
Summary Sheet

Council Report

Overview and Scrutiny Management Board Meeting – 17th February 2017

Title

Budget Pressures in relation to Physical and Sensory Disability 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)

Mark Scarrott, Finance Manager - Adult Care and Housing, Finance and Customer Services Directorate, mark.scarrott@rotherham.gov.uk

Ward(s) Affected

All

Executive Summary

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

There is a forecast overspend after management actions of £1.341m against a net revenue budget of £4.997m for Physical and Sensory Disability 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 day care services and equipment and adaptations.

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 Physical and Sensory Disability 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 Physical and Sensory Disability 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 Physical and Sensory Disability Services. This budget report is based upon actual income, expenditure and known commitments as at the end December 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 £1.341m against a net revenue budget of £4.997m. This forecast assumes delivery of management actions totalling £238k 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 Increasing demand for services together with new duties under the Care Act is placing additional pressure on existing budgets, in particular Direct Payments, Domiciliary and Residential Care within this client group. 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.
- 2.3 Rotherham has a high rate per 100,000 of 18-64 population of Physical Disability service users compared with neighbouring Authorities:

	No. per 100,000 population (18-64)
Rotherham	274.5
Barnsley	145.0
Doncaster	226.3
Sheffield	204.5
Yorkshire & Humber Region	217.7

Source : SALT Return 2015/16

3. Key Issues

3.1 The table below summarises the forecast outturn for Physical and Sensory Disability Services against approved budgets as at the end of December 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	1,273	1,792	+519	+519
Supported Living	98	98	0	0
Therapy, Support and Equipment	268	239	-29	-29
Domiciliary Care	978	1,024	+46	+46
Direct Payments/Managed Accounts	2,126	3,055	+1,167	+929
Day Care	188	74	-114	-114
Advice and Information	66	56	-10	-10
Total Physical and Sensory Disability Services	4,997	6,338	+1,579	+1,341

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 a significant increase in 2015/16 (+25%). In last financial year there were an additional 5 new service users plus loss of 'Continuing Health Care' income contributions for a further 7 service users.

This has therefore put additional pressures on the current budget in terms of the full year costs in 2016/17. There are currently 42 placements within independent sector for residential and nursing care. The average gross cost of a care package is currently £845 per week.

3.4 Domiciliary Care

There is also a forecast budget pressure of £46k in respect of the provision of Domiciliary Care due to an increase in the number of customers 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. There are currently 132 service users receiving Domiciliary Care services with an average care package of £216 per week.

3.5 Direct Payments/Managed Accounts

The main budget pressure relates to Direct Payments/Managed Accounts (+£0.929m). This forecast pressure includes the full year impact in 2016/17 of the 9% increase in customers receiving a Direct Payment/Managed Account in 2015/16. The increase in customer base is due to a mixture of demographic pressures and service users moving from a domiciliary care contract. In total this has seen 25 new service users in 2015/16, plus a further net increase of 12 new customers since April 2016 (+4%). The average cost of a Direct Payment/Managed account is currently £314 per week.

3.6 These forecast overspends are being partly reduced by savings within Day care services (-£114k) due to reduction in demand and increased take up of direct payments plus forecast underspend within equipment and adaptations (-£29k) due to funding expenditure from within capital budgets.

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 within Adult Social Care, 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.

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. 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 services.

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

This report is published on the Council's website or can be found at:-

<http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories=>