

Peoples Service Budget Review 2013/14

Financial Summary – Adult Social Care

Executive Summary – Overall People’s Services Budget

The People’s Services budget review is being considered in two parts and this paper predominantly focuses on the Adult Social Care budget for 2013/14, however this section will provide the headlines for the overall People’s Services budget to ensure the overall directorate position is clear as all aspects of the People’s Services directorate are facing pressures these and need to be understood in their entirety. In summary the directorate is predicting a net over spend in 2012/13 of £6.762m, this comprises an over spend of £8.331m in adult social care, partially offset by savings in all other service areas.

The £8.3m over spend in adult social care is the net position after delivery of £3.7m of savings in year out of a total savings target of £8.0m. Of the total overspend £4.3m is attributable to the savings shortfall which principally comprises the inclusion of some cost avoidance savings and slippage on some savings schemes. Some savings targets were also set at unrealistic levels. The other £4m contributory factor is in relation to existing packages (£3.5m) and net in year growth.

Savings across other service areas have been delivered through a combination of vacancy management and strict cost control. It should however be noted that within Children’s Provider services there are now pressures in the Safeguarding service which are mitigated by savings elsewhere.

Figure 1

Peoples Services Budget Summary	2012/13	2013/14	2014/15	2015/16	2012/13 Variance
Directorate*	(14,005)	533	533	533	384
Children's Provider Services	21,666	17,600	17,700	17,802	558
Children's Commissioning	16,049	10,521	10,454	10,454	597
Adult Social Care	47,169	48,797	55,173	62,450	(8,331)
Total People's Services	70,879	77,451	83,860	91,240	(6,792)
EHTS/ Other budget adj	1,398	0	0	0	30
Total per FRM / Control totals	72,277	77,451	83,860	91,240	(6,762)
Indicative savings target			(4,465)	(7,186)	
Potential adjusted future years budget	72,277	77,451	79,394	84,054	
Overall Council budget per FRM	143,359	150,296	144,682	138,043	
Peoples Services % total Council Budget (indic)	50%	52%	58%	66%	
Savings to be allocated per FRM			(8,665)	(12,398)	
Key Notes					
Public Health Grant (Memorandum)		7,753	7,970	TBC	
*includes central DSG and EIG in 12/13 budget. For 13/14 DSG offset to individual services					
* does not include DSG budget for schools (included in Peoples Services directorate)					

Executive Overview Adult Social Care

The overall Adult Social Care (ASC) budget for 2013/14 is set at £48.8m. This is a net increase of £1.5m compared to 2012/13. The previous 3 years position is shown in figure 2 below. This shows the extent of the financial challenge facing the council to deliver the net saving of £6.8m to reduce expenditure from the current 2012/13 projected.

When the full year equivalent baseline budget is taken into account for new packages arising in 2012/13 a further cost commitment of £1.2m is created giving a true total savings requirement to deliver a balanced budget of **£8.0m**.

The net increase in budget from 2012/13 to 2013/14 of £1.6m comprises £0.96m of additional grant income, £2.5m of additional funding and a net allowance of £0.7m of inflation (after contractual commitments) giving a total additional funding of £4.16m, however savings requirements reduce this sum by £2.64m to give the net budget increase of £1.6m.

The savings target of £7.9m is almost identical to that set for 2012/13 of which approximately 47% is expected to be achieved. The savings proposals for 2013/14 are all anticipated to be cashable, but nevertheless remain very challenging*.

**(An estimate of the amount of risk of slippage is shown below in summary and included in full in the detailed savings analysis included in the budget book which accompanies this report).*

Additional risk factors associated with delivering a balanced outturn for adult social care are the assumption that zero growth in spot purchase package costs will be delivered in 2013/14, this requires major changes of direction to achieve in the light of year on year trends of increasing numbers, and creates a potential pressure for 13/14.

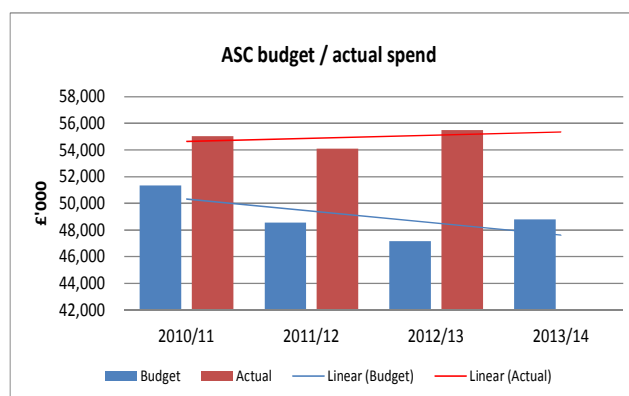
The Wye Valley Trust currently has responsibility for all community care and adult social care teams and this places a further risk on delivery.

