

WEST DUNBARTONSHIRE COUNCIL**Report by Chief Officer - Resources****Council: 26 October 2022**

Subject: Allocation of Residential Care Costs**1. PURPOSE**

1.1 To provide Council with

- an officer recommendation on the split of residential care costs between the Health and Social Care Partnership (HSCP) and Education budgets
- an update on the one off 2022/23 increase in residential costs to be funded from HSCP COVID funds

2. RECOMMENDATIONS

2.1 Members are asked to agree that:

- residential care costs for children under 16, or those in full time education beyond that age, be allocated on a 72% HSCP/28% Education basis in 2022/23 and on a recurring basis
- the one off 2022/23 budget assumption, approved when Council set the 2022/23 revenue budget, that £725k of 2022/23 residential care costs for children under 16 should be funded by the HSCP should be amended so that the Council's education budget is allocated 28% of it (£203k) with the balance of £522k (72%) funded by the HSCP
- the £203k Education share of the one off £725k element in 2022/23 be funded from general COVID funds.

3. BACKGROUND

3.1 On 9 March 2022, the Council agreed a balanced 2022/23 revenue and capital budget and estimates for 2023/24-2024/25. That budget included two assumptions relating to the allocation of residential care costs between HSCP and the Council.

3.2 Budget Assumption 1 - Recurring

The first was a recurring budget assumption that related to the fact that the costs for residential care for children under 16 (or those in full time education beyond that age) were shared on a 50/50 basis between the Council and the HSCP. This is because the overall care package has elements of both education and residential costs.

3.3 This 50/50 split was agreed by officers a number of years ago at a time when

the HSCP budget was part of the WDC Social Work budget. This split has been retained as the agreed split of costs until the Council budget meeting in March 2022. Residential care invoices from external care providers do not identify the split of costs between the educational and the residential elements so it was not easy to accurately determine whether a 50/50 share was an accurate reflection of actual costs incurred.

- 3.4 A benchmarking exercise was undertaken to assess how a number of other Scottish councils split the children's residential service costs. Responses received identified a variety of local agreements ranging from a similar 50/50 split to a council with an 80/20 split with the HSCP having the larger share. The general rationale within councils who allocate more than 50% to the HSCP is that it better reflects the cost of service delivery.
- 3.5 The budget assumption agreed by the Council reallocated the total 2022/23 £5m residential care cost budget on a 77.3% HSCP/ 22.7% Education basis (£3.865m for HSCP and £1.135m for Education). The motion stated:

Budget assumption based on the need to more appropriately reflect the split of responsibility between the provision of education and funding all other costs associated with bringing up children, including accommodation, food, clothing, leisure activities and specialist care etc. Officers will carry out an evaluation and make a recommendation to a future Council on the division of this budget. As we move closer to the implementation of the National Care Service it is vital that we correctly attribute costs; failure to do so could see the Council block grant inaccurately top sliced when resources are reallocated, putting our services at future risk.

3.6 **Budget Assumption 2 – One Off**

The second budget assumption was a one off one as in 2022/23 there has been a need to increase the education costs for residential care costs by £0.725m from £2.5m in 2021/22 to £3.225m in 2022/23 due to an increased number of children in residential placements. There was an assumption that this increase is as a consequence of the impact of COVID on families. Consequently Council agreed that the education budget for residential costs should kept at the 2021/22 level of £2.5m and any additionality should be funded by the Children & Families budgets that sit with the HSCP potentially funded by the reserves as they relate to the previous funding transferred to the HSCP by West Dunbartonshire Council.

4. **MAIN ISSUES**

4.1 **Budget Assumption 1 – Recurring**

After the 9 March 2022 Council meeting the Chief Officer Resources contacted the ten current providers of residential care to ask them for a breakdown of the weekly charge of the 27 young people they currently provide a service to, and invoice the Council for. They were asked, as accurately as possible, to split that weekly charge between costs associated with provision of education and the costs associated with provision of care,

including accommodation, food, clothing, leisure activities and specialist care etc.

- 4.2 None of the providers were able to provide that requested level of breakdown primarily because they only have a unit price for each placement and do not break it down into component parts to facilitate a split between education and social care as part of the Scotland Excel Framework model. Also any attempt to split costs would be further complicated as providers get some national government grant funding, donations, other income and use of reserves which reduces the rate charged to local authorities lower than the actual service costs.
- 4.3 As the information from the providers was not sufficiently robust to determine an accurate allocation of the overall expenditure officers contacted Scotland Excel to ask them to provide, for Children's Residential Care Services, an estimated breakdown of % Scotland Excel Framework Agreement rates for:
- Social Care Services
 - Education Services

The request to Scotland Excel was to focus on the providers currently being used by the Council.

