Adult Social Care Committee

Item No ……

Report title:	**Adult Social Care Finance Outturn Report Year End 2017-18**
Date of meeting:	**14 May 2018**
Responsible Chief Officer:	**James Bullion, Executive Director of Adult Social Services**

Strategic impact

This report provides the Committee with a review of the budget position for the last financial year, based on information to the end of March 2018. It provides an analysis of variations from the revised budget, the use of additional funding received through the improved Better Care Fund, achievements against planned savings and use of reserves and capital.

Executive summary

The paper looks back at the financial position for Adult Social Services during 2017/18. At the end of financial year 2017-18, Adult Social Service's financial outturn position at March 2018 showed an underspend of £3.696m. The underspend equates to a 1.37% variance on the revised budget. The Period 13 position, which reflects the end of year position including final adjustments completed in April, represents a decrease of £1.196m on the position reported at the end of Period 10.

Expenditure Area	Budget 2017/18 £m	Outturn £m	Variance £m
Total Net Expenditure	269.241	265.545	(3.696)

The headline information and considerations include:

a) The outturn position for 2016-17 was a £4.399 overspend, which included some one-off funding. Investment was included in the 2017-18 budget to help manage the underlying pressure. This included £4.197m of one-off funding and internal plans for the service included savings targets to meet this pressure by April 2018
b) Norfolk County Council (the Council) in setting the budget recognised the additional business risks affecting the service, specifically in relation to the ongoing pressures from the cost of care exercise, increases in the National Living Wage, the continued growth in demand and the impact of savings not achieved in previous years. To support this, an additional £19.738m was added to the 2017/18 budget, over and above usual pay, price and growth increases
c) Key variations in the final periods included reductions in salary costs through delays in recruitment, lower home support costs than previously forecast through improved information availability and increased service user income compared to the forecast position
d) The service has delivered savings of £14.353m against a target of £14.213m. £10.728m of the savings have been delivered in line with the planned savings programme
e) £4.5m was used to create a Business Risk Reserve to support activities related to the savings programme for 2018/19 and beyond
f) Budget movements at year end reflected capital financing charges and had no impact on the outturn position

Adult Social Services reserves at 1 April 2017 stood at £2.074m. Plans were in place (and incorporated into the 2017/18 budget) to use these reserves to support projects and activities through the year.

In fact, during 2017/18 the service has added £22.535m to reserves (£15.670m of this related to the unspent element of the Improved Better Care Fund (iBCF), and £4.500m was used to create a Business Risk Reserve). This means the 2017-18 outturn position for reserves is £24.609m. Provisions totalled £4.157m at 1 April 2017, mainly for the provision for bad debts. Additional provision for doubtful debts has increased the balance to £6.454m.

Recommendations:

Members are invited to consider the contents of this report and to agree:

a) **The outturn position for 2017-18 Revenue Budget of an underspend of £3.696m**
b) **The outturn position for the 2017-18 Capital Programme**

1. Introduction

1.1 The Adult Social Care Committee has a key role in overseeing the financial position of the department including reviewing the revenue budget, reserves and capital programme.

1.2 This is the final monitoring report for 2017/18 and reflects the outturn position at the end of March 2018, Period 13.

1.3 The County Council in setting the budget recognised the additional business risks affecting the service, specifically in relation to the ongoing pressures from the cost of care exercise, increases in the National Living Wage, the continued growth in demand and the impact of savings not achieved in previous years. To support this, an additional £19.738m was added to the 2017/18 budget, over and above usual pay, price and growth increases.

2. Detailed Information

2.1 The table below summarises the outturn position as at the end of March 2018 (Period 13).

2016/17			2017/18				
Actual 2016/17	**Over/ Under spend at Outturn**	**Expenditure Area**	**Budget 2017/18**	**Outturn**	**Variance to budget**		**Variance @ P10**
£m	**£m**		**£m**	**£m**	**£m**	**%**	**£m**
10.392	(0.471)	Business Development	11.972	11.659	(0.313)	-2.61%	(0.309)
69.600	0.123	Commissioned Services	72.111	72.203	0.092	0.13%	(0.027)
5.492	(0.727)	Early Help & Prevention	7.938	7.845	(0.093)	-1.17%	(0.043)
168.243	12.971	Services to Users (net)	189.270	181.698	(7.573)	-4.00%	(5.586)
1.064	(7.497)	Management, Finance & HR	(12.012)	(7.822)	4.190	34.88%	3.465
254.791	**4.399**	**Total Net Expenditure**	**269.280**	**265.585**	**(3.696)**	**1.37%**	**(2.500)**

2.2 As at the end of Period 13 (March 2018) the revenue outturn position for 2017-18 is a £3.696m underspend. This includes the use of the Improved Better Care Fund (iBCF) and releases from reserves where appropriate to support planned activities. The unspent element of the iBCF was transferred into reserves to support agreed activities in future years, together with £4.500m to create a Business Risk Reserve to support the savings programme in 2018/19 and beyond.

2.3 The detailed position for each service area is shown at **Appendix A**, with further explanation of over and underspends at **Appendix B**.

2.4 The underspend is primarily due to the net cost of Services to Users (Purchase of Care and Hired Transport), and delays in recruiting to vacant posts.

2.5 There has been in-year movement in the budget between services to properly reflect the agreed areas supported by the Better Care Fund income. Key changes include reducing the income budget for both Management and Finance and Services to users with corresponding increase in income budget for Care and Assessment – which resulted in a reduction in net budget for these services, although did not affect the actual resources available.

2.6 **Services to Users**

2.6.1 The Purchase of Care budget outturn is set out in more detail below. This highlights that while overspends were recorded in each of the key areas, these were then offset by an over-recovery of income and an underspend on Hired Transport. Overall reductions have been recorded in year for the number of service users, reflecting the efforts made over recent years to manage demand.

