

Summary Sheet

Council Report

Overview and Scrutiny Management Board Meeting – 13th January 2017

Title

Budget Pressures in relation to Older Peoples Services.

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

No

Strategic Director Approving Submission of the Report

AnneMarie Lubanski, Strategic Director of Adult Care and Housing

Report Author(s)

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Ward(s) Affected

All

Executive Summary

This report highlights the budget pressures and actions being taken in relation to Older Peoples Services, as part of the overall Adult Care budget.

There is a forecast overspend after management actions of £2.950m against a net revenue budget of £29.358m for Older People Services. The main budget pressures are due to the increase in demand for services mainly in respect of direct payments, domiciliary and residential care. These pressures are being partly reduced by forecast underspends within assessment and care management, day care services and transport.

Recommendations

That the Overview and Scrutiny Management Board notes the latest financial forecast against budget for 2016/17 and demographic pressures facing Older Peoples Services and the actions taken to mitigate the budget pressures.

List of Appendices Included

None

Background Papers

Revenue Budget Setting Report (2016/17) to Cabinet 23rd February 2016

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Title

Budget Pressures in relation to Older Peoples Services

1. Recommendations

- 1.1 That the Overview and Scrutiny Management Board notes the latest financial forecast against budget for 2016/17 and demographic pressures facing Older Peoples Services and the actions taken to mitigate the budget pressures.

2. Background

- 2.1 The report provides details of progress on the delivery of the Adult Services revenue budget for 2016/17 in particularly Older Peoples Services. This budget report is based upon actual income, expenditure and known commitments as at the end November 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 £2.950m against a net revenue budget of £29.358m. This forecast assumes delivery of management actions totalling £365k which are included in paragraph 3.10 of the report. At this stage it is not anticipated that the forecast overspend will reduce without further actions being identified.
- 2.2 Adult Care faces an increase in demand for services with an ageing population (forecasts show a 35% increase in over 75's in the next 10 years). 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, Domiciliary and Residential Care. The implementation of the National Living Wage from April 2016 has introduced 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 for Older Peoples Services against approved budgets as at the end of November 2016:

Service Area	Net Budget	Forecast Outturn 2016/17	Forecast Variation BEFORE Management Actions	Forecast Variation AFTER Management Actions
	£000	£000	£000	£000
Residential & Nursing Care	13,479	14,088	609	609
Enabling Care	2,299	2,271	-28	-28
Domiciliary Care	3,934	5,112	1,178	1,178
Direct Payments/Managed Accounts	2,307	4,114	1,807	1,504
Day Care/Transport	1,456	1,418	-38	-73
Community Alarms/Equipment	546	515	-31	-31
Assessment & Care Management	5,196	5,034	-162	-162
Carers/Advice/Information	141	94	-47	-47
Total Older People Services	29,358	32,646	3,288	2,950

3.2 Main variations from budget:

The table above highlights the main variations from budget are in respect of residential care, domiciliary care and direct payments/managed accounts.

3.3 Residential and Nursing Care

There are pressures on the residential and nursing care budgets as a result of an increase in the average cost of placements and lower than forecast 'Continuing Health Care' income contributions against the approved budget. There are currently 916 placements within the independent sector plus 120 placements in the two in-house residential care establishments including intermediate care provision.

3.4 Domiciliary Care

There is also a forecast budget pressure of £1.178m in respect of the provision of Domiciliary Care due to an increase in the number of customers (+97), a 7% increase in the number of commissioned and delivered hours plus a recurrent income pressure on fees and charges due to the majority of customers who do not contribute towards the cost of their service after being financially assessed.

3.5 Direct Payments/Managed Accounts

The main budget pressure relates to Direct Payments/Managed Accounts (+£1.504m). This forecast pressure includes the full year impact in 2016/17 of the 46% increase in customers receiving a Direct Payment in 2015/16. The increase in customer base is due to a mixture of demographic pressures and clients moving from a domiciliary care contract. In total this has seen 168 new clients in 2015/16, plus a further net increase of 14 new customers since April 2016 (+3%).

