

Manchester City Council Report for Resolution

Report to: Health Scrutiny Committee – 9 February 2022
Executive – 16 February 2022

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

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

Summary

Following the Spending Review announcements and provisional local government finance settlement 2022/23 the Council is forecasting a balanced budget for 2022/23, a gap of £37m in 2023/24 and £58m by 2024/25. This report sets out the high-level position.

The finance settlement was towards the positive end of forecasts and no actions beyond those outlined in November are required to balance next year's budget. As reported to November Scrutiny meeting officers identified savings and mitigations totalling c£7.7m which are subject to approval.

The settlement was for one year only and considerable uncertainty remains from 2023/24. 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 £30m per annum for 2023/24 and 2024/25. In addition, £30m of risk-based reserves have been identified as available to manage risk and timing differences in expenditure and funding.

This report also updates the Committee on the funding position of the Health system, which is still awaiting its financial planning guidance and funding envelop for 2022/23. As a result there are a number of unknowns in terms of spending plans for the Manchester Health and Social care system for 2022/23. The report highlights the latest known position along with key risks.

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
3. Note the aspiration for the Council to ensure that all care contracts pay their staff the Real Living Wage and to use the opportunity of the market sustainability review to help deliver on this.

The Executive is recommended to approve these budget proposals

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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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

Adult Social Care and Population Health Budget Report 2021/22 –
Executive 17th February 2021

Health Scrutiny Committee 10 November 2021

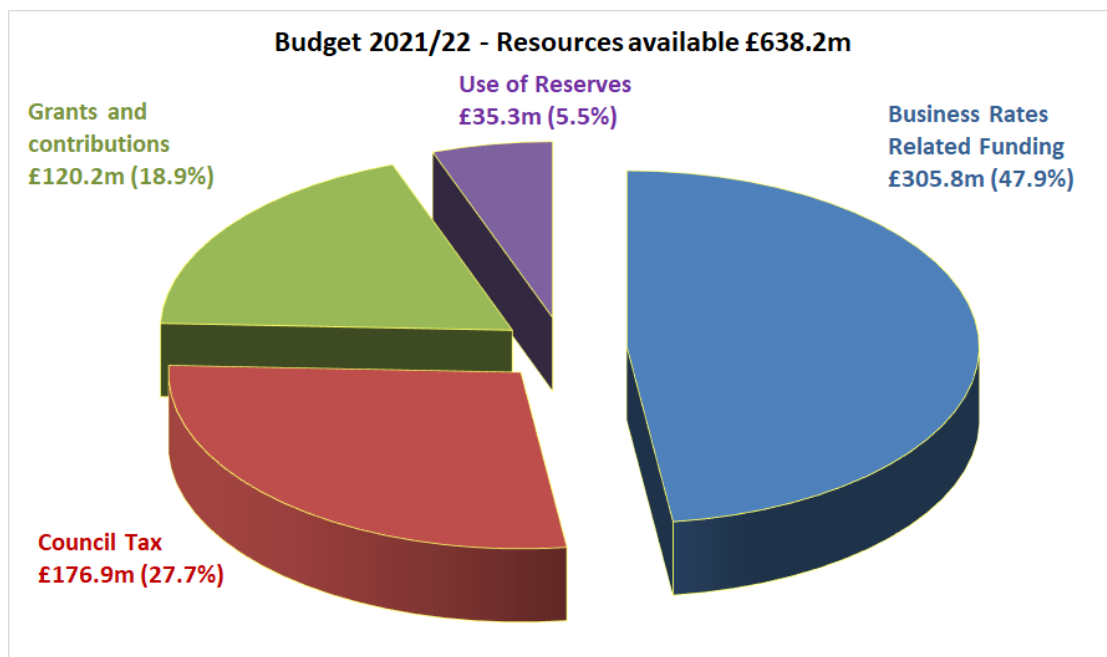
Executive – 17 January 2022 Subject: Provisional local government finance settlement 2022/23 and budget assumptions

