

WIRRAL COUNCIL

CABINET 4 SEPTEMBER 2008

REPORT OF THE DIRECTOR OF ADULT SOCIAL SERVICES

TRANSFORMING ADULT SOCIAL SERVICES- ACHIEVING A STABILISED AND SUSTAINABLE BUDGET

1. EXECUTIVE SUMMARY

- 1.1 Across the country, Adult Social Services are struggling to cope financially with the increased level of demand for services and higher personal expectations of what should be available. Wirral is no exception to this trend. In order to deliver preventive care and maintain individuals in their own homes as long as possible, within the restrained budgets available to local authorities, a radical change is needed to the way services are provided, with a move to a much more individualised approach.
- 1.2 The Transformation of Adult Social Services in Wirral is the focus of a major change programme. The direction of travel was approved by full Council on 21 April 2008, with Cabinet receiving reports in March, June and July. The change process will deliver personalised services and support the Council's strategic objective: **To improve health and wellbeing for all, ensuring people who require support are full participants in mainstream society.** In particular the transformation programme gives focus to the improvement priority to **Promote Greater independence and Choice.**
- 1.2. This report outlines the work underway to achieve a stabilised and sustainable budget during this period of transformation. Noting the pressures facing the department, the report provides details of action being taken across all service areas. Key efficiencies in the plan will require further decisions to be made by cabinet.
- 1.3. This report asks Cabinet to note the potential need for bridging finance of £3.4m in year one of the three year budget stabilisation plan in order to allow savings in place time to take full effect.

2. BACKGROUND

- 2.1 Over recent years the changes in local demography and public expectations have led to a steady increase in the numbers and complexity of need of people seeking support. This trend can reasonably be expected to continue. The Council has a statutory duty under "Fair Access to Care" to meet identified need. This needs to be done in a way which offers preventive care and support to keep people in their own homes as long as possible. Raising eligibility thresholds for care in order to reign in budgets would be a false economy, leaving to more critical and costly interventions later. Wirral's threshold, like that of many Councils, is currently set at "substantial and

critical” but new ways are also needed to support people at an earlier stage than this in order to prevent high costs later.

- 2.2 These pressures are well documented and face most councils with adult social services responsibilities. For this reason, as part of the Comprehensive Spending Review 2007, the Department of Health launched a ‘Transformation Programme’ supported by a ring fenced ‘Reform Grant’ which challenges councils to fundamentally change what they do and how they respond to, presenting need.
- 2.3 Wirral has developed a clear business case for change and this work is supported by a full change programme and is being delivered through a project management approach.
- 2.4 This change programme is integral to the department’s efficiency plan, corporate financial plan and is delivering real, sustainable cost reductions in year, whilst also improving access to services for people.
- 2.5 The key issue is that these changes cannot safely be delivered quickly enough to meet all the efficiencies required in 2008-09. This is therefore an early identification of a ‘high probability’ overspend that cannot be contained in the current financial year. Officers will of course continue to work to reduce costs and deliver as close to a balanced budget as possible; balancing the need for in year efficiency and medium term sustainability.

3. FINANCIAL MONITORING 2008/09

- 3.1 With improvements made over recent years to the department’s core information system (SWIFT) and budget monitoring, it is possible to predict with increased reliability the financial commitments from activity already in the system, attrition, and projected new demand.
- 3.2 As a result the department has identified financial pressures, which includes commitments brought forward and projected slippage of savings targets, which if not addressed would amount to £9.1 million (10.5% above the budget) in 2008/09. However a number of projects within the transformational change programme are set to deliver cashable efficiencies in year, currently estimated to be £5.5m with £3.5 million at risk of slipping into subsequent years. A three year projected budget is shown in the financial implications.
- 3.3 Therefore the projected overspend assuming the projects deliver as planned, and there is no unexpected increase in cost or volume will be £3.5 million in 2008-09. This figure has previously been reported to Cabinet and members of the Social Care, Health and Inclusion Overview and Scrutiny Committee.

4 BUDGET STABILISATION PROJECTS

- 4.1 The following section provides detail of progress being made against specific projects that are set to deliver cashable efficiencies and outlines where there may be options to accelerate progress to further reduce the overspend

4.1.1 Staffing Reductions - Fieldwork Teams (Access & Assessment)

The work being advanced within Access and Assessment Branch recognises the need for a new mix of skills, increased multi agency team work and a new approach to assessment. These changes also recognise the fundamental changes which include the development of self assessment, which has been taken up by 25% of people approaching the department, since it was introduced in September 2007 This followed work with Care Services Efficiency Delivery (CSED) to change the access and assessment business process. It is also integral to the development of an integrated approach, including the implementation of Wirral Integrated Services Programme, (WISP).

