

## HEALTH, SOCIAL CARE AND WELLBEING SCRUTINY COMMITTEE - 10TH JULY 2012

**SUBJECT: MEDIUM-TERM FINANCIAL PLAN & 2012/13 REVENUE BUDGET**

**REPORT BY: CORPORATE DIRECTOR SOCIAL SERVICES**

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### 1. PURPOSE OF REPORT

- 1.1 To provide Members with an update on the Medium-Term Financial Plan and to present details of the 2012/13 revenue budget for the Directorate of Social Services.

### 2. SUMMARY

- 2.1 The report provides an update on the Directorate's Medium-Term Financial Plan and details of the 2012/13 revenue budget for service areas within Social Services.

### 3. LINKS TO STRATEGY

- 3.1 The budget reflects the agreed 2012/13 financial strategy for the Authority.
- 3.2 The detailed allocation of the budget across service areas will ensure that the Directorate is well placed to deliver its objectives, which in turn will support the achievement of the Authority's stated aims.

### 4. THE REPORT

#### 4.1 Medium-Term Financial Plan Update

- 4.1.1 The budget report presented to Council on 25th February 2010 detailed the indicative Medium-Term Financial Plan proposals for the Authority. At that time, this indicated that the Council would need to reduce actual cash spend by £25m by March 2015 and it was projected that Social Services would need to identify savings and efficiencies of £6.5m towards this target.
- 4.1.2 The subsequent 2011/12 Welsh Government Revenue Support Grant (RSG) settlement for the Authority resulted in a cut of 1.57% i.e. a cash reduction of £4.553m on the previous year. The indicative RSG settlement for 2012/13 was an uplift of 0.67% with a further uplift of 1.33% for 2013/14.
- 4.1.3 In light of this funding settlement financial planning assumptions were reviewed and this resulted in a revised Authority savings requirement of £17.4m to be achieved by the end of the 2013/14 financial year. However, £12.5m of these savings had been achieved in advance or were already approved, which left a balance of £4.9m to be found by 2013/14. Due to protection afforded by the Welsh Government for Social Services, the Directorate was not required to contribute towards this remaining corporate savings requirement.

4.1.4 Since April 2009 the Directorate of Social Services has made significant savings and efficiencies to contribute towards the Medium-Term Financial Plan and to manage cost pressures arising from demographics and the increasing demand for services. These savings and efficiencies have been delivered with no adverse impact on front-line service delivery or staff redundancies and have been achieved through a range of actions including the review and restructuring of staffing requirements, the reconfiguration of services, rationalisation of office accommodation and a reduction in back office costs. A summary is provided in the following table:-

Financial Year	Savings/ Efficiencies (£)
2009/10	3,581,998
2010/11	1,880,838
2011/12	2,014,561
<b>Total: -</b>	<b><u>7,477,397</u></b>

4.1.5 The 2012/13 Welsh Government funding settlement and indicative settlements for 2013/14 and 2014/15 will result in additional savings requirements for Social Services and these will be discussed in detail later in the report. However, Members will recall that at the recent Health, Social Care & Wellbeing Performance Management Scrutiny Committee details were presented of the significant demographic challenges facing Social Services, in particular the following:-

- Population aged 65 and over will increase by 25 % by 2020 and 50% by 2030.
- 76% increase in people anticipated to be suffering from dementia.
- Anticipated increase of 51% in the number of people with a learning disability by 2030.

4.1.6 To meet this projected significant increase in demand the Directorate will need to explore further service reconfiguration opportunities and efficiencies to release funding for reinvestment in front-line services, in addition to those already identified. Opportunities for collaborative working will also remain a focus and key to this will be the integration between Caerphilly and Blaenau Gwent's Social Services Directorates, which aims to deliver better outcomes for service users, reduced cost of service provision and better use of existing resources.

## 4.2 2012/13 Revenue Budget

4.2.1 The Welsh Government's Revenue Support Grant Settlement (RSG) for Caerphilly County Borough Council for the 2012/13 financial year is an uplift of 1.06 % i.e. a cash increase of £2.656m on the previous year. The indicative RSG from the Welsh Government for Caerphilly CBC for 2013/14 is a further uplift of 1.37% and an uplift of 0.62% in 2014/15. Given that inflation is running at nearer 5%, this is a real terms cash cut not only for this year but also for the years ahead.

4.2.2 The settlement includes a provision of 1% protection above the percentage applied by Central Government to the Welsh Government's block grant each year, for the next 3 years for schools and 2 years (2012/13 and 2013/14) for social care. However, the Medium-Term Financial Plan agreed by Council at its meeting on the 23<sup>rd</sup> February 2012 provides for the 1% protection and additional growth for Social Services in 2012/13 to meet service pressures and a continuation of the protection for both 2013/14 and 2014/15.

