



EDUCATION AND SOCIAL SERVICES SCRUTINY COMMITTEE - 11TH MARCH 2025

**SUBJECT: 2024/25 SOCIAL SERVICES BUDGET MONITORING REPORT
(MONTH 9)**

REPORT BY: FINANCIAL SERVICES MANAGER (SOCIAL SERVICES)

1. PURPOSE OF REPORT

1.1 To inform Members of projected revenue expenditure for Social Services for the 2024/25 financial year and its implications for the current and future financial years.

2. SUMMARY

2.1 The report will identify the reasons behind a projected underspend of £1,684k against a total Social Services budget for 2024/25 of £139,133k, inclusive of transport costs.

2.2 This amounts to an increase in the projected underspend for the Directorate of £1,002k since month 7. However, the level of debt that has been owed to the Division for more than 12 months has increased significantly during the current financial year. If this outstanding debt cannot be collected before the end of the financial year, then we could require an increase in our bad debt provision, which in turn could offset the potential underspend currently forecast for the Adult Services Division. Work is ongoing to reduce the level of older debts, and the position will be reviewed at year-end to determine whether an increase in bad debt provision is appropriate and if so, how it could be funded.

3. RECOMMENDATIONS

3.1 Members are asked to note the projected underspend of £1,684k in respect of the 2024/25 financial year.

3.2 Members are asked to note the ongoing financial pressures for future financial years brought about by an underlying increase in demand for social care services.

3.3 Members are asked to note that a review of older debts will be undertaken by the end of the current financial year to determine whether an increase in our bad debt provision is necessary.

4. REASONS FOR THE RECOMMENDATIONS

4.1 To ensure Members are apprised of the latest financial position for Social Services.

5. THE REPORT

5.1 Social Services Overview

5.1.1 On 20th February 2025, the Education and Social Services Scrutiny Committee received the Social Services 2024/25 Budget Monitoring Report for month 7, which identified a total revised budget for Social Services including transport costs amounting to £139,113k. There have been no budget virements to or from other directorates since that date so the revised 2024/25 budget for Social Services remains unchanged.

5.1.2 Information available as of 31st December 2024 suggests that an overall underspend of £1,684k is anticipated in respect of the total revised budget identified in paragraph 5.1.1. A summary of this position is provided in the following table, with additional details available in appendix 1.

| Division | Revised Budget (£000's) | Projection/ Commitment (£000's) | (Over)/Under Spend (£000's) |
|---|-------------------------|---------------------------------|-----------------------------|
| Children's Services | 38,076 | 37,751 | 325 |
| Adult Services | 96,284 | 95,210 | 1,074 |
| Service Strategy & Business Support | 3,608 | 3,325 | 283 |
| Sub-Total Directorate of Social Services | 137,968 | 136,286 | 1,682 |
| Transport Costs | 1,165 | 1,163 | 2 |
| Grand Total | 139,133 | 137,449 | 1,684 |

5.1.3 This amounts to an increase in the projected underspend for the Directorate of £1,002k since month 7, largely attributable to an increase of £886k in the potential underspend for the Adult Services Division. The reasons behind this increase are considered in detail in section 5.3 of this report and summarised below: -

| ADULT SERVICES NET SAVINGS | <u>£000s</u> | <u>£000s</u> |
|-----------------------------------|--------------|--------------|
| <u>SAVINGS</u> | | |
| Grant maximisation | 446 | |
| Increasing client contributions | 1,011 | |
| Sub Total | | 1,457 |
| <u>LESS NEW PRESSURES</u> | | |
| In house service provision | -175 | |
| External provision | -396 | |
| Sub Total | | -571 |
| NET SAVING (since month 7) | | 886 |

