

### **Emerging pressures and challenges for services in relation to the 2022/23 Budget (discussed at the November 2021 Scrutiny Meetings).**

#### **Health Overview and Scrutiny Committee – 3 November 2021**

The Committee was provided with a brief overview of the budget for Public Health, which takes the form of a Public Health Ring-Fenced Grant. The budget of approximately £30m is allocated at the start of the year against strategic functions, which includes preventative work in Adult Services, Children's Services, and some in Community Services, for example support to trading standards in preventing disease and the role of libraries in helping people to interact. Additional funding was received for Covid related activities and this has enabled a more rounded support to be provided.

- It was noted that the budget announcement for 2022/23 is awaited, and the typical annual increase in recent years totals around 1% (£30,000), although increases in other financial years has been 2-5%
- The anticipated budget increase would not be sufficient to cover pay increases and inflationary uplift in contracts, since it did not match inflation, therefore an overall view is taken of planned activity and priorities, and some contracts have zero inflation.
- In terms of which services were of most concern, the Director of Public Health explained that obesity was an area of concern which needs more focus and that a whole system approach is important.
- No specific prevention services had seen funding decreases, but some had been increased.
- Regarding the predicted underspend for 2021/22 and whether money could be allocated to relieve predictable pressure points, for example to tackle fuel poverty, it was explained that a three-year plan for reserves is being developed.
- There is a proposal in place to pump up funds for One Worcestershire.
- A review of the new Health and Well-being Strategy has been added to the Work programme for 2022.
- The tremendous amount of work undertaken by both Public Health and NHS colleagues was acknowledged as well as the importance of using assets in the best way.

#### **Corporate and Communities Overview and Scrutiny Panel – 8 November 2021**

During the Panel's discussion of quarterly Performance and in-year Budget Monitoring, Members took the opportunity (as suggested by the Leader of the Council) to discuss emerging pressures and challenges for services in relation to the 2022/23 Budget, summarised as follows:

- A post pandemic review of operations had identified a number of key pressures which would impact services, including the rising costs of transport, energy and pay. It was noted that in the Commercial and Change Directorate (CoaCh), the majority of the budget related to staffing. The Government had confirmed that it would return to an annual pay award, but the pay award had not yet been set for this financial year.

- There were difficulties in recruiting key specialist staff and agency staff were therefore being used to support certain specialist roles, leading to significantly increased costs.
- With the Retail Price Index (RPI) increasing and likely to be at 3% by the end of the calendar year, the Panel was advised that inflationary factors were putting pressure on services just to remain as the status quo.
- The Strategic Director of Commercial and Change advised that the Council currently had £630m of procurement managed by the Council's Commercial Team. For some of the contracts such as Microsoft, market influences could lead to sudden increase in costs, whilst for major contracts due to end next year, such as the street lighting contract (negotiated by West Mercia Energy) there would inevitably be an increase in contract price. The Panel was informed that CoaCh had a number of procurement interim staff with specific knowledge to provide support.
- The increased cost of transport and the impact on the supply chain was raised by Members and the question was raised as to what the Council was doing to mitigate these costs? The Strategic Director explained that as the Council doesn't buy many goods and services itself, these costs tended to sit with suppliers and contractors. Where the Council uses transport such as for home to school transport, there were some fixed contracts and some other arrangements. Additional costs would be mitigated wherever possible, but it was hoped that this was a relatively short-term issue.

The Panel expressed their concern about these emerging pressures and challenges and the resultant impact on Council budgets and services. The Panel was due to review the Corporate Procurement Strategy at its January meeting.

### **Economy and Environment Overview and Scrutiny Panel – 9 November 2021**

During the in-year budget monitoring discussion, the Panel was informed that this had proved to be a difficult period with transport and purchasing of services both being subject to price inflation since the budget was set. Income generation had been harder than anticipated and some jobs were proving difficult to recruit to. These were the main reasons for the variances to the budget and focused attention as to what could be worked on to mitigate the forecast. The Panel was also informed of the pressures regarding inflation and pay and that these were being closely monitored and managed.

