

## SOCIAL & HEALTH CARE OVERVIEW AND SCRUTINY COMMITTEE

<b>Date of Meeting</b>	Thursday 26 <sup>th</sup> October 2023
<b>Report Subject</b>	Budget 2024/25 – Stage 2
<b>Cabinet Member</b>	Deputy Leader of the Council and Cabinet Member for Social Services and Wellbeing; and  Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement
<b>Report Author</b>	Corporate Finance Manager and Chief Officer (Social Services)
<b>Type of Report</b>	Strategic

### **EXECUTIVE SUMMARY**

As in past years, the budget for 2024/25 will be built up in stages.

The first stage has been concluded by the establishment of a robust baseline of cost pressures together with Member workshops to ensure Members had a full understanding of service budgets including current cost pressures and risks.

In September, Cabinet and Corporate Resources Overview and Scrutiny Committee received an updated position on the budget for 2024/25, which showed that we had a minimum additional revenue budget requirement estimated at £32.386m.

The report also provided an update on the work undertaken by portfolios over the Summer to review pressures, the outturn position and to consider further proposals for efficiencies to be considered as part of strategy to balance the budget.

The review by Overview and Scrutiny Committees throughout October and November of budget pressures and proposed efficiency options will form Stage 2 of the budget setting process, alongside the receipt of the Welsh Local Government Provisional Settlement, anticipated on 20<sup>th</sup> December. Stage 3 will be the identification of the full set of budget solutions required to ensure a legal and balanced budget is set.

A further meeting of the Corporate Resources Overview and Scrutiny Committee (open to all members) will be held on 16<sup>th</sup> November 2023 which will summarise the work undertaken so far to meet the budget gap.

The details of the cost pressures and proposed efficiency options for the Social Services Portfolio which fall within the remit of this Committee are included within this report. The Committee is invited to review and comment on these cost pressures, proposed efficiencies, and associated risks.

The Committee is also invited to advise on any additional areas of cost efficiency it believes should be explored further and the reasoning behind the request.

A slide presentation will be made at the meeting.

## RECOMMENDATIONS

1	Review and comment on the Social Services portfolio's cost pressures.
2	Review and comment on the Social Services portfolio's options to reduce budgets.
3	To advise on any areas of cost efficiency it believes should be explored further.

## REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE BUDGET POSITION 2024/25</b>
1.01	The first stage for budget setting was concluded in September where we established a robust baseline of cost pressures. The review by Overview and Scrutiny Committees throughout October and November of these cost pressures and proposed efficiency options will form part of stage 2 with stage 3 being the identification of the full set of budget solutions required to ensure a legal and balanced budget is set.
1.02	In September, Cabinet and Corporate Resources Overview and Scrutiny Committee received an updated position on the budget for 2024/25, which showed that we had a minimum additional revenue budget requirement estimated at £32.386m.  The report also provided an update on the work undertaken by portfolios over the Summer to review pressures, the outturn position and to consider further proposals for efficiencies to be considered as part of strategy to balance the budget.
1.03	The purpose of this report is to set out in detail the cost pressures and proposed efficiency options for the Social Services Portfolio for consideration by the members of this Committee.  Given the scale of the potential budget gap all services have been tasked with generating options to manage their service with a reduced budget. These options are included in the report for consideration by members of this Committee.

1.04 **Social Services – Cost pressures and proposals for budget reductions**

These are set out in the paragraphs which follow.

1.05 **Table 1: Social Services – Cost Pressures**

<b>Cost Pressure Title</b>	<b>£m</b>	<b>Note</b>
Social Care Commissioning	5.137	1.
Transition to Adulthood	0.840	2.
Children’s Services Group Homes	0.400	3.
Croes Atti (Flint) Older People Residential Home Expansion	0.330	4.
Increased In-house Homecare Capacity	0.150	5.
Special Guardianship Orders (SGOs)	0.050	6.
Social Worker Pay Review	0.115	7.
NEWCES contribution increase	0.080	8.
Increase to Regional Collaboration Team	0.050	9.
NEWydd and Emergency Duty Team inflationary uplift	0.130	10.
<b>Total Cost Pressures</b>	<b>7.282</b>	

Notes:

**1. Social Care Commissioning £5.137m**

Annual uplifts to providers for commissioned care is subject to detailed negotiation each year. The impact of increases to the Real Living Wage and current rates of inflation have resulted in a potential increase in fees, which need to be worked through in some detail with our partners.

**2. Transition to Adulthood £0.840m**

Based on the estimated annual cost for young people transferring from Children’s Services to Adult Social Care and will provide funding for the duration of the time for which they will receive services.

