

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Executive Member for Adult Social Care
<b>Date of Decision:</b>	24 February 2012
<b>Decision Title:</b>	Budget Monitoring - 2011/12 Quarter 3
<b>Decision Reference:</b>	3715
<b>Report From:</b>	County Treasurer and Director of Adult Services

**Contact name:** Erica Meadus

**Tel:** 01962 846195

**Email:** erica.meadus@hants.gov.uk

#### 1. Executive Summary

- 1.1. This report outlines the budget monitoring position as at the end of quarter 3 (31 December 2011). Final expenditure for the year is expected to be contained within the available budget following the draw down from the corporate risk contingency of £8.246m, which is included in these figures. Risks to this position are highlighted within the report. The department has made good progress against achievement of the 8% savings target for 2011/12 with any further shortfall expected to be delivered through management action.
- 1.2. The projected outturn for 2011/12 is a balanced budget. The variance reported by each directorate is as follows:

Table 1	Current budget	Quarter 2 forecast variance	Quarter 3 forecast variance		Change
	£000	£000	£000	%	£000
Director	1,276	3	(53)	(4.2)	(56)
Commissioning and Partnerships	38,550	(454)	(459)	(1.2)	(5)
Older People / Physical Disabilities	122,507	355	(227)	(0.2)	(582)
Learning Disabilities / Mental Health and In-house services	154,200	7,232	924	0.6	(6,308)
Winter pressures and other department contingency	519	(159)	(185)	(35.6)	(26)
<b>Total</b>	<b>317,052</b>	<b>6,977</b>	<b>0</b>	<b>0.0</b>	<b>(6,977)</b>

- 1.3. The draw down from the corporate contingency of £8.246m includes £7m of on-going funding for complexity and demography pressures (as agreed by Cabinet on 28 November 2011<sup>1</sup>) and £1.246m of one-off funding in respect of anticipated slippage in savings relating to the LD Campus transfer from Health and the implementation of the Electronic Domiciliary Care Monitoring (EDCM) billing system (as agreed by Cabinet on 19 December 2011<sup>2</sup>). The following sections of the report are based on the quarter 3 figures including this draw down. However, where applicable reference is made to the underlying change in variance for each directorate.
- 1.4. This position assumes that a further £702,000 of demography & complexity and other expenditure (e.g. additional staffing and agency costs) will be incurred for OPPD during the remainder of the year. It also incorporates assumptions regarding further savings that will be achieved during the remainder of the year including around £1m for the Learning Disabilities (LD) Campus transfer from Health, £560,000 for reviewing the offer (£185,000 for OPPD and £375,000 for LD) and £25,000 in respect of further staff savings for LD.
- 1.5. A further £290,000 has been provided by the County Council toward the initial feasibility and planning costs associated with the ExtraCare programme. It is currently assumed that this funding will be spent in full, although approval has been given for any underspend against this funding to be carried forward to 2012/13.
- 1.6. Budget pressures across all client groups (in particular within Older People services) have also been offset to an extent by higher levels of income and client contributions and lower than anticipated staff costs in in-house services.
- 1.7. The new contributions policy is now impacting on projected income from client contributions in respect of chargeable non-residential care services. The departments cash limit will be reduced at the end of the year to reflect the amount of additional income that is expected to be received during the year as a result of implementing the revised policy (currently estimated at £1.8m). The quarter 3 forecast outturn has therefore been adjusted to remove this additional income pending this cash limit reduction.
- 1.8. On 3 January 2012, the Health Secretary, Andrew Lansley announced that the Department of Health would be making an extra £150 million available this year to local authorities to help people leave hospital more quickly and receive care at home. The County Council's share of this (which will come via the PCT under a Section 256 agreement) is £2.9m. Plans for how this additional funding will be spent are currently being finalised with the PCT, although it is possible that not all of this can be fully utilised during the current financial year. Approval has been sought from Cabinet<sup>3</sup> for any underspend arising during 2011/12 as a result of this additional funding (currently estimated to be in the region of £1.6m) to be carried forward to 2012/13 to support targeted re-ablement services next year.
- 1.9. In addition the County Council will receive a further £212,000 one-off funding, payable under a separate section 256 with the PCT, to support Memory Services, and around £320,000 from the Department of Health in relation to the Warmer Homes Healthy People Fund (which must be spent in full by 31 March 2012).
- 1.10. The impact of these new funding streams will be reflected in the final outturn.

---

<sup>1</sup> Quarter Two Budget Monitoring – 2011/12. Decision reference 3383 -

[http://www3.hants.gov.uk/councilmeetings/advsearchmeetings/meetingsitemsummary.htm?sta=&pref=Y&item\\_ID=3383&tab=1](http://www3.hants.gov.uk/councilmeetings/advsearchmeetings/meetingsitemsummary.htm?sta=&pref=Y&item_ID=3383&tab=1)

<sup>2</sup> Efficiency, Expenditure Reduction and Transformation: 2011/12 – Report No. 6. Decision reference 3543 -

[http://www3.hants.gov.uk/councilmeetings/advsearchmeetings/meetingsitemsummary.htm?sta=&pref=Y&item\\_ID=3543&tab=1](http://www3.hants.gov.uk/councilmeetings/advsearchmeetings/meetingsitemsummary.htm?sta=&pref=Y&item_ID=3543&tab=1)

<sup>3</sup> Report to Cabinet of 27 February 2012 'Quarter 3 budget monitoring – 2011/12'.

