

**Report to:** CABINET  
ADULT SERVICES PANEL

**Date:** 19th MARCH 2009  
17th MARCH 2009

**Subject:** ADULT SERVICES BUDGET MONITORING 2008-09

**Joint Report of:** EXECUTIVE DIRECTOR, HEALTH & WELLBEING  
EXECUTIVE DIRECTOR, BUSINESS SUPPORT  
SERVICES

**Contact officer:** CHRIS MYERS Ext 2276

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**Purpose / summary:** To report to Members on the Budget monitoring position for Adult Services after the first 10 months of 2008-09 and to comment on the budgetary issues that need to be addressed during the year.

**Alternative options considered and reason for selecting the one recommended:** Not applicable.

**Recommendation / decision:** That the contents of the report are noted.

**Key Decision:** This report does not involve a key decision.

**Risks / Implications:** Not applicable.

**Financial:** The budget monitoring position at the end of Period 10 highlights an overall overspend of £560,000 against budget profile. The overall projected ongoing budgetary pressure facing the Department is £867,000, after the introduction of a spending freeze on non-essential supplies and services.

**Staffing:** None

**Policy:** None

**Equal Opportunities - Has a** N/A

**Diversity Impact Assessment**

**been conducted?**

**Wards affected:** All

**Property Implications – Does the proposal involve a reduction, addition or change to the Council’s asset base or its occupation?**

No

**If yes, have the property implications been agreed with the Corporate Property Officer?**

**Does this proposal have significant implications for the Council and the local population?**

A diversity impact assessment is not necessary at this stage, however, equality and diversity implications have been considered when producing this report.

**Does this proposal involve a new policy or procedure or significant changes to an existing policy or procedure?**

A diversity impact assessment is not necessary at this stage, however, equality and diversity implications have been considered when producing this report.

Has the Service Director - Borough Solicitor confirmed that the recommendations within this report are lawful and comply with the Council’s Constitution? **Yes**

Has the Service Director - Corporate Services confirmed that any expenditure referred to within this report is consistent with the Council’s budget? **Yes**

Are any of the recommendations within this report contrary to the Policy Framework of the Council? **No**

\* delete which applicable

**For Cabinet reports only :**

Categorisation of the report:	<b>X</b>
Discussion leading to a decision	
Monitoring	<b>X</b>
Sharing for corporate understanding	

	<b>X</b>
Discussion	
Decision	
Information	

**Tracking/Process:**

	Consultation	Ward Members	Partners
Panel	Overview & Scrutiny	Cabinet	Council
17/3/09		19/3/2009	

List of Background Papers in accordance with Section 100D of the Local Government Act 1972:

Title of document	Which meeting did it go to?	Date of meeting	Copy available from?
Budget Monitoring Working Papers 2008-09			Civic Centre
Budget Monitoring Report Period 2	Adults Panel	July 22 <sup>nd</sup> 2008	
Budget Monitoring Report Period 4	Adults Panel	Sept 16 <sup>th</sup> 2008	
	Cabinet	Sept 18 <sup>th</sup> 2008	
Budget Monitoring Report Period 6	Adults Panel	Nov 11 <sup>th</sup> 2008	
Budget Monitoring Report Period 7	Cabinet	Dec18th 2008	
Budget Monitoring Report Period 8	Adults Panel	Jan 20 <sup>th</sup> 2009	
	Cabinet	Jan 22 <sup>nd</sup> 2009	

Proper Officer

Bernard Walker

Date

David Smith

3<sup>rd</sup> March 2009

## 1 BACKGROUND

- 1.1 In line with previous years a report was presented to Panel in July to set out the context in which the budget has been set, comment on the main risks and budget pressure areas facing the Department and give early indications of actual performance.
- 1.2 Under the arrangements of reporting under Core Standards in the previous three years, it was agreed that in view of the financial risks and volatility associated with Adults Services, additional reporting, beyond the standard Council-wide quarterly basis, would be appropriate. Hence, the latest monitoring position will be reported to Cabinet on a monthly basis and the department will also contribute to the quarterly corporate monitoring reports.
- 1.3 Reports have also been scheduled to be presented to Adults Services Panel highlighting the departmental budgetary position on five occasions in 2008-9, in July, September, November, January and March.
- 1.4 This report, sets out the financial position after ten months, and notes the areas where budgetary pressure is impacting and what corrective action has been taken.

