

HERTFORDSHIRE COUNTY COUNCIL

**ADULT CARE AND HEALTH SCRUTINY COMMITTEE
THURSDAY 15 JANUARY 2004 AT 10.00 A.M.**

Agenda Item No.

2

**ADULT CARE SERVICES PROPOSED RESOURCE BUDGET
2004/05 – 2007/08**

Report of the Director of Adult Care Services and the Finance Director

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

Executive Member:- Jane Pitman

1. Purpose of the report

1.1 To allow the Scrutiny Committee to consider the proposals on the revenue budget and capital programme made by Cabinet at its meeting on 15 December (attached at Appendix 1). These are for:

- a revenue budget of £186.098 million for the Adult Care Services portfolio in 2004/05 as detailed at Appendix 2 after using £2.0 million of the Access and Capacity Grant to offset part of the cost of increasing service need within the Standstill Budget.
- Capital schemes of £5.602 million including annual provisions of £786,000 (as detailed at Appendices 3 and 4).

1.2 To make recommendations/comments as appropriate. These will be considered by Cabinet on 26 January, along with the latest information on resources and the outstanding uncertainties. The County Council will agree the budget and council tax level on 12 February.

2. Update

2.1 Government is providing significant extra resources to local authorities through Access and Capacity Grant. This has increased by £5.0 million for HCC (after allowing for the loss of the Deferred Payments grant). The Cabinet has proposed that £2.0 million of this is used to offset part of the cost of increasing service need (see 1.1 above). These include increasing client numbers and meeting the rising costs of care providers. In Hertfordshire this grant is not ring-fenced as it is an “excellent”

authority, however, significant service improvements are expected to be funded by these resources and are reflected by more challenging targets in areas such as waiting times, delivery times for equipment, the number of people helped to stay at home and admissions to hospital avoided. It is therefore essential that significant resources are applied to service developments in these areas. The £3.0 million allocated will play a significant role in meeting these needs. £4.724 million is included in the Adult Care Services revenue budget of £186.098 million to meet rising demand (demographic pressures).

**CABINET – 15 DECEMBER 2003
COUNTY COUNCIL RESOURCE BUDGET 2004/05 TO 2007/08**

Proposals

1. That:
- (i) The £7.4million additional resources for education agreed by the Council for the current year on a "one-off" basis be continued.
 - (ii) That £2.5 million be made available for highways maintenance in 2004/05 in addition to the standstill budget.
 - (iii) Access and Capacity Grant of £2m and Safeguarding Children Grant of £0.5m be used to offset the cost of increasing service need within the standstill budget, and the balance of these grants be applied to further improve services.
 - (iv) The following service improvement be approved:-
 - £1.2m to support the extension of the Police Community Support Officer Teams.
 - (v) The following budget of £1,020.605 million is proposed, which reflects passporting for schools, standstill (including efficiency savings) for other services and the proposals set out in (i), (ii), (iii) and (iv) above, and gives a council tax increase of 6.7% subject to the resolution of the remaining uncertainties relating to the budget.

	2004/05 Proposed Budget £m
Adult Care Services	186.098
Children, Schools and Families	726.991
Community Services	
Libraries, HALS, Arts and Trading	
Standards	22.240
Fire & Rescue	35.485
Registration	0.739
Coroners	0.814
Emergency Planning	<u>0.294</u>
Corporate Services	13.189
Environment	101.056
Information Technology	0.414
Central Items	40.821
Asset Management Revenue Account	<u>(107.536)</u>
	<u>1,020.605</u>

- (vi) That the proposed schools budget for 2004/05 be agreed as £507.960 million (excluding capital charges) and notified to the DfES by the deadline of 31 December 2003.
- 2. That the Transitional Support Plan in respect of the Education Targeted Transitional Grant of £7.8 million (which is in addition to the above proposed budget) be agreed in consultation with the Executive Member for Children, Schools and Families and the Executive Member for Resources and submitted to the DfES by the deadline of 31 December 2003.
- 3. That the Environment Scrutiny Committee and Transport Panel analyse the LTP and that the Director of Environment includes a recommended allocation in his report to the March meeting of the Cabinet on the Integrated Works Programme.
- 4. That:
 - 1) the Capital Programme for 2004/05 – 2006/07 be approved as set out in the attached schedules (Appendix 3 attached), including the annual provisions set out in Appendix 11 of the report (Appendix 4 attached).
 - 2) when the Capital programme is finally approved that the risks associated with capital receipts be recognised in the finalisation of the prudential indicators relating to the borrowing under the 2003 Act.

