



Social Care Services Board
25 November 2015

Adult Social Care Directorate September 2015 Budget Monitoring Report

Purpose of the report: Scrutiny of Budgets/Performance Management

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

Introduction:

1. This report:

- provides a high level summary of projected expenditure against the Directorate's 2015/16 budget based on changes to service volumes and costs of care services as well as performance to date against savings plans between April to September 2015.
- sets out in appendices fuller details showing the impact on the Directorate's key policy areas, latest performance against Medium Term Financial Plan savings targets, the capital budget position and a summary of demand changes experienced to date.

Highlights:

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

- A balanced budget is projected for Adult Social Care (ASC) in 2015/16 as at the end of September 2015.
- The balanced budget forecast relies on the use of £6.5m of central government new burdens Care Act funding to offset budget pressures, mainly in relation to increased demand. Without this funding, an overspend would occur.
- £35m of savings are forecast to be achieved, which equates to 94% of the £37.3m savings target.

- Demand for new care packages continues to increase at a faster rate than budgeted. As at the end of September 2015, additional demand pressures of £4.7m were forecast for the year. Latest demand trends indicate that the number of individually commissioned care services may increase by more than 7% in 2015/16, considerably above the 5% budgeted. Additional demand is the primary reason for the underlying budget pressures being funded by the new burdens Care Act monies.

Commentary:

Summary of Adult Social Care Monitoring Position

	Sep 2015 Forecast
	£m
ASC MTFP Efficiency Target	(37.3)
Total savings achieved or in progress not requiring management action	(22.9)
Total savings requiring management action in the remainder of the year	(12.1)
Total forecast savings in 2015/16	(35.0)
Forecast (over) / under achievement against MTFP savings target	2.3
Additional demand pressures	4.7
Fees & charges and other income variances not included above	(0.5)
Projected overspend prior to use of Care Act funding	6.5
Use of central government new burdens Care Act Funding	(6.5)
Projected budget variance at year end	0

3. As set out in the table above, the September 2015 projected outturn for Adult Social Care (ASC) is a balanced budget. This position includes the planned use of £6.5m of central government new burdens Care Act funding to balance the budget. Appendix 1 sets out the latest spend to date and forecast year end position against ASC's key policy areas.

4. Surrey County Council is receiving £9.8m of Care Act Implementation revenue funding in 2015/16 – £7.2m new burdens funding from central government and £2.6m from Surrey's Better Care Fund (BCF). The BCF element is fully committed against Care Act duties. The new burdens funding from government had not yet been committed because it was unclear whether any of this funding would be clawed back following the postponement of the Dilnot reforms. It has recently been announced that the new burdens funding will not be clawed back this year, and so ASC are now proposing to use the previously uncommitted funds to support the Directorate's wider budget pressures. This is likely to be a one-off measure as funding allocations for future years are unclear but are likely to be adjusted downwards.

5. There is a risk that an overspend could still occur because the September monitoring position assumes that:

- Demand pressures will not significantly increase in the remainder of the year. Actions are being actively pursued to manage demand, but if the year to date trend continues then additional pressures could be incurred.
- All current savings plans will be achieved or replaced by alternative savings. As at the end of September £1.4m of the £12.1m of savings still requiring management action to be achieved were considered to be at high risk of not being achieved by year end.
- There will not be any significant increases in the prices that the Council pays for care services in the remainder of the year. The Directorate is in the process of working with providers to develop sustainable pricing strategies for future years. It is anticipated pressures will be incurred in future years, but not in the remainder of this year.
- The additional £1.1m allocated to ASC in 2015/16 to support Deprivation of Liberty Safeguards (DoLS) assessments in response to an exponential increase in demand for assessments following a landmark Supreme Court ruling in 2014 will be fully spent by year end. The Directorate is working hard to progress assessments as quickly as possible, but recruitment challenges may mean that the additional monies are not fully spent by year end. A decision may therefore be required as to whether to seek to carry these funds forward into next year's budget – this will depend on both the Directorate's and Council's overall financial positions.

