

Adult Social Care Select Committee  
10 April 2015

**Adult Social Care Directorate 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 annexes 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:

- £1.8m overspend projected for ASC in 2014/15 as at the end of February 2015. This is a reduction of £1.4m from the October monitoring position reported to Select Committee in December. The forecast overspend of £1.8m equates to only 0.5% of the total net budget.
- £40.8m of savings are forecast to be achieved which would be the highest amount of savings achieved in any of the last five years. This represents 97% of the £42m savings target.
- Family, Friends and Community Support programme is continuing to deliver results with £6.9m of savings projected to be achieved this year (£8.1m excluding new Transition care packages).

- Demand for new care packages is increasing at a faster rate than budgeted. This has led to additional pressures of £0.6m this year. However, demand pressures have slowed in the last quarter of the year, which is one of the main reasons for the reduction in the overall forecast overspend.

<b>Commentary:</b>
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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. The Directorate has made good progress in many of its savings actions and judges that **£38.7m of savings** have either **been achieved or will be achieved without needing further management action**.

4. The current year end projection relies on the Directorate implementing **£2m of management action** savings. A full list of the management actions included in the February projections is outlined in Annex 5.

5. The most significant element of ASC's savings plans in 2014/15 has been the **Family, Friends and Community (FFC)** support strategy. There are **three key measures** through which the service has planned 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.

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 - February £'000	Savings Forecast March £'000	Total Latest Forecast £'000	Current Year Variance £'000	Full Year Target £'000	Full Year Effect £'000	Full Year Variance £'000
FFC DP Surplus	-3,000	-4,959	-341	-5,300	-2,300	0	0	0
Reassessments	-6,000	-2,393	-36	-2,428	+3,571	-6,000	-5,925	-75
New Packages - non-Transition	-3,563	-337	-56	-393	+3,170	-3,563	-1,099	+2,464
<b>Sub-total excluding Transition news</b>	<b>-12,563</b>	<b>-7,689</b>	<b>-433</b>	<b>-8,121</b>	<b>+4,441</b>	<b>-9,563</b>	<b>-7,023</b>	<b>+2,540</b>
New Packages - Transition	-438	+1,278	-7	+1,271	+1,708	-438	+1,608	+2,045
<b>Grand Total</b>	<b>-13,000</b>	<b>-5,749</b>	<b>-440</b>	<b>-6,851</b>	<b>+6,149</b>	<b>-10,000</b>	<b>-5,416</b>	<b>+4,585</b>

6. 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 £1.3m to date.

**Excluding new Transition packages, £7.7m of savings have been achieved to date and £8.1m are forecast for the year as a whole.**

7. Although delays in the FFC programme becoming fully operational in the early part of the year have meant the overall savings target of £13.3m for the FFC programme is not expected to be achieved this year, there is clear evidence that the programme is working both in terms of delivering financial savings and improved outcomes for individuals.

8. The service has focused activity on catching up on the initial delay in fully establishing the programme of **reassessments** and had **completed 70% of the originally planned 1,400 reassessments** by the end of February. As a result the reassessment target of £6m is forecast to be achieved on a full year basis. The **average amount saved per reassessment** is currently **15%**, which demonstrates that significant savings are being delivered but that 20% still remains a stretch target.

9. **Savings on new community care packages** have proved **harder to achieve**. One issue that is likely to have made it particularly difficult to reduce costs by 20% compared with the previous year's community care packages is the continued successful shift away from residential care. This shift is better both for individuals in terms of maintaining their independence and wellbeing and financially beneficial as community care packages are on average less expensive than residential care placements. However, it also makes it less likely that it will be possible to reduce community care costs by 20% on average overall, as there may be a higher proportion of individuals with more complex needs receiving community care. The service is currently reviewing performance this year to better inform the delivery of the FFC savings target in 2015/16.

#### 10. **Challenges remain in two other areas of planned savings:**

- The correct application of **Continuing Health Care** arrangements is still anticipated to deliver £0.2m 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 £1.2m of savings have been achieved. The remaining £0.3m 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. Although the impact on this year's budget will be limited if these cases are not resolved, there will be a more substantial impact on next year's budget.

Summary of Adult Social Care Forecast

	£m	£m
ASC MTFP Efficiency Target		(42.0)
Total savings achieved (or not needing further management action) to date*		(38.8)
Savings forecast in remainder of the year through use of FFC against original project plans	(0.1)	
FFC applied to DP reclaims	(0.3)	
Other savings forecast in the remainder of the year and included as Management Actions	(1.6)	
Risk contingency of savings not being achieved	0.1	
Total additional savings forecast through Management Actions		(2.0)
Total savings forecast		(40.8)
<b>Under / (Over) performance vs MTFP savings target</b>		<b>1.2</b>
Additional demand pressures		0.6
<b>Total Projected Over / (Under) spend vs ASC budget</b>		<b>1.8</b>

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

**Conclusions:**

As at the end February a 0.5% overspend is projected for Adult Social Care compared to the Directorate's budget for 2014/15. It is important to view the projected overspend 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 97% 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.

**Report contact:**

William House, Finance Manager for Adult Social Care, Tel: 01483 518 905