



SOCIAL SERVICES SCRUTINY COMMITTEE – 25TH JANUARY 2022

SUBJECT: BUDGET MONITORING REPORT (MONTH 7)

REPORT BY: CORPORATE DIRECTOR SOCIAL SERVICES AND HOUSING

1. PURPOSE OF REPORT

- 1.1 To inform Members of the projected revenue expenditure for the Social Services Directorate and the financial impact of the Covid 19 pandemic upon the Directorate for the 2021/22 financial year.

2. SUMMARY

- 2.1 The report will identify the reasons behind a projected underspend of £2,896k for Social Services in 2021/22, inclusive of transport costs.
- 2.2 It will also identify the funding made available to Social Services during the 2021/22 financial year through the Welsh Government Covid 19 Hardship Fund and the Welsh Government Covid 19 Recovery Fund.

3. RECOMMENDATIONS

- 3.1 Members are asked to note that the projected underspend of £2,896k against the Social Services budget for 2021/22 (inclusive of transport costs) includes a number of non-recurring underspends attributable to the impact of the Covid 19 pandemic which mask an underlying increase in demand for social care along with significant inflationary pressures within the social care market.

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 2021/22 original budget held within Social Services amounts to £96,931,994 (excluding transport costs). In addition to this, an original budget for 2021/22 of £1,564,373 is held within the Communities Directorate in respect of social care transport provision.

- 5.1.2 These original budgets do not include any provision for pay awards. However, a provision of 1.75% with effect from 1st April 2021 is held within the corporate budget and will be distributed to service areas once the pay award for 2021/22 has been agreed. Therefore, the projected staff costs within this report are based on 2020/21 salary levels.
- 5.1.3 Information available as at 31st October 2021 suggests a potential underspend of £2,737k against the budget held within Social Services (see appendix 1 for details), while the social care transport budget is forecast to be underspent by £159k. This includes a projected overspend of £82k in respect of children’s service transport reflecting the increasing numbers of looked after children. However, this £82k overspend is more than offset by a £241k underspend on adult services transport due to the ongoing reduction in day care provision in response to the Covid 19 pandemic. This would result in a total net underspend of £2,896k in respect of social care provision for 2021/22

Division	Original Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Children’s Services	26,485	26,739	254
Adult Services	68,291	66,394	(1,897)
Service Strategy & Business Support	2,156	1,062	(1,094)
Sub Total Directorate of Social Services	96,932	94,195	(2,737)
Transport Costs	1,564	1,405	(159)
Grand Total	98,496	95,600	(2,896)

- 5.1.4 The total net underspend has increased by £2,225k since the month 5 position was reported to this Scrutiny Committee on 21st November. However, Members will recall that a verbal update was given to accompany the month 5 report informing Members of a recent announcement of a Welsh Government Covid 19 Recovery Fund grant that was likely to increase the reported underspend by up to £2.5million. The month 7 position now includes around £2,314k of this Covid Recovery Fund grant which will be utilised to offset pockets of overspending across the Directorate and would account for the entire increase in the underspend since month 5. A further £747k of the Recovery Fund grant will be used to support the social care market and the remaining £975k will be used to enhance service provision and avoid a draw upon service reserves. Further details of how the total grant funding of £4,036k is projected to be used is set out in appendix 2.
- 5.1.5 The identifiable costs associated with the Welsh Government’s Covid 19 Hardship Fund along with the grant income made available by Welsh Government have been kept separate from the day-to-day running costs of the Children’s Services and Adult Services Divisions and have been captured within the Service Strategy & Business Support costs identified in this report.

