

Report to Torbay Council setting out the forecast year end position for the 2014/15 Adult Social Care budget and forward look to 2015/16

Introduction

1. The purpose of this report is to set out for Members the latest financial performance figures for the Adult Social Care budget, the progress made by the Trust in implementing the savings target set by the Mayor and the actions that the Trust has taken to mitigate financial risks to the Council

Context

2. The Trust was successful in delivering an underspend for the Council in 2013/14 of £1,227K after achieving cash releasing savings of £2,160K. In order to address the reductions in government funding, the Council has set the Trust a challenging budget for Adult Social Care in 2014/15. However, although the Trust has maintained the downward pressures on costs, it has found it a challenge to make the level of savings necessary to reduce expenditure further to the level of the budget set for 2014/15.
3. As required by the Mayor and the commissioner of Adult Social Care, the Trust prepared plans for delivering these savings in Autumn 2013 and at the time, the Trust made the Council aware of the challenges in delivering these savings due to:
 - i. £12.9m of the independent sector budget (2014/15 base pre Cost Improvement Plan - CIP) is spent on long term residential and nursing care (net expenditure) and therefore is not amenable to influence in the short term. Therefore, over a 2 year period a savings target of £1.0m has been assumed which is an 8% reduction. This means that the balance of the savings target, £3.9m for the independent sector has to primarily be found from the remainder of the budget (2014/15 base pre CIP), £18.9m. This equates to a decrease of 21% over a two year period with Direct Payments and Domiciliary Care areas particularly affected.
 - ii. Clients still have a statutory entitlement to care under Fair Access to Care Services (FACS) criteria, and therefore, there are limits to managing demand. The Trust can ensure that there is not provision of services in excess of entitlement, and that services are provided in the most cost effective way, however there is a statutory duty to meet assessed need where the FACS criteria is met.

4. The table attached in Appendix 1 sets out the estimated savings that will be achieved **for each scheme in the 2014/15 savings** plan. The main points are detailed below:
- a. In total £1,793K of savings will be achieved out of a total of £2,888K. This equates to 62% of the total.
 - b. In house Learning Disability is on target to achieve 100% of their savings target.
 - c. Operations are on target to achieve 49% of their target figure and under the risk share arrangement this financial liability will be met by the Trust.
 - d. The schemes within the Independent Sector are currently on track to achieve 61% of the £2,461K target. Good progress has been made on a number of savings schemes but two schemes are currently failing to deliver.
 - i. Savings in packages of care under £70: No financial progress has been made against the £400k CIP target. This savings target was planned to be delivered by undertaking telephone assessments with the clients concerned and was based on an extremely challenging target of a 60% reduction in overall costs. This is a new mode of service delivery for the Trust and so a pilot project based on 70 clients was undertaken. The pilot demonstrated proof of concept and will be adopted as the new mode of care going into 2015/16. Minimal savings were made against these 70 clients reviewed but they have been offset by increased costs within the general cohort of 300 clients. However, the Trust intends to extend this exercise with further guidance to staff. Further details are provided below in the section setting out the Trust's action plan.
 - ii. Review of non-residential care packages costing between £70.01 and £606 per week. The overall underachievement is £475k which is some £125k in excess of the original target. However, this needs to be partially offset by the success of the review of clients with packages of care in excess of £606 which has driven the cost per week into this bracket. Measures to address this underperformance are set out in the action plan below.
5. As set out in the Annual Strategic Agreement, the Council bears the financial risk of an over spend on the Independent Sector and In-house Learning Disability elements of the ASC budget. The latter is forecast to break-even and therefore the remainder of this report focuses on the financial performance of the Independent Sector budget.

