

**HERTFORDSHIRE COUNTY COUNCIL
ADULT CARE SERVICES SELECT COMMITTEE
THURSDAY 11 JANUARY 2001 AT 10.30 A.M.**

Agenda Item No:

4

ADULT CARE SERVICES PROPOSED RESOURCE BUDGET 2001/02 – 2004/05

Report of the Director of Social Services

Author: Ralph Paddock, Head of Finance (01992 556354)

Executive Member: Julia Price

1. Purpose of the Report

- 1.1 To consider proposals from the Cabinet for the revenue budget 2001/02 to 2004/05 and the Capital Programme 2001/02 to 2003/04 for the Adult Care Services portfolio and make recommendations as appropriate.

2. Summary

- 2.1 At its meeting on 18 December 2000 Cabinet made proposals on the revenue budget and capital programme for scrutiny by Select Committees in January 2001.
- 2.2 The proposals relating to the Adult Care Services portfolio are attached at Appendix 1A to 1G.
- 2.3 Recommendations made by this Select Committee will be considered by Cabinet on 29 January, along with the latest information on resources and the outstanding uncertainties. The County Council will agree the budget and council tax level on 15 February.

3. Cabinet Proposals

- 3.1 The recommendation made by Cabinet on 18 December 2000 which is relevant to this Committee is : -
1. That the resources budget proposals detailed in the report, including the use of reserves, be approved.

APPENDIX 1

PORTFOLIO: ADULT CARE SERVICES PROPOSED RESOURCE BUDGET 2001/02 – 2004/05

Chief Officer: Caroline Tapster, Director of Social Services (01992 556300)
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- B Revenue Budget 2001/02 – 2004/05 and Movement from Current Year's Budget
- C Pressures for Change
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- E Fees and Charges
- F Service Enhancements
- G Proposed Capital Programme 2001/02 – 2003/04

COMMENTARY

- 1.1 This Appendix outlines details of the proposals for a revenue budget of £134.857 million for Adult Care Services.
- 1.2 The efficiency savings included in the proposals are summarised below with fuller details provided in the following appendices:

<u>Efficiency Savings</u>	£'000
Introduction of more block contracts for home care	(100)
Reviewing rostering arrangements within in house learning disability hostels	(100)
Additional income generated from various grants for Employment Direct	(100)
Accommodation review / workwise	(30)
Ensure more special equipment items are returned for re-use	(20)
Increase occupancy levels within in house learning disability hostels (from 95% to 96%)	(20)
Review monthly targets for elderly residential and nursing home placements	(90)
2% saving arising from review of Community Support Teams	(40)
Further efficiencies - supplies and services	(25)
Reduce consultancy budget by 25%	(17)
	<u>(542)</u>

- 1.3 The pressures, which need to be funded as part of the 2001/02 budget, reflect the very significant demographic demands on services, particularly for people with learning disabilities and the elderly. This is reflected both in the full year effect of the previous year's placements and in the resources required to fund services for an increasing number of people. Modernisation grants continue to be made available to the County Council for 2001/02 and one of the pressures on the budget is to fund the full year effect of those schemes put into place in 2000/01.
- 1.4 The budget as presented proposes that £4.58m of the specific grants available to Adult Care Services for 2001/02 are used to offset the pressures on the budget which, very substantially, relate to demographic change as described above. The use of grants in this way enables us to sustain service levels, but means that there is limited room for manoeuvre in establishing new schemes in areas such as preventative work and intermediate care. Without the ability to use specific grants flexibly, changes to the nature of services and to models of care will have to take place over a longer period of time.
- 1.5 Included within the budget are the continuing savings arising from the externalisation of home care and the four remaining elderly persons' homes. These savings continue to rise year by year and contribute to the resourcing of pressures elsewhere in the budget.

