

Report for: Adults and Health Scrutiny Panel
17th November 2016

Item number: 7

Title: **Priority 2 Budget Position (Period 6 2016/17)**

Report authorised by : Beverley Tarka, Director of Adults Services

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Ward(s) affected: All

**Report for Key/
Non Key Decision:** Not a key decision

1. **Describe the issue under consideration**
This report provides an overview of the financial performance of the services within Priority 2 (Enable adults to live healthy, long and fulfilling lives) as at the end of quarter 2, 2016/17.
2. **Cabinet Member Introduction**
3. **Recommendations**
That Members note the financial position of Priority 2 services.
4. **Reasons for decision**
This is a report for information and discussion.
5. **Alternative options considered**
As this is an information and discussion paper, there are no alternatives.
6. **Background information**
 - 6.1 **Introduction**
 - 6.1.1 Priority 2 services are those relating to Adults within the Deputy Chief Executive's Department. This includes all of the services managed by the Director of Adults Services and the Adults focussed services managed by the Director of Public Health and the Assistant Director of Commissioning.
 - 6.1.2 **Table 1** sets out the main components of those services funded from Council budgets and it indicates that the Priority is forecast to overspend by £12.8m in 2016/17.

Table 1: Priority 2 budget position Period 6 2016/17

Summary Forecast position	Budget 2016/17 £'000	Forecast position £'000	Difference £'000
1. Packages of Care (Adults)	53,120	64,650	11,530
2. Directly provided services (Adults)	5,535	6,920	1,385
3. Other Adults Social Care (Adults)	14,407	13,943	-464
4. Commissioning Budgets	3,521	3,858	337
5. Public Health Budgets	13,702	13,702	0
Total Priority 2	90,285	103,073	12,788

6.1.3 The projected overspend confirms difficulties in delivering on savings measures on time, and, in particular, being able to contain demand for adults social care in particular. There have nonetheless been reductions in expenditure, albeit not at a pace and scale expected by savings targets.

6.1.4 This report attempts to convey a sense of the pressures and gaps facing Priority 2 in financial terms.

6.2 Adults Packages of Care +£11.5m

6.2.1 Care packages for Adults are significantly overspent (by £11.5m) and would have been £5m more overspent had there not been agreement from Cabinet in September 2016 to allocate funding from contingency. Efforts to make reductions in 2015/16 to numbers and costs of packages of care were thwarted because the number of new admissions to care was 40% higher in that year than in 2014/15.

6.2.2 The care purchasing spend is based on actual open cases at 1st April 2016, forecast new cases during the year at 2015/16 levels of activity, less the natural rate of closed packages during 2015/16. The forecast cost of this has taken into account the expected impact of all the transformation projects in 2016/17, reflecting actual changes in activity levels as the year progresses, to produce a variance of £11.5m.

6.2.3 These forecasts already factor in a fair assessment of the likely impact of savings measures, including the contribution that 100% reviews of all packages can provide.

6.2.4 The budgets for 2016/17 are those planned when the original MTFS was set out in February 2015. So, the overspend is attributable to the twin pressures of unfunded demand in the system and slippage on the savings measures that were planned.

6.2.5 Section 6.7 considers progress in delivering saving measures. The overall expectation is that the combination of packages of care and those services which are to be reprovided will mean that the vast majority of savings will have been delivered by 2018/19 ie one year later than planned. While £23m of the planned £24.5m savings are expected to be delivered, there remains £22m, which will have accumulated over 4 years in additional demand. So, in order to deliver a balanced budget, savings would have needed to be twice as much as is currently planned.

6.2.6 Officers are continuing to develop strategies to reduce spend in this area where possible. Much of the transformation programme has taken until 2016/17 to take effect, with packages of care most significantly affected by:

- a concerted effort to ensure 100% of all clients' needs were reviewed in the context of a policy of Promoting Independence;
- changes to the processes for averting from care those unlikely to meet standard thresholds;
- streamlining arrangements for undertaking assessments;
- developing more preventative initiatives in collaboration with health colleagues.

