

HAMPSHIRE COUNTY COUNCIL**Decision report**

Decision Maker:	Executive Member for Adult Social Care and Public Health
Date of Decision:	27 January 2015
Decision Title:	Revenue budget report for Adult Services for 2015/16
Decision Reference:	6336
Report From:	Director of Adult Services and Director of Corporate Resources – Corporate Services

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1. Executive Summary

- 1.1. The purpose of this report is to set out proposals for the Adult Services budget for 2015/16 in accordance with the Council's Medium Term Financial Strategy (MTFS) reported to Cabinet in July 2014.
- 1.2. The County Council's early action in tackling its forecast budget deficit over the current Comprehensive Spending Review (CSR) period and providing funding in anticipation of the tougher times to come, placed it in a very strong position to produce a 'steady state' budget for 2014/15 and give itself the time and capacity to develop and implement the next phase of savings by 2015/16.
- 1.3. The budget for 2014/15 that was approved at this stage last year included savings plans for the 2015/16 financial year in order that these could be implemented during the current financial year so that, wherever possible, savings would be fully in place by April 2015.
- 1.4. The report also provides an update on the financial position for the current year. Overall the Department is expected to achieve a balanced budget and to deliver some early savings for 2015/16.
- 1.5. The report also reviews the level of charges for the provision of services in section 6 and provides a summary of charges in Appendix 1.
- 1.6. The proposed budget for 2015/16 analysed by service is shown in Appendix 2 and the workforce implications of the budget proposals are set out in Appendix 3.
- 1.7. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2014/15 and detailed service budgets for 2015/16 for Adult Services Department. The report has been prepared in consultation with the Executive Member and will be reviewed by Health and Adult Social Care Select Committee. It will be reported to the Leader and Cabinet on 6

February 2015 to make final recommendations to County Council on 19 February 2015.

2. Context and Priorities

- 2.1. The budget setting process for 2015/16 will be different to previous years in that the majority of the decisions in respect of major changes to the budget were taken as part of the 2014/15 budget setting process in February 2014. Other factors will still affect the budget, such as council tax decisions and inflation, but these will not be as significant as the savings programme that has already been put in place.
- 2.2. Details of the CSR for 2015/16, published in 2013, included a 10% real terms cut in the Departmental Expenditure Limit (DEL) for local government. The budget forecast for 2015/16 therefore included a 10% cash terms cut in all grant funding which equated to a £27.1 million reduction. The provisional settlement released in December 2014 confirmed an 11.8% reduction for the County Council, increasing the grant loss to £30 million which will be taken into account when the final budget is set.
- 2.3. The July 2014 MTFS updated the overall position in respect of the 2015/16 budget gap and detailed savings proposals were approved by Cabinet and County Council as part of the 2014/15 budget setting process. The savings have been achieved through the 'Transforming the Council to 2015' (TtC to 2015) programme that has been developed and regular updates on the Programme have been provided to Cabinet during 2014.
- 2.4. Assumptions included in the strategy that have been built into the 2015/16 budget proposals are:
 - a 1% council tax freeze grant available for 2015/16 on the assumption that council tax is not increased
 - total inflation of £19m across all departments
 - 'passporting' of any further losses of specific grant to the relevant services
- 2.5. As part of the ongoing transformation programme across the County Council, Adult Services have been developing service plans and budgets for 2015/16 and future years in keeping with the County Council's priorities and key issues, challenges and priorities for the Department are set out below.

Departmental Challenges and Priorities

- 2.6. 2014/15 has been as challenging as the previous year, with a substantial transformation programme, significant demand pressures and a health system that is still embedding following the transition to its new structure. The ongoing position between the increase in demand and reduction in resources continues to present a major challenge. The service continues to work to ensure that resources are targeted at those with the greatest needs and on meeting statutory duties.

