



SOCIAL SERVICES SCRUTINY COMMITTEE – 18TH JUNE 2019

SUBJECT: 2019/20 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 2019/20 revenue budget settlement for Social Services.

2. SUMMARY

- 2.1 The report provides details of the 2019/20 revenue budget for service areas within Social Services and outlines the reasons for movements in the revenue budget since 2018/19.
- 2.2 The report also sets out the corporate context within which the 2019/20 revenue budget has been set and considers how the 2019/20 budget has been shaped by the Directorate's financial performance in 2018/19 and Welsh Government's response to the financial pressures faced within the social care sector across Wales.

3. RECOMMENDATIONS

- 3.1 That Members note the 2019/20 budget for Social Services set out in appendix 1.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that the Members are aware of the content and context of the 2019/20 original revenue budget for Social Services.

5. THE REPORT

5.1 The Corporate Context

- 5.1.1 On 19th December 2018, Welsh Government announced the Final 2019/20 Local Government Financial Settlement. This included a cash increase for Caerphilly of £1.374million which was a slight improvement on the £0.56million cash reduction that had been expected following the Provisional Settlement announced by Welsh Government in October 2018.
- 5.1.2 However, this cash increase came with a number of new responsibilities for the Council which meant that the real cash uplift for Caerphilly was just £0.549million.

- 5.1.3 In the face of inflationary pressures and new responsibilities amounting to £14.992million and other inescapable pressures of £4.156million, on 21st February 2019, Council approved an increase in council tax for 2019/20 of 6.95% and a package of savings totalling £13.921million.
- 5.1.4 That package of savings included £2.261million of savings for Social Services which had been endorsed by the Health, Social Care and Well-being (HSC&Wb) Scrutiny Committee on 6th December 2018.
- 5.1.5 Included in the £4.156million inescapable pressures considered by Council on 21st February 2019 was growth of £1.5million in respect of increased demand for Social Services due to an ageing population and increasingly complex needs and behaviours of children and vulnerable adults.

5.2 **Social Services Financial Performance in 2018/19**

- 5.2.1 Throughout the 2018/19 financial year, the HSC&Wb Scrutiny Committee were kept informed of a significant potential underspend within Social Services. By the end of the financial year the underspend across Social Services had grown to around £1.9million.
- 5.2.2 However, there were a number of non-recurring issues experienced in 2018/19 that masked an underlying financial pressure of around £1million in 2018/19. These non-recurring issues are summarised in the following table:-

Vacancies that were either of a short term nature or have been factored in to the medium term financial plan savings targets in 2019/20.	£1.119million
Other savings delivered in 2018/19 in advance of the Medium Term Financial Plan targets for 2019/20.	£0.226million
One off funding streams and reimbursements.	£1.340million
Fewer referrals than usual to the agency responsible for finding adoption placements.	£0.178million

- 5.2.3 This underlying pressure of £1million has accrued gradually throughout 2018/19 and the full year effect of this will exhaust all of the £1.5million growth funding awarded to Social Services through the corporate budget approved by Council on 21st February.
- 5.2.4 A number of demand management initiatives were in place across Social Services in 2018/19 including the MyST Fostering Service, enhanced foster carer fees and Community Connectors. Without these initiatives, the underlying financial pressure faced by Social Services could have been much greater.

5.3 **The Social Services Budget Strategy**

- 5.3.1 A total original budget of £87,811,879 for social services for 2018/19 was reported to Members on 19th June 2018. However, due to the transfer of staff from Social Services in to a Corporate Secretarial Service a budget virement of £22,047 was implemented which reduced the Social Services base budget to £87,789,832.
- 5.3.2 Welsh Government's Final Local Government Financial Settlement for 2019/20 included additional funding for local authorities to compensate them for a loss of income that would result from Welsh Government's decision to increase the capital limits above which people entering residential or nursing care are expected to fully fund their own care. This decision increased that limit from £40,000 in 2018/19 to £50,000 in 2019/20 and resulted in additional funding for Caerphilly of £380,159.

