

Adult Social Care Committee

Item No

Report title:	Adult Social Care Finance Outturn Report Year End 2016-17
Date of meeting:	19 June 2017
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 2017. It provides an analysis of variations from the revised budget, recovery actions taken in year to reduce the overspend and the use of Adult Social Care reserves.

Executive summary

The paper looks back at the financial position for Adult Social Services during the previous financial year. At the end of financial year 2016-17, Adult Social Service's financial outturn position at March 2017 showed an overspend of £4.399m, after the application of previously identified use of reserves, including the Corporate Business Risk Reserve, work across teams to deliver recovery actions and £1.2m funding to support priorities from Public Health. The overspend equates to a 1.76% 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 £5.230m on the position reported at the end of Period 10.

Expenditure Area	Budget 2016/17 £m	Forecast Outturn £m	Variance £m
Total Net Expenditure	250.392	264.946	14.554
Agreed use of Corporate Business Risk Reserve	0.000	(10.155)	(10.155)
Revised Net Expenditure	250.392	254.791	4.399

The headline information and considerations include:

- The outturn position for 2015-16 was a £3.168m overspend and this underlying pressure continued into 2016-17
- Norfolk County Council (the Council) in setting the budget recognised the additional business risks affecting the service, specifically in relation to the cost of care exercise that concluded in April, the additional cost in 2016-17 for the introduction of the national living wage and the uncertainty of health funding to maintain social care as part of the Better Care Fund. A corporate business risk reserve was set up as part of the 2016-17 budget to help manage this risk. The use of £5.155m was agreed for cost of care and national living wage pressures and £5m towards protecting social care following the reduction in health funding towards social care in 2016-17 within the Better Care Fund
- Public Health funding of £1.2m has been transferred to Adult Social Care to support homelessness schemes
- Care Act implementation funding of £0.492m that remained unspent at the end of the year was able to be used to reduce the overall overspend.

- e) Key variations in the final periods included lower home support costs due to improved contract management, an increase in direct payment reclaims due to targeted work, and increase in service user income compared to the forecast position and lower than forecast transport costs
- f) The service has delivered savings of £7.2m in 2016/17 against a target of £10.926m
- g) Previous agreement of £0.651m of reserves and further agreement to utilise £0.948m of uncommitted reserves to help reduce the 2016/17 forecast overspend
- h) Budget movements at year end reflected capital financing charges and had no impact on the outturn position

Adult Social Services reserves at 1 April 2016 stood at £2.848m. At the point that the budget was set in February 2016, the Council agreed to £1.073m use of Adult Social Services reserves in 2016/17. The year end position on reserves was £0.838m higher than at budget.

Excluding the use of the Corporate Business Risk Reserve, during 2016/17 the service has made use net use of £0.774m of reserves and has increased provisions by £1.030m. The 2016-17 outturn position for reserves is £2.074m, which includes some increases due to specific commitments to projects that will now not be spent until the new financial year. Provisions totalled £3.127m at 1 April 2016, mainly for the provision for bad debts. Additional provision for doubtful debts has increased the balance to £4.157m

Recommendations:

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

- a) **The outturn position for 2016-17 Revenue Budget of an overspend of £4.399m**
- b) **The outturn position for the 2016-17 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 2016/17 and reflects the outturn position at the end of March 2017, Period 13.
- 1.3 The County Council in setting the budget for 2016/17, recognised the significant business risks facing the service, including the review of cost of care and the implications of national living wage and the continuation of funding from Clinical Commissioning Groups (CCGs) to maintain social care within the Better Care Fund scheme. As part of the 2016-17 budget setting, the Council put in a place a Corporate Business Risk Reserve. The outturn position includes the approved use of £10.155m to manage the actual costs incurred by the service.

2. Detailed Information

- 2.1 The table below summarises the outturn position as at the end of March 2017 (Period 13).