1.11. Significant variations for the end of quarter 3 are summarised as follows:

	<b>Forecast variance this period £000</b>	<b>Change since quarter 2 £000</b>
<b>Commissioning and Partnerships</b>	<b>(459)</b>	<b>(5)</b>

A number of variations account for the overall net underspend of £459,000, the most significant of which relates to one-off savings achieved against strategic commissioning budgets for mental health services where contracts that have ended this year will not be replaced. This budget will be redirected next year toward meeting the cost of the proposed Wellbeing Centres which are planned to open in August or September 2012.

<b>OPPD purchased services</b>	<b>(227)</b>	<b>(582)</b>
--------------------------------	--------------	--------------

The forecast underspend of £227,000 includes pressures of £284,000 on purchased nursing care services (due to higher numbers of packages being provided than budgeted for), £1.3m in respect of direct payments (due to higher than budgeted weekly costs), and £873,000 on domiciliary care, primarily due to slippage in the achievement of efficiency savings planned this year (i.e. EDCM). These pressures are largely offset by a £2m underspend in respect of purchased residential services as a result of lower than budgeted activity due to good performance in reducing admissions to long-term care (enabling service users to remain in their homes for longer) and lower re-provisioning costs than budgeted. Other one-off underspends include £502,000 in respect of assessment and care management costs (including one-off vacancy management savings achieved pending implementation of the restructure) as well as an underspend of £166,000 in respect of day care (due to reduced levels of demand for this type of service).

The reduction in forecast outturn since the end of quarter 2 primarily relates to inclusion of an additional budget allocation of £800,000 in respect of demography and complexity pressures. This has been offset by a net increase in forecast spend on domiciliary care (mainly due to lower contract savings being achieved this year than original planned), and in nursing care (reflecting an increase in the number of clients receiving this type of care).

<b>Learning Disabilities, Mental Health and In-house services</b>	<b>924</b>	<b>(6,308)</b>
---	------------	----------------

The forecast budget pressure for these services is £924,000. This includes a pressure against Learning Disability Services of £1.9m (a reduction of £4.4m since quarter 2) and non-operational support services of £243,000, which are offset by an underspend of £1.3m in respect of in-house provider services.

The main reason for the reduction in forecast variance since quarter 2 is the inclusion of an additional £6.2m of continuing funding towards demography and complexity pressures.

	<b>Forecast variance this period £000</b>	<b>Change since quarter 2 £000</b>
<b>Learning Disabilities</b>	<b>1,911</b>	<b>(4,365)</b>

The forecast budget pressure for this area is £1.9m. This includes pressures of £650,000 on residential services, £164,000 in relation to direct payments, £423,000 for domiciliary care and £344,000 on Other services (e.g. transport for clients).

The reduction since quarter 2 mainly relates to inclusion of £5.5m of additional on-going funding toward demography and complexity pressures. These reductions in pressure have been offset by an underlying increase in residential care of around £416,000 due to further increased levels of activity, as well as a net increase in forecast expenditure for domiciliary care due to slippage in savings this year following the decision to delay implementation of the EDCM system (a net pressure of £413,000, after inclusion of additional one-off funding agreed by Cabinet).

<b>In-house services</b>	<b>(1,360)</b>	<b>(1,286)</b>
--------------------------	----------------	----------------

The forecast underspend for in-house services is just under £1.4m, representing a reduction in forecast expenditure of £1.3m since quarter 2. This underspend (and the change since quarter 2) is primarily due to the vacancies that are now in the process of being recruited to following agreement of the new staffing model across residential and nursing care.

1.12. Specific service area issues are highlighted in the following sections of this report. In addition the following information is shown as appendices to this report:

1. Forecast outturn across services including £8.246m draw down from the corporate contingency.

## 2011/12 Revenue Budget

### 2. Commissioning and Partnerships Directorate

2.1. The current position for the Commissioning and Partnerships Directorate is a forecast underspend of £459,000 (1.2%), an increase in underspend of £5,000 since the end of quarter 2. The variance by team is as follows:

<b>Table 2</b>	<b>Current Budget</b>	<b>Quarter 2 forecast variance</b>	<b>Quarter 3 forecast variance</b>	<b>Change since quarter 2</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>£000</b>
Deputy Director Com. & Partnerships	807	68	70	8.7	2
Head of Contracts	1,913	(99)	(112)	(12.3)	(13)
Strategic Commissioning LD	1,684	(40)	(70)	(4.0)	(30)
Strategic Commissioning OPPD	1,085	(35)	(76)	(7.0)	(41)
Strategic Commissioning Mental Health	2,072	(439)	(414)	(20.0)	25
Strategic Com. Wellbeing & Partnerships	30,944	180	235	0.8	55
Business Management Services	1,045	(89)	(92)	(8.8)	(3)
<b>Total</b>	<b>38,550</b>	<b>(454)</b>	<b>(459)</b>	<b>(1.2)</b>	<b>(5)</b>

2.2. As shown in the table above, a number of variations account for the overall net underspend of £459,000. The most significant is an underspend of £414,000 in relation to Strategic Commissioning for Mental Health services which has arisen as contracts have ended which will not be replaced. These budgets will be redirected in 2012/13 to the proposed Wellbeing Centres which are planned to open in August or September 2012.

