

Social Care Services Board
26 October 2016

Adult Social Care Directorate September 2016 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 2016/17 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 2016.
- sets out in appendices fuller details showing the impact on the Directorate's key policy areas, latest performance against Medium Term Financial Plan (MTFP) savings targets, a summary of demand changes experienced to date and the capital budget position.

Highlights:

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

- A overspend of £20.9m was projected for ASC in 2016/17 as at the end of September 2016. This equates to a 5.7% variance against the total ASC budget of £368.5m.
- £34.3m of savings are forecast to be achieved this year. Whilst this is very similar to the £35.3m of savings achieved in 2015/16 and therefore demonstrates the service's continued progress in delivering savings in very challenging circumstances, it is significantly less than the target of £55.3m set for 2016/17. A 55% increase to the savings delivered last financial year was required to achieve this year's target, and mounting demand and market pressures mean it is not possible to deliver increased savings. Currently an underachievement of £21m is therefore projected against the 2016/17 savings target, which is the main reason for the substantial overspend forecast for the ASC budget as a whole.
- Demand for new care packages continues to increase at a faster rate than planned. Up to the end of September 2016, additional demand pressures of £0.6m had been incurred for the year to date on top of underachievement against demand management savings plans. Latest demand trends¹ indicate that the number of individually commissioned care services may increase by more than 7% in 2016/17, considerably above the 4% budgeted incorporating demand management savings plans.

¹ User number volumes are not yet available for the end of September 2016 due to work ongoing to update reporting processes linked to the implementation of the new ASC case management system. Therefore, the end of July volumes have been used in this report.

Overview of current forecast:

3. Summary of Adult Social Care Monitoring Position*

	Sep 2016 Forecast
	£m
ASC MTFP Savings Target	(55.3)
Total savings achieved or in progress not requiring management action	(24.7)
Total savings forecast that require management action to be delivered in the remainder of the year	(9.6)
Total forecast savings in 2016/17**	(34.3)
Forecast (over) / under achievement against MTFP savings target	21.0
Additional demand pressures***	0.6
Other budget pressures	1.5
Projected overspend prior to use of DoLS²	23.1
Deprivation of Liberty Safeguards (DoLS) underspend	(2.2)
Projected overspend at year end	20.9

* All numbers have been rounded, which may cause a casting difference

** A summary of performance against savings plans is included in Appendix 2

*** A summary of demand trends for April – July 2016 is outlined in Appendix 3

4. Explanation of Key Budget Variances

The main reasons for the forecast overspend of £20.9m are as follows:

	£m
Forecast underachievement relating to the FFC programme due to continued challenges in reducing the cost of new packages of care in the context of growing market pricing pressures and (as in previous years) the 20% stretch target not being fully achieved. This position includes Direct Payment reclaims being £2m lower than budgeted.	10.2
An inability to deliver budgeted demand management and Older People shift in the care pathway savings in light of continued demand growth across the whole health and social care system in Surrey. As set out in Appendix 3, demand growth is expected to be above 7% this year, considerably in excess of the 4% budgeted.	5.9
Forecast shortfall for other savings budgeted through integration with health beyond demand management savings plans. Considerable work is continuing on integration, but the shifting focus with the development of Sustainability and Transformation Plans is changing the nature and timing of some savings.	0.9
Underachievement against the targets set for the Contracts & Grants review. A lower level of savings have been implemented following completion of impact assessments for all contracts and grants. These assessments indicated if reductions were made at the level originally budgeted, this may impinge on delivery of statutory duties, could leave some people at risk and potentially lead to higher costs in the medium term. £2.9m of savings have been identified, which still represents a significant contribution, but is some way short of the £5.8m target.	2.9

² DoLS stands for Deprivation of Liberty Safeguards

Forecast shortfall against budgeted staff turnover savings due to increased salary costs following implementation of the pay & reward proposals.	0.6
Total (surplus) / deficit against other savings plans	0.5
Total forecast shortfall against the MTFP savings target	21.0
Additional year to date demand pressures on top of underachievement against demand management savings plans	0.6
Other budget pressures, mainly increased contractual costs	1.7
Underspend against the budget set for conducting Deprivation of Liberty Safeguard (DoLS) assessments in recognition of the fact that due mainly to capacity issues annual expenditure to carry out assessments will be lower than budgeted. Work still continues to ensure all assessments are carried out as quickly as possible.	(2.2)
Total projected overspend	7.4

Conclusions:

As at the end September 2016 an overspend of £20.9m was projected for Adult Social Care for 2016/17, equivalent to 5.7% of ASC's total net budget. It is important that this projected overspend is 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 improve the position in the remainder of the year, in light of the continued demand and market pressures these measures are more likely to help prevent the overspend increasing further rather than reduce it.

