

**HERTFORDSHIRE COUNTY COUNCIL
ADULT CARE SERVICES SCRUTINY COMMITTEE
THURSDAY 17 JANUARY 2002 AT 10.30 a.m.**

Agenda Item No.

6

ADULT CARE SERVICES PROPOSED RESOURCE BUDGET 2002/03 – 2005/06

Report of the Director of Adult Care Services

Author:- Ralph Paddock, Head of Finance, Adult Care Services (01992 556354)

Executive Member:- Jane Pitman

1. Purpose of the report

- 1.1 To consider proposals from the Cabinet for the revenue budget 2002/03 to 2005/06 and the Capital Programme 2002/03 to 2004/05 for the Adult Care Services portfolio and make recommendations as appropriate.

2. Summary

- 2.1 At its meeting on 17 December 2001 Cabinet made proposals on the revenue budget and capital programme for consideration by Scrutiny Committees in January 2002.
- 2.2 The proposals relating to the revenue budget for Adult Care Services portfolio are attached at Appendix 1A to 1E. The proposed capital programme is attached at Appendix 2.
- 2.3 Recommendations made by this Scrutiny Committee will be considered by Cabinet on 28 January, along with the latest information on resources and the outstanding uncertainties. The County Council will agree the budget and council tax level on 14 February.

3. Cabinet Proposals

- 3.1 The recommendations made by Cabinet on 17 December 2001 which are relevant to this Committee are as follows:-
1. That Hertfordshire MPs be thanked for their support in convincing the Government to recognise some of the additional needs of the County which have produced the County Council's SSA. The Cabinet regrets the continued chronic underfunding of personal social services and the failure properly to reflect additional burdens on the Environment budget.

2. The Cabinet calls on the Government to reinstate the funding they have taken from the County Council, both the £1.6 million Education share of the reduction in funding and the £1.1 million in respect of other services.
3. That all Councillors, MPs and Schools be asked to lobby Government to persuade them to reinstate the funding unfairly cut from the County's RSG allocation.
4. That:
 - a) the Children, Schools and Families (Education) best value budget for 2002/2003 be proposed for consideration by Scrutiny Committees at £657.917m which includes growth of £9.2m: the detailed allocation of this growth money will depend on consultations on the overall delegations to schools and a resolution of the uncertainties and complications around the changes to post 16 funding.
 - b) the best value budget for all other services be proposed for consideration by Scrutiny Committees as shown in the report subject to the cash limiting of pressures included in the budget to reflect the £1.1 million reduction in government funding (the pressures shown in Appendix 1 have been updated to incorporate these changes).

to produce a proposed best value budget as set out below:

		2002/03 Proposed Budget £m
Adult Care Services		156.223
Children, Schools and Families		709.159
Community Information		20.631
Corporate Services		12.423
Environment		85.000
Protection		
Fire & Rescue	34.787	
Coroners	0.740	
Emergency Planning	0.267	
Registration	0.710	
Trading Standards	<u>2.206</u>	38.710
Central Items		41.891
Asset Management Revenue Account		<u>(210.098)</u>
		<u>853.939</u>

5. That the Capital Programme for 2002/03 – 2004/05 be approved as set out in Appendix 2.

4. Update

Residents admitted to independent residential care and nursing homes prior to 1 April 1993 are eligible, depending on their income and assets, to receive higher levels of income support under a preserved rights scheme. The Government has decided to end this arrangement in April 2002 and transfer the responsibility and resources from social security to local authorities. Based on recent information provided by the Department of Works and Pensions the additional costs to the County Council will exceed the specific grant and as a consequence an estimate of £1.5 million has been included in the 2002/03 resource budget. However, it should be noted that a final accurate estimate of the additional cost of transferring responsibility for preserved rights clients is still being calculated.

APPENDIX 1

PORTFOLIO: ADULT CARE SERVICES PROPOSED RESOURCE BUDGET 2002/03 – 2005/06

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APPENDIX 1 – CONTENTS

- A Commentary
- B Revenue Budget 2002/03 – 2005/06 and Movement from Current Year's Budget
- C Pressures for Change
- D Savings
- E Fees and Charges

COMMENTARY

- 1.1 This Appendix outlines details of a standstill revenue budget (on a best value accounting basis) after efficiency savings and grant of £156.223 million.
- 1.2 The savings included in the proposals are summarised below with fuller details provided in the following appendices:

