



City of Westminster

Agenda

Budget Scrutiny Task Group

Membership

Cllrs Fisher (Chair), Dean, Mitchell, Ormsby, Piddock, Rowley and Williams

Date / Time

18:30, Tuesday 21 November 2023

Location

Room 18:06-08, 18th Floor, 64 Victoria Street, London, SW1E 6QP

Contact

Clare O'Keefe, cokeefe@westminster.gov.uk

Item 1	Welcome
Item 2	Declarations of Interest
Item 3	Medium Term Financial Plan (p 3-10) <i>Overview</i> <i>Current Revenue Budget Position</i> <i>Capital Programme</i>
Item 4	Children's Services (p 11-22)
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Budget Scrutiny Task Group

Children's & Adults

21 November 2023

Agenda

Medium Term Financial Plan

- Overview
- Current Revenue Budget Position
- Capital Programme

Budget, key issues, initiatives, pressures and investments for:

- Adult Social Care and Public Health
- Children's Services

Background – General Fund revenue budget

- The overall MTFP position reported here reflects the currently proposed savings, pressures and investments put forward for consideration by Scrutiny. These are covered in more detail within the service specific presentations.
- New savings options totalling £24m have been identified over the three-year period, with £9.5m in 24/25. Investment proposals of £6.8m in 24/25 are also included.
- The most significant pressure for the Council is the increasing cost of temporary accommodation. This is projected to increase by £24.4m in 24/25 (£18.2m since July) and a further £3.7m in 25/26.
- Projected additional interest earnings of £15.2m in 24/25 will help to partially offset the TA pressure in the short term but not over the longer term given that interest rates are expected to reduce.
- The current budget position does not include outcomes from the Autumn Statement or the Local Government Finance Settlement due to be announced in December.

Timelines

Key timelines for the review and agreement of the budget position are set out below.

	Date
Budget Scrutiny Task Group Sessions	November 21 st , 23 rd and 27 th
Autumn Statement	November 22 nd
Local Government Finance Settlement announcement	December (Date TBC)
Budget Scrutiny Task Group Review	January 25 th
Cabinet	February 19 th
Council	March 6 th

Alignment to Fairer Westminster

The Council's strategy, delivery plan and financial planning are all aligned to ensure that the Council is able to achieve its Fairer Westminster outcomes (and corporate priorities) in a sustainable way.

- **The Fairer Westminster Strategy** (published Oct 2022) is the Council's 4-year vision for improving outcomes for its residents, local businesses and visitor experience.
- **The Fairer Westminster Delivery Plan** outlines the key actions that the Council is taking each year to work towards achieving its Fairer Westminster outcomes. Work is underway to update the 2023/24 Delivery Plan (published Mar 2023) for 2024/25 to ensure that the Council's work remains focused on delivering on the things that matter.
- **Medium-Term Financial Planning** (for 2024/25 to – 2026/27) will ensure that the Council can allocate its resources in a way that supports the achievement of Fairer Westminster actions set out in the Fairer Westminster Delivery Plan.

Alignment to Fairer Westminster

How it works in practice:

- All **proposals for new investments** (new spend) are scrutinised to ensure they are aligned to (and will further) the Council's strategic priorities.
- **Savings proposals** are carefully reviewed to make sure that they do not have any negative impact on the Council's ability to achieve its strategic priorities.
- **The financial planning timeline is synchronized with delivery plan development to** ensure that it is framed around the Council's priorities and that the delivery plan is realistic and achievable within the Council's budget and resources.

What we are looking for:

- **The medium-term financial plan** will act as the financial framework to support the delivery of Fairer Westminster.
- **The 2024/25 Fairer Westminster delivery plan** contains initiatives that are costed in detail and can be delivered within the Council's budget envelope.

MTFP Budget Gap to 2026/27

The budget position has been updated since the position reported to Cabinet in July. The table below summarises those changes. The budget gap has reduced by £3.6m from £48.4m to £44.8m.

