

AGENDA MANAGEMENT SHEET

Name of Committee **Adult and Community Services Overview and Scrutiny Committee**

Date of Committee **8th November 2006**

Report Title **2007/08 to 2009/10 Spending Proposals of the Adult, Health and Community Services Directorate**

Summary The report details the 2007/08 to 2009/10 revenue and capital spending proposals of the Adult Health and Community Services Directorate and seeks the Committees views on both the spending proposals and the funding options proposed.

For further information please contact Philip Lumley- Holmes
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Would the recommended decision be contrary to the Budget and Policy Framework? No

Background Papers

CONSULTATION ALREADY UNDERTAKEN:- *Details to be specified*

- Other Committees
- Local Member(s)
(With brief comments, if appropriate)
- Other Elected Members Councillor F McCarney, Councillor M Stanley, Councillor Mrs J Compton, Councillor R Dodd
- Cabinet Member Councillor C Hayfield
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)
- Chief Executive

- Legal Jane Pollard, Alison Hallworth
- Finance David Clarke, Strategic Director of Resources
- 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 2007/08 budget at its meeting in February 2007
- 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 – 8th November 2006**

**2007/08 to 2009/10 Spending Proposals of the Adult Health
and Community Directorate**

**Report of the Strategic Director, Adult, Health and
Community Services**

Recommendation

The Committee comments on the 2007/08 to 2009/10 spending and consequential funding proposals identified by the Adult Health and Community Services Directorate.

1 Introduction and Background

- 1.1 Over recent years the medium term financial planning and annual budget process has developed to encourage wider consultation on, and consideration of, spending proposals being made by Directorates. Overview and Scrutiny Committees are key players in this consultation and this report provides the Committee with information about the spending proposals for the Adult Health & Community Directorate.
- 1.2 The Directorate is presenting information on its additional spending proposals for 2007/08 to 2009/10 for scrutiny and validation. Like last year revenue budget proposals and capital programme bids are presented together in one report in order to promote a coordinated, whole-Directorate approach.
- 1.3 However, there is one significant additional aspect to the information before the Committee this year. A new medium term financial planning strategy was agreed by Council in July 2006. This stated, amongst other things, that the County Council will plan on the basis that:
 - Inflation and the corporate costs of capital (through to the end of the current approved programme) will be funded from government grant and council tax income.
 - Any other spending pressures Members wish to meet will be funded from the balance of council tax income and reducing investment in low priority services.

- New developments will be funded from efficiency savings (with a minimum of 2.5% savings generated each year) and any further reduced investment in low priority services.

The reality of this, given the forecast level of resources available, is that Directorates have been asked to identify how they would fund any spending pressures (excluding inflation) if they did not receive additional resources. Therefore the Committee is also asked to comment on the actions the Directorate would need to take to meet its spending pressures.

1.4 Having considered the spending proposals and any actions the Directorate would need to take, the Overview and Scrutiny Committee may wish to:

- Probe base budgets.
- Consider the reasonableness and validity of proposals put forward in light of the likely level of resources available, the corporate priorities as outlined in the corporate business plan, and the vision and Directorate strategy.
- Consider the actions being proposed by the Directorate to meet the spending pressures and explore whether all possible funding strategies have been investigated.
- Comment on the prioritisation of proposals by Strategic Directors.

1.5 For the Adult Health and Community Services the Directorate reports to more than one Overview and Scrutiny Committee. Therefore, the commentary has been sub-divided into areas of specific relevance to a particular Overview and Scrutiny Committee where appropriate.

2 Directorate Vision and Delivery Strategy

2.1 Members will be aware from the Directorate Service Plans that the key focus is on improving the quality of life for adults and improving well-being through:

- Promoting individual independence through giving greater choice to those requiring care;
- Enriching peoples lives through learning and culture;
- Improving health and equality for adults across Warwickshire

The Directorate intends to deliver these key aims through working in partnership with other agencies involved with similar related services i.e. health, district councils, other statutory agencies, the voluntary and private sector.