Actual 2015/16	Over/Under spend at Outturn	Expenditure Area	Budget 2016/17	Outturn	Variance to budget		Variance @ P10
£m	£m		£m	£m	£m	%	£m
8.325	(0.312)	Business Development	10.863	10.392	(0.471)	-4.3%	(0.323)
70.665	0.804	Commissioned Services	69.477	69.600	0.123	0.2%	1.753
5.442	0.142	Early Help & Prevention	6.219	5.492	(0.727)	-11.7%	(0.704)
164.760	9.653	Services to Users (net)	155.272	168.243	12.971	8.4%	15.962
(6.710)	(7.119)	Management, Finance & HR	8.561	1.064	(7.497)	-87.6%	(7.083)
242.482	3.168	Total Net Expenditure	250.392	254.791	4.399	1.76	9.629

- 2.2 As at the end of Period 13 (March 2017) the revenue outturn position for 2016-17 is a £4.399m overspend. This includes the release of (£6.557m) of Care Act funding that was not allocated to specific budgets at the beginning of the year. It also includes use of reserves, including the planned use of £10.155m from the Corporate Business Risk reserve to manage the impact from the cost of care review and introduction of the National Living Wage and also the agreed use of £0.948m from Adult Social Care reserve, previously allocated for business transformation costs.
- 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 overspend is primarily due to the net cost of Services to Users (purchase of care and hired transport), and shortfall in delivery of planned recurrent savings, resulting in an overspend of £12.971m.
- 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, and Reablement services – which resulted in a reduction in net budget for these services, although did not affect the actual resources available.
- 2.6 **Additional pressures for 2016/17**
- 2.6.1 As previously reported the outturn position for the service includes the additional costs arising from the cost of care review and the implications of the national living wage within the 2016/17 uplift to prices. These costs have been built into the 2017-18 budget pressures for the relevant services, so will not be an additional pressure on spending plans in the current financial year.

2.7 Services to Users

2.7.1 The Purchase of Care budget outturn is set out in more detail below. This highlights that the key areas of overspend in 2016/17 were in relation to services for people with learning disabilities and older people. Mental Health services were provided within the net budget. The Older People overspend of £8.625m is particularly impacted by the cost of care review for older people residential and nursing implemented in 2016-17 and the introduction of national living wage. Whilst the teams continue to have significant challenges in managing demand and market pressures, in overall terms £6.1m savings were achieved against purchase of care and teams have largely stabilised spend and in some cases reduced spending year on year.

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

Actual 2015/16 £m	Over/ Underspend at Outturn £m	Expenditure Area	Budget 2016/17 £m	Outturn £m	Variance £m
111.417	3.579	Older People	103.677	111.914	8.238
24.750	0.412	Physical Disabilities	22.039	23.246	1.207
90.218	9.863	Learning Disabilities	83.408	94.527	11.119
13.519	1.839	Mental Health	12.907	13.174	0.267
6.909	2.328	Hired Transport	3.672	6.746	3.074
14.436	(1.150)	Care & Assessment & Other staff costs	10.338	9.144	(1.194)
261.249	16.871	Total Expenditure	236.041	258.751	22.710
(96.490)	(7.218)	Service User Income	(80.769)	(90.508)	(9.739)
164.760	9.653	Revised Net Expenditure	155.272	168.243	12.971

2.7.2 Headlines:

- a) Permanent admissions to residential care – so those without a planned end date – have been consistently reducing for the last three years in both 18-64 and 65+ age groups, and reductions had accelerated in the last year in response to the provisions put in place in response to Promoting Independence. However, over the second half of the year there had been some increase in permanent residential placements – due to a mix of reasons including increased pressure from hospital discharge, self-funders that had dropped below the threshold for self-funding and assessed needs. At April 2015 the rolling 12 months admissions for people aged 65+ was 688 per 100,000 population. This had reduced to 613 by August 2016, but then increased in the following periods, to 633 by March 2017, which means that there has been a small increase in 2016/17 when compared with the rate of 623 at the beginning of the year. For people aged 18-64 there is a more marked reduction, with 33 people per 100,000 population admitted into permanent residential care in April 2015, reducing in most periods to 17 per 100,000 population by November 2016. Again there has been an increase in the last quarter of the year to 19.3 admissions per 100,000 population. However, whilst total numbers have reduced, 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, meaning that spend has not reduced proportionally

