



SOCIAL SERVICES SCRUTINY COMMITTEE - 2ND FEBRUARY 2021

SUBJECT: BUDGET MONITORING REPORT (MONTH 9)

REPORT BY: CORPORATE DIRECTOR SOCIAL SERVICES

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1. PURPOSE OF REPORT

- 1.1 To inform Members of projected revenue expenditure for the Social Services Directorate and the financial impact of the Covid 19 pandemic upon the Directorate for the 2020/21 financial year.

2. SUMMARY

- 2.1 The report will identify the reasons behind a projected underspend of £2,210k for Social Services in 2020/21, inclusive of transport costs.
- 2.2 It will also identify the funding made available to Social Services during the 2020/21 financial year through the Welsh Government Covid 19 Hardship Fund.

3. RECOMMENDATIONS

- 3.1 Members are asked to note the budget virement in to the Social Services budget during the current financial year in response to the 2020/21 local government pay award.
- 3.2 Members are asked to note the projected underspend of £2,210k against the Social Services budget for 2020/21, inclusive of transport costs.
- 3.3 Members are asked to note the delegated decision posted by the Corporate Director for Social Services and Housing on 16th December 2020.
- 3.4 Members are asked to note the financial impact of the Covid 19 pandemic upon Social Services in 2020/21.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure Members are apprised of the latest financial position of the Directorate.

5. THE REPORT

5.1 Directorate Overview

- 5.1.1 The 2020/21 original budget held within Social Services amounted to of £93,236,499 (excluding transport costs). In addition to this, an original budget for 2020/21 of £1,552,829 was held within the Communities Directorate in respect of social care transport provision.
- 5.1.2 These original budgets included provision for a pay award of 2% with effect from 1st April 2020. However, the actual pay award awarded to local government staff with effect from 1st April 2020 amounted to 2.75%. In response to this an additional £312k has been vired in to the Social Services budget for 2020/21 with an additional £4k being vired in to the Communities Directorate budget in respect of staff involved in the transportation of Social Services service users.
- 5.1.3 Information available as at 31st December 2020 suggests a potential underspend of £2,105k against the budget held within Social Services (see appendix 1 for details), while the social care transport budget is forecast to be underspent by £105k following the closure of day care facilities in response to the Covid 19 pandemic. This would result in a total net underspend of £2,210k in respect of social care provision for 2020/21

Division	Previously Reported Budget (£000's)	Pay Award Virements (£000's)	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Children's Services	25,124	92	25,216	26,042	826
Adult Services	65,981	213	66,194	64,316	(1,878)
Service Strategy & Business Support	2,131	7	2,138	1,085	(1,053)
Sub Total Directorate of Social Services	93,236	312	93,548	91,443	(2,105)
Transport Costs	1,553	4	1,557	1,452	(105)
Grand Total	94,789	316	95,105	92,895	(2,210)

- 5.1.4 This potential underspend equates to a movement of over £3million from the potential overspend of £860k that was reported to Members at month 5. However, it should be noted that while some progress has been made in reducing the number of children's residential placements, the bulk of this movement is due to continued restrictions as a result of the Covid 19 pandemic and through the maximisation of grant funding.
- 5.1.5 During December 2020, tenders were received for the work required to bring the MyST Hub building in Bargoed High Street up to a usable standard. As a result of these tenders, a shortfall in funding for the project of £88k was identified. However, on 16th December 2020, a delegated decision was taken by the Corporate Director for Social Services and Housing in consultation with the Head of Financial Services & S151 Officer to earmark £88k of Social Services service reserves to underwrite the shortfall. Therefore, the 2020/21 projections do not include any provision for this project.

5.2 Children's Services

5.2.1 The Children's Services Division is currently projected to overspend its budget by £826k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Management, Fieldwork & Administration	9,042	8,254	(788)
Residential Care Incl. Secure Accommodation	6,324	7,612	1,288
Fostering & Adoption	8,029	8,550	521
Youth Offending	395	395	0
Families First	49	49	0
After Care Support	834	740	(94)
Other Costs	543	442	(101)
Totals: -	25,216	26,042	826

Management, Fieldwork and Administration

5.2.2 The projected underspend in respect of children's services staff costs has increased by £507k to £788k since the month 5 position was reported to Members in October. Around £165k of this relates to reduced mileage claims following the extension of restrictions linked to Covid 19. A further £76k of the movement is as a result of maximising grant funding, with core staff undertaking grant related work due to difficulties in recruiting to newly created, grant funded posts. The remainder of the movement can be attributed to the well documented challenges of recruiting to posts within Children's Services.

