



Overview and Budget Scrutiny Committee

16 November 2017

Budget Sub-Group Report September – October 2017

Purpose of report: Scrutiny of Budgets & Policy Development

Introduction:

1. The Overview and Scrutiny Committee set up a Budget Sub-Group at its 16 July 2017 meeting. The Sub-Group, chaired by Nick Harrison with membership from Ayesha Azad, Tim Evans and David Harmer, has been tasked with undertaking council-wide budget scrutiny.
2. The Sub-Group has met four times with the Deputy Chief Finance Officer to review budget monitoring data, the CIPFA report on the council's financial resilience and to revisit the 2016/17 Sustainability Review Board recommendations.
3. Most recently, the group focused on the experiences of the Children, Schools & Families and the Adult Social Care & Public Health directorates in making savings targets for 2017/18 and planning for future years. The Chairman of the Children & Education Select Committee and the Vice-Chairman of the Adults and Health Select Committee were part of these sessions.

Activity

Budget Monitoring

4. The Deputy Chief Finance Officer outlined the budget position for Members and that £12m of savings identified are now considered to be unachievable (£6m Adult Social Care, £3m Early Help and £3m Waste disposal). This means that the current forecast shows an overspend of £21m for 2017/18 before any mitigating action. This is a £3m reduction from the June forecast, however, considerable risks exist due to the volatility in a number of key budgets which could see the situation worsen by up to £13m with the biggest pressure faced by demand on Children's Services.
5. In light of this situation, budget recovery plans are being developed by Strategic Directors with the Cabinet. Services will be asked to identify additional and ongoing savings, optimise income, hold vacancies, delay expenditure and bring forward one-off savings from next year for implementation over the next six months. Members were disappointed to note that these had not been developed in time for scrutiny in October, however, scrutiny of budgets and budget planning by the individual Select Committees will begin from November.

6. Members discussed the increasing demand on Children's Services and, in particular the number of children becoming looked after. Members also queried the Council's own residential capacity and whether this could mitigate the use of out-of-county placements. Members further underlined how crucial forecasting is to social care services spending and queried whether other councils do this differently.
7. The Sub-Group suggested greater use could be made of the Council's Invest to Save Fund. The Deputy Chief Finance Officer advised the Members that funding was still available and services could make cases for funding though there was an expectation that any monies would be returned to the fund.
8. Members suggested that this fund could be used to explore more assistive technologies in social care, improvements to forecasting, or developing Council owned facilities to process waste to generate income.
9. The Sub-Group asked about the Council's balance of reserves as these may be used again this year to make sure the Council delivers a balanced budget. The Deputy Chief Officer provided a breakdown of reserves and advised that they are at the minimum recommended levels with £29m in general balances from a total of £65m with the remainder earmarked for specific projects.

Adult Social Care & Public Health

10. The Sub-Group met with the Strategic Director and Head of Finance for the Directorate. The key findings were that there is an expected shortfall of £6.4m against the MTFP savings target but that surplus fees and charges plus other budget variances offset this. There was also a forecast overspend of £1.8m for 2017/18.
11. The Strategic Director explained the success that the new Liquid Logic system had in boosting productivity and noted that improved data quality and consistency has had a positive impact on the care being provided. Similarly, e-invoicing is reducing the administrative burden on the Directorate. Further to this a new citizen portal has been developed to allow residents to self-assess. All of these processes increase their ability to focus on care.
12. The introduction of the national living wage and new legislation on sleep-in payments affects the sustainability of the Adult Social Care budget. The Directorate will need to increase the fees it pays with the final cost affected by the outcome of the cost of care work with care providers.
13. Given the level of demand for social care support Adult Social Care must prioritise delivery of its statutory duties under the Care Act 2014 therefore discretionary spending that was often directed to the voluntary, community and faith sector has been reduced. The Strategic Director recognised the value and impact of preventative work but the Directorate had to meet the needs of residents with assessed care needs in the first instance.
14. The Sub-Group discussed the Transforming Care work undertaken by Officers to explore supported living solutions for people with learning disabilities who are placed outside of Surrey at the moment. A procurement exercise for five sites to provide 40-70 units as part of the Accommodation with Care & Support programme is underway.
15. As part of the health and social care agenda discussion have been had about re-using NHS capital receipts to develop new learning disability settings and the Sub-Group

considered that the current financial conditions meant that the Council could invest more capital in developing its own residential solutions to meet demand for social care including learning disability services.