	£'000
<u>Efficiency Savings</u>	
Increase Hostel/Group Home Rents	(280)
Increase Gypsy Rents 6% above Inflation	(33)
BT Commitment Purchasing reduction	(32)
PACMAN Best Value Efficiencies	<u>(65)</u>
Total	(410)

- 1.3 The pressures, which need to be funded as part of the 2002/03 budget, reflect the very significant demographic demands on services, particularly for people with learning disabilities and older people. 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. Promoting Independence grant continues to be made available to the County Council for 2002/03 and one of the pressures on the budget is to fund the full year effect of those schemes put into place in 2001/02.
- 1.4 The budget as presented proposes that £3.095 million of the specific grants available to Adult Care Services for 2002/03 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. 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. These savings continue to rise year by year and contribute to the part funding of pressures elsewhere in the budget. Residential allowances will not be payable for new clients from April 2002 and therefore there are no longer additional client contributions from the externalisation of the four remaining elderly persons' homes.
- 1.6 Given the very substantial levels of efficiency savings achieved over the last 4 years on the Social Services budget, there is limited room for manoeuvre to deliver further savings. However, efficiency savings totalling £410,000 have been identified by very careful scrutiny of the full range of the Adult Care Services budgets. The main cashable efficiency saving that will be achieved in 2002/03 (and subsequent years) is the increase in hostel and group home rents. The Executive Committee agreed the proposal to increase these rents from July 2001.

APPENDIX 1B

**REVENUE BUDGET 2002/03 – 2005/06
AND MOVEMENT FROM CURRENT YEAR'S BUDGET**

	2002/03 £'000	2003/04 £'000	2004/05 £'000	2005/06 £'000
2001/02 Original Budget (less one-off funding)	135,757	135,757	135,757	135,757
Technical Adjustments 2001/02	(1,631)	(1,631)	(1,631)	(1,631)
2001/02 Adjusted Budget	134,126	134,126	134,126	134,126
Technical Adjustments 2002/03	5,814	5,814	5,814	5,814
Inflation	4,753	4,753	4,753	4,753
<i>Pressures for Change</i>				
<i>Previous Policy Decisions</i>				
1. Full year effect of previous year's placements	1,600	3,200	4,800	6,400
2. Full year effect of 2001/02 specific grants	434	434	434	434
<i>Full Year Effect of Previous Efficiencies</i>				
1. Single Status	(91)	(163)	(219)	(219)
2. Home Care externalisation	(152)	(391)	(591)	(775)
<i>Demographic Change</i>				
1. Elderly	1,839	3,678	5,517	7,356
2. Learning Disability	1,030	2,060	3,090	4,120
<i>Legislative Change</i>				
1. Health & Safety Driver Training	17	17	17	17
2. Section 117 Mental Health Act 1983	86	86	86	86
3. Fairer Charges for Home Care and Other Non Residential Services	86	186	186	186
4. Increasing capital limits from 1 April 2000 (from 16k to 18.5k)	157	261	183	183
5. Criminal Background Checks	7	7	7	7
<i>Other Pressures</i>				
1. Superannuation - LGPS	357	714	1,071	1,071
2. Increments	239	410	500	505
3. Revenue Effects of Capital	234	273	293	293
4. Capital Payback	(46)	(131)	(131)	(131)
5. Capital Payback (Telecoms)	50	59	59	(2)
6. Joint Financing Taper	69	141	143	143
7. Occupational Health	36	36	36	36
8. Preserved rights – shortfall of grant funding	1,500	1,500	1,500	1,500

APPENDIX 1B (cont'd)

	2002/03 £'000	2003/04 £'000	2004/05 £'000	2005/06 £'000
Funded from Grant	(3,095)	(3,095)	(3,095)	(3,095)
Cashable Efficiency Savings				
1. Increase Hostel/Group Home Rents	(280)	(280)	(280)	(280)
2. Increase Gypsy Rents 6% above Inflation	(33)	(33)	(33)	(33)
3. BT Commitment Purchasing reduction	(32)	(32)	(32)	(32)
4. PACMAN Best Value	(65)	(65)	(65)	(65)
Standstill budget	148,640	153,565	158,169	162,398
Capital Charges	7,583	7,583	7,583	7,583
Best Value Budget	156,223	161,148	165,752	169,981