Residential Care Including Secure Accommodation

5.2.3 The projected overspend in respect of residential care for children has reduced by £326k to £1,288k since month 5. £110k of this movement is due to the delay in opening Ty Isaf Residential Home due to additional work required to make the building safe. The remainder of the movement has been achieved as a result of 3 children having moved on to foster care or supported lodgings.

Fostering and Adoption

5.2.4 Transitions of children from residential care into foster care and supported lodgings has added an additional pressure within this area of just £72k over the past two months. However, the division experienced a significant increase for foster care between September and October which added a further pressure of £200k. As a result of these additional pressures we are currently projecting an overspend of £521k in this area.

Aftercare

5.2.5 An underspend of £94k is projected in respect of Aftercare Services and can be attributed to the termination of one expensive placement.

Other Costs

5.2.6 An underspend of £101k is forecast in respect of other children's services costs. Around £33k of this underspend has been achieved as a result of restructuring the services that were previously delivered by Barnardo's until the contract came to an end in August. A further £21k has been achieved by utilising new Welsh Government grant funding to underwrite the cost of some of the services that were previously delivered by Barnardo's. The remainder of the underspend can be attributed to changes to the regional arrangements in respect of Integrated Family Support Services and the Gwent Missing Children Project.

5.3 Adult Services

5.3.1 The Adult Services Division is currently projected to underspend its budget by £1,878k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Management, Fieldwork & Administration	8,413	8,189	(224)
Own Residential Care and Supported Living	6,643	5,955	(688)
Own Day Care	4,104	3,668	(436)
Supported Employment	70	66	(4)
Aid and Adaptations	786	653	(133)
Gwent Frailty Programme	2,392	2,288	(104)
Supporting People (net of grant funding)	0	0	0
External Residential Care	15,127	14,567	(560)
External Day Care	1,486	946	(540)
Home Care	11,790	12,260	470
Other Domiciliary Care	14,039	14,598	559
Resettlement	(1,020)	(1,020)	0
Services for Children with Disabilities	1,392	1,393	1
Other Costs	972	753	(219)
Totals: -	66,194	64,316	(1,878)

Management, Fieldwork and Administration

5.3.2 The current projection in respect of Adult Services management, fieldwork and administrative staff is an underspend of £224k. This compares with a potential overspend £65k that was reported to Members at month 5. Of this movement, £103k relates to reduced mileage claims following the extension of restrictions linked to Covid 19 with the remainder attributable to staffing vacancies across the structure.

Own Residential Care and Supported Living

5.3.3 Around £130k of the £688k underspend in this area relates to delays in recruiting to posts at the facilities at Ashfield Road and Mill Street. A further £76k can be attributed to vacancies within the Peripatetic Team and £60k is due to additional income from other local authorities. A further £31k of the underspend within this service area relates to income from service users within our own residential homes. However, it should be noted that income levels have fallen since the month 5 position was reported to Members, reflecting the increased vacancy levels in our residential homes as a result of Covid 19. The remaining £391k of the underspend in this area largely reflects the level of staff vacancies and absence cover across our residential homes, respite care and supported living homes. Much of the absence cover has been provided through the redeployment of day care staff at no additional cost.

Own Day Care

5.3.4 The £436k underspend forecast against our own day care services can be attributed to the closure of day care facilities in response to the Covid 19 pandemic as some posts will have remained vacant during the closures. This underspend includes provision for a £15k contribution towards capital costs to enable the purchase of a vehicle to replace a leased vehicle utilised within the Links Project.

Aids and Adaptations

- 5.3.5 Difficulties in engaging contractors to undertake works of adaptations in service users' homes due to Covid 19 has led to a projected underspend of around £133k in this area.

Gwent Frailty Programme

- 5.3.6 The underspend of £104k in respect of the Gwent Frailty Programme can largely be attributed to Reablement Support Worker vacancies and a reduction in mileage claims.

Supporting People

- 5.3.7 No variance is currently anticipated in respect of Supporting People Services.

External Residential Care

- 5.3.8 An underspend of £86k is predicted in respect of respite care provision for adults aged under 65, reflecting the reduced level of demand for traditional respite care in a residential setting that was experienced in 2019/20. Further underspends of £438k and £171k are predicted in respect of long term residential care for older people and people with learning disabilities respectively while Covid 19 has prevented many residential programmes in respect of substance misuse, adding a further underspend of £49k. These underspends are partially offset by increased demand for long term placements for people with physical disabilities and people with mental health problems, resulting in a net underspend of £560k in respect of external residential care. It should be noted that this underspend has increased by around £499k since month 5 which can largely be attributed to the effects of Covid 19.