COMMENTARY

- 1.6 Given the very substantial levels of efficiency savings achieved over the last 3 to 4 years on the Social Services budget, there is limited room for manoeuvre to deliver further savings. However, efficiency savings totalling £542,000 have been identified by very careful scrutiny of the full range of budgets that will be held by the Adult Care Services Department. The achievement of these savings will require careful planning and very tight management as, in many cases, we are seeking to improve on budgets which are already managed very tightly and where performance indicators demonstrate us to be efficient.
- 1.7 The Administration also proposes the following one-off service enhancements for inclusion in the 2001/02 budget:

	£'000
Additional Special Equipment	100
DDA Access	100
Grants to Voluntary Organisations	<u>100</u>
	300

These proposals are detailed in Appendix 1F and reflect areas where we feel we can make a real difference to services and to outcomes for clients through a one-off injection of resources.

APPENDIX 1B

**REVENUE BUDGET 2001/02 – 2004/05
AND MOVEMENTS FROM CURRENT YEAR'S BUDGET
ADULT CARE SERVICES**

	2001/02	2002/03	2003/04	2004/05
	£'000	£'000	£'000	£'000
2000/01 Original Budget	124,545	124,545	124,545	124,545
Technical Adjustments 2000/01	(73)	(73)	(73)	(73)
2000/01 Adjusted Budget	124,472	124,472	124,472	124,472
Technical Adjustments 2001/02	4,944	4,944	4,944	4,944
Inflation (to be amended)	3,861	3,861	3,861	3,861
	133,277	133,277	133,277	133,277
Pressures for Change				
<i>Previous Policy Decisions</i>				
1. Home Care externalisation *	(450)	(860)	(1,220)	(1,460)
2. 4 EPHs externalisation *	(100)	(180)	(230)	(260)
3. Full year effect of previous year's placements	2,000	4,000	6,000	8,000
4. Full year effect of 2000/01 specific grants	494	494	494	494
5. Herts Connect (Gateway)*	(396)	(396)	(396)	(396)
6. Single Status*	(141)	(232)	(304)	(360)
Total Previous Policy Decisions	1,407	2,826	4,344	6,018
<i>Demographic Change</i>				
7. Learning Disability	1,000	2,000	3,000	4,000
8. Elderly	1,686	3,372	5,058	6,744
Total Demography	2,686	5,372	8,058	10,744
<i>Legislative Changes</i>				
9. Section 117 of Mental Health Act 1983	500	500	500	500
10. Loss of income from home property	468	468	468	468
11. Loss of income due to upper capital limits being raised	240	240	240	240
12. Climate Change Levy	(40)	(40)	(40)	(40)
Total Legislative changes	1,168	1,168	1,168	1,168
<i>Other Pressures</i>				
13. Business Rates – Revaluation	11	11	9	5
14. Superannuation – LGPS	392	784	1,176	1,568
15. Increments	95	215	290	297
16. Recruitment and retention of social work staff	500	632	675	704

* full year effect of previous efficiency savings

APPENDIX 1B (cont'd)

**REVENUE BUDGET 2001/02 – 2004/05
AND MOVEMENTS FROM CURRENT YEAR'S BUDGET
ADULT CARE SERVICES**

	2001/02	2002/03	2003/04	2004/05
	£'000	£'000	£'000	£'000
17. Revenue Effects of Capital (Telecoms)	32	35	38	38
18. Capital Payback	(19)	(88)	(190)	(190)
19. Capital Payback (Telecoms)	20	32	32	32
20. Joint Financing Taper	110	190	262	264
Total Other Service Pressures	1,141	1,811	2,292	2,718
Total Pressures For Change	6,402	11,177	15,862	20,648
Funded from Specific Grants	(4,580)	(4,580)	(4,580)	(4,580)
Efficiency Savings				
21. Introduction of more block contracts for home care	(100)	(100)	(100)	(100)
22. Reviewing rostering arrangements within in house learning disability hostels	(100)	(100)	(100)	(100)
23. Additional income generated from various grants for Employment Direct	(100)	(100)	(100)	(100)
24. Accommodation review / workwise	(30)	(30)	(30)	(30)
25. Ensure more special equipment items are returned for re-use	(20)	(20)	(20)	(20)
26. Increase occupancy levels within in house learning disability hostels (from 95% to 96%)	(20)	(20)	(20)	(20)
27. Review monthly targets for elderly residential and nursing home placements	(90)	(90)	(90)	(90)
28. 2% saving arising from review of Community Support Teams	(40)	(40)	(40)	(40)
29. Further efficiencies - supplies and services	(25)	(25)	(25)	(25)
30. Reduce consultancy budget by 25%	(17)	(17)	(17)	(17)
Total Efficiency Savings	(542)	(542)	(542)	(542)
Service Enhancements				
1. Additional Special Equipment	100			
2. DDA Access	100			
3. Grants to voluntary organisations	<u>100</u>			
Total Service Enhancements	300			
Resultant Budget	134,857	139,332	144,017	148,803

