

North Somerset Council

REPORT TO THE ADULT SERVICES AND HOUSING POLICY AND SCRUTINY PANEL

DATE OF MEETING: 14 NOVEMBER 2019

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 2020/21 budget. It builds on the information received by the Executive at its meeting on 23 October 2019.
- 1.2 The overall projected year end position for the Adult Care Service, as at the end of month 5, is a £0.198m projected net under spend on a net budget of £65.8m.
- 1.3 This initially suggests that a relatively stable and sustainable 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 reducing unit costs.
- 1.4 However, it is relatively early in the financial year and there is still a degree of uncertainty, with the forecast relying on assumption about factors such as short-term placements, increases in demand during the winter months, children transitioning to adulthood, client and CCG contributions and budget savings yet to materialise.
- 1.5 It is important to note that, because of the continues announcements of one-off grants, approximately £1.6m of current expenditure is funded from one-off resources, although this is being addressed as part of the Medium Term Financial Plan (MTFP).
- 1.6 A system is in place to monitor the achievement of savings that were written into the 2019/20 budget. Whilst some savings targets are difficult to monitor, given that many

relate to cost avoidance or mitigation of future costs, evidence does indicate that good progress is being made and a summary is included at Appendix 1

- 1.7 Initial indications from the month 6 monitor suggest that the forecast overspend may grow, but it is also possible that this could be mitigated through increased savings on housing support contract and a use of earmarked reserves.
- 1.8 Inflation, demographic demand pressures and mainstreaming spend associated with grant income have all been considered as part of the 2020/21 budget setting process and MTFP, alongside savings plans, particularly in relation to accommodation shift, care package reviews and additional income. Whilst this should provide a robust base budget from which to work, there are continuing risks in relation to the costs of care, increases in demand, health contributions and delivery of savings plans.

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 2019/20 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 main areas of variance are as follows:

• Individual Care Packages	(81)
• Assistive Equipment and Technology	35
• Information and Early Intervention	58
• Social Care Activities	254
• Commissioning	(68)

Individual Care Packages

- 3.2 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 must be made about future levels of demand, short term placements, income, and savings still to have an impact on costs. Furthermore, we have successfully transferred our financial information onto the new Controcc system from April 2019; this will over the coming months give us an opportunity present information more comprehensively as the system comes into greater usage.
- 3.3 There are risks associated with increasingly complex and costlier packages of care for which we must make a provision for example from transitions from childhood to adulthood. Increasingly the Council is spending more on social support for working age adults, which is an area with increasing demand.

- 3.4 Period 5 forecasting indicates that gross expenditure will be around £6.2m (8.4%) more than in 2018/19 (Appendix 2), with an additional £1m in income recovery. This is broadly reflective of the inflationary increases applied to the various care providers, expected levels of demand, including for complex transitions cases from Children's Social Care and the increased contribution to s117 cases.
- 3.5 Activity and unit cost data will be provided for future reports and this will be extracted from the new Controcc Adult Social Care Finance system. At this stage the reports are still being developed that will give us an indication of the activity and unit cost trends by care setting, care type.
- 3.6 Further work has been undertaken in relation to the forecasting of income, however, there is still a degree of uncertainty when forecasting. Some of the main factors to consider in our forecasts include health contributions towards joint funded packages and general levels of income recovery from client contributions, provisions for bad debt and increased income from deferred payments.

Other Variances

- 3.7 Overall variance for assistive technology and equipment is not significant at £35k over budget. The projected outturn also includes assumption of £300k of being capitalised in line with revenue and capital budgets for 2019/20.
- 3.8 Information and early intervention costs overall are revised this month to show a forecast with an adverse variance of £57k – this relates mainly to forecast revision for voluntary sector contracts.
- 3.9 Social Care Activities overall has a projected adverse variance of £254k. It is still early in the financial year and the position could improve. The net adverse forecast of £132k for community meals service is a main factor and relates to cost variances on supplies, staffing and increased delivery costs. Work will be undertaken to improve the financial position of this service in the coming months. Across this section there both adverse and favourable variances 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 almost contained overall as there is a favourable variance in commissioning and service delivery.
- 3.10 Commissioning and Service Delivery shows a favourable variance of £68k, which largely relates to employee costs in the commissioning and contracting teams. There are cost pressures in connection with ICT and Better Care Fund recharges for programmes such as SPA/Health /Connecting Care costs.

4. CONSULTATION

Not applicable

5. FINANCIAL IMPLICATIONS

Financial implications are contained throughout the report.