## 2 INFORMATION

- 2.1 The financial information presented in this report is based on the expenditure and activity for the period 1<sup>st</sup> April to 31<sup>st</sup> January 2009. The overall position, comparing actual to-date to profiled budget is an overspend across Adult Services of £560k.
- 2.2 An assessment of the current position, with particular reference to cost pressure risk areas, is set out in the sections below.

### **Transition Costs**

- 2.3 In monitoring reports for the previous year, 2007-08, it had been noted that the budget process for that year had left a residual financial pressure within Adults Services of £1.5 million (attributable to the costs of services provided to clients moving through from Children's to Adults Services at the age of 18, i.e. 'Transition costs'), and that further pressures would take this pressure to £1.7 million. In the 2008-09 budget process, growth of £600k was allocated to the department to relieve part of this pressure (with a further £800k to be allocated from 2009-10), leaving a residue in 2008-09 of just over £1.1 million that would carry over from 2007-08 into the new financial year.
- 2.4 Costs incurred in this area after the first eight months are £1,079k more than was included in the budget. This figure includes £90k of spend on clients new to Adults services this year. Under current conditions, the expected total overspend in this area will be £1.2 million for the full year and the annual projection reflects this.

- 2.5 In order to try to reduce part of this overspend, the Department continues to look for appropriate, in-borough accommodation, at a lesser cost.

### **Demand-led pressure**

- 2.6 As in the previous year, there is increasing demand for non-Residential care services, especially in relation to clients under 65 requiring Learning Disability and Physical Disability and Mental Health Services. This is partially offset by under-spending in Elderly Residential and Nursing Care, due to an increased number of residents assessed as eligible for (free) continuing care, and therefore no longer funded by Adults services, and as service users are encouraged to remain independent.
- 2.7 As in earlier years, there is also an ongoing increase in the number of services users who receive Direct Payments.
- 2.8 The anticipated increased spend on Direct payments in year is £1200k, though these service users would in the main otherwise have been funded from traditional services.
- 2.9 The increased demand in non-residential services is partially offset by projected savings in Nursing care costs, and, net of client contributions, it is currently projected that there will be a net overspend at year end of around £100k associated with these traditional care costs.
- 2.10 The Continuing Care costs recovered, see 2.18 below, will amount to around £1.9 million and will offset the overspend noted above.
- 2.11 The underlying demand-led increase in spend, however, is placing on-going pressure on the Adults services budget.

### **Adults Services Improvement Plan - 2**

- 2.12 The 3-year Budget process for 2008/9 - 2010/11 requires Adults Services to deliver cost reductions of £555k. Of this £235k is required by the end of the current financial year. In order to deliver these savings the Department has set up a number of project groups under the banner of the Adult Services Improvement Plan – 2 (ASIP2) The £235k target is analysed in the table below alongside the overall target over 3 years:-

<b>ASIP 2 Initiative</b>	<b>Savings Target year 1 £'000</b>	<b>Savings Target 3 years £'000</b>
Learning Disability Services	70	142
Mental Health Services	20	40
Older Peoples Services	100	271
Physical Disabilities Services	40	87
Strategy and Support Services	5	15
<b>Total</b>	<b>235</b>	<b>555</b>

At this stage, the intention is that the overall financial target savings will be realised, though from a different configuration to that set out above, which will depend on the timescales for progression of different initiatives.

