

AGENDA MANAGEMENT SHEET

Name of Committee	Adult and Community Services Overview and Scrutiny Committee
Date of Committee	22 November 2005
Report Title	Adult Social Services Revenue and Capital Budget Proposals 2006/07 to 2008/09
Summary	The report details the Revenue and Capital Budget proposals for Adult Social Services.
For further information please contact	Philip Lumley-Holmes Financial Services Manager 01926-412443 philiplumley-holmes@warwickshire.co.uk .
<i>Would the recommended decision be contrary to the Budget and Policy Framework?</i>	No
<i>Background Papers</i>	Report to Cabinet 8 September 2005 – Projected 2005/06 Revenue Spending (Quarter 1) Joint LGA/ADSS Survey - Social Services Budget Pressures (July 2005) Report to Adult and Community Services Overview and Scrutiny Committee 11 October 2005 – Fair Access to Care Services Eligibility Threshold.

CONSULTATION ALREADY UNDERTAKEN:-

Details to be specified

Other Committees	<input type="checkbox"/>
Local Member(s) (With brief comments, if appropriate)	<input type="checkbox"/>
Other Elected Members	<input checked="" type="checkbox"/> Cllr Sid Tooth, Chair of Adult and Community Overview and Scrutiny Committee Cllr Mrs Marion Haywood Cllr Richard Dodd

Cabinet Member
(Reports to The Cabinet, to be cleared with
appropriate Cabinet Member)

☒ Cllr Colin Hayfield, Portfolio Holder, Adult and
Community Services.

Chief Executive ☐

Legal ☒ Victoria Gould, Legal Services

Finance ☒ Dave Clarke, County Treasurer

Other Chief Officers ☐

District Councils ☐

Health Authority ☐

Police ☐

Other Bodies/Individuals ☐

FINAL DECISION **NO**

SUGGESTED NEXT STEPS :

Further consideration by
this Committee ☐

To Council ☒ Council will approve the 2006/07 budget at its
meeting in February 2006.

To Cabinet ☒ The views of this Overview and Scrutiny
Committee on the budget proposals will be
reported to Cabinet

To an O & S Committee ☐

To an Area Committee ☐

Further Consultation ☐

Adult and Community Services Overview and Scrutiny Committee – 22 November 2005

Adult Services Revenue and Capital Budget Proposals 2006/07 to 2008/09

Report of the Director of Social Care & Health

Recommendation

That the Committee :

- comments on the 2006/07 to 2008/09 revenue budget proposals and capital programme bids identified
- notes the reasons for the overspending projected in the current year against budgets for Adult Services within the Social Services budget

1. Introduction and Background

- 1.1. Over recent years the budget process has developed to encourage wider consultation on, and consideration of, spending proposals and bids being made by services. Overview and Scrutiny Committees are one of the key players in this consultation.
- 1.2. One of the key roles of Overview and Scrutiny Committees is to assist Cabinet and the Council in the development of the budget and policy framework. As part of this process, departments are presenting information on their additional spending proposals for 2006/07 to 2008/09 for scrutiny and validation. This year, for the first time, revenue budget proposals and capital programme bids are presented together in one report in order to promote a coordinated, whole-service approach to the consideration of departments' budget proposals.
- 1.3. In presenting budget proposals for 2006/07 and beyond, a separate submission has been made to the Children & Young People's Overview & Scrutiny Committee in respect of children's social care services. This approach reflects the Council's response to the Children Act and wider agenda for modernisation which will see a disaggregation of the service budgets of the existing Social Services Department between two new departments next year. This report is concerned with budget proposals for adult social care services.

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2. Projected Overspending 2005/06

- 2.1. In the 2004/05 year, adults social care services recorded a £0.098 million overspend against budget. This financial position was achieved despite significant cost pressures experienced for services for people with learning disabilities and the bottom line was balanced chiefly by holding back on planned developments for services for older people.
- 2.2. Cabinet, at its meeting of 8 September, considered a report of projected spending against budget for the current financial year from all service departments. A significant overspending has been forecast for Social Services, including a figure of £1.0 million relating to adult social care. Cabinet resolved that this Overview & Scrutiny Committee receive a further report detailing the principal reasons for the overspending.
- 2.3. In the current year, the forecast overspending for adult services reported to Cabinet can be summarised :

	<u>£000</u>
Older People	(500)
Disability	2,000
Other	(500)
	<hr/>
	1,000

Again, in order to strive to balance the bottom line, significant underspendings against budgets for older people services will be required, funded in the 2005/06 budget from monies set aside to meet additional demand brought about by Warwickshire's ageing population. This has a potential adverse impact on the ability of the department to increase service provision in response to demographic changes and to make improvements to services in order to improve its externally rated performance. This is covered in more detail later in this report.

