
Report to Housing, Health and Care Committee

Date of Meeting: 31 March 2016

Subject: Financial Performance Report: Social Services

Report by: Head of Social Service

1.0 Purpose

- 1.1. To update Committee on the Social Services financial information up to and including January 2016. It includes the progress made to date by senior managers to address specific financial overspends and give information on the demands and pressures facing the service.
- 1.2. To give Committee information on management actions taken since the last report and the findings on current budgets.
- 1.3. To inform Members of the actions taken to address overspends in the Social Services & Residential Schools budget.

2.0 Recommendations

- 2.1. Note the report.
- 2.2. Consider the management actions taken.
- 2.3. Consider the continuing demand on services and the impact on the budget to fulfil our statutory responsibilities and to comment and challenge as appropriate.

3.0 Considerations

- 3.1. The Social Services budget continues to be under considerable pressure. This is common across budgets of this nature for all Scottish Councils and has been widely reported on. As these demographic and service demands steadily increase our financial forecasts present the view that this will consume an ever-increasing share of our public spending.
- 3.2. The service is projecting a Revenue budget overspend of £1,653K (See Appendix 1 for detailed breakdown). This is a 15% reduction from the last committee report previously £1,894. This has since been approved at the 3 March 2016 Council meeting, authority was given for the 2015/16 Social Services overspend in line with Financial Regulation 4.4.

- 3.3. Senior Officers re-examined each of the budgets closely and a number of management actions have been introduced. (See Financial Action plan Appendix 3)

Management Actions

- 3.4. A review chaired by the Assistant Head of Social Services Child Care to revisit all cases associated with the residential schools budget has taken place. The aim was to ensure we are fulfilling our statutory obligations to keep the child at the centre of our decisions. Alternative resources were identified through this process for some of the children as well as exit strategies from their current placements. If agreed and where a decision for alternative support is made, any reductions in the spend in this budget will not be seen until next financial year. There is currently a monthly meeting set up to review the progress and other high cost placements.
- 3.5. The Transforming Care Board (TCB) continues to meet monthly. This is co-chaired by the Assistant Head of Social Services Adult Care and Child Care and each of the Making Clackmmanshire Better (MCB) across the whole service are discussed in detail. Reports are presented and progress is discussed in detail. Information is available in the Social Services Financial Management Action Plan in Appendix 3.
- 3.6. A recent re commitment from the Head of Social Services to all staff reminding them of the senior managers commitment to the industry wide standard of continuous improvement principles. The aim here is to raise awareness that everyone has a role in financial responsibility.
- 3.7. Weekly Resource Panels in adult care chaired by a Service Manager and attended again by senior managers across social work and finance continue to ensure that the service conduct a robust analysis of all newly proposed care packages. This ensures both a best value approach as well as a multi agency contribution to meeting all our client needs.

Management Actions - Adult Service

- 3.8. Spending across adult service budgets is in their nature variable. They are demand led. In addition the service is seeing budget pressures change as clients have more choice on their care package through self directed support options.
- 3.9. Currently we are projecting an overspend in the adult provision of £79k. This is due to an increase in relief staff hours to support the enablement strategy. However, it will be offset against the additional income generated from Forth Valley and end of year projections are showing a final underspend of (36K) in this area.
- 3.10. The recent change in our charging policy is having an impact on Disability Day Care services. This budget is projecting an underspend of (£188k). The service continues to see a decrease in demand for day care services. Efficiencies are also being realised in the staffing budget. This area is a MCB project for next year and will be reported to committee in our quarterly performance report. The first phase of this work is underway and is ensuring that the Adult Day Service Provision is re-designed to meet demand.

- 3.11. Although Mental Health and Learning Disability is showing an overspend in its totality of £361k, this will be offset against a number of different budgets including a (95K) underspend from the Elderly & Physical Disability Care Management budget, the 36K underspends from Adult provision, additional income generated from Forth Valley Health Board and any balance will be set against demographic growth figure of £468k identified as part of the services zero based budgeting exercise.
- 3.12. This will result in a balanced budget for adult services going forward into next financial year.

Child Care Service

- 3.13. There have been substantial management actions in addressing the Child Care Service overspend. It is focused primarily in the residential schools budget. This is projecting an overspend of £1,653K. Which is a 3% reduction since last report. See Appendix 1 Table 4 for full breakdown.

