

Options paper for the management of the financial arrangements for the Joint Social Care Workforce Development Service between Blaenau Gwent CBC and Caerphilly CBC

This paper seeks to set out options for a financial model for the Joint Social Care Workforce Development Service as required for the Business case. For each of the three models it includes the advantages and disadvantages and is supported by a spreadsheet that provides detailed costings for each model. The paper then makes a recommendation and provides options for the basis of the cost apportionment once a model has been approved.

Background

The joint service has been operating since April 2012, with Blaenau Gwent (BG) taking the role of lead authority.

For the financial year 2012/2013 Welsh Government agreed that the grant would be paid to one authority (BG) for the joint service, this meant the financial information had to be collated together for the submission of the claim. As an interim arrangement it was agreed that whilst BG was approved as the lead authority the financial transactions such as paying invoices and employees would be retained by the individual authorities and a process of recharging to BG would happen so one grant claim could be submitted.

The joint workforce team worked with finance colleagues throughout 2012/2013, and the financial elements have evolved as issues have presented themselves. In March 2013 a set of principles and process were agreed for the management of the budget and grant for 2013/2014, details of which are shown below:-

- Staff will be employed on a secondment basis which will mean that staff will continue to be paid by their previous employing authority. This in turn will mean that the cost of staff seconded from Caerphilly will need to be recharged to the joint service.
- All other financial transactions will be carried out using Blaenau Gwent financial systems.

- The joint service will adopt BG's Standing Orders and Financial Regulations
- Joint monthly management meetings with the Directors of Social Services from each Authority will monitor budget and operational management. Governance arrangements for the Service are detailed in appendix 7 of the Business Case.
- All orders will be processed using the BG electronic ordering system
- All invoices will be processed by the Joint workforce team and not the finance team in BG.
- All procurement will be in line with the BG processes– there maybe a need to review the list of trainers to ensure all trainers are in line with the BG standing orders and regulations.
- Monthly commitments will be required from the Joint Workforce team within 2 working days of the month end; these are to be forwarded to the corporate accountant.
- The accountant will continue to provide the service with budget monitoring statements every month from July to March each year which will include the forecast position
- These budget monitoring statements will be presented to the management board on a quarterly basis to determine a response to potential budget variances.
- The budget monitoring spreadsheet will be maintained by the joint workforce team including actual and commitments, this will be reconciled to the ledger by the BG finance team.

This system has been operating for the early part of 2013/14.

The merging of the two services would lend itself to a pooled budget; however there are current operations and practices that are unique to both of the local authorities such as in Caerphilly they pay travelling expenses to foster carers

Decisions that need to be made:-

- Should all workforce development functions be included within a single pooled budget?
- If not what is to be included in the pooled budget and what will be excluded? (e.g. Practice Learning Opportunities Fund-PLOF, Caerphilly's mentoring post)

- How will the RSG element that BG contributes to the service be dealt with? (risk of cross subsidisation)
- Of the elements that are pooled what would be a fair basis of cost apportionment to each authority?
- How the staffing expenditure will be dealt with - will staff continue to be paid by their employing department and the costs recharged to the lead authority?

The financial models

The following sections provide details of the three financial models for consideration – detailed calculations of the financial implications for each model are attached.

Model 1

A single pooled budget for all aspects of the workforce development operation.

Advantages

- As only one budget the line of day to day budget responsibility would be with one manager
- Maybe economies of scale.

Disadvantages

- Differences in spending levels
- Differences in spending areas e.g. foster carer travelling expenses, PLOF, mentoring, Replacement costs.

These disadvantages add to the difficulty in determining a fair basis of cost apportionment to the two local authorities.

Model 2

Establish a pooled budget for common budget lines only. Exclude those items that are unique to or delivered significantly differently by individual authorities these will include:-

- Foster carer travelling expenses budget line
- Caerphilly's Children's Services Mentoring Post

- PLOF activity
- Replacements costs (BG charge this against the Grant whereas CCBC do not)
- Other locality based services

Include the following items:

- The workforce development team staff costs and expenses.
- Commissioning training
- Health and Safety training budget
- SCIPSE budget

Advantages

- Each LA will retain responsibility for those elements that are unique for them

Disadvantages

- The items excluded from the pool will not be included within the budget statements and monitoring process adopted by the joint service, however both local authorities have established robust systems to monitor budgets.
- The management of the practice learning opportunities becomes divorced from wider workforce planning issues.

Model 3

Establish a pooled budget for common budget lines but including PLOF. Exclude those items that are unique to individual authorities these will include:-

- Foster carer travelling expenses budget line
- Caerphilly's Children's Services Mentoring Post
- Replacement Costs
- Other locality based services

Include the following items:

- The workforce development team staff costs and expenses.
- Commissioning training
- Health and Safety training budget
- SCIPSE budget
- PLOF activity

Advantages

- Each LA will retain responsibility for those elements that are unique for them
- The management of practice learning opportunities and other workforce planning issues become integrated.

Disadvantages

- The items excluded from the pool will not be included within the budget statements and monitoring process adopted by the joint service, however both local authorities have established robust systems to monitor budgets.
- Current funding mechanisms for practice learning opportunities differ in each authority which could add to the difficulty in determining a fair basis of cost apportionment to the two local authorities. However, these difficulties are not insurmountable.

Recommendation

It is recommended that Model 3 is approved for the management of the Joint Social Care Workforce Development Service.

Basis of Cost Apportionment

Once the financial model has been approved consideration will need to be given to the basis of the cost apportionment between the two local authorities, detailed below are three options:-

Apportionment Option A

The 2012/13 Budgeted contributions uplifted for pay and price inflation. (see attached for supporting calculations)

Advantages

- Relatively easy to identify

Disadvantages

- Does not recognise the changing shape of the service provision resulting from the implementation of a joint team.
- Substantial risk of cross subsidisation

Apportionment Option B

Contributions set pro-rata to each authority's share of the Social Care Workforce Development Programme Grant (SCWDP Grant

Advantages

- Linked to Welsh Governments assessment of social care training needs for each authority.
- Easy to identify

Disadvantages

- Actual split of training activity may differ from W.G. assessed need which could be considered as cross subsidisation. However, this is likely to balance out over time.
- If the SCWDP grant funding stream ends or is subsumed into RSG then a new means of apportionment will be needed.

Apportionment Option C

Contributions set on basis of the training needs assessment for each authority

Advantages

- Linked to an agreed joint plan of training activity so no cross subsidisation.

Disadvantages

- The training needs analysis (TNA) is unlikely to be complete in time to fit into the annual budget setting process of the each authority
- The TNA is influenced by recent history so in the early years of the partnership may not reflect the changing shape of the joint service
- Would require a complex calculation to identify the relative costs of individual training events and courses to ensure that if one partner requires more of a particularly expensive course then costs are apportioned appropriately.

Recommendation

It is recommended that option B for the cost apportionment is approved for the management of the Joint Social Care Workforce Development Service.

Conclusion

The proposed new service will result in efficiency of £9,746 – this will be used to support identified service improvement and change management.

If approved the next stage would be to develop a service level agreement that provides full details of the financial management of the Joint Social Care Workforce Development Service.