### 3. Older Persons and Physical Disabilities (OPPD) – purchased services

3.1. The current position for Older People and Physical Disabilities is a forecast underspend of £227,000 (0.2%). This is a reduction in forecast expenditure of £582,000 since the end of quarter 2. The variance by client group is:

<b>Table 3</b>	<b>Current Budget</b>	<b>Quarter 2 forecast variance</b>	<b>Quarter 3 forecast variance</b>	<b>Change since quarter 2</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>£000</b>
Older People (OP)	97,629	(2,362)	(1,668)	(1.7)	694
Physical Disabilities (PD)	24,878	2,717	1,441	5.8	(1,276)
<b>Total</b>	<b>122,507</b>	<b>355</b>	<b>(227)</b>	<b>(0.2)</b>	<b>(582)</b>

- 3.2. Within the quarter 3 figures there is additional budget of £800,000 in relation to the draw down of £7m from the corporate risk contingency. The underlying movement in OPPD (excluding the additional £800,000) is an increase in the forecast of £218,000 since the end of quarter 2.
- 3.3. Appendix 1 provides a breakdown of this position by type of care. The net underspend of £227,000 includes underspends of £2m on purchased residential, £502,000 on assessment and care management, £166,000 on day care and £162,000 on other care. These are offset by pressures of £284,000 on purchased nursing care, £1.329m on direct payments and £873,000 on purchased domiciliary care.
- 3.4. This position partly reflects the success in avoiding residential care admissions and enabling clients to remain in their own homes for longer. It also incorporates changes in the previously planned approach to close some in-house residential units, therefore, reducing the anticipated re-provisioning costs.
- 3.5. The forecast includes an assumption that £185,000 of further efficiency savings will be achieved in respect of 'reviewing the offer' during the remaining months of the year.
- 3.6. The forecast underspend also incorporates an assumption that a further £702,000 of expenditure will be incurred during the remainder of the year, mainly in relation to new packages due to emerging demographic pressures (£525,000), and recruitment to staffing vacancies and use of agency staff (£117,000). If this assumed growth does not occur then the current forecast outturn will reduce, resulting in an increase to the underspend reported.
- 3.7. Expenditure budgets are forecast to be overspent by approximately £1.476m, largely as a result of the demographic pressure brought forward from 2010/11 with unit costs generally being above budgeted levels. This has been offset by a £1.703m overachievement against income budgets to give the £227,000 net underspend (see section 6 for further information on income).
- 3.8. As at the end of quarter 3 there were 10,130 purchased packages for OP clients and 1,918 for PD clients reflected within the outturn forecast. Table 4 below provides a breakdown of how these were made up (i.e. actual and estimated future packages), compared with the original budget and the position as at quarter 2:

Client group	Number of packages (purchased)					
	Original budget	Quarter 3			Variance to original budget	Change from quarter 2
		Actual packages	Estimated future packages	Estimated total packages		
OP purchased packages	10,977	10,030	100	10,130	(847)	(280)
PD purchased packages	1,878	1,894	24	1,918	40	(8)
<b>Total purchased packages</b>	<b>12,855</b>	<b>11,924</b>	<b>124</b>	<b>12,048</b>	<b>(797)</b>	<b>(288)</b>

- 3.9. The net variance to the budget for OP packages reflects the high number of deaths at the end of the last financial year and during the early part of this year, although these have been partially offset by some demographic growth (albeit not in line with the number of packages originally budgeted for).
- 3.10. The main reasons for the underlying underspend of £227,000 include:
- lower than budgeted activity in residential care due to good performance in reducing admissions to long term residential care and an underspend against the re-provisioning pressure built into the budgets (£2.004m)
  - additional vacancy management savings pending the restructure and partly as a result of not backfilling maternity and sick leave (£358,000)
  - success achieved by the hospital teams and the use of the re-ablement beds, as well as the work undertaken by the Community Response Team to avoid delays in hospital discharges which have led to savings against the budget for delayed discharges fines (£291,000)
  - a pressure on nursing care of £284,000 due to a higher number of packages being provided than budgeted
  - a pressure of £1.329m on direct payments as a result of the success of Self Directed Support, enabling more service users to remain at home
  - a net pressure of £873,000 on purchased domiciliary care, primarily due to delays in implementing the new EDCM billing system.
- 3.11. The £582,000 reduction in the forecast outturn since the end of quarter 2 mainly reflects the additional budget allocation of £800,000. Excluding this additional budget there has been an underlying increase in forecast outturn of £218,000 since quarter 2. The movement mainly relates to:
- an increase in forecast expenditure for direct payments of £269,000 and purchased residential packages of £123,000. These increases are predominantly the result of a net increase of 20 residential placements and 45 direct payment packages since quarter 2
  - delays in the implementation of EDCM for the remainder of the year (£895,000) which has been offset by a net reduction of 161 packages and high turnover and amendments to existing packages resulting in lower costs of £688,000 (a net increase of £207,000)
  - the review of the planned recruitment programme means that management vacancies in the new structure are expected to be filled later than previously anticipated which has resulted in a one-off saving of £228,000 since quarter 2
  - a reduction in forecast outturn for day care as result of reduced levels of activity (£140,000).

