



SOCIAL SERVICES SCRUTINY COMMITTEE 30TH MAY 2023

SUBJECT: 2023/24 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 2023/24 revenue budget settlement for Social Services.

2. SUMMARY

2.1 The report provides details of the 2023/24 revenue budget for service areas within Social Services and outlines the reasons for movements in the revenue budget since 2022/23.

2.2 The report also sets out the corporate context within which the 2023/24 revenue budget has been set and considers how the 2023/24 budget has been shaped by the Directorate's financial performance in 2022/23.

3. RECOMMENDATIONS

3.1 That Members note the content of this report and the 2023/24 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 2023/24 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, in recent years due to economic uncertainty the announcement has been delayed until December and details of the Provisional Local Government Financial Settlement for 2023/24 were not released until 14 December 2022.

5.1.2 The settlement included a 6.9% uplift in Caerphilly's Aggregate External Finance, which

amounted to £22.152 million. Whilst this increase was of course welcomed it still fell well below the recent unprecedented levels of inflation and other cost pressures faced by the Council which totalled £55.478 million.

- 5.1.3 These cost pressures included £24.381 million in respect of inflationary pressures, including:-
- provision for the underfunding of the National Joint Council pay award for 2022/23 (i.e. the shortfall in the 2022/23 budget due to the difference between the £1,925 flat rate actual award per full time member of staff from April 2022 and the 3% provision that had been included in the 2022/23 original budget,
 - a clawback of the overprovision for national insurance contributions resulting from national government's decision to remove the 1.25% social care levy,
 - provision for a 5% pay award for all staff with effect from April 2023,
 - provision for the impact of an increase in the Foundation Living Wage,
 - inflationary uplifts of 210% for gas, 131% for electricity, 22.2% for fuel, 16.5% for food and beverages, and 5% for other non-staff costs and
 - an increase of 1% in employer's pension contributions.
- 5.1.4 The remainder of the £55.478 million cost pressure was made up of £18.542 million of general fund inescapable service pressures and £12.555 million of schools cost pressures.
- 5.1.5 The 2023/24 revenue budget was approved by Full Council at its meeting on 23rd February 2023 and included a 7.9% increase in Council Tax, which when coupled with the increase in the Welsh Government Financial Settlement meant that the Council faced a funding gap of £27.179 million in 2023/24. £4.972 million of permanent savings have been identified to reduce this gap whilst a further £6.862 million of temporary savings have also been identified for 2023/24 only. The remaining shortfall of £15.345 million will be funded through a one-off use of reserves in 2023/24.

5.2 **The Social Services Budget Strategy**

- 5.2.1 The original 2022/23 budget for Social Services that was approved by Council in February 2022 amounted to £102.242 million and included provision for a 3% pay award with effect from 1st April 2022. In addition to this, a further £5.716 million was earmarked within the corporate budget to address anticipated cost pressures within Social Services over the forthcoming year. This additional funding was subsequently vired in to the social services budget to address £4.066 million of independent sector fee pressures and £1.650 million of children's services placement pressures. This resulted in a revised 2022/23 budget for Social Services of £107.958 million.
- 5.2.2 The 2023/24 budget proposals approved by Council on 22nd February 2023 included the following provision for general fund inflationary pressures:-

	£million
Provision for shortfall in 2022/23 pay award	4.788
Less clawback of social care element of National Insurance	(1.407)
National Joint Council (NJC) Pay Awards at 5%	7.207
Increase in Employer's Pension Contributions of 1%	1.106
Living Wage Increases for APT&C staff	0.218
Non-pay inflation	12.469
Total	24,381

5.2.3 The Social Services budget for 2023/24 includes the following share of funding to address these inflationary pressures:-

	£million
Provision for shortfall in 2022/23 pay award	3.052
Less clawback of social care element of National Insurance	(0.506)
National Joint Council (NJC) Pay Awards at 5%	2.437
Increase in Employer's Pension Contributions of 1%	0.392
Living Wage Increases for APT&C staff	0.024
Non-pay inflation	5.267
Total	10.666

5.2.4 In addition to these inflationary pressures, £9.293 million has been included in the Social Services budget for 2023/24 to address the following inescapable service pressures:-

	£million
Increased demand and complexity of Children's placements	3.940
Increased demand for care packages for vulnerable adults	0.510
Re-provisioning of home care packages returned by independent providers	0.042
Provision for impact of enhanced fire regulations in supported living accommodation	0.303
Anticipated increases in fees for independent sector providers in relation to the Real Living Wage and wider inflationary pressures	2.833
Additional posts (3.52 FTE's) required to address increasing demands	0.158
1 day additional leave arising from the 2022/23 pay settlement and 5 days additional leave endorsed by Cabinet	0.500
Review of supported living rotas to address support needs of current service users	0.232
Contribution to Regional Independent Domestic Violence Advocacy Service	0.078
Review of Caerphilly Cares Service and withdrawal of short term funding	0.697
TOTAL	9.293

5.2.5 Of the £4.972 million of permanent savings identified in paragraph 5.1.5 above, £0.594 million has come through the realignment of the following social services budgets:-

	£million
Long term residential care for children with disabilities	0.069
Non-residential care income	0.068
Travel expenses (reflecting flexible working models)	0.105
Foster care recruitment and retention	0.018
Children's Services prevention	0.030
Contributions to regional posts	0.028
Short term care arrangements	0.049
Shared lives placements	0.225
Office expenses	0.002
Total	0.594

- 5.2.6 A realignment of management responsibilities for some services has meant a virement of the budgets associated with these services. As a result, £0.122 million has been vired into the Social Services budget from the Communities budget in respect of the Caerphilly Cares Services while £0.307 million has been vired from the Social Services budget to the Housing budget in respect of the Supporting People Service. The Caerphilly Cares budget has previously been reported as part of the Adult Services budget. However, it isn't a social services function despite reporting directly to the Corporate Director for Social Services and Housing. Therefore, The Caerphilly Cares budget is now captured within the Business Support budget.
- 5.2.7 The issues identified in paragraphs 5.2.1 to 5.2.6 above resulted in an original budget for 2023/24 for Social Services of £127,137,247 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	1,743,554	3,971,801	0	5,715,355
Inflationary Pressures	2,497,048	7,936,285	232,842	10,666,175
Inescapable Pressures	4,098,800	5,194,200	0	9,293,000
Savings	(108,019)	(460,981)	(25,000)	(594,000)
Management realignment	42,000	(1,477,308)	1,249,917	(185,391)
Original Budget 2023/24	<u>35,942,914</u>	<u>87,487,295</u>	<u>3,707,038</u>	<u>127,137,247</u>

- 5.2.8 A detailed analysis of the original budget for 2023/24 is provided in appendix 1.

5.3 Conclusion

The Social Services budget for 2023/24 totalling £127,137,247 has been partially re-aligned to address known commitments as at January 2023 and to provide some financial stability within the social care market. However, demand for social care is likely to continue to rise throughout the forthcoming financial year due to an ageing population and the social effects of the current cost of living pressures. Furthermore, a national focus on the fair cost of providing social care is likely to create additional pressures on the fees that Caerphilly CBC pays to care providers. In summary, while the 2023/24 budget settlement for Social Services has been better than anticipated, any additional pressures that present throughout 2023/24 may need to be managed in-year through the use of service reserves.

6. ASSUMPTIONS

- 6.1 The 2023/24 budget strategy includes provision for a 5% pay award from April 2023. However, negotiations are ongoing to determine the actual National Joint Committee pay award for 2023/24.

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 2023/24 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.

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Appendices: Appendix 1 - Social Services Original Revenue Budget 2023/24