APPENDIX 2

PORTFOLIO: ADULT CARE SERVICES

PROPOSED RESOURCE BUDGET 2004/05 – 2007/08

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APPENDIX 2 – CONTENTS

- A Commentary
- B Revenue Budget 2004/05 – 2007/08 and Movement from
Current Year's Budget
- C Pressures for Change
- D Savings

COMMENTARY

- 1.1 This Appendix outlines details of the proposals for a revenue budget of £186.098 million (on a best value accounting basis).
- 1.2 The cashable efficiency savings included in the proposals are summarised below with fuller details provided in the following Appendices:

Cashable Efficiency Savings

	£'000
Full Year Effect of Previous Efficiencies	
Single status package	56
Home care externalisation	<u>101</u>
Sub Total	<u>157</u>
Cashable Efficiency Savings (2004/05)	
Transport	50
Mobile Phones	19
Call charges	7
Best Value – Reprographics	21
Best Value – Training centres	19
Property – measured term contract	48
Best Value – ICT	13
SHARP – Procurement	40
SHARP – Invoice processing	37
Leased cars	<u>181</u>
Sub Total	<u>435</u>
Total	592

- 1.3 Social care and particularly services for older people are very much in the spotlight at present. The government pledged an extra £1billion in real terms for older people from 2003/04 to 2005/06 (equates to £20m for HCC) and a real terms increase of 6% in FSS for Personal Social Services as a whole every year from 2003/04 to 2005/06. Some of this money may not be ringfenced in the traditional way, but mechanisms such as penalising authorities for delayed discharges will be used to encourage authorities to use the extra resources on the purpose for which they have been allocated. This context creates extra pressures and uncertainties reflected in the budget below.
- 1.4 Residential allowances ceased to be paid for all clients from October 2003. The Department of Health has not yet confirmed the allocations of specific grant to individual authorities to offset the resultant reduction in income from clients' contributions.

APPENDIX 2B

REVENUE BUDGET 2004/05 – 2007/08
AND MOVEMENT FROM CURRENT YEAR'S BUDGET
ADULT CARE SERVICES

	2004/05	2005/06	2006/07	2007/08
	£'000	£'000	£'000	£'000
2003/04 Original Budget	172,085	172,085	172,085	172,085
Technical Adjustments 2003/04	(2,170)	(2,170)	(2,170)	(2,170)
2003/04 Adjusted Budget	169,915	169,915	169,915	169,915
Technical Adjustments 2004/05	(361)	3,639	3,639	3,639
Inflation	8,640	8,640	8,640	8,640
Pressures for Change:				
<i>Full Year Effect of Previous Efficiencies</i>				
1. Single status package	(56)	(56)	(56)	(56)
2. Home care externalisation	(101)	(290)	(401)	(401)
<i>Demographic Changes</i>				
1. Elderly	2,000	4,000	6,000	8,000
2. Learning Disability	1,772	3,544	5,316	7,088
3. Physical Disability	584	1,168	1,752	2,336
4. Mental Health	368	736	1,104	1,472
<i>Legislative Changes</i>				
1. Introduction of national minimum standards	40	80	120	160
<i>Other Pressures</i>				
1. Business Rates	1	1	1	1
2. Increments	139	183	185	185
3. Revenue effects of capital	257	396	486	486
4. Revenue effects of telecomms	41	108	174	241
5. Capital payback	455	538	543	543
6. Single Status – Assimilation of Manual Worker Grades	45	48	48	48
7. Mental Health	280	280	280	280
<i>Cashable Efficiency Savings</i>				
1. Transport	(50)	(50)	(50)	(50)
2. Mobile Phones	(19)	(19)	(19)	(19)
3. Call charges	(7)	(7)	(7)	(7)
4. Best Value Review – Reprographics	(21)	(21)	(21)	(21)
5. Best Value Review – Training centres	(19)	(19)	(19)	(19)

