

## ADULTS WELL- BEING BUDGET CONTROL MEETING UPDATE REPORT OCTOBER 2013

**Purpose** - To provide the Chief Finance Officer with assurance on:

- the robustness of budget control and monitoring within the Adults Well- Being Directorate
- to highlight key risks within the directorate
- to identify any mitigation which can be achieved to reduce the impact on the overall Council budget for 2013/14.

### Key Messages

1. The Directorate currently reports an over spend of **£3.9m**, which is a deterioration of £0.5m from the position reported in September. The key areas of this overspend are:

Area	£m
Savings Schemes Slippage	3.2
Department of Health Funding Pressures	0.5
Other	0.2
<b>Total</b>	<b>3.9</b>

2. The key areas of the (£0.5m) forecast change included in 'other' are as follows:

Area	£'000
Increased package numbers and costs	601
Increased agency and staffing costs	20
Capitalisation of community equipment	(138)
<b>Total</b>	<b>483</b>

## 1. Current Status – Revenue Budget by Service

Service	Budget Expenditure	Budget (Income)	Net Budget	October Forecast Outturn	projected (over)/under spend
	£'000	£'000	£'000	£'000	£'000
Adult Operations	4,071	(516)	3,555	4,090	(535)
Mental Health	9,106	(1,932)	7,174	7,312	(138)
Learning Disabilities	17,230	(1,318)	15,912	15,751	161
Older People	19,206	(5,365)	13,841	14,881	(1,040)
Physical Disabilities	7,969	(753)	7,216	7,514	(298)
Adult Commissioning	1,017	0	1,017	1,283	(266)
Other Services	7,548	(4,660)	2,888	4,059	(1,171)
<b>Adult Social care excluding outstanding decisions</b>	<b>66,147</b>	<b>(14,544)</b>	<b>51,603</b>	<b>54,890</b>	<b>(3,287)</b>
Planned savings schemes outside directorate	(876)	0	(876)		(876)
<b>Total for adult social care</b>	<b>65,271</b>	<b>(14,544)</b>	<b>50,727</b>	<b>54,890</b>	<b>(4,163)</b>
Homelessness	2,916	(210)	2,706	2,581	125
Housing Needs and Development	280	(8)	272	268	4
Homepoint	282	(282)	0	(20)	20
Housing and independent living management	225	0	225	211	14
Healthy Housing	727	(370)	357	242	115
Housing and Independent living	4,430	(870)	3,560	3,282	278
<b>Adults well-being Directorate</b>	<b>69,701</b>	<b>(15,414)</b>	<b>54,287</b>	<b>58,172</b>	<b>(3,885)</b>

## 2. Budget Variances

### a) Other increased pressures of £0.5m

- Client groups are expected in total to overspend by £315k (excluding the Homecare savings element). The table below illustrates.

Client Groups	Activity outturn Under/(over spend)	Homecare savings shortfall	Forecast outturn October
Older People	(759)	(281)	(1,040)
Mental health	99	(237)	(138)
Learning disabilities	466	(305)	161
Physical Disabilities	(121)	(177)	(298)
<b>Total</b>	<b>(315)</b>	<b>(1,000)</b>	<b>(1,315)</b>

- The October forecast shows a deterioration of £601k to the previously reported September position. This is due in the main to:

#### Pressures:

- Cost pressure due to a number of backdated nursing and residential placements within Older People of £402k. Work is currently taking place to identify why these packages were not identified and validated to be included in earlier financial forecasts. All disputed residential invoices are now accrued for in these forecasts, based on all information know at this time.
- Increase in the cost of and additional residential placements within Mental Health £77k.
- An additional 3 new adult placements within Learning Disabilities and net increase in cost of residential packages £28k.
- Increased costs for Headway Triage services and EMS contract £38k.
- Provision for disputed residential placements as follows:  
Mental Health £61k  
Older People £11k  
Physical Disabilities £1k  
Client Group unclassified £43k

#### Mitigating reductions as follows:

- Cost reduction due to the reduction in direct payments and personal budgets of £60k savings within Physical Disabilities category.

Appendix 1 provides further information around the numbers and cost of new packages identified during October.

#### **b) Savings schemes £3.2m shortfall**

Within the approved budget of £54m, savings of £8.3m were planned, (of which £7.1m relates to adult social care); £5.8m are on target to be delivered, however £2.3m are at risk (all within adult social care).

