

WIRRAL COUNCIL

SOCIAL CARE, HEALTH AND INCLUSION OVERVIEW AND SCRUTINY COMMITTEE: 8 NOVEMBER 2007

REPORT OF THE DIRECTOR OF ADULT SOCIAL SERVICES

FINANCIAL MONITORING 2007-08

1. EXECUTIVE SUMMARY

- 1.1 *This is one of a series of reports submitted throughout the year to highlight the financial performance of the Adult Social Services Department. The report identifies in-year financial pressures totalling £6.0m which the Departmental Management Team is confident can be managed to an overspend of £3.3m within the existing policy framework. Other options are being considered to contain this further with the aim of delivering as close to a balanced budget as possible.*
- 1.2 *Members are asked to note the report and the efforts being made to reduce the projected overspend.*

2. FINANCIAL YEAR 2007/08

- 2.1 Further to the reporting of the Estimates 2007/08 to Cabinet on 20th February 2007 and to Council on 1st March 2007, the approved budget for the Adult Social Services Department is £77,616,400. This includes the agreed savings, policy options and the re-allocation of internal recharges.

3. FINANCIAL MONITORING 2007/08

3.1 Progress on implementing Policy Options

- 3.1.1 There are no policy options that affect the Department for 2007/08.

3.2 Progress on delivering savings

- 3.2.1 The department's savings total £3,202,700 and are identified as:

Details	£000	Comments / progress
Domiciliary care – Efficiency programme	1,000	Efficiencies of £0.5m have been identified with the balance likely to slip into 2008-09. There continues to be increased pressure from new demand, on the home care budget. (At high risk £0.5m)

Continuing health care – funding following Grogan	700	£0.4m has been achieved to date (this being the full year impact of cases agreed last year). Applying the national criteria indicates the full target is likely to be met by the end of the financial year. (At medium risk £0.3m)
Homecare Services (Re-ablement project)	400	£0.2m has been achieved to date. On target to meet the full target by the year end. (At low risk £0.2m)
Fairer charging policy	360	On target. (At risk £nil)
Joint commissioning	300	Nothing achieved to date, however it is likely to be achieved in full by the year end. (At medium risk £0.3m)
Transport strategy	200	£0.1m achieved. Projected to be on target by the year end. (At low risk £0.1m)
Fieldwork bank staff	100	On target. Fieldwork Teams are operating at near to full capacity. (At risk £nil)
Integrated management	100	Discussions with Wirral PCT are still at an early stage. Slippage is likely so will have to be met from holding vacancies. (At high risk £0.1m)
Car allowances	43	Budget reduced and being closely monitored against delegated targets (At risk £nil)

Note. Items identified as 'high risk' are included in the projected overspend. The assessment of low and medium risk items is that these will be delivered on target by the year end.

3.3 Progress on delivering Service Re-engineering savings

3.3.1 The Adult Social Services Department's share of the overall savings target for the year 2007/08 is £1,295,000.

Details	£000	Progress on savings
Finance & Support Services	337	On target
Increased income from charging	265	On target.
To be identified	693	Considering options to bring forward future years' savings
Total	1,295	

3.3.2 Work continues on bringing savings options agreed by Cabinet for 2008-09 forward into the current financial year so they will impact on this £0.7m

slippage. These include vacancy controls, promoting unpaid leave, reduced training costs, cash limiting non-essential purchases. Work is also underway to identify savings arising from the CSED work and proposals will be reported in December 2007.

3.4 Impact of Cabinet/Executive Board decisions

3.4.1 There have been no Cabinet decisions in 2007/2008 which directly affect the Adult Social Services Budget in the current year.

3.5 Variations

3.5.1 In the previous Financial Monitoring Report to this Committee, increased financial pressures totalling £5.8m were identified. A month on and this has deteriorated to £6.0m. Whilst the increase in spending on older people's services has stabilised there continues to be more people with learning disability presenting unavoidable, and long term, need.

3.5.2 The main areas of concern are:-

(a) Community Care (Budget £70m, less £16m income from charges)

If remedial action is not urgently implemented there is potential for a projected net overspend of £2.5m against this budget. This has previously been highlighted as a result of the low attrition rate of people already in the service. Research is currently underway to measure the impact of this on the medium term financial scenario.