Figure 2 below shows the adult social care budget and actual / forecast expenditure over the past 3 years and comparison to 2013/14 budget.

Figure 2

Budget vs Actual/forecast expenditure profile

Adult Social Care £'000	2010/11	2011/12	2012/13	2013/14
Budget	51,342	48,550	47,169	48,797
Actual / Forecast	55,039	54,094	55,500	
Overspend	(3,697)	(5,544)	(8,331)	
Overspend %	(7%)	(11%)	(18%)	
Overspend if budget @ 10/11 base		(2,752)	(4,158)	
Overspend % vs base 10/11		(5%)	(8%)	
Budget Change year on year		(2,792)	(1,381)	1,628
Cumulative budget change v 10/11		(2,792)	(4,173)	(2,545)



**Please note the 2012/13 forecast is the end of January position –including adjustment for quality & review which was included under commissioning in the January Cabinet report)*

Outturn 2012/13

The overall outturn for Adult Social Care for 2012/13 (adjusted to include the adults Quality & Review team) is a net over spend of £8.3m. This is after achieving £3.7m out of a savings target of £8.0m. Of the shortfall in 2012/13 approximately £2.0m has been identified as cost avoidance or non cashable savings, (£1.2m assistive technology being the single largest item).

Budget Setting and Delivery of Savings Plans

The issues encountered in 2012/13 of setting detailed cashable savings targets and fully costed

budgets have been addressed in setting the draft budget for 2013/14 through a combination of actions. Firstly a zero based approach has been adopted on all spot purchase budgets using end of January actual client numbers and costs with a zero growth assumption. All contracts have been reviewed and only contractual inflation uplifts included. Non contractual savings have been modelled in detail and assumptions agreed with the interim AD – Commissioning & Operations to enable tracking and monitoring of achievement.

The Chief Executive has also introduced monthly budget control meetings. These are chaired by the Chief Finance Officer and will be held for each directorate with the intention that each area can be challenged about budget delivery.

Financial monitoring of the delivery of the savings will be through the financial sustainability group. Every savings target is allocated to a cost centre and will have an owner responsible for delivery. Fortnightly meetings are already in place between corporate finance and the interim AD – Commissioning & Operations. The level of detail in which the budget has been created will enable accurate tracking of the delivery of the demand management and cost of care savings which has not been possible in 2012/13.

Budget Overview

The breakdown of the key components are summarised in figures 3 and 4 below. Figure 3 shows the gross, income and net expenditure analysed by client group, whilst figure 4 shows the same but analysed between contractual commitments, spot commissioning arrangement and other costs.

Figure 3 Budget by Client Group

Budget 2013/14 £k	Expend	Income	Net
Section 75	10,432	(1,002)	9,431
Older People	17,298	(4,978)	12,320
Learning Disabilities	16,703	(5,288)	11,415
Mental Health	10,885	(2,000)	8,886
Physical disabilities	7,779	(802)	6,976
Other (inc staff)	3,126	(3,356)	(230)
Total	66,223	(17,426)	48,797

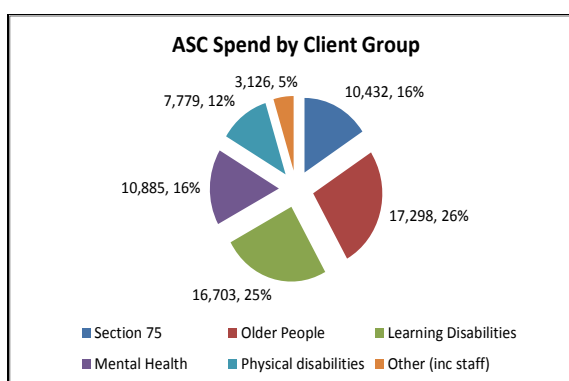
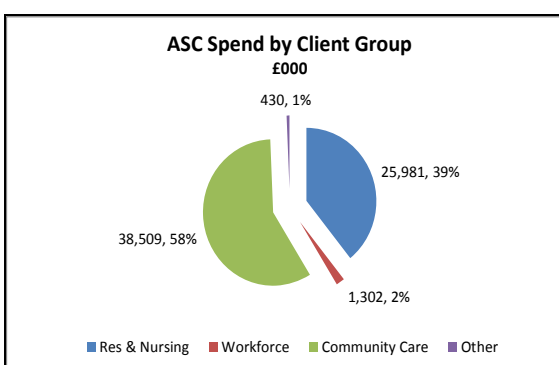


Figure 4 Budget by Activity

Budget 2013/14 £k	Expend	Income	Net
Res & Nursing	25,981	(7,286)	18,695
Workforce	1,302	0	1,302
Community Care	38,509	(10,090)	28,419
Other	430	(50)	380
Total	66,223	(17,426)	48,797



Savings Plans

The savings plans for 2013/14 have been developed in a high level of detail with costed models of savings to be derived from demand management activities and cost reduction plans.* Having detailed plans does not ensure delivery, but does enable accurate tracking and monitoring of achievement against the savings targets.

