

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

11th December 2006

Joint Report of the Director of Housing and Adult Social Services and the Director of Resources

Service Plans and Revenue Budget Estimates 2007/08

Purpose of Report

1 This report presents an update to the Service Plans for 2007/8 and the 2007/08 budget proposals for Adult Social Services. It includes:

- the budget for 2006/07 (Annex 1) to show the existing budgets
- the budget adjusted and rolled forward from 2006/07
- the allocation of pay and price increases for the portfolio
- budget service pressure proposals and savings options for the portfolio area (Annexes 2 and 3)
- other budget service pressure proposals and savings options for the portfolio area (Annexes 4 and 5)

(A separate report details the proposed fees and charges for 2007/08.)

- updates to service plans for
 - Older People & Physical Disability Services (Annex 6)
 - Learning Disability Services (Annex 7)
 - Mental Health Services (Annex 8)
 - Corporate Services (Annex 9)
- 2 Budget Council will be held on 21 February 2007 and will make decisions on the overall budget for the Council. In order to facilitate the decision making process the Executive are meeting on 16 January to consider the preferences identified by the individual portfolio Executive Members and the results of the consultation. The Adult Social Services Executive Member is therefore asked to consider the budget proposals and identify their preferences which will be considered by the Executive following consultation. Members are invited to provide comments on the budget proposals in this report.

Service Background

- 3 Some updates to the service plans for the period 2006-2009 (agreed at the January EMAP) are attached at annexes 6-9. These are provided so that members are aware of any changes we can foresee to the plans for 2007/8 and take these into account when coming to their views about budget decisions for next year. Members attention is particularly drawn to the sections covering the updates on the significant drivers for change and

improvement and the impact on the services.

4 In summary, the key issues to note at this meeting are:

a) The White Paper – Our Health, Our Care Our Say

An outline implementation document has been published by the Department of Health which gives key milestones for some of the initiatives promised by the White Paper. The service plans need to anticipate these changes and move in the direction set out in the White Paper e.g. more work is being done to promote direct payments and to develop individualised budgets for self directed support (the 'In Control' project)

b) Increasing demand for services and the need for long term commissioning decisions

The work on the long term needs of older people in York and the gap analysis (i.e. what needs to be put in place to meet those needs) will be ready for the January meeting. This will be key to determining some of our long term commissioning decisions and we will want to work on this in partnership with the PCT.

The ongoing budget pressures means that decisive action will need to be taken to ensure that the council is able to meet future needs *and* to operate within a balanced budget. This means being clear about priorities and targeting services at those people in most need.

c) Changes to Mental Health legislation

The Mental Capacity Act is due to come into effect in April 2007 and has significant implications on the council's statutory duties. In the Queen's Speech the government announced that it is now ready to bring forward more comprehensive changes to the Mental Health Act. These contain controversial measures that have wide reaching implications.

d) The need to continue the momentum to modernise and improve services for customers

The extensive work done in 2006 to reconfigure home care services shows the benefit of radical reviews to improve efficiency and sharpen the focus of services. A major piece of work is underway to modernise day care for people with disabilities to build on the success of previous projects e.g. the re-provision of Hebden Rise.

e) The introduction of improved IT systems to enable the council to meet statutory requirements and improve efficiency

The first phase of the implementation of the new system, Frameworki, is due to take place in July 2007 with 2 further phases until completion in Summer 2008. This is the biggest project in the department and will have very significant impacts on staff time in the run up to July. The departmental management team have identified the benefits that need to be realised by this investment and there will be a major programme of staff training to prepare people for the new ways of working.

f) The creation of the North Yorkshire and York Primary Care Trust

The new senior management team is being assembled but some key

appointments have not yet been made e.g. the Director of Public Health. The financial position remains critical with an overspend of £24.5 m predicted provided savings of over £42m are achieved in the Recovery Plan. This continues to present risks to the council if further savings measures are needed.

As yet it has not been possible to get more clarity about the local accountability structures for York and the impact of changes on our key partnerships.