PRESSURES FOR CHANGE

Previous Policy Decisions

- | | |
|--|---|
| <p>1. <u>Full year effect of previous year's placements</u>
 The need for residential and nursing home and day care placements rises through the financial year and there is a full year effect of any placement made after 1 April.
 £1.6m for 2002/03 should allow us to continue to fund the number of residential and day care placements we will have at the end of 2001/02. However, it will not provide for the effects of increases in population, hence the need to include demographic pressures in addition to the funding of the full year effect.</p> | <p>+ £1,600,000 2002/03
 + £3,200,000 2003/04
 + £4,800,000 2004/05
 + £6,400,000 2005/06</p> |
| <p>2. <u>Full year effect of 2001/2 specific grants</u>
 The full year effects of projects funded from special and specific grants in 2001/02 amount to £434,000 in 2002/03.</p> | <p>+ £434,000 2002/03
 and subsequent years</p> |

Full Year Effect of Previous Efficiencies

- | | |
|---|--|
| <p>1. <u>Single Status</u>
 These are the costs and savings arising from the implementation of the single status package on 1 July 2000.</p> | <p>- £ 91,000 2002/03
 - £163,000 2003/04
 - £219,000 2004/05
 - £219,000 2005/06</p> |
| <p>2. <u>Home Care externalisation</u>
 The in house home care service was transferred to Leonard Cheshire on 1 February 2000. Estimated savings of £152,000 will be generated in 2002/03. The savings are less than previously estimated for 2002/03 since transferred staff are leaving at a slower rate than originally envisaged.
 When all transferred staff have left Leonard Cheshire the eventual saving will be £2.6m per annum.</p> | <p>- £ 152,000 2002/03
 - £ 391,000 2003/04
 - £ 591,000 2004/05
 - £775,000 2005/06</p> |

Demographic Changes

The increasing elderly population and increasing demands for services for people with learning disabilities represent significant pressures on the Committee's budget.

- | | |
|---|---|
| <p>1. <u>Elderly</u>
 Hertfordshire's over 85s population is increasing at a rate of over 4% per annum and the 75 to 84 population is increasing by over 1% per annum.</p> | <p>+ £1,839,000 2002/03
 + £3,678,000 2003/04
 + £5,517,000 2004/05
 + £7,356,000 2005/06</p> |
| <p>2. <u>Learning Disability</u>
 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) for the foreseeable future.</p> | <p>+ £1,030,000 2002/03
 + £2,060,000 2003/04
 + £3,090,000 2004/05
 + £4,120,000 2005/06</p> |

APPENDIX 1C (cont'd)

Legislative Changes

Health & Safety Driver Training

This provision will cover the training in lifting and handling for both County Council employed and volunteer drivers and also improve customer awareness.

+ £17,000 2002/03
and subsequent years

2. Section 117 Mental Health Act 1983

The judgement on Section 117 of the Mental Health Act 1983 is now estimated to result in additional ongoing costs (loss of income) of £586,000 in 2001/02 and future years. £500,000 was included in the 2001/02 budget and hence a further £86,000 is required based on clients identified to date.

+ £86,000 2002/03
and subsequent years

3. Fairer Charges for Home Care and Other Non Residential Services

The new charging arrangements, which were issued on 23 November 2001, are to be introduced on a phased basis in October 2002 and April 2003

The impact on the home care / day care income budget is not known at this stage, however, the best estimate is a reduction in income of £86,000 in 2002/03 and £186,000 in subsequent years.

+ £86,000 2002/03
+ £186,000 2003/04
and subsequent years

4. Increasing capital limits from 1 April 2000 (16k to 18.5k)

Income Support thresholds didn't increase in April 2001 in line with the increase in capital limits. Some clients will therefore be paying less than the standard client contribution for up to 90 weeks.

+ £157,000 2002/03
+ £261,000 2003/04
+ £183,000 2004/05
+ £183,000 2005/06

5. Criminal Background Checks

Criminal background checks are a requirement arising from government regulations. Checks will be carried out via the new Criminal Records Bureau for which a standard charge of £12 per check will be levied. These costs will be met by the department in view of significant recruitment difficulties and the disincentive of a charge to the individual.

+ £7,000 2002/03
and subsequent years

Other Pressures

1. Superannuation - LGPS

Estimated cost of the additional employer's contribution to the local government pension scheme.

+ £357,000 2002/03
+ £714,000 2003/04
+ £1,071,000 2004/05
+ £1,071,000 2005/06

2. Increments

This relates to the incremental progression of staff.