- 2.2. The Directorate has reported significant forecast overspendings for the 2006/07 revenue budgets for both adult social care (£3.0m) and libraries and learning and culture (£0.5m). These forecasts are net of management actions taken within the year to contain the levels of spending. The underlying over-commitment on budgets in a full year is therefore higher at £6.0m and £0.5m respectively. There is also the need within the former to modernise services along the lines of the recent White Paper and implement improvement action plans for adult social care generally and supporting people following critical inspection reports. The strategy must of necessity involve actions to address both the financial and performance issues described here.
- 2.3 The Directorate proposes to adopt measures aimed at achieving an increasing level of savings throughout the medium term strategy period to 2009/10, which will be lower at the outset due to the need to “invest to save”. These measures will consist of the following:
- Applying improvements in technology, such as electronic home care systems, mobile pilots, telecare and electronic delivery of library services
 - Improvements in procurement particularly in relation to areas of contracting with the private and voluntary sector
 - Greater collaboration with health partners, in particular looking to progress single assessment processes to benefit the service user
 - Reviews of management structures and the adoption of business process engineering systems within management and support services
- 2.4 These general actions are intended to prioritise savings within management and support services ahead of front-line functions and therefore minimise the impact on the service user. At the same time the performance improvements are being sought through action plans drawn up to address areas highlighted in inspection reports. Temporary management resources are being employed during the current financial year to progress the agendas in these areas. This investment is considered essential to support the new Management Team structures.
- 2.5 Cabinet is being asked to approve a significant change to the charging policies for domiciliary care at its meeting on 2nd November. Further work is being undertaken corporately to compare Warwickshire's charges to those of other similar authorities with a view to maximising the income available. There is potential to increase charges further across the Directorate and this will feature as part of the Strategy.
- 2.6 At the same time, the management culture within the Directorate needs to change and organisational development strategies are currently being considered which will aim to empower staff and support their managers through enhancing a range of skills including leadership and project management capabilities. Such measures are viewed as essential ingredients in achieving substantial improvements in performance and changing processes to achieve cost reduction.

2.7. Adult Social Care:

There are of course important ways in which the Directorate aims to modernise its services across the board and in particular in adult social care.

- 2.7.1 In February 2006 the County Council approved additional resources to introduce low level services aimed at supporting those people whose needs fall below the Fair Access to Care Services (FACS) threshold. These people would benefit from support to promote their independence and wellbeing and delay their need for more extensive services. Increasing benefits will be derived from these services during the three year period.
- 2.7.2 Too many people are provided with traditional forms of residential and day care when they could probably be supported more appropriately within their own homes or in other forms of housing such as extra-care facilities. An important part of the strategy is to move quickly to identify how these changes in provision can be made and look to develop new services and other delivery mechanisms such as direct payments. This wholesale change will reduce some of the current high cost provision over the longer term.
- 2.7.3 The balance of care between internal and external provision will be examined in depth over the next twelve months and recommendations made as to the future shape of services such as home care, homes for elderly people and day centres.
- 2.7.4 At the same time, reviews of contracts with the private and voluntary sector will be taking place, which will aim to improve value for money in contracts generally. Savings will be from commissioning-led review of performance and service requirements, withdrawing resources where non-priority needs are being addressed and re-focussing the work. In some areas, better arrangements through partnering contracts are required rather than the predominance of price led contracts which could cost more but lead to greater sustainability and reduction of spot-purchasing in favour of block contracts. In areas such as the meals service, different forms of support may be required to support clients in new ways which could cost the service more. There can be some “quick wins” in the review of voluntary sector services during 2006/07 and 2007/08 and further in the re-alignment of provision in relation to the new joint commissioning and single service strategies that are being developed.

2.8 In the area of Libraries, Learning and Culture, the additional service changes will relate to:

- 2.8.1 The reallocation of resources to support development of community based forms of service delivery. There will be implications for the current buildings network and the rationale for delivering in community venues and the mobile service.
- 2.8.2 The planning for a “virtual” public library integrated with the traditional network. This will require appropriate staffing and IT resources to provide a platform to provide continued quality of service within both the library and the community based networks.

