



SOCIAL SERVICES SCRUTINY COMMITTEE 15TH JUNE 2021 (INFORMATION ONLY)

SUBJECT: 2021/22 SOCIAL SERVICES REVENUE BUDGET

REPORT BY: CORPORATE DIRECTOR SOCIAL SERVICES AND HOUSING

1. PURPOSE OF REPORT

1.1 To provide Members with details of the 2021/22 revenue budget settlement for Social Services.

2. SUMMARY

2.1 The report provides details of the 2021/22 revenue budget for service areas within Social Services and outlines the reasons for movements in the revenue budget since 2020/21.

2.2 The report also sets out the corporate context within which the 2021/22 revenue budget has been set and considers how the 2021/22 budget has been shaped by the Directorate's financial performance in 2020/21 and Welsh Government's response to the financial pressures faced within the social care sector across Wales.

3. RECOMMENDATIONS

3.1 That Members note the content of this report and the 2021/22 budget for Social Services set out in appendix 1.

4. REASONS FOR THE RECOMMENDATIONS

4.1 To ensure that Members are aware of the content and context of the 2021/22 original revenue budget for Social Services.

5. THE REPORT

5.1 The Corporate Context

5.1.1 Under normal circumstances, Welsh Government announces details of the Provisional Local Government Financial Settlement in early October each year. However, due to the impact of the Covid-19 pandemic and the delay in undertaking the UK Government spending review, details of the provisional settlement for 2021/22 were not released until the 22nd December 2020.

- 5.1.2 The provision settlement included a 3.1% uplift in Caerphilly's Aggregate External Finance, which amounted to £9m after adjusting for changes in the Council Tax base.
- 5.1.3 At that time, the UK Government had awarded £766m to Welsh Government in respect of the ongoing financial impact of Covid-19 for the 2021/22 financial year. While this was far below the levels of funding allocated in 2020/21, it was apparent that the distribution of this funding would continue to be dealt with outside of the core Financial Settlement. Therefore, on 17th February, Cabinet endorsed a proposed budget for the 2021/22 financial year that excluded any additional cost or loss of income that might arise due to the continuation of the Covid-19 pandemic. This represented a significant financial risk at the time but subsequent announcements by Welsh Government have gone some way to mitigating that risk.
- 5.1.4 The proposals endorsed by Cabinet on 17th February included a 3.9% increase in Council Tax, which meant that no new savings were necessary to balance the 2021/22 budget. The proposals also included provision for a 1% pay award for APT&C staff and an increase in the Foundation Living Wage, a 0.75% inflationary uplift for non-staff costs, £284,000 to strengthen the Caerphilly Cares Service and £2.5million to address increasing demand for children's residential care and fostering, domiciliary care and supported living.

5.2 **Social Services Financial Performance in 2020/21**

- 5.2.1 In December 2020, finance staff undertook a review of the full year financial commitment of all long-term care packages for both children and adults, which identified a potential shortfall in funding for 2021/22 of £2.7million in respect of children's services and of £1.9million in respect of adult services. However, it was felt that this shortfall could be reduced by around £1.5million through the repatriation of children that were placed out of county, following the opening of the Ty Isaf residential home for children in Llanbradach. It was also felt that the potential shortfall within adult services could be managed downwards through initiatives supported by regional funding streams such as Transformation Grant and the Integrated Care Fund.
- 5.2.2 In response to this review, Cabinet endorsed the proposal to award Social Services growth funding of £2.5million in the 2021/22 to address the increased demand for services.
- 5.2.3 Finance staff undertook a further review of the full year commitment in February 2021, and the 2021/22 budget for social services has been reshaped to reflect the outcome of that review. As a result, £1,148million of the £2.5million growth funding approved by Cabinet has been allocated to children's services with the remaining £1.352million allocated to adult services.
- 5.2.3 Members will be aware that the Social Services budget was significantly underspent in 2020/21 but it should be noted that this was due to a combination of temporary staffing vacancies, non-recurring funding streams and restrictions to day services and short-term care provision due to Covid-19. These non-recurring underspends masked an overspend of over £2.2million in respect of on-going care packages which corroborates the reviews undertaken by finance staff.

5.3 **The Social Services Budget Strategy**

- 5.3.1 In September 2020, a total budget of £92,236,449 for Social Services for 2020/21 was reported to Members. This budget included provision for a 2% pay award with effect from April 2020. However, during 2020/21 a pay award of 2.75% was awarded to APT&C staff. In response to this, an additional £311,944 was vired in to the Social Services budget to give a revised Social Services budget of £93,548,443 for 2020/21.
- 5.3.5 The budget proposals endorsed by Cabinet on 17th February 2021 included the following provision for general fund inflationary pressures:-

	£million
Pay Awards for APT&C staff at 1%	1.773
Living Wage Increases for APT&C staff	0.037
Non-pay inflation at 0.75%	0.977
Total	2.787

- 5.3.6 The budget provision for the pay award of 1% has been held within the Corporate Services budget pending the final pay award settlement for 2021/22 but the Social Services budget for 2021/22 includes the following share of funding to address the increase in the Foundation Living Wage and non-pay inflation:-

	£
Living Wage Increases for APT&C staff	3,576
Non-pay inflation	595,975
Total Inflationary Pressures	599,551