Significant budget variances

6. There are two main reasons for the underlying projected overspend of £6.5m:

- (i) Firstly, £4.7m of additional pressures are forecast to be incurred in relation to increased demand for care services. Effectively managing demand is a key priority for the Directorate through a focus on prevention, improving information and advice to local residents and most significantly the continued drive towards greater collaboration and integration with the NHS through the Better Care Fund. Although these strategies are helping to limit demand increases, they are not yet succeeding in reducing the rate of demand to budgeted levels. The number of service users is increasing by more than the 5% budgeted for this year. In addition costs for individuals already in receipt of care at the start of year are increasing more rapidly than in previous years due to growing levels of need and complexity.

Demand for care is a whole system issue, as ongoing pressures in local health systems are placing significant pressure on social care. Local Clinical Commissioning Groups (CCGs) are also facing similar challenges in managing demand for health care, with admissions to hospital not reducing as planned. Metrics for the first quarter of 2015/16 show that non-elective (i.e. unplanned) admissions were up 4.1% on last year's baseline – 5.1% higher than the planned 1% reduction. This highlights why the work to develop a whole systems approach to health and social care is so crucial to increase health and wellbeing across Surrey and in turn reduce demand pressures on the care system.

A summary of ASC service user numbers showing how service volumes are increasing more rapidly than budgeted is outlined in Appendix 2.

- (ii) Secondly, the Directorate is anticipated to under-achieve by £2.3m against its MTFP savings target. This is mainly due to under-achievement against the Family, Friends and Community (FFC) support stretch savings target. Current performance suggests 15% is achievable for FFC re-assessments but it is still proving difficult to achieve 20% savings. Savings for new community care packages continue to be challenging to achieve – particularly for Older People. Underperformance against the FFC stretch target is partially offset by an over-achievement in other saving areas due to a projected surplus of savings achieved through the correct application of the Continuing Health Care (CHC) framework and additional staff vacancies above the levels built the budget. The additional vacancies are not planned because they are counter-productive to achieving the Directorate's key priorities including its savings targets, but where they occur these savings are being used to help manage the overall budget position.

7. Additional demand pressures and the forecast underachievement against the MTFP savings target is being slightly reduced by a forecast surplus of £(0.5)m on fees & charges and other income streams that do not directly relate to individual packages of care or block contracts. A surplus of £(0.6)m is forecast for fees and charges income, which is directly related to the increased demand for care outlined above. The other significant income variance not related to direct care services is £(0.4)m additional grant funding that has been received from government to help meet the increased demand for Deprivation of Liberty Safeguards (DOLS) assessments.

Savings plans

8. ASC has a savings target of £37.3m for 2015/16. This is the sixth consecutive year when the Directorate has had to deliver savings in the region of 10% of the budget in order to manage the pressures that have been funded in the MTFP. ASC is therefore increasingly shifting its focus to working collaboratively with partners across the whole health and social care system to improve care pathways and implement new models of care to more effectively manage demand.

9. The Directorate has made good progress in many of the planned savings actions and judges that £22.9m of savings have either been achieved or will be achieved without requiring further management action. The current year end projection relies on the Directorate implementing £12.1m of management action savings plans in the remainder of the year. In total therefore £35m of savings are currently forecast to be achieved, although there are considered to be significant risks relating to £1.4m of these projected savings.

10. ASC's performance against planned MTFP savings is summarised in Appendix 3.

11. The most significant element of the Directorate's savings plans is Family, Friends and Community support (FFC). The FFC savings target for 2015/16 is £14m, including £4m of "stretch" savings representing the savings that would be achieved if the 20% target is fully achieved. Currently £10.5m of savings excluding the

stretched target are projected, which would be an overachievement of £0.5m against the target of £10m excluding the stretch element. This overachievement relates to additional FFC Direct Payment surpluses being recouped by teams. At present £0.7m of savings are forecast against the “stretched” target of £4m, although there is a high degree of risk that these may not be achieved. Further information on FFC savings is outlined in Appendix 4.

Conclusions:

As at the end September 2015 a balanced budget is projected for Adult Social Care for 2015/16. This position includes underlying budget pressures of £6.5m, mainly related to increased demand, which are being funded by central government new burdens Care Act monies. The underlying pressures equate to 1.7% of ASC’s total net budget. It is important that these pressures are viewed in the context of the demand pressures being faced across the whole health and social care system in Surrey and the very challenging savings target that the Directorate is working to deliver this year. Whilst every effort will be made to reduce these pressures in the remainder of the year and in doing so reduce the call on the Care Act funding, given the challenges faced by the service the initial focus will be on taking action to mitigate against the risks of pressures increasing further.

