



**SOCIAL SERVICES SCRUTINY COMMITTEE
24TH SEPTEMBER 2020 (INFORMATION ONLY)**

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 2020/21 financial year.

2. SUMMARY

2.1 The report will identify the reasons behind a projected overspend of £996k for Social Services in 2020/21, inclusive of transport costs.

2.2 It will also identify the additional costs incurred within Social Services during the first quarter of the 2020/21 financial year as a result of the Covid 19 pandemic along with the potential costs for the remainder of the financial year and the funding made available by Welsh Government to cover these costs.

3. RECOMMENDATIONS

3.1 Members are asked to note that there have been no budget virements in to or out of the Social Services budget within the current financial year.

3.2 Members are asked to note the projected overspend of £996k against the Social Services budget for 2020/21, inclusive of transport costs.

3.3 Members are asked to note the financial impact of the Covid 19 pandemic upon Social Services.

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. As at 30th June 2020, there had been no in-year budget virements in to or out of these original budgets.

5.1.2 Information available as at 30th June 2020 suggests a potential overspend of £1,060k against the budget held within Social Services (see appendix 1 for details), while the social care transport budget is forecast to be underspent by £64k following the closure of day care facilities in response to the Covid 19 pandemic. This would result in a total net overspend of £996k in respect of social care provision for 2020/21

Division	Current Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Children's Services	25,143	26,759	1,616
Adult Services	65,962	65,486	(476)
Service Strategy & Business Support	2,131	2,052	(79)
Sub Total Directorate of Social Services	93,236	94,296	1,060
Transport Costs	1,553	1,489	(64)
Grand Total	94,789	95,785	996

5.2 Children's Services

5.2.1 The Children's Services Division is currently projected to overspend its budget by £1,616k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Management, Fieldwork & Administration	8,840	8,602	(238)
Residential Care Including Secure Accommodation	6,303	8,071	1,768
Fostering & Adoption	8,026	8,269	243
Youth Offending	395	395	0
Families First	47	44	(3)
After Care Support	834	693	(141)
Other Costs	698	685	(13)
Totals: -	25,143	26,759	1,616

Management, Fieldwork and Administration

5.2.2 Recruiting to posts within Children's Services continues to be challenging and where appointments have been possible they have tended to be newly qualified social workers appointed at the lower end of the incremental scale. As a result a potential underspend of £238k is currently forecast in respect of management, fieldwork and administrative staff within the Children's Services Division.

Residential Care Including Secure Accommodation

5.2.3 Despite significant investment in to the budget for residential care for children in 2020/21, the committed cost of placements still exceeded the budget provision at the start of the year by around £300k. At that time, it was felt that this over-commitment could be managed down through the repatriation of some placements in to the new in-house residential home, Ty Isaf. Unfortunately, this has not been possible due to the delayed opening of Ty Isaf but an in-year saving of around £327k has been achieved as a result of delays in recruiting staff for Ty Isaf. However, demand for residential care has continued to increase throughout the first quarter of the year and an overspend of £1,209k is forecast as a result of supporting 5 additional placements. Furthermore, a change in the conditions attached to the Welsh Government General Hardship Fund with effect from 1st July means that 4 individuals that were placed in

residential care during April due to limited placement options as a result of Covid 19 restrictions, will no longer attract grant funding. This is likely to increase the overspend in this area to £1,768k if the placements continue throughout the current financial year.

Fostering and Adoption

5.2.4 The division has also experienced a 13.5% increase in demand for foster placements since the 2020/21 budgets was set, contributing to a potential overspend of £243k in respect of fostering and adoption costs. However, it has been possible to accommodate all of this additional demand with relative carers or Caerphilly's in-house foster carers which are less expensive than placements made through independent fostering agencies. If this had not been possible and the additional demand had been accommodated with independent agencies then the potential overspend in this area would be in excess of £1.25million.

Families First

5.2.5 Following a cut in specific grant funding in 2018/19, the Children's Services budget has been used to underwrite a funding shortfall of £47k across the Families First Programme. However, salary spinal point savings are forecast within the Families First Team so it is expected that only £44k will need to be underwritten by Children's Services. The resultant underspend of £3k would not reduce the amount of Welsh Government grant funding claimable.

Aftercare

5.2.6 An underspend of £141k is projected in respect of Aftercare Services and can be attributed to the termination of one expensive placement.

Other Costs

5.2.7 An underspend in respect of other costs of £13k is forecast, largely due to over provision in the 2020/21 budget in respect of our contribution towards the Gwent Missing Children Project.

