

**Scrutiny Sub-Committee to
Promote Strong, Healthy and Safe
Communities**



1 December 2003

**Budget Working Group – Report
of Discussions with Director of
Social Services**

Report of Head of Overview and Scrutiny

Purpose of Report

1. To explain the attached report from the Scrutiny Budget Working Group.

Background

2. Following the recent discussions with all Chief Officers about Departmental Budgets, general comments have been provided to Cabinet Members about the current budget process.
3. The attached report is a summary of the discussions with the Director of Social Services which will provide a base for any further consideration of the Social Services budget.

Recommendation

4. You are asked to note this information.

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SCRUTINY BUDGET WORKING GROUP

6th and 28th October 2003

DISCUSSION WITH THE DIRECTOR OF SOCIAL SERVICES

SUMMARY

Present: Councillor J Armstrong in the Chair

Members Present:

Councillors Barker, Blenkinsopp, Coates, Dormer, Firby, Forster, E Foster, Henderson, M. Hodgson, Howarth, Lightley, Marshall, Pye, Stradling, Tennant, Thompson and Watson.

Co-opted Member

Mr. Ken Ibbotson

Officers Present:

Peter Kemp – Director of Social Services

Karen Gater – Head of Strategic Planning and Finance (Social Services)

Bob Edmundson – Senior Accountant, Social Services

1. **Budget Summary**

The total gross budget was £156,458,000. The majority of the budget (85%) is allocated between: -

- a. Children and Family Services.
- b. Adult Commissioning Services.

The following are the main elements:-

- Learning Disabilities £22 million.
- Mental Health £5.4 million.
- Promoting Independence £73 million.
- Other Adults £9.2 million.
- Children and Families £25.5 million.
- Youth Offending £3.9 million.
- Community Support £2 million.

2. **Pressure on Budgets**

The main pressures were:-

- i. Delayed transfer of care.
- ii. Residential Allowances – a grant is to be provided to cover this transferred responsibility. Work is currently on-going to assess the financial impact – there are concerns about a shortfall.
- iii. Preserved Rights – this grant has been reduced and is monitored on a monthly basis. It was expected to break even.
- iv. Investing in Modern Services for older people – extra costs due to:-
 - a. Residents wanting to go into extra care leaving voids in new facilities.
 - b. Early retirement and redundancies.
 - c. Low occupancy in existing homes.
 - d. Decommissioning of residential home (any overspend will be compensated for by moving money from other areas)
- v. Residential/Nursing Fees – minimum wage.
- vi. Supporting people – A shortfall of £420,000 in a full year this will be incorporated within the budget.
- vii. Children's Agency – an overspend of ½ million - £1 million predicted work is on-going to alleviate this problem

3. **Issues Raised by Members on 6th October 2003**

- i. A further identification and breakdown of management and support costs would be helpful.
- ii. In relation to the overall budget, Peter Kemp confirmed that the department was expected to break even.
- iii. Why are Early Retirements not yet producing savings? – Peter Kemp explained that early retirement payments needed to be met in the short term but savings would be achieved over time. The savings are real and would be seen in next year's budget.

4. **Investment Opportunities – 2003/4**

- Residential/Nursing fees (currently subject to negotiation) might involve significant additional cost for 2004/05
- Home Care Fees – the independent sector has a problem with the recruitment of staff due to the level of pay. The cost will be £1.08m.
- Laming Audit – involves the following requirements:-
 - A separate system for children and family referrals.
 - Reduce caseload of staff. This will require the employment of additional staff. The cost is likely to be £995,000 for 2004/05.
- National Care Standards - Home Care (County Durham Care and Independent Sector). The cost is likely to be £752,000 in 2004/05.
- National Care Standards - Residential Care (CDC only). The cost is likely to be £1.1 million

5. **Savings – 2003/4**

Target - £712,000 to be redirected corporately
- £2.6 million to be redirected within the Department.

- Savings of £1,796,000 have been identified from the departmental budget.

However the expected savings may not appear in the following areas: -

- Meals on wheels (predicted saving of £500,000).
- Home Care – A saving of £303,000 requires significant reductions in the in-house provision by 'natural wastage' It is unlikely that this will be fully achieved in 2003/04.
- Sickness Absence – The expected savings of £456,000 will not be achieved and it is anticipated that there will be a shortfall of approximately £150,000. the level of sickness absence having dropped previously is now starting to increase although management remains committed to improving the level.
- Car Mileage - In relation to car mileage a saving of £37,000 had been identified. However, an overspend is anticipated in the region of £50,000 due to higher demand on services.

6. **Cost Effectiveness**

A number of initiatives have been pursued:-

- Contact centre – a single point of contact that enable a full re-organisation of teams.
- Welfare to work – An ESF Funded Initiative that has enabled users of day care services to achieve.
- Children's Welfare Rights – to improve employment the take up of benefits by young people and their families, thereby relieving the pressure on Social Services.
- Community Development – rationalisation of community development posts within Social Services and community support.
- Investing in Modern Services for older people – an investment of £2 million in community services as part of this strategy.

7. **Non-Statutory Services**

Most activities do fall within legislative requirements. An exercise is underway to investigate this area.

8. **Service Specific Issues**

- i. Budget per Capita – Social Services expenditure per Capita compared favourably with other family group local authorities although compared to unitary authorities in the north-east, the position is not so favourable.
- ii. Supporting People – a brief explanation was given about the practical assistance provided by this new initiative which was still developing.
- iii. Investing in Modern Services for older people strategy – the financial model does not yet produce a clear picture.

9. **Re-organisation**

Savings regarding re-organisation were not easy to identify specifically, re-organisation is more geared towards effectiveness

10. **Involvement of Staff**

Team Managers manage budgets locally, therefore they tend to be more aware of budget issues than front line staff.

11. Issues Raised by Members on 28th October

- i. The need to continue to be pro-active in sickness absence.
- ii. The need to look at Car Mileage.
- iii. A monitoring requirement to ensure that savings from Early Retirements and Investing in older people are clearly visible in 2004/05 budget.
- iv. More clarity is still required about management and support costs. A sum of £20 million appears in the Revenue Budget for this heading. This includes a sum of over £5 million for central administration and agency costs of £7 million. A clearer financial break-down of the Social Services Department management and support costs is required.

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