Recommendations:

It is recommended that the Committee notes the current position.

Report contact:

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

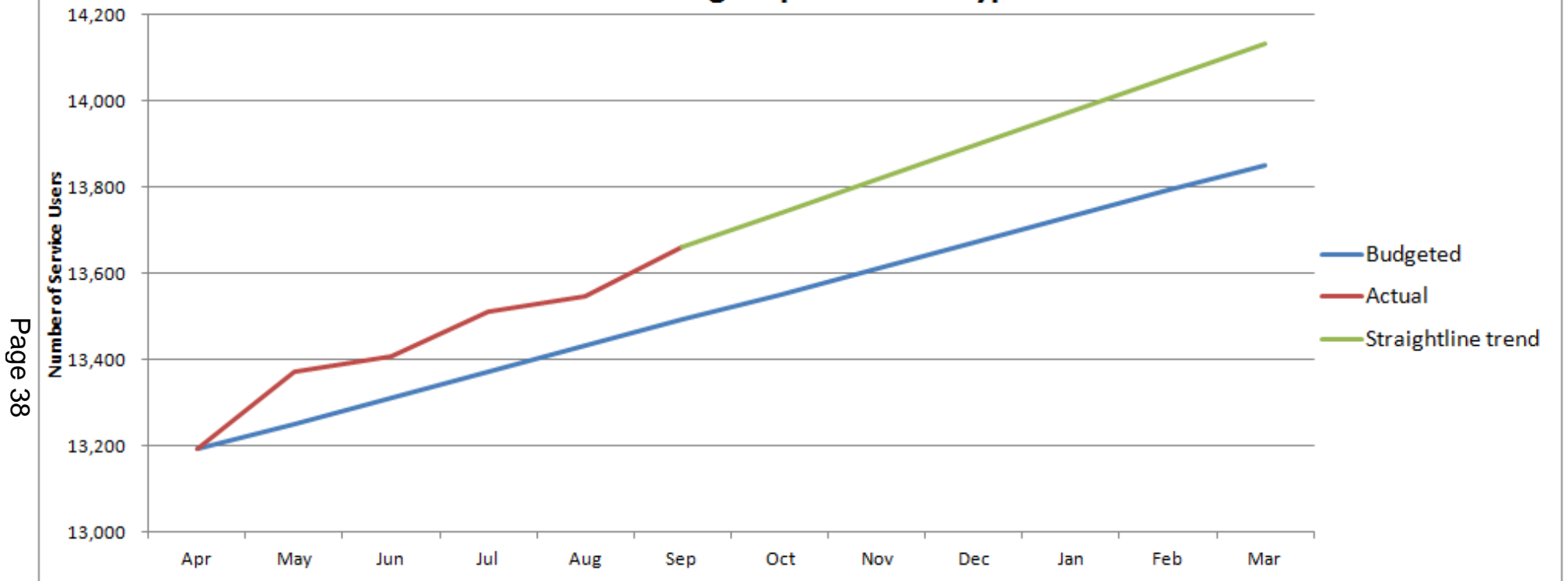
Appendix 1- Adult Social Care Budget by Key Policy Area

	YTD Budget	Year to Date Actual	YTD Variance	Full Year Budget	Remaining Forecast	Outturn Forecast	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Income</u>							
UK Government Grants	-549	-837	-288	-1,097	-692	-1,529	-432
Other Bodies Grants							
Fees & Charges	-21,825	-22,259	-434	-43,649	-21,965	-44,224	-575
Joint Working Income	-4,248	-4,091	157	-8,495	-4,182	-8,273	223
Joint Funded Care Package Income	-851	-1,261	-410	-1,702	-1,312	-2,573	-871
Reimbursements & recovery of costs	-900	-1,780	-880	-1,800	-781	-2,561	-762
Income	-28,371	-30,227	-1,856	-56,743	-28,932	-59,159	-2,416
<u>Expenditure</u>							
Older People	84,391	88,886	4,496	168,786	86,787	175,673	6,887
Physical Disabilities	24,996	24,143	-853	49,951	25,153	49,296	-655
Learning Disabilities	69,876	70,824	948	138,395	70,174	140,997	2,602
Mental Health	4,984	4,990	6	9,968	5,274	10,264	296
Housing Related Support	5,665	5,340	-324	11,329	5,341	10,681	-648
Assessment & Care Management / Management & Support	21,835	21,057	-777	50,998	23,876	44,933	-6,065
Expenditure	211,746	215,241	3,495	429,427	216,603	431,844	2,417
Net Position	183,374	185,013	1,639	372,684	187,671	372,685	0