- 5.3.7 As discussed in section 5.2 of this report, the budget proposals endorsed by Cabinet on 17th February included £2,500,000 in respect of growth funding for Social Services to address placement pressures. Following the budget realignment exercise explained in section 5.2, £1,148,085 of this growth funding was added to the Children's Services budget for 2021/22 with the remaining £1,192,466 added to the Adult Services budget for 2021/22.
- 5.3.8 At its meeting on the 11th November 2020, Cabinet approved a proposal to develop the existing Buddy Scheme and Community Regeneration Legacy into the Caerphilly Cares service, which aims to ensure people receive the right support, in the right place, and at right time, using a single point of contact through a triage system. Cabinet also approved the use of 2020/21 underspends in the Children and Communities Grant (CCG) and/or Social Services Reserves to fund this service in the short-term. The budget proposals endorsed by Cabinet on 17th February 2021 included growth funding of £284,000 to fund this service on a recurring basis from 2021/22. This growth funding has been added to the social services budget for 2021/22.
- 5.3.9 The issues identified in paragraphs 5.3.1 to 5.3.8 above have resulted in an original budget for 2021/22 for Social Services of £96,931,994 as summarised below:-

	Children's Services £	Adult Services £	Business Support £	Total £
Original budget 2020/21	25,143,097	65,962,140	2,131,262	93,236,499
In year virement in 2020/21	60,205	244,818	6,921	311,944
Revised base budget 2020/21	25,203,302	66,206,958	2,138,183	93,548,443
Total inflationary pressures	134,058	447,885	17,608	599,551
Growth for inescapable pressures	1,148,085	1,351,915	0	2,500,000
Growth for Caerphilly Cares	0	284,000	0	284,000
Original Budget 2021/22	<u>26,485,445</u>	<u>68,290,758</u>	<u>2,155,791</u>	<u>96,931,994</u>

5.4 **Welsh Government's Response to the Financial Pressures Within Social Care**

- 5.4.1 In addition to the increased funding awarded to Social Services within the corporate budget settlement, the Directorate received an increase of £604k in the Social Care Workforce grant, awarded by Welsh Government in response to the financial pressures and market instability faced within social care across Wales.
- 5.4.2 This additional grant funding has been used in Caerphilly to facilitate inflationary uplifts in fees payable to adult social care providers in excess of the 0.75% provision that had been included in the corporate budget settlement for non-pay inflation. As a result, fees payable to adult social care providers have been uplifted by 3.5% with effect from April 2021.

5.5 Conclusion

The Social Services budget for 2021/22 totalling £96,931,994 has been re-aligned to address known commitments as at February 2021 and to provide an element of financial stability within the social care market. However, Members will be aware that demand for social care services can fluctuate significantly over time, which can cause variances between budgeted and actual costs. Furthermore, the ongoing Covid 19 pandemic is likely to continue to amplify fluctuations in demand and create uncertainty within the social care market during the 2021/22 financial year. Continued financial support from Welsh Government is expected during 2021/22 to mitigate the impact of the pandemic upon the social care market.

6. ASSUMPTIONS

- 6.1 The 2021/22 corporate budget strategy assumes that the financial impact of the Covid 19 pandemic upon local authorities will attract specific grant funding from Welsh Government. Therefore, the original budget for 2021/22 for Social Services does not include any provision for the impact of the pandemic.

7. LINKS TO RELEVANT COUNCIL POLICIES

- 7.1 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 and well-being goals.

7.2 Corporate Plan 2018-2023.

Effective financial planning and financial control will help to ensure that resources are appropriately prioritised to deliver the six objectives contained in the corporate plan.

8. WELL-BEING OF FUTURE GENERATIONS

- 8.1 Effective financial planning and financial control contribute to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015:-
(i) a prosperous Wales, (ii) a resilient Wales, (iii) a healthier Wales, (iv) a more equal Wales, (v) a Wales of cohesive communities, (vi) a Wales of vibrant culture and thriving Welsh Language and (vii) a globally responsible Wales.

9. EQUALITIES IMPLICATIONS

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

10. FINANCIAL IMPLICATIONS

- 10.1 As detailed throughout the report.

11. PERSONNEL IMPLICATIONS

- 11.1 Any personnel implications arising from the Social Services budget strategy for 2021/22 will be managed in accordance with the appropriate HR policies and procedures.

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.

14. URGENCY (CABINET ITEMS ONLY)

14.1 This report is for information only and as such does not require a Cabinet decision.

Author: Mike Jones, Financial Services Manager, jonesmj@caerphilly.gov.uk

Consultees: David Street, Corporate Director for Social Services, street@caerphilly.gov.uk
Jo Williams, Assistant Director for Adult Services, willij6@caerphilly.gov.uk
Gareth Jenkins, Assistant Director for Children's Services, jenkig2@caerphilly.gov.uk
Stephen Harris, Head of Financial Services & S151 Officer, harrisr@caerphilly.gov.uk
Cllr. Shayne Cook, Cabinet Member for Social Services, cooks3@caerphilly.gov.uk
Cllr. Donna Cushing, Chair, cushid@caerphilly.gov.uk
Cllr. Carmen Bezzina, Vice-Chair, bezzic@caerphilly.gov.uk

Appendices: Appendix 1 - Social Services Revenue Budget 2021/22