

Report to: ADULT SERVICES PANEL
CABINET

Date: 16TH SEPTEMBER 2008
18TH SEPTEMBER 2008

Subject: ADULT SERVICES BUDGET MONITORING 2008-09

Report of: DIRECTOR OF ADULT SERVICES
EXECUTIVE DIRECTOR, BUSINESS SUPPORT SERVICES

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Purpose / summary: To report to Members on the Budget monitoring position for Adults Services after the first 4 months of 2008-09 and to comment on the budgetary issues that will need to be addressed during the year.

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

Recommendation / decision: The decision will be made as a result of this report and will be published within 48 hours

Risks / Implications:

Financial:	The budget monitoring position at the end of Period 4 highlights an overall overspend of £42,000 against budget profile. The overall projected ongoing budgetary pressure facing the Department is £835,000.
Staffing:	None
Policy:	None
Equal Opportunities - Has a Diversity Impact Assessment been conducted?	N/A
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 / No ***

Has the Service Director - Corporate Services confirmed that any expenditure referred to within this report is consistent with the Council's budget? **Yes / No ***

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

* delete which applicable

For Cabinet reports only :

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

Tracking/Process:

	Consultation	Ward Members	Partners
Panel	Overview & Scrutiny	Cabinet	Council
16 th September 2008		18 th September 2008	

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

Proper Officer Bernard Walker / David Smith

Date 29th August 2008

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 Panel highlighting the departmental budgetary position on four occasions in 2008-9, in July, September, November and January.
- 1.4 This, the second of this years reports, sets out the financial position after four months, and notes the areas where budgetary pressure will impact and may require corrective action.

2 INFORMATION

- 2.1 The financial information presented in this report is based on the expenditure and activity for the period 1st April to 31st July 2008. The overall position, comparing actual to-date to profiled budget is an overspend across Adult Services of £42k.
- 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 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 around £1 million that would carry over from 2007-08 into the new financial year.
- 2.4 Costs incurred in this area after the first four months are £501k more than was included in the budget. This figure includes £70k of spend on clients new to Adults services this year. Under current conditions, the expected total overspend in this area will be £1.24 million for the full year and the annual projection has been updated to reflect this.

- 2.5 In order to try to reduce part of this overspend, a scheme has just commenced where clients are returning into borough, where they will be placed in an appropriate, though less expensive accommodation.

Demand-led pressure

- 2.7 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 Services, and clients over 65 with deteriorating mental health. This is 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.
- 2.8 There is also an ongoing increase in the number of services users who receive Direct Payments.
- 2.9 Like 2007-08, the current year will see an increased spend within Direct Payments in year, almost fully offset by reduced spend associated with traditional care services.
- 2.10 At the current time, it is projected that there will be an overspend at year end of around £270k associated with care costs, net of client contributions – this includes Residential, Day and Domiciliary care and Direct Payments.

Adults Services Improvement Plan - 2

- 2.11 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:-

ASIP 2 Initiative	Savings Target year 1 £'000	Savings Target 3 years £'000
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
Total	235	555

The ASIP 2, and progress against this, will be subject of further reports to be considered by Panel. At this stage, it is expected 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.

Staff pay related costs

- 2.12 Current staffing costs overall remain marginally overspent in total. There are areas, noted below where corrective action is required.
- 2.13 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 is a potential cost pressure, though this is not 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 would potentially, if not addressed lead to an overall Pay budget overspend of £150k. Managers have been charged with addressing this issue.

Income

- 2.18 The consideration of charging policy income variations is included above under 2.10. Housing benefit, after four months, remains lower than target, though this should be viewed with associated savings in property running costs.
- 2.19 The number of clients in Supported Accommodation assessed as eligible for Continuing Care has increased. Since the costs of providing services to these clients is relatively expensive, there is a further significant favourable impact on the LD budget. The net financial benefit is now expected to be in the region of £810k for the year. Retrospective adjustments following Continuing Care eligibility for clients in Residential accommodation may generate a further £140k.

