

REPORT TO: Health & Social Care Policy and Performance Board

DATE: 23rd September 2025

REPORTING OFFICER: Executive Director, Adults

PORTFOLIO: Adult Social Care

SUBJECT: Adults Social Care Budget Position

WARD(S): Borough-wide

1.0 PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to present a summary of the current budget position for Adult Social Care (ASC), recognising actions being taken to address immediate financial challenges and identify known budget pressures in the short to medium term.

2.0 RECOMMENDATION: That the Board:

- I. **Note the financial position outlined in the report; and**
- II. **Give due consideration to budget pressures highlighted within the report.**

3.0 SUPPORTING INFORMATION

- 3.1 Historically ASC have always achieved a balanced budget at year-end, in addition to saving in-year efficiencies, refer to Appendix 1 ASC Financial Position Timeline. Recently this has become more challenging as budgets have reduced, potential savings increased and the ASC landscape within which they operate has shifted in respect to increased levels of complexities of care being demanded, rapid hospital discharges and pressures within health budgets. The current financial performance of the ASC department is tabled below:

Division	Annual Budget	Variance To Date	Year-End Forecast Variance
	£m	£m	£m
ASC	24,522	(153)	(698)
Community Care	27,968	(876)	(2,627)
Internal Care Homes	7,932	(330)	(832)
Complex Care (Pool)	13,188	3	2
Total	73,610	(1,356)	(4,155)

- 3.2 ASC division is anticipated to overspend against planned budget by circa £700k. This will be the first year this division will not achieve a balanced budget. The reasons for the overspend are two fold, firstly the problems of recruitment and retention

across the council as a whole are now impacting negatively on ASC's staffing budget. The cost of employing agency staff now outweighs savings realised from vacant posts and market supplements paid to new starters compound the problem. The second budget pressure is the underachievement of income for the community meals and telehealth care services.

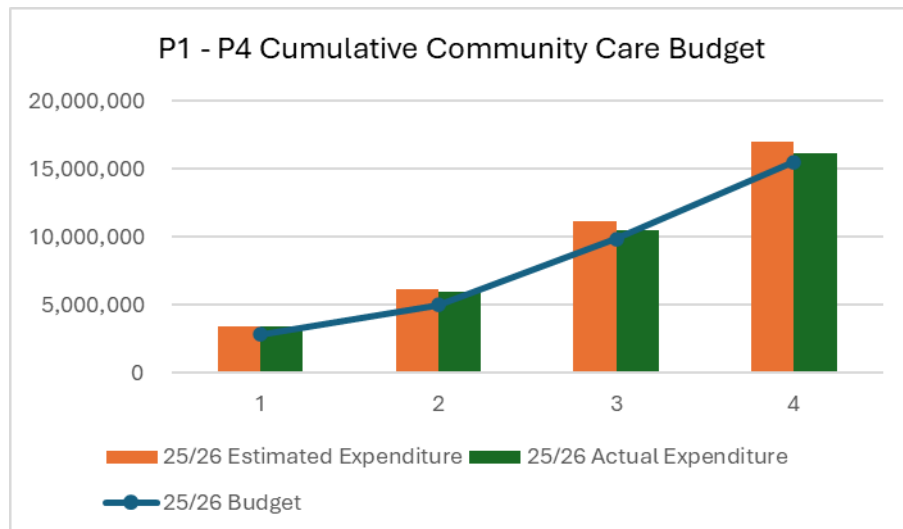
3.3 Community Care Services are experiencing significant and increasing pressures, driven by the following:

- Demand increases in both the volume and complexity of people's needs for ASC due to the increasing number of adults with complex physical and mental health needs, ageing population and also those in transition from childhood to adulthood.
- Increased pressure and demand on acute hospitals.
- The increase in the National Living Wage (NLW)
- The increase in National Insurance costs
- Availability and skills needs of the workforce.
- Stability of the market for ASC providers.