	24/25 over 23/24	25/26 over 24/25	26/27 over 25/26	TOTAL
	£m	£m	£m	£m
JULY GAP	6.1	25.0	17.3	48.4
<u>Corporate Changes</u>				
TA pressures	18.2	3.7		21.9
Interest earnings	(15.2)	6.0	2.0	(7.2)
<u>New MTFP proposals</u>				
Savings	(9.5)	(8.7)	(5.7)	(24.0)
Other Pressures	4.0	0.7	(0.8)	3.9
Investments	6.8	(2.8)	(1.0)	3.0
Reserve Funding	(4.0)	2.5	1.5	0
Grant Funding	(1.2)			(1.2)
UPDATED BUDGET GAP	5.1	26.3	13.3	44.8

Note: the above does not take into account any decision on the level of council tax

Capital Programme

Capital Review Group (CRG) considered the new £62m net capital bids (gross expenditure £89m)

Themes for new projects were categorised as follows:

- Supporting Fairer Westminster Priorities (£16.4m)
- Health & Safety (£2.5m)
- Maintaining our assets (£10.9m)
- Income generation (£2m)
- Compliance / Contractual obligations (£28m)

CRG assessed each proposal on the following bases:

- Strategic alignment
- Value for money
- Capacity to deliver on profile
- External funding opportunities

Amended new schemes totalling £57m net expenditure are proposed following CRG review which are highlighted within the service budget presentations

Budget Task Group

Children's Services

Sarah Newman, Executive Director

Executive Summary

Children's Services

- In 2023/24 Children's Services had a gross controllable expenditure budget of £159.892m and a gross income budget of £119.496m (net controllable budget £40.396m)
- The net controllable budget for these services was £44.206m in 2019/20.
- The projected outturn variance for 2023/24 as at P6 is an overspend of £2.420m, with a risk that this could increase by a further £1.050m.
- The directorate has the following changes to its budget for 2024/25:

Reductions

- £1.050m new savings (slide 6)
- £0.725m previously approved savings (prior to reprofiling adjustments)

Additions

- £1.343m new pressures and investments (slide 9)

Future Outlook

Children's Services

- Increasing demand for services to support children with SEND
- Supporting schools to remain sustainable and provide quality learning
- Working with partners to ensure safeguarding arrangements are robust
- Increasing emotional wellbeing and mental health issues due to the pandemic
- Funding pressures associated with supporting families with no recourse to public funds
- Increasing cost of looked after children and care leavers and the fragility of the placements market
- Priority to reduce youth crime, serious youth violence, and addressing contextual safeguarding

2023/24 Budget

Children's Services

Service Area	Expenditure £m	Income £m	Net £m
Education	54.438	-48.238	6.200
Family Services	34.170	-10.850	23.320
Registrars	1.679	-2.501	-0.822
Operations & Programmes	7.354	-1.223	6.131
Libraries & Archives	6.197	-0.630	5.567
School Funding	56.054	-56.054	0.000
Total	159.892	-119.496	40.396

Savings Proposals (1)

2024/25 to 2026/27

Children's Revenue Saving 1: Repurposing accommodation to best support care leavers (£0.600m)

There are currently 153 care leavers in externally commissioned semi-independent living. The proposal here is to develop more in-house provision (or in partnership with a third sector provider). This would require us to identify properties to be converted. This model has been pursued successfully in other boroughs to significantly reduce the cost of accommodation. Achieving the level of saving outlined here would require us to identify c. 40 units of accommodation.

Children's Revenue Saving 2: Reconfiguring Fostering (£0.300m)

Review of our fostering service which is currently hosted by LBHF to identify more cost-effective delivery models - either through regionalisation or more strategic work with independent fostering agencies.

