

## SOCIAL & HEALTH CARE OVERVIEW AND SCRUTINY COMMITTEE

<b>Date of Meeting</b>	Thursday, 30 <sup>th</sup> September 2021
<b>Report Subject</b>	Budget 2022/23 – Stage 2
<b>Cabinet Member</b>	Cabinet Member for Finance, Procurement and Social Value and Cabinet Member for Social and Health
<b>Report Author</b>	Corporate Finance Manager, Chief Executive
<b>Type of Report</b>	Strategic

### EXECUTIVE SUMMARY

As in past years the budget for 2022/23 will be built up in stages.

The first stage was concluded in July where we established a robust baseline of cost pressures. The review by Overview and Scrutiny Committees throughout September and October will form stage 2 with Stage 3 being the identification of the funding solutions to ensure a legal and balanced budget.

In July, Cabinet and Corporate Resources Overview and Scrutiny Committee received the updated position on the budget for 2022/23 which showed that we have a minimum additional revenue budget requirement of an estimated £16.750m. The cost pressures identified were referred to the respective Overview and Scrutiny Committees with a request that they all undergo a rigorous review.

The details of the cost pressures for Social Care – which fall within the remit of this Committee - are included within this report. The Committee is invited to review these cost pressures and risks, and to advise on any 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	That the Committee reviews and comments on the Social Care cost pressures.
2	That the Committee advises on any areas of cost efficiency it believes should be explored further.

## REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE BUDGET POSITION 2022/23</b>																																
1.01	The first stage for budget setting was concluded in July where we established a robust baseline of cost pressures. The review by Overview and Scrutiny Committees throughout September and October will form stage 2 with Stage 3 being the identification of the funding solutions to reach a legal and balanced budget.																																
1.02	In July, Cabinet and Corporate Resources Overview and Scrutiny Committee received the updated position on the budget for 2022/23 which showed that we have a minimum additional revenue budget requirement of an estimated £16.750m. The cost pressures identified were referred to the respective Overview and Scrutiny Committees with a request that they all undergo a rigorous review.																																
1.03	The purpose of this report is to set out in detail of the cost pressures for Social Care that are included within the minimum budget requirement.																																
1.04	<p><b>Social Services Portfolio Pressures</b></p> <p>These are set out in the paragraphs which follow.</p>																																
1.05	<p><b><u>Table 1: Social Care Pressures</u></b></p> <table border="1"> <thead> <tr> <th>Pressure Title</th> <th>£m</th> <th>Note</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Prior Year Decision/Approval</b></td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>Children's Registered Residential Care Home</li> </ul> </td> <td>0.413</td> <td>1.</td> </tr> <tr> <td colspan="3"><b>Legislative/Unavoidable Indexation Pressures</b></td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>Liberty Protection Safeguards</li> </ul> </td> <td>0.300</td> <td>2.</td> </tr> <tr> <td colspan="3"><b>Requiring National Resolution</b></td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>Social Care Commissioning</li> </ul> </td> <td>1.952</td> <td>3.</td> </tr> <tr> <td colspan="3"><b>Strategic Decisions</b></td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>Transition to Adulthood</li> </ul> </td> <td>0.943</td> <td>4.</td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>Children's Services Group Homes</li> </ul> </td> <td>0.300</td> <td>5.</td> </tr> </tbody> </table>			Pressure Title	£m	Note	<b>Prior Year Decision/Approval</b>			<ul style="list-style-type: none"> <li>Children's Registered Residential Care Home</li> </ul>	0.413	1.	<b>Legislative/Unavoidable Indexation Pressures</b>			<ul style="list-style-type: none"> <li>Liberty Protection Safeguards</li> </ul>	0.300	2.	<b>Requiring National Resolution</b>			<ul style="list-style-type: none"> <li>Social Care Commissioning</li> </ul>	1.952	3.	<b>Strategic Decisions</b>			<ul style="list-style-type: none"> <li>Transition to Adulthood</li> </ul>	0.943	4.	<ul style="list-style-type: none"> <li>Children's Services Group Homes</li> </ul>	0.300	5.
Pressure Title	£m	Note																															
<b>Prior Year Decision/Approval</b>																																	
<ul style="list-style-type: none"> <li>Children's Registered Residential Care Home</li> </ul>	0.413	1.																															
<b>Legislative/Unavoidable Indexation Pressures</b>																																	
<ul style="list-style-type: none"> <li>Liberty Protection Safeguards</li> </ul>	0.300	2.																															
<b>Requiring National Resolution</b>																																	
<ul style="list-style-type: none"> <li>Social Care Commissioning</li> </ul>	1.952	3.																															
<b>Strategic Decisions</b>																																	
<ul style="list-style-type: none"> <li>Transition to Adulthood</li> </ul>	0.943	4.																															
<ul style="list-style-type: none"> <li>Children's Services Group Homes</li> </ul>	0.300	5.																															

• Increased Homecare Capacity	0.150	6.
• Special Guardianship Orders (SGO)	0.050	7.
<b>New Posts</b>		
• Transformation Fund	0.100	8.

