



EDUCATION AND SOCIAL SERVICES SCRUTINY COMMITTEE – 17TH OCTOBER 2023

SUBJECT: 2023/24 BUDGET MONITORING REPORT (MONTH 3)

REPORT BY: DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

1.1 To inform Members of projected revenue expenditure for Social Services for the 2023/24 financial year and its implications for future financial years.

2. SUMMARY

2.1 The report will identify the reasons behind a projected underspend of £2,938k for Social Services in 2023/24, inclusive of transport costs.

2.2 It will also consider the implications of this projected underspend on Social Services reserve balances and for future financial years.

3. RECOMMENDATIONS

3.1 Members are asked to note the projected underspend of £2,938k along with its implications on reserve balances and future financial years.

4. REASONS FOR THE RECOMMENDATIONS

4.1 To ensure Members are apprised of the latest financial position for Social Services.

5. THE REPORT

5.1 Social Services Overview

5.1.1 On 30th May 2023, the Social Services Scrutiny Committee received the 2023/24 Social Services Revenue Budget report, which identified a total budget for Social Services of £127,137,247. There have been no budget virements approved across service areas since that date so the revised 2023/24 budget for Social Services remains unchanged.

5.1.2 Information available as at 30th June 2023 suggests a potential underspend of £2,587k against the revised budget identified above. Details of this potential spend are provided in sections 5.2, 5.3 and 5.4 of this report and in appendix 1.

- 5.1.3 In addition to the revised budget for Social Services identified above, a further £1,753,733 is included in the Economy & Environment Directorate budget in respect of transport costs for Social Services. Current information suggests a potential underspend of £351k against this budget as a result of reduced costs of transport to day centres.
- 5.1.4 This potential underspend in respect of transport costs would add to the potential underspend against the Social Services revised budget, resulting in a net underspend of £2,938k as summarised below:-

Division	Revised Budget (£000's)	Projection/ Commitment (£000's)	(Over)/Under Spend (£000's)
Children's Services	35,943	35,800	143
Adult Services	87,487	85,223	2,264
Service Strategy & Business Support	3,707	3,527	180
Sub-Total Directorate of Social Services	127,137	124,550	2,587
Transport Costs	1,754	1,403	351
Grand Total	128,891	125,953	2,938

5.2 Children's Services

- 5.2.1 The Children's Services Division is currently projected to underspend its budget by £143k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	(Over)/Under Spend (£000's)
Management, Fieldwork & Administration	11,771	11,077	694
Residential Care Incl. Secure Accommodation	12,627	12,738	(111)
Fostering & Adoption	9,753	10,077	(324)
Youth Offending	478	435	43
Families First	4	4	0
After Care Support	771	1,031	(260)
Other Costs	539	438	101
Totals: -	35,943	35,800	143

Management, Fieldwork and Administration

- 5.2.2 Continuing recruitment difficulties have contributed to a potential underspend of £694k in respect of Children's Services management, administration and social work staff.

Residential Care Including Secure Accommodation

- 5.2.3 In response to Welsh Government's "Eliminating Profit" agenda, Caerphilly's Children's Services Division is in the early stages of establishing up to 4 additional in-house residential homes for children. Ultimately, these new locally situated homes will provide better outcomes for children and prove more economical as the reliance on independently run out-of-county placements will reduce. However, in the short term additional costs are being incurred in establishing the workforce to staff the new homes and in sourcing temporary premises while permanent premises are being commissioned. As a result, the division is anticipating an overspend of £111k in respect of residential care for children, despite the additional grant funding of £417k made available by Welsh Government to support this agenda.

Fostering and Adoption

- 5.2.4 An overspend of £324k is predicted in respect of fostering and adoption arrangements, largely as a result of an 11.5% increase in the number of children with Special Guardianship Orders and the associated legal costs of those arrangements.