- b) Overall there are 513 less service users of adult social care reducing to 13,698 users at the end of March 2017. Some 423 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 savings required.
- c) The year on year position is not entirely comparable due to such as one-off adjustments, but provides an indication of the expenditure trend. The outturn expenditure for purchase of care, excluding care and assessment is £2.9m more than the 2015/16 outturn. The 2015/16 expenditure included £1.1m one-off expenditure, which was offset by income. However, the 2016/17 expenditure includes the increase in spend due to the cost of care exercise and implementation of the national living wage, which totalled £5.155m. This highlights that despite rising costs and demands, the service is delivering change within the service, resulting in savings that are helping to stabilise spending. After taking account of additional costs and adjustments, demand management savings to support the purchase of care totalled just over £6m in 2016/17
- d) 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
- e) Savings against services for people with learning disabilities were not fully delivered and expenditure has continued to rise. The service has seen an increase of 27 service users during the year. This continues to be an area where there is high financial risk. Mitigating actions have been taken to address the risk. These include: strengthening the social care focus at all levels of management; the appointment of a Business Lead role to help drive through the comprehensive list of actions developed in line with the Promoting Independence Programme; focussed operational resource to address waiting lists and prevent 'drift' in casework; and a wholesale review of day services and supported living provision
- f) The net budget for mental health services (taking account of both expenditure and service user income) achieved a small underspend for 2016/17. This is despite the service supporting an increase during the year of 49 service users to a total of 1139 service users at year end – reflecting the continuing increase in demand for the service
- g) Overall there was a reduction of £16m in budgeted income in 2016/17 compared to 2015/16 outturn, with an expectation that service user income would remain similar. This primarily relates to one-off income items accounted for against purchase of care income in 2015/16 including:
 - a) £4.6m from reserves for 2015/16 cost of care pressures and approved use of reserves when setting the 2015/16 budget;
 - b) £0.415m transfer from Public Health;
 - c) £3.6m to adjust for Continuing Health Care agreements which reflects packages that are funded by health where people have been assessed with ongoing health needs
 - d) £1.1m in relation to additional invoices raised, but which were offset by additional costs

2.7.3 It also reflected reallocation of Better Care Fund (BCF) income to the areas of agreed budget spend, particularly Care and Assessment and Reablement. The outturn includes the additional income from the Corporate Risk Reserve of £5.155m in relation to cost of care and national living wage. The actual service user income was £0.484m more than previously forecast.

2.8 Commissioned Services

2.8.1

Actual 2015/16 £m	Variance at outturn £m	Expenditure Area	Budget 2016/17 £m	Forecast Outturn £m	Variance £m
1.219	(0.182)	Commissioning Team	1.474	1.185	(0.289)
10.925	(0.219)	Service Level Agreements	11.157	10.361	(0.795)
2.620	0.021	Integrated Community Equipment Service	2.602	2.184	(0.418)
32.496	1.645	NorseCare	30.024	33.280	3.257
9.141	(0.141)	Housing related support	9.494	8.323	(1.172)
12.930	(0.265)	Independence Matters	13.345	13.114	(0.244)
1.334	(0.055)	Other Commissioning	1.369	1.153	(0.216)
70.665	0.804	Total Expenditure	69.477	69.600	0.123

