

Meeting of:	Corporate Performance and Resources Scrutiny Committee
Date of Meeting:	Wednesday, 26 March 2025
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Consideration of Social Services Funding Position and the Relevant Pressures
Purpose of Report:	To provide some additional information to Corporate Performance and Resources Scrutiny Committee in respect of Social Services funding position and the associated pressures in 2024/25
Report Owner:	Director of Corporate Resources
Responsible Officer:	Tom Bowring - Director of Corporate Resources
Elected Member and Officer Consultation:	Due to the corporate nature of this report, no ward member consultation has been undertaken.
Policy Framework:	This is a matter for Executive decision by Cabinet
<p>Executive Summary:</p> <ul style="list-style-type: none"> • Following consideration of the Quarter 2 Monitoring Position Corporate Performance and Resources Scrutiny have requested some additional consideration of the funding position and associated pressures for Social Services and Schools. • This report outlines the funding position for 2024/25 for Social Services, the allocation of additional funding for this year some of the data driving the increase in cost. The paper also considers prospects for improvement in 2025/26 following the budget setting. • Cost Pressures and Savings awarded for Social Services for 2024/25 were as set out in the table below. • This funding position did not reflect full allocation of all the pressures set out as part of the initial budget proposals. • As part of the position for the 2024/25 additional funding was allocated to the Social Services reserve reflecting the volatility of cost particularly in respect of Children’s placements. • A Budget Risk reserve of £1M was also established to reflect the likely lag on delivery of savings and this is increased to £2M for 2025/26. 	

- Cost Pressures and Savings awarded for Social Services for 2025/26 were as set out in the table below.

	Learning & Skills	Schools	Social Services	Others	Total Pressures
	£000	£000	£000	£000	£000
Adjusted Original Budget	13,872	119,566	96,276	79,147	308,861
Recharge Adjustment	-819	-169	-178	1,166	0
Total Pressures	1,625	9,716	14,045	3,122	28,507
Use of Reserves	-267	300	0	1,944	1,977
Savings	-512	-1,200	-3,624	-3,436	-8,771
Reverse out Temporary Savings and Other Adjustments	0	0	0	1,000	1,000
Net Funding Increase	27	8,647	10,243	3,796	22,713
% Increase / (Decrease)	0.19%	7.23%	10.64%	4.80%	7.35%
Net Budget 2025/26	13,899	128,213	106,519	82,943	331,574

- As in 2024/25 this funding position does not reflect full allocation of all pressures set out as part of the initial proposals.
- This increase for 2025/26 sets out a budget of £106.519M for Social Services which is approximately £8M in excess of the Social Services SSA for 2025/26.
- All Members have recently received a detailed briefing from colleagues in Learning & Skills on the financial position of schools. Therefore, this report has not sought to outline these issues again and Committee are requested to consider whether further information is required and if so, a future report will be prepared.

Recommendations

1. That Members of Corporate Performance and Resources Scrutiny Committee note the contents of the report and consider appropriate next steps for further analysis of the Social Services Budget to recommend to Cabinet.
2. That Members of Corporate Performance and Resources Scrutiny Committee consider whether a further report on the financial position in schools is required following the detailed briefing provided to all Members recently.

Reasons for Recommendations

3. To ensure Members are provided with additional information regarding Social Services funding and pressures to support their analysis of the Council's budget position and make any recommendations for consideration by Cabinet.
4. To enable Members to identify whether further information is required following the recent briefing to all Members.

1. Background

- 1.1 As part of their consideration of the Quarter 2 monitoring position Corporate Performance and Resources Members requested additional analysis was provided in respect of the budget position and associated funding for Schools and Social Services.
- 1.2 The Director of Learning & Skills and Head of Strategy, Resources and Community Learning recently provided a detailed briefing on the schools position to all Members.
- 1.3 Since Quarter 2 monitoring was considered by Committee, Quarter 3 monitoring has been prepared and the in year position has been improved by the allocation of pay and pension grants, additional surplus reported against Council Tax and borrowing costs and the allocation of additional grant funding across Place, Education and Social Services. The in year position for Social Services has also been improved by the recognition of additional income for Adult Services in respect of deferred payments for adults social care and a number of posts that have been held vacant within the service.

2. Key Issues for Consideration

- 2.1 The overspends reported as part of Quarter 2 and Quarter 3 Monitoring for the Social Services Directorate are set out below.

Table 1 Social Services Monitoring Position as Per Updated Q2 Reported to Cabinet 19th December 2024 and 6th March 2025.

