

ADULTS WELL- BEING BUDGET CONTROL MEETING UPDATE REPORT SEPTEMBER 2013

MEETING DATE:

23RD 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 **£3.4m**, which is a £0.9m improvement from the position reported in August. The key areas of this overspend are:

			£m
Outstanding budget decisions			0.9
Savings scheme slippage			2.3
Department of Health funding Pressures			0.5
Other			(0.3)
			3.4

2. The key areas of the £1m forecast change are as follows::

			£m
Client group package savings			0.3
Housing efficiency savings			0.2
Social Fund savings			0.1
Transfer of savings budget from ECC			0.3
			0.9

1. Current Status – Revenue Budget by Service

Service	Budget Expenditure £'000	Budget (income) £'000	Net Budget £'000	Sept. Forecast Outturn £'000	Projected (over) /under spend £'000
Mental Health*	9,388	(2,215)	7,173	7,173	0
Learning Disabilities	17,230	(1,318)	15,912	15,723	189
Older People *	18,891	(5,050)	13,841	14,467	(626)
Physical Disabilities	7,969	(753)	7,216	7,573	(357)
Adult Commissioning	1,017	0	1,017	1,263	(246)
Other services	11,103	(4,660)	6,443	8,205	(1,762)
Adult Social Care excluding outstanding decisions	65,598	(13,996)	51,602	54,404	(2,802)
Planned savings schemes outside the directorate	(876)	0	(876)	0	(876)
Total for Adult Social Care	64,722	(13,996)	50,726	54,404	(3,678)
Homelessness	2,872	(210)	2,662	2,534	128
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	687	(370)	317	207	110
Housing and Independent Living	4,346	(870)	3,476	3,200	276
Adults Wellbeing Directorate	69,068	(14,866)	54,202	57,604	(3,402)

*Budget of £1.235m has been transferred from Mental Health to older people category following consultation with cabinet member.

2. Budget Variances

a) Outstanding Budget decisions £0.9m

Of the savings schemes identified within Economy, Communities and Corporate Directorate to address the £1.2m shortfall within adult savings schemes, a number of these schemes have now had cabinet approval and this has resulted in the transfer of £0.3m budget from the Economy Communities and Corporate Directorate to the Adults Well Being Directorate. The table below demonstrates the current Status of these savings schemes and anticipated savings in 13/14.

Current Savings schemes

Scheme	Saving Plan 13/14 £000	Anticipated 13/14 £000	Vired to AWB £000	At Risk 13/14 £000	Anticipated FYE £000	Status of Decision
ADDITIONAL SAVINGS TO BE VIRED TO ADULTS WELL-BEING						
Heritage Services Review	194	48	48	146	239	Cabinet Decision 19th September (Option2)
Library Services Review	250	86	86	164	97	Cabinet Decision 19th September (Option2)
Planning Services cost reductions (inc	291	58		291	490	Cabinet Member Decision - October 2013. Note 1
Countryside Services Review	40	0		40	300	Cabinet Member Decision November 2013
Closure/Transfer of toilets	187	22	22	165	99	Cabinet Member Decision 16th September 2013
Increase charges for garden waste sac	80	20	20	60	40	Pending Cabinet Member Decision October 2013
CCTV Review	50	50	50	0	82	Cabinet Member Decision 31st July 2013
Community Protection Review	150	29	29	121	101	Cabinet Member Decision 14th August - pending outcome of statutory consultation 19th October 2013
Increase car parking/on-street parking	(195)	(25)	(25)	(170)	250	Cabinet Member Decision - Awaiting Proposal from Balfour Beatty
Community Regeneration	48	48	48	0	96	Scheme revised and no longer needs Cabinet Member Decision
Members allowances	60	0		60	0	Unlikely to be delivered
Customer Services	80	50	50	30	251	Cabinet Decision 19th September (Option2) - mitigates original ECC savings £77k target above
Reduce Public Notices	10	10		10	10	Awaiting legal advice on minimum statutory requirement
Advertising & Publicity (Council wide p	150	0		150	0	Review concluded - note 2
ADDITIONAL SAVINGS TOTAL (to be vired to Adults Well-being)	1,395	396	328	1,067	2,055	
Note 1 - Total saving anticipated is £582k however £92k of saving offsets existing HERS savings schemes						

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).