- 5.3.3 The Corporate budget for 2019/20 approved by Council on 21st February 2019 included provision of £14.992million in respect of whole authority cost pressures. Included in this amount was £2,924,124 for pay awards, employer's superannuation increases and non-pay inflation in respect of Social Services.
- 5.3.4 The corporate budget for 2019/20 also included £4.156million to address inescapable cost pressures including £1.5million specific to Social Services. Around £416k of this additional funding for social services has been invested in Children's Services, largely to address social work recruitment difficulties and to create core funding for some services that have been temporarily funded from service reserves in recent years pending the identification of a permanent funding stream.
- 5.3.5 A further £20k of the additional £1.5million for Social Services has been invested in the Business Support budget to underwrite the additional cost of the Welsh Community Care Information System (WCCIS), with the remaining £1.084million invested in Adult Services.
- 5.3.6 Around £70k of the additional investment in Adult Services has been used to provide an ongoing dedicated staff resource to support the WCCIS information system while the remainder has been earmarked to fund the full year effect of the increase in demand for adult social care that was experienced throughout 2018/19.
- 5.3.7 In order to fund the inflationary pressures and inescapable cost pressures contained within the corporate budget for 2019/20 a package of savings proposals amounting to £13.921million were approved by Council in February 2019. This package included savings totalling £2.261million for Social Services which were endorsed by the HSC&Wb Scrutiny Committee on 6th December 2018.
- 5.3.8 The issues identified in paragraphs 5.3.1 to 5.3.7 above have resulted in an original budget for 2019/20 for Social Services of £90,333,115 as summarised below:-

	Children's Services £	Adult Services £	Business Support £	Total £
Original Budgets 2018/19	23,341,970	62,387,484	2,082,425	87,811,879
Virement to Corporate Secretarial Services			(22,047)	(22,047)
Revised Base 2018/19	23,341,970	62,387,484	2,060,378	87,789,832
Increase in Capital Limits		380,159		380,159
Inflationary Pressures	687,772	2,177,058	59,294	2,924,124
Social Services Cost Pressures	416,084	1,063,316	20,600	1,500,000
MTFP Savings	(453,000)	(1,777,000)	(31,000)	(2,261,000)
Original Budgets 2019/20	23,992,826	64,231,017	2,109,272	90,333,115

- 5.3.9 Full details of the original budget for 2019/20 are provided in appendix 1 to this report.

5.4 **Welsh Government's Response to the Financial Pressures Within Social Care**

- 5.4.1 The Provisional Local Government Financial Settlement announced by Welsh Government in October 2018 had identified new specific grant funding for social services amounting to £30million pounds for the whole of Wales. The Final Settlement announced in December 2018 re-affirmed this funding but still gave no details of the funding available to individual local authorities. Nor did it provide details of Welsh Government's expectations of how local authorities should utilise the additional funding.

- 5.4.2 Subsequently, on 6th March 2019, Caerphilly C.B.C. received confirmation from Welsh Government that our share of the £30million additional grant funding will be £1,779,173 and that 'the purpose of the funding is to facilitate the delivery of our Healthier Wales priorities by supporting local authorities to deliver their core social services (children's and adults') to achieve the following high-level objectives:
1. Addressing current workforce pressures and supporting the sustainability of the social care workforce; and
 2. Supporting the delivery of sustainable social care services ensuring they are better placed to meet increased or unexpected demands.
- 5.4.3 These objectives were very wide ranging and gave scope to individual local authorities to invest this funding across social care as they saw fit. However, local authorities were required to submit details of their intended use of the funding to Welsh Government before any funding would be released.
- 5.4.4 During 2018/19, Caerphilly Social Services had trialled a number of initiatives addressing the same objectives as those identified by Welsh Government. These trials had delivered a number of successes but had been funded on a non-recurring basis from service reserves in 2018/19. Therefore, the senior management team have decided to invest around £725k of the new grant funding in order to continue with these initiatives.
- 5.4.5 A further £667k of this grant funding has been earmarked to enable fee uplifts to independent sector care providers in excess of the 2.4% non-pay inflationary uplift that was included in the corporate budget approved by Council in February 2019. These additional uplifts have been targeted at the domiciliary care and residential and nursing care provision for older people due to the particularly vulnerable nature of the market. The increases have been necessary to address the financial pressures faced by providers as a result of workforce issues such as increases in the national living wage and workplace pensions.
- 5.4.6 The remainder of Caerphilly's grant allocation has been earmarked to address increased and unexpected demand for adult social care.
- 5.4.7 Further details are available in appendix 2 to this report which is a copy of Caerphilly's submission to Welsh Government setting out our intended use of grant.

6. ASSUMPTIONS

- 6.1 There are no assumptions included in this report.

7. LINKS TO RELEVANT COUNCIL POLICIES

- 7.1 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.

7.2 Corporate Plan 2018-2023

Effective financial planning and financial control will help to ensure that resources are appropriately prioritised to deliver the 6 objectives contained in the corporate plan.

8. WELL-BEING OF FUTURE GENERATIONS

- 8.1 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.

