



Adult Social Care Select Committee
6 March 2014

Budget Update

Purpose of the report: Scrutiny of Budgets/Performance Management

This report provides an opportunity for the Committee to scrutinise the Adult Social Care budget.

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Introduction:

1. This report:

- sets out some background and context for the monitoring process, in view of the predominantly new membership of the committee. This might helpfully be seen together with the Medium Term Financial Plan. That is available electronically and relevant pages from it were included in the papers for the Committee's last meeting.
- provides a high level summary of spend to date and of efficiencies achieved
- explains the current monitoring position: The **projected outturn** for Adult Social Care, based on end of January data, is for a £6m overspend to occur.
- sets out in appendices fuller details of the management actions being taken, the effects across years of the position shown, and the capital budget.

Adult Social Care Directorate January month end budget monitoring report

Revenue Summary

Table 1: 2013/14 Revenue Policy Line

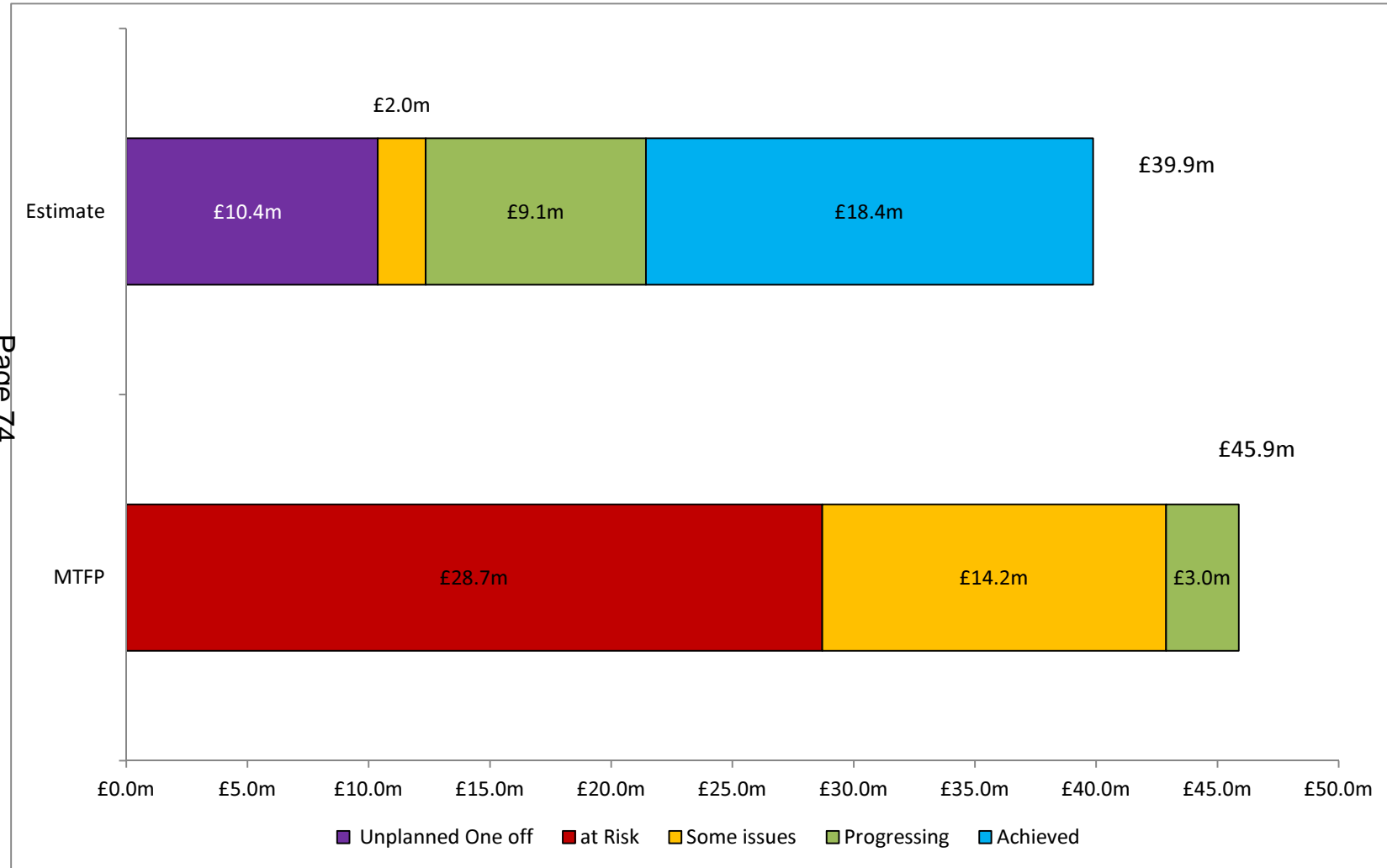
	YTD Budget	Year to Date Actual	YTD Variance	Full Year Budget	Remaining Forecast	Outturn Forecast	Forecast Variance	Previous Month Variance	Change From Last Month