Children's Revenue Saving 3: SEN Transport – personal transport budgets (£0.150m)

Personal Transport Budgets (PTBs) are funding to help CYP get to school or college. It allows families to make flexible travel arrangements rather than travelling on a vehicle contracted by the council. There has been a steady increase in the uptake of PTBs which has avoided costs of c.£490K compared to the cost of the council SEN transport. The proposal here is to increase capacity to promote PTBs and offer more independent travel training.

Savings Proposals (2)

2024/25 to 2026/27 Summary

Ref	Savings Title	2024/25 Over 2023/24 £m	2025/26 Over 2024/25 £m	2026/27 Over 2025/26 £m	Total £m
	Repurposing accommodation to best support care leavers	-	0.300	0.300	0.600
	Reconfiguring Fostering	-	-	0.300	0.300
	SEN Transport – personal transport budgets	0.050	0.050	0.050	0.150
	Total	0.050	0.350	0.650	1.050

Pressures and Investments (1)

2024/25 to 2026/27

Children's Revenue Investment: School Inclusion Team (£0.656m)

Short-term increase in funding of the School Inclusion Team at an additional investment of £328k per year for two years to address the growth in occupancy of Alternative Provision places at primary stage, where there is now a waiting list in place due to levels of demand. This will increase the annual funding from £346k to £674k and will enable the service to more than double the number of children worked with annually from an average of 35 to an expected reach of 85.

Pressures and Investments (2)

2024/25 to 2026/27

Children's Revenue Pressure 1: Growth in Looked After Children placement costs (£0.400m)

Increase in placement unit costs due to inflationary pressures driven by the limitations of the market supply of appropriate placements.

Children's Revenue Pressure 2: Dedicated Social Care Officer (DSCO) (£0.027m)

Unfunded DfE recommendation in the government's Special Educational Needs (SEN) and Alternative Provision (AP) Improvement Plan for a specific dedicated social care officer for SEND (bi borough).

Children's Revenue Pressure 3: Virtual School (£0.110m)

The new bi-borough structure delivers on the fairer communities' commitment of the Fairer Westminster strategy by strengthening the education, employment and training support to looked after children and previously looked after children to facilitate the transition to adulthood. The change is also aligned with the Bi-borough Children and Families Plan in ensuring that children and young people have good attendance at school and access to high-quality education and training opportunities

Children's Revenue Pressure 4: Increase in demand for SEN Transport (£0.150m)

Increases in demand for transport services

Pressures and Investments

2024/25 Summary

Pressures	Expenditure £m	Income £m	Net £m
Growth in Looked After Children placement costs	0.400	-	0.400
Dedicated Social Care Officer (DSCO)	0.027	-	0.027
Virtual School (£0.110m)	0.110	-	0.110
Increase in demand for SEN Transport	0.150	-	0.150
Total	0.687	-	0.687

Investments	Expenditure £m	Income £m	Net £m
School Inclusion Team (2 year investment)	0.656	-	0.656

2024/25 Budget

Children's Services

Service Area	Expenditure £m	Income £m	Net £m
Education	54.976	-48.238	6.738
Family Services	34.597	-10.850	23.747
Registrars	1.679	-2.501	-0.822
Operations & Programmes	7.354	-1.223	6.131
Libraries & Archives	6.197	-0.630	5.567
School Funding	56.054	-56.054	0.000
Total	160.857	-119.496	41.361

2024/25 New Capital Schemes

Scheme	Description	Expenditure £m	Income £m	Net £m
Registration Services Booking System	The project will provide a new digital booking and e commerce system for the Registration Service, offering an exceptional customer experience, increasing revenue and generating service efficiencies.	0.200	0	0.200
Looked After Children Placements Provider Portal	To implement a Provider Portal within the existing case management system, allowing providers of placements and support for Looked After Children and Care Leavers to request, view and query payments.	0.256	(0.128)	0.128
Special School Provision	Securing local specialist provision for autistic children and young people subject to an Education Health and Care Plan through adequate resource planning, avoiding costly transport out of borough.	5.000	(5.000)	0

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Budget Task Group

Adult Social Care & Public Health |

Bernie Flaherty, Executive Director

Executive Summary

Adult Social Care

- In 2023/24, Adult Social Care had a gross controllable expenditure budget of £107.438m and a gross income budget of £54.413m (net controllable budget £53.025m).
- Efficiencies savings of £2.350m are proposed in 2024/25. Of this, saving commitments already agreed are £0.860m and £1.490m are new savings.
- Two investments totalling £1.275m are proposed to support car workers pay and also to provide hot meals to service users
- ASC demographic pressures identified are £0.550m for 2024/25.

