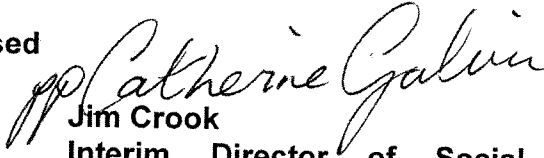


Overview and Scrutiny Committee**On 29 November 2006**

Report title:	Budget scrutiny - Pre business plan review documents for the Health and Social Care Portfolio	
Report of:	The Interim Director of Social Services and Acting Director of Finance	
Wards affected:	All	
1. Purpose		
1.1	To update Members on the financial planning process and to consider the pre business plan reviews for the following business units	
	<ul style="list-style-type: none">•Adults Services•Older People's Services	
2. Recommendations		
2.1	To note the latest financial planning position as set out in the report.	
2.2	To consider and make recommendations to the Executive on the pre-business plan review documents, in particular the new savings and investment proposals. The recommendations of the Overview and Scrutiny Committee will be considered by the Executive in agreeing the Council's final budget for 2007/08.	
Report authorised by:	 Jim Crook Interim Director of Social Services and Housing	
	Gerald Almeroth Acting Director of Finance	
Contact officer:	Catherine Galvin	Kevin Bartle
Telephone:	020 8489 2208	020 8489 3743

3. Executive summary

3.1 The report provides an update on the financial planning process and pre-business planning documentation for scrutiny.

4. Reasons for any change in policy or for new policy development

4.1 None

5. Access to information: Local Government (Access to Information) Act 1985

5.1 The following background papers were used in the preparation of this report:

- Report of the Acting Director of Finance to the Executive 4 July 2006 – Financial planning 2007/8 to 2010/11
- Report of the Acting Director of Finance to the Overview & Scrutiny Committee 24 July 2005 – Budget Scrutiny
- Report of the Acting Director of Finance to the Executive 31 October – Financial planning 2007/8 to 2010/11 (including the detailed PBPR documents)

For access to the background papers or any further information please contact Kevin Bartle on 020 8489 3743.

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6 Background

- 6.1 The Executive on 4 July 2006 considered a comprehensive report on financial strategy for the period 2007/08 to 2010/11 and agreed a business planning and budget-setting process. At that time the budget showed a significant gap for the years 2007/08 and 2010/11, with an overall gap of £13.6m over the full four year planning period. This assumes the achievement of pre-agreed savings proposals of £8.2m. The assumed council tax in the projection is an increase of 2.5% in each of the four years and a known grant settlement figure of 2.7% in 2007/08. Attached at appendix 1 is the budget trail as reported to Executive in July which sets out the overall position.
- 6.2 A further report was considered by the Executive on 31 October 2006 to release the pre-business plan reviews for scrutiny and a number of national and local updates were considered.
- 6.3 As part of the pre-business planning review process, targets were set for individual business units to identify potential savings opportunities. The targets took account of the level of savings already identified in current financial plans and previous years. These savings targets were aligned to the government's Gershon efficiency targets of 2.5% per annum. Ring-fenced funded services were separately identified within this process. The savings proposals will be required to fund the budget gap identified above and any additional investments that are agreed as part of this budget setting process. The final budget proposals will depend on the level of formula grant received from government, which will be announced in early December.

7 Pre business plan reviews

- 7.1 Members will recall that the purpose of the pre-business review process is to:
- ensure that the financial planning process is clearly linked with, and reflects, the full strategic agenda of the Council;
 - ensure that all budget options support the achievement of community strategy objectives;
 - ensure that proposals are considered in conjunction with the impact on service performance;
 - ensure that budget options enhance the achievement of value for money;
 - review the impact of previous years investment proposals;
 - identify efficiency savings, both cashable and 'non-cashable', and investment opportunities both within and between business units;
 - support consultation activity with key stakeholders;
 - support the budget scrutiny process;
 - gather information to support a number of planning processes.
- 7.2 The reviews have been prepared in conjunction with Executive Members and are released for scrutiny. They have been sent to key partner organisations, the voluntary sector and trade unions. In addition, there has been specific consultation with users and/or carers in relation to those proposals that would have the most direct impact on these groups.

