

**MATTER WHICH THE CHAIRMAN HAS DECIDED IS URGENT BY REASON OF THE NEED TO RESOLVING THE SOCIAL SERVICES BUDGET**

THE VALE OF GLAMORGAN COUNCIL

CABINET MEETING: 9<sup>TH</sup> JANUARY, 2008

REPORT OF THE DIRECTOR OF SOCIAL SERVICES

**SOCIAL SERVICES REVENUE BUDGET 2007/2008**

Purpose of Report

1. To seek endorsement for the proposals to reduce the projected overspend within Social Services.

Background

2. The revenue budget for social services has remained under pressure. An additional £1.1m has been given to the Directorate as an additional temporary uplift, to meet the costs incurred as a result of increased care home fees. At the end of November 2007, an overspend of £1.6m was forecast for 2007/2008, despite the uplift. It is anticipated this will have been reduced to £1.3m following the completion of the monitoring to the end of December. The savings made to date within social services are detailed at Appendix 1.
3. In order to balance the budget, the Director of Social Services has been requested to produce an action plan identifying further savings that can be achieved in the current year.
4. The framework used in developing the action plan in this report is attached at Appendix 2. It helped to ensure a systematic approach and careful consideration of all available options. In addition, the previously agreed budget action plan for 2008/9 and 2009/10 was reviewed to determine if any measures could be brought forward for earlier implementation.

Relevant Issues and Options

5. In drawing up the budget proposals, all areas of the budget have been examined and details of each of the proposals are listed below, under the following categories:
  - **supplementary funding;**
  - **deferring expenditure;**
  - **improve efficiencies;**
  - **income generation;**

- **reducing service expenditure;**
- **reducing service provision.**

## **6. Supplementary Funding - £388,000**

6.1 The service is in receipt of WAG grants from a number of funding streams, including:

Cymorth  
 Flying Start  
 Children in Need Grant  
 Older People's Strategy  
 Training Support  
 Health Alliance  
 Joint Working Grant  
 Carers Grant.

Detailed work is now being undertaken to ensure these funding streams are maximised, to offset current revenue expenditure in ways that meet the grant conditions. It is anticipated that £85,000 will be identified as a result of this work.

6.2 The budget reported at the end of December, 2007 includes estimated budget spend to the end of March 2008. The budget has been reviewed in detail to ensure that :

- it reflects likely spend for the year; and
- all savings made to date are reflected in the projections.

In completing the estimated outturn, the sum of £500,000 currently included to meet possible increases in the number of community care commitments has been maintained. In addition, £420,000 is included in the projections for community care funding that has been agreed but yet to start. This too has been left in the projected outturn for the year. Other forecasts have been reduced where spend profiles are considerably lower than currently reflected in the projected outturn (see Appendix 3). £303,000 in further savings have been identified as a result of this work. Ensuring that the reduced spending levels are maintained will require close monitoring by all managers

## **7. Deferring Expenditure - £150,000**

7.1 Staffing budgets across the Directorate are all in line to meet the 3.2% vacancy factor included when the budget for 2007/8 was agreed. As at the end of December 2007, the service had in excess of 25 posts vacant at Operational Manager level or below. This figure excludes front-line provider services such as residential and day care. It is proposed that delays in recruiting to the vacant posts continue, resulting in reduced staffing costs for 2007/2008. This should realise £150,000 in the current financial year.

7.2 All commitments that can be deferred without having a direct impact on service users will be delayed.

8. **Improve Efficiencies - £60,000**

8.1 A moratorium is in place with regard to non-essential spending and out of county travel; this will continue. A slow down in these areas of spend is apparent in the budget to date. It is anticipated that a further £10,000 will be realised in the current financial year.

8.2 The Directorate budget includes funding for a Director and two full-time Heads of Service. The cost of the Interim Director has offset some of the savings resulting from keeping these posts vacant for 2007/2008. A further net saving of £50,000 should be achieved.

8.3 The Directorate currently contracts with a number of independent sector providers for the provision of domiciliary care. The use of agencies is now being reviewed to ensure that packages are placed with most cost efficient agencies. The review will also include how services are commissioned evaluating different contracting methods.

9. **Income Generation - £1,500**

9.1 Community Care service users are charged for services they receive. These charges do not include any reimbursement for the transport costs incurred in enabling people to access the services. A review is to be started with the intention of considering whether clients in receipt of DLA mobility allowance who use the Council's transport should be charged. The income clients receive from DLA mobility is not taken into account when calculating a client's assessed charge for services. This is anticipated to realise £10,000 in the current financial year.

