

### **Budget Scrutiny 2024/25 – Comments on the emerging cost pressures relating to placements in adult and children’s social care, home to school transport and pay and contract inflation**

#### Children and Families Overview and Scrutiny Panel – Children’s Social Care Placements (27 September 2023)

The Panel recognised the considerable pressures on the budget for Children’s Social Care Placements and welcomed the opportunity to scrutinise this area in greater detail. Members noted the reasons for the forecast overspend including inflationary pressures leading to more expensive placements and a rise in demand which was outstripping capacity. The Panel noted that all Local Authorities nationally were experiencing similar budget pressures and acknowledged the initiatives which are already underway to reduce spend and demand such as focused support for families who were experiencing difficulties, ensuring that only those children who needed to be looked after by the local authority were taken into care and work to prevent placement breakdown and recruit more specialist foster carers.

The Panel was reassured that the focus of Worcestershire Children First’s work remained on the safety and well-being of children and, despite the budget difficulties, there would be no change in this ethos, an approach which was supported by the Cabinet Member with Responsibility for Children and Families and the Board of WCF.

#### Children and Families Overview and Scrutiny Panel - Home to School Transport (HTST) Budget– (6 December 2023)

The Panel received details of the significant cost pressures facing the Council on HTST, with a current forecast overspend of £9.5m, which would see a 29% increase in spend from the previous year. The increased demand for the HTST service had seen a 45% increase in mainstream pupils using the service in the past 4 years and a 49% increase in pupils with an Education Health and Care Plan (EHCP) in the same period. The scale of this challenge was how to make the service more cost effective, whilst still maintaining an appropriate service for children. It was clarified for Members that HTST spend resulted from duties set out in both statute and policy.

The Panel acknowledged the national context of this issue, with the same predicament being faced by many local authorities across the country. The Panel was keen to learn what measures were being put in place in terms of a long-term, sustainable solution. Members discussed the importance of ensuring that joined up thinking took place from an early stage, so that for instance, when new housing developments were built, the access to primary and secondary schools and safe walking routes, were key considerations. The Cabinet Member for Highways and Transport and the Assistant Director for Highways and Transport Operations assured Members that these types of considerations were already in place, but that safe walking routes to schools needed to be developed further. The Director for All Age Disability also confirmed that when an extension of school places was being considered for SEN provision, close liaison with planning colleagues ensured that these matters were taken into account at an early stage in the process.

The Panel was informed that given the demand pressures on the service, the HTST Review would focus on the supply side, including commissioning and contract management arrangements. All aspects of operations were being reviewed, including route optimisation of the fleet, discussions with private operators on viable options, as

well as consideration of the Council's in-house fleet and drivers. The importance of a more holistic approach was highlighted, with innovative solutions being required. The Council was currently networking with other authorities, and it was highlighted that there could be opportunities to make savings through, for example, cross border collaboration whereby the scale of operations would be increased across a wider rural area.

It was noted that the budgetary responsibility for this area had been transferred to the Environment and Infrastructure Directorate.

### Corporate and Communities Overview and Scrutiny Panel – Pay and Contract Inflation (29 September and 23 November 2023)

#### **Contract Inflation**

The main issue highlighted to the Panel is that while inflation is now decreasing, budget setting for 2022/23 had been based on trajectories of an earlier reducing trend.

The fact that many contracts had already been set meant the Council was not benefitting from the recent decrease in inflation, as they were set for the year. Although inflation is now coming down, prices remain high. Of interest is the West Mercia Energy contract, which has built in a link to market price, which is bringing cost benefits as it is not tied into contract rates.

The Panel asked about contract durations and was advised that good practice pointed to contracts with short-term extensions and there was a whole range of durations. The Council uses the dynamic purchasing method, although not all are open to negotiation, for example for Microsoft options. A Commercial Board meets monthly and reviews mechanisms for how contracts are structured, which is chaired by the Chief Executive or the Strategic Director of Commercial and Change.

It has been explained that in order to support service areas across the Council as a whole, the Commercial Team are endeavouring to commit more resources, time and effort into contract and supplier relationship management, although this is constrained to an extent by recruitment challenges for this skillset, which is a regional issue.

The Panel queried whether the Council has access to providers' books when negotiating contracts, and the view is that very little is hidden, and the Council has the right to request information, although the fact remains that information could be presented which may not necessarily be the full picture.

In terms of the governance and approval process for contracts, the Council's constitution does not include a financial amount to decree when a contract should be highlighted as a key decision to the Cabinet. It would not be appropriate for all contracts to be discussed by Cabinet, and the main deciding factor is whether public discussions would be involved, such as a new school.