Further savings in the Economy Communities and Corporate Directorate of £0.9m, on top of the £0.3m already transferred will be transferred to Adults Wellbeing in 2014/15.

The Directorate continues to review where extra efficiencies can be found this year to mitigate the savings shortfall. This includes looking at reviewing high cost packages using the care funding calculator, efficient use of existing contracts and effective management of discretionary spend in operational budgets across the directorate.

#### **c) DOH Funding Pressures £0.5m**

Winter pressures funding of £250k had previously been assumed as this has happened in previous years, confirmation has now been approved nationally of a change in approach and Herefordshire health and social care is thought unlikely to receive any further funding. However Adults well –being directorate is also working with Public Health and NHS colleagues, through the urgent care board to mitigate as far as possible increased demand during the winter months. Specific funding through the NHS for social care plans have to be agreed with the Clinical Commissioning Group, due to the extreme pressure within the health and social care urgent care system, specific projects to manage winter pressures and additional pressure on acute care now require funding and creates an additional expenditure not previously worked through the base budget of £300k.

### **Risks**

- 1) Demands are likely to exceed budget capacity during the winter months. Some provision exists within the budget due to increases discharge activity from the acute hospital, but may not be sufficient.
- 2) A risk remains around Mental health, Learning Disabilities and Physical Disabilities clients where no provision for further growth or increased costs exist.
- 3) There is a risk around new joiners to the pension scheme. Next stage Integration budgets currently assume that there will be no change to current pension contributions. This risk is estimated at £74k. It also assumes that £100k is achievable through vacancy management. This is at risk if the service requires agency cover.
- 4) The council has a responsibility to provide accommodation for anyone sleeping rough during the winter (where the temperature is 0 or below for 3 consecutive nights). This will be most likely triggered at some point during the remainder of the financial year. A contribution is made to a local charity that provide a shelter for up to 15 people during December – March but this does not accommodate all persons and therefore may put pressure on the Homelessness budgets, which have limited scope to absorb significant additional costs.

## Opportunities

- 1) A further £150k Capital funding, received as a grant from the Department of Health is available to capitalise Community equipment store items purchased during the remaining periods of this financial year.
- 2) Within the Next Stage Integration project there may be opportunities to release day opportunity staff sooner than assumed on 31<sup>st</sup> March, if it is safe to do so.
- 3) By further integrating the Framework I and Agresso application, greater visibility of those packages that require attention can be identified which may result in cost reduction.
- 4) Following reviews Direct Payments cases, surplus payments are now being recovered from client accounts. These are not yet included within the forecasts.

APPENDIX 1

<b>Older persons</b>				
<b>Package Type</b>	<b>Number of New packages</b>	<b>Number of Terminated packages</b>	<b>Net Increased number of packages</b>	<b>Net Increase in cost (decrease in cost)</b>
				£'000
Nursing	20	5	15	252
Residential	10	2	8	138
Community care	48	22	26	70
	<b>78</b>	<b>29</b>	<b>49</b>	<b>460</b>
<b>Mental Health</b>				
<b>Package Type</b>	<b>Number of New packages</b>	<b>Number of Terminated packages</b>	<b>Net Increased number of packages</b>	<b>Net Increase in cost (decrease in cost)</b>
				£'000
Nursing	7	4	3	115
Residential	4	2	2	89
Community care	2	8	(6)	(126)
<b>Total</b>	<b>13</b>	<b>14</b>	<b>(1)</b>	<b>78</b>
<b>Physical Disabilities</b>				
<b>Package Type</b>	<b>Number of New packages</b>	<b>Number of Terminated packages</b>	<b>Net Increased number of packages</b>	<b>Net Increase in cost (decrease in cost)</b>
				£'000
Nursing	1	3	(2)	8
Residential	2	1	1	38
Community care	5	5	0	(81)
<b>Total</b>	<b>8</b>	<b>9</b>	<b>(1)</b>	<b>(35)</b>
<b>Learning Disabilities</b>				
<b>Package Type</b>	<b>Number of New packages</b>	<b>Number of Terminated packages</b>	<b>Net Increased number of packages</b>	<b>Net Increase in cost (decrease in cost)</b>
				£'000
Nursing	1	1	0	4
Residential	1	3	(2)	14
Community care	13	5	8	15
<b>Total</b>	<b>15</b>	<b>9</b>	<b>6</b>	<b>33</b>

These figures represent the actual change in package numbers during the month of October alone and the costs reflect the amount to be incurred by these changes up to the 31<sup>st</sup> March 2014.