#### 4. Learning Disabilities (purchased services), Mental Health and In-house services

- 4.1. The current position for Learning Disabilities (LD) and Mental Health (MH) and In-house services is a forecast budget pressure of £924,000 (0.6%). The variance for each area of service is broken down in the following table:

Table 5	Current budget	Quarter 2 forecast variance	Quarter 3 forecast variance		Change
	£000	£000	£000	%	£000
Assistant Director	191	90	92	48.0	2
Learning Disabilities	96,052	6,276	1,911	2.0	(4,365)
Mental Health	10,837	823	(16)	(0.1)	(839)
In-house provider services	35,109	(20)	(1,306)	(3.7)	(1,286)
Non-operational services (various)	10,765	63	243	2.3	180
<b>Total</b>	<b>154,200</b>	<b>7,232</b>	<b>924</b>	<b>0.6</b>	<b>(6,308)</b>

- 4.2. The quarter 3 forecast variance reflects an additional budget allocation of £7.446m in respect of draw down from the corporate risk contingency. Of this £6.2m is on-going and relates to complexity and demography pressures, and £1.246m is one-off and reflects slippage against the savings targets for this year. The underlying movement in LD and MH and In-house services (excluding this additional allocation) is an increase in the forecast of £1.138m since the end of quarter 2.
- 4.3. The most significant area of pressure continues to relate to LD services and includes purchased residential services (£650,000 pressure after inclusion of £1.7m complexity and demography funding), direct payments (£164,000 pressure after including £1.3m of additional budget), purchased domiciliary care (£423,000 pressure after including £2.546m of additional funding) and Other services (£344,000 pressure after including £1m of additional funding). Whilst in-house provider services are reporting a net underspend of around £1.3m, this mainly relates to underspends against nursing care (£957,000) and day care (£733,000), offset by pressures in residential services (around £392,000).
- 4.4. The reported position incorporates an assumption that around £1.9m of savings will be achieved in relation to the LD transfer this year (approximately half of which has already been made), against an original target of £3m. Due to delays in clients actually transferring from Health, £1.1m slippage against this target has been declared during quarter 3 (£1m of which will be funded from the additional corporate funding agreed). However, it is possible that further delays could increase this slippage further as final details of packages (including the payment rates agreed) are confirmed during the last quarter of the year.
- 4.5. The forecast also assumes that efficiency savings of £400,000 will be achieved over the remaining months of the year within LD on 'Reviewing the Offer' (£375,000 remaining to be achieved), and staff reductions (£25,000 expected to be achieved through vacancy management).
- 4.6. As part of the phased implementation of the new staffing model there has been a planned increase in the use of agency staff to maintain safe staffing levels. However, all of this resource has not been utilised and this has meant that the forecast outturn for additional staffing costs has reduced by around £600,000 since quarter 2.

- 4.7. As at the end of quarter 3 the actual number of LD packages was 83 above the number originally budgeted for, an increase of 57 since quarter 2. This change mainly relates to residential care (14 additional packages), day care (12 additional packages) and Other services<sup>4</sup> (20 additional packages). The forecast outturn also includes approximately 100 further packages that are expected to be provided during the remainder of the year for transitional clients (40 packages) and LD service users in the process of transferring from Health (60 packages).
- 4.8. The £6.308m reduction in the forecast outturn since the end of quarter 2 mainly reflects the additional budget allocation of £7.446m noted in paragraph 4.2. Excluding this additional budget there has been an underlying increase in forecast outturn of £1.138m since quarter 2 and this change mainly relates to:
- £1.146m increase in pressure due to slippage declared against the LD transfer saving targets (£1m of which was reported in period 7 for which a one-off budget allocation has been agreed by cabinet)
  - an increase in pressure of £659,000 in respect of slippage against the EDCM savings due to implementation for LD being delayed until April 2012 (£246,000 previously declared in period 7 for which Cabinet agreed one-off funding from the corporate contingency)
  - an increase in pressure of £416,000 for LD residential services due to increased activity and complexity. Although a significant proportion of the demography and complexity funding has been allocated to residential care an underlying pressure remains
  - £139,000 decrease in pressure for Mental Health services, mainly due to a lower level of referrals this year than anticipated, although this is not expected to continue in to the next financial year
  - a net reduction of £1.286m for in-house provider services primarily due to lower additional staff costs (including agency staff and vacancies which are in the process of being recruited to as noted in paragraph 4.6), the earlier closure of Cherry Orchard residential home than previously anticipated, and an increase in forecast income
  - £180,000 increase in non-operational services forecast outturn mainly due to the annual charge for 'PrintSmart' for the department being higher than had been previously anticipated
  - a net increase of £120,000 in the pressure on staffing for LD (assessment and care management).

## **5. Department contingency (including winter pressures funding)**

- 5.1. The department's central contingency is forecasting an underspend of £185,000 (35.6%) as at the end of quarter 3, an increase of £26,000 since quarter 2.

---

<sup>4</sup> Other services include transport provided to LD clients as well as community based and outreach support.

Table 6	Current budget	Quarter 2 forecast variance	Quarter 3 forecast variance		Change
	£000	£000	£000	%	£000
Winter pressures	388	(300)	(388)	(100.0)	(88)
Bad debt provision	152	141	203	132.9	62
Other committed contingencies	(21)	0	0	0	0
<b>Total</b>	<b>519</b>	<b>(159)</b>	<b>(185)</b>	<b>(35.6)</b>	<b>(26)</b>

- 5.2. The current budget has reduced by £269,000 since quarter 2 (from £788,000), and this is mainly due to the allocation of £250,000 to the Integrated Community Equipment Store during quarter 3. The remaining reduction reflects small changes made to the departments cash limit.
- 5.3. Since the end of quarter 2 commitments included in the outturn forecast for bad debts have increased by £62,000. This reflects the value of debt where there is certainty it will either be written-off in full during the year, or where a provision will be made in the accounts at year end.
- 5.4. The remaining commitment within the contingency for winter pressures was also removed this quarter (£88,000).