To mitigate some of the risk identified above a community care budget recovery working group has been established to identify way to reduce spend and bring it back in line with planned expenditure. Actions include:

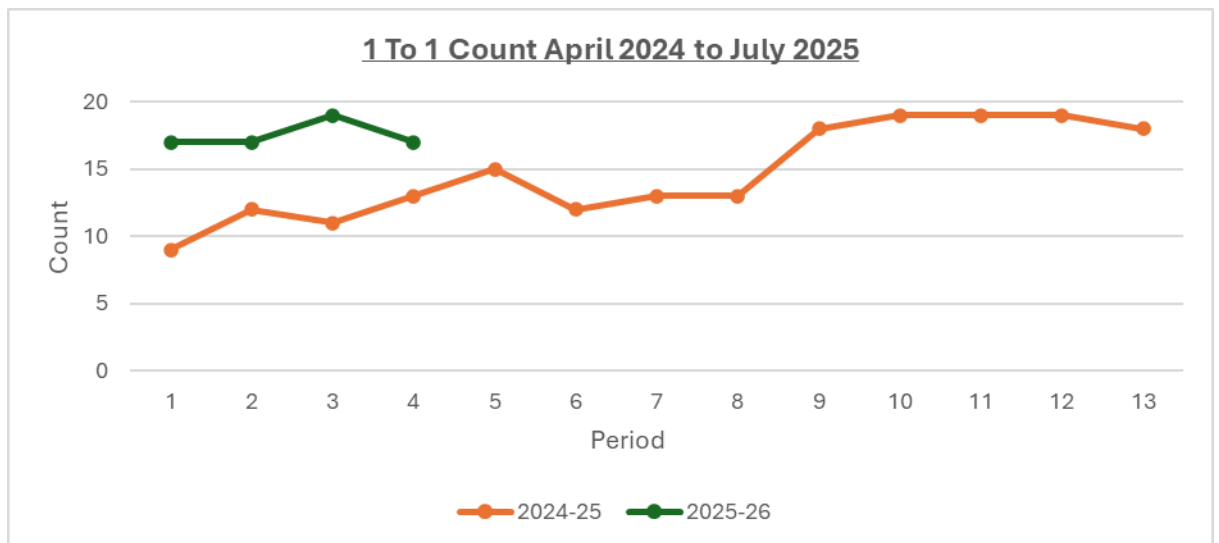
- Reduction of 1 to 1 packages of care if health's responsibility
- Review 15 minutes packages of domiciliary care to identify medicine prompts which are health's financial responsibility
- Ensure assessments carried out on discharge from hospital are complete and appropriate
- Maximise internal care home capacity in order to minimise externally commissioned nursing and residential beds

3.4 The recovery group meets every two weeks and consists of Councillor Ball, DASS, OD Care management, numerous care management colleagues and representation from finance. Monitoring and tracking cost reductions and cost avoidance is paramount to balance the budget and shape the care market for future years. The action plan has been quantified at para 5.1 below and at present actual spend against planned (forecast) spend appears to be on track, see below:

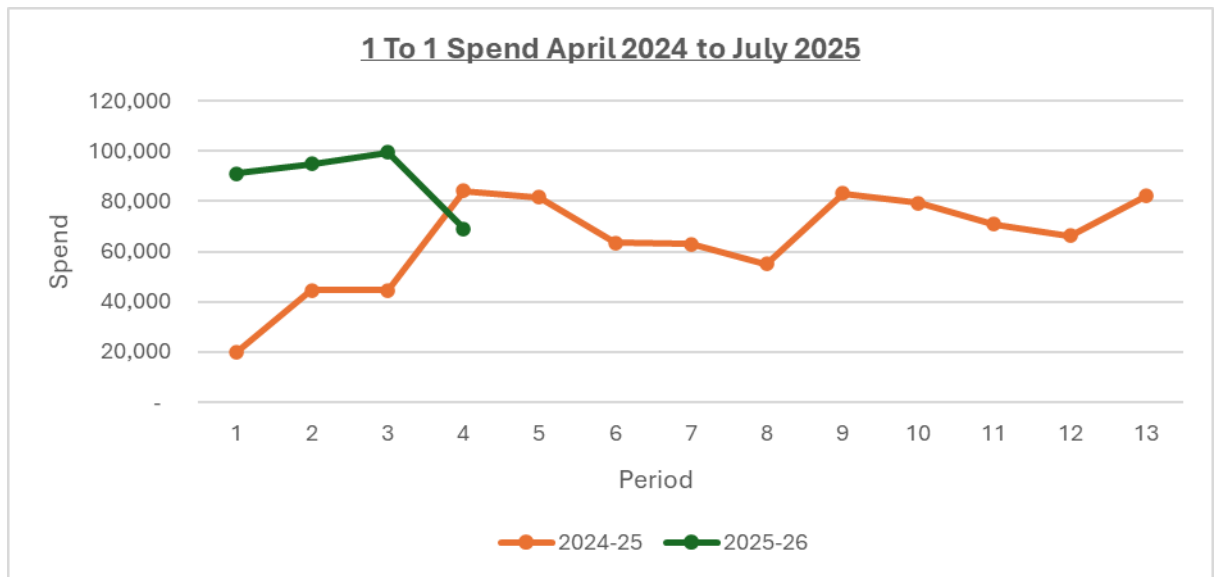


During 2024/25 payments for 1 to 1 support exerted pressure on this budget and still continue to do so. These are generally to mitigate the risk from falls particularly on discharge from hospital. The full year cost for 2024/25 was £837,882.

The graph below shows the count of service users receiving 1 to 1 care by period. Currently there are 17 compared to 13 at the same point last year, an increase of 30% although numbers have decreased from Period 3 to 4 as packages are being reviewed in line with the action plan.



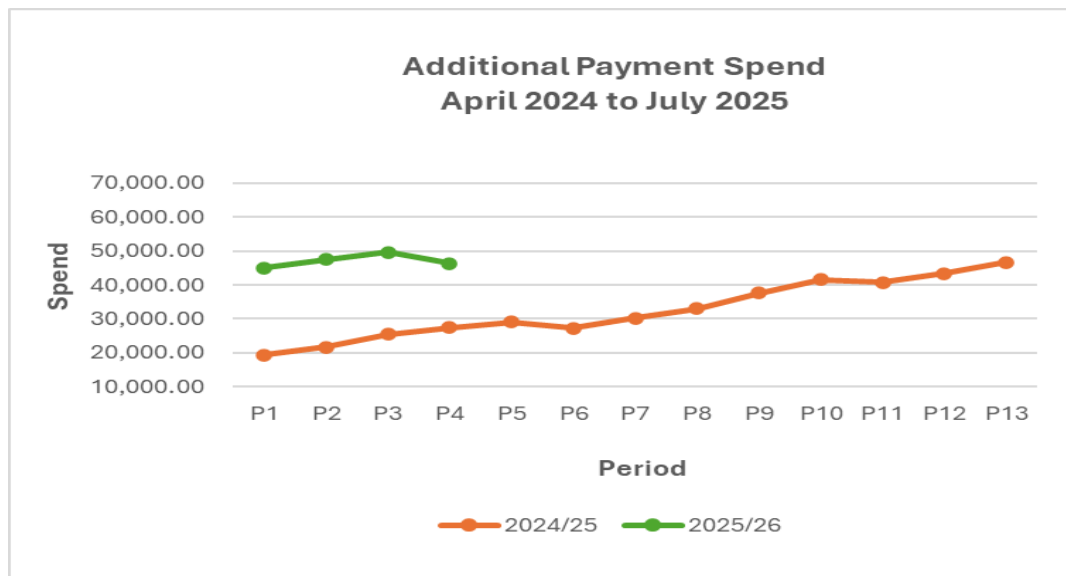
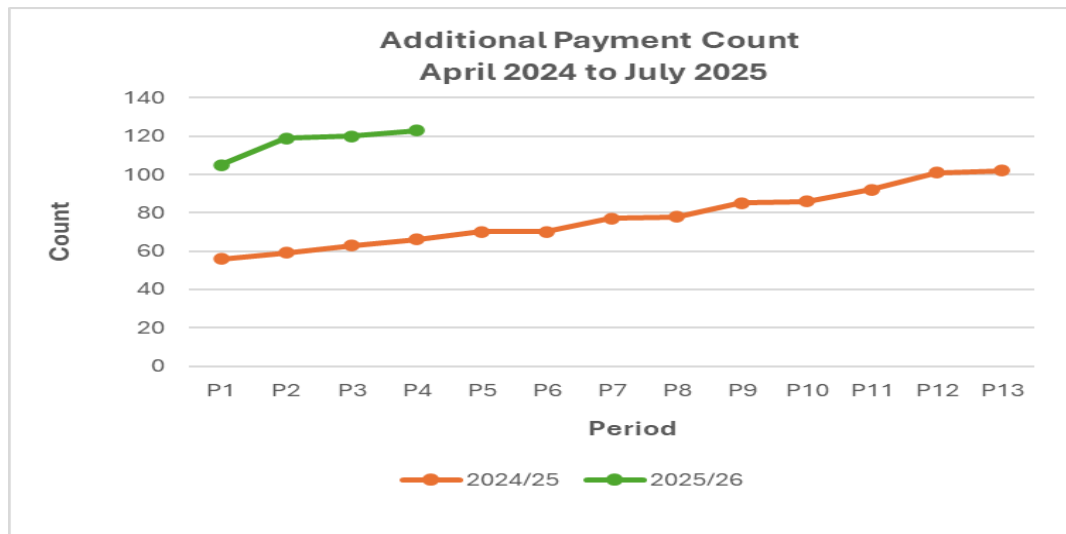
This graph shows the spend on 1 to 1 care by period and clearly shows that the monthly spend has started to decrease as packages are being reviewed and alternative funding sourced.