Financial Background

- 5 The Council's Medium Term Financial Strategy was adopted by the Executive on 11 July 2006. This paper is the result of ongoing work against this agreed framework.
- 6 The provisional Local Government Finance settlement for 2007/08 was included in the settlement papers for 2006/07 received in January 2006, which alongside the 2006/07 settlement provided indicative figures for 2007/08. A consultative draft settlement for 2007/08 is expected by early December. However, it is not expected that there will anything other than minor changes from the figures currently used.
- 7 The figures in the 2006/07 settlement indicated that the increase in government funding in 2007/08 nationally would be 4.0% but for York the figure is 3.2% or an additional £1.192m. However, there is no guarantee that this allocation will not change when the final grant settlement is announced in late January 2007, although any changes are expected to be minor.

Budget Proposals for Adult Social Services

- 8 A summary of the budget proposals is shown in Table 1 below. Further details on each individual element are presented in the subsequent paragraphs. The annexes also contain other potential growth and savings items which at this stage are not being recommended to Members.

Table 1 - Summary of Budget Proposals

	Para. Ref	£(000)
Base Budget 2007/08	9	31,763
Provision for pay increases	10	480
Provision for price	11	390
Other Budget Pressures: Staff Increments	12 - 13	119
New expenditure/income due to grant and service transfers	14	0
Full year effect of 2006/07 growth and supplementary estimate items	15 -16	0
Service Pressure proposals (Annex 2)	18 - 19	2,040
Savings proposals (Annex 3)	20 - 21	(899)
Proposed Budget 2007/08		33,893

Base Budget (£31,763k)

- 9 This represents the latest budget reported to Members, updated for the full year effect of decisions taken during 2006/07, e.g. supplementary estimates.

Pay Inflation (+£480k)

- 10 These calculations are based on a pay increase for APT&C of 2.5%. The negotiations for the 2007/08 settlement have not yet concluded, although there is pressure from the Treasury that increases are kept under 2%.

Price Inflation (+£390k)

- 11 The budget proposes that, due to the underlying low rate of inflation, there is a general price freeze on most budgets. The amount allowed for price inflation is to fund known price increases, e.g. contract payments and fuel bills. This figure is a net figure. Fees and charges are generally increasing by 2.3%, but this is varied by directorates as part of growth/savings by national constraints/requirements. Where increases are proposed in excess of this the additional income is reflected in the savings totals offered. See separate report for further information.

Other Budget Pressures (+£119k)

- 12 These represent pressures over which the service has no influence, e.g. changes to funding and expenditure which are due to national policy initiatives or to, for example, the implications of the moving dates of Easter on service provisions
- 13 The only item to have a direct budgetary impact on Social Services is the payment of staff increments of £119k.

New Expenditure/Income due to Grant and Service Transfers (£0k)

- 14 In the provisional settlement there were no transfers between FSS and direct grant that have budgetary impact on the net cost of this portfolio.

Full Year Effect of 2006/07 Growth and Supplementary Estimate Items

- 15 There were no growth items were approved in 2006/07 where there is a full year cost in 2007/08 for the Adult Social Services portfolio.
- 16 No approval was given in 2006/07 for some one-off growth items where the cost was split partially in 2006/07 and partially in 2007/08.

General Contingency

- 17 Members should note that there are potential expenditure pressures that may materialise in 2007/08 but which are not yet certain or not quantifiable at this stage. The issues are listed in Table 3 below and it is assumed that if they materialise then funding will be requested from the General Contingency.

Table 3 - Contingency Issues for 2007/08

	£(000)
Contingency Issues for 2007/08	
<i>Housing and Social Services:</i>	
Repayment of customer contributions towards health care costs	280
Total	280

Service Pressures (£2,040k)

- 18 In the Finance Strategy report to the Executive on 11 July 2006 a sum of £7.291m was included as the estimated amount that would be needed to meet increasing demand for services and to allow for reprioritisation of service provision.
- 19 A range of options for service pressure proposals has been considered and in view of the overall available resources it is proposed that only those proposals shown in Annex 2 are included in the consultation list as the preferred options for Adult Social Services. The proposals put forward are the result of a rigorous assessment process, which included looking at the risk to customers and staff, legislative requirement, proven customer demand and the Council's corporate objectives. Annex 4 details service pressure proposals not recommended.