Youth Offending

- 5.2.5 Following a freeze in contributions in to the Blaenau Gwent and Caerphilly Youth Offending Service over several years, the Local Management Board (LMB) agreed to uplift contributions by 10% annually commencing in 2022/23, in order to keep pace with increasing costs. However, in light of the financial pressures faced by partner organisations in 2023/24, the LMB subsequently agreed a one-off reimbursement to partners from service reserves to mitigate the 10% increase in contributions required in 2023/24. This has resulted in a £43k underspend in respect of Caerphilly Children's Services contribution to the YOS partnership.

Aftercare and Other Children Looked After Services

- 5.2.6 An increase in the number of care leavers with continuing support packages has increased significantly since the 2023/24 budget was set, with support also being provided for longer periods. This has contributed to a potential overspend of £260k

Other Costs

- 5.2.7 The demand for advocacy and family support services funded through spot purchase arrangements has proved to be much lower than originally anticipated, as has the contribution expected from Caerphilly to support the Gwent Missing Children Project. This has contributed to an underspend of around £193k. However, this has been partially offset by a £92k increase in the cost of supporting unaccompanied asylum seeking children, resulting in a net underspend of £101k in respect of Children's Services other costs.

5.3 **Adult Services**

- 5.3.1 The Adult Services Division is currently projected to underspend its budget by £2,264k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	(Over)/Under Spend (£000's)
Management, Fieldwork & Administration	10,041	9,786	255
Own Residential Care and Supported Living	9,329	8,309	1,020
Own Day Care	4,787	4,259	528
Supported Employment	77	70	7
Aid and Adaptations	865	902	(37)
Gwent Frailty Programme	2,750	2,615	135
External Residential Care	22,266	23,460	(1,194)
External Day Care	979	823	156
Home Care	12,496	10,043	2,453
Other Domiciliary Care	21,561	22,024	(463)
Resettlement	(1,020)	(1,020)	0
Services for Children with Disabilities	2,256	2,865	(609)
Other Costs	1,100	1,087	13

	Revised Budget (£000's)	Projection/ Commitment (£000's)	(Over)/Under Spend (£000's)
Totals: -	87,487	85,223	2,264

Management, Fieldwork and Administration

- 5.3.2 The management, fieldwork and administration budget for both Adult Services and Children's Services include an assumption that 4.5% of core funded posts will be vacant at any one time. The £255k underspend projected in this area within Adult Services reflects that actual vacancy levels throughout the first 3 months of 2023/24 have exceeded that assumption.

Own Residential Care and Supported Living

- 5.3.3 Of the £1,020k underspend forecast in respect of our own residential care and supported living homes, around £395k can be attributed to additional service user contributions following a recovery in occupancy levels in our residential homes, post-pandemic. A further £141k of the underspend stems from the closure of South View residential home for people with learning disabilities at Graig Road, Hengoed, which was formerly occupied by service users from Rhondda Cynon Taff. The remaining underspend can largely be attributed to staff recruitment difficulties.

Own Day Care

- 5.3.4 Alternative service provision within our own day opportunities is expected to result in an underspend of £528k. This assumes that service levels will gradually recover to pre-pandemic levels by the end of the financial year.

Aids and Adaptations

- 5.3.5 The projected overspend of £37k in this area includes a £50k increase in the management charge for the Gwent Integrated Community Equipment Service. This increase has been agreed by the Management Advisory Board in response to the inflationary pressures associated with operating the service.

Gwent Frailty Programme

- 5.3.6 The underspend of £135k in respect of the Gwent Frailty Programme reflects the continued difficulties faced in recruiting Reablement Support workers and Emergency Care at Home staff.

External Residential Care

- 5.3.7 Occupancy levels within residential and nursing homes have continued to increase, post pandemic. As a result, Adult Services are currently commissioning around 13,000 more bed days during 2023/24 than when the 2023/24 budget was set (i.e. almost 36 permanent places). This in turn has resulted in a potential overspend of £1,194k.

External Day Care

- 5.3.8 External day care provision has not yet recovered to pre-pandemic levels resulting in a projected underspend of £156k.

