
Summary Sheet

Council Report

Overview and Scrutiny Management Board Meeting – 21 April 2016

Title

Adult Services Budget Monitoring Report for the period ending 31 January 2016.

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

Graeme Betts, Strategic Director of Adult Social Care and Housing

Report Author(s)

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Ward(s) Affected

All

Executive Summary

This budget monitoring report presents the forecast outturn position for Adult Services to the end of March 2016 based on actual income and expenditure to the end of January 2016.

The forecast is an overall overspend of £0.051m against a net revenue budget of £69.782m. The main budget pressures are due to the increase in demand for services mainly in respect of direct payments and residential care placements. These pressures are being reduced by non-recurrent grant funding plus a number of actions including reviews of high cost placements and efficiency savings targets to ensure tight financial management.

Recommendations

That the Overview and Scrutiny Management Board notes the latest financial forecast against budget for 2015/16 and the actions taken to mitigate the budget pressures facing Adult Services.

List of Appendices Included

None

Background Papers

Revenue Budget and Council Tax Setting Report (2015/16) to Cabinet 4th March 2015

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Title: Adult Services Budget Monitoring Report for the period ending 31 January 2016

1. Recommendations

- 1.1 That the Overview and Scrutiny Management Board notes the latest financial forecast against budget for 2015/16 and the actions taken to mitigate the budget pressures facing Adult Services.

2. Background

- 2.1 The report provides details of progress on the delivery of the Adult Services revenue budget for 2015/16. This budget report is based upon actual income, expenditure and known commitments as at the end January 2016, forecast to the end of the financial year to give a projected outturn position, compared to budget. The current forecast is an overall overspend of £0.051m against a net revenue budget of £69.782m.
- 2.2 Over the last 5 years Adult Services have had net budget savings of £19.1m and no additional funding for demographic pressures over the last two financial years. The use of non-recurrent grant funding has enabled Adult Services to maintain spending within budget over the last few years which includes Better Care Funding and Winter Pressures. However, increasing demand for services due to an ageing population together with new duties under the Care Act is placing additional pressure on existing budgets, in particular Direct Payments and Residential Care. The implementation of the National Living Wage from April 2016 will introduce additional financial pressures for independent care providers and therefore impact on contract negotiations with the Council. The Adult Services development programme will review and reshape existing services to achieve better outcomes for service users over the next few years.

3. Key Issues

- 3.1 The table below summarises the forecast outturn against approved budgets as at the end of January 2016:

Division of Service	Net Budget	Forecast Outturn	Variation	Variation
	£000	£000	£000	%
Adults General	1,986	1,778	-208	-10.5
Learning Disabilities	22,096	21,367	-729	-3.3
Mental Health	4,549	4,922	373	+8.2
Older People	28,251	28,363	112	+0.4
Physical & Sensory Disabilities	4,993	5,910	917	+18.4
Safeguarding	813	786	-27	-3.3
Supporting People	5,706	5,523	-183	-3.2
Adults Commissioning & Performance	1,388	1,184	-204	-14.7
Total Adult Services	69,782	69,833	51	+0.07

3.2 Adults General, Management & Training (-£208k)

This area includes the cross cutting budgets (Workforce planning and training, and corporate charges) is forecast to underspend due to vacancies within contract reviewing officers and planned delay of new qualifications training until 2016/17.

3.3 Learning Disabilities (-£729k)

There is an overall underspend on Supported Living Schemes due to re-negotiations of contracts including a revised hourly rate plus staff turnover higher than budgeted (-£487k). Staff turnover within Day Care provision and Assessment and Care Management Teams has resulted in an overall underspend (-£242k).

3.4 Mental Health (+£373k)

The forecast overspend is due to high cost residential care placements during the year (+£263k) plus an increase in Direct Payments (+19 clients) in order to prevent further admissions to more expensive residential care (+£196k). This is being reduced slightly by non-recurrent Supporting People funding to support independent day care provision (-£70k).

3.5 Older People (+£112k)

There is a forecast overall overspend of £112k within Older People's Services. The main budget pressure relates to Direct Payments. There has been a significant increase in clients transferring to a Direct Payment as a result of the new Domiciliary Care Framework Agreement, resulting in a forecast overspend of £839k, this is after securing additional non recurrent Better Care Funding of £900k. In total there has been an additional 160 clients receiving a Direct Payment since April 2015, an increase of 43%. Reviews of high cost and low value care packages are being undertaken and savings of £112k have been realised to date.

As a result of the increase in direct payments there has been a reduction in clients receiving Domiciliary Care (-87), however, the average cost of care packages is increasing together with a shortfall in income received from service users against the budget. This is being partly reduced by an underspend in Enabling Care due to vacancies and savings on non-pay budgets (including vehicle running costs, uniforms and mobile phone costs) resulting in an overall forecast over spend of £117k for Domiciliary Services.

During the year there has also been a net increase of 15 placements into residential care provided by independent sector. This is resulting in a forecast overspend of £461k after reflecting additional health income and non-recurrent grant funding.