- 2.4. Detailed analysis of learning disability spending over the last three years has been undertaken within the department to better understand the reasons for the cost pressures experienced. The following contributing factors have been identified :
- people with learning disabilities are living longer and so demand for services has increased (increased longevity)
 - an increased complexity of care needs which require more specialist and higher cost care packages
- 2.5. Warwickshire is not alone in experiencing these cost pressures. A recent joint survey of social services authorities conducted by the Local Government Association (LGA) and the Association of Directors of Social Services (ADSS) revealed that 63% of those surveyed were projecting overspendings in services for people with learning disabilities. Indeed, this was the most significant cost pressure within adult services reported by authorities. Identified

causes were :

- Increased longevity
- More people with profound and complex disabilities
- More individualised forms of care commissioned for service users in response to the White Paper "Valuing People"
- Reductions in housing support revenue through Supporting People

- 2.6. The department is currently commissioning a review of its highest cost community placements for this group of service users against current eligibility criteria with a view to identifying cost reductions in year. The extent to which cost pressures arise due to people with disabilities living longer is addressed later in the report by budget pressures linked to demographic changes.

3. Current Investment in Adult Social Care

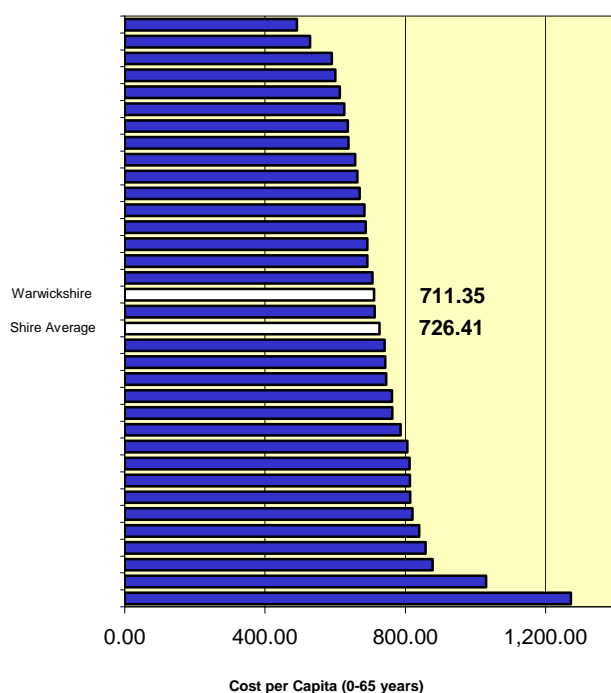
- 3.1. The Council's Medium Term Financial Strategy supports passporting new resources through to Social Services budgets each year, as hypothecated by changes in Formula Spending Shares (FSS) and specific government grants, subject to overall affordability.
- 3.2. In the current year, the Council budgets to spend at a level consistent with its overall FSS for Personal Social Care, with only a small difference of 0.6% between the two figures. From the table below, it can be seen that there is a significant disparity between budget and FSS for adults and children's social care.

	<u>Budget</u> <u>£m</u>	<u>FSS</u> <u>£m</u>	<u>Variance</u> <u>£m</u>	
Children and Families	31.748	24.891	6.857	27.6%
Adult Services	81.737	89.235	(7.498)	(8.4%)
	113.485	114.126	(0.641)	(0.6%)