PRESSURES FOR CHANGE

Previous Policy Decisions

1. <u>Externalisation of Home Care to Leonard Cheshire</u>	(£450,000)	2001/02
(full year effect of previous efficiency saving)	(£860,000)	2002/03
	(£1,220,000)	2003/04
	(£1,460,000)	2004/05

The in house home care service was transferred to Leonard Cheshire on 1 February 2000. Estimated savings of £450,000 will be generated in 2001/02. When all transferred staff have left the eventual saving will be £2.6m per annum.

2. <u>Externalisation of the four EPHs to Runwood</u>	(£100,000)	2001/02
(full year effect of previous efficiency saving)	(£180,000)	2002/03
	(£230,000)	2003/04
	(£260,000)	2004/05

The management of the four remaining EPHs was transferred to Runwood in June 1999.

The £100,000 saving in 2001/02 is an estimate of the additional benefits income in the form of residential care allowance from new clients being placed in the four homes.

3. <u>Full year effect of previous year's placements</u>	£2,000,000	2001/02
	£4,000,000	2002/03
	£6,000,000	2003/04
	£8,000,000	2004/05

The need for residential and nursing home placements rises through the financial year and there is a full year effect of any placement made after 1 April.

£2m for 2001/02 should allow us to continue to fund the number of residential placements we will have at the end of 2000/01. However, it will not provide for the effects of increasing in population, hence the need to include demographic pressures in addition to the funding of the full year effect.

4. <u>Full year effect of 2000/01 specific grants</u>	£494,000	2001/02 and subsequent years
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The full year effects of projects funded from special and specific grants in 2000/01 amount to £494,000 in 2001/02.

5. <u>Herts Connect (Gateway)</u>	(£396,000)	2001/02
(full year effect of previous efficiency saving)		and subsequent years

These are the savings and recharges associated with the Gateway Project.

APPENDIX 1C (cont'd)

PRESSURES FOR CHANGE

6. <u>Single Status</u>	(£141,000)	2001/02
(full year effect of previous efficiency saving)	(£232,000)	2002/03
	(£304,000)	2003/04
	(£360,000)	2004/05

These are the costs and savings arising from the implementation of the single status package on 1 July 2000.

<u>Demographic Changes</u>	£2,686,000	2001/02
	£5,372,000	2002/03
	£8,058,000	2003/04
	£10,744,000	2004/05

7. and 8. The increasing elderly population and increasing demands for services for people with learning disabilities represent significant pressures on the Committee's budget. Hertfordshire's over 85s population is increasing at a rate of over 4% per annum (£1.686m per year). The review of learning disability residential care estimates that a net increase in residential placements of 40 per year will be required (£1m per year).

Legislative Changes

9. <u>Section 117 of the Mental Health Act 1983</u>	£500,000	2001/02 and subsequent years
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The judgement on Section 117 of the Mental Health Act 1983 will result in additional ongoing costs (loss of income) amounting to around £500,000 in 2001/02 and future years.

10. <u>Loss of income from home property (NHS Plan)</u>	£468,000	2001/02 and subsequent years
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This is the estimated impact of disregarding the value of a client's property for up to 3 months from 1 April 2001 for elderly people in residential and nursing homes.

11. <u>Loss of income due to upper capital limits being raised (NHS Plan)</u>	£240,000	2001/02 and subsequent years
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This is the estimated impact of increasing the upper capital limits from 1 April 2001 to £18,000 (from £16,000) for elderly clients in residential and nursing homes.

