

## SOCIAL AND HEALTH CARE OVERVIEW AND SCRUTINY COMMITTEE

<b>Date of Meeting</b>	Thursday 24 <sup>th</sup> October 2024
<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 and Social Value
<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 2025/26 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 and individual Group Briefings to ensure Members had a full understanding of the Council's concerning overall financial position.

In September, Cabinet and Corporate Resources Overview and Scrutiny Committee received an updated position on the budget for 2025/26, which showed that we had an additional revenue budget requirement estimated at £38.420m which presents a serious and major budget challenge for the Council – proposed solutions to bridge this gap are currently being developed and will be shared with members in due course.

This review by Overview and Scrutiny Committees throughout October and November is aimed at reviewing and scrutinising the portfolio cost pressures to provide assurance that they are an essential requirement for the 2025/26 budget and that there is no scope to remove / defer them to assist with dealing with the budget challenge.

The draft Welsh Government Budget is scheduled to be announced on 10 December and the Provisional Welsh Local Government Settlement is expected to be received on 11 December.

Stage 3 of the budget process will be the identification of the full set of budget solutions required to ensure a legal and balanced budget is set in line with the Council's overall available funding envelope.

The details of the cost pressure 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 challenge these cost pressures and associated risks.

## RECOMMENDATIONS

1	Review and comment on the Social Services portfolio's cost pressures.
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## REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE BUDGET POSITION 2024/25</b>											
1.01	The first stage has been concluded by the establishment of a robust baseline of cost pressures together with Member workshops and individual Group Briefings to ensure Members had a full understanding of the Council's concerning overall financial position.											
1.02	In September, Cabinet and Corporate Resources Overview and Scrutiny Committee received an updated position on the budget for 2025/26, which showed that we had an additional revenue budget requirement estimated at £38.420m which presents a serious and major budget challenge for the Council – proposed solutions to bridge this gap are currently being developed and will be shared with members in due course.											
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1.04	<p>The draft Welsh Government Budget is scheduled to be announced on 10 December and the Provisional Welsh Local Government Settlement is expected to be received on 11 December.</p> <p>Stage 3 of the budget process will be the identification of the full set of budget solutions required to ensure a legal and balanced budget is set in line with the Council's overall available funding envelope.</p>											
1.05	<p><b>Social Services – Cost pressures</b></p> <p>These are set out in the paragraphs which follow.</p>											
1.06	<p><b><u>Table 1: Social Services – Cost Pressures</u></b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Cost Pressure Title</th> <th style="text-align: center;">£m</th> <th style="text-align: center;">Note</th> </tr> </thead> <tbody> <tr> <td>Social Care Commissioning</td> <td style="text-align: center;">3.985</td> <td style="text-align: center;">1.</td> </tr> <tr> <td>Transition to Adulthood</td> <td style="text-align: center;">0.675</td> <td style="text-align: center;">2.</td> </tr> </tbody> </table>			Cost Pressure Title	£m	Note	Social Care Commissioning	3.985	1.	Transition to Adulthood	0.675	2.
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Children's Services Group Homes	0.450	3.
Croes Atti (Flint) Older People Residential Home Expansion	1.321	4.
Social Worker Pay Review	0.108	5.
Increased In-house Homecare Capacity	0.100	6.
Partnership Working Cost Increases	0.330	7.
Grants Maximisation – Adults (one-off efficiency 24/25)	0.100	8.
<b>Total Cost Pressures</b>	<b>7.069</b>	

Notes:

### **1. Social Care Commissioning £3.985m**

Annual uplifts to providers for commissioned care is subject to negotiation each year. The impact of increases to the Real Living Wage and current rates of inflation have resulted in an estimated significant increase in fees.

### **2. Transition to Adulthood £0.675m**

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 £0.450m**

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. There is likely to be a future Welsh Government grant which will be used to develop the Children's in-house residential care service which would defer this pressure. Details of the amount and time period for this grant and the formal grant offer have yet to be received.

### **4. Croes Atti (Flint) Older People Residential Home Expansion £1.321m**

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 the full year increase in expected running costs and assumes an operational date of 1 April 2025.

### **5. Social Worker Pay Review £0.108m**

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 taken on additional duties supporting the Team

Manager in their new role of Deputy Team Managers at grade G08 and Team Managers have had their roles re-evaluated resulting in a 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.