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 was received in December but only covered the operational aspects, the financial planning guidance is still being developed and has not yet been published.
- 1.2 The NHS reforms, which will see the replacement of the Greater Manchester CCGs with an Integrated Care System, have been delayed to 1 July 2022. This delay will result in a more fragmented budget process as funding will be allocated for the first quarter of the year via the current CCG system, and for the remaining three quarters via the new ICS. It is still anticipated that the Greater Manchester Integrated Care Board (MCIB) and Manchester Foundation Trust (MFT) will have approved budgets by 31st March 2022, however, the timing of final funding allocations is unknown. 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 underway during February 2022.
- 1.3 There is a statutory requirement for Councils to set their budget by 11 March 2022 and for a consultation to have been carried out with local businesses. 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).
- 1.4 Whilst it will not be possible to have a fully integrated budget process for 2022/23 it is important to note the current arrangements. The MLCO is hosted by MFT. There is a 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 will continue for 2022/23. 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 delayed until 1 July 2022, the impact for existing CCG funding and responsibilities, alongside the fundamental changes to the NHS planning round, mean that 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 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 2022/23 will now be a transition year to ensure the appropriate delivery of population health services and associated budgets through the MLCO. The DPH has worked with

the Chief Executive of the MLCO, Deputy Chief Executive and City Treasurer and MHCC Chief Finance Officer to develop the Transition Plan. During 2022/23 Population Health funding will continue to be managed by the City Council. In addition, it is important to note that a number of population health services have allocations from both MCC and MHCC and the Consultant in Public Health will work with MHCC Finance colleagues to support the budget setting process for 2022/23. Finally, the Director of Population Health will also maintain and manage resources for Health Protection and strategic public health functions and specific plans for sustainable health protection and support to the Manchester Partnership Board will also be developed.

- 1.6 For the above reasons, whilst this report will set out the latest draft 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, which followed on 16 December 2021, sets out the distribution to individual local authorities.
- 1.8 The finance settlement has been front loaded and includes a number of one-off distributions of funding. It is also a one-year settlement. Therefore, considerable uncertainty remains in relation to the position after 2022/23.
- 1.9 The Local government funding reform work will be restarted in the Spring. This means that the Fair Funding Review and baseline reset are both going to be under consideration again, for possible implementation in 2023-24. This will impact on how funding between different local authorities is distributed.
- 1.10 The final budget position for 2022/23 and beyond will be confirmed at February Executive. This will be after the key decisions confirming the Collection Fund position and Council Tax and Business Rates base have been made and the Final Finance Settlement is received. It is unlikely that there will be any significant changes to the Provisional Settlement.
- 1.11 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.
- 1.12 The following chart shows the current breakdown of resources available.



2. Current Council budget position

2.1 The indicative medium term position is shown in the table below, full details are provided in the settlement and budget report to 17 January Executive meeting.

	Revised 2021 / 22 £'000	2022 / 23 £'000	2023 / 24 £'000	2024 / 25 £'000
Resources Available				
Business Rates Related Funding	156,416	338,092	322,337	340,330
Council Tax	176,857	208,965	206,620	217,197
Grants and other External Funding	120,243	104,533	87,374	85,374
Use of Reserves	184,667	36,781	30,592	15,573
Total Resources Available	638,183	688,371	646,923	658,474
Resources Required				
<i>Corporate Costs</i>	120,232	133,058	110,211	114,849
<i>Directorate Costs</i>	517,951	555,313	573,494	601,172
Total Resources Required	638,183	688,371	683,705	716,021
Shortfall / (surplus)	0	0	36,782	57,547

2.2 The budget assumptions that underpin 2022/23 to 2024/25 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 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, £30m of risk-based reserves have been identified as available to manage risk and timing differences in funding flows.

3. Scrutiny of the draft budget proposals and budget reports

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

Date	Meeting	Services Included
8 February 2022	Resources and Governance Scrutiny Committee	Chief Executives Corporate Services Revenue and Benefits / Customer and Welfare Support Business Units
8 February 2022	Communities and Equalities Scrutiny Committee	Sport, Leisure, Events Libraries Galleries and Culture Compliance and Community Safety Housing Operations including Homelessness Neighbourhood teams
9 February 2022	Health Scrutiny Committee	Adult Social Care and Population Health
9 February 2022	Children and Young People Scrutiny Committee	Children and Education Services
10 February 2022	Environment and Climate Change Scrutiny Committee	Waste and Recycling Parks Grounds maintenance
10 February 2022	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:

- 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

5. Conclusion

- 5.1 Overall the settlement announcements were towards the positive end of expectations. It is expected that mitigations in the region of £7.7m, as previously identified, will be sufficient to balance the 2022/23 budget.
- 5.2 Officers have estimated the future resources available based on the information available. This results in forecast gap of £37m in 2023/24 increasing to £58m in 2024/25.
- 5.3 The focus will now be on identifying savings and mitigations to keep the council on a sustainable financial footing. It is proposed that budget cuts and savings of £60m over three years are developed for member consideration. £60m equates to just under 12% of 2022/23 directorate budgets. In addition, £30m of risk-based reserves have been identified as available to manage risk and timing differences.