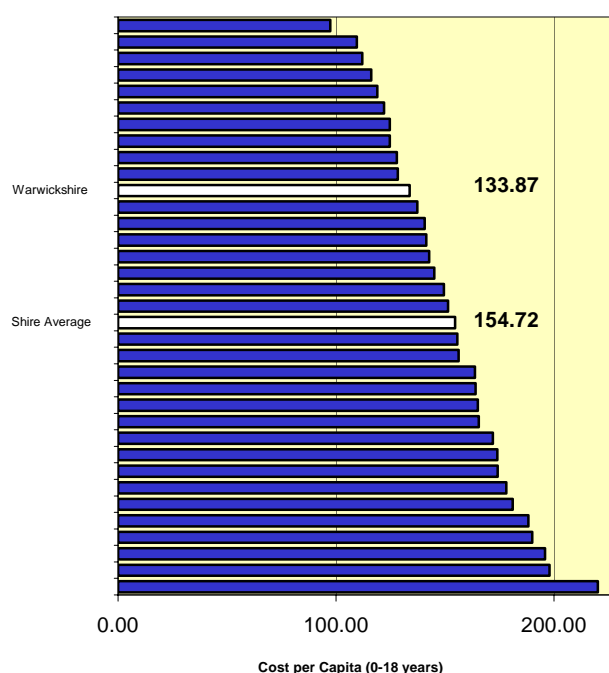
- 3.3. Warwickshire is not alone in this position. Nationally, rising numbers of Looked After Children have driven up the costs of children's social care at a rate not supported by increased funding made available by central government. This has hampered the extent by which authorities have been able to invest in social services for adults.
- 3.4. The graphs below show Warwickshire's per capita budgeted spend on services for older people and those adults of a working age. It can be seen that Warwickshire's investment in adult social care is marginally lower than the average for English shire councils. This Committee, at its meeting on 11 October, considered a report that explored the link between increased investment in adult social care and the ability to promote independence through enabling increased numbers of adults to live at home, in line with the Government's agenda for promoting independence. Improved performance in this area will involve lowering the Council's current eligibility threshold for services as set out within the Department of Health's Fair Access to Care

Services guidance (FACS).

Older People Services - Budgeted spend per Capita across all English Shires 2005/06



Social Care for Adults of a Working Age - Budgeted spend per Capita across all English Shires 2005/06



3.5. The report considered by the Committee in October identified the estimated cost of effecting a change in FACS eligibility criteria from the existing 'Substantial' needs banding to 'Moderate' as £8.5 million. Accepting that such a sizeable increase in investment is unlikely to be supportable within the Council's Medium Term Financial Strategy, a revenue bid attached to this report assumes a gradual shift in eligibility criteria over a three year period, the cost of which may be offset to some degree by increasing charges for home care.

3.6. By funding an increase in eligibility criteria for services, the Council would record improvements in a set of key performance indicators that are used by the Government to assess the performance of adults social care services, which in turn contributes significantly to the Council's overall Comprehensive Performance Assessment. These include :

- PAF C29 : adults with physical disabilities helped to live at home
- PAF C30 : adults with learning disabilities helped to live at home
- PAF C32 : older people helped to live at home

3.7. Under the existing Commission for Social Care Inspection ratings for adult social care, there are just three authorities who are judged as serving all adults well. Each of these authorities currently operate eligibility thresholds at 'moderate' level. The average per capita spend for these authorities for working age adults and older people are £152.66 and £782.03 respectively and are materially higher than Warwickshire's corresponding figures of £133.87 and £711.35.

4. Summary of Spending Proposals

- 4.1.1. A service analysis of the 2006/2007 Revenue Base Budget for the current Adult Services within the Social Service Department is shown at **Appendix A**. This information is to help Members place the subsequent discussion in context. The Base Budget for the service is the approved cash allocation in 2006/2007 adjusted for any one-off funding. The remaining paragraphs in this section present the revenue spending proposals in respect of adult services in addition to the Base Budget.
- 4.1.2. In July 2005 the County Treasurer issued initial guidance on the preparation of the 2006/2007 Budget. This required services to analyse their proposals between those that were explicitly covered within existing policies, and those that were not explicitly covered within existing policies. Table 1 summarises these for Adult Services within the Social Services Department in priority order. As the table shows the service has additional spending proposals of £11,390,000 for £2006/07, £22,843,000 for 2007/08, and £30,555,000 for 2008/09.

Table 1: Revenue Budget Proposals		Net Expenditure		
		2006/07 £000	2007/08 £000	2008/09 £000
Proposals covered explicitly by existing policies				
Bid Ref.	Bid Title			
RASSDA01	Inflation	2,685	5,256	7,910
RASSDA02	Loss of grant income	1,424	1,424	1,424
RASSDA03	Demography	2,903	5,735	7,234
RASSDA04	Transition - children to adult	287	1,209	1,326
RASSDA05	Transition - adult to older	259	369	751
RASSDA06	Inflation on grants	360	324	318
Sub-total		7,918	14,317	18,963
Proposals not covered explicitly by existing policies				
RBSSDA01	FACS	2,553	6,637	8,682
RBSSDA02	Intensive Home Care	765	1,787	2,808
RBSSDA03	Integrated Systems	154	102	102
Sub-total		3,472	8,526	11,592
Additional Spending Proposals		11,390	22,843	30,555

- 4.1.3. The figures for all three years in table 1 represent the total increases in resources required from the 2005/2006 base budget. For instance, the figures in the 2008/2009 column represent the total increases in resources required from the 2005/2006 base budget rather than the increases in resources required from the previous year, 2007/2008.