Appendix 2 – Adult Social Care Individually Commissioned (“Spot”) Care Service User Numbers

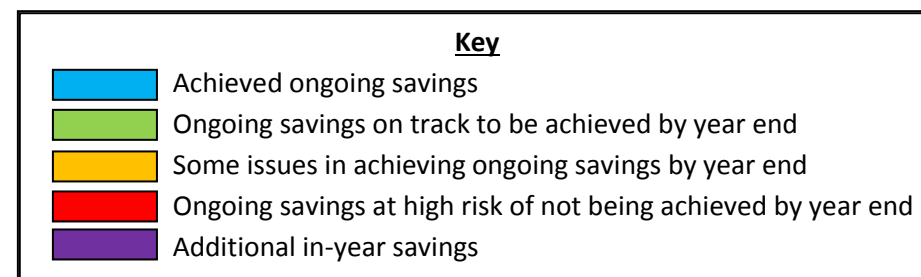
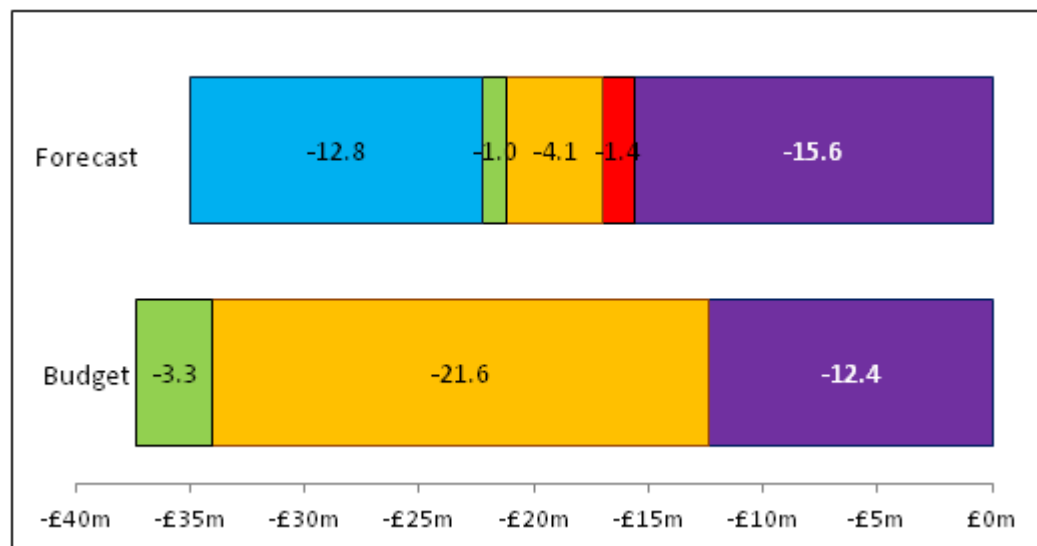
Service User Type	Start of Year	May	June	July	August	September	YTD actual change	YTD % Change	Straightline Forecast	Straightline % Change
Older People (all services users aged 65+)										
Nursing and Residential care	2,045	2,077	2,063	2,087	2,102	2,139	94	4.6%	188	9.2%
Home care and Direct Payments	4,468	4,512	4,538	4,522	4,511	4,535	67	1.5%	134	3.0%
Other community care services	787	758	787	810	806	818	31	3.9%	62	7.9%
Total Older People	7,300	7,347	7,388	7,419	7,419	7,492	192	2.6%	384	5.3%
Physical & Sensory Disabilities (26-64)										
Nursing and Residential care	148	145	144	147	149	155	7	4.7%	14	9.5%
Supported Living, Home care and Direct Payments	1,496	1,497	1,499	1,526	1,521	1,524	28	1.9%	56	3.7%
Other community care services	313	318	325	329	338	357	44	14.1%	88	28.1%
Total Physical & Sensory Disabilities	1,957	1,960	1,968	2,002	2,008	2,036	79	4.0%	158	8.1%
Learning Disabilities (26-64)										
Nursing and Residential care	817	812	812	806	805	806	-11	-1.3%	-22	-2.7%
Supported Living, Home care and Direct Payments	1,259	1,281	1,277	1,281	1,288	1,277	18	1.4%	36	2.9%
Other community care services	631	609	614	633	630	651	20	3.2%	40	6.3%
Total Learning Disabilities	2,707	2,702	2,703	2,720	2,723	2,734	27	1.0%	54	2.0%
Mental Health & Substance Misuse (26-64)										
Nursing and Residential care	45	53	51	53	53	52	7	15.6%	14	31.1%
Supported Living, Home care and Direct Payments	279	302	292	309	308	311	32	11.5%	64	22.9%
Other community care services	48	55	57	58	60	60	12	25.0%	24	50.0%
Substance misuse services	5	10	7	9	5	4	-1	-20.0%	-2	-40.0%
Total Mental Health & Substance Misuse	377	420	407	429	426	427	50	13.3%	100	26.5%
Transition (all service users aged 18-25)										
Nursing and Residential care	82	90	90	90	100	83	1	1.2%	2	2.4%
Supported Living, Home care and Direct Payments	579	610	610	610	621	618	39	6.7%	78	13.5%
Other community care services	190	242	242	242	251	272	82	43.2%	164	86.3%
Total Transition	851	942	942	942	972	973	122	14.3%	244	28.7%
Grand Total "Spot" Service Users	13,192	13,371	13,408	13,512	13,548	13,662	470	3.6%	940	7.1%