2.6.2 The table below provides more detail on services to users, which is the largest budget within Adult Social Services:

2016/17			2017/18		
Actual 2016/17 £m	**Over/ Underspend at Outturn £m**	**Expenditure Area**	**Budget 2017/18 £m**	**Outturn £m**	**Variance £m**
111.914	8.238	Older People	111.169	114.650	3.481
23.246	1.207	Physical Disabilities	23.229	24.095	0.866
94.527	11.119	Learning Disabilities	99.202	100.865	1.663
13.174	0.267	Mental Health	14.116	14.616	0.500
6.746	3.074	Hired Transport	6.672	5.859	(0.813)
9.144	(1.194)	Care & Assessment & Other staff costs	11.752	10.181	(1.571)
258.751	**22.710**	**Total Expenditure**	**266.140**	**270.266**	**4.125**
(90.508)	(9.739)	Income	(76.870)	(88.568)	(11.698)
168.243	**12.971**	**Revised Net Expenditure**	**189.270**	**181.698**	**(7.573)**

2.6.3 Headlines:

a) There has been a continued decrease in the purchase of care net position in the second half of 2017-18. This includes a continued reduction in spending on Transport. The improvement against budget mainly relates to residential and nursing care for older people and residential respite, home support and supported living for people with learning disabilities. The latter relating primarily to adjustment of the forecast for growth. Improved information in relation to use of the home support block framework has enabled spend to be adjusted downwards. Income has continued to increase during the year, reflecting both variations to budgeted number of people in residential care, which has not decreased in line within initial plans, new approaches and protocols in place for transforming care programme (TCP) – although this will align with costs incurred. Initiatives such as accommodation based reablement have recently been implemented, which will provide more options for care provision post hospital discharge and reduce the likelihood of people requiring long term residential care
b) Permanent admissions to residential care –those without a planned end date – have been reducing since 2014/15 in both 18-64 and 65+ age groups. Over the past three years the rate of admissions for those aged 65+ has reduced significantly from a rate of 724 admissions per 100k population in 2014/15 to 611.9 per 100k population in 2016/17. Reductions have slowed over the last two years, but continue to fall. Figures for the end of March 2018 show a reduction in permanent admissions to 595.4 per 100k population, which is below our target of 603.1/100k. Admissions to permanent residential care per 100k population for people aged 18-64 has seen a small decrease during 2017-18. Total numbers during the year has changed by 15. Those that do go into residential care tend to be people with higher levels of need that require longer lengths of stay and more expensive care packages
c) Overall there are 455 fewer service users of adult social care at the end of March 2018, with service users reducing to 13,498. Some 392 relates to a reduction in older people requiring formal adult social care services. However, whilst service user numbers are decreasing in keeping with the Promoting Independence strategy, the mix and rate has not been sufficient to deliver all the planned savings.
d) The year on year position is not entirely comparable, partly due to one-off adjustments, but provides an indication of the expenditure trend. The outturn expenditure for Purchase of Care, excluding Care and Assessment is £10.478m higher than 2016/17. This reflects increases from demographic growth, ongoing work to ensure that suppliers are paid a fair price, increased costs around the legal rulings on sleep ins and the impact of the April 2017 increase to the National Living Wage, offset by delivery of savings. The Purchase of Care budgets included £6.134m of budget growth for demography, £4.5m for Cost of Care and £5.66m for pay and market pressures
e) Reducing the number of working age adults in residential placements in line with savings targets is challenging. Transition plans for individuals are continuing to be developed and implemented, but transition for most individuals will take time with increased resources often needed initially to support the transition process into more independent care settings
f) Services for people with learning disabilities has seen an increase in service users during the year. Although expenditure has increased above budget, this has been offset by additional income. The service has worked closely with health to develop shared care arrangements for some individuals where appropriate. However, this continues to be an area where there is high financial risk. As part of the learning disabilities work within the Promoting Independence programme, there has been an increase in operational and managerial resources to support the teams in development of strength based practice, targeted resource to undertake reviews of complex cases and actions to develop new service offers to help people gain independence

g) The net budget for mental health services (taking account of both expenditure and service user income) achieved a small overspend for 2017/18 of £0.088m. This is despite the service supporting an increase during the year of 65 service users, reflecting the ongoing trend in demand for the service. This increase includes transition of young adults from children services to adult service at 18, which was not included in growth pressures for the service last financial year. This pressure has been allocated to mental health services for 2018-19

h) Overall there was a reduction of £13.638m in budgeted income in 2017/18 compared to 2016/17 outturn. This primarily relates to one-off income items accounted for against Purchase of Care income in 2016/17 including:
   a) £10.155m from the Corporate Business Risk reserve for 2016/17 Cost of Care and National Living Wage pressures
   b) £0.948m from the Adult Social Care reserve to contribute to the costs mentioned above, as well as general growth pressures
   c) £1.2m transfer from Public Health

   In addition to some one-off income, there has been an £4.2m increase in service user income in 2017-18, reflecting a mix of service user wealth, the Council's charging policy and new approaches.

2.7 **Commissioned Services**

2.7.1

2016/17			2017/18		
Actual 2016/17 £m	**Variance at outturn £m**	**Expenditure Area**	**Budget 2017/18 £m**	**Forecast Outturn £m**	**Variance £m**
1.185	(0.289)	Commissioning Team	4.298	4.193	(0.105)
10.361	(0.795)	Service Level Agreements	12.759	12.444	(0.315)
2.184	(0.418)	Integrated Community Equipment Service	2.396	2.102	(0.294)
33.280	3.257	NorseCare	32.594	33.266	0.672
8.323	(1.172)	Supporting People	5.817	5.817	0.000
13.114	(0.244)	Independence Matters	12.857	13.077	0.220
1.153	(0.216)	Other Commissioning	1.390	1.304	(0.087)
69.600	**0.123**	**Total Expenditure**	**72.111**	**72.203**	**0.092**

2.7.2 Key points:

NorseCare

a) The variance has reduced from Period 10 to £0.672m. As part of the management of Norfolk County Council's overall 2016/17 underlying overspend for adult social services, one-off funding of £2m was used in 2017/18 to manage part of the variance between the previous budget and the NorseCare contract price. Despite on-going reductions in the real-terms contract costs (including NorseCare forgoing the inflationary increase for this year that the contract entitles it to) there remains a variation between the approved budget and the contract price

b) Savings targets set in the council's prior-year budgets were not able to be achieved within the 2017-18 contract price – this is mainly because of the 'legacy' costs that NorseCare carries in respect of staff terms and conditions and property maintenance

c) The reduction in the variance reflects work to maximise and reshape the contract and to ensure that income that relates to Norsecare block beds is reflected against the contract spend

Independence Matters

d) The service is working closely with Independence Matters to reshape the contract and service model to enable long term savings to be delivered. Savings related to the review of day services will not be fully delivered in 2017-18, however one-off efficiencies have been implemented.