Within the budget approved by Cabinet for 2007-08, a savings target of £250,000 was agreed which was bridged to 2008-09. The revised structure has now been finalised. Overall there is a reduction of 4 full time equivalent posts; however the change in skill mix, means there will be a greater proportion of staff with vocational rather than professional qualifications. In turn the increase in HART, see 4.1.5 below, will enhance the capacity of the branch. It is estimated that actual savings will be £50,000 in 2008-09 with the remainder in 2009-2010 as staff affected are redeployed or find employment elsewhere. This process may be accelerated if there is a significant take-up of EVR and funds are made available from the efficiency budget to accommodate it.

4.1.2 Staffing Reductions - Management & Support (All Branches)

Cabinet, at its meeting of 21st February 2008, agreed savings from the re-organisation of the department's management structure of £425,000 in a full year. Much of the new structure is already in place on an interim basis. A number of people will be placed on the redeployment register for a period of up to six months; therefore a prudent estimate of the cashable savings in the current financial year is £100,000, with the rest delivered in 2009/10.

4.1.3 Staffing Reductions - Turnover Target

The budget includes a savings provision for turnover and vacancies of £452,000. As the shift of in-house provider services to the independent sector is progressed, the capacity for achieving this target becomes more limited. An action plan to limit enhanced payments, overtime and the use of agency staff has been implemented which will deliver £302,000 towards this target in a full year. This was not fully operational until August 2008 so a prudent estimate of £150,000 has been included in the projected overspends. The impacts of these measures will be closely monitored for the remainder of the year. The remainder of this target is to be delivered through staff turnover; however as the branch reduces in size as activity is transferred to the independent sector this, will become increasingly difficult.

4.1.4 Service re-provision - Residential Care

Cabinet in 2007 agreed the closure of Mendell Lodge and Rosewarne and on the 9th July 2008 agreed to consult on the earlier closure of Feltree House. Mendell Lodge closed in March 2008 saving £200,000 in 2008-09. It will now be developed by Housing 21 to provide 49 extra care housing units. Rosewarne has also since closed and is projected to deliver a further £200,000. The report to Cabinet scheduled for October 2008 will show continued under use of respite beds and may suggest the need for earlier consolidation of provision. Therefore an estimate of £550,000 is included in the plan (£350,000 more than the original target) the implications for staff will require careful consideration given the planned reduction in directly provided services.

4.1.5 Service re-provision - Domiciliary Care

On 12th June 2008 Cabinet agreed a consultation process aimed at developing the HART (re-ablement) service and transferring the remainder of in-house home care to the independent sector. This will produce a full year saving of £1.295 million. Consultation is underway and all staff in home care and their trade unions have been consulted on the proposal. If agreed by Cabinet transfer of services will commence in October 2008 and is expected to take 8 weeks to manage effectively. This is estimated to deliver £550,000 in 2008-09) with the remainder achieved in 2009/10. The staffing implications will again require close and careful monitoring.

4.1.6 Service re-provision - Out-of-home reform

Cabinet in February 2008 agreed an additional savings target of £700,000 on top of the £350,000 saving agreed in 2006-07 through the reform of day services. This change in service is linked to the development of Individual Budgets. The development of Individual Budgets is on target with the first pilots planned for December 2008. It will not be clear of the exact shape of services people want during the day until after these pilots are rolled out across all service user groups. Therefore short term efficiency savings are required in year to meet the savings target set by cabinet. A number of actions have been agreed including setting cash limits on day centre budgets that managers are being required to manage within set limits. This will be achieved through more flexible deployment of staff; creating capacity by reducing service provision for some, enabling people placed in private day care to be accommodated in-house; and good housekeeping on supplies and services budget. Detailed monitoring is required to evaluate the impact of these measures and further consideration may need to be given in the second half of the year as to whether the Council can continue with current service levels and deliver this efficiency.

4.1.7 Joint Funding with Wirral PCT

Cabinet agreed a target of £200,000 in respect of increased funding from Wirral PCT for joint packages of care where people have both social care and

health needs. Through an effective Panel process this target has been achieved and is likely to be exceeded in 2008-09. The outcome of Panel process is not driven by the efficiency target but rather the needs of the individual being presented. The only risk to this target is if people who are currently joint funded leave and are replaced by people with lower health needs and greater social care needs.

4.1.8 Corporate Procurement Savings Apportionment to DASS

Cabinet agreed a corporate savings target of £2.2m which was apportioned to departments. DASS share of this is £545,000. These savings are reported as being achieved with the support of the corporate procurement group.

5 Other Variations

A number of other budget heads are projecting a variance. These are:-

5.1 Increase in Utility Costs (£250,000)

Cabinet have previously been informed of the rising costs of energy across Council services. The impact on provider services. In previous years this has resulted in an overspend of £200,000. The projection this year is an unavoidable overspend of £250,000 which may increase further if prices continue to rise. This is likely to require a supplementary budget. Similar pressures are being reported by independent providers and it is likely the contract clause for inflation will trigger a higher than planned price increase in April 2009.