2015/16 Adult Social Care "Spot" Service User Numbers - all client groups and care types



Appendix 3 – Summary of Adult Social Care Savings Plans

Graph 1: 2015/16 Progress on Efficiencies



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The Directorate has already achieved or is progressing to achieve savings of £13.8m this year. £15.6m of savings have been identified as in year additional savings and are highly likely to be achieved. There are considered to be some issues with £4.1m of savings forecast to be achieved by year end. There is a high degree of risk associated with £1.4m of savings which relate to 4 efficiencies:

1. **£(0.7)m Family, Friends and Community support (FFC) stretched target** which assumes the achievement of 20% savings for FFC re-assessments and new packages. Good progress is being made in delivering FFC savings, but costs are not yet reducing by the full targeted 20% so this remains challenging to achieve.
2. **£(0.4)m Whole Systems Demand Management** which assumes that the increase in the number of commissioned care packages is within budgeted levels in the remainder of the year. This will be very challenging to deliver given the demand pressures incurred to date.
3. **£0.1m Improved sourcing of residential care** which assumes costs for PLD residential packages are commissioned at 20% less in the remainder of the year than the average cost of packages in 2014/15. So far 7 out of 9 packages have been commissioned at higher costs than last year. Savings for the remainder of the year are forecast to reduce the current pressure to £0.1m.
4. **£(0.3)m Optimisation of block contracts** which assumes a lower uplift for Directorate's biggest block contract than was budgeted. This is still subject to negotiations with the provider.