9.2 The Council works with many clients who have severe and multiple needs, particularly adults with physical and learning disabilities. The Directorate is now working on individual cases to ensure that, where appropriate, the Local Health Board funds those individuals who have severe health problems. Some successes have been achieved in recent months. This work will continue to receive priority.

9.3 The Charging Policy for non-residential services is currently being reviewed by Counsel. There is a small but growing number of clients who have received compensation monies who cannot be charged under the existing arrangements. It is anticipated that Counsel's advice will provide a basis for levying charges.

**10. Reconfigure Service Expenditure - £100,000 in 2007/8**

10.1 Currently, more than 200 clients receive care packages of 2 hours or less a week. This support often comprises shopping and laundry tasks. A review will consider whether this is an appropriate use of scarce resources, whether the service should be withdrawn or whether a voluntary agency could provide it in a more cost effective way.

10.2 It is the policy of the Council that social care services are provided to individuals who have critical or substantial levels of need. The way in which the eligibility criteria are applied is being reviewed, to ensure equity across all client groups. As a priority, this work has already commenced in the learning disability service. This is anticipated to realise £100,000 in the current financial year.

**11. Reconfigure Service Provision**

11.1 The Directorate has a significant proportion of care packages between 10 and 20 hours. These are now being examined to ensure that services are being provided in the most efficient and appropriate manner.

11.2 The eligibility criteria are being reviewed. Work is required to determine if the criteria are at the correct level in terms of matching needs and resources.

12. A summary of the actions outlined in each category are shown at Appendix 4. The action plan details:

- Criteria under which the action is proposed
- Proposed Action
- Budgetary impact
- Responsible Person
- Dates for action delivery
- Savings 2007/8
- Savings 2008/9

13. In total, the new action plan identifies possible further savings of £699,500 in 2007/2008. Some of the proposals represent the start of work which is unlikely to bring about financial savings until 2008/2009. Other actions are one-offs for 2007/2008 and cannot be carried forward into future years.

14. Achieving the proposals outlined in the action plan will represent a significant challenge for the Council, given that we are already in the 4th quarter of the current financial year. Meanwhile, managers in the Social Services Directorate will need to press on with other actions that are essential in improving the capacity for effective use of resources. These include:

- ❑ reviewing the balance of expenditure across service user categories;
- ❑ achieving best value through delegated budgets;
- ❑ improved commissioning to ensure better informed decisions about patterns of service provision and better use of the market;
- ❑ costing care plans, individually and on an aggregated basis;
- ❑ improved use of management information, including unit costs, within business planning;
- ❑ office rationalisation;
- ❑ The development and implementation of extra care services and other service reconfiguration; and
- ❑ promoting the role of local authority universal services and the voluntary sector in responding at the preventive level to the needs of vulnerable groups.

#### Resource Implications (Financial and Employment)

13. In order to stay within the budget allocation in the current financial year, the Social Services Directorate must identify further efficiencies. The attached action plan identifies additional savings of £699,500.
14. This level of saving represents a significant challenge and constant oversight will be required to ensure that the efficiencies are found.
15. Any deficit at the year end will have to be financed from General Balances and will be in addition to the £4,050,000 originally budgeted to come from General Balances. The General Fund balance at the beginning of the year (1<sup>st</sup> April, 2007) was £5.7 million and consequently as a prudent level for the General Reserve is £4M some specific reserves will need to be “un-earmarked”.

#### Legal Implications (to include Human Rights Implications)

16. Legal advice is being sought as appropriate in relation to the issues outlined in this report, especially in those areas where a direct impact upon current service users is anticipated from changes in policy.

#### Crime and Disorder Implications

17. There are no crime and disorder implications as a direct result of this report.

Equal Opportunities Implications (to include Welsh Language issues)

18. The proposals attached will ensure that services are provided as efficiently as possible and so continue to support vulnerable individuals

Corporate/Service Objectives

19. Social services meet the following corporate objectives:
- ‘To make the Vale a safe, healthy and enjoyable place in which individuals, children and families can live their lives to the full’; and
  - “To manage the Council’s workforce, money and assets efficiently and effectively in order to maximise its ability to achieve its service aims”.

Policy Framework and Budget

20. This report is a matter for executive decision by the Cabinet.

Consultation (Including Ward Member Consultation)

21. The content of this report has been discussed with Finance and Legal Services representatives

Appropriate Scrutiny Committee

- 22.. Community Wellbeing and Safety.