External Day Care

- 5.3.9 An underspend of around £540k is forecast in respect of external day care provision. This is largely due to the temporary suspension of some services in response to Covid 19.

Home Care (In-House and Independent Sector)

- 5.3.10 Demand for domiciliary care has continued to grow throughout the current financial year with the projected overspend in this area now amounting to £470k. Much of this additional demand can be attributed to restrictions on residential care admissions and avoidance of hospital admissions as a result of the Covid 19 pandemic.

Other Domiciliary Care

- 5.3.11 Demand for supported living placements and shared lives placements has increased since month 5, resulting in a projected overspend of £559k in this area.

Children with Disabilities

- 5.3.12 Increased demand for respite care for children with disabilities has been largely offset by reductions in residential care placements, foster care placements and direct payments arrangements resulting in a net overspend of £1k.

Other Costs

- 5.3.13 The £219k underspend in this area includes £40k in respect of the termination of the Dewis advocacy contract and £42k relating to the over provision for core costs at the Caerphilly Children's Centre. The remainder of the underspend can be attributed to a reduction in demand against voluntary sector spot purchasing contracts due to Covid 19 restrictions.

5.4 Service Strategy and Business Support

5.4.1 The service area is currently projected to underspend by £1,053k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Management and Administration	913	871	(42)
Office Accommodation	223	207	(16)
Office Expenses	152	98	(54)
Other Costs	850	(91)	(941)
Totals: -	2,138	1,085	(1,053)

Management and Administration

5.4.2 The underspend of £42k in respect of management and administration includes £30k in respect of staffing vacancies and £12k in respect of reduced mileage expenses due to Covid 19 restrictions.

Office Accommodation

5.4.3 The underspend of £16k in this area is largely due to over provision for recharges from Aneurin Bevan University Health Board in respect of the shared facilities at the North Resource Centre in Rhymney.

Office Expenses

5.4.4 Restrictions on staff attending our office buildings due to Covid 19 has led to a reduction in printing and postal costs which has contributed to a projected underspend of £54k in this area.

Other costs

5.4.5 The underspend of £941k projected in this area includes around £24k through maximisation of Integrated Care Fund grant, around £5k in respect of insurance premiums and around £10k in respect of over provision for our contribution towards the regional transformation team. However, the bulk of the underspend can be attributed to the W.G. Covid 19 Hardship Grant Scheme.

5.4.6 Around £562k has been claimed through this grant scheme up to December 2020 to support in-house service provision and a further £450k is expected to be claimed between January and March 2021. While some additional in-house costs due to Covid 19 are easily identifiable (e.g. Covid 19 testing in care homes) much of the additional costs are less identifiable such as sickness cover provided by existing staff and lost income due to reduced occupancy. These less identifiable costs are captured within the Adult Services projected costs reported in section 5.3 of this report while the grant funding has been captured within the Business Support projections reported in section 5.4 of this report. As a result, a net underspend of £901k relating to the Covid 19 Hardship Grant is now included within the £941k underspend identified within other costs. This apparent surplus had not been anticipated when the month 5 forecasts were reported to Members. Further details relating to the Covid 19 costs and grant funding are provided in section 5.5 below and in appendix 2.

