

To: Adult Social Services Policy Overview & Scrutiny Committee –  
16 November 2010

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

**Subject: BUDGET 2011/12 AND MEDIUM TERM FINANCIAL PLAN  
2011/12 TO 2012/13**

Classification: Unrestricted

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**Summary:** This report identifies the proposed strategy for determining next year's budget and the financial plans for the following years. This includes an initial analysis of Spending Review 2010, the likely impact on the overall funding for KCC, the indicative cash limit for the Adult Social Services portfolio, and the latest indications of likely pressures facing the Adult Social Services portfolio.

**Recommendation:** Members are asked to review and comment on the pressures outlined for the Adult Social Services portfolio and to identify their priorities in order to meet the indicative cash limit.

## **FOR COMMENT**

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### **1. Introduction**

- 1.1 The Autumn Budget Statement is due to be presented to Cabinet on 29<sup>th</sup> November 2010 and will set out the proposed budget strategy following the Spending Review announcement on 20<sup>th</sup> October. Even after the Spending Review announcement we will not know the full impact on the County Council's grants until we get the provisional Local Government Finance settlement. Indications are that we will not receive this settlement information until early December.
- 1.2 The Spending Review and Local Government Finance announcements will give us the final detail but we have been planning based on a likely scenario of a 5% per annum reduction in cash terms in Government grants. This assumption was based on the Chancellor's statement in his emergency budget that unprotected spending departments should plan for a 25% reduction in real terms from the forthcoming spending review.
- 1.3 The overall position for the County Council was that we estimated the combination of reduced grant allocations and demands for budget pressures would amount to a gap of £340m over the next four years. The gap for the next two years was estimated at £136m.

## 2. Background

- 2.1 Provisional cash limits for 2011/12 and 2012/13 were approved by the County Council on 18<sup>th</sup> February 2010 in the Medium Term Plan (MTP) for 2009/12. The approved MTP for the Adult Social Services portfolio is included as appendix 1. These provisional cash limits will be updated for known changes such as transfers of activities or staff between portfolios and identified as base budget adjustments in monitoring reports.
- 2.2 We are proposing that the provisional cash limits are updated for unavoidable pressures. These may be new pressures, changes to pressures identified in the existing published MTP, or resisting previously identified pressures. In all cases the amounts included as budget pressures have been thoroughly scrutinised to ensure only legitimate unavoidable pressures have been included in cash limits. Any pressures arising from individual portfolio proposals which are not unavoidable will have to be met within existing cash limits through corresponding savings elsewhere in the portfolio.
- 2.3 Portfolios have been set targets for budget savings via the indicative cash limits on a priority-led basis to target savings according to highest relative spend and KCC priorities for services as outlined in the consultative document "Bold Steps for Kent". In setting these targets we have been clear that we need to drive out as much as possible from efficiency savings. These indicative cash limits are intended to give members and officers an indication of the magnitude of the savings needed in order to close the £136m gap and will be revised before the draft budget is published to take account of the specific proposals contained therein.
- 2.4 The revised indicative cash limit for the Adult Social Services portfolio is summarised in table 1 below.

| Table 1                     | 2011/12<br>£000s | 2012/13<br>£000s | Total<br>£000s |
|-----------------------------|------------------|------------------|----------------|
| Existing Approved MTP       |                  |                  |                |
| Base                        | 344,452          | 343,081          | <b>344,452</b> |
| Base Adjustments            | -8               | -1               | <b>-9</b>      |
| Pressures                   | 10,196           | 11,172           | <b>21,368</b>  |
| Savings & Income            | -4,045           | -4,142           | <b>-8,187</b>  |
| Total Existing MTP          | <b>350,595</b>   | <b>350,110</b>   |                |
| <br>                        |                  |                  |                |
| New Base Budget Adjustments | 18               | 0                | <b>18</b>      |
| New & Changed Pressures     | 3,282            | 3,282            | <b>6,564</b>   |
| Savings Target              | -10,814          | -13,218          | <b>-24,032</b> |
| Proposed Cash Limit         | <b>343,081</b>   | <b>340,174</b>   |                |

### 3. Latest Developments: National Context

- 3.1 The outcome of the Spending Review 2010 was announced on 20<sup>th</sup> October and set out the Government's **national spending plans** for 2011/15. The Spending Review gives us an overall indication of the Government's spending priorities by department but does not give us detailed grant settlements. We are anticipating provisional grant settlements in early December.
- 3.2 The overall spending plans are in line with the reductions outlined in the emergency budget in June and the spending review just gives us a clearer indication which departments are to be protected and when reductions will start to bite for different Government departments. The announcements on Formula Grant for local authorities show that the reductions are front loaded with the biggest reductions in 2011/12.
- 3.3 Other than Formula Grant (which now includes the transfer of Area Based and specific grants into the Formula Grant) we do not have any information on the scale of reductions in other government grants or when the reductions might hit. At this stage we are assuming these reductions will be in line with ministerial statements on the average reduction.
- 3.4 The Spending Review announcement includes a confusing comparison of cash reductions in Government Department spending (referred to Department Expenditure Limits) and quoted real terms reductions in grants. Ministers have stated that councils will face an average loss of grant of 7.25% in real terms in each of the next 4 years, although we are concerned that the front loading of reductions in Formula Grant will mean that this average could disguise in year differences. The impact of distributional changes as Area Based and specific grants are transferred into the formula (as well as changes to the formula methodology) are also likely to result in further variations from this average for individual authorities.
- 3.5 As outlined in paragraph 3.2 we do know the cash reductions in Formula Grant. This shows a reduction of £4.1bn over the next two years (14.4%) and £5.6bn over the four years (19.6%). These reductions **include** the extra £1bn for personal social services and the £0.7bn Council Tax Freeze Grant.
- 3.6 In summary the Spending Review has confirmed the following changes to the national funding arrangements for local government:
  - The overall reduction in grants to councils of an average of 7.25% in real terms in each of the next 4 years.
  - Reduction in the baseline Formula Grant of £7.2bn reduction in cash terms over the next four years but with savings front loaded into 2011/12. This equates to a 29.2% reduction in cash terms (35.6% real terms) over four years with 22.4% cash reduction (25.6% real terms) in the first 2 years

