



SOCIAL SERVICES SCRUTINY COMMITTEE - 14TH JUNE 2022

SUBJECT: 2022/23 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 2022/23 revenue budget settlement for Social Services.

2. SUMMARY

- 2.1 The report provides details of the 2022/23 revenue budget for service areas within Social Services and outlines the reasons for movements in the revenue budget since 2021/22.
- 2.2 The report also sets out the corporate context within which the 2022/23 revenue budget has been set and considers how the 2022/23 budget has been shaped by the Directorate's financial performance in 2021/22 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 2022/23 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 2022/23 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 21st December 2021.

- 5.1.2 The provisional settlement included an 8.5% uplift in Caerphilly's Aggregate External Finance, which amounted to £25.1 million, including £297k in respect of specific grant funding that has transferred into the settlement and passported in to the Social Services budget.
- 5.1.3 The uplift in the settlement for 2022/23 was much higher than in previous years, partially due to the inclusion of funding to meet the additional costs of introducing the Real Living Wage for all care workers. Welsh Government have provided this additional funding with the aim of aiding staff recruitment within the social care sector by ensuring that all staff employed directly by Local Authorities or by independent sector providers are paid at or above the Real Living Wage.
- 5.1.4 The 2022/23 revenue budget was approved by Full Council at its meeting on 24th February 2022 and included a 1.9% increase in Council Tax which coupled with the increase in the Welsh Government Financial Settlement meant that no new savings were necessary to balance the budget. The approved budget also included provision for a 3% pay award for APT&C staff and chief officers, a 4% inflationary uplift for non-staff costs, a 1.25% increase in employer's national insurance contributions and a 1% increase in employer's pension contributions.
- 5.1.5 The proposals also allowed for additional funding of £5.716million to be held initially within the corporate budget to address the impact of introducing the Real Living Wage for all care workers, as well as the increasing demand for social care.

5.2 The Social Services Budget Strategy

5.2.1 On 15th June 2021, a total budget of £96,931,994 for Social Services for 2021/22 was reported to the Social Services Scrutiny Committee. This budget did not include any provision for a pay award with effect from April 2021 as the provision was held within corporate budgets pending the agreement of the pay award. That agreement finally came in March 2022 when a 1.75% increase was awarded to APT&C staff and a 1.5% increase was awarded to Chief Officers. In response to this, an additional £796,335 was vired in to the Social Services budget to give a revised Social Services budget of £97,728,329 for 2021/22.

5.2.2 The 2022/23 budget proposals approved by Council on 24th February 2022 included the following provision for general fund inflationary pressures:-

	£million
Pay Awards at 3%	4.352
Employer's NI Increase at 1.25%	1.273
Employer's Pension Contributions at 1%	1.017
Living Wage Increases for APT&C staff	0.218
Non-pay inflation at 4.0%	5.322
Transfer in – Social Care Workforce and Sustainability Grant	0.297
Total	12.479

5.2.3 The budget provision for the 3% pay award for all staff is initially being held within the Corporate Services budget pending the final pay award settlement for 2022/23 but the Social Services budget for 2022/23 includes the following share of funding to address the other issues identified in paragraph 5.2.2:-

	£
Employer's NI Increase at 1.25%	444,099
Employer's Pension Contributions at 1%	355,282
Living Wage Increases for APT&C staff	23,952
Non-pay inflation at 4.0%	3,393,014
Transfer in – Social Care Workforce and Sustainability Grant	297,432
Total	4,513,779

5.2.4 The issues identified in paragraphs 5.2.1 to 5.2.3 above resulted in an original budget for 2022/23 for Social Services of £102,242,108 as summarised below:-

	Children's Services £	Adult Services £	Business Support £	Total £
Original budget 2021/22	26,485,445	68,290,758	2,155,791	96,931,994
In year virement in 2021/22	232,860	547,493	15,982	796,335
Revised base budget 2021/22	26,718,305	68,838,251	2,171,773	97,728,329
Transfer in-SSW&S Grant	0	297,432	0	297,432
Other Inflationary Pressures	951,226	3,187,615	77,506	4,216,347
Original Budget 2022/23	27,669,531	72,323,298	2,249,279	102,242,108

5.2.5 The Covid 19 pandemic highlighted the fragility within the social care market, with many care providers reporting difficulties in recruiting staff and maintaining a sustainable business model. The Welsh Government Covid Hardship Fund provided some short-term financial respite for care providers throughout 2020/21 and 2021/22 but the Fund ended on 31st March 2022. However, many of the financial pressures faced by providers remain. Not least the wage pressures faced by employers trying to attract sufficient numbers in to caring roles.