5.2 Children's Services

5.2.1 The Children's Services Division is currently projected to underspend its budget by £325k as summarised in the following table: -

| | Revised Budget (£000's) | Projection/ Commitment (£000's) | (Over)/Under Spend (£000's) |
|---|-------------------------|---------------------------------|-----------------------------|
| Management, Fieldwork & Administration | 11,848 | 11,146 | 702 |
| Residential Care Incl. Secure Accommodation | 13,501 | 14,826 | (1,325) |
| Fostering & Adoption | 10,498 | 9,756 | 742 |
| Youth Offending | 526 | 435 | 91 |
| Families First | 85 | 31 | 54 |
| After Care Support | 672 | 1,210 | (538) |
| Other Costs | 946 | 347 | 599 |
| Totals: - | 38,076 | 37,751 | 325 |

Management, Fieldwork and Administration

5.2.2 The budget for management, fieldwork and administration staff within the Children's Services Division is set at 9% below the full cost of a fully staffed service with all staff at the top of their respective grade. It is expected that this 9% saving would be delivered through a combination of vacant posts, some staff employed at salaries below the top of the grade and some staff opting out of the Local Government Pension Scheme. Based on current levels of staffing it is likely that this 9% target will be exceeded, contributing to a potential underspend of £702. However, this assumes that around £182k of vacancy savings will be achieved between January 2025 and March 2025.

Residential Care Including Secure Accommodation

5.2.3 The potential overspend in respect of residential care for children has continued to reduce to £1,325k, following a recent decrease in demand for mother and baby placements. While this is a significant improvement on the £2,083k potential overspend that had been identified at month 5, the increased demand and complexity of placements experienced over the first quarter of the financial year continue to be a cause for concern for both the current and forthcoming financial years.

Fostering and Adoption

5.2.4 The potential underspend in respect of fostering and adoption services has reduced by around £150k to £742k since month 7. This is largely attributable to additional support and supervision provided to families with children at risk of harm.

Youth Offending

5.2.5 Following a freeze in contributions into the Blaenau Gwent and Caerphilly Youth Offending Service over several years, the Local Management Board (LMB) agreed to uplift contributions by 10% annually commencing in 2022/23, to keep pace with

increasing costs. However, considering the financial pressures faced by partner organisations, the LMB subsequently agreed one-off reimbursements to partners from service reserves to mitigate the 10% increase in contributions required in 2023/24 and 2024/25. This has resulted in a £91k underspend in respect of Caerphilly Children's Services' reimbursement for 2024/25.

Families First

5.2.6 During the first half of the 2024/25 financial year, several schemes that receive funding through the Families First Programme have reported potential underspends due to slippage. The Programme Board has agreed to maximise the grant funding received via the Children's and Communities Grant, by reinvesting the slippage identified to date to underwrite some of the cost of the Families First Central Support Team, which would otherwise need to be funded from the Children's Services' divisional budget. This has resulted in a potential underspend of £54k.

Aftercare and Other Children Looked After Services

5.2.7 Demand for aftercare and other support for young people aged 16 and over has continued to increase over recent months, which has contributed to a potential overspend of £538k.

Other Costs

5.2.8 We are currently forecasting a potential underspend of £599k in respect of other children's services costs. This amounts to an increase in the underspend of £123k since month 7, which is attributable to additional funding awarded by both the Home Office and Welsh Government to support the increasing number of unaccompanied asylum-seeking children that are supported by the Children's Service Division.

5.3 **Adult Services**

5.3.1 The Adult Services Division is currently projected to underspend its budget by £1,074k as summarised in the following table: -

| | Revised Budget (£000's) | Projection/ Commitment (£000's) | (Over)/Under Spend (£000's) |
|---|--------------------------------|--|------------------------------------|
| Management, Fieldwork & Administration | 10,117 | 10,313 | (196) |
| Own Residential Care and Supported Living | 9,638 | 9,445 | 193 |
| Own Day Care | 4,477 | 3,977 | 500 |
| Supported Employment | 69 | 69 | 0 |
| Aids and Adaptations | 735 | 711 | 24 |
| Gwent Frailty Programme | 2,812 | 2,460 | 352 |
| External Residential Care | 27,370 | 26,337 | 1,033 |
| External Day Care | 781 | 667 | 114 |
| Home Care | 12,725 | 12,831 | (106) |
| Other Domiciliary Care | 24,201 | 24,990 | (789) |
| Resettlement | (1,020) | (1,020) | 0 |
| Services for Children with Disabilities | 3,451 | 3,542 | (91) |
| Other Costs | 928 | 888 | 40 |

| | Revised Budget (£000's) | Projection/ Commitment (£000's) | (Over)/Under Spend (£000's) |
|------------------|-------------------------|---------------------------------|-----------------------------|
| Totals: - | 96,284 | 95,210 | 1,074 |

