

# **North Somerset Council**

## **REPORT TO THE ADULT SERVICES AND HOUSING POLICY AND SCRUTINY PANEL**

**DATE OF MEETING: 27 JUNE 2019**

**SUBJECT OF REPORT: MONTH 12 ADULT CARE AND HOUSING 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 annual spend against budget for adult services and housing, and the risks and opportunities associated with the medium-term position.

### **1. SUMMARY OF REPORT**

- 1.1 This report summarises and discusses the spend against budget for adult services, highlighting key variances and contextual information. It also makes reference to the principles and processes associated with the setting of the 2019/20 budget. The budget monitoring information builds on the information presented at the Executive on 25 June.
- 1.2 In addition to the usual budget monitoring information, the report also includes additional analysis, which breaks down expenditure by primary support reason, care type and age, as well as activity and unit cost data. It is hoped that this will provide new members in particular with some background financial information in relation to the way in which adult care expenditure is broken down.

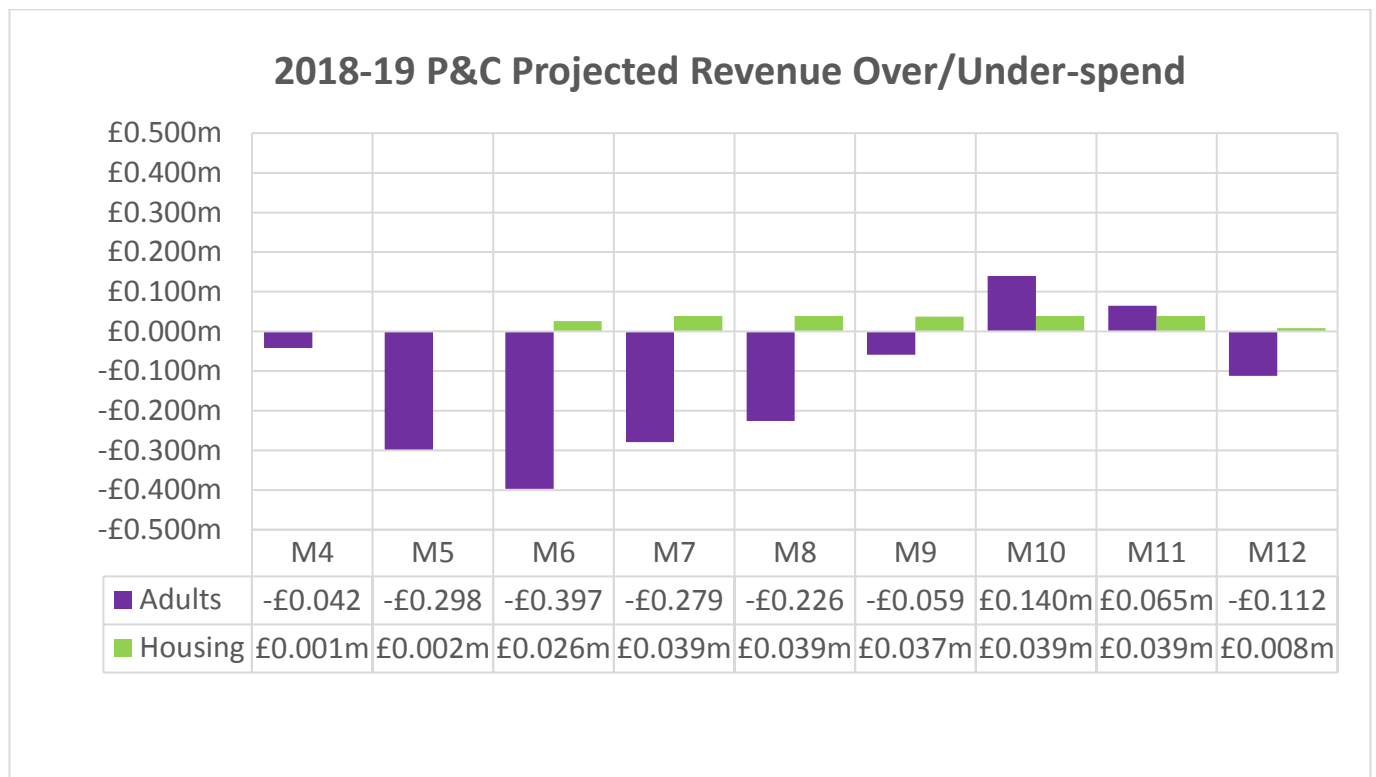
### **2. POLICY**

- 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 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 end position for the Adult Care and Housing Services is a £0.104m net under spend on a net budget of £67.090m. The variances that have been forecast during the year have been relatively stable and consistent as illustrated below and the position is summarised in the table at Appendix 1.