7.3 To assist Members in the scrutiny process we have attached to this report in appendix 2 extracts of the PBPRs relevant to this portfolio by business unit in respect of new proposals:

- Pre agreed cashable efficiency savings (PBPR section 5.3)
- New proposed cashable efficiency savings (PBPR section 13)
- New revenue investment proposals (PBPR section 12);
- New capital investment proposals (PBPR section 11);
- Non General Fund proposals (if appropriate).

Members have also been provided with a list of the investments agreed in previous years' budgets for information (PBPR Section 5.5). Although these investments have been agreed and accounted for, it may be that, given the challenging forecast financial position, Members would like to revisit them.

7.4 Members are asked to consider these proposals in relation to 7.1 above.

7.5 Appendix 3 provides an overview of the 2006/07 budget by business unit across the Council and summarises the proposals over the four year planning period to give members a view of the overall scale of the proposals.

7.6 The following section in the report summarises the key service issues and objectives by business unit over the planning period.

8 Social Services Issues

8.1 The strategic objective of Social Services is to enable adults and older people living and working in Haringey to maintain a good quality of life. By working in partnership with service users, carers, Health and the private and voluntary sectors, Social Services aims to ensure that its services maximise independence, provide real choices and are appropriate to the needs of the local population. The overall strategic objective informs our preventative approach reflecting the proposed outcomes of "Our Health, Our Care, Our Say," Sure Start in Later Life, and the Choosing Health" agenda.

8.2 The national context for Social Services is a trend of growth in both the demand and complexity of services. In recent years, Haringey has experienced demand pressures across all client groups. In Older People's Services there has been an increase in the numbers of clients with dementia. In Adults Services there has been a 14% increase in the numbers of clients supported over the last 5 years. In addition, there have been increasing pressures from Health around reducing waiting lists. These pressures have been escalating in recent years.

8.3 While Social Services has been successful in managing these pressures and has largely managed to balance its budget in recent years, the current financial position for 2006/07 is a projected overspend, excluding expenditure on asylum seekers, of £2.4m. The main components of the overspend is summarised as:

- | | |
|---|-------|
| • PCT withdrawal of funding to Older People's Services | £0.4m |
| • Adults commissioning (including indirect effects of PCT cuts) | £1.6m |
| • Other | £0.4m |

8.4 The budgets for Older People's Services are projected to be on line aside from the budgets withdrawn by the PCT. However, the service continues to experience pressures in commissioning, particularly around hospital discharges. The demand for dementia and nursing care beds is also increasing.

8.5 The main element of the overspend is in the Adults commissioning budget and is comprised:

- Mental Health - £0.7m
- Physical Disabilities - £0.5m
- Learning Disabilities - £0.4m

8.6 In Mental Health, the overspend is largely in residential placements where there are some 31 clients being supported in excess of the budget. There continue to be pressures in the mental health sector with reduced funding available in the PCT and performance targets within the Trust to reduce inpatient beds. The main reasons for the pressures being experienced are:

- There is an additional growth pressure on the Commissioning budget due to the number of discharges from St. Ann's Hospital. In addition there are also requirements to place service users discharged from medium secure care.
- There is projected growth in both client numbers and levels of need and the NHS has re-designated Haringey as a higher need area for Mental Health. There will be more pressure in the system to provide more community care services.
- The Mental Health Trust has targets to reduce the level of hospital activity and accelerate discharge arrangements. This puts additional pressure to provide more care services more quickly.
- The remodelling of Supporting People provision following contract review is taking place later than anticipated

8.7 With respect to Physical Disabilities, the extent of the growth in demand in terms of both client numbers and levels of need were not appreciated or funded in the budget setting process.