Management, Fieldwork and Administration

5.3.2 The projected overspend in respect of Adult Services management, fieldwork and administration staff has reduced by around £102k since month 7 to £196k. £50k of this reduction is attributable to a new, non-recurring grant award in respect of Welsh Government's "50 Day Integrated Care Winter Challenge", with £50k of the £537k award being used to fund pre-existing staffing cost pressures. A further £44k is due to the freezing of a service manager post following early retirement. While the remaining movement can be attributed to the 2024/25 pay award for higher graded staff falling below the 4% increase that had been built into staff budgets for 2024/25.

Own Residential Care and Supported Living

5.3.3 Conversely, for care staff, the 2024/25 pay award exceeded the 4% provision that had been built into the 2024/25 budget. This, along with a recent reduction in staff vacancies has contributed towards a £253k increase in the projected costs of our in-house residential homes and supported living homes since month 7. This has been partially offset by an increase in income from service users over recent months, resulting in a net increase of £91k. Despite this net increase, we are still anticipating a net underspend of around £193k in respect of our own residential and supported living homes.

Own Day Care

5.3.4 The 2024/25 pay award for day care staff also exceeded the 4% provision that had been built into the 2024/25 budget. This has contributed to a reduction in the projected underspend of £26k since month 7 to £500k.

Aids and Adaptations

5.3.5 The projected underspend of £24k in this area reflects the level of demand for specialist equipment that cannot be sourced through the Gwent Wide Community Equipment Service (GWICES). Following the announcement of the "50 Day Integrated Care Winter Challenge" funding from Welsh Government, an additional £203k has been earmarked to increase capacity in minor works of adaptations and equipment to facilitate hospital discharges over the winter period.

Gwent Frailty Programme

5.3.6 Continuing recruitment difficulties within the Reablement Team and Emergency Care at Home Team have increased the expected underspend in respect of the Gwent Frailty Programme to £352k.

External Residential Care

5.3.7 Demand for both long-term and short-term independent sector residential care placements has continued to increase since month 7, adding around £197k to our projected costs. However, the value of both one-off receipts in respect of backdated

service user charges and the average value of 4-weekly charges raised through sundry debtor billing, appear to have increased in recent months. This suggests that previous forecasts of income from service users have been overly cautious. Therefore, forecasts have been re-visited for this report, resulting in a £955k increase in the forecast. This net movement of £758k since month 7 brings us to a net projected underspend of £1,033k in respect of external residential care placements.

External Day Care

- 5.3.8 We have seen a relatively small drop off in the provision of day services by external providers since month 7, increasing the projected underspend by around £23k to £114k in respect of these services.

Home Care (In-House and Independent Sector)

- 5.3.9 The £106k overspend in respect of Home Care includes an overspend of £464k relating to independent sector provision, partially offset by £256k of “50 Day Integrated Care Winter Challenge” funding from Welsh Government, which will be used to fund existing demand pressures. This net underspend of £208k is further offset by a projected underspend of £102k in respect of the in-house service. This amounts to a reduction of £16k in the projected in-house underspend, which can be attributed to the 2024/25 pay award for care staff exceeding the 4% provision that was built into the 2024/25 budget.

Other Domiciliary Care

- 5.3.10 Demand for supported living placements and direct payments has continued to grow throughout the current financial year, contributing to a projected overspend of £1,255k in respect of other domiciliary care costs. This is partially offset by £325k in respect of increased service user charges associated with the increased demand for domiciliary care. The recent announcement of £140k in Welsh Government funding through the Social Care Cap Grant will further offset the projected overspend for other domiciliary care, resulting in a net overspend of £789k.