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Income</u>									
UK Government Grants	(1,847)	(1,881)	(34)	(2,216)	(499)	(2,380)	(164)	(174)	10
Other Bodies Grants	(10,193)	(19,284)	(9,091)	(14,297)	(2,465)	(21,749)	(7,451)	(7,804)	353
Fees & Charges	(31,760)	(34,030)	(2,269)	(38,110)	(6,299)	(40,329)	(2,219)	(2,065)	(154)
Joint Working Income	(7,944)	(6,143)	1,801	(9,533)	(2,987)	(9,129)	404	393	11
Joint Funded Care Package Income	(2,067)	(1,752)	315	(2,480)	(475)	(2,227)	253	357	(104)
Reimbursements & recovery of costs	(2,039)	(3,454)	(1,414)	(2,447)	(292)	(3,745)	(1,298)	(1,065)	(233)
Property Income	0	(9)	(9)	0	3	(6)	(6)	(8)	2
Income	(55,851)	(66,553)	(10,702)	(69,084)	(13,013)	(79,565)	(10,481)	(10,367)	(115)
<u>Expenditure</u>									
Older People	136,963	147,787	10,824	164,792	28,065	175,851	11,059	11,343	(283)
Physical Disabilities	39,525	40,824	1,299	47,430	8,717	49,541	2,111	2,010	101
Learning Disabilities	104,581	107,972	3,391	125,497	24,334	132,306	6,809	6,405	404
Mental Health	7,585	8,069	484	9,102	1,612	9,681	579	513	66
Other Expenditure	48,770	45,493	(3,277)	58,543	8,986	54,479	(4,064)	(4,084)	21
Expenditure	337,424	350,144	12,720	405,363	71,715	421,858	16,495	16,186	309
Net Position	281,573	283,591	2,018	336,280	58,702	342,293	6,013	5,819	194

