

Direct Dial/Ext: 01622 694277
Fax:
e-mail: theresa.grayell@kent.gov.uk
Ask for: Theresa Grayell
Your Ref:
Our Ref:
Date: 10 November 2009

Dear Member

**ADULT SOCIAL SERVICES POLICY OVERVIEW AND SCRUTINY COMMITTEE - TUESDAY,
17 NOVEMBER 2009**

I am now able to enclose, for consideration at next Tuesday's meeting of the Adult Social Services Policy Overview and Scrutiny Committee, the following report, which was unavailable when the agenda was printed.

Agenda No Item

2. **Budget 2010/11 and Medium Term Financial Plan 2010/11 to 2012/13 (Pages 1 - 28)**

Yours sincerely



Peter Sass
Head of Democratic Services & Local Leadership

This page is intentionally left blank

To: Adult Social Services Policy Overview and Scrutiny Committee –
17 November 2009

By: Graham Gibbens, Cabinet Member Adult Social Services
Oliver Mills, Managing Director Adult Social Services

**Subject: BUDGET 2010/11 AND MEDIUM TERM FINANCIAL PLAN
2010/11 TO 2012/13**

Classification: Unrestricted

Summary: This report identifies the proposed strategy for determining next year's budget and the financial plans for the following two years. This includes the latest indications of likely pressures facing the Adult Social Services portfolio, suggested areas for service improvements and the savings that may be needed in order to set a realistic three year budget plan.

Recommendation: Members are asked to review and comment on the overall strategy, the pressures identified for the Adult Social Services portfolio and to identify their priorities for savings if each portfolio had to deliver a 10% saving on gross expenditure over the next three years.

FOR COMMENT

1. Introduction

- 1.1 The Autumn Budget Statement to Cabinet on 12 October 2009 suggested that we are entering into more uncertain times for local government finance than has been the case for many years.

Whilst we have been assured that the Government will honour the third and final year (2010/11) of the current three-year Local Government Finance settlement there remain uncertainties on the level of efficiency savings that will be required for the year, the allocation of specific grants and the level of council tax capping.

- 1.2 Beyond 2010/11 the future is even more uncertain with the next three-year Comprehensive Spending Review (CSR) deferred until after the next general election, the general state of the UK economy continuing to be weak, and a big hole in public finances.

The most likely scenario is that we will be heading into a period of spending restraint compared to the relative prosperity of recent years.

2. Background

- 2.1 Indicative cash limits for 2010/11 and 2011/12 were approved by the County Council on 19 February 2009 in the Medium Term Plan (MTP) for 2009/12. These have been updated for known changes such as transfers of activities or staff between portfolios following the announcement of the new Cabinet responsibilities in May.
- 2.2 We are proposing a minor restructuring of the presentation of the MTP so that we can more clearly distinguish between unavoidable pressures (such as the impact of inflationary pressures on pay and prices, demographic pressures due to changes in Kent's population, and legislative pressures from Government) and pressures arising from local decisions on service levels and policy led improvements. The indicative cash limits have been updated for the latest forecast of these pressures.
- 2.3 We are also proposing a minor re-presentation of savings and income sections to more closely match the strands set out in the budget strategy below. Managing Directors have been set targets to make efficiency savings on staff overheads and procured services. In setting these targets we have been clear that we need to drive out as much as possible from efficiency savings before we look at any other savings.
- 2.4 We are setting POSCs the challenge to identify their priorities for areas for savings – from both an efficiency and policy perspective - if we had to make a 10% reduction on gross expenditure over the next 3 years.

At this stage in the process this is a scoping exercise to inform policy development over the medium term (and we have no intention to take such a blunt salami slicing approach to policy development) rather than to bring forward specific proposals.

However, POSCs will have the opportunity to identify any areas where they think savings can be achieved from policy changes affecting the 2010/11 budget.

3. Budget Strategy

- 3.1 In light of the national situation outlined in this report we are proposing a budget strategy based on the following assumptions:
 - A £9m increase in formula grant for 2010/11 from £267m to £276m. Thereafter we are estimating a 3% per annum reduction in cash terms.
 - A reduction in the growth in the council tax base due to additional households from 0.8% in 2009/10 to 0.5% p.a. for the period of the next MTP.
 - As low an increase in council tax as possible.

- 3.2 Based on these assumptions this would see a small increase in the council's net spending of £822m in 2009/10 (excl. Area Based Grant) and thereafter standstill or reduced net spending.

This represents a substantial shift over the previous three-year period which saw net spending rise from £710m in 2006/07 to £742m in 2007/08 to £796m in 2008/09.

- 3.3 In order to deliver a change of this magnitude we have calculated we would need to reduce spending in real terms by nearly £200m over the period of the next MTP.

We are proposing this would be achieved through a combination of resisting budget pressures and making savings through efficiencies/income generation (i.e. delivering the same or similar level of service at lower cost) and policy led changes (i.e. delivering a different level of service).

- 3.4 In the normal course of events we could have anticipated budget pressures of circa £190m over the period of the next MTP. This assumes inflation running within the government target of 2.5% pa, demographic changes arising from an increasingly elderly and needy population, and legislative changes adding additional burdens on local authority services.

Under the budget strategy we propose to resist 1/3 of these pressures through taking a robust stance in negotiating pay and price increases and responding to demographic and legislative pressures through innovative cost effective approaches.

- 3.5 Even after resisting some pressures this would still leave the authority needing to find around £130m of cashable savings to deliver a balanced budget within the overall strategic assumptions outlined in paragraph 3.1.

This equates to the 10% that we are asking each POSC to consider (assuming schools spending/grants continue to be outside of KCC's direct influence).

To put savings of this magnitude into context, over the preceding three-year period from April 2007 to March 2010 we will have delivered over £110m of efficiency savings/income generation as part of delivering each year's budget.