3.2 It is worth noting that over £1m of 2018/19 commitments rely on funding from one-off government grants and planned use of one-off resources such as grants and earmarked reserves and this is planned to increase in 2019/20. The government's Spending Review will determine whether this additional funding will be sustained from 2020 and this remains a key risk in the medium term.

3.3 The main areas of variance are as follows and more detailed information on these is included at Appendix 2.

	<b>£000s</b>
Individual Care Packages	50
Assistive Equipment and Technology	118
Information and Early Intervention	123
Social Care Activities	83
Commissioning	(486)
Strategic Housing Service	8

## 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 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 measures still to have an impact on costs. Given that gross expenditure in this area is in the region of £75m, even small percentage variations can have a significant monetary impact on the overall position.
- 3.5 The outturn position indicates that gross expenditure is around £2.2m more than in 2017/18. This is broadly reflective of the inflationary increases applied to the various care providers (£1.7m), expected levels of demand, including complex transition cases from Children Social Care and the increased contribution to s117 cases. In addition, the need to make an increased provision for bad debt has had an impact on the outturn position and further work is planned in this area.
- 3.6 General growth in demand continues to be managed and mitigated through various early intervention measures as far as possible; current activity and unit cost data indicates a stabilisation overall in activity and a profile of packages of care that is broadly similar to 2017/18 although there have been rises in residential and supported living placements and falls in nursing placements. The increase in average unit costs (beyond inflation) is reflective of increases in the intensity and complexity of support.
- 3.7 There are risks associated with increasingly complex and costlier packages of care for which we must make a provision for from transitions from childhood to adulthood, plus the cohort of s117 cases that are being reviewed. The full extent and impact of this continuing trend is yet to be fully realised and the Council is still in discussion with the CCG in relation to the mechanism by which joint funding is agreed. In addition, action is being taken to ensure that funding for Continuing Health Care (CHC) is being maximised. A breakdown of the placement types is shown in Appendix 4

## 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. The savings expected from reducing the costs of home care packages exceeding 30 hours a week have not yet materialised, but these savings were significantly over-achieved in 2017/18 meaning that the opportunity for further savings has reduced.

## 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. The same principles have been applied to the 2019/20 budget

setting process with growth allocations for provider inflation and demand growth as follows:

- 3.10 As mentioned above, it is worth reiterating that the use of significant one-off resources (new and carried forward grants) is required to supplement the core funding available; this represents around half of the budget growth in adult care. Should these funding stream not be sustained, significant pressure will be placed on the Council’s medium-term budget position from 2020/21.

<b>2019/20 Budget Growth Item</b>	<b>Growth within the MTFP £000</b>	<b>Funded from one-off grants / reserves £000</b>
Inflation for pay and pensions	293	0
Social care provider inflation, including National Living Wage; increasing demand, including transitions from children’s services	3,406	906
Mitigating demands pressures, relieving pressure on the NHS and supporting the provider market	2,113	2,113
Changes in income from the CCG	250	0
<b>TOTAL</b>	<b>6,062</b>	<b>3,019</b>

- 3.11 Activity and unit cost analysis has been undertaken, and in broad terms the inflation allocation will lead to an increase in costs of between 3% and 5% depending on the type of provision. The growth for demand pressures is designed to fund around a 1% increase in demand, which may manifest itself in higher activity and / or increased unit costs in relation to complexity.

- 3.12 The Adult Social Care Vision for Maximising Independence and Wellbeing is the cornerstone of future approach to service provision and funding and is directing our 2019/20 programme. The main elements of the 2019/20 programme, which are targeted to deliver savings, are as follows:

- Bringing forward additional alternative care accommodation solutions that are more cost effective and increase independence – 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

- 3.13 The main **risks** and concerns associated with the adult care budget going forwards are:

- The stability of, and increasing costs in, the adult social care provider market;

- Financial pressures facing the health economy and their impact on our income and expenditure;
- The growing demand for services for the elderly and those with complex disabilities, particularly those moving from childhood to adulthood;
- Any consequential impact on statutory services of the reductions made to early intervention and prevention services;
- The sustainability of grant funding; and
- Any changes resulting from the long awaited Green Paper

## **AUTHOR**

Katherine Sokol, Finance Business Partner (People and Communities)

[katherine.sokol@n-somerset.gov.uk](mailto:katherine.sokol@n-somerset.gov.uk)

