

Meeting of:	Healthy Living and Social Care Scrutiny Committee
Date of Meeting:	Tuesday, 07 December 2021
Relevant Scrutiny Committee:	Healthy Living and Social Care
Report Title:	Initial Revenue Budget Proposals 2022/23
Purpose of Report:	To submit for consultation the initial revenue budget proposals for 2022/23.
Report Owner:	Report of the Director of Social Services
Responsible Officer:	Carolyn Michael Deputy S151 Officer
Elected Member and Officer Consultation:	Corporate Management Team
Policy Framework:	The Corporate Management Team has been consulted on this report. The initial budget proposals will be the subject of consultation with Scrutiny Committees. The Trade Unions and Schools Forum will also be consulted.
<p>Executive Summary:</p> <ul style="list-style-type: none"> • The Council is required under statute to fix the level of council tax for 2022/23 by 11th March 2022 and in order to do so, will have to agree a balanced revenue budget by that date. • The Council's provisional settlement has not yet been announced by Welsh Government and is expected this year on 21st December 2021 with the final settlement due to be published on 1st March 2022. Even though this crucial information has not been received, the budget setting and consultation process has to commence in order to meet statutory deadlines. 	

Recommendations

It is recommended that:

1. The Initial Revenue Budget Proposals for 2022/23 be considered and any recommendations, including those related to cost pressures and savings, be passed to Corporate Performance and Resources Scrutiny Committee as the lead Scrutiny Committee.

Reasons for Recommendations

1. In order that Cabinet can consider the comments of Scrutiny Committees and other consultees before making a final proposal on the budget.

1. Background

- 1.1 The Council's budget is determined largely by the settlement provided by the Welsh Government (WG). The Council's provisional settlement has not yet been announced by WG. In previous years, the provisional settlement was received during October with the final settlement being received in December. The provisional settlement is expected this year on 21st December 2021 with the final settlement due to be received on 1st March 2022.
- 1.2 The Council is required under statute to fix the level of council tax for 2022/23 by 11th March 2022 and in order to do so, will have to agree a balanced revenue budget by the same date. To be in a position to meet the statutory deadlines and the requirements for consultation set out in the Council's Constitution, much of the work on quantifying the resource requirements of individual services needs to be carried out before the settlement is notified to the Council.

2. Key Issues for Consideration

Medium Term Financial Plan

- 2.1 There are a number of factors both internal and external that impact on the Council's financial position going forward. This year the country has continued to be impacted by the ongoing COVID-19 pandemic. This has meant additional challenges for the Council both operationally and financially as a result of incurring additional expenditure but also from a loss of income. The Council continues to provide services in a different way, a large number of staff continue

to work from home as much as possible and the Council continues to provide some additional services. Funding has been received from WG to help support not only the additional expenditure incurred due to the pandemic but also the loss of income however this support has started to reduce and is not expected to continue into 2022/23. There continues to be uncertainty and therefore, it is difficult to provide predications for the coming year and beyond.

- 2.2** The Council is also seeing the impact of inflationary pressures as CPI in August was reported at 3.2%. This increase is currently expected to be transitory by many market commentators due to the projected temporary nature of issues associated with reopening effects, energy prices and the supply chain. Taking this into account it is currently proposed that no standard price inflation will be allocated although specific cost pressures in respect of contractual inflation have been submitted. What must be considered, however, is that there could be longer term drivers such as the change in patterns of consumer consumption and tightening of the labour market so this approach will need to be kept under review.
- 2.3** Due to the considerable uncertainty and the financial pressures on government, the Plan has been based on three different scenarios with regards to funding from Welsh Government for the coming three financial years - a cash neutral settlement, a 1% reduction each year for the period of this Plan and a 1% increase each year. It may be the case that grant funding is provided going forward targeting specific service areas or initiatives. As the Council has seen positive settlements in the past year that in part reflects the increasing population of the County, a fourth scenario has been included that considers a scenario where the settlement for 2022/23 is at the same level as the 2021/22 settlement (4.42%).
- 2.4** As part of the development of the Plan departments were asked to identify cost pressures facing services in order to build up a complete and up to date picture of the financial position of the Council. An updated list relating to this Committee is shown in Appendix 1 and is not shown in any order of priority.
- 2.5** There are currently no approved savings for 2022/23 or 2023/24 however given the high levels of costs pressures shown in this report it is likely that savings will be required to reflect the changing approach to delivery of services and emerging pressures due to changing priorities, demographic pressures and potential options for alternative delivery models.
- 2.6** For the purposes of the Plan, options for the level of council tax have been highlighted. With the current level of cost pressures facing the Council and without a corresponding increase in funding from the Welsh Government, it is predicted that in order to balance the budget an increase in council tax of at least a similar level to 2021/22 will be required.