Table 2: 2013/14 Subjective Summary

	YTD Budget	Year to Date Actual	YTD Variance	Full Year Budget	Remaining Forecast	Outturn Forecast	Forecast Variance	Previous Month Variance	Change From Last Month
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Income</u>									
Local Taxation	0	0	0	0	0	0	0	0	0
Government Grants	(1,847)	(1,881)	(34)	(2,216)	(499)	(2,380)	(164)	(174)	10
Other Income	(54,004)	(64,671)	(10,668)	(66,867)	(12,514)	(77,185)	(10,318)	(10,193)	(125)
Income	(55,851)	(66,553)	(10,702)	(69,084)	(13,013)	(79,565)	(10,481)	(10,367)	(115)
<u>Expenditure</u>									
Staffing	60,669	57,809	(2,860)	72,803	10,920	68,729	(4,074)	(3,968)	(106)
Non Staffing	276,755	292,334	15,580	332,560	60,795	353,129	20,569	20,153	416
School Expenditure	0	0	0	0	0	0	0	0	0
Expenditure	337,424	350,144	12,720	405,363	71,715	421,858	16,495	16,186	309
Net expenditure	281,573	283,591	2,018	336,280	58,702	342,293	6,013	5,819	194

Efficiencies

Graph 1: 2013/14 Progress on Efficiencies



Graph 2: Impact of 2013/14 Efficiencies on Future Years

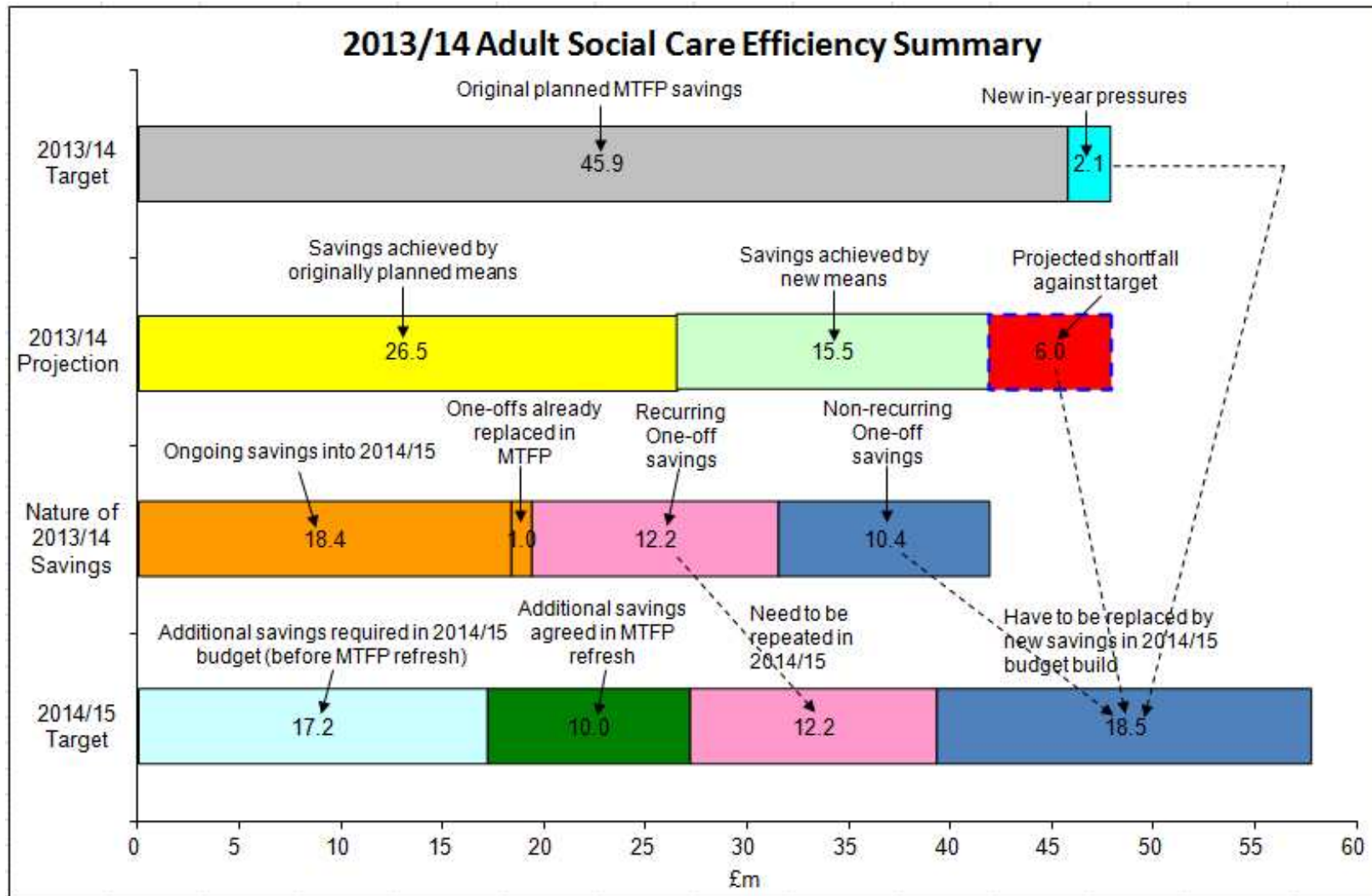


Table 3: Revisions to MTFP Efficiencies

	MTFP £'000	Forecast £'000	Variation £'000
MTFP	45,882	26,523	-19,359
Alternative		9,607	9,470
Additional		3,741	3,741
	45,882	39,871	-5,819