5.2 Children’s Services

- 5.2.1 The Children’s Services Division is currently projected to overspend its budget by £254k as summarised in the following table:-

	Original Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)

	Original Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Management, Fieldwork & Administration	9,753	9,310	(443)
Residential Care Incl. Secure Accommodation	5,898	6,395	497
Fostering & Adoption	9,075	9,021	(54)
Youth Offending	395	395	0
Families First	5	5	0
After Care Support	799	1,018	219
Other Costs	560	595	35
Totals	26,485	26,739	254

Management, Fieldwork and Administration

- 5.2.2 Members will be aware of the recruitment challenges faced within the Children's Services Division. 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 £443k 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 On the 21st November 2021 Members were notified of a potential overspend of £1,207k in respect of children's residential care for 2021/22. Since then a further five children have been placed in independent sector residential care adding £876k to the potential overspend. However, £1,586k of the new Covid Recovery Fund grant funding can be used to offset the potential overspend which would reduce the net overspend in this area to £497k.

Fostering and Adoption

- 5.2.4 Over the last 2 months, the Children's Services Division has seen a small increase in the number of children supported both in foster placements and under special guardianship orders. This has resulted in a £236k increase in projected spend since the month 5 position was reported to Members in November. This in turn has reduced the projected underspend in this area to £54k.

Aftercare

- 5.2.5 The projected overspend of £219k in respect of Aftercare can be attributed to three young care leavers that moved in to supported living arrangements with large support packages at the end of August. These support packages cost in excess of £4k per week per person and are a reminder of the volatility within the children's services budget.

Other Costs

- 5.2.6 The £36k overspend projected in respect of other costs is largely due to two unaccompanied asylum seeking children that are being supported in foster care placements.

5.3 Adult Services

- 5.3.1 The Adult Services Division is currently projected to underspend its budget by £1,897k as summarised in the following table:-

	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)

	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Management, Fieldwork & Administration	8,686	8,465	(221)
Own Residential Care and Supported Living	6,654	6,303	(351)
Own Day Care	4,107	3,546	(561)
Supported Employment	71	70	(1)
Aid and Adaptations	792	748	(44)
Gwent Frailty Programme	2,410	2,307	(103)
Supporting People (net of grant funding)	0	0	0
External Residential Care	14,795	15,089	294
External Day Care	1,584	1,039	(545)
Home Care	12,625	11,827	(798)
Other Domiciliary Care	15,137	15,341	204
Resettlement	(1,020)	(1,020)	0
Services for Children with Disabilities	1,189	1,687	498
Other Costs	1,261	992	(269)
Totals	68,291	66,394	(1,897)

Management, Fieldwork and Administration

- 5.3.2 An underspend of £221k is currently projected in respect of Adult Services management, fieldwork and administrative staff. Of this underspend, £89k relates to reduced mileage claims following the continuation of restrictions linked to Covid 19 although this underspend could increase if restrictions continue beyond December. A further £86k can be attributed to fees received by the Client Finances Team in respect of earlier years. The remaining underspend in this area is largely due to the extension of grant funding until 31st March 2022, for a post in the Substance Misuse Team.

Own Residential Care and Supported Living

- 5.3.3 The temporary redeployment of staff from day care and respite care settings during Covid 19 restrictions has reduced the need to employ casual cover for staff absences within residential homes and supported living properties resulting in an overall projected underspend of £351k in this area. These staff have now returned to day services. This underspend has increased by £43k since the month 5 position was reported to Members, largely due to £40k of Covid Recovery Fund grant which will offset some of the cost of undertaking Covid 19 tests within our own residential homes.

Own Day Care

- 5.3.4 The £561k underspend forecast against our own day care services can be attributed to the reduction in day care provision throughout the Covid 19 pandemic as some posts have remained vacant. This forecast includes provision of £285k in respect of increasing service provision in the latter part of the financial year.

Aids and Adaptations

- 5.3.5 The £44k projected underspend in this area includes a refund of £25k from the Gwent Wide Integrated Equipment Service (GWICES) in respect of our contributions to the service for the 2020/21 financial year. The remaining underspend is mainly attributable to the inability to source equipment in a timely manner due to lack of tubular steel.

Gwent Frailty Programme

- 5.3.6 The underspend of £103k in respect of the Gwent Frailty Programme reflects the difficulties experienced in recruiting to vacant posts within the Reablement Service, with a number of substantive post holders having been seconded in to newly created grant aided posts.