The overspend forecast in 2016/17 will have a material impact on next year's budget and forward budget planning for ASC and the council as a whole. It is evident that adult social care across the country requires a new funding model to be sustainable. The Kings Fund published a report this month that estimates the national social care funding gap will rise to between £2.8bn and £3.5bn by 2019/20 without funding reform. The council is actively making the case to government for additional social care funding and this year's forecast outturn position is a stark indication of the scale of financial pressure if the government does not provide local authorities a means for additional funding.

Recommendations:

It is recommended that the Committee notes the current position.

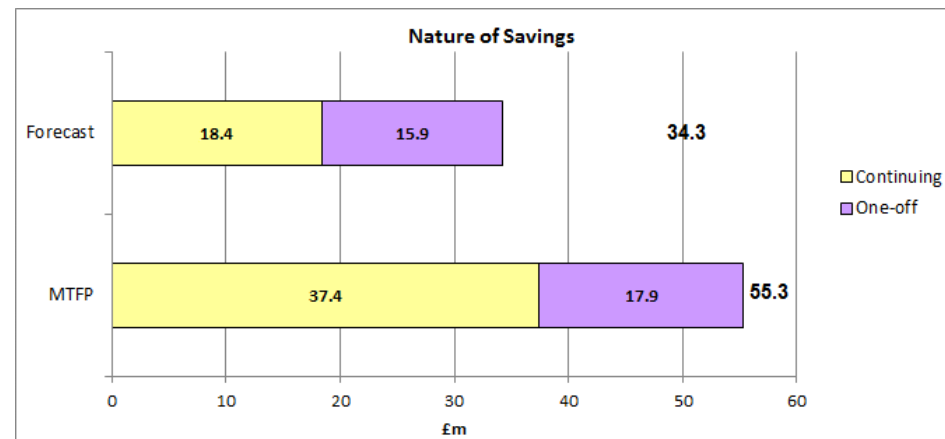
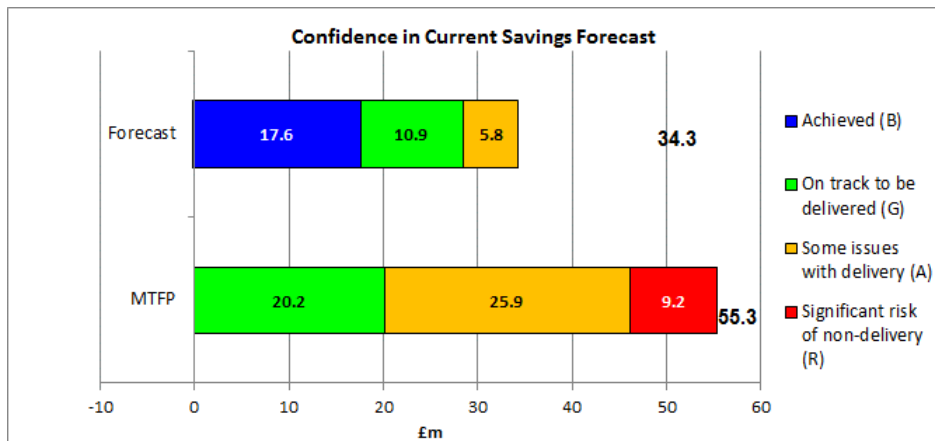
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Appendix 1- Adult Social Care Budget by Key Policy Area