Savings Proposals (£899k)

- 20 Members will be aware that the 2006/07 budget savings were significant and that all Directorates are operating within a tight financial environment. In seeking to achieve savings for the 2007/08 budget Directorates have examined budgets with a view to identifying savings that have a minimum impact on the services provided to the public, customers and the wider Council. Instead they have concentrated on initiatives that:
- improve quality and efficiency
 - take advantage of ongoing service and/or Best Value reviews
 - generate income
 - address budgetary underspends
 - improve cash flow and interest earnings
 - generate savings from the technical and financial administration functions of the Council
- 21 Annex 3 shows the full list of savings proposals for the Adult Social Services portfolio. Annex 5 details other saving proposals.

Fees and Charges

- 22 The details of the proposed fees and charges for the services provided by this portfolio are set out in a separate report. Where fees and charges increases are being set above the inflation requirement they have been included in Annex 3.

Consultation

- 23 This paper commences the Council's budget consultation, both in terms of formal discussions with the Business and Voluntary sectors, but also as a mechanism for the public to comment on the proposals made in the report.

Options

- 24 Members of EMAP are asked for their comments or alternative suggestions on the investment and savings proposals shown in Annexes 2 and 3.

Analysis

- 25 All the analysis is provided in the body of the report and the annexes.

Corporate Priorities

- 26 The budget represents the opportunity to reprioritise resources towards corporate priority areas. Key examples of this happening within this portfolio area are:

- The investment of £500k in those customers who have complex care needs will help improve the health and lifestyles of the people who live in York, in particular among groups whose levels of health are the poorest.

Implications

- 27 The implications are:

- Financial - the financial implications are dealt with in the body of the report.
- Human Resources – there are staffing issues relating to the service restructures within Learning Disability services. Staff and Trade Union consultation is currently underway.
- Equalities – There are no equality implications to this report.
- Legal – The contingency item concerning the liability to repay customer contributions towards their health care may have to be referred to Legal for their opinion.
- Crime and Disorder - There are no specific crime and disorder implications to this report.
- Information Technology - There are no information technology implications to this report.
- Property - There are no property implications to this report.
- Other - There are no other implications to this report

Risk Management

- 28 Key reporting mechanisms to Members on budget matters will continue to be through two mid-year monitoring reports and the final Revenue Outturn report for the year. These reports will also address the progress made on investments and savings included in the budgets.

- 29 The budget setting process always entails a degree of risk as managers attempt to assess known and uncertain future events. This year has

demonstrated the difficulty of achieving this. As with any budget the key to mitigating risk is prompt monitoring and appropriate management control. As such updated figures and revised corrective actions will be monitored via Directorate Management Teams, Corporate Management Team and the monitor reports during the year.

Recommendations

30 The Executive Member and Advisory Panel is invited to provide comments on the budget proposals for consultation for 2007/08 contained in this report, which will be considered by the Budget Executive on 16 January 2007.

31 The Executive Member is asked to consider the budget proposals for consultation for Adult Social Services for 2007/08 contained in this report and listed below and provide comments to be submitted to the Budget Executive on 16 January 2007:

- 2007/08 Base budget as set out in Table 1;
- Service Pressure proposals as set out in Annex 2;
- Savings proposals as set out in Annex 3;

Reason: to ensure a balanced 2007/08 budget is presented to the Executive.

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Report Approved **Date** 20.11.06

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 Working Papers

Reports to individual EMAP meetings

Annexes

Annex 1 - 2006/07 Budget

Annex 2 - Service Pressure Proposals

Annex 3 - Savings Proposals

Annex 4 – Other Service Pressure Proposals

Annex 5 – Other Savings proposals

Annex 6 - Older People and Physical Disability Services Stage 1 Service Plan

Annex 7 - Learning Disability Services Stage 1 Service Plan

Annex 8 – Mental Health Stage 1 Service Plan

Annex 9 – Corporate Services Stage 1 Service Plan