



HEALTH, SOCIAL CARE AND WELL BEING SCRUTINY COMMITTEE - 19TH JUNE 2018

SUBJECT: 2018/19 SOCIAL SERVICES REVENUE BUDGET

REPORT BY: CORPORATE DIRECTOR SOCIAL SERVICES AND HOUSING

1. PURPOSE OF REPORT

1.1 To provide Members with details of the 2018/19 revenue budget settlement for the Directorate of Social Services.

2. SUMMARY

2.1 The report provides details of the 2018/19 revenue budget for service areas within Social Services and outlines the reasons for movements in the revenue budget since the 2017/18 original budget.

2.2 The report also sets out the context within which the 2018/19 revenue budget has been set, including savings delivered since 2013/14 and the financial pressures that the Directorate has faced over recent financial years and will continue to face in the future.

3. LINKS TO STRATEGY

3.1 The expenditure of the Directorate is linked directly to its ability to shape and deliver its strategic objectives, which in turn assists the achievement of the Authority's stated aims and well-being goals.

3.2 Effective financial planning and financial control contribute to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015:-

(i) a prosperous Wales, (ii) a resilient Wales, (iii) a healthier Wales, (iv) a more equal Wales, (v) a Wales of cohesive communities, (vi) a Wales of vibrant culture and thriving Welsh Language and (vii) a globally responsible Wales.

4. THE REPORT

4.1 The 4 Year Period from April 2014 to March 2018

4.1.1 Since the UK Government's Comprehensive Spending Review of 2013, local authorities have faced an unprecedented period of on-going austerity. For Caerphilly County Borough Council this has necessitated savings totalling £45.6m over the 4 year period from 2014/15 to 2017/18 in response to reductions in funding from Welsh Government and a number of inescapable cost pressures.

- 4.1.2 Whilst the Council's financial strategy has provided a degree of protection for the Directorate of Social Services from the full impact of these savings requirements, the Directorate has contributed £7.765m of savings over the same 4 year period. This amounts to 17% of the total savings delivered across the authority over the 4 years.

Financial Year	Total Authority Wide Savings Target £m	Social Services Savings from Social Services Initiatives £m	Social Services Savings from Corporate Initiatives £m	Total Social Services Savings £m	Social Services Savings as a Percentage of Authority Savings %
2014/15	13.40	2.062	0.225	2.287	17.07%
2015/16	12.11	3.084	0.059	3.143	25.95%
2016/17	11.12	1.517	0.255	1.772	15.94%
2017/18	9.05	0.563	0.000	0.563	6.22%
Total	45.68	7.226	0.539	7.765	17.00%

- 4.1.3 The £7.765m of social services savings identified above have been delivered through a combination of budget realignment, back office efficiencies and service re-design which has had very little impact upon the services received by the public. However, it has had a significant impact upon the workforce within the Directorate with 108.34 full time equivalent posts having been permanently deleted from the Directorate over the 4 year period in order to deliver the £7.765m saving target.
- 4.1.4 Prudent vacancy management and the effective application of H.R. policies has meant that these savings have been delivered without the need for compulsory redundancies but a reduction in the workforce to this extent can not be achieved without an impact on the remaining workforce.
- 4.1.5 The £45.68m of authority wide savings identified above gave the authority some scope to factor a number of inescapable cost pressures into the medium term financial plan. As a result a total of £8m growth has been allocated to the Directorate of Social Services over the same 4 year period in response to demographic changes and price increases faced as a result of the impact of a number of employment law issues such as the introduction of the National Living Wage.
- 4.1.6 Whilst this additional funding has been welcomed, it has simply allowed us to keep pace with the increasing demand for services. Within the 2017/18 financial year, the Directorate managed to restrict its overspend to around £162k or 0.2% of the total budget. However, this was only achievable through active staffing vacancy management which contributed to a £1.3m underspend against management, administrative and fieldwork staff and a further £0.4m across our direct care facilities. Additional one-off funding from Welsh Government of £530k and a number of other non-recurring savings also helped to mask a £3.2m overspend in respect of child care placements.

4.2 The 2018/19 Financial Year

- 4.2.1 For the 2018/19 financial year, Caerphilly received an increase of £3.613m in our Aggregate External Finance settlement from Welsh Government. This was better than had been predicted but after adjusting for grants transferred in to the settlement and new responsibilities this translated in to an effective cut in funding of £1.778m. This was compounded by the £5.253m inflationary pressure and the £3.178m inescapable service pressures faced by the authority in 2018/19 resulting in a funding gap of £9.735m for the forthcoming financial year.
- 4.2.2 A 4.52% increase in Council Tax reduced this funding gap by £2.999m leaving a savings target for the authority of £6.736m for 2018/19. The Directorate of Social Services has contributed £765k towards this savings target through vacancy management, back office

reviews and budget realignments that will have no direct impact on front line service delivery. A further £563k of savings will be delivered by the Directorate through a review of services commissioned through the voluntary sector and non-statutory services. Delivering these savings totalling £1.328m in 2018/19 will bring the total number of posts lost across the Directorate over the last 5 financial years to 134.5 full time equivalents (or just less than 5,000 staff hours per week).

