

HAMPSHIRE COUNTY COUNCIL**Decision Report**

Decision Maker:	Executive Member for Adult Social Care
Date of Decision:	22 February 2013
Decision Title:	Budget Monitoring - 2012/13 Quarter 3
Decision Reference:	4663
Report From:	Director of Corporate Resources – Corporate Services and Director of Adult Services

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1. Executive Summary

- 1.1. This report outlines the budget monitoring position as at the end of quarter 3 (31 December 2012).
- 1.2. The projected forecast position for 2012/13 as at quarter 3 is a net pressure of £447,000. Additional one-off funding from the corporate risk contingency to support transition costs arising in year as a result of the transformation agenda has reduced the total underlying pressure of £8.654m to a net underlying pressure of £4.254m. With the use of Adult Services contingencies, the cost of change reserve and capitalised revenue the departments forecast net outturn pressure is then £447,000.
- 1.3. Included within the net underlying pressure is a number of assumptions around further savings targets which the department are planning to make over the remainder of the financial year. The forecast variance by each directorate is as follows:

	Budget	Forecast	Forecast variance	
	£000	outturn	£000	%
		£000		
Director	1,340	1,237	(103)	(7.7)
Policy and Strategic Development	38,048	37,853	(195)	(0.5)
Older Persons (OP) and Physical Disabilities (PD)	125,397	131,705	6,308	5.0
Learning Disabilities (LD) and Mental Health (MH)	116,989	117,000	11	0.0
In House Services	34,853	34,010	(843)	(2.4)
Winter Pressures	2,149	1,225	(924)	(43.7)
Net underlying pressure	318,776	323,030	4,254	1.3
Adult Services Contingencies		(1,051)	(1,051)	
Capitalised Revenue		(466)	(466)	
Balance of cost of change reserve available	3,483	1,193	(2,290)	
Total Pressure	322,259	322,706	447	0.1

- 1.4. The year to date has been a challenging one, with significant demand and transformational pressures and an increasing level of client needs. Whilst the prevention and early intervention services are supporting those with lower levels of need more cost effectively and helping them to retain their independence, the needs of the remaining cohort of older clients have risen significantly in the year. The costs of meeting their needs safely and with dignity has risen more than anticipated as a consequence.
- 1.5. A more detailed breakdown on the budget and forecast variations is shown in Appendix 1.
- 1.6. **Key corporate risk issues highlighted in this quarter are:**

Although package numbers are stable there are pressures across the service arising from the average cost of packages being significantly higher than the budgeted value. If this trend continues then it would lead to further pressures. There has also been an impact over the year from transformation costs and market conditions as highlighted in the Quarter 2 Budget Monitoring report. In addition to this there has been an impact from some one-off and backdated costs relating to the funding of clients which needs to be investigated.

2. Efficiency Savings

- 2.1. The 2012/13 savings target for the department was £21.214m however, of the one-off additional corporate funding agreed in quarter 1 of £7.593m, £5.993m was in relation to slippage against efficiency savings targets and those considered to be at risk of delivery which reduced the amount planned to be delivered during the year to £15.221m. All Departments are monitoring achievement of savings as part of the normal budget monitoring process for the year. At the end of December £13.055m of

these savings had been fully delivered and £2.166m were still on target to be delivered by the end of the year.

3. Demand Management

- 3.1. The greatest area of unexpected pressure has arisen in care at home for older people, predominantly domiciliary care and direct payments which account for £4.3m of costs above budget alone. Whilst the cost per hour of care has been in line with plans, the amount of care required per person has grown significantly. This is seen most starkly in the average weekly cost of domiciliary care packages, which has stabilised at around £21 per week higher than when the budget was set.
- 3.2. The higher level of client needs has continued through the year as demonstrated in the 1.6% decrease in the number of clients receiving 7 or less visits a week. Providers also continue to report that clients are less well at the point of entry into their care. This is reflected in the average weekly cost of an OP residential placement increasing in year. During the year, Hampshire County Council has seen an increased reluctance for residential providers to accept the Hampshire rate other than for a defined number of beds. This has been most stark in relation to the closure of three in-house homes and the transfer of residents. Discussions with provider representatives continue with regard to a longer term sustainable Hampshire rate.
- 3.3. The number of people requiring double up care has also continued to increase. As highlighted in the Quarter 2 report this reflects the trend in the patterns of NHS care and the change in the contributions policy not to charge for second carers which has created an incentive for some who previously arranged and fully funded their care to seek Hampshire County Council assistance for their second carer costs. This is highlighted by the number of self funding clients receiving double up care rising from 116 in February to 174 in December.
- 3.4. Current trends, based on existing costs, are within the estimates that have been allowed for in the Medium Term Financial Strategy (MTFS). However, if average costs continue to increase at the current rate or if pressures from the changing health care landscape were to arise then this would lead to additional cost pressures in future years. Careful monitoring of these issues will continue in 2013/14.
- 3.5. The transition to the new health structures and the £20bn Quality, Innovation, Productivity and Prevention (QIPP) savings target have made an already challenging environment more difficult. The trend in earlier discharge from hospital continues to put more pressure on social care and community health services, as people are discharged with higher levels of dependency and complexity of care needs. The disinvestment in bed based health care has not been matched by a commensurate investment in community health services, placing the system under considerable strain. The NHS in Hampshire is currently focussed on particular issues, such as length of stay and whole systems reform as it grapples with ongoing financial issues.
- 3.6. However, Adult Services has continued to build strong relationships with the emerging Clinical Commissioning Groups (CCGs) and is well placed to take forward partnership working with them once they assume their role. We continue to push the opportunities for mutual benefit from joint working across care and support services.

