

North Somerset Council

REPORT TO THE ADULT SERVICES AND HOUSING POLICY AND SCRUTINY PANEL

DATE OF MEETING: 8 NOVEMBER 2018

SUBJECT OF REPORT: MONTH 5 ADULT CARE BUDGET MONITOR

TOWN OR PARISH: ALL

OFFICER/MEMBER PRESENTING: FINANCE BUSINESS PARTNER (PEOPLE AND COMMUNITIES)

KEY DECISION: NO

RECOMMENDATIONS

- i. That the Panel notes the current forecast spend against budget for adult services and the risks and opportunities associated with the medium term position.

1. SUMMARY OF REPORT

- 1.1 This report summarises and discusses the current forecast spend against budget for adult services, highlighting key variances, movements and contextual information. It also makes reference to the principles and processes associated with the setting of the 2019/20 budget.

2. POLICY

- 2.1 The Council's budget monitoring is an integral feature of its overall financial processes, ensuring that resources are planned, aligned and managed effectively to achieve successful delivery of its aims and objectives. The 2018/19 revenue and capital budgets have been set within the context of the council's medium term financial planning process, which support the adopted Corporate Plan 2015 to 2019.

3. DETAILS

Overall position

- 3.1 The overall projected year end position for the Adult Care Service, as at the end of month 5, is a £0.296m projected net under spend on a net budget of £66.280m.

3.2 A relatively stable and sustainable budget position appears to have been reached following successive years of budget growth, combined with a programme of savings designed to impact both on demand and on unit costs. The overall year forecast end position for the Adult Care Service is a £0.296m underspend. However, it is relatively early in the year and many diverse factors could lead to changes in the forecast (both adverse and favourable).

3.3 The main areas of variance are as follows and more detailed information on these is included at Appendix 1.

- Individual Care Packages (502)
- Assistive Equipment and Technology 35
- Information and Early Intervention 185
- Social Care Activities 183
- Commissioning (203)

Individual Care Packages

3.4 75% of the gross expenditure in Adult Care is on Individual Care Packages. Accurately predicting income and expenditure in this area, particularly at this stage in the year is difficult, and assumptions have to be made about future levels of demand, particularly in relation to transitions from children's to adults, short term placements, income, and savings still to have an impact on costs.

3.5 At this stage forecasting indicates that gross expenditure is c. £1.8m more than in 2017/18 (Appendix 2). This is broadly reflective of the inflationary increases applied to the various care provider contracts, which indicates that growth in demand is being managed and mitigated through various early intervention measures.

3.6 Early activity and unit cost data (see Appendix 3) indicates a stabilisation in activity and a profile of packages of care that is broadly similar to 2017/18. However, there appears to be a decrease in overall nursing care and home care and an increase in supported living, shared lives and direct payments. The increase in average unit costs (beyond inflation) is reflective of increases in the intensity and complexity of support.

3.7 It is worth noting that the overall forecast includes a £360k contribution from the Improved Better Care Fund reserve to support spend on residential / nursing block contracts to secure capacity.

Savings

3.8 A system is in place to monitor the achievement of savings that were written into the 2018/19 budget. Savings targets are often difficult to monitor, given that many relate to cost avoidance or mitigation of future cost increases rather than simple reductions in expenditure. That said, good progress is being made with many projects, including the capitalisation of aids and equipment, reducing spend on housing floating support, increasing income and re-commissioning of the Handyperson contract. Monitoring achievement in targets needs more work in relation to quantifying the benefits of early intervention at the Single Point of Access.