01934 634613

## Appendix 1 – Analysis of Budgeted and Forecast Income and Expenditure

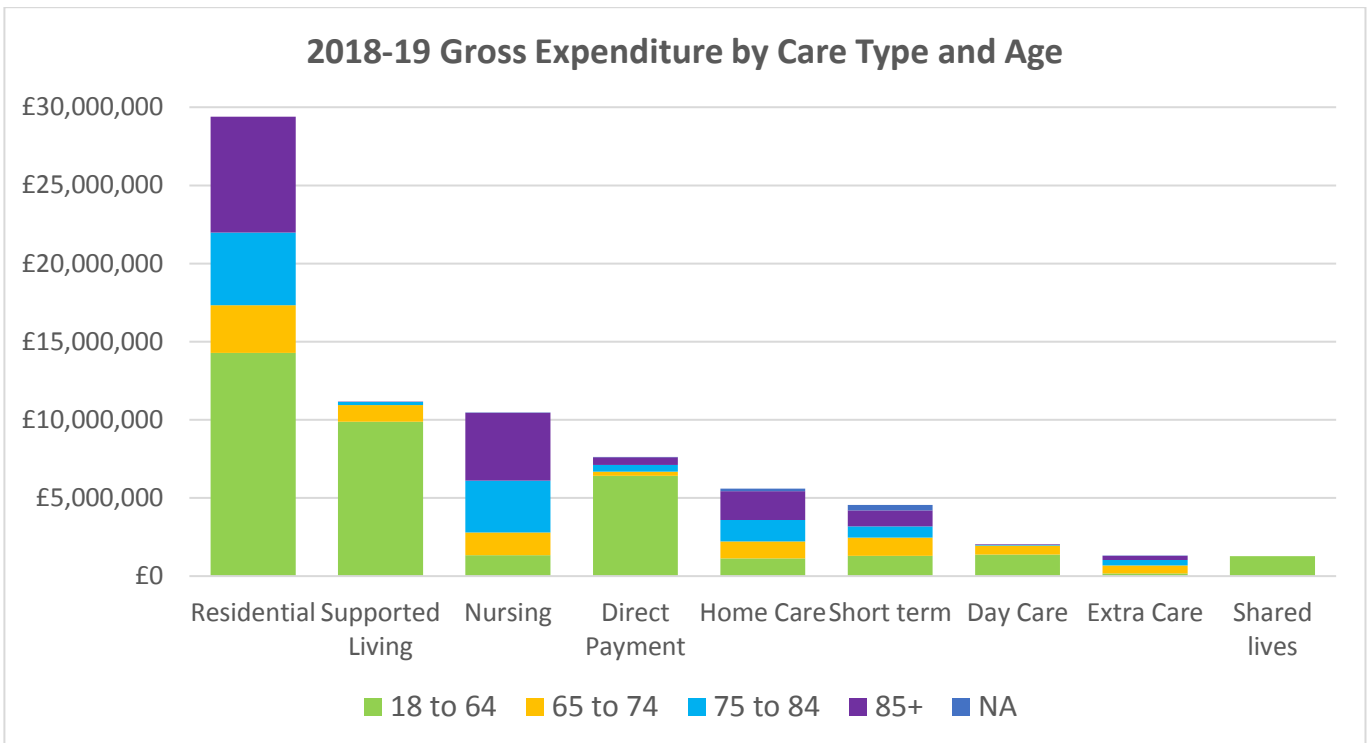
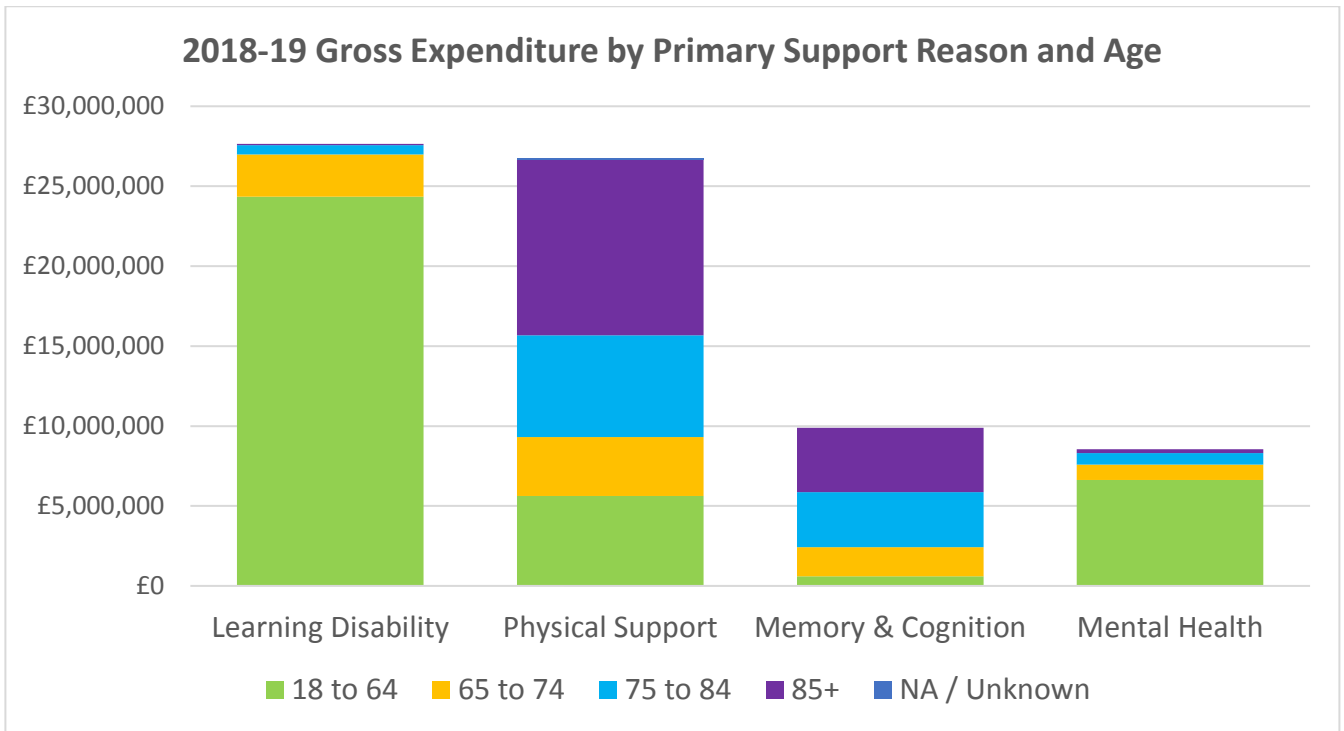
DEPARTMENTAL ANALYSIS OF THE PEOPLE AND COMMUNITIES DIRECTORATE												
BUDGET AS AT 31/03/2019 (PERIOD 12)												
FINANCIAL ANALYSIS BY SERVICE AREA	Revised Budget				Projected Out-turn				PROJECTED VARIANCE			
	Expenditure £	Income £	Reserves £	Net £	Expenditure £	Income £	Reserves £	Net £	Expenditure £	Income £	Reserves £	Net £
Physical Support	29,742,131	(9,477,365)	0	20,264,766	26,743,105	(9,274,391)	0	17,468,714	(2,999,026)	202,974	0	(2,796,052)
Sensory Support	106,680	(40,440)	0	66,240	126,226	(86,918)	0	39,308	19,546	(46,478)	0	(26,932)
Memory & Cognition	8,904,583	(3,827,969)	(169,000)	4,907,614	9,891,836	(5,055,623)	(360,000)	4,476,213	987,253	(1,227,654)	(191,000)	(431,401)
Learning Disability	26,972,627	(3,086,849)	0	23,885,778	27,655,950	(2,623,333)	0	25,032,617	683,323	463,516	0	1,146,839
Mental Health	6,741,847	(1,623,350)	0	5,118,497	8,558,412	(1,146,955)	(137,350)	7,274,107	1,816,565	476,395	(137,350)	2,155,610
Social Support: Substance Abuse	39,285	(4,088)	0	35,197	211,916	(28,080)	0	183,837	172,631	(23,992)	0	148,640
Social Support: Support for Carer	738,393	(249,916)	0	488,477	589,720	(247,880)	0	341,840	(148,673)	2,036	0	(146,637)
MTFP Remaining savings assumptions						0	0	0	0	0	0	0
	<b>73,245,546</b>	<b>(18,309,977)</b>	<b>(169,000)</b>	<b>54,766,569</b>	<b>73,777,166</b>	<b>(18,463,181)</b>	<b>(497,350)</b>	<b>54,816,635</b>	<b>531,620</b>	<b>(153,204)</b>	<b>(328,350)</b>	<b>50,066</b>