9. EQUALITIES IMPLICATIONS

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

10. FINANCIAL IMPLICATIONS

10.1 As detailed throughout the report.

11. PERSONNEL IMPLICATIONS

11.1 Any personnel implications arising from the Social Services budget strategy for 2019/20 will be managed in accordance with the appropriate HR policies and procedures.

12. CONSULTATIONS

12.1 All consultation responses have been incorporated into this report.

13. STATUTORY POWER

13.1 Local Government Act 1972 and 2000.

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Appendices:

Appendix 1 - Social Services Revenue Budget 2019/20

Appendix 2 - Intended Use of Funding

APPENDIX 1 - SOCIAL SERVICES ORIGINAL BUDGET 2019/20

Original Budget
2019/20

£

SUMMARY

CHILDREN'S SERVICES	£23,692,826
ADULT SERVICES	£64,531,017
RESOURCING AND PERFORMANCE	£2,109,272
SOCIAL SERVICES TOTAL	<u>£90,333,115</u>

CHILDREN'S SERVICES

Management, Fieldwork and Administration

Children's Management, Fieldwork and Administration	£9,151,890
Social Services Grant	(£89,108)
Intermediate Care Fund Contribution	(£150,842)

Sub Total **£8,911,940**

Residential Care Including Secure Accommodation

Own Residential Homes	£1,590,291
Gross Cost of Placements	£3,153,188
Contributions from Education	(£72,682)

Sub Total **£4,670,797**

Fostering and Adoption

Gross Cost of Placements	£7,867,624
Social Services Grant	(£613,933)
Other Fostering Costs	£165,016
Adoption Allowances	£97,978
Other Adoption Costs	£363,028
Professional Fees Inc. Legal Fees	£439,039

Sub Total **£8,318,752**

Youth Offending

Youth Offending Team	£395,152
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Sub Total **£395,152**

Families First

Families First Team	£192,436
Other Families First Contracts	£2,552,696
Grant Income	(£2,697,747)

Sub Total **£47,385**

Other Costs

Preventative and Support - (Section 17 & Childminding)	£66,290
Aftercare	£657,882
Agreements with Voluntary Organisations	£502,029
Other	£122,599

Sub Total **£1,348,800**

TOTAL CHILDREN'S SERVICES **£23,692,826**

£

ADULT SERVICES**Management, Fieldwork and Administration**

Management	£128,350
Protection of Vulnerable Adults	£301,498
OLA and Client Income from Client Finances	(£293,267)
Commissioning	£708,652
Section 28a Income Joint Commissioning Post	(£17,175)
Older People	£2,324,167
Less Wanless Income	(£44,747)
Physical Disabilities	£2,348,804
Social Services Grant	(£22,493)
Provider Services	£394,630
ICF Funding	(£132,275)
Learning Disabilities	£800,658
Contribution from Health and Other Partners	(£44,253)
Mental Health	£1,363,564
ICF Funding	(£50,919)
Section 28a Income Assertive Outreach	(£94,769)
Drug & Alcohol Services	£386,198
Emergency Duty Team	£266,610
Further Vacancy Savings	(£376,239)

Sub Total	£7,946,994
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Own Residential Care

Residential Homes for the Elderly	£6,683,720
Intermediate Care Fund Contribution	(£97,387)
-Less Client Contributions	(£1,986,840)
-Less Section 28a Income (Ty Iscoed)	(£115,350)
-Less Inter-Authority Income	(£38,297)
Net Cost	£4,445,846
Accommodation for People with Learning Disabilities	£2,615,587
-Less Client Contributions	(£63,437)
-Less Contribution from Supporting People	(£41,319)
-Less Inter-Authority Income	(£328,479)
Net Cost	£2,182,352

Sub Total	£6,628,198
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External Residential Care

Long Term Placements	
Older People	£10,925,100
Less Wanless Income	(£303,428)
Less Section 28a Income - Allt yr yn	(£151,063)
Physically Disabled	£530,706
Learning Disabilities	£3,637,585
Mental Health	£969,700
Substance Misuse Placements	£60,316
Social Services Grant	(£632,112)
Net Cost	£15,036,804

