

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Executive Member for Adult Social Care
<b>Date of Decision:</b>	21 September 2012
<b>Decision Title:</b>	Budget Monitoring - 2012/13 Quarter 1
<b>Decision Reference:</b>	4264
<b>Report From:</b>	Director of Corporate Resources 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 1 (30 June 2012), a projected budget pressure for 2012/13 of £13.7m (4.5%). However, after the inclusion of one-off additional corporate funding (£7.6m) to support slippage against efficiency savings targets and those considered to be at risk of delivery, together with the use of the departments remaining available cost of change reserve (£2.5m), it is envisaged that this forecast budget pressure would be reduced to around £3.6m (1.2%) as shown in the table below:

	<b>£'000</b>
<b>Forecast budget pressure as at the end of quarter 1 (30 June 2012)</b>	<b>13,738</b>
Less additional one-off corporate funding	(7,593)
<b>Adjusted 'underlying' forecast budget pressure</b>	<b>6,145</b>
Less balance of cost of change reserve available	(2,500)
<b>Adjusted forecast budget pressure</b>	<b>3,645</b>

- 1.2. The underlying variance reported by each directorate (after inclusion of the additional corporate funding – i.e. a budget pressure of £6.1m) is outlined in the table below:

	<b>Current budget<sup>1</sup> £'000</b>	<b>Forecast Outturn £'000</b>	<b>Forecast Variance £'000</b>	<b>%</b>
Director	1,687	1,739	52	3.1
Commissioning and Partnerships	38,222	38,599	377	1.0
Older People / Physical Disabilities (OP/PD)	122,437	128,648	6,211	5.1
Learning Disabilities / Mental Health (LD/MH)	116,685	115,282	(1,403)	(1.2)
In-house provider services	33,248	34,306	1,058	3.3
Winter pressures and other department contingency	1,219	1,069	(150)	(12.3)
<b>Adjusted 'underlying' forecast budget pressure</b>	<b>313,498</b>	<b>319,643</b>	<b>6,145</b>	<b>2.1</b>
Less balance of cost of change reserve available	2,500	0	(2,500)	
<b>Total</b>	<b>315,998</b>	<b>319,643</b>	<b>3,645</b>	<b>1.2</b>

### Efficiency Savings

- 1.3. As noted in the 'Efficiency & Expenditure Reduction Update: 2012-13' report to Cabinet on 23 July 2012, the 2011/12 efficiency savings target for Adult Services of £24m has been successfully delivered. However, there are a number of challenges in relation to delivery of some of the savings targets in 2012/13.
- 1.4. The current analysis shows that of the total 2012/13 planned efficiency savings for Adult Services of £21m<sup>2</sup>, around £6m of this is at risk of non-delivery this year (£4.5m of slippage to 2013/14, with a further £1.5m at risk of not being achieved). In addition there is a risk around the corporate income target of around £1.6m. Overall this represents a total potential risk value of around £7.6m for the department. However, it is still very early in the new financial year, and these projections will become firmer as the year progresses.
- 1.5. In view of this extremely challenging transformation and savings programme, prudent levels of corporate contingencies were agreed in order to facilitate delivery of the programme through the management of risks and the provision of short-term cash-flow support. The underlying forecast budget pressure of £6.1m therefore reflects the inclusion of one-off financial support.

### Demand Management

- 1.6. Initial work undertaken to review the budget assumptions made around demography and complexity pressures in 2012/13 compared with actual and forecast package numbers and costs for the year, indicates that whilst overall package numbers are lower than budgeted, higher levels of demand for more costly types of packages (e.g. nursing care) as well as higher forecast weekly

<sup>1</sup> Current budget excludes potential additional one-off corporate funding.

<sup>2</sup> Excludes corporate efficiency savings targets.

costs (in particular within nursing and residential care fees and domiciliary care packages) have resulted in additional cost pressures emerging.

