

# ADULTS WELL- BEING APPENDIX A

## BUDGET CONTROL MEETING UPDATE REPORT

### AUGUST 2013

MEETING DATE:

25<sup>TH</sup> SEPTEMBER 2013

**Purpose** - To provide the Chief Officer Finance 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. This report reflects the new structure and now includes Housing and Independent Living services.
2. The Directorate currently reports an over spend of **£4.3m**, which is broadly in line with the position reported in July. The key areas of this overspend are as follows:

	£m
Outstanding budget decisions	1.2
Savings Schemes slippage	2.3
Department of Health Funding Pressures	0.5
Other	0.3
	4.3

### 1. Current Status – Revenue Budget by Service

Service	Budget expenditure	Budget (Income)	Net Budget	August Forecast Outturn	Projected (over)under spend
	£'000	£'000	£'000	£'000	£'000
Mental health	10,623	(2,215)	8,408	7,428	980
Learning Disabilities	17,230	(1,318)	15,912	15,920	(8)
Older People	17,656	(5,050)	12,606	14,183	(1,577)
Physical Disabilities	7,969	(753)	7,216	7,680	(464)
Adult Commissioning	1,017	0	1,017	1,248	(231)
Other Services	11,103	(4,660)	6,443	8,246	(1,803)
<b>Adult social care excluding outstanding decisions</b>	65,598	(13,996)	51,602	54,705	(3,103)
Planned savings schemes outside the directorate	(1,204)	£0	(1,204)	0	(1,204)
<b>Total for adult Social care</b>	64,394	(13,996)	50,398	54,705	(4,307)
Homelessness	2,872	(210)	2,662	2,662	0
Housing Needs and Development	280	(8)	272	272	0
Homepoint	285	(285)	0	(20)	20
Management	225	£0	225	215	10
Healthy Housing	725	(369)	356	356	0
<b>Housing and Independent Living</b>	4,387	(872)	3,515	3,485	30
<b>Adults Well-being Directorate</b>	68,781	(14,868)	53,913	58,190	(4,277)

## 2. Budget Variances

### a) Outstanding Budget decisions £1.2m

Until Cabinet decisions are made there is a current assumption that none of the savings schemes identified within the Economy, Communities and Corporate Directorate, to address the £1.2m shortfall within adult savings schemes will be achieved. The table below demonstrates the current pending cabinet decisions that will affect any such transfer, and the expectation of realisable savings in 13/14.

Scheme	At Risk 13/14 £000	Anticipated 13/14 £000	Anticipated FYE £000	Status of Decision
<b>ADDITIONAL SAVINGS TO BE VIRED TO ADULTS WELL-BEING</b>				
Heritage Services Review	194	48	239	Cabinet Decision 19th September (Option2)
Library Services Review	250	86	97	Cabinet Decision 19th September (Option2)
Planning Services cost reductions (inc	291	58	490	Cabinet Member Decision - October 2013. Note 1
Countryside Services Review	40	0	300	Cabinet Member Decision November 2013
Closure/Transfer of toilets	187	22	99	Cabinet Member Decision 16th September 2013
Increase charges for garden waste sac	80	20	40	Pending Cabinet Member Decision October 2013
CCTV Review	50	50	82	Cabinet Member Decision 31st July 2013
Community Protection Review	150	50	101	Cabinet Member Decision 14th August - pending outcome of statutory consultation 19th October 2013
Increase car parking/on-street parking	(195)	(50)	250	Cabinet Member Decision - Awaiting Proposal from Balfour Beatty
Community Regeneration	48	48	96	Scheme revised and no longer needs Cabinet Member Decision
Members allowances	60	0	0	Unlikely to be delivered
Customer Services	80	50	251	Cabinet Decision 19th September (Option2) - mitigates original ECC savings £77k target above
Reduce Public Notices	10	10	10	Awaiting legal advice on minimum statutory requirement
Advertising & Publicity (Council wide p	150	0	0	Review concluded - note 2
<b>ADDITIONAL SAVINGS TOTAL (to be vired to Adults Well-being)</b>	<b>1,395</b>	<b>392</b>	<b>2,055</b>	

Cabinet decisions for Heritage and Library services were made on 19<sup>th</sup> September and the budget transfer once agreed between the directorates will be included in the September outturn report.