Description of Efficiency	Strategic Owner	2015/16 Latest Target	Achieved to Date	Forecast Remainder of Year	RAG Remainder of Year	Final Total Forecast Savings	(Over) / Under Target	% of Target Forecast	Mgt Action required to achieve savings	Savings Achieved or On Track without MA
		£000	£000	£000		£000	£000		£000	£000
Family, Friends & Community Support - Core	Shelley Head	(6,000)	(3,201)	(1,710)	A	(4,911)	1,089	82%	(1,710)	(3,201)
Family, Friends and Community Support - Stretched	Shelley Head	(4,000)	0	(736)	R	(736)	3,264	18%	(736)	(0)
FFC Direct Payment reclaims	Shelley Head	(4,000)	(3,439)	(2,061)	P	(5,500)	(1,500)	138%	(2,061)	(3,439)
FFF Subtotal		(14,000)	(6,640)	(4,507)		(11,147)	2,853	80%	(4,507)	(6,640)
Section 256 client group savings	Area Directors	(2,000)	(1,887)	(304)	G	(2,191)	(191)	110%	(304)	(1,887)
Optimisation of Transition pathways	Liz Uliasz	(750)	(269)	(481)	A	(750)	0	100%	(750)	0
Better Value Care	Jo Poynter	(500)	(706)	0	N/A	(706)	(206)	141%	0	(706)
PLD Strategic shift from residential to community based provision	Jo Poynter	(1,500)	(150)	(750)	A	(900)	600	60%	(750)	(150)
Optimisation of spot care rates	David Sargeant	(927)	0	(239)	A	(239)	688	26%	0	(239)
Learning Disabilities Public Value Review	Jo Poynter	(2,000)	(1,817)	(183)	A	(2,000)	0	100%	(183)	(1,817)
Other commissioning strategies	Jean Boddy	(900)	(900)	0	N/A	(900)	0	100%	0	(900)
Optimisation of main block contract rates	Jean Boddy	(419)	(449)	(324)	R	(772)	(353)	184%	(324)	(448)
Optimisation of other block contract rates	Area Directors	(247)	(247)	0	N/A	(247)	0	100%	0	(247)
Strategic supplier review Rebates	Jo Poynter	(1,000)	(246)	(754)	P	(1,000)	0	100%	(754)	(246)
Whole Systems Demand Management - New Demand	Area Directors	(797)	0	(399)	R	(399)	398	50%	(399)	0
Whole Systems Demand Management - Shift in Older People care pathway	Area Directors	(441)	0	(15)	A	(15)	426	3%	(225)	210
Sub Total Page 1		(25,481)	(13,310)	(7,956)		(21,266)	4,215		(8,196)	(13,070)

Description of Efficiency	Strategic Owner	2015/16 Latest Target £000	Achieved to Date £000	Forecast Remainder of Year £000	RAG Remainder of Year	Final Total Forecast Savings £000	(Over) / Under Target £000	% of Target Forecast	Mgt Action required to achieve savings £000	Savings Achieved or On Track without MA £000
Commissioning for Older people with Disabilities	Shelley Head	(150)	0	(75)	A	(75)	75	50%	(75)	0
Ensure correct application of National CHC framework.	Sonya Sellar	(1,735)	(2,658)	(744)	G	(3,402)	(1,667)	196%	(745)	(2,657)
Public Sector Transformation Network / Health Collaboration	Dave Sargeant	(1,000)	0	0	N/A	0	1,000	0%	0	0
Commissioning approach to Fee exception avoidance	Area Directors	(125)	0	(134)	A	(134)	(9)	107%	(63)	(71)
Maximising potential of LATC	Jo Poynter	(300)	(300)	0	N/A	(300)	0	100%	0	(300)
ASC Realignment	Dave Sargeant	(200)	(200)	0	N/A	(200)	0	100%	0	(200)
Regulation Service Improvements	Philippa Alisiroglu	(200)	0	(100)	A	(100)	100	50%	(100)	0
Improved sourcing of residential care	Jo Poynter	(250)	187	(125)	R	62	312	-25%	(125)	187
Overprojection due to breaks / one-off reductions in care services	Area Directors	(2,000)	(1,235)	(1,364)	P	(2,599)	(599)	130%	(1,634)	(965)
Underusage of call offs	Area Directors	(1,000)	(101)	(516)	P	(617)	383	62%	(516)	(101)
Strategic review of Service Delivery	Philippa Alisiroglu	(500)	0	(461)	A	(461)	39	92%	(100)	(361)
General Service Delivery efficiencies	Philippa Alisiroglu	(400)	0	(462)	P	(462)	(62)	116%	0	(462)
Staff Turnover	Area Directors, Phillipa Alisiroglu,	(4,000)	(2,736)	(2,736)	P	(5,471)	(1,471)	137%	(500)	(4,971)
Sub Total Page 2		(11,860)	(7,043)	(6,717)		(13,759)	(1,899)		(3,858)	(9,901)
Grand Total ASC		(37,341)	(20,353)	(14,672)		(35,025)	2,316	94%	(12,054)	(22,971)

Total Continuing Savings	(24,941)	(12,596)	(6,780)	(19,376)	5,565	78%	(6,589)	(12,787)
Total Additional In-Year Savings	(12,400)	(7,757)	(7,893)	(15,649)	(3,249)	126%	(5,465)	(10,184)
Grand Total ASC	(37,341)	(20,353)	(14,672)	(35,025)	2,316	94%	(12,054)	(22,971)