Children with Disabilities

- 5.3.11 We are currently anticipated an overspend of £91k in respect of services for children with disabilities, which can be attributed to an increased demand for domiciliary support packages over recent months.

Other Costs

- 5.3.12 The potential underspend in respect of other adult services costs has increased by £19k since month 7 to £40k. This can be attributed to a reduction in non-staff costs within the telecare service.

5.4 **Service Strategy and Business Support**

- 5.4.1 The service area is projected to underspend by £283k as summarised below: -

| | Revised Budget (£000's) | Projection/ Commitment (£000's) | (Over)/Under Spend (£000's) |
|-------------------------------|--------------------------------|--|------------------------------------|
| Management and Administration | 2,397 | 2,145 | 252 |
| Office Accommodation | 207 | 220 | (13) |
| Office Expenses | 132 | 122 | 10 |
| Other Costs | 872 | 838 | 34 |
| Totals: - | 3,608 | 3,325 | 283 |

Management and Administration

5.4.2 The projected underspend of £252k in respect of management and administration costs can largely be attributed to vacancy management within the Caerphilly Cares Service, following a number of temporary secondments to Shared Prosperity Fund grant aided schemes.

Office Accommodation

5.4.3 The £13k overspend in respect of office accommodation can be attributed to a reduction in room hire charges for office hubs that are no longer managed by the Caerphilly Cares Service.

Office Expenses

5.4.4 The underspend of £10k in this area can be attributed to reduced printing and postage costs as a result of technological advances such as virtual meetings.

Other Costs

5.4.5 The £34k underspend in this area is largely due to a freeze in Caerphilly's contribution towards regional partnership arrangements at the 2023/24 level.

5.5 **Conclusion**

There are range of temporary savings in the current financial year, through a combination of management, fieldwork and administrative staff vacancies, salary spinal point savings and short-term funding streams. In 2024/25, these temporary savings are offsetting increasing demand, particularly for residential care for children and supported living for vulnerable adults. It is likely that this increased demand will continue to impact upon financial commitments for future financial years, but it is uncertain whether we can expect the same level of temporary savings experienced in 2024/25 to recur in future years. Furthermore, a review of income received from service users and older debt is required to determine whether the recent increase in charges raised is likely to be sustained and whether an increase in bad debt provision is required.

6. **ASSUMPTIONS**

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

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 An Integrated Impact Assessment is not needed because the issues covered are for information purposes only.

8. FINANCIAL IMPLICATIONS

8.1 As detailed throughout the report.

9. PERSONNEL IMPLICATIONS

9.1 There are no direct personnel implications arising from this report.

10. CONSULTATIONS

10.1 All consultation responses have been incorporated into this report.

11. STATUTORY POWER

11.1 Local Government Acts 1972 and 2003 and the Council's Financial Regulations.

Author: Mike Jones, Financial Services Manager, Email: jonesmj@caerphilly.gov.uk

Consultees: Jo Williams, Assistant Director for Adult Services,
Email: willij6@caerphilly.gov.uk
Gareth Jenkins, Interim Corporate Director for Social Services,
Email: jenkig2@caerphilly.gov.uk
Stephen Harris, Head of Financial Services and S151 Officer,
Email: harrisr@caerphilly.gov.uk
Leanne Sykes, Deputy Head of Financial Services and S151 Officer,
Email: sykesl@caerphilly.gov.uk
Cllr. Elaine Forehead, Cabinet Member for Social Care,
Email: forehe@caerphilly.gov.uk
Cllr. Donna Cushing, Chair, Education and Social Services Scrutiny Committee
Email: cushid@caerphilly.gov.uk
Cllr. Brenda Miles, Vice-Chair, Education and Social Services Scrutiny
Committee, Email: milesb@caerphilly.gov.uk

Appendices:

Appendix 1 Social Services Budget Monitoring Report 2024/25 (Month 9)