Achievement of the target savings may also necessitate a contribution to savings from areas other than the specific projects identified in the ASIP 2 initiative.

### **Staff pay related costs**

- 2.13 Current staffing costs overall remain marginally overspent in total. There are areas, noted below where corrective action is required.
- 2.14 Members are reminded that whilst pay budgets were inflated by 2% as part of the budget process, the national pay negotiations are centred currently at around 2.5%. In Adults Services, a one-half percent of the pay budget equates to £150k - this increased cost is reflected in the current projection
- 2.15 There are a number of savings within pay budgets at present, as staff supporting new initiatives such as Re-ablement, Intermediate care and Safeguarding are not yet fully recruited
- 2.16 Conversely there is an overspend within some service areas that need to be addressed. The current projection for the overall Pay budget is an overspend of £100k.

### **Income**

- 2.17 The consideration of charging policy income variations is included above under 2.12. Housing benefit income remains lower than target, though this should be viewed with expected associated savings in property running costs.
- 2.18 The number of clients in Supported Accommodation assessed as eligible for Continuing Care has again increased leading to a further favourable impact on the LD budget. The net financial benefit is now expected to be in the region of £1.4m for the year.

Retrospective adjustments following Continuing Care eligibility for clients in Residential accommodation may generate a further £500k. As noted previously, this income will offset demand led pressure within care services.

### **Supporting People**

2.19 Following a further review of services funded by Supporting People, a number of additional variations have become evident - due to clients becoming eligible for Continuing Care, and therefore no longer SP funded, or to service voids, where there are fewer clients within the scheme. The financial impact of these variations, for the year, will be a reduction in SP Grant income of £100k.

### **Spending Freeze**

2.20 As the recent changes to a number of projections have increased the overall out-turn estimate, The Department has introduced a 'spending freeze' in a number of non-essential expenditure areas, including Equipment, Printing and Stationery, Communications and Travel. The objective is process savings of £100k, which will leave the expected Departmental overspend at £867k.

## **3 ALTERNATIVE OPTIONS CONSIDERED AND REASONS FOR THE RECOMMENDED OPTION**

Not applicable.

## **4 CONCLUSIONS**

- 4.1 This report reminds Members of the significant underlying budgetary pressure relating to Transition, that currently stands at £1.2 million for 2008-2009.
- 4.2 The monitoring position after 10 months shows a £560k overspend. A current overspend of £1,079k relates to Transition.
- 4.3 The Adult Services Improvement Plan 2 has been put into place. Reductions savings of £235k are planned to be delivered by end of year.
- 4.4 There are cost pressures associated with Care costs and Pay costs, offset by an increasing impact from Continuing Care
- 4.5 The current projected out-turn for the Department is an over-spend of £967k, that will be limited to £867k by the introduction of a spending freeze in a number of areas.

<b>DEPARTMENT OF ADULT SERVICES</b>
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<b>Adults Services - Expenditure Analysis</b>	<b>2008/09 Original Budget</b>	<b>Actual to date per AGRESSO</b>	<b>All items not on AGRESSO</b>	<b>Estimated Actual To..date</b>	<b>Budget To..date</b>	<b>Variance To..date</b>	
	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>	
Employee Costs	30,284	25,254	70	25,325	25,259	66	
Premises Related Expenses	2,998	1,854	307	2,162	2,147	14	
Transport Related Costs	1,334	1,067	95	1,162	1,064	98	
Supplies & Other Expenses	8,162	6,696	22	6,717	5,471	1,246	
Third Party Payments	56,113	45,525	2,184	47,709	46,686	1,023	
<b>TOTAL CONTROLLABLE EXPENDITURE</b>	<b>98,893</b>	<b>80,397</b>	<b>2,679</b>	<b>83,075</b>	<b>80,628</b>	<b>2,448</b>	
<b>TOTAL INCOME</b>	<b>-49,308</b>	<b>-30,320</b>	<b>-642</b>	<b>-30,963</b>	<b>-29,075</b>	<b>-1,888</b>	
<b>TOTAL CONTROLLABLE BUDGET</b>	<b>49,585</b>	<b>50,077</b>	<b>2,037</b>	<b>52,112</b>	<b>51,553</b>	<b>560</b>	
Support Services Total	18,128	2,647	-13	2,634	2,623	10	
Capital Charges Total	3,141	213	0	213	163	50	
<b>TOTAL, NON CONTROLLABLE COSTS</b>	<b>21,269</b>	<b>2,860</b>	<b>-13</b>	<b>2,847</b>	<b>2,786</b>	<b>61</b>	
<b>NET BUDGET</b>	<b>70,853</b>	<b>52,937</b>	<b>2,024</b>	<b>54,960</b>	<b>54,339</b>	<b>621</b>	