4.1.4. The Strategic Review of Older People's services, reported to Cabinet earlier in the year, makes recommendations concerning a review of charges for non-residential social care services. This review is currently underway and recommendations for a revised set of charges will be suggested to a forthcoming meeting of this Committee. There is potential to partly offset the additional costs of the budget proposals above by increasing charges in line with those levied by other authorities.

4.1.5. Appendices B and C provide further details regarding the proposals outlined in the above table. Furthermore departments were required to produce detailed individual bids for those proposals not covered explicitly by existing policies. Detailed bids are available to Members on request should they require more information.

4.2. **Proposals covered explicitly by existing policies**

4.2.1. Inflation for support costs has been split on a historic basis equating to 22% children and 78% adult. This will need to be reassessed as part of the detailed budget preparation.

4.2.2. The need for additional spending on adult services is based chiefly on additional demand for service based on demographic changes, including the transition from children. However, Government has already indicated that some existing specific grants will cease or be reduced and will be transferred to the FSS allocation. It is important that this is noted now and is included at item RASSDA02.

4.3. **Proposals not covered explicitly by existing policies**

4.3.1. Given that current demand for adult social care services is causing the Social Services Department to overspend, proposals that are not covered explicitly by existing policies have been restricted to those that would result in significant and demonstrable improvement in performance.

4.3.2. These include the estimated cost of lowering the FACS eligibility threshold currently operated by the department, considered by this Committee at its October meeting. The need to increase the level of intensive home care support that the Council provides to bring our performance in line with other authorities is covered in a separate report, considered elsewhere on this agenda.

5. **Capital Programme – Development Proposals**

5.1. **Summary of Capital Programme Development Proposals**

5.1.1. In July 2005 the County Treasurer issued initial guidance on the preparation of capital development bids for 2006/2007 to 2008/2009. This required services to complete a detailed capital development appraisal form for each bid and to place the proposals in priority order. Table 2 lists the bids for Adult Services. Copies of the detailed bids for Adult Services are available to Members on

request should they require more information.

- 5.1.2. It is expected that the refurbishment of the Lawns will dovetail with the proposed land development on that site. It is also important that resources are made available to continue with the modernisation of our day services and homes for elderly people. By providing more local day services it is anticipated that we will be able to sell surplus larger units in due course to help fund the required works.

Table 2: 2006/07 to 2008/09 Capital Development Proposals		Net Expenditure			
		2006/07	2007/08	2008/09	Future Years
Bid Ref.	Bid Title	£000	£000	£000	£000
CSSDA01	Refurbishment of the Lawns HEP	20	660	70	–
CSSDA02	Modernising day services for People with Disabilities	50	520	530	-450
CSSDA03	Refurbishment Homes for Elderly People	–	150	200	50
CSSDA04	Minor Works	78	100	100	22
Total		148	1,430	900	-378

5.2. Revenue Implication of Proposed Capital Developments

- 5.2.1. The capital development proposals identified have cost implications for the revenue budget in terms of the capital financing charges, but it is not envisaged that there will be any subsequent running/maintenance costs. Table 3 below summarises the revenue implications. These are in addition to the revenue spending pressures shown in table 1.

Table 3: Revenue implications of Proposed Capital Developments				
	2006/2007	2007/2008	2008/2009	Future Years
	£000	£000	£000	£000
Capital Financing Costs	4.0	49.2	131.1	156.9
Running Costs	-	-	-	-
Total	4.0	49.2	131.1	156.9