2.8 **Achieved Savings**

2.8.1 The department's budget for 2017/18 included savings of £14.213m, the savings reported for the service totalled £11.213m, which reflects the impact of reversing previous savings of £3m for transport. In addition, the service recognised the need to target additional savings of £4.197m by April 2018 in order to manage the impact of the one-off adult social care support grant, which has been used to provide additional time to reduce the underlying overspend from 2016/17. The progress and risks associated with delivery of the savings have been reported regularly to the Adult Social Care Committee.

2.8.2 During the year the service refreshed the Promoting Independence strategy and savings programme, this was detailed in the report to this Committee in July 2017. As a result, whilst the savings were in line with the proposals agreed by County Council in February, the detail about how savings would be achieved was built up, with new projects.

2.8.3.1 In relation to the planned programme of savings, at Period 10 a savings delivery risk of £3.874m was reported, with £10.339m on track. The paper set out alternative savings totalling £1.587m.

The final planned programme savings achieved were £10.728m, of which risks totalling £3.485m were reflected in the forecast position. This represented an improved savings delivery of £0.329m when compared to the previously reported forecast. Throughout the year the service has been monitoring the overall position for the service and other savings areas have been identified and delivered. **This has result in achievement of total savings of £14.353m.**

Savings	Planned Saving 2017/18 £m	Delivery 2017/18 £m	Variance £m	Variance %	Previously reported £m
Savings not or partly achieved	6.646	3.041	-3.605	-54%	3.874
Savings on target	7.567	7.687	0.120	2%	0
Total Planned Savings	**14.213**	**10.728**	**-3.485**	**-25%**	**3.874**
Additional savings above target	0.000	3.625			
Total Savings	14.213	14.353	0.140	1%	

2.8.3.2 We have been relatively strict in our assessment of planned savings and have stuck to assessing the planned programme of savings in isolation. However, in reality a large scale programme of savings will include variation against original plans. In recognising this, the service continually seeks and embraces opportunities to promote people's independence and maximise our income generation.

As with our period 10 forecast, the service has generated new savings opportunities and taken mitigating actions within the year. Examples of actions include:

- **Transport (delivery above budget £0.700m)** The service is seeing an impact of the transport policy coupled with the work being undertaken to continuously review routes and contracts. This will be an early achievement of the planned savings for 2018/19.
- **Service User income (delivery above budget £0.846m)** The Finance Exchequer Service has increased work with service users who make a nil contribution towards their care with a view to ensuring the service user is maximising their income and supporting them to claim all the benefits they are entitled to.
- **Shared Care income (delivery above budget £2.079m)** The service has focused on discussions with the NHS to share the costs of delivering on-going joint formal care services, in particular for those with Learning Disabilities and/or Mental Health needs

In addition to these specific actions, we continue to maximise our contracts and staffing establishments and have delivered one-off underspends on a number of base budgets.

The impact of an under-delivery of savings on future years budgets is dependent on the extent to which mitigating actions are recurrent in nature. Most of our income related mitigating savings will be recurrent and therefore the additional income generated will offset any shortfall.

2.8.3.3. Some of the under-delivery of planned savings is due to timing rather than not being able to deliver at all. But the impact on our "run-rate" must be considered. This term is used to describe our annual cost projection based on the volume and unit cost of the people being supported today. This is particularly important when a service is changing and the aim is to reduce levels of people being supported in complex settings. As our initiatives begin to have impact towards the latter half of the year, the ability to build delivered savings in that year are clearly limited by the time remaining in that financial year. This will however mean that the following year, assuming the levels remain at the lower level, the actual spend will be at level related to the lower volume (or unit cost).

2.8.3.4 Although our pattern of spending in relation to purchase of care was not as planned, it is changing and this is having an impact on our net expenditure. Key changes include:

a) Permanent admissions to residential care for older people is continuing to gradually reduce, but maintaining numbers has protected income that we receive
b) Reablement has continued to prove effective, with use increasing and is credited for the reduction in the need for home support
c) The social work approach is supporting cost avoidance. Whilst it is difficult to evidence directly there are signs of fewer referrals leading to an assessment, which indicates that the service is managing demand and is being effective at stemming the pattern over previous years of increased growth in the need for services

2.8.4 For those savings that did not deliver to target in full in 2017/18 a brief explanation is set out below.

2.8.5 **Younger adults and older people reviews (target £4.445m; delivery £2.546m; variance £1.899m)** The delivery is based on evidence of the actual impact from reviews completed earlier in the year. However, this is a difficult saving to accurately evidence and savings could still be achieved through other demand management interventions that will enable savings to be achieved across the workstream. Additional social workers have been recruited and the Living Well programme has been launched, which will support approaches that will deliver increased independence for individuals.

Home care commissioning (target £0.183m; delivery £0.000m; variance £0.183m) A new framework is in place for the Northern, Central and Southern areas from April 2018. Investment into the framework is expected to improve stability in this market but is not able to achieve immediate savings. The new framework encourages provider collaboration to improve efficiency of home support rounds, which will improve the financial sustainability and support more cost effective commissioning of wider services, however it is expected that this will not result in savings in the short term.

Review of day services (target £1.000m; delivery £0.400m; variance £0.600m) Savings have been delivered through our independent purchase of care provision. In addition, the service is working closely with Independence Matters to reshape the contract and service model to enable long term savings to be delivered, however, part of the savings will require a further reduction in demand for day services and alternative approaches.