We will continue to pursue systems reform with the CCG's through the Health & Wellbeing Board.

- 3.7. Although budgets are tightly controlled it has been impacted this year by a number of high costs and backdated costs which must be further examined in order to manage the budget position. Within the year there has been a large increase in the number of Ordinary Residence (OR) for which the council has become responsible for the cost of the care. The OR principles determine which local authority is responsible for the provision of care and it's funding. As budgets become tighter across local authorities the issue of OR has come more to the forefront and is being closely monitored by the Department's management team.
- 3.8. The recent one-off funding announcement from the Department of Health stated that £82.5m will be made available to each of the four Strategic Health Authority (SHA) clusters to 'support local resilience during winter and maintaining access in 2012/13'. Of this funding each SHA cluster has to transfer at least £25m to local authorities for investment in social care services, that also benefit the health system. This funding is to further support joint working between health and social care services, and to support a continued focus on reablement and improving the interface between health and social care.

4. Income

- 4.1. Income (including contributions expected to be received from clients) is forecast to be £3.7m higher than budgeted (excluding internal recharges) as at the end of quarter 3, as detailed in the table below:

Income category	Description	Current budget	Current Forecast	Quarter 2 forecast variance	
		£'000	£'000	£'000	%
Fees & Charges	Non residential charging	(11,982)	(12,629)	(647)	5.2
	Client contributions to residential and nursing care	(43,308)	(47,468)	(4,160)	9.6
	Other ¹	(2,383)	(2,229)	154	(6.5)
Other grants, reimbursements and contributions	Health, Partnerships and Other Local Authorities	(30,858)	(29,937)	921	(3.0)
Other income		(25)	(24)	1	(4.9)
Total income ²		(88,556)	(92,286)	(3,730)	(4.2)

Non residential charging (NRC) and client contributions to nursing and residential care

- 4.2. The NRC contributions are expected to overachieve by around £650,000 and client contributions for residential and nursing care are currently forecast to exceed the budget by £4.160m. This primarily relates to an overachievement of income against

¹ Other income from fees and charges includes contributions received for meals.

² Excludes recharges within and to/from other department's.

OP purchased residential, due to an increase in the average contribution amount (which varies with the wealth of the individuals receiving the service at that time), and nursing budgets as due to above budgeted activity (which is creating a pressure on expenditure budgets).

5. Client care packages and average weekly cost

- 5.1. As at the end of quarter 3 the average forecast packages 17,991 (15,777 purchased and 2,214 in-house), is 971 lower than the original budgeted packages of 16,099. However, a significant element of this reduction relates to in-house services as part of the transformation agenda, as well as lower numbers of OP day care packages (342 lower than budgeted) and LD domiciliary care packages (175 lower than budgeted).

Client Group	2012/13 original budget	Actual packages as at Dec 2012	Forecast 'average' packages for 2012/13	Variance between budget and 'average'
OP purchased	10,261	10,063	9,970	(291)
PD purchased	1,963	1,979	1,940	(23)
LD purchased	3,315	3,444	3,388	73
MH purchased	560	466	479	(81)
IH	2,863	2,214	2,214	(649)
Total	18,962	18,166	17,991	(971)

- 5.2. The average weekly cost of packages is significantly higher than budgeted in places, and this has contributed (for PD and LD in particular) towards the underlying budget pressure forecast.

6. Debts over £5,000 recommended for write off

- 6.1. At the end of quarter 3, there were 4 debts totalling £35,496.14 that are recommended to the Executive Member for write-off.

