



SOCIAL SERVICES SCRUTINY COMMITTEE - 6TH SEPTEMBER 2022

SUBJECT: BUDGET MONITORING REPORT (MONTH 3)

REPORT BY: CORPORATE DIRECTOR SOCIAL SERVICES AND HOUSING

1. PURPOSE OF REPORT

1.1 To inform Members of projected revenue expenditure for the Social Services Directorate for the 2022/23 financial year and its implications for future financial years.

2. SUMMARY

2.1 The report will identify the reasons behind a projected overspend of £1,415k for Social Services in 2022/23, inclusive of transport costs.

2.2 It will also consider the implications of this projected overspend on Social Services reserve balances and for future financial years.

3. RECOMMENDATIONS

3.1 Members are asked to note the projected overspend of £1,415k along with its implications on reserve balances and future financial years.

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 On 14th June 2022, the Social Services Scrutiny Committee was presented with a report setting out a revised budget for Social Services of £105,997,994 following a budget virement of £3,755,886 from a corporately held budget of £5,715,355, which had been earmarked to address social care cost pressures that were expected to emerge during 2022/23. That virement was intended to fund increases in fees to independent sector social care providers, approved by Cabinet on 6th April 2022, to address the impact of implementing the Real Living Wage for all care staff and soaring energy, fuel and food costs.

5.1.2 While most care providers welcomed those fee increases, smaller residential home providers felt that the 5% increase offered to them would not cover their increasing costs and on 27th

July 2022, Cabinet approved a further virement of £310,000 from the corporately held budget to enable a 10% fee uplift for smaller residential home providers instead of the original 5% offer. This virement increased the revised budget for Social Services to £106,307,994 and left a balance of £1,649,469 within the corporately held budget.

- 5.1.3 Subsequently, following a significant increase in the number of children placed in residential care during 2022/23, the Head of Financial Services & S151 Officer agreed to release the remainder of the corporately held budget. As a result, the revised budget for Social Services currently stands at £107,957,463.
- 5.1.4 Finally, following a transfer of Community Connector staff from the Information, Advice and Assistance Team to the Caerphilly Cares Service, £16,422 has been vired from the Children's Services budget to the Adult Services budget resulting in the divisional budgets identified in the following table:-

	Children's Services (£000s)	Adult Services (£000s)	Business Support (£000s)	Total (£000s)
Original Budget 2022/23	27,670	72,323	2,249	102,242
Virement for initial fee increase offer	119	3,637	0	3,756
Revised Budget 2022/23 as at 14th June 2022	27,789	75,960	2,249	105,998
Virement for additional fee increase	0	310	0	310
Virement for children's residential placements	1,649	0	0	1,649
Transfer of Community Connectors	(16)	16	0	0
Current Revised Budget 2022/23	29,422	76,286	2,249	107,957

- 5.1.5 Information available as at 30th June 2022 suggests a potential overspend of £1,667k against the revised budget identified in the above table. Details of this potential overspend are provided in sections 5.2, 5.3 and 5.4 of this report and in appendix 1 but Members will note that the overspend projected in respect of residential care for children more than accounts for the entire Social Services overspend, despite the additional funding released from the corporately held budget.
- 5.1.6 In addition to the revised budget for Social Services identified in the table in paragraph 5.1.4, a further £1,625,981 is included in the Communities Directorate budget in respect of transport costs for social services. Current information suggests a potential underspend of £252k against this budget as a result of reduced costs of transport to day centres.
- 5.1.7 This potential underspend in respect of transport costs would partially offset the potential overspend against the Social Services revised budget resulting in a net overspend of £1,415k as summarised below:-

Division	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Children's Services	29,422	32,409	2,987
Adult Services	76,286	74,982	(1,304)
Service Strategy & Business Support	2,249	2,233	(16)
Sub-Total Directorate of Social Services	107,957	109,624	1,667
Transport Costs	1,626	1,374	(252)
Grand Total	109,583	110,998	1,415

5.2 Children's Services

5.2.1 The Children's Services Division is currently projected to overspend its budget by £2,987k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Management, Fieldwork & Administration	10,269	9,751	(518)
Residential Care Incl. Secure Accommodation	8,146	11,871	3,725
Fostering & Adoption	9,118	9,091	(27)
Youth Offending	435	435	0
Families First	8	8	0
After Care Support	837	644	(193)
Other Costs	609	609	0
Totals: -	29,422	32,409	2,987

Management, Fieldwork and Administration

5.2.2 The underspend in this area includes £40k in respect of Welsh Government grant funding to provide capacity for performance reporting and £73k in respect of reduced mileage claims as a result of a growth in virtual meetings following the Covid 19 pandemic. The remainder of the £518k underspend in this area can largely be attributed to staffing vacancies.