5.3 Adult Services

5.3.1 The Adult Services Division is currently projected to underspend its budget by £476k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Management, Fieldwork & Administration	8,329	8,310	(19)
Own Residential Care and Supported Living	6,577	6,055	(522)
Own Day Care	4,075	3,798	(277)
Supported Employment	70	66	(4)
Aid and Adaptations	786	782	(4)
Gwent Frailty Programme	2,392	2,360	(32)
Supporting People (net of grant funding)	0	0	0
External Residential Care	15,127	14,734	(393)
External Day Care	1,486	1,397	(89)
Home Care (In-House and Independent Sector)	11,742	12,103	361
Other Domiciliary Care	14,039	14,526	487
Resettlement	(1,020)	(1,020)	0
Services for Children with Disabilities	1,390	1,409	19
Other Costs	969	966	(3)
Totals: -	65,962	65,486	(476)

Management, Fieldwork and Administration

- 5.3.2 Additional staff have been assigned to the Children with Disabilities Team at an additional cost of £256k. However, staffing vacancies across the remainder of the adult services management, fieldwork and administrative structure and a reduction in travelling expenses as a result of the Covid 19 pandemic are expected to more than offset the additional staff costs. As a result, a net underspend of £19k is forecast across this structure.

Own Residential Care and Supported Living

- 5.3.3 Around £63k of the underspend in this area relates to delays in recruiting to posts at the facilities at Ashfield Road and Mill Street. A further £70k can be attributed to vacancies within the Peripatetic Team and £32k is due to additional income from other local authorities. A further £163k of the underspend within this service area relates to income from service users within our own residential homes. This assumes around £60k of unsecured debt will be received during the current year but this can be very difficult to predict and has been as much as £270k in some years. The remaining £193k of the underspend largely reflects the level of staff vacancies and absence cover across our respite care and supported living homes.

Own Day Care

- 5.3.4 Around £81k of the £277k underspend forecast against our own day care services relates to non-staff running costs following the closure of day care facilities in response to the Covid 19 pandemic. This forecast is based on an assumption that similar arrangements will remain in place throughout the second quarter of the year with a return to normal arrangements from quarter 3. However, it should be noted that there are currently no specified dates upon which day care facilities are planned to re-open and it is possible that some centres will remain unviable while social distancing remains in force. The remainder of the underspend in this area is due to posts that have remained vacant due to the closures. Day Services staff have continued to be paid throughout the close down period so there will be no savings within day services in respect of these staff. These staff have been temporarily redeployed into residential and supported living homes which has contributed towards underspend within those service areas.

Gwent Frailty Programme

- 5.3.5 The underspend of £32k in respect of the Gwent Frailty Programme can largely be attributed to Reablement Support Worker vacancies within Caerphilly.

Supporting People

- 5.3.6 No variance is currently anticipated in respect of Supporting People Services but this will need to be closely monitored as demand for services could increase as a result of financial hardship faced by vulnerable people due to the Covid 19 pandemic.

External Residential Care

- 5.3.7 The £393k underspend forecast within external residential care includes around £92k 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. It is possible that this will be compounded by the inability to provide respite care during the Covid 19 pandemic. The remainder of the underspend relates to income from service users. This assumes that around £780k of unsecured property debt will be collected during 2020/21 but this can be very difficult to predict and has fluctuated between £511k and £843k over the previous two financial years.

External Day Care

- 5.3.8 An underspend of around £89k is forecast in respect of external day care provision, largely due to a reduction in services required for people with mental health problems after the budget for 2020/21 was set in February 2020. However, it should be noted that day services were suspended in response to the Covid 19 pandemic which may have contributed to a backlog in invoices being submitted by providers. As the Directorate has agreed to honour contracts for day services throughout their closure this forecast assumes that this backlog of anticipated invoices will eventually be paid.

Home Care (In-House and Independent Sector)

- 5.3.9 An overspend of £361k is forecast in respect of home care services. This includes an underspend of around £76k in respect of our in-house services based on payroll costs incurred up to 30th June. However, this may be due to a low level of absence cover being required during the first quarter as very little annual leave would have been taken by staff in response to the Covid 19 pandemic. The in-house underspend is more than offset by an overspend within independent sector provision which reflects a 6.6% increase in demand (587hrs per week) since the 2020/21 budget was set in February 2020.

Other Domiciliary Care

- 5.3.10 The overspend of £487k projected in respect of other domiciliary care costs includes £76k in respect of increased provision of shared lives placements and £251k in respect of 2 additional supported living placements. The remainder of the overspend can be attributed to an increase in the average size of the care packages provided to service users in supported living placements.

Children with Disabilities

- 5.3.11 An overspend of £76k in respect of staff cover at Ty Hapus resource Centre has been partially offset by an underspend in respect of foster care provision for children with disabilities, resulting in a net overspend of £19k in this service area.

Other Costs

- 5.3.12 A net underspend of £3k has been forecast in respect of Other Costs for Adult Services as a result of a refund of prior year overpayments in respect of regional arrangements relating to Deprivation of Liberty Safeguards.

5.4 Service Strategy and Business Support

- 5.4.1 The service area is currently projected to underspend by £79k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Management and Administration	906	864	(42)
Office Accommodation	223	219	(4)
Office Expenses	152	118	(34)
Other Costs	850	851	1
Totals: -	2,131	2,052	(79)

- 5.4.2 The underspend of £79k in respect of Business Support Includes £31k in respect of staffing

vacancies, £11k in respect of travelling expenses and £34k in respect of office expenses.