5.2 Transport Overspend (£200,000)

The Transport Budget is forecast to overspend by £200,000. Actions have been agreed to manage this by reducing the number of vehicles in use from December 2008. In order for the corrective action to have an impact in 2008-09 a number of staff may need to be redeployed and the remaining vehicles in the fleet will need to be used over an extended productive time, potentially impacting on the times people arrive and leave their destination. There are clear links here with the out-of-home reform project.

5.3 Staff Travel Expenses (£92,000)

If present trends continue this budget is set to overspend by £92,000. A management instruction has been issued to reduce the number of avoidable journeys. This is expected to be recovered by the year end.

5.4 Specific Grants (-£480,000)

A number of specific grants were increased in 2008-09 as they were distributed via area based grants formula and a new 3-year ring-fenced grant (Reform Grant) was announced to create capacity for the transformation. The latter has been used to create capacity in the form of a reform unit. 11 posts

have been seconded into the unit for up to 3 years and a decision has been taken to minimise their backfill.

5.5 Community Care

The projected net overspend on purchased services, including the forecast £1m demand pressure from an ageing population and young people with complex needs transferring from Children's Services is £3.75 million. 15 specific projects have been developed within access & assessment to manage these commitments. In recent weeks there has been an increase in activity from older people, this mirrors activity in the acute sector. The current assessment is that £1.75m will be recovered in year, a further £1m in 2009-10 and 2010-11 respectively.

Cabinet are also alerted to the financial pressures arising from increased fuel prices and interest rates that are affecting costs in externally provided services. Providers are already making representation about the impact of these, asking the council to give consideration under the terms of the contract. This will be closely monitored and reported to cabinet if the pressure threatens the stability of the market and continuity of supply requiring a supplementary budget.

6 FINANCIAL AND STAFFING IMPLICATIONS

6.1 As a result of the financial pressures of £9.1 million the department has identified actions that will reduce the likely overspend in 2008-09 and 2009-10. Additional resources are therefore sought from cabinet of £3,483,000 for 2008-09 and £761,000 for 2009-10.

6.2 Medium Term Budget projections

Para Ref.	Description	2008-09 £000	2009-10 £000	2010-11 £000
	Financial Pressure	9,100	3,483	761
4.1.1	Fieldwork Teams	-50	-150	-
4.1.2	Management & Support	-100	-325	-
4.1.3	Staffing turnover	-150	-152	-
4.1.4	In-house Residential Care	-550	-	-
4.1.5	In-house Domiciliary Care	-550	-745	-
4.1.6	Out of Home Reform	-700	-350	-
4.1.7	Joint Funding with PCT	-200	-	-
4.1.8	Corporate Procurement	-545	-	-
5.5.1	Energy costs	-250	-	-
5.5.2	Transport Efficiencies	-200	-	-
5.5.3	Staff Travel costs	-92	-	-
5.5.4	Grants	-480	-	-
5.5.5	Community Care	-1,750	-1,000	-1,000
	Sub-total Efficiencies	-5,617	-2,722	-1,000

Annual deficit =	3,483	761	-239
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6.3 No account is taken of any efficiency the department is expected to make towards the Council's budget deficit in 2009-10 and beyond. This is a separate issue and any proposals offered to cabinet will be those that can be delivered with confidence.

6.4 Apart from any revenue consequences falling directly to the department this report makes no assumptions about the capital receipts likely to come to the Council as a consequence of the transformation of adult social care.

6.5 This scenario is also based on there being no further increases in demand. Such increases would therefore be considered as growth in future years' budgets.

6.6 All staff in the department are affected by the current financial position and required to make efficiency gains where ever possible

7 EQUAL OPPORTUNITIES IMPLICATIONS

7.1 There are none arising directly from this report.

8 COMMUNITY SAFETY IMPLICATIONS

8.1 There are none arising directly from this report.

9 LOCAL AGENDA 21 IMPLICATIONS

9.1 There are none arising directly from this report.

10. PLANNING IMPLICATIONS

10.1 There are none arising from this report.

11 ANTI POVERTY IMPLICATIONS

11.1 There are none arising from this report.

12 SOCIAL INCLUSION IMPLICATIONS

12.1 There are none arising from this report.

13 LOCAL MEMBERS SUPPORT IMPLICATIONS

13.1 There are no specific implications for any member or ward.

14 BACKGROUND PAPERS

14.1 None used in the preparation of this report.

15 RECOMMENDATIONS

- 15.1 Cabinet notes the continuing efforts of officers to manage within resources, recognising the high probability of overspends of £3.483m in 2008-9 and £0.761m in 2009-10, which are likely to require funding from balances.
- 15.2 Cabinet requests the Director of Adult Social Services to present a further report to its meeting of 6th November 2008 on options to stabilise the department's medium term budget and deliver further efficiencies towards the corporate target.

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8th August 2008