- 3.6 Chief Officers have signed up to identifying £10m of efficiency savings in 2010/11 from reducing staff overheads through a review of support functions. Chief Officers have also agreed to identify £6m of savings on procured services in 2010/11, through driving out efficiencies between the authority and contractors.

POSCs can consider and comment on these proposals as part of their deliberations on identifying the scope for 10% savings on the total portfolio spend.

4. Latest Developments: National Context

- 4.1 There are a number of national factors to take into account.
- 4.2 The Government's Comprehensive Spending Review 2007, published on 9 October 2007, set out national spending plans for 2008/11. The overall state of public finances and direction of the UK and world economy has significantly deteriorated since these plans were published.

Nonetheless, the Government has assured local authorities that they will honour the third and final year of the current plan and that Formula Grant settlements will be as previously announced.

For Kent this represents an increase of around £9m on the £267m grant for 2009/10. The final figure will vary slightly for changes in the data used for the formula and the Government is due to issue revised indicative figures in late November/Early December and we should get final settlements in late January/early February.

- 4.3 Over the last 18 months inflation has initially gone up (exceeding Government targets) and subsequently reduced. There are different indices used to measure inflation, the indices enable an annual rate of underlying inflation to be calculated:

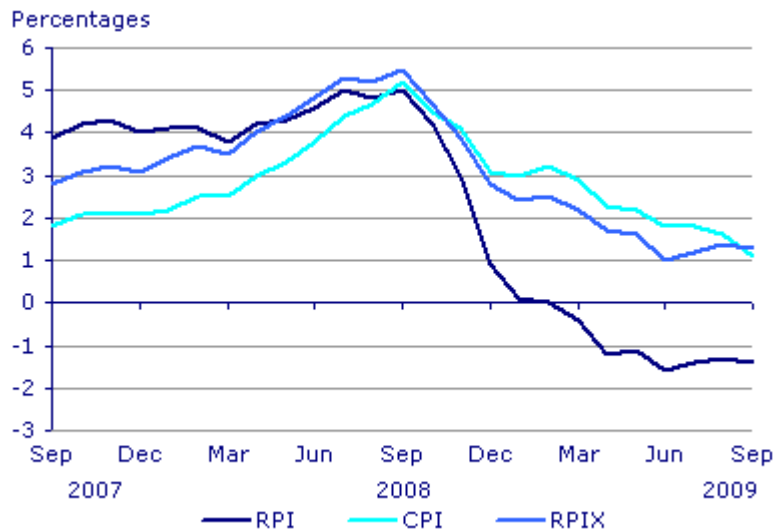
Retail Price Index (RPI) – This is the traditionally accepted measure for inflation and has been calculated continuously since June 1947. It is used by the government to update pensions, benefits and index-linked gilts. It is commonly used to uprate contracts, and is often taken into account in wage bargaining. RPIX is a variant excluding mortgage interest payments; RPIY is a further variant excluding mortgage interest and indirect taxes (e.g. VAT and council tax).

Consumer Price Index (CPI) – This is the measure now adopted by Government for targets on the economy. It is based on harmonised consumer index prices (HCIP) and enables comparison on internationally agreed standards throughout Europe. It does not include mortgage interest or indirect taxes but does include some financial services not included in RPI.

- 4.4 The chart below shows the changes in inflation over the last 2 years. In summer 2008 we experienced relatively high levels of inflation (CPI 5.2%, RPI 5.0% both peaked in September 2008) well above the levels assumed in the government's spending plans. At the time was attributed to rising fuel prices.

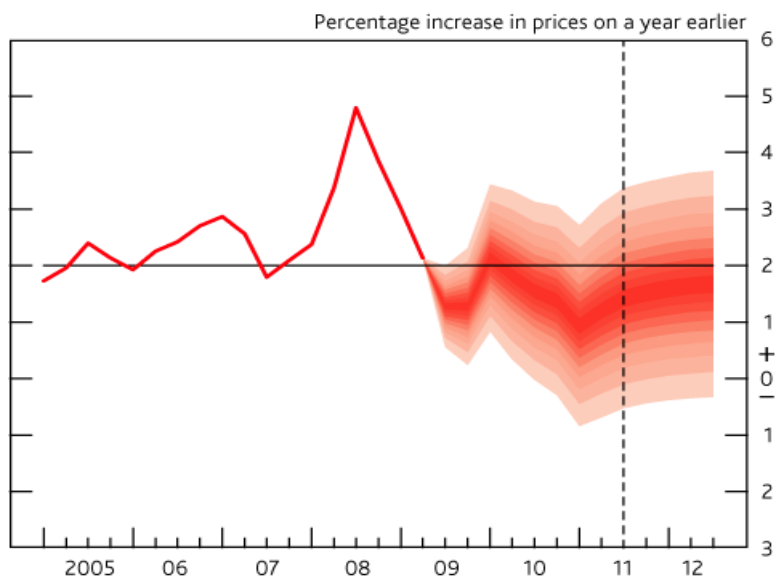
Since then RPI has declined steadily dropping to 0% in January 2009 and currently stands at an annual decrease of -1.4% as at September 2009. This is mainly on the back of reduced interest rates affecting mortgage payments and reduction in VAT.

CPI has declined less rapidly and currently stands at an annual increase of +1.1% as at September 2009 (down from 1.6% in August). The largest downward factor on CPI over the last year has come from housing and household services particularly energy prices which have remained largely constant following increases last September.



4.5 The Bank of England Monetary Policy Committee (MPC) produces monthly “fan charts” with forecasts for inflation (CPI) and economic growth (Gross domestic Product – GDP).

The idea of the fan chart is that it provides a range for forecasts which expand the further into the future to allow for greater uncertainty. The latest fan chart for inflation is reproduced below.



As can be seen from the fan chart the MPC is forecasting a rise in inflation (as measured by CPI) to around 2% by the end of the year with a steady decline throughout 2010 (down to around 1%) and thereafter a small but steady rise up to around 1.8% by the end of 2011.