- 1.7. The underlying budget pressure of £6.1m primarily reflects demand pressures within OP and PD services (in particular within domiciliary care provision due to higher than budgeted activity levels and forecast weekly costs due to increased complexity in clients needs and packages provided), as well as pressures across in-house services. This position incorporates assumptions for demographic growth throughout the remainder of the year across OP, PD, LD and MH services (in the region of £2.1m).
- 1.8. Management grip of this underlying budget pressure remains strong, with services continuing to operate robust demand management strategies. These include the constant scrutiny of packages at review panels (for example to ensure the correct application of eligibility criteria), maintaining reviews of high-cost packages to ensure that they provide the most cost effective and qualitative outcomes for service users, the maximisation of re-ablement packages to reduce long-term care costs, as well as the maximisation of in-house residential and nursing care packages to reduce expenditure on purchased services. Traditionally the pressure forecast at quarter 1 has reduced as the year progresses and the impact of management actions will be closely monitored.
- 1.9. The position includes draw down from the department's cost of change reserve of £2.7m in respect of confirmed funding commitments and £2.5m to further offset the anticipated emerging pressure relating to increased levels of demand and complexity during 2012/13, as indicated in the tables in paragraphs 1.1 and 1.2 (i.e. a total of £5.2m). It is also expected that the department will draw down the remaining balance available of £3.7m during 2012/13 to support other planned one-off expenditure. However, if this is not required it will be used to support delivery of the 2013/14 efficiency savings targets.
- 1.10. **Key corporate risk issues highlighted in this quarter are :**

**OPPD Purchased Services** – There are significant cost pressures across domiciliary care, Direct Payments for OP and PD services and within PD purchased nursing and residential care, primarily due to higher than budgeted activity levels and increased forecast weekly costs of packages. These increases are in addition to extra funding allocated in 2012/13 for anticipated cost pressures relating to demographic growth and complex needs. Management action as described above is being taken to mitigate these extra costs, whilst ensuring qualitative outcomes for service users.

**In House Services** - There are cost pressures in this area due to reduced income levels and the need to use agency staff whilst recruitment takes place to vacant posts. Management will continue to target increasing income levels and reducing the reliance on agency staff.

1.11. Specific service area issues are highlighted in the following sections of this report. In addition the forecast outturn position across services is shown as appendices to this report.

## 2. Older People and Physical Disabilities (OPPD) – purchased services

- 2.1. Based on the original 2012/13 budget the current position for Older People and Physical Disabilities (OPPD) is a forecast budget pressure £6.211m (5.1%) of which £4m relates to OP and £2.2m relates to PD. The most significant pressure relates to domiciliary care, approximately £4.5m of the total overspend reported of which £3.5m relates to OP and £1m to PD.
- 2.2. This position reflects a change in demographic pressure for domiciliary care support and lower than expected income.
- 2.3. There is also significant pressure across both OP and PD as the forecast weekly costs are higher across the board than the budgeted weekly costs with the exception of OP Nursing which is about in line with the budgeted rate.

## 3. In-house services

- 3.1. In-house provider services are currently forecasting an overspend of £1.058m, of which the main areas of pressure are OP nursing care and OPPD residential care. These pressures are partially off-set by an underspend in day care.
- 3.2. Lower forecast levels of income than budgeted account for a significant proportion of the budget pressure (£1.2m less than budgeted, which mostly relates to OPPD). This income includes contributions from clients and Health. This partially reflects the vacancies held across some of the homes, either due to staffing shortages or because of a possible home closure.

## 4. Income

- 4.1. Income (including contributions expected to be received from clients) is forecast to be £753,000 higher than budgeted (excluding internal recharges) as at the end of quarter 1, as detailed in the table below:

Income category	Description	Current budget	Quarter 1 forecast variance	
		£'000	£'000	%
Fees & Charges	Non residential charging	(16,416)	(812)	4.9
	Client contributions to residential and nursing care	(44,933)	(594)	1.3
	Other <sup>3</sup>	(2,337)	167	(7.1)
Other grants, reimbursements and contributions	Health, Partnerships and Other Local Authorities	(30,492)	484	(1.6)
Other income		(27)	2	(7.4)
<b>Total income<sup>4</sup></b>		<b>(94,205)</b>	<b>(753)</b>	<b>0.8</b>

- 4.2. Included within the quarter 1 figures is £2.3m of the additional one off corporate funding of which has been allocated to reduce income budgets and the pull down from the cost of change for the Hampshire Integrated Community Equipment Store of £1m.