- 2.7. The recent trend in the growth in the complexity of care needs continues. This is driven by a number of factors, including the increasing success of health interventions that sustain life, but leave people with on-going ill-health and disability. Younger people with profound disabilities are now surviving into adulthood and need significant and long term support. Older people are living longer, but with more years of ill-health requiring significant care interventions. Working across health and social care economies is critical to managing demand, given the complex relationship between health conditions and social care need. Hampshire continues to learn and develop its understanding of how to support people to maximise their independence and has been undertaking fundamental reviews of how we support people in the community. The outcome of these reviews have started to be implemented during 2014, and will focus on continual enablement as a fundamental principle. Further work is ongoing with the district and boroughs on how to achieve significant efficiencies in the commissioning of services to homeless and socially excluded people.
- 2.8. The relationship between social care and Public Health is key as the public health and wellbeing agenda is fundamental to the long term sustainability of services. Helping people improve their health and wellbeing as they move into later life is ultimately the only way to tackle an otherwise inexorable growth in demand. Whilst medical breakthroughs, for example on dementia, may make a major contribution, helping people make the lifestyle choices that will reduce their propensity to loss of independence is equally important. There is significant evidence that the same lifestyle changes that have a positive impact on physical health can also have a positive impact on good mental health and even reduce the risk of dementia.
- 2.9. Delaying dependency and demand on social care continues to be promoted through our work with people with more moderate needs. This is achieved through cost effective shorter term interventions that re-establish independence. Adult Services have therefore maintained its investment in its Older People's Wellbeing programme and the Community Independence Team.
- 2.10. The health landscape remains complex with the Council working with five Clinical Commissioning Groups (CCGs). Foundation Trust status and the tariff system has also contributed to system dissonance. The pressure on hospital discharge has intensified this year, with pressure across all of the Hampshire health and care systems. Hampshire County Council has a good record on minimising local authority caused delays, certainly when compared to our region. However, our performance has suffered this year and whole system delays are more variable. A shortage of care workers has hampered attempts to deal with the growth in the demand for discharge packages especially those requiring four visits a day with 'double up' care.
- 2.11. The increased activity through hospitals and the growth in underlying demand has put pressure on care delivery. The main growth is in care at home. Demand has outstripped supply at times in some parts of the

county. Hampshire County Council has undertaken a fundamental review of the care at home market and is in the final stages of re-commissioning care at home for all client groups. The new model is at the leading edge of outcome based social care commissioning that seeks to address quality and labour market issues and the need to ensure that all interventions (short or long term) are aimed at enabling people to their maximum capacity. To achieve this, providers will need to be given sufficient activity to be able to affordably cover their training and supervision costs and be rewarded for helping Hampshire County Council manage demand. We will also be launching a campaign in January 2015 to try to attract more people to the care workforce.

- 2.12. Development of the Better Care Fund (BCF) Plan has continued. Following the National Consistent Audit Review overseen by NHS England and the Local Government Agency Hampshire partners have now received confirmation that our plan has been approved. Partners are now working to NHS England on our implementation process. A key element of this is the engagement of providers.
- 2.13. Work with the five CCGs continues to be positive and the recent publication of NHS Planning Guidance reinforces the need for NHS partners to align the BCF plan with operational and strategic plans. Previously reported action associated with the risk share to protect social care services and £20m of savings in 2015/16 and 2016/17 has continued. The CCGs have recently received allocations for 2015/16, and whilst they are themselves in difficult financial positions for some the increased base allocation is welcome. We are currently formulating the Section 75 agreement in draft that allows us to create a pulled budget as a repository for the fund.
- 2.14. In the midst of increasing demand and shrinking resources, the Government has imposed a completely new legislative framework for adult social care in the shape of the Care Act. Whilst the refresh of the legislative landscape is welcome, the Act imposes new duties and burdens that have not been properly funded thus far. The first phase of implementation commences April 2015, and plans are in place to ensure that we are compliant within severely constrained resources. The greater risks come in the form of the care cap, which is due to be implemented from April 2016, although there is some doubt whether it will survive the General Election.

3. 2014/15 Budget

- 3.1. The cash limited budget for 2014/15 included the early achievement of savings of £4m during the year. These and any further savings achieved during the year can be transferred to Departmental reserves and used to fund any future costs of change.
- 3.2. The underlying demand based financial pressure for the department is similar to that experienced in previous years and is being managed through measures put in place at the end of last financial year. Any financial impact will be covered by resources held within the department.

- 3.3. The budget for the department has been updated throughout the year and the revised budget is shown in Appendix 2 (excludes the impact of the 2014/15 pay award, which will be dealt with as an in-year adjustment later in the year). The expected outturn forecast for 2014/15 is a balanced budget.