- 8.8 Learning Disabilities is at the end of a three year commissioning strategy which included the refurbishment of both of its residential homes and plans for a named number of clients. This has now been implemented, although there was some slippage in the reopening of Whitehall Street, from May to August 06. The overspend reported in Learning Disabilities is £0.4m which is partly due to this slippage and partly due to some unanticipated growth in service. The pressure is in domiciliary care where there are 38 clients supported in excess of the budget. This too is in keeping with the national trend. Haringey is actually experiencing less growth than other London Boroughs, which is due in part to strong demand management.
- 8.9 Social Services has put into place a number of actions to mitigate against any further growth in expenditure. These include:
- Maintenance of the freeze put in place in December 05 on anything other than essential expenditure
 - Clients are being reviewed against the continuing care criteria and services for an increasing number of clients are being funded by Health
 - There have been VFM reviews carried out on the Adaptations Service and in Home Care that has improved the cost of the services provided.
 - There has been a reduction in the use of agency staff.
 - We are also considering how to reduce management costs in the Directorate's reshaping of services.
- 8.10 The proposals within the PBPR documents for efficiencies and investments have taken into account the current service pressures being experienced.
- 8.11 *Older People's Services efficiency proposals*
- 8.11.1 The implementation of the Community Care Strategy has realised a significant shift over the last two years in reducing the number of people placed in care homes. It is anticipated that this overall reduction in placements will continue, though the trend is clearly towards a higher level of need for placements for people with complex needs, specifically dementia. The service anticipates a reduction in the number of residential placements over the next four years.
- 8.11.2 It is anticipated that there will be growth in community based services in that time period and provisions have been assumed within the proposal for residential care to fund this growth. In addition, it is planned to improve efficiency within the home care service through implementing the recommendations of the VFM review.
- 8.11.3 The service plans to implement a new telephone monitoring system for home care. The benefits of the system are that it will verify the level of service given ensure the accuracy of the charges made by external providers. This will give increased efficiency in the processes for invoice payment.

8.11.4 The Drop In Centres are a non-statutory, non-assessed open access service for less frail older people. There are currently over 500 people on the books of the four centres. Whilst some would meet 'Fair Access' criteria for the provision of a service, some would not. However these services are partly preventative and cessation brings with it the risk of increased service requirements at a later date.

8.12 *Adult Services efficiency proposals*

8.12.1 The commissioning strategy for mental health services is planned to make savings of £450k. The strategy will focus on two major pieces of service reconfiguration. These are the remodelling of existing day services provision in both the statutory and voluntary sector commissioned by health and social care and the reconfiguration of the mental health accommodation commissioned by Supporting People. These reflect the intentions of the Joint Mental Health Strategy agreed in 2005. The day services element addresses the need to modernise current provision in line with the views of service users and in accordance with government policy as described in the Mental Health and Social Exclusion report. Haringey remains a high user of residential care when compared with its audit comparator group of local authorities and it is a long stated service ambition to change this model of service use.

8.12.2 The proposals for mental health involve reviewing/providing support packages that are appropriate need for 90 people, combined with transfer from residential care to supported housing.

8.12.3 The proposal to merge the Winkfield and the Haven day centres is to maximise the capacity at the Winkfield centre. There are currently 60 people 'on the books' at Winkfield, with an average daily attendance of 25. The equivalent figures for the Haven are 55 and 22. Careful project planning would be needed to implement the proposal, which may involve not replacing a number of users who cease to attend. The reduction in costs would be achieved through savings on staffing, transport and building costs. Clearly the benefits and disadvantages of this will need careful consideration.

8.13 *The Voluntary Sector Review*

8.13.1 This is a cross council initiative rather than a proposal that affects just Social Services. This will require a root & branch review of what we are commissioning from voluntary organisations. The identified savings are a target figure. The precise level of savings will only be verified once the review has been completed.

8.14 *Administration and Support Services*

The council has implemented a number of new technology initiatives in recent years and the changes to business processes will generate efficiencies. The restructuring of Social Services, following the Council reshaping is also expected to reduce support services costs.

8.15 *The Charging policy*

This proposal has already been pre-agreed by the Council to be implemented in 2008/09. It is proposed that this is brought forward one year. The specific changes to the policy would include:

- Increasing internal residential charges from £388.50 per week to £520 per week to reflect the actual costs of services provided.
- Increasing charging for domiciliary care from £10 to 12.50.
- Adjusting the fairer charging disregard from 70% to 60%
- Reducing the subsidy for meals on wheels

8.16 *Additional Proposals*

The proposals as set out in appendix 2 totals £4.320m. Additional options to assist the Council in achieving its financial targets are proposed for Socials Services as follows, especially if any of the above proposals are not accepted. Members are asked to consider these proposals in addition to those set out in appendix 2.