2.7 The scenarios that have been modelled relating to Council Tax are at the latest reported CPI rate which is 3.2% each year, a 3.9% increase each year in line with the increase in 2021/22 and increasing the level to the Welsh average which would be 7.05% in 2022/23 and an increase thereafter of 3.58% to maintain the average, assuming the same increase as the Welsh average for 2021/22.

2.8 The following table shows the shortfall in funding for each of these scenarios.

Shortfall in Funding	2022/23 £000	2023/24 £000	2024/25 £000	3 Year Total £000
Cash Neutral Settlement				
Notional Council Tax Increase 3.2%	24,297	7,061	7,318	38,676
Notional Council Tax Increase 3.9%	23,714	6,436	6,649	36,799
Notional Council Tax Increase to Welsh Average (7.05% 22/23 & 3.58% thereafter)	21,089	6,619	6,850	34,558
1% Reduction in Settlement				
Notional Council Tax Increase 3.2%	25,980	8,727	8,968	43,675
Notional Council Tax Increase 3.9%	25,397	8,102	8,299	41,798
Notional Council Tax Increase to Welsh Average (7.05% 22/23 & 3.58% thereafter)	22,772	8,285	8,500	39,557
1% Increase in Settlement				
Notional Council Tax Increase 3.2%	22,614	5,361	5,601	33,576
Notional Council Tax Increase of 3.9%	22,031	4,736	4,932	31,699
Notional Council Tax Increase to Welsh Average (7.05% 22/23 & 3.58% thereafter)	19,406	4,919	5,133	29,458
4.42% Increase in Settlement				
Notional Council Tax Increase 3.2%	16,858	5,303	5,543	27,704
Notional Council Tax Increase of 3.9%	16,275	4,678	4,874	25,827
Notional Council Tax Increase to Welsh Average (7.05% 22/23 & 3.58% thereafter)	13,650	4,861	5,075	23,586

2.9 A 1% increase in Council Tax at the 2021/22 Council Tax base equates to £833k. The level of increase in Council Tax will need to be carefully considered in parallel with the other options available to the Council in order to reduce the funding gap and to consider the impact on the residents of the Vale. As the number of

households in the Vale of Glamorgan has increased from the previous year there may also be additional funding from the change in the Council Tax base.

2022/23 Initial Budget Proposals

- 2.10** Cabinet approved the Budget Strategy for 2022/23 on the 19th July 2021, min no.C632 which outlined the timetable, methodology and the principles to be used in producing the base budget for 2022/23.
- 2.11** Given the timescales set out in the Budget Strategy this means a significant amount of the preparation for the budget will need to be completed prior to receiving the provisional settlement.
- 2.12** The late timescale for receiving the settlement also delays the notifications that the Council receives regarding continuation of grant funding. In line with the Budget Strategy, the withdrawal or reduction in grant funding should not give rise to committed growth within the budget. The service area should give consideration to the exit strategy that has been put in place in respect of the funding stream.
- 2.13** A summary of the overall base budget for 2022/23 for this Committee is attached at Appendix 2. This has been derived by adjusting the 2021/22 budget for items such as pay inflation but does not include identified cost pressures or savings. These are shown as a note to the table. Adjustments shown include the following :
- Asset Rents, International Accounting Standard (IAS) 19 - Relates to accounting items outside the control of services. They reflect charges to services for the use of capital assets and adjustments in respect of pensions to comply with accounting standards.
 - Recharges/Transfers/Budget Adjustments - Relates to changes in inter-service and inter Directorate recharges
 - Pay Inflation - This makes provision for pay awards in 2022/23.
- 2.14** In view of the deficit highlighted in the Medium Term Financial Plan, further work needs to be undertaken by the Budget Working Group (BWG) in order to achieve a balanced budget for the final budget proposals for 2022/23. This will include the following: -
- Consideration of the results of the consultation process;
 - A review of the use of reserves to fund the deficit in the short term;
 - A review of the level of individual reserves and potential reclassification;
 - A review of the increase in council tax;

