

**HERTFORDSHIRE COUNTY COUNCIL**

**CABINET  
MONDAY 23 JUNE 2003 AT 2.00 P.M.**

Agenda Item No

**9**

**THE USE OF SPECIFIC GRANTS AND SUPPLEMENTARY CREDIT  
APPROVAL BY ADULT CARE SERVICES AND CHILDREN, SCHOOLS AND  
FAMILIES**

Joint Report of the Director of Adult Care Services and Director of Children  
Schools and Families

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**1. Purpose of Report**

To agree the use of specific grants and supplementary credit approval by Adult Care Services and Additional Grant to Support School Budgets by Children, Schools and Families Service for 2003/2004.

**2. Summary**

- 2.1 The County Council has received three specific grants relating to adult Social Care outside of the general funding received from revenue support grant. These are Access and Capacity grant totalling £3.441 million, the performance fund totalling £1.935 million and the Deferred Payments Grant totalling £0.761 million.
- 2.2 Access and Capacity Grant is ongoing while Performance Fund is one-off. The position with the Deferred Payments Grant is not known at present, but even if it does not continue increases are expected in the Access and Capacity Fund which will more than compensate for the loss of the Deferred Payments Grant.
- 2.3 These grants are not ring fenced due to the comprehensive performance assessment of Hertfordshire as an excellent authority and the two star status of Social Services.
- 2.4 It is, nevertheless, proposed that the grants should be used for the area of service for which they are intended. Proposals are therefore made to spend all of these grants on adult social care, although taking advantage of the lack of ring fencing to use the grants more flexibly than grant conditions would allow non-excellent authorities.
- 2.5 The Council has also received a Supplementary Credit approval for Mental Health of £274,000, which is also not ring fenced. Again,

proposals for spending these resources on the intended service area are made in the report.

- 2.6 The Council has also received additional budget support grant of £1m from the DfES to recognise the impact of low budget increases per pupil resulting from a combination of a low increase in Education Formula Spending Share (EFSS) together with reductions in grant through the Standards Fund.
- 2.7 The grant has to be either fully delegated, using existing formula factors, or fully devolved, using a new methodology (which recognises issues such as lowest increases in per pupil funding), to schools. The grant may also be used to support Education Support Centres and Nursery Schools. Proposals for spending this resource are made within the report.

### 3. Conclusion

Cabinet is requested to:

- a) Indicate their position with regard to the application of the specific grants and supplementary credit approvals to the service area for which they were given of adult social care
- b) To indicate their agreement or otherwise with the allocations and use of the grants proposed in the report.

### 4. Background

#### Adult Care Service Specific Grants

- 4.1 The County Council has received three main, new or increased, specific grants relating to Adult Social Care. These are as follows:

Access and Capacity Fund	£3.441 million
Performance Fund	£1.935 million
Deferred Payments Grant	£0.761 million

- 4.2 Owing to Hertfordshire County Council's comprehensive performance assessment as an excellent authority, combined with the two star status of Social Services, the specific grants received for adult social care (and other areas) are no longer ring-fenced. This means that they can be spent on any area of Council expenditure. However, informally, the Social Services Inspectorate have indicated that they would be very concerned if the excellent authorities did not spend the grants within Adult Social Care and in some way related to the purposes for which they are given. This is particularly the case for Access and Capacity Grant, which has been given for the specific purpose of expanding the capacity and range of community based social care services for older people and by implication reducing pressure on health services.

- 4.3 It has also been indicated to us that the targets which relate to Adult Social Care and which are assessed as part of our annual review process are partly predicated on the extra funding the Authority is receiving both through the increase in formula funding and specific grants. To achieve improvements in key indicators requires expenditure in the areas for which grants have therefore been given.
- 4.4 However, even if it is accepted that the grant will be applied to Adult Social Care, there are major advantages to the Authority of the lack of a ring fence.  
The lack of a ring fence means that we can apply the grants more flexibly to achieve the aims of the Council and improvement in performance rather than focusing on ensuring that where the money is spent exactly meets grant conditions. In the case of the Performance Fund and Deferred Payment Grants, which have very strict conditions, this is particularly advantageous.
- 4.5 Deferred Payment Grant in fact, if ring fenced, can only be used for the purpose of compensating the Authority for lost income through placing legal charges on the homes of those people going into residential care. The strictness of the conditions has made it virtually impossible for us as an Authority to claim on this grant in the past. The lack of ring fencing means in the case of this grant we can use the money as we wish and in effect gain an extra £761,000 of income.
- 4.6 Performance Fund has been claimed in the past but, again, the strictness of grant conditions has reduced the usefulness of these resources for us. The lack of a ring fence means that we can be more flexible in the use of the grant, although this is the second and final year of the Performance Fund, meaning that the resources are one off and we have to ensure that we do not incur recurring costs.
- 4.7 Proposals for the allocation of these three grants are shown at Appendix 1. The following considerations have been used in allocating the grant:
- a) With regard to Access and Capacity Grant, we have attempted to allocate the cash for purposes related to those that would apply if the grant was not ring fenced. Most allocation therefore relates to areas which provide for increased capacity for community based home care services and will allow more people to access these services. This, for example, includes extra resources for rehabilitative home care, which aims to reduce long term care costs and also for the increased costs of home care resulting from contractual changes.
  - b) We have sought to address issues which would otherwise or were earlier identified in the MTFP process as uncertainties. This, for example, includes the ongoing cost of those schemes which it was intended to fund with Performance Fund resources in 2002/03, the increased price for home care and funding which

supports the Public Services Agreement and compliance with Fairer Access to Care Regulations.

