Agenda Item No:

THE VALE OF GLAMORGAN COUNCIL

CABINET: 11TH APRIL, 2016

REFERENCE FROM SCRUTINY COMMITTEE (SOCIAL CARE AND HEALTH): 7TH MARCH, 2016

"907 REVENUE AND CAPITAL MONITORING FOR THE PERIOD 1ST APRIL 2015 TO 31ST JANUARY 2016 (DSS) –

The Operational Manager – Accountancy presented the report, the purpose of which was to update Members on the position in respect of revenue and capital expenditure for the period 1st April 2015 to 31st January 2016.

The report outlined that the current forecast for Social Services at year end was an overspend of £100,000 which was the same as that reported the previous month. A graph and table setting out the variance between profiled budget and the actual expenditure to date and the projected position at year end was attached at Appendix 1 to the report.

In terms of Children and Young People's Services, this service was anticipated to outturn £462,000 under budget at year end. The key issue for this service continued to be managing the demand for the Joint Budget for Residential Placements for Looked After Children. However, currently it was forecast to outturn with a £250,000 underspend at year end. There were other potential underspends elsewhere in Children's Services of £65,000 on staffing budgets and £135,000 on alternative means of provision and accommodation costs required for the current cohort of children. In addition, the Business Management and Innovation Division was anticipated to underspend at year end and part of this variance would be apportioned to the Service area, therefore £12,000 of the underspend would be allocated to Children's Services.

For Adult Services, it was currently anticipated to outturn £617,000 over budget at year end. This overspend was due to a projected overspend on Community Care Packages of £850,000 which was as a result of continuing demand for services, particularly for frail older clients. The annual deferred income budget for 2015/16 had been set at £739,000 and as at 31st January, 2016 income received to date was £141,000 under-recovered. It was currently projected that this budget would outturn at £100,000 over budget by year end and this adverse variance was included as part of the projected overspend for care packages. It was also anticipated that there would be underspends of £200,000 elsewhere in the budget which could offset part of the overspend with £165,000 from Staffing, £15,000 from Transport and £20,000 from Premises. In addition, the Business Management and Innovation Division was anticipated to underspend at year end and part of this variance would be apportioned to this area with £33,000 being allocated to Adult Services. As reported previously, discussions were ongoing with Health regarding the allocation of Intermediate Care Fund (ICF) funding to the Vale of Glamorgan Council.

With regard to Business Management and Innovation, this budget was anticipated to underspend at year end by £100,000 - £80,000 on Staffing and £20,000 on Transport.

For the 2015/16 budget programme, the report advised that the Directorate was currently required to find savings totalling £3.568m by the end of 2019/20 and at present there was a £186,000 budget surplus. The surplus and the savings brought forward figures were as a result of the Foster Carer Recruitment Project, which was being developed in addition to the required savings targets. This surplus could be used to mitigate any increase in savings to be found in future years.

In relation to the capital expenditure, Appendix 2 detailed financial progress on the Capital Programme as at 31st January, 2016. Appendix 3 provided non-financial information on capital construction schemes.

For the Cartref Porthceri Electrical Upgrade, a virement had been requested and had now been approved and orders would be placed by the end of February with works commencing in March. The work would extend into April as the property would still be occupied while works were being carried out and it would therefore be requested to carry forward £36,000 into the 2016/17 Capital Programme.

In terms of the Southway Electrical Upgrade, a virement had now been approved and orders would be placed by the end of February with works also commencing in March. The work would be extended into April as the property would still be occupied whilst works were being carried out and it would therefore be requested to carry forward £44,000 into the 2016/17 Capital Programme.

With regard to the Cartref Porthceri Subsidence project, this scheme had been delayed due to a number of staffing resource issues in Property Services which were currently being addressed. This scheme had now been programmed to take place in the new financial year for which it would be requested to carry forward £15,000 into the 2016/17 Capital Programme.

For the Rhoose Road Health and Safety Works, this scheme had also been delayed due to staffing resource issues in Property Services and the scheme would be taken forward into the new financial year, with a £24,000 carry forward into the 2016/17 Capital Programme.

In relation to the Social Services Lift Refurbishment project, orders had been placed for Ty Dyfan and Cartref Porthceri and works were anticipated to be completed by the end of the financial year. Works to the lift at Southway had been delayed due to issues regarding the fire proofing of the lift shaft which would need to be investigated before the scheme could commence. It would therefore be requested to carry forward £19,500 into the 2016/17 Capital Programme.

