

**Agenda Item No.7 (j)**

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**3 March 2015**

**Joint report of the Strategic Director for Adult Care and the Director of Finance**

**REVISED USE OF ADULT CARE RESERVES**

**ADULT SOCIAL CARE**

**1. Purpose of the Report**

To seek approval to revise the use of reserves allocated to Adult Care.

**2. Information and Analysis**

**Demographic Growth**

Contained within the Five Year Financial Plan is a phased increase in funding for Demographic Pressures from £6m p.a. in 2014/15 to £10m p.a. by 2018/19. To mitigate this phased approach, additional one-off funding from reserves has been allocated to meet the gap between estimated demographic growth and the amount to be included in the base budget (£4m in 2014/15, £3m in 2015/16, £2m in 2016/17 and £1m in 2017/18). There is no plan to revise this allocation.

**Care Home Fees**

A specific reserve of £8m is currently held by Adult Care to cover the backdating of care home fee increases. Work is continuing on the payment of these backdated fees, with the aim of all outstanding claims being settled before the end of 2014/15. Currently, the projected spend is £5.6m, potentially leaving £2.4m available for reallocation. Once the final payments have been finalised, any unspent balance on the £8m will be returned to General Reserves.

### **Co-Funding Contributions**

On 17 June 2014 Cabinet agreed to increase co-funding contributions to 75% of AA/DLA from October 2014. Subsequently, on 15 July 2014, Cabinet agreed to amend the original proposal to a phased approach (65% in October 2014, 70% in April 2016 and 75% in April 2017). It was also agreed that General Reserves would be used to meet the £0.903m shortfall on this delay in implementing the full charge. This shortfall has now been recalculated based on the 4,234 clients (increased from 3,738 clients) making co-funding contributions at October 2014 and shows a loss of income for £0.303m in 2014/15, £0.601m in 2015/16, and £0.300m in 2016/17.

### **Grants to Voluntary Organisation**

A sum of £0.400m was allocated to delay the cuts to some voluntary organisations due to be made in 2015/16. This amount was subsequently increased to £0.800m so that all grants were protected in 2015/16. However, additional Public Health funding has been allocated to Adult Care and this call on reserves is no longer required.

### **Derbyshire Discretionary Fund**

A reserve was created from the £0.790m underspend in 2013/14 on the above fund to cover potential costs in 2015/16, as the scheme was to lose government funding. However, it has now been confirmed that the Council has made a commitment to continue to fund this service and this reserve is no longer required.

### **Re-procurement of the ICT System**

A specific reserve of £0.250m is held to cover one-off costs associated with the implementation of the re-procured Adult Care ICT system. Any balance unspent following the implementation will be returned to General Reserves.

### **Section 256 Shortfall**

In 2014/15 the Department of Health made a transitional payment of £3 million to Adult Care in order to prepare for the implementation of the Better Care Fund which will be delivered jointly with the CCGs in 2015/16. The original assumption was that the transitional money would be used by Adult Care to fund existing projects. However, a number of options have been considered during the course of the year and in September 2014 it was decided by the Joint Commissioning Group that 50% of the resource would be used by the CCGs to help support the implementation of the Better Care Fund and the

remaining £1.5m would be used by Adult Care. This has resulted in a one-off shortfall in the Adult Care budget of £1.5m.

### **Housing Related Support**

Following the outcome of a consultation, a report went to cabinet on 10 February 2015, asking for approval to defer the cut to the Warden Services for Older People by 12 months to enable the providers to reconfigure their remaining services, and to delay cutting the Housing Options Service for Older People by two months. This will mean slippage in cuts of £0.784m from 2015/16 to 2016/17.

### **3. Financial Considerations**

The current and proposed Adult Care reserves are as follows:-

|                                   | Current<br>£m | Proposed<br>£m |
|-----------------------------------|---------------|----------------|
| Demographic Growth                | 10.000        | 10.000         |
| Backdated Care Home Fees          | 8.000         | 5.600          |
| Co-Funding Contributions          | 0.903         | 1.203          |
| Grants to Voluntary Organisations | 0.800         | 0.000          |
| Derbyshire Discretionary Fund     | 0.790         | 0.000          |
| Reprocurement of the ICT System   | 0.250         | 0.250          |
| Section 256 Shortfall             | 0.000         | 1.500          |
| Housing Related Support           | 0.000         | 0.784          |
| <b>Total</b>                      | <b>20.743</b> | <b>19.337</b>  |

### **4. Other Considerations**

In preparing this report the relevance of the following factors has been considered: human resources, legal and human rights, equality of opportunity, health, environmental, transport, property and crime and disorder considerations.

### **5. Background Paper**

None

### **6. Key Decision**

No

**7. Is it necessary to waive the call-in period?**

No

**8. Officer's Recommendation**

That Cabinet approves the revised use of Adult Care reserves as detailed in the report.

**Mary McElvaney**  
**Acting Strategic Director – Adult Care**

**Peter Handford**  
**Director of Finance**