Scotland Excel provided the following

Provider	HSCP	Education
Crossreach	74%	26%
East Park School	63%	37%
Harmony Education Trust Limited	54%	46%
Kibble Education and Care Centre	78%	22%
Spark of Genius (Training) Ltd	84%	16%
Young Foundations Ltd	81%	19%
Average	72%	28%

- 4.4 It can be seen that there can be material variances between different providers however a reasonable approach to take is to accept the average of a 72/28 split and adjust the Education budget assumption accordingly.

The table below shows the totality of the change in the cost allocation from the original 50%/50% split before the Council's March 2022 Budget meeting through to this revised 72%/28% split. It shows this would add £265,000 on a recurring basis to the Education budget in 2022/23 and future years (when compared to the 77.3%/22.7% budget assumption made in March 2022). The £265k will need to be absorbed by the existing Education budget in 2022/23 and will increase the budget gap in future years.

	Original Cost Allocation 50%/50% (£,000)	Revised March 2022 Cost Allocation 77.3%/22.7% (£,000)	March 2022 Change (£,000)	Revised Costs 72.0%/28.0% (£,000)	Change (£,000)	Total Allocation Change After Review (£,000)
HSCP	2,500	3,865	1,365	3,600	(265)	1,100
Education	2,500	1,135	(1,365)	1,400	265	(1,100)
Total	5,000	5,000		5,000		

4.5 **Budget Assumption 2 – One Off**

After the 9 March 2022 Council meeting the S95 Officer of the HSCP Board contacted the Scottish Government to seek approval for use of IJB COVID reserves to fund the £725k referenced in paragraph 3.6 on the basis that these increases were as a consequence of the pandemic in 2022/23. The Scottish Government replied to state that they expect IJB COVID funding to be used in line with 2021/22 expenditure and as it was not reported as an HSCP COVID pressure in 2021/22 due to it being considered an Education pressure, they would not support the use of COVID reserves for this. Consequently this requires a decision about how this £725k is funded in 2022/23.

4.6 Given that the £725k is for residential care costs the revised 72%/28% split, if approved, is equally applicable which results in a split of these 2022/23 costs of:

- £522k - HSCP
- £203k - Education

4.7 It is recommended that the £203k of 2022/23 residential care costs allocated to Education is funded from the Council's general COVID fund. This will leave £9k left in general COVID funds as at the end of period 5 (31 August 2022).

Conclusion on Allocation of Costs

4.8 As the providers cannot provide an accurate and robust breakdown of the split in relation to a child's 24 hour day in a co delivered care and education setting which has been assessed to meet a child's need, it is recommended that the Council, on the basis of the analysis provided by Scotland Excel, agree that the costs of residential care are:

- allocated on a 72% HSCP/28% Education basis in 2022/23 on a recurring basis
- also allocated on a 72% HSCP/28% Education basis for the one off £725k element in 2022/23.

- 4.9 It is for the HSCP Board to manage its overall budget and determine how to prioritise the funds made available to it by its two partner organisations. Decisions on how to absorb any adjustment to cost allocation to more accurately reflect service delivery will be a matter for the Integrated Joint Board.

6 PEOPLE IMPLICATIONS

- 6.1 None directly from this report

7. FINANCIAL AND PROCUREMENT IMPLICATIONS

- 7.1 The 2022/23 Council budget will have increased expenditure of £468k of which £203k will be funded from general COVID funds. The balance of £265k will need to be absorbed by the existing Education budget in 2022/23 and future years.

8. RISK ANALYSIS

- 8.1 None directly from this report. The investment and protection of our most vulnerable children and young people to ensure their needs are met is a key priority for the Council. However it is a matter for the HSCP to determine how to spend the overall budget allocation for social care services. Any adjustment increase of cost allocations to reflect service delivery should be managed within the overall budget provided to the HSCP Board.

9. EQUALITIES IMPACT ASSESSMENT (EIA)

- 9.1 When a child becomes a looked after child, at home or away from home, the Council becomes the Corporate Parent. The term 'Corporate Parent' means the collective responsibility of the Council, elected members, employees and partner agencies, for providing the best possible care and safeguarding for the children who are looked after by us.

10. CONSULTATION

- 10.1 This report is a consequence of engagement between Education, HSCP and Finance Officers to advise on the Council's proposal. The proposal will need to be presented to a future meeting of the HSCP Board.

11. STRATEGIC ASSESSMENT

- 11.1 Local Benching Marking data shows that the Scottish average of use of residential care in Scotland is 90% of looked after children are in residential care. In West Dunbartonshire this is currently 89% of our Looked after children with higher than average deprivation.

Going forward a collective approach should be further developed to ensure a more sustainable model across HSCP and the Council working in Partnership to achieve overall savings by developing local services, including

increased foster care provision, supported accommodation for care leavers, and intensive family support services to meet the needs of children young people.

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Date: 26 October 2022

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Background Papers
Budget Report to Council - 9 March 2022