Assistive Equipment & Technology	239,762	(55,122)	(31,500)	153,140	361,470	(58,360)	(31,500)	271,610	121,708	(3,238)	0	118,470
Information & Early Intervention	1,816,276	(1,161,720)	0	654,556	1,924,312	(1,146,941)	0	777,372	108,036	14,779	0	122,816
Social Care Activities	7,841,602	(941,693)	0	6,899,909	8,125,170	(1,103,170)	(39,000)	6,982,999	283,568	(161,477)	(39,000)	83,090
	<b>9,897,640</b>	<b>(2,158,535)</b>	<b>(31,500)</b>	<b>7,707,605</b>	<b>10,410,952</b>	<b>(2,308,471)</b>	<b>(70,500)</b>	<b>8,031,981</b>	<b>513,312</b>	<b>(149,936)</b>	<b>(39,000)</b>	<b>324,376</b>
Commissioning & Service Strategy	12,788,552	(9,570,805)	(40,000)	3,177,747	11,420,379	(9,617,714)	888,681	2,691,347	(1,368,173)	(46,909)	928,681	(486,400)
	<b>12,788,552</b>	<b>(9,570,805)</b>	<b>(40,000)</b>	<b>3,177,747</b>	<b>11,420,379</b>	<b>(9,617,714)</b>	<b>888,681</b>	<b>2,691,347</b>	<b>(1,368,173)</b>	<b>(46,909)</b>	<b>928,681</b>	<b>(486,400)</b>
Housing Services	2,562,951	(953,316)	(171,720)	1,437,915	3,026,450	(1,730,102)	149,744	1,446,092	463,499	(776,786)	321,464	8,177
	<b>2,562,951</b>	<b>(953,316)</b>	<b>(171,720)</b>	<b>1,437,915</b>	<b>3,026,450</b>	<b>(1,730,102)</b>	<b>149,744</b>	<b>1,446,092</b>	<b>463,499</b>	<b>(776,786)</b>	<b>321,464</b>	<b>8,177</b>
<b>SOCIAL SERVICE &amp; HOUSING TOTAL</b>	<b>98,494,689</b>	<b>(30,992,633)</b>	<b>(412,220)</b>	<b>67,089,836</b>	<b>98,634,948</b>	<b>(32,119,468)</b>	<b>470,575</b>	<b>66,986,055</b>	<b>140,259</b>	<b>(1,126,835)</b>	<b>882,795</b>	<b>(103,781)</b>

