

Manchester City Council Report for Information

Report to: Health Scrutiny Committee – 10 November 2021

Subject: Health and Social Care - Adult Social Care and Population Health Budget 2022/23

Report of: Executive Director Adult Social Services
Director of Public Health

Purpose of Report

Following the Spending Review announcements and other updates the Council is forecasting an estimated shortfall of £4m in 2022/23, £64m in 2023/24 and £85m by 2024/25. This report sets out the high-level position. Officers have identified options to balance the budget in 2022/23 which are subject to approval.

The position will be clearer in December 2021 when the Local Government Finance Settlement is received although that is unlikely to provide detailed funding allocations for after 2022/23. A longer-term strategy to close the budget gap is being prepared with an estimated requirement to find budget cuts and savings in the region of £40m per annum for 2023/24 and 2024/25. In addition, £50.6m of risk-based reserves have been identified as available to manage risk and timing differences

Appended are the priorities for the services in the remit of this committee, details on the initial revenue budget changes proposed by officers and the planned capital programme.

Recommendations

The committee is recommended to:

1. Note the forecast medium term revenue budget position.
 2. Consider the content of this report and comment on the proposed changes which are relevant to the remit of this scrutiny committee.
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Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The budget reflects the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.

Manchester Strategy Outcomes	Summary of the Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The effective use of resources underpins the Council's activities in support of its strategic priorities as set out in the Corporate Plan which is underpinned by the Our Manchester Strategy.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

Full details are in the body of the report, along with implications for:

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences Revenue

The changes included within this report are officer proposals and, subject to Member comments and consultation, these will be included as part of the 2022/23 budget preparation.

Financial Consequences – Capital

None directly arising from this report.

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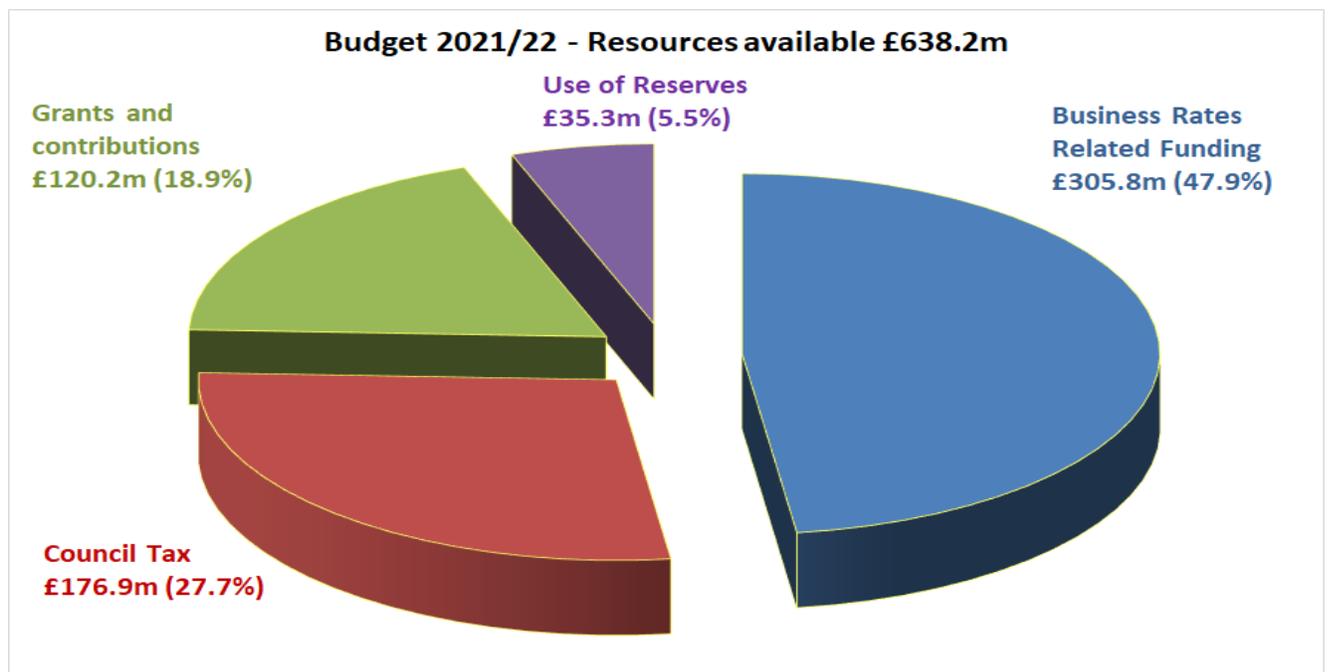
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Background documents (available for public inspection): None