6. The financial performance of the Independent Sector budget is set out in detail in Appendices 2A (zone/team analysis) and 2B (care type analysis). This highlights the following main issues.
 - a. There is an over spend of £858K currently forecast.
 - b. From a team perspective the main areas of pressure are within the Mental Health over 65 (£378K), Mental Health under 65 (£230K) and Torquay (£217K).
 - c. From a care type basis the main areas of pressure are within Short Stay residential placements (£272K), Domiciliary Care (£386K), Direct Payments / DP Reclaims (£162K) and SWAPS £121K.
7. There is a direct correlation between the forecast overspend and two specific savings schemes that have not delivered.
8. Underpinning the lack of CIP delivery the following needs to be considered as partly mitigating circumstances.
 - a. Clients have a statutory duty to receive care to meet assessed needs when the FACS criteria is met. This makes it difficult to control demand and whilst the Trust might make inroads through its review processes it cannot control the flow of clients in and out of the system. In addition to this, clients' needs are individually unique and no direct control can be made on this variable.
 - b. There has been a 34% increase in safeguarding referrals over the last year and this trend is continuing. Also we have had 3 whole home investigations since April which require an individual review for each resident and significant investment of time from the Zones and the safeguarding team. This has significantly impacted on the capacity of social work teams to undertake the review of care packages which represent a significant element of the savings programme
9. Taking the above factors into account the following can be drawn from a detailed analysis of the schemes underperforming.
 - a. The £600K under delivery on non-residential packages of care between £70 and £606 (inclusive of Sandwell) is based on £550K of volume pressures and £50K of price pressures. Price is primarily down to the Domiciliary Care price increases detailed above and the volume issue is driven by client numbers being 55 higher than the budget in place (note increase since baseline pre CIP is 20 clients).
 - b. The material factor behind the POC under £70 CIP under delivery is volume related pressure of circa £450K. There are 238 more clients

than the budget can accommodate at an average of £37 per week (note increase since baseline pre CIP is 35 clients).

10. Another area of financial pressure outside of the CIP process is the overspend on Residential Short Stay budgets. Expenditure is £281K over budget but income has only over recovered by £9K. This highlights that the client contribution recovery rate is below anticipated levels. The budget was set on a client contribution rate of £175 per week but current planning shows the rate at £153 per week. In addition to this whilst activity is up on budgeted levels the average unit cost is also higher by £23 per week, per client. These factors have a negative impact on the financial position and when they present themselves together it can result in a material over spend position which is difficult to control.

Action Plan

13. The action plan to mitigate the risk of an end of year overspend covers the following areas of activity: -
- i. Management of demand, in particular short term residential care which relates to respite and emergency placements. We have implemented further controls in respect of authorisation of emergency placements. This is to ensure appropriate use and prevent long term dependency on residential services.
 - ii. In terms of respite we are reassessing users of short term respite against eligible need and offering respites services within the limits of the personal allowance.
 - iii. We are reviewing the uptake of short break vouchers to ensure appropriate use and that the cost is within the personal allowance.
 - iv. Improving delivery of savings on the care package reviews highlighted above: -
 - a. We have established a review team of 10 people drawn proportionally from all adult service areas who will work for the remainder of the financial year and we expect that all reviews will be completed within this timeframe. Individual staff will work to set targets and this activity will run alongside normal review activity within zones as part of day to day business.
 - b. We are defining specific categories of service users to review which will be against FACS eligibility
 - c. There are detailed operational plans underpinning these schemes.
 - v. Alternative savings schemes that would not need consultation
 - a. We are developing an enhanced brokerage service for high end specialist packages of care to ensure best value and better market control. This process will harmonise with the commissioning of Continuing Health Care packages
 - vi. Bringing forward 2015/16 savings:

14. The actions described above will potentially reduce the yearend forecast deficit at this stage to £564k. This is based on an incremental week on week reduction in costs (£633 per week from early September to year end). There are a number of caveats surrounding this forecast, in particular: -
 - i. No increase in ordinary residence cases over the £152k budget
 - ii. No price pressures arising out of the current market testing exercise for domiciliary care

15. Commissioners will continue to work with providers to examine other schemes to bring the budget into a balanced position by the financial year end.