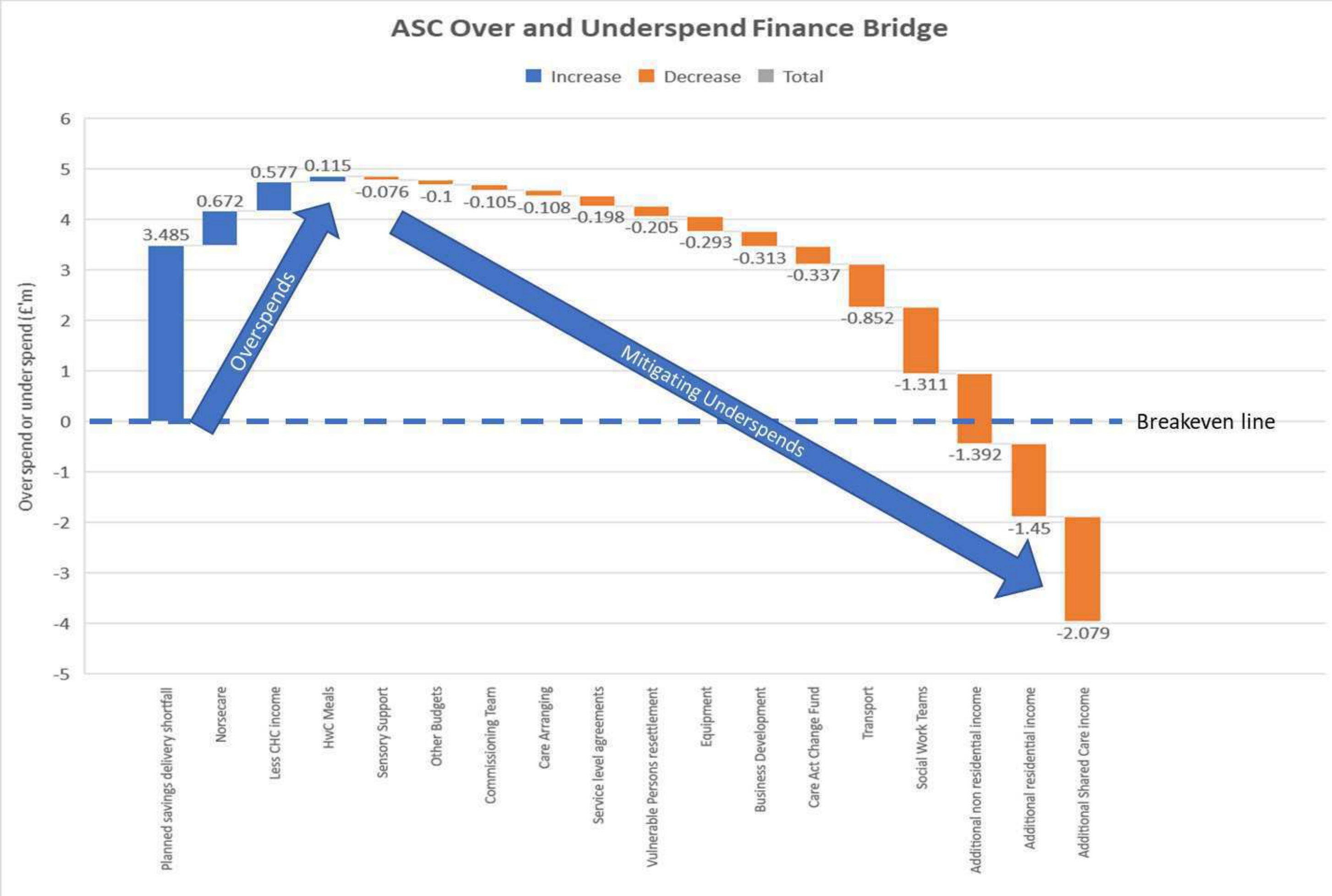
Review of the usage of short term planning beds (target £0.500m; delivery £0.080m; variance £0.420m) The service had targeted a reduction in its usage of planning beds but the decommissioning of these services has been delayed due to the requirement to source alternative capacity to ensure no detrimental impact on hospital discharge.

Review of various commissioning arrangements to identify more cost effective ways of providing services (target £1.159m; delivery £0.843m; variance £0.316m) Planned reduction and decommissioning of some contracts has not be achieved. This has been mitigated through revised usage of contracts to improve value for money.

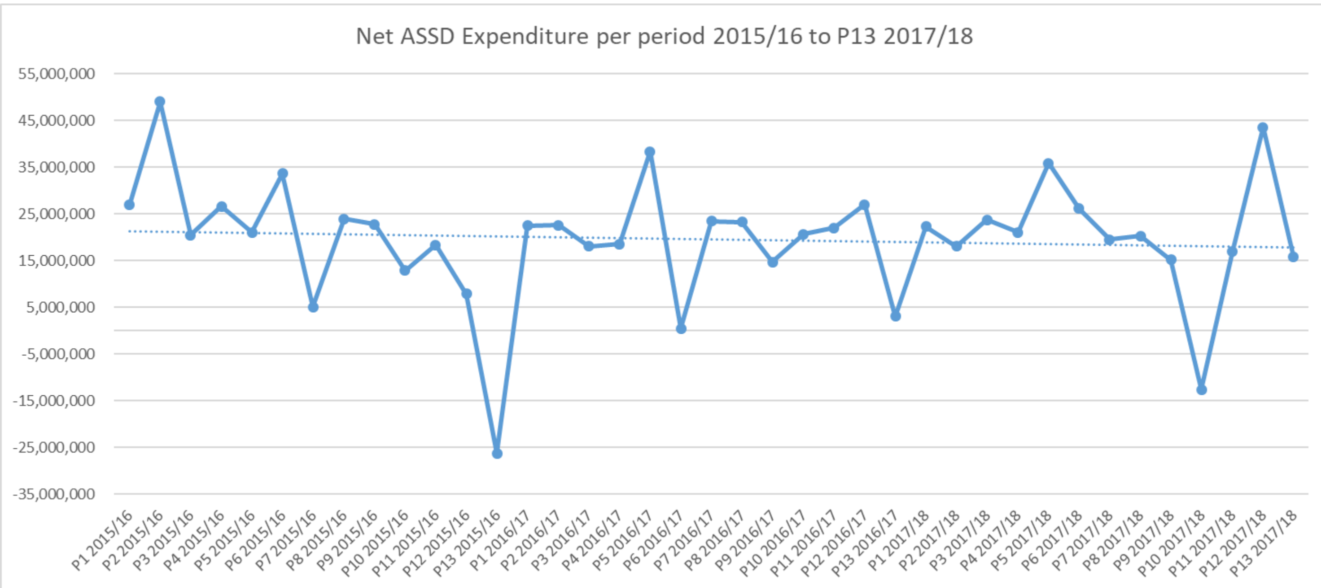
A consistent approach to specific laundry needs (target £0.055m; delivery £0.038m; variance £0.017m) Service contracts in the East and West of the county were decommissioned but the need has not been mitigated in the Norwich area.

