

Adult Social Care Select Committee
19 December 2014

Adult Social Care Directorate October 2014 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 for 2014/15.
- outlines the current monitoring position, updates on progress in delivering the Directorate's savings plans and explains key budget variances.
- sets out in appendices fuller details of the management actions being taken, the effects across years of the position shown, and the capital budget.

Highlights:

2. The main highlights in the current monitoring position can be summarised as follows:

- £3.4m overspend projected for ASC in 2014/15 as at the end October 2014. This is an increase of £1.5m from the August monitoring position reported to Select Committee in September.
- £39.9m of savings forecast to be achieved, which would be the highest amount of savings achieved in any of the last five years.
- Family, Friends and Community Support programme progressing well, with £9.9m of savings projected to be achieved this year.
- Demand for new care packages is increasing at a faster rate than budgeted and in previous years. This has led to additional pressures of £1.3m this year.

Commentary:

3. 2014/15 was highlighted as a challenging year in the budget planning process with a significant **savings target of £42m** plus additional income of £4m to be generated. Since the beginning of the year, £1.3m of extra demand pressures have occurred meaning that total **savings of £43.3m are now required**. The Directorate has made good progress in many of its savings actions and judges that **£29.1m of savings** have either **been achieved or will be achieved without needing further management action**.

8 4. The current year end projection relies on the Directorate implementing **£10.8m of management action** savings. A full list of the management actions included in the October projections is outlined in Appendix 5.

5. The most significant element of ASC's savings plans in 2014/15 is the **Family, Friends and Community (FFC)** support strategy. 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. The third element is identification of **Direct Payments refunds** to ensure that any surpluses are reclaimed and the impact of that is factored into the re-assessment programme.

6. In addition to the three main elements of the FFC strategy, the Directorate is also working on plans to deliver other FFC related savings in order to offset in-year programme delays. The Directorate aims to achieve a further £1.6m of catch up savings in the remainder of the year.

Table 1: Current FFC performance is outlined below: (this includes all clients groups and transition)

FCC Project Stream	Saving Target £'000	Achieved to date April - October £'000	Revised Projection November - March £'000	Total Latest Forecast £'000	Current Year Variance	Full Year Target	Full Year Effect £'000	Full Year Variance
FFC DP Surplus	-3,000	-3,582	-918	-4,500	-1,500	0	0	0
Reassessments	-6,400	-1,546	-1,931	-3,477	2,923	-6,400	-10,106	-3,706
New Packages - non-Transition	-3,489	-614	-713	-1,326	2,163	-3,489	-2,920	569
FFC Catch up	0	0	-1,630	-1,630	-1,630	0	0	0
Sub-total excluding Transition news	-12,889	-5,741	-5,191	-10,933	1,956	-9,889	-13,026	-3,137
New Packages - Transition	-438	1,129	-89	1,040	1,478	-438	-652	-214
Grand Total	-13,326	-4,612	-5,281	-9,893	3,434	-10,326	-13,678	-3,351

7. Table 1 shows that savings are progressing in all areas other than new Transition care packages for individuals who have transferred from Children's, Schools and Families to Adult Social Care during this financial year. Costs for these individuals are historically volatile and the number of high costs cases the service have had to pick up so far this year has led to overall additional costs of £1.1m to date. **Excluding new Transition packages, £5.7m of savings have been achieved to date and £9.9m are forecast for the year as a whole.**

8. Although the overall savings target of £13.3m for the FFC programme is not expected to be achieved on an in-year basis by the end of financial year, there is clear evidence that the programme is working, both in terms of delivering financial savings and improved outcomes for individuals. The average amount saved per reassessment is currently 21%. Progress on the commissioning of new packages is also now more promising with five out of 10 key cost measures at or below the target levels in October. Therefore, whilst delays in the programme becoming fully operational in the early part of the year have meant that the in-year target is not projected to be fully achieved, the actions being taken are anticipated to secure £13.7m on a full year basis and the £25m of savings planned over the next three years are still on track to be achieved.

