

**Report for:** Adults and Health Scrutiny Panel – 16 November 2017

**Title:** Priority 2 Budget Position (Period 6 2017/18)

**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, 2017/18.

**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 those 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 shows that as at period 6, Priority 2 is forecast to overspend by £3.5m in 2017/18.

**Table 1: Priority 2 budget position Period 6 2017/18**

	budget £m	outturn £m	variance £m
Adults Social Care			
Care packages	62.3	66.0	3.7
Directly provided services	3.9	4.4	0.5
Other	15.0	14.4	(0.6)
	81.3	84.9	3.6
Public Health	11.4	11.3	(0.1)
Commissioning	2.6	2.5	(0.0)
P2 total	95.2	98.7	3.5

6.1.3 The projected overspend confirms difficulties in delivering on savings measures and of being able to contain demand for Adults Social Care. There have nonetheless been reductions in expenditure, albeit not at the pace and scale required by savings targets.

6.1.4 This report gives an overview of the pressures and gaps facing Priority 2 in financial terms.

### 6.2 Adults Packages of Care £3.7m

6.2.1 Care Packages is projected to overspend by £3.7m following the release of £0.6m provisions which indicates that the underlying pressure on care packages is £4.3m

6.2.2 The forecast outturn is based on committed spend at the end of period 5, as recorded in Mosaic, the department's care management system and is then adjusted for the financial effects of –

- future savings and management action plans
- packages which have yet been entered or authorised

- an estimate of the level of overstatement of commitment due to e.g. services not being closed or not being fully utilised

6.2.4 The overspend is attributable to –

- unfunded demand including £1m new activity and £0.3m arising from clients not being placed in Osbourne Grove Nursing Home as a result of the embargo on the home
- £3m slippage on the savings measures that were planned (Section 6.7 considers this further)

6.2.6 In order to reduce spend, officers are continuing to develop and implement initiatives based around the core strategic principles of demand, market and operational management.

### **6.3 Directly Provided Services £0.5m**

6.3.1 Direct Provided Services are projected to overspend by £0.5m at period 6, following the release of (£0.7m) provisions which indicates that the underlying pressure is £1.2m.

6.3.2 £1.0m of the projected overspend is related to Osbourne Grove Nursing Home and attributable to –

- £0.3m cost of additional staffing resource to cover for those staff involved in various HR proceedings
- £0.1m cost of additional staffing resource to drive improvements in quality of care
- £0.6m loss of income from client contributions and health funding due to the embargo being placed on new clients entering the home

### **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 the assessment and reablement teams. The underspend in reablement is as a result of a proposal to charge costs of locum Occupational Therapists against the capital Disabled Facilities Grant which then allows the service to hold vacant posts.

### **6.5 Commissioning £nil**

6.5.1 Commissioning budgets in Priority 2 are projected to break even at period 6. This is after the achievement of £200k savings on voluntary sector contracts.

### **6.6 Public Health (£0.1m)**

6.6. Public Health budgets in Priority 2 are projecting an immaterial favourable variance of (£0.1m) at period 6.

## 6.7 Status of MTFS savings measures

6.7.1 **Table 2** summarises the 2017/18 savings targets for all the services in Priority 2 and their delivery status.

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

	Original target	Revised target	Projected at period 6	Under-achievement
	£000	£000	£000	£000
<b>MTFS 1</b>				
<b>Packages of care</b>	(2,803)	(4,044)	(2,216)	1,828
<b>ASC workforce restructure</b>	(970)	(970)	(970)	-
<b>Voluntary sector</b>	(200)	(200)	(200)	-
<b>Public Health</b>	(1,586)	(1,586)	(1,586)	-
	(5,559)	(6,800)	(4,972)	1,828
<b>MTFS 2</b>				
<b>Supported Housing Review</b>	(475)	(134)	(34)	100
<b>Fees and Charges Review</b>	(199)	(44)	(44)	0
<b>Technology Improvements</b>	(750)	(420)	(185)	235
<b>Market Efficiencies</b>	(987)	(572)	(147)	425
	(2,411)	(1,170)	(409)	760
	(7,970)	(7,970)	(5,381)	2,588

6.7.4 The slippage on savings and continuing demand have contributed to the existing financial position. The service have highlighted this pressure in its submission to the refreshed MTFS.

## 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

### 8.1 Assistant Director of Corporate Governance

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.