- Transfer of £3.4bn of Area Based and Specific Grants into Formula grant. These transferred grants are subject to differential increases or reductions over the two/four year period which marginally change the overall reductions
- The allocation of a new £1bn grant for Social Services within the Formula Grant (with a further £1bn to be administered as a specific grant from Department of Health)
- The allocation of a new £0.7bn grant to honour the pledge to support councils in freezing Council tax increases for 2011/12. This grant provides funding for the four year period and thus earlier fears that a freeze would not be sustainable have been alleviated for this spending review period.
- The transfer of Area Based Grants, and Specific Grants, into the Formula Grant, carries with it the risk of KCC losing approximately £5m in respect of Preserved Rights clients. In 2010/11 we received £10.6m based on the actual clients and this represents about 4.5% of the national grant, however our share of formula funding is perhaps 2.2% in which lies the risk. Kent's loss would be the biggest in the country as we still have significantly greater numbers than anyone else. There will also a reduction in the value of Preserved Rights funding over four years by 11% based on an assumption for attrition. However the people left are generally the younger adults with a Learning Disability for whom attrition rates will be relatively low. There is also a tendency for individual costs to increase as needs are becoming more complex over time.
- The Learning Disability Transfer may also end up being funded through the Relative Needs Formula, which carries a similar financial risk to Preserved Rights. Again we will have significantly more clients than our 2.2% share of the Formula would suggest and the potential shortfall in funding could be approximately £4.7m. However, at this stage this has not been explicit in the Spending Review, although it remains a potential risk.
- The Supporting People Area Based Grant also transfers into the Formula Grant which carries a similar risk to that already identified for Preserved Rights and the Learning Disability Transfer.
- The mobility component of Disability Living Allowance will be removed from people after four weeks in local authority funded residential care from 2012/13. Alongside leaving the residents with less money to maintain any limited independence they may have, this could have an impact where a home pools the mobility money to provide transport for outings; providers may come back to KASS for additional funding.
- Anyone on one of the old incapacity based benefits will be reassessed to see if they qualify for the new Employment Support Allowance, the process for which is tougher than for existing benefits. Although our service users are probably the most in need of such a benefit, there is no guarantee that they will all easily transfer to the new benefit. If they fail the assessment then they will have to claim the lower Job Seekers Allowance (or find a job) which could impact on charging.

- The Department for Communities and Local Government has removed the ring fencing from the Disabled Facilities (Capital) Grant and has protected the amount. However removing the ring fencing is a big risk in Two Tier areas like Kent as the grant is given to housing authorities, i.e. districts and borough councils, who are struggling with their own financial challenges. There is a risk that some of this funding will be diverted to other priorities, which may impact on the number of individuals who can continue to be supported in their own homes, through adaptations and improvements.
- The significant reduction in the social care housing capital budget could be a risk to Private Finance Initiative schemes.
- A new public health grant will be introduced from 2013.

3.7 Over the last 2 years inflation initially declined in the wake of the recession in autumn 2008/winter spring 2009 but has been rising since autumn 2009 and has only recently started to marginally decline. Throughout the period other than for a brief period in summer 2009 inflation has exceeded the Government's 2% target for CPI. Inflation remains as one of the most significant pressures on our budgets and resisting inflationary pressures through negotiating with suppliers remains a key strategy to balance the budget.

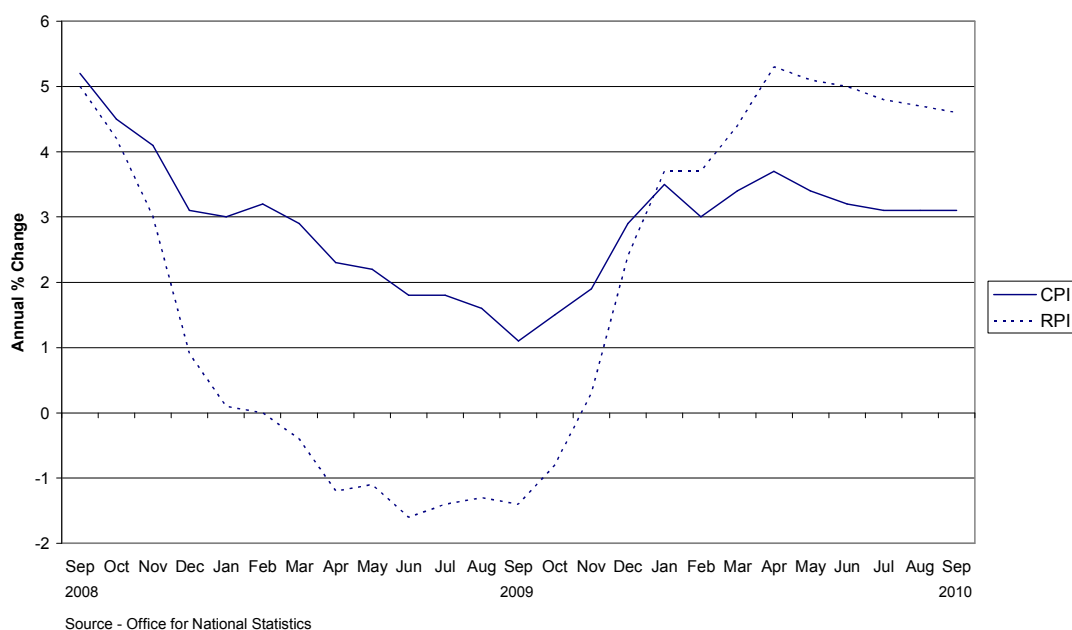
3.8 There are different indices used to measure inflation which enable an annual rate of underlying inflation to be calculated:

Retail Price Index (RPI) – This is the traditionally accepted measure for inflation and has been calculated continuously since June 1947. In the past it is used by the government to update pensions, benefits and index-linked gilts. However, in his Emergency Budget the Chancellor announced that in future all benefits, tax credits and public sector would be updated by CPI rather than RPI (with a guaranteed increase of at least 2.5% for state pensions). RPI is still commonly used to update contracts, and is often taken into account in wage bargaining

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.

Beneath the headline figures for RPI and CPI there are detailed indices for individual areas of spending such as energy, housing, food, etc. We use projections of the detailed indices in determining inflationary pressures rather than the general all items index (for some contracts we use specific indices where these are written into the contract terms).

3.9 The chart below shows the changes in the all items indices of inflation over the last 2 years.



#### 4. Revenue Budget Strategy

4.1 Following the Spending Review announcement we have reviewed our assumptions about the overall gap. We remain confident at this stage that our overall strategy for a gap of £340m over four years is still realistic. However, in light of the front loading of the reductions in Formula Grant we are now estimating that the magnitude of savings needed to balance estimated grant reductions and pressures for 2011/12 and 2012/13 is £153m. At this stage this revision to the targets for the first two years has not been reflected in the indicative cash limits subject to confirmation of provisional grant settlements in early December.

4.2 In order to remain within the indicative cash limit the KASS Directorate is looking to maximise its efficiencies and resist pressures wherever possible.

#### 4.3 Areas of Efficiencies include:

- reducing transactional costs, with further developments in e-commerce;
- using technology to redesign more efficient services (telehealth) and enable self management of support;
- improving the collection of management & performance information (SWIFT);
- Joint pathways into services, single assessment process and self assessment;
- Enabling people to have access to services through Kent Contact Assessment Service (KCAS), single assessment, 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;
- reviewing staffing levels and looking to streamline back office functions and reduce management costs, although it should be remembered that the Directorate has previously taken out 12% of its management costs.

**4.4 Effective Preventative Services:** the development of preventative services is a key priority of the Directorate to alleviate the impact of demographic growth. The key areas which will continue to be focussed upon are:

- Continuing to develop and extend enablement services;
- Building upon and mainstreaming recent innovations such as INVOKE, Brighter Futures;
- The number of older people with dementia has increased and is expected to further 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.

**4.5 Increased Partnership working:**

- Increased joint commissioning with the NHS and development of integrated commissioning arrangements. There are new opportunities within new Health White Paper around working with new Community Trusts, GP Consortia, and the scope to combine some back office and support functions;
- Working with the District Councils on a number of housing schemes providing accommodation for people with a whole range of needs including the development of "PFI 2" to deliver 228 units of social housing for vulnerable adults;
- The Directorate has a strong relationship with the Voluntary and Private Sector with around 85% of services being purchased from outside the Directorate and we will continue to build upon partnerships with the Private and Voluntary Sector.

## **5. The current budget and medium term priorities**

**5.1** The current budget for the portfolio(s) under the oversight of this POSC is as follows:

|                        | Gross spend<br>£'000 | Income<br>£'000 | Net spend<br>£'000 |
|------------------------|----------------------|-----------------|--------------------|
| Portfolio controllable | 467,134              | -122,545        | 344,589            |

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 145,400 weeks of permanent residential care for Older People (excluding preserved rights) within the independent sector supporting 2,817 clients as at September 2010, with nearly 10,000 weeks of non-permanent care
- 73,700 weeks of permanent nursing care for Older People within the independent sector supporting 1,405 clients as at September 2010, with a further 5,500 weeks of non-permanent care
- 2,476,500 hours of domiciliary care for Older People provided through the independent sector supporting 6,200 people
- Approximately 35,900 weeks of residential care for people with a Learning Disability (excluding Preserved Rights) within the independent sector supporting 697 clients in permanent placements as at September 2010. Also approximately 31,400 weeks of residential care supporting 599 preserved rights clients as at September 2010
- About 12,100 weeks of permanent residential care for people with a Physical Disability within the independent sector supporting 222 clients as at September 2010
- 2,710 people of all client groups with an on-going direct payment between October 2009 and September 2010
- 252 Mental Health clients in residential care as at September 2010
- Occupational Therapy and Sensory Disability Services working in partnership with Health, Hi Kent and Kent Association for the Blind to provide over 56,000 items of equipment in 2009/10.
- Care Managers and Mental Health Social Work staff carrying out almost 33,800 assessments for new clients in 2009/10, and almost 35,000 clients reviewed overall.