Medium Term Planning

- 3.9 One of the key principles of the 2018/19 budget setting process was to re-base the Adult Social Care budgets to reflect current and future demand. As a result, and despite the Council's overall financial position, a significant amount of growth was allocated to the budget for 2018/19. Planning for the 2019/20 has begun and the same principles will apply with growth allocations for provider inflation and demand growth. However, the service will be expected to identify robust plans to deliver savings as part of closing the Council's overall budget gap and this is in hand.
- 3.10 Whilst many past savings have been made through improved commissioning and demand management, material reductions have also been made to universal and preventative services, with the 50%+ cut to the housing floating support contract in 2018/19 worthy of note, together with previous year's significant cuts to supporting people contracts and funding for voluntary organisations.
- 3.11 The new Adult Social Care Vision for Maximising Independence and Wellbeing is the cornerstone of future demand management and efficiency savings and will direct our 2019/20 savings programme. The likely elements of the 2019/20 savings programme, which will be reported to the Executive in December, are as follows:
- Bringing forward additional alternative care accommodation solutions that are more cost effective and increase independence, such as Extra Care Housing, Supported Living and Shared Lives
 - Increasing the efficiency and effectiveness of existing arrangements through "whole home" reviews of shared supported living schemes, and recommissioning accommodation-based supporting people contracts
 - Undertaking timely reviews of care assessments and ensuring that the best use is made of assistive technology to release capacity, particularly in domiciliary care and supported living
 - Ensuring income from health partners represents an appropriate contribution in relation to the health aspects of care packages
- 3.12 The main risks associated with the budget going forward concern:
- Financial pressures facing the health economy and their potential impact on our income and expenditure;
 - Any consequential impact on statutory services of reductions made to early intervention and prevention services;
 - The stability of, and increasing costs in, the adult social care provider market;
 - The growing demand for services for the elderly and those with complex disabilities; and,
 - Changes or revisions to the Better Care Fund grant currently allocated to the council and included within the base budget.

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Appendix 1

Adult Care - Explanation of key variances outside Individual Care Packages

- Overall variance for assistive technology and equipment is not significant at £38k over budget, however, it is worth noting this is a potential risk area as in quarter 1 demand and costs rose compared to 2017/18. The projected outturn also includes assumption of £300k of being capitalised in line with revenue and capital budgets for 18/19.
- Information and early intervention costs overall are forecasted to have a net adverse variance of £185k. The main contributing factors for this is Community meals service, the net cost of the service is forecast at £66k, which is in effect the subsidy to the service. However, the service makes a significant contribution to the welfare of vulnerable adults and reduces the needs for home care visits. There is a further pressure of £125k of unbudgeted costs for access your care service, which helps prevent costs in care in the community.
- Social Care Activities overall has a projected adverse variance of £183k and this is mainly attributed to direct cost of employees, which includes the cost of all the locality teams, SPA, and teams for learning disabilities and mental health teams. Note that these staffing costs pressures are contained overall as there is a similar favourable variance in commissioning and service delivery.
- Commissioning and Service Delivery shows a favourable variance of £203k overall and this is largely due to anticipated favourable variance of £160k for supporting people contracts and further cost savings mentioned above for employee costs, such as in contracting and finance teams. There are cost pressures in connection with ICT and Better Care Fund recharges for programme such as SPA/Health /Connecting Care costs.

Appendix 2 – Adult Care - Analysis of Gross Expenditure on Individual Care Packages

Service Type	2017-18 Actual Gross Expenditure	2018-19 Gross Expenditure Budget	2018-19 Projected Gross Expenditure	Projection v Budget	Projection v Budget %	Change from 2017-18	Change from 2017-18 %
Residential	27,309	28,850	28,795	(56)	-0.2%	1,485	5.4%
Nursing	11,319	11,355	10,998	(357)	-3.1%	(322)	-2.8%
Short term - Residential	1,872	1,702	2,004	302	17.8%	132	7.0%
Short term - Nursing	971	836	1,230	393	47.0%	258	26.6%
Enablement - Residential	327	253	372	119	47.0%	45	13.9%
Enablement - Nursing	304	261	306	45	17.2%	2	0.7%
Shared lives	1,036	1,093	1,294	201	18.4%	258	24.9%
Supported Living	10,864	10,882	10,635	(247)	-2.3%	(229)	-2.1%
Home Care	5,900	5,679	5,292	(387)	-6.8%	(608)	-10.3%
Extra Care	1,278	1,327	1,297	(29)	-2.2%	20	1.6%
Reablement	419	511	387	(124)	-24.3%	(32)	-7.7%
Day Care	1,816	2,118	1,858	(260)	-12.3%	43	2.3%
Direct Payments	7,767	8,012	8,578	566	7.1%	811	10.4%
Direct Payment Carers	59	50	28	(22)	-44.5%	(32)	-53.6%
Other	326	317	326	9	2.8%	0	0.2%
TOTAL	71,567	73,246	73,400	154	0.2%	1,832	2.6%