Savings plans have been developed with four key themes and will be monitored and reported in

this format. The major headlines and estimate of financial risk associated with non achievement of savings are shown in figure 5 below:

Fig 5

Summary		Total Saving	2013/14	2014/15	13/14 amount at risk
Total contract renegotiation / re-engineering		(3,323.3)	(3,323.3)	0.0	1,626.7
Total reduction residential & nursing placement demand		(1,234.9)	(466.2)	(768.7)	233.1
Total reduction Personal budgets / domiciliary care demand		(2,590.4)	(1,146.6)	(1,443.8)	573.3
Total Demand Management		(3,825.3)	(1,612.8)	(2,212.5)	806.4
Target 20% reduction in average cost PB's / dom care spot places reviews/ RA		(3,593.1)	(317.0)	(3,276.1)	158.5
Target reduction (18%) in avg cost of res / nursing spot places CFC / reviews		(1,923.2)	(165.7)	(1,757.5)	82.8
C04376	MH-Supported accom-Spot Dis. Court £50k/sub misuse £150k	(200.0)	(200.0)	0.0	100.0
Total Cost of Care		(5,716.2)	(682.7)	(5,033.6)	341.3
Additional Income Generation		(500.0)	(500.0)	0.0	184.6
C04693	AD-S75-2gether Out of Hours / AMPH service	(50.0)	(50.0)	0.0	25.0
C04276	LD-Supported Accom-Spot Transitions	(75.0)	(75.0)	0.0	37.5
C04277	LD-Adult Placement-Spot Transitions	(25.0)	(25.0)	0.0	12.5
C04272	LD-Residential-Spot Out of county placements	(300.0)	(300.0)	0.0	150.0
	Transformation / RAS RAS reduction	(900.0)	(900.0)	0.0	450.0
C04696	Supporting People Programme Reduction existing care	(100.0)	(100.0)	0.0	50.0
C04696	Supporting People Programme Target reduction package costs	(173.0)	(173.0)	0.0	86.5
C04010	Transition Team Funding Target reduction - workforce	(200.0)	(200.0)	0.0	200.0
Other Savings		(2,323.0)	(2,323.0)	0.0	1,011.5
Total Savings		(15,187.8)	(7,941.8)	(7,246.1)	3,785.9

The above summary table indicates the current finance view that at least 50% of the savings need greater certainty of delivery.

Key Issues / Risks

The overarching risk to delivery is the scope, breadth and depth of savings required and speed of change necessary given the demands in the service.

The key risks and issues identified:

- £3.3m of savings from renegotiation of contracts / redesign of community care service (currently Wye Valley Trust) all of which require negotiation to deliver.
- To deliver the demand reductions requires current growth trends to be stopped and reversed. Whilst plans are being implemented to deliver this change of direction the speed of change required to deliver this scale of reduction (8% on residential and nursing placements and 13% on personal budget and domiciliary care) when year on year growth has been experienced is a significant challenge.
- A zero growth budget has been assumed, with savings to be delivered from demand management, there is a risk that initially placements will continue to increase until new approaches are in place and working across the service. Essential to achieving this are an efficient and effective reablement service (not currently the case), clear and effective signposting service to prevent potential customers becoming service users and an effective review service which manages clients out of the system in a safe and controlled manner.
- Cost of care reductions carry the same level of risks as for other savings proposals. Delivery is in part dependent on an effective and recurrent review process and setting care packages at the appropriate level through accurate resource allocation system (RAS) and / or care funding calculator.
- Other savings carry the same levels of risks due to the need to consult on further changes / time to redesign RAS model.

- Current high level of vacancies and reliance on interim staff
- Current Open Book review of Older People nursing and residential homes may identify need to uplift prices.

Key Assumptions in 13/14 Budget

- All spot purchase budgets have been built from a zero base using actual client activity and expenditure as at the end of January (based upon financial activity)
 - Only contractual inflation has been applied.
 - A 2% top slice has been applied to spot purchase budgets creating a pool to fund RAS reductions
 - A 2% increase has been applied to fee income in line with corporate policy.
 - All pay budgets have received a 1% uplift with corresponding uplift to NI and pension costs.
 - All grants have been included within the budget including S256, LD and social fund (with matching expenditure) for completeness. Book consultant. Costs have been based upon anticipated requirements.
 - Anticipated demand reduction of 55 (8%) placements in residential and nursing across all client groups
 - Anticipated demand reduction of 200 (13%) placements in personal budgets and domiciliary care across all client groups
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