Key Issues

- Changes in national policy and the impact this is having/will have locally includes:



National Policy

- **Regulation and inspection of ASC** – new role for the CQC to assess how local authorities are meeting their ASC duties. Introduced through the Health and Care Act 2022.
- **National discharge funding** is uncertain in the long-term and sub-regionally, NWL Integrated Care System is conducting an out of hospital Better Care Fund spend review.
- **Health inequalities** highlighted and exacerbated by COVID-19
- **Market fragility** caused by shortages in the workforce due to Brexit, COVID-19, wages, cost of living crisis and long-term structural issues and underfunding.
- **Underfunding of social care** - £1.5bn funding gap identified following analysis of Fair Cost of Care exercise in 2022. Approx £196 p/w difference in what local authorities pay compared to actual costs. Providers are handing back contracts or exiting the market due to rising costs.



Local Impact

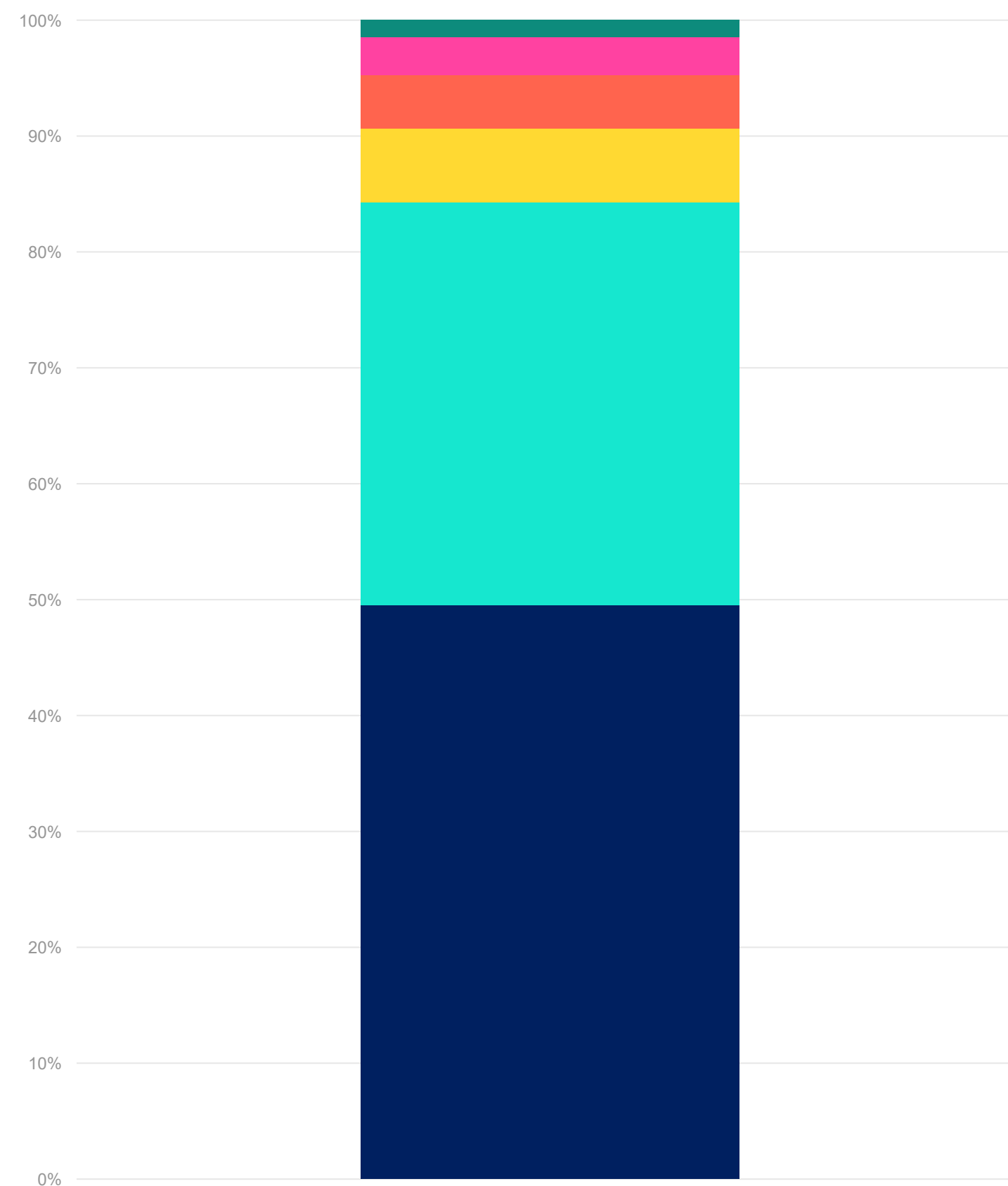
- **Pressures from Health**
 - The Government has asked all Integrated Care Boards to reduce their overheads by 30-40%. Locally, there is a significant risk this will impact on investment in our local partnerships, and we will increasingly see a more standardised and centralised approach to health provision.
 - BCF has been agreed, following a request for lodged funds to be released to offset hospital discharge grant shortfall.
 - A BCF review is being conducted by the ICB (October/November 2023) which could impact 2024/25 budgets.
- Existing service users who leave the system are being replaced by new users with **more complex needs**, which results in requiring more support.
- There is a considerable amount of **Ministerial interest in adult social care** spending at the moment and scrutiny of the allocation of funds.

