



SOCIAL SERVICES SCRUTINY COMMITTEE 20TH OCTOBER 2020

SUBJECT: BUDGET MONITORING REPORT (MONTH 5)

REPORT BY: CORPORATE DIRECTOR SOCIAL SERVICES

1. PURPOSE OF REPORT

- 1.1 To inform Members of projected revenue expenditure for the Social Services Directorate for the 2020/21 financial year.

2. SUMMARY

- 2.1 The report will identify the reasons behind a projected overspend of £860k for Social Services in 2020/21, inclusive of transport costs.
- 2.2 It will also identify the potential additional costs that could be incurred within Social Services during the 2020/21 financial year as a result of the Covid 19 pandemic along with the funding made available by Welsh Government to cover these costs.

3. RECOMMENDATIONS

- 3.1 Members are asked to note the budget virements undertaken within the Social Services budget during the current financial year.
- 3.2 Members are asked to note the projected overspend of £860k against the Social Services budget for 2020/21, inclusive of transport costs.
- 3.3 Members are asked to note the financial impact of the Covid 19 pandemic upon Social Services.

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 2020/21 original budget held within Social Services amounted to of £93,236,499 (excluding transport costs). In addition to this, an original budget for 2020/21 of £1,552,829 was held within the Communities Directorate in respect of social care transport provision.

5.1.2 As at 30th June 2020, there had been no in-year budget virements in to or out of these original budgets. However, on 31st August, contracts with Barnardo's for family support services and young carers support expired and these services are now being provided in-house. This has necessitated a budget virement of £19k from the Children's Services budget to Adult Services budget to fund a young carers' support post within the Carers' Support Team within Adult Services.

5.1.3 Information available as at 31st August 2020 suggests a potential overspend of £934k against the budget held within Social Services (see appendix 1 for details), while the social care transport budget is forecast to be underspent by £74k following the closure of day care facilities in response to the Covid 19 pandemic. This would result in a total net overspend of £860k in respect of social care provision for 2020/21

Division	Original Budget (£000's)	In-Year Virements (£000's)	Current Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Children's Services	25,143	(19)	25,124	26,510	1,386
Adult Services	65,962	19	65,981	65,606	(375)
Service Strategy & Business Support	2,131		2,131	2,054	(77)
Sub Total Directorate of Social Services	93,236	0	93,236	94,170	934
Transport Costs	1,553		1,553	1,479	(74)
Grand Total	94,789	0	94,789	95,649	860

5.2 Children's Services

5.2.1 The Children's Services Division is currently projected to overspend its budget by £1,386k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Management, Fieldwork & Administration	8,968	8,688	(280)
Residential Care Incl. Secure Accommodation	6,314	7,927	1,613
Fostering & Adoption	8,026	8,274	248
Youth Offending	395	395	0
Families First	47	44	(3)
After Care Support	834	738	(96)
Other Costs	540	444	(96)
Totals: -	25,124	26,510	1,386

Management, Fieldwork and Administration

5.2.2 Recruiting to posts within Children's Services continues to be challenging and 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 £280k 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 We have seen a reduction of £155k in the committed costs of residential care for children since the month 3 position was reported to Members, largely due to a placement of young parents and their baby coming to an end and one other young person moving on to a more cost effective placement. However, as of 31st August 2020 the Children's Services Division were supporting 30 residential placements which is a 43% increase on the 21 placements that were supported when the 2020/21 budget was set. This increase in demand has led to a projected overspend of £1,613k in this area.

Fostering and Adoption

- 5.2.4 The division has experienced a further increase in demand for foster placements since the month 3 position was reported to Members. However, it has been possible to accommodate more children with relative carers or Caerphilly's in-house foster carers which has reduced the number of the more expensive placements made through independent fostering agencies. This has reduced the projected overspend on foster care by £3k but this saving has been more than offset by an £8k increase in adoption costs as a result of 2 new adoptions. The net effect of this has increased the combined overspend in this area to £248k.

Families First

- 5.2.5 Following a cut in specific grant funding in 2018/19, the Children's Services budget has been used to underwrite a funding shortfall of £47k across the Families First Programme. However, salary spinal point savings are forecast within the Families First Team so it is expected that only £44k will need to be underwritten by Children's Services. The resultant underspend of £3k would not reduce the amount of Welsh Government grant funding claimable.

Aftercare

- 5.2.6 An underspend of £96k is projected in respect of Aftercare Services and can be attributed to the termination of one expensive placement.

Other Costs

- 5.2.7 An underspend in respect of £96k is forecast in respect of other children's services costs. This underspend has increased by £83k since the month 3 position was reported to Members, largely due to the winding down of the Barnardo's contracts that came to an end in August.