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

- 4.3. The NRC contributions are expected to overachieve by £812,000 and client contributions for residential and nursing care are currently forecast to exceed the budget by £594,000. This primarily relates to an overachievement of income against OP nursing budgets due to above budgeted activity (which is creating a pressure on expenditure budgets). This is being partially offset by an underachievement of income on LD budgets

#### *Contribution Policy*

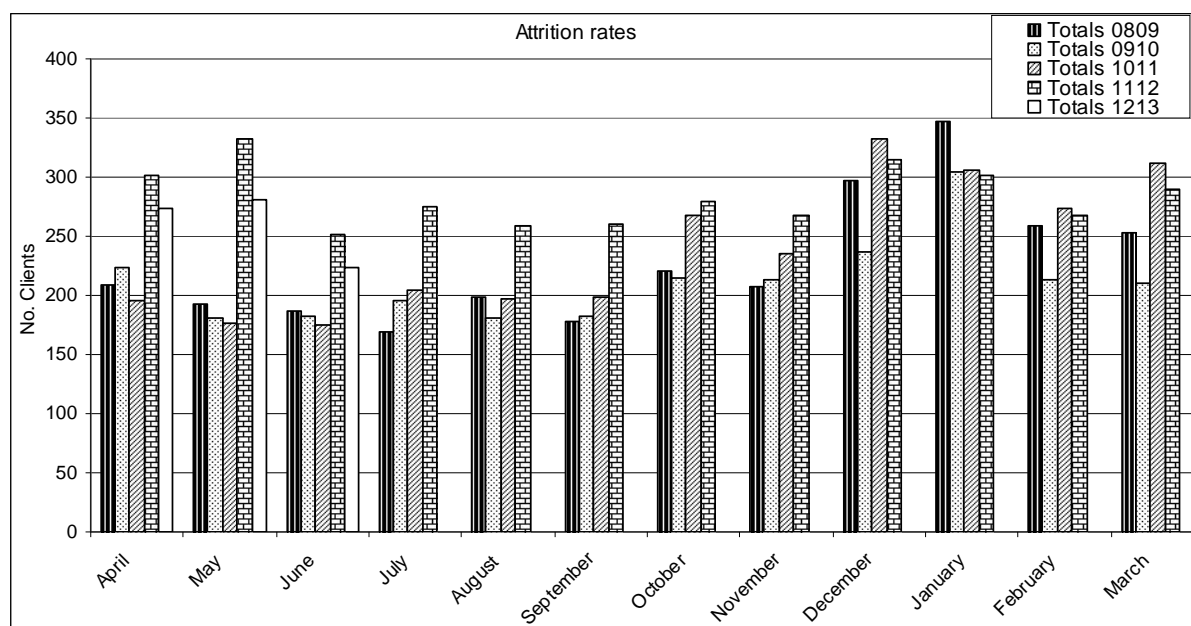
- 4.4. Within the £7.6m additional one-off corporate funding was £1.6m to support the 'at risk' savings target for the contribution policy income target of £4.7m. In addition, loss of income from waivers is expected to be in the region of £1.4m although corporate funding of only £1m has currently been agreed so there is a pressure in the region of £400,000 which is also expected to be funded corporately.

### **5. Client care packages and average weekly cost**

- 5.1. As at the end of quarter 1, the total number of actual client care packages (nursing, residential, domiciliary, day care and direct payments), was 17,974 (15,615 purchased and 2,359 in-house). In addition, a further 205 packages are expected to be provided during the remainder of the year.
- 5.2. The average forecast (full-year effect) of these purchased packages is 15,693, which is 404 lower than the original budgeted packages of 16,097. However, a significant element of this reduction relates to lower numbers of OP day care packages (307 lower than budgeted) and LD domiciliary care packages (193 lower than budgeted).
- 5.3. The average weekly cost of packages is also significantly higher than budgeted in places, and this has contributed (for PD and LD in particular) towards the underlying budget pressure forecast.

### **6. Attrition rates**

- 6.1. Despite overall attrition rates for Adult Services being higher during the last twelve months than the same period during the previous twelve months, the number of client deaths during the start of the year have generally been lower than was experienced last year. The graph below compares the overall number of recorded client deaths over the period 2008/09 to 2012/13, and the table compares the number of client deaths across each client group.