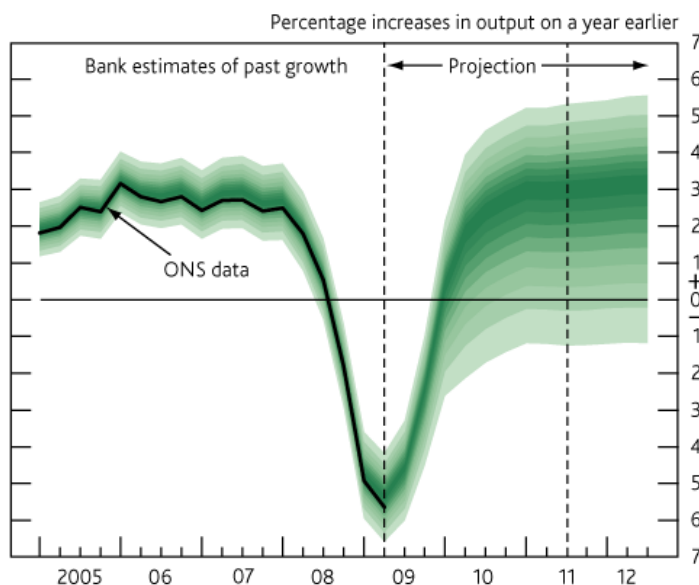
On the presumption that interest rates will remain low for the foreseeable future it seems likely that RPI will continue to be below CPI although the gap should close as the reductions in interest rates last year no longer have a negative impact on the annual underlying rate of inflation (when interest rates eventually rise this is likely to impact as an increase in RPI taking it above CPI).

- 4.6 We have dwelt on inflation in more depth than previous POC reports as it is an essential component of our budget strategy that the current low levels be reflected in our pay and price pressures and negotiations.

In particular RPI on which many of our contracts and wage bargaining is based is currently negative (and likely to remain so or at least negligible increase while interest rates remain low).

- 4.7 The other major economic factor which we have to take into account is that the UK economy has been in recession since Autumn 2008. The MPC is currently forecasting that we reached the bottom of the trough earlier in the year and the economy is slowly improving. The fan graph for GDP suggests the economy could be back into modest growth by the end of the year.

Should the forecasts prove to be inaccurate and the recession continue longer than expected this could have significant impact on the demographic forecasts within the MTP as there is much evidence that in a time of prolonged recession people's attitudes, behaviours and demands for public services change.



5. The current budget

5.1 The current budget for the Adult Social Services portfolio under the oversight of this POSC is as follows:

	Gross spend £'000	Income £'000	Net spend £'000
Portfolio controllable*	441,612	101,000	340,612

* The above is based on the cash limits reported to Cabinet in September but then adjusted for the transfer of Supporting People to Communities.

Further detail is outlined in Appendix 1.

5.2 In very brief summary this budget provides for the following outcomes, outputs and/or service improvements:

- Approximately 146,700 weeks of permanent residential care for Older People (excluding preserved rights) within the independent sector supporting 2,796 clients as at September 2009, with nearly 11,000 weeks of non-permanent care
- 70,600 weeks of permanent nursing care for Older People within the independent sector supporting 1,353 clients as at September 2009, with a further 4,500 weeks of non-permanent care
- 2,542,000 hours of domiciliary care for Older People provided through the independent sector and a further 207,000 hours provided by the Directorate's own homecare staffing, together supporting nearly 7,000 clients in their own home as at September 2009
- Approximately 32,000 weeks of permanent residential care for people with a Learning Disability (excluding Preserved Rights) within the independent sector supporting 642 clients as at September 2009. Also approximately 33,000 weeks of permanent residential care for preserved rights supporting 609 clients as at September 2009
- About 11,100 weeks of permanent residential care for people with a Physical Disability within the independent sector supporting 229 clients as at September 2009
- 2,179 people of all client groups in receipt of a direct payment as at September 2009
- 258 Mental Health clients in residential care as at September 2009

- Occupational Therapy and Sensory Disability Services working in partnership with Health, Hi Kent and Kent Association for the Blind to provide over 45,000 items of equipment in 2008/09
- Care Managers and Mental Health Social Work staff carrying out almost 30,000 assessments for new clients in 2008/09, and almost 35,500 clients reviewed overall

Further detail is outlined in Appendix 2.

5.3 As reported in the first quarter's monitoring, there are pressures on our gross expenditure and savings targets in the following areas:

- £1,433k pressure relating to gross expenditure on Learning Disability residential placements in the independent sector where number of clients, and their average cost per week, remain in excess of affordable levels
- Similar £736k pressure on gross expenditure relating to Physical Disability residential placements in the independent sector
- Similar £622k pressure on gross expenditure relating to Mental Health residential placements in the independent sector
- A saving of £885k resulting from an increased average income per week from Older People in independent sector residential and nursing placements
- A saving of £836k on gross expenditure on independent sector domiciliary care for Older People's due to lower than anticipated activity
- A saving of £800k following the release of the uncommitted balance of the Managing Director's contingency to compensate pressures in the overall position.

There is an overall pressure for the Directorate of £496k and the expectation is that this will be managed down through the application of Guidelines for Good Management Practice. These are in place across all teams and will help us manage demand on an equitable basis consistent with policy and legislation.

Further detail is outlined in Appendix 3.

6. Adult Social Services Priorities for the Medium Term Plan

- 6.1 The overall direction for the Adult Social Services Portfolio is now well established, and enclosed with this report at Appendix 4 is a draft statement of the Medium Term Service Priorities for Adult Social Services, which will shape our contribution to Section 3 of the Medium Term Plan.
- 6.2 Members will appreciate, from the information in Section 3 above, that the financial framework for the medium term will be very tough for all portfolios and comes at a time when demand for services has never been higher, both because more people need services and because of greater public expectations particularly at times of recession.
- 6.3 Whilst the Directorate is implementing modernisation changes that will increase efficiency and effectiveness, this will not avoid altogether the need for some difficult decisions over the medium term.
- 6.4 Areas of spending priority for which significant additional funding is proposed are as follows:

Pay: £3,012k – There is no provision currently included in cash limits for an annual pay award for Kent Scheme staff in 2010/11 as no proposal has been made. Thereafter cash limits include a provision consistent with the underlying rates of inflation throughout 2009 and the Monetary Policy Committee forecasts for the next two years.