- c) We have also sought to address key pressure areas of the budget with the aim of preventing overspends in 2003/04. Examples of this include the £600,000 provision for agency staff. Overspends have occurred in this area for the past two or three years and adjusting base budgets and the central management fee paid to Manpower will prevent a reoccurrence in 2003/04 and beyond. There are also various base lines which are corrected. In addition, much of the resource applied will help to reduce delayed discharges from hospitals and these are to be subject to a charge to the authority of £120 per patient per day from January 2004.
  - d) With reference to one-off resources, particularly those for the Performance Fund, it can be more difficult to allocate resources for the best purpose as it is necessary to ensure there is not a recurring cost. However, we have sought to allocate these to areas which will lead to long term benefits, both in terms of service delivery and in terms of reducing costs to the County Council at a later stage. For example, allocating resources to improved management information, to recruitment campaigns and to prevention services should have this effect. Substantial resources have also been proposed for implementing new systems and for training in leadership and practice development, all of which are by definition one off but will have long term benefits.
- 4.8 Overall, it is anticipated that the proposed uses of this money will lead to long term service improvements, reduced risk of overspends in 2003/04 and beyond and to a reduction of any need to call upon the central contingency.

#### Mental Health Supplementary Credit Approval

- 4.9 Hertfordshire County Council has also been awarded a Supplementary Credit Approval relating to mental health for 2003/2004 and totalling £274,687.
- 4.10 Again, this Supplementary Credit Approval is not subject to ring fencing because of the excellent, two star status of the Authority. However, in the normal course of events the Supplementary Credit Approval would have been taken up and used for mental health purposes. Continuing to do this is particularly important in the context of our partnership with Hertfordshire Partnership Trust for mental health services.
- 4.11 Appendix 2 contains proposals for the use of this Supplementary Credit Approval, all of which relate to capital requirements for the Mental Health Service. Most of these relate to the changes to mental health which are being introduced to meet National Service Framework requirements in

terms of crisis response and assertive outreach. This is in accordance with the Department of Health guidance accompanying the allocation. The net costs of these changes are primarily being met by growth in health budgets being allocated to the pooled budgets administered by the Joint Commissioning Partnership Board. The capital proposals outlined in Appendix 2 will enhance the basis of service delivery for these new services

#### Additional Grant to Support School Budgets

- 4.12 The Council received in April notification of a new grant for 2003/04 to compensate authorities with the lowest increases in Education Funding Spending Share (EFSS). This was in response to representations from local authorities, schools and headteacher representatives about the impact of the new funding system on a number of LEAs. Hertfordshire, one of 36 authorities in receipt of the grant, was allocated £1m. Whilst the grant increases Hertfordshire's funding from the Government for 2003/04 to 3.2% per pupil, taking account of increases in EFSS, School Standards Grant and discontinued Standards Fund Grants, it still leaves this Council's increase well short of the national increase of 4.8% per pupil.
- 4.13 Authorities are required to treat the grant as an addition to the School Budget Share and either put it through the Individual School Budget Share (ISB), using existing formula rules, or devolve it using criteria that takes into account the needs of its schools that had the lowest increase in per pupil funding. The Authority can also consider devolving some share of the resource to Education Support Centres (ESCs) or nursery schools.
- 4.14 There is no one category of school or school group who has suffered a particular impact from the 2003/04 budget settlement. In view of this and given the level of resource, the simplest and arguably most transparent method of allocating the funding, would be on the basis of percentage top-up to the total age-weighted pupil funding across the sectors (total place led funding in special schools). In secondary this covers the 11-15 aged pupils. This methodology would be more straightforward in the secondary sector as it would avoid the need to make any adjustment to the post-16 formula deduction.
- 4.15 The allocation would result in a 0.30% increase in the total AWPU funding across the sectors. The allocations would be:

	Primary FTE Pupil Nos	Additional Grant Allocation	Secondary FTE Pupil Nos	Additional Grant Allocation
Small	47	252	456	3003
Medium	215	1099	1022	5838
Large	435	2213	1441	9170

Special schools would receive allocations ranging between £890 and £3900 (average £3200).

- 4.16 This allocation would have the impact of increasing the Individual School Budget (ISB), but the DfES have confirmed that it will not cause the passporting target for 2004/05 to be any higher than it would otherwise have been had we not received the grant.
- 4.17 We could also elect to apply the increase the nursery schools and ESCs by top-slicing the funding. This would not significantly impact on the allocations for primary, secondary or special schools. Nursery and ESCs would receive an allocation in the region of £400 per establishment. We are aware that the impact of this year's funding settlement, particularly in relation to movement in Standards Funds, has applied equally to ESCs and nursery schools as to the other school sectors. The nursery and ESC allocations would be distributed between establishments pro-rata to their total budget shares.