APPENDIX 2B (cont'd)

	2004/05	2005/06	2006/07	2007/08
	£'000	£'000	£'000	£'000
6. Property – measured term contract	(48)	(48)	(48)	(48)
7. Best Value Review – ICT	(13)	(13)	(13)	(13)
8. SHARP – Procurement	(40)	(40)	(40)	(40)
9. SHARP – Invoice processing	(37)	(37)	(37)	(37)
10. Leased cars	(181)	(181)	(181)	(181)
2004/05 STANDSTILL BUDGET	183,584	192,495	197,311	202,142
Capital Charges	4,514	4,514	4,514	4,514
2004/05 BEST VALUE BUDGET	188,098	197,009	201,825	206,656

Note : The above Table doesn't include the £2m of Access and Capacity Grant used to partly offset the cost of increasing service need within the Standstill Budget.

APPENDIX 2C

PRESSURES FOR CHANGE

Full Year Effect of Previous Efficiencies

£'000

1. Single status package

Savings arising from the implementation of the single status package on 1 July 2000.

- 56 2004/05
onwards

2. Home care externalisation

The in house home care service was transferred to Leonard Cheshire on 1 February 2000. Estimated savings of £101,000 will be generated in 2004/05. The savings are slightly less than previously estimated for 2004/05 since transferred staff are leaving at a slower rate than originally envisaged.

- 101 2004/05
- 290 2005/06
- 401 2006/07
onwards

Demographic Changes

Unavoidable increased service demands result in the following pressures for each of the four main client groups.

1. Elderly

+ 2,000 2004/05
+ 4,000 2005/06
+ 6,000 2006/07
+ 8,000 2007/08

2. Learning Disability

+ 1,772 2004/05
+ 3,544 2005/06
+ 5,316 2006/07
+ 7,088 2007/08

3. Physical Disability

+ 584 2004/05
+ 1,168 2005/06
+ 1,752 2006/07
+ 2,336 2007/08

4. Mental Health

+ 368 2004/05
+ 736 2005/06
+ 1,104 2006/07
+ 1,472 2007/08

APPENDIX 2C (cont'd)

<u>Legislative Changes</u>	£'000
1. <u>Introduction on national minimum standards</u>	
This change is being phased in between now and 2007. Providers will increase their weekly rates to reflect, for example, room sizes and en-suite specifications in independent sector residential homes.	+ 40 2004/05 + 80 2005/06 + 120 2006/07 + 160 2007/08
 <u>Other Pressures</u>	
1. <u>Business Rates</u>	
This relates to the estimated additional costs arising from the 2000 revaluation of property for rating purposes.	+ 1 2004/05 onwards
2. <u>Increments</u>	
This relates to the incremental progression of staff.	+ 139 2004/05 + 183 2005/06 + 185 2006/07 onwards
3. <u>Revenue effects of capital</u>	
These are the revenue consequences of undertaking capital works within the agreed capital programme.	+ 257 2004/05 + 396 2005/06 + 486 2006/07 onwards
4. <u>Revenue effects of telecomms</u>	
The department's share of the revenue consequences of undertaking corporate telecommunications capital works within the agreed capital programme.	+ 41 2004/05 + 108 2005/06 + 174 2006/07 + 241 2007/08
5. <u>Capital payback</u>	
Payback associated with the general capital programme.	+ 455 2004/05 + 538 2005/06 + 543 2006/07 onwards
6. <u>Assimilation of manual worker grades</u>	
Costs arising from the assimilation of the former manual workers onto the existing HCC grading scheme as part of the national single status agreement.	+ 45 2004/05 + 48 2005/06 onwards
7. <u>Mental Health</u>	
The estimated costs of the comprehensive Mental Health joint strategy which is driven by, among others, the National Standards Framework for Mental Health (1999) and the NHS Plan (2000).	+ 280 2004/05 onwards

