
Meeting of Executive Members for Housing and Adult Social Services and Advisory Panel

4th June 2007

Report of the Director of Housing and Adult Social Services

Adult Social Services Outturn 2006/7

Purpose of Report

1. To advise the Executive Member of the performance and financial outturns for adult social care in 2006/7.

Director's Overview

2. This report gives an overall summary of performance with the details for each service plan area set out in the annexes. These cover:
 - Corporate Services
 - Older People and Physical Disability
 - Mental Health
 - Learning Disabilities

The annexes show progress in relation to the key objectives (Critical Success Factors) and the performance targets as well as the detailed breakdown of expenditure. (Members should note that some targets were set three years ago for 2006/7 and therefore may be out of line with the outturn for 2005/6 if performance had already exceeded target.)

3. At the start of 2006/7 the department faced a major challenge in terms of balancing its budget and maintaining levels of performance to customers. There was an overspend of £793k in 2005/6 and by the end of the first quarter of 2006/7 there was a projected overspend of £1.7m. The greatest cost pressures related to home care services and services to people with learning disabilities.
4. It was therefore imperative that action was taken to bring expenditure back in line with budget. The main actions taken were:
 - Strict application of the council's eligibility criteria for services which required a review of all customers' needs
 - A complete restructuring of in-house home care services and the tendering of 3 locality based home care services
 - Tight control of recruitment
 - Seeking further efficiencies wherever possible
5. A more detailed financial analysis is set out later in this report but the main message is that these measures have been successful and that an

under-spend has actually been achieved. Great credit is due to staff at all levels in the department for this achievement. It is important to acknowledge the support from the council as a whole to this turn-round in performance. As well as the very significant savings in the department, over £900k was made available corporately during 2006/7 to support adult social services. However, only £400k of this is recurring (this sum relates to actual increases in new, complex care cases) and so the department still faces significant financial challenges in 2007/8 albeit on a much more manageable scale.

6. Because priority had to be given to redressing the overspend in 2006/7 there were concerns that there would be an impact on performance especially in relation to staff involved in re-assessing customers' needs. In fact, performance has generally held up well in 2006/7 with improvements to the speed with which assessments are completed and services provided. However, members should note the reduction in the overall number of older people directly supported at home - which is attributable to the tighter application of eligibility. This does not mean that those people have no support at home but that it is not care managed or arranged by the council. It is too early to say whether these changes will affect the annual performance assessment for 2006/7 that will be carried out by the Commission for Social Care Inspection in the Autumn.

Financial overview

7. The original revenue budget for Social Services for the financial year 2006/07 was approved at Council on 1st March 2006. The approved budget was £31.726m. During the year a number of changes to this figure were approved. The major injections to the budget were £400k for complex transitional care cases and a £536k non-recurring injection to assist the budget pressure within the Home Care Service. The latest approved budget after these changes is £32.279m.
8. Monitoring reports have been made during the year, informing of expenditure and income trends during 2006/07. The latest report presented to the Executive Member 11th December 2006 indicated the overall Social Services budgets would outturn at £1,170k over budget (prior to any injections from the centre) unless action was taken. These actions were intended to draw back the overall Departmental Overspend to £694k. £936k was injected into the Department's budget and along side the actions identified at Qtr 2 and since achieved they have contributed to the Department under spending by £205k.
9. Financial regulations require a detailed explanation of any budget variation in excess of £50k and those above £10k where the variation is greater than 2% above the budget heading. The draft outturn expenditure is £32.524m, which is £205k below the latest approved budget and represents 0.6% of the gross turnover of the portfolio area. There are significant reasons across service areas for the main variations between the approved budget and the draft revenue outturn. These are itemised in the annexes to this report and any impact on 2007/08's budget position is discussed in the paragraphs below.
10. Corporate Services has under spent considerably in 2006/07 due to holding back spend to assist the Department overall. This was to do to

uncertainty over whether the new Home Care service would deliver the savings initially identified (See annex 1).