## Appendix 2

### Adult Care - Explanation of key variances outside Individual Care Packages

- Overall variance for assistive technology and equipment was £113k over budget as more expenditure was made to maintain or reduce packages of care in the community. Overall expenditure also includes costs associated with maintenance and repairs of stairlifts. 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 £123k – this relates largely to £88k of unbudgeted costs for the Access your Care Response 24 service, which helps prevent costs in care in the community. Secondly, the Community Meals Service has a net adverse variance of £57k, which was attributable to the cost of meal deliveries being affected by higher transportation and staffing costs.
- Social Care Activities overall has a projected adverse variance of £83k 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 £486k overall, as previously reported this largely related to employee costs in the commissioning and contracting teams, which accounts for £110k. While there were cost pressures in connection with ICT and Better Care Fund recharges for programmes such as SPA/Health /Connecting Care costs, there were favourable variances in connection with corporate overheads for legal being £125k lower than budget and the cost of supporting people programme being lower by a further £137k.

## Appendix 3 – Breakdown of Spend on Individual Care Packages





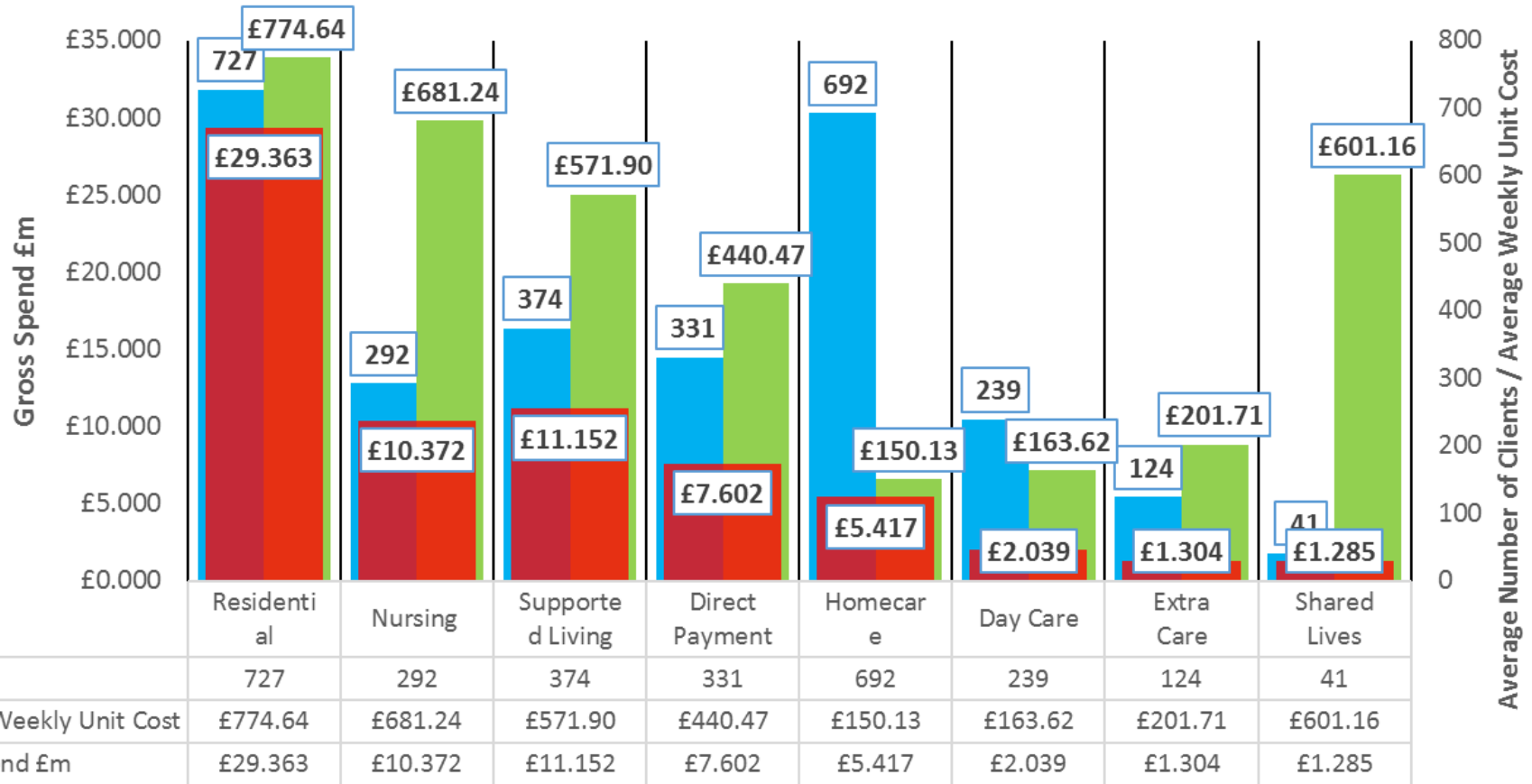