Directorate	Revised Budget 2024/25	Amended Projected Outturn Q2	Amended Variance	Projected Outturn Q3	Variance
	£000's	£000's	£000's	£000's	£000's
Social Services	96,326	102,042	5,716	101,435	5,109

2.2 This position can be further analysed by Service area as set out below.

Table 2 Social Services Monitoring Position by Service Area as Per Updated Q2 Reorted to Cabinet 19th December 2024 and 6th March 2025.

Social Services	Revised Budget 2024/25	Projected Outturn reported at Q2	Variance	Projected Outturn Q3	Variance
	£000's	£000's	£000's	£000's	£000's
Children and Young People Services	21,777	25,954	4,178	26,417	4,641
Adult Services	65,177	66,387	1,210	65,731	554
Resource Management & Safeguarding	8,642	9,162	520	8,697	55
Youth Justice and Early Support Service	731	539	-192	590	-141
Total Social Services	96,326	102,042	5,716	101,435	5,109

2.3 Healthy Living and Social Care Scrutiny Committee have been concerned about the budgetary challenges in Social Services and so formed a Budget Working Group to provide additional insight and understanding of the significant and increased spending for the Social Services Directorate, identified savings, as well as future transformational opportunities for Members to better scrutinise future spending. A link to the notes of the last meeting of the Group is available [here](#), which provides some background to the considerations of the Group.

- 2.4** The narrative in this report considers the budgetary position and financial pressures on a service by service basis as well as considering the likely budget position for 2025/26 and any mitigations and prospects for improvement.

Children and Young People Services

- 2.5** The position reported as part of the Quarter 2 Monitoring to Cabinet on 19th December 2024 set out a projected overspend of £4.178M. This position has worsened showing a projected overspend of £4.641M as part of the position reported to Cabinet on 6th March for the period to 31st December 2024.

Current Position

- 2.6** Key Monitoring headlines at Quarter 3 are:
- Payment for Domiciliary Care currently projected to be £221K overspent following an overspend in 23/24 of £182K. Only a small budget of £27K across the service.
 - Childcare/carer costs projected to cost £151K and follows an overspend of £182K in 23/24. There is no budget for this within the service.
 - Both of the above pressures are supporting children to remain at home or to prevent escalation to higher cost arrangements.
 - External Placements projected overspend of £3.1M.
 - National Minimum Fostering Allowance projected overspend of £192K. Underspends in other Third Party Payments in the Fostering Team result in a net overspend of £107K.
- 2.7** This increase in overspend is in part as a result of a continued increase and complexity in the number of Children and Young People placed which is funded from within the External Placements Budget.
- 2.8** However, there are also some additional drivers of cost including a number of costs in year as a result of children placed in bespoke arrangements including the costs of bespoke accommodation and the associated agency support costs as part of these arrangements. Arrangements for bespoke accommodation and agency costs projected are £742K in 2024/25. There are currently no bespoke support arrangements in place that are expected to continue into 2025/26.
- 2.9** There is a net staffing overspend of £176K projected in the Intake Team due to agency workers covering five practitioner manager posts at one time earlier in the year. Agency Social Workers were also employed in the Project Team which ended on 17th May at a cost of £79K. An additional cost pressure has been allocated in 2025/26 to ensure adequate levels of management capacity and oversight are in place for 2025/26.

Lag on Delivery of Savings

- 2.10** Included in the External Placements Budget overspend is a lag on the delivery of savings of approximately £250k in 2024/25 and 2023/24 savings of £200k. The total savings lag is therefore approximately £450k.

Inflationary and Demographic Drift and other Market Pressures

- 2.11** The final 2024/25 budget proposals allowed for £3.134M in cost pressures. Of this, £1.4M related to external placements. Unawarded pressures amounted to £500K and only £58K of this related to external placements, however this was based on figures presented in September 2023. The quarter 1 monitoring showed a projected overspend of £764K whereas the outturn for 2023/24 showed the external placements budget at £2.524M overspent, reflecting additional placement demands emerging during the year.

- 2.12** A key theme may be that whilst fee setting captures the availability of funding and existing overspends, market pressures including supply factors will impact the ability of the Council to place children in accordance with those pressures. This can be further exacerbated by the level and complexity of need, with significant weekly costs and/or higher numbers of children that may not be modelled as part of fee setting.

- 2.13** The demographic and cost analysis included in the 2024/25 monitoring is reflected below.

Table 3 Placement Analysis Childrens Services

	Q2 2024/25	Q3 2024/25	2023/24
Independent Fostering Arrangements			
No of Placements	87	86	89
Average Cost of Placement	£40,271	£37,658	£39,912
Residential Placements			
No of Placements	20	20	15
Average Total Cost of Placement	£203,763	£185,782	£184,004

- 2.14** The baseline benchmarking report completed by Grant Thornton put the per capita spend for CYPS in the Vale as very low when compared with the Wales average and neighbouring authorities.