In terms of the new budget settlement for 2016/17, the Operational Manager – Accountancy advised the Committee that Cabinet had agreed to allocate an extra £2.2m in order to cover the cost pressures associated with Social Services. In addition, a savings target of £270,000 for the contract arrangements for domiciliary care had been pushed back from 2016/17 into 2017/18. Furthermore, it was proposed that the Council's current projected revenue underspend of £492,000 would be transferred into the Social Services legislative changes reserve in order to fund short-term increased costs. Finally, the Directorate's annual capital budget for asset renewal had been increased from £100,000 to £200,000 in 2016/17. In commenting on these changes, the Director of Social Services stated that previously the Scrutiny Committee had endorsed the Directorate's calculations of a £4m increase due to cost pressures and he commented that these pressures had not gone away, but he was pleased to see the extra money allocated to the budget.

In referring to the £270,000 savings for domiciliary care packages, the Chairman queried how this would be achieved. In reply, the Director of Social Services stated that the service had been given an extra year to meet the savings target and this was part of the Reshaping Services project. He went on to advise that the Council had a commitment under the new Social Services and Well-being (Wales) Act to promote the development of social enterprises, co-operatives and third sector providers. This could help to bring greater diversity into the domiciliary care market but the service had found this to be a slow process and, to date, that there were not a large number of providers out there. The service was actively working with the Wales Co-operative Centre. He further stated that with respect to third sector providers, it was envisioned that they would directly reinvest surplus money back into their services. This could give some potential for savings, although it was not clear whether these would be on the scale required.

The Chairman also queried the number of capital projects for which completion had slipped into 2016/17. The Head of Adult Services advised Members that delays to these projects had been due to staffing resources issues within Property Services. The concerns of officers had been relayed to Property Services and both Services had agreed a plan in order to move the situation forward. Further to this, the Cabinet Member, with permission to speak, stated that there were genuine reasons for these delays and that he shared the concerns of the Scrutiny Committee which would be taken back to Cabinet. The Committee requested that an update be provided at the Committee meeting scheduled for the month of June. The Committee would wish to be advised of the confirmed completion dates for the slipped schemes and the confirmed completion dates for the 2016/17 schemes.

A Committee Member queried some of the savings projections that had a red or amber status. In response, the Director of Social Services highlighted that these represented high risk areas that would be difficult to achieve. The Member, with regard to the impact of the increase in National Insurance contributions and the National Minimum Wage / Living Wage, also queried where the £2.2m budget increase for cost pressures would be spent. The Director of Social Services advised that this extra money was intended primarily for legislative changes not for issues such as the National Minimum Wage, a consequence of new UK Government policy. He also stated that the service was in negotiations with providers over the fees that the service paid and this would include dialogue over the pressures being faced which needed to be backed up by actual evidence of the increased costs. He also alluded to the service pressures around the changing demographics, increasing demand and the changes to eligibility for services, some of which may also further increase demand.

In reply to a Member's question regarding the use of the fund for changes to government legislation and legal challenges, the Director of Social Services informed the Committee that part of this money would be used to handle cost pressures such as those experienced following changes to Deprivation of Liberty Safeguards. However, he stated that the service had to be prudent in how this reserve was used and there was a recognised obligation to deliver services within budget.

The Chairman asked whether the market for care providers was robust enough, given the context of changes such as the new "living wage". In answer to this, the Director of Social Services commented that this was a difficult dilemma and that it would not be prudent to allow providers to go out of business. He alluded to the symbiotic relationship that existed between the service and care providers and the need for supporting providers in their difficult work of providing quality care within a challenging financial climate.

A Committee Member commented on the excellent work that Flying Start had undertaken and the help that this project was providing to families in the community.

Having considered the report the Committee

RECOMMENDED –

(1) T H A T the position with regard to the 2015/16 revenue and capital monitoring be noted.

(2) T H A T the progress made in delivering the Social Services Budget Programme be noted.

(3) T H A T the report be referred to Cabinet for its consideration and to highlight the progress in delivering the Social Services Budget Programme.

Reasons for recommendations

(1) That Members are aware of the position with regard to the 2015/16 revenue and capital monitoring relevant to this Scrutiny Committee.

(2) That Members are aware of progress made to date on the Social Services Budget Programme.

(3) That Cabinet are kept informed of the progress made to date on the Social Services Budget Programme."

Attached as Appendix - Report to Scrutiny Committee (Social Care and Health) - 7th March, 2016