Remodel contracts for support to mental health recovery (target £0.125m; delivery £0.035m; variance £0.090m) Service redesign has taken place and the remainder of the savings will be delivered in 2018/19.

2.8.6 Our Finance Bridge describes the overall picture taking into account budget performance across the overall department:



2.8.6 The departments net expenditure each period is prone to fluctuations, as evidenced by the below graphic, however, it continues to display a downward trajectory when compared to 2015/16. The spike in the period 5 2017/18 net expenditure is due to the month having two main payment runs – this is comparable to the peaks seen in similar periods of 2016/17 and 2015/16. The spike in P12 is primarily due to the transactions relating to capital accounting (no impact on bottom line) and movement required to transfer funding to reserves.



2.9 Improved Better Care Fund

2.9.1 The Chancellor's Budget in March 2017 announced £2bn additional non-recurrent funding for social care, of which Norfolk received £18.561m in 17/18, to be followed by £11.901m in 2018/19 and £5.903m in 2019/20. The funding is paid as a direct grant to councils by the

DCLG and as a condition of the grant, councils were required to pool the funding into their BCF.

2.9.2 The guidance received from DCLG requires that the funding is used by local authorities to provide stability and extra capacity in the local care system. Specifically, the grant conditions require that the funding is used for the purposes of:

a) Meeting social care needs
b) Reducing pressure on the NHS supporting people to be discharged from hospital when they are ready
c) Ensuring that the local social care provider market is stabilised

The table below shows the profile of the additional funding and the improved Better Care Fund.

£Ms	New funding (one-off)	Cumulative improved Better Care Fund (recurrent)	Total	Additional/Reduction in funding year on year
2017/18	18.561	1.885	20.446	20.446
2018/19	11.901	15.828	27.729	7.283
2019/20	5.903	28.372	34.275	6.546
2020/21		28.372	28.372	(5.903)

2.9.3 Plans for the use of the funding were reported to Adult Social Care Committee in July 2017 and were subsequently agreed with Norfolk's Clinical Commissioning Groups.

2.9.4 The Adult Social Care Committee has received regular updates on the iBCF within the Adult Social Care Finance Monitoring Report. The end of year summary is included within the report on progress on integration and BCF Plan 2017-19 elsewhere on this agenda.

2.9.5. In summary the funding has enabled us to:

a) Strengthen our Social Work capacity. By mid-February 40 appointments had been made to new roles in the service
b) Invest with Public Health in a countywide approach to social prescribing, enabling primary care services to refer patients with social, emotional or practical needs to a range of local, non-clinical services. This is being taken forward on CCG boundaries, working with Districts Council, CCGs & the voluntary sector. Locality plans have been developed, with services commencing between January and June 2018
c) Appoint five Trusted Assessment Facilitators across the three acute hospitals. This role has been developed with care providers. The service commenced in January 2018 in the Norfolk & Norwich University Hospital and all three hospitals had this service in place by early March
d) Open new Accommodation Based Reablement schemes. This is an occupational therapy-led service, designed to maximise people's independence and reduce permanent admissions to residential care, reduce hospital admissions and support safe and timely hospital discharge. A unit at Benjamin Court in Cromer has nine beds available with services having commenced in February and a further nine to be available later in 2018. The East Norfolk scheme, provided by Burgh House, currently has four beds. The unit opened early January and by the end of February

had already provided services to seven people. A West Norfolk unit will open later this year.

e) Commission three independent flats within a 24-hour housing with care setting at Dell Rose Court in Norwich, supporting people who have been assessed as being medically fit for discharge from hospital, but unable to return to their home safely. Flats are fully contained and have been equipped to replicate a home from home environment. Referrals to the service commenced early February 2018.
f) Implement the Enhanced Home Support Service, a small, flexible and enabling service which provides targeted home support to reduce delayed discharges from the three acute hospitals and unnecessary admissions from the community. This is a three-year pilot service, free to the service user for visits over a period of up to 72 hours and delivered in partnership with three Home Support providers. The service can offer support around meal preparation, personal care, shopping, welfare checks, medication monitoring and facilitation of the access to and the use of community resources and assistive technology solutions. It is suited to individuals with a low level of short term need. The service launched early February and by the end of the month had provided services to 30 individuals
g) Open an additional six beds/flats commissioned as “step down” and admission avoidance from mental health hospitals jointly funded with NSFT with social care support to provide suitable discharge destinations. The service commenced in July 2017

2.9.6 As reported throughout the year to Adult Social Care Committee the full grant funding has not been spent during this financial and members agreed early in the year to create a reserve to enable this funding to be carried forward in line with plans in 2018/19 and beyond. The reserves at 31st March 2018 include £15.670m for this purpose. There are three main reasons why the full allocation has not been spent to date.

a) The additional non-recurrent grant totalling £18.5m was announced in the March 2017 spring budget, which was after the County Council had agreed the budget for 2018-19. The full iBCF (BCF) guidance and sign-off process was not completed until July 2017
b) To jointly decide the best interventions to invest in to reduce pressures on the NHS, a more comprehensive understanding of the cause of delayed transfers of care (DTOC) relating to Social Care was required and data between health and social care has required ongoing development
c) The lead in time to develop, procure and contract services has meant many of the initiatives were not able to launch until Winter 2018. In recognising this we planned for a level of grant carry forward to fund services beyond the current financial year. This monthly expenditure will now increase significantly with the number of initiatives online

2.10 Financial Accountability and Performance

2.10.1 During the year the department has continued to closely monitor budget spend and income. Budget position, performance and variations are reviewed and monitored regularly within locality teams. Monthly performance and finance data is reviewed by senior management team in order to highlight key areas of focus for finance and performance board meetings. This is also a forum, which enables escalation by teams of blockages to progress and priority actions for the service. In addition, quarterly accountability meetings have been introduced, enabling scrutiny at team level and are led by the Executive Director of Adult Social Services. Teams continue to develop actions and follow up work to scrutinise variation to forecast.

