

Cheshire East Council Budget Challenges

Adults, Health and Integration MTFS workshop

15 December 2023

Open

Fair

Green

OFFICIAL
OFFICIAL



2023/24 - Financial Reviews

- **2023/24 net budget = £353.1m**
- **FR1 - Forecast variance = +£12.8m**
 - This included ‘potential’ mitigation of £13.8m compared to a gross position of £26.6m
- **FR2 - Forecast variance = +£18.7m**
 - Increased as ‘potential’ mitigations not certain enough
 - £7.9m of actual mitigation was identified and more certain
- **General Reserve is inadequate @ £14.1m**

Open

Fair

Green

Urgent Response Ongoing

- CE Budget emergency response team (**CEBERT**)
 - Chair – CEO
 - Attendees – workstream leads (CLT + support)
 - Frequency – weekly on a Tuesday for 1hr
 - Purpose:
 - Update on progress towards financial stability
 - Make decisions and set out next steps
 - Co-ordinate activity to reduce net spending

Open

Fair

Green

CEBERT - Workstreams

- **Committee Cells (x7) (committee lead officers - CLT)**
- **Financial review mitigation workstreams:**
 - Establishment management (vacancy / agency data)
 - Procurement management
 - Pricing strategies
 - Grant management
- **Other supporting activities:**
 - Mandatory vs discretionary oversight
 - Government /network engagement

Open

Fair

Green

Current Position – 2023/24

Committee	2023/24 Net Budget £m	FR2 £m	Latest Forecast £m	CEBERT Improvement (8wks)
Adults & Health	136.5	+4.7	+4.7	(0.0)
Children & Families	80.3	+10.8	+10.0	(0.8)
Corporate Policy	41.1	(0.5)	(0.6)	(0.1)
Economy & Growth	24.8	(1.9)	(2.7)	(0.8)
Environment & Communities	48.7	+3.5	+3.3	(0.2)
Highways & Transport	11.2	+1.2	+0.2	(1.0)
Finance Sub (Central)	10.5	+0.9	(0.1)	(1.0)
Deficit / (Surplus)	0	+18.7	+14.8	(3.9)

Open

Fair

Green

S114 - Definition

- The risk materialising with the scale of the challenge is that the council could act illegally and trigger a s114 report
- s114 can be triggered from two distinct sources
 1. Spending plans that exceed the available resources of the council. This would unbalance the budget, which is unlawful.
 2. Spending decisions that hide actual spending, or are outside the powers of a local authority, may not trigger an immediate overspend, but are in fact based on unlawful activity.

Open

Fair

Green

s114 - Impact

- Immediate consequences of s114 would be only statutory services and existing contracts should incur expenditure.
- s.114 does not remove the duty of councillors to approve a balanced budget.
- Councillors would be required to meet within 21 days to consider the report and propose alternative spending plans to return the council to a legally compliant position.
- DLUHC likely to appoint commissioners to oversee.

Open

Fair

Green

CEC is not an isolated case

Eight local authorities have issued s.114 notices to date:

- Birmingham City, Northamptonshire County, Nottingham City*, Northumberland County, LB Croydon, Woking Borough, LB Thurrock, Slough BC

(*Nottingham City Council issued a further s114 report)

Press articles regularly report other s.114 notices are imminent:

- Middlesbrough, Kirklees, Hastings, Kent, Stoke, Somerset, Guildford, Southampton, BCP (Bournemouth, Christchurch and Poole), Trafford, Medway, Havering....

Open

Fair

Green

The primary causes of financial pressure

- National economic and demographic factors for all councils:
 - Inflation (pay, materials, contracts)
 - Demand (population, complexity of need)
 - Interest rates (borrowing)
- CEC additional factors:
 - The provisional outturn 2022/23 (£6m deficit)
 - Challenging medium term financial strategy (MTFS) -£42m of savings required
 - SEND increasing to £85.9m (interest and transport revenue impact)
 - HS2 £11m spent, £8m could convert to revenue

Open

Fair

Green

MTFS - 2024/25 @ Feb 2023

(and confirmed at Finance Sub-Committee -June 2023)