Residential Care Including Secure Accommodation

5.2.3 Prior to the release of funding described in paragraph 5.1.3, the budget for independent sector children's residential placements included provision for 957 weeks of care at an average cost of £4,570 per week. However, following a temporary restriction on admissions to one of the Council's own residential home at Ty Ni and a number of family breakdowns, we are currently committed to fund around 1,967 weeks of care. Furthermore, the complexity of the needs of children placed recently has meant the average weekly cost of the placements we are supporting has increased to £4,831 per week. This increased demand and complexity, which is not unique to Caerphilly C.B.C. has resulted in a potential overspend of £3,494k despite the release of the £1,649k additional funding. In addition to this anticipated overspend in independent sector provision, a further overspend of £231k is anticipated in respect of in-house residential care provision due to the employment of supernumerary staff pending the planned expansion of in-house provision facilitated by ICF capital grant funding.

Fostering and Adoption

5.2.4 We have seen a slight drift away from independent sector foster placements and residence orders towards in-house foster placements and special guardianship orders since the 2022/23 budget was set. However the £27k underspend in this area can be attributed to the difficulty in recruiting specialist foster carers to support the MyST service.

Aftercare

5.2.5 The potential underspend of £193k within aftercare services reflects the numbers of adolescents currently supported by the 16 Plus Team that are no longer looked after. Given the increase in the number of residential placements supported by the 16 Plus Team since the beginning of the financial year, it is not surprising that the number of adolescents that are no longer looked after has decreased.

5.3 Adult Services

5.3.1 The Adult Services Division is currently projected to underspend its budget by £1,304k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Management, Fieldwork & Administration	9,027	9,066	39
Own Residential Care and Supported Living	7,119	6,977	(142)
Own Day Care	4,223	3,267	(956)
Supported Employment	74	74	0
Aid and Adaptations	824	820	(4)
Gwent Frailty Programme	2,517	2,436	(81)
Supporting People (net of grant funding)	0	0	0
External Residential Care	18,215	19,055	840
External Day Care	1,783	1,440	(343)
Home Care	12,129	11,637	(492)
Other Domiciliary Care	17,918	17,653	(265)
Resettlement	(1,020)	(1,020)	0
Services for Children with Disabilities	2,138	2,185	47
Other Costs	1,339	1,392	53
Totals: -	76,286	74,982	(1,304)

Management, Fieldwork and Administration

5.3.2 The additional cost of agency social work staff within the Adult Services Division is offsetting a potential underspend of £86k due to reduced mileage claims as a result of a growth in virtual meetings following the Covid 19 pandemic. However, vacancies within the Client Finances Team have restricted the number of service users that can be supported by the Team leading to a shortfall in income from service users resulting in a potential overspend in respect of the Management, Fieldwork and Administration budget of £39k.

Own Residential Care and Supported Living

5.3.3 The £142k underspend forecast in respect of our own residential care and supported living homes can be attributed to additional service user contributions following a recovery in occupancy levels in our residential homes as a result of the easing of Covid 19 restrictions.

Own Day Care

5.3.4 Alternative service provision within our own day opportunities is expected to result in an underspend of £956k. This assumes that current service levels will be maintained throughout the current financial year pending the outcome of the planned co-production of a model for day services.

Gwent Frailty Programme

5.3.5 The underspend of £81k in respect of the Gwent Frailty Programme reflects the current difficulties in recruiting Reablement Support workers and Emergency Care at Home staff.

Supporting People

5.3.6 Welsh Government grant funding for Supporting People Services is expected to amount to around £8.4 million for 2022/23. Current forecasts suggest this funding will be spent in full.

