

Adult Social Care Select Committee
5 September 2014

Adult Social Care Directorate July month end budget monitoring report

Purpose of the report: Scrutiny of Budgets/Performance Management

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

Introduction:

1. This report:

- 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 £1.9m 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.

Commentary

2. The July projected outturn for Adult Social Care is **an overspend of £1.9m**.

This was highlighted as a challenging year in the 2014/15 budget planning process with a significant **savings target of £42m** plus additional income of £4m to be generated. Since the beginning of the year, £2.9m of extra demand pressures have occurred meaning that total **savings of £44.9m are now required**. The Directorate has made good progress in many of its savings actions and judges that **£20.1m of savings** have either **been achieved or will be achieved without needing further management action**.

3. The current year end projection relies on the Directorate implementing **£22.8m of management action** savings, i.e. assuming that £1.9m remains unachievable. The key change since last month's forecast of £0.7m overspend is the failure of block contract negotiations previous expected to yield £1.4m. A full list of the management actions included in the July projections is outlined in Annex A.

4. The most significant element of ASC's savings plans in 2014/15 is the **Family, Friends and Community (FFC)** support strategy. The target stands at £13.3m this year, with a current forecast of £12.6m and full year effect of £16.5m, which would provide a good platform for the 2015/16 target of £23.3m. It is currently at the early implementation stage, and some delays have occurred such that there is a continuing need to accelerate and broaden the action taken in the remaining eight months. There are three key measures through which the service plans to achieve the FFC savings. Firstly through an improved assessment process for individuals requiring new care packages, supported by a recalibration of the Resource Allocation System (RAS) which was implemented in mid-May. The second element is a programme of re-assessments of existing packages to ensure that FFC is fully incorporated into their personalised support plans. Locality Teams have drawn up local project plans for the delivery of the re-assessments. As noted last month Direct Payments refunds have been included as the third in the overall FFC strategy, given their close interrelationship.

5. Performance against the three FFC elements is outlined below, covering older people and people with learning and physical disabilities, mental health and transition:

	Current Year Saving Target £'000	Achieved to date £'000 April to July	Revised Projection Aug - March £'000	Total Latest Forecast £'000	Current Year Variance	Full Year Target	Full Year Effect £'000	Full Year Variance
FFC DP Surplus	-3,000	-1,900	-2,100	-4,000	-1,000	0	0	0
Reassessments	-6,400	-654	-3,726	-4,379	2,020	-6,400	-10,914	-4,514
New Packages	-3,926	605	-2,023	-1,418	2,509	-3,926	-5,538	-1,611
FFC Catch up	0	0	-2,852	-2,852	-2,852	0	0	0
Total	-13,326	-1,949	-10,700	-12,649	677	-10,326	-16,451	-6,125

It is apparent that pressures through new placements have largely offset re-assessment savings, but this can be attributed to the additional cost of transition clients which are known to fluctuate unevenly throughout the year and is unlikely to be directly related to FFC. The year to date position for new placements excluding Transition is a saving of £49,000, indicating that action is at least preventing pressures building, though there is as yet no evidence of the cash reductions required. The Interim Assistant Director who is acting as Project Director is reviewing the rates of success across the county to push forward good practices identified to date to accelerate the savings and look to expand into new areas, as represented by the 'catch-up' row in the table above.

6. Challenges remain in other significant areas of planned savings:

- It has not proved possible to renegotiate block contract arrangements resulting in a £1.4m pressure which is the most significant factor in the current overspend of £1.9m. Indeed, it was hoped that this would contribute to the £1.7m of unidentified savings below.
- The correct application of Continuing Health Care arrangements is still anticipated to deliver £2.1m of savings in the remainder of the year. Progress to date remains difficult due to changes in local health structures and processes.

- Securing £4m of social care benefit from the Whole Systems Funds (discussions continue as part of the local planning processes jointly with CCGs which feed into that aim).
- Identification of £1.7m of additional savings for which there are as yet no plans.