- A review of all cost pressures;
- Possible identification of new savings targets; and
- Consideration of the inflation assumptions.

Next Steps

- 2.15** The next stage is for the outline of the financial position for 2022/23 to be submitted to Scrutiny Committees for consultation. Committees are asked to review the level of cost pressures with a view to suggesting ways in which these could be managed downwards and/or mitigated and to consider proposals for savings. Corporate Performance and Resources Scrutiny Committee is the lead Scrutiny Committee and will consider both the Initial Revenue Budget Proposals and any recommendations that other Scrutiny Committees have made. The responses of Scrutiny Committee must be made no later than the 22nd December 2021.
- 2.16** The BWG will hold a series of meetings in November and December 2021 with the relevant Cabinet Members and officers to consider the budget proposals and they will submit their recommendations so that Cabinet may make its final budget proposal. Before making its recommendation, the BWG will consider the comments made by Scrutiny, together with the results of consultation. Currently, the approved timetable requires Cabinet to approve the final budget proposals by no later than 14th February 2022 and that Cabinet's final budget proposals will be considered by Council at a meeting to be held 7th March 2022 to enable the Council Tax to be set by 11th March 2022.
- 2.17** Due to the late announcement of the final settlement it is proposed that the above timeline is changed to and a report detailing updated initial budget proposals informed by the settlement is taken to Cabinet on 14th February and Corporate Performance and Resources Scrutiny Committee on 17th February 2022. The Final budget proposals would then be reported to Cabinet on 28th February with that Cabinet's final budget proposals will be considered by Council at a meeting to be held 7th March 2022 to enable the Council Tax to be set by 11th March 2022. This proposed amended timetable will ensure decisions regarding the budgets for 2022/23 can be fully informed by the funding levels available.

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

- 3.1** The BWG will ensure that budget proposals consider the requirements of the Well-being of Future Generations Act and the Council's 4 well-objectives as

detailed in the Corporate Plan. These are discussed as part of the Medium Term Financial Plan.

3.2 The Budget Working Group will also ensure that the budget proposals reflect the 5 ways of working which are;

o Looking to the long term - The budget proposals are a means of planning for the future and take a strategic approach to ensure services are sustainable and that future need and demand for services is understood.

o Taking an integrated approach - The budget proposals highlight and encourages ways of working with partners.

o Involving the population in decisions – As part of the budget proposal process there has been engagement with residents, customers and partners.

o Working in a collaborative way – The budget proposals recognises that more can be achieved and better services can be provided by collaboration and it encourages this as a way of working in the future.

o Understanding the root cause of issues and preventing them – The budget process is proactive and allows an understanding of the financial position so that issues can be tackled at the source.

4. Resources and Legal Considerations

Financial

4.1 Reserves are a way of setting aside funds from budgets in order to provide security against future levels of expenditure and to manage the burden across financial years. Funds no longer required may be transferred to the Council Fund and then set aside for other purposes or used to reduce council tax.

4.2 Appendix 3 sets out the actual reserves as at 31st March 2021 for this Committee and shows the estimated reserves balance for each year up to 31st March 2027.

Employment

4.3 Not all the savings required to meet the shortfall in funding will result in a reduction in staffing. Although the impact on individuals is likely to be mitigated as a result of natural wastage and the deletion of vacant posts, it is, nevertheless, expected that there will be a number of redundancies. The trade unions will be consulted on the details of any possible redundancies once known. Staffing

implications relating to budget pressures within schools will need to be considered by individual governing bodies.

