

DATA LABEL: PUBLIC



## **SOCIAL POLICY POLICY DEVELOPMENT AND SCRUTINY PANEL**

### **2019/20 FINANCIAL PERFORMANCE – MONTH 12 MONITORING REPORT**

#### **REPORT BY HEAD OF FINANCE AND PROPERTY SERVICES**

##### **A. PURPOSE OF REPORT**

To provide the Panel with an update on the financial performance of the Social Policy portfolio for the General Fund Revenue budget.

##### **B. RECOMMENDATION**

It is recommended that the Panel:

1. Notes the financial performance of the Social Policy portfolio for 2019/20;
2. Notes that the Social Policy portfolio position for the year formed part of the outturn reported to Council Executive on 23 June 2020;
3. Notes any actions required to be taken by Heads of Service and budget holders to manage spend within available resources.

##### **C. SUMMARY OF IMPLICATIONS**

<b>I Council Values</b>	Focusing on customers' needs, being honest, open and accountable, making best use of resources, working in partnership.
<b>II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)</b>	Local Government (Scotland) Act 1973, Section 95; Local Government in Scotland Act 2003, section 1-14.
<b>III Implications for Scheme of Delegations to Officers</b>	No implications at this stage.
<b>IV Impact on performance and performance indicators</b>	Effective budget management is an essential element of service performance. Additional financial reporting provides elected members with information to allow for proper scrutiny of performance of services.
<b>V Relevance to Single Outcome Agreement</b>	The revenue budget provides resources necessary to help deliver the Single Outcome Agreement. Effective prioritisation of resources is essential to achieving key outcomes.
<b>VI Resources – (Financial, Staffing and Property)</b>	The Social Policy portfolio revenue budget reported an underspend of £901,000 in 2019/20.
<b>VII Consideration at PDSP</b>	A financial performance report will be presented to the Panel twice yearly on an ongoing basis.
<b>VIII Other Consultations</b>	Depute Chief Executives, Head of Social Policy

## D. TERMS OF REPORT

### D.1 Introduction

This report provides an update on the general fund revenue financial performance in respect of the Social Policy Development and Scrutiny Panel (PDSP) portfolio of services. The council's revenue budget is operationally managed at a Head of Service level, and the financial position included within this report formed part of the overall council position reported to Council Executive on 23 June 2020. This report also includes the position on the delivery of approved budget reduction measures relevant to the Social Policy portfolio for 2019/20.

The budget monitoring process is undertaken in line with the council's budgetary control framework and procedures, which place particular focus on a risk based and pro-active approach to budget monitoring.

This report focuses on the financial performance of council services which further enhances the information presented to elected members to allow scrutiny of service and financial performance. The report contains reference to key performance measures for service areas which are contained within Service Management Plans and referenced in the 2018/19 Local Government Benchmarking Framework (LGBF) data-set. LGBF data for 2019/20 will be collated by the Improvement Service and will be made available later in the financial year.

### D.2 Financial Information for 2019/20 Month 12 Position

The table below summarises the position in relation to service expenditure for the portfolio area. The overall revenue position is an underspend of £0.901 million for the Social Policy portfolio. This comprises a break even position in IJB areas and £0.901 million underspend in Non IJB areas. As part of the monitoring exercise, a number of key risks and service pressures have been identified and these are noted in the narrative below

Service	Budget £'000	Outturn Position £'000	Variance £'000
<b>IJB Functions</b>			
Care Homes & HWC	10,412	11,301	889
Occupational Therapy	2,192	1,514	(678)
Mental Health	4,263	4,128	(135)
Older People	24,328	24,289	(39)
Reablement/Crisis Care	5,117	5,871	754
Learning Disabilities	15,703	14,930	(773)
Physical Disabilities	7,423	7,405	(18)
<b>Net IJB Variance</b>	<b>69,438</b>	<b>69,438</b>	<b>0</b>
<b>Non-IJB Functions</b>			
Criminal Justice	1,122	1,100	(22)
Child Care & Protection	19,741	19,106	(635)
EI Looked After Children	8,879	9,092	213
Early Years Change Fund	445	330	(115)
Public Protection	2,219	2,179	(40)
Support	2,133	1,831	(302)
<b>Net Non-IJB Variance</b>	<b>34,539</b>	<b>33,638</b>	<b>(901)</b>
<b>Net Social Policy Position</b>	<b>103,977</b>	<b>103,076</b>	<b>(901)</b>

## **D.3 Summary of Main Issues in Service Expenditure Budgets and Impact on Performance**

### **D.3.1 General Fund Revenue – Social Policy**

The Social Policy outturn for 2019/20 was an underspend by £0.901 million.