2.8.2 Key points:

- A joint and medium term plan is being developed with Norse Care for delivery of current and future savings. While some planned savings have been made during 2016/17 and actions implemented, the targeted reductions in the contract price will take longer to achieve in full
- Changes within the work of the integrated community and equipment service and locality teams has led to an increase in use of equipment but less use of high cost specialist stock along with further work to enable more cost effective options for the same treatment
- SLA underspend relates to small underspends on multi contracts
- The position for housing related support reflects one-off public health funding to support homelessness schemes in 2016/17, which has increased the income to the service and therefore reduced the net expenditure. It does not reflect any reduction in spending in 2016/17

2.9 Achieved Savings

2.9.1 The department's budget for 2016/17 included savings of £10.926m. The progress and risks associated with delivery of the savings have been reported regularly to the Adult Social Care Committee. In particular a revised forecast was reported to Committee, following a review undertaken with iMPower consultants of the Promoting Independence programme of work. The review concluded that the Council is pursuing the right strategy, but there are other interventions that can be used to enhance delivery of the strategy and that the timeline for the strategy was too challenging to successfully be delivered in three years. This led to re-profiling of the targets for future years. However, the original budgeted targets for 2016-17 remained.

2.9.2 At Period 10 risks totalling £4.510m were reflected in the forecast position and throughout the year work has continued on recovery plans and alternative savings where possible.

The final savings achieved reflect an improved position since the Period 10 forecast with savings delivered in 2016/17 totalling £7.189m, of which £6.012m is attributable to savings to purchase of care.

2.9.3

Savings	Saving 2016/17 £m	Outturn £m		Variance £m
Savings not or partly achieved (Red or Amber)	(9.458)	(5.721)		3.737
Savings on target	(1.468)	(1.468)		0.000
Total Savings	(10.926)	(7.189)		3.737

For those savings that did not deliver to target a brief explanation is set out below.

2.9.4 **Integrated Community Equipment Service (target £0.500m, outturn £0.436m, variance £0.064m)**

The savings were planned focusing on a mix of preventative and efficiency savings. The service is working to increase the access to equipment to reduce or delay the need for formal packages of care and review the way that equipment is recalled. Changes within the work of the integrated community and equipment service and locality teams has led to an increase in use of equipment but less use of high cost specialist stock along with further work to enable more cost effective options for the same treatment. In addition, focus will be on increasing the review and recall of equipment and reviewing where improved access to equipment can reduce the need for some service users to require two care workers (known as double-ups). Posts were recruited to during Quarter 4 of 2016/17, which will achieve further savings in 2017/18.

2.9.5 **Changing how we provide care for people with learning disabilities or physical disabilities (target £1.500m, outturn £0.600m, variance £0.900m)**

The saving involves re-assessing the needs of existing service users and where appropriate providing alternative and more cost effective accommodation, or means of supporting them in their current accommodation. As previously reported, while it is considered that savings can be achieved over time, the lead in times for the work have been longer than originally planned. The future direction for this work is part of the refresh of the promoting independence programme.

2.9.6 **Promoting Independence - Reablement - expand Reablement Service to deal with 100% of demand and develop service for working age adults (target £3.158m, outturn £2.067m, variance £1.091m)**

Recruitment to posts was completed during 2016/17 and the service has managed an increased number of referrals. The target number of additional referrals was 1464 and 1342 has been achieved. Referral rates and service declines are monitored closely and capacity is being increased where there is not adequate provision for demand. The referral rates are continuing to increase, supported by the strength based approach to assessments and work with hospitals on discharge and therefore savings are expected to be delivered in full during 2017/18.

2.9.7 Transport Savings (target £1.050m, outturn £0.246m, variance £0.804m)

A full report was presented to committee in July and September 2016 and further updates provided in November and March. Various strands of work have and are being carried out including the reduction in the allocation for funding for transport in peoples' Personal Budgets; discussing with people at their annual review how they can meet their transport needs in a more cost effective way; and charging self-funders. As reported the budgeted savings have not been possible to deliver in the current framework and this led to the re-profiling of savings for future years. As reported to Committee in March, the transport policy has been revised to help support teams and service users. In addition savings on routes are continuing to be made, with a small reduction in transport expenditure in 2016/17 compared to 2015/16.

