



HEALTH SOCIAL CARE AND WELLBEING SCRUTINY COMMITTEE - 13TH SEPTEMBER 2016

SUBJECT: BUDGET MONITORING REPORT (MONTH 3)

REPORT BY: CORPORATE DIRECTOR SOCIAL SERVICES

1. PURPOSE OF REPORT

- 1.1 To inform Members of projected revenue expenditure for the Social Services Directorate for the 2016/17 financial year.
- 1.2 To update Members on the progress made against the savings targets built in to the 2016/17 revenue budget for the Directorate.

2. SUMMARY

- 2.1 The report summarises the projected financial position for the Social Services Directorate for the 2016/17 financial year based on information available as at month 3 (June 2016). Full details are attached at Appendix 1.
- 2.2 The report also identifies the 2016/17 savings targets that have been achieved by the Directorate and identifies the progress that has been made towards delivering the targeted savings that have not yet been achieved.

3. LINKS TO STRATEGY

- 3.1 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.

4. THE REPORT

- 4.1 The 2016/17 month 3 position is a projected Directorate overspend of £1,047k when compared with the original budget for the Directorate for 2016/17 as approved by Council on 24th February 2016. This is summarised in the table below: -

Division	2016/17 Original Budget (£000's)	2016/17 Projection/ Commitment (£000's)	2016/17 Over/(Under) Spend (£000's)
Children's Services	19,571	19,784	213
Adult Services	51,304	52,115	811
Service Strategy & Business Support	2,529	2,552	23
Totals: -	73,404	74,451	1,047

- 4.2 The projections included in the above table include increases in care provider fees linked to the National Living Wage and increased demand for commissioned packages of care and placements for both children and adults linked to demographic changes amounting to around £2.059m. However, Members will recall that the 2016/17 budget approved by Council on 24th February 2016 included a contingency of £2.5m for Social Services cost pressures. This funding has been held corporately until the actual impact of the National Living Wage and demographic pressures could be more accurately assessed.
- 4.3 Fee uplifts have now been agreed for all providers of adult social care and as a result £1.4m of the corporately held contingency has been released to fund the financial impact of these increases. A further £250k has also been released from the contingency fund to address the financial impact of demographic pressures faced within Children's Services. This release of £1.65m funding means that the Directorate is currently forecasting an underspend of £603k as detailed in the table below. This will provide the Directorate with some financial breathing space through the winter period. The remaining £850k contingency funding will continue to be held in the Corporate budget in case of further demographic changes and cost pressures.

Division	2016/17 Revised Budget (£000's)	2016/17 Projection/ Commitment (£000's)	2016/17 Over/(Under) Spend (£000's)
Children's Services	19,821	19,784	(37)
Adult Services	52,704	52,115	(589)
Service Strategy & Business Support	2,529	2,552	23
Totals: -	75,054	74,451	(603)

- 4.4 Full details of the month 3 budgets and projections prior to the £1.65m release of corporately held contingency funds are provided in Appendix 1 and the following paragraphs summarise the key issues arising.

4.5 Children's Services

- 4.5.1 The Children's Services Division is currently projected to overspend its original budget by £213k but after the release of the £250k contingency this translates to an underspend of £37k as summarised in the following table: -

	2016/17 Revised Budget (£000's)	2016/17 Projection/ Commitment (£000's)	2016/17 Over/(Under) Spend (£000's)
Management, Fieldwork & Administration	8,870	8,593	(277)
External Residential Care	1,420	1,874	454
Fostering & Adoption	6,706	6,854	148
Youth Offending	395	395	0
Families First	177	154	(23)
After Care Support	246	199	(47)
Other Costs	1,757	1,715	(42)
Release of Contingency Funding	250	0	(250)
Totals: -	19,821	19,784	(37)

Management, Fieldwork and Administration

- 4.5.2 In response to the anticipated reductions in Welsh Government funding over the forthcoming financial years, a prudent approach to vacancy management has been adopted. This has led to a projected underspend of £277k against Management, Fieldwork and Administration posts within the Division.

Child Care Placement Costs

- 4.5.3 An overall overspend of £555k is projected in respect of residential placements, fostering, adoption and aftercare support. This reflects the demographic changes and additional cost pressures experienced within the financial year with more children presenting with more complex and challenging behaviour than in previous years. As mentioned in paragraph 4.3 these pressures will be partially offset by a draw down of £250k from the contingency fund held corporately.

Families First

- 4.5.4 The underspend of £23k in respect of Families First is due to temporary staffing vacancies that are expected to be filled in the near future.

Other Costs

- 4.5.5 The projected £42k underspend for 'Other Costs' can largely be attributed to the renegotiation of contracts with voluntary organisations.

4.6 **Adult Services**

- 4.6.1 The Adult Services Division is currently projected to overspend its original budget by £811k but after the release of the £1.4m contingency this translates to an underspend of £589k as summarised in the following table: -

	2016/17 Revised Budget (£000's)	2016/17 Projection/ Commitment (£000's)	2016/17 Over/(Under) Spend (£000's)
Management, Fieldwork & Administration	7,452	7,411	(41)
Own Residential Care	5,833	5,501	(332)
External Residential Care	10,818	11,771	953
Own Day Care	4,402	4,088	(314)
External Day Care	872	1,011	139
Sheltered Employment	71	68	(3)
Aid and Adaptations	967	853	(114)
Home Assistance and Reablement (excl. Frailty)	10,265	10,622	357
Gwent Frailty Programme	2,228	2,177	(51)
Other Domiciliary Care	8,636	8,691	55
Resettlement	(1,020)	(1,020)	0
Supporting People	51	248	197
Other Costs	729	694	(35)
Release of Contingency Funding	1,400	0	(1,400)
Totals: -	52,704	52,115	(589)

Management, Fieldwork and Administration

- 4.6.2 The £41k underspend in Management, Fieldwork and Administration can be attributed to structural savings delivered in advance of the Medium Term Financial Plan requirements.