#### Appendix 4 – Adult Care - Analysis of Changes in Gross Expenditure on Individual Care Packages 2018/19

Service Type	2017-18 Actual Gross Expenditure	2018-19 Gross Expenditure Budget	2018-19 Actual Gross Expenditure	Projection v Budget	Projection v Budget %	Change from 2017- 18	Change from 2017- 18 %
<b>Residential</b>	<b>27,309</b>	<b>28,850</b>	<b>29,397</b>	<b>546</b>	<b>1.9%</b>	<b>2,087</b>	<b>7.6%</b>
<b>Nursing</b>	<b>11,319</b>	<b>11,355</b>	<b>10,463</b>	<b>(892)</b>	<b>-7.9%</b>	<b>(857)</b>	<b>-7.6%</b>
Short term - Residential	1,872	1,702	2,155	453	26.6%	282	15.1%
Short term - Nursing	971	836	1,448	611	73.1%	476	49.0%
Enablement - Residential	327	253	390	137	54.2%	64	19.5%
Enablement - Nursing	304	261	233	(28)	-10.9%	(71)	-23.4%
Shared lives	1,036	1,093	1,285	192	17.6%	249	24.1%
<b>Supported Living</b>	<b>10,864</b>	<b>10,882</b>	<b>11,153</b>	<b>271</b>	<b>2.5%</b>	<b>290</b>	<b>2.7%</b>
<b>Home Care</b>	<b>5,900</b>	<b>5,679</b>	<b>5,602</b>	<b>(77)</b>	<b>-1.4%</b>	<b>(299)</b>	<b>-5.1%</b>
Extra Care	1,278	1,327	1,307	(20)	-1.5%	29	2.3%
Reablement	419	511	328	(182)	-35.7%	(91)	-21.6%
Day Care	1,816	2,118	2,044	(74)	-3.5%	228	12.6%
<b>Direct Payments</b>	<b>7,767</b>	<b>8,012</b>	<b>7,600</b>	<b>(412)</b>	<b>-5.1%</b>	<b>(168)</b>	<b>-2.2%</b>
Direct Payment Carers	59	50	44	(5)	-10.6%	(15)	-25.3%
Other	326	317	329	12	3.9%	4	1.2%
<b>TOTAL</b>	<b>71,567</b>	<b>73,246</b>	<b>73,777</b>	<b>532</b>	<b>0.7%</b>	<b>2,210</b>	<b>3.1%</b>