Settlements continue to be the subject of local pay bargaining with recognised trade unions on an annual basis. The majority of staff in the Kent Scheme benefits from incremental progression under the performance progression arrangements. On average incremental progression equates to a 2.7% increase in pay. No funding is provided within the overall cash limit for incremental progression on the grounds that the cost is offset by the effect of staff turnover.

Staff turnover levels have marginally declined in the current recession and we now have an average turnover level, across the whole of KCC, of around 12% of staff.

In addition to staff turnover, vacancy management continues to be used to both balance budget provision and wherever possible to mitigate the impact of restructuring and any necessary downsizing for other employed staff.

Prices

Prices for Social Care Provision: £10,401k – There is no provision currently included in cash limits for an annual increase in 2010/11 for social care provision. Thereafter cash limits include a provision consistent with the underlying rates of inflation throughout 2009 and the Monetary Policy Committee forecasts for the next two years. Discussion will take place with the care sector as in previous years.

Transport, Gas & Electricity & Other Price increases: £836k – We have identified pressures in relation to transport £342k, gas and electricity £178k and increases in other prices of £228k over the three year period.

Unavoidable Legislative Pressures: £238k – We have identified pressures resulting from the increased costs of enhanced checks by the Criminal Records Bureau. This updates the pressure identified in the current Medium Term Plan.

Demand/Demographic Led: £18,414k - the current pressures within those services for younger adults indicate that at least £6,138k is required for demography in 2010-11 and future years. This calculation is based on comparing the expenditure in 2008-09 to that in 2007-08. An adjustment has been made for the inflationary uplift. The increase represents both the likely growth in client numbers but also the changing needs and complexity of cases. The calculation does assume that any increase is similar to an historical trend. The growth figure assumed is similar to the percentage increase being seen nationally on expenditure on younger adults.

- No allowance for demographic growth in Older People has been made on the assumption that the investment in preventative measures such as enablement, intermediate care and assistive technology will reduce demand and allow the Directorate to hold spending at existing levels.

Service Strategies & Improvements: -£250k – This is assumed within the current Medium Term Plan and relates to the claw-back of one-off funding received in 2009/10 for the Citizens Advice Bureau.

- 6.5 Inflationary uplifts to client and other income will generate an additional £3,299k over the three years.
- 6.6 Areas where the Managing Director/Cabinet Member considers there is scope for efficiency savings are detailed below.

Section 3.6 refers to aggregate savings targets for 2010/11 and specifically in relation to staff efficiency and procurement savings.

For Adult Social Services, the impact over the next three years of the 2010-13 MTP period is as follows:

	<u>£000's</u>
Staff efficiencies – ASS	2,249
Staff efficiencies - Delegated Budgets	<u>465</u>
Total efficiency savings	<u><u>2,714</u></u>

Staff efficiency savings will be achieved by streamlining of support functions within the Directorate.

6.7 The position can be summarised as follows:

	2010/11	2011/12	2012/13
	£'000	£'000	£'000

Existing pressures in published MTP 2009/12:

Pay*	1,961	1,981	-
Prices	8,581	8,675	-
Legislative	200	-	-
Demographic/Demand Led	8,597	8,597	-
Service Improvements	-250	-	-
Income Generation	-2,619	-2,646	-

Change statement including new pressures/savings:

Pay	-1,961	-577	1,608
Prices	-8,514	-4,027	5,686
Demographic/Demand Led	-2,459	-2,459	6,138
Legislative	-100	100	38
Income Generation	1,765	1,540	-1,339
Efficiency Savings	-698		

* There is no provision currently included in cash limits for an annual pay award for Kent Scheme staff in 2010/11 as no proposal has been made.

More detail is set out in the attached draft Medium Term Plan Financial Appendix 5. For reference, the previous published MTP for 2009/12 is reproduced in Appendix 6.

6.8 As previously indicated the POSC is asked to consider the gross spend within the portfolio and identify its priorities should the authority have to make a 10% reduction in spend over the period of the next MTP.

In making its recommendations the POSCs should consider the balance between efficiency savings in front line, procured and support functions, and policy savings influencing the level and scope of front line services to the public.

Detailed proposals will be discussed through a subsequent informal meeting, to which all POSC members are invited, and therefore the members at today's meeting are asked to share their initial thoughts as to where such savings could be made.

7. Recommendation

7.1 Members are asked to

(i) note and comment on the above proposals

(ii) identify and express their relative priorities for services in Adult Social Services giving broad indications of areas, or types of savings and efficiencies, that they consider could be realistically be achieved.

Oliver Mills
Managing Director

Contact officer:

*Michelle Goldsmith
Directorate Finance Manager
01622 221770*

Appendix 1 – Existing 2009-10 budgets (as recast to reflect new portfolio responsibilities)