Adult Social Care CIP Schedule 2014/15 Month 4
Appendix 1

Scheme Description	Proposal	Estimate Achieved (FOT)*	
	£'000s	£'000s	
Operations			
Community Alarms Charging	-94	0	
Community Alarms Withdrawal	-48	0	
LDDF	-17	-17	
Carers Services	-18	-18	
Back office savings / redesign of Care Model	-100	-100	
Operation Total	-277	-135	49%
In House LD			
LD In House Review	-150	-150	
In House LD Total	-150	-150	100%
Independent Sector			
2013/14 recurrent under spend	-500	-500	
Sandwell Dom Care Block Contract Mgt	-75	50	
Review of High Cost Clients (over £606 per week)	-500	-766	
Review of enhanced & medium cost clients (non residential between £70.01 to £606 per week)	-350	125	
Review of Low cost clients (under £70 per week)	-400	56	
Residential & Nursing Care standard & non standard fee rates (under £606 per week)	-371	-237	
Non Residential charging policy	-50	-50	
£500 payments to LD / MH Homes	-122	-122	
LD Transport	-40	-11	
Voluntary Block Contracts	-38	-38	
Thera Block contract	-15	-15	
Independent Sector Total	-2,461	-1,508	61%
Total	-2,888	-1,793	62%

Appendix 2A

**ASC Independent Sector Financial Performance Statement for the Year Ending 2014/15 (Zone /Team basis)
Period 4 - 31/07/2014**

Expenditure Type	Annual Budget	Forecast	Variance
	£000	£000	£000
Expenditure			
Brixham	2,716	2,940	224
Torquay	9,198	9,528	330
Paignton	6,650	6,741	91
Learning Disabilities	10,658	10,701	43
Older General	1,094	1,081	-13
MHu65 Mental Illness	2,858	3,069	211
MHu65 Dementia	150	81	-69
MHu65 Substance Misuse	169	169	-0
MHo65	5,378	5,911	533
O/R	152	125	-27
Total	39,023	40,346	1,323
Income			
Brixham	-928	-1,105	-177
Torquay	-2,711	-2,824	-113
Paignton	-2,496	-2,455	41
Learning Disabilities	-838	-968	-130
Older General	-34	-18	16
MHu65 Mental Illness	-344	-326	18
MHu65 Dementia	-55	-21	34
MHu65 Substance Misuse	-9	-9	0
MHo65	-2,287	-2,442	-155
Total	-9,702	-10,167	-465
NET COST	29,321	30,179	858

ASC Independent Sector Financial Performance Statement for the Year Ending 2014/15 (Care Type basis)
Period 4 - 31/07/2014

Expenditure Type	Activity description	Annual Budget			Forecast	Variance
		Activity	£000	Unit Cost	£000	£000
Care type						
Residential Long Stay	Bed Weeks	37,152	17,493	£470.85	17,601	108
Residential Short Stay	Bed Weeks	2,731	1,226	£448.97	1,507	281
Nursing Long Stay	Bed Weeks	4,589	2,378	£518.24	2,580	202
Nursing Short Stay	Bed Weeks	254	125	£491.24	164	39
Direct Payments	Weeks	19,801	5,872	£296.55	5,965	93
SWAPS	Bed Weeks	1,017	315	£309.80	436	121
Domiciliary Care			8,315		8,847	532
Day Care			1,392		1,350	-42
O/R			152		125	-27
Total			37,268		38,575	1,307
ISC Adjustments						
DP Reclaims			-414		-345	69
Net Contract Adjustments			-436		-413	23
IPP Recode			-110		-154	-44
Intermediate Care Recharge			-97		-97	
Total			-1,057		-1,008	49
Other Expenditure Areas						
£500 One Off Individual Negotiated Payments			0		-56	-56
Voluntary Block Contracts			211		214	3
Supported Living Block (Learning Disability)			378		378	
Day Care Transport			154		183	29
Residential / Community Recovery Service (MHu65)			314		305	-9
Staffing (MHU65 & Subs)			580		577	-3
Residential / Intermediate Care Block (Older)			868		873	5
Bad Debt Provision			196		196	
Other			111		110	-1
Total			2,812		2,779	-33
TOTAL EXPENDITURE			39,023		40,346	1,323
INCOME						
Residential Long Stay		37,152	-6,668	-£179.48	-6,699	-31
Residential Short Stay		2,731	-479	-£175.41	-488	-9
Nursing Long Stay		4,589	-902	-£196.58	-1,080	-178
Nursing Short Stay		254	-35	-£137.55	-69	-34
Domiciliary Care		0	-959		-1,105	-146
Day Care		0	-207		-224	-17
OLA In House			-159		-167	-8
OLA Independent Sector			-252		-320	-68
Other			-41		-14	27
Income total			-9,702		-10,167	-465
NET COST			29,321		30,179	858