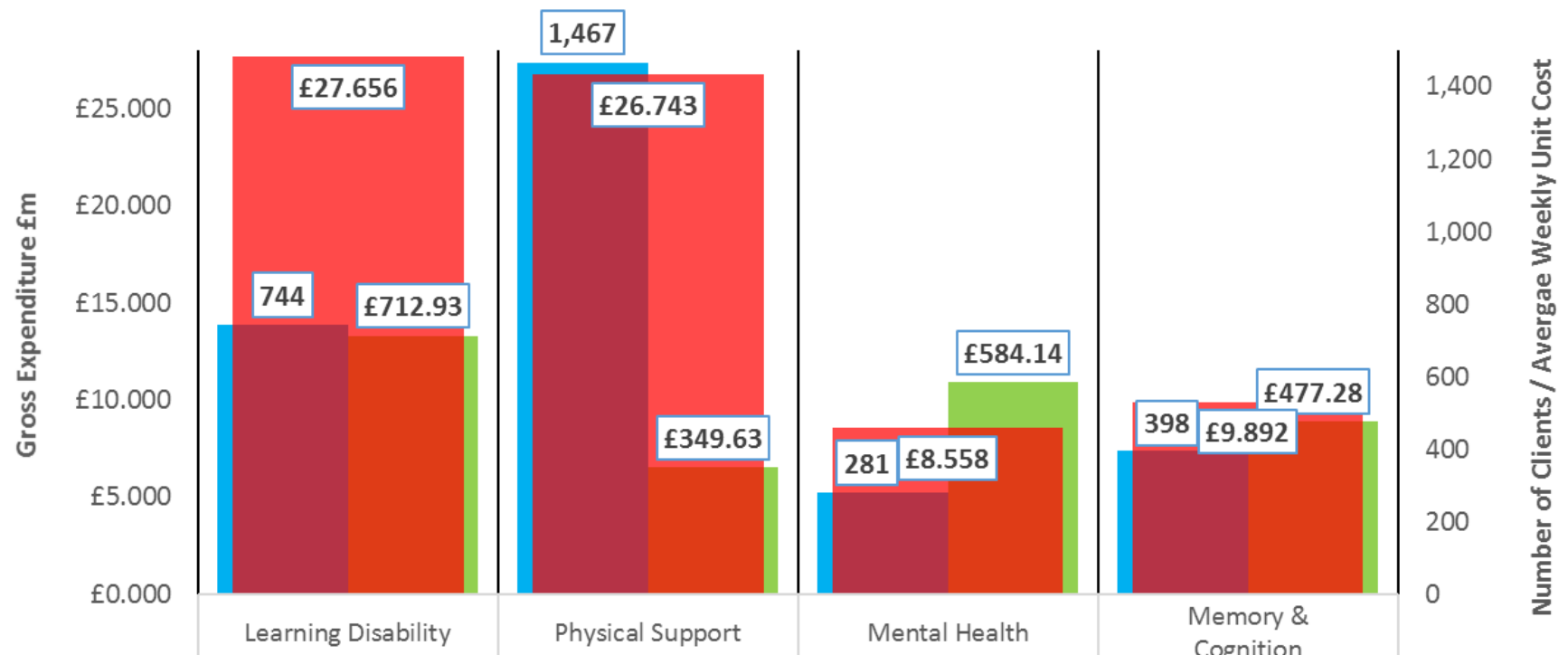
## Appendix 5 Summary Unit Cost and Activity Data and Graphs

Gross Expenditure on Individual Adult Social Care Packages 2018/9							
	By Care Type				By Primary Support Reason		
	Gross Spend £m	Clients	Average Weekly Unit Cost		Gross Spend £m	Clients	Average Weekly Unit Cost
Residential	£29.363	727	£774.64	Learning Disability	£27.656	744	£712.93
Nursing	£10.372	292	£681.24	Physical Support	£26.743	1,467	£349.63
Supported Living	£11.152	374	£571.90	Mental Health	£8.558	281	£584.14
Direct Payment	£7.602	331	£440.47	Memory & Cognition	£9.892	398	£477.28
Homecare	£5.417	692	£150.13				
Day Care	£2.039	239	£163.62				
Extra Care	£1.304	124	£201.71				
Shared Lives	£1.285	41	£601.16				
Short Term Care	£4.315	70	£1,190.81				
<b>TOTAL</b>	<b>£72.849</b>	<b>2,890</b>	<b>£483.54</b>	<b>TOTAL</b>	<b>£72.849</b>	<b>2,890</b>	<b>£483.54</b>

### 2018/19 Gross Spend (£ms) by Care Type, Client Numbers and Average Weekly Cost



### 2018/19 Gross Spend (£ms) by Primary Support Reason, Client Numbers and Average Weekly Cost



■ Clients	744	1,467	281	398
■ Average Weekly Unit Cost	£712.93	£349.63	£584.14	£477.28
■ Gross Spend £m	£27.656	£26.743	£8.558	£9.892