When setting contracts, there is a scheme of delegation and financial thresholds – those with a value up to £200,000 can be signed off by Chief Officers, but those with a value from this point up to £500,000 require consultation with the Cabinet Member with Responsibility (CMR). CMR decisions need to be documented and displayed on the website. Anything over £500,000 is for Cabinet to approve unless a pre-existing delegation, from Cabinet, is in place.

It is acknowledged that there is a role for Scrutiny in looking at the performance of individual contracts where appropriate, and that the entire budget and capital

programme is discussed by Cabinet and subsequently full Council. Contract information is also communicated to local members.

The main areas of particular budget pressure are packages of care for children, adults and also school transport, where numbers and therefore demand, are not fixed, and these areas are being subject to scrutiny by the appropriate Overview and Scrutiny Panels.

The Panel would like to acknowledge and pay tribute to the efforts and competence of staff in managing budgets, in the face of unprecedented budget pressures.

## **Pay Inflation**

The Panel has expressed concern about the delay in a pay settlement being agreed for 2023, and the impact on staff income with the current increases in costs of living. The Council's Officers remain supportive of national pay bargaining, although it is understood that a handful of local authorities have opted out.

There remains two groups of staff where a pay settlement has yet to be reached between the employer/employee sides. These are education professionals employed in local authority services (Soulbury Officers) and JNC Craft Workers.

It is acknowledged that the ongoing dispute is outside the control of the Council, however the Panel has asked to be kept updated on the ongoing negotiations to reach pay settlements for these staff groups, recognising the employees' side have now requested mediation with a view to reaching an agreement.

## Adult Care and Well Being Overview and Scrutiny Panel – Packages of Care for Adults (13 October and 5 December 2023)

The main budget pressures on Adult Social Care continues to be care package costs and inflationary pressures. The Panel has been provided with additional information on adult placements and the proportionate split for the 2023/24 budget across different service areas for older people (£90m), learning disabilities (£79m), physical disabilities (£22m) and mental health (£28m).

In December, we learned that at Period 6 there was no change to the £8.9m gross forecast overspend on placements, partially mitigated by use of a one off £3.6m additional grant from central Government however caution was given that winter was approaching, which would increase costs.

The current budget was based on a 4% growth in clients, but this point had already been reached by the end of July 2023. By the end of September there was a 5.5% growth, resulting in an additional 366 packages.

There was also pressure across the market, for example a 30% mark up on agency staffing costs.

Statutory services have to be delivered; however, it is vital that the Council is not overpaying and all Staff have been reminded to check and challenge the market. Home of Choice continues to be important for residents, with families having the option to top up what the Council can offer if an alternative provision is preferred.

The Council is mindful that some companies could withdraw services from Worcestershire due to market pressures, however the Council cannot always deliver all the uplifts asked for. There were cases when companies had challenged the Council, however an annual budget had been set and Council priorities were delivered.

The Panel has been assured that robust plans are in place if provision was withdrawn at short notice. Work is ongoing with Homes to look at future opportunities given the change in needs of clients entering care. Currently, the average stay in Care is around 2 years, a figure comparable nationally.

Learning Disabilities accounts for more than half the placement budget because of clients' complex needs and a further factor was increased costs amongst individuals coming through from Worcestershire Children First (WCF). It has been explained that whilst WCF looks after young people until the age of 25 as part of the recently agreed all-age disability Strategy, costs for each individual switch to Adult Services from the age of 18. The Strategic Director for People believes there is more work to be done in getting involved at an earlier stage to plan different life paths.

The Panel has asked about increased admissions to permanent care for those aged 18-64, of whom the majority would be adults with learning disabilities. In discussions with the Cabinet Member with Responsibility and Senior Officers, it has been stressed to the Panel that wherever possible the Council looks to provide alternatives to residential care, for example supported living. Best value principles are also always applied to placements.

The Panel has been advised that factors for entering long term placements include the fact that the wariness of entering these settings during the pandemic, is now dissipating, and for older people, increased severity of people's health is also a factor, as people are living for longer.

The fact has been raised that residential care is often the default route and it is very difficult for the Council to turn around these decisions without prior involvement, although there is good information on the Council's website about options to stay independent and living at home. It is understood that dialogue is being pursued within the integrated care system to highlight to health organisations the impact of decisions for individuals on adult social care budgets.

At the Panel's request, the regular performance dashboard it receives now includes detail about the primary reasons for admission to residential and nursing care, the highest number being for personal care.