## b) Savings schemes £2.3m 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).

ADULTS WELLBEING		
Delivered	Anticipated	At Risk
3,192	2,742	2,365

Replacement schemes are required for previous savings plans, where slippage has occurred due to contractual implementation and consultation processes. The Table below shows the original savings schemes for adult savings schemes that are not expected to deliver their full original target.

In future reports these schemes will be reported as 'Required replacement schemes' and will then show any subsequent schemes identified.

### Savings Plans requiring replacement schemes

Ref	Scheme	Target £k	Reported at Risk £k	Risk	Estimated recoverabl e 13/14 £k	Expectation 14/15 £k
1	WVT Section 75 10% reduction Replacement scheme required as previous savings plan linked to S75 arrangements with Wye Valley trust.	500	404	Alternative scheme and delivery unlikely to be achieved in this financial year.	0	0
2	Next Stage integration	756	540	See detailed note below	50	756
3	Open Book Review	125	125	Implementation of price reduction now 14/15 not Jan 14 as initially assumed due to implementation approach	0	125
4	Home and Community support (formerly called Homecare)	1,000	1,000	Re-procurement in consultation for reduced rate implementation from 1 <sup>st</sup> April 2014	0	1,000
5	Liveability – This has now been replaced with supporting people contract saving	100	0	Replacement scheme identified - savings within supporting people contracts -	100	100
6	Transitions- Replacement scheme required	50	50	Alternative scheme and delivery unlikely to be achieved in this financial year.	0	0
7	Village Wardens	91	37	Alternative scheme and delivery unlikely to be achieved in this financial year.	0	54

Ref	Scheme	Target £k	Reported at Risk £k	Risk	Estimated recoverabl e 13/14 £k	Expectation 14/15 £k
8	Talking Book	17	7	Alternative scheme and delivery unlikely to be achieved in this financial year.		17
9	Primecare EDT/ OoH	60	60	Alternative scheme and delivery unlikely to be achieved in this financial year.		0
10	Workforce	300	42	Alternative scheme and delivery unlikely to be achieved in this financial year.		300
11	Carers Hub	100	100	Alternative scheme and delivery unlikely to be achieved in this financial year.		0
	<b>TOTAL</b>	<b>3,099</b>	<b>2,365</b>		<b>150</b>	<b>2,352</b>

### Details of Risk / Mitigation

1 – Following the decision not to actively pursue the 10% targeted contractual reduction some savings may be achieved in part through a combination of vacancy management and other expenditure controls. The latest accounts from Wye Valley indicate a net saving of £60k through these measures. The final position will be confirmed by the September outturn report.

2 - Savings target of £756k for next stage integration project now has Cabinet approval. The new structure which will deliver the planned savings is now in operation. Due to a slowdown in the redesign of community equipment and day opportunities following consolidation of services “in house” has been delayed until 2014/15 and a resulting slippage of £540k is expected of which the key components are termination costs £60k and £386k slowdown costs.

3 - The Open Book Review and the proposed changes to fees was presented to Cabinet for approval on 20th June 2013. Cabinet decided to go out to further consultation. Before this could commence thirteen providers challenged the decision making and the council received a protocol letter ahead of Judicial Review. The Council asked for providers to offer more information which could be taken into account prior to a further report to Cabinet. After providers’ views had been considered at a Task and Finish Group of HSCOSC it was determined that the further engagement with providers should be initiated and new report be presented to Cabinet to include both usual price and contract issues. These actions have delayed procurement which will not be completed until early in 2014-15.

4 - Homecare – re-procurement is currently in consultation with providers, with implementation of reduced rate from 1<sup>st</sup> April 2014. A detailed timetable is shown below.