RECOMMENDATIONS

It is recommended that

- i) Cabinet endorses the proposals outlined in the report.

Reasons for recommendations

- i) To continue tackling the serious overspend and pressures within the budget for social services..

Background Papers

Contact Officer – Phil Evans  
Director of Social Services

Officers Consulted – Director Of Finance, ICT and Legal Services  
Head of Legal Service  
Group Accountant

**P. Evans**  
**Director of Social Services**

**Social Services Directorate**  
**Savings made to Date in 2007/8**

<b>Ref. No.</b>	<b>ACTION</b>	<b>TARGETED OUTCOME</b>	<b>2007/8</b>	<b>ACHIEVED</b>	<b>NOT ACHIEVED</b>
SSD1	Review arrangements with the Voluntary Sector	Services provided by the voluntary sector that meet the needs of the service and represent effective and efficient use of funding	75,000	75,000	0
SSD2	Vacancy factor	Achieve a saving on the salary budget of 3.2% across the service	250,000	250,000	0
SSD3	Re-tender Supported Accommodation	Review provision of supported accommodation for adults with a learning disability. Provide the same service on a more cost effective basis	300,000	300,000	0
SSD4	Review children's placements	Consistency in the decisions about placing children and best use made of in-house service provision	400,000	400,000	0
SSD5	Review Learning Disability placements	Placements and services meet assessed need in a cost effective way	700,000		700,000
SSD6	Review charges for in-house services	Subsidisation of charges for in-house provided services is stopped	75,000	0	75,000

<b>Ref. No.</b>	<b>ACTION</b>	<b>TARGETED OUTCOME</b>	<b>2007/8</b>	<b>ACHIEVED</b>	<b>NOT ACHIEVED</b>
SSD7	Reorganisation of management of Home Care Service	Managerial on-costs for the service are reduced	40,000	40,000	0
SSD8	Reduce Children in Need expenditure	Expenditure more targeted on high level of need	80,000		80,000
SSD9	Restructure Strategy, Performance Management and Commissioning	Maximise use of grant funding to offset revenue budget	40,000	40,000	0
SSD10	Increase billing efficiently	Increase income generation for Community Care Services	40,000	40,000	0
Total			2,000,000	1,145,000	855,000

### **Framework used for considering how to deal with budget shortfalls (Some have longer lead in times than others and are better undertaken as longer term solutions)**

1. In the short term can supplementary or bridging finance be identified?
  - Contingencies?
  - Budget carry forward rules?
  - Loans from other sources?
2. In the short term can any expenditure be deferred?
  - New developments?
  - Indirect expenditure with no immediate impact on service users?
  - Selected recruitment freezes?
3. What are the options for efficiencies?
  - Processes (alignment of budget holding and commitment of resources, restrictive practices, other working arrangements, duplication, unnecessary processes)?
  - Supplies (e.g. fuel usage, purchasing strategies, etc.)?
  - Service structures (e.g. management costs in small teams)?
  - Partnerships (gaining economies of scale)?
4. Are there any possibilities of increasing income?
  - Identifying new sources of income?
  - Changing service user charges within the fair charging guidance?
  - Partner contributions?
5. Can priorities be redefined, reducing service expenditure?
  - Reviewing service users' provision against existing eligibility criteria?
  - Tightening agreed eligibility criteria for service access?
  - Replacing expensive services with effective but cheaper options (e.g. would less expensive day care meet a need currently met by more expensive home care)?
6. Is it possible to ration quantity or value of services to individuals?
  - Reduce the limits available for assessment staff to spend on or commission for care 'packages'?
  - Introduce increased peer control to ensure consistency (e.g. allocation panels)?



**POSSIBLE REDUCTIONS IN COMMITMENTS****Children and Family Services**

	<b>Profiled Spend</b>	<b>Spend to end of Nov.</b>	<b>Predicted Budget</b>	<b>Possible Reduction</b>
S210A Legal Services	46,270	46,273	172,768	40,000
S207A FPS1 Salaries	327,258	325,178	530,303	2,000
S209A FCT Salaries	404,054	345,292	636,699	55,000
S247A FPS2 Salaries	325,471	295,080	524,172	30,000
S086A Adoption Allowances	88,567	87,536	178,725	10,000
S083A Boarded Out Allowances	913,835	805,648	1,510,753	50,000
Children First Monies	4,508	757	45,000	40,000
Children in Need	71,177	72,392	169,407	20,000
<b>Service Total</b>	<b>2,181,140</b>	<b>1,978,156</b>	<b>3,767,827</b>	<b>247,000</b>

