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To: Adult Social Services Policy Overview Committee –1 April 2009

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

Classification: Unrestricted

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

Introduction

1. (1) This is the third 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.

Third Quarter monitoring report

3. (1) The monitoring report for the third quarter for Adult Services is attached at Appendix 1 and this indicates an overall revenue pressure of £33k. 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' were detailed in the first full monitoring report (presented to ASSPOC on 23 September) and through their implementation the Directorate expects to achieve a balanced position by the end of the year.

- (2) The main areas to note within the third quarter's position are:
- Older People is forecasting an underspend of £1,815k including the one-off release of the Deferred Payments Loan of £1,256k. The remaining balance of the Contingency held by the Managing Director (£415k) has also been released to reduce the overall Directorate position. Pressures remain within residential and nursing care despite a fall in the number of clients since September, and there are increasing numbers of people with higher needs, particularly those with some form of dementia. Although there has been higher than expected attrition in December, particularly in nursing clients, there is no certainty that this will continue for the remaining months of the year. It is therefore prudent for the current forecast variance not to assume that this level will continue. 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. 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 714 in December, 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 £1,987k 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. The number of clients in permanent residential care stood at 646 in December which is up 11 from September. Within the December position are a number of clients who have recently transferred across from Health under Section 256 (S256) arrangements. The recent clients are part of the much larger, and nationally driven, transfer of the responsibility and funding for the commissioning of social care for adults with Learning Difficulties from the NHS to Local Authorities.

Social Service commission and pay for services and recharge the cost to Health after taking into account any client contributions. Pressures also remain within domiciliary and direct payments as the Directorate tries to support clients within the community, however the expected growth in supported accommodation will not now happen this year so this line is forecasting a significant underspend. 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 rose to 456 in December compared with 424 in September, 365 in June and 338 in March. 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 £1,085k. The number of residential placements has increased from 207 in March to 223 in December and the number of Direct Payments clients has increased to 666 in December from 547 in March. Underspends remain against domiciliary and supported accommodation as the anticipated increase in the number of clients against both services will not now happen this year. 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 reduced net pressure of £21k as recruitment is considered for only the most essential of posts. This continued action has again helped to reduce this pressure, which stood at £150k as reported to the January POC, and the expectation is that this pressure can be managed to a balanced position by the end of the year.
- The position for Mental Health is a small underspend of £166k with variances spread across a number of budget lines. This includes the £69k release of the remaining balance of the contingency held by the Managing Director.
- Policy, Performance and Quality Assurance is underspending by £548k and reflects vacancy management as well as costs covered by grants/external funding.
- Although Resources is showing a significant underspend of £544k. 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 income position is also skewed by the 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. The Directorate is expecting additional income from Medway Council in respect of Enhanced Pensions as well as contributions from District Councils involved in the new Excellent Homes For All PFI scheme This line also reflects the release of a provision set up in respect of client billing which is no longer required. The provision was set up in 2007/08 as there was originally uncertainty around a grant from the Department of Health, however during this year the Directorate has received confirmation of its allocation.

(3) The quarter three position indicates a potential underspend in the capital programme of £732k, however we will be seeking approval to re-phase this into future years. Pressures identified against Broadmeadow, Guru Nanak and the Mental Health Single Capital Pot have been off-set by underspends elsewhere, primarily within the Modernisation of Assets and Public Access pots.

Recommendations

4. (1) Members of the Policy Overview Committee are asked to NOTE and COMMENT on the projected outturn figures for the Directorate as at the third quarter.

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