5.3 **Adult Services**

- 5.3.1 The Adult Services Division is currently projected to underspend its budget by £375k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Management, Fieldwork & Administration	8,348	8,413	65
Own Residential Care and Supported Living	6,577	5,866	(711)
Own Day Care	4,075	3,699	(376)
Supported Employment	70	66	(4)
Aid and Adaptations	786	781	(5)
Gwent Frailty Programme	2,392	2,346	(46)
Supporting People (net of grant funding)	0	0	0
External Residential Care	15,127	15,066	(61)
External Day Care	1,486	1,353	(133)
Home Care	11,742	12,216	474

Other Domiciliary Care	14,039	14,405	366
Resettlement	(1,020)	(1,020)	0
Services for Children with Disabilities	1,390	1,447	57
Other Costs	969	968	(1)
Totals: -	65,981	65,606	(375)

Management, Fieldwork and Administration

- 5.3.2 A number of additional staff have been assigned to the Children with Disabilities Team on a temporary basis in response to the current workload of the team, at an additional cost of £230k. However, staffing vacancies across the remainder of the adult services management, fieldwork and administrative structure and a reduction in travelling expenses as a result of the Covid 19 pandemic are expected to partially offset the additional staff costs. As a result, a net overspend of £65k is forecast across this structure.

Own Residential Care and Supported Living

- 5.3.3 Around £75k of the £711k underspend in this area relates to delays in recruiting to posts at the facilities at Ashfield Road and Mill Street. A further £70k can be attributed to vacancies within the Peripatetic Team and £32k is due to additional income from other local authorities. A further £183k of the underspend within this service area relates to income from service users within our own residential homes. The remaining £351k of the underspend largely reflects the level of staff vacancies and absence cover across our residential homes, respite care and supported living homes. Much of the absence cover has been provided through the redeployment of day care staff at no additional cost.

Own Day Care

- 5.3.4 The £376k underspend forecast against our own day care services can be attributed to the closure of day care facilities in response to the Covid 19 pandemic as some posts will have remained vacant during the closures.

Gwent Frailty Programme

- 5.3.5 The underspend of £46k in respect of the Gwent Frailty Programme can largely be attributed to Reablement Support Worker vacancies within Caerphilly.

Supporting People

- 5.3.6 No variance is currently anticipated in respect of Supporting People Services.

External Residential Care

- 5.3.7 An underspend of £92k is predicted in respect of respite care provision for adults aged under 65, reflecting the reduced level of demand for traditional respite care in a residential setting that was experienced in 2019/20. Further underspends of £63k and £81k are predicted in respect of long term residential care for older people and people with learning disabilities respectively, although it is difficult to accurately predict the level of income receivable from service users to contribute towards their care costs. These underspends are partially offset by increased demand for long term placements for people with mental health problems, resulting in a net underspend of £61k in respect of external residential care.

External Day Care

- 5.3.8 An underspend of around £133k is forecast in respect of external day care provision. This is

due to a combination of a reduction in services required for people with mental health problems after the budget for 2020/21 was set in February 2020 and the temporary withdrawal of some services in response to Covid 19.

Home Care (In-House and Independent Sector)

5.3.9 Demand for domiciliary care has continued to grow since a potential overspend of £361k was reported to Members at the end of month 3. As a result, an overspend of £474k is currently forecast in respect of home care services based on the demand for services identified at the end of August.

Other Domiciliary Care

5.3.10 A net reduction of 3 supported living placements has helped to reduce the potential overspend in respect of other domiciliary care by £121k since the month 3 position was reported to Members. However an increase in the provision of shared lives provision and in the average size of care packages since the budget for 2020/21 was set means that we are still anticipating an overspend of £366k in this area.

Children with Disabilities

5.3.11 An overspend of £57k is forecast in respect of children with disabilities, largely due to staff cover at Ty Hapus Resource Centre.

Other Costs

5.3.12 A net underspend of £1k has been forecast in respect of Other Costs for Adult Services as a result of a refund of prior year overpayments in respect of regional arrangements relating to Deprivation of Liberty Safeguards.

5.4 Service Strategy and Business Support

5.4.1 The service area is currently projected to underspend by £76k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Management and Administration	906	866	(40)
Office Accommodation	223	219	(4)
Office Expenses	152	118	(34)
Other Costs	850	851	1
Totals: -	2,131	2,054	(77)

5.4.2 The underspend of £77k in respect of Business Support Includes £30k in respect of staffing vacancies, £10k in respect of travelling expenses and £34k in respect of office expenses.

5.4.3 The underspends forecast for travelling expenses and office expenses reflect a significant reduction in staff travel, printing and postage throughout the financial year to date due to restrictions in response to the Covid 19 pandemic and assumes that this will continue for a further 3 months.

5.4.4 A small overspend is projected in respect of Other Costs due to Covid 19 related costs (see section 5.5 for further details).