The Directorate has already achieved savings of £18.4m this year, including £5.6m of savings to constrain inflation for individually commissioned care services, and a further £11.1m is on target to be achieved by year-end. The most significant element of ASC's savings plans in 2013/14 is the Family, Friends and Community (FFC) support strategy, which originally had a £15.5m savings target. Given the scale of the challenge and that this is the first year of these ambitious plans, it was flagged as a significant risk during the budget planning process and although considerable work is ongoing to fully embed this new approach, this will impact on next year's budget and therefore no savings are forecast for 2013/14. The projected FFC slippage combined with minor slippage against other savings plans is being partially offset by £10.4m of unplanned one-off savings, which will need to be replaced by new savings plans in 2014/15. The main one-off savings measures are draw downs of £7.5m of unused Whole Systems 2011/12 funds and £1.7m of previous years' Winter Pressures Funding. The Whole Systems funding was set aside by the Directorate as a contingency for this year's budget and the draw down has now been actioned following approval by Cabinet. The Winter Pressures money was carried forward to offset anticipated increased demand over the winter period.

Commentary

1. The December projected outturn for Adult Social Care is +£6.0m (1.78%) overspend. This represents an increase of +£0.2m from last month. The year to date position is showing an overspend of +£2.0m, although year to date expenditure is currently understated due to timing issues associated with costs for new Transition clients that are anticipated in the last 2 months but not incorporated in the year to date position.
2. A projected overspend was highlighted as a risk during the 2013/14 budget planning process and needs to be set in context of ASC's very challenging savings target of £45.9m. The Directorate has made good progress in many of the savings actions and judges that £31.8m of savings have either been achieved or will be achieved without needing further management action. While there is considerable work ongoing to generate savings, the Directorate is unlikely to be able to bring the budget completely back in line by year end.
3. The most significant element of the Directorate's savings plans is the social capital agenda, now formally re-launched as Family, Friends and Community Support (FFC). It is a new and innovative strategy designed to provide more personalised community support options to individuals requiring care, while at the same time reducing direct costs to the council. ASC is implementing the new strategy and it has been a key driver in the recent Rapid Improvement Events (RIEs) on the social care and financial assessment processes.
4. The FFC savings target for 2013/14 is £15.5m. Although the Directorate continues to prioritise work on implementation of the key policy changes required to deliver the benefits expected by FFC, these actions are anticipated to now impact on next year's budget rather than achieve significant levels of savings this year. The MTFP in March 2014 will confirm the overall savings that can be achieved following the work of the Chief Executive and Chief Finance Officer with the directorate as agreed by the cabinet on 4 February. The slippage in the FFC programme reflects the amount of cultural and systems change and community development required to implement the strategy in full.
5. ASC is looking at all possible opportunities to cover the slippage on FF&C and smaller shortfalls on some other savings plans. At present, ASC has identified two main counter-measures:
 - i. draw down £7.5m of unused 2011/12 whole system funding, approved by Cabinet in September and actioned in October, and
 - ii. £1.7m draw down of previous years' winter pressures funding approved by Cabinet in October and actioned in November.
6. Although these measures are helping to improve this year's budget position they do not prevent a pressure arising for next year's budget as they need to be replaced by new on-going savings next year. The latest forward budget planning indicates that when combined with this year's projected overspend, other non-recurring one-off savings used this year, additional demand pressures forecast next year and a review of forward savings plans, additional savings of at least £14m need to be identified. Joint work with the Chief Executive, Chief Finance Officer and Interim Director of Adult Social Care is on-going to consider options available.
7. The current year end projection relies on the Directorate implementing £0.9m of management action savings plans in the remainder of the financial year. Table 4 summarises the management actions included in the January projections.
8. The key driver of the underlying pressures the service faces is individually commissioned care services (also known as "spot" care). The gross spend to date on spot care, excluding Transition, has on average been £21.6m per month for April to January. That compares with £21.3m in the last quarter of 2012/13, indicating that while ASC is largely containing new in year demand pressures, expenditure has not yet decreased as planned by delivery of the FFC savings programme. Assuming all savings occur as currently forecast or are replaced by other means, then the Directorate can afford to spend only £21.2m per month

in the remainder of the financial year. Therefore, it needs to reduce expenditure on individually commissioned care services by 2% in the remaining two months. That is half of the 6% reduction projected last month.

