

Report to: Cabinet
Adult Health and Wellbeing Scrutiny Committee

Date: 18th March 2010
16th March 2010

Subject: Adult Services Budget Monitoring 2009-10

Report of: Executive Director, Health And Wellbeing

Contact officer: Chris Myers Ext 2276

Purpose / summary: To report to Members on the Budget monitoring position for Adults Services after the first 10 months of 2009-10 and to comment on the budgetary issues arising and being addressed during the year.

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

Recommendation / decision: The contents of the report are for Members information and for monitoring purposes.

The Committee is invited to make comments and recommendations as appropriate in relation to Adult Services Budget Monitoring 2009/10.

Key Decision: This report does not involve a key decision. The decision made as a result of this report will be published within **48 hours** and cannot be actioned until **seven working days** have elapsed, i.e. before 30 March 2010.

Risks / Implications: Not applicable.

Financial: The budget monitoring position at the end of Period 10 highlights an overall overspend of £1,893,000 against budget profile. The overall projected overspend for the Department is £3,045,000, though this includes an additional cost of £500k for the impact of Pay & Reward. Excluding this the projected overspend has reduced from £2.82m to £2.55m. Mitigating actions being undertaken are identified in the report.

Staffing: None

Policy: None
 Equal Opportunities - Has a N/A
 Diversity Impact Assessment
 been conducted?
 Wards affected: All

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

No

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? **Yes**

* delete which applicable

For Cabinet reports only :

Categorisation of the report:			
Discussion leading to a decision		Discussion	
Monitoring	x	Decision	
Sharing for corporate understanding		Information	

Tracking/Process:

	Consultation	Ward Members	Partners
AH & WB Scrutiny Committee	Overview & Scrutiny	Cabinet	Council
16 th March 2010		18 th March, 2010	

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

Document	Date	File Reference	Place of Inspection
Budget Monitoring Working Papers 2009-10	2009-10	Various	Civic Centre

Proper Officer Bernard Walker

Date 26th February, 2010

1 BACKGROUND

- 1.1 In previous years a report has been presented to Cabinet and Panel early in the year to set out the context in which the budget has been set and to comment on the main risks and budget pressure areas facing the Department.
- 1.2 Furthermore, 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.
- 1.3 Reports will therefore be presented to each Adult Health and Wellbeing Overview and Scrutiny Committee highlighting the departmental budgetary position. The department will also contribute to the quarterly Corporate monitoring reports as well as reporting to Cabinet in the intervening months.
- 1.4 This report sets out the financial position after ten months, and sets out those areas where budgetary pressure will impact and what corrective action is being taken.

2 INFORMATION

- 2.1 The financial information presented in this report is based on the expenditure and activity for the period 1st April 2009 to 30th January 2010. The overall position, comparing actual to-date to profiled budget is an overspend across Adult Services of £1,893k. This shows a slight reduction from previously reported figures, and includes the impact of the changes to Pay and Reward on spend, although provision for this is held centrally and not reflected in individual departments' budgets.
- 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 2008-09, it had been noted that the budget process for that year had left a residual financial pressure within Adult Services of £1 million (attributable to the costs of services provided to clients moving through from Children's to Adult Services at the age of 18, i.e. 'Transition costs'). The three year budget cycle agreed in March 2008 allocated funding for Transition over 2008/09 and 2009/10. Despite this measure, there still remains residual budget pressure which was added to by new clients joining the service in 2008/09.
- 2.4 Costs incurred in this area after the first ten months are £480k more than is included in the budget. Under current conditions, the expected total overspend in this area will be £520k for the full year.
- 2.5 In addition to this pressure, a new cohort of young adults are transferring into the service from CYPS during the year, which will add a further £650k to the budget pressures.
- 2.6 It should be noted that a significant amount of work has been done prior to this transfer to minimise the cost impact of this group by signposting to alternative services and working to develop suitable but

