HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Adult Social Care
Date of Decision:	14 December 2012
Decision Title:	Budget Monitoring - 2012/13 Quarter 2
Decision Reference:	4485
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 2 (30 September 2012).

1.2. The projected forecast position for 2012/13 as at quarter 2 is a net pressure of £447,000. However, as detailed in the table below as a result of additional one-off funding from the corporate risk contingency to support transition costs arising in year as a result of the transformation the total underlying pressure of £8.729m is reduced to a net underlying pressure of £4.329m. With the use of local contingencies and the cost of change reserve, the departments forecast net outturn pressure is then £447,000. The forecast variance by each directorate is as follows:

	Budget	Forecast outturn	Forecast variance	
	£000	£000	£000	%
Director	1,301	1,298	(3)	(0.2)
Policy and Strategic Development	40,309	40,381	72	0.2
Older Persons (OP) and Physical Disabilities (PD)	121,601	129,613	8,012	6.6
Learning Disabilities (LD) and Mental Health (MH)	117,050	117,374	324	0.3
In House Services	33,279	34,036	757	2.3
Winter Pressures and Contingency	2,181	1,748	(433)	(19.9)
Total	**315,721**	**324,450**	**8,729**	**2.8**
Additional Corporate support for transformation	4,400		(4,400)	
Net underlying pressure	**320,121**	**324,450**	**4,329**	**1.4**
Contingencies		(1,051)	(1,051)	
Balance of cost of change reserve available	3,407	576	(2,831)	
Total Pressure	**323,528**	**323,975**	**447**	**0.1**

1.3. The year to date has been a challenging one, with significant demand and transformational pressures. The department is supporting more older people with greater levels of need. 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.

1.4. Market conditions for residential care have hardened at the same time reflecting the national debate on fees, recent judicial reviews[1] and the necessary focus on the quality of care. The costs of transformation have also been higher than anticipated.

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, on the whole, package numbers are stable there are pressures across the services arising from the average cost of packages being significantly higher than the budgeted value. There has also been further pressures resulting from the

[1] A number of Councils have been challenged in the courts in relation to their setting of the amount they will pay to care homes. While each case is judged on its own facts and merits the cases demonstrate the importance of ensuring the local authority follows a proper process

transformation agenda, and market conditions have further exacerbated this issue, with residential and nursing home providers showing increasing reluctance to accept the Hampshire Rate beyond a very limited number of beds per home. In previous closures, providers have been supportive and offered additional beds at or near the Hampshire rate however this reluctance reflects the more difficult commercial environment and is influenced by the national debate on paying for care. Although this pressure has been off-set by the additional one-off corporate funding of £4.4m.

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 September £11.003m of these savings had been fully delivered and £4.218m 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 £4.1m 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 is £21.70 per week higher than when the budget was set.

Older People Domiciliary Care 2012/13	Budgeted	Period 4 July	Period 5 Aug	Period 6 Sept	Period 7 Oct
Number of placements	5,562	5,522	5,570	5,554	5,575
Average weekly cost	£123	£146	£147	£145.6	£144.7

3.2. The table shows that the actual average weekly cost in the year to date is £21.70 more per person (pp) per week (£1,128 pp per annum) than budgeted. With hourly rates largely static in the year, the increase relates to the number of hours of care needed per person on average to meet their care needs safely. Whilst this is a sign of the County Councils' ongoing commitment to meeting the needs of vulnerable people, it creates significant budget issues. The County Councils' commitment to safe and effective services is shown by the ongoing reduction in the number of 15 minute visits, from 17% to 15.4 % since April. In most cases, the remaining 15 minute visits are part of larger packages of care, such as longer visits at other times of the day.

3.3. The growth in the level of need that we are meeting is also shown in other indicators. There has been 3.4% increase in the number of older people receiving more than three visits per day since April. Meanwhile, there has been an increase in the number of people requiring double up care. This reflects two main trends. Firstly, the NHS is discharging people much earlier than previously. An increasing number of these require double up care because of their frailty at point of discharge. Secondly, the change in the contributions policy not to charge for second carers 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. The number of self funding clients receiving double up care has risen from 116 in February to 153 in September.

3.4. The growing complexity of care needs is also a major factor, with providers reporting that people 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. In addition to the 5% uplift that we granted for OP residential and nursing placements in 2012/13 and which we provided for in budget setting. The cost of residential placements will continue to be an issue, particularly as a number of national providers have been identified as being at risk.

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, rather than whole systems reform as it grapples with a significant underlying deficit.

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. The pressures in Health come at a time when demand pressures in social care are significant. Future budget planning has not included any costs that could arise from future challenges with Health. Early intervention, diversionary and reablement services are proving to be effective in managing the volume of service users, but inevitably this impacts most on those with lower levels of needs. The level of need, and consequently cost, of those cared for is increasingly significantly, with an increase in the average size of packages of care. This is particularly acute for those cared for at home. The demand for care continues to be monitored in detail by the Adult Services Department and Corporate Resources.