## 6. Income

- 6.1. Income (including contributions expected to be received from clients) is forecast to exceed the budget by £2.396m (excluding internal recharges) as at the end of quarter 3. This represents a reduction of £623,000 since quarter 2, and mainly relates to reductions in residential and nursing client contributions (£387,000) and non-residential charging (£155,000). Further information is provided in the following paragraphs regarding these changes.

Table 7	Source of income	Current budget	Quarter 2 forecast variance	Quarter 3 forecast variance		Change
		£000	£000	£000	%	£000
	Non residential charging	(9,875)	(744)	(589)	6.0	155
	Client contributions to residential and nursing care	(60,985)	(2,478)	(2,091)	3.4	387
	Health, Partnerships and Other Local Authorities	(17,195)	196	276	(1.6)	80
	Other income	(32)	7	8	(25.1)	1
	<b>Total income <sup>5</sup></b>	<b>(88,087)</b>	<b>(3,019)</b>	<b>(2,396)</b>	<b>2.7</b>	<b>623</b>

<sup>5</sup> Excludes recharges within and to/from other department's.

- 6.2. Realignment of income budgets account for £76,000 of the overall change since quarter 2 as shown below:

**Table 8**

Source of income	Quarter 2 budget	Quarter 3 budget	Change in variance relating to change in budget (quarter 2 to quarter 3)	Change in variance relating to change in outturn forecast (quarter 2 to quarter 3)	Total net change (quarter 2 to quarter 3)
	£000	£000	£000	£000	£000
Non residential charging (NRC)	(10,250)	(9,875)	(375)	530	155
Client contributions to residential and nursing care	(60,609)	(60,985)	376	11	387
Health, Partnerships and Other Local Authorities	(17,118)	(17,195)	77	3	80
Other income	(34)	(32)	(2)	3	1
<b>Total income</b>	<b>(88,011)</b>	<b>(88,087)</b>	<b>76</b>	<b>547</b>	<b>623</b>

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

- 6.3. The NRC and residential and nursing client contributions are forecast to exceed the budget by £589,000 and £2.1m respectively, a net decrease in income of £542,000 since the end of quarter 2. However, as outlined in table 8 above the underlying change in forecast outturn since quarter 2 (excluding the income budget realignment virements) is a reduction for NRC of £530,000 and £11,000 in respect of client contributions for residential and nursing care.
- 6.4. The budget adjustments actioned during the quarter mainly reflect changes to income targets following allocation of demographic funding previously held in service contingency budgets, but which have now been allocated to operational budgets within OPPD and LD (i.e. to reflect changes to associated income targets). In addition the income budget for client contributions was reduced during the quarter by £75,000 as this related to income from Health which had previously been reported under the client contributions heading in error. This correction also accounts for £75,000 of the net reduction in forecast income of £11,000 since quarter 2 (i.e. excluding this adjustment the forecast client contributions actually increased by £64,000 since quarter 2).
- 6.5. The underlying change in variance for NRC since quarter 2 (a net reduction in the outturn forecast of £530,000) represents a fall in the actual income received to date from both OPPD and LD client groups, and therefore, forecast income for the remainder of the year. The new Contributions Policy is also beginning to have an impact on income received, and £1.8m of income (£1.4m for OPPD and £385,000 for LD/MH services) has been removed from the quarter 3 forecast outturn pending reduction of the departments cash limit for this amount at the end of the year. The full-year target for additional contributions following implementation of the new contributions policy is £4.7m, and this has been reflected within the 2012/13 budget.