2.10.2 The service implemented the new social care replacement system, LiquidLogic, on 22 November 2017, which included implementing a new financial system for social care. The system provides an improved management and reporting system for social care. The implementation has been successful and teams are bedding in the new ways of working. The reporting tools are being implemented throughout 2018, which will improve reporting and data analysis.

2.11 **Reserves**

2.11.1 The department's reserves and provisions at 1 April 2017 were £6.230m. Reserves totalled £2.074m.

2.11.2 Plans were in place (and incorporated into the 2017/18 budget) to use these reserves to support projects and activities through the year.

2.11.3 During 2017/18 the service has added £22.535m to reserves (£15.670m of this related to the unspent element of the Improved Better Care Fund (iBCF), and £4.500m was used to create the Business Risk Reserve). This means the 2017-18 outturn position for reserves is £24.609m. Provisions totalled £4.157m at 1 April 2017, mainly for the provision for bad debts. Additional provision for doubtful debts has increased the balance to £6.454m. The projected use of reserves and provisions is shown at **Appendix C.**

2.12 **Capital Programme**

2.12.1 The department's three-year capital programme is £26.203m. The programme includes £6.782m relating to Department of Health capital grant for Better Care Fund (BCF) Disabled Facilities Grant (DFG), which is passported to District Councils within the BCF. Work has been undertaken with district councils as part of the BCF programme of work, to monitor progress, use and benefits from this funding. However, as this is passported directly to district councils this is not included within the programme for future years. The capital programme also includes £7.149m for the Social Care and Finance Replacement system in 2017/18 and beyond.

2.12.2 In setting the 2018-19 Budget, members agreed a proposal to capitalise spend on equipment to support service users, which will deliver revenue savings of £2.3m. Since reporting to members at the end of Period 10 and as part of year-end, it was put forward that it would be beneficial to NCC to capitalise this expenditure in 2017-18 enabling this to be supported through the unallocated capital grant within the service's capital programme. This change will not impact on the savings proposed for next financial year or affect the capital available for the service, which will be able to be sought through capital borrowing subject to business cases.

2.12.3 The year end capital programme includes slippage of the project for Elm Road. Following advice from the corporate property team, the service has been asked to explore alternative options for the site, which may enable a broader use of the site. As this will change the proposed usage and funding required, it is proposed that the £1.286m of funding is released for other purposes, while new proposals are developed. The impact on planned revenue savings is factored into savings risks and alternative savings will need to be identified.

2.12.4 The priority for use of capital is development of alternative housing models for young adults. There has been some reprofiling of the capital programme to reflect revised spending plans. Details of the current capital programme are shown in **Appendix D**.

3. Financial Implications

3.1 The outturn for Adult Social Services is set out within the paper and appendices. The impact for 2018/19 is set out below.

3.2 As set out in this report, the £3.696m underspend, is after placing £4.5m into a business risk reserve to help mitigate the budget risks to the department in 2018/19.

3.3 Throughout the year the service has been reporting the need to over deliver savings to address the loss in 2018-19 of £4.197m of one-off funding that was invested in 2017-18 and to help manage the impact of the 2016/17 overspend. The impact of this is included in the savings target of £27.290m for the service in 2018-19. Part of the year end analysis has been to examine the extent that the core underspend of £8.196m is ongoing and therefore will support delivery of planned savings or provide alternative means to mitigate savings and budget risks. It is calculated that £2.4m represents a recurrent underspend.

3.4 The service achieved overall delivery of savings of £14.353m against a target of £14.213m. Within this, £3.625m of savings were from delivery of alternative savings. The original savings will continue to be pursued, but as the many of the alternative savings are recurrent, all delivery of the original savings will make a positive contribution to the 2018-19 budget outturn position. The only exception is the transport savings, which are already reflected in the 2018-19, but were delivered sooner than expected and benefited the 2017-18 outturn position.

3.5 The position regarding spend of the improved Better Care Fund grant is set out at 2.10 of this paper. Members' decision to create a reserve in 2017-18 has enabled projects and spend to be progressed in a timely manner, and support delivery of the iBCF as planned. Many of these projects will support health and social care system benefits.

3.6 The Council has a high level of outstanding debt with health organisations. The level of debt (above 60 days) outstanding at 31 March with NHS bodies totalled some £7.1m, of which £4.4m is over 181 days. This predominately relates to purchase of care spending, which has been commissioned by the Council on behalf of health or where the Council is seeking full or part contribution towards costs. Discussions are in place with health, but non-recovery would increase cost pressures for the service in 2018/19. Income collection for non-health related debts is performing well. 85% of non -residential invoices are collected within 30 days and 83% of residential invoices. The level of unsecure debt is decreasing. Excluding grants and BCF, managed income across services totalled £95.310m in 2017-18.

4. 2018/19 Budget

4.1 The 2018/19 budget was set by County Council in February 2018. It includes the use of the one-off additional social care grant, amounting to £11.901m in 2018/19.