Adult Services

- 2.15** The position reported as part of the Quarter 2 Monitoring to Cabinet on 19th December 2024 set out a projected overspend of £1.210M. This position has improved and is forecast as an overspend of £554K as reported to Cabinet on 6th March for the period to 31st December 2024.

Analysis of key themes relating to the 2024/25 overspend

- 2.16** The Community Care budget is projecting an overspend of £3.074M. This includes all external residential care, home care, direct payments, respite and supported accommodation payments. There are some unknown risks around increased spend in residential and nursing homes where new placement costs are higher than existing resident costs agreed in previous financial years.
- 2.17** This overspend may be offset further during the year by deferred income receipts, as past costs are recouped from house sales and there is a current assumption that this is at a level of £750k. This overspend is further offset by team underspends, mostly relating to staffing vacancies across the teams. This is a mixture of robust consideration / scrutiny of vacancies prior to agreement to advertise, and difficult to recruit to positions.
- 2.18** A Winter Grant has recently been announced to the value of £375K which will also contribute to reducing the overspend.

Lag on Delivery of Savings

- 2.19** Included in the Community Care Finance Overspend is a lag on the delivery of savings of approximately £200K which is associated with the releasing time to care saving scheme. This saving required the development and approval of a business case to release additional one off funding, and the recruitment of additional occupational therapy staff which has taken longer than expected.

Inflationary and Demographic Drift and other Market Pressures

- 2.20** Fee setting reflects the cost pressures included for the budget. It also takes into account savings and overspends. It is not always possible to fully reflect the ability of the Council to commission care at the rates set due to inflationary, capacity and supply issues. The ability to commission care at these rates also assumes complexity is standardised which is not necessarily the case as a trend of increasing complexity has been reported by the team.

- 2.21** The overspend reported at Q1 for 2023/24 was a£4.1M but a £2.9M overall overspend for Adult Services and £900K after allowing for the £2M step in. At Outturn this was an overspend of £5.021M against Community Care Finance a net overspend of £4.3M and £2.3M after allowing for the £2M step in funded from reserves.
- 2.22** The cost pressures awarded for 2024/25 specifically for provider fees totalled £8.1M. This was made up of £2M step in correcting the budget which is not growth. In addition, £3.1M was allocated for demographic pressures in Adult Services and a further £3M was allocated for inflationary pressures.
- 2.23** The demographic and cost analysis included in the Q3 monitoring is reflected below.
- 2.24** Key Demographic Trends impacting the number of and complexity of care packages are outlined in the recent Market Stability report and include an increase in the number of people aged 65-84, an increase in people aged 85+, an increase in adults living with dementia, an increase in the number of adults with learning disabilities, and an increase in the number of adults with a common mental illness.

Table 4 Mean No. of Care Hours

Mean No. of Care Hours Q1 and Q2 2023	15,638.75
Mean No. of Care Hours Q1 and Q2 2024	16,064.25
Increase in No. of Care Hours	425.50

- 2.25** For Quarter 3 2024 there has been a reduction in the mean number of care hours being delivered which has resulted in a reduction in the projected overspend.
- 2.26** Another factor in the overspend is the reduction in the waiting list for people accessing care when compared with 2022/23 or 2023/24. In the first three quarters of 2023 there was still a small delay in people receiving care (the mean number at the end of each month being 19 people). or the first 3 quarters in 2024 this has reduced to a mean of 4 people.
- 2.27** Another area is linked to the efficiency of re-starting care packages quickly for citizens who are in hospital. As soon as the citizen is medically optimised the team then liaise with the provider to restart the package so they can be discharged without any delay. The mean number of people waiting for hospital

restarts at the end of each month has reduced and this is not reflected in the increase in care hours above as this would be restarting an existing package.

- 2.28** The baseline benchmarking report completed by Grant Thornton put the per capita spend for Adult Services in the Vale as very low when compared with the Wales average and neighbouring authorities.

Resource Management & Safeguarding

- 2.29** The position reported as part of the Quarter 2 Monitoring to Cabinet on 19th December 2024 set out a projected Overspend of £520K, this position has reduced to an overspend of £55K as part of the overspend position reported to Cabinet on 6th March for the period to 31st December 2024. This reduction is due to additional grant and staff vacancies.