- 4.2.3 The inescapable service pressures faced by the authority for 2018/19 included £3m of growth allocated to Social Services in respect of increases in demand for social care services. This additional growth is welcomed but further increases in demand are anticipated throughout the forthcoming financial year. This will need to be closely monitored and managed. A number of successes have already been achieved in respect of child care placements costs.
- 4.2.4 The Directorate is also faced with significant increases in the fee levels demanded by independent sector social care providers as a result of further changes in employment law such as the increases in the National Minimum Wage. However, as no other sources of funding are currently available to address this problem, these fee increases have been capped at 2% for 2018/19 in line with the inflationary uplift included in the corporate budget settlement for non pay costs.
- 4.2.5 In addition to the Directorate savings and pressures identified in paragraphs 4.2.2 to 4.2.4, the Directorate's net budget for 2018/19 agreed by Council on 22nd February 2018 took account of the following issues:-

Reason for Funding Adjustment	Funding Increase/ (Decrease)
Additional funding awarded by Welsh Government to replace income lost as a result of changes to charging regulations	£378,981
Transfer of Carers' Respite Grant into the Revenue Support Grant (R.S.G.)	£180,005
Transfer of Social Care Workforce Grant into the R.S.G.	£1,140,030
Transfer of Looked After Children Grants into the R.S.G.	£503,911
Transfer of Welsh Independent Living Grant into the R.S.G.	£1,009,909
Pay Awards and Living Wage costs	£782,683
Non-pay inflation	£1,231,876
Increase in Employer's Superannuation Contributions	£84,706
Virement from Education in respect of the Safeguarding Team	£124,570
Virement to Other Directorates in respect of transfer of responsibilities	(£295,318)

- 4.2.6 This resulted in a total net budget for the Directorate for 2018/19 of £87,811,879. Further details of this budget are set out in appendix 1.

4.3 The Medium Term Financial Plan for 2019/20 to 2022/23

- 4.3.1 In the face of continuing austerity and financial uncertainty it is unlikely that local government will see any significant increases in Welsh Government funding in the medium term. For this reason, on 22nd February 2018, the Council was presented with a Medium Term Financial Plan which assumed a 1% funding cut in 2019/20 followed by a 0.5% cut in each of the following 3 financial years through to 2022/23.
- 4.3.2 Amongst other financial pressures, this plan recognised the need for additional funding of £1.5m in each of the next four years to respond to the increasing demands upon social services that are likely to be experienced as a result of an ageing population and increasingly complex and challenging needs of children and vulnerable adults.
- 4.3.3 The plan highlighted that in the event of the potential cut in Welsh Government funding, the Council will need to deliver savings in the order of £34m if it is to afford the emerging financial pressures over the four year period 2019/20 to 2022/23.

- 4.3.4 The Directorate has been afforded a significant degree of protection from the worst of these cuts in recent years but has still needed to deliver savings of £9.093m over a 5 year period.
- 4.3.5 It is anticipated that the Directorate will need to identify further savings moving forward to fund increases in demand. Even if it is possible to continue to offer the Directorate some degree of protection, it is worth noting that even a relatively modest savings target of 5% for Social Services would equate to a budget cut of £4.5m. The exact level of savings required from the Directorate will be confirmed during the coming months.
- 4.3.6 Any saving target set for the Directorate for the forthcoming 4 years must be viewed in the context of the £9.903m of savings already delivered by the Directorate in the preceding five year period. Those savings were achieved through a combination of budget realignments, efficiency savings and service reviews which had very little impact on front line service provision and avoided compulsory redundancies. However, such options have now become exhausted so it is likely that some very difficult decisions will be necessary in order to deliver any further savings.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 Effective financial management is a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

6. EQUALITIES IMPLICATIONS

- 6.1 This report is for information purposes, so the Council's Equalities Impact Assessment (EqLA) process does not need to be applied.

7. FINANCIAL IMPLICATIONS

- 7.1 As detailed throughout the report.

8. PERSONNEL IMPLICATIONS

- 8.1 There are no direct personnel implications arising from this report.

9. CONSULTATIONS

- 9.1 There are no consultation responses that have not been reflected in this report.