Management Actions addressing residential schools budget

- 3.14 A full analysis was undertaken and reported to Head of Social Services. This has shown that there are a number of contributing factors. Incorrect employee related costs (38K) have been attributed to social services from education. A meeting of the Business Managers in Education and Social Work will take this forward to ensure costs are aligned correctly between services. The Business Managers will continue to work closely with finance colleagues to ensure that the budget allocations are accurate and to ensure robust budget monitoring.
- 3.15 The Education Service currently share 50% of responsibility for this budget. However our analysis of the costs associated with providing education to children both within and out with the authority indicates that the cost attributed to education is £1.01m, which is currently 63% of the budget. Discussions between services will be undertaken to achieve accurate realignment of budgets.
- 3.16 Senior managers from Social Work and Education Psychological Services report direct to the Assistant Head of Service for Education and the Assistant Head of Service Children and Families. This brings additional quality assurance to the process and ensures that decision making keeps the child at the centre, meets the local authorities statutory responsibilities and will inform the service if there is a need to change any aspect of current practice and interventions.
- 3.17 A multi professional group of senior managers have initiated a review of the Authority GIRFEC Group (AGG) and all the residential school placements. This group has also commissioned a performance officer to identify trends over the past three years. This work will help inform managers in future budget planning.
- 3.18 A review of all early exit strategies for young people nearing school leaving age has been concluded. This resulted in a number of children being recommended for alternative placements at a lower cost to the local authority. It requires to be noted that the multi agency recommendations require to be

ratified through the Children's Hearing who have ultimate decision making responsibility in relation to a child's residence.

- 3.19 Renewed focus from all those involved in the decision making process including partners and other stakeholders, to consider cost implications in tandem with the best interests of the child whilst ensuring that decisions are financially viable. This may challenge partners and stakeholders expectations about managing risk in the community and local authority.

Child Care

- 3.20 Alloa Family Centre is projecting a £175k underspend. This is due to the level of vacant posts the service has sustained over the year. These vacancies are currently being reviewed as part of Making Clackmannanshire Better. This will involve a review of the current resource to identify alternative delivery models as well as areas of duplication between social work and education.
- 3.21 Fostering and Adoption continue to forecast an overspend of £113K. though as reported at last committee there are fifteen children currently placed internally with Stirling Council foster carers. The use of Stirling carers is maintaining children closer to their communities and has resulted in significantly reduced costs compared to external purchased placements.
- 3.22 The service is also projecting an overspend of £78k in legal fees. This relates to legal costs associated with establishing permanence through adoption or permanence orders with the local authority. There has been a significant increase in legal costs in pursuing permanence arrangements and as a local authority £60k demand pressure funding has been approved for 2016/17 to mitigate this going forward.
- 3.23 In relation to the further scrutiny of decision making, financial governance and thresholds; a meeting has taken place with Kate Rocks Chief Social Work Officer East Renfrewshire. The aim was to look for an independent critical review of our processes and governance. Further work will be undertaken to share good practice examples and scrutiny of decision making around high cost placements and interventions. This is specifically looking at alternatives within the community to manage risk. The agreement to pursue the Multisystemic Therapy Programme will develop further these alternatives to address dependency on residential placements.
- 3.24 Transport of clients in Child Care is projecting a £45k overspend. This is a reflection of the number of children accommodated in Foster Care placements out with the community and Clackmannanshire. This is a fixed cost which becomes variable as the demand increases. Recent demands have included decisions from children's panels directing us to ensure children receive increased contact with parents/carers.
- 3.25 Eligibility criteria has been introduced in Social Services for children with disability entitlement to allowances for transport. This is specific to costs associated with respite, activities provided by social services and transport arrangements.
- 3.26 Capital of £250k was identified for a new children's residential service as a spend to save option for the council. Council agreed this in February

2016. As a service this will be a priority over the next year to realise savings for the financial year 2017/2018. This will bring the projected savings forward by one year.

Criminal & Youth Justice Services

3.27 Youth Justice is forecasting a £21k underspend which relates to a vacant post.

Strategy

3.28 Substance Misuse is forecasting £14k underspend which relates to income received from Forth Valley Health Board.

3.29 Appropriate Adults has a projected £15k underspend due to a vacant post.

3.30 Social Services Management Support is projecting a £67k underspend which relates to staff vacancies.

3.31 As identified at last Housing Health and Care Committee in January 2016 and at the Resource and Audit Committee in February 2016 a scope is being drawn up for this review. It is anticipated that this will be presented to the next committee in May 2016.

Summary

3.32 Action Plan. Impact on the action plan can be summarised as follows. The action plan ensured a review and scrutiny of processes of financial management and governance. In relation to compliance the senior management team have an assurance that managers and staff across the service are compliant with financial processes. Meetings between senior managers, Service Managers and Accountants are regular and ongoing.

3.33 The action plan and activity has also identified a lack of parity in relation to the apportionment of costs between social work and education. This is an area for resolution going forward into the next financial year so that budget implications and spend are attributed to the correct department as highlighted in Appendix 1 table 4. This is the single biggest area of concern in relation to the overspend in budget and how it is reported.