Funding and income

Gross Budget
(broken down in following slide)

£107,000,000

% breakdown of income



Income	£m	% of income
Council revenue	53,000,000	50%
Income from NHS	37,000,000	35%
Client income	7,000,000	6%
Income from other LAs	5,000,000	5%
Public Health Grant	3,000,000	3%
Other	2,000,000	1%
Total	107,000,000	

- Overall, income of £54m (50%) is derived externally with a significant reliance on income from NHS, mainly in the form of BCF and iBCF.
- BCF and iBCF make up 86% of the income received from Health.
- Council revenue includes government funding e.g Social Care Grant (£16m) and Social Care Precept (£1.2m).
- Income from other local authorities is largely the s113 recharge to RBKC for share of WCC staff costs.

2023/24 Budget

Adult Social Care

- The key controllable service area budgets for 2023/24 are broken down in the table below.
- NB: Service area descriptions are based on CIPFA categorisations. Income is generated from client contribution, Health contribution and grants.

Service Area	Expenditure £m	Income £m	Net Budget £m
Assistive Equipment and Technology	2.134	(1.925)	0.209
Commissioning and Service Delivery	6.090	(4.500)	1.590
Information and Early Intervention	1.732	(1.792)	(0.060)
Costs of assessment and care management process	13.120	(4.761)	8.359
Learning Disability Support	25.683	(7.870)	17.813
Mental Health Support	11.261	(6.734)	4.527
Physical Support	39.809	(23.280)	16.529
Sensory Support	0.045	(0.013)	0.032
Social Support	1.220	(1.770)	(0.550)
Support with Memory and Cognition	6.344	(1.768)	4.576
TOTAL BUDGET 2023/24	107.438	(54.413)	53.025

Savings Proposals (1 of 2)