Committee (all figs £m)	2023/24 Budget	= Total Change	2024/25 Budget
Council Tax	271.1	+16.8	287.9
Band D increase 4.99% (inc 2% ASC)		+13.4	
+ 2,200 Band D Properties		+3.4	
Business Rates Retained	55.3	-	55.3
Revenue Support Grant	0.4	-	0.4
Specific Un-Ringfenced Grants	26.4	+2.7	29.1
Net Revenue Budget	353.1	+19.6	372.7

Open

Fair

Green

2024/25 Changes Presented to Committees (Oct / Nov)

Committee (all figs £m)	2024/25 Budget (@ Feb 23)	- Target Changes (New)	2024/25 Proposed Budget
Adults & Health	142.4	-4.5	137.7
Children & Families	82.0	+7.0	89.0
Corporate Policy	42.0	-0.8	41.2
Economy & Growth	27.4	-0.4	27.0
Environment & Communities	48.1	-0.9	47.2
Highways & Transport	12.6	-0.3	12.3
Finance Sub (Central)	18.4	-	18.4
Net Revenue Budget	372.7	-	372.7

2024/25 – Current Position

2024/25	2023/24 Budget	Forecast Growth	Forecast Budget	Target (affordable) Budget	Total Savings to find
Adults and Health	136.3	6.9	143.2	137.7	5.5
Children and Families	79.1	14.2	93.3	89.0	4.3
Corporate Policy	41.1	1.0	42.1	41.2	0.9
Economy and Growth	25.0	5.0	30.0	27.0	2.9
Environment and Communities	48.3	3.6	51.9	47.2	4.9
Highways and Transport	11.0	6.4	17.4	12.2	5.2
Finance Sub	12.3	13.8	26.1	18.4	7.7
Total	353.1	50.9	404.0	372.7	31.4

Open

Fair

Green

Achieving Net Budget Reductions

- Increasing Income
 - Higher taxation
 - Reducing or eliminating subsidies
- Doing Things Differently for Less
 - Service cuts
 - Reductions in retained services
 - Service efficiencies

Open

Fair

Green

Next Steps (see dates on next slide)

- Continue CEBERT activity
- Member and officer feedback used to create high level consultation material aligned to council plan consultation
- Draft high-level business cases, to meet targets, for January committee cycle (with final drafts for council)
- Engage with members /committees / wider stakeholders
- Government settlement pending
- Any funding gains must go to reserves

Open

Fair

Green

High Level Timetable

Activity	Purpose	w/c 20/11	w/c 27/11	w/c 4/12	w/c 11/12	w/c 18/12	w/c 25/12	w/c 1/1	w/c 8/1	w/c 15/1	w/c 22/1	w/c 29/1	w/c 5/2	w/c 12/2	w/c 19/2	w/c 26/2
Member Briefings	Provide informal updates to all members on current stage															
Consultation Design	Officers prepare material for public consultation															
Autumn Statement	Analyse potential impact on CEC															
High Level Business Cases (Prep)	Officers prepare HLBCs and EIAs aligned to latest proposals															
High Level Business Cases (Publish)	Officers Publish HLBCs and EIAs to website															
Sign-off	Agree material for publication															
Consultation Period	Public / Stakeholder engagement															
LG Settlement	Detail from DLUHC															
Consultation Results	Analyse results for Committees															
Service Cttee Meetings	Recommend budget proposals															
Corporate Policy Meeting	Recommend budget proposals to Council															
Council	Approve Budget and Council Tax															

Adults Budget Strategy – 2023/24

- Contain prices as much as possible
 - Alternative way of contracting
 - Restrict choice
 - Increase income
- End non-essential expenditure
 - Close a day service
 - End non-statutory contracts
 - Reduce other contracts by 25%
- Offer non-care options at the front door
 - Technology as first option
 - Increase use of voluntary sector
 - Increase support to unpaid carers
- Alternative community-based options
 - Increase domiciliary care hours but tighten criteria and reduce hours
 - Care4CE as preferred provider
 - Increase rates for Direct Payments and Shared Lives
 - Invest in training to increase numbers of Personal Assistants
- Reduce use of short-term beds
- Continued use of short-term grants

Open

Fair

Green

What have we delivered?