- 2.9. The Trading Standards Service is not forecasting overspending problems for the 2006/07 financial year. It's proposals for dealing with future spending pressures follow the lines of the general Directorate proposals outlined in paragraph 2.3 above. The additional elements relating to service delivery are as follows:
- 2.9.1 The introduction of more flexible services through the use of new technology to develop a "talking shop" which will target more consumers for the same ongoing resource.
- 2.9.2 Also important in this area will be the opportunity for revenue generation through development of a petrol meter calibration service for which a capital bid is included.
- 2.10 Paragraph 3.3. requires a Funding Strategy that ensures that all additional costs can be met. The proposals outlined within this Section will produce savings of approximately £3.750m in 2007/08, £5.975m in 2008/09 and £7.500 in 2009/10 (**See Appendix B**). The Appendix shows that there is still a considerable gap between this plan and the additional costs and pressures outlined.
- 2.11 Demographic growth for adult services has increased by nearly £3million over the last two years and a further £2.675million is included in the spending pressures of £11.704 million in Table 1 below. Clearly it has not been possible to contain this level of service growth within the resources made available and such growth money is necessary.
- 2.12 Members will be asked to consider whether the Directorate should contribute the 2.5% efficiency saving when these are clearly needed to address base problems. The only other course of action which can be proposed from within the Directorate is to reconsider the FACS criteria for entry into adult care services. It is not so long ago that Members were presented with a report to lower the criteria to incorporate moderate needs. This was not progressed further and the preferred route was to invest in the low intensity services as described above. It is considered that to "raise the bar" to a level either within substantial or to critical only would be a backward step but must remain a possibility if either the targeted savings are not attainable or the Council is not prepared to invest further in adult care services to match the work currently underway.

3 Revenue Budget - Spending Proposals

3.1. 2007/08 Base Budget

A Directorate analysis of the 2007/08 revenue base budget is shown at **Appendix A**. This information is to help Members place the subsequent discussion in context. The base budget for the Directorate is the approved cash allocation in 2006/07, adjusted for any one-off funding.

3.2. **2007/08 to 2009/10 Spending Pressures and Funding Strategy**

In August 2006 the Strategic Director, Resources issued initial guidance on the preparation of the 2007/08 to 2009/10 budget. This required Directorates to analyse their spending proposals between pressures and those that were investment proposals. Spending pressures, in this instance, are defined as those pressures, resulting from factors external to the Directorate, that the Directorate cannot meet without a change in policy or a change in the way the service is delivered.

3.3. As part of the guidance notes Directorates have also been asked to identify what actions they would take to meet all their spending pressures if additional resources were not available. Some of the actions would be within the specific service area, some from elsewhere in the Directorate. Table 1 shows the Directorate has additional spending pressures of £13,841,000 for £2007/08, £20,140,000 for 2008/09, and £27,401,000 for 2009/10. Possible actions have been identified to meet some of these additional costs (but see paragraph 2.10 above), excluding inflation in line with the guidance.

Table 1: Spending Pressures and Funding Strategies for the Adult, Health and Community Services Directorate			
	2007/08 £000	2008/09 £000	2009/10 £000
Inflation	2,137	4,266	6,445
Spending Pressures	11,704	15,874	20,956
Total Additional Costs	13,841	20,140	27,401
Funding strategies within the service areas	(250)	(450)	(650)
Directorate wide funding strategies	(3,750)	(5,975)	(7,500)
Total Funding Strategies	(4,000)	(6,425)	(8,150)
Net Call on Corporate Resources	9,841	13,715	19,251

3.4. **Appendix B** provides further details regarding the proposals outlined in the above table and which were described in Section 2. Furthermore the Directorate has produced a detailed individual bid for each budget pressure and funding strategy. These are available on request from Philip Lumley-Holmes, Financial Services Manager, telephone 01926 41-2443.

3.5. The spending pressures relate mainly to adult social care and in particular to the ongoing base budget issues described in paragraph 2.2 together with the effects of increased demographic growth measured through the known numbers of people transferring from children and young people's services and the rise in the numbers of elderly people.