	Original Budget 2019/20
	£
Short Term Placements	
Older People	£254,794
Carers Respite Arrangements	£40,274
Physical Disabilities	£42,137
Learning Disabilities	£16,654
Mental Health	£41,321
Net Cost	<u>£395,180</u>
Sub Total	<u>£15,431,984</u>
Own Day Care	
Older People	£753,618
-Less Attendance Contributions	(£16,869)
Learning Disabilities	£2,785,829
-Less Attendance Contributions	(£20,691)
-Less Inter-Authority Income	(£24,986)
Mental Health	£755,400
ICF Funding	(£34,763)
-Less Section 28a Income (Pentrebane Street)	(£81,366)
Sub Total	<u>£4,116,172</u>
External Day Care	
Elderly	£9,784
Physically Disabled	£126,121
Learning Disabilities	£1,262,957
Section 28a Income	(£72,659)
Mental Health	£82,932
Sub Total	<u>£1,409,135</u>
Supported Employment	
Mental Health	£69,233
Sub Total	<u>£69,233</u>
Aids and Adaptations	
Disability Living Equipment	£548,494
Adaptations	£216,681
Chronically Sick and Disabled Telephones	£7,168
Sub Total	<u>£772,343</u>
Home Assistance and Reablement	
Home Assistance and Reablement Team	
Home Assistance and Reablement Team (H.A.R.T.)	£4,220,333
Wanless Funding	(£67,959)
ICF Funding	(£29,504)
Independent Sector Domiciliary Care	
Elderly	£6,029,806
Physical Disabilities	£769,499
Learning Disabilities (excluding Resettlement)	£363,241
Mental Health	£283,694
Social Services Grant	(£127,127)
Gwent Frailty Programme	£2,434,266
Appropriation from Specific Reserve	(£67,322)
Sub Total	<u>£13,808,927</u>

£

Other Domiciliary Care

Shared Lives

Shared Lives Scheme	£996,126
-Less Contribution from Supporting People	<u>(£98,421)</u>

Net Cost £897,705

Supported Living

Older People	£51,370
-Less Contribution from Supporting People	£0

Physical Disabilities	£1,539,334
-Less Contribution from Supporting People	<u>(£22,177)</u>

Learning Disabilities	£8,465,254
Less Section 28a Income Joint Tenancy	<u>(£28,987)</u>

-Less Contribution from Supporting People	<u>(£259,857)</u>
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Mental Health	£2,072,720
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-Less Contribution from Supporting People	<u>(£10,046)</u>
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Net Cost £11,807,611

Direct Payment

Elderly People	£114,515
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Physical Disabilities	£715,988
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Learning Disabilities	£811,178
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Section 28a Income Learning Disabilities	<u>(£20,808)</u>
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Mental Health	£3,736
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Social Services Grant	<u>(£25,617)</u>
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Net Cost £1,598,992

Other

Sitting Service	£304,391
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Extra Care Sheltered Housing	£512,624
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-Less Contribution from Supporting People	<u>(£13,454)</u>
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Net Cost £803,561

Total Home Care Client Contributions (£2,037,686)

Sub Total **£13,070,183**

Resettlement

External Funding

Section 28a Income	<u>(£1,020,410)</u>
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Sub Total **(£1,020,410)**

£

Supporting People (including transfers to Housing)	
People Over 55 Years of Age	£733,155
People with Physical and/or Sensory Disabilities	£51,725
People with Learning Disabilities	£156,077
People with Mental Health issues	£897,493
Families Supported People	£501,274
Generic Floating support to prevent homelessness	£1,001,221
Young People with support needs (16-24)	£1,130,454
Single people with Support Needs (25-54)	£387,873
Women experiencing Domestic Abuse	£437,712
People with Substance Misuse Issues	£312,601
Alarm Services (including in sheltered/extra care)	£14,894
People with Criminal Offending History	£71,327
Contribution to Social Services Schemes	£606,984
Newport CC funding transfer	(£70,000)
Less supporting people grant	(£6,232,790)
Sub Total	£0
Services for Children with Disabilities	
Blackwood Resource Centre	£317,576
Residential Care	£357,593
Foster Care	£408,343
Preventative and Support - (Section 17 & Childminding)	£9,470
Respite Care	£56,258
Direct Payments	£164,911
Social Services Grant	(£2,537)
Sub Total	£1,311,614
Other Costs	
Telecare Gross Cost	£621,675
Less Client and Agency Income	(£353,985)
-Less Contribution from Supporting People	(£83,705)
Agreements with Voluntary Organisations	
Children with Disabilities	£350,837
Elderly	£150,907
Learning Difficulties	£61,928
Section 28a Income	(£52,020)
Mental Health & Substance Misuse	£69,895
MH Capacity Act / Deprivation of Libert Safeguards	£97,460
Other	£55,143
Provision for Fee Uplifts	£265,176
Social Services Grant	(£266,246)
Wales Independent Living Expenditure	£69,579
Gwent Enhanced Dementia Care Expenditure	£279,692
Gwent Enhanced Dementia Care Grant	(£209,692)
Intermediate Care Fund Contribution	(£70,000)
Sub Total	£986,644
TOTAL ADULT SERVICES	£64,531,017