3.34 There has not been a significant reduction in the budget overspend though the action plan has contributed to ensuring the overspend does not increase. The recruitment of additional Clackmannanshire foster cares has mitigated a financial risk of additional costs to the council if purchased foster placements had to be sought.

3.35 As a service the requirement to meet the local authorities financial requirements and the statutory duty to fulfil the public protection requirements in assessing and managing risk for children and adults will continue to be a priority for the service. The financial impact will continue to be reported to future committee as well as the service performance in assessing risk and need for individuals and families in Clackmannanshire.

3.36 This report gives an overall summary of the detail and complexity associated with the ongoing management of the social services budget. It outlines council

and multiagency statutory responsibilities, ongoing and variable demand and activity across the service. It demonstrates in management actions to both manage demand, monitor spend, monitor compliance with financial controls and financial regulations.

3.37 Committee is asked to note the report and comment and challenge as appropriate.

4.0 Sustainability Implications

4.1. None

5.0 Resource Implications

5.1. *Financial Details*

5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

5.4. *Staffing*

5.5. None

6.0 Exempt Reports

6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box)

- | | |
|--|-------------------------------------|
| The area has a positive image and attracts people and businesses | <input type="checkbox"/> |
| Our communities are more cohesive and inclusive | <input checked="" type="checkbox"/> |
| People are better skilled, trained and ready for learning and employment | <input type="checkbox"/> |
| Our communities are safer | <input checked="" type="checkbox"/> |
| Vulnerable people and families are supported | <input checked="" type="checkbox"/> |
| Substance misuse and its effects are reduced | <input type="checkbox"/> |
| Health is improving and health inequalities are reducing | <input type="checkbox"/> |
| The environment is protected and enhanced for all | <input type="checkbox"/> |
| The Council is effective, efficient and recognised for excellence | <input type="checkbox"/> |

(2) **Council Policies** (Please detail)

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes No

9.0 Legality

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1 - Breakdown of Social Services Budgets

Appendix 2 - Social Services Outturn Report September 2015

Appendix 3 - Social Services Financial Management Action Plan

11.0 Background Papers


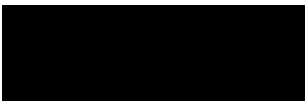
11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

Author(s)

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Approved by

NAME	DESIGNATION	SIGNATURE
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Nikki Bridle	Depute Chief Executive	

Appendix one

Revenue Expenditure

Service	Annual Budget 2015/16	Actual Spend to 31/01/16	Projected Outturn to 31/03/16	Variance Outturn V Budget
	£000	£000	£000	£000
Mental Health & Learning Disability	5,878	4,391	6,238	361
Elderly & Physical Disability Care Management	4,963	4,144	4,902	(50)
Adult - Provision	4,674	3,761	4,637	(37)
Adults	15,515	12,296	15,777	252
Child Care - Clacks Locality	2,206	1,737	2,248	42
Child Care - Resourcing, Disability, TCAC	6,363	4,830	6,230	(133)
Child Care	8,569	6,567	8,478	(91)
Criminal & Youth Justice Services	239	1,185	217	(22)
Strategy	563	244	527	(36)
Social Services Management Support	368	492	293	(74)
Residential Schools	2,583	2,788	4,196	1,613
Total Revenue	27,836	23,572	29,489	1,664

Capital Expenditure

Table 2

Project	Annual Budget 2015/16	Actual Spend to 31/01/16	Projected Outturn to 31/03/16	Variance Outturn V Budget
	£000	£000	£000	£000
Social Work Integrated System	145	0	30	(115)
Telecare	75	53	75	0
Child Care Residential Unit	250	0	0	(250)
Total Capital	470	53	105	(365)

Table Four Breakdown of Residential Schools overspend

Service Provision	Budget £'000	Projection £'000	Variance £'000
External Residential Placements	1,339	1,817	478
Other LA Residential Placements		47	47
Education	1,082	2,033	952
Outwith LA Education	162	220	58
Additional Education Support Provision		63	63
Hospital Education		15	15
Total	2,582	4,196	1,613

Appendix Two

Progress in Delivering Planned Budget Savings in 2015/16

Description of Saving	Saving 2015-16	Progress	Comment
Review of equipment and adaptation	11	0	MCB project met .
Re provision of day care across shared service	20	20	Shared Service re provision was not possible. Saving achieved by reconfiguring day care staff hours.
Review of Transport of Clients across Adults and Children Services	10	0	Savings has been met for this year.
Increase in MECs Charges	14	14	Income projected as being achieved
Cease Intensive Support Contract	150	150	Termination of Includem contract in April 2015
Child Care Respite	20	20	Reduction in respite projected
Total 15/16 Savings	225	204	

Appendix Three - Social Services Financial Management Action Plan Updated March 2016

Aims

1. to show the specific actions taken by senior managers across Social Services to address specific financial concerns raised by elected members.
2. to promote a open, accountable, and effective financial practices.