	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	-290	-755	-465	-580	214	-542	39	-860	899
Other Bodies Grants		-95	-95			-95	-95	-95	
Fees & Charges	-23,667	-23,696	-29	-47,204	-23,522	-47,217	-14	-24	11
Joint Working Income	-6,918	-6,625	292	-13,835	-6,894	-13,519	316	-1,284	1,601
Joint Funded Care Package Income	-1,167	-1,399	-232	-2,329	-1,777	-3,176	-847	-949	101
Reimbursements & recovery of costs	-2,664	-1,130	1,534	-5,328	-1,750	-2,880	2,448	2,475	-27
Income	-34,706	-33,702	1,005	-69,276	-33,728	-67,430	1,846	-738	2,585
<u>Expenditure</u>									
Older People (all care 65+)	89,611	96,783	7,173	178,948	89,647	186,430	7,482	1,235	6,247
Physical Disabilities (26-64)	19,506	21,187	1,682	38,961	21,356	42,543	3,583	2,957	626
Learning Disabilities (26-64)	56,575	62,080	5,505	112,917	56,520	118,600	5,684	4,058	1,625
Transition (18-25)	15,571	14,825	-746	30,305	17,607	32,432	2,127	1,833	293
Mental Health (18-64)	4,947	5,426	479	9,875	4,872	10,298	423	506	-83
Housing Related Support	4,054	4,756	703	7,939	4,764	9,520	1,581	-43	1,625
Carers	3,839	3,819	-20	7,678	3,776	7,595	-83	-678	595
Assessment & Care Management / Management & Support	25,551	25,019	-532	51,103	24,380	49,399	-1,704	-1,769	65
Expenditure	219,654	233,896	14,243	437,726	222,922	456,819	19,093	8,100	10,993
Net Position	184,948	200,195	15,247	368,450	189,194	389,389	20,939	7,362	13,577

Appendix 2 – Summary of Adult Social Care Savings Plans



Page 29

Adult Social Care's savings target of £55.3m for 2016/17 represents a huge challenge. It requires an increase of 55% to the £35.6m of savings delivered in 2015/16. The Directorate is currently forecasting to achieve £34.3m of savings against the £55.3m target. Whilst the service is therefore continuing to deliver savings at a similar level to previous years in spite of mounting pressures, the additional savings budgeted for 2016/17 are not being achieved. There is currently an underachievement of £21m (38%) forecast against the 2016/17 MTFP target. The main reasons for this underachievement are set out in the main body of the report above..

The Directorate has achieved £17.6m of savings for the year to date and a further £10.9m are on track to be delivered this year. There are some issues with the delivery of £5.8m of savings forecast. In terms of the nature of the savings, currently a £2m shortfall is projected for one-off savings, but a £19m underachievement is forecast for continuing savings plans.

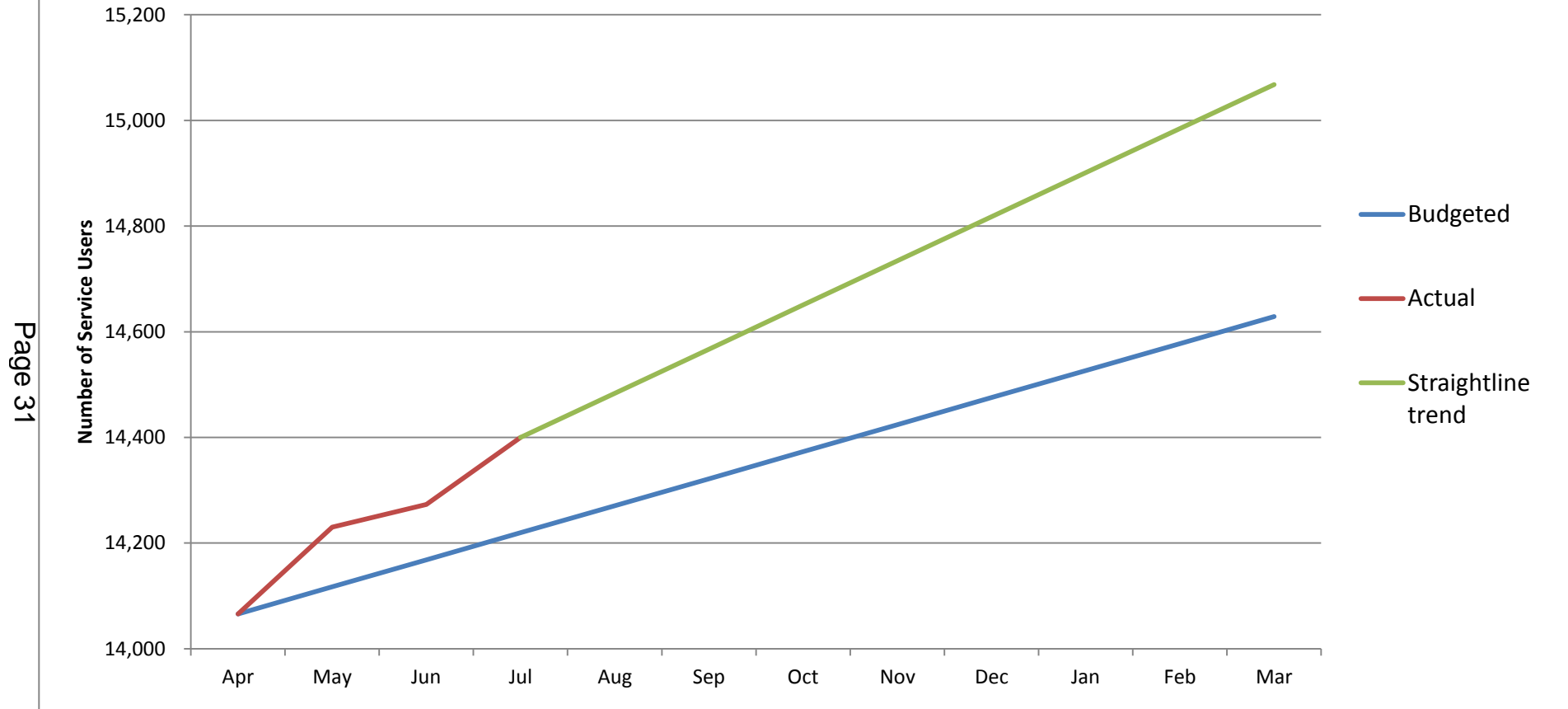
Appendix 3 – Adult Social Care Individually Commissioned (“Spot”) Care Service User Numbers