- Residential Homes key pressures are staff costs due to difficulties recruiting permanent staff and some staff going on long term sick and in residential homes this then requires a reliance on agency staff (which is more expensive due to short notice).
- Food costs in Residential Homes are also a source of pressure. The water rates, electric and gas costs alongside other general premises costs have also risen this year.
- Pressures are also reported in the Safeguarding and Service Outputs service area. This is due to the use of agency staff in the children's safeguarding service, however permanent staff have now been recruited and therefore this pressure will be rectified for the 2025/26 budget.

- 2.30** The Council's 4 residential care homes were reported as being overspent by £114K at quarter 3. The overspend within our residential care homes is mainly due to staffing costs and the increasing costs of supplies. The significant inflationary increase of 2023/24 particularly impacted on the costs of running a residential care home. Staffing the care homes continues to be an area of challenge, both in respect of vacant posts that we have been unable to recruit to but also covering shifts when staff are sick. The average cost for covering a grade 3 post is £20 per hour. Within the Council run residential care homes, the team are not able to leave a shift uncovered, to ensure the Council maintain safe staffing levels. Much of the overspend can be attributed to covering shifts with either relief staff or agency workers.

- 2.31** Within Safeguarding and Service Outcomes there was an overspend of £211k. Part of this overspend is attributed to agency costs mainly on Independent Reviewing Officers (IRO). However, during the year the Council has successfully recruited to all of these posts and as such the predicted overspend will

significantly reduce in future quarters and for 2025/26. Currently the regional Deprivation of Liberty Safeguards (DOLS) teams that is hosted within the Vale is showing a significant overspend. However, during this financial year it is anticipated that the some of this overspend will be recharged to statutory partners. In addition, grant funding from Welsh Government in relation to the work that is being undertaken on the Wales Safeguarding Procedures will reduce the overspend in this area.

- 2.32** The Commissioning and Finance and Business Intelligence and Performance teams were all underspent at the end of quarter 3

Lag on Delivery of Savings

- 2.33** All savings have been achieved, and a number have been exceeded other than a saving on the non-residential maximum uplift. This saving was dependent upon the Welsh Government implementing an increase in the maximum weekly charge following their consultation on this matter. However, following consultation the Welsh Government decision has been made not to increase this charge.

Inflationary and Demographic Drift and other Market Pressures

- 2.34** The demographic and cost analysis relevant to this service area is reflected below.
- 2.35** The care homes have been particularly affected by inflationary pressures as are the private providers who provide so much of our commissioned care. Inflation has significantly impacted on the price of food, fuel and the day-to-day supplies that are required to run the home. This had been identified as a pressure for this financial year, but the pressure was not able to be awarded. Where possible we have reviewed contracts and purchasing patterns to mitigate the impact of these inflationary pressures. There is a £100K pressure awarded to this area as part of the 2025/26 Budget.

Overall Directorate Position for Social Services

- 2.36** The Directorate has historically identified cost pressures which have not been able to be fully funded. These relate to the increased costs of providing care, which is largely sourced from the private sector, and to changes in our demography resulting in increased demand. For 2025/26 the Directorate has identified nearly £17M of cost pressures although this sum was adjusted for the

cost of grant fall out and the implementation costs associated with the new care management system. This was prior to the National Insurance changes affecting care providers which are currently not going to be funded by the UK government. The directorate has estimated this to be between £2.3M and £3.1M,. £1.982M has been included towards this cost as part of the final proposals. Overall, the expected unmet pressure that the Directorate will need to consume is £4.4M plus additional NI impact on providers. This is in addition to indicative savings of £3.6M which represent a challenging target.

2.37 A table analysing the gap between cost pressures submitted for the initial proposals and cost pressures funded is set out below.

Table 5 Cost Pressures Review Social Services

	Social Services		
	Adjusted	Raw	Difference
	£000s	£000s	£000s
<u>Investments</u>			
Pre Birth Programme	0	71	-71
Care Home Additional Wake In	0	77	-77
Corporate Appointee	0	27	-27
	0	175	-175
<u>Demography</u>			
Adults Placements	1,000	2,092	-1,092
	1,000	2,092	-1,092
<u>Pay Inflation</u>			
Local Government Pay	411	826	-415
	411	826	-415
<u>Non Pay inflation</u>			
Provider Fees Children Placements	825	1,185	-360
Provider Fees Adults Placements	5,089	6,785	-1,696
NI Impact Providers	1,982	1,982	0
Other Contract Inflation	75	75	0
	7,971	10,027	-2,057
<u>Pressures</u>			
External Placements Children	3,000	3,000	0
External Placements Adult	1,500	1,500	0
Social Services Staff	64	104	-40
Care Home	100	145	-45
Other Social Services	0	526	-526
	4,664	5,275	-611
	14,046	18,395	-4,349