5.5 **Welsh Government's Covid 19 Hardship Fund**

- 5.5.1 The month 5 budget monitoring report presented to Members in October 2020 identified potential additional social care costs of £6,095k in 2020/21 as a result of the Covid 19 pandemic. The report also identified potential grant income of £6,090k through Welsh Government's Covid 19 Hardship Fund leaving a potential net cost to the Authority of just over £5k.
- 5.5.2 However, at the Social Services Scrutiny meeting held on 20th October, the Financial Services Manager informed Members that the month 5 report had assumed that certain costs that had been claimable under tranche 1 of the Welsh Government Hardship Scheme would not be claimable under tranche 2 of the Scheme. These costs largely related to the additional one-to-one personal support that has been provided to service users since the outbreak of the pandemic and amounted to £593k.
- 5.5.3 The Financial Services Manager also pointed out that since the month 5 report had been written, Welsh Government had agreed to fund these additional costs which meant that instead of the potential shortfall of £5k identified in the month 5 report there could be an apparent surplus of £588k. It should be noted that this is not a real surplus as much of the additional costs incurred as a result of Covid 19 cannot be readily distinguished from the usual costs of providing social care.
- 5.5.4 For example, staff absence cover within our own in-house services is often provided by existing staff working additional hours. However, it is difficult to identify how many of these additional hours have been necessitated by Covid 19 and how many were due to other staff absences. Also, Welsh Government have recognised the cost of providing meals in our residential homes has increased over the course of the pandemic but it is difficult to determine how much of this increase is due to the pandemic and how much is due to normal inflationary pressures. Furthermore, it is also difficult to predict what occupancy rates in our residential homes might have been had it not been for the pandemic so it is difficult to quantify how much income has been lost due to reduced occupancy caused by Covid 19.
- 5.5.5 Due to the above difficulties in separating out these costs, much of the costs incurred within our in-house services are hidden within the costs discussed under sections 5.2 and 5.3 of this report while the associated grant income is captured under section 5.4 of this report.
- 5.5.6 Since the month 5 report was presented to Members, the potential identifiable costs associated with the pandemic have increased by almost £1million to £7.045million. Around £152k of this increase relates to the Statutory Sick Pay Enhancement Scheme which was introduced by Welsh Government in November in order to encourage care staff to stay away from work if they display any Covid 19 symptoms or are contacted through the Track and Trace Scheme.
- 5.5.7 A further £153k of the increased potential costs is due to increases in the numbers of service users requiring additional one-to-one personal support while the remaining increase can largely be attributed to additional financial support for care providers, mainly due to increasing vacancies within residential homes.
- 5.5.8 Of the £7,045k projected additional cost, around £20k will not be reimbursed by Welsh Government. Around £10k of this is due to a change in the terms and conditions from tranche 1 to tranche 2 of the scheme which meant that residential care costs for children could not be reclaimed beyond 30th June. The remaining £10k of costs were considered by Welsh Government to be incurred as a result of a local decision rather than a national requirement. This means that around £7,025k of grant funding could be claimed in respect of identifiable additional costs.
- 5.5.9 Tranche 2 of the Covid 19 Hardship Grant scheme entitles local authorities to claim top up funding in respect of their in-house residential care services, their in-house supported living

services and their in-house domiciliary care services. It is anticipated that Caerphilly C.B.C. will be entitled to claim around £1,012k of Welsh Government Hardship Grant in respect of these services during 2020/21. The £7,045k of identifiable costs identified in paragraph 5.5.6 above includes just £90k in respect of these in-house services, which means that around £922k of grant funding will be claimable in respect of the hidden costs of in-house service provision described in paragraph 5.5.4.

5.5.10 In short, current projections suggest that we could claim around £7,947k in 2020/21 through the Welsh Government's Covid 19 Hardship Fund while incurring £7,045k of identifiable additional costs with the remaining £922k being available to underwrite the hidden additional costs within in-house services. This position is summarised in appendix 2.

5.6 Conclusion

5.6.1 An underspend of £2,210k is currently forecast for Social Services for 2020/21. However, the Covid 19 pandemic has significantly curtailed service activity in many areas during the current financial year and has also led to increased staffing vacancies, reduced travel costs and reduced office running costs. These underspends are unlikely to recur in future years once Covid 19 restrictions have been lifted. However, there is an underlying increase in demand for child care placements and for domiciliary care and supported living placements for adults which will require addressing in future years' budget deliberations.

5.6.2 The pandemic has also highlighted the fragilities in the social care market which in turn has led to pressure on fee levels. Therefore, it is critical that the Directorate continues to focus on initiatives to manage demand and provide cost effective services.

6. ASSUMPTIONS

6.1 The projections within this report assume that demand for services will remain at existing levels until the end of the financial year unless there is strong evidence to suggest otherwise.

6.2 The projections within this report assume that Covid 19 restrictions will remain in force for the remainder of the current financial year.

7. LINKS TO RELEVANT COUNCIL POLICIES

7.1 The provision of budget monitoring information is required as part of the budgetary control requirements contained within the Council's Financial Regulations.

7.2 Corporate Plan 2018-2023.

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 objectives.

8. WELL-BEING OF FUTURE GENERATIONS

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

9. EQUALITIES IMPLICATIONS

9.1 An Equality Impact Assessment is not needed because the issues covered are for information purposes only, therefore the Council's full EIA process does not need to be applied.

10. FINANCIAL IMPLICATIONS

10.1 As detailed throughout the report.

11. PERSONNEL IMPLICATIONS

11.1 There are no direct personnel implications arising from this report.

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.

14. URGENCY (CABINET ITEMS ONLY)

14.1 This report is for information only and as such does not require a Cabinet decision.

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Cllr. Lyndon Binding, Chair,
Cllr. Carmen Bezzina, Vice-Chair,

Appendices:

Appendix 1 Social Services Budget Monitoring Report 2020/21 (Month 9)

Appendix 2 Social Services - Covid 19 Related Costs and Welsh Government Hardship Fund Grant Income - Forecast as at 31st December 2020