6.3 Directly Provided Services +£1.4m

6.3.1 Much of this overspend of £1.4m arises from slippage in implementing a reprovision of directly provided services (£1.0m) and from overspends at Osborne Grove (£0.4m).

6.3.2 Direct services have been reconfigured, often involving closures or scaling back of facilities. This has included closure of Day Opportunities at Haven and Grange, with remodelling of provision at Haynes. Day Care for Learning Disabilities are being reprovided, as is residential provision at Linden Road. It has taken more time than anticipated to deliver these service redesign projects because it has been vital that new packages of care for the clients attending these services are in place before they close. These reprovisions are expected all to have been brought to a conclusion in this financial year, with the full benefit of the cost savings being experienced in 2017/18.

6.3.3 Osborne Grove reprovision arrangements were not expected to be put in place before April 2017. There have been difficulties with the premises at Osborne Grove which has meant that no new clients are being admitted to this in-house nursing home. The original plans for savings at Osborne Grove will now be rethought and resubmitted for the revised MTFs, as the savings cannot be met in the way that was originally envisaged.

6.4 Other Adults Social Care -£0.5m

6.4.1 This service principally includes the social work staffing budgets for the service, including assessment, reviewing and commissioning functions within Adults Social Care. There are underspends against vacant salaries budgets across the service, mainly in assessment, adaptations and Learning Disabilities in anticipation of filling posts before the end of the financial year or including these posts in delivering the anticipated £0.970m workforce saving planned for 2017/18.

6.5 Commissioning +£0.3m

6.5.1 Commissioning budgets in Priority 2 are overspending by £0.3m. £0.2m of this is in the costs of the central commissioning and brokerage functions, with the remainder relating to commissioned contracts for substance misuse and voluntary sector.

6.5.2 The whole budget for the Assistant Director for Commissioning overall is showing a £0.1m overspend because there are some underspends on Priority 1 activities that offset the pressures in P2.

6.6 Public Health Nil

6.6.Public Health expect to end the year on budget.

6.7 Status of Medium Term Financial Strategy savings measures

6.7.1 **Table 2a** summarises the savings targets for all the services in Priority 2 and their delivery status. As is indicated in some of the in-year variance explanations above, there are services where the targets have slipped and there is a small element that cannot be delivered, even with an extra year. In overall terms, around £23m out of the £24.5m original targets have plans for delivery.

Table 2a: Summary of Statuses for Priority 2 MTFS Savings Targets

Status	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	Total
ORIGINAL PRIORITY SAVING TOTAL	5,558	8,189	10,726	0	24,473
Comprised of					
SAVINGS ALREADY ACHIEVED	1,387	0	0	0	1,387
SAVINGS ON TRACK WITH FIRM PLANS	0	3,133	4,633	0	7,766
SAVINGS WITH LESS CERTAIN PLANS	0	3,821	8,459	1,540	13,820
SAVINGS GAP	4,171	1,235	-2,366	-1,540	1,500