Appendix 3 – Adult Care - Headline Unit Cost and Activity Data

ADULT SOCIAL CARE PACKAGES OF CARE COST & VOLUME SUMMARY															
Analysis of Gross Expenditure by Primary Support Reason (Based on Monthly Live Cases)															
	Budget for 2018/19			Period 5 2017/18			Period 5 2018/19			Current Variance @ P5 2018/19			Yearly Comparison @ P5		
	Volume	Unit Cost	Gross	Volume	Ave. Unit Cost	Commitment	Volume	Ave. Unit Cost	Commitment	Volume	Unit Cost	£ Outturn	Volume	Unit Cost	£ Outturn
Learning Disability	736	703.34	26,972,629	707	722.65	26,639,028	723	708.93	26,724,699	(13)	5.59	(247,930)	16	(13.72)	85,671
Physical Support	1,562	365.09	29,742,131	1,603	348.27	29,108,246	1,524	347.18	27,587,134	(38)	(17.92)	(2,154,997)	(79)	(1.09)	(1,521,112)
Mental Health	270	479.49	6,741,845	277	453.37	6,547,893	319	481.67	8,011,410	49	2.17	1,269,565	42	36.95	1,463,517
Memory & Cognition	374	456.25	8,904,583	347	436.96	7,905,808	366	523.01	9,980,754	(8)	66.77	1,076,171	19	82.46	2,074,946
C&V Activity PSR	2,942	471.74	72,361,188	2,934	458.89	70,200,975	2,932	472.96	72,303,997	(10)	1.22	(57,191)	(2)	19.82	2,103,022
Carers Support			738,393			807,157			815,580			77,187			8,423
Sensory Support			106,680			105,476			134,053			27,373			28,577
Substance Misuse			39,286			76,115			142,261			102,975			66,146
ADULTS CIC FORECAST			73,245,547			71,189,723			73,395,891			150,344			2,206,168
Analysis of Gross Expenditure by Service Provision Type (Based on Monthly Live Cases)															
	Budget for 2018/19			Period 5 2017/18			Period 5 2018/19			Current Variance @ P5 2018/19			Yearly Comparison @ P5		
	Volume	Unit Cost	Gross Expd	Volume	Ave. Unit Cost	Commitment	Volume	Ave. Unit Cost	Commitment	Volume	Ave. Unit Cost	Commitment	Volume	Ave. Unit Cost	Commitment
Day Care	284	£142.91	2,114,795	229	£180.27	2,152,445	226	£157.22	1,852,617	(58)	£14.31	(262,178)	(3)	(£23.05)	(299,828)
Direct Payment	336	£456.22	8,003,319	340	£443.13	7,855,580	336	£489.75	8,580,006	(0)	£33.53	576,687	(4)	£46.63	724,426
Enablement - Residential	11	£459.40	253,063	5	£918.50	239,453	14	£509.62	372,000	3	£50.22	118,937	9	(£408.88)	132,547
Enablement - Nursing	9	£884.21	261,202	11	£1,128.11	226,984	5	£564.67	306,000	(4)	(£319.54)	44,798	(6)	(£563.44)	79,016
Extra Care	132	£191.79	1,317,417	114	£217.88	1,295,048	121	£205.25	1,294,911	(11)	£13.46	(22,506)	7	(£12.63)	(137)
Homecare	676	£161.20	5,679,009	713	£161.58	6,006,985	685	£147.86	5,281,103	9	(£13.34)	(397,906)	(28)	(£13.72)	(725,882)
Nursing	335	£648.12	11,304,154	351	£607.89	11,125,023	281	£742.38	10,876,909	(54)	£94.26	(427,245)	(70)	£134.50	(248,114)
Reablement	-		510,915	68	£130.42	462,421	67	£110.48	385,938	67	£110.48	(125,769)	(1)	(£19.95)	(76,483)
Residential	735	£750.55	28,775,695	693	£752.45	27,188,397	722	£764.26	28,770,495	(13)	£13.70	(5,200)	29	£11.80	1,582,098
Shared Lives	47	£443.00	1,093,079	36	£459.64	862,756	43	£577.25	1,294,199	(4)	£134.24	201,120	7	£117.61	431,443
Short Term - Nursing	27	£601.79	836,174	9	£637.40	788,680	10	£2,289.04	1,193,508	(17)	£129.89	357,334	1	£1,651.64	404,828
Short Term - Residential	36	£710.04	1,329,978	34	£713.34	1,264,578	25	£1,121.69	1,462,124	(11)	£411.65	132,146	(9)	£408.35	197,546
Supported Living	315	£662.55	10,882,388	331	£621.88	10,732,623	397	£513.74	10,634,187	82	(£148.81)	(248,201)	66	(£108.14)	(98,436)
C&V Activity Type	2,942	£471.74	72,361,188	2,934	£458.89	70,200,975	2,932	£472.96	72,303,997	(10)	£1.22	(57,191)	(2)	£14.07	2,103,022
Carers Support			738,393			807,157			815,580			77,187			8,423
Sensory Support			106,680			105,476			134,053			27,373			28,577
Substance Misuse			39,286			76,115			142,261			102,975			66,146
ADULTS CIC FORECAST			73,245,547			71,189,723			73,395,891			150,344			2,206,168