The Panel was informed that material supplies were impacting future capital works as well as some of the existing ones. The difficulty to recruit was a national problem and contractors and consultants were having to be used when necessary. The Panel was informed that the Directorate has a capitalisation target of £2m this year and service managers would be looking to capitalise staff costs wherever appropriate.

The forecast underspend of £250k in street lighting due to a reduction in energy costs following conversion to LED lighting was welcomed.

The Chairman of the Panel had written to the relevant Cabinet Members to identify a number of issues regarding next year's budget that the Panel wished to highlight, as follows:

## Flooding

The Panel recognised and commended the positive progress made with the additional funding which had been allocated in this year's budget to deal with flooding issues, drainage, and gully clearance work. The Panel also highlighted that there was still much more to be done to alleviate road flooding caused by blocked or faulty pipes, or inadequate drainage and urged that the additional funding continue to be provided in the 2022-23 Budget.

A number of small flood alleviation schemes had been completed this year in partnership with landowners, the Environment Agency, District Councils, and residents. The Panel commended these smaller schemes and urged a concentration of effort from partners to try and find a solution to small scale flooding issues.

## Footways

The Panel recognised the extra £7.5m which was being invested in the County's footways during 2021-22 and applauded this initiative. The Panel also noted from the coarse visual inspection survey of footways that 35.4% were currently in need of repair work. The Panel therefore highlighted this as an area for which they would urge continued budget support being maintained in 2022-23.

## Public Rights of Way

The Panel welcomed the additional funding that was starting to make a positive impact in this area. Noting, however, that the number of outstanding PROW defect reports remained at a high level, they asked that additional investment in PROW's continued to be supported in the 2022-23 Budget.

The Panel was pleased at the involvement of volunteers through the Countryside Access Group whose input was significantly contributing to the positive progress being made. The Panel were keen to see this initiative expanded and promoted going forward.

## **Children and Families Overview and Scrutiny Panel - 12 November 2021**

- The Panel noted that, as previously reported, the key pressure on the Dedicated Schools Grant (DSG) was in the High Needs Block, a pressure that was in line with the national picture. Members also noted that the legislation which had allowed councils to carry forward this deficit on their balance sheets would expire at the end of the 22/23 financial year at which point the deficit could potentially revert to the County Council. Members acknowledged that the High Needs Management Plan was in place to monitor this budget closely.
- The Panel was informed that the Council was still awaiting specific details from the Government in relation to the budget for 2022/23.
- With reference to Home to School Transport, the much-improved budget picture was welcomed.
- Members were interested in the amount to be included in the 2022/23 budget for staff pay increases and were informed that this was not yet confirmed.

## **Adult Care and Well Being Overview and Scrutiny Panel – 15 November 2021**

The Head of Finance outlined that the Adult Services budget, as at the end of Quarter 2, was forecast to be broadly balanced by the end of the financial year. Risk areas included increased placement costs for Learning Disabilities and a forecasted reduction in income generation. There were underspends in Direct Payment income recovery and Physical Disability services.

Looking forward to 2022/23, risks and potential pressures included increases to the cost of care, taking into account increases to the National Minimum Wage, costs associated with staff shortages and general living costs as a result of both the pandemic and leaving the European Union. An increase in service demand above forecast and the impact of delayed discharges from acute hospitals were also risks. The level of Government funding was never certain, and the impact of the lifetime care cap would become clearer in time.

In response to Member questions, the main points included:

- Learning Disability forecasted income reduction was as a result of health reviews of each client in receipt of NHS Continuing Healthcare funding
- Income Recovery from Direct Payments would take place after conversations and engagement. A contingency was acceptable, however, if the Council was funding over and above the level of outgoings and welfare was not at risk, then it was the correct course of action to recover some of the payments made
- For the benefit of new Members, further information would be shared on the Directorate's Transformation Plan, the '3 Pillar' Strategy
- The Head of Finance clarified that all budgets were a fair forecast.