

By: Oliver Mills, Managing Director Adult Social Services

To: Adult Social Services Policy Overview Committee –  
23 September 2008

Subject: **ADULT SERVICES BUDGET MONITORING 2008/09**

Classification: Unrestricted

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Summary: A report on the forecast outturn against budget for the first quarter for Kent Adult Social Services.

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## **Introduction**

1. (1) This is the first report for 2008-09 to this Committee on the forecast outturn against budget for the Adult Social Services Department.

## **Background**

2. (1) Policy Overview Committees consider the draft Medium Term Financial Plan at their November and January meetings. To enable a more informed discussion, three reports will be presented to the Committee on a regular basis:

a) **Budget Monitoring reports**

A detailed quarterly budget monitoring report is presented to Cabinet, usually in September, December and March, and a draft final outturn report in June. A report for each directorate is annexed to the summary report, and the annex for the Adult Social Services Directorate will be presented to this Committee at the meetings following those Cabinet meetings. This will help inform this POC about current trends, pressures and management actions in advance of the next year's budget setting

b) **Performance data**

This will be reported at least half-yearly to this Committee.

c) **Outturn report**

Effectively an amalgam of the above two, the outturn report will summarise both the financial and performance information for the whole of the preceding year

(2) Informed by these reports, the POCs will be in a stronger position to question and comment on the future budget and medium term proposals, as they will be asked to do at the November and January meetings.

## First Quarter monitoring report

3. (1) The monitoring report for the first quarter for Adult Services is attached at Appendix 1 and this indicates an overall revenue pressure of £1,663k. To address this pressure the Directorate has proposed a number of 'Guidelines for Good Financial Practice', which were previously referred to as 'Management Action Plans' in 2007-08. These 'Guidelines' can be found at section 1.1.8 in the attached Appendix and through their implementation the Directorate expects to achieve a balanced position by the end of the year.

(2) The variances reported to Cabinet are based on cash limits that include adjustments for both formal virement and technical adjustments, and these are detailed in Section 1.1.1 and Table 1a of the Appendix. The Cabinet report sought approval for these adjustments.

(3) The main areas to note within the first quarter's position are:

- Older People is forecasting an underspend of £852k including the one-off release of the Deferred Payments Loan of £1,256k. Therefore there is an underlying pressure of £404k. The remaining balance of the Contingency held by the Managing Director (£436k) has also been released to reduce the overall Directorate position. Significant pressures remain within this client group, and there are increasing numbers of people with higher needs, particularly those with some form of dementia. A reduction in the number of residential clients in permanent placements since March is offset by additional weeks of respite care required to assist people to remain within their own homes. Also the average cost per week is increasing as people with higher needs/dementia require more expensive placements. There are pressures within in house residential provision resulting from the costs of agency staff needed to cover sickness and absence in order to meet care standards. Nursing clients have also increased by 34 from March. The increase in the number of people with higher needs may help to explain the drop in domiciliary clients as it becomes more difficult for them to remain at home. There has been a significant increase in the number of clients in receipt of direct payments rising from 518 in March to 628 in June, but many of these only require small payments to access transport to access daycare facilities.
- Services for People with a Learning Difficulty is showing an overall pressure of £1,759k as both demographic and price placement pressures continue. These relate to young adults with very complex needs transferring from Children's Services, clients with ageing parents cared for at home but requiring more support, and the numbers of people placed by other authorities but being classed as 'ordinarily resident' (deemed as living in the county rather than in a residential placement) and therefore our responsibility. A reduction in the number of residential placements has been offset in part by an increase in the unit cost. Also a proportion of the residential

budget has been transferred to support increasing demand in domiciliary, direct payments and supported accommodation (as referred to in 3 (2) above) which has left an overspend. Even so pressures remain within domiciliary, direct payments and supported accommodation as the Directorate tries to support clients within the community. As with Older People in house residential provision is showing a pressure on staffing because of the need to cover sickness and absence in order to meet care standards. The number of people in receipt of a direct payment has risen by 27 from March to 365 in June. The overall forecast pressure has also been reduced by £264k following release of the remaining balance of the contingency held by the Managing Director.

- Services for People with a Physical Disability have similar pressures to Services for People with a Learning Difficulty and as a result the overall position is a pressure of £548k. The number of residential placements has increased over the first three months and there are pressures within supported accommodation and direct payments although these are reduced following a transfer of cash limit from residential. The number of Direct Payments clients has increased to 586 in June from 547 in March. It is expected that the number of domiciliary clients, along with direct payments and supported accommodation clients, will increase throughout the year, as the Directorate tries to support people within the community rather than in a residential placement. The overall forecast pressure has also been reduced by £90k following release of the remaining balance of the contingency held by the Managing Director.
- All Adults Assessment and Related is reporting a pressure of £607k even though there is a freeze on recruitment to all but the most essential of posts. Although the cost of increments has not been funded by the Directorate for several years, the assumption that turnover will cover this cost is proving optimistic as the level of turnover seems to be reducing. The staffing requirement of the Directorate will need to be viewed in light of increasing numbers of referrals and assessments, set against the impact of service modernisation, mobile working, and the move towards self directed support, amongst others.
- Although the position for Mental Health is a small underspend of £31k, within that is a significant pressure against residential care offset by savings within Assessment and Related staffing. As with other client groups budget has been transferred from residential to address growing demand in other services, in this case primarily supported accommodation. This means that despite a drop in the number of residential placements from 278 in March to 270 in June, this service is reflecting a significant pressure. The saving in staffing results from vacancy management.

- Policy, Performance and Quality Assurance is underspending by £321k and reflects vacancy management as well as costs covered by grants/external funding.
- Although Resources is showing a small underspend of £17k, within this is an underspend on gross, and an under-recovery of income. The underspend on gross primarily relates to the release of £300k from the Supporting People Reserve to fund some of the legal costs incurred last year on the Better Homes Active Lives PFI. The release from reserve is shown as a credit entry in revenue. The under-recovery in income is also primarily related to the release from reserve as the position is skewed by writing back of a debtor of £225k which is shown as a debit entry in revenue. The debtor was raised last year in respect of contributions expected from District Councils towards the legal costs, but now covered by the release from reserve.

(4) As reported to Cabinet in August, it is proposed to recast the authority's capital programme to reflect action to be taken to address the funding issues brought about by the current economic situation. A revised capital programme will be reported, for decision, to Cabinet in October, following the above review. This report therefore does not include any details of the current position against the capital programme as this will all change as a result of this review.

## **Recommendations**

4. (1) Members of the Policy Overview Committee are asked to note the projected outturn figures for the Directorate as at the first quarter.

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