10. RECOMMENDATIONS

- 10.1 That Members note the 2018/19 budget for the Directorate of Social Services set out in appendix 1.
- 10.2 That Members note the implications of the Council's 2019/20 to 2022/23 Medium Term Financial Plan that apply to the Directorate of Social Services and recognise that options for delivering savings with little impact on front line services have been exhausted over the preceding five year period.

11. REASONS FOR THE RECOMMENDATIONS

- 11.1 To ensure that the Members are aware of the content and context of the 2018/19 original revenue budget for the Directorate of Social Services and the Council's Medium Term Financial Plan.

12. STATUTORY POWER

12.1 Local Government Act 1972 and 2000.

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Appendices:
Appendix 1 - Social Services Revenue Budget 2018/19

APPENDIX 1 - SOCIAL SERVICES REVENUE BUDGET 2018/19Original Budget
2018/19

£

SUMMARY

CHILDREN'S SERVICES	23,341,970
ADULT SERVICES	62,387,484
RESOURCING AND PERFORMANCE	2,082,425
SOCIAL SERVICES TOTAL	87,811,879

CHILDREN'S SERVICES**Management, Fieldwork and Administration**

Children's Management, Fieldwork and Administration	8,467,238
Appropriation from Specific Reserve	(249,938)
Intermediate Care Fund Contribution	(150,842)

Sub Total	8,066,458
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Residential Care Including Secure Accommodation

Own Residential Homes	1,190,608
Gross Cost of Placements	4,315,171
Contributions from Education	(85,912)
Contributions from Health	0

Sub Total	5,419,867
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Fostering and Adoption

Gross Cost of Placements	7,322,369
Appropriation from Specific Reserve	(613,933)
Other Fostering Costs	122,086
Adoption Allowances	110,616
Other Adoption Costs	354,519
Professional Fees Inc. Legal Fees	428,749

Sub Total	7,724,406
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Youth Offending

Youth Offending Team	395,152
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Sub Total	395,152
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Families First

Families First Team	214,017
Other Families First Contracts	2,547,484
Grant Income	(2,697,747)

Sub Total	63,754
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Other Costs

Preventative and Support - (Section 17 & Childminding)	64,736
Aftercare	785,768
Agreements with Voluntary Organisations	670,962
Other	150,867

Sub Total	1,672,333
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TOTAL CHILDREN'S SERVICES	23,341,970
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ADULT SERVICES

Management, Fieldwork and Administration

Management	124,883
Protection of Vulnerable Adults	268,983
OLA and Client Income from Client Finances	(269,645)
Commissioning	641,369
Section 28a Income Joint Commissioning Post	(17,175)
Older People	2,425,718
Less Wanless Income	(44,747)
Physical Disabilities	2,224,696
Provider Services	383,986
ICF Funding	(132,275)
Learning Disabilities	778,793
Contribution from Health and Other Partners	(44,253)
Mental Health	1,352,514
ICF Funding	(50,919)
Section 28a Income Assertive Outreach	(94,769)
Drug & Alcohol Services	360,682
Emergency Duty Team	254,536

Sub Total 8,162,377

Own Residential Care

Residential Homes for the Elderly	6,452,046
Intermediate Care Fund Contribution	(97,387)
-Less Client Contributions	(2,251,840)
-Less Section 28a Income (Ty Iscoed)	(115,350)
-Less Inter-Authority Income	(38,297)
Net Cost	<u>3,949,172</u>

Accommodation for People with Learning Disabilities	2,463,760
-Less Client Contributions	(63,437)
-Less Contribution from Supporting People	(25,985)
-Less Inter-Authority Income	(306,801)
Net Cost	<u>2,067,537</u>

Sub Total 6,016,709

External Residential Care

Long Term Placements	
Older People	10,147,329
Less Wanless Income	(303,428)
Less Section 28a Income - Allt yr yn	(151,063)
Physically Disabled	428,951
Learning Disabilities	3,042,534
Mental Health	893,783
Substance Misuse Placements	58,902
Net Cost	<u>14,117,008</u>

