

Summary Sheet

Council Report

Overview and Scrutiny Management Board Meeting – 27th September 2017

Title

Adult Social Care – Budget Monitoring Update 2017/18.

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 the Adult Social Care budget.

There is a forecast overspend of £5.169m against a net revenue budget of £62.675m for Adult Social Services. The main budget pressures are due to the increase in demand for services mainly in respect of direct payments, domiciliary and residential care plus anticipated shortfall in delivering the 2017/18 budget savings within the current financial year.

These pressures are being partly reduced by the allocation of improved Better Care Funding.

Recommendations

The Overview and Scrutiny Management Board notes the latest financial forecast against budget for 2017/18 and the progress being made to mitigate the budget pressures.

List of Appendices Included

None

Background Papers

Budget and Council Tax 2017/18 - Cabinet 13th February 2017

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 The Overview and Scrutiny Management Board notes the latest financial forecast against budget for 2017/18 and progress being made 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 2017/18. This budget report is based upon actual income, expenditure and known commitments as at the end July 2017, 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 £5.169m against a net revenue budget of £62.675m. This forecast takes into account an allocation of £4m from the new improved Better Care Funding (iBCF) and assumes an anticipated shortfall in the delivery of budget savings of £4.1m in 2017/18. 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 25% increase in over 65's by 2030). 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. There has been an overall reduction of £6.2m in the net revenue budget for 2017/18, this is in addition to the recurrent budget pressures facing Adult Services (net overspend in 2016/17 was £3.866m). The Adult Services Improvement Programme will review and reshape existing services to achieve better outcomes for customers over the next few years.

3. Key Issues

- 3.1 Currently within Adult Care there are pressures relating to the assessment capacity and this has been addressed in the interim by introducing a more flat structure into the teams whilst a realignment of the current pathways takes place. This is scheduled for late October 2017 and will include strengthening procedures to ensure that demand management is robust, to divert, signpost and provide a customer focussed service in place.
- 3.2 The main budget pressures continue to be in respect of Direct Payments and Managed Accounts and Residential and Domiciliary care across all client groups. There is also additional pressure from anticipated delays in achieving budgeted savings due to further consultation with clients, carers and partners.
- 3.3 The main pressure on the Directorate budget relates to residential and nursing care budgets across all client groups – where an overspend of £2.7m (after allocation of £3m from iBCF) is currently forecast. This forecast includes budget savings of £4.2m in respect of reducing high cost placements within

Learning Disability and Older People client groups by using strength based assessments, managed by practice challenge group and use of alternative service provision within the community by engaging voluntary and independent providers.

- 3.4 There continues to be a budget pressure in respect of Direct Payments and Managed Accounts (£0.770m, after allocation of £500k iBCF), this is however a reduction in the overspend compared to the outturn for 2016/17, reflecting additional one-off grant funding and an overall reduction in the number of clients by 6% (72 clients) in the first 4 months of 2017/18.
- 3.5 There is also a forecast budget pressure of £0.7m in respect of the provision of Domiciliary Care for Older People. In 2016/17 there was a 9% increase in the number of commissioned and delivered hours. This level has been maintained in the first 4 months of the current financial year, together with a recurrent income budget pressure in respect of income from fees and charges.
- 3.6 In addition to the above forecast overspends, there are further delays in achieving budget savings in respect of Learning Disabilities high cost placements (£0.4m), Care Enabling within Extra Care Housing (£0.4m) and the review of Rothercare and Assistive Technology provision (£0.3m).
- 3.7 Recovery Strategy

The demand for long stay residential placements is reducing, however budget pressures remain due to the increasing cost of care packages. There are also underlying budget pressures from unachieved budget savings carried forward from previous years, for example, Continuing Health Care funding and a reduction in the level of client contributions to services after financial assessment.

One of the main budget savings measures identified is the continued review of out of area and high cost care packages across all services to identify opportunities to reduce costs and rigorously pursue all Continuing Health Care funding applications with the Clinical Commissioning Group. Any change to an individual care package requires by law a reassessment of need and therefore a systems change will take time if sustainable change is to take place and therefore a planned approach will be required.

Budget meetings are held with senior managers to review in detail the budget forecasts, monitor demographic pressures, to identify further savings opportunities and to mitigate pressures. Options being considered towards the recovery of the current overspend include:-

- A detailed review of all expenditure within in-house provider services
- Review of Direct Payments including auditing of individual bank accounts with the aim of clawing back any accumulated surpluses.
- Further review of all budgets across the Directorate to determine any expenditure that can be either stopped, delayed or reduced to mitigate the impact of in year budget pressures
- Vacancy management which is not integral to the improvement plan

- Strengthening the process for Continuing Health Care (CHC) to enable income to be recovered more efficiently
- Target the new teams to where there can be cost avoidance and monitor the impact to develop better value personalised care.

Progress continues on the delivery of the Adult Services Improvement Programme to improve the current practice and processes and increase capacity to support frontline pressures and additional reports on a range of options for future service delivery, including consultation with service users and carers was considered by Cabinet in July.

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 25% increase in over 65's by 2030). 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 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 the financial implications for future year's budgets.

14. Accountable Officer(s)

AnneMarie Lubanski, Strategic Director of Adult Services and Housing

Approvals Obtained from:-

Strategic Director of Finance and Corporate Services:- Judith Badger

Director of Legal Services:- not applicable.

Head of Procurement (if appropriate):- not applicable

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