### Income from Health, Partnerships and Other Local Authorities

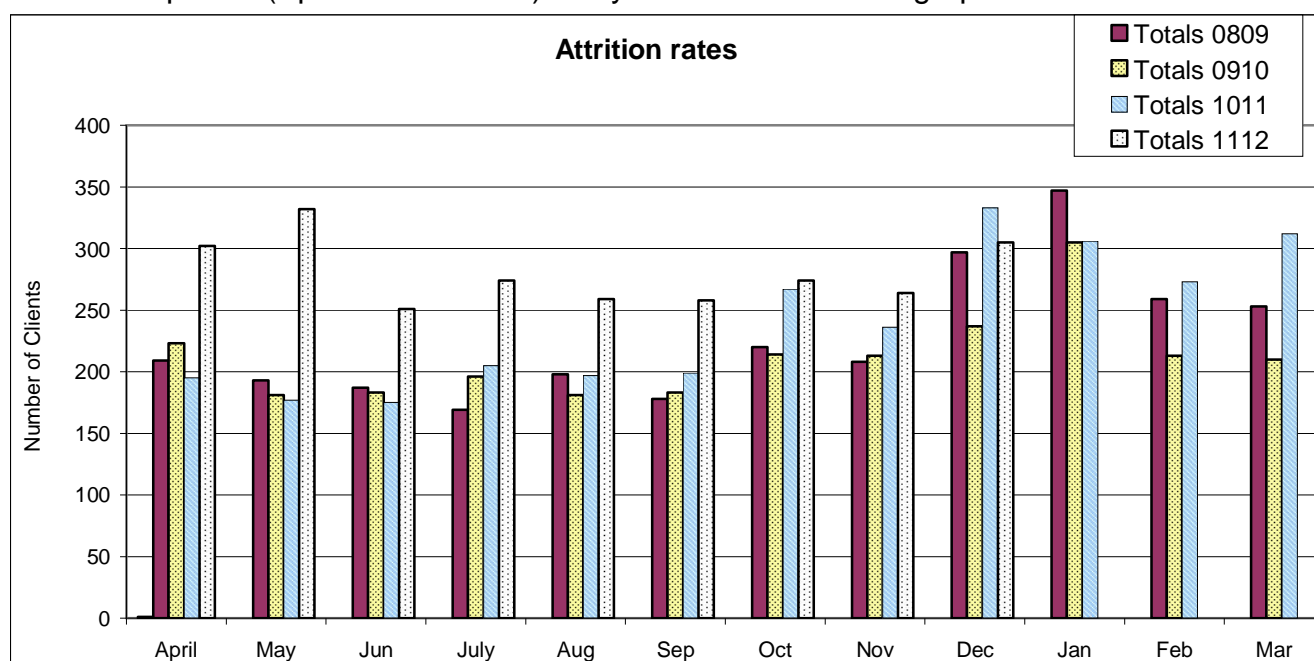
- 6.6. As at the end of quarter 3, income from Health, partnerships and other local authorities is forecast to be £276,000 less than the budgeted amount. This represents a reduction in income of £80,000 since quarter 2.
- 6.7. A range of small adjustments to income forecasts in respect of funding from health and other local authorities account for the change on this heading since quarter 2.

### 7. Client care packages and average weekly cost

- 7.1. As at the end of quarter 3, the total number of actual client care packages was 18,171 (in-house and purchased). This compares with original budgeted packages of 19,810 (i.e. 1,639 less than budgeted). However, this position excludes a further 224 client packages (estimated) for OPPD demography increases and LD transitional clients and campus transfers from health (currently in progress) during the remainder of the year (i.e. 1,415 below the original budget).
- 7.2. However, the average weekly cost of packages is significantly higher than originally budgeted in places, contributing toward the underlying budget pressure forecast (for LD in particular). Any significant issues are outlined within the main service explanations in sections 3 and 4.
- 7.3. Work to rebase the 2011/12 budget is currently underway (both the number of packages and average weekly cost) in line with the forecast outturn reported to the Executive Member for the end of quarter 2, and incorporating the anticipated £7m draw down from the corporate contingency. These changes will be reflected in the 2011/12 final outturn report to the Executive Member.

### 8. Attrition rates

- 8.1. Attrition rates for Adult Services for the start of the year have generally been higher than during 2010/11 (December currently showing lower), and whilst this is mainly in OP services, the number of client deaths across LD, MH and PD services are also higher compared with the same period (April to December) last year as shown in the graph<sup>6</sup> and table 9 below.



<sup>6</sup> Previous months information has been updated to reflect backdated notifications.

## Comparison of the number of client deaths by client group – 2010 to 2011

Table 9

Client Group	Number of client deaths April 2010 to December 2010	Total number of client deaths 2010/11	Number of client deaths April 2011 to December 2011	Change between 2010 and 2011 (i.e. April to December)	
Older People	1,875	2,734	2,341	+466	+24.9%
Physical Disabilities	65	92	85	+20	+30.8%
Learning Disabilities	36	39	38	+2	+5.6%
Mental Health	8	10	7	(1)	+12.5%
<b>Total</b>	<b>1,651</b>	<b>2,875</b>	<b>2,471</b>	<b>+820</b>	<b>+49.7%</b>

8.2. This increase will also have had the effect of reducing some client package numbers as noted in section 7 of the report.

### 9. 2011/12 Efficiency savings

9.1. The department has made good progress against the 8% efficiency savings target for 2011/12 (90.4% of the £25.410m target has either already been secured or is considered to be high confidence), and these assumptions are reflected fully within the forecast outturn across the relevant services.

9.2. As noted earlier in the report, this position incorporates an assumption that around £1.1m of the £3m target against the LD funding transfer from Health will not be achieved due to delays in clients transferring across to the County Council from Health. Of the residual £2m savings target, around a further £1m has been secured leaving just under £1m still to be achieved during the remaining quarter of the year.

9.3. Delays in implementing the EDCM system have resulted in the full savings target of £1.6m being removed from the outturn. The majority of this has been absorbed by other one-off savings achieved by the department (£1.3m), with the remaining £246,000 being met from additional one-off corporate funding.

9.4. The remaining underachievement against the 8% target relates to previously planned in-house closures which have either slipped or will no longer occur. These planned closures had a corresponding re-provisioning budgeted pressure which is now not required and is therefore fully offsetting this underachievement.

### 10. Debts over £5,000 recommended for write-off

10.1. For the third quarter of the year there are four debts totalling £37,877.84 (0.1% of the income budget) that are recommended for write-off by the Executive Member. Table 10 below details the total debts under and over £5,000 for the year to date compared to previous years:

**Table 10**

Year	Total write-off		% of Income budget	Write-offs over £5,000		Write-offs under £5,000	
	Value £000	Number		Value £000	Number	Value £000	Number
2008/09	193	458	0.2	103	11	91	447
2009/10	235	504	0.3	59	8	176	496
2010/11	324	603	0.4	162	18	162	585
2011/12	239	387	0.5	100	12	139	375

10.2. The majority of these debts have arisen due to non-payment of client contributions where support has been provided by family members to help them manage their finances. The business processes surrounding these cases, including escalation of any outstanding debts for consideration by the department's 'Bad Debt panel', are currently being reviewed to ensure that these are investigated as quickly as possible, and that the potential financial impact for both the department and clients is minimised.