### Comparison of the number of client deaths by client group – 2010 to 2012

Client Group	Total number of client deaths 2010/11	Total number of client deaths 2011/12	Number of client deaths July 2010 to June 2011	Number of client deaths July 2011 to June 2012	Change between 2011 and 2012 (i.e. July to June)	
					Number	%
Older People	2,734	3,210	3,041	3,127	86	2.8
Physical Disabilities	92	114	108	111	3	2.8
Learning Disabilities	39	53	53	40	(13)	(24.5)
Mental Health	10	13	11	15	4	36.4
<b>Total</b>	<b>2,875</b>	<b>3,390</b>	<b>3,213</b>	<b>3,293</b>	<b>80</b>	<b>2.5</b>

## 7. Efficiency savings

7.1. Reflected within the quarter 1 figures is the one-off additional corporate funding of £7.6m to support slippage against efficiency savings targets (£4.5m) and those considered to be at risk of delivery (£1.5m) and the shortfall against the contribution policy (£1.6m). The remaining 2012/13 efficiency savings are expected to be achieved in full.

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

8.1. At the end of 2011/12, there were six debts totalling £84,244.15 that are recommended for write-off, and one previous updated decision (£313.29). There are also three further debts totalling £62,823.11 in relation to quarter 1 2012/13 which are also recommended for write off. In total there are 10 debts totalling £147,380.55 which are being recommended to the Executive Member for write-off.

**9. Recommendations**

That the Executive Member for Adult Social Care:

- 9.1. Note the forecast position for the revenue budget as at the end of quarter 1 (30 June 2012).
- 9.2. Endorse management actions being taken to address budget position.
- 9.3. Note the progress and risks around delivery of the efficiency savings targets.
- 9.4. Approve the write off of the debts over £5,000.

**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
Budget Monitoring – 2011/12 Quarter 3	3715	24 February 2012
<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.)

Document  
None

Location

## **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 1

Care Group	Current Budget	Quarter 1 Forecast Variance	
	£'000	£'000	%
Director	1,687	52	3.1
Policy & Strategic Development	38,223	377	1.0
Older Persons and Physical Disabilities	122,436	6,211	5.1
Learning Disabilities and Mental Health	116,686	(1,403)	(1.2)
In house services	33,247	1,058	3.2
Winter Pressures and Contingency	1,219	(150)	(12.3)
<b>Total</b>	<b>313,498</b>	<b>6,145</b>	<b>2.0</b>
<b>Director</b>			
Management & Support	1,687	52	3.1
<b>Total</b>	<b>1,687</b>	<b>52</b>	<b>3.1</b>
<b>OPPD and LD in-house services</b>			
<b>Operations Director residential and nursing</b>			
Assessment & Care management	0	0	
In-house nursing	6,537	1,091	16.7
In-house residential	10,350	369	3.6
In-house day care	876	(20)	(2.3)
Other	4,092	174	4.3
Management & Support	782	(60)	(7.7)
<b>Sub total residential and nursing</b>	<b>22,637</b>	<b>1,554</b>	<b>6.9</b>
<b>Learning Disability residential and nursing</b>			
Assessment & Care management	295	80	0.3
In-house residential	2,241	113	5.0
In-house day care	7,950	(703)	(8.8)
Other	124	14	11.3
<b>Sub total residential and nursing</b>	<b>10,610</b>	<b>(496)</b>	<b>(4.7)</b>
<b>Total</b>	<b>33,247</b>	<b>1,058</b>	<b>3.2</b>
<b>Total Director and In-house services</b>	<b>34,934</b>	<b>1,110</b>	<b>3.2</b>
<b>Policy &amp; Strategic Development</b>			
Assessment & Care management	1,313	40	3.0
In-house nursing	127	0	0.0
In-house residential	517	0	0.0
In-house day care	165	0	0.0
Purchased day care	149	0	0.0
In-house domiciliary care	37	0	0.0
Other	27,059	82	0.3
Management & Support	8,856	255	2.9
<b>Total</b>	<b>38,223</b>	<b>377</b>	<b>1.0</b>