**3. Children’s Services Group Homes £0.400m**

Additional revenue costs for a small in-house children’s residential home to support the placements for looked after children within county and is part of the strategy to avoid escalating Out of County residential care costs.

**4. Croes Atti (Flint) Older People Residential Home Expansion £0.330m**

Croes Atti Older People Residential Home is to be rebuilt and expanded to accommodate more placements, which include elderly mentally ill placements for which there is a growing demand. The expanded residential home will require additional resources to fund required additional staff and running costs. This pressure represents three months of these costs as the earliest anticipated opening time is January 2025.

#### **5. Increased In-house Homecare Capacity £0.150m**

There is a strategic aim to increase the Council's own provision of its homecare service. The amount would provide about 174 additional hours of homecare per week based on 2023/24 pay grades. Much of this additional homecare provision will focus on providing increased dementia support. A review of this pressure has meant that this can be reduced by £0.050m.

#### **6. Special Guardianship Orders (SGOs) £0.050m**

A Special Guardianship Order (SGO) is an order appointing one or more people as a Special Guardian to a child and in doing so, secures the child's home with them and grants them parental responsibility. This approach can be an appropriate alternative to children being looked after by the local authority. Financial support from the local authority can be provided through a SGO allowance with funding based on a financial assessment. In some circumstances a move to a SGO arrangement can place the Special Guardian in financial detriment. This pressure enables the local authority to exercise reasonable discretion where there are exceptional circumstances to avoid financial detriment which may prevent foster carers from becoming appointed guardians. This pressure could be removed following a review carried out of the portfolio's pressures.

#### **7. Social Worker Pay Review £0.115m**

Over recent years being able to recruit and retain experienced Social Workers has proven to be extremely challenging, this biggest factor to this is due to the comparative salaries paid in Flintshire compared with neighbouring Local Authorities. To mitigate this Social Services have worked closely with HR and have introduced a new 'Senior Social Worker Post' at grade G07. This has had a consequential impact on posts above - for example senior practitioners were previously grade G07 and now have been converted to Deputy Team Managers at grade G08 and Team Managers have moved from grade G08 to G09. These posts were appointed too and budgeted at the bottom of each grade and further budget requirement is needed over subsequent years to match pay increments.

#### **8. NEWCES contribution increase £0.080m**

The North East Wales Community Equipment Store (NEWCES) is a pooled budget arrangement between Flintshire County Council, Wrexham County Borough Council and Betsi Cadwaladr University Health Board hosted by Flintshire County Council. The inflationary impact on equipment and employee costs meant that the 2022/23 pooled budget would have had a deficit balance were it not for one off grant funding of £186,000. Given further inflationary costs are expected in 2023/24 each partner should increase their contribution to the pooled budget for this arrangement to continue without reducing the service provided. Following review work undertaken over the summer period this pressure could be reduced by £0.050m.

#### **9. Increase to Regional Collaboration Team £0.050m**

The 2023/24 budget included an efficiency of £0.050m to reduce the contribution to the Regional Collaboration Team. Normally the contribution to the Regional Collaboration Team is £0.123m but this was reduced to £0.073m in the 2023/24 budget. This was a one-off reduction, and the contribution is expected to return to the previous contribution amount in 2024/25 although the possibility of a further reduction in 2024/25 is being explored.

**10. NEWydd and Emergency Duty Team inflationary uplift £0.130m**

The NEWydd catering and cleaning contract for the older people residential care homes and the Emergency Duty Team contract with Wrexham County Borough Council are both subject to annual inflation. Usually, inflation is absorbed by the portfolio but the sharp rise in inflation over the last twelve months has made this extremely challenging to continue doing so.

1.06

**Table 2: Social Care – Budget Reductions**

<b>Budget Reduction Proposals</b>	<b>£m</b>	<b>RAG</b>	<b>Note</b>
Reduction to NEWydd costs	0.100	Amber	1.
Increased grant maximisation	0.050	Amber	2.
<b>Total</b>	<b>0.150</b>		

**Notes:**

**1. Reduction to NEWydd costs (£0.100m)**

NEWydd provide the catering and cleaning services to the Council’s Older People Residential Care Homes. By entering discussions with NEWydd and working with them on service delivery options we are hopeful cost reductions will be found.

**2. Increased grant maximisation (£0.050m)**

Included in the Social Services budget is a target of £0.160m for costs which can be offset by in-year grant funding, this target is to be increased by £0.050m. Grants are often awarded in-year so there will be some risk associated with this efficiency as the number and amount of grant funding can fluctuate from one year to the next.