9. Challenges remain in five other significant areas of planned savings:

- 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 additional savings to go towards the **£2.6m target for savings that were not identified during the budget planning process**. It was originally hoped that re-negotiation of the main block contract would contribute to this savings target but this has not proved possible. The Directorate is actively working to identify alternative savings options but currently no firm plans are in place to deliver these savings. As such the savings forecast has now been reduced to £0.72m.
- The correct application of **Continuing Health Care** arrangements is still anticipated to deliver £0.9m of savings in the remainder of the year. Progress is slowly improving in this savings stream but challenges remain in delivering the full value of savings projected in the remainder of the year.
- The **LD PVR** plans to secure £1.5m of savings in 2014/15, with a full year effect of £3m. To date £1.0m of savings have been achieved. The remaining £0.5m savings are largely reliant on the agreement of other local authorities to pick up funding for a number of Ordinary Residence cases. The Strategic Director is liaising with his DASS colleagues in these authorities and legal services are supporting the Directorate in negotiating the funding transfers, but there is a risk that not all of the transfers may have been concluded by year end. From April 2015 current Ordinary Residency regulations will cease to exist as a result of the Care Act.
- As outlined above there is an aim to deliver £1.6m of **FFC catch up** savings in the remainder of the year to offset slippage against the original savings target. At present detailed plans for these savings are still being worked through to determine whether this is achievable.

10. In recognition of the challenges outlined above, a **risk contingency of £3.9m** has been included within the Management Actions plan to account for the possibility of an element of these and other risks materialising.

Summary of Adult Social Care Forecast

	£m	£m
ASC MTFP Efficiency Target		(42.0)
Additional savings required to meet demand pressures		(1.3)
Revised savings requirement		<hr style="width: 100%; border: 0.5px solid black;"/> (43.3)

Total savings achieved (or not needing further management action) to date*	(29.1)
Savings forecast in remainder of the year through use of FFC against original project plans	(4.4)
FFC applied to DP reclaims	(1.4)
Other savings forecast in the remainder of the year and included as Management Actions	(9.4)
Risk contingency of savings not being achieved	3.9
	(10.8)
Total savings forecast	(39.9)
Under / (Over) performance vs MTFP target	3.4

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

Conclusions:

As at the end October a 1% overspend is projected for Adult Social Care compared to the Directorate's budget for 2014/15. Whilst every effort will be made to recover this position in the remainder of the financial year, given the pressures the service faces and the risks in delivering some of the remaining management action savings plans it is not considered likely that it will significantly improve by year end. Indeed, the overspend could be greater because of these factors.

It is important to view the projected overspend though in the context of the challenges the Directorate faces in managing growing demand pressures and delivering an extensive savings programme. The Directorate is forecast to achieve 92% of its original £42m savings target excluding the need to cover additional demand pressures. Therefore, although a small overspend proportionate to the budget is projected, the Directorate is successfully implementing a wide range of actions to contain the position to this level.

Recommendations:

It is recommended that the Committee notes the current position.

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Appendix 1- Adult Social Care Budget by Key Policy Area

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	(137)	(179)	(42)	(235)	(116)	(295)	(60)	(35)	(25)
Other Bodies Grants	(7,904)	(6,939)	965	(18,309)	(10,370)	(17,309)	1,000	1,000	0
Fees & Charges	(24,461)	(25,311)	(849)	(41,907)	(17,601)	(42,912)	(1,005)	(873)	(132)
Joint Working Income	(4,901)	(6,451)	(1,549)	(8,402)	(1,769)	(8,219)	183	187	(3)
Joint Funded Care Package Income	(1,075)	(1,323)	(248)	(1,843)	(874)	(2,197)	(354)	(298)	(55)
Reimbursements & recovery of costs	(1,730)	(1,373)	357	(2,910)	(612)	(1,985)	926	529	397
Property Income	0	0	0	0	0	0	0	0	0
Income	(40,209)	(41,575)	(1,366)	(73,607)	(31,342)	(72,916)	690	509	181
<u>Expenditure</u>									
Older People	96,676	94,615	(2,061)	168,553	74,560	169,176	623	(56)	679
Physical Disabilities	27,827	26,999	(829)	48,050	20,469	47,467	(582)	(486)	(96)
Learning Disabilities	72,909	73,365	456	130,066	59,049	132,414	2,348	2,003	344
Mental Health	6,278	4,907	(1,371)	10,848	5,945	10,852	4	(0)	4
Other Expenditure	33,988	36,095	2,107	58,045	22,275	58,370	325	773	(448)
Expenditure	237,678	235,980	(1,697)	415,561	182,298	418,279	2,717	2,234	483
Net Position	197,469	194,406	(3,063)	341,955	150,957	345,362	3,408	2,743	665

The Year to Date position is distorted due to timing issues in relation to Whole System funding and expenditure – the budgets are being re-profiled for the next month's monitoring. The November report should then reflect a truer year to date position to compare against the full year projection.