16. Further to probing from the Vice-Chairman of the Adults and Health Select Committee, the Strategic Director explained that there is a lot of potential to use telecare and assistive technology beyond what is already offered through the Fire & Rescue Service and in partnership with District & Borough Councils. Officers will be implementing a strategic plan with procurement due to take place in 2018.

Children, Schools and Families

17. The Interim Director for Children's Services and the Head of Strategic Finance – Children's and Schools outlined the complex funding streams that make up the Directorate's budget. The savings target of £2.6m in Early Help has been deferred to allow time for the development of an appropriate service for children and their families, and an overspend of £8.9m in Children's Services which includes increasing numbers of children looked after in independent placements, shortfall in government funding for Unaccompanied Asylum Seeking Children and the current need for more frontline social workers..
18. The overspend on staffing includes 32 FTEs and 82 locums in 2017. The Cabinet agreed that the overspend on staffing should be deferred to ensure the Directorate has sufficient headcount and capacity to meet the needs of children whilst a full review of capacity and demand is undertaken. Further to this the Signs of Safety case management model has been rolled out to ensure the quality of social work is consistent.
19. The increasing complexity of need in Children's Services and the resultant use of independent placements has been unprecedented with the increased costs leading to an overspend of £6.7m. Independent residential placements are more costly and given the complexity of the teenage cases that make up a large proportion of these placements in Surrey this is a significant pressure. Children's Services is seeking to link up with other local authorities and work with providers to manage costs and more work will be done on this in 2018. Members requested a more detailed breakdown of the high cost packages and the system used to review the decisions taken by social workers. Members again raised the possibility of investing in more Council operated provision in the future to reduce the dependence on external placement providers.
20. The cost of providing services for Unaccompanied Asylum Seeking Children (UASC) is not fully met by the government subsidy, the Directorate is keen for government to ensure that the new post July 2016 rates be paid for all UASC. Members wished to understand this cohort better and asked for further demographic data. Money spent on services for care leavers will also grow in the future due to the new duties placed on Local Authorities to meet needs up to the age of 25 years old.
21. Changes to the National Funding Formula within the Dedicated Schools Grant (DSG) continue and the fear is that the High Needs Block DSG will reduce considerably in future years. There is already a significant pressure on the high needs block that funds provision for children with Special Educational Needs and Disabilities (SEND). Since 2013 it has not kept pace with the increasing numbers of children assessed and requiring services. The Directorate needs to make savings in SEND services - £13m in 2017/18 and a further £12m - £14m is required in 2018/19. This cost pressure is

currently contained within the DSG. Work is ongoing with education partners and health to manage the increasing demands on the whole education, health and social care system in Surrey.

Conclusions:

22. The trend in both Directorates is of increased demand with increased complexity. The character of this demand puts significant pressure on budgets as residents' needs must be met under a number of existing and new statutory duties placed upon the Council at a time when all services must make savings.
23. Workforce planning has a focus on 'growing our own' social work practitioners to minimise the amount of spend on agency and locum staff. However, sufficient capacity is required to ensure safe, high quality care.
24. Needs are not always able to met within the county or by the Council's own services which necessitates sourcing services from external providers which can be more costly. The Sub-Group suggested that the Council should look into the possibility of capital investment on further in-house provision for both children and adults.

Recommendations:

25. That the Committee review the activity of the Sub-Group and its next steps providing feedback on the approach taken so far and to suggest any future areas of focus for budget scrutiny.
26. That the Sub-Group report back to the Committee on the outcome of the 30 & 31 October budget recovery plans scrutiny meetings including he plans for further scrutiny of 2018/19 budget plans.
27. That the Sub-Group further investigate the costs and benefits of the council developing a range of in-house residential services for children and adults that require social care to reduce the amount of spend on external providers and report back to this Committee with their findings.

Next steps:

- Scrutiny of proposed recovery plans as outlined above

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