Financial Pressure	What	Who	When	Met/Not met/ Ongoing	Impact
1. Transitions 15/16	Analysis of costs/effects associated with transitions	Service Managers	Sept 2015	Met	Full year costs and projections have been undertaken in relation to children and transition. This has allowed budgets to be aligned appropriately

					between adults and child care.
2. Outstanding debts for services received.	Review policy, processes, and levels of performance.	Service Managers, Team Leaders, Service Accountants	Jan 2016	Met	Policy has been reviewed with legal and revenue and benefits and finance. This will support future debt recovery.
3. Ensure appropriate income/funding is explored with partners	Delayed Discharge Funding for 5 additional care beds with Health Boards generated additional income of 93K	Service Manager and Finance	Sept 2015	Met	Impact of recharging now in place and has contributed to reduced overspend by £93k
4. Review and monitor expected income levels for financial planning from ICF, Discharge funding, Scottish Government	A review and monitoring of expected and received funding across all areas of the business	Assistant Head of Service	Oct 2015	Met	As above completed.

Financial Pressure	What	Who	When	Met/Not met/ Ongoing	
6. The need to pay external placements	Increase recruitment of 5 Foster Carers to offset dependency	Assistant Head of Service and Human Resources	Quarterly discussions	Met	5 foster carers recruited in 2015/16. This has contributed to reduce the overspend. Further target of 5 carers for 2016/17
7. Correct financial accounting to Social Services budgets.	Monthly detailed analysis ensuring charges are attributed correctly to Social Services budgets.	Assistant Head of Services and Finance	Monthly	Ongoing	Increased scrutiny on a monthly basis is taking place between the service and finance. This has resulted in a return of £38k to overspend
8. Certify financial monitoring by senior managers.	Budgetary meetings by senior managers	Assistant Head of Services and Finance	Monthly	Ongoing	Monthly meeting ongoing.
9. Safeguard	a) Review of current	Chief Finance	Monthly	Ongoing	Still to be

finance systems to service activities for financial projections	IT system. Purchase and test new system meets business needs b) Rollout management training for managers and budget holders.	Officer & Head of Social Services			achieved.
10. Financial share of overspends between Education and Social Service.	Discussions have been between assistant heads of each service to agree percentage shares into next financial year.	Head of Service	April 2016	Ongoing	Future apportion of financial costs needs to be agreed between services.
Financial Pressure	What	Who	When	Met/Not met/ Ongoing	

12. Contain spending by front line staff.	Review current controls and authorisations controls for front line staff and implement reductions.	Assistant Head of Services Service Managers	Aug 2015	Met	Scheme of delegation has been reinforced.
13. Renewed focus on budgetary pressures and any changes in demand for service	Complete a two phased research project first to identify high level needs	Assistant Heads Social Services	First phase June 2016 Second phase Sept 2016	Ongoing	Increased awareness of demographic trends to inform future financial planning.
14. Third Party payments and best value	Review of current contracts to ensure best value for money	Assistant Head of Service/Service Manager Commissioning	Monthly	Ongoing	
15. Develop MCB project proposal to Implement Reviewing Officers posts in Children's services	Develop business case by scoping out a project targeting a reviewing officer role to target high cost placing's. Project savings in 16/17 year.	Assistant Head of Children's Services.	April 2016	Not Met.	Proposed as a spend to save option that was not accepted as an MCB proposal. There will be ongoing discussions about remodelling

16. Review variations in costs of existing Scotland Excel contracts.	A short life working group established to review and analyse an anomalies across contract	Assistant Head of Social Services Procurement	Nov 2015	Met	Review of spend for Scotland Excel placements undertaken. This confirmed consistent payments in keeping with the contract.
17. Audit of the Commitment systems in Social Services (CCIS) ensuring compliance of financial regulations	Internal Audit to complete and report any findings.	Internal Audit	Jan 2016	Met	Findings of Internal Audit have been undertaken and will inform process for new corporate financial system
18. To identify further management savings and revise financial planning assumptions	Senior Managers across all service areas asked to review projects for further efficiency savings as part of MCB process 15/16	Assistant Head of Services	Jan 2016	Met	Transformation Board overseeing governance of projects and business cases agreed by council budget setting.
19. Changes in the projections	Review of policy to include new SG	Assistant Head of Children's	Jan 2016	Met.	Finances agreed

for growth in Kinship Care placements	Section 11 criteria.	Services.			nationally to be devolved to local authorities. No financial impact for council.
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