Table 1: 2014/15 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	(78)	(61)	17	(235)	(207)	(268)	(33)	0	(33)
Other Bodies Grants	(3,660)	(2,719)	941	(18,309)	(14,434)	(17,153)	1,156	1,132	24
Fees & Charges	(14,040)	(14,143)	(104)	(42,119)	(27,822)	(41,966)	153	78	75
Joint Working Income	(2,801)	(2,529)	272	(8,402)	(5,670)	(8,199)	204	162	41
Joint Funded Care Package Income	(614)	(659)	(45)	(1,843)	(1,461)	(2,120)	(277)	(153)	(123)
Reimbursements & recovery of costs	(1,012)	(769)	243	(3,036)	(2,127)	(2,895)	141	(1,096)	1,237
Property Income	0	0	0	0	0	0	0	0	0
Income	(22,205)	(20,881)	1,325	(73,944)	(51,719)	(72,600)	1,344	123	1,222
<u>Expenditure</u>									
Older People	53,678	52,380	(1,297)	170,949	117,437	169,817	(1,132)	(984)	(147)
Physical Disabilities	15,436	15,323	(113)	48,545	32,591	47,914	(631)	(727)	96
Learning Disabilities	41,266	40,687	(579)	133,594	93,644	134,332	738	737	1
Mental Health	4,383	3,657	(725)	14,100	10,352	14,009	(91)	(30)	(61)
Other Expenditure	15,785	16,556	771	47,398	32,552	49,108	1,710	1,545	165
Expenditure	130,547	128,604	(1,943)	414,585	286,575	415,179	595	541	54
Net Position	108,342	107,723	(618)	340,641	234,856	342,579	1,939	663	1,275

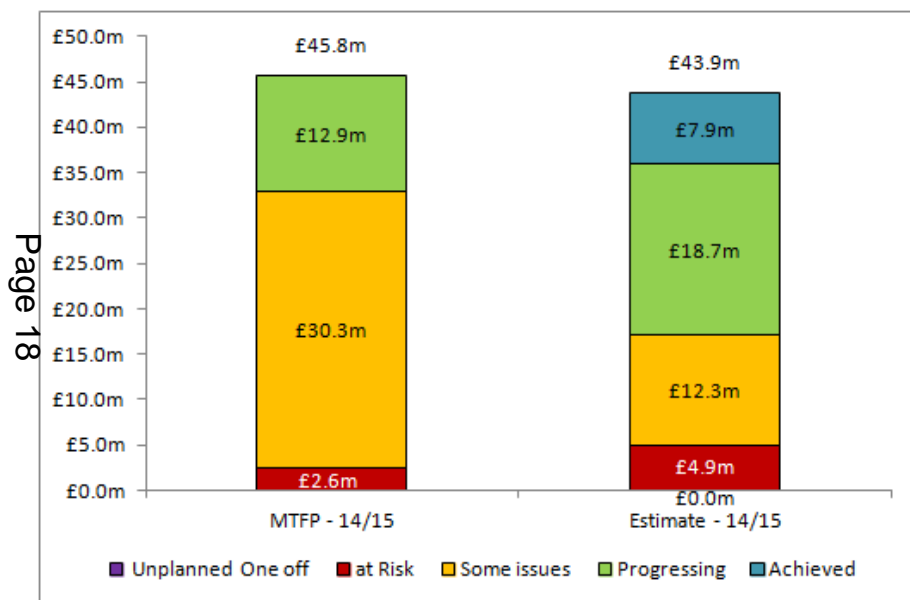
Table 2: 2014/15 Subjective Summary

	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	(78)	(61)	17	(235)	(207)	(268)	(33)	0	(33)
Other Income	(22,127)	(20,819)	1,308	(73,710)	(51,513)	(72,332)	1,377	123	1,255
Income	(22,205)	(20,881)	1,325	(73,944)	(51,719)	(72,600)	1,344	123	1,222
<u>Expenditure</u>									
Staffing	24,324	23,700	(624)	72,972	49,668	73,369	397	160	236
Non Staffing	106,223	104,904	(1,319)	341,613	236,907	341,811	198	381	(183)
School Expenditure	0	0	0	0	0	0	0	0	0
Expenditure	130,547	128,604	(1,943)	414,585	286,575	415,179	595	541	54
Net expenditure	108,342	107,723	(618)	340,641	234,856	342,579	1,939	663	1,275