SAVINGS

<u>Cashable Efficiency Savings</u>	£'000
1. <u>Transport</u> This estimated saving results from the department's integrated transport review.	- 50 2004/05 onwards
2. <u>Mobile phones</u> The department's share of corporately negotiated reductions in the cost of mobile phones.	- 19 2004/05 onwards
3. <u>Telephone Calls</u> The department's share of corporately negotiated reductions in the cost of telephone calls.	- 7 2004/05 onwards
4. <u>Best Value Review - Reprographics</u> The best value review of reprographics indicated that savings could be made by replacing existing small printers with fewer multi-function devices.	- 21 2004/05 onwards
5. <u>Best Value Review - Training Centres</u> This saving results from the discounts to be achieved through the use of approved list providers.	- 19 2004/05 onwards
6. <u>Property - Measured Term Contract</u> An analysis of the tenders for specific areas of work indicates that savings can be made from the use of selected firms for Measured Term Contract works.	- 48 2004/05 onwards
7. <u>Best Value - ICT</u> As part of the Simply Done review of ICT, this saving has been achieved by converging HCC's telephone and data networks, reducing the fixed cost to the department of its COMNET telephone extensions.	- 13 2004/05 onwards
8. <u>Sharp - Procurement</u> Experience elsewhere suggests that at least 1% savings, on total purchases can be made by introducing e-business, aggregating demand and rationalising the supplier base. The Procurement Centre will be working with departments to achieve these savings.	- 40 2004/05 onwards

APPENDIX 2D (cont'd)

£'000

9. Sharp - Processing

By turning payments around faster and taking greater advantage of settlement discounts, further savings can be made. The procurement centre working with departments will be targeted to deliver at least an additional 1% settlement discount on 1 in every 32 invoices received.

- 37 2004/05
onwards

10. Leased cars savings

The department's share of discounts from leased cars contracts based on car numbers.

- 181 2004/05
onwards

Non-cashable Efficiency Savings

1. Transport

The estimated savings resulting from the department's integrated transport review.

- 250 2004/05
onwards

**PROPOSED CAPITAL PROGRAMME 2004/05 – 2006/07
ADULT CARE SERVICES**

Scheme	Total Scheme Cost £'000	2004/05 £'000	2005/06 £'000	2006/07 £'000	Later Years £'000
<u>General Programme Schemes</u>					
Marsh Lane Resource Centre, Ware – Reprovision	1,945	750	1,110	85	
Jubilee Day Centre, St Albans – Reprovision	1,923	250	1,573	100	
E- Government in ACS	1,100	505	125		
Gypsy sites (see also external funding)	236	236			
Total General Programme	5,204	1,741	2,808	185	
<u>Self-financing Schemes</u> ¹					
Dacorum Project (inc. Berkhamsted Day Centre)	900	866			
Balmoral Day Centre – Watford	2,000	1,500			
Jupiter Drive, H Hempstead	1,500		1,500		
3 Little Bushey Lane	2,800			2,800	
Total Self Fin. Programme	7,200	2,366	1,500	2,800	
<u>Externally Funded Schemes</u>					
Gypsy Sites (see also general funded schemes)	709	709			
Total External Programme	709	709			
Annual Provisions	786	786	786	786	786
Total Programme	13,899	5,602	5,094	3,771	786

Note

¹ A Cabinet report will be required to agree the principles and management arrangements of these schemes.

**PROPOSED ANNUAL PROVISIONS 2004/05 – 2006/07
ADULT CARE SERVICES**

Scheme	Total Scheme Cost £'000	2004/05 £'000	2005/06 £'000	2006/07 £'000	Later Years £'000
Annual Provisions	786	786	786	786	786
Total Annual Provisions	786	786	786	786	786