## Appendix 6 – 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)													
		Outturn for 2017/18			Budget for 2018/19			Outturn for 2018/19			Current Variance @ P12		
		Volume	Ave. Unit Cost	Gross Spend	Volume	Ave. Unit Cost	Gross Spend	Volume	Ave. Unit Cost	Gross Spend	Volume	Unit Cost	£ Outturn
Learning Disability	Subtotal	703	717.80	26,310,455	736	703.34	26,972,629	744	712.93	27,655,950	8	9.59	683,321
Physical Support	Subtotal	1,579	336.93	27,738,953	1,562	365.09	29,742,131	1,467	349.63	26,743,103	-	95	2,999,028
Mental Health	Subtotal	299	458.86	7,153,600	270	479.49	6,741,845	281	584.14	8,558,412	11	104.65	1,816,567
Memory & Cognition	Subtotal	362	459.77	9,347,425	374	456.25	8,904,583	398	477.28	9,891,837	23	21.03	987,254
<b>C&amp;V Activity PSR</b>	<b>Subtotal</b>	<b>2,945</b>	<b>459.53</b>	<b>70,550,433</b>	<b>2,942</b>	<b>471.74</b>	<b>72,361,188</b>	<b>2,890</b>	<b>483.54</b>	<b>72,849,302</b>	<b>-</b>	<b>52</b>	<b>488,114</b>
Carers Support	Subtotal			838,384			738,393			585,282			738,393
Sensory Support	Subtotal			110,080			106,680			126,226			106,680
Substance Misuse	Subtotal			68,640			39,286			211,916			39,286
<b>ADULTS CIC FORECAST</b>	<b>Overall Gross Total</b>			<b>71,567,537</b>			<b>73,245,547</b>			<b>73,772,726</b>			<b>396,245</b>
Analysis of Gross Expenditure by Service Provision Type (Based on Monthly Live Cases)													
		Outturn for 2017/18			Budget for 2018/19			Period 12			Current Variance @ P12		
		Volume	Unit Cost	Gross Expd	Volume	Unit Cost	Gross Expd	Volume	Ave. Unit Cost	Commitment	Volume	Ave. Unit Cost	Commitment
Day Care	Subtotal	235	148	1,811,634	284	142.91	2,114,795	239	163.62	2,038,937	45	20.71	75,858
Direct Payment	Subtotal	354	421	7,765,590	336	456.22	8,003,319	331	440.47	7,601,800	5	15.75	401,519
Enablement - Residential	Subtotal	28	224	326,573	11	459.40	253,063	1	7,482.55	390,140	10	7,023.15	137,077
Enablement - Nursing	Subtotal	13	448	303,984	9	884	261,202	-	-	232,707	9	884.21	28,495
Extra Care	Subtotal	126	194	1,276,516	132	191.79	1,317,417	124	201.71	1,304,117	8	9.92	13,300
Homecare	Subtotal	658	172	5,894,129	676	161.20	5,679,009	692	150.13	5,416,798	16	11.07	262,211
Nursing	Subtotal	304	708	11,214,677	335	648.12	11,304,154	292	681.24	10,371,796	43	33.12	932,358
Reablement	Subtotal	92	87	418,150	-		510,915	38	167.40	327,306	38	167.40	184,740
Residential	Subtotal	672	779	27,290,983	735	750.55	28,775,695	727	774.64	29,363,241	8	24.09	587,546
Shared Lives	Subtotal	40	497	1,035,961	47	443.00	1,093,079	41	601.16	1,285,117	6	158.15	192,038
Short Term - Nursing	Subtotal	15	602	930,571	27	601.79	836,174	9	3,008.01	1,411,538	18	2,406.22	575,364
Short Term - Residential	Subtotal	50	546	1,422,263	36	710.04	1,329,978	22	1,702.99	1,953,467	14	992.95	623,489
Supported Living	Subtotal	356	585	10,859,402	315	662.55	10,882,388	374	571.90	11,152,338	59	90.65	269,950
<b>C&amp;V Activity Type</b>	<b>Subtotal</b>	<b>2,943</b>	<b>459.77</b>	<b>70,550,433</b>	<b>2,942</b>	<b>471.74</b>	<b>72,361,188</b>	<b>2,890</b>	<b>483.54</b>	<b>72,849,302</b>	<b>-</b>	<b>52</b>	<b>488,114</b>
Carers Support	Subtotal			838,384			738,393			585,282			738,393
Sensory Support	Subtotal			110,080			106,680			126,226			106,680
Substance Misuse	Subtotal			68,640			39,286			211,916			39,286
<b>ADULTS CIC FORECAST</b>	<b>Overall Gross Total</b>			<b>71,567,537</b>			<b>73,245,547</b>			<b>73,772,726</b>			<b>396,245</b>