2024/25 to 2026/27 Summary

Ref	Saving Title	2024/25 Over 2023/24 £m	2025/26 over 2024/25 £m	2026/27 over 2025/26 £m	Total £m
1.1	Prevention initiatives	0.250	0.300	0.630	1.180
1.2	Digital Account	0.325	0.400	0.400	1.125
1.3	Identifying contract efficiencies	0.300	0.600	0.700	1.600
1.4	Housing - Increased nomination allocated	0.200	0.300	0.300	0.800
1.5	LD – supported living services	0.100	0.150	0.150	0.400
1.6	Review Block and Spot arrangements for placements	0.075	0.100	0.150	0.325

Savings Proposals (2 of 2)

2024/25 to 2026/27 Summary

Ref	Saving Title	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
1.7	Better use of Disabled Facilities Grant	0.080	-	-	0.080
1.8	Retender of the Occupational Therapy Contract	0.060	0.060	0.060	0.180
1.9	Short breaks efficiency	0.100	-	-	0.100
1.10	Review of Tri Borough Recharge Arrangements for hospital services and EDT	-	0.050	0.050	0.100
	Total	1.490	1.960	2.440	5.890

Savings Proposals (1 of 2)

2024/25 to 2026/27

- **Prevention initiatives - £1.180m:** Continuation of prevention initiatives over the next 3 years. The approach of offering equipment, technology, direct payments and supporting residents placed outside of Westminster to return if they choose to.
- **Digital Account - £1.125m:** Use of the digital account to diversify spend beyond 'hours of care' to more outcome specific activities. Increase uptake of Direct Payments and use of digital solutions.
- **Contract efficiencies - £1.600m:** Undertaking a review of contract register, contracts in the pipeline and learning disability contracts that are in place or scheduled to be re-procured, and using benchmarking and cost modelling tools to identify and negotiate efficiencies with providers.
- **Housing - Increased nomination allocated - £0.800m:** Work with Housing to have options for service users with physical and learning disabilities and mental health needs. Provide general housing with more appropriate support.
- **LD – supported living services - £0.400m:** New contract agreements will be in place from April 2024, which entail standardised rates to reduce the cost of flexible hours and improved management of void costs.
- **Review Block and Spot arrangements for placements - £0.325m:** Review block versus spot best value and negotiate a better long-term rate through block contracting where appropriate.

Savings Proposals (2 of 2)

2024/25 to 2026/27

- **Better use of Disabled Facilities Grant - £0.080m:** One Occupation Therapist to be funded by DFG, subject to CIPFA regulations.
- **Retender of the Occupational Therapy Contract - £0.180m:** The contract is up for tender and currently on a direct award with the existing provider. Enhancements to the delivery model could result in savings.
- **Short breaks efficiency - £0.100m:** Reviewing block arrangements for short breaks to ensure provision reflects residents' needs and choices.
- **Review Tri Borough Recharge Arrangements for hospital services and EDT - £0.100m:** Increase charges including management overheads for Hospital Services and EDT.

Investment

The 2024/25 investment proposed is £1.275m, details below:

- **Home care workers' pay £1.200m**

Paying home care workers on block contracts and via direct payments £1.50 more per hour to tackle inequalities and low pay in care workforce as a response to the Ethical Care Charter. This will be funded from the Market Sustainability Improvement Fund for 2023/24 and 2024/25. The grant's continuity has not been confirmed beyond 2024/25 and this investment will be reviewed at that point.

- **Hot meal provision £0.075m**

Provision of three hot meal meals per week to defined eligible cohort over winter period. This will also be reviewed in two years' time.

General ongoing demographic pressures

2024/25 pressures identified total £0.550m, details below:

- **LD Transitions - £0.300m** : Additional cost impact from LD clients transitioning from Children's Services to ASC.
- **MH complexity - £0.250m**: Added complexity in MH support for residents. The number of assessments continues to increase year on year.
- NB: This does not include changes to demographics (complexity of need and rising numbers) that are funded by extra Government grants.