- 3.5 The care market is becoming increasingly fragile and this adds a further risk. These risks are illustrated by high staff turnover, suppliers leaving the market and increasingly slim margins for those that remain in the sector. In November 2022 Autumn Statement, the Market Sustainability and Improvement Fund (MSIF) was announced. The primary purpose of the fund is to support local authorities (LA's) to make tangible improvements to adult social care services by building capacity and improve market sustainability. Under section 5 of the Care Act 2014 LA's have a duty to promote the efficient and effective operation of the care market and support as a whole. Three vital target areas of improvement underpin this overarching objective, increasing fee rates to providers, increasing workforce capacity and retention and reducing social care waiting times.
- 3.6 During 2023/24 and 2024/25 government provided additional ring fenced funding (Market Sustainability and Improvement Workforce Fund) with a particular focus on workforce pay and to support more workforce and capacity within the sector. In doing so this will ensure appropriate short term and intermediate care is available to reduce avoidable admissions and support discharge of patients when medically fit to leave. In accordance with grant conditions Halton's allocation was allocated to increasing workforce capacity in residential and nursing homes in the borough and to increasing provider fees early in the domiciliary care sector to facilitate avoidable admissions and support discharge of patients from hospitals.
- 3.7 Although fees to providers within the borough remain fairly competitive compared with other Mersey & Cheshire neighbours the number of top ups to residential and nursing homes rose sharply throughout 2024/25 both in and out of borough. A top up is where a care home charges an additional amount on top of the contracted bed rate. The cost of this for 2024/25 was £423,894.

The graphs below illustrate the count of service users with an additional payment by period and clearly shows a steady increase in numbers and costs for 24/25. The spend up to Period 4 2025/26 is £188,542.83. If numbers and costs remain the

same the forecast spend for the year will be approximately £605k.



- 3.8 On going financial pressures within the NHS are also having an impact on social care budgets, such as access to Continuing Health Care (CHC) and also costs incurred from services such as transport, medication support, occupational therapy which should all be funded from health. These services have been provided by ASC as it in was the best interest of the people using the services. Together with health ASC operated on a partnership give and take approach, however this culture has now changed in focus from a health perspective. Current responsibilities and changes in processes are under review however any changes to theses previously agreed “partnership agreements” will result in some relationship breakdown with health colleagues and possible challenges. This review is happening across the Cheshire & Merseyside region, not just in Halton.
- 3.9 Additional pressures from packages transitioning from children’s social care place further demand on the ASC budget. There were £114k of costs incurred on the Direct Payments budget alone in 24/25 relating to 7 young people turning 18. This

gives further evidence of the pressures ASC budgets face, not only from the increasing demands of the adult population, but also from those children who will eventually transfer and have a long term need for social care.