4.2 The 2018/19 budget, is broken down in the table below:

Actual 2017/18	Over/under spend 2017/18	Expenditure Area	Budget 2018/19
£m	£m		£m
11.620	(0.313)	Business Development	10.683
72.203	0.092	Commissioned Services	62.663
7.845	(0.093)	Early Help & Prevention	5.796
181.698	(7.573)	Services to Users (net)	199.070
114.650	*3.481*	*Older People*	*121.859*
24.095	*0.866*	*People with Physical Disabilities*	*24.592*
100.865	*1.663*	*People with Learning Disabilities*	*103.705*
14.616	*0.500*	*Mental Health*	*14.504*
5.859	*(0.813)*	*Hired Transport*	*6.105*
10.181	*(1.571)*	*Staffing and Support Costs*	*14.076*
(88.568)	*(11.698)*	*Income*	*(85.771)*
(7.822)	4.190	Management, Finance & HR	(23.974)
265.585	**(3.696)**	**Total Net Expenditure**	**252.466**

4.3 Areas to note include:

a) The increases in Older People and Learning Disabilities expenditure reflects demographic changes and increased costs
b) Early Help and Prevention budget for 2018/19 reflects increased contributions from the NHS compared to 2017/18
c) Staffing and Support Costs budget for 2018/19 is higher than the outturn for 2017/18. This is because of the additional social care posts created and to be funded from the Improved Better Care Fund
d) The net budget for Management, Finance & HR has reduced through the inclusion of the release from reserves to cover the Improved Better Care Fund which was committed in 2017/18 but not spent

4.4 The savings target for 2018-19 totals £27.290m and reflects a significant challenge for the service. As part of the evaluation of the 2018-19 budget delivery, the service has reviewed both savings and additional budget risk to assess the budget delivery position for 2018-19. The promoting independence strategy focuses largely on demand management, which accounts for some £17m of the total savings for 2018-19. Many of these savings have from the outset been recognised as challenging and will continue to be identified as high risk of delivery – this is based on achieving delivering in full and within the planned timeframe. However, although the full savings remain challenging within the timeframe, there are clear indications that the strategy is working and the service is implementing new ways of working to support delivery, including:

a) Implementing strengths based social work using the Living Well – three conversations model
b) 50 new social work practitioner posts
c) Dedicated discharge to assess social workers
d) An enhanced home support service
e) Implementing accommodation based reablement and expanded home based reablement services
f) Trusted assessment facilitators in hospitals
g) A new strategy and offer for people with learning disabilities
h) Developing social prescribing across the county
i) Developing technology enabled care
j) More step-down beds to support people with mental health needs leaving hospital

4.5 Not all potential costs can be included within the budget and the risks and mitigating actions are closely monitored throughout the year. Some of the key budget risks for Adult Social Care include:

a) Risk of market instability and lack of capacity
b) Increase in removal of continuing health care
c) Risk of additional costs associated with national living wage legislation
d) Continued risk of non-agreement of transforming care protocols
e) NHS financial position and increased level of debt

4.6 In February the Government announced a 2018-19 Adult Social Care Grant, providing £150m of one-off funding nationally. For Norfolk this equates to £2.6m. County Council agreed that this would be used to create an Adult Social Care Business Risk Reserve. The service has developed and signed off operational budget plans and has a strong programme of savings underway, however the service recognises the financial risks to be managed. This, together with the additional £4.5m business risk reserve and recurrent element of the 2017-18 underspend, described in Section 3, will help mitigate potential in-year implications arising for both the identified budget and savings risks for the service. All these elements will be part of the regular financial reports to this Committee during 2018-19.

5. Issues, risks and innovation

5.1 This report provides the outturn financial performance information on a wide range of services monitored by the Adult Social Care Committee. Many of these services have a potential impact on residents or staff from one or more protected groups. The Council pays due regard to the need to eliminate unlawful discrimination, promote equality of opportunity and foster good relations.

5.2 The financial monitoring reports through the year have outlined the risks that impact on the ability of Adult Social Services to deliver services within the budget available. Whilst some of these risks have been mitigated through the budget planning for 2018-19, many will continue into the new financial year and will be reported within the Period 2 monitoring report for this committee in July.

6. Background

6.1 The following background papers are relevant to the preparation of this report.

Finance Monitoring Report – Adult Social Care Committee March 2018 (p14)

Strategic and Financial Planning 2018-19 and 2021-22 and Revenue Budget 2018-19 – January 2018

Norfolk County Council Revenue Budget and Capital Budget 2018-21 - County Council February 2018 (p49)

Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, e.g. equality impact assessment, please get in touch with:

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Susanne Baldwin	01603 228843	susanne.baldwin@norfolk.gov.uk

IN TRAN communication for all

If you need this report in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

Appendix A

Adult Social Care 2017-18: Budget Outturn Period 13 (March 2018)

Please see table 2.1 in the main report for the departmental summary.

Summary	Budget	Outturn	Variance to Budget		*Variance at Period 10*
	£m	£m	£m	%	*£m*
Services to users					
Purchase of Care					
Older People	111.169	114.650	3.481	3.13%	*3.896*
People with Physical Disabilities	23.229	24.095	0.866	3.73%	*0.317*
People with Learning Disabilities	99.202	100.865	1.663	1.68%	*1.092*
Mental Health, Drugs & Alcohol	14.116	14.616	0.500	3.54%	*1.047*
Total Purchase of Care	**247.716**	**254.226**	**6.510**	**2.63%**	***6.352***
Hired Transport	6.672	5.859	(0.813)	-12.19%	*(0.888)*
Staffing and support costs	11.752	10.181	(1.571)	-13.37%	*(1.186)*
Total Cost of Services to Users	**266.140**	**270.266**	**4.125**	**1.55%**	***4.278***
Service User Income	(76.870)	(88.568)	(11.698)	15.22%	*(9.864)*
Net Expenditure	**189.270**	**181.698**	**(7.573)**	**-4.00%**	***(5.586)***
Commissioned Services					
Commissioning	4.298	4.193	(0.105)	-2.44%	*(0.180)*
Service Level Agreements	12.759	12.444	(0.315)	-2.47%	*(0.444)*
ICES	2.396	2.102	(0.294)	-12.26%	*(0.281)*
NorseCare	32.594	33.266	0.672	2.06%	*0.826*
Supporting People	5.817	5.817	0.000	0.00%	*(0.000)*
Independence Matters	12.857	13.077	0.220	1.17%	*0.089*
Other	1.390	1.304	(0.087)	-13.37%	*(0.036)*
Commissioning Total	**72.111**	**72.203**	**0.092**	**0.13%**	***(0.027)***
Early Help & Prevention					
Norfolk Reablement First Support	3.824	3.782	(0.041)	-1.09%	*0.017*
Service Development	1.131	1.069	(0.061)	-5.42%	*(0.031)*
Other	2.984	2.994	0.010	0.335%	*(0.007)*
Prevention Total	**7.938**	**7.845**	**(0.093)**	**-1.17%**	***(0.043)***

Adult Social Care
2017-18 Budget Outturn Period 13
Explanation of variances

1. Business Development, underspend (£0.313m)

The main variances are:

Business Support vacancies, across multi teams These have been held and will be reviewed following the implementation of Liquid Logic.