Supporting People

- 5.3.7 Phase 2 of Homeless Support Services has resulted in an increase of around £2.2million in grant funding for Supporting People Services compared with earlier years. However, the Covid pandemic has made it difficult to launch many of the new projects that were planned to use this additional grant funding. As a result, it is anticipated that around £926k of the £8,435k grant funding available in 2021/22 will not be claimed this year. Although, Welsh Government has indicated that any unclaimed funding during 2021/22 may be made available again in 2022/23.

External Residential Care

- 5.3.8 A shortfall of around £326k is currently forecast in income from service users, reflecting the reduced levels of income collected in the first quarter of the year following the sales of service users' property. This has been compounded by an increase in placements for adults with learning disabilities at a cost of £172k. However, these pressures have been partially offset by a reduction in short term respite care provision due to Covid 19 restrictions resulting in a net overspend of £294k in this area. It should be noted that it is extremely difficult to predict when service users' properties will be sold along with their sale value and as such, income levels could recover in the remainder of the financial year.

External Day Care

- 5.3.9 An underspend of around £545k is forecast in respect of external day care provision. This is largely due to the ongoing reduction of some services in response to Covid 19.

Home Care (In-House and Independent Sector)

- 5.3.10 Staff shortages across the sector have continued to limit the capacity of domiciliary care providers resulting in a reduction in service provision, despite rising demand for these services. As a result, we are currently anticipating an underspend of £798k in this area and this could increase further if staff shortages limit our ability to respond to an anticipated increase in demand during the winter period. We currently have a requirement for 1,002 hours of care that we are unable to commission or provide in house.

Other Domiciliary Care

- 5.3.11 Demand for supported living placements has increased during 2021/22 resulting in a potential overspend of £886k. However, £440k of the Covid Recovery Fund grant funding can be used to offset the potential overspend which would reduce the net overspend in this area to £446k. This has been further offset by a reduction in shared lives care provision due to Covid 19 restrictions resulting in a net projected overspend of £204k. This assumes that there will be a recovery in the level of shared lives service provision in the latter part of the financial year as Covid 19 restrictions are eased.

Children with Disabilities

- 5.3.12 The ongoing pandemic has intensified many of the challenges experienced within families of children with disabilities and has led to an increase in demand for residential and respite care. With some placements costing as much as £7k per week, just a small increase in numbers can have a significant budgetary impact and we are currently projecting an overspend of

£639k in respect of services for children with disabilities. However, £140k of the Covid Recovery Fund grant funding can be used to offset the potential overspend which would reduce the net overspend in this area to £498k.

Other Costs

- 5.3.13 An overspend of £72k in respect of additional staffing cover for the Telecare help line has been offset by a similar amount of additional grant funding in respect of respite for unpaid carers. However there is an anticipated underspend of £269k in this area, largely due to the use of £300k of the Covid Recovery Grant to fund the Caerphilly Cares Service during 2021/22 instead of using growth monies and service reserves.

5.4 **Service Strategy and Business Support**

- 5.4.1 The service area is currently projected to underspend by £1,094k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Management and Administration	913	898	(15)
Office Accommodation	225	230	5
Office Expenses	153	126	(27)
Other Costs	865	(192)	(1,057)
Totals	2,156	1,062	(1,094)

Management and Administration

- 5.4.2 The underspend of £15k in respect of management and administration is largely due to spinal column point savings.

Office Accommodation

- 5.4.3 The additional cost of running the Cwm Ifor Family Centre site in Caerphilly, which was previously funded by Barnados, has been largely offset by a reduced recharge from Aneurin Bevan University Health Board due to the temporary closure of the dining facilities at the Rhymney Resource Centre. A net overspend of £5k is predicted in respect of office accommodation costs as a result.

Office Expenses

- 5.4.4 Restrictions on staff attending our office buildings due to Covid 19 has led to a reduction in printing and postage costs which has contributed to a projected underspend of £27k in this area.

