expire but understands that this will be dependent on future decisions by central Government. Members noted that the Council continues to lobby on this.

- The Panel highlighted the fact that £0.1m has been included in the Worcestershire Children First (WCF) budget for pay inflation in line with the pay freeze announced by the Chancellor and noted that this would be insufficient if national negotiations between local government and trade unions resulted in a higher pay award.
- The Panel noted the pressure on the Home to School Transport budget and was concerned that continuing requirements for COVID security and social distancing on school transport once all children returned to school would result in additional costs and further budget pressures.
- Members noted the risk that the demand-led Placements budget could exceed allocated funds by up to £2m and the proposal to mitigate this risk by using the £1.1m risk reserve, leaving a £0.9m overspend. The Panel sought assurance that mitigating this risk through the use of reserves was sustainable.
- The Panel noted the postponement of the Government's Fair Funding Review and wished to support the Council's ongoing lobbying in this area.

Corporate and Communities Overview and Scrutiny Panel – 2 February 2021 (verbal update to be provided at the meeting)

Economy and Environment Overview and Scrutiny Panel – 1 February 2021

Overall, the Panel thought that this was a very good budget for areas relevant to the Economy and Environment Overview and Scrutiny Panel.

Members were delighted to hear that positive adjustments had been made to the 2021/22 draft budget since the 7 January Cabinet. Proposals submitted to the 4 February Cabinet, include:

- additional funding (revenue and capital) for Public Rights of Way (PROW), with the capital investment being doubled to support the increased access to the countryside since the start of the pandemic and the positive effects walking and getting outdoors can have on Health and Well-Being
- £1m top-up to support the Gigabit voucher scheme.

Specifically in relation to the Panel's budget areas, Members were particularly pleased to note that levels of funding were in line with the previous year + inflation.

Also, it was pleasing to see the extra Capital Funding of £6m for Highways, £4m for Footways and Cycleways, £2.5m for Flood Mitigation, £2.5m for Streetlighting and £1.25m for the Local Members Fund. In addition, revenue funding to contribute to the Environment Agency flood mitigation scheme in Bewdley £0.5m and £25k for Highway Safety Marking and Signage was welcomed.

New Directorate savings targets of £2.247m would be achieved, in the main, by additional capitalisation.

The 2020/21 financial update for Period 8 (November) forecast a year end underspend of £18,000. Areas of variance remained unchanged since the last report (Q3) and included:

- Strategic Land and Economy – Reduction of income achievable in County Enterprises
- Infrastructure & Assets – underspend due to reduction in energy usage and some staff vacancies
- Operations Highways and PROW – relating to additional agency costs within highways maintenance
- Transport Operations – Surplus of income over expenditure relating to the Driver Training Service
- Planning & Regulation – Increasing overspend mainly due to the need to cover vacant posts with consultants within planning advice and development control.