Appendix 2 – Adult Social Care Budget by Subjective Type

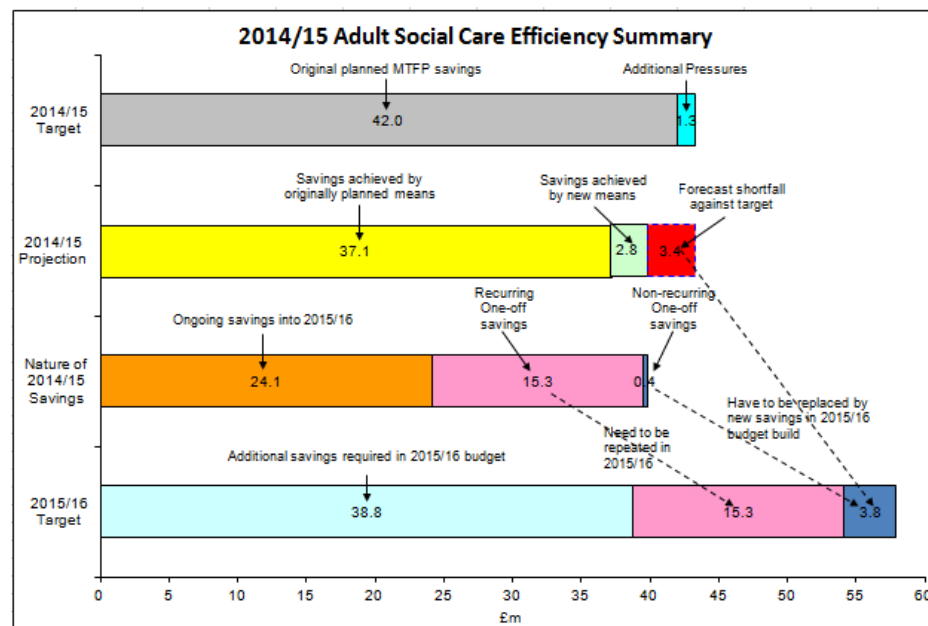
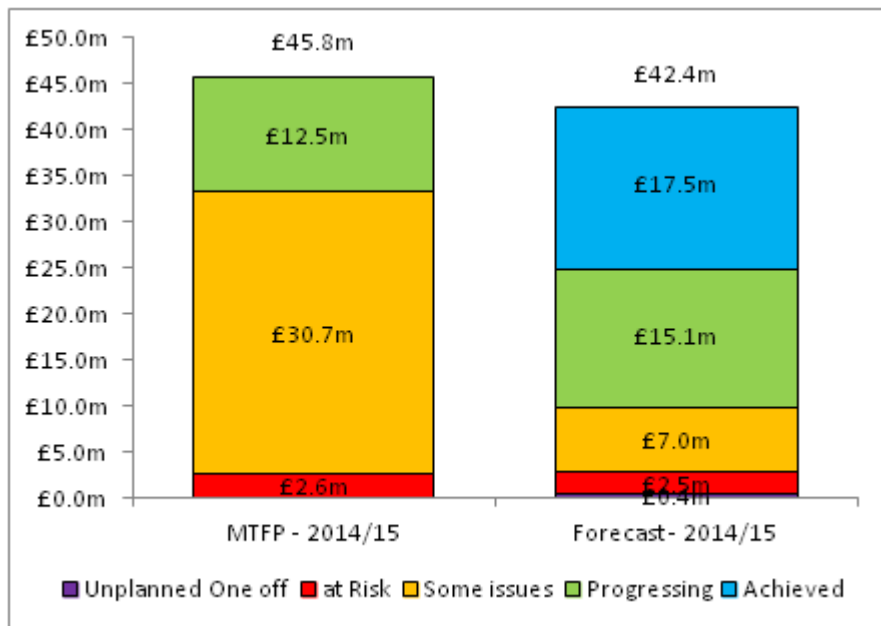
Table 2: 2014/15 Subjective Summary

	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	(137)	(179)	(42)	(235)	(116)	(295)	(60)	(35)	(25)
Other Income	(40,072)	(41,396)	(1,324)	(73,372)	(31,225)	(72,621)	751	545	206
Income	(40,209)	(41,575)	(1,366)	(73,607)	(31,342)	(72,916)	690	509	181
<u>Expenditure</u>									
Staffing	39,725	39,594	(130)	68,099	27,178	66,772	(1,327)	(961)	(366)
Non Staffing	197,953	196,386	(1,567)	347,462	155,120	351,506	4,044	3,195	849
School Expenditure	0	0	0	0	0	0	0	0	0
Expenditure	237,678	235,980	(1,697)	415,561	182,298	418,279	2,717	2,234	483
Net expenditure	197,469	194,406	(3,063)	341,955	150,957	345,362	3,408	2,743	665

Appendix 3 – Summary of Adult Social Care 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 £17.5m this year. A further £15.1m is on target to be achieved by year-end with no difficulties anticipated, and largely without further action being required. Management actions will be necessary to deliver the remaining £9.8m of savings judged to be amber or red risk.