3.6. The Directorate has proposed a general approach to the funding issues within Section 2 of this report, which seeks to concentrate savings within management and support costs. The Directorate can only expect to be able to provide a funding strategy to meet all additional costs if:

- There is no requirement for the 2.5% efficiency saving from the Directorate and
- changes to the services criteria are to be considered through a review of the FACS criteria for adult social care.

It is expected that the savings proposed within the Libraries Learning and Culture Services can meet the additional costs of their own services over time but crucially, not in 2007/08.

3.7. Revenue Investment Proposals

The Directorate is not making any revenue investment proposals as it is concentrating on addressing the base budget problems. However, the capital investment proposals of the Directorate would, by 2009/10, result in an impact on the revenue budget if approved of £15,000 in 2007/08 rising to £36,000 in 2009/10 depending on income generation from the meter proving facility.

4. Capital Programme – Investment Proposals

4.1. In August 2006 the Strategic Director, Resources issued guidance on the preparation of capital investment bids for 2007/08 to 2009/10. This required Directorates to complete a detailed investment bid form and to place the proposals in priority order. Table 2 lists the bids for the Adult Health and Community Directorate.

Table 2: 2007/08 to 2009/10 Capital Investment Proposals				
Reference	Proposal Title	2007/08 £000	2008/09 £000	2009/10 £000
C.IP.AHCS-01	Waller of Woodcote Archive Collection	15	0	0
C.IP.AHCS-02	Digital Data Storage - Museum Service	50	0	0
C.IP.AHCS-03	Meter Proving Facility	100	0	0
Total Capital Investment Proposals		165	0	0

4.2. The Directorate has produced a detailed individual bid for each investment proposal. These are available on request from Philip Lumley, Holmes, Financial Services Manager, telephone 01926 41-2443).

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Shire Hall
Warwick

18 October 2006

Adult, Health & Community Services

2007/08 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	2007/2008 Base Budget C+F=G £000
Adult Services							
Elderly People							
Care Management	6,974	4,838	11,812	(791)	0	(791)	11,021
Residential Care	36,844	374	37,218	(18,943)	0	(18,943)	18,275
Other Care Services	23,752	299	24,051	(8,029)	0	(8,029)	16,022
People with Learning Disability							
Care Management	3,285	1,940	5,225	(187)	0	(187)	5,038
Residential Care	14,821	0	14,821	(4,529)	0	(4,529)	10,292
Other Care Services	6,700	608	7,308	(1,149)	0	(1,149)	6,159
People with Physical or Sensory Disability							
Care Management	3,699	912	4,611	(308)	0	(308)	4,303
Residential Care	3,411	0	3,411	(521)	0	(521)	2,890
Other Care Services	4,314	111	4,425	(219)	0	(219)	4,206
People with Mental Health Needs							
Care Management	2,623	578	3,201	(1,313)	0	(1,313)	1,888
Residential Care	2,208	0	2,208	(612)	0	(612)	1,596
Other Care Services	1,456	0	1,456	(0)	0	(0)	1,456
Other Adult							
	182	17	199	0	0	0	199
Supporting People							
	10,996	0	10,996	(10,996)	0	(10,996)	0
Service Strategy							
	0	903	903	0	0	0	903
Total Adult Services							
	121,265	10,580	131,845	(47,597)	0	(47,597)	84,248
Libraries, Learning & Culture							
Libraries	7,258	1,574	8,832	(759)	(211)	(970)	7,862
Cultural Services	2,301	0	2,301	(2,301)	0	(2,301)	0
Adult Learning	1,892	546	2,438	(545)	(67)	(612)	1,826
Total Libraries, Learning & Culture							
	11,451	2,120	13,571	(3,605)	(278)	(3,883)	9,688
Trading Standards (Community Protection O&S)							
	1,918	222	2,140	(332)	0	(332)	1,808
Total Trading Standards							
	1,918	222	2,140	(332)	0	(332)	1,808
NET DEPARTMENT EXPENDITURE							
	134,634	12,922	147,556	(51,534)	(278)	(51,812)	95,744
2007/08 Base Budget							
	134,634	12,922	147,556	(51,534)	(278)	(51,812)	95,744

