

WIRRAL COUNCIL

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

11th DECEMBER 2007

REPORT OF THE DIRECTOR OF ADULT SOCIAL SERVICES

FINANCIAL MONITORING 2007-08

1. EXECUTIVE SUMMARY

- 1.1 *This paper provides a summary of the financial pressures being experienced by Adult Social Services in the current financial year and describes the actions that are underway, and can be taken, to deliver as close to a balanced budget as possible.*

2 BACKGROUND

- 2.1 On the 8th November 2007 I reported to the Social Care, Health and Inclusion Overview and Scrutiny Committee, a potential overspend of £6 million against the Adult Social Services budget.
- 2.2 The financial pressures were identified earlier in the year and remedial action was put in place to reduce expenditure within the existing policy framework agreed by Council. In November 2007 I reported that senior managers were confident of reducing this projected overspend to £3.3 million and were continuing to identify areas where further savings could be made in order to deliver as close to a balanced budget as possible.
- 2.3 In working towards a balanced budget that is sustainable, this has involved reducing or removing services from people who may have had them for a long time, restricting people's choices, or charging them more. It also depends on our maintaining effective relationships with key partners (particularly Health) as this is a shared agenda that can only be addressed in true partnership.
- 2.4 Whilst I recognise the adverse impact a £3.3 million overspend will have on the Council's balances I am not confident at this stage of the year of delivering a fully balanced budget. I am confident however that the position will continue to improve but this does require Council to remain steadfast in making difficult decisions and authorising officers to implement them.
- 2.5 Members will be aware that the pressures in Wirral are similar to those being experienced by Council's with Social Services responsibilities across the country. The Association of Directors of Adult Social Services and the Local Government Association have lobbied for additional resources but the Comprehensive Spending Review 2007 has not yet identified where these resources will come from. The pressures are complex, however I can summarise the key issues as:-

- (a) Increasing numbers of older people, particularly those aged over 85
- (b) increased life expectancy of adults with very complex needs
- (c) reducing attrition (turnover of supported residents)
- (d) rising expectations of people who need services
- (e) rising cost of providing services (labour, land, price inflation)
- (f) reduced capacity of 'unpaid' carers and extended family support
- (g) privately funded residents running out of savings

3 ANALYSIS OF THE OVERSPEND

3.1 The projected overspend is attributable to:-

	Financial Pressure £m	Potential Recovery £m	Projected Overspend £m
Community Care (demand)	2.5	1.1	1.4
Staffing Budget (Pay award)	0.4	0.0	0.4
Energy Costs (contract inflation)	0.2	0.0	0.2
Service Re-engineering Savings	1.3	0.6	0.7
Savings Plan (2007-08) Slippage	1.6	1.0	0.6
	<u>6.0</u>	<u>2.7</u>	<u>3.3</u>

3.2 The details of these were presented to the Social Care, Health and Inclusion Overview and Scrutiny Committee on 7th November 2007.

3.3 In order to deliver the £2.7 million '*Potential Recovery*', the following actions have been implemented, and are being monitored by the Senior Management Team :-

	Target	Progress /Risk*
Staffing reductions (vacancy freeze)	110,000	Green
Increased Income from charges (1 st January 08)	400,000	Green
Reduction of in-house home care	250,000	Green
Continuing Health Care	300,000	Green
E-Monitoring Project (reduced payments)	250,000	Green
Reduction in Packages of Care	800,000	Amber
Re-ablement Project (HART service)	250,000	Amber
Transport reductions (re-ablement strategy)	100,000	Amber
Joint Commissioning (supported Living contracts)	240,000	Amber
	<u>2,700,000</u>	

*Items classed as 'green' are on target to deliver the savings. 'Amber' means there is a risk of some slippage. There are no items assessed as 'red' which would mean a significant risk of slippage or failure to deliver.

- 3.4 In order to reduce the remaining £3.3 million overspend, the following actions are being implemented:-

Cash limiting non-essential expenditure (up to £300k)

Stricter controls have been implemented, using the Council's I-Procurement system to restrict spending on all but critical items. This will mean some repairs and maintenance is delayed, and a general deterioration in standards may have to be accepted in the short term. An increase in complaints could be expected as a result.

Staffing savings (eg unpaid leave, training delays, vacancy freeze) (potential recovery (up to £300k)

Staff have been invited to take unpaid leave where it is considered safe to do so. There will be no external adverts for vacant posts until the end of the year. Some training courses have been cancelled.

Re-profiling joint funded schemes with Health

Discussions are being held with Wirral PCT to re-negotiate the respective funding of joint schemes. The PCT, in understanding the implications of reduced low level, preventative support, have indicated a possibility of picking a greater share of the funding of these. I will provide a verbal report at the meeting of any progress made and the potential impact on the outturn.

Cost of independent sector nursing care (potential to exceed £0.5m recovery)

Discussions with independent Providers will take place in December 2007. There is a regional perspective to this and I will be able to report further progress at the meeting.

Further Joint Commissioning efficiencies (potential recovery up to £400k)

Discussions have commenced with Wirral PCT in respect of Supported Living (Complex care packages) reductions. There are some major, jointly-funded, contracts under review this year and the recommendations could be accelerated to have an impact this year.

- 3.5 Firmer targets for each of the above are currently being developed. It is not clear at this stage whether they will be sufficient to cover the £3.3 million shortfall. The figures provided are an indication of the potential only. These are currently being evaluated and I will provide a verbal update at the meeting.
- 3.6 The financial scenario facing Adult Social Services demonstrates that it is not a sustainable position to continue to provide services in the same way. I am therefore proposing a fundamental reorganisation of the service and will present a report to Cabinet early in the new year to that effect. The focus of this re-shaping will be to: organise what we do within the resources available;

applying the FACS criteria of '*substantial and critical*'; targeting the outcomes set out in "Our Health Our Care Our Say"; with the key driver being re-ablement and prevention. This strategic overview will be delivered in the context of building a sustainable financial position and will reflect the outcome of the final grant settlement expected to be announced early in December 2007.

4. FINANCIAL AND STAFFING IMPLICATIONS

- 4.1 The financial implications are set out in the report.
- 4.2 Achieving the proposed savings against the staffing budget could have adverse implications on staff morale and will require careful management of expectations whilst vacancies are maintained.

5. EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 It is essential that eligibility criteria for services is maintained with equality. Failure to do so could expose the Council to legal challenge and could result in greater costs being incurred.

6. COMMUNITY SAFETY IMPLICATIONS

- 6.1 There are none arising directly from this report.

7. LOCAL AGENDA 21 IMPLICATIONS

- 7.1 There are none arising directly from this report.

8. PLANNING IMPLICATIONS

- 8.1 There are none arising from this report.

9 ANTI POVERTY IMPLICATIONS

- 9.1 There are none arising from this report.

10 SOCIAL INCLUSION IMPLICATIONS

- 10.1 There are none arising from this report.

11. LOCAL MEMBERS SUPPORT IMPLICATIONS

- 11.1 There are no specific implications for any Member or Ward.

12. BACKGROUND PAPERS

- 12.1 None used in the preparation of this report.

13. RECOMMENDATIONS

13.1 Members are asked to note the content of the report.

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25th November 2007