+ £239,000 2002/03
+ £414,000 2003/04
+ £500,000 2004/05
+ £505,000 2005/06

APPENDIX 1C (cont'd)

<u>3. Revenue effects of capital</u>	+ £234,000 2002/03
These are the revenue consequences of undertaking capital works within the agreed capital programme including the countywide telecommunications infrastructure programme.	+ £273,000 2003/04
	+ £293,000 2004/05
	+ £293,000 2005/06
<u>4. Capital Payback</u>	- £46,000 2002/03
Payback associated with the capital programme.	- £131,000 2003/04
	- £131,000 2004/05
	- £131,000 2005/06
<u>5. Capital Payback (Telecoms)</u>	+ £50,000 2002/03
Payback associated with the countywide telecommunications infrastructure programme.	+ £59,000 2003/04
	+ £59,000 2004/05
	- £2,000 2005/06
<u>6. Joint Financing Taper</u>	+ £69,000 2002/03
This is the impact on the revenue budget of schemes previously funded from joint finance where tapering arrangements have been agreed.	+ £141,000 2003/04
	+ £143,000 2004/05
	+ £143,000 2005/06
<u>7. Occupational Health</u>	+ £36,000 2002/03
The increase in costs of the Occupational Health service reflects an increased level of provision, to help meet HCC's sickness reduction target and provide a broader activity as part of LifeWISE and HealthWISE.	and subsequent years
<u>8. Preserved Rights – shortfall of grand funding</u>	+£1,500,000 2002/03
Residents admitted to independent residential care and nursing homes prior to 1 April 1993 are eligible, depending on their income and assets, to receive higher levels of income support under a preserved rights scheme. The Government has decided to end this arrangement in April 2002 and transfer the responsibility and resources from social security to local authorities. Based on recent information provided by the Department of Works and Pensions the additional costs to the County Council will exceed the specific grant by an estimated £1.5 million in 2002/03.	and subsequent years

SAVINGS

Efficiency Savings

- | | |
|---|--|
| <p>1. <u>Increase Hostel/Group Home Rents</u>
The Executive committee agreed an increase in rents from July 2001 to maximise Housing Benefit for clients in hostels and group homes.</p> | <p>- £280,000 2002/03
and subsequent
years</p> |
| <p>2. <u>Increase Gypsy Rents 6% above Inflation</u>
Increase in gypsy rents to recover central support costs.</p> | <p>- £33,000 2002/03
and subsequent
years</p> |
| <p>3. <u>BT Commitment Purchasing reduction</u>
Savings arising from the re-negotiation of the corporate purchasing contract with British Telecom.</p> | <p>- £32,000 2002/03
and subsequent
years</p> |
| <p>4. <u>PACMAN Best Value Efficiencies</u>
Savings of £65,000 are expected to be achieved through a higher take up of discounts for prompt payment, bulk purchasing and other changes as a result of the Best Value PACMAN review of purchasing.</p> | <p>- £65,000 2002/03
and subsequent
years</p> |

Non Cashable Efficiency Savings

- | | |
|---|---|
| <p>1. <u>Expansion of Sheltered Housing Schemes</u>
Clients who would have been placed in residential accommodation are placed in less expensive sheltered accommodation. Home Care is also provided within sheltered housing schemes and since the flats / homes are close together the cost of providing the service is less than if clients were based in the wider community. It is estimated 24 clients will take up this service and could receive 2hrs Homecare extra, therefore 24 clients x £20 x 52.14 weeks = £25,000.</p> | <p>£25,000 2002/03
and subsequent
years</p> |
| <p>2. <u>Improving the Recovery of & Re-use of Occupational Therapy Equipment</u>
Instead of new items being issued to all clients every endeavour is made to collect equipment, clean it and return it to store, subject to health and safety considerations. More equipment can therefore be issued without increasing the budget and, as a consequence, there is a reduction in the waiting list. £35,000 equates to a 5% saving on the Gross Home ability purchasing Budget.</p> | <p>£35,000 2002/03
and subsequent
years</p> |

APPENDIX 1D (cont'd)