The forecast overspends are being reduced by underspends within In House Residential and Extra care due to additional income from full cost paying clients (-£219k). There are also vacancies within Assessment & Care Management (-

£358k approx. 15 FTE posts) plus one- off Winter Pressures funding from health (-£100k) and the balance of Care Act funding (-£400k) used to mitigate the overall Adult Services overspend.

Also there are further forecast underspends within in-house day care due to reduced client numbers and lower running costs in terms of staffing and transport costs as services are reviewed (-£143k), a reduction in running costs for Rothercare (-£42k) plus impact of the moratorium on non-essential spend (-£43k).

3.6 Physical & Sensory Disabilities (+£917k)

Services for Physical and Sensory Disabilities is forecasting an overall £917k overspend for 2015/16. The main budget pressure continues to be on Direct Payments due to the increase in demand (an additional 22 clients since April 2015). This is a recurrent budget pressure due to no new investments for demographic growth over the last few years. The latest forecast is an overspend of £663k after including additional health funding.

There has also been a significant increase in residential care placements in 2015/16, an additional 12 clients have been placed since April and as therefore increased the forecast overspend to £312k. Contract efficiency savings in respect of day care and information and advice is resulting in a forecast saving of £38k and reviews of Domiciliary Care packages are resulting in a slight underspend of £20k.

3.7 Safeguarding (-£27k)

There is an overall underspend within the Safeguarding budgets due to additional Police and Crime Commissioning funding for Domestic Violence plus staff vacancies which is offsetting pressures on the demand for Deprivation of Liberty Safeguards (DoLs) assessments.

3.8 Supporting People (-£183k)

The forecast underspends within Supporting People budgets relate to efficiency savings on contracts re-tendered during the year.

3.9 Adults Commissioning and Performance (-£204k)

Higher than anticipated staff turnover is resulting in an overall underspend within these budgets.

3.10 Actions plans to mitigate budget pressures

Adults Departmental Management Team has implemented a number of initiatives in order to reduce the budget pressures which includes:

- A review of all residential care placements within Learning Disabilities to achieve cost comparability when benchmarked with our neighbouring authorities

- Establish a Direct Payments Task Group to review high cost packages and offer more appropriate and cost effective alternatives.
- Establish one Care Placement Panel for all client groups where new care packages are reviewed and agreed.
- Review Continuing Health Care (CHC) contributions to ensure appropriate health funding of care packages.
- A moratorium on non-essential spend across all budgets.
- Set budget managers a 3% budget efficiency savings target to assist in reducing the forecast overspend. This has identified savings of £756k.
- Identify additional funding – additional non-recurrent Better Care funding secured in year (£900k).
- Adults Development and Change Programme will start to deliver new and more cost effective services. Adult Services monthly Performance meeting monitors and challenges both finance and care activity with senior managers.

4. Options considered and recommended proposal

- 4.1 Adult Services Management Team will continue to monitor spend against budget on a monthly basis and identify additional savings in order to achieve a balanced budget by the end of the financial year.

5. Consultation

- 5.1 All budget managers, holders and operators within Adult Services including Adult Services Directorate Leadership Team (DLT).

6. Timetable and Accountability for Implementing this Decision

- 6.1 In accordance with the corporate timetable all budgets are monitored on a monthly basis. Budget holders are required to submit their financial forecasts on the Collaborative Planning budget monitoring tool and ensure that spending is contained within the approved budget allocation.

7. Financial and Procurement Implications

- 7.1 Financial details are contained in section 3 of the report.

8. Legal Implications

- 8.1 No direct implications.

9. Human Resources Implications

- 9.1 No direct implications.

10. Implications for Children and Young People and Vulnerable Adults

10.1 No direct implications.

11 Equalities and Human Rights Implications

11.1 No direct implications.

12. Implications for Partners and Other Directorates

12.1 Partners are made aware of the budget pressures facing Adult social Services in negotiations for contracts and services.

13. Risks and Mitigation

13.1 Adult Social Services faces an increase in demand for services with an ageing population (forecasts show a 47% increase in over 85's in the next 10 years). This increase in demographic pressures including transitions from Children's services will put additional pressure on existing budgets. Early forecasts for 2016/17 anticipate additional demand of £700k plus transitional placements from Children's Services of £1m. Also, any future reductions in continuing health care funding would have a significant impact on residential and domiciliary care budgets across Adult Social Care. Latest information suggests that there has been 48 previously funded CHC cases which have become all or part RMBC responsibility over the last twelve months, these are currently being reviewed.

13.2 The additional costs to meet the Governments national living wage increases from April 2016 will put further demands on Adult Services budgets from independent service providers. Investment bids were put forward for consideration as part of the Councils budget setting process for 2016/17. Work is ongoing with care providers to fully understand the financial impact.

14. Accountable Officer(s)

Graeme Betts, Interim Strategic Director of Adult Services and Housing

Approvals Obtained from:-

Interim Strategic Director of Finance and Corporate Services:-

Named officer :

Interim Director of Legal Services:- not applicable.

Head of Procurement (if appropriate):- not applicable

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