

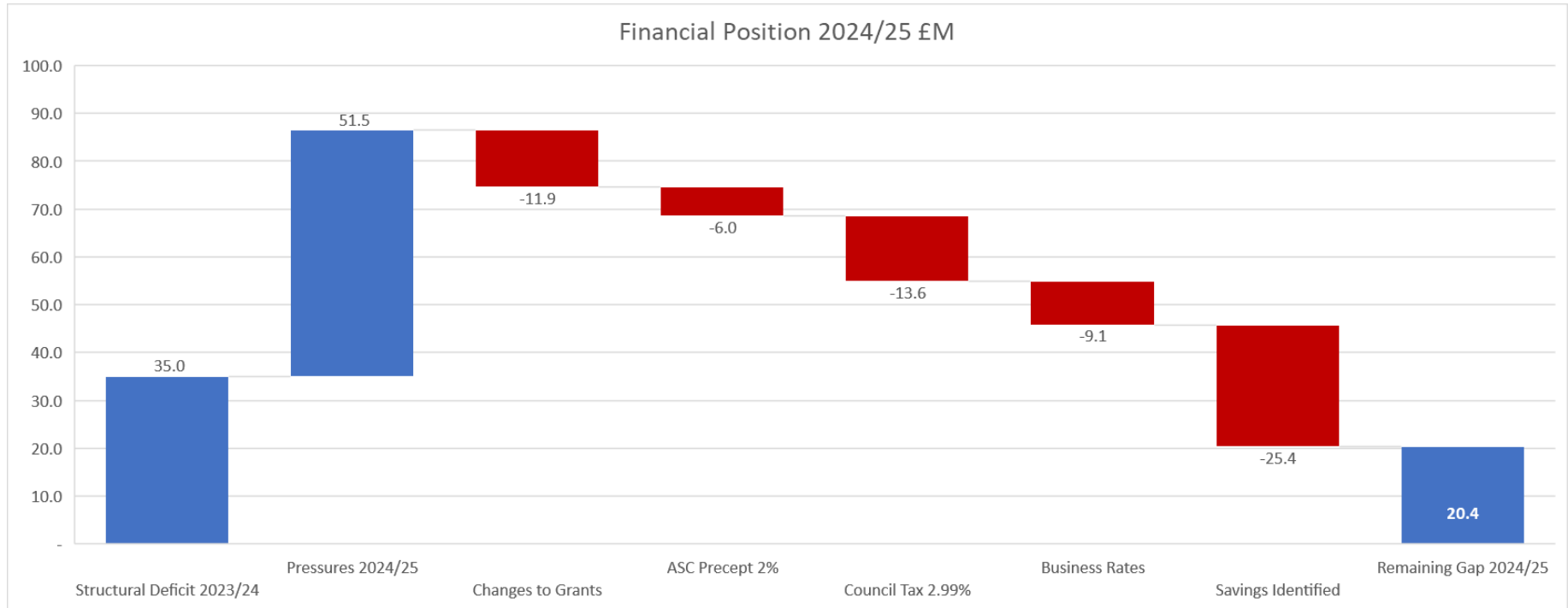
# 2024/25 Draft Budget for Consultation

**Adult Care and Wellbeing Overview  
and Scrutiny Panel**

**22 January 2024**

- Nationally, Local Government is under severe financial pressure due to inflationary and demand pressures in three main areas - Children's Social Care, Home to School Transport and Adults Social Care. These overspends reflect the continuing costs in these sectors which show no sign of abating.
- At the end October, our net overspend was at **£22.2m** on a £401m net budget – this was **after** using one off monies from additional income from business rates (£4.1m), £9m additional use of reserves (on top of £5.5m used to balance the budget approved before the start of this year) that were set aside in the budget to manage. Our structural deficit (*a budget deficit due to our ongoing expenditure greater than our income*) is c£35m.
- Our overspend position is not because of poor control, oversight or policy decisions. It is simply an exceptionally large increase in our costs for demand-led services, set against our constrained ability to raise additional income.
- Worcestershire County Council has had strong record of good financial management, constantly adapting to operate in a more cost-effective way, whilst continuing to deliver frontline services
- We are continuing to make savings and are on course to make around £20 million of savings in the financial year.