Other costs

- 5.4.5 The underspend of £1,057k projected in this area can largely be attributed to the Welsh Government's Covid 19 Hardship Grant Scheme.
- 5.4.6 Around £5,345k has been claimed through this grant scheme between April and October 2021 including £793k to support in-house service provision. Welsh Government have indicated that this scheme would remain in place in full until the end of September 2021 at which point it would begin to taper off for the remainder of the current financial year. Based on recent

occupancy levels within care homes and taking account of the tapering arrangement, it is thought that the total claim for the year could amount to around £7.6million including over £1.1million to support in-house services.

5.4.7 While some additional in-house costs due to Covid 19 are easily identifiable (e.g. Covid 19 testing in care homes) much of the additional costs are less identifiable such as sickness cover provided by existing staff and lost income due to reduced occupancy. These less identifiable costs are captured within the Adult Services projected costs reported in section 5.3 of this report while the grant funding has been captured within the Business Support projections reported in section 5.4 of this report. As a result, a net underspend of £1,060k relating to the Covid 19 Hardship Grant is now included within the £1,094k underspend identified for Service Strategy & Business Support. A summary of Covid 19 related costs and grant funding is provided in the following table.

	Costs Accrued to 31st October 2021	Potential Costs November 2021 to March 2022	Total Anticipated Cost for 2021/22
Children's Services			
Residential placements	£199,860	£60,400	£260,260
Vehicle hire to enable social distancing	£6,529	£4,607	£11,136
Sub Total Children's Services	£206,389	£65,007	£271,396
Adult Services			
Financial support to care providers	£2,786,252	£2,230,143	£5,016,395
Additional support for service users	£429,922	£238,381	£661,373
Personal Protection	£32,115	£18,988	£51,103
Independent Homes- Lateral Flow Testing	£164,293	£210,000	£374,293
In-House testing	£24,635	£15,000	£39,635
Sub Total Adult Services	£4,344,746	£1,869,716	£6,214,462
SSP Enhancement Scheme	£34,111	£24,069	£58,180
TOTAL IDENTIFIABLE COSTS	£4,585,246	£1,958,792	£6,544,038
ADD IN-HOUSE STAFF COSTS AND LOST INCOME	£759,274	£301,273	£1,060,547
TOTAL W.G. GRANT CLAIMABLE	£5,344,521	£2,260,065	£7,604,586

5.5 Conclusion

5.5.1 An underspend of £2,896k is currently forecast for Social Services for 2021/22 (including transport costs). However, the Covid 19 pandemic continues to curtail service activity in many areas during the current financial year and has also led to increased staffing vacancies, reduced travel costs and reduced office running costs. These underspends along with the one-off Recovery Fund grant are unlikely to recur in future years once Covid 19 restrictions have been lifted. However, there is an underlying increase in demand for childcare placements, supported living placements and domiciliary care for adults. The pandemic has also highlighted the fragilities in the social care market, which could lead to pressure on fee levels once Welsh Government Hardship Fund support is withdrawn. These issues are not

unique to Caerphilly and are being considered at both a regional and national level with the aim of securing long-term financial stability across the social care market.

6. ASSUMPTIONS

- 6.1 The projections within this report assume that day services, shared lives services and staff travelling will begin to recover towards pre-pandemic levels in the latter part of the financial year as restrictions are eased.
- 6.2 The projections within this report assume any pay award that may be agreed for 2021/22 will be matched by a budget virement from the corporate contingency budget that was created for this purpose.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 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.

8. FINANCIAL IMPLICATIONS

- 8.1 As detailed throughout the report.

9. PERSONNEL IMPLICATIONS

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

10. CONSULTATIONS

- 10.1 All consultation responses have been incorporated into this report.

11. STATUTORY POWER

- 11.1 Local Government Acts 1972 and 2003 and the Council's Financial Regulations.

12. URGENCY (CABINET ITEMS ONLY)

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

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Appendices:

Appendix 1 Social Services Budget Monitoring Report 2021/22 (Month 7)

Appendix 2 Projected Allocation of Covid 19 Recovery Fund Grant (Month 7)