APPENDIX 1C (cont'd)

PRESSURES FOR CHANGE

12. Climate Change Levy (£40,000) 2001/02
and subsequent years

From 1 April 2001 a new climate change levy will be charged on business use of energy which will increase fuel costs for the county council. Nationally the revenue raised by the levy will be offset by a reduction in employer's National Insurance Contributions. The figures shown here are net of the NI reduction.

Other Pressures

13. Business Rates - Revaluation £11,000 2001/02
£11,000 2002/03
£9,000 2003/04
£5,000 2004/05

These are the estimated additional costs arising from the 2000 revaluation of property for rating purposes.

14. Superannuation - LGPS £392,000 2001/02
£784,000 2002/03
£1,176,000 2003/04
£1,568,000 2004/05

This is the estimated cost of the additional employer's contribution to the local government pension scheme following the 1998 actuarial review.

15. Increments £95,000 2001/02
£215,000 2002/03
£290,000 2003/04
£297,000 2004/05

This is the impact of staff receiving increments on 1 April 2001 (net of estimated staff turnover).

16. Recruitment and Retention of Social Work Staff £500,000 2001/02
£632,000 2002/03
£675,000 2003/04
£704,000 2004/05

There is a national shortage of social workers. A recruitment and retention policy was introduced in February 2000 in response to recruitment difficulties. This policy included the regrading of Assistant Managers, starting newly qualified social workers on a higher grade, creating senior practitioner posts and increasing the salaries of professional assistants. The level of vacancies has reduced as a result of introducing these measures and the number of temporary and agency staff has also reduced.

APPENDIX 1C (cont'd)

PRESSURES FOR CHANGE

17. <u>Revenue Effects of Capital (telecoms)</u>	£32,000	2001/02
	£35,000	2002/03
	£38,000	2003/04
	£38,000	2004/05

This is the Service's share of running costs associated with the countywide telecommunications infrastructure programme.

18. <u>Capital Payback</u>	(£19,000)	2001/02
	(£88,000)	2002/03
	(£190,000)	2003/04
	(£190,000)	2004/05

This is payback associated with the Capital Programme.

19. <u>Capital Payback (telecoms)</u>	£20,000	2001/02
	£32,000	2002/03
	£32,000	2003/04
	£32,000	2004/05

This relates to the payback associated with the countywide telecommunications infrastructure programme.

20. <u>Joint Finance Taper</u>	£110,000	2001/02
	£190,000	2002/03
	£262,000	2003/04
	£264,000	2004/05

This is the impact on the revenue budget of schemes previously funded from joint finance where tapering arrangements have been agreed.

SAVINGS

Efficiency Savings

21. Introduction of more block contracts for home care (£100,000) 2001/02 and subsequent years

More block contracts will be implemented from 1 April 2001.

22. Reviewing rostering arrangements within in house learning disability hostels (£100,000) 2001/02 and subsequent years

A review of the rostering arrangements within learning disability hostels will produce full year savings of £100,000 per year.

23. Additional income generated from various grants for Employment Direct (£100,000) 2001/02 and subsequent years

Grant income has exceeded the budget provision over the last few years and this has resulted in a budget underspend for this service. It is assumed that at least the same level of income will be generated in future although some of the current grants are time limited.

24. Accommodation review / workwise (£30,000) 2001/02 and subsequent years

Savings will be generated from the review of accommodation within St Albans including the opening of the Porters Wood offices.

25. Ensure more special equipment items are returned for reissue (£20,000) 2001/02 and subsequent years

Reissuing equipment will enable the same number of clients to be provided with a service at less cost.

26. Increase occupancy levels within in house learning disability hostels (from 95% to 96%) (£20,000) 2001/02 and subsequent years

The turnover of clients within in house hostels is such that an average occupancy level of 96% (compared with the current 95%) should be achievable. This will generate more income from clients' contributions.

27. Review monthly targets for elderly residential and nursing home placements (£90,000) 2001/02 and subsequent years

Savings amounting to £90,000 will be found within the elderly residential and nursing homes budget of over £30m by closely monitoring placements throughout the year.