2. Commissioned Services overspend £0.092m

The main variances are:

NorseCare, overspend of £0.672m. This relates to the budgeted reduction in contract value from previous years which has not been achieved. These have been offset by recharges for Continuing Health Care and Shared Care for eligible service users from the NHS. Changes have been made to reduce costs starting in 2017/18 and progress is expected to continue.

Service Level Agreements, underspend of (£0.315m). Reductions in planned costs following retendering and replacement of contracts.

Integrated Community Equipment Service (ICES), underspend of (£0.294m). This is following a change in the working practices to resolve backlogs which previously existed.

Independence Matters, overspend £0.220m, primarily due to savings that have not been delivered.

Commissioning, underspend (£0.105m), as a number of vacancies exist and other staff are not at the top of scale.

3. Services to Users, underspend (£7.573m)

The main variances are:

Purchase of Care (PoC), overspend £6.510m.

The key reasons for the differences between the outturn position and the 2017-18 budget are:

- The service has not been able to deliver all planned savings during the year, which has predominately impacted on the Purchase of Care budgets. The significant element of this reflects the variation against the planned strategy to move from Residential to Home Care packages
- Home Care costs have been less than planned
- Management of Direct Payments has ensured that reclaims were maximised

Service User Income, above budget (£11.698m). Residential income has been higher than budget as more service users are eligible for charging than expected, together with work to review those that were previously nil payers. There were also increases to NHS income for Shared Care and Continuing Health Care from the NHS.

Hired Transport, underspend (£0.813m). Reductions have been seen in both the Norse contract and in other providers, together with an unused creditor from 2016/17.

Staffing and Support Costs, underspend by (£1.571m). The majority of the underspend comes from delays in recruitment and maternity leave.

4. Early Help and Prevention, underspend (£0.093m)

The main variances are:

Reablement, underspend (£0.041m). Includes reduced costs for the new rostering system and slippage in recruiting to posts.

Service Development, underspend (£0.061m). The variance mainly relates to vacancies affecting the Sensory Support service.

5. Management, Finance and HR, overspend £4.190m

The main variances are:

Management and Finance, overspend £4.213. The overspend comes from the £4.500m contribution to the Business Risk Reserve, which is offset by savings in other parts of Adult Social Care. It is offset by unused funding for the NIPE.

Appendix C

Adult Social Services Reserves and Provisions 2017/18

	Balance	P13 Final Usage or addition	Balance
	01-Apr-17	2017/18	31-Mar-18
	£m	£m	£m
Doubtful Debts provision	4.157	2.297	6.454
Total Adult Social Care Provisions	**4.157**	**2.297**	**6.454**
Prevention Fund – General - As part of the 2012-13 budget planning Members set up a Prevention Fund of £2.5m to mitigate the risks in delivering the prevention savings. £0.131m remains of the funding, and it is being used for prevention projects: Ageing Well and Making It Real. 2013-14 funding for Strong and Well was carried forward within this reserve as agreed by Members. £0.122m remains of the funding, all of which has been allocated to external projects, and will be paid upon achievement of milestones. Market Development fund – carried forward committed funds	0.221	-0.138	0.082
Repairs and renewals	0.043	0.000	0.043
Adult Social Care Workforce Grant	0.255	0.014	0.269
HR Recruitment Costs	0.000	0.020	0.020
ICES Training post	0.000	0.080	0.080
Change Implementation – Commissioning Manager	0.000	0.025	0.025
IT Reserve - Slippage in revenue spending pattern in relation to social care information system reprocurement	0.361	0.373	0.734
Unspent Grants and Contributions - Mainly the Social Care Reform Grant which is being used to fund Transformation in Adult Social Care	1.196	0.114	1.310
Public Health grant to support the Social Prescribing Project	0.000	0.400	0.400

Funding to support Transformation projects in 2018/19	0.000	0.475	0.475
Supporting People (MEAM and Community Model)	0.000	0.251	0.251
Vulnerable Person's Resettlement Scheme and Controlling Migration Fund projects – funding to be carried forward to 2018/19	0.000	0.433	0.433
Funding for Mental Health Practitioners to carry out reviews	0.000	0.159	0.159
Funding for additional 15 NIPE students	0.000	0.150	0.150
AMPH Backfill	0.000	0.009	0.009
Adults Business Risk Reserve	0.000	4.500	4.500
Improved Better Care Fund – requirement to carry forward unspent grant for committed projects	0.000	15.670	15.670
Total Adult Social Care Reserves	**2.074**	**22.535**	**24.609**

Total Reserves & Provisions	**6.230**	**24.832**	**31.063**

Appendix D

Adult Social Services Capital Programme 2017/18

Summary	**2017/18**		**2018/19**	**2019/20**
Scheme Name	**Current Capital Budget**	**Outturn**	**Capital Budget**	**Draft Capital Budget**
	£000s	£000s	£000s	£000s
Supported Living for people with Learning Difficulties	0	0	15	0
Adult Social Care IT Infrastructure	211	211	5	0
Adult Care - Unallocated Capital Grant	0	0	2167	0
Strong and Well Partnership - Contribution to Capital Programme	73	73	47	0
Winterbourne Project	0	0	50	0
Care Act Implementation	0	0	871	0
Social Care and Finance Information System	3273	3273	3876	0
Elm Road Community Hub	37	37	1286	0
Better Care Fund Disabled Facilities Grant and Social Care Capital Grant – passported to District Councils	6782	6782	0	0
Teaching Partnership IT Equipment	46	46	22	0
Accommodation Based Reablement – Benjamin Court IT	84	84	0	0
County Resilience Team IT	21	21	1	0
WIFI Upgrade Integrated Sites	0	0	10	0
Miscellaneous capital projects (not greater than £5000)	4	4	0	0
ICES Equipment Costs	1902	1902	2334	2380
Netherwood Green	23	23	681	0
TOTAL	**12458**	**12458**	**11365**	**2380**