11. A major restructure of the Home Care service (which incorporates the Internal Home Care service, block contract payments to external providers, spot contract payments to external providers and Direct Payments to customers) took place in 2006/07 and the full effects of this restructure are still being analysed and evaluated. The financial performance of this service was key to the Department's overall position and will be again for 2007/8. Early indications are that the 2007/08 budget for this service is between £250k and £500k overcommitted. A report will be brought to members in July 2007 that will identify actions to bring the service back in line with the approved budget. An internal Working Group is dissecting the process that was undertaken in implementing and running this service and their suggestions and recommendations should have a positive financial impact on this expected overspend.
12. Despite very significant savings being achieved Home Care has overspent in 2006/07 against the budget provision. This overspend would have been much higher if the restructure had not taken place. The restructure has not yet delivered the full volume of savings anticipated and this is due to a number of factors such as:
 - A number of customers have opted to take Direct Payments. As in-house staff are no longer on banded hours it has not been possible to reduce their hours sufficiently in order to fully offset the increase in Direct Payment customers costs.
 - The volume of spot contracts has been greater than anticipated due to one of the locality providers being unable to fulfil their full contracted hours. (A second provider is being brought in from July to address that capacity issue.)
 - Difficulty in recruiting and retaining specialist in-house home care staff
13. Residential and Nursing Care has under spent in 2006/07 due to a lower than expected number of admissions plus a reduction in the Transitional care beds purchased. This trend is not expected to continue given the national and local indicators pointing to a rising elderly and infirm population.
14. There is also pressure from the Independent Care Group, a body representing the interests of Care Homes within the Authority's area, to increase care prices above the 2.3% inflationary increase given in 2007/08. The Department's decision not to award a higher increase could jeopardise the placement of individuals as homes refuse to accept customers at the 2007/08 rate. A small raise over inflation was given half way through 2006/07 in recognition of a similar scenario last year.
15. The Department has performed particularly well in recovering PCT income in 2006/07 and needs to continue this trend in 2007/08 given the expanding number of customers eligible for Continuing Health Care funding and the PCT's financial situation.

16. Transportation of customers, particularly in Learning Disabilities, continues to be a pressure on the Departmental budget. A corporate exercise was undertaken to evaluate the transport arrangements and a firm of consultants, Kendric Ash, are working within the council to lead an improvement plan that will realise future savings. The department will have to divert resources/review transport arrangements if this overspend is to be reduced next year and beyond.
17. Many pay budgets were under spent in 2006/07 as only posts approved by the HASS Departmental Management Team for release were appointed to, in order to bring the Department's spend back in line. This has had the desired financial effect as can be seen from several staffing under spends and the reduction in staff advertising costs. As the Department moves closer to financial balance some critical posts that have been deferred will be recruited to in 2007/08.
18. In order to promote good management, and allow planned 2006/07 projects to proceed, it is proposed to continue the arrangements to permit under spending to be carried forward where the service under spends are due to genuine slippage. The following carry forward requests meet the criteria:-

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| i) Due to staffing vacancies project work within IT has not been completed. | 13,800 |
| ii) Due to staffing vacancies redecoration and refurbishment work has not been completed at all of the Elderly Persons Homes. | 13,000 |

Consultation

19. There has not been any specific consultation on this report but elements of the service plans (set out in the annexes) will have been consulted upon.

Options

20. Options are not part of this report which is intended to set out the summary outturn for 2006/7.

Corporate Priorities

21. The strongest link is to the corporate priority to:
 - Improve the health and lifestyles of the people who live in York, in particular among groups whose levels of health are the poorest."

Implications

Financial

22. These are set out in paragraphs 7-18 above.

23. Other Implications

Human Resources (HR)

None arising specifically from this report.

Equalities

None arising specifically from this report.

Legal

There are no immediate implications to report.

Crime and Disorder

There are no immediate implications to report.

Information Technology (IT)

None arising specifically from this report.

Property

None arising specifically from this report.

Other

None

Risk Management

24. This report focuses on high level issues that the Executive Member should be aware of and therefore does not analyse more detailed risks that would be dealt with through service planning.

Recommendation

25. That the Executive Member
- notes and comments on the content of this report and
 - agrees the carry forwards outlined in paragraph 18 and refer these to the Executive for approval.

Reason : So that the Executive Members are briefed on performance and financial outturn for adult social services in 2006/7.

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Chief Officer Responsible for the report:

Bill Hodson
Director

Report Approved **Date** 11th May 2007**Specialist Implications Officer(s)**

None

Wards Affected: *List wards or tick box to indicate all***All** **For further information please contact the author of the report****Background Papers:** None**Annexes:**

Annex 1 – Corporate Services
Annex 2 - Older People and Physical Disability
Annex 3 – Mental Health
Annex 4 – Learning Disabilities