



SOCIAL SERVICES SCRUTINY COMMITTEE 24TH SEPTEMBER 2020 (INFORMATION ONLY)

SUBJECT: 2020/21 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 2020/21 revenue budget settlement for Social Services.

2. SUMMARY

- 2.1 The report provides details of the 2020/21 revenue budget for service areas within Social Services and outlines the reasons for movements in the revenue budget since 2019/20.
- 2.2 The report also sets out the corporate context within which the 2020/21 revenue budget has been set and considers how the 2020/21 budget has been shaped by the Directorate's financial performance in 2019/20 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 2020/21 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 2020/21 original revenue budget for Social Services.

5. THE REPORT

5.1 The Corporate Context

- 5.1.1 Details of the Provisional Local Government Financial Settlement are normally announced by WG in early October each year. However, due to a combination of the continuing uncertainty around Brexit, along with the delay in undertaking the UK Government spending review and the announcement of the General Election, the announcement of the Provisional Local Government Financial Settlement for 2020/21 was delayed.
- 5.1.2 In the absence of this provisional settlement and in order to allow sufficient time for public consultation, on 13th November 2019, Cabinet endorsed draft budget proposals for 2020/21 which were based on a range of assumptions and information available at the time. These proposals included a savings requirement of £8.485m and a proposed increase in Council Tax of 6.95%.

- 5.1.3 The provision settlement was eventually announced by Welsh Government on 16th December and resulted in a favourable position for local authorities and provided Caerphilly CBC with headroom of £10.58m in determining the final 2020/21 budget when compared with the proposals endorsed by Cabinet in November.
- 5.1.4 In response to this announcement, on 12th February 2020, Cabinet endorsed a revised set of budget proposals for 2020/21 including a reduced savings requirement for 2020/21 of £3.047m and a smaller increase in Council Tax of 4.7%.
- 5.1.5 This reduced savings requirement of £3,047m did not include any savings requirements for Social Services. Moreover, the budget proposals included the re-instatement of £300k of temporary savings that had been cut from the Social Services budget in 2019/20 and provided additional growth of £800k for Social Services for the 2020/21 financial year to address inescapable costs pressures caused by increase demand for residential care for children.

5.2 **Social Services Financial Performance in 2019/20**

- 5.2.1 At the Social Services Scrutiny meeting on 4th February 2020, Members were notified of a potential underspend of £976k for Social Services for the 2019/20 financial year. However, this position included a number of one-off income streams and other non-recurring issues such as staffing vacancies and temporary fluctuations in demand which masked a significant over-commitment in respect of residential care for children along with increasing demand for supported living placements and shared lives placements for younger adults.
- 5.2.2 In light of this, finance staff undertook a review of the full year financial impact of all long term care packages which identified a potential shortfall in funding for child care placements for 2020/21 of around £1.519m and surplus funding for adult services of around £121k for 2020/21.
- 5.2.3 In response to this review, the Social Services budget for 2020/21 has been re-shaped to reflect these known commitments. The £300k temporary saving that had been cut from the 2019/20 budget and re-instated in the 2020/21 budget has been allocated to residential care for children along with the £800k growth that was included in the proposals endorsed by Cabinet on 20th February. Furthermore, £121k has been re-allocated from the Adult Services budget to the Children's Services budget for 2020/21.
- 5.2.4 This re-shaping of the budget still left a potential shortfall in the Children's Services budget of around £298k. However, it was felt that this shortfall could be eradicated in 2020/21 through the repatriation of some residential placements once our new in-house facilities became fully operational.

5.3 **The Social Services Budget Strategy**

- 5.3.1 In June 2019, a total budget of £90,333,115 for Social Services for 2019/20 was reported to Members. However, during 2019/20 the Education Safeguarding Team that had previously fallen under the remit of the Assistant Director for Children's Services, was transferred into the Directorate of Education and Corporate Services. In response to this change in line management, a budget of £190,867 was vired from the Social Services budget to the Education budget during 2019/20.
- 5.3.2 Two further budget virements were undertaken during 2019/20 in response to additional costs incurred by other directorates due to issues arising within Social Services. The first of these virements saw £70,000 vired from Social Services to the Communities Directorate in response to increasing costs experienced within the Integrated Transport Unit due to increased transport demands for Social Services service users. The other virement involved £17,000 being vired from Social Services to the Directorate of Education and Corporate Services in

response to increased software costs incurred by I.T. Services following adoption of the W.C.C.I.S. national database by Social Services.

5.3.3 The effect of these in-year budget virements was to reduce the Social Services budget from the £90,333,115 that had been reported to Members in June to £90,055,248 by the end of the financial year.