Legal (Including Equalities)

- 4.4** The Council is required under statute to fix its council tax by 11th March 2022 and in order to do so will have to agree a balanced revenue budget by the same date.
- 4.5** These initial budget proposals have due regard to the requirements of the Council's Strategic Equality Plan including the Equalities Act 2010 and Public Sector Equality Duty for Wales. The subsequent development of individual strategies for achieving savings will require the completion of Equality Impact Assessments. This involves systematically assessing the likely (or actual) effects of policies on individuals who have a range of protected characteristics under the Act.

5. Background Papers

- 5.1** Budget Strategy 2022/23

No.	Description	2022/23	2023/24	2024/25
		£'000	£'000	£'000
Directorate: Social Services				
Children and Young People's Services				
1	External Placements - This cost pressure relates to the continuing and considerable pressure on the children's external placements budget given the complexities of the children currently being supported and the high cost placements some of these children require. This is further impacted by the COVID-19 pandemic and the significantly higher demand for placements coupled with an associated national shortage. Spend is highest for independent fostering agency placements and residential care. The Division is achieving some success in recruiting new foster carers and is developing its own residential project, but these advances in isolation are not sufficient to address the level and frequency of placement demand.	1,200	1,200	1,200
2	Legal Costs - This recurring cost pressure relates to the increasing number of care proceedings and the complexity of those proceedings, which requires an increased use of Counsel and expert witnesses.	160	0	0
3	Adoption Placements - This cost pressure relates to the increasing numbers of children with a plan for adoption and the increasing costs of adoption agency placements.	200	0	0
4	Supporting Children in Emotional Distress - This cost pressure relates to the increased numbers of children in emotional distress admitted to hospital because of concerns regarding their mental health. There is a recognised and urgent need to develop a regional multi-agency, accommodation-based support service for children and young people who need to be discharged from hospital but are unable to return to their usual place of residence because the risks are too great and cannot be managed safely in that context.	189	0	0
5	Capacity at VVC - The Councils share (15.3%) of increased capacity costs at the Vale Valleys and Cardiff Regional Adoption Service Joint Committee.	18	0	0
6	One to one support for children subject to care and support plans - This cost pressure is directly linked to the impact of the pandemic on placement availability in fostering and residential care and the need to support children and families differently when supply has exceeded demand. To support creative placement opportunities and to create bridging situations such as supporting single carers and temporarily maintaining family arrangements, we have had to rely heavily on agency staff provision. The service has considered the establishment of support worker posts, but the need to support more than one arrangement in multiple shift patterns would create a demand for multiple full time workers. It is hoped the pressure will reduce as the number of placement / support options increases.	150	50	0
7	Direct Payments - This cost pressure relates to the increasing costs of Direct Payments. In recent years there has been a significant increase in demand due to both an increase in the number of children and young people with eligible diagnosis for CHAD assessment, and the ratio of these with identified assessed needs and a decrease in services available to families 'free at point of access'. Pressure has been significant on this budget for a number of years, always exceeding the budget available.	70	0	0
8	Case Management Capacity - This cost pressures relates to capacity in Intake Family Support Team. Due to the increased demand at the front door and the ongoing pressure in recruiting and retaining Qualified Social Worker there is a need to increase the number of Social Care Officers across the Team from 6 to 10. Additional SCO posts within the Team will also have a positive long term impact on the Division as a strong source of candidates for the in-house qualification route, helping to address the shortage in Qualified Social Workers.	136	£-	£-
9	Placement Team Capacity - This cost pressure relates to increasing demand on the Placements Team and the need to increase capacity. The request is for 2 additional Social Care Officer posts (non-qualified) which will allow Social Work capacity in areas of regulatory requirements, and 1 Social Worker in the context of increased levels of demand for qualified capacity. The number of placement requests in 2021/22 is projected to have increased by 91% on 2020/21, 192% when compared to 2019/20.	122	0	0
10	Business Support Core Teams - In the last 18 months, demand across Children and Young Persons has increased significantly. Business support capacity has remained static throughout, and despite reviewing patterns of work and streamlining processes where possible, these measures have not given us the level of capacity that is needed to function effectively and an additional Business Support Assistant is required to increase capacity in this service.	26	0	0
11	ICF Funded Projects - This cost pressure reflects the risk associated with the withdrawal of ICF funding against the following projects / posts for provision of services such as Family Group Conferencing, Regional Adolescent Resource Services, Reunification, Integrating Disability Services Project and Joint Approaches to Continuing Care and Assessment.	656	0	0