4.2.3 The following table summarises the financial strategy agreed by Council for the Directorate of Social Services for 2012/13 and also includes indicative figures for 2013/14 and 2014/15:-

	2012/13 £000s	2013/14 £000s	2014/15 £000s
'Cash Pledge' Growth (Including 1% Protection)	1,100	1,500	930
Reprofile of 'Cash Pledge'	500	(250)	(250)
Further Additional Growth	200	0	0
<b>Funding Available</b>	<b>1,800</b>	<b>1,250</b>	<b>680</b>
<b>Service Pressures: -</b>			
- Pay	365	369	745
- Non-Pay	332	336	339
- WG Minimum Fostering Allowances	93	0	0
- Adult Services (Increased Demand)	1,694	689	500
- North Resource Centre	0	180	0
<b>Total Service Pressures</b>	<b>2,484</b>	<b>1,574</b>	<b>1,584</b>
<b>Net Surplus/(Deficit)</b>	<b>(684)</b>	<b>(324)</b>	<b>(904)</b>
<b>Savings: -</b>			
- Essential User + 55p	300	0	0
- Office Accommodation	0	0	300
- Service Reconfiguration	110	110	0
- Community Living	65	0	0
- Review of Charges	109	109	0
- Adult Placement Scheme	100	100	0
- Caerphilly/Blaenau Gwent Collaboration	0	0	300
- Other	0	5	304
<b>Net Position: -</b>	<b>684</b>	<b>324</b>	<b>904</b>

4.2.4 Members will note that whilst the 1% protection and additional growth monies have been allocated to Social Services the Directorate is required to deliver savings totalling £684k in 2012/13 to achieve a balanced budget. Indicative savings requirements of £324k and £904k are also required in 2013/14 and 2014/15 respectively. Further details of these savings requirements will be provided throughout this report.

4.2.5 The approved 2012/13 budget for the Directorate of Social Services totals £70,577,885. Full details of the budget are attached at Appendix 1 and the service totals by Division are summarised in the following table:-

Division	Budget (£)
Children's Services	19,503,510
Adult Services	48,112,365
Service Strategy & Business Support	2,962,010
<b>Total: -</b>	<b>70,577,885</b>

4.2.6 The following paragraphs comment briefly upon the major issues in terms of the presented budget.

### Children's Services

4.2.7 The table below summarises the main changes to the budget for the Children's Services Division:-

	(£)	(£)
<b>2011/12 Budget</b>		<b>19,336,803</b>
<b>Transfers to Other Directorates</b>		<b>(1,942)</b>
<b>Service Pressures</b>		
- Pension Adjustment	79,696	
- Non-Pay Inflation	114,317	
- Welsh Government Minimum Fostering Allowances	<u>93,000</u>	<b>287,013</b>
<b>Savings</b>		
- Removal of Essential Car User Allowances		<b>(92,599)</b>
<b>Other Miscellaneous Adjustments</b>		<b>(25,765)</b>
<b>2012/13 Budget</b>		<b><u>19,503,510</u></b>

4.2.8 The 'Transfer to Other Directorates' total of £1,942 represents the transfer of minor Facilities Management budgets to Corporate Property from April 2012 in line with the Council's Asset Management Strategy.

4.2.9 Funding has been provided for service pressures within Children's Services totalling £287,013. This funding has been allocated to meet the cost of an increase in employer's pension contributions, a 1% increase in non-pay expenditure and to help meet the cost of the implementation of minimum fostering allowances introduced by the Welsh Government in April 2011.

4.2.10 The Division's budget has been reduced by £92,599 to reflect the removal of the essential car user lump sum payment from April 2012 and other miscellaneous adjustments result in a reduction of £25,765.

### Adult Services

4.2.11 The following table summarises the main changes to the budget for the Adult Services Division:-

	(£)	(£)
<b>2011/12 Budget</b>		<b>46,548,993</b>
<b>Transfers to Other Directorates</b>		<b>(91,736)</b>
<b>Transfer into the Revenue Support Grant (RSG)</b>		<b>43,727</b>
<b>Service Pressures</b>		
- Pension Adjustment	263,587	
- Non-Pay Inflation	211,339	
- Increase in Demand (Demographics)	<u>1,694,000</u>	<b>2,168,926</b>

### Savings

- Removal of Essential Car User Allowances	(195,706)	
- Service Reconfiguration	(110,000)	
- Community Living	(65,000)	
- Review of Charges	(109,000)	
- Adult Placement Scheme	<u>(100,000)</u>	<b>(579,706)</b>