Budget 2015/16

4. Revenue Pressures and Initiatives

- 4.1. Within Adults there are specific areas of potential pressure that require consideration which have been outlined in section 2 and are summarised below:

Demand

- future pressures arising from complexity and demography which will no longer be allowed for in the MTFS as actions will continue to be taken to control demand. Any financial impact will be contained within the cost of change and further demand management activity.
- the potential for average cost of packages to continue to increase beyond the amount already planned for as part of the MTFS

Health landscape

- the creation of the Better Care Fund for 2015/16 which is driving forward integration with Health organisations and raising awareness and understanding of social care pressures

The Care Act

- will result in major changes to current ways of operating and could present a significant financial risk

Other National Policy

- National updates on both the Independent Living Fund and Deprivation of Liberty Standards.

Transformation

- the revenue implications of any further transformation for which appropriate contingencies would need to be set-up

- 4.2. These pressures will be taken into account in setting the contingency levels within the overall budget that will be reported to Cabinet.

5. Revenue Savings Proposals

- 5.1. The Department was given a savings target for 2015/16 of £40.666m. In February 2014, a savings programme was put forward by the Department which included proposals to meet this gap.
- 5.2. During the last year, the Department has been progressing the implementation of these savings, which have been subject to regular

reporting to Cabinet and two internal Peer Review challenges, which were undertaken by the Deputy Chief Executive/Director of Children's Services.

- 5.3. It is now anticipated that full year savings of £29.276m will be achieved in 2015/16 with the shortfall against the target being made up from alternative savings delivery.
- 5.4. The main reason for the under achievement relates to :
 - Better Care Fund - A financial risk share has been agreed on the £20m BCF efficiency target between the County Council and the five CCGs. The agreement jointly commits the six partners to underwrite £20m of savings in 2015/16 and 2016/17 by making up any under-delivery of recurring savings through one off cash contributions.
 - Supporting People plans being revised with a view to delivery over a longer timeframe
 - Younger Adult Extra-Care plans being rephased.
- 5.5. Rigorous monitoring of the delivery of the programme will continue during 2015/16, to ensure that the Department is able to stay within its cash limited budgets as set out in this report.
- 5.6. This early action in developing and implementing the savings programme for 2015/16 means that the County Council is in a strong position for setting a balanced budget in 2015/16 and that no new savings proposals will be considered as part of the budget setting process for the next financial year.

6. Review of charges

- 6.1. For Adult Services, the 2015/16 revenue budget includes income of £58.266m from fees and charges to service users. This is an increase of £1.568m (2.76%) on the adjusted original budget for 2014/15.
- 6.2. Details of current and proposed fees and charges (where these are specifically defined) for 2015/16 are outlined in Appendix 1.

7. Other expenditure

- 7.1. The budget includes some items which are not counted against the cash limit. This includes budgets for central department support services (except where they have been given to service departments to buy services), and repair and maintenance of buildings. It also includes costs of Member Support within Adult Services and budgets that are rechargeable to Policy and Resources for corporate and democratic core services.

8. Budget summary 2015/16

- 8.1 The budget update report presented to Cabinet in December included provisional cash limit guidelines for each department. The cash limit for Adult Services in that report was £297m.

- 8.2 Appendix 2 sets out a summary of the proposed budgets for the service activities provided by the Department for 2015/16 and show that these are within the amended cash limit set out above.
- 8.3 In addition to these cash limited items there are further budgets which fall under the responsibility of this department, which are shown in the table below :-

	2015/16 £000
Total expenditure	410,396
Income other than Government grants	111,459
Total net expenditure	298,938

- 8.4 This net position excludes central items such as repairs and maintenance, support service charges and capital charges which will be added as part of the overall budget reported to Cabinet and County Council in February.

9. Workforce implications

- 9.1. The workforce implications of the proposed budget for 2015/16 are set out in Appendix 3. This is based on current known changes, but excludes any assumptions about the current Enhanced Voluntary Redundancy process which will make decisions by the end of this financial year on requests that have been received from staff.
- 9.2. At the end of 2015/16 the planned workforce for Adult Services is 2,795.30 full time equivalent (FTE) staff. This compares with the estimate at the end of 2014/15 of 2,828.00 FTEs which is a reduction of 32.7 FTEs as summarised below:

	FTEs
FTE staff as at 31 March 2015	2,828.00
Changes relating to savings targets	(32.7)
FTE staff as at 31 March 2016	2,795.30

10. Recommendations

To approve for submission to the Leader and Cabinet:

- 10.1. The annual review of income and charges (as set out in Appendix 1).
- 10.2. The revised budget for 2014/15 (as set out in Appendix 2).
- 10.3. The summary budget for 2015/16 (as set out in Appendix 2).