Appendix 4 – Adult Social Care Capital Programme

Table 4: 2014/15 Capital Projects Summary

	Revised Full Year Budget	YTD Actual	Committed	Apr - Oct YTD & Committed	Remaining Forecast	Full Year Forecast	Full Year Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Significant Schemes							
Major Adaptations	800	224	83	307	493	800	0
D&B developments - wellbeing centres	160	-25	98	73	-43	30	-130
In-house capital improvement schemes	325	122	12	134	125	259	-66
User led organisational hubs	100	8	0	8	61	69	31
NHS Campus Reprovision	0	-6	0	-6	6	0	0
Total	1,386	325	193	518	641	1,158	-227

Re-Profile requested for D&B Developments – Wellbeing Centres – of £55k into 2015/16 due to delay in the set up of Waverley Wellbeing centre.

Appendix 5 – Adult Social Care Management Action Plans

£m	Management Action
<u>Family, Friends and Community support (FFC) savings</u>	
(4.4)	Savings through the application of FFC against the original project plans.
(0.9)	Effective level of FFC on DP reclaims. (£2.5)m already achieved
(5.3)	
<u>Other forecast efficiency savings in the remainder of 2014/15</u>	
(0.24)	S256 Attrition - £1.8m of attrition savings achieved to date, a further £0.2414m savings are anticipated in the remainder of 2014/15
(0.002)	Strategic Shift - the transfer from residential to community placements is expected to continue in 2014/15 resulting in care cost savings
(0.53)	The on-going implementation of the LD PVR team project plan is expected to deliver £(1.5)m of savings which is £(0.5)m over target. £0.97m has already been achieved with a further £(0.58)m forecast in the remainder of the year.
(0.1)	Strategic Supplier on-going savings – additional savings anticipated from negotiation with providers in relation to reduced unit costs. Underachievement in this target is being off-set against Strategic Supplier one-off savings.
(4.0)	Protection of Social Care through Whole Systems - negotiations are ongoing through the Better Care Board, but at present ASC are still assuming that £4m of funding towards its core budget is received
(0.9)	Total CHC savings for 2014/15 currently projected to be £1.5m. This represents an underachievement of £1m against the MTFP target and is reflective of the challenges posed by the new processes introduced by Surrey Downs CCG and the number of previously health funded cases ASC is having to pick up funding for.
(0.72)	£2.6m of savings were still to be identified when the budget for 2014/15 was set. These savings were forecast to start being achieved from July, but no new plans have yet been formulated.
(1.9)	Over-projection due to breaks in care packages - based on trends of previous years and current activity for Home Based Care and Supported Living services. The equivalent position last year was a decrease of £3m.
(0.63)	Over-projection due to reduction in call-offs - based on trends of previous years and current activity.
(0.36)	In-House Savings are anticipated by end of the financial year
(9.4)	
3.9	Risk Contingency - this takes a prudent view of the volatility of care demand, potential impact of market forces and current level and challenges faced in delivering the service's management action plans.
(10.8)	Total Management Action Plans included in projections

Appendix 6 – Savings identified in current projections

£m	Saving
(1.0)	Family, Friends & Community Support reassessments & new packages savings
(3.6)	FFC applied to Direct Payments reclaims
(4.6)	Total FFC related savings achieved to date
(4.8)	Staffing related savings
(6.3)	Constrain inflation for individually commissioned services
(3.2)	Block contracts & Grants
(1.3)	Housing related support savings
(2.2)	Forecast AIS over-projection
(0.6)	Continuing Health Care savings
(1.9)	Attrition savings for Former S256 clients
(0.3)	Optimisation of Transition Pathways
(1.0)	Learning Disabilities Public Value Review
(1.3)	Strategic Supplier Review
(0.6)	Savings through LATC
(0.6)	Care Fees & Charges
(0.5)	Other Savings
(29.1)	