

Report to: **Adult Social Care Scrutiny Committee**

Date: **16 January 2007**

By: **Director of Adult Social Care**

Title of report: **Financial Appraisal for Avis Way Day Centre in Support of Proposed Closure**

Purpose of report: **To inform the Committee of the detailed Financial Appraisal that supports the proposed closure of Avis Way Day Centre.**

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## **RECOMMENDATIONS**

**The Scrutiny Committee are recommended to:**

- 1. note the Financial Appraisal.**
  - 2. agree that the Financial Appraisal supports the Cabinet decision of 12 December 2006 to close Avis Way Day Centre.**
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### **1. Financial Appraisal**

1.1 Attached at Appendix 1 is a detailed Financial Appraisal which outlines the savings that can be achieved through the closure of Avis Way Day Centre. This has been updated to provide projections for the next two years based on the budget for 2006/07.

1.2 The estimated full year saving in 2007/08, compared to the current budget is £202K. This rises to £214K in 2008/09 and thereafter. The transitional costs, falling mainly in 2006/07, relate to one off redundancy cost of £48K funded by the corporate redundancy provision.

1.3 The key differences from the report to Cabinet relate to a more prudent view of having to retain lease costs of £9K and a prudent provision for transport costs of £15K. In both cases it would be hoped that these costs can be avoided in practice (the savings in 2007/08 are less than 2008/09 because of the delay in giving staff notice).

1.4 Over the life of the Three Year Plan through to 2009/10 the proposal will accumulate £582K of savings even after taking into account redundancy costs.

### **2. Background and Supporting Information**

2.1 A decision to review the Avis Way Day Centre was taken by the County Council as part of the process for Reconciling Policy and Resources for 2006/07. Cabinet decided at its meeting on 12 December 2006 that Avis Way Day Centre would close.

2.2 The planned closure of Avis Way Day Centre would enable all those that currently attend to have their services re-provided and to release significant funding for reinvestment into front line services. In effect this will increase the overall level of service provision available within existing resources. This approach would also, even taking into account the additional funding, improve the value for money of St Nicholas due to a reduction in its unit costs that results from providing an increased level of service from the Day Centre.

2.3 The Department is seeking to improve the cost effectiveness of the services it commissions, particularly from high cost residential care providers. Therefore contracts are under a continuous process of review and the changes to arrangements with Southdown Housing Association are part of a broader approach to get better value for money from the whole sector. Southdown Housing Association has agreed, at no additional cost, to provide day care to people that are also currently in receipt of their residential and supported accommodation services. Other local authorities are taking the same approach to improve efficiency.

2.4 The letter of Councillors Forster, Webb and Woodall of 18 December 2006 (attached as Appendix E, page 25), states that delaying the closure of Avis Way Day Centre would save money. This is not the case. The re-provisioning costs of £130K referred to in their letter would be met through the transfer from the current Avis Way Day Centre budget on its closure. A saving can only be achieved on closure with the remainder of the Avis Way Day Centre budget being reinvested into community care.

### **3. Conclusion and Reasons for Recommendation**

3.1 The Financial Appraisal at Appendix 1 supports the Cabinet decision to close Avis Way Day Centre as it allows for the re-provision of services for all those that currently attend and achieves savings for reinvestment into community care.

3.2 Adult Social Care Scrutiny Committee are therefore recommended to support the decision of Cabinet.

KEITH HINKLEY  
Director of Adult Social Care

Contact Officer: Debbie Endersby – Head of Learning Disability Services      Tel. 01273 481125

Local Members: Councillor Freeman, Howson, Livings, Martin, Murphy, O’Keeffe, Ost, Rogers, Shing and St Pierre

### **BACKGROUND DOCUMENTS**

Cabinet Report 12 December 2006 – Avis Way Day Centre  
Cabinet Report 31 January 2006 – Reconciling Policy and Resources