Replacement schemes are required for previous savings plans, where slippage has occurred due to contractual implementation and consultation processes. The Table below shows the latest position for current savings plans and identifies the £2.3m risk included in the outturn.

Savings Plans requiring replacement schemes

Ref	Scheme	Target £k	Reported at Risk £k	Risk	Estimated recoverable 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 st April 2014	0	1,000
5	Village Wardens	91	37	Alternative scheme for slippage unlikely to be achieved in this financial year.	0	54
6	Talking Book	17	7	Alternative scheme for slippage unlikely to be achieved in this financial year.		17
7	Workforce	300	42	Alternative scheme for slippage unlikely to be achieved in this financial year.		300

Ref	Scheme	Target £k	Reported at Risk £k	Risk	Estimated recoverable 13/14 £k	Expectation 14/15 £k
8	Replacement Schemes required	210	210	Alternative schemes and delivery unlikely to be achieved in this financial year.		
	TOTAL	3,099	2,365		50	2,352

The Directorate is continuing to review where extra efficiencies can be found this year to mitigate the savings shortfall. This includes looking at Care funding calculator reviews.

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.

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 were 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 1st April 2014. A detailed timetable is shown below.

Activity	Timescale
Market engagement: pricing model	13 th September – 27 th September
Market engagement: commissioning approach	24 th September – 3 rd October
Market engagement meetings with providers (pricing and commissioning approach)	7 th October – 16 th October
Advertisement Date (ITT* available to Candidates)	Fri 25 th October 2013
Clarification Period Closes	Fri 22 nd 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. However Adults well –being directorate is also working with Public Health colleagues to see how Public Health grant monies can support the winter pressures position.

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 underspend of £0.3m

- Client groups are expected in total to underspend by £205k (excluding the Homecare savings element). The table below illustrates.

Client Groups	Activity outturn Under/(Overspend)	Homecare savings shortfall	Forecast outturn September
	£'000	£'000	£'000
Older People	(346)	(281)	(627)
Mental Health	237	(237)	0
Learning Disabilities	494	(305)	189
Physical Disabilities	(180)	(177)	(357)
Total	205	(1,000)	(795)

- The September forecast shows an improvement of £274k to the previously reported August position. This is due in the main to:

Pressures:

- Cost pressure due to the payment of backdated contract payments to Drybridge House of £113k. Previous forecasts assumed contract had ended.
- Cost pressure due to provision for legal costs £100k.
- Cost variation on older people residential and nursing placements, in part due to hospital pressures of £72k

Mitigating reductions as follows:

- Cost reduction due to the termination of 14 domiciliary care packages saving £244k within Mental Health category.

- Cost reduction in Mental Health packages £11k
 - Cost Reduction of Learning Disability care packages £197k
 - Cost Reduction of residential and nursing packages for Physical Disability clients £107k
3. Housing and independent living services have done a complete review of all expenditure and have managed to identify savings of £276K through increased efficiency.
 4. At the half yearly point the spend on the social fund grant has been considerably lower than anticipated and is therefore likely to underspend significantly at year end, This forecast includes a saving of £100k and this will be closely monitored in the coming few months.
 5. Pressures of £203k remain on commissioning staffing budgets delivering transformational projects.
 6. 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.

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) 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.
- 5) Due to changes in central government policies applications for housing assistance may be forthcoming from additional EU groups. The total impact of this is not known, but may cause additional pressure on temporary accommodation.

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) Capital funding of up to £300k is available and there is potential to capitalise purchases from the community equipment store, subject to eligibility.
- 4) Within the Next Stage Integration project there may be opportunities to release day opportunity staff sooner than assumed on 31st March, if it is safe to do so.
- 5) Warm Homes Healthy People funding received within Healthy Homes last year (Get warm, stay warm project in Herefordshire) will not be repeated this year. However ring-fenced funding of £5.45 billion for 2013-15 has been made available to local authorities to address public health priorities determined at local level. In setting their priorities local authorities must take account of the public Health outcomes framework which has excess winter deaths as an indicator. Further discussions are planned to access the use of NHS and Public Health funding to meet this winter pressure.
- 6) 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.
- 7) 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.
- 8) 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.