Summary savings and pressures

2024/25 to 2026/27 Summary

	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL £'000
New Savings	(1.490)	(1.960)	(2.440)	(5.890)
Existing Savings	(0.860)	(0.500)	(1.190)	(2.550)
TOTAL	(2.350)	(2.460)	(3.630)	(8.440)
Pressures	0.550	-	-	0.550
NET TOTAL	(1.800)	(2.460)	(3.630)	(7.890)

Funded from Market Sustainability and Improvement Fund

Investment	1.275	-	-	1.275
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2024/25 Budget

Adult Social Care

- The key controllable service area budgets for 2024/25 are broken down in the table below.
- NB: Service area descriptions are based on CIPFA categorisations.

Service Area	Expenditure £m	Income £m	Net Budget £m
Assistive Equipment and Technology	2.134	(1.925)	0.209
Commissioning and Service Delivery	5.905	(4.575)	1.330
Information and Early Intervention	1.732	(1.792)	(0.060)
Costs of assessment and care management process	13.040	(4.761)	8.279
Learning Disability Support	25.605	(8.059)	17.546
Mental Health Support	11.332	(6.934)	4.398
Physical Support	39.565	(24.027)	15.538
Sensory Support	0.045	(0.013)	0.032
Social Support	1.220	(1.770)	(0.550)
Support with Memory and Cognition	6.335	(1.832)	4.503
TOTAL BUDGET 2024/25	106.913	(55.688)	51.225

Consultations

2024/25 Proposals

- No formal consultations for 24/25 proposals are planned

Budget Task Group

Public Health |

Anna Raleigh, Director of Public Health

Executive Summary

Public Health

- In 2023/24 Public Health budget was fully-funded by grant income of £34.410m. From this grant, we are required to transfer £0.789m to the Integrated Care Board (ICB) for the Dietetics services retained by the NHS.
- The projected outturn variance for 2023/24 as at period 6 is a break-even position in line with the agreed budget.
- As part of the 2023/24 grant announcement, details of the indicative grant allocations for 2024/25 were published. The indicative 2024/25 grant figure is £34.864m which is an increase of 1.3%, wholly ring-fenced to fund Public Health Outcomes.
- In addition to the core Public Health grant, additional government funding has been allocated to Substance Misuse (£3.02m) and Local Stop Smoking Services (£0.267m).
- As part of strategic planning for Public Health, the service has committed reserve funding in addition to the grant allocations in order to fund the service with no impact on the council's General Fund.

2023/24 Budget

- The key controllable service area budgets for 2023/24 are broken down in the table below.

Service Area	Expenditure £m	Income £m	Net Budget £m
Department of Health Public Health Grant		(34.410)	(34.410)
Commissioned Services	18.469		18.469
Cross-Council Investments	10.291		10.291
Public Health Strategic Investments	3.930		3.930
Salaries and Overheads	2.512		2.512
Dietetics Service	0.789		0.789
Transfer from Reserves		(1.581)	(1.581)
TOTAL BUDGET 2023/24	35.991	(35.991)	0

2024/25 Budget

- The key controllable service area budgets for 2024/25 are broken down in the table below.

Service Area	Expenditure £m	Income £m	Net Budget £m
Department of Health Public Health Grant		(34.864)	(34.864)
Local Stop Smoking Grant		(0.267)	(0.267)
Substance Misuse Grants		(3.020)	(3.020)
Commissioned Services	22.799		22.799
Cross-Council Investments	10.291		10.291
Public Health Strategic Investments	2.750		2.750
Salaries and Overheads	2.690		2.690
Dietetics Service	0.852		0.852
Transfer from Reserves		(1.231)	(1.231)
TOTAL BUDGET 2024/25	39.382	(39.382)	0

Savings Proposals

- Public Health is fully funded by ring-fenced grant funding. As the grant allocations are increasing, there are no planned efficiency and financing proposals.

Consultations

- No formal consultations for 24/25 proposals are planned.