- 5.4.3 The underspends forecast for travelling expenses and office expenses reflect a significant reduction in staff travel, printing and postage throughout the first quarter of the financial year due to restrictions in response to the Covid 19 pandemic and assumes that this will continue throughout the second quarter, with a return to pre-pandemic levels in the third and fourth quarter of the year.
- 5.4.4 While a reduction in energy costs is also expected as a result of office closures through lockdown, it is assumed that this will largely be offset by additional cleaning costs once offices re-open.
- 5.4.5 The small overspend in respect of Other Costs is due to rejected claims against the Covid 19 General Hardship Fund made available by Welsh Government (see section 5.5 for further details).

5.5 **Additional Costs Incurred as a Result of the Covid 19 Pandemic**

- 5.5.1 In response to the additional costs faced by local government as a result of the Covid 19 pandemic, Welsh Government created a general hardship fund of £30million for all of Wales against which councils could reclaim additional costs incurred up to 30th June in response to the pandemic. They also made available a number of targeted funds including £40million in respect of adult social care for the same period.
- 5.5.2 Due to the swift nature of this response, very little guidance was provided to local authorities regarding the use of these funds and no specific allocation of funding was identified at an individual authority level. As a result, it was unclear when these funding streams would be exhausted and much of the expenditure incurred by local authorities has been at risk of not being reimbursed by Welsh Government.
- 5.5.3 Claims for reimbursement of additional costs are submitted by local authorities to Welsh Government on a monthly basis. Welsh Government analyse these claims and decide which costs they are prepared to reimburse. As at the end of June 2020, Caerphilly Social Services had submitted claims totalling £217k in respect of the General Hardship Fund and £2,901k in respect of the Adult Social Care Hardship Fund (see appendix 2 for details).
- 5.5.4 So far, Welsh Government has rejected around £6k of the costs claimed by Caerphilly Social Services to date, including £4k in respect of a small grants scheme set up to support voluntary groups with the remainder largely relating to petty cash advances made to vulnerable families. However, Welsh Government are yet to complete their analysis of the claims submitted in respect of June 2020, which for Caerphilly Social Services was by far the largest claim, including £208k in respect of the General Hardship Fund and £1,745k in respect of the Adult Social Care Hardship Fund.
- 5.5.5 Based on arrangements in place as at 30th June 2020 we can expect to continue to incur costs of around £83k per month related to the General Hardship Fund. However, around £62k of this relates to children's residential placements which are no longer eligible for grant funding and will be funded from core budgets with effect from 1st July as set out in paragraph 5.2.3 above. This will reduce the grant funding requirement to around £21k per month
- 5.5.6 Since the introduction of nationally provided personal protection equipment our own expenditure in this area has been significantly curtailed. However, based on current arrangements we can expect to incur costs of around £620k per month in respect of the Adult Social Care Hardship Fund.
- 5.5.6 Confirmation was received on 31st July that a second tranche of the Adult Social Care Hardship Fund has been released by Welsh Government covering the period 1st July to 30th

September. The guidance accompanying this notification is more prescriptive than for the first tranche of funding so we will need to review our approach to using this funding. However, the forecasts contained within this report were prepared prior to receiving this guidance and therefore assume that existing arrangements would remain in place throughout the year and would be funded in full by Welsh Government unless specifically rejected through the claims process.

5.6 **Conclusion**

- 5.6.1 An overspend of £996k is currently forecast for Social Services for 2020/21 (after deducting the projected underspend for transport) which can be funded through Social Services reserve balances. However, demand for child care placements continues to increase despite the successes of the MyST service and increases in in-house provision. Furthermore, the instabilities in the adult social care market, exacerbated by the Covid pandemic have led to further demands for fee increases from care providers which could lead to an increase in the projected overspend.
- 5.6.2 Withdrawal of the Covid 19 Hardship Scheme by Welsh Government would increase the projected overspend by around £641k per month based on existing arrangements.

6. **ASSUMPTIONS**

- 6.1 The projections within this report assume that demand for services will remain at existing levels until the end of financial year unless there is strong evidence to suggest otherwise.
- 6.2 The projections within this report assume that day services will remain closed throughout the first two quarters of the financial year with normal service resuming from quarter 3. However, it should be noted that there are currently no specified dates upon which day care facilities are planned to re-open.
- 6.3 The projections within this report assume that the reductions in travelling expenses and office expenses that were experienced through quarter 1 of the year will be replicated in quarter 2, with normal service resuming from quarter 3.
- 6.4 The projections in this report assume that Welsh Government will make a full reimbursement of costs reclaimed through the June Hardship Fund claim and will continue to fund the scheme throughout the financial year. However, funding has only been confirmed up to 30th September 2020.

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.

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Appendices: Appendix 1 - Social Services 2020/21 Budget Monitoring Report (Month 3)
Appendix 2 – Additional Costs Due To Covid 19 Pandemic