Portfolio Service Budget

ADULT SOCIAL SERVICES

REVENUE SPENDING

2008-09 Spending	2009-10			Net	Managing Director
Plans £'000	Spending Plans	Total £'000	Income £'000	Cost £'000	
	Older people:				
58,116	Residential Care	88,635	-31,724	56,911	The commissioning of services for older people from both in-house units and the independent sector, including occupational therapy equipment.
25,060	Nursing Care	43,647	-19,507	24,140	
33,851	Domiciliary Care	47,233	-10,317	36,916	
3,706	Direct Payments	4,638	-436	4,202	
15,813	Other Services	21,607	-4,645	16,962	
136,546	Total Older People	205,760	-66,629	139,131	OM
	People with a Learning Difficulty:				
51,405	Residential Care	64,909	-12,119	52,790	The commissioning of services for learning difficulties from both in-house units and the independent sector.
4,710	Domiciliary Care	6,704	-650	6,054	
3,761	Direct Payments	5,465	-84	5,381	
5,069	Supported Accommodation	9,582	-1,151	8,431	
17,587	Other Services	20,326	-1,924	18,402	
82,532	Total People with a Learning Difficulty	106,986	-15,928	91,058	OM
	People with a Physical Disability:				
9,643	Residential Care	12,254	-1,987	10,267	The commissioning of services for physical disabilities from both in-house units and the independent sector, including occupational therapy equipment.
7,584	Domiciliary Care	7,317	-439	6,878	
5,642	Direct Payments	6,697	-250	6,447	
287	Supported Accommodation	394	-8	386	
4,746	Other Services	6,530	-1,237	5,293	
27,902	Total People with a Physical Disability	33,192	-3,921	29,271	OM
33,397	All Adults - Assessment & Related	37,205	-1,917	35,288	Social Work & related costs (excluding Mental Health). Includes Occupational Therapy staff, Specialist Finance Teams, County Duty Service and Out of Hours service.

ADULT SOCIAL SERVICES

REVENUE SPENDING

2008-09		2009-10			Managing Director
Spending Plans £'000	Spending Plans	Total £'000	Income £'000	Net Cost £'000	
Mental Health Service:					
6,067	Residential Care	6,456	-974	5,482	Commissioning & providing specialist mental health services through collaborative working with the Kent & Medway NHS & Social Care Trust.
913	Domiciliary Care	627		627	
321	Direct Payments	602		602	
51	Supported Accommodation	435		435	
8,709	Assessment & Related	9,982	-876	9,106	
5,559	Other Services	6,736	-904	5,832	
21,620	Total Mental Health Service	24,838	-2,754	22,084	
	Supporting People				Ensuring vulnerable people have appropriate housing support to remain independent.
349	Gypsy & Traveller Unit	630	-289	341	Provide, maintain & manage local authority site provision for gypsies and travellers in Kent.
100	People with no Recourse to Public Funds	100		100	
1,327	Strategic Management	1,339		1,339	Strategic management costs within Adult Services.
6,505	Policy, Performance & Quality Assurance				Performance management, planning, development, contracting & policy.
14,755	Resources				Training, facilities, legal costs, pensions, finance, personnel, information systems & public private partnerships.
	Strategic Business Support	24,218	-1,971	22,247	Performance management, planning, development, contracting & policy, training, facilities, legal costs, pensions, finance, personnel, information systems & public private partnerships.

ADULT SOCIAL SERVICES

REVENUE SPENDING

2008-09	2009-10			Managing		
Spending	Plans	Spending Plans	Total	Income	Net	Director
£'000			£'000	£'000	Cost	
					£'000	
		Support Services purchased from CED	7,344		7,344	
-2,162		Specific Grants		-7,591	-7,591	OM
					Specific Grant income from DoH and DCLG.	
322,871		Budget Controlled by this Portfolio	441,612	-101,000	340,612	
PLUS:						
Budgets controlled by other portfolios:						
2,877		♦ Central costs	5,271		5,271	
11,111		♦ Devolved budgets				
		♦ Service costs				
2,038		Charges for using capital assets	4,599		4,599	
338,897		TOTAL SERVICE	451,482	-101,000	350,482	

Portfolio Subjective Budget

ADULT SOCIAL SERVICES

REVENUE SPENDING ♦ HOW THE MONEY IS SPENT

2008-09		2009-10
Spending		Spending
Plans		Plans
£'000		£'000
	Employee Costs	
97,072	Salaries and Wages	100,899
1,129	Pension and Severance Payments	1,695
2,933	Training Expenses	2,094
87	Other Employee Costs	397
101,221	Total Employee Costs	105,085
	Premises Costs	
824	Repairs, Alterations and Maintenance	845
686	Energy Costs	872
836	Rent	1,035
1,385	Rates	812
850	Other Premises Costs	978
4,581	Total Premises Costs	4,542
	Transport Costs	
187	Vehicle Expenses	158
1,146	Hire and Pool Car Charges	946
-	Home to School / College Transport	-
1,161	Public Transport	684
-	Public Transport Revenue Support	-
3,370	Car Allowances	2,306
5,864	Total Transport Costs	4,094
	Supplies and Services	
9,615	Equipment and Services	10,215
-	Book Fund	-
-	Highways Contracts	-
2,070	Communications and Computing	3,086
94	Expenses and Allowances	270
386	Grants and Subscriptions	151
183	Levies and Other Expenses	379
-	Free School Meals	-
12,348	Total Supplies and Services	14,101

ADULT SOCIAL SERVICES

REVENUE SPENDING ♦ HOW THE MONEY IS SPENT

2008-09 Spending Plans [^] £'000		2009-10 Spending Plans £'000
324,944	Third Party Payments	306,332
-	Coast Protection	-
-	Transfer Payments and Awards	-
14,193	Central Support Costs	14,272
-804	Internal Recharges *	-3,237
2,038	Capital Financing Costs	4,599
-	Capital Expenditure Financed by Revenue	-
-	Contribution to Reserves	-
464,385	GROSS EXPENDITURE *	449,788
-	Central Support Cost Allocations	
464,385	GROSS EXPENDITURE after Central Support Cost Allocations	449,788
	Income	
26,640	Contributions	31,035
1,507	Sales	1,585
61,656	Fees and Charges	58,658
566	Other Income	437
90,369	Total External Income	91,715
34,187	Specific and Supplementary Grants	7,591
124,556	TOTAL INCOME *	99,306
339,829	NET EXPENDITURE	350,482

Notes: ^ 2008-09 Spending Plans included Supporting People which has now transferred to the Communities Directorate