1. Children's Residential Care Home – This is to provide in-county provision for residential placements and reduce future reliance on independent care providers. The pressure reflects 9 month's costs from an annual total of £0.550m, a pressure for three month's costs was included within the 2020/21 budget.
2. Liberty Protection Safeguards – Changes are being introduced through the Mental Capacity (Amendments) 2019 Act which is to abolish Deprivation of Liberty Safeguards (DoLS) and replace with a new system, Liberty Protection Safeguards (LPS). The legislation is due to come into force in April 2022 and will result in the need to change processes within the service, requiring additional social work capacity, an Authorising Body post and increased medical assessments.
3. Social Care Commissioning – This is the funding required to support the minimum inflationary increases for the fragile social care provider market in 2022/23. The pressure assumes an inflationary increase which is yet to be agreed. The care sector is also competing against other sectors, such as supermarkets, to attract more staff and is behind in terms of hourly rate of pay offered. Welsh Government support is required urgently to meet the Real Living Wages and additional care provider costs which are significantly greater than the funding set aside in the MTFS.
4. Transition to Adulthood – Social Services have a list of known young people with a learning disability coming through to adulthood, this funding will support these people through a progression model which includes pathways to higher education, work placements, day time services, domiciliary or supported living.
5. Children's Services Group Homes – This is to provide in-county provision for residential placements using Flintshire's housing stock and using small community based homes for young people who need to be supported in small groups or in solo provision. In the medium and long term the investment will enable us to support children in their communities and works to maximise step down to foster placements and even family reunification, where appropriate, in a planned and supported way.
6. Increased Homecare Capacity – The funding is to increase the capacity of the in-house homecare team. Over the next 2 to 3 years the in-house team aims to increase its market share, with more focus on delivering reablement, dementia care and supporting very complex

families. This will result in greater overall domiciliary capacity and reduce some of the risk to market stability.

7. Special Guardianship Orders (SGO) – This financial allocation would enable us to proactively encourage carers to move to SGO arrangements where we consider this would be in the best interest of the child (or children). Under these arrangements carers seek a court order that effectively moves parental responsibility from the Local Authority to the carers, which enables a more natural family based arrangement
8. Transformation Fund - This pressure represents the salaries, on-costs, and limited support budget to provide additional posts (or contribute to posts at a regional level) to carry on the work of the four North Wales Regional Transformation Projects. It is anticipated that Welsh Government funding for these projects will cease in April 2022, exit strategies are being developed to ensure key services continue but these cannot take place without a small number of workers to deliver and develop the services on a regional basis.

1.06

**Table 2: Joint Pressure - Social Care and Education & Youth**

Pressure Title	£m	Note
<b>Strategic</b>		
<ul style="list-style-type: none"> <li>• Out of County Placements</li> </ul>	1.000	1.

1. Out of County Placements – The demand for residential placements nationally has grown. Like many authorities this financial year has seen an unprecedented growth in demand attributed to children and young people experiencing a crisis

1.07

This is currently a challenging period of time for Social Services with significant market stability risks due to staff recruitment and the levels of fees paid to independent care providers, which needs assistance at a national level for Flintshire to successfully meet these challenges.

Additionally the Integrated Care Fund, which contributes to financially support many of the portfolio's core services such as Older People's residential care and Children's Services for meeting complex needs, ceases at the end of this financial year. Future funding has been approved by Welsh Government from April 2022 to March 2027 however details such as the funding allocations and eligibility criteria, have yet to be shared.

Despite current and past financial; challenges Flintshire continues to deliver progressing practice, by delivering quality enhancement programmes such as Progress for Providers, and developing our own in-house care provision. These practices are now being duplicated and developed within other local authorities in Wales.

1.08	<p><b>Organisational Capacity</b></p> <p>The capacity of the organisation has been reduced over a number of years, in some areas of service management and operations, due to the need to reduce budget overheads to achieve our efficiency targets. The experience of managing the pandemic and endemic situation over the past 18 months has led to some increases in workload in certain areas, and the Council has set out some priorities which will require additional capacity in the Council Plan and through the leadership of the Council.</p> <p>The Chief Executive and Chief Officer Team have reviewed these capacity needs in depth. We have prioritised a number of requests for additional posts to supplement operational teams for consideration by the Overview and Scrutiny Committees as potential cost pressures for 2022/23 onwards. These requests are all supported by business cases. Our recommendation to Council will be that these requests are supported in order of priority. The extent to which this list of requests can be funded will depend on the financial “headroom” we will have when we are on the verge of setting the annual budget in the new year.</p> <p>From amongst this set of requests a small number have been prioritised for accelerated approval within 2021/22 and in advance of the annual budget setting. This accelerated approval will be the subject of a separate report to Cabinet in September.</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 6: Budget Timeline</u></b></p> <table border="1" data-bbox="320 1294 1385 1563"> <thead> <tr> <th>Date</th> <th>Event</th> </tr> </thead> <tbody> <tr> <td>September/October</td> <td>Overview and Scrutiny Committees</td> </tr> <tr> <td>20/21 December</td> <td>WG Draft Budget/Provisional Settlement</td> </tr> <tr> <td>14 December</td> <td>Cabinet</td> </tr> <tr> <td>18 January</td> <td>Cabinet</td> </tr> <tr> <td>15 February</td> <td>Cabinet and Council</td> </tr> <tr> <td>1 March</td> <td>WG Final Budget/Settlement</td> </tr> </tbody> </table>	Date	Event	September/October	Overview and Scrutiny Committees	20/21 December	WG Draft Budget/Provisional Settlement	14 December	Cabinet	18 January	Cabinet	15 February	Cabinet and Council	1 March	WG Final Budget/Settlement
Date	Event														
September/October	Overview and Scrutiny Committees														
20/21 December	WG Draft Budget/Provisional Settlement														
14 December	Cabinet														
18 January	Cabinet														
15 February	Cabinet and Council														
1 March	WG Final Budget/Settlement														

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	<p><b>Revenue:</b> the revenue implications for the 2022/23 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	Member and Group Leader Briefings June/July 2021 Corporate Resource Overview and Scrutiny Committee Individual Scrutiny Meetings September/October

<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	No appendices.

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	MTFS and Budget 2022/23 Cabinet Report 13 <sup>th</sup> July 2021 Presentation to CROSC July 2021 Summary Budget 2022/23 report to Corporate Overview and Scrutiny Committee 16 <sup>th</sup> September 2021

<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.