There has also been an increase in the number of older people in residential and nursing care who have been privately funded for many years approaching the Council for funding as their savings are depleted. The Council has little option other than to accept financial responsibility in such cases.

There continues to be a sustained pressure from people with complex needs, primarily from adults with a learning disability. Whilst some of these are associated with the transition from childhood to adulthood, and therefore included within the Medium Term Financial Plan, their level of disability and therefore cost has exceeded previous forecasts. There have also been a high number of cases referred to the Department as a result of carer breakdown. Such cases are difficult to predict and require an immediate response.

As previously reported, a rigorous programme of reviews has been accelerated as part of the CSED work to identify where services can be safely reduced to reduce the projected overspend. Members are advised that some people have had their services reduced or removed entirely in the context of the current FACS eligibility criteria. The changes for in-house services agreed by Cabinet are being accelerated and this means people will have less choice. Whilst having a positive impact on the budget, this will adversely impact on a number of Performance Indicators. It is also generating some media interest and an

increase in the number of complaints from people who use services and their carers.

The revised forecast, or '*potential outturn*' is recorded in the summary (paragraph 3.5.3) as a £1.4m overspend. However this is dependent upon the outcome of reviews and other budget recovery plans which remain uncertain at this stage.

(b) Staffing (Budget £32m)

Whilst the staffing budget is currently projected to be near balanced this is being achieved through some short term measures which will not be sustainable in future years. The pay settlement has not yet been agreed and full inflation has not been included in the Budget. When implemented, the pay award is likely to cause an overspend of £0.4m, mainly in Provider Services.

(c) Energy Costs in Provider Services

As previously identified, energy budgets are projected to overspend by £0.2m due to increased fuel costs. This is considered an unavoidable overspend and has been managed in earlier years by compensating savings. As a result of the savings already made there is reduced capacity and flexibility in the budget to sustain this approach.

(d) Service Re-engineering Savings

The Department's apportionment of the corporate savings target is £1.3m in 2007-08. Paragraph 3.3.1 shows slippage against this target to be £0.7m

(e) Savings Plan Targets

Slippage against 2007-08 agreed savings has previously been reported. This is current projected to be £0.6m (£0.5m against Domiciliary Care Procurement, and £0.1m on Integrated Management)

3.5.3 Summary

The above pressures are summarised in the following table which shows a potential overspend of £3.3m unless serious remedial action is taken. Such actions involve accelerating the changes in the in-house home care service, bringing forward the closure of one or more of the residential homes, reducing choice, and reducing the level of support provided to people at home.

	£m Financial Pressures	£m Potential Recovery	£m Projected Overspend
Community Care projected overspend	2.5	1.1	1.4
Staffing budget overspend	0.4	0	0.4
Energy costs	0.2	0	0.2

Service Re-engineering Savings	1.3	0.6	0.7
Savings Plan Targets (<i>declared 'at risk'</i>)	1.6	1.0	0.6
	<u>6.0</u>	<u>2.7</u>	<u>3.3</u>

3.5.4 The clear aim is to try and reduce spending in the second half of the year to accommodate this projected overspend and minimise the impact on the Council's balances.

3.5.5 This level of overspend is consistent with other Councils in the North West with Social Services responsibility and reflects the national pressures of increased demand and cost for adult social services. The new Director of Adult Social Services will present a Strategic Plan to Cabinet early in the new year that will identify and seek to address these pressures locally.

3.6 **Issues affecting future financial years**

3.6.1 The Department has an indicative efficiency target of £16.7m over the next 3 years from 2008-2011.

4. **FINANCIAL AND STAFFING IMPLICATIONS**

4.1 For 2007/08 the agreed estimate for the Adult Social Services Department is £77,616,400. The financial implications are as detailed above.

4.2 There are no additional staffing implications arising from this report.

5. **EQUAL OPPORTUNITIES IMPLICATIONS**

5.1 There are none arising directly from this report.

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**

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.

John Webb
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25th October 2007