**Strategy, Performance Management and Commissioning**

	<b>Profiled Spend</b>	<b>Spend to end of Nov.</b>	<b>Predicted Budget</b>	<b>Possible Reduction</b>
S910A Performance Management	82,607	77,925	124,818	5,000
S926A Finance and IT	42,877	29,666	64,454	8,000
Consultancy Budget	45,000	45,000	90,000	40,000
<b>Service Total</b>	<b>170,484</b>	<b>152,591</b>	<b>279,272</b>	<b>53,000</b>

### Community Care and Health

	<b>Profiled Spend</b>	<b>Spend to end of Nov.</b>	<b>Predicted Budget</b>	<b>Possible Reduction</b>
S803M Mental Health Day Services	110,063	83,047	164,269	3,000
<b>Service Total</b>	<b>137,398</b>	<b>110,539</b>	<b>206,221</b>	<b>3,000</b>
<b>DIRECTORATE TOTAL</b>	<b>2,489,022</b>	<b>2,241,286</b>	<b>4,253,320</b>	<b>303,000</b>

**Vale Of Glamorgan Council****Social Services Directorate****Balancing the 2007/8 revenue budget and Preparing for the Longer Term**

<b>Options</b>	<b>Applicability in Social Services</b>	<b>Budgetary Impact</b>	<b>Responsible Person</b>	<b>Commencement</b>	<b>Completion</b>	<b>2007/8 Impact</b>	<b>2008/9 Onwards Impact</b>
<b>Supplementary Funding</b>	Funding can be available through the use of grants from WAG, the Lottery etc	Funding can be utilised to offset revenue budget commitments as long as it meets the grant requirements	Carys Lord	Immediate	January 2008	£85,000	
	Review "commitment" within the reporting	Reduce the projected overspend for 2007/8	Carys Lord	Immediate	January 2008	£303,000	

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<b>Deferring Expenditure</b>	A "slow down" in recruitment will reduce expenditure in this financial year	Will reduce spend on staffing below the budget requirement which includes a 3.2% vacancy factor	Social Services Management Team	Immediate	March 2008	£150,000	
	Ensure no new service developments are undertaken that can be either delayed or stopped	Avoid further financial commitments	Social Services Management Team	Immediate	March 2008	0	0
<b>Improve efficiencies</b>	Reduce mileage, purchase of supplies and services	Reduce non essential spend	Social Services Management Team	Immediate	March 2008	£10,000	
	Review staffing structures and management costs	Ensure an establishment is agreed that can deliver the requirements of social services	Phil Evans Corporate Management Team	January 2008	March 2008	£50,000	

<b>Options</b>	<b>Applicability in Social Services</b>	<b>Budgetary Impact</b>	<b>Responsible Person</b>	<b>Commencement</b>	<b>Completion</b>	<b>2007/8 Impact</b>	<b>2008/9 Onwards Impact</b>
	Review commissioning options	Provide packages in a more cost effective manner	Simon Salter	Immediate	March 2008		
<b>Income Generation</b>	Charging for transporting clients to services	Increased income to offset expenditure	Carys Lord Keith Lewis	Immediate	February 2008	£1,500	10,000
	Ensure that all income from health is identified and claimed in relation to Continuing Health Care	Shared costs to reduce cost pressures on Social Services	Anne Lintern	November 2007	Ongoing	TBD	TBD
	Review Charging Policy to ensure equity in charging individuals	Increased income to offset expenditure	Carys Lord	December 2007	February 2008		100,000
<b>Reduce Service expenditure</b>	Review the provision of shopping and laundry services	Reduce Community Care expenditure	Keith Lewis	Immediate	March 2008	TBD	150,000
	Review application of eligibility criteria	Reduce size of current packages, where appropriate, in response to changed needs	Anne Lintern	Immediate	March 2008	£100,000	500,000

<b>Options</b>	<b>Applicability in Social Services</b>	<b>Budgetary Impact</b>	<b>Responsible Person</b>	<b>Commencement</b>	<b>Completion</b>	<b>2007/8 Impact</b>	<b>2008/9 Onwards Impact</b>
	Review the ways in which preventative support services are provided	Reduce Community Care expenditure	Anne Lintern Keith Lewis Simon Salter	Immediate	March 2008	TBD	TBD
	Review the current eligibility criteria	Could reduce demand on social care resources	Phil Evans Carys Lord Anne Lintern Keith Lewis	Immediate	March 2008	TBD	TBD
<b>Total</b>						£699,500	£760,000