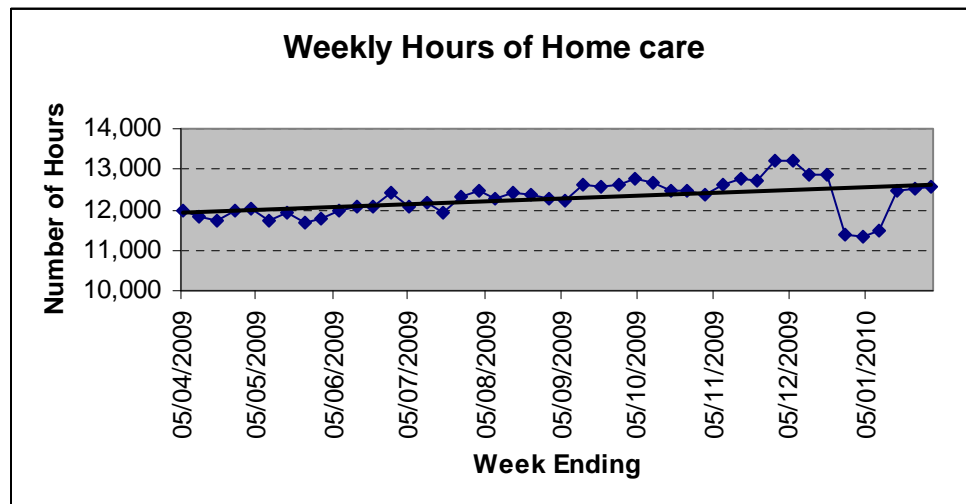
less expensive packages. Work to reduce the financial impact continues after transfer, and the projected overspend in this area has been reduced in recent months. Appendix A details a number of package reductions identified during the year, in respect of both Transition and other clients, totalling £344k in a full year. As an illustration, one client was transferred during August from an Out of Borough placement into his own tenancy in the Wigan area – the annual savings are estimated at £97k.

Demand-led pressure

- 2.7 Over the past few years, there has been increasing demand for non-Residential care services, across all client groups. This has been offset in part by an increased number of residents assessed as eligible for (free) continuing care, and therefore no longer funded by Adults services. The ongoing benefits are now almost fully reflected in the budget and the one off windfall gains from retrospective assessments have dried up so this offset no longer has the same impact as in previous years.

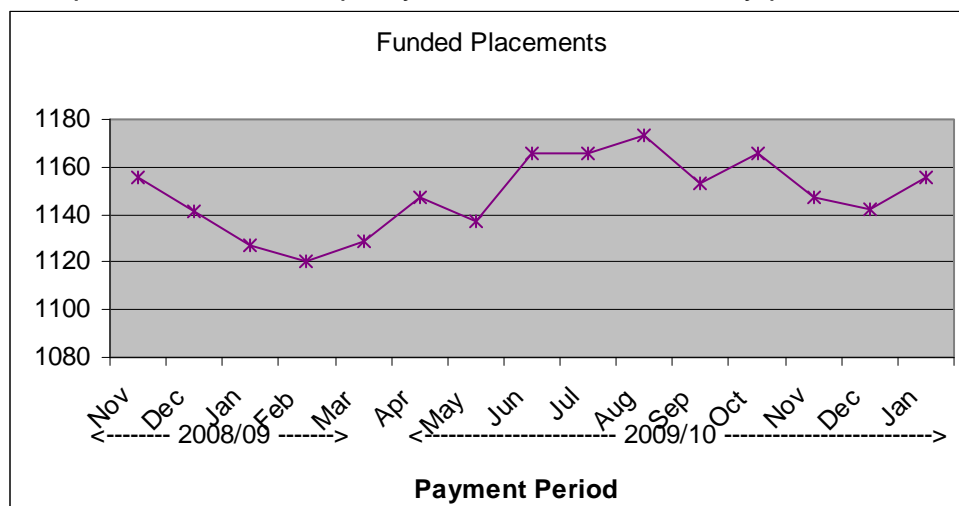
The increasing demand has continued in Home Care services, most notably in Mental Health and, to a lesser extent, Learning Disabilities. As an example, there have been 9 new cases in Mental Health since the start of the year with an average cost of £500 per week, this is in addition to some new cases which came on stream late in 2008/09. Planned changes to the integrated Mental Health assessment processes, are expected to deliver improvements in this area.

The graph below demonstrates the growing demand for Home Care, showing an upward trend in the weekly number of hours. The average rate per hour has decreased slightly over the year, offsetting some of the pressure on costs.