### Other Miscellaneous Adjustments

**22,161**

### 2012/13 Budget

**48,112,365**

- 4.2.12 The 'Transfer to Other Directorates' total of £91,736 represents the transfer of Facilities Management budgets previously held by the Adult Services Division to Corporate Property from April 2012 in line with the Council's Asset Management Strategy.
- 4.2.13 The RSG settlement for 2012/13 includes funding of £43,727 formerly funded via specific grants for expenditure in relation to the Mental Health Capacity Act and the Deprivation of Liberty Safeguards. This funding has now been incorporated into the base budget for Adult Services.
- 4.2.14 Funding has been provided for service pressures within Adult Services totalling £2,168,926. An element of this funding has been allocated to meet the increase in employer's pension contributions and a 1% increase in non-pay expenditure. However, the most significant element of the funding has been directed to front-line service provision to meet the increasing demand on services as a result of demographic change.
- 4.2.15 To achieve a balanced budget in 2012/13 Adult Services will need to deliver savings of £579,706 further details of which are provided below:-
- **Essential Car User Allowance** - The Division's budget has been reduced by £195,706 to reflect the removal of the essential car user lump sum payment from April 2012.
  - **Service Reconfiguration** – To meet the increasing demand on services the Division will need to explore further options for service reconfiguration to release savings for re-investment in front-line services. A full-year savings target of £220k has been factored into budgets (part-year impact in 2012/13 of £110k). The Scrutiny Committee will receive a separate report elsewhere on the agenda regarding proposals in relation to Tredegar Court.
  - **Community Living** – Following Cabinet approval the Community Living Scheme has been reconfigured leading to savings of £65k. The service is now delivered through a combination of the Adult Placement Scheme and independent sector providers.
  - **Review of Charges** - Caerphilly CBC currently charges for a number of non-residential services but there is scope for this range of services to be extended. As such, the Health, Social Care & Wellbeing Scrutiny Committee agreed to the establishment of a Task & Finish Group to review this area and make appropriate recommendations. The Group has met on a number of occasions and it is anticipated that extending the range of services where charges are levied could deliver additional full-year income of £218k (part-year impact of £109k for 2012/13). Due to the elections the Task and Finish Group is yet to conclude its work and finalise recommendations. There is a separate report elsewhere on the agenda regarding the re-establishment of the Task & Finish Group.

- **Adult Placement Scheme** - A proposal to implement a Pan-Gwent Adult Placement Scheme hosted by Caerphilly CBC has received Cabinet approval and the anticipated part-year savings of £100k have been incorporated into the Directorate's 2012/13 budget.

#### Service Strategy & Business Support

4.2.16 The table below summarises the main changes to the budget for Service Strategy & Business Support:-

	(£)	(£)
<b>2011/12 Budget</b>		<b>3,866,815</b>
<b>Transfers to Other Directorates</b>		<b>(924,775)</b>
<b>Service Pressures</b>		
- Pension Adjustment	21,717	
- Non-Pay Inflation	<u>6,344</u>	<b>28,061</b>
<b>Savings</b>		
- Removal of Essential Car User Allowances		<b>(11,695)</b>
<b>Other Miscellaneous Adjustments</b>		<b>3,604</b>
<b>2012/13 Budget</b>		<b><u>2,962,010</u></b>

4.2.17 The 'Transfer to Other Directorates' total of £924,775 represents the transfer of Facilities Management budgets to Corporate Property from April 2012 in line with the Council's Asset Management Strategy.

4.2.18 Funding has been provided for service pressures within Service Strategy & Business Support totalling £28,061. This funding has been allocated to meet the cost of an increase in employer's pension contributions and a 1% increase in non-pay expenditure.

#### Budget Monitoring Arrangements

4.2.19 The Scrutiny Committee will receive budget monitoring reports for months 3, 5 and 9 highlighting any issues arising and providing details of full-year projected spend.

## **5. EQUALITIES**

5.1 Equality Impact Assessments will be undertaken for all service reconfiguration proposals.

## **6. FINANCIAL IMPLICATIONS**

6.1 As identified throughout the report.

## **7. PERSONNEL IMPLICATIONS**

7.1 The personnel implications of agreed service reconfiguration proposals are carefully managed and where relevant staff are fully supported to identify appropriate redeployment opportunities.

## **8. CONSULTATIONS**

- 8.1 All Senior Managers and budget holders within the Directorate have been fully consulted during the process of developing the Medium-Term Financial Plan and finalising the 2012/13 budget.

## **9. RECOMMENDATION**

- 9.1 That Scrutiny Committee notes the content of this report.

## **10. REASONS FOR THE RECOMMENDATIONS**

- 10.1 To ensure that the Scrutiny Committee is updated on the Medium-Term Financial Plan and is fully informed on the 2012/13 revenue budget for the Directorate of Social Services.

## **11. STATUTORY POWER**

- 11.1 Local Government Acts 1972 and 2000.

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Appendices: Appendix 1 – Social Services Budget 2012/13