

The Highland Council

Adult and Children's Services Committee – 22 May 2013

Agenda Item	7.
Report No	ACS/46/13

Adult and Children's Services Budgets

Report by Director of Finance

Summary

The purpose of this report is to provide a reconciliation of the budget for Adult Services that transferred to NHS Highland, and to provide the Committee with an update on other financial issues relating to Integrating Care in the Highlands.

1. Background

- 1.1 At the meeting of The Highland Council on 7 March 2013 Members agreed a final budget quantum for Adult Care Services, subject to agreement being reached on Business Support for Children's Services.
- 1.2 The absolute budget quantum is still subject to change as discussions have yet to be concluded, particularly in relation to the value of support services for both adult and children's services. Any changes in respect of these aspects are not likely to be backdated.
- 1.3 At the meeting on 7 March 2013 Members requested a reconciliation of the budget quantum for Adult Care Services to be provided, which outlined the various changes that had been made during 2012/13.

2. Budget Quantum for Adult Care Services

- 2.1 The disaggregation of the Adult Services Budget has been a significant piece of work, and has been subject to significant discussion and debate over the past eighteen months. Work started in December 2011 to look at the base budget, identify the budgets that related to the services that were to be commissioned from NHS Highland, and the budgets that related to services that were to be retained within Highland Council.
- 2.2 The work had to take account of budget adjustments in the final quarter of 2011/12, decisions in respect of budget savings (including corporate savings) that were agreed by the Highland Council in February 2012, and further adjustments during 2012/13 to reflect service changes. Finally the budget was adjusted to reflect decisions taken by the Highland Council in respect of Preventative Spend, and final agreement with NHS Highland over the Budget Quantum.

2.3 The table below summarises the main adjustments to the core budget. A detailed list of all adjustments is attached at Appendix 1. A budget protocol is being developed for future budget discussions. This will consider cost and demands led pressures on the Budget Quantum, the impact of Scottish Government grant settlements for both NHS and Local Government, and establish a process by which these can be considered by both organisations. The protocol will also establish the basis in which budgets are monitored during the financial year.

2.4 **Table 1 Analysis of All Budget Movements**

	£m	£m
Net Social Work Adult Services Budget 2011/12 (as at 31 st December 2011)		93.899
Corporate Budget adjustments	3.107	
Budget Savings 2012/13 agreed by Highland Council	(4.366)	
Corporate Improvement Savings allocated to Social Work	<u>(0.155)</u>	
		<u>(1.414)</u>
		92.485
Less: Budgets retained by the Highland Council		<u>(7.983)</u>
		84.502
Additional Budget allocations during 2012/13 for Preventative Spend		
• Care at Home	0.400	
• Shifting the balance of care	1.575	
• Integrated early intervention posts	0.240	
• Falls prevention	<u>0.185</u>	
		<u>2.400</u>
Total Budget Quantum per March Council Report		<u>86.902</u>

3. **Other Financial Issues**

3.1 At a local level, further discussions are required with NHS Highland to address the budget transfers in respect of:-

Children's Services

- Business Support

Adult & Children's Services

- Finance
- ICT
- Legal

- Personnel
- Transport

3.2 Most of these work streams were put on hold whilst discussions continued on the Budget Quantum for Adult Care Services. Discussions have now restarted, and should be concluded shortly. The largest challenge surrounds the resource required to undertake the function in both NHS Highland and the Highland Council under Integration, and how the service was provided and funded prior to Integration.

3.3 At a national level, there are a number of work streams considering the accounting and legal issues around both the “body corporate” and “lead agency” models as the Bill for Integrating Health & Social Care proceeds through the Parliamentary process. Highland Council is represented on these national groups and is able to use experience gained over the past year, and issues raised, to influence the development of guidance and regulation required to deliver the policy outcome.

3.4 Highland Council and NHS Highland have received significant support from the Scottish Government to address local issues, and to provide local solutions, pending the development of the national guidance. Many of these arise as a result of different statutory, regulatory, and accounting requirements for NHS and Local Government. Principally these consist of:-

- Capital Accounting
- Capital Financing and Borrowing Powers
- VAT
- Pensions
- Insurance
- Financial Year End

3.5 The main driver for the development of guidance is to ensure that the impact of Integration is cost and tax neutral, and various options are being considered to deliver this outcome.

4. Implications

4.1. There are no resource, legal, equalities, climate change or risk implications other than those already highlighted in the report.

Recommendation

The Committee is asked to:-

1. Consider the contents of this report
2. Note the reconciliation of all budget movements
3. Consider the financial issues and note that a number of issues remain to be resolved at both a local and national level

Designation: Director of Finance

Date: 2 May 2013

Author: Derek Yule

Background Papers: None

APPENDIX 1

2.4 Table 1 Analysis of All Budget Movements - Detailed Summary

Corporate Budget Adjustments

Energy Provision (Jan 2012)	0.216
Terms & Conditions Budget Feed to JCCYP (Jan 2012)	(0.189)
ICT	(0.001)
Job Evaluation Backpay (recurring)	0.056
Staff Increments (2012/13) Estimate	0.947
Inflation - income	(0.119)
Insurance Premiums Savings	(0.226)
Increase in budget for rates re-valuation	0.007
Urray House/Duthac House additional costs (2012/13)	0.380
Finance Team Transfer	0.153
Free Personal & Nursing Care budget feed	0.061
Recurring virements post 9-2-12	0.008
Increasing Number of Adults with Profound Disabilities (2012/13)	0.600
Residential Staffing - Allowances (2012/13)	0.255
Residential Staffing - Meal Breaks for Night Staff (2012/13)	0.120
Care Home Placements (NCHC Rate Increase) (2012/13)	0.671
CRC Allowances (non-recurring)	0.001
ICT centralisation	(0.005)
Job Evaluation	0.076
Energy Budget Feed	0.096
	<u>3.107</u>

Budget Savings 2012/13 agreed by Highland Council

Non-staff travel costs	(0.150)
Day Care for Older People	(0.400)
Community Care - Full cost recovery	(0.200)
Care Homes - Top slice	(0.237)
Community Care Learning Disability Support Work provision	(0.035)
Independent sector commissioning	(0.300)
CareFinance implementation	(0.060)
Shifting the balance of care	(1.000)
Home Support packages	(0.400)
Care Homes - further reduction	(0.100)
Out of authority community care placements	(0.400)
Community care placements	(0.200)
Adult day care services	(0.084)
Care at Home	(0.500)
Business Support	(0.300)
	<u>(4.366)</u>

Corporate Improvement Savings allocated to Social Care

CIP Savings - Travel & Accomodation	(0.096)
CIP procurement project full year 11-12 effect	(0.002)
CIP across the board income generation project	<u>(0.057)</u>
	<u>(0.155)</u>