Further detail is outlined in Appendix 2.

5.3 As reported in the quarterly monitoring reports there are spending pressures/savings in the following areas:

- £3,518k pressure relating to gross expenditure on Learning Disability residential placements in the independent sector, where the number of clients and average cost per week are higher than affordable levels.
- £920k similar pressure relating to gross expenditure for Mental Health residential independent sector care.
- £324k pressure relating to gross expenditure for independent sector residential care for the Physically Disabled, due to the average cost being higher than affordable.
- A saving of £830k following the release of the uncommitted balance of the Managing Director's contingency to compensate pressures in the overall position.
- A saving of £520k following the release of uncommitted and contingent funding within Mental Health.
- A saving of £490k related to Older Persons In House Domiciliary Gross expenditure, due to client numbers being below the affordable level.

There is an overall pressure for the Directorate of £2,838k 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.

5.4 As outlined in the proposed cash limits we are proposing to provide additional funding of £13.5m for 2011/12 and £14.5m over the next two years to cover unavoidable pressures including the following:

- **£17.5m for demand/demographic led pressures:** the current pressures within all services indicate that at least £8.73m is required for demography in 2011/12 and future years. This calculation is based on comparing the movement in client activity and unit cost between 2008/09 and 2009/10 after adjusting for an 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 on expenditure for younger adults is similar to the percentage increase being seen nationally.

- **£9.6m prices for Social Care provision:** the current indicative cash limits assumes an inflationary uplift of 1.5% for providers in 2011/12 and 1.8% in 2012/13, however these may now need to be reviewed in light of the Spending Review.
- **£0.9m for Other Prices and Pressures:** this includes £0.8m for pressures in relation to transport, gas and electricity and increases in other prices, as well as £0.1m for the increased costs of enhanced checks by the Criminal Records Bureau.

## 6. Recommendation

### 6.1 Members are asked to

- (i) note the latest information arising from the Spending Review 2010
- (ii) comment on the proposed additional funding for pressures included in the indicative cash limits and outlined in paragraph 5.4
- (iii) identify priorities for delivering the indicative cash limits

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## Appendix 1 – Existing 2010/13 Medium Term Plan

| <b>Adult Social Services Portfolio Revenue Budget</b>                       |                 |                  |                  |                  |
|-----------------------------------------------------------------------------|-----------------|------------------|------------------|------------------|
|                                                                             | Staffing<br>FTE | 2010-11<br>£'000 | 2011-12<br>£'000 | 2012-13<br>£'000 |
| <b>Base budget</b>                                                          |                 | <b>340,061</b>   | <b>344,452</b>   | <b>350,595</b>   |
| <b>Base Budget Adjustments - Internal:</b>                                  |                 | -197             | -8               | -1               |
| <b>Base Budget adjustments- External:</b>                                   |                 | 87               | 0                | 0                |
| <b>Total Base Adjustments</b>                                               |                 | <b>-110</b>      | <b>-8</b>        | <b>-1</b>        |
| <b>Revised Base Budget</b>                                                  |                 | <b>339,951</b>   | <b>344,444</b>   | <b>350,594</b>   |
| <b><u>PRESSURES:</u></b>                                                    |                 |                  |                  |                  |
| <b>Pay:</b>                                                                 |                 |                  |                  |                  |
| Non-Kent Scheme (non DSG)                                                   |                 | 0                | 0                | 0                |
|                                                                             |                 | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Prices:</b>                                                              |                 |                  |                  |                  |
| Transport                                                                   |                 | 110              | 114              | 118              |
| Social Care Provision                                                       |                 | 0                | 4,324            | 5,241            |
| Gas & Electricity                                                           |                 | -140             | 111              | 207              |
| Other                                                                       |                 | 97               | 99               | 120              |
|                                                                             |                 | <b>67</b>        | <b>4,648</b>     | <b>5,686</b>     |
| <b>Unavoidable Government/Legislative Pressures:</b>                        |                 |                  |                  |                  |
| Non DSG:                                                                    |                 |                  |                  |                  |
| CRB Checks                                                                  |                 | 100              | 100              | 38               |
|                                                                             |                 | <b>100</b>       | <b>100</b>       | <b>38</b>        |
| <b>Total Unavoidable Government/Legislative Pressures</b>                   |                 | <b>100</b>       | <b>100</b>       | <b>38</b>        |
| <b>Demand/Demographic Led:</b>                                              |                 |                  |                  |                  |
| Non DSG:                                                                    |                 |                  |                  |                  |
| Increased demand for services - all client groups - originally in 08-09 MTP |                 | 6,460            | 5,448            | 5,448            |
|                                                                             |                 | <b>6,460</b>     | <b>5,448</b>     | <b>5,448</b>     |
| <b>Total Demand/Demographic Led</b>                                         |                 | <b>6,460</b>     | <b>5,448</b>     | <b>5,448</b>     |
| <b>Service Strategies &amp; Improvements:</b>                               |                 |                  |                  |                  |
| Non DSG:                                                                    |                 |                  |                  |                  |
| CAB one-off                                                                 |                 | -250             | 0                | 0                |

|                                                                                                                                                     | Staffing<br>FTE | 2010-11<br>£'000 | 2011-12<br>£'000 | 2012-13<br>£'000 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------|------------------|------------------|
|                                                                                                                                                     |                 | -250             | 0                | 0                |
| <b>Total Service Strategies &amp; Improvements</b>                                                                                                  |                 | -250             | 0                | 0                |
| <b>Total Pressures: Non DSG</b>                                                                                                                     |                 | 6,377            | 10,196           | 11,172           |
| <b>Total Pressures: DSG</b>                                                                                                                         |                 | 0                | 0                | 0                |
| <b>Total Pressures</b>                                                                                                                              |                 | 6,377            | 10,196           | 11,172           |
| <b><u>SAVINGS AND INCOME:</u></b>                                                                                                                   |                 |                  |                  |                  |
| <b>Grant Increases:</b>                                                                                                                             |                 |                  |                  |                  |
| <b>Total Grant Increases</b>                                                                                                                        |                 | 0                | 0                | 0                |
| <b>Income Generation:</b>                                                                                                                           |                 |                  |                  |                  |
| Non DSG                                                                                                                                             |                 |                  |                  |                  |
| Inflationary uplift of client income - at 2%, 1.5% and 1.8%                                                                                         |                 | -1,139           | -863             | -1,045           |
| Inflationary uplift of other income - at 0%, 1.5% and 1.8% (mainly Health; this will need to net off against any changes to the prices assumptions) |                 | 0                | -243             | -294             |
|                                                                                                                                                     |                 | -1,139           | -1,106           | -1,339           |
| <b>Total Income Generation</b>                                                                                                                      |                 | -1,139           | -1,106           | -1,339           |
| <b>Savings and Mitigations</b>                                                                                                                      |                 |                  |                  |                  |
| Non DSG:                                                                                                                                            |                 |                  |                  |                  |
| FYE Management Saving                                                                                                                               |                 | -420             | 0                | 0                |
| Retirement Savings                                                                                                                                  |                 | -45              | -23              | -26              |
| Streamline back office support functions                                                                                                            | -45             | 0                | -1,517           | 0                |
| Transactional Finance savings                                                                                                                       | -7              | 0                | -109             | -109             |
| Better targeting of spend on Property Maintenance                                                                                                   |                 | -58              | 0                | 0                |
| CED Delegated                                                                                                                                       |                 |                  |                  |                  |
| Services provided by CED                                                                                                                            |                 | -214             | -232             | 0                |
| Target reduction in net spend                                                                                                                       |                 |                  | -1,058           | -2,668           |
|                                                                                                                                                     |                 | -737             | -2,939           | -2,803           |
| <b>Total Savings and Mitigations</b>                                                                                                                |                 | -737             | -2,939           | -2,803           |
| <b>Total Savings and Income</b>                                                                                                                     |                 | -1,876           | -4,045           | -4,142           |
| <b>Budget controlled by this portfolio</b>                                                                                                          |                 | 344,452          | 350,595          | 357,624          |

**Appendix 1 – Current Portfolio Revenue Budget (including adjustments/  
virement agreed at Cabinet in September)**

**ADULT SOCIAL SERVICES**

**REVENUE SPENDING**

| 2009-10                                   |                                                | 2010-11        |                 |                      | Managing<br>Director                                                                                                                                                |
|-------------------------------------------|------------------------------------------------|----------------|-----------------|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Spending<br>Plans<br>£'000                | Spending Plans                                 | Gross<br>£'000 | Income<br>£'000 | Net<br>Cost<br>£'000 |                                                                                                                                                                     |
| <b>Older people:</b>                      |                                                |                |                 |                      |                                                                                                                                                                     |
| 54,854                                    | Residential Care                               | 87,616         | -33,310         | 54,306               | The commissioning of services for older people from both in-house units and the independent sector, including occupational therapy equipment.                       |
| 23,828                                    | Nursing Care                                   | 45,690         | -21,078         | 24,612               |                                                                                                                                                                     |
| 38,732                                    | Domiciliary Care                               | 47,498         | -10,044         | 37,454               |                                                                                                                                                                     |
| 3,917                                     | Direct Payments                                | 5,062          | -532            | 4,530                |                                                                                                                                                                     |
| 16,979                                    | Other Services                                 | 20,187         | -3,137          | 17,050               |                                                                                                                                                                     |
| <b>138,310</b>                            | <b>Total Older People</b>                      | <b>206,053</b> | <b>-68,101</b>  | <b>137,952</b>       |                                                                                                                                                                     |
| <b>People with a Learning Disability</b>  |                                                |                |                 |                      |                                                                                                                                                                     |
| 55,341                                    | Residential Care                               | 71,361         | -18,794         | 52,567               | The commissioning of services for people with learning disabilities from both in-house units and the independent sector.                                            |
| 6,506                                     | Domiciliary Care                               | 7,393          | -1,122          | 6,271                |                                                                                                                                                                     |
| 5,890                                     | Direct Payments                                | 7,865          | -143            | 7,722                |                                                                                                                                                                     |
| 6,503                                     | Supported Accommodation                        | 23,317         | -12,643         | 10,674               |                                                                                                                                                                     |
| 18,137                                    | Other Services                                 | 21,603         | -1,232          | 20,371               |                                                                                                                                                                     |
| <b>92,377</b>                             | <b>Total People with a Learning Difficulty</b> | <b>131,539</b> | <b>-33,934</b>  | <b>97,605</b>        |                                                                                                                                                                     |
| <b>People with a Physical Disability:</b> |                                                |                |                 |                      |                                                                                                                                                                     |
| 10,479                                    | Residential Care                               | 12,526         | -1,951          | 10,575               | The commissioning of services for people with physical disabilities from both in-house units and the independent sector, including occupational therapy equipment.  |
| 7,109                                     | Domiciliary Care                               | 7,661          | -449            | 7,212                |                                                                                                                                                                     |
| 6,121                                     | Direct Payments                                | 7,132          | -249            | 6,883                |                                                                                                                                                                     |
| 405                                       | Supported Accommodation                        | 394            | -8              | 386                  |                                                                                                                                                                     |
| 4,903                                     | Other Services                                 | 5,805          | -896            | 4,909                |                                                                                                                                                                     |
| <b>29,017</b>                             | <b>Total People with a Physical Disability</b> | <b>33,518</b>  | <b>-3,553</b>   | <b>29,965</b>        |                                                                                                                                                                     |
| 34,414                                    | All Adults - Assessment & Related              | 37,292         | -2,020          | 35,272               | Social Work & related costs (excluding Mental Health). Includes Occupational Therapy staff, Specialist Finance Teams, County Duty Service and Out of Hours service. |

| 2009-10                                 |       |                                            | 2010-11        |                 |                | Managing                       |
|-----------------------------------------|-------|--------------------------------------------|----------------|-----------------|----------------|--------------------------------|
| Spending                                | Plans | Spending Plans                             | Gross          | Income          | Net            | Director                       |
| £'000                                   | £'000 |                                            | £'000          | £'000           | Cost           |                                |
|                                         |       |                                            |                |                 | £'000          |                                |
| <b>Mental Health Service:</b>           |       |                                            |                |                 |                |                                |
| 5,618                                   |       | Residential Care                           | 6,416          | -882            | 5,534          | Commissioning & providing      |
| 903                                     |       | Domiciliary Care                           | 623            |                 | 623            | specialist mental health       |
| 386                                     |       | Direct Payments                            | 606            |                 | 606            | services through collaborative |
| 292                                     |       | Supported                                  | 435            |                 | 435            | working with the Kent &        |
|                                         |       | Accommodation                              |                |                 |                | Medway NHS & Social Care       |
| 9,184                                   |       | Assessment & Related                       | 10,001         | -876            | 9,125          | Trust.                         |
| 5,641                                   |       | Other Services                             | 7,180          | -902            | 6,278          |                                |
| <b>22,024</b>                           |       | <b>Total Mental Health Service</b>         | <b>25,261</b>  | <b>-2,660</b>   | <b>22,601</b>  |                                |
| 341                                     |       | Gypsy & Traveller Unit                     | 662            | -333            | 329            | Provide, maintain & manage     |
|                                         |       |                                            |                |                 |                | local authority site provision |
|                                         |       |                                            |                |                 |                | for gypsies and travellers in  |
|                                         |       |                                            |                |                 |                | Kent.                          |
| 100                                     |       | People with no Recourse to                 | 100            |                 | 100            |                                |
|                                         |       | Public Funds                               |                |                 |                |                                |
| 1,303                                   |       | Strategic Management                       | 1,249          | -27             | 1,222          | Strategic management costs     |
|                                         |       |                                            |                |                 |                | within Adult Services.         |
| 21,325                                  |       | Strategic Business                         | 24,673         | -2,007          | 22,666         | Performance management,        |
|                                         |       | Support                                    |                |                 |                | planning, development,         |
|                                         |       |                                            |                |                 |                | contracting & policy, training |
|                                         |       |                                            |                |                 |                | facilities, legal costs,       |
|                                         |       |                                            |                |                 |                | pensions, finance, personnel,  |
|                                         |       |                                            |                |                 |                | information systems & public   |
|                                         |       |                                            |                |                 |                | private partnerships, and      |
|                                         |       |                                            |                |                 |                | Facilities Management.         |
| 7,462                                   |       | Support Services                           | 6,787          |                 | 6,787          | Property, Finance, HR and      |
|                                         |       | purchased from CED                         |                |                 |                | ISG support services           |
|                                         |       |                                            |                |                 |                | purchased from CED.            |
| -6,612                                  |       | Specific Grants                            |                | -9,910          | -9,910         | Specific Grant income from     |
|                                         |       |                                            |                |                 |                | DoH and DCLG.                  |
| <b>340,061</b>                          |       | <b>Budget Controlled by this Portfolio</b> | <b>467,134</b> | <b>-122,545</b> | <b>344,589</b> |                                |
| <b>PLUS:</b>                            |       |                                            |                |                 |                |                                |
| Budgets controlled by other portfolios: |       |                                            |                |                 |                |                                |
| 5,271                                   |       | ♦ Central costs                            | 5,271          |                 | 5,271          |                                |
|                                         |       | ♦ Devolved budgets                         |                |                 |                |                                |
|                                         |       | ♦ Service costs                            |                |                 |                |                                |
| 4,599                                   |       | Charges for using capital                  | 4,599          |                 | 4,599          |                                |
|                                         |       | assets                                     |                |                 |                |                                |
| <b>349,931</b>                          |       | <b>TOTAL SERVICE COSTS</b>                 | <b>477,004</b> | <b>-122,545</b> | <b>354,459</b> |                                |

**Appendix 1 – Current Portfolio Subjective Revenue Budget (including adjustments /virement agreed at Cabinet in September)**

**REVENUE SPENDING**

| 2009-10        |                                                      | 2010-11        |
|----------------|------------------------------------------------------|----------------|
| Spending       |                                                      | Spending       |
| Plans          |                                                      | Plans          |
| £'000          |                                                      | £'000          |
|                | <b>Employee Costs</b>                                |                |
| 97,660         | Salaries and Wages                                   | 98,997         |
| 1,695          | Pension and Severance Payments                       | 1,125          |
| 3,004          | Training Expenses                                    | 2,919          |
| 31             | Other Employee Costs                                 | 53             |
| <b>102,390</b> | <b>Total Employee Costs</b>                          | <b>103,094</b> |
|                | <b>Premises Costs</b>                                |                |
| 817            | Repairs, Alterations and Maintenance                 | 842            |
| 936            | Energy Costs                                         | 891            |
| 848            | Rent                                                 | 1,017          |
| 1,062          | Rates                                                | 841            |
| 975            | Other Premises Costs                                 | 1,032          |
| <b>4,638</b>   | <b>Total Premises Costs</b>                          | <b>4,623</b>   |
|                | <b>Transport Costs</b>                               |                |
| 159            | Vehicle Running Costs                                | 145            |
| 967            | Hire and Pool Car Charges                            | 985            |
|                | Home to School / College Transport                   |                |
| 1,300          | Public Transport (Clients)                           | 1,321          |
| 3,346          | Members and Staff Car Allowances and Travel Expenses | 3,355          |
| <b>5,772</b>   | <b>Total Transport Costs</b>                         | <b>5,806</b>   |
|                | <b>Supplies and Services</b>                         |                |
| 2,057          | Equipment, Supplies and transfer payments            | 2,326          |
|                | Book Fund                                            |                |
| 1,666          | Communications and Computing                         | 1,665          |
| 119            | Members and Staff Expenses (Excl. Travel)            | 148            |
| 26             | Grants and Subscriptions                             | 25             |

| 2009-10                     |                                            | 2010-11         |
|-----------------------------|--------------------------------------------|-----------------|
| Spending                    |                                            | Spending        |
| Plans                       |                                            | Plans           |
| £'000                       |                                            | £'000           |
| 354                         | Levies and Other Costs                     | 424             |
|                             | Free School Meals                          |                 |
| 3,349                       | Social Services Payments                   | 4,093           |
|                             | Examination Fees                           |                 |
| 676                         | Professional Fees                          | 543             |
|                             | Service Agency Agreements                  |                 |
|                             | PFI Development Costs                      | 250             |
| <b>8,247</b>                | <b>Total Supplies and Services</b>         | <b>9,474</b>    |
| <b>Third Party Payments</b> |                                            |                 |
|                             | Highways Contracts                         |                 |
|                             | Waste Contracts                            |                 |
|                             | Transport Contracts                        |                 |
| 303,386                     | Social Care Contracts                      | 335,762         |
|                             | Other                                      |                 |
| <b>303,386</b>              | <b>Total Third Party Payments</b>          | <b>335,762</b>  |
| 13,772                      | Central Support Costs & Internal Recharges | 16,667          |
| 4,599                       | Capital Financing Costs                    | 3,572           |
|                             | Capital Expenditure Financed by Revenue    |                 |
|                             | Contribution to/from(-) Reserves           |                 |
| <b>442,804</b>              | <b>GROSS EXPENDITURE</b>                   | <b>478,998</b>  |
| <b>Income</b>               |                                            |                 |
| -27,374                     | Contributions                              | -45,935         |
| -1,677                      | Sales                                      | -1,447          |
| -55,432                     | Fees and Charges                           | -61,939         |
| -487                        | Other Income                               | -403            |
| -1,585                      | Internal Income                            | -2,912          |
| <b>-86,555</b>              | <b>Total</b>                               | <b>-112,635</b> |
| -6,612                      | Specific and Supplementary Grants          | -9,910          |
| <b>-93,167</b>              | <b>TOTAL INCOME</b>                        | <b>-122,545</b> |
| <b>349,637</b>              | <b>NET EXPENDITURE</b>                     | <b>356,453</b>  |

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

- Providing 517 residential and 56 nursing beds for Older People in 16 KCC homes
- Over 1,650 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 6,000 clients receiving a service as at the end of 2009/10 from a voluntary organisation that is supported via a grant or service agency agreement
- Approximately 4,300 day-care places per week across 26 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 330,000 hours of domiciliary care from the independent sector for People with a Learning Disability
- Approximately 20,400 weeks of supported accommodation for People with a Learning Disability
- Approximately 555,000 hours of domiciliary care from the independent sector for People with a Physical Disability
- 370,000 hot meals were delivered during the year 2009/10 to people in their own homes
- 14,600 referrals to the Occupational Therapy service during 2009/10
- All Adults Assessment and Related staffing (including Learning Disability, Sensory Disability, and former Occupational Therapy staff) with 842 FTEs; and 268 FTEs within Mental Health Assessment and Related and Community Services
- Gypsy & Traveller service supporting 150 households on ten sites and one managed encampment, and managing all the unauthorised encampments on KCC land

## 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        |                                                                                                                      |
| <b>Adult Services portfolio</b>            |                |                 |                |               |             |               |                                                                                                                      |
| Older People:                              |                |                 |                |               |             |               |                                                                                                                      |
| - Residential Care                         | 87,616         | -33,310         | 54,306         | 663           | -88         | 575           | Price pressures due to dementia; staff cover for in-house; additional client/health income                           |
| - Nursing Care                             | 45,690         | -21,078         | 24,612         | -260          | 24          | -236          | Activity below affordable level                                                                                      |
| - Domiciliary Care                         | 47,498         | -10,044         | 37,454         | -239          | 60          | -179          | Activity in independent in excess of affordable offset by underspend on in-house                                     |
| - Direct Payments                          | 5,062          | -532            | 4,530          | -97           | -34         | -131          |                                                                                                                      |
| - Other Services                           | 20,187         | -3,137          | 17,050         | -156          | -7          | -163          | Small underspends on a number of lines                                                                               |
| <b>Total Older People</b>                  | <b>206,053</b> | <b>-68,101</b>  | <b>137,952</b> | <b>-89</b>    | <b>-45</b>  | <b>-134</b>   |                                                                                                                      |
| People with a Learning Disability:         |                |                 |                |               |             |               |                                                                                                                      |
| - Residential Care                         | 71,361         | -18,794         | 52,567         | 3,777         | -106        | 3,671         | Demographic and placement pressures                                                                                  |
| - Domiciliary Care                         | 7,393          | -1,122          | 6,271          | -85           | -96         | -181          |                                                                                                                      |
| - Direct Payments                          | 7,865          | -143            | 7,722          | 97            | -40         | 57            |                                                                                                                      |
| - Supported Accommodation                  | 23,317         | -12,643         | 10,674         | 29            | -119        | -90           | Demographic and placement pressures                                                                                  |
| - Other Services                           | 21,603         | -1,232          | 20,371         | -981          | -88         | -1,069        | Releasing of Managing Director's contingency to offset overall pressure; number of small underspends                 |
| <b>Total People with a LD</b>              | <b>131,539</b> | <b>-33,934</b>  | <b>97,605</b>  | <b>2,837</b>  | <b>-449</b> | <b>2,388</b>  |                                                                                                                      |
| People with a Physical Disability          |                |                 |                |               |             |               |                                                                                                                      |
| - Residential Care                         | 12,526         | -1,951          | 10,575         | 224           | 253         | 477           | Demographic and placement pressures                                                                                  |
| - Domiciliary Care                         | 7,661          | -449            | 7,212          | 98            | 23          | 121           |                                                                                                                      |
| - Direct Payments                          | 7,132          | -249            | 6,883          | 95            | -15         | 80            |                                                                                                                      |
| - Supported Accommodation                  | 394            | -8              | 386            | 73            | -12         | 61            |                                                                                                                      |
| - Other Services                           | 5,805          | -896            | 4,909          | -88           | 3           | -85           |                                                                                                                      |
| <b>Total People with a PD</b>              | <b>33,518</b>  | <b>-3,553</b>   | <b>29,965</b>  | <b>402</b>    | <b>252</b>  | <b>654</b>    |                                                                                                                      |
| <b>All Adults Assessment &amp; Related</b> | <b>37,292</b>  | <b>-2,020</b>   | <b>35,272</b>  | <b>334</b>    | <b>95</b>   | <b>429</b>    | Reduced turnover                                                                                                     |
| Mental Health Service                      |                |                 |                |               |             |               |                                                                                                                      |
| - Residential Care                         | 6,416          | -882            | 5,534          | 854           | 289         | 1,143         | Forecast activity in excess of affordable level; increased proportion of S117 clients who do not contribute to costs |
| - Domiciliary Care                         | 623            |                 | 623            | 28            | 0           | 28            |                                                                                                                      |
| - Direct Payments                          | 606            |                 | 606            | -176          | 0           | -176          | Less than expected activity                                                                                          |
| - Supported Accommodation                  | 435            | 0               | 435            | 94            | 0           | 94            |                                                                                                                      |
| - Assessment & Related                     | 10,001         | -876            | 9,125          | -95           | 30          | -65           |                                                                                                                      |
| - Other Services                           | 7,180          | -902            | 6,278          | -523          | -97         | -620          | Releasing of Managing Director's contingency/ other uncommitted monies to offset overall pressure                    |
| <b>Total Mental Health Service</b>         | <b>25,261</b>  | <b>-2,660</b>   | <b>22,601</b>  | <b>182</b>    | <b>222</b>  | <b>404</b>    |                                                                                                                      |
| Gypsy & Traveller Unit                     | 662            | -333            | 329            | 60            | -55         | 5             |                                                                                                                      |
| People with no recourse to Public Funds    | 100            |                 | 100            | 0             | 0           | 0             |                                                                                                                      |
| Strategic Management                       | 1,249          | -27             | 1,222          | -94           | 0           | -94           |                                                                                                                      |
| Strategic Business Support                 | 24,673         | -2,007          | 22,666         | -905          | 91          | -814          | Uncommitted funding released; vacancy management; non pay savings; grant funded posts                                |
| Support Services purchased from CED        | 6,787          |                 | 6,787          | 0             | 0           | 0             |                                                                                                                      |
| Specific Grants                            |                | -9,910          | -9,910         | 0             | 0           | 0             |                                                                                                                      |
| <b>Total Adult Services controllable</b>   | <b>467,134</b> | <b>-122,545</b> | <b>344,589</b> | <b>2,727</b>  | <b>111</b>  | <b>2,838</b>  |                                                                                                                      |
| <b>Assumed Management Action</b>           |                |                 |                | <b>-2,838</b> |             | <b>-2,838</b> |                                                                                                                      |
| <b>Forecast after Mgmt Action</b>          |                |                 |                | <b>-111</b>   | <b>111</b>  | <b>0</b>      |                                                                                                                      |