5.5 Additional Costs Incurred as a Result of the Covid 19 Pandemic

- 5.5.1 In response to the additional costs faced by local government as a result of the Covid 19 pandemic, Welsh Government created a general hardship fund of £30million for all of Wales against which councils could reclaim additional costs incurred up to 30th June in response to the pandemic. They also made available a number of targeted funds including £40million in respect of adult social care for the same period.
- 5.5.2 Claims for reimbursement of additional costs were submitted by local authorities to Welsh Government on a monthly basis throughout this period which were analysed by Welsh Government before deciding which costs they were prepared to reimburse. As at the end of June 2020, Caerphilly Social Services had submitted claims totalling £204k in respect of the General Hardship Fund and £2,512k in respect of the Adult Social Care Hardship Fund (see appendix 2 for details).
- 5.5.3 Welsh Government has rejected around £7k of the costs claimed by Caerphilly Social Services up to 30th June. This includes £4k claimed from the Adult Social Care Fund in respect of a small grants scheme set up to support voluntary groups and around £3k claimed from the General Hardship Fund, mainly in respect of petty cash advances made to vulnerable families.
- 5.5.4 On 31st July, a second tranche of the Adult Social Care Hardship Fund was released by Welsh Government covering the period 1st July to 30th September and subsequently an announcement was released stating that this funding stream will be available until 31st March 2021. This second tranche of funding brings with it new terms and conditions that are much more restrictive than for the first tranche. Rather than reimbursing local authorities for the actual costs incurred, tranche 2 funding is targeted at flat rate top-up payments to providers of residential care, supported living and domiciliary care and flat rate payments to cover the costs of carrying excessive vacancies in residential homes. These flat rate allowances are available to both external providers and in-house services. Funding is also available for exceptional items but at the time of writing this report it is unclear what costs will be allowable as exceptional.
- 5.5.5 For July and August around £604k was paid out by Caerphilly CBC in respect of flat rate payments to independent sector providers which will be reimbursed by Welsh Government. A further £204k of other Covid 19 related costs were also incurred in July and August but while around £172k of these other costs have been included in our grant claims as exceptional items it is anticipated that Welsh Government will reject these claims. However, around £151k of funding has been claimed in respect of flat rate payments intended to cover the hidden costs incurred by our in-house services which will go some way to offsetting the £204k of other Covid 19 related costs. In summary, it is anticipated that Adult Social Care grant funding for July and August will fall short of actual costs incurred by around £52k.
- 5.5.6 From September to March, it is anticipated that Adult Social Care Covid 19 related costs will amount to £464k while flat rate payments in respect of in-house services will total £518k. It is also anticipated that flat rate payments to external providers will amount to around £2,065k which will be fully funded by Welsh Government. This would result in surplus funding of around £54k over the period which would offset the funding shortfall expected for July and August.
- 5.5.7 Welsh Government have also confirmed the continuation of the General Hardship Fund until 31st March 2021, albeit with more restrictive terms and conditions. Most significantly, with effect from 1st July 2020, residential placements for children made in response to Covid 19 restrictions can no longer be funded from the Hardship Fund. As a result, just £32k was claimed from the General Hardship Fund for July and August and it is projected that just £10k will be claimed by Social Services through the General Hardship Fund between September and March.

5.6 Conclusion

An overspend of £860k is currently forecast for Social Services for 2020/21 (after deducting the projected underspend for transport). This is a reduction of £136k since the month 3 position was reported to Members and can be funded through Social Services reserve balances. However, demand for social care services for both children and adults historically has been volatile and during the Covid 19 pandemic, predicting demand has been particularly challenging. The pandemic has also highlighted the fragilities in the social care market which in turn has led to pressure on fee levels. Therefore, it is critical that the Directorate continues to focus on initiatives to manage demand and provide cost effective services particularly in respect of residential placements for children.

6. ASSUMPTIONS

- 6.1 The projections within this report assume that demand for services will remain at existing levels until the end of financial year unless there is strong evidence to suggest otherwise.

7. LINKS TO RELEVANT COUNCIL POLICIES

- 7.1 The provision of budget monitoring information is required as part of the budgetary control requirements contained within the Council's Financial Regulations.

7.2 Corporate Plan 2018-2023.

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 objectives.

8. WELL-BEING OF FUTURE GENERATIONS

- 8.1 Effective financial management is a key element in ensuring that the Well-being Goals within the Well-Being and Future Generations (Wales) Act 2015 are met.

9. EQUALITIES IMPLICATIONS

- 9.1 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.

10. FINANCIAL IMPLICATIONS

- 10.1 As detailed throughout the report.

11. PERSONNEL IMPLICATIONS

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

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.

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Appendices:

Appendix 1 Social Services Budget Monitoring Report 2020/21 (Month 5)

Appendix 2 Social Services - Covid 19 Related Costs and Welsh Government Hardship Fund Grant Income - Forecast as at 31st August 2020