* There is £1,694k of income shown in the Existing 2009-10 Budgets at the start of Appendix 1 that relates to Internal Recharges. However in the Subjective analysis above this is shown within Gross meaning that there will be this difference when both types of analysis are compared, although both reflect the overall Net Budget of £350,482k

Appendix 2 – Activity and output data – what the current budget “buys”

- Providing 586 residential and 60 nursing beds for Older People in 16 KCC homes
- Over 1,800 day-care places for Older People per week across 18 KCC sites
- 88 respite beds across five KCC sites for People with a Learning Disability
- Approximately 7,350 clients receiving a service as at the end of 2008/09 from a voluntary organisation that is supported via a grant or service agency agreement
- Over 4,600 day-care places per week across 22 KCC sites for People with a Learning Difficulty
- Paying nursing homes for approximately 1,500 clients in receipt of Registered Nursing Care Contribution funded by Health
- Over 340,000 hours of domiciliary care from the independent sector for People with a Learning Disability
- 16,800 weeks of supported accommodation for People with a Learning Disability
- Approximately 510,000 hours of domiciliary care from the independent sector for People with a Physical Disability
- An estimated 404,000 meals on wheels delivered during 2008/09 to people in their own home
- 15,800 referrals to the Occupational Therapy service during 2008/09
- All Adults Assessment and Related staffing complement of 692 FTEs with a further 264 FTEs within Mental Health Assessment and Related
- Gypsy & Traveller service supporting 125 households on eight sites

Appendix 3 – Current budget monitoring details

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Adult Services portfolio							
Older People:							
- Residential Care	88,635	-31,724	56,911	-616	-76	-692	Reducing clients but price pressures due to complexity
- Nursing Care	43,647	-19,507	24,140	303	-225	78	Demographic and placement pressures offset with additional income
- Domiciliary Care	47,233	-10,317	36,916	-926	103	-823	Reducing clients but price pressures due to complexity
- Direct Payments	4,638	-436	4,202	-67	-25	-92	
- Other Services	21,607	-4,645	16,962	124	-17	107	Small gross variances against a number of lines
Total Older People	205,760	-66,629	139,131	-1,182	-240	-1,422	
People with a Learning Difficulty:							
- Residential Care	64,909	-12,119	52,790	1,704	-135	1,569	Demographic and placement pressures
- Domiciliary Care	6,704	-650	6,054	97	-71	26	
- Direct Payments	5,465	-84	5,381	62	-14	48	
- Supported Accommodation	9,582	-1,151	8,431	643	-215	428	Demographic and placement pressures
- Other Services	20,326	-1,924	18,402	-488	-25	-513	Release of Managing Director's Contingency to offset overall pressure
Total People with a LD	106,986	-15,928	91,058	2,018	-460	1,558	
People with a Physical Disability							
- Residential Care	12,254	-1,987	10,267	780	-128	652	Demographic and placement pressures
- Domiciliary Care	7,317	-439	6,878	95	-9	86	
- Direct Payments	6,697	-250	6,447	-34	9	-25	
- Supported Accommodation	394	-8	386	-99	5	-94	
- Other Services	6,530	-1,237	5,293	-342	13	-329	Release of Managing Director's Contingency to offset overall pressure
Total People with a PD	33,192	-3,921	29,271	400	-110	290	
All Adults Assessment & Related	37,205	-1,917	35,288	63	-95	-32	
Mental Health Service			0			0	
- Residential Care	6,456	-974	5,482	585	276	861	Forecast activity in excess of affordable level; increased proportion of S117 clients
- Domiciliary Care	627		627	27	0	27	
- Direct Payments	602		602	-357	0	-357	Less than expected activity
- Supported Accommodation	435		435	27	-51	-24	
- Assessment & Related	9,982	-876	9,106	-90	-24	-114	
- Other Services	6,736	-904	5,832	-96	-48	-144	
Total Mental Health Service	24,838	-2,754	22,084	96	153	249	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Adult Services portfolio							
Gypsy & Traveller Unit	630	-289	341	0	0	0	
People with no recourse to Public Funds	100		100	0	0	0	
Strategic Management	1,339		1,339	8	3	11	
Strategic Business Support	24,218	-1,971	22,247	-64	-94	-158	
Support Services purchased from CED	7,344		7,344	0	0	0	
Specific Grants		-7,591	-7,591	0	0	0	
Total Adult Services controllable	441,612	-101,000	340,612	1,339	-843	496	
Assumed Management Action				-496		-496	

Appendix 4 – Draft for Section 3 of the Medium Term Plan

1. Overall Objectives of the Portfolio

1.1 As outlined in Active Lives, the overall objective for Kent Adult Social Services is **to help the people of Kent to live independent and fulfilled lives safely in their local communities.**

1.2 The major national driver has been ‘Our Health, Our Care, Our Say’, which heralded a major programme of change focused on independence, personalisation and partnership working, particularly with the Health Service. This has moved into a further phase following the recent publications of key documents such as ‘Putting People First’, ‘Transforming Social Care’ and ‘Valuing People Now’. Furthermore, there will be a White Paper on care support early next year. In Kent these are given a local context through the priorities and targets set out in Vision for Kent, Kent Agreement 2, Towards 2010 and Active Lives.

2. Medium Term Priorities

2.1. Restructure. The restructure the Directorate has implemented has been necessary to ensure that **SDS** (see below) is delivered. It has meant moving from 12 Districts to 6 Localities, establishing movement into new teams, and at the same time streamlining the management structure right across the Directorate, including at Headquarters. The challenge will be to continue to maintain standards during a time of change and with a significantly reduced management capacity.

2.2. Efficiencies. The restructure has been a major area where the Directorate has delivered efficiencies. Other areas are:

- Reducing transactional costs, with further developments in e-commerce.
- Using technology to redesign more efficient services (telehealth) and enable self management of support.
- Improved collection of management & performance information (SWIFT).
- Joint pathways into services, single assessment process (FACE) and self assessment.
- Enabling people to have access to services through Kent Contact Assessment Service (KCAS), single assessment (FACE), self assessment, and ‘fast track’ provision of equipment.
- Modernisation of services.
- Total Place - The Directorate is playing a key role in the work being undertaken by KCC to pilot this national initiative.
- Working with the market to ensure the delivery of good quality, value for money services.
- Implementation of Action Plan following CQC Inspection.