Appendix 4 – Family, Friends and Community Support Programme

The most significant element of the Directorate's savings plans is Family, Friends and Community Support (FFC). The FFC savings target for 2015/16 is £14m. There are three main core elements to the FFC savings programme:

1. The continuing programme of re-assessments of existing community care packages to ensure FFC is fully incorporated into individuals' support plans.
2. Maximising FFC as part of all assessments for new community care packages so that these packages can be commissioned more cost effectively than prior to the start of the programme.
3. Direct Payment surpluses – locality teams will continue to review surpluses identified through the reconciliation of individuals' DP accounts and ensure where appropriate excess funds are reclaimed. Where relevant these individuals overall care packages will then be re-assessed to ensure the correct DP amount is in place to meet individuals' eligible needs.

Full implementation of the FFC programme commenced in 2014/15. Embedding the new FFC culture in ASC's workforce is progressing well and a thorough review of last year's performance has been undertaken to ensure lessons are learnt and performance maximised in the current year. This review has resulted in two main outcomes:

- (i) A new approach is now being taken to new community care packages that need to be commissioned as a result of hospital discharges. There is increasing pressure on ASC to facilitate discharges to alleviate growing pressures in the health system. Costs for hospital discharges increased considerably in 2014/15 in the context of these pressures and growing levels of need. The aim for this year therefore is to separate hospital packages from other community packages. Instead of focusing primarily on the cost of packages at the point of discharge, locality teams will aim to conduct reviews after 6 and 12 weeks to identify any elements of packages that may have been required to meet individuals short term needs following discharge, but may not be required on an ongoing basis. This will ensure individuals are receiving the appropriate amount of support to maximise their independence at best value. It is hoped that this action will enable costs across the year to be reduced back to 2013/14 levels, but overall savings are not expected for this group.
- (ii) FFC savings have been split into "core" and "stretched" elements. Core savings are projected at levels that are considered achievable based on current performance and last year's trends. At present savings of 15% is considered achievable (although still challenging) for reassessments and 10% for new community care packages excluding hospital packages. Stretched savings represent the remaining element of the original 20% FFC savings target. Although these may still be achievable in the longer term when the continued work to develop more community assets is complete, they are much higher risk in the short term.

Year to date and projected performance for the whole of 2015/16 against the various elements of the FFC savings programme is set out below:

Total	Latest Target	Achieved to date £'000	Total Latest Forecast £'000	Current Year Variance	Full Year Target	Full Year Effect £'000	Full Year Variance*
FFC DP Surplus	-4,000	-3,439	-5,500	-1,500			
Reassessments	-4,279	-2,898	-4,189	89	-4,279	-8,011	-3,733
New Packages (excl. Transition/Hospital Discharges)	-1,721	-444	-863	859	-1,721	-2,387	-666
New Packages - Hospital		141	141	141			
Total excluding Stretched Target	-10,000	-6,640	-10,411	-411	-6,000	-10,399	-4,399
Stretched Target	-4,000		-736	3,264	-4,000	-3,035	965
Revised Total	-14,000	-6,640	-11,147	2,853	10,000	-13,434	-3,434

* The full year variance shows the amount of additional savings / pressures that will impact on the 2016/17 budget. An overachievement against the full year target in 2015/16 is likely to be required in order to achieve the full amount of planned FFC savings in 2016/17.

Appendix 5 – Adult Social Care Capital Programme

	Revised Full Year Budget	YTD Actual	Committed	YTD & Committed	Remaining Forecast	Full Year Forecast	Full Year Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Significant Schemes							
Major Adaptations	800	148	55	203	567	800	0
D&B developments - wellbeing centres	110	55	0	55	0	55	-55
In-house capital improvement schemes	339	10	3	12	161	174	-165
User led organisational hubs	153	106	0	106	47	153	0
ASC Case Mgmt & Finance system			97	97	-97	0	0
Total	1,402	318	155	473	709	1,182	-220

Funding no longer required for Wellbeing Centre in Reigate

Under spend within the In-House capital improvement scheme is due to the current OP re-modelling strategy.

Cabinet have agreed the budget for the ASC Case Management & Finance System, but this is waiting to be profiled subject to confirmation of when future contract payments will need to be made.