Original Budget
2018/19

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Short Term Placements	
Older People	248,822
Carers Respite Arrangements	39,330
Physical Disabilities	41,149
Learning Disabilities	16,264
Mental Health	40,353
Net Cost	<u>385,918</u>
Sub Total	<u>14,502,926</u>
Own Day Care	
Older People	848,144
-Less Attendance Contributions	(16,869)
Learning Disabilities	2,860,936
-Less Attendance Contributions	(20,691)
-Less Inter-Authority Income	(24,986)
Mental Health	717,597
ICF Funding	(34,763)
-Less Section 28a Income (Pentrebane Street)	(81,366)
Sub Total	<u>4,248,002</u>
External Day Care	
Elderly	3,005
Physically Disabled	162,676
Learning Disabilities	1,189,119
Section 28a Income	(72,659)
Mental Health	44,900
Sub Total	<u>1,327,041</u>
Supported Employment	
Mental Health	68,088
Sub Total	<u>68,088</u>
Aids and Adaptations	
Disability Living Equipment	535,638
Adaptations	246,169
Chronically Sick and Disabled Telephones	7,000
Sub Total	<u>788,807</u>
Home Assistance and Reablement	
Home Assistance and Reablement Team	
Home Assistance and Reablement Team (H.A.R.T.)	3,968,343
Wanless Funding	(67,959)
ICF Funding	(29,504)
Independent Sector Domiciliary Care	
Elderly	5,545,788
Physical Disabilities	772,024
Learning Disabilities (excluding Resettlement)	360,725
Mental Health	285,169
Gwent Frailty Programme	2,320,293
Appropriation from Specific Reserve	(68,226)
Sub Total	<u>13,086,653</u>

Original Budget
2018/19

£

Other Domiciliary Care

Shared Lives

Shared Lives Scheme	916,695
-Less Contribution from Supporting People	(138,698)

Net Cost 777,997

Supported Living

Older People	50,029
-Less Contribution from Supporting People	0

Physical Disabilities 1,360,081

-Less Contribution from Supporting People (15,737)

Learning Disabilities 7,547,846

Less Section 28a Income Joint Tenancy (28,987)

-Less Contribution from Supporting People (397,099)

Mental Health 2,135,574

-Less Contribution from Supporting People (15,326)

Net Cost 10,636,381

Direct Payment

Elderly People 187,100

Physical Disabilities 574,901

Learning Disabilities 536,344

Section 28a Income Learning Disabilities (20,808)

Mental Health 3,594

Net Cost 1,281,131

Other

Sitting Service 289,802

Extra Care Sheltered Housing 540,689

-Less Contribution from Supporting People (13,635)

Net Cost 816,856

Total Home Care Client Contributions (1,650,816)

Sub Total **11,861,549**

Resettlement

External Funding

Section 28a Income (1,020,410)

Sub Total **(1,020,410)**

Original Budget
2018/19

£

Supporting People (including transfers to Housing)	
People Over 55 Years of Age	842,157
People with Physical and/or Sensory Disabilities	60,000
People with Learning Disabilities	161,846
People with Mental Health issues	915,651
Families Supported People	499,171
Generic Floating support to prevent homelessness	881,334
Young People with support needs (16-24)	968,966
Single people with Support Needs (25-54)	414,170
Women experiencing Domestic Abuse	448,444
People with Substance Misuse Issues	298,466
Alarm Services (including in sheltered/extra care)	19,210
People with Criminal Offending History	43,419
Contribution to Social Services Schemes	749,956
Newport CC funding transfer	(70,000)
Less supporting people grant	(6,232,790)
Sub Total	0
Services for Children with Disabilities	
Blackwood Resource Centre	319,996
Residential Care	283,152
Foster Care	619,834
Preventative and Support - (Section 17 & Childminding)	9,248
Respite Care	68,031
Direct Payments	179,480
Sub Total	1,479,741
Other Costs	
Telecare Gross Cost	589,788
Less Client and Agency Income	(353,985)
-Less Contribution from Supporting People	(83,476)
Agreements with Voluntary Organisations	
Children with Disabilities	391,442
Elderly	148,410
Learning Difficulties	60,904
Section 28a Income	(52,020)
Mental Health & Substance Misuse	102,444
MH Capacity Act / Deprivation of Libert Safeguards	95,176
Other	95,304
Wales Independent Living Expenditure	872,014
Gwent Enhanced Dementia Care Expenditure	279,692
Gwent Enhanced Dementia Care Grant	(209,692)
Intermediate Care Fund Contribution	(70,000)
Sub Total	1,866,001
TOTAL ADULT SERVICES	62,387,484

Original Budget
2018/19

£

SERVICE STRATEGY AND BUSINESS SUPPORT

Management and Administration

Policy Development and Strategy 182,675
Business Support 693,879

Sub Total 876,554

Office Accommodation

All Offices 283,079
Less Office Accommodation Recharge to HRA (59,430)

Sub Total 223,649

Office Expenses

All Offices 171,750

Sub Total 171,750

Other Costs

Training 314,448
Staff Support/Protection 9,800
Information Technology 11,186
Management Fees for Consortia (55,558)
Insurances 252,763
Other Costs 277,833

Sub Total 810,472

TOTAL RESOURCING AND PERFORMANCE

2,082,425