The gross position for IJB services was breakeven. This reflects an overspend in the cost of running our internal Care Homes and our Reablement/Crisis Care services related to additional costs to cover for vacancies, staff absence due to sickness and shortfalls in external provision in the first half of the year. This has however been offset by underspends in Occupational Therapy and services for Learning Disabilities. These underspends were both related to the early delivery of future year savings. There was also an underspend in Mental Health services due to staff vacancies throughout the year which have been recruited to.

The gross position for non-IJB services was an underspend of £0.901 million. This reflected early delivery of future year budget reductions relating to Foster & Kinship Care and External Placements for Looked After Children and a number of vacant positions in the admin and support function.

The LGBF includes indicators that relate to Social Policy services. With regard to Older Peoples Services this ranks West Lothian Council as 15 of 32 for the cost per hour of Care at Home at £24.66 per hour and 20<sup>th</sup> for Residential Costs per week for Adults over 65 at £428.60 per week.

### **D.3.3 General Fund Revenue – Monitoring of approved budget reductions**

For the Social Policy portfolio, savings of £3.392 million in 2019/20 were delivered in full. The coming years will require further savings to be delivered from the approved Eligibility and Contributions policies. It is considered that these are deliverable but they will be closely monitored to ensure that the actual savings remain in line with the forecast position.

## **E. SUMMARISED BUDGET POSITION FOR 2018/19**

The month 12 position is an underspend of £0.901 million within the General Fund Revenue budget for the Social Policy portfolio, mainly as a result of early delivery of future year savings in Foster & Kinship Care and External Placements for Looked After Children along with a number of vacant positions in Admin and Support.

The overall outturn was reported to Council Executive on 23 June 2020.

## **F. FUTURE BUDGET ISSUES AND RISKS**

West Lothian Council approved a four year revenue budget strategy from 2019/20 to 2022/23 on 19 February 2019 which included approved savings measures for 2019/20 of £14.674 million. The significant level of approved savings, in addition to the impact of constrained funding and the financial consequences of the current Covid-19 pandemic, is resulting in an increased risk of overspends across council services and on the ability to deliver approved budget reductions. In addition, there are currently recurring pressures of around £974,000, as reported to Council Executive on 18 August 2020. Mitigating actions have been agreed and are being implemented to ensure these pressures are managed on a recurring basis.

Council Executive was provided with a number of updates and reports on the financial implications of the current Covid-19 pandemic on 26 May 2020, 23 June 2020 most recently on 18 August 2020 as part of the 2020/21 General Fund revenue budget monitoring exercise for period 3. There is an estimated revenue pressure of approximately £4.334 million in 2020/21 even after confirmed additional funding is accounted for. Taking account

of this pressure, Council Executive agreed the £994,000 over and above the minimum approved General Fund Balance level of £2 million should be ear-marked for managing the projected 2020/21 overspend and considered the potential actions available to manage and mitigate the financial pressures. Council Executive also agreed that officers should continue to monitor the financial impact of Covid-19 and engage with the Scottish Government and COSLA around further government funding for the council to mitigate the significant additional costs being incurred by the council. Further updates will be provided to Council Executive to allow consideration of the latest position and any action required to manage to the financial implications of the virus, the next of which will be included within the month four budget monitoring exercise to be reported to Council Executive in October 2020.

The overall position reflects the very challenging financial context the council is now facing after many years of funding constraints and requirements to make significant savings with demand for services continuing to grow. There are considerable risks and uncertainties around various aspects of council spending and income, particularly the impact of Covid-19, including the costs of demand led services especially in social care, the level of inflationary increases in budgeted expenditure and the waste recycling market. There are also major risks connected to the future level of UK and Scottish Government funding and of policy changes that impact on local government in Scotland.

Specifically for the Social Policy portfolio, the key risks and uncertainties include the impact of Covid-19 on the market for external suppliers and a potential increase in the requirement for Social Care.

The council's risk based approach to budget monitoring will ensure that effective action is taken to manage risks during the course of the financial year. Officers will continue to provide updates on risks as part of the quarterly budget monitoring reporting to Council Executive at period 4, 6 and 9.

## **G. CONCLUSION**

The position for the Social Policy portfolio was an underspend of £0.901 million. As noted, the position for the Social Policy portfolio is part of the overall outturn position for 2019/20 which was reported to Council Executive on 23 June 2020.

## **H. BACKGROUND REFERENCES**

1. 2019/20 Financial Performance – Month 6 Monitoring Report – Report by Head of Finance and Property Services to Social Policy PDSP on 19 December 2019
2. Draft 2019/20 General Fund Revenue Budget Outturn - Report by Head of Finance and Property Services on 23 June 2020
3. Local Government Benchmarking Framework

Contact Person: Douglas Pirie, Senior Service Accountant  
[douglas.pirie@westlothian.gov.uk](mailto:douglas.pirie@westlothian.gov.uk) - Tel No. 01506 281308

**Donald Forrest**

**Head of Finance and Property Services**

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