Original Budget
2019/20

£

SERVICE STRATEGY AND BUSINESS SUPPORT

Management and Administration

Policy Development and Strategy

£172,082

Business Support

£715,925

Sub Total

£888,007

Office Accommodation

All Offices

£277,756

Less Office Accommodation Recharge to HRA

(£60,103)

Sub Total

£217,653

Office Expenses

All Offices

£169,330

Sub Total

£169,330

Other Costs

Training

£323,619

Staff Support/Protection

£9,401

Information Technology

£32,054

Management Fees for Consortia

(£51,002)

Insurances

£254,212

Other Costs

£265,998

Sub Total

£834,282

TOTAL RESOURCING AND PERFORMANCE

£2,109,272

APPENDIX 2

Schedule 1 – Annex A

Pro-forma – Intended Use of Funding

Please provide a brief description of the services you intended to support and how in using this funding in accordance with the Purposes set out in Schedule 1 and your rationale for this.

We recognise that the intended use of the funding may change during the course of the year dependent on local needs and service requirements this can be notified to us in the mid and end year monitoring reports.

- Throughout the 2018/19 financial year, Caerphilly C.B.C. invested non-recurring reserve fund balances to pilot a multi-disciplinary intensive therapeutic fostering service. This service has provided additional support to in-house foster carers to enable them to provide care for children and young people with more challenging behaviours. The service has helped to reduce the number of children supported by Caerphilly C.B.C. in out-of-county residential placements and with independent fostering agencies despite an overall increase in the looked after children population. This in turn has helped to mitigate the increase in cost that would otherwise have been experienced had the additional demand been met through more expensive independent sector placements. Therefore, we propose to use Social Care Workforce and Sustainability Pressures Grant to continue this service in 2019/20 in order to continue to mitigate current pressures in core social services and help to manage increased demands resulting from increasingly complex and challenging care (i.e. Schedule 1 – Purpose 2a).
- Also in 2018/19, Caerphilly C.B.C. invested non-recurring reserve fund balances to recruit additional social worker capacity in our foster care team. This additional capacity allowed us to tackle a backlog in the assessments of potential foster carers, culminating in an increase in the numbers of in-house foster care placements available. This has helped to reduce the number of children placed by Caerphilly C.B.C. with more expensive independent fostering agencies despite an overall increase in the looked after children population. Again, this has helped to mitigate the increase in cost that would otherwise have been experienced had the additional demand been met through more expensive independent sector placements. Therefore, we propose to use Social Care Workforce and Sustainability Pressures Grant to continue this additional social worker capacity in 2019/20 as it will continue to mitigate current pressures in core social services and help to manage increased demands resulting from increasingly complex and challenging care (i.e. Schedule 1 – Purpose 2a)
- Also, in 2018/19, Caerphilly C.B.C. experienced a significant increase in demand for direct payments. In response to this, additional direct payment adviser staffing capacity was approved on a fixed term basis until 31st March 2019. This was to be funded from short term vacancy savings experienced across the social services directorate. We propose to use Social Care Workforce and Sustainability Pressures Grant to continue this additional staffing capacity in 2019/20 as it will continue to mitigate current pressures in core social services and help to manage increased demands resulting from demographic changes (i.e. Schedule 1 – Purpose 2a).
- Caerphilly C.B.C. has experienced a significant increase in demand for adult social care throughout 2018/19 due to demographic changes and increasingly complex and challenging care. Despite the protection afforded to social care within the authority's core budget settlement for 2019/20, we are anticipating a shortfall in the funding available to meet the full year effect of the increase in demand experienced throughout 2018/19. We propose to use Social Care Workforce and Sustainability Pressures Grant to help fund any shortfall in core budgets for adult care packages in 2019/20, thereby mitigating current pressures in core social services in order to be better placed to manage increased demands resulting from demographic changes and increasingly complex and challenging care (i.e. Schedule 1 – Purpose 2a).

- For 2019/20, Caerphilly's corporate budget strategy has allowed for a 2.4% inflationary increase in respect of non-pay costs for all service areas. However, in order to support providers in becoming more sustainable to help maintain the quality and continuity of care (i.e. Schedule 1- Purpose 2b) it is proposed to award fee uplifts to providers in excess of the 2.4% included in core budgets. Therefore, we propose to use Social Care Workforce and Sustainability Pressures Grant to underwrite fee increases in excess of 2.4%. This will also help providers to meet increases in workforce costs and address recruitment issues (i.e. Schedule 1 – Purposes 1a and 1b).