- 2.8 This year also sees some pressures emerging on Residential and Nursing care budgets. The major source of this pressure is attributed to hospital discharges – as an illustration, spend on Older Peoples residential care is 6% higher than it was at the same point in 2008/09. The graph below shows that the rapid reduction in placement levels experienced during 2008/09 was reversed earlier in the year and total numbers at this time are comparable to this point last year. Integrated reviews of unscheduled care and clinical services redesign which are underway will have a positive impact on admissions to long term care.

The rapid rise in the early part of the year was predominantly short term placements and is partly attributed to the holiday period.



2.9 As in previous years, the current year will see an increased spend within Direct Payments in year, which is mainly attributable to new demand, and is expected to be around £0.4m over the current budget. It is important to note that, overall, a Direct Payments package is usually the cheaper option for the Council compared to a traditionally commissioned package – again, some illustrations are shown in the Appendix.

2.10 At the current time, it is projected that there will be an overspend at year end of around £1.9m associated with care costs, net of client contributions detailed in the table below. This variance has reduced from the last reported figure.

Area	Variance £000s
Residential / Nursing	290
Home Care / Day Care	695
Supported Accommodation	475
Direct Payments	400
Continuing Care	-225
Total	1,635

Adults Services Improvement Plan and other Efficiency measures

2.11 The 3-year Budget process for 2008/9 - 2010/11 required Adults Services to deliver cost reductions of £555k. Of this £244k was planned for the current financial year, in addition to £235k from the first year of the programme. In order to deliver these savings the Department set up a number of project groups under the banner of the Adult Services Improvement Plan – 2 (ASIP2). Details of the initiative and savings targeted

In addition to the ASIP2 projects, the department has engaged in a number of other efficiency programmes. The £344k savings highlighted from better commissioning of services in Section 2.6 are one example and improved commissioning of taxi services has reduced costs in this area by around £90k.

A Medium Term Financial Strategy is being developed in the context of the Single Commissioning Agency and the Commissioning Framework,

which will incorporate future efficiency and other savings measures over the medium term, to deliver services within overall resources available.

Staff pay related costs

- 2.12 Current staffing cost variations are not significant overall, though there are areas where corrective action may be required.
- 2.13 Members will be aware that pay budgets were inflated by 2% as part of the budget process. The pay settlement has been confirmed as generally being 1%. 1% of the department's pay budgets is around £300k, so the below budget settlement has reduced the reported overspend by around this figure.
- 2.15 There are a number of savings within pay budgets at present, generally this represents vacancies and delays in recruitment, in particular in Mental Health care management, Senior Management structure, and Reablement. The projection is for £970k underspend on Salaries and Agency staff.
- 2.16 Conversely there are overspends within some service areas, the current variations for which would lead to an estimated £1,200k overspend at year end - the main area for attention in this area, as in the previous year, remains in LD Supported Accommodation Service (SAS), and to a lesser extent LD Day Services and Metrolite.
- 2.17 November saw the implementation of the Pay and reward review, which will significantly increase the department's staffing costs. The estimated impact of c. £500k is included in the figures quoted above. Whilst provision for the impact in 2009/10 has been made corporately, this is not reflected in individual departments' budgets.

Income

- 2.18 The consideration of charging policy income variations is included above under 2.10.

Supporting People

- 2.19 A revised assessment of the grant payable from Supporting People to Adults has identified that there will be a reduction of around £85k for the year (equates to £70k after 10 months), due to a number of voids and 'un-utilised' budget.

Mitigating Actions

- 2.20 In March, Cabinet considered a report on the policy regarding how eligible care needs are met. The report recommended changes to the policy, these being that :
- Support needs will first be considered by the reablement service to ensure that maximum level of independence is achieved before resources are allocated, either through support package or Personal Budget.

- Support packages will reflect individual choice where resources permit.

It is anticipated that these changes will begin to impact on the overall costs of care packages as the year progresses and cases are reviewed, and should generate cost savings on some packages in line with reduced dependency on services.

The development of a revised integrated Health and Adult Services commissioning strategy is expected to be a vehicle for future delivery of financial efficiencies through the establishment of the Single Commissioning Agency from April 2010.