- Transfer of respite provision for people with Learning Disabilities at Talbot Road to Whitehall Street, allowing closure of Talbot Road. Currently 25 people regularly use Talbot Road for respite during the year and it is anticipated that this can be provided within the newly refurbished Whitehall Street facility. The savings from this proposal will be £250k
- Closure of Keston Road with reprovision in other community based services. Approximately 110 people are on Keston's books with an average daily attendance of 95. The proposal involves closing Keston and reproviding and enhancing the service the centre currently offer through a range of other community based facilities. There is no plan to reduce the number of people who receive a service - it will just be provided in a different way. The savings from this proposal will be £130k

8.17 **Investment Proposals**

Social Services has included £2m of revenue investment bids. The significant bids for the service are:

- Growth in Learning Disabilities to meet known demand pressures
- The establishment of a specialist asylum team to deal with the cases transferred from the disbanded asylum service
- Establishment of a permanent support for Framework-I, in respect of ongoing management and training for social workers
- The development of service support for Direct payments.
- Building project management capacity to achieve the proposed changes in Social Services
- Revenue funding to run Osborne Grove residential home.

8.18 Capital Investments

8.18.1 The significant capital investment bid is in respect of Adaptations. Members will be aware of the change in the housing subsidy regime last year that reduced the funding to the council for adaptations. The bid included is in respect of the annual requirement to maintain the current level of programme.

8.18.2 The e-care phase 2 project was agreed last year. The appendix includes continuation funding, not a new bid.

8 Consultation

This is part of the consultation of the business and financial planning process.

9 Summary and conclusions

The conclusions will be for the committee to decide before agreeing a report back to Executive as part of the budget process.

10 Comments of the Head of Legal Services

Legal Services have been consulted and have identified no legal implications included within this report.

11 Equalities implications

This is considered as part of the individual pre-business plan review documents.

12 Use of appendices

13.1 Appendix 1 – The budget trail as reported to the Executive in July 2006 which sets out the overall position.

13.2 Appendix 2 – extracts from the pre-business plan review documents showing:

- Pre agreed cashable efficiency savings (PBPR section 5.3)
- New proposed cashable efficiency savings (PBPR section 13)
- New revenue investment proposals (PBPR section 12);
- New capital investment proposals (PBPR section 11).
- Pre agreed investments (memorandum item PBPR section 5.5);
- Non General Fund proposals (if appropriate).

13.3 Appendix 3 – summary budget analysis document (2006/07 to 2009/10)

13.4 Pre-business plan review documents (circulated separately).

London Borough Of Haringey
 PBPR Capital Investment Bids 2007/08 - 2010/11
 Executive Member For Health And Social Services

Appendix 2

Form Number	Portfolio	Directorate	Business Unit	Capital Project Title	Corporate Resources Funding Bid 2007/08 - 2010/11	Total Capital cost					Revenue Growth PBPR Table 12 2007/08 - 2010/11	Corporate Resources as a Contribution of Capital Cost %
						2007-08 £'000	2008-09 £'000	2009-10 £'000	2010-11 £'000	Total £'000		
056	Exec Member: Health & S.Serv	Social Services	Adults	Redevelopment of the space at Ermine road gym into office space	150	150	0	0	0	150		100%
057	Exec Member: Health & S.Serv	Social Services	Adults	Refurbishment of Learning Disabilities Properties	190	95	45	25	25	190		100%
058	Exec Member: Health & S.Serv	Social Services	Adults	Private Sector Adaptations and Associated Repairs	3,550	1,350	1,400	1,400	1,400	5,550		64%
059	Exec Member: Health & S.Serv	Social Services	Adults	Public Sector Adaptations both major and minor works	5,800	1,450	1,450	1,450	1,450	5,800		100%
			Adults Total		9,690	3,045	2,895	2,875	2,875	11,690		
063	Exec Member: Health & S.Serv	Social Services	All Social Services and Children and Familyless	eCare Phase 2	152	317	0	0	0	317		48%
			Business Improvement Total		152	317	0	0	0	317		
			Grand Total £'000		9,842	3,362	2,895	2,875	2,875	12,007		0