#### **6. Increased In-house Homecare Capacity £0.100m**

There is a strategic aim to increase the Council's own provision of its homecare service. The amount would provide about 117 additional hours of homecare per week based on the current 2024/25 pay grades. Much of this additional homecare provision will focus on providing increased dementia support. There are however recruitment challenges within Flintshire's Homecare service and this pressure could be deferred to 2026/27.

#### **7. Partnership Working Cost Increases £0.330m**

There are a number of joint working arrangements between Flintshire Social Services and other organisations such as with neighbouring Local Authorities and third sector organisations. Due to the high rates of inflation over the last two financial years the costs of contributing to the services have increased and it is extremely challenging for the portfolio to absorb the increased costs within the current budget.

#### **8. Grants Maximisation Adults (one-off efficiency) £0.100m**

Included in the Social Services 2024/25 budget was an increased target for costs which can be offset by in-year grant funding. This target was increased in 2024/25 based on estimated one-off grants awarded in-year. Grant funding is typically provided to invest in service development to reduce the impact of rising costs of services in the future. Whilst there is a good track record of developing innovative services using base budget it is critical that grant funding is used to maximise the development of services.

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 2024/25 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 2025/26 of the new placements made during 2024/25, together with further new placements which will need to be made during 2025/26. 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><u>Ongoing Risks</u></b></p> <p>This financial year has seen an escalation of costs for purchased Older People care. This includes independently provided residential care and homecare. Actions are being taken to reduce these costs and maximise income contributions where possible, but continued increasing demand may lead to costs which are unable to be met within the current budget envelope.</p> <p>Recruitment and retention of experienced social workers is extremely challenging, particularly in Children’s Services. This is leading to use of agency workers to maintain safeguarding standards, there are more costly than employed social workers.</p> <p>In addition, as the number of complex cases in Children’s Services increase, the infrastructure to support caseloads is facing increased pressure and the current establishment may not be able to support increasing caseloads in the future without additional resource.</p>																
1.09	<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" data-bbox="288 999 1353 1429"> <thead> <tr> <th>Date</th> <th>Event</th> </tr> </thead> <tbody> <tr> <td>October/November 2024</td> <td>Overview and Scrutiny Committees</td> </tr> <tr> <td>10/11 December 2024</td> <td>Draft Welsh Government Budget and Provisional Local Government Settlement</td> </tr> <tr> <td>17 December 2024</td> <td>Cabinet</td> </tr> <tr> <td>16 January 2025</td> <td>Overview and Scrutiny Committees – as required</td> </tr> <tr> <td>21 January 2025</td> <td>Cabinet – Budget Review</td> </tr> <tr> <td>18 February 2025</td> <td>Cabinet and Council – Final Budget Setting</td> </tr> <tr> <td>February 2025</td> <td>Welsh Government Final Budget/Settlement</td> </tr> </tbody> </table>	Date	Event	October/November 2024	Overview and Scrutiny Committees	10/11 December 2024	Draft Welsh Government Budget and Provisional Local Government Settlement	17 December 2024	Cabinet	16 January 2025	Overview and Scrutiny Committees – as required	21 January 2025	Cabinet – Budget Review	18 February 2025	Cabinet and Council – Final Budget Setting	February 2025	Welsh Government Final Budget/Settlement
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2.00	<p><b>RESOURCE IMPLICATIONS</b></p>
2.01	<p><b>Revenue:</b> the revenue implications for the 2025/26 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>

3.00	<p><b>CONSULTATIONS REQUIRED / CARRIED OUT</b></p>
3.01	<ul style="list-style-type: none"> <li>• Cabinet</li> <li>• Member Budget Briefings July and October 2024</li> </ul>

	<ul style="list-style-type: none"> <li>• Specific Overview and Scrutiny Committees</li> <li>• Corporate Resource Overview and Scrutiny Committee Meetings</li> </ul>
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<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 2025/26 Cabinet Report July 2024 <a href="#">Agenda - Cabinet 23.07.2024</a></li> <li>• MTFS and Budget 2025/26 Cabinet Report September 2024 <a href="#">Agenda - Cabinet 25.09.2024</a></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>

**Capital:** Expenditure on the acquisition of **non-current assets** or expenditure which extends the useful life of an existing asset.

**Revenue Support Grant:** 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.

**Specific Grants:** An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.

**Welsh Local Government Association:** the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.

**Financial Year:** the period of 12 months commencing on 1 April.

**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.