5.2.6 Welsh Government responded to these recruitment difficulties by including additional funding within the Local Government Financial Settlement for 2022/23 to enable all care workers to be paid at or above the Real Living Wage. As a result of this additional funding, on 6th April 2022, Cabinet were able to approve the following inflationary uplifts to the fee levels that Caerphilly County Borough Council pays to organisations that provide care to Caerphilly citizens:

Category of Care Provided	Fee Increase from April 2022
Domiciliary Care	15%
Direct Payments	8%
Residential & Nursing Care for Older People	14%
Residential & Nursing Care for Younger Adults	5%
Supported Living	10%
Day Care	10%
Extra Care	10%
Social Care Provision for Children and Adolescents	4%

5.2.7 The above uplifts are likely to cost around £3.756 million more than the 4% non-pay inflationary uplift that was included in the corporate budget settlement and will be funded by a virement from the £5.716million held within the corporate budget for social care pressures. This virement has resulted in a revised Social Services budget for 2022/23 of £105,997,994 as summarised below:-

	Children's Services £	Adult Services £	Business Support £	Total £
Original Budget 2022/23	27,669,531	72,323,298	2,249,279	102,242,108
In year Virement in 2022/23	118,984	3,636,902	0	3,755,886
Revised Budget 2022/23	27,788,515	75,960,200	2,249,279	105,997,994

5.2.8 A detailed analysis of the original and revised budgets for 2022/23 is provided in appendix 1.

5.2.9 The Social Services budget was significantly underspent in 2021/22 but it should be noted that this was due to a combination of temporary staffing vacancies, non-recurring funding

streams, unmet demand due to staff shortages and restrictions to day services and short-term care provision due to Covid-19. These non-recurring underspends masked an increasing demand for care for children and adults with increasingly complex needs. Therefore, it is likely that the £1.960million remaining in the corporate budget to address increasing social care demands will need to be vired in to the Social Services budget during the 2022/23 financial year as we begin to recover from the Covid 19 pandemic.

5.3 Conclusion

The Social Services revised budget for 2022/23 totalling £105,997,994 has been partially realigned to address known commitments as at February 2022 and to provide some financial stability within the social care market. However, it is likely that demand for social care will continue to rise throughout the forthcoming financial year as we continue to emerge from the pandemic. The remaining unallocated growth funding of £1.960million will go some way towards meeting the cost of this increased demand during 2022/23 with some other short-term savings likely to close any funding gap in the forthcoming financial year. However, those short-term savings are unlikely to continue beyond 2022/23 while demand for social care is likely to continue to increase.

6. ASSUMPTIONS

- 6.1 The 2022/23 budget strategy does not include any specific provision for the impact of the pandemic.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 An Integrated Impact Assessment is not needed because the issues covered are for information purposes only.

8. FINANCIAL IMPLICATIONS

- 8.1 As detailed throughout the report.

9. PERSONNEL IMPLICATIONS

- 9.1 Any personnel implications arising from the Social Services budget strategy for 2022/23 will be managed in accordance with the appropriate HR policies and procedures.

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.

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

Consultees: David Street, Corporate Director for Social Services, streed@caerphilly.gov.uk
Jo Williams, Assistant Director for Adult Services, willij6@caerphilly.gov.uk
Gareth Jenkins, Assistant Director for Children's Services, jenbig2@caerphilly.gov.uk
Stephen Harris, Head of Financial Services & S151 Officer, harrisr@caerphilly.gov.uk
Cllr. Elaine Forehead, Cabinet Member for Social Services, forehe@caerphilly.gov.uk
Cllr. Donna Cushing, Chair, cushid@caerphilly.gov.uk
Cllr. Marina Chacon-Dawson, Vice-Chair, chacom@caerphilly.gov.uk

Appendices: Appendix 1 - Social Services Revised Revenue Budget 2022/23 as at 6th April 2022