PBPR Table	Saving / Growth	Portfolio	Directorate	Business Unit	Details of Efficiency/Proposed Investment/Proposed Efficiency Saving/ Investments	2007/08 over and above 2006/07 £'000	2008/09 over and above 2007/08 £'000	2009/10 over and above 2008/09 £'000	2010/11 over and above 2009/10 £'000	Cumulative	Dependencies/Impact
13	S	Exec Member: Health & S.Serv	Social Services	Older	Implement VFM review recommendations to reduce costs By £5 per hour		250	250		500	This proposal does not include the rapid response.
13	S	Exec Member: Health & S.Serv	Social Services	Older	Reduce OPS residential Care Undertaking the objectives of Our Health, Our Care, Our Say to provide more services in the community. There will be a reduction of 79 residential placements. The savings assumptions assume Re-provision costs in the community	150	150	150	150	600	As above
13	S	Exec Member: Health & S.Serv	Social Services	Older	Marketing the Community Alarm Service This proposal will generate additional income with a charge of £4pw	140	125			265	Some Re-provision required using not for profit & community sectors
13	S	Exec Member: Health & S.Serv	Social Services	Older	Merge the Winkfield and Haven Centres These centres are not fully utilised. Efficiencies will be gained	185				185	
13	S	Exec Member: Health & S.Serv	Social Services	Older	Efficiencies from Telephone Monitoring in Homecare Improve invoice payments PI and ensure accuracy of charges		250			250	E-Care project. Phase 2 Will require some capital investment
13	S	Exec Member: Health & S.Serv	Social Services	Older	Voluntary Sector Review across the Council. The voluntary sector has not been fully reviewed for a number of years – ensure sufficient re-provision available		500		500	1,000	Will require a root & branch review of what we are commissioning from voluntary organisations
13	S	Exec Member: Health & S.Serv	Social Services	Older	Move Mental Health Clients to Supported Housing		175	175		350	Achieves the objectives of Our Health, Our Care, Our Say
13	S	Exec Member: Health & S.Serv	Social Services	Older	Review mental Health Day Opportunities			100		100	
13	S	Exec Member: Health & S.Serv	Social Services	Older	Review SS Administration and stream line access processes		250	250		500	Savings estimated in admin and invoice payments functions Customer Services
13	S	Exec Member: Health & S.Serv	Social Services	Older	Implementation of the changing policy Bring forward, currently scheduled for 2008. Increase a number of charges in services that provide a significant subsidy currently	370				370	
S Total						845	1050	1775	650	4,320	
Older Total						845	1050	1775	650	4,320	

Key:
 5.3 - Pre-Agreed Savings
 13 - New Proposed Savings
 12 - New Proposed Growth

PBPR Table	Saving / Growth	Portfolio	Directorate	Business Unit	Details of Efficiency/Proposed Investment/Proposed Efficiency Saving/ Investments	2007/08 over and above 2006/07 £'000	2008/09 over and above 2007/08 £'000	2009/10 over and above 2008/09 £'000	2010/11 over and above 2009/10 £'000	Cumulative	Dependencies/Impact
12	G	Exec Member: Health & S.Serv	Social Services	Adults	Increased capacity in Adults commissioning	80				80	More robust commissioning in place which will improve contract reviews, service user desired outcomes in contract monitoring.
12	G	Exec Member: Health & S.Serv	Social Services	Adults	To establish a Business Support Team to support users of Framework-1	40				40	Users of Framework have required an extensive programme of support since go live. Whilst the need for support has reduced there is still a requirement to train and support new staff and existing staff on new processes. Forthcoming initiatives such as Fram Keston service is scheduled for next year. This investment proposal covers the cost of a project worker to oversee the implementation of the changes.
12	G	Exec Member: Health & S.Serv	Social Services	Adults	LD - Project Officer to oversee coordination of downsizing the revenue projects for provider day services as we mainstream	30				30	Subject to the outcome of the PBPR process, the Keston service is scheduled for next year. This investment proposal covers the cost of a project worker to oversee the implementation of the changes.
12	G	Exec Member: Health & S.Serv	Social Services	Adults	PD - Direct Payments Support Service	200				200	A support service enables users to manage their Direct Payments effectively thereby promoting independence.
12	G	Exec Member: Health & S.Serv	Social Services	Adults	Peregrine House residential service	40				40	More expensive residential accommodation for people with PD.
12	G	Exec Member: Health & S.Serv	Social Services	Adults	Asylum team	225				225	Not accommodated in our current services.
12	G	Exec Member: Health & S.Serv	Social Services	Adults	Increase in rent for St. George's	7				7	Review due in Dec 2007. Likely increase of 10%
12	G	Exec Member: Health & S.Serv	Social Services	Adults	Gordon Road rent	30				30	Amount of staff providing primary care will be cut
12	G	Exec Member: Health & S.Serv	Social Services	Adults	LD Comm. - identified 43 people turning 18 next year, 6 will transfer on birthday, 8 to receive Day Opps.	362	187			549	First year its full year effect - this will happen as it involves children in placements who will continue to need a service.
12	G	Exec Member: Health & S.Serv	Social Services	Adults	New licences for drivers due to reconfigured service based transport - LD	28				28	We would be impacted in terms of our ability to deliver Day Services and increase social inclusion.
12	G	Exec Member: Health & S.Serv	Social Services	Adults	LD - Ashley road running costs	60				60	Following set up of service based transport we are required to find costs
12	G	Exec Member: Health & S.Serv	Social Services	Adults	As above - PD	4				4	