- Home First: Decommissioned Covid short stay beds (baseline Aug 22 x231 beds) – now 89 short stay placements achieving the £4m target
- Decommissioning non-essential contracts £245k
- Communities Team (alternative provision i.e. VCFSE) £750k
- Learning Disabilities Future Services Development and Review £1.75m
- Planning for the DP Audit reclaim due in Jan/Feb 24 – 22/23 proposal target £750k – projected £1m
- ASC Earmarked Reserves £500k
- Resettlement Grant £850k
- Buildings Based Day Services £229k & Day Care Review £150k
- Maximisation of Supported Living Networks and efficiencies in Care4CE £369k

Open

Fair

Green

Additional Developments

- Joint review of 1:1s / Enhanced Observations with the ICB: 117 people reviewed £146k (50% for the LA = £73k)
- Review of staffing establishments including agency
- Quality, Performance, Delivery Board (QPDB)
- Review of Debt Recovery Risk
- Hospital Discharge – Pathway 3 process review
- Care Cubed – Tool to support cost of care exercises / fee reviews with Providers

Open

Fair

Green

Adults and Health Position 2023/24

- The cost and demand pressures that drove the deficit in adult social care and health services in 2022/23 continue, locally and nationally, and this is reflected in the forecast outturn at the end of quarter 2 for 2023/24, with the forecast pressure of £5.0m split between commissioning costs and staffing costs.
- The costs of adults social care is a concern for many local authorities and not unique to Cheshire East.
- The budget outturn for Adult Social Care remains under extreme pressure and the position reported for FR3 is dependent upon the successful delivery of on-going mitigations.

Open

Fair

Green

Adults and Health Committee

MTFS work to date

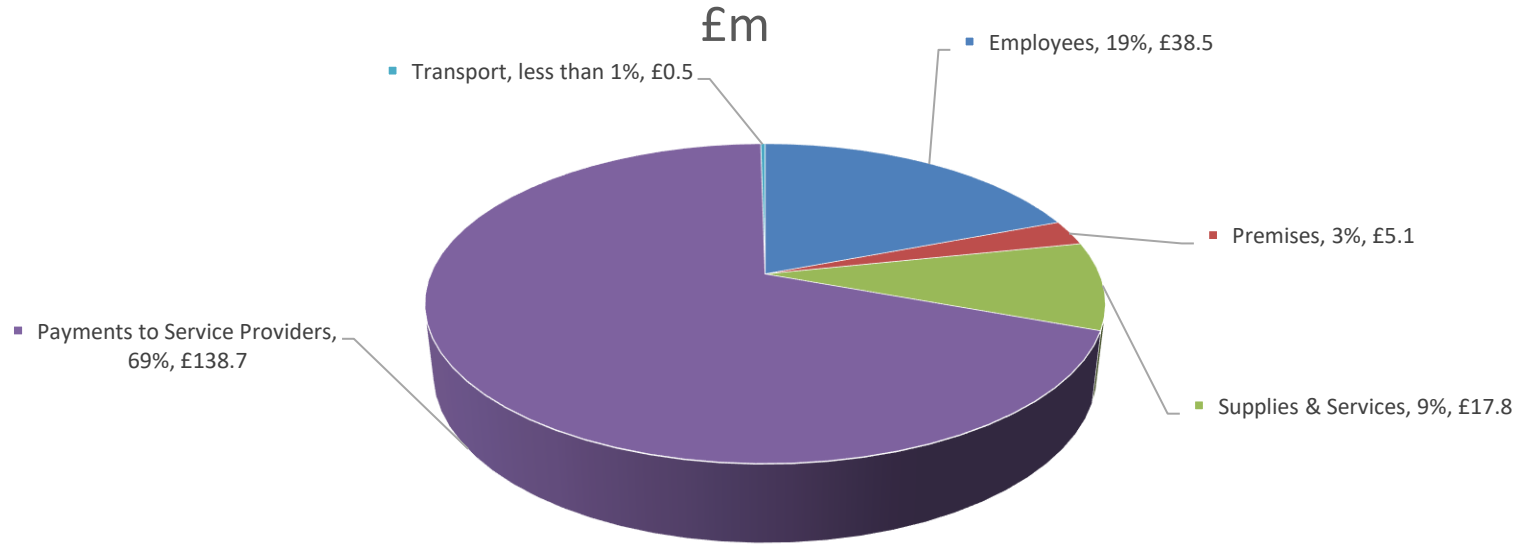
- The rolled forward proposals from last year's MTFS process included growth for care costs as well as savings linked to additional client income and maximisation of supported living.
- To recognise the significant pressures being realised in the Children's directorate it was necessary for other directorates to support the need to set a balanced budget, through the identification of further savings.
- **It was proposed to allocate Adults and Health a savings envelope of £4.5m to recognise these pressures (after additional grant income was factored in)**