1 Context and Background

- 1.1. Manchester Health and Social Care system financial plans are driven by both Local Authority funding announcements and National Health Service (NHS) financial planning guidance, as in previous years. The Health Planning guidance is anticipated by 24/12/21, with an expectation that the Greater Manchester Integrated Care Board (MCIB) and Manchester Foundation Trust (MFT) will have approved budgets by 31st March 2022. Whilst a move towards a more normal post covid NHS finance regime is anticipated, the details will not be confirmed until the guidance is published, and the implications will not be fully understood until work with system partners takes place during January and February 2022.
- 1.2. There is a statutory requirement for Council's to set their budget by 11 March 2022 and for a consultation to have been carried out with local businesses. This means that provisional Council budget decisions will need to be agreed in January so that the budget can be prepared for February Scrutiny and Executive. Whilst this will be challenging to fit with NHS timescales it is important that where possible the process allows for joint decisions between partners, particularly with regards to the Manchester Local Care Organisation (MLCO).
- 1.3. Whilst it will not be possible to have a fully integrated budget process for 2022/23 it is important to note:
- 1.4. The MLCO is hosted by MFT. The Section 75 agreement between MFT and MCC allows for the delegation of ASC responsibilities to the MLCO Chief Executive and for some of the S151 Financial Responsibilities to the MLCO Finance Director. The S75 agreement includes an aligned budget for community health and Adult Social Care (ASC) and is likely to remain. Ideally there would be a fully integrated budget process to support the MLCO position. With the uncertainty around the NHS reforms and the move to the Integrated Care System, what this means for existing CCG funding and responsibilities, alongside the fundamental changes to the NHS planning round, this is not going to be possible. It is also important to note the NHS funding regime is also going to look substantially different with a move away from the old payments by results system.
- 1.5. For Population Health, the necessary focus on COVID-19 by the Director of Public Health (DPH) and the Population Health Team, means that 2021/22 will now be the transition year to ensure the appropriate transfer of population health functions and associated budgets to the MLCO. The DPH will work with the Chief Executive of the MLCO, Deputy Chief Executive and City Treasurer and MHCC Chief Finance Officer to agree the Transition Plan by 31 March 2021. During 21/22, Population Health funding is being managed by the Council.

- 1.6. For the above reasons, whilst this report will set out the position on the current aligned budget, it will focus on the MCC contribution to the aligned budget and the ASC and Population Health budgets.
- 1.7. On 27 October 2021, the Chancellor of the Exchequer, Rishi Sunak MP, delivered the Spending Review and Autumn budget 2021 to the House of Commons. The Spending Review sets the quantum of funding available for local government whilst the Finance Settlement (expected in December) sets out the distribution to individual local authorities.
- 1.8. The medium-term financial plan remains challenged by uncertainty. There are potential changes to how local government funding is distributed, the Business Rates Retention scheme, and Adult Social Care Reform and associated funding.
- 1.9. The Council's 2021/22 net revenue budget is currently funded from four main sources which are Council Tax, Business Rates, government grants and contributions and use of reserves. In recent years as central government funding has reduced and business rates retention has been introduced the ability to grow and maintain the resources raised locally has become even more important for financial sustainability and is integral to the Council's financial planning.
- 1.10. The following chart shows the current breakdown of resources available.



2. Current budget position

2.1. The indicative medium-term position is shown in the table below, full details are provided in the Spending Review and budget update report to Resources and Governance scrutiny committee 9 November 2021.

	Approved 2021 / 22 £'000	2022 / 23 £'000	2023 / 24 £'000	2024 / 25 £'000
Resources Available				
Business Rates Related Funding	156,416	318,969	315,557	333,520
Council Tax	176,857	205,528	204,116	214,567
Grants and other External Funding	120,243	83,040	76,957	74,957
Use of Reserves	184,667	49,857	22,737	7,573
Total Resources Available	638,183	657,394	619,367	630,617
Resources Required				
<i>Corporate Costs</i>	121,096	112,156	113,378	118,016
<i>Directorate Costs</i>	517,087	549,766	569,732	598,099
Total Resources Required	638,183	661,922	683,110	716,115
Shortfall / (surplus)	0	4,528	63,743	85,498

2.2. The budget assumptions that underpin 2022/23 to 2025/26 include the commitments made as part of the 2021/22 budget process to fund ongoing demand pressures as well as provision to meet other known pressures such as inflation and any pay awards (estimated at 3% from 2022/23). Whilst this contributes to the scale of the budget gap it is important that a realistic budget is budget set which adequately reflects ongoing cost and demand pressures.

2.3. Officers have identified options to balance the budget in 2022/23 which are subject to approval. The detail relevant to this scrutiny remit is included at Appendix 2. If these proposals are supported a balanced budget will be achieved. In addition, £50.6m of risk-based reserves have been identified as available to manage risk and timing difference.

3. Scrutiny of the draft budget proposals and budget reports

3.1. The service budget position is attached for the Committee's consideration. The reports have been tailored to the remit of each scrutiny as shown in the table below. The Committee is invited to consider the proposed changes which are within its remit and to make recommendations to the Executive before it agrees the final budget proposals in February 2022.

Date	Meeting	Services Included
9 Nov 21	Resources and Governance Scrutiny Committee	Chief Exec Corporate Services Revenue and Benefits / Customer and Welfare Support Business Units
9 Nov 21	Communities and Equalities Scrutiny Committee	Sport, Leisure, Events Libraries Galleries and Culture Compliance and Community Safety Housing Operations including Homelessness Neighbourhood teams
10 Nov 21	Health Scrutiny Committee	Adult Social Care and Population Health
10 Nov 21	Children and Young People Scrutiny Committee	Children and Education Services
11 Nov 21	Environment and Climate Change Scrutiny Committee	Waste and Recycling Parks Grounds maintenance
11 Nov 21	Economy Scrutiny Committee	City Centre Regeneration Strategic Development Housing and residential growth Planning, Building Control and licensing Investment Estate Work and skills Highways

4. Next Steps

4.1. The proposed next steps are as follows:

- The Local Government Finance Settlement is expected mid to late December. The outcome will be reported back to January Resources and Governance Scrutiny Committee (11 January) and Executive (19 January) along with an update on the budget position.
- February Scrutiny Committees (8-10 February) and Executive (16 February) receive proposed budget
- Resources and Governance Budget Scrutiny – 28 February
- March Council - approval of 2022/23 budget - 4 March
- New Municipal Year – early options around 2023/24 & 2024/25 discussed with members.