No.	Description	2022/23	2023/24	2024/25
		£'000	£'000	£'000
Total Childrens Services		2,927	1,250	1,200
Adult Services				
12	Demographic Pressures - This figure takes into account the forecast for this year with income adjustments, grant funding considered and the impact of the pandemic, the increase is based on previous years increases in budget and correlating 'normal' increases in demand, and anticipated ongoing grant funding.	628	628	628
13	Provider Fees and Quality Assurance - Continuing challenge by providers to increase fees to meet provider costs while the market remains extremely fragile. Numerous historical pressures continue to impact the committed spend for commissioned services, including National Living Wage, Sleep-Ins, HMRC regulations re travel time, auto-enrolment of pensions and now the increased burden of registration costs for domiciliary care workers under Regulation and Inspection of Social Care (RISC) (Wales) Act 2016.	3,500	3,500	3,500
14	Reablement - The Vale Community Resource Service has benefitted from grant funding at the front line over several years, but due to the short term nature of the funding we have not developed the managerial, supervisory and co-ordination elements required to support the team of Reablement support workers, or consider how best to structure the service in regards to cluster/locality models. A recent review has identified unfunded posts that are required to ensure the safe delivery of the current service.	279	0	0
15	Occupational Therapy - There has been a significant increase in the OT workload. This is a direct consequence of people wishing to remain in their own homes and needing long term equipment and adaptations to their homes.	100	0	0
16	Long Term Care Service (LTCS)/Review - The implementation of the Liberty Protection Safeguards means a shift in responsibility from our DoLS service into Case Management, with extra responsibility moving to case management. The bulk of the impact will be in the Review Service, aligned with LTCS, as many cases will be 'in review'. Additional capacity at Social Worker and Social Care officer level would enable this implementation.	80	0	0
17	Integrated Locality Manager - The Vale Alliance will be developed in this year, in order to enable leadership capacity, the integrated role needs to have the support of an integrated Locality manager, shared with the UHB (PCIC) on an ongoing basis .	62	0	0
18	ICF Funded Projects - This cost pressure reflects the risk associated with the withdrawal of ICF funding at a time when Adult services is showing a growth in demand and complexity of demand against the following projects/provision of services such as Assessment and Case Management, Reablement, Discharge and Learning Disabilities projects.	1,262	212	0
Total Adult Services		5,911	4,340	4,128
Resource Management and Safeguarding				
20	PPE - To continue to operate the corporate PPE team and maintain the current level of PPE, hygiene, and cleaning provision required to support the infection control measures in place to support the Vale of Glamorgan Council Corporate Covid 19 Risk assessment.	330	0	0
21	Performance and Improvement Review - The Performance Team were working to their maximum capacity prior to the pandemic and since then have come under increasing pressure to produce more easily accessible and informative data. A directorate wide review of the way performance and improvement data is presented is required. The Social Services Reshaping Board has highlighted the need to improve key performance areas, develop and embed effective quality assurance processes, and drive updates to WCCIS. Furthermore, a recent inspection report from Care Inspectorate Wales highlighted the need for improved recording and monitoring information.	120	0	0
22	Contracts and Commissioning/Quality Assurance - The work of the Contracts Section has increased significantly in recent years such as additional duties created by the annual procurement processes and essential monitoring of contract and Letters of Understanding with external providers. There are a number of quality assurance issues with providers that require additional scrutiny and contract management to safeguard citizens.	362	0	0
23	Safeguarding and Quality Assurance - Posts were agreed on a 2 year temporary basis to assist with the increase in demand for services (currently overspending), as the functions of the Community Care Finance and Direct Payments Sections are at the point where the workload cannot be managed within existing resources. Funding would allow for the maximisation of income for chargeable services within the Directorate.	246	0	0