- 10.4. The workforce implications of the proposed budget for 2015/16 (as set out in Appendix 3).

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:		
Capital Programme for 2015/16 to 2017/18	<u>Reference</u> 6337	<u>Date</u> 27.01.15
Direct links to specific legislation or Government Directives		
		<u>Date</u>

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. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

The department's budget and performance strategies are developed in accordance with the Council's Equalities Policy and have regard to the most vulnerable in society. It is the nature of Adult Services business that it works discrimination in society, for example older people, people with disabilities, carers and people with mental health problems. The social care workforce also has a higher than average proportion of female workers.

How budgets are used have a significant impact on the most excluded. The operational Directors have lead responsibility to ensure that equality impact assessments take account of the needs of these groups. This budget report provides information on the spending plans of the Directorate which support the priorities of the department.

High level equalities impact screenings are in the process of being carried out in respect of the savings proposals included in this report. These will identify if there may be a disproportionate impact on either specific sections of the community or on our staff group. Please note that this work is still in progress predominantly with people that might be vulnerable and groups that may face

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.

2.2. The proposals in this report are not considered to adversely affect 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.

Department**Review of income 2015/16**

	Total Income (15/16 Budget)	Current Charge	Proposed Increase	Proposed New Charge
	£	£	%	£
Mandatory/National Charges				
Full Cost Weekly Charge (HCC in-house residential and nursing establishments, including respite services)				
Nursing Care for Older People (per week)	8,583	532.00	2.63	546.00
Residential Care for Older People (per week)	4,564	469.00	1.49	476.00
Residential Care for Elderly Mentally Infirm (per week)	In Above	532.00	2.63	546.00
Residential Care for people with Physical or Sensory Disability (per week)	79	1043.00	2.01	1064.00
Residential Care for Adults with a Learning Disability (per week)	197	938.00	2.24	959.00
Orchard Close (per standard week)	26	791.00	1.77	805.00
Meals on wheels		3.60	5.56	3.80

Discretionary Charges

Service users contributions for non-residential care (chargeable services) are calculated based on the actual cost of care provided to service users

In line with Corporate Policy all discretionary charges will be increased by a inflation rate of 2.2%

**Department
Budget summary 2015/16**

Service Activity	Original Budget 2014/15 £000	Revised Budget 2014/15 £000	Proposed Budget 2015/16 £000
Service Strategy and Regulation	515	543	507
Older People (aged 65 or over)	134,572	136,975	121,725
Adults under 65 years with Physical or Sensory Impairment	34,095	34,418	34,944
Adults under 65 years with Learning Disabilities	112,108	113,522	108,261
Adults under 65 years with Mental Health Needs	13,109	13,106	13,125
Supported Employment	484	488	489
Other Adult Services	3,057	1,550	1,324
Supporting People	21,433	24,055	15,691
Unallocated Budget	12,426	7,968	2,537
Non-distributed Costs	335	336	335
Total	332,134	332,961	298,938

**Department
Workforce implications**

Service Activity	Estimated Staff Numbers (full-time equivalent) 31.3.2015	2014/15 Revised Changes as at 31.03.15	2015/16 Transfers & Other Changes	Impact of Savings Proposals	Estimated Staff Numbers (full-time equivalent) 31.3.2016
Older People (aged 65 or over)	1,647.00			-15.00	1,632.00
Adults under 65 years with Physical or Sensory Impairment	326.00	2.50		-3.00	325.50
Adults under 65 years with Learning Disabilities	407.00	0.63		-4.00	403.63
Adults under 65 years with Mental Health Needs	115.00	0.35		-1.00	114.35
Other Adult Services	18.00	-1.00			17.00
Out of Hours	37.00				37.00
Management & Support	278.00	-7.98	3.00	-7.20	265.82
Total	2,828.00	-5.50	3.00	-30.20	2,795.30