- 2.21 As referred to in 2.6, efforts are being made to reduce the financial impact of both new and existing transition cases. In addition to the case highlighted at 2.6, further reductions in packages worth over have been identified during recent months, details of which can be found at Appendix A.
- 2.22 The department is about to expand its reablement service, where service users are given up to 6 weeks of intensive support to enable them to live as independently as possible. National evidence is that 50% of those going through such a service need little or no ongoing support.
- 2.23 In addition to these actions and in response to the level of projected overspend, the Senior Management Team will consider further measures, incorporating efficiency and improvement initiatives already underway, to seek to further mitigate the projected overspend between now and year end.

3 ALTERNATIVE OPTIONS CONSIDERED AND REASONS FOR THE RECOMMENDED OPTION

Not applicable.

4 CONCLUSIONS

- 4.1 This report advises Members of the significant underlying budgetary pressure of £1.2 million for 2009-2010 relating to transition cases from previous and current years.
- 4.2 The monitoring position after 10 months shows a £1,893,000 overspend.
- 4.3 The Adult Services Improvement Plan 2 has been put into place to deliver reductions savings of £244k in current year.
- 4.4 There are cost pressures associated with Care costs which are partially offset by the decreasing impact from Continuing Care
- 4.5 The current projected out-turn for the Department is an overspend of £3.05m, though this includes £0.5m due to Pay and Reward changes,. On a like for like basis, excluding Pay & Reward, the projected overspend has reduced from £2.82m to £2.55m. The Senior Management Team are continuing to consider further measures to seek to mitigate the level of this overspend between now and year end.

5 RECOMMENDATION

The contents of the report are for Members information and for monitoring purposes.

The Committee is invited to make comments and recommendations as appropriate in relation to Adult Services Budget Monitoring 2009/10.

**Department of Adult Services
Reduction in LD/DP Package Costs January 2010**

Name	Reduction (£)	Reason
Client A	261 per week 13,573 per year	Conversions of domiciliary support to DP
Client B	1877 per week 97,635 per year	Move from residential to own tenancy
Client C	116 per week 6,076 per year	Creative Support Package
Client D	119 per week 6,223 per year	Creative Support Package
Client E	152 per week 7,904 per year	Creative Support Package
Client F	44 per week 2,325 per year	Increase in DP, reduction in day support
Client G	1,366 per week 71,058 per year	CHC funding replaces day respite and dom. services
Client H	337 per week 17,541 per year	Move from Residential Care to SAS
Client I	140 per week 7,280 per year	Social Work Support to move from Traditional Services
Client J	1,713 per week 78,680 per year	Transfer from specialist placement to community placement
Client K	38 per week 1,981 per year	Conversion to Direct Payments
Client L	51 per week 2,652 per year	Transfer to residential care
Client M	288 per week 14,870 per year	Increased ILF and reduced transport
Client N	160 per week 8,336 per year	
Client O	76 per week 3,971 per year	
Client P	76 per week 3,928	
<u>Annual Saving</u>	<u>343,633</u>	

Adult Service Improvement Plan 2

2.12 The £244k target is analysed in the table below, together with a brief commentary on progress :-

ASIP 2 Initiative	Savings Target year 2 £'000	Savings Target 3 years £'000
Learning Disability Services <ul style="list-style-type: none"> A review is underway of some service users to see if they can move to more independent settings. This will then free up some accommodation places which will lead to a rebalancing of provision with the aim of achieving some overall savings. 	72	142
Mental Health Services <ul style="list-style-type: none"> Reorganisation of staffing at Tunstall House has realised a saving of c. £30k, currently included within the salary underspends. 	20	40
Older Peoples Services <ul style="list-style-type: none"> A review is underway of market provision to explore if there are options to reduce expenditure by more effective commissioning. 	100	271
Physical Disabilities Services <ul style="list-style-type: none"> A feasibility study is underway in order to explore the business case for increasing income through providing specialist services to other local authorities. 	47	87
Strategy and Support Services <ul style="list-style-type: none"> Management of vacancies to levels over and above the provisions in the budget have generated some savings in salaries. 	5	15
Total	244	555