Appendix 4 – Detailed expenditure and income variances

PEOPLE & COMMUNITIES - ADULT CARE AND HOUSING		REVISED BUDGET				FINAL OUT-TURN				PROJECTED VARIANCE			
		Expenditure £	Income £	Reserves £	Net £	Expenditure £	Income £	Reserves £	Net £	Expenditure £	Income £	Reserves £	Net £
Physical Support	Hayley	29,742,131	(9,477,365)	0	20,264,766	27,587,134	(9,179,572)	0	18,407,562	(2,154,997)	297,793	0	(1,857,204)
Sensory Support	Verrico	106,680	(40,440)	0	66,240	134,053	(44,988)	0	89,065	27,373	(4,548)	0	22,825
Memory & Cognition		8,904,583	(3,827,969)	(169,000)	4,907,614	9,980,755	(4,028,235)	(360,000)	5,592,520	1,076,172	(200,266)	(191,000)	684,906
Learning Disability		26,972,627	(3,086,849)	0	23,885,778	26,724,697	(2,871,408)	0	23,853,289	(247,930)	215,441	0	(32,489)
Mental Health		6,741,847	(1,623,350)	0	5,118,497	8,011,411	(2,188,487)	0	5,822,924	1,269,564	(565,137)	0	704,427
Social Support: Substance Abuse		39,285	(4,088)	0	35,197	142,261	(13,735)	0	128,526	102,976	(9,647)	0	93,329
Social Support: Support for Carer		738,393	(249,916)	0	488,477	815,580	(251,852)	0	563,728	77,187	(1,936)	0	75,251
MTFP Remaining savings assumptio						(193,000)	0	0	(193,000)	(193,000)	0	0	(193,000)
Individual Care and Support Pack	Sub total	73,245,546	(18,309,977)	(169,000)	54,766,569	73,202,891	(18,578,276)	(360,000)	54,264,614	(42,655)	(268,299)	(191,000)	(501,955)
Assistive Equipment & Technology	Hayley	239,762	(55,122)	(31,500)	153,140	280,532	(57,571)	(31,500)	191,461	40,770	(2,449)	0	38,321
Information & Early Intervention	Verrico	1,816,276	(1,161,720)	0	654,556	2,020,285	(1,180,362)	0	839,923	204,009	(18,642)	0	185,367
Social Care Activities		7,841,602	(941,693)	0	6,899,909	8,217,847	(1,134,541)	0	7,083,305	376,245	(192,848)	0	183,396
Other Social Care	Sub total	9,897,640	(2,158,535)	(31,500)	7,707,605	10,518,663	(2,372,475)	(31,500)	8,114,689	621,023	(213,940)	0	407,084
Commissioning & Service Strategy	Gerald Hunt	11,054,957	(8,646,860)	(40,000)	2,368,097	11,017,807	(8,676,554)	(176,095)	2,165,158	(37,150)	(29,694)	(136,095)	(202,939)
Commissioning & Service Strateg	Sub total	11,054,957	(8,646,860)	(40,000)	2,368,097	11,017,807	(8,676,554)	(176,095)	2,165,158	(37,150)	(29,694)	(136,095)	(202,939)
Strategic Housing	Mark Hughes	2,562,951	(953,316)	(171,720)	1,437,915	2,606,464	(1,130,561)	(36,132)	1,439,770	43,513	(177,245)	135,588	1,855
ULT SOCIAL SERVICES AND HOUSING TOTAL		96,761,094	(30,068,688)	(412,220)	66,280,186	97,345,825	(30,757,866)	(603,727)	65,984,232	584,731	(689,178)	(191,507)	(295,954)