3.6 These forecast overspends are being partly reduced by savings within Assessment and Care Management due to non-recurrent income from health and delays in recruitment to posts as part of the restructure (-£162k). There is also higher than anticipated staff turnover within in house transport services and Rothercare plus savings on non-essential spend (-£151k).

3.7 Management Actions to mitigate budget pressures

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

- Establish a dedicated team to review the rewarding of Continuing Health Care funding (CHC) to ensure appropriate health funding of care packages. A Strategic Board and Operational group comprising officers from Children's and Adult Services and Health has now been established to challenge CHC funded packages. There has been recent success in obtaining CHC funding for a number of care packages including a backdated claim.
- A focussed review of individually commissioned managed accounts with a view to putting forward alternative more cost effective options for customers. No new managed accounts are being agreed unless they meet the self-directed support criteria. All new requests for home care, outside of formal direct payments, will be processed through the domiciliary care framework agreement. This framework has been adapted and is being closely managed to maximise capacity within the existing providers, who in most instances offer better value for money than the significant number of spot purchased provision on managed accounts.
- Adults Development and Change Programme will start to deliver new and more cost effective services. Adult Services weekly budget meetings and monthly Performance meeting monitors and challenges both finance and care activity with senior managers.
- Investment approved and recruitment commenced to establish a Brokerage Team and additional support to carry out the reviews (including Direct

Payments) will enable in year savings in relation to negotiating lower new care packages and provide consistency in the cost of externally provided services.

- A Practice Challenge Group is now in operation and meets bi-weekly and chaired by Heads of Service to challenge all care packages in order to ensure best value and maximise customer outcomes in terms of maximising independence, choice and control.
- A review of potential areas of spend which can be either stopped or delayed into the following financial year, in order to achieve in year savings, including non-mandatory training and non-essential expenditure.
- As part of the corporate initiative to reduce costs is that all new requisitions for expenditure will require an M3 Manager to authorise.
- Reviewing fees and charges as part of the annual budget setting including benchmarking with nearest neighbours to ensure comparability. Day Care and Transport charges increased from January 2017.
- Review provision of transport to and from day centres to ensure provision is made appropriately in line with care needs.
- Review recruitment to vacant posts and use of agency staff only where essential and subject to Corporate approval following set processes.

General Information re. local pressures:

- Since Monday, 2nd of January 2017 the hospital has been experienced unprecedented demand for services. Social care have been responding to these demands which has necessitated occurring additional costs which cannot as of writing this report be quantified as we are still responding to the current demands. This is a national issue and is widely reported through the media, but Rotherham Hospital appears this week to be facing the most demands in this current week in the region. There will be additional social work hours to cover weekends, along with management cover and this is expected to be in situation until at least Wednesday 11th of January 2017. These will be reported verbally at the next OSMB.

This will have additional demands on the market and this will have therefore an additional demand on care placements and domiciliary care packages. It is clear from the triaging that people are being admitted and remaining longer due to being more poorly and needing more time to recover.

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 work towards achieving 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 Care in relation to commercial negotiations for contracts and services. This may have impacts on health partners particularly the Rotherham Foundation Trust in terms of hospital activity.

13. Risks and Mitigation

- 13.1 Adult Care faces an increase in demand for services with an ageing population (forecasts show a 35% increase in over 75's in the next 10 years). This increase in demographic pressures including transitions from Children's services will put additional pressure on existing Adult Care budgets. Also, any future reductions in continuing health care funding would have a significant impact on residential and domiciliary care budgets across Adult Care.
- 13.2 The additional costs to meet the Governments national living wage increases from April 2016 (from £7.20 per hour to £7.50 per hour) will put further

demands on Adult Services budgets from independent service providers, particularly care homes and domiciliary care. Work continues with care providers to fully understand the financial impact and to consider implications for the 2017/18 budget.

14. Accountable Officer(s)

AnneMarie Lubanski, Strategic Director of Adult Services and Housing

Approvals Obtained from:-

Interim Strategic Director of Finance and Corporate Services:-

Interim Director of Legal Services:- not applicable.

Head of Procurement (if appropriate):- not applicable

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