- Budget Report to Cabinet on 10 January 2024 summarises the financial position for the Council and each of the service areas.
- Local Government Settlement announced on 18 December (a one-year settlement), indicated additional government funding of £21m. However, this was a net £1.6m reduction on the expected funding which was built into our MTFP, and this is not keeping pace with demand and pressures we are facing.
  - Core spending power increased to upper tier Authorities to recognise significant demand pressures which included an increase to our Settlement Funding assessment by £9.1m.
  - Further funding of £12.9m to recognise significant pressures within Adults and Children's Social Care.
  - Public Health and Substance Abuse Grants – additional £1.1m (estimated)
  - Reduction in services grant of £2.2m.
- No fundamental reforms to funding system anticipated.
- Government included a statement in settlement around Councils using reserves in this difficult period which is not sustainable in longer term.
- Proposed Council Tax increase of 2.99%, plus a 2% Adult Social Care Levy - Total 4.99%



- At this point there is a gap of £20.4m that needs to be addressed
- Cabinet Members continue to work with their respective Strategic Directors to identify options to reduce the current reported gap by either additional savings or agree strategies to reduce the current growth and demand assumptions prior to the final budget report.

- The table below show the indicative pressures including the structural deficit of £35m which has been addressed.
- Demand for services continues to increase, particularly across Adults and Children’s Social Care as well as Home to School Transport. Growth figures have been obtained from the services split across inflation, demand, investment and removal one-off funding sources, along with the impact of the structural deficit

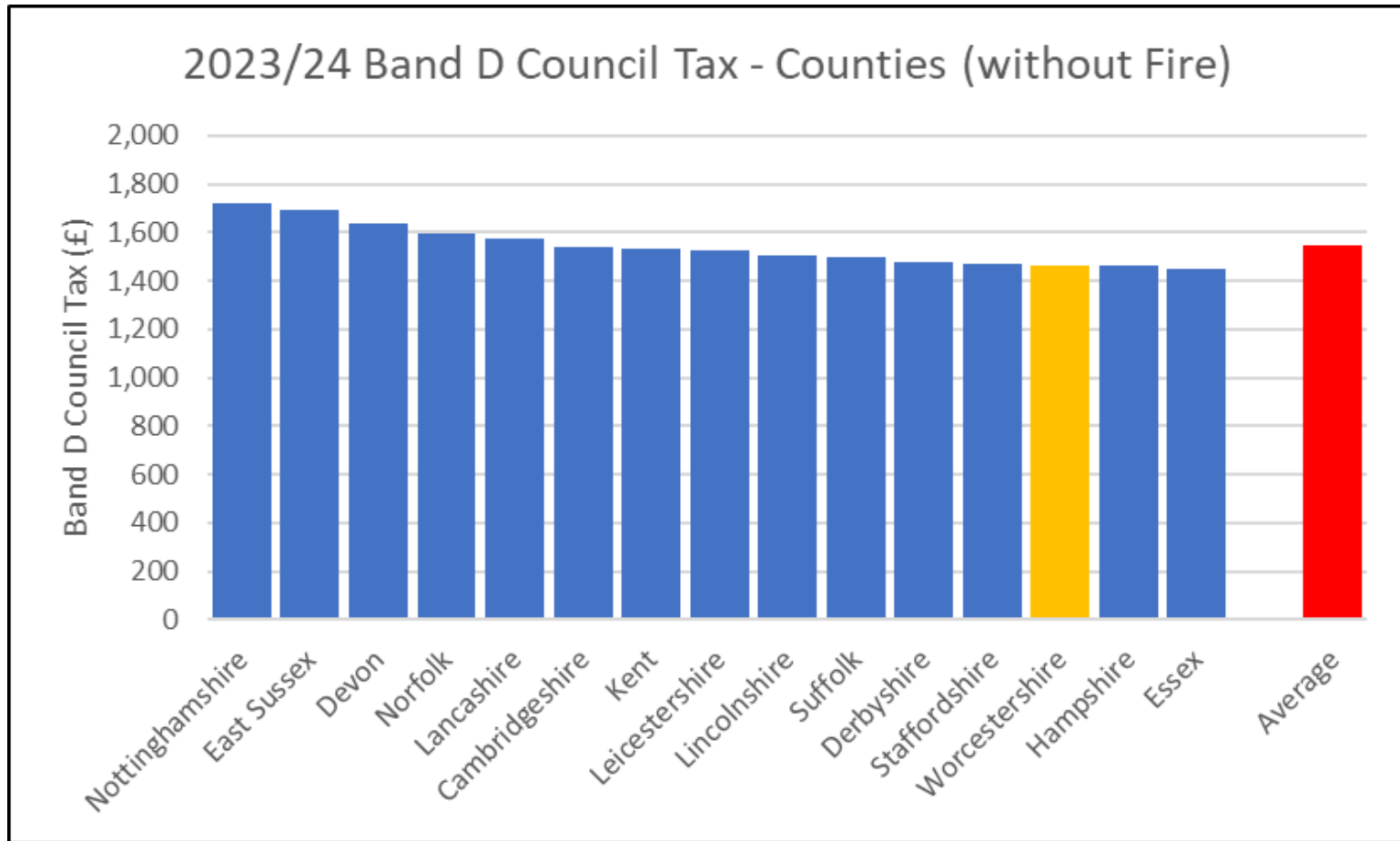
2024/25 Pressures and Funding (Including Structural Deficit)	Adults (£m)	HTST (£m)	Childrens (£m)	Other (£m)	Total (£m)
Rebase	2.4	0.0	0.3	3.2	6.0
Pay Inflation	1.2	0.0	2.6	4.0	7.8
Contract Inflation	6.2	2.1	4.7	5.5	18.5
Demand	3.5	4.1	2.9	0.6	11.1
Investment	0.0	0.0	0.0	2.9	2.9
Capital	0.0	0.0	0.0	5.2	5.2
<b>Additional Pressures for 2024/25</b>	<b>13.4</b>	<b>6.2</b>	<b>10.5</b>	<b>21.4</b>	<b>51.5</b>
<b>Structural Deficit</b>	<b>5.9</b>	<b>9.5</b>	<b>19.1</b>	<b>0.5</b>	<b>35.0</b>
<b>Total Pressures</b>	<b>19.3</b>	<b>15.7</b>	<b>29.6</b>	<b>21.9</b>	<b>86.5</b>