7. Recommendations

That the Executive Member for Adult Social Care:

- 7.1. Note the forecast position for the revenue budget as at the end of quarter 3.
- 7.2. Approve the write off of the 4 debts that are over £5,000.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	Yes
Corporate Business plan link number (if appropriate):	
Maximising well-being:	Yes
Corporate Business plan link number (if appropriate):	
Enhancing our quality of place:	Yes
Corporate Business plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:		
	<u>Reference</u>	<u>Date</u>
Budget Monitoring – 2011/12 Quarter 3	3715	24 February 2012
Budget Monitoring – 2012/13 Quarter 1	4264	21 September 2012
Budget Monitoring – 2012/13 Quarter 2	4485	14 December 2012
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	
None		

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. The departments budget and performance strategies are developed in accordance with the Councils Equalities Policy and target the most vulnerable in society.
- 1.2. How budgets are used have a significant impact on the most excluded. The operational Directors have lead responsibility to ensure that impact assessments take account of the needs of these groups. This budget monitoring report provides information on the progress of spending plans of the Directorate and will contribute to better outcomes for all.

2. Impact on Crime and Disorder:

- 2.1. The County Council has a legal obligation under Section 17 of the Crime and Disorder Act 1998 to consider the impact of all the decisions it makes on the prevention of crime. The proposals in this report have no proven impact on the prevention of crime.

3. Climate Change:

- a. How does what is being proposed impact on our carbon footprint / energy consumption?

All relevant developments within the revenue budget and capital programme are subject to specific, detailed assessments. Energy conservation, and where applicable enhancing biodiversity, are priorities for all major building schemes and the revenue budget includes an allocation to specifically encourage sustainability initiatives.

- b. How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Where appropriate capital schemes are planned with adaptation to climate change in mind, such as the inclusion of passive cooling through building design, rain-water and grey-water harvesting, drought resistant planting etc.

Where appropriate revenue efficiencies have been identified with climate change in mind, this includes travel, food wastage in in-house homes.

Appendix 1 - Forecast outturn – Quarter 3

Position as at 31 December 2012 across services

Care Group	Current Budget	Current Forecast	Period 9 Forecast Variance	
	£000	£000	£000	%
Director	1,340	1,237	(103)	(7.7)
Policy and Strategic Development	38,048	37,853	(195)	(0.5)
Older Persons and Physical Disabilities	125,397	131,705	6,308	5.0
Learning Disabilities and Mental Health	116,989	117,000	11	0.0
In house services	34,853	34,010	(843)	(2.4)
Winter Pressures and Contingency	2,149	1,225	(924)	(43.7)
Total	318,776	323,030	4,254	1.3
Director				
Management & Support	1,340	1,237	(103)	(7.7)
Total	1,340	1,237	(103)	(7.7)
OPPD and LD in-house services				
Older Persons residential and nursing				
In-house nursing	7,005	7,805	800	11.4
In-house residential	11,013	9,469	(1,544)	(14.0)
In-house day care	876	788	(88)	(10.0)
Management & Support	633	653	20	3.2
Sub total older persons residential and nursing	19,527	18,715	(812)	(4.2)
Physical Disabilities residential and day				
In-house residential	544	682	138	25.4
In-house day care	1,080	1,060	(20)	(1.9)
Other	4,127	4,127	0	0.0
Sub total physical disabilities residential and nursing	5,751	5,869	118	2.1
Learning Disability residential and nursing				
Assessment & Care management	336	346	10	0.0
In-house residential	2,239	2,734	495	22.1
In-house day care	6,876	6,211	(665)	(9.7)
Other	124	135	11	8.9
Sub total learning disabilities residential and nursing	9,575	9,426	(149)	(1.6)
Total	34,853	34,010	(843)	(2.4)
Total Director and In-house services	36,193	35,247	(946)	(2.6)