Activity	Timescale
Market engagement: pricing model	13 <sup>th</sup> September – 27 <sup>th</sup> September
Market engagement: commissioning approach	24 <sup>th</sup> September – 3 <sup>rd</sup> October
Market engagement meetings with providers (pricing and commissioning approach)	7 <sup>th</sup> October – 16 <sup>th</sup> October
Advertisement Date (ITT* available to Candidates)	Fri 25 <sup>th</sup> October 2013

Clarification Period Closes	Fri 22 <sup>nd</sup> November 2013 12.00 noon
All Clarifications Answered By:	Fri 29th November 2013 12.00 noon
Closing date for submission of ITT	Fri 6th December 2013 12:00 noon

**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.

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. Re-ablement Health monies are expected to be improved on the original anticipated allocation so will alleviate above pressures by £34k.

**d) Other Increases/ Decreases and new cost pressures £0.3m**

1. Client groups are expected in total to overspend by £69k (excluding the Homecare savings element). The table below illustrates.

Client Groups	Activity outturn Under/(overspend)	Homecare savings shortfall	Forecast Outturn August
Older people	(1,296)	(281)	(1,577)
Mental health	1,217	(237)	980
Learning Disabilities	297	(305)	(8)
Physical disabilities	(287)	(177)	(464)
<b>Total</b>	<b>(69)</b>	<b>(1,000)</b>	<b>(1,069)</b>

2. The forecast overspend for the older people client group is £1.577m, due to the high demand on nursing and residential placements, which have been assumed to continue throughout the winter months. This projection needs further validation and the impact of new winter planning schemes in reducing/ holding activity at current levels. This has improved by £783k from July due to an overall reduction in the number of residential and nursing placements provided,
3. Mental Health client activities report an underspend of £980k, which is broadly in line with July and relates to a reduction in the number and cost of packages and indicates demand management interventions are having a positive impact, but projection assumptions require validation.
4. Learning Disabilities reports an overspend of £8k, which includes the transition of two children's packages to adult services.
5. Pressures within Physical Disabilities of £464k are forecast, due to demand on nursing and personal budgets.

6. There is an additional workforce in year cost of £88k in respect of maternity and Long-term sickness cover in ensuring continued service provision.
7. The negotiation to transfer the LD Health staff from Wye Valley to 2g identified a budget gap, which has necessitated increasing the budget allocated for this service, creating an additional £65k in year cost.

### **e) Savings on Housing and Independent Living**

Housing and independent living services are expected to underspend by £30k due to savings within the Home point partnership agreement of £20k and a £10k management charge agreed with the partnership. All other services are forecasting to come in within budget, managing pressures on homelessness from within existing budgets.

#### **Risks**

- 1) A limited provision for growth in activity or increased cost has been included within the forecasts for older people, currently £500k where initial growth in packages is anticipated, pending the cultural and financial changes becoming embedded in the overall changes to service delivery. The risk remains that other categories of Mental health, Learning Disabilities and Physical Disabilities clients include no provision for growth or increased costs.
- 2) Winter Pressures and Hospital admissions will create unfunded pressure on Adult Social care budget.
- 3) Next stage Integration currently assumes 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) Demand on bed and breakfast and temporary accommodation is subject to weather and other uncontrollable elements.

#### **Opportunities**

- 1) Although the major part of Data cleansing has taken place, and is reflected within these forecasts, this is still continuing and may result in further redundant packages being removed from the forecast.
- 2) £57k administration funding through the 'Social fund' may be available if administration costs can be met within existing resources
- 3) Continued monitoring of the 'Social fund' activities to look at opportunities to release underspend of grant funding.
- 4) Capital funding of up to £300k is available and there is potential to capitalise purchases from the community equipment store, subject to eligibility.
- 5) 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.
- 6) Warm Homes Healthy People funding (Get warm, stay warm project in Herefordshire) funding received last year within Housing services has now transferred to the public Health grant so opportunity to explore and access this public health funding.
- 7) A significant element of Adult social care transformation expenditure has been included in the council's bid for capital direction funding. If the bid is successful this may create an opportunity to capitalise a proportion of the revenue expenditure included in the current forecast.

- 8) 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.
- 9) A process has been instigated to reduce high cost care plans through the active targeting of Disabled Facilities Grants towards cases where the provision of adaptations can provide short to medium terms savings.