No.	Description	2022/23	2023/24	2024/25
		£'000	£'000	£'000
24	Increase resilience around Staff absence in Care Homes- This will enable the Council provided care homes to recruit staff as the service is under significant pressure post pandemic. The issues created by Covid 19 include a need to reduce dependence on agency staff (or maintain consistent agency staff for each home) and also to ensure that the service can cope should staff be absent. This would enable the homes to be fully staffed and meet the needs of residents. It is important to invest in our care homes as a mixed economy of care is key to managing the risk when faced with the fragility of the independent sector.	187	0	0
25	Ty Dyfan Reablement Unit (ICF)- The provision of this service could be impacted by the end of ICF funding. The reablement unit facility not only had very positive outcomes for people but proved extremely cost effective reducing the package of care and support hours required on discharge. For the majority of clients this reduction is sustained when reviewed at 6 months post discharge, the Bay has created savings in the region of £550,000 per annum for the Council.	185	0	0
26	Domiciliary Care (ICF)- Domiciliary Care Costs - Additional resource in the area has enabled a new provider to move into the Western Vale and its critical to continue in order to manage the fragility of the social care market.	114	0	0
Total Resource Management and Safeguarding		1,544	0	0
Total Social Services		10,382	5,590	5,328

Directorate: Environment and Housing

Leisure Services

1	Colcot Sports Centre - The School is no longer using the Sports Hall due to new school facilities, therefore loss of contribution to running costs of the building.	47	0	0
Total Leisure Services		47	0	0
COUNCIL TOTAL		10,429	5,590	5,328

BASE BUDGET 2022/23**APPENDIX 2**

	Original Budget 2021/22 £000	Asset Rents/ IAS 19 £000	Base Estimate 2021/22 £'000	Rechgs/ Transfs £'000	Budget Adjustment £'000	Pay Inflation £'000	Base Estimate 2022/23 £'000	Savings Applied £'000	Cost Pressures £'000
Children and Young People	17,700	-	17,700	31	(813)	137	17,055	0	2,927
Adult Services	52,742	-	52,742	162	(5,883)	227	47,247	0	5,911
Resource Management & Safeguarding	292	-	292	19	6,696	205	7,212	0	1,544
Leisure Services	678		678	(4)	0	19	693	0	47
TOTAL	71,412	0	71,412	208	0	588	72,207	0	10,429

ANALYSIS OF RESERVES**APPENDIX 3**

Name	Est	In	Out	Est	Comments	Est	Est	Est	Est	Est
	Bal			Bal		Bal	Bal	Bal	Bal	Bal
	01/04/21			31/03/22		31/03/23	31/03/24	31/03/25	31/03/26	31/03/27
	£000	£000	£000	£000		£000	£000	£000	£000	£000
Social Services										
Legislative Changes	8,227	0	-1,101	7,126	To cover additional burdens on the authority due to changes in legislation eg Social Services and Well-being (Wales) Act 2014 , Deprivation of Liberties Standards and other pressures on the service.	7,126	7,126	7,126	7,126	7,126
Social Services Pressures	1,913	0	0	1,913	To cover short term childrens placements which have a high cost e.g. remand, that cannot be accommodated within the current operational budget.	1,913	1,913	1,913	1,913	1,913
Social Services Developmer	350	0	0	350	To cover costs of implementing service development and contingency for premises maintenance	350	350	350	350	350
Grant Exit Strategy	630	0	0	630	To pay potential redundancy costs if Welsh Government grants were discontinued.	630	630	630	630	630
Capital										
Social Services Buildings	500	0	-10	490	To fund the update of Social Services premises to meet the future demands of the service.	490	490	490	490	490
Telecare	753	0	0	753	Replacement fund for Telecare equipment and other service costs.	753	753	753	753	753
COMMITTEE TOTAL	12,373	0	-1,111	11,262		11,262	11,262	11,262	11,262	11,262