Home Care (In-House and Independent Sector)

- 5.3.9 The £2,453k underspend in respect of Home Care includes £2,115k relating to in-house service provision and £338k relating to independent sector provision. The underspends for both the in-house service and independent sector home care reflect the staff recruitment

difficulties faced across the sector that have culminated in around 330 weekly hours of unmet need and around 74 vacant posts in-house. The forecasts included in this report reflect current service provision so if staff recruitment can be improved this underspend could begin to reduce.

Other Domiciliary Care

5.3.10 The underspend in respect of home care service provision identified in paragraph 5.3.9 has impacted on the level of income receivable from service users, resulting in a potential shortfall of around £397k. Furthermore, an increase in demand for supported living has added a further pressure of £257k. These pressures have been partially offset by reimbursements of excess balances received from direct payment recipients and a slow recovery in demand for Shared Lives services. The net impact of all these issues is a potential overspend of £463k in respect of other domiciliary care.

Children with Disabilities

5.3.11 Of the £609k overspend predicted in respect of Children with disabilities, £519k can be attributed to 3 new placements in residential care that have been necessary since the 2023/24 budget was set. The remainder of the overspend can be attributed to additional staffing required at Ty Hapus respite home.

Other Costs

5.3.12 An overspend of £61k is projected in respect of additional staffing cover for the Telecare help line. However, this has been more than offset by limited demand for services purchased through spot contract arrangements, resulting in a net underspend of £13k in respect of other costs for adult services.

5.4 **Service Strategy and Business Support**

5.4.1 The service area is currently projected to underspend by £180k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	(Over)/Under Spend (£000's)
Management and Administration	2,299	2,112	187
Office Accommodation	331	357	(26)
Office Expenses	133	114	18
Other Costs	944	944	0
Totals: -	3,707	3,527	180

Management and Administration

5.4.2 The underspend of £187k in respect of management and administration includes £95k as a result of the vacant director's post. The remaining £92k can be attributed to delays in filling newly created posts within the Caerphilly Cares Service.

Office Accommodation

5.4.3 Increased energy costs at the North Resource Centre and Ty Graddfa offices have contributed to a potential overspend of £26k in respect of office accommodation costs.

Office Expenses

5.4.4 The underspend of £18k in this area can be attributed to reduced printing costs as a result of a growth in virtual meetings and home working.

5.5 Impact of the Potential Underspend on Service Reserve Balances and Future Financial Years

5.5.1 The projected in-year underspend of £2,938k could increase the Social Services general reserve balance by £1,469k to £4,182k and increase corporate reserve balances by the same amount. These additional reserve balances could provide some temporary breathing space within the corporate medium-term financial plan for 2024/25.

5.5.2 The underspend forecast for Adult Services in 2023/24 is largely due to staff shortages within the domiciliary and day care market, while further staff shortages within Children's Services have masked increased demand for special guardianship arrangements and aftercare support. If these recruitment issues can be resolved then the savings achieved in 2023/24 will not be realised in future years to offset other pressures. Furthermore, the increasing costs faced by social care providers is likely to translate into demands for significant fee increases in 2024/25. The anticipated increase in Social Services reserves could help mitigate the impact of these additional pressures, in the short-term.

5.6 Conclusion

5.6.1 Despite a number of areas where sizeable cost pressures are being experienced, staffing shortages across the social care have led to projected in-year underspend of £2,938k for Social Services in 2023/24. If those staffing shortages can be resolved then the increase in service reserves that would result from the 2023/24 underspend could provide a welcome boost to the Social Services budget in 2024/25.

6. ASSUMPTIONS

6.1 The projections within this report assume that any impact of the outstanding pay award for 2023/24 in excess of 5% will be corporately funded.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 An Integrated Impact Assessment is not needed because the issues covered are for information purposes only.

8. FINANCIAL IMPLICATIONS

8.1 As detailed throughout the report.

9. PERSONNEL IMPLICATIONS

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

10. CONSULTATIONS

10.1 All consultation responses have been incorporated into this report.

11. STATUTORY POWER

11.1 Local Government Acts 1972 and 2003 and the Council's Financial Regulations.

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Appendices:

Appendix 1 Social Services Budget Monitoring Report 2023/24 (Month 3)