

UNION BOARD

Agenda Item 7

Date of Meeting: 17th November 2020

Subject: Union Finance Report – Quarter 2 2020/21

Presented by: Sharon Wroot / Laura Whitton

Status of Report (auto check relevant box):

- For Information
- For Discussion
- Report Exempt from Public Disclosure No Yes

Executive Summary:

This report provides key information and analysis of the Union's financial performance.

At the mid-point of the financial year, the Union is forecasting an overspend of £2.8M against its 2020/21 budget. This is the net position after taking into account additional Government funding provided. Financial pressures have been experienced across a range of services largely due to the Covid-19 response. Pressures have been particularly acute within social services and healthcare, with additional hospital discharges, provider sustainability payments and increasing costs associated with children at risk or looked after.

Contribution to the Union's Priorities:

The report provides a summary of how resources are being deployed to deliver Union priorities

Recommendations:

Notes the reported position at Quarter 2 and the actions being taken to bring spending back in line with budget.

Reasons for Decision:

This report provides key information and analysis of the Union's financial performance.

Risks and Opportunities:

The Union Leadership Team continue to challenge and monitor financial performance to ensure that spending is in line with budget.

Finance Implications:

The Union is currently forecasting a revenue overspend of £2.8M against its approved net budget.

Legal Implications:

There are no legal issues immediately arising from the content of this report given that it is a vehicle to advise and update as to current position.

Quality Implications:

Value for money principles are embedded into all key decisions relating to resource allocation.

Engagement Implications:

Ongoing updates are provided to key stakeholders on the financial position and performance of the Council, CCG and wider Union on a periodic basis. Further engagement will continue as part of budget setting processes.

Environmental and Climate Change Implications:

There are no Environmental and Climate Change implications immediately arising from the content of this report given that it is a vehicle to advise and update as to current position.

Other Options Considered:

N/A – this is a monitoring report

Supporting Papers:

Attached briefing

UNION

CONSOLIDATED FINANCIAL REPORT

QUARTER 2 – 2020/21

TABLE OF CONTENTS

Introduction and Overview	Page 3
Service Outturn Analysis	Page 4
Risks and mitigations	Page 5

INTRODUCTION AND OVERVIEW

At the mid point of the financial year, the Union is forecasting an overspend of £2.8M against its 2020/21 budget. This is the net position after taking into account additional Government funding provided.

Financial pressures have been experienced across a range of services largely due to the Covid-19 response.

Pressures have been particularly acute within social services and healthcare, with additional hospital discharges, provider sustainability payments and increasing costs associated with children at risk or looked after.

The focus on the Covid-19 emergency response has inevitably led to delays in implementing and delivering planned

Sharon Wroot
Director of Resources and Governance (NELC)

transformation programmes. This has in turn placed additional strain on the Union as a whole.

The Union Leadership Team is continuing to carefully monitor the financial position in what is a rapidly changing situation. A range of actions are being explored to reduce and mitigate against the overspend.

It is important to note that there is still a great deal of uncertainty both in relation to the in year position and the proposed budget for 2021/22 and beyond. Future Government funding allocations will be critical in this regard.

Laura Whitton
Chief Finance Officer (NELCCG)

SERVICE OUTTURN ANALYSIS

£'M

Net Budget £425.3M

£'M

Forecast Outturn £428.1M

£'M

Forecast Overspend £2.8M

The Union is currently forecasting a net £2.8M revenue overspend.

Service pressures have been faced across a range of areas but in particular within social services and healthcare where demand continues to exceed available resources.

Additional funding has been received from Government in recognition of the COVID19 pandemic and this is shown within other budgets.

Service Name	2020/21 Net Budget £'M	2020/21 Outturn £'M	2020/21 Variance £'M
Children's & Family Services	40.3	46.3	6.0
Corporate & Democratic Core	2.8	5.6	2.8
Environmental Services	16.5	16.4	(0.1)
Economy & Growth	22.9	23.8	0.9
Public Health & Leisure	4.8	5.2	0.4
Adult Services	45.3	48.3	3.0
Corporate & Other Budgets	4.6	(7.8)	(12.4)
Healthcare	288.1	290.3	2.2
	425.3	428.1	2.8

RISKS & MITIGATIONS

The key variances within the service analysis above mainly relate to areas where demand continues to outstrip available resources.

Service Area	£M	Risk	Mitigation
Children & Family Services	£5.9M Overspend	Children's and Family continue to report an overspent position largely due to ongoing demand pressures. Furthermore the service has had to invest in additional resources to deliver the necessary improvements highlighted by Ofsted in its recent inspections. The current financial situation within the service has been exacerbated by the Covid-19 pandemic which has led to increased costs and delayed planned transformational activities. The number of Children Looked After (CLA) within the system remains high and at the end of September stood at 591.	The implementation of the Improvement Plan, including targeted actions around placements, is expected to bring the number of CLA down by year end.
Corporate & Democratic Core	£2.8M Overspend	Covid-19 has lead to corporate programmes being paused, leading to delays in delivery of associated savings built into the current plan. The impact of Covid-19 has also required additional spend on PPE and funding the shielding hubs.	Additional costs arising from PPE and shielding hubs will be met from Government Covid-19 allocations.
Economy & Growth	£1.0M Overspend	The service is forecasting a significant shortfall from car parking income as a direct impact of the Covid-19 outbreak. The Home Options service is forecasting an additional budget requirement as a result of homeless and crisis unit costs necessary to respond to Covid-19 requirements.	The overspend will be met from Government Covid-19 allocations.

RISKS & MITIGATIONS CONTINUED

Service Area	£M	Risk	Mitigation
Public Health & Leisure	£0.4M Overspend	Within Leisure & Libraries, there has been a closure of all of the facilities due to the COVID 19 pandemic.	We are working with the external provider, Lincs Inspire, to manage the impact on the business and look at future options.
Adult Services	£3.0M Overspend	The service has been particularly affected by the Covid-19 pandemic and additional costs incurred including provider sustainability payments and pressures associated with hospital discharges. The pandemic has also led to delays in some of the efficiencies which were anticipated to be delivered in 2020/21 together with a loss of income from reduced service take up.	Payments to providers to assist with ensuring their financial stability.
Corporate & Other Budgets	(£12.4M) Underspend	The underspend reported against other budgets is predominately due to reduced borrowing costs and an additional £11.5M due to COVID-19 support grants..	Funding being used to support the significant cost pressures reported against service budgets

RISKS & MITIGATIONS CONTINUED

Service Area	£M	Risk	Mitigation
Health	£2.2M	<p>A revised NHS finance regime has been in place since the start of the year.</p> <p>During the first 6 months of the year the CCG received a monthly non-recurrent allocation adjustment equal to the overall year to date variance.</p> <p>However there is a revised finance regime in place for the second half of the year, and all NHS organisations have had to submit a m7 – m12 financial plan. The CCGs finance plan is part of the Humber ICS plan and the requirement is for overall “Humber” system balance. Currently the Humber has a deficit plan of £9.1m after mitigations. We are awaiting formal feedback from the centre on our plan, but the expectation is that the Humber ICS will be required to revisit its numbers to bring the plan back into balance.</p> <p>The CCG has a deficit plan of £2.1m. This figure is before any of the Humber ICS mitigations.</p> <p>The Key pressures driving the CCG’s £2.1m deficit are a continuation of expenditure levels seen in the first 6 months of the year e.g. prescribing cost pressures as well as additional costs in the second half of the year e.g. catch up of CHC assessments</p>	<p>Release to the CCG of its share of the benefit of the Humber ICS mitigations.</p>