9. Table 1: Summary of Adult Social Care forecast

	£m	£m
ASC MTFP efficiency target		(45.9)
Additional demand pressure above those anticipated in 2013-18 MTFP		<u>(2.1)</u>
Revised efficiency target		(48.0)
Total savings achieved (or not needing further management action) to date		(31.9)
Savings forecast in remainder of the year through use of FF&C	0.0	
Other savings forecast in the remainder of the year and included as Management actions	<u>(0.9)</u>	
Total savings forecast in remainder of the year		<u>(0.9)</u>
Total forecast savings before draw downs		(32.8)
Whole systems funding 2011/12 draw down		(7.5)
Proposed winter pressure funding 2011/12 draw down		<u>(1.7)</u>
Total forecast savings		<u>(42.0)</u>
Under / (over) performance against MTFP target		<u>6.0</u>

A breakdown of the savings identified in the current projections can be found in Appendix 2.

Capital

Table 4: 2013/14 Capital Projects Summary

	Revised Full Year Budget	YTD Actual	Committed	Apr -Jan YTD & Committed	Feb - Mar Remaining Forecast	Full Year Forecast	Full Year Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Significant Schemes							
Major Adaptations	855	620	46	666	189	855	0
D&B developments - wellbeing centres	446	235	135	370	76	446	0
In-house capital improvement schemes	366	84	41	125	156	281	-85
User led organisational hubs	235	70	0	70	16	86	-149
NHS Campus Reprovision	85	0	0	0	85	85	0
Total	1,987	1,010	222	1,232	522	1,754	-233

Conclusions:

15. With limited management actions still expected to take effect, the outturn should be close to the £6m forecast. This would nonetheless represent a good savings performance of £40m (12% of the budget), though the use of one-off measures within that figure adds to the difficulties faced in 2014/15.

Recommendations:

16. It is recommended that the Committee notes the current position.

Report contact:

Paul Carey-Kent, Strategic Finance Manager, Adult Social Care, Public Health & Fire,
Finance, (Business Services)
0208 541 8536

Appendix 1 – Adult Social Care Management Action Plans
£m Management Action

Family, Friends and Community support (FF&C) savings

(0) Savings through the application of FF&C.

Other forecast efficiency savings in the remainder of 2013/14

(0.24) Maximising Income through partnership arrangements. CHC savings of £(2.1)m have already been identified as achieved. An additional £(0.2)m of savings are anticipated in the remainder of 2013/14, which is line with the total savings of £(2.4)m achieved in 2012/13.

(0.30) To date £0.7m of LD PVR savings have been identified of which £0.1m have been validated by the Locality Teams. A further £0.8m of potential savings have been identified however £0.7m of these relate to Ordinary Residency Transfers of which many may not be agreed by year end. A prudent view has been taken to assume 25% of these savings will be achieved in 2013-14 together with a further £0.125m of savings not currently in the projections.

(0.04) S256 Attrition - £(1.9)m of savings have been achieved to date. A further £(0.04)m of savings are projected for the remainder of the financial year.

(0.20) PLD Call Offs – it is anticipated that a proportion of service users receiving ad-hoc community services will not fully utilise their care package and therefore projections will reduce in the remainder of the year.

(0.10) Home Based Care Retender - the reduction in rates negotiated in 2012/13 is forecast to delivery further savings in 2013/14 through new clients entering the system.

(0.04) Strategic Shift - the transfer from residential to community placements is expected to continue in 2013/14 resulting in care cost savings.

(0.92)

(0.92) Total Management Action Plans included in projections

Appendix 2 – Savings identified in current projections

£m	Saving
(6.0)	Staffing related savings
(5.6)	Constrain inflation for individually commissioned services
(4.7)	Direct Payment Reclaims
(2.2)	Care Fees & Charges
(2.2)	Continuing Health Care Review
(2.1)	Block Contracts & Grants
(1.9)	Attrition savings for Former S256 clients
(1.2)	Re-use of 2013/14 Whole Systems funding to offset wider ASC pressures
(1.1)	Optimisation of Transition Pathways
(1.0)	Strategic Supplier Review
(0.7)	Learning Disabilities Public Value Review
(3.3)	Other Savings
(31.8)	