3.8. Current trends, based on existing cost profiles, are within the medium term forecasts 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 the 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.

4. Income

4.1. Income (including contributions expected to be received from clients) is forecast to be £2.4m higher than budgeted (excluding internal recharges) as at the end of quarter 2, as detailed in the table below:

Income category	Description	Current budget	Quarter 2 forecast variance	
		£'000	£'000	%
Fees & Charges	Non residential charging	(13,382)	(1,033)	7.7
	Client contributions to residential and nursing care	(44,908)	(1,987)	4.4
	Other[2]	(2,342)	13	(0.6)
Other grants, reimbursements and contributions	Health, Partnerships and Other Local Authorities	(30,851)	613	(2.0)
Other income		(27)	2	(6.5)
Total income [3]		**(91,510)**	**(2,383)**	**2.6**

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

4.2. The NRC contributions are expected to overachieve by around £1m and client contributions for residential and nursing care are currently forecast to exceed the budget by £1.978m. This primarily relates to an overachievement of income against 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). There has also been an increase in the number of deferred payment clients. These are being partially offset by an underachievement of income on LD budgets.

5. Client care packages and average weekly cost

5.1. As at the end of quarter 2, the total number of actual client care packages (nursing, residential, domiciliary, day care and direct payments), was 17,956 (15,667 purchased and 2,289 in-house). In addition, a further 146 packages are expected to be provided during the remainder of the year.

[2] Other income from fees and charges includes contributions received for meals.
[3] Excludes recharges within and to/from other department's.

5.2. The average forecast (full-year effect) of these purchased packages is 15,682, which is 417 lower than the original budgeted packages of 16,099. However, a significant element of this reduction relates to lower numbers of OP day care packages (341 lower than budgeted) and LD domiciliary care packages (181 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. Debts over £5,000 recommended for write off

6.1. At the end of quarter 2, there were 9 debts totalling £200,484.66 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 2.

7.2. Approve the write off of the 9 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:		
	Reference	Date
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

Direct links to specific legislation or Government Directives	
Title	Date
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	Location
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 2

Position as at 30 September 2012 across services

Care Group	Budget	Forecast outturn	Quarter 2 Forecast Variance	
	£000	£000	£000	%
Director	1,301	1,298	(3)	(0.2)
Policy and Strategic Development	40,309	40,381	72	0.2
Older Persons and Physical Disabilities	121,601	129,613	8,012	6.6
Learning Disabilities and Mental Health	117,050	117,374	324	0.3
In house services	33,279	34,036	757	2.3
Winter Pressures and Contingency	2,181	1,748	(433)	(19.9)
Total	**315,721**	**324,450**	**8,729**	**2.8**
Director				
Management & Support	1,301	1,298	(3)	(0.2)
Total	**1,301**	**1,298**	**(3)**	**(0.2)**
OPPD and LD in-house services				
Older Persons residential and nursing				
In-house nursing	6,610	7,217	607	9.2
In-house residential	9,811	10,199	388	4.0
In-house day care	876	816	(60)	(6.8)
Management & Support	663	684	21	3.2
Sub total older persons residential and nursing	**17,960**	**18,916**	**956**	**5.3**
Physical Disabilities residential and day				
In-house residential	544	665	121	22.2
In-house day care	1,080	1,048	(32)	(3.0)
Other	4,124	4,142	18	0.4
Sub total physical disabilities residential and nursing	**5,748**	**5,855**	**107**	**1.9**
Learning Disability residential and nursing				
Assessment & Care management	336	364	28	0.1
In-house residential	2,241	2,498	257	11.5
In-house day care	6,870	6,264	(606)	(8.8)
Other	124	139	15	12.1
Sub total learning disabilities residential and nursing	**9,571**	**9,265**	**(306)**	**(3.2)**
Total	**33,279**	**34,036**	**757**	**2.3**
Total Director and In-house services	**34,580**	**35,334**	**754**	**2.2**