Supporting People

- 2.20 Following a review of services funded by Supporting People, a number of variations have become evident. Some of these are due to clients becoming eligible for Continuing Care, and therefore no longer SP funded, and some relate 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 £125k.

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 of £1.24 million for 2008-2009, relating to transition.
- 4.2 The monitoring position after 2 months shows a £42,000 overspend. A current overspend of £501k relates to Transition.
- 4.3 The Adult Services Improvement Plan 2 has been put into place. Reductions savings of £235k are 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 £835k

DEPARTMENT OF ADULT SERVICES

Adults Services - Expenditure Analysis	2008/09 Original Budget	Actual to date per AGRESSO	All items not on AGRESSO	Estimated Actual To..date	Budget To..date	Variance To..date	
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	
Employee Costs	30,073	9,770	252	10,022	10,071	-48	
Premises Related Expenses	2,998	522	171	692	697	-5	
Transport Related Costs	1,295	369	48	416	369	48	
Supplies & Other Expenses	8,131	2,419	274	2,693	2,458	234	
Third Party Payments	56,107	17,415	2,359	19,774	19,902	-129	
TOTAL CONTROLLABLE EXPENDITURE	98,605	30,494	3,104	33,597	33,497	100	
TOTAL INCOME	-48,947	-13,530	-456	-13,986	-13,928	-59	
TOTAL CONTROLLABLE BUDGET	49,657	16,963	2,648	19,611	19,569	42	
Support Services Total	18,055	20	0	20	20	0	
Capital Charges Total	3,141	0	0	0	0	0	
TOTAL, NON CONTROLLABLE COSTS	21,196	20	0	20	20	0	
NET BUDGET	70,853	16,983	2,648	19,631	19,589	42	

DEPARTMENT OF ADULT SERVICES							
Adults Services - Divisional Analysis	2008/09 Original Budget	Actual to date per AGRESSO	All items not on AGRESSO	Estimated Actual To..date	Budget To..date	Variance To..date	
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	
COMMISSIONING BUDGETS							
ELDERLY - FRAIL	14,388	3,932	634	4,566	4,992	-426	
ELDERLY - E M I	9,231	3,248	178	3,426	3,465	-39	
SUB TOTAL, OVER 65	23,618	7,180	812	7,992	8,458	-466	
UNDER 65'S - PHYSICAL DISABILITY	5,737	1,817	347	2,164	1,976	188	
UNDER65'S - LEARNING DISABILITY	6,439	918	771	1,690	1,213	476	
UNDER 65'S - MENTAL HEALTH NEEDS	4,817	1,301	288	1,588	1,651	-62	
UNDER 65'S - SUBSTANCE ABUSE	149	4	1	5	29	-24	
SUB TOTAL, UNDER 65	17,143	4,041	1,407	5,447	4,869	579	
ADULTS COMMISSIONING	40,761	11,221	2,218	13,439	13,326	113	
PROVIDER DIVISION							
ELDERLY	968	264	24	287	292	-4	
PHYSICAL DISABILITY	1,028	312	9	321	309	12	
LEARNING DISABILITY	9,260	2,310	65	2,375	2,419	-45	
E M I	1,015	339	11	350	315	35	
MENTAL HEALTH NEEDS	214	-76	8	-68	-81	13	
HEMOCARE / MEALS / TRANSPORT / MGMT (Holding Accounts)	470	1,004	18	1,022	1,112	-90	
METROLITE	157	76	-28	48	45	4	
PROVIDER DIVISION	13,112	4,228	107	4,335	4,410	-75	
OTHER ADULTS SERVICES IN PROVIDER	-424	94	14	108	120	-12	
STRATEGY AND HOLDING ACCOUNTS	-3,792	1,420	309	1,728	1,713	15	
ADULTS TOTAL BUDGET--- CONTROLLABLE	49,657	16,963	2,648	19,611	19,569	42	