1.07

**Out of county placements – Cost Pressure**

The current forecast includes an additional budget requirement of £0.500m for out of county placements split between Education and Social Services. The pooled budget service is already projecting an overspend in excess of this due to the continuing high demand for specialist provision in Education and Social Services so will need to be kept under continuous review. Although in-house provision is being further developed in both areas, this cannot meet the levels of demand currently being experienced with significant numbers of new placements being made in 2023/24 and no sign of any future reduction in demand. There are also market supply issues and inflationary factors which are further influencing this overspend. There is a significant risk that the current level of pressure allocated will not meet the total cost of the full year impacts in 2024/25 of the new placements made during 2023/24, together with further new placements which will need to be made during 2024/25. The cost pressure is continually under review and will be considered further as part of Stage 3 of the budget process.

1.08	<p><b>Budget Timeline</b></p> <p>An outline of the local budget timeline at this stage is set out in the table below:</p> <p><b><u>Table 5: Budget Timeline</u></b></p> <table border="1"> <thead> <tr> <th>Date</th> <th>Event</th> </tr> </thead> <tbody> <tr> <td>October/November 2023</td> <td>Overview and Scrutiny Committees</td> </tr> <tr> <td>19 December 2023</td> <td>Welsh Government Draft Budget</td> </tr> <tr> <td>19 December 2023</td> <td>Cabinet</td> </tr> <tr> <td>20 December 2023</td> <td>Provisional Local Government Settlement</td> </tr> <tr> <td>11 January 2024</td> <td>Corporate Resources Overview and Scrutiny Committee</td> </tr> <tr> <td>16 January 2024</td> <td>Cabinet – Budget Review</td> </tr> <tr> <td>20 February 2024</td> <td>Cabinet and Council – Final Budget Setting</td> </tr> <tr> <td>1 March 2024</td> <td>WG Final Budget/Settlement</td> </tr> </tbody> </table>	Date	Event	October/November 2023	Overview and Scrutiny Committees	19 December 2023	Welsh Government Draft Budget	19 December 2023	Cabinet	20 December 2023	Provisional Local Government Settlement	11 January 2024	Corporate Resources Overview and Scrutiny Committee	16 January 2024	Cabinet – Budget Review	20 February 2024	Cabinet and Council – Final Budget Setting	1 March 2024	WG Final Budget/Settlement
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<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	<p><b>Revenue:</b> the revenue implications for the 2024/25 budget are set out in the report.</p> <p><b>Capital:</b> there are no new implications for the approved capital programme for either the current financial year or for future financial years – the capital programme will be subject to a separate report</p>

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	<ul style="list-style-type: none"> <li>• Cabinet</li> <li>• Member Budget Briefings July and October 2023</li> <li>• Specific Overview and Scrutiny Committees</li> <li>• Corporate Resource Overview and Scrutiny Committee Meetings</li> </ul>

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	As set out in the report.

<b>5.00</b>	<b>APPENDICES</b>
5.01	None.

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<ul style="list-style-type: none"> <li>• MTFS and Budget 2024/25 Cabinet Report July 2023</li> <li>• MTFS and Budget 2024/25 Cabinet Report September 2023</li> <li>• Member Briefing Slides</li> </ul>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Medium Term Financial Strategy (MTFS):</b> a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period and sets out plans for how best to deploy those resources to meet its priorities, duties and obligations.</p> <p><b>Revenue:</b> a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p> <p><b>Budget:</b> a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</p> <p><b>Budget Requirement:</b> The amount of resource required to meet the Councils financial priorities in a financial year.</p> <p><b>Forecast:</b> An estimate of the level of resource needed in the future based on a set of demands or priorities.</p> <p><b>Capital:</b> Expenditure on the acquisition of <b>non-current assets</b> or expenditure which extends the useful life of an existing asset.</p> <p><b>Revenue Support Grant:</b> the annual amount of money the Council receives from Welsh Government to fund what it does alongside the Council Tax and other income the Council raises locally. Councils can decide how to use this grant across services although their freedom to allocate according to local choice can be limited by guidelines set by Government.</p> <p><b>Specific Grants:</b> An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.</p> <p><b>Welsh Local Government Association:</b> the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.</p> <p><b>Financial Year:</b> the period of 12 months commencing on 1 April.</p>

**Local Government Funding Formula:** The system through which the annual funding needs of each council is assessed at a national level and under which each council's Aggregate External Finance (AEF) is set. The revenue support grant is distributed according to that formula.

**Aggregate External Finance (AEF):** The support for local revenue spending from the Welsh Government and is made up of formula grant including the revenue support grant and the distributable part of non-domestic rates.

**Provisional Local Government Settlement:** The Provisional Settlement is the draft budget for local government published by the Welsh Government for consultation. The Final Local Government Settlement is set following the consultation.

**Funding Floor:** a guaranteed level of funding for councils who come under the all-Wales average change in the annual Settlement. A floor has been a feature of the Settlement for many years.