2.9.8 NorseCare Savings (target £0.750m, outturn £0.405m, variance £0.345m)

The proposed savings with the NorseCare contract were not achieved in full in 2016/17. The savings include the rebate, which includes some recurrent savings from the reduction in the number of beds that will be purchased through the block contract from Ellacombe. This saving will continue to increase over the next few years as beds are decommissioned within the contract. In addition NorseCare has made changes to the terms and conditions for new staff that join the company, which will start to reduce costs in 2017/18.

2.9.9 The below table provides an overview of the full programme of savings and outturn position for 2016-17.

Saving	Action	2016/17		
		Budget £m	Outturn £m	Variance £m
Promoting Independence – Customer Pathway (ASC006)	Strengths based approach rolled out; preventative assessment introduced; OT/AP first approach piloted and rolled out across most of the county.	1.258	1.258	0.000
Promoting Independence – Move service mix to average of comparator family group (ASC011)	As above	0.120	0.120	0.000
Promoting Independence – expanding reablement service (ASC007)	Additional staff in place and increased referrals. Unachieved savings are expected to be delivered in full in 2017-18.	3.158	2.067	(1.091)
Changing how we provide care for people with learning disabilities or physical disabilities (COM034)	Just Checking work completed; contract reviews; void management. Increased focus on re-assessments.	1.500	0.600	(0.900)
Transport – reduce the number of service users we provide transport for and payment of transport out of personal budgets (COM040 and ASC003)	Policy confirmed and new transport review agreed.	1.050	0.246	(0.804)
Reducing the cost of business travel (GET016)	Complete	0.090	0.090	0.000
Reduce funding within personal budgets to focus on eligible unmet needs (COM033)	Impact from reassessments and strength based approach	2.500	1.967	(0.533)
Promoting Independence – expand use of Integrated Community Equipment Service (ASC009)	Service redesign and new practice agreed	0.500	0.436	(0.064)

Review of NorseCare agreement for the provision of residential care (COM042)	Joint action plan – Savings planned as Ellacombe placements reduce; external income from placements and NorseCare rebate.	0.750	0.405	(0.345)
	Totals	10.926	7.189	(3.737)

2.10 Overspend Action Plan

2.10.1 During the year the department took recovery action to manage and reduce in year spending as far as possible. All localities prepared recovery plans which were reviewed and monitored by Finance and Performance Board and Senior Management Team. This has supported identification of key areas to stabilise and reduce spend, which are now incorporated within the Promoting Independence Programme. This work has helped to stabilise and reduce some areas of spend, focus attention on key areas such as using of Occupational Therapists and Assistant Practitioners to look at preventative measures including use of equipment; consistent use of the Care Arranging Service for brokerage of care packages; reviewing and amending hospital discharge policies; and capacity planning to review workloads across social work teams.

2.11 Reserves

2.11.1 The department's reserves and provisions at 1 April 2016 were £5.975m. Reserves totalled £2.848m.

2.11.2 At the point that the budget was set in February 2016, the Council agreed to £1.073m use of Adult Social Services reserves in 2016/17. The year end position on reserves was £0.838m higher than at budget. Following agreement of the Policy and Resources committee, the Period 10 forecast included both the originally agreed £1.073m and use of £0.651m. Both these amounts did not assume use of reserves to offset general overspend. The forecast also included the subsequent agreement from Policy and Resources committee to utilise an additional £0.948m. This was following the recommendation from this Committee, which in light of the overspend, utilised reserves previously earmarked for transformation in adult social care, to offset the overspend position. The 2016-17 outturn position for reserves is £2.074m, which includes some increases due to specific commitments to projects that will now not be spent until the new financial year. Provisions totalled £3.127m at 1 April 2016, mainly for the provision for bad debts. Additional provision for doubtful debts has increased the balance to £4.157m

The projected use of reserves and provisions is shown at **Appendix D**.