<b>DEPARTMENT OF ADULT SERVICES</b>							
<b>Adults Services - Divisional Analysis</b>	<b>2008/09 Original Budget</b>	<b>Actual to date per AGRESSO</b>	<b>All items not on AGRESSO</b>	<b>Estimated Actual To..date</b>	<b>Budget To..date</b>	<b>Variance To..date</b>	
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	
<b>COMMISSIONING BUDGETS</b>							
ELDERLY - FRAIL	14,388	10,364	423	10,787	11,506	-720	
ELDERLY - E M I	9,136	7,333	130	7,463	7,665	-202	
<b>SUB TOTAL, OVER 65</b>	<b>23,523</b>	<b>17,697</b>	<b>553</b>	<b>18,250</b>	<b>19,172</b>	<b>-922</b>	
UNDER 65'S - PHYSICAL DISABILITY	5,737	5,247	381	5,628	4,816	812	
UNDER65'S - LEARNING DISABILITY	6,439	5,660	804	6,464	4,971	1,493	
UNDER 65'S - MENTAL HEALTH NEEDS	4,817	3,509	287	3,796	3,953	-157	
UNDER 65'S - SUBSTANCE ABUSE	149	100	0	100	127	-26	
<b>SUB TOTAL, UNDER 65</b>	<b>17,143</b>	<b>14,515</b>	<b>1,472</b>	<b>15,988</b>	<b>13,866</b>	<b>2,122</b>	
<b>ADULTS COMMISSIONING</b>	<b>40,666</b>	<b>32,212</b>	<b>2,026</b>	<b>34,238</b>	<b>33,038</b>	<b>1,200</b>	
<b>PROVIDER DIVISION</b>							
ELDERLY	968	745	0	745	756	-11	
PHYSICAL DISABILITY	1,028	828	1	829	832	-3	
LEARNING DISABILITY	9,260	7,482	-35	7,447	7,556	-109	
E M I	1,015	866	1	867	806	60	
MENTAL HEALTH NEEDS	214	188	-3	185	149	37	
HEMOCARE / MEALS / TRANSPORT / MGMT (Holding Accounts)	470	2,739	26	2,765	2,977	-213	
METROLITE	157	90	-89	1	105	-104	
<b>PROVIDER DIVISION</b>	<b>13,112</b>	<b>12,937</b>	<b>-99</b>	<b>12,839</b>	<b>13,181</b>	<b>-343</b>	
<b>OTHER ADULTS SERVICES IN PROVIDER</b>	<b>-424</b>	<b>198</b>	<b>28</b>	<b>227</b>	<b>247</b>	<b>-21</b>	
<b>STRATEGY AND HOLDING ACCOUNTS</b>	<b>-3,770</b>	<b>4,729</b>	<b>82</b>	<b>4,809</b>	<b>5,086</b>	<b>-277</b>	
<b>ADULTS TOTAL BUDGET--- CONTROLLABLE</b>	<b>49,585</b>	<b>50,077</b>	<b>2,037</b>	<b>52,112</b>	<b>51,553</b>	<b>560</b>	