

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

To: Adult Social Services Policy Overview Committee –
15 January 2009

Subject: **BUDGET 2009/10 AND MEDIUM TERM FINANCIAL PLAN
2009/12**

Classification: Unrestricted

Summary: The purpose of this report is to consult the Committee on the budget proposals for the Adult Social Services Directorate, with reference to the KCC published budget consultation paper issued on 7 January 2009. The report also provides a response to the issues raised at the IMG of this Committee, created in November 2008 to discuss detailed budget issues.

Members are invited to comment on the key issues on the proposed funding changes for the services provided by the Adult Social Services Directorate, and to note the issues raised by the IMG, and the resulting responses.

1. Introduction

- 1.1 The Autumn Budget Statement report by the Leader, Cabinet Member for Finance, Chief Executive and Director of Finance to Cabinet on 15 September 2008 set out the national and local context for KCC's Medium Term Plan (MTP) for the period 2009-10 to 2011-12. The report to Cabinet on 12 January 2009 set out the provisional Local Government Finance Settlement, which confirmed that the level of Formula Grant was precisely as announced this time last year.
- 1.2 We reported the national and local context to the last Policy Overview Committee meeting and outlined the existing MTP priorities. The Committee discussed the policy issues from that report, and used an IMG on 20 November to look at the budget details, including the areas identified for savings. This report provides a response to the issues raised.
- 1.3 Since the November meetings, there have been a number of further developments that have resulted in the budget proposals being presented for consultation. Members are invited to comment on the key issues for the services provided by the Adult Social Services Directorate, in order that these can be taken into account at the budget meetings of Cabinet on 2 February 2009 and County Council on 19 February 2009.

- 1.4 Members are asked to read this report in conjunction with the draft Medium Term Plan and Budget Book, issued on 7 January 2009.

2. Background

- 2.1 The budget consultation papers include an overall summary of the proposed Portfolio budget for 2009-10, showing the amounts proposed for each service within the portfolio. This identifies the gross expenditure, income and net expenditure.
- 2.2 The papers also include the proposed capital investment programme and the medium term revenue and capital plan for 2009-10 to 2011-12.
- 2.3 Copies of the draft Budget Book and Medium Term Plan have been distributed to all Members (on the 7 January). You are asked to ensure you bring those to this meeting.
- 2.4 The MTP and Budget Book reflect the 'Delegation of Corporate Budgets' which impacts on all directorates. Further information is provided in Section 5 of this report.

3. Revenue Budget

- 3.1 The overall direction for the Adult Social Services directorate is now well established, and the current Medium Term Service Priorities are included in Appendix B of the draft MTP.
- 3.2 Members will appreciate that the financial framework for the medium term will be very tough for all Directorates 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.
- 3.3 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.
- 3.4 Areas of spending priority in 2009/10 for which significant additional funding is required are:

Pay/Prices £8,161k – this reflects a provision for the 2009 cost of living pay award and also includes price increases for contracts with private and voluntary providers and in-house provision.

Demand £1,256k – underlying pressure relating to 2008/09.

Demand £7,469k

– The current pressures within those services for younger adults indicate that at least £5,541k is required for demography in 2009-10 and future years. This calculation is based on comparing the expenditure in 2007-08 to that in 2006-07. An adjustment has been made for the inflationary uplift. The increase represents both the likely growth in client numbers and 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.

– The current pressures within those services for older people indicate that at least £1,928k is required for demography in 2008/09 and future years. The method of calculation is the same as with younger adults. The increase does take into account that during the year 2007-08 more clients with dementia were being placed into residential care, which bears a higher cost than ordinary residential care.

3.5 The position on budget increases can be summarised as follows:

	2009/10	2010/11	2011/12
	£'000	£'000	£'000
Base adjustments	7,801	31,993	0
Budget increased for:			
Pay/Prices	8,161	10,542	10,656
Demand	8,725	8,597	8,597
Total Pressures and base adjustments	24,687	51,132	19,253

Table 1; Summary of value of base budget adjustments and budget pressures

*Please note that the base budget adjustment for 2009/10 includes £7,463k for Delegation of Corporate Budgets, and 2010/11 includes £32,025k for Supporting People which moves from being a Specific Grant in 2009/10 to Area Based Grant in 2010/11

3.6 Provisional cash limits have been set, and therefore to balance to those cash limits, given the pressures outlined above, we will need to deliver savings, efficiencies and new income streams to deliver a balanced budget. The three-year financial plans, shown in Appendix A of the MTP, detail the proposed savings required in 2009/10. The major items are explained in the following paragraphs

3.7 Savings and Income generation

3.7.1 The total of the proposed savings and income generation required in order to meet the indicative cash limits, is £7,822k.

3.7.2 Of the £7,822k, £4,765k is proposed to come from savings, the major themes being:

- Review of management and support structures less estimated pension costs; 1,700k
- Transfer of Learning Difficulty residential clients to supported accommodation; £600k
- Extra Care Sheltered Housing; £500k
- Modernisation of in-house Older People residential services; £500k
- Investment in Technology/reduction in Older People residential services; £450k
- Efficiencies through improved procurement; £407k
- Review of essential user car allowance; £343k
- Vacancy management saving; £165k
- Review of Publicity costs; £100k

3.7.3 A further £3,057k of net income is to be generated.

3.7.4 The proposed net position is therefore as follows

	2009/10	2010/11	2011/12
	£'000	£'000	£'000
Base budget	323,803	340,668	388,958
Total Pressures and base adjustments (from Table 1)	24,687	51,132	19,253
Savings	-4,765	-223	-6,037
Income Generation	-3,057	-2,619	-2,646
Revised base budget	340,668	388,958	399,528

Table 2; Total proposed base budget for Adult Social Services

4 The Committee's IMG to discuss budget issues

4.1 The IMG met on 20 November and asked for a number of issues to be considered when setting the draft budget proposals for this Directorate. The list of areas for consideration, along with our response, is attached at Appendix A of this report.

4.2 The POC IMG expressed confidence in the Directorate's capacity to deliver the savings and Members will support the areas for savings discussed at the meeting.

5 Delegation of Corporate Budgets

5.1 Staff in the Chief Executive's Directorate have been working very closely with the Resource Directors and Heads of Finance in service directorates, to determine how best to engage in a debate about support services' delivery and the resulting budget setting each year.

The result is that the budget for services that are provided by CED Units directly to service directorates will be delegated to directorates. This has a number of advantages which, when aggregated, far outweigh the disadvantages in doing so.

- 5.2 Some £7,463k has now been formally delegated to this directorate. In doing so, a list of protocols have been drawn-up to ensure that proper and timely business decisions are taken about service levels, including quantity and quality, and that these decisions are properly reflected in the budgets and business plans.
- 5.3 The vast majority of the budget is delegated on the basis that directorates have to make unanimous decisions with regard to service provision. For example, one directorate cannot suddenly choose to buy their payroll service from an external provider. Nor can another directorate, alone, choose to have an IT help-desk provided by anyone other than ISG. The Resource Directors' Group, on behalf of the Chief Officer Group, will manage these delegated budgets and make collective recommendations as appropriate.

6 Capital Budget

- 6.1 The starting point for the capital programme is the existing published capital programme for 2008-11. This is adjusted for re-phasing of schemes from 2008/09, changes to the total cost or funding of schemes, and new schemes. The detail of the proposed capital programme is provided in the draft budget book on pages 25, 26 and 27.
- 6.2 The Directorate's aspirations for future service provision are set out in 'Active Lives', 'Better Days for People with Learning Disabilities in Kent' and in the 'Medium Term Plan'. The major national policy drivers are the white paper 'Our Health, Our Care, Our Say' and CSCI Registration standards.
- 6.3 The Directorate's prime objective is to assist people to live safely and independently in their communities. At the same time, the Directorate is moving towards greater personalisation, whereby service users will be offered the opportunity to choose how their care and support is provided in the future. This means that the capital strategy is designed to assist people in developing their independence, and accessing improved services.
- 6.4 The overarching strategy is supported by two, more detailed strategies, one dealing with services for older people, and one looking at services for people with learning disabilities. The following elements will help the Directorate in achieving its strategy:

Modernisation of in-house residential and day care for older people: re-focussing high quality service provision through a combination of intermediate/dementia/respite care, in a smaller number of state of the art centres strategically located, for example, Broadmeadow, coupled with the development of extra care sheltered housing.

Modernisation of day care facilities for people with learning disabilities: This will be achieved both through extended access to community services, for example, Edenbridge Leisure Centre, where the Centre is adapted to accommodate all and through social enterprise opportunities, to encourage employment opportunities across Kent.

Responding to the growth agenda: in the two areas with the major growth strategies, KASS have been working closely with all partners to ensure that social care is a part of the infrastructure built into the newly developing communities, for example, Thameside, Eastern Quarry. This is giving exciting opportunities for integrated and flexible facilities with potentially wide community use; and will ensure that we are better able to respond to the needs of the growing population.

Home support fund: in some cases it will be more cost effective, as well as responding to people's wishes, to assist in the adapting of their own home, rather than to place them in residential care. This is done in partnership with the District Councils, who have a duty to provide disabled facilities grants and enables such adaptations as a purpose-built bathroom or through-floor lift to be provided.

Better workplaces: part of the overall modernisation of the Directorate is to enable staff to work flexibly and to have the capacity to work from wherever they may be, rather than travel back to a single office base. This should improve staff productivity, and provide a more responsive service to clients, while at the same time responding to the corporate aspiration to reduce the office estate. This will be underpinned by comprehensive investment in appropriate technology (Flexible and Mobile Working project)

7. Recommendation

- 7.1 Members are asked to note and comment on the revenue and capital budget proposals, and note the issues raised by the IMG, along with the resulting responses.

Background documents:

- Autumn Budget Statement; Cabinet, 15 September 2008
- Medium Term Financial Plan 2009-10 to 2011-12 for the Adult Social Services Directorate; Adult Social Services POC, 18 November 2008
- Provisional Local Government Finance Settlement; Cabinet, 12 January 2009
- Draft Budget Book and Medium Term Plan 2009-12 (issued on 7 January 2009)

Officer contact:

Michelle Goldsmith,
Directorate Finance Manager,
Ext 1770

Adult Social Services POC Budget IMG; Issues Raised

Main areas for savings proposed by the Directorate:-

- Saving on the Commissioning requirements for Residential Care, due to the increased use of assistive technology (TeleHealth, Telecare, etc) and Extra Care Sheltered Housing. A reduction in the number of clients taking up residential care placements had already shown as a result of these measures.
- Savings from the Directorate's management restructuring, the aims of which were to assist the development of Self-Directed Support, achieve the best value for money from existing staff, and succession planning.
- Ongoing savings/efficiencies. Maximum savings here will help to protect front-line services.

Key areas to prioritise and protect as identified by Members:-

- Preserve spend on, and continue investment in, preventative care. Investment now will bring savings later. Brighter Futures, etc.
Level of investment unaffected by savings.
- Protect front-line services, as services are for the most vulnerable people, who have nothing to fall back on.
Proposed savings will be achieved from the management re-structure, procurement ,efficiencies, vacancy management, in order to protect front line services.
- The area of highest risk is Learning Disability, as here we are at the sharp end of a demand-led service, with needs and costs increasing every year. This is a huge area of commitment. There is an urgent need to address provision at national level
This is where the majority of funding for Demand/Demographic pressures is being allocated. The only saving against this client group relates to transferring clients from residential care to supported accommodation which is a saving in cost rather than reducing numbers of clients overall.
- Address our level of debt, to keep it as low as possible, which is a huge challenge.
The on-going saving of £250k that was built into the 2008/09 budget is challenging and it was recognised early on in the MTP process that any proposal for further savings would be all but impossible to achieve.
- Look at the funding we give to Voluntary Organisations, as they will seek more from us in times of greater need.
Primarily the funding available has remained at 2008/09 level although there will be some additional funding relating to increases in the Areas.

Based Grant, e.g. for Carers, as well as increases in Specific grants, e.g. Social Care Reform grant

Key areas of concern for the future:-

- The Impacts of Recession.
- Demographics – ever increasing demand as ageing population, and as more disabled young people survive childhood, often with multiple disabilities. Demographics are the background to all KASS work.
- Need to work across Directorates, for example linking education to social care to address the needs of children going through transition.
- It was suggested that a group (possibly a Select Committee) be set up to look at how private sector providers and agencies and organisations work together to deliver services, to check that the Council is getting best value for money and best provision at the best price.
- Need to look long term, plan ahead for services needed, address the raised expectations, in terms of range and choice of service provision, of future generations.
- Look ahead at multiple disability needs, as this is an area of major costs.