The same number of placements will be made in 2001/02 as in 2000/01, however, these will be made slightly later in the year.

APPENDIX 1D (cont'd)

SAVINGS

28. 2% saving arising from review of Community Support Teams (£40,000) 2001/02 and subsequent years

The deployment of staff on a different basis will produce an efficiency saving of £40,000 (2%) from the recent review of the Community Support Teams.

29. Further efficiencies - supplies and services (£25,000) 2001/02 and subsequent years

Savings amounting to £25,000 will be achieved within supplies and services and in particular printing and stationery.

30. Reduce consultancy budget by 25% (£17,000) 2001/02 and subsequent years

Reduce the budget for consultancy within Adult Care Services by 25% from £68,000 to £51,000.

Non Cashable Efficiency Savings

31. The impact of demographic changes have been coped with without increasing social worker numbers (£150,000) 2001/02 and subsequent years

The number of social workers in Districts increased by a lower percentage than the percentage increase in client numbers.

32. Learning Disability Review - more appropriate placements (£100,000) 2001/02 and subsequent years

On a budget of over £11m a review of existing placements should generate non cashable savings of £100,000 per annum.

33. Increase in the number of Sheltered Housing Schemes (£30,000) 2001/02 and subsequent years

Clients will be living much closer together in Sheltered Housing Schemes than in the Community. Hence there will be less travelling time for home carers.

34. Proposed appointment of a debt recovery officer (£20,000) 2001/02 and subsequent years

Income will be received quicker and hence there will be cash flow improvements following the appointment of a debt recovery officer.

APPENDIX 1E

FEES AND CHARGES 2001/02

The vast majority of fees and charges will be increased by the appropriate inflation factors.

Fees and charges which will be increased by more or less than inflation are as follows:-

Home Care and Day Care Charges	Rate/Fee		Budget		% increase
	2000/01	2001/02	2000/01	2001/02	
	£	£	£'000	£'000	
Efficiency savings will be achieved by the externalisation of the in house home care service to Leonard Cheshire. The charge made to clients will, therefore, increase by less than inflation.	9.90	10.00	1,883	1,902	1%

APPENDIX 1F

SERVICE ENHANCEMENTS

1. Purchase of additional equipment to reduce waiting lists £100,000 2001/02
One-off

This sum will enable the service to reduce waiting lists for special equipment through the purchase of Electric Raiser Recliner Chairs, maintenance free bathlifts and setting up wheelchair centres in West & East and North Herts areas. This investment will support the council's promise to fight for the interests of elderly and disabled people and ensure they have access to our services so that they can maintain their independence.

2. Improve disabled access to buildings £100,000 2001/02
One-off

This investment will be concentrated on identifying and implementing access improvements to the service sites used by clients. Improvements to access at Day Centres will be a particular focus.

3. Grants to voluntary organisations £100,000 2001/02
One-off

This investment will create a fund through which organisations can bid for support in the following areas:-

- (a) Support for carers. (The Carers' Breaks Grant needs to be spent on direct services, i.e. respite care, but there are other ways carers can be supported).
- (b) Prevention work in the community with older people.
- (c) Improving employment opportunities for people with special needs.

APPENDIX 1 (G)

**PROPOSED CAPITAL PROGRAMME 2001/02 – 2003/04
ADULT CARE SERVICES**

Scheme	Total Scheme Cost	2001/02	2002/03	2003/04	Subsequent Years
	£'000	£'000	£'000	£'000	£'000
<u>County Funded Schemes</u>					
County Wide LD Hostel Reprovision (see self financing)	1,635	400	535	450	
Borehamwood Day Centre – Kitchen	100	100			
Total County Funded	1,735	500	535	450	
<u>Self-financing Schemes</u>					
Balmoral Day Centre – Reprovision (see county funded)	1,425	1,425			
County Wide LD Hostel Reprovision (see county funded)	800	450	350		
Total Self Financing	2,225	1,875	350	-	-
Total Programme	3,960	2,375	885	450	

Note: Business cases for the above schemes can be obtained from Ralph Paddock (01992 556354)