<u>Month on Month Volume changes</u>				
Service User Type	Start of Year	May	June	July
Older People (all services users aged 65+)				
Nursing	1,338	1,380	1,383	1,405
Residential	786	806	805	815
Home Care	3,700	3,680	3,701	3,737
Direct Payment	701	699	692	677
Other community care services	881	890	895	883
Total Older People	7,406	7,455	7,476	7,517
Physical & Sensory Disabilities (26-64)				
Nursing	61	58	55	61
Residential	97	98	100	98
Supported Living, Home care	588	603	626	637
Direct Payments	836	826	825	825
Other community care services	394	406	414	433
Total Physical & Sensory Disabilities	1,976	1,991	2,020	2,054
Learning Disabilities (26-64)				
Nursing	17	18	17	15
Residential	773	773	773	775
Supported Living, Home care	805	824	827	843
Direct Payments	533	523	514	517
Other community care services	680	684	696	707
Total Learning Disabilities	2,808	2,822	2,827	2,857
Mental Health & Substance Misuse (26-64)				
Nursing	5	6	6	6
Residential	45	46	45	47
Supported Living, Home care	160	174	172	176
Direct Payments	137	137	135	137
Other community care services	60	81	75	74
Substance misuse services	16	16	16	18
Total Mental Health & Substance Misuse	423	460	449	458
Transition (all service users aged 18-25) *				
Nursing	0	0	0	0
Residential	98	101	102	100
Supported Living, Home care	241	251	252	254
Direct Payments	395	399	400	399
Other community care services	269	292	296	297
Total Transition	1,003	1,043	1,050	1,050
Carers				
Supported Living, Home care ,Direct Payment	429	434	422	426
Other community care services	21	25	29	38
Total Carers services	450	459	451	464
Grand Total "Spot" Service Users	14,066	14,230	14,273	14,400

* Transition volumes include those packages anticipated to start in the remainder of the year

Month to Month % change	1.2%	0.3%	0.9%
Straightline forecast %	7.0%	5.9%	7.1%

2016/17 Adult Social Care "Spot" Service User Numbers - all client groups and care types



Appendix 4 – Adult Social Care Capital Programme

2016/17 Monitoring	Revised Full Year Budget £000s	YTD Actual £000s	Committed £000s	YTD & Committed £000s	Remaining Forecast £000s	Full Year Forecast £000s	Full year variance £000s
Major Adaptations	800	131	55	185	515	700	-100
In-house capital improvement schemes	250	3	1	3	103	106	-144
User led organisational hubs	100	0	0	0	0	0	-100
ASC Case Management & Finance System	613	365	44	409	204	613	0
East Surrey Integrated Care unit	866	866	0	866	0	866	0
Total Adult Social Care	2,629	1,365	99	1,464	821	2,285	-344

Page 32

No Capital expenditure is expected to be incurred for the Hub project in this financial year therefore an underspend is reported.

Due to the OP homes closure programme, our In-House capital improvement scheme is projecting a -£144k underspend.

An underspend of -£100k is forecast for the Major Adaptations programme due to delays in approvals.