**2%** Adult Social Care Levy for 2024/25 to contribute to existing cost pressures due to Worcestershire's ageing population.

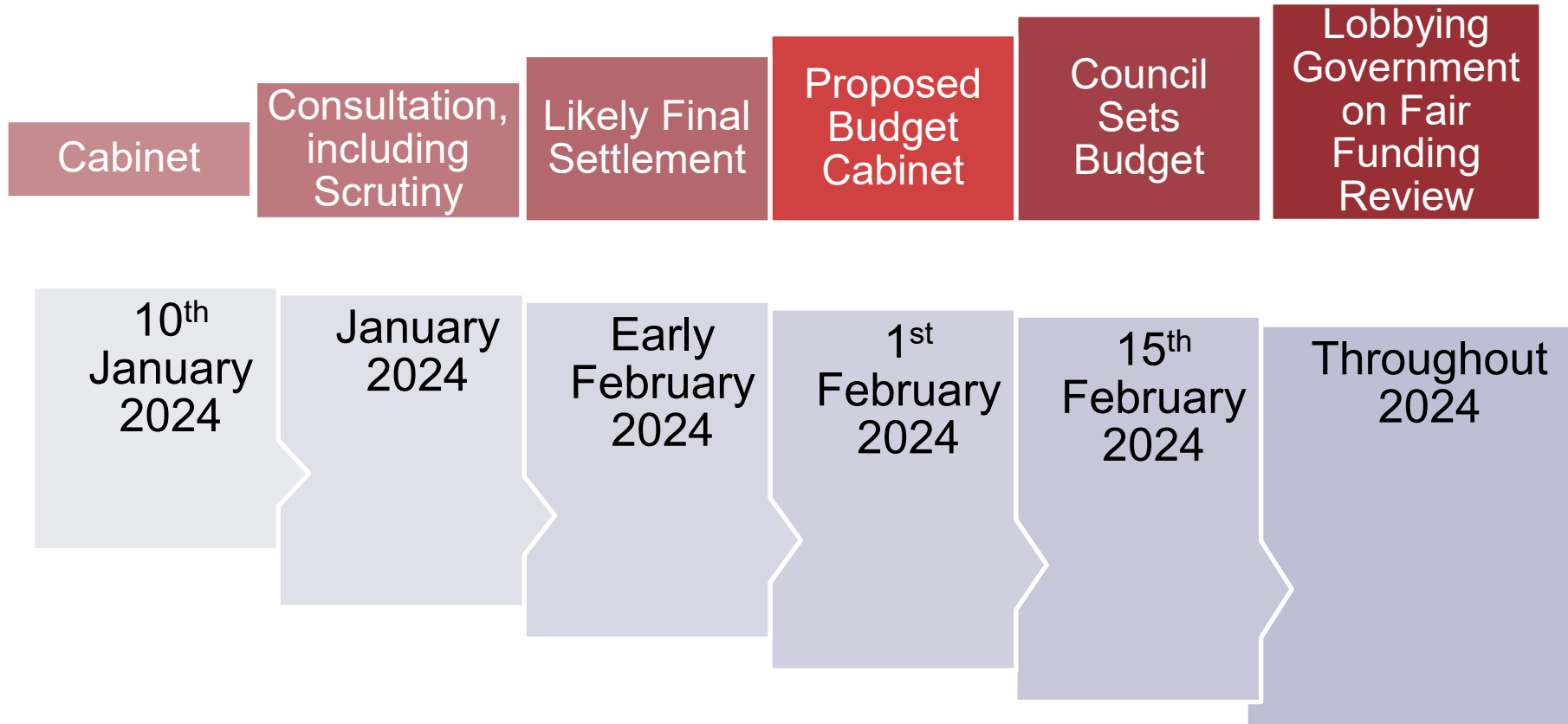
**2.99%** - to provide financial support to continue to fund investments in those areas that the public have consistently highlighted as important.