## 11. Capital

11.1. A separate report on progress against the Adult Services 2011/12 capital programme and the proposed capital programme for 2012/13 will be presented to the Executive Member in the near future.

## 12. Recommendations

12.1. Note the forecast position for the revenue budget as at the end of quarter 3 (31 December 2011).

12.2. Note the risks highlighted in the report.

12.3. Note the achievements to date around delivery of the efficiency savings targets.

12.4. Agree the write-off of four outstanding debts totalling £37,877.84 as outlined in section 10 of the report.

## CORPORATE OR LEGAL INFORMATION:

### Links to the Corporate Strategy

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

### Other Significant Links

<b>Links to previous Member decisions:</b>		
	<u>Reference</u>	<u>Date</u>
Adult Services Department Revenue Budget 2011/12	2502	28 January 2011
Budget Monitoring, Performance and Workforce - 2011/12 Quarter 1	3202	23 September 2011
Budget Monitoring – 2011/12 Quarter 2	3465	25 November 2011
<b>Direct links to specific legislation or Government Directives</b>		
<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.)**

<u>Document</u>	<u>Location</u>
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 Client groups movements across care types as at quarter 3

Care Group	Current Budget	Qtr 2 Forecast variance	Q3 Forecast Variance		Change
	£000	£000	£000	%	£000
Director	1,276	3	(53)	(4.2)	(56)
Commissioning and Partnerships	38,550	(454)	(459)	(1.2)	(5)
Older People / Physical Disability purchased	122,507	355	(227)	(0.2)	(582)
Learning Disabilities/Mental Health and In-House Services	154,200	7,232	924	0.6	(6,308)
Winter Pressures and Contingency	519	(159)	(185)	(35.6)	(26)
<b>Total</b>	<b>315,052</b>	<b>6,977</b>	<b>0</b>	<b>0.0</b>	<b>(6,977)</b>

### Director

Management & Support	1,276	3	(53)	(4.2)	(56)
<b>Total</b>	<b>1,276</b>	<b>3</b>	<b>(53)</b>	<b>(4.2)</b>	<b>(56)</b>

### Commissioning and Partnerships

Assessment & Care management	1,368	(122)	(125)	(9.1)	(3)
Purchased residential	242	(36)	(19)	(8.0)	17
Direct payments	0	0	(0)	(100.0)	(0)
Purchased day care	893	(8)	(151)	(16.9)	(143)
Purchased dom care	20	(45)	(20)	(100.0)	25
Management & Support	4,410	372	463	10.5	91
Other	31,617	(615)	(607)	(1.9)	8
<b>Total</b>	<b>38,550</b>	<b>(454)</b>	<b>(459)</b>	<b>(1.2)</b>	<b>(5)</b>

### Older People and Physical Disabilities

#### Older People

Assessment & Care management	15,075	(624)	(658)	(4.4)	(34)
Purchased nursing	22,919	856	205	0.9	(651)
Purchased residential	23,071	(2,177)	(2,083)	(9.0)	94
Direct payments	2,640	349	567	21.5	218
Purchased day care (and In-House)	2,975	(274)	(263)	(8.9)	11
In-house dom care	2,733	(4)	(35)	(1.3)	(31)
Purchased dom care	24,523	(624)	692	2.8	1,316
Management & Support	2,506	372	144	5.7	(228)
Other	1,186	(237)	(237)	(20.0)	(0)
<b>Total Older People</b>	<b>97,629</b>	<b>(2,362)</b>	<b>(1,668)</b>	<b>(1.7)</b>	<b>694</b>