Marion Davis
Director of Social Care & Health

Shire Hall
Warwick
October 2005

Adults

Department Name: Social Services

Appendix A

2006/2007 Revenue Estimates - Service Analysis

	Direct Costs A £000	Management and Support Costs B £000	Total Costs A+B=C £000	External Income D £000	Internal Income E £000	Total Income D+E=F £000	2006/2007 Base Budget C+F=G £000
Children Services							0
Total Children Services	29,284	2,853	32,137	(2,804)	0	(2,804)	29,333
Adult Services							
Elderly People							
Care Management	7,093	4,420	11,513	(286)	0	(286)	11,227
Residential Care	36,647	391	37,038	(19,218)	0	(19,218)	17,820
Other Care Services	21,324	488	21,812	(9,093)	0	(9,093)	12,719
People with Learning Disability							
Care Management	2,689	1,698	4,386	(509)	0	(509)	3,877
Residential Care	14,244	0	14,244	(4,476)	0	(4,476)	9,768
Other Care Services	6,214	731	6,945	(1,070)	0	(1,070)	5,875
People with Physical or Sensory Disability							
Care Management	3,203	749	3,951	(553)	0	(553)	3,399
Residential Care	3,312	0	3,312	(510)	0	(510)	2,801
Other Care Services	3,886	155	4,040	(514)	0	(514)	3,527
People with Mental Health Needs							
Care Management	2,613	554	3,167	(1,297)	0	(1,297)	1,871
Residential Care	2,229	0	2,229	(600)	0	(600)	1,629
Other Care Services	1,398	0	1,398	(109)	0	(109)	1,289
Other Adult	331	109	440	(27)	0	(27)	413
Supporting People	11,258	0	11,258	(11,258)	0	(11,258)	0
Service Strategy	0	434	434	0	0	0	434
Total Adult Services	116,440	9,729	126,169	(49,519)	0	(49,519)	76,649
NET DEPARTMENT EXPENDITURE	145,724	12,582	158,306	(52,323)	0	(52,323)	105,982
2006/2007 Base Budget	145,724	12,582	158,306	(52,323)	0	(52,323)	105,982

Department Name - Social Services

2006/2007 Revenue Budget Pressures - Proposals Covered Explicitly by Existing Policies

Appendix B

Bid Ref.	Bid Title	Impact on Net Expenditure			Type of Pressure	Description and Justification of Bid	Consequences if Bid Funding is not/only Partially Received	Which Corporate Strategic Objective(s) does this proposal promote (see key) (G)
		2006/2007	2007/2008	2008/2009				
(A)	(B)	(Ci) £000	(Cii) £000	(Ciii) £000	(D)	(E)	(F)	(G)
R-A-SSDA-01	Inflation	2,685	5,256	7,910	Inflation		Reduction in Services	2
R-A-SSDA-02	Loss of Preserved Rights and Access and Systems Grant to FSS	1,424	1,424	1,424	Unavoidable loss of income	Government moving grant to FSS	Reduction in Services	2
R-A-SSDA-03	Demography Pressure based on population changes	2,903	5,735	7,234	Unavoidable increase in costs	Increase in client numbers based on ONS 2003 population predictions	Reduction in services	2
R-A-SSDA-04	Transition from Children's Services into Adult Services	287	1,209	1,326	Unavoidable increase in costs	Number of children identified by the Learning Disability Database as turning 18 less number of adults identified who will turn 65.	Reduction in Services	2
R-A-SSDA-05	Transition from Adult Services into Older People	259	369	751	Unavoidable increase in costs	Number of Adults identified by the Learning Disabilities Database who will become 65+	Reduction in Services	2
R-A-SSDA-06	Inflation on Grants	360	324	318	Inflation	Inflation on Grants	Reduction in Services	2
Total		7,918	14,317	18,963				

Key: Corporate Objectives

- 1 Promote Lifelong Learning and Personal Development.
- 2 Promote the Health and Social Care of our Citizens
- 3 Improve the Environment
- 4 Reduce Crime and Improve the Safety of the Community
- 5 Develop and Maintain a Vibrant Local Economy which Promotes Employment and Prosperity for all

Department Name - Social Services

2006/2007 Revenue Budget Pressures - Proposals Not Covered Explicitly by Existing Policies

Appendix C

Bid Ref. (A)	Bid Title (B)	Impact on Net Expenditure			Proposal Type (D)	Bid Justification (see Bid Appraisal Form itself for further details) (E)	Which Corporate Strategic Objective(s) does this proposal promote (see key) (F)
		2006/2007 (Ci) £000	2007/2008 (Cii) £000	2008/2009 (Ciii) £000			
R-B-SSDA-01	Fair Access to Care	2,553	6,637	8,682	Departmental Service Plan priority	Aimed at increasing performance in relation to helping older people and younger disabled adults to live at home.	2
R-B-SSDA-02	Intensive Home care	765	1,787	2,808	Departmental Service Plan priority	Additional resource to enable an increases in the rate per 1000 65+ of adults supported to live at home through intensive care packages.	2
R-B-SSDA-03	Integrated Systems Adult Services	154	102	102	Departmental Service Plan priority	Development and implementation of Integrated Adult Care Records in accordance with national requirements	2
Total		3,472	8,526	11,592			

Key: Corporate Objectives

- 1 Promote Lifelong Learning and Personal Development
- 2 Promote the Health and Social Care of our Citizens
- 3 Improve the Environment
- 4 Reduce Crime and Improve the Safety of the Community
- 5 Develop and Maintain a Vibrant Local Economy which Promotes Employment and Prosperity for all
- 6 Ensure Sound Governance of the County Council to Provide Accessible Responsive and Well-Managed Services.