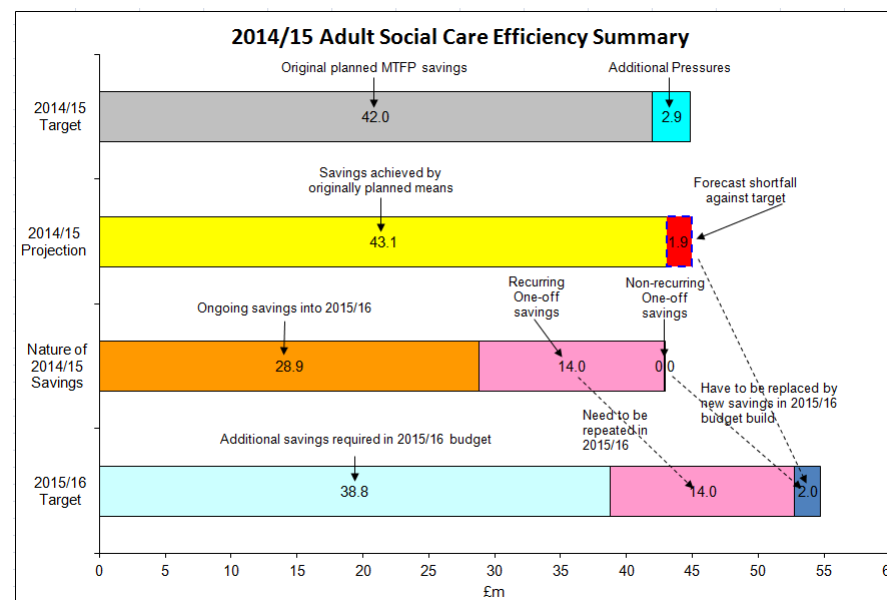


Efficiencies

Graph 1: 2014/15 Progress on Efficiencies



Graph 2: Impact of 2014/15 Efficiencies on Future Years



The Directorate has already achieved savings of £7.9m this year. A further £18.7m is on target to be achieved by year-end with no difficulties anticipated, and largely without further action being required

Summary of Adult Social Care Forecast

	£m	£m
ASC MTFP Efficiency Target		(42.0)
Additional savings requirement to meet demand pressures		(2.9)
		<hr/>
		(44.9)
Total savings achieved (or not needing further management action) to date		(20.1)
Savings forecast in remainder of the year through use of FFC against original project plans	(8.6)	
FFC applied to DP reclaims	(2.2)	
Other savings forecast in the remainder of the year and included as Management Actions	(12.1)	
		<hr/>
		(22.9)
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Total savings forecast in remainder of the year		(43.0)
Under / (Over) performance vs MTFP target		<hr/>
		1.9
		<hr/>

A breakdown of the savings identified in the current projections can be found in Annex B

Capital**Table 4: 2013/14 Capital Projects Summary**

	Revised Full Year Budget	YTD Actual	Committed	Apr - July YTD & Committed	Remaining Forecast	Full Year Forecast	Full Year Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Significant Schemes							
Major Adaptations	800	46	43	89	706	795	-5
D&B developments - wellbeing centres	160	-25	98	73	37	110	-50
In-house capital improvement schemes	325	40	17	57	181	238	-87
User led organisational hubs	100	-2	0	-2	102	100	0
NHS Campus Reprovision	0	-6	0	-6	6	0	0
Total	1,386	54	161	215	1,029	1,244	-141

Conclusions:

There are significant risks in the budget position, such that an overspend is expected. The increase in overspend forecast to £1.9m reflects the failure of block contract negotiations and the unlikelihood that that the previously expected savings can be replaced by additional savings, given the others areas at risk. It is possible, depending how those risk factors work out, that the overspend could be greater, so the position will continue to be closely monitored.

Recommendations:

It is recommended that the Committee notes the current position.

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