Care Group	Current Budget	Qtr 2 Forecast variance	Q3 Forecast Variance		Change
	£000	£000	£000	%	£000
<b>Physical Disabilities</b>					
Assessment & Care management	3,937	120	156	4.0	36
Purchased nursing	1,995	137	79	4.0	(58)
Purchased residential	3,246	(650)	79	2.4	729
Direct payments	6,441	1,710	762	11.8	(948)
Purchased day care	1,005	247	97	9.6	(150)
In-house dom care	(14)	12	12	(90.3)	0
Purchased dom care	7,949	1,090	181	2.3	(909)
Management & Support	0	0	0	0	0
Other	319	50	75	23.6	25
<b>Total Physical Disabilities</b>	<b>24,878</b>	<b>2,717</b>	<b>1,441</b>	<b>5.8</b>	<b>(1,276)</b>
<b>Total Older Persons and Physical Disabilities</b>					
Assessment & Care management	19,012	(503)	(502)	(2.6)	1
Purchased nursing	24,914	993	284	1.1	(709)
Purchased residential	26,317	(2,827)	(2,004)	(7.6)	823
Direct payments	9,082	2,059	1,329	14.6	(730)
Purchased day care	3,980	(27)	(166)	(4.2)	(139)
In-house dom care	2,720	8	(23)	(0.8)	(30)
Purchased dom care	32,470	466	873	2.7	407
Management & Support	2,506	372	144	5.7	(229)
Other	1,504	(187)	(162)	(10.8)	25
<b>Total Older Persons/Physical Disabilities</b>	<b>122,507</b>	<b>355</b>	<b>(227)</b>	<b>(0.2)</b>	<b>(582)</b>
<b>Learning Disabilities/Mental Health and In-House Services</b>					
<b>OPPD and LD in-house services</b>					
<b>Operations Director residential and nursing</b>					
In-house nursing	7,714	(633)	(957)	(12.4)	(324)
In-house residential	10,724	977	313	2.9	(664)
In-house day care	2,311	(148)	(207)	(8.9)	(58)
Management & Support	849	(65)	(62)	(7.2)	3
Other	3,069	170	51	1.7	(119)
<b>Sub total residential and nursing</b>	<b>24,668</b>	<b>300</b>	<b>(861)</b>	<b>(3.5)</b>	<b>(1,162)</b>
<b>Learning Disability residential and nursing</b>					
In-house residential	3,579	206	79	2.2	(127)
In-house day care	6,862	(526)	(524)	(7.6)	2
<b>Sub total residential and nursing</b>	<b>10,441</b>	<b>(320)</b>	<b>(445)</b>	<b>(4.3)</b>	<b>(125)</b>
<b>Total</b>	<b>35,109</b>	<b>(20)</b>	<b>(1,306)</b>	<b>(3.7)</b>	<b>(1,286)</b>

Care Group	Current Budget	Qtr 2 Forecast variance	Q3 Forecast Variance		Change
	£000	£000	£000	%	£000
<b>Learning Disabilities</b>					
Assessment & Care management	3,096	147	267	8.6	120
Purchased nursing	837	67	13	1.6	(53)
Purchased residential	44,474	4,087	650	1.5	(3,438)
Direct payments	5,394	1,340	164	3.0	(1,177)
Purchased day care	4,103	108	46	1.1	(62)
Purchased dom care	31,976	(211)	423	1.3	634
Management & Support	367	(4)	4	1.0	8
Other	7,050	741	344	4.9	(397)
<b>Total</b>	<b>96,052</b>	<b>6,276</b>	<b>1,911</b>	<b>2.0</b>	<b>(4,365)</b>

#### **Mental Health**

Assessment & Care management	4,708	(23)	157	3.3	181
Purchased nursing	457	152	43	9.4	(109)
Purchased residential	3,341	826	(191)	(5.7)	(1,017)
Direct payments	148	9	(36)	(24.2)	(45)
In-house day care	50	(34)	(34)	(66.5)	0
Purchased day care	261	(49)	(4)	(1.5)	45
Purchased dom care	1,054	324	57	5.4	(267)
Management & Support	316	(411)	(8)	(2.7)	402
Other	501	29	(0)	(0.0)	(29)
<b>Total</b>	<b>10,837</b>	<b>823</b>	<b>(16)</b>	<b>(0.1)</b>	<b>(839)</b>

#### **Total Learning Disabilities and Mental Health**

Assessment & Care management	7,804	124	425	5.4	300
Purchased nursing	1,294	219	56	4.3	(162)
Purchased residential	47,815	4,913	459	1.0	(4,454)
Direct payments	5,542	1,349	128	2.3	(1,222)
In-house Day Care	50	(34)	(34)	(66.5)	0
Purchased day care	4,364	60	42	1.0	(18)
Purchased dom care	33,030	113	480	1.5	367
Management & Support	683	(415)	(5)	(0.7)	410
Other	7,551	769	344	4.6	(426)
<b>Total Learning Disabilities and Mental Health</b>	<b>108,134</b>	<b>7,099</b>	<b>1,895</b>	<b>1.8</b>	<b>(3,958)</b>

#### **Assistant Director, Learning Disabilities and Mental Health**

In-house day care	0	20	20	6,180.5	0
Management & Support	191	70	72	37.5	2
<b>Total</b>	<b>191</b>	<b>90</b>	<b>92</b>	<b>48.0</b>	<b>2</b>

Care Group	Current Budget	Qtr 2 Forecast variance	Q3 Forecast Variance		Change
	£000	£000	£000	%	£000
<b>Non-Operational Services</b>					
Assessment & Care management	259	3	(15)	(5.6)	(18)
Purchased nursing	127	0	0	0.0	0
In-house residential	517	(49)	(49)	(9.5)	0
Direct payments	316	(97)	(99)	(31.4)	(2)
In-house day care	165	0	0	0.0	0
Purchased dom care	37	0	0	0.0	0
Management & Support	9,211	206	406	4.4	200
Other	133	(0)	(0)	(0.1)	(0)
<b>Total</b>	<b>10,765</b>	<b>63</b>	<b>243</b>	<b>2.3</b>	<b>180</b>
<b>Total Learning Disabilities/Mental Health and In House Services</b>					
	<b>154,200</b>	<b>7,232</b>	<b>924</b>	<b>0.6</b>	<b>(6,308)</b>
<b>Winter Pressures and other department contingency</b>					
All department contingencies	519	(159)	(185)	(35.6)	(26)
<b>Total</b>	<b>519</b>	<b>(159)</b>	<b>(185)</b>	<b>(35.6)</b>	<b>(26)</b>
<b>Total Adult Services</b>	<b>317,052</b>	<b>6,977</b>	<b>0</b>	<b>0.0</b>	<b>(6,977)</b>