Own Residential Care

- 4.6.3 The underspend of £332k within our Own Residential Care service is largely due to short term staffing vacancies and lower than anticipated use of casual staff to cover absences.

Own Day Care

- 4.6.4 The underspend of £314k within our own day care services is due to a combination of short term vacancies and efficiency savings delivered in advance of the Medium Term Financial Plan requirements.

Aids and Adaptations

- 4.6.5 The underspend of £114k is due to a repayment from GWICES in respect of unspent funding from 2015/16.

Gwent Frailty Programme

- 4.6.6 Underspending across the Gwent Frailty Programme largely resulting from short term vacancies is likely to result in a £51k reduction in the contribution required from Caerphilly Social Services.

Supporting People

- 4.6.7 An overspend of £197k is currently projected against the Supporting People budget. The Supporting People Manager will continue to review existing contracts in order to reduce this over commitment.

Costs of Care Packages

- 4.6.8 Financial information in respect of external residential care, external day care, home assistance and reablement and other domiciliary services is captured separately for each of these services. However, demand for these services is inter-dependent as it is difficult to predict the exact needs and preferences of future service users. If these services are considered as a whole then we see an overall overspend of £1,504k is projected for 2016/17 as demonstrated in the table below:-

	2016/17 Revised Budget (£000's)	2016/17 Projection/ Commitment (£000's)	2016/17 Over/(Under) Spend (£000's)
External Residential Care	10,818	11,771	953
External Day Care	872	1,011	139
Home Assistance and Reablement (excl. Frailty)	10,265	10,622	357
Other Domiciliary Care	8,636	8,691	55
Totals: -	30,591	32,095	1,504

- 4.6.9 This pressure has occurred due to demographic changes and provider fee increases linked to the National Living Wage. These cost pressures will be offset by the release of £1.4m from the funds held corporately.

Other Costs

- 4.6.10 An underspend of £35k is predicted against other Adult Services budgets largely as a result of the maximisation of the Wales Independent Living Grant.

4.7 Service Strategy & Business Support

- 4.7.1 This service area is currently projected to overspend by £23k as summarised in the following table: -

	2016/17 Revised Budget (£000's)	2016/17 Projection/ Commitment (£000's)	2016/17 Over/(Under) Spend (£000's)
Management and Administration	1,211	1,257	46
Office Accommodation	448	449	1
Office Expenses	207	207	0
Other Costs	663	639	(24)
Totals: -	2,529	2,552	23

4.7.2 The overspend of £23k in respect of Business Support is due to one off early retirement and severance costs incurred in 2016/17 that will deliver recurring savings in future years.

4.8 Progress Made Against the 2016/17 Revenue Budget Savings Targets

4.8.1 The 2016/17 revenue budget settlement for Social Services included targeted savings of £1.342m. The projected overspends and underspends discussed in the above paragraphs take account of these savings targets. All of the targeted savings have now been delivered as demonstrated in the following table:-

Ref:	Description	Savings Target	Details
SS06	Child Care Support Workers	168	1 post holder awaiting a redeployment opportunity but other vacancy savings achieved to deliver full saving
SS08	Review managerial and staffing structures across Children's Services.	102	Vacant posts removed from structure w.e.f.1/4/16
SS09	Business Support - further review of business support staffing establishment across Children's Services	95	New structure implemented in July 2016 but earlier vacancies ensured that full saving will be achieved in year
SS31	Management and administration – Adult Services	176	Vacant posts removed from structure w.e.f.1/4/16
SS40	Financial Services savings target to be achieved through staff restructuring	54	Vacant posts removed from structure w.e.f.1/4/16
SS41	Performance Management Unit savings target to be achieved through staff restructuring	68	Recurring savings have been delivered but one-off severance and early retirement costs have been incurred in 2016/17 resulting in a potential overspend in year
SS43	Office Expenses 20% savings target	28	Underspend achieved in 2015/16 so budget realigned in 2016/17

Ref:	Description	Savings Target	Details
SS44	Remove provision for shortfall in transport funding	101	Underspend achieved in 2015/16 so budget realigned in 2016/17
SS46	Long term care - client contributions	550	Underspend achieved in 2015/16 so budget realigned in 2016/17
		1,342	

5. EQUALITIES IMPLICATIONS

- 5.1 This report is for information purposes, so the Council's Equalities Impact Assessment (EqIA) process does not need to be applied.

6. FINANCIAL IMPLICATIONS

- 6.1 As identified throughout the report.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no direct personnel implications arising from this report.

8. CONSULTATIONS

- 8.1 There are no consultation responses that have not been reflected in this report.

9. RECOMMENDATION

- 9.1 Members are asked to note the projected overspend of £1.047m against the Directorate's original budget for 2016/17.
- 9.2 Members are asked to note the release of £1.65m from the corporately held contingency budget relating to demographic changes and fee uplifts linked to the National Living Wage resulting in a revised underspend of £603k against the Directorate's revised budget for 2016/17.
- 9.3 Members are asked to note the progress made against the savings targets included in the 2016/17 budget settlement for the Directorate.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure that the Directorate manages its budget effectively.

11. STATUTORY POWER

11.1 Local Government Acts 1972 and 2000.

Author: Mike Jones, Interim Financial Services Manager
E-mail: jonesmj@caerphilly.gov.uk Tel: 01443 864618
Consultees: Social Services Senior Management Team
Stephen Harris (Interim Head of Corporate Finance)

Appendices:
Appendix 1 – Social Services 2016/17 Budget Monitoring Report (Month 3)