**An increase of 4.99% which is an average £1.41 per week for a Band D householder.**

**Worcestershire is likely to remain in the lower quartile for level of Council Tax for comparable councils.**



# Budget Planning Timeline for 2024/25





# **Adult Services**

## **Specific 2024/25 Budget Information**

# Summary Indicative Net Revenue Investment (1)

<b>Adult Social Care Investment</b>	<b>£m</b>
Additional demand increases along with complexity/acuity for older people	1.6
Growth in number and complexity of care packages for adults with a learning disability	1.2
Increase in number of mental health packages of care	0.3
Growth in number and complexity of care packages for adults with a physical disability including those transitioning from Children's Services	0.4
<b>Demand and Growth Increase in Adult Care</b>	<b>3.5</b>
Pay inflation across Adult Care Services	1.2
General inflation and price increases across Adult Care Services	6.2
Rebase of Public Health and one-off savings	2.4
<b>Additional Investment into Adult Social Care</b>	<b>13.3</b>
<b>Structural Deficit</b>	<b>5.9</b>
<b>Total Investment into Adult Social Care</b>	<b>19.2</b>

## Paragraph 44 – Table 6

In addition to the investment above, there is a further £0.8m pay and contract inflation investment into Provider Services

**NB The Council still has a £20.4m gap which needs to be addressed – so these figures may change**

# Summary Indicative Net Revenue Investment (2)

## Offset by

- £0.4m from an overall Adult Services Review
- £2m from forecast additional income relating to benefit increase for clients
- £0.5m additional forecast of Continuing Health Care Income
- For detail see [Appendix 2](#)

Total reductions = **£2.9m**

**Overall, there is an indicative net investment of £17.1m**

**NB The Council still has a £20.4m gap which needs to be addressed – so these figures may change**

# Additional Funding

Grant	2023/24	2024/25	Change in Funding
	£m	£m	£m
Adult Social Care Discharge Fund	2.7	4.5	1.8
Market Sustainability and Improvement Fund	4.0	6.8	2.8
Supplementary One-off Market Sustainability and Improvement Fund	0.0	2.0	2.0
Social Care Support Grant	15.7	22.0	6.3
<b>Total</b>	<b>22.3</b>	<b>35.2</b>	<b>12.9</b>

- Of the £12.9m additional grant awarded, £9.9m is indicatively allocated to adults, with £3m to children's services ([Paragraph 56 – Table 11](#))
- The proposed Adult Social Care Precept of 2% is estimated to generate c£6m to support pressures in adults
- Total additional funding = **£15.9m**

SERVICE	Revised Budget 2023/24	Directorate Virements	Changes		Pay Inflation	Contract Inflation	Growth (Demand )	Rebase Budgets	Savings	Net Budget 2024/25
			in Grants & Funding	Structural Deficit						
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Adults</b>										
Older People	<b>72,303</b>	514	0	825	531	1,929	1,565	291	-1,035	<b>76,923</b>
Learning Disabilities	<b>74,788</b>	-303	0	3,961	92	3,412	1,249	0	-988	<b>82,211</b>
Mental Health	<b>22,754</b>	28	0	203	157	604	282	0	-300	<b>23,728</b>
Physical Disabilities	<b>19,489</b>	0	0	756	0	304	404	0	-257	<b>20,696</b>
Adults Commissioning Unit	<b>1,008</b>	40	0	407	75	0	0	1,732	-156	<b>3,107</b>
Support Services	<b>718</b>	18	0	403	268	0	0	0	-122	<b>1,286</b>
IBCF	<b>-19,024</b>	0	0	0	0	0	0	0	0	<b>-19,024</b>
Social Care Grant	<b>-30,230</b>	-297	-9,900	-655	0	0	0	400	0	<b>-40,681</b>
Adult Provider Services	<b>8,600</b>	0	0	12	669	62	0	0	0	<b>9,343</b>
	<b>150,407</b>	<b>0</b>	<b>-9,900</b>	<b>5,913</b>	<b>1,793</b>	<b>6,310</b>	<b>3,500</b>	<b>2,423</b>	<b>-2,858</b>	<b>157,588</b>

**NB The Council still has a £20.4m gap which needs to be addressed – so these figures may change**