2.12 Capital Programme

2.12.1 The department's three year capital programme is £24.360m. The programme includes £8.368m 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. The capital programme also includes £7.926m for the social care and finance replacement system. 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 2017/18 is set out below.

- 3.2 As part of the 2017/18 budget planning process, the committee proposed a robust budget plan for the service, which has now been agreed by County Council. This included the reprofiling of savings across the following four years and additional investment to enable effective management of the 2016/17 overspend. Within this investment £4.197m is from one-off funding. This means that the service will need to deliver savings in 2017-18 above the 2017/18 headline amount in order to reduce spending to a level that will ensure that this is addressed before April 2018. These savings will continue to be pursued from areas previously agreed and wherever possible, further efficiencies. The 2017-18 budget was allocated within service teams based on service user commitments at January 2017. The position at year end, suggests that while there are a few variations, there is not a significant change in actual service users at the beginning of the new financial year, which could have changed cost pressures.
- 3.3 The 2017/18 agreed growth pressures included £9.578m to manage the 2016/17 overspend for the service, some of which has been included on a one-off basis as set out above. The additional investment will support the service to manage the underlying cost pressures affecting predominately the purchase of care budget. The variance to the outturn position for the service reflects some one-off income, including one-off funding from public health to support homelessness services.
- 3.4 The Council has a high level of outstanding debt with health organisations, however, there was an improved position in quarter 4 with aged debt reducing by £1.245m. The level of debt (above 30 days) outstanding at 31 March with NHS bodies totalled some £5.920m, of which £3.52m 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 2017/18.

4. 2017/18 Budget

- 4.1 The 2017/18 budget was set by County Council in February 2017. This was prior to receiving notification of one-off additional social care grant, amounting to £18.561m in 2017/18; £11.901m in 2018/19 and £5.903m in 2019/20. A separate paper setting out proposals for the use of this funding will be presented to the Adult Social Care Committee meeting in July.
- 4.2 The 2017/18 budget is broken down in the table below:

Actual 2016/17	Over/under spend 16/17	Expenditure Area	Budget 2017/18
£m	£m		£m
10.392	-0.471	Business Development	4.010
69.600	0.123	Commissioned Services	68.381
5.492	-0.727	Early Help & Prevention	8.133
168.243	12.971	Services to Users (net)	188.747
111.914	8.238	<i>Older People</i>	111.219
23.246	1.207	<i>People with Physical Disabilities</i>	23.175
94.527	11.119	<i>People with Learning Disabilities</i>	96.395
13.174	0.267	<i>Mental Health</i>	13.548
6.746	3.074	<i>Hired Transport</i>	6.672
9.144	-1.194	<i>Staffing and Support Costs</i>	18.370
-90.508	-9.739	<i>Income</i>	-80.633
1.064	-7.497	Management, Finance & HR	-7.818
254.791	4.399	Total Net Expenditure	261.453

4.3 Areas to note include:

- a) The Business Development expenditure is expected to be similar to 2016-17, the variation between the 2016/17 outturn and the new year budget is due to year-end adjustments for capital related to the Disabled Facilities Grant
- b) Early Help and Prevention budget for 2017/18 is higher than the 2016/17 outturn through the inclusion of additional expenditure for Reablement and removal of the Better Care Fund income
- c) Staffing and Support Costs budget for 2017/18 is higher than the outturn for 2016/17. This is because these areas were allocated significant sums from the Better Care Fund to cover their activities in 2016/17, which has the effect of reducing the net budget
- d) The net budget for Management, Finance & HR has reduced through the inclusion of additional income through the Improved Better Care Fund and the one-off Adult Social Care Support Grant