Adult, Health & Community Services

2007/08 Revenue Spending Pressures and Funding Strategy

Bid Ref. (A)	Bid Title (B)	2007/08			2008/09			2009/10		
		Cost (Ci) £000	Within Service Funding (Cii) £000	Directorate Level Funding (Ciii) £000	Cost (Di) £000	Within Service Funding (Dii) £000	Directorate Level Funding (Diii) £000	Cost (Ei) £000	Within Service Funding (Eii) £000	Directorate Level Funding (Eiii) £000
R-SF-AHCS-01	Inflation	2,137			4,266			6,445		
R-SF-AHCS-02	Underlying base issue - Libraries, Learning Culture	500			510			520		
R-SF-AHCS-03	DDA Compliant Counter - Kineton Library	8			0			0		
R-SF-AHCS-04	Improvement in Minority Languages Stock	40			41			42		
R-SF-AHCS-05	Specialist Book Materials - Older Citizens	30			31			32		
R-SF-AHCS-06	Reduced Income from Learning and Skills Council	110			112			114		
R-SF-AHCS-07	Biodiversity - Museum Service	40			41			42		
R-SF-AHCS-08	Museum Service - public demand for information through the Freedom of information Act	27			28			29		
R-SF-AHCS-09	Funding Strategy for Libraries, Learning and Culture			(400)			(500)			(600)
R-SF-AHCS-10	Funding Strategy for Adult Services			(3,300)			(5,400)			(6,800)
R-SF-AHCS-11	Overspend 2006/07	1,150			1,150			1,150		
R-SF-AHCS-12	Underlying base issue - Adult Services	5,965			6,084			6,206		
R-SF-AHCS-13	Loss of government grant	749			968			1,191		
R-SF-AHCS-14	Supporting People	160			163			166		
R-SF-AHCS-15	Adult Services demographic growth	2,925	(250)		6,746	(450)		11,464	(650)	
R-SF-AHCS-16	Funding Strategy for Trading Standards			(50)			(75)			(100)
Total	excluding inflation	13,841	(250)	(3,750)	20,140	(450)	(5,975)	27,401	(650)	(7,500)

NOTES

- The figures are cumulative (i.e. relate to the additional cost from the 2006/07 base, including inflation)
- This list includes item R-SF-AHCS-16 relating to Trading Standards. In addition, item R-SF-AHCS-01 includes inflation for Trading Standards; £49k for 2007/08, £50k for 2008/09, £51k for 2009/10. These are the responsibility of the Community Protection Overview & Scrutiny Committee.

Adult, Health & Community Services

2007/08 to 2009/10 Investment Proposals

Bid Ref. (A)	Bid Title (B)	Net Additional Revenue Investment			Bid Justification (see Justification Form D for each item for further details) (D)
		2007/08 (Ci) £000	2008/09 (Cii) £000	2009/10 (Ciii) £000	
R-IP-AHCS-01	Revenue Impact of Capital Investment Proposals	15	36	36	
	Total	15	36	36	

Adult, Health & Community Services

2007/08 to 2009/10 Investment Proposals - Capital Spending

Bid Ref. (A)	Bid Title (B)	Additional Capital Investment					Nature of Capital Investment (see Justification Form D for each item for further details) (D)
		2007/08 (Ci) £000	2008/09 (Cii) £000	2009/10 (Ciii) £000	Future Years (Civ) £000	Total Cost (Cv) £000	
C-IP-AHCS-01	Waller of Woodcote Archival Collection	15	0	0	0	15	
C-IP-AHCS-02	Digital Data Storage - Museum Service	50	0	0	0	50	
C-IP-AHCS-03	Meter Proving Facility	100	0	0	0	100	
		165	0	0	0	165	

Notes

Item C-IP-AHCS-03 has been included in the above table for completeness but is the responsibility of the Community Protection Overview & scrutiny Committee.