Care Group	Budget	Forecast outturn	Quarter 2 Forecast Variance	
	£000	£000	£000	%
Policy and Strategic Development				
Assessment & Care management	1,313	1,270	(43)	(3.3)
In-house nursing	127	70	(57)	(44.9)
In-house residential	517	504	(13)	(2.5)
In-house day care	165	114	(51)	(30.9)
Purchased day care	149	149	0	0.0
In-house domiciliary care	37	39	2	5.4
Other	28,510	28,387	(123)	(0.4)
Management & Support	9,491	9,848	357	3.8
Total	**40,309**	**40,381**	**72**	**0.2**
Older People and Physical Disabilities				
Older People				
Assessment & Care management	14,374	14,233	(141)	(1.0)
Purchased nursing	26,522	26,134	(388)	(1.5)
Purchased residential	21,503	22,209	706	3.3
Supported and other accommodation	23	34	11	47.8
Direct payments	3,094	3,447	353	11.4
In-house day care	8	8	0	0.0
Purchased day care	1,739	1,845	106	6.1
In-house domiciliary care	2,352	2,188	(164)	(7.0)
Purchased domiciliary care	22,298	27,033	4,735	21.2
Other	1,720	1,812	92	5.3
Management & Support	2,881	2,812	(69)	(2.4)
Total Older People	**96,514**	**101,755**	**5,241**	**5.4**
Physical Disabilities				
Assessment & Care management	3,613	3,743	130	3.6
Purchased nursing	2,161	2,555	394	18.2
Purchased residential	2,940	3,599	659	22.4
Direct payments	7,617	7,983	366	4.8
Purchased day care	894	886	(8)	(0.9)
In-house domiciliary care	(5)	0	5	(100.0)
Purchased domiciliary care	7,532	8,657	1,125	14.9
Other	335	405	70	20.9
Total Physical Disabilities	**25,087**	**27,858**	**2,771**	**11.0**

Care Group	Budget	Forecast outturn	Quarter 2 Forecast Variance	
	£000	£000	£000	%
Total Older Persons and Physical Disabilities				
Assessment & Care management	17,987	17,976	(11)	(0.1)
Purchased nursing	28,683	28,689	6	0.0
Purchased residential	24,443	25,808	1,365	5.6
Supported and other accommodation	23	54	31	134.8
Direct payments	10,711	11,430	719	6.7
In-house day care	8	18	10	125.0
Purchased day care	2,633	2,731	98	3.7
In-house domiciliary care	2,347	2,188	(159)	(6.8)
Purchased domiciliary care	29,830	35,690	5,860	19.6
Other	2,055	2,217	162	7.9
Management & Support	2,881	2,812	(69)	(2.4)
Total Older Persons/Physical Disabilities	**121,601**	**129,613**	**8,012**	**6.6**
Learning Disabilities/Mental Health				
Learning Disabilities				
Assessment & Care management	2,886	3,065	179	6.2
Purchased nursing	831	866	35	4.2
Purchased residential	46,436	46,236	(200)	(0.4)
Supported and other accommodation	308	551	243	78.9
Direct payments	5,553	5,893	340	6.1
Purchased day care	3,724	3,950	226	6.1
In-house domiciliary care	(1)	226	227	
Purchased domiciliary care	37,757	36,410	(1,347)	(3.6)
Other	1,170	1,548	378	32.3
Management & Support	692	1,156	464	67.1
Total	**99,356**	**99,901**	**545**	**0.5**
Mental Health				
Assessment & Care management	4,625	4,734	109	2.4
Purchased nursing	472	341	(131)	(27.8)
Purchased residential	3,286	3,370	84	2.6
Supported and other accommodation	127	117	(10)	(7.9)
Direct payments	150	146	(4)	(2.7)
In-house day care	50	63	13	26.0
Purchased day care	296	92	(204)	(68.9)
Purchased domiciliary care	1,276	1,095	(181)	(14.2)
Other	213	203	(10)	(4.7)
Management & Support	196	304	108	55.1
Total	**10,691**	**10,466**	**(225)**	**(2.1)**

Appendix 1

Care Group	Budget	Forecast outturn	Quarter 2 Forecast Variance	
	£000	£000	£000	%
Deputy Director - Community Care Services and Commissioning				
Assessment & Care management	140	131	(9)	(6.4)
Purchased day care	752	917	165	21.9
Purchased domiciliary care	20	5	(15)	(75.0)
Other	810	505	(305)	(37.7)
Management & Support	728	745	17	2.3
Total	**2,450**	**2,303**	**(147)**	**(6.0)**
Safeguarding and Quality				
Assessment & Care management	229	277	48	21.0
Direct payments	285	285	0	0.0
Other	133	120	(13)	(9.8)
Management & Support	3,906	4,022	116	3.0
Total	**4,553**	**4,704**	**151**	**3.3**
Total Older Persons/Physical Disabilities, Learning Disabilities, Mental Health, Safeguarding and Quality & Deputy Director	**238,651**	**246,987**	**8,336**	**3.5**
Winter Pressures and other department contingency				
All department contingencies	2,181	1,748	(433)	(19.9)
Total	**2,181**	**1,748**	**(433)**	**(19.9)**
Total Adult Services	**315,721**	**324,450**	**8,729**	**2.8**
Additional Corporate support for in house services	4,400		(4,400)	
Net underlying pressure	320,121		4,329	1.4
Contingencies		(1,051)	(1,051)	
Balance of cost of change reserve available	3,407	576	(2,831)	
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