External Residential Care

5.3.7 The easing of Covid 19 restrictions in residential homes has enabled increased occupancy levels within those homes since the 2022/23 budget was set. This increased number of service users has contributed to a potential overspend of £840k.

External Day Care

5.3.8 External day care provision has not yet recovered to pre-pandemic levels resulting in a projected underspend of £343k. Again, this assumes that current service levels will be maintained throughout the current financial year pending the outcome of the co-production of a day services model.

Home Care (In-House and Independent Sector)

5.3.9 The £492k underspend in respect of Home Care assumes the current recruitment difficulties experienced across the sector will remain throughout the current financial and that existing levels of service provision will be maintained. However, at the end of June 2022, there were around 560 hours per week of unmet need caused by staff shortages. So if staff recruitment can be improved this underspend could be significantly reduced.

Other Domiciliary Care

5.3.10 Shared lives care provision has not yet returned to pre-pandemic levels resulting in a potential underspend of £455k. However, this has been partially offset by increased demand for supported living placements resulting in a net potential underspend of £265k

Children with Disabilities

5.3.11 The £47k overspend projected in respect of Children with Disabilities is largely due to the full year impact of a supported lodging placement that commenced late in 2021/22.

Other Costs

5.3.12 The £53k overspend in respect of other costs can be attributed to additional staffing cover for the Telecare help line.

5.4 **Service Strategy and Business Support**

5.4.1 The service area is currently projected to underspend by £16k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Management and Administration	941	935	(6)
Office Accommodation	251	251	0
Office Expenses	144	134	(10)
Other Costs	913	913	0
Totals: -	2,249	2,233	(16)

Management and Administration

5.4.2 The underspend of £6k in respect of management and administration is largely due to reduced mileage claims as a result of a growth in virtual meetings following the Covid 19

pandemic.

Office Expenses

5.4.3 The underspend of £10k in this area is largely due to reduced printing costs as a result of a growth in virtual meetings and home working following the Covid 19 pandemic.

5.5 Impact of Potential Overspend on Service Reserve Balances and Future Financial Years

5.5.1 Following a number of consecutive financial years of underspending, the Social Services general reserve balance currently stands at £4.83million. Therefore, the projected in-year overspend of £1.42million could readily be funded from the general service reserve balance. However, it should be noted that there are a number of existing pressures within Social Services that are partially funded from earmarked reserve balances for a fixed period until longer term funding streams can be identified. Given the financial pressures currently faced within the social care sector it is unlikely that those longer term funding streams will become available in the short term so it is likely that around £2.55million of Social Services general reserve funding will be required to continue to fund these existing pressures through to the end of 2023/24. This would reduce the general service reserve balance to around £0.86million which is just 0.78% of the total annual budget for Social Services.

5.5.2 Resuming admissions to Ty Ni residential home is likely to ease the pressure upon the Children's Services external residential care budget to some extent. However, there are likely to be additional pressures faced by many families as a result of the current cost of living pressures that could lead to family breakdowns and further pressures on the residential care budget for 2023/24. Furthermore, the underspend forecast for Adult Services in 2022/23 is largely due to alternative day service provision and staff shortages within the domiciliary care market. With the co-production of a model for day services imminent and ongoing strategies to improve staff recruitment and retention across the social care sector, it is unlikely that Adult Services will underspend in 2023/24.

5.6 Conclusion

5.6.1 The projected in-year overspend of £1.42million does not pose a significant risk for the current financial year. However, the depletion of service reserves, ongoing financial pressures within Children's Services and a post-pandemic recovery to normal service levels within adult services are likely to cause significant financial pressures within 2023/24 and beyond. Therefore, it is critical that the Children's Services Division continues to pursue strategies to reduce our reliance on independent sector residential care and that senior officers and Members take every opportunity to lobby Welsh Government for additional funding for social care.

6. ASSUMPTIONS

6.1 The projections within this report assume that any pay award that may be agreed for 2022/23 will be matched by a budget virement from the corporate contingency budget that was created for this purpose or funded from corporate reserve balances.

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 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.

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Appendices:

Appendix 1 Social Services Budget Monitoring Report 2022/23 (Month 3)