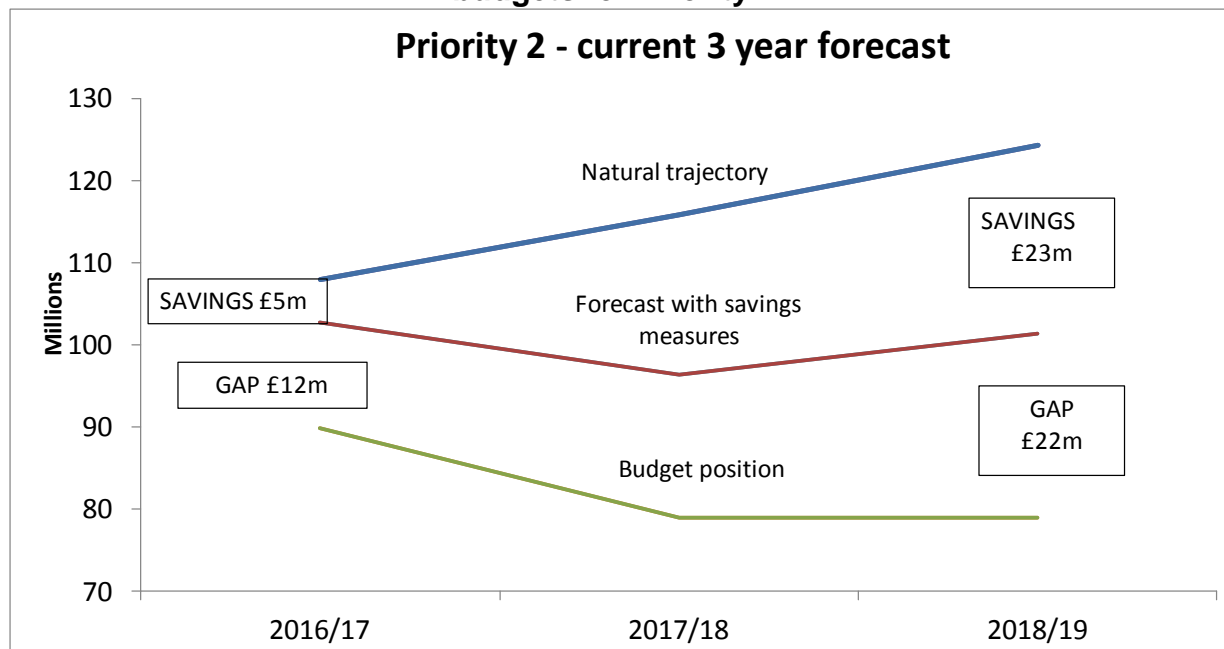
6.7.2 **Table 2b** identifies the status of each of the original MTFS savings targets according to the same categories as Table 2a.

Table 2b: analysis of MTFS savings components for Priority 2

Status	Already achieved	Savings on track with firm plans	Savings with less certain plans	Savings Gap	Total
Packages of Care / Direct Provisions	0	4,640	11,527	1,500	17,667
Adults Workforce savings	0	0	970	0	970
Voluntary Sector Commissioning	200	1,200	0	0	1,400
Public Health Savings	1,187	1,926	1,323	0	4,436
Total	1,387	7,766	13,820	1,500	24,473

6.7.3 **Table 2c** identifies the MTFS savings in the context of the natural trajectory of costs and the budgets for Priority 2. It indicates that by 2018/19 the existing savings programme would have delivered £23m savings, but because the demand has continued to go up, this has left a gap of £22m. So, in order to deliver spending within budgets, officers would have had to identify twice as many savings (£45m). Given that Cabinet added £5m to recognise the increase in demand in September 2016, the original aim ought, with hindsight, to have been to deliver £50m of savings.

Table 2c: MTFs savings in the context of the natural trajectory for costs and the budgets for Priority 2.



6.7.4 The slippage on savings and the continuing demand have contributed to the existing financial position. The revised MTFs, insofar as it can afford to, will need to recognise the size of the gap (ie close the gap), even if it requires subsequent, new savings to assist in managing the Council’s overall financial position.

7. Contribution to strategic outcomes

7.1 This report is dealing with the financial position of those services which are contributing to the Council’s Priority 2: Enable adults to live healthy, long and fulfilling lives.

8. Statutory Officers comments (Chief Finance Officer (including procurement),

8.1 Assistant Director of Corporate Governance, Equalities)

8.1.1 The Assistant Director of Corporate Governance has been consulted on this report.

8.2 Finance and Procurement

8.2.1 This is a financial report which has been prepared in collaboration with the Chief Finance Officer.

8.3 Legal

8.3.1 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Council to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such action as it considers necessary to deal with the situation. This could include, as set out in the report, action to reduce spending in the rest of the year.

8.3.2 The Council must act reasonably and in accordance with its statutory duties and responsibilities when taking the necessary action to reduce the overspend.

8.4 Equality

8.4.1 The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- Tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- advance equality of opportunity between people who share those protected characteristics and people who do not;
- Foster good relations between people who share those characteristics and people who do not.

8.4.2 This report provides an update on the current budgetary position for Priority 2 in relation to the MTFs. All MTFs savings were subject to equalities impact assessment as reported to Full Council on 23rd February 2015.