

Medium Term Financial Strategy and Budget Setting 2024/25



**Social & Health Care
Overview & Scrutiny Committee
26th October 2023**

Purpose and Background



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- We are now entering Stage 2 of the budget process for the 2024/25 financial year.
- Cabinet have formally referred specific cost pressures and initial cost reductions to a series of Overview and Scrutiny meetings taking place throughout October and November.
- Expectation that all of the Overview and Scrutiny Committees should undertake a rigorous challenge of the cost pressures and cost reductions within their area of responsibility and to advise of any additional areas to be explored
- Today we consider pressures and cost reductions for the Social Services Portfolio

The Additional Budget Requirement for the Council 2024/25

Summary of Pressures	£m
Prior Year Decisions / Approvals	0.986
Legislative/Unavoidable Indexation	2.260
National Funding Requirement (Pay Awards)	14.506
Social Care	7.022
Education & Youth	0.511
Out of County Placements	0.500
Planning, Environment & Economy	0.191
Housing & Communities	2.518
Streetscene & Transportation	2.759
Governance	0.732
Corporate	0.401
Total Pressures	32.386

Additional Budget Requirement – Ongoing Risks

- Education and Youth – uncertainty around the potential increase in employer teacher pension contributions and risks around continuation of grant funding
- Social Care – ongoing recruitment and retention challenges, new statutory responsibilities and continuing high service demand and inflation
- Out of County Placements – remains a significant risk with a projected in-year overspend of £1m and expected to continue to rise
- External Partners – subject to same cost pressures on pay and inflation and a risk and likelihood that additional funding contributions will be sought

Additional Budget Requirement – Ongoing Risks

- In-year pay awards for both teaching and non-teaching have yet to be concluded. Impact of current offers are included in the forecast - any increases will add to additional budget requirement in 2024/25
- No figures are currently included for any impact of the pay modelling review which has commenced to address the difficulties currently being experienced in recruitment and retention. The review is due to be concluded later this year.
- Homelessness Service – continuing to see increasing numbers presenting for support with a projected net overspend of £2.7m in the current financial year
- Streetscene and Transportation – potential infraction fines, risks and uncertainty around key grants e.g. SWMG

Overall Position after initial solutions

	£m	£m
Additional Budget Requirement 2024/25		32.386
Budget Solutions		
Increase in AEF 3.1%	7.800	
Council Tax (Indicative figure only 5%)	5.600	
Review of Pressures	0.718	
Review of Outturn	0.150	
Efficiencies (Subject to RAG)	1.766	
Fees and Charges 2023 Review	0.310	
Actuarial Review (Year 2 of 3)	2.000	
Total Solutions		18.344
Remaining Gap		14.042

Summary and Conclusions

- The Council clearly has a major budget challenge for the financial year 2024/25 if there is no movement in the indicative uplift of 3.1% in the settlement.
- An increase is extremely unlikely unless there is significant 'consequential funding' arising from the UK Budget announcement on 22 Nov – this cannot be assumed
- A 'minimum' amount of cost reductions of £14m remains to be identified to enable the Council to meet its statutory obligation of setting a legal and balanced budget
- A need for a strategic programme of transformational change to ensure that the Council is developing cost reductions over the medium term to protect its ongoing future financial position and ensure it is prepared for inevitable future budget challenges

Social Services Cost Pressures



Summary Social Services Cost Pressures

Cost Pressure Title	£m
Social Care Commissioning	5.137
Social Worker Pay Review	0.115
Increase to Regional Collaboration Team	0.050
Transition to Adulthood	0.840
Croes Atti (Flint) Older People Residential Home Expansion	0.330
Increased In-house Homecare Capacity	0.150
NEWCES contribution increase	0.080
NEWydd and Emergency Duty Team inflationary uplift	0.130
Children's Services Group Homes	0.400
Special Guardianship Orders (SGOs)	0.050
Total Cost Pressures	7.282

Social Services Cost Pressures (1)

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. Social Worker Pay Review £0.115m

- Over recent years being able to recruit and retain experienced Social Workers has proven to be extremely challenging, the 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.

Social Services Cost Pressures (2)

3. 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.

4. 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.

Social Services Cost Pressures (3)

5. 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.

6. 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.

Social Services Cost Pressures (4)

7. 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.

8. 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.

Social Services Cost Pressures (4)

9. 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.

10. 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.

Social Services Budget Reductions



The 2024/25 Budget Challenge – our approach

- Review of previous efficiencies achieved
- Review of previous Outturn
- Review of current budget pressures for 2024/25
- Any new efficiencies
- Review of Balances and Reserves



Summary Social Services Budget Reductions

Budget Reductions	£m	RAG
Reduction to NEWydd costs	0.100	Amber
Increased grant maximisation	0.050	Amber
Total Budget Reductions	0.150	

Social Services

Budget Reductions (1)

1. Reduction to NEWydd costs (£0.100m Amber risk)

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 Amber risk)

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.

Social Services

Budget Reductions (2)

In addition to the budget reduction, following a review of the portfolio's cost pressures a reduction of £0.200m across these pressure is hoped to be achieved.

Increased In-house Homecare Capacity, £0.050m reduction

Special Guardianship Orders (SGOs), £0.050m reduction

NEWCES contribution increase, £0.050m reduction

Increase to Regional Collaboration Team, £0.050m reduction

Out of County

The position on Out of County placements remains an ongoing risk and the projected overspend in the current financial year is now more than £1m. An amount of £0.500m is included in the current forecast which will need to be kept under review throughout the budget process.

Next Steps for the Budget Setting Process 2024/25



Budget Process – Stage 2

- Further meeting of the Corporate Resources Overview and Scrutiny Committee (open to all members) will be held on 16th November 2023 which will summarise the outcome of all OSC sessions.
- The draft Welsh Government budget is now scheduled on 19th December with the Welsh Local Government Provisional Settlement expected on 20th December.
- The latest budget position and the implications of the Provisional Settlement will be reported to members in December

This will close Stage 2 of the Budget Process

Budget Process – Stage 3 (Final)

- Further overview and scrutiny meetings are likely to be needed in January to consider the further budget reductions required to meet the remaining budget gap.
- Update to Cabinet and Corporate Resources Overview and Scrutiny 2024– Initial Budget Proposals
- 20th February – Cabinet and Council – Final Budget Proposals and the setting of Council Tax
- WG Final Budget – To be confirmed