3. Block Contract for Respite Care £50,000 2002/03
By negotiating block contracts lower unit costs can be agreed. and subsequent
Provided the block is fully utilised the existing budget can be used years
to fund more clients. Based on £1m spent on short stay
placements in 2000/01 it is estimated a 5% non cashable saving
could be realised by moving to block contracts
4. Direct Payments £50,000 2002/03
The direct payments scheme has been extended to include older and subsequent
people. This will enable clients to choose the amount of care they years
require at specific times during the week. There should also be
savings since the amount paid by clients to their own personal
Homecare providers is less than the County Council pays to major
providers.
5. Training Staff / Demographic Changes £112,000 2002/03
By investing more in training, staff will become more competent, and subsequent
be able to deal with more complex cases and manage a larger years
caseload. The impact of demographic changes have been coped
with without increasing staff numbers. The saving is based on 1%
of care group staff budget (£11.2m)
6. Investment in IT £50,000 2002/03
More accurate, up-to-date and timely information should result in and subsequent
better decision making and highlight areas of greatest need. This years
saving is set against a net ACS purchasing budget of £100m and
equates to 0.05% of that budget
7. Multi-disciplinary changes £50,000 2002/03
The increase in the number of multi-disciplinary teams will result and subsequent
in closer co-operation between the various professions and more years
timely and appropriate decision making. This saving is set against
a care group staffing budget of £11.2m and equates to 0.5% of that
budget
8. Sickness £100,000 2002/03
Close monitoring of sickness levels and return to work interviews and subsequent
should reduce the overall level of sickness. Reduction in sickness years
of 1/2 day by all staff will result in a non cashable saving of
£100,000
9. Workload Management £50,000 2002/03
Looking at individual's workloads and redistributing tasks as and subsequent
appropriate leads to a more efficient workforce. This saving years
equates to 0.5% of the care management staffing budget

APPENDIX 1D (cont'd)

<p><u>10. Performance Management / Appraisal</u> Ensuring that staff are receiving regular supervision, have performance management agreements and undertake annual appraisals result in improved output. This equates to 0.3% of the Care Management and Centre staffing budgets</p>	£50,000 2002/03 and subsequent years
<p><u>11. Reduction in the Number of Early Retirement Packages</u> By offering staff alternative / appropriate jobs following restructurings / reviews has resulted in a reduction in the number of early retirement packages. Estimate based on 2 staff but length of service, grade etc would have a bearing on this</p>	£50,000 2002/03 and subsequent years
<p><u>12. Increased Occupancy Figures</u> Close monitoring of occupancy levels enables more clients to be placed in homes / day centres. Increase occupancy levels within hostels and day centres. Currently occupancy stands at 96% in in-house hostels</p>	£20,000 2002/03 and subsequent years
<p><u>13. Providing care for Higher Dependency Clients within Existing Staffing Establishments</u> In-house Learning Disabilities hostels providing care for Higher Dependency Clients within existing staffing establishments. For example placing 10 High Dependency clients as opposed to Medium Dependency clients will generate a non cashable efficiency saving of £50,000</p>	£50,000 2002/03 and subsequent years
<p><u>14. More Efficient Delivery of Homecare Packages</u> As a result of the shortage of supply for homecare services, ACS set up block contracts for homecare. These guarantee the availability of homecare, but are at a higher price than spot contract rates. Work is now increasingly being placed with the new block providers. Despite the higher price, ACS continues to provide services to approximately the same number of clients. This is because the services are being delivered more efficiently due to the new contracts being more flexible and staff ensuring that clients receive the right amount of care. This represents a non-cashable efficiency saving of £1.15m in 2002/03, as we have absorbed the price increase by more efficient delivery of the service to the same number of clients.</p>	£1,150,000 2002/03 and subsequent years

FEES AND CHARGES 2002/03

The majority of fees and charges within Adult Care Services will be increased in line with the average inflation increase for that particular service. However, some fees and charges will be reviewed in the year in line with Fairer Charges for Home Care and Other Non Residential Services requirements.

As referred to in Appendix 1C, the Executive committee agreed an increase in rents from July 2001 to maximise Housing Benefit for clients in hostels and group homes.

APPENDIX 2

PROPOSED CAPITAL PROGRAMME 2002/03 – 2004/05
ADULT CARE SERVICES

Scheme	Total Scheme Cost £'000	2002/03 £'000	2003/04 £'000	2004/05 £'000	Subsequent Years £'000
<u>General Programme Schemes</u>					
County Wide LD Hostel Reprovision (£800,000 capital receipt to reduce scheme cost)	3,863	360	150		
Disability Discrimination Act - Day Centres	200	100	100		
Enhance Network Links to ACS sites	960	220	185	430	125
Gypsy site Regeneration (see externally funded)	355	89			
Total General Programme	5,378	769	435	430	125
<u>Self-financing Schemes</u>					
Dacorum Project (see note below)	1,000	1,000			
Balmoral Day Centre - Reprovision (see note below)	1,425		1,425		
Total Self Financing	2,425	1,000	1,425		
<u>Externally Funded Schemes</u>					
Gypsy Site Reorganisation (external funding will be 75% of total programme, the balance in General Programme)	355	266			
Total External Programme	355	266			
Total Programme	8,158	2,035	1,860	430	125

Note: Cabinet report will be required to agree the principles and management arrangements of these schemes.