Care Group	Current Budget	Current Forecast	Period 9 Forecast Variance	
	£000	£000	£000	%
Policy and Strategic Development				
Assessment & Care management	1,316	1,193	(123)	(9.3)
In-house nursing	127	70	(57)	(44.9)
In-house residential	517	455	(62)	(12.0)
In-house day care	165	85	(80)	(48.5)
Purchased day care	149	149	0	0.0
In-house domiciliary care	37	0	(37)	(100.0)
Other	29,188	29,098	(90)	(0.3)
Management & Support	6,549	6,803	254	3.9
Total	38,048	37,853	(195)	(0.5)
Older People and Physical Disabilities				
Older People				
Assessment & Care management	14,374	14,358	(16)	(0.1)
Purchased nursing	27,422	26,393	(1,029)	(3.8)
Purchased residential	23,403	22,745	(658)	(2.8)
Supported and other accommodation	23	33	10	43.5
Direct payments	3,094	3,629	535	17.3
In-house day care	10	8	(2)	(20.0)
Purchased day care	1,739	1,858	119	6.8
In-house domiciliary care	2,352	2,137	(215)	(9.1)
Purchased domiciliary care	23,898	28,395	4,497	19.1
Other	1,172	1,247	75	6.4
Management & Support	2,823	2,764	(59)	(2.1)
Total Older People	100,310	103,567	3,257	3.3
Physical Disabilities				
Assessment & Care management	3,613	3,735	122	3.4
Purchased nursing	2,161	2,711	550	25.5
Purchased residential	2,940	3,659	719	24.5
Direct payments	7,617	8,086	469	6.2
Purchased day care	894	836	(58)	(6.5)
In-house domiciliary care	(5)	0	5	(100.0)
Purchased domiciliary care	7,532	8,642	1,110	14.7
Other	335	442	107	31.9
Total Physical Disabilities	25,087	28,138	3,051	12.2

Care Group	Current Budget	Current Forecast	Period 9 Forecast Variance	
	£000	£000	£000	%
Total Older Persons and Physical Disabilities				
Assessment & Care management	17,987	18,093	106	0.6
Purchased nursing	29,583	29,104	(479)	(1.6)
Purchased residential	26,343	26,404	61	0.2
Supported and other accommodation	23	54	31	134.8
Direct payments	10,711	11,715	1,004	9.4
In-house day care	10	14	4	40.0
Purchased day care	2,633	2,694	61	2.3
In-house domiciliary care	2,347	2,137	(210)	(8.9)
Purchased domiciliary care	31,430	37,037	5,607	18.1
Other	1,507	1,689	182	12.1
Management & Support	2,823	2,764	(59)	(2.1)
Total Older Persons/Physical Disabilities	125,397	131,705	6,308	5.0
Learning Disabilities/Mental Health				
Learning Disabilities				
Assessment & Care management	2,886	3,101	215	7.4
Purchased nursing	831	888	57	6.9
Purchased residential	46,436	46,461	25	0.1
Supported and other accommodation	308	532	224	72.7
Direct payments	5,553	6,055	502	9.0
Purchased day care	3,724	4,245	521	14.0
In-house domiciliary care	(1)	232	233	-
Purchased domiciliary care	37,757	35,596	(2,161)	(5.7)
Other	1,170	1,629	459	39.2
Management & Support	693	1,163	470	67.8
Total	99,357	99,902	545	0.5
Mental Health				
Assessment & Care management	4,728	4,809	81	1.7
Purchased nursing	472	432	(40)	(8.5)
Purchased residential	3,290	3,309	19	0.6
Supported and other accommodation	127	140	13	10.2
Direct payments	183	151	(32)	(17.5)
In-house day care	50	63	13	26.0
Purchased day care	266	106	(160)	(60.2)
In-house domiciliary care	0	1	1	-
Purchased domiciliary care	1,276	997	(279)	(21.9)
Other	109	182	73	67.0
Management & Support	189	275	86	45.5
Total	10,690	10,465	(225)	(2.1)

Care Group	Current Budget	Current Forecast	Period 9 Forecast Variance	
	£000	£000	£000	%
Deputy Director - Community Care Services and Commissioning				
Assessment & Care management	140	131	(9)	(6.4)
Purchased day care	752	902	150	19.9
Purchased domiciliary care	20	5	(15)	(75.0)
Other	810	515	(295)	(36.4)
Management & Support	688	704	16	2.3
Total	2,410	2,257	(153)	(6.3)
Safeguarding and Quality				
Assessment & Care management	229	277	48	21.0
Direct payments	279	90	(189)	(67.7)
Other	133	125	(8)	(6.0)
Management & Support	3,891	3,884	(7)	(0.2)
Total	4,532	4,376	(156)	(3.4)
Total Older Persons/Physical Disabilities, Learning Disabilities, Mental Health, Safeguarding and Quality & Deputy Director				
	242,386	248,705	6,319	2.6
Winter Pressures and other department contingency				
Winter Pressures	2,149	1,225	(924)	(43.7)
Total	2,149	1,225	(924)	(43.7)
Total Adult Services				
	318,776	323,030	4,254	1.3
Adult Services Contingencies		(1,051)	(1,051)	
Capitalised Revenue		(466)	(466)	
Total	318,776	321,513	2,737	0.9
Balance of cost of change reserve available	2,907	617	(2,290)	
Transition costs associated with transformation	576	576	0	
Total	322,259	322,706	447	0.1