

## REVENUE BUDGET 2007/08

Report By: **Interim Finance Manager Adult & Community  
Services**

### Wards Affected

County-wide

### Purpose

1. To provide an up date on the projected outturn for financial year 2007/08 for Adult Social Care and Strategic Housing.

### Financial Implications

2. These are contained in the report.

### Background

3. The Adult Social Care and Strategic Housing Scrutiny Committee receives regular budget monitoring reports with the last one covering the first two months of the financial year. The position presented to the 22nd June 2007 Committee showed a projected overspend of £4.38m on Adult Social Care and a projected underspend of £6k on Strategic Housing. This report covers the period to the end of August 2007 (5 months).

### Summary

4. The updated position is as follows:

	<b>2007/8 Budget £m</b>	<b>Projected overspend August 2007 £m</b>	<b>Projected overspend May 2007 £m</b>
Adult Social Care	31.00	4.61	4.38
Commissioning and Improvement	1.24	(0.10)	0.03
Strategic Housing	2.03	0.01	0.00
<b>Total</b>	<b>34.27</b>	<b>4.52</b>	<b>4.41</b>
Less needs analysis funding		0.50	
<b>Projected overspend</b>		<b>4.02</b>	<b>4.41</b>

Further information on the subject of this report is available from  
Mary Young, Interim Finance Manager, Adult & Community Services on 01432 260545

5. After the application of the £0.5m from Invest to Save the projected is £4.02m.
6. A detailed breakdown of the projected overspend as at August 2007 is presented at Appendix A, which shows that before the application of £0.5m of Invest to Save monies it totals £4.6m. Learning disabilities contributes £2.5m, mental health, £1.4m and physical and sensory disabilities £0.75m. The major budget areas of pressure across all service groups within Adult Social Care are residential and nursing care placements and domiciliary care costs.
7. The movement in residential care placements year to date are as follows:

<b>Client Group</b>		<b>April</b>	<b>August</b>	<b>Change</b>
Learning Disabilities				
	Agency placements	18	18	0
	Residential	74	90	+16
	Nursing	7	9	+2
Mental Health				
	Residential	145	160	+15
	Nursing	111	110	-1
Physical Disabilities				
	Residential	17	20	+3
	Nursing	10	12	+2

8. The net increase of 37 nursing and residential packages indicates key areas of pressure. In line with the agreed budget strategy for 2007/08 the Directorate has absorbed the impact of inflationary increases in non-pay areas such as contracts.
9. As part of the 2007/08 budget settlement for the Directorate 'Invest to Save' monies of £2.7m have been ring-fenced to address the issues highlighted in the Older People's Needs Analysis. As this funding will be underspent at year-end, it has been agreed that £500k can be used to fund specific short-term packages, pending redesign of service provision. It must be stressed that once these packages have ceased, the funding will not be used for further residential care but will revert to its original purpose of supporting the operational change agenda.
10. As part of the budget strategy contained in the Medium Term Financial Management Strategy a centrally held contingency has been set aside for Social Care (both Adults and Children's) of £1.3m. The allocation of the contingency is a matter for decision at

the end of the year and any contribution from this source cannot be included in the current projections.

### **Remedial Action**

11. Considerable efforts are being made to bring expenditure back in line with budget. An Adult and Community Services Transformation Programme Board is leading a range of projects designed to change the way in which services are provided. This will see a move away from residential care towards more cost effective community based solutions. These projects include the implementation of the fairer charging strategy, which is expected to generate around £600k in a full year. There will be some impact of the new charges in 2007/08.
12. Further policies to increase income include a reassessment of all mental health clients who do not contribute to their care because they fall within Section 117 provisions.
13. A review of Supporting People funding has been agreed in principle to identify cases, where services focused towards maintaining a client's tenancy can be legitimately paid from that source.
14. A review of all existing clients is being carried out to ensure firstly, that all cases that should be funded from PCT continuing care monies have been identified and assessed by the PCT and secondly, that the appropriate level of care is being provided.
15. A more stringent assessment process has been introduced to ensure that all alternative avenues have been explored before a residential placement is agreed. A 'roving' night time service is being introduced with the object of assisting people to remain in their homes as long as possible.
16. A review of high cost packages is to be undertaken to identify any potential savings. In order to support this monitoring of existing contracts is to be strengthened.
17. A report assessing the financial impact of these measures will be brought to the next meeting. Further work is being undertaken on the projected outturn for 2007/8, which is currently based on best estimates. An important aspect of the proposed new social care system, due for implementation in 2008, is the ability to carry out financial modeling which will enhance financial forecasts.

### **Commissioning & Improvement**

18. The major factors in the projected underspend are cost savings following restructuring the decision to carry out data cleansing in house rather than externally (£44k).

### **Strategic Housing**

19. The major budget pressure within Strategic Housing has been the demand and use of temporary accommodation to support the homelessness service. There is an acute shortage of properties to let across Herefordshire.
20. Additional costs have been offset by delaying recruitment to a strategy post and by redirecting grant funding.

21. The projected outturn for 2007/08 is £19k overspend spend against the annual budget of £2m.

## **RECOMMENDATION**

**THAT the Committee;**

- (a) notes and comments on the projected outturn for financial year 2007/08 for Adult Social Care and Strategic Housing; and**
- (b) comments on the measures outlined to reduce the overspend; and**
- (c) agrees that a detailed report on the financial recovery is brought to the next meeting.**

### **Background Papers**

- None