2.3. Personalisation - Self Directed Support (SDS). This is a programme of total transformation for Kent Adult Social Services and for all those services which the Directorate commissions. The implementation has seen changes within KASS to ensure there is a structure and culture that supports and empowers people to develop their own solutions from an increasingly responsive and diverse market place. SDS enables people to self manage their support or if they choose to, have someone else (including KASS) manage it for them.

As outlined above the re-structure of the Directorate was essential in delivering Self Directed Support. Other areas of focus will include:

- Working with the social care market to ensure people are offered personalised support choices
- Focus on offering personalised budgets as well as direct payments to give people more choice
- Development of workforce and shaping business systems to deliver SDS
- Ensuring that Safeguarding underpins SDS through the implementation of the 'positive risk policy'

2.4. Effective partnerships with People using services, carers and other local citizens.

Strong partnerships with the public are at the centre of all the Directorate's activities and there are well established mechanisms in place. Key areas of focus will be:

- A major priority is to ensure that black and ethnic minority groups and other disadvantaged groups are fully involved in the work of the Directorate
- Carers continue to be a major priority with a focus on access to information and services.
- Stronger Communities. We will work with Local Communities, other Agencies and Directorates to strengthen communities to enable people to feel safe and supported in their local communities.
- Learning Disability Re- Provision Programme - The Directorate is working with partners to re-provide new person centred care and support for those adults with learning disabilities who have been supported by the NHS. The Directorate has provided detailed briefings on this throughout the year. This is a good example of partnership working with the NHS to deliver effective person centred services.
- The Partnership Board and its 12 component District Partnership Groups will be reviewed to ensure it can support the delivery of **Valuing People Now.**

2.5. Effective Preventative Services

The development of preventative services is a key priority of the Directorate. This was noted in the recent inspection undertaken by the Care Quality Commission which rated the Council as excellent in the delivery of preventative services to older people. Outlined below are key areas which will be focussed upon.

- Building upon and mainstreaming recent innovations such as INVOKE, Brighter Futures
- As the Joint Strategic Needs Assessment identifies, the number of older people with dementia will increase significantly. Joint work with the NHS is in place to develop a range of community/support services for people with dementia and their carers/families. This will need further development to meet the predicted demand
- A key area of work is working with the Health Service to develop pathways of support focusing on Strokes and Falls
- Continued development of community based services to support people with Learning disabilities, physical disabilities and mental health problems.

2.6. Information and advice

The agreed action plan following the CQC Inspection identifies this as a key area. We will focus on:

- Enabling black and ethnic minority groups and other disadvantaged groups to access information easily
- Ensuring people are able to access information easily when they need it
- Ensuring information is easily available for carers
- Giving easy access to support and advice to those people who purchase their own services
- Benefits Advice

2.7. Commissioning

The implementation of Self Directed Support will shift the balance of commissioning arrangements to the individual. To augment this, it will be essential that there overarching strategic commissioning arrangement are in pace to ensure this happens and people are offered services which enhance there independence and wellbeing.

- Joint Commissioning with the NHS. Underpinned by Joint Strategic Needs Assessments and other specialist assessments, the Directorate is significantly developing its integrated commissioning arrangements with the NHS. There is a series of arrangements in place to support joint commissioning including jointly funded and appointed posts.
- Another significant driver for KCC's working relationship with Health is the Public Health Strategy, and the Annual Public Health Report, with a focus on early prevention.
- Working with the District Councils. A number of housing schemes providing accommodation for people with a whole range of needs from older people, through to people with learning disabilities have been developed through PFI's in partnership with District Councils. The outcome is based on current work and we fully expect there to be at least 417 new housing units built and ready for occupation by the end of 2010. Based on the success of Better Homes/Active Lives we have, in partnership with 5 District Councils, developed another PFI bid to deliver 228 units of social housing for vulnerable

- The Directorate has a strong relationship with the Voluntary and Private Sector. Around 85% of services are purchased from outside the Directorate. We will continue to build upon partnerships with the Private and Voluntary Sector, working closely to develop the new commissioning arrangements that are needed as more people choose to direct and control their own support

3. Risk Assessment

Over the next three year the Directorate faces significant challenges which include a White Paper on care support early next year and the general election.

Impact of Restructuring. As already outlined above it will be a challenge to maintain improvement whilst the new structure beds down.

Demographic issues. The numbers of people with learning disabilities is increasing. This means that demand and complexity of need are also increasing. Similar issues apply to the increase in the ageing population, for example the prevalence of dementia is increasing significantly. These issues will continue to have a major impact on budgets and resources. For example the proportion of people being admitted to residential and nursing care with dementia is significantly increasing.

Recession and Public Sector Funding. The Impact of the recession is being felt in a number of areas in relation to the work of the Directorate.

- The people and families we work with. People are finding it harder to make 'ends meet' and to find employment. Consequently people find it harder to meet the charges for care and thus overall the Directorates debt is increasing.
- Increase in demand for services. For example it is well documented that mental health issues increase during a time of recession.
- The indication is that, in the medium term, it is likely that there will be less resources available to social care in Kent as after the General Election public spending will shrink irrespective of who forms the next Government.
- Partner organisations are also experiencing similar issues as is the social care market, as set out below.

The Market. There are a number of challenges in working with the private and voluntary sector over the next year. These include:

- working with the sector to make sure they are able to meet the new demands of self directed support
- ensuring that we continue to have a pricing structure that offers value for money
- supporting the market to deliver good quality services.