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 a number of 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 2017-18, 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 2017 – p19](#)

[2017/18 Budget and Medium Term Financial Planning 2017-18 to 2019-20 – Adult Social Care Committee January 2017 – p17](#)

[Norfolk County Council Revenue Budget and Capital Budget 2017-20 - County Council February 2017 – p22](#)

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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Adult Social Care 2016-17: Budget Outturn Period 13 (March 2017)

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	103.677	111.914	8.328	7.95%	8.625
People with Physical Disabilities	22.039	23.246	1.207	5.48%	1.266
People with Learning Disabilities	83.408	94.527	11.119	13.33%	9.338
Mental Health, Drugs & Alcohol	12.907	13.174	0.267	2.07%	0.562
Total Purchase of Care	222.032	242.862	20.830	9.38%	19.790
Hired Transport	3.672	6.746	3.074	83.71%	3.433
Staffing and support costs	10.338	9.144	(1.194)	-11.55%	(0.894)
Total Cost of Services to Users	236.041	258.751	22.710	9.62%	22.330
Service User Income	(80.769)	(90.508)	(9.739)	12.06%	(6.368)
Net Expenditure	155.272	168.243	12.971	8.35%	15.962
Commissioned Services					
Commissioning	1.474	1.185	(0.289)	-19.63%	(0.289)
Service Level Agreements	11.157	10.361	(0.795)	-7.13%	(0.889)
ICES	2.602	2.184	(0.418)	-16.07%	(0.242)
NorseCare	30.024	33.280	3.257	10.85%	3.464
Housing related support	9.494	8.323	(1.172)	-12.34%	(0.001)
Independence Matters	13.358	13.114	(0.244)	-1.82%	(0.127)
Other	1.369	1.153	(0.216)	-15.77%	(0.113)
Commissioning Total	69.477	69.600	0.123	0.18%	1.829
Early Help & Prevention					
Housing With Care Tenant Meals	0.698	0.660	(0.038)	-5.50%	(0.073)
Norfolk Reablement First Support	1.213	0.952	(0.261)	-21.50%	(0.270)
Service Development	1.075	0.998	(0.077)	-7.17%	(0.047)
Other	3.232	2.882	(0.350)	-10.84%	(0.313)
Prevention Total	6.219	5.492	(0.727)	-11.69%	(0.704)

Adult Social Care 2016-17 Budget Outturn Period 13 Explanation of variances

1. Business Development, underspend (£0.471m) – (4.3%)

The main variances are:

Business Support vacancies, across multi teams.

Logistics, building and supplies actual costs for telephone rental and calls and postage costs were lower than forecast.

2. Commissioned Services overspend £0.123m – 0.2%

The main variances are:

NorseCare, overspend of £3.257m. This relates to the previous year shortfall on the budgeted reduction in contract value and previously reported contractual requirements that meant that 2015-16 savings could not be achieved. As reported savings include the rebate, which includes some recurrent savings from the reduction in the number of beds that will be purchased through the block contract from Ellacombe. This saving will continue to increase over the next few years as beds are decommissioned within the contract. In addition NorseCare has made changes to the terms and conditions for new staff that join the company, which will start to reduce costs in 2017/18.

Service Level Agreements, underspend of £0.795m. Reductions in planned costs and additional Continuing Health Care income.

Integrated Community Equipment Service (ICES), underspend (£0.418m)

Housing related support, underspend (£1.172m), primarily due to £1.2m one-off contribution from Public Health to support homelessness services.

3. Services to Users, overspend £12.971m

The main variances are:

Purchase of Care (PoC), overspend £20.830m.

The key reasons for the differences between the outturn position and the 2016-17 budget are:

- The impact of the budget gap – the service managed underlying unfunded pressures (reflected in the overspend at the end of 2015/16). The budget was set reflecting commitments (cost of placements) at January 2016, but the pressures from commitments at April compared to actual budget showed a £3.5m underlