

By: Jenny Whittle, Cabinet Member, Specialist Children's Services
Graham Gibbens, Cabinet Member, Adult Social Care and Public Health
Andrew Ireland, Corporate Director, Families and Social Care

To: Social Care and Public Health Cabinet Committee – 12 July 2012

Subject: **Families & Social Care Directorate Financial Monitoring 2012-13 (covering Adult Social Care & Public Health Portfolio and Specialist Children's Service portfolio)**

Classification: Unrestricted

Summary: Cabinet Committee are asked to comment on the first exception financial monitoring report for 2012-13 reported to Cabinet on 9 July 2012.

1. Introduction:

1.1 This is the first report to this Committee on the forecast outturn for Families & Social Care Directorate (Adult Social Care & Public Health Portfolio & Specialist Children's Services Portfolio). Regular reports will continue throughout the financial year.

2. Background:

2.1 A detailed quarterly monitoring report is presented to Cabinet, usually in September, December and March and a draft final outturn report in either June or July. These reports outline the full financial position for each portfolio and will be reported to Cabinet Committees after they have been considered by Cabinet. In the intervening months an exception report is made to Cabinet outlining any significant variations from the quarterly report. In addition, a first exception report for the year is presented to Cabinet in July, which highlights the main issues arising from the previous year's outturn that are expected to have an impact on the coming year. For example, 2012/13 budgets will be based on forecast activity levels in the Autumn 2011 when the budget papers were consolidated prior to Cabinet and County Council approval, but these may well have changed in the final quarter of the year and these revised levels may be expected to continue and therefore impact on the 2012/13 position. There may also be other exceptions which have arisen in the first couple of months of the new financial year. The relevant extracts from this exception report are included in the revenue and capital sections below.

3. Families & Social Care Directorate 2012-13 Financial Forecast - Revenue

3.1 Table 1

Portfolio	Forecast Variance £m
Adult Social Care & Public Health	-4.480
Specialist Children's Services	+4.948
Directorate Total	+0.468

The main reasons for this variance are detailed below:

3.2 Families & Social Care Directorate:

The initial forecast for Families and Social Care indicates a pressure of £0.468m, +£4.948m within Specialist Children's Services and -£4.480m on Adult Social Care. It should be recognised however that the detailed forecasts with managers of the services are being worked on currently, to ensure that the full monitoring report to Cabinet in September has been constructed on a more firm base. Finance staff, alongside performance colleagues and budget managers, are also currently reviewing all cash limits and affordable levels of activity in light of the 2011-12 outturn and any changing trends in activity that have become apparent since the 2012-13 budget was set. As a result of this exercise and the restructure of Children's Services, requests for virement or for realignment of gross and income cash limits will be submitted as part of the first full monitoring report to Cabinet in September.

Some of the assumptions within this initial forecast are outlined within the separate sections for Specialist Children's Services and Adult Services below:

3.3 **Adult Social Care & Public Health Portfolio:**

The initial forecast indicates an underspend of £4.480m, which is broadly broken down across the client groups as follows:

	£m
Older People	-1.524
Physical Disability	-1.892
Learning Disability	-0.364
Mental Health	-0.700
	<hr/>
	-4.480

- a) This initial forecast assumes that all of the savings for Adult Services will be achieved at this stage. Clearly at this early part of the year it is not possible to confirm that every saving will be made on every budget line, but overall it is felt that with the work that is taking place with both procurement and in transformation, that overall across Adult Services these savings will be made.

There is some risk in relation to the savings for Learning Disability and whether this will all be achieved in the way that was originally anticipated. Historically this is an area which has always been under significant financial pressure, it is therefore important that any savings are tracked through the monitoring process and an update will be provided in the Quarter 1 monitoring report to Cabinet in September.

- b) The forecasts have mainly been arrived at by assuming that all clients receiving a service in April continue to receive a service all year, at the average unit cost, unless more detailed information is available at this early stage of the year.
- c) There are some exceptions to the above assumption in respect of Learning Disability, where known children will be transferring to Adult Services through transition. In these cases an estimate of their likely costs has been included in this forecast.
- d) Other budget lines which are not activity driven have been assumed to be either at the same level as 2011-12 outturn or at break-even if that is felt to be the most likely position.
- e) Clearly when more detailed forecasts are compiled over the next few weeks, this reported underspend position may change, but at this stage we feel that this is the best estimate, taking into account the 2011-12 outturn position along with the current patterns of activity in the first 2 months of the year.