6. LEGAL POWERS & IMPLICATIONS

- 6.1 The Local Government Act 1972 lays down the fundamental principle by providing that every local authority shall make arrangements for the proper administration of their financial affairs, although further details and requirements are contained within related legislation. The setting of the council's budget for the forthcoming year, and the ongoing arrangements for monitoring all aspects of this, is an integral part of the financial administration process.

7. CLIMATE CHANGE & ENVIRONMENTAL IMPLICATIONS

- 7.1 Not applicable

8. RISK MANAGEMENT

- 8.1 See paragraph 1.8

9. Equality Implications

- 9.1 Not applicable to this report. The 2019/20 revenue budget incorporates savings approved by Members in February 2019, all of which are supported by an equality impact assessment (EIA). These EIAs have been subject to consultation and discussion with a wide range of stakeholder groups to ensure all risks have been identified and understood.

10. Corporate Implications

- 10.1 There are currently no specific corporate implications within the report. The relationship between the budget process and its continued ongoing monitoring arrangements have to be fully integrated if the council is to achieve the required financial outcomes it requires.

Members will be aware that robust financial management and strong internal controls will play a key part in delivering successful service outcomes as well reducing financial risk.

11. Options considered

- 11.1 Not applicable

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APPENDIX 1 – MTFP SAVINGS

Ref	Item	Target Value	Progress / notes
<u>Adult Social Care</u>			
PCA1	New Supported Living Scheme in Clifton Road	-160	Analysis of placements indicates £125k savings in 2019/20 with more possibly to follow and a FYE of £155k
PCA4	New Extra Care Scheme in Yatton	-15	Now delayed until May 2020
PCA5	Increase in Shared Lives carers	-145	Several new carers due to be approved, confident of achieving saving
PCA6	Recommission accommodation-based Supporting People contracts	-150	Timescale is challenging, but savings could be made by focussing on current providers who can move to a housing benefit funded model, but this needs to happen over the summer.
PCA7	"Whole Home" reviews of supported living contracts	-150	Assessment of reviews so far indicates on track to achieve savings, although some were achieved in 2018/19 and a full year impact may not be achieved
PCA8a	Demand Management (reviews)	-75	Reviews in progress
PCA8b	Demand Management (provider-led TEC)	-75	Method for quantifying savings yet to be developed
PCA9	Increased income from CHC / joint funding	-300	Savings made to date indicate on track for full year savings
PCA10	Review of costs and income at the Carlton Centre	-50	Vacancy management
PCA3	Increase charges for community meals with aim to make service cost neutral	-40	Price changes made and no change to demand observed
PCA2	Full Year Impact of Recommissioning of Home Improvement Agency Contact in September 2018	-65	Completed in 2018/19
Sub-total		-1,225	

Appendix 2 –Adult Care - Analysis of Gross Expenditure on Individual Care Packages @ Period 5 2019/20

Service Type	2018-19 Actual Gross Expenditure	2019-20 Gross Expenditure Budget	2019-20 Projected Gross Expenditure	Projection v Budget	Projection v Budget %	Change from 2018-19	Change from 2018-19 %
Residential	29,397	30,064	32,336	2,271	7.6%	2,939	10.0%
Nursing	10,463	12,223	12,541	318	2.6%	2,078	19.9%
Short term - Residential	2,155	1,948	2,209	262	13.4%	55	2.5%
Short term - Nursing	1,448	969	1,097	128	13.2%	(350)	-24.2%
Enablement - Residential	390	253	393	140	55.5%	3	0.9%
Enablement - Nursing	233	261	220	(41)	-15.9%	(13)	-5.6%
Shared lives	1,285	1,426	1,426	0	0.0%	141	11.0%
Supported Living	11,153	9,937	9,937	0	0.0%	(1,216)	-10.9%
Home Care	5,602	5,952	7,500	1,548	26.0%	1,898	33.9%
Extra Care	1,307	1,413	1,621	209	14.8%	314	24.0%
Reablement	328	511	236	(275)	-53.7%	(92)	-28.0%
Day Care	2,044	2,163	2,161	(2)	-0.1%	117	5.7%
Direct Payments	7,600	8,395	7,969	(426)	-5.1%	369	4.9%
Direct Payment Carers	44	50	0	(50)	-100.0%	(44)	-100.0%
Other	329	317	316	(1)	-0.4%	(13)	-4.1%
TOTAL	73,778	75,881	79,961	4,080	0	6,183	8.4%