Open

Fair

Green

Analysis of Gross Expenditure Budget 2023/24



How to make savings

Four ways to reduce social care expenditure in short-term

- Reduce number of people seeking a service
- Reduce the amount of service each person receives
- Reduce unit price of service
- Staff mix and numbers

Areas of focus

- Services and contracts to be cost efficient and increase productivity
- Diverse service offer to ensure service mix is cost effective
- Change traditional models of care

Growth - Investment in Adult Social Care

- Growth of £6.7m
- Budget of £141.5m
- Forecast growth, to be funded by the Council, arising from demographic changes including an ageing population and increased levels of need for care and support for adults of a working age.
- Pressures from increasing care rates linked to high inflation and market profile.

Open

Fair

Green

Summary of Main Savings Proposals

Savings Proposals	2024/25 £m
Client contribution yield offsetting growth	-0.800
Maximisation of Supported Living	-0.369
Fees and Charges	-1.500
Older People - Reduce, Prevent, Delay	-1.566
Working Age Adults - Prevent, Reduce, Delay	-1.467
	-5.702

Open

Fair

Green

Saving - Client contribution yield offsetting growth

- Saving of £0.8m
- Total Client income budget of £33.4m
- Increase in income from client contributions arising from the inflation increase for pensions and benefits paid to individuals.

Open

Fair

Green

Saving - Maximisation of Supported Living

- Saving of £0.369m
- Budget of c£29m for external Supported living
- It is proposed that as part of the review of the Council's Learning Disability Service offer that we identify ways in which our Care4CE can provide care and support to improve value for money. This includes the review and maximisation of our Supported Living Networks.

Open

Fair

Green

Saving - Fees and Charges

- Saving of £1.5m
- Total Client income budget of £33.4m
- A fees and charges consultation is underway. The initial high-level estimate of the proposals is a £1.5m benefit to the budget. The actual value achievable is pending the consultation responses.

Open

Fair

Green

Saving - Older People - Reduce, Prevent, Delay

- Saving of £1.566m
- Budget of £87m for 65+ external care costs
- Delivery savings identified via independent review of services for older people:
 - Reduce number of new admissions to residential care
 - More effective use of reablement
 - Diversify the range of commissioned care available within and provided by community organisations
 - Removing 1-1s
 - Reducing “Choice”
 - Reducing respite

Open

Fair

Green

Saving - Working Age Adults - Prevent, Reduce, Delay

- Saving of £1.467m
- Budget of £59m for 18-64 external care costs
- Delivery savings identified via independent review of services for people with learning disabilities:
 - Increase the use of Shared Lives
 - Increase the use of Direct Payments
 - Review Supported Living Packages to ensure the right level of provision
 - Removing 1-1s
 - Removing sleeping nights
 - Reducing levels of respite care

Open

Fair

Green

Cost Avoidance

- Preparing for Adulthood - Prevent, Reduce, Delay
 - Investment in new accommodation
 - Investment in new models
 - Investigation of alternative funding approaches
- Pricing for care – Care Cubed and Joseph Rowntree Foundation
- Extra care

Open

Fair

Green

Risks

- No growth for NMW increase
- Limited view of SEND impact post-18
- NHS demand and funding issues

Open

Fair

Green