3.4 Specialist Children's Services Portfolio:

The initial forecast indicates a pressure of £4.948m of which £1.984m relates specifically to the Asylum Service and £2.964m on the remainder of the service. The main reasons for this variance are:

- a) +£2.175m Looked After Children: The main area of pressure that is highlighted at this initial stage is in relation to the forecast for looked after children specifically in foster care. The budget was set with significant savings for assumed reductions in the numbers of looked after children. Some of the reduction can already be seen whereby we have significantly less mother and baby placements, and also the average unit cost we are paying for independent fostering placements has reduced. However, it is felt prudent at this stage to assume within the forecast the same number of children as at April for the remainder of the year, at the latest average unit cost, until we have more evidence of further reductions. It is however hoped that as the year progresses and more detailed forecasts are worked on this position will improve.
- b) -£0.340m Residential Services: This forecast underspend on residential services reflects the fact that the numbers of children placed in residential care has reduced and that unit costs are also beginning to reduce. However, as with Fostering, no further reductions are assumed in this initial forecast, until further evidence is gathered.

- c) +£1.279m Children's Social Care Staffing: A further risk area is in relation to the children's social care staffing budget. As we move towards the full restructure of the Children's teams and permanent appointments are made, it has been necessary to retain some agency staff in the interim. We have also had to set up a new County Referral Unit in advance of the main restructure, this coupled with the extended contracts of agency staff means that at this stage we need to highlight a potential pressure of £1.279m.
- d) An area which had significant financial pressures in 2011-12 was that for Legal Services. As a significant increase in budget was made for 2012-13 it is hoped that the costs can be contained within this. There is determination from within Legal Services, the Courts and FSC directorate to improve processes and reduce costs in this area. At this early stage we are fairly confident that the costs will be contained, but this is clearly an area that needs to be monitored closely over the next few months.
- e) +£1.984m Asylum: As negotiations continue with the UKBA regarding the funding of Over 18's with appeals rights exhausted and the Gateway Grant it is felt prudent to continue to forecast a pressure based on the funding position as existed in 2011-12. The forecast therefore assumes grant income as per 2011-12 and costs for those children and young people who we are supporting now. It must be acknowledged that this position may move as further discussions take place.
- f) The balance of -£0.150m is due to other smaller variances each below £0.1m.

4. Families & Social Care Directorate 2012-13 Financial Forecast - Capital

4.1 Table 2

Portfolio	Forecast Variance
	£m
Adult Social Care and Public Health	-2.398
Specialist Children's Services portfolio	1.851
Directorate Total	-0.547

The variance quoted is after having taken any roll forwards from 2011-12 into account. Within the forecast variance, the main projects subject to re-phasing and overall variances are detailed below:

4.2 Adult Social Care and Public Health portfolio:

The variance is -£2.398m. Of this -£0.088m is a real variance and there is rephasing of -£2.310m. Projects subject to re-phasing and overall variances affecting 2012-13 are:

- Ebbsfleet (-£0.897m) rephasing and Eastern Quarry (-£0.521m) rephasing. These are both partnership schemes in which a private developer is concerned. Progress depends on the developer's judgement of the best time to begin.
- Dorothy Lucy Centre (-£0.500m) rephasing. The modernisation plan for the Dorothy Lucy Centre has been brought into line with the FSC Transformation Programme which will be reviewing the position of all residential provision. Plans will be developed for the overall Transformation Programme over the next few months with implementation phased according to strategic priorities over the medium term.
- Public Access Development (-£0.278m) rephasing – commissioning of work has been delayed by restructuring.
- Home Support Fund (-£0.114m) rephasing. This rephasing reflects a re-profiling of the commitment.

Overall there is a residual balance of -£0.088m on other projects.

4.3 **Specialist Children's Services portfolio**

The variance is +£1.851m. +£1.851m is real variance. Projects subject to real variances affecting 2012-13 are:

- Multi Agency Service Hubs (+£1.851m) real variance. Latest estimates reflect a pressure of £1.851m in 2012-13. Funding of the overspend is in the process of being resolved, and confirmation is awaited regarding additional funding sources to help ease the pressure.
- Transforming Short Breaks for Disabled Children (-£0.114m). This is a real underspend which is proposed to partially offset the pressure on the MASH projects above.

Overall there is a residual balance of +£0.114m on other projects.

5. **Recommendations**

- 5.1 Members of the Social Care & Public Health Cabinet Committee are asked to **COMMENT** on the revenue and capital forecast variances from budget for 2012-13 for the Families & Social Care Directorate (Adult Social Care & Public Health and Specialist Children's Services Portfolios) based on the first exception monitoring to Cabinet.

Michelle Goldsmith
 FSC Finance Business Partner
 Tel: 01622 221770
 Email: michelle.goldsmith@kent.gov.uk