2.38 The 2025/26 Budget Position for the Directorate is set out in the table below.

Table 6 Service Analysis

	Learning & Skills	Schools	Social Services	Others	Total Pressures
	£000	£000	£000	£000	£000
Original Budget	13,872	119,566	96,276	79,147	308,861
Recharge Adjustment	-819	-169	-178	1,166	0
Pressures					
Investment	517	128	0	0	645
Demographic	0	356	1,000	190	1,546
Inflationary	0	0	7,971	1,039	9,010
Inflationary – Pay	288	8,968	410	1,156	10,822
Other Pressures	820	-101	4,664	1,102	6,485
Capital Financing	0	0	0	0	0
Total Pressures	1,625	9,351	14,045	3,487	28,507
Use of Reserves	-267	300	0	1,944	1,977
Savings	512	1,200	3,624	3,436	8,771
Reverse Out Temporary Savings	0	0	0	1,000	1,000
Net Funding Increase	27	8,647	10,243	3,796	22,713
% Increase / (Decrease)	0.19%	7.23%	10.64%	4.80%	7.35%
Net Budget 2025/26	13,899	128,213	106,519	82,943	331,574

2.39 To help further mitigate the volatility associated with this budget additional funding has been set aside in the Social Services reserve as part of a budget review and the Budget Risk reserve has been reinstated at £2M to help mitigate the lag associated with delivery of savings.

2.40 Social Services in currently making good progress on the Social Services Invest to Save Capital Investment Programme which is profiled across 2024/25 and 2025/26 and where additional RPB funding can be accessed this funding will be recycled toward future invest to save or avoid proposals.

- 2.41** The funding set aside as part of the 2025/26 budget proposals equates to a budgetary increase of £10.243M or 10.64% and gives a budget of £106.519M for 2025/26.
- 2.42** The Standard Spending Assessment (SSA) for the Social Services is set out in the table below and is £98.426M for 2025/26. The Social Services budget is £8M in excess of the SSA. Whereas the Council budget at £331.574M is £3.9M below SSA.

Table 7 Vale of Glamorgan SSA by Block

Block	2024/25	2025/26	Change	Change
	£000	£000	£000	%
School Services	132.310	145.546	13.236	10.00
Other Education	1.569	1.582	0.013	0.82
Personal Social Services	88.010	98.426	10.416	11.83
Roads and transport	8.891	8.945	0.054	0.61
Fire	8.003	8.977	0.974	12.17
Other services	53.059	54.004	0.945	1.78
Deprivation Grant	0.167	0.167	0.000	0.00
Council Tax Reduction Scheme	9.284	9.293	0.008	0.09
Debt financing	9.486	8.548	-0.938	-9.89
Total	310.780	335.488	24.708	7.95

- 2.43** Members of the Committee are recommended note the contents of this report and consider appropriate next steps for further analysis of the budget to refer to Cabinet.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1** The revenue budget has been set in order to support services in the delivery of the Council's Well-being objectives. It is therefore important for expenditure to be monitored to ensure that these objectives are being delivered.
- 3.2** The revenue budget has been set and is monitored to reflect the 5 ways of working.

- 3.3** Looking to the long term - The setting of the revenue budget requires planning for the future and takes a strategic approach to ensure services are sustainable and that future need and demand for services is understood.
- 3.4** Taking an integrated approach - The revenue budgets include services which work with partners to deliver services e.g. Health via ICF and the impact of decisions taken by the Council on other organisations.
- 3.5** Involving the population in decisions – As part of the revenue budget setting process there has been engagement with residents, customers and partners.
- 3.6** Working in a collaborative way – The revenue budgets include services which operate on a collaborative basis e.g. Shared Regulatory Service, Vale Valleys and Cardiff Adoption Service.
- 3.7** Understanding the root cause of issues and preventing them – Monitoring the revenue budget is a proactive way of understanding the financial position of services in order to tackle issue at the source as soon as they arise.

4. Climate Change and Nature Implications

- 4.1** The Council has identified dedicated funding in the 2024/25 reserves projections to support the delivery of Project Zero. Additional funding is ringfenced in the Capital Programme to support schemes.
- 4.2** All savings and cost pressures will be reviewed for Climate Change and Nature Implications prior to implementation.

5. Resources and Legal Considerations

Financial

- 5.1** As detailed within the body of the report.

Employment

- 5.2** As detailed within the body of the report.

Legal (Including Equalities)

- 5.3** There are no legal implications directly associated with this report.

6. Background Papers

None