Ordinary Residence. This issue has been documented in previous reports, including a report to cabinet in the summer. Kent has a large number of residential homes within its boundaries. Many of these homes have residents

placed by other Local Authorities outside Kent. This is especially the case with people with Learning Disabilities. With the drive towards independence and personalisation, a significant number of people want to leave their unit and live in the community, often in the area where they have been placed (i.e. Kent). To enable these people to live independent fulfilled lives they often need complex support packages. The legislation and guidance is unclear about who should pick up the cost for these packages, Kent or the Local Authority who originally placed the person. On a number of occasions the Secretary of State has arbitrated and often this has led to Kent funding the support package and taking responsibility for the person who is considered to be an '*ordinary resident*' of Kent. KCC have been putting forward representations to get clarity on the guidance, but in the short term at least this is likely to be a significant resource pressure on KCC.

Workforce. It is essential that we continue to develop a strong, skilled and flexible workforce across the social care sector in Kent in order to deliver the challenging agenda of personalisation and prevention. Again there are likely to be demographic pressures as the population profile shows that there will be a decline in the number of people of working age. The Directorate is responding to these challenges and has put in place an integrated local area workforce strategy.

Business Continuity and Emergency Planning. The importance of this work has been highlighted by the threat of swine flu, which is predicted to have a significant impact. KASS has been working with its partners to put in place a range of strategies to minimise the potential disruption swine flu or indeed other unforeseen emergencies are likely to have.

Inspection Action Plan. The outcome of the Inspection was that Directorate was rated:

Safeguarding Adults – Good

Delivery of Preventative Services for Older People – Excellent

Capacity to Improve - Excellent

Although the Directorate is pleased with outcome, the inspection identified areas for improvement. These included issues of access to services, and information, particularly in relation to disadvantaged groups. An action plan has been developed with the Care Quality Commission. This plan will be monitored by the Commission over the coming year.

Appendix 5 – Draft of MTP financial appendices for Adult Social Services Portfolio

Adult Social Services Portfolio Revenue Budget				
	2010-11	2011-12	2012-13	
	£'000	£'000	£'000	
Revised Base Budget	340,151			
<u>PRESSURES:</u>				
<i>Pay:</i>				
All	Kent Scheme	0	1,404	1,608
Total Pay		0	1,404	1,608
<i>Prices:</i>				
<u>Transport:</u>				
	Transport related expenditure	110	114	118
<u>Social Care Provision :</u>				
	External contracts with private and voluntary providers	0	4,324	5,241
<u>Gas & Electricity:</u>				
	Energy price pressures	-140	111	207
<u>Other:</u>				
	Other price increases	97	99	120
Total Prices		67	4,648	5,686
<i>Unavoidable Government/Legislative Pressures:</i>				
	Enhanced Criminal Records Bureau checks	100	100	38
Total Unavoidable Government/Legislative Pressures		100	100	38
<i>Demand/Demographic Led Pressures:</i>				
	Demand/Demographic Pressures	6,138	6,138	6,138
Total Unavoidable Government/Legislative Pressures		6,138	6,138	6,138
<i>Service Strategies & Improvements:</i>				
<u>Previous MTP:</u>				
	Claw-back of CAB funding	-250	0	0
Total Service Strategies & Improvements		-250	0	0
Total Pressures		6,055	12,290	13,470

Adult Social Services Portfolio Revenue Budget

	2010- 11 £'000	2011- 12 £'000	2012- 13 £'000
<u>INCOME GENERATION:</u>			
<i>External:</i>			
Inflationary uplift of client and other income	-854	-1,106	-1,336
Total Income Generation	-854	-1,106	-1,336
<u>SAVINGS & EFFICIENCIES:</u>			
<i>Staff Efficiency savings:</i>			
Delegated budget review	-233	-232	
Streamline support functions	-465	-1,649	-135
	-698	-1,881	-135
TOTAL SAVINGS & EFFICIENCIES INCL. INCOME GENERATION	-1,552	-2,987	-1,471

Appendix 6 – Existing 2009-12 MTP

Adult Social Services Portfolio Revenue Budget				
	Staffing FTE	2009-10 £'000	2010-11 £'000	2011-12 £'000
Base Budget		323,803	340,918	388,958
Base Budget Adjustments:				
Other virements		-187	3	0
Area Based Grant		130	31,990	0
FM Devolved		395	0	0
Support Services purchased from CED		7,463	0	0
		7,801	31,993	0
Revised base budget after corporate adjustments		331,604	372,911	388,958
Pay:				
Cost of Living - including absorption of single status		971	1,961	1,981
		971	1,961	1,981
Prices:				
Prices for Private & Voluntary Sector purchasing		7,050	8,581	8,675
Learning Disability Preserved Rights - full year effect of 2008-09 increase		100	0	0
Meals delivery - full year effect of 2008-09 increase		40	0	0
		7,190	8,581	8,675
Government/Legislative Pressures:				
Criminal Records Bureau re-checks and Independent Safeguarding Authority		0	200	0
		0	200	0
Demand/Demographic Led:				
Underlying pressure from 2008-09		1,256	0	0
Net increased demand for services		7,469	8,597	8,597
		8,725	8,597	8,597
Service Strategies & Improvements:				
Additional support to the CAB to cope with demand		250	-250	0
		250	-250	0
Income generation:				
Price adjustment		-3,057	-2,619	-2,646
		-3,057	-2,619	-2,646
Savings and Mitigations:				
Efficiencies through improved procurement		-407	0	0
Vacancy management		-165	0	0
Cross cutting review of publicity spend		-100	0	0
Review of Essential Users		-343	0	0
Modernisation of in-house older persons residential services		-500	0	0
Extra Care Sheltered Housing		-500	0	0
Investment in Technology - reduction in OP residential services		-450	0	0
Transfer of LD Residential clients to Supported Accommodation		-600	0	0
Review of management and support structures	-32.0	-1,700	0	0
Targeted reduction in net spend		0	-423	-6,037
		-4,765	-423	-6,037
Budget controlled by this portfolio		-32.0	340,918	388,958
			399,528	