5.3.4 Welsh Government's Final Local Government Financial Settlement for 2020/21 included additional funding for local authorities to cover the increased costs of nursing home care provision following a legal ruling that local authorities should cover the cost of nursing staff while they are undertaking social care tasks. An amount of £101,275 has been added in to the Social Services budget for 2020/21 in respect of this additional financial responsibility.

5.3.5 The budget proposals endorsed by Cabinet on 20th February 2020 included the following provision for general fund inflationary pressures:-

	£m
Pay Awards for APT&C staff at 2%	2.467
Contingency for Pay Awards in Excess of 2%	0.868
Living Wage Increases for APT&C staff	0.049
Non-pay inflation	1.905
Total	5.289

5.3.6 The budget provision for the contingency for pay awards in excess of 2% has been held within the Corporate Services budget pending the final pay award settlement for 2020/21 but the Social Services budget for 2020/21 includes the following share of funding to address the inflationary pressures identified above:-

	£
Pay Awards for APT&C staff at 2%	831,820
Living Wage Increases for APT&C staff	5,327
Non-pay inflation	1,142,829
Total Inflationary Pressures	1,979,796

5.3.7 As discussed in section 5.2 of this report, the budget proposals endorsed by Cabinet on 20th February included £300,000 in respect of re-instated savings from 2019/20 and £800,000 in respect of growth funding for Social Services. Following the budget realignment exercise explained in section 5.2, this additional £1.1m was added to the Children's Services budget for 2020/21 along with a further £121 transferred from the Adult Services budget for 2020/21 in response to the increased demand for residential care for children.

5.3.8 The issues identified in paragraphs 5.3.1 to 5.3.7 above have resulted in an original budget for 2020/21 for Social Services of £93,236,499 as summarised below:-

	Children's Services £	Adult Services £	Business Support £	Total £
Original budget 2019/20	23,692,826	64,531,017	2,109,272	90,333,155
In year virements in 2019/20	(264,927)	4,060	(17,000)	(277,867)
Revised base budget 2019/20	23,427,899	64,535,077	2,092,272	90,055,248
Transfer in re. nursing care homes		101,275		101,275
Total inflationary pressures	494,287	1,446,699	38,990	1,979,796
Re-instate saving from 2019/20	300,000			300,000
Growth for inescapable pressures	800,000			800,000
Budget re-alignment	120,911	(120,911)		0
Original Budget 2020/21	<u>25,143,097</u>	<u>65,962,140</u>	<u>2,131,262</u>	<u>93,236,499</u>

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

- 5.4.1 In addition to the increased funding awarded to Social Services within the corporate budget settlement, the Directorate received an increase of £591k in the Social Care Workforce and Sustainability Pressures grant funding awarded by Welsh Government in response to the financial pressures and market instability faced within social care across Wales.
- 5.4.2 This additional grant funding has been used in Caerphilly to facilitate inflationary uplifts in fees payable to adult social care providers in excess of the 1.7% provision that had been included in the corporate budget settlement for non-pay inflation. As a result, fees payable to larger residential and nursing home providers have been uplifted by 4%, domiciliary care fees have been uplifted by 3% and fees payable to supported living care providers and smaller residential care providers have been uplifted by 2.2%.

5.5 Conclusion

- 5.5.1 The Social Services budget for 2020/21 has been re-aligned to address known commitments as at January 2020. However, Members will be aware that demand for Social Care Services can fluctuate significantly over time which can cause variances between budgeted and actual costs. The ongoing Covid 19 pandemic is likely to amplify fluctuations in demand during the 2020/21 financial year.

6. ASSUMPTIONS

- 6.1 The 2020/21 budget for Social Services was set prior to the outbreak of the coronavirus pandemic that occurred in March 2020. Therefore, the budget did not factor in any additional costs resulting from the pandemic.

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 Acts 1972 and 2003 and the Council's Financial Regulations.

Author: Mike Jones, Interim Financial Services Manager, jonesmj@caerphilly.gov.uk

Consultees: David Street, Corporate Director for Social Services, streetd@caerphilly.gov.uk
Jo Williams, Assistant Director for Adult Services, willij6@caerphilly.gov.uk
Gareth Jenkins, Assistant Director for Children's Services, jenkig2@caerphilly.gov.uk
Stephen Harris, Interim Head of Business Improvement, harrisr@caerphilly.gov.uk
Cllr. Carl Cuss, Cabinet Member for Social Services, cusscj@caerphilly.gov.uk
Cllr. Lyndon Binding, Chair, bindil@caerphilly.gov.uk
Cllr. John Bevan, Vice Chair, bevanj@caerphilly.gov.uk

Appendices: Appendix 1 - Social Services Revenue Budget 2020/21