Key:
5.3 - Pre-Agreed Savings
13 - New Proposed Savings
12 - New Proposed Growth

PBPR Table	Saving / Growth	Portfolio	Directorate	Business Unit	Details of Efficiency/Proposed Investment/Proposed Efficiency Saving/ Investments	2007/08 over and above 2006/07 £'000	2008/09 over and above 2007/08 £'000	2009/10 over and above 2008/09 £'000	2010/11 over and above 2009/10 £'000	Cumulative	Dependencies/Impact
12	G	Exec Member: Health & S.Serv	Social Services	Adults	LD - Running and maintenance costs for provider properties	25				25	No apparent provision in budgets this year.
12	G	Exec Member: Health & S.Serv	Social Services	Older	When Osborne Grove was demolished its budget of 600k (excluding capital charges) was transferred to the commissioning budget to pay for re-located residents. The new care home now needs this budget reinstated (June 07)	600	187	0	0	1,318	When Osborne Grove was demolished and its budget transferred over to commissioning, it was anticipated that this money could be simply refunded when the new care home was built. Due to market pressures, PCT cuts etc, this is not possible.
12	G	Exec Member: Health & S.Serv	Social Services	Older	Commissioning pressure arising from withdrawal of SP funding.	40				40	Historically, SP funding has been allocated to a residential home (Petergrine House). This will be withdrawn in 2007/08. The care home will not accept a lower fee rate because of the withdrawal of £40k.
12	G	Exec Member: Health & S.Serv	Social Services	Older	To establish a business support team to support users of Framework-I, comprising one manager, two business support officers and two system support officers	40				40	Users of Framework-I have required an extensive programme of support since go live. Whilst the need for support has reduced there is still a requirement to train and support new staff and existing staff on new processes. Forthcoming initiatives such as Fra
G Total						680	0	0	0	680	
Older Total						1811	187	0	0	1,998	

Key:
 5.3 - Pre-Agreed Savings
 13 - New Proposed Savings
 12 - New Proposed Growth

Portfolios	Directorate	Business Unit	Details of Pre-Agreed Investment	2006/07 over and above 2005/06 £'000	2007/08 over and above 2006/07 £'000	2008/09 over and above 2007/08 £'000	Total 07/08-08/09	Dependencies/Impact
Exec Member: Health & S. Serv	Social Services	Older	Double running costs of Community Care Strategy - transition costs	500	-500		-500	This investment offsets the considerable double-running costs of disposing of two homes, renovating three and rebuilding one, with the consequent loss of changing income as beds are held vacant to allow for these developments.
Exec Member: Health & S. Serv	Social Services	Older	Inflation on commissioning budgets	220			0	Inflation on care placements is running above RPI. In older people's services new services tend to cost more than services that have ceased.
Exec Member: Health & S. Serv	Social Services	Older	One-off investment funded by Access and Systems Capacity Grant	-280			0	Reversal of one off investment in 2005/06
Exec Member: Health & S. Serv	Social Services	Older	Osborne Grove day-centre		250		250	The residential home is in the process of being built and is rescheduled for completion in early 2007/08. The investment is to run the day centre that will be attached to the home.
Exec Member: Health & S. Serv	Social Services	Adults	Physical Disabilities Commissioning Strategy	382			0	Investment has helped to manage growth which has exceeded expectations.
Exec Member: Health & S. Serv	Social Services	Adults	Learning Disabilities Commissioning Strategy (agreed in 2004/05 budget process)	51			0	Investment has helped to manage growth which has exceeded expectations.
Exec Member: Health & S. Serv				873	-250	0	-250	
Total								