Care Group	Current Budget	Quarter 1 Forecast Variance	
<b>Older People and Physical Disabilities</b>			
<b>Older People</b>			
Assessment & Care management	14,251	(123)	(0.9)
Purchased nursing	26,522	(196)	(0.7)
Purchased residential	21,954	(75)	(0.3)
Supported and other accommodation	23	(20)	(87.0)
Direct payments	3,093	423	13.7
In-house day care	8	0	0.0
Purchased day care	1,739	178	10.2
In-house domiciliary care	2,158	179	8.3
Purchased domiciliary care	22,994	3,478	15.1
Other	1,721	225	13.1
Management & Support	2,800	(54)	(1.9)
<b>Total Older People</b>	<b>97,263</b>	<b>4,015</b>	<b>4.1</b>
<b>Physical Disabilities</b>			
Assessment & Care management	3,699	150	4.1
Purchased nursing	2,161	377	17.4
Purchased residential	2,940	397	13.5
Supported and other accommodation	0	5	
Direct payments	7,617	187	2.5
In-house day care	0	6	
Purchased day care	894	42	4.7
In-house domiciliary care	(14)	14	(100.0)
Purchased domiciliary care	7,541	1,018	13.5
Other	335	0	0.0
<b>Total Physical Disabilities</b>	<b>25,173</b>	<b>2,196</b>	<b>8.7</b>
<b>Total Older Persons and Physical Disabilities</b>			
Assessment & Care management	17,950	27	0.2
Purchased nursing	28,683	181	0.6
Purchased residential	24,894	322	1.3
Supported and other accommodation	23	(15)	(65.2)
Direct payments	10,710	610	5.7
In-house day care	8	6	75.0
Purchased day care	2,633	220	8.4
In-house domiciliary care	2,144	193	9.0
Purchased domiciliary care	30,535	4,496	14.7
Other	2,056	225	10.9
Management & Support	2,800	(54)	(1.9)
<b>Total Older Persons/Physical Disabilities</b>	<b>122,436</b>	<b>6,211</b>	<b>5.1</b>

Care Group	Current Budget	Quarter 1 Forecast Variance	
<b>Learning Disabilities/Mental Health</b>			
<b>Learning Disabilities</b>			
Assessment & Care management	2,887	141	4.9
Purchased nursing	831	19	2.3
Purchased residential	46,436	(656)	(1.4)
Supported and other accommodation	308	290	94.2
Direct payments	5,553	125	2.3
Purchased day care	3,724	86	2.3
In-house domiciliary care	(2)	222	(11,100.0)
Purchased domiciliary care	37,757	(2,244)	(5.9)
Other	1,170	305	26.1
Management & Support	584	422	72.3
<b>Total</b>	<b>99,248</b>	<b>(1,290)</b>	<b>(1.3)</b>
<b>Mental Health</b>			
Assessment & Care management	4,536	281	6.2
Purchased nursing	472	(154)	(32.6)
Purchased residential	3,336	(253)	(7.6)
Supported and other accommodation	127	(18)	(14.2)
Direct payments	150	(10)	(6.7)
In-house day care	50	13	26.0
Purchased day care	251	(122)	(48.6)
Purchased domiciliary care	1,248	(145)	(11.6)
Other	208	(20)	(9.6)
Management & Support	312	12	3.8
<b>Total</b>	<b>10,690</b>	<b>(415)</b>	<b>(3.9)</b>
<b>Assistant Director, Learning Disabilities and Mental Health</b>			
Assessment & Care management	140	(9)	(6.4)
Purchased day care	752	165	21.9
Purchased domiciliary care	20	(15)	(75.0)
Other	810	(305)	(37.7)
Management & Support	682	51	7.5
<b>Total</b>	<b>2,404</b>	<b>(113)</b>	<b>(4.7)</b>
Assessment & Care management	229	66	28.8
Direct payments	243	0	0.0
Other	133	0	0.0
Management & Support	3,739	349	9.3
<b>Total</b>	<b>4,344</b>	<b>415</b>	<b>9.6</b>
<b>Total Older Persons/Physical Disabilities &amp; Learning Disabilities/Mental Health</b>			
	<b>239,122</b>	<b>4,808</b>	<b>2.0</b>

Care Group	Current Budget	Quarter 1 Forecast Variance	
<b>Winter Pressures and other department contingency</b>			
All department contingencies	1,219	(150)	(12.3)
<b>Total</b>	<b>1,219</b>	<b>(150)</b>	<b>(12.3)</b>
<b>Total Adult Services</b>	<b>313,498</b>	<b>6,145</b>	<b>2.0</b>