- 3.10 Until recently the Medium Term Financial Strategy (MTFS) has not always provided for ASC demographic growth on a recurrent basis. This has resulted in the community care budget being previously underfunded and unable to meet the demands of the services it provides on a balanced budget. However the budget was increased in 2025/26 by £2.382m to meet demographic growth pressures and by a further £2.433m to cover the expected overspend for 2024/25. Nevertheless, due to pressures already mentioned above, the actual outturn position last year before adjustments, was £4.4m overspent, therefore this budget started the new financial year facing a £1.967m funding gap, assuming annual commitments follow a similar pattern to previous years. Additionally the MTFS does not provide (on a recurrent basis) ASC for any financial burden resulting from children transitioning into ASC.
- 3.11 The Internal Care Homes are anticipated to be £0.832m over budget at year-end due primarily to unbudgeted agency staff costs. The recruitment of staff continues to be a pressure across the care homes and there remains a high number of staff vacancies across the care homes. A proactive rolling recruitment exercise is ongoing within the care homes and is supported by HR however due to pressures with recruitment and retention in the sector, heavy reliance is placed on overtime and expensive agency staff to support the care homes. In addition there are high levels of absenteeism in the homes adding to staffing issues. At the end of July 2025 total agency spend across the care homes reached £1.675m for the financial year. The cost of this has partially been offset by staff vacancies but remains the main driver for the overspend.
- 3.12 The Complex Care pool budget is on track to achieve a balanced budget.

4.0 POLICY IMPLICATIONS

- 4.1 The spending pressures outlined in the report will impact upon the financial performance of the ASC budget as a whole. Although corrective action is being taken to mitigate the financial liability, a balanced budget will be extremely difficult to achieve within existing resources.

5.0 FINANCIAL IMPLICATIONS

- 5.1 A financial recovery action plan and tracking monitoring system has been established with the aim of delivering a balanced community care budget at year-end. The plan incorporates the following:

Action	Target
	£000
Reduction (50%) in unnecessary or health related 1:1 care in care homes from 20 to 10 residents	650
Reduction or transfer to health (15%) of medication visits	208

Strengthen hospital discharge approach, ensuring patients are fit on discharge.	187
Increase occupancy rates in Internal Care Homes	290
Increase use of Oakmeadow respite facility	345
Increase flexibility of Disabled Facility Grant	947
TOTAL	2,627

5.2 Conclusion

The gross current year budget for Community Care Services is £53.38m (£27.97m net of income). The potential funding gap of £1.967m identified in para 3.9 is 3.7% of the current year's gross budget (7% of net budget) and accounts for 75% of the current overspend position.

- 5.3 The ASC budget accounts for over half of the total Council's budget and it is recognised that it will be required to contribute significant budget savings each year, in order to assist the Council with delivering a balanced budget as required by statute. However it must also be noted that a realistic ASC budget needs to be approved in order to maintain services at their current levels. Work is ongoing to identify different ways to provide services to meet the needs of residents within limited resources, by maximising the funding available and utilising it more flexibility. However the pressures identified in this report cannot all be provided for within current budget constraints. Funding for community care services must keep pace with growing demand and provider costs in order to avert market failure and the consequential impact on the lives of some of the most vulnerable residents in the Borough.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

- 6.1 **Improving Health, Promoting Wellbeing and Supporting Greater Independence**
The ASC budget supports the delivery of services which contribute towards this priority.
- 6.2 **Building a Strong, Sustainable Local Economy**
None identified.
- 6.3 **Supporting Children, Young People and Families**
None identified.
- 6.4 **Tackling Inequality and Helping Those Who Are Most In Need**
As outlined in paragraph 6.1.
- 6.5 **Working Towards a Greener Future**
None identified.
- 6.6 **Valuing and Appreciating Halton and Our Community**
None identified.

7.0 RISK ANALYSIS

- 7.1 If the potential funding pressures identified within this report are not addressed in

the medium to long term, there may be a significant impact upon the delivery of Adult Social Care services within the Borough.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 There are no specific implications arising from the report.

9.0 CLIMATE CHANGE IMPLICATIONS

9.1 There are no specific implications arising from the report.

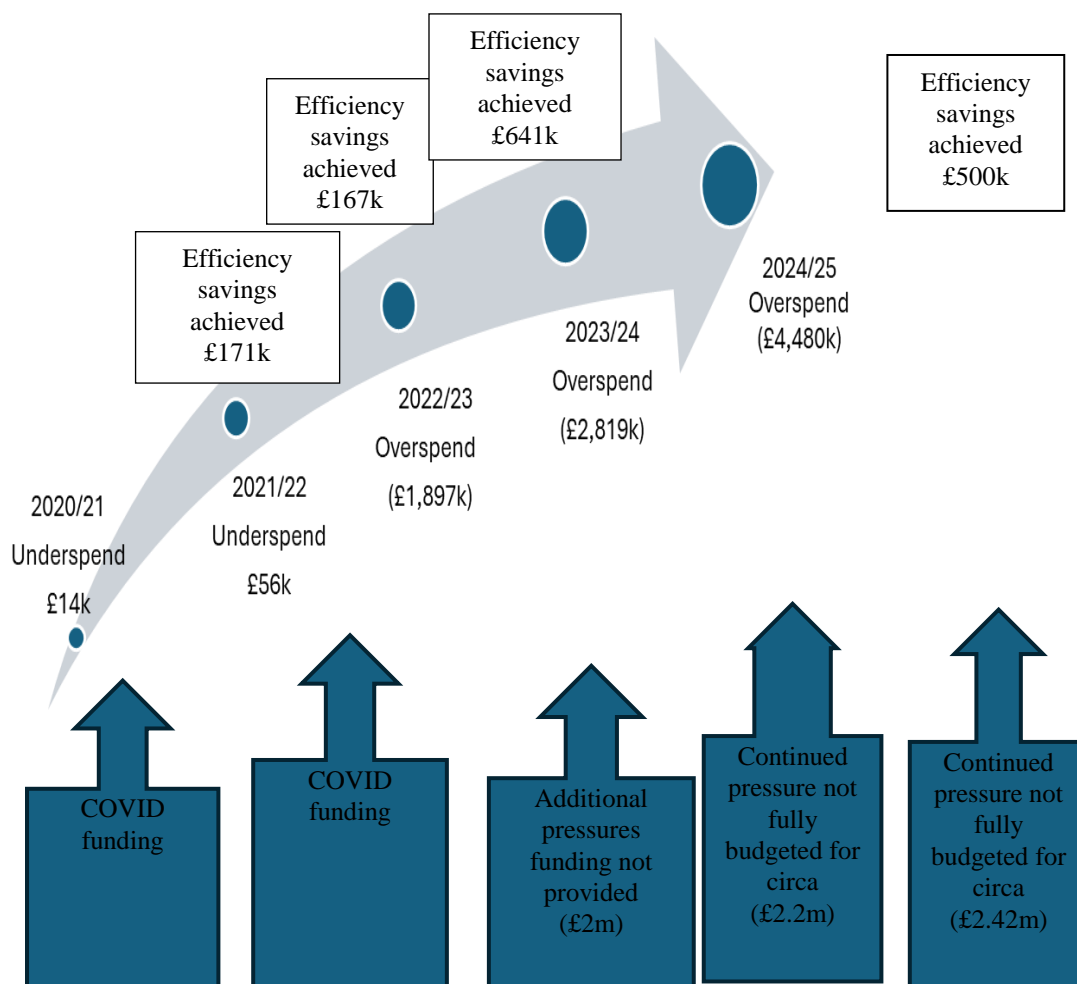
10.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

10.1 There are none within the meaning of the Act.

Appendix 1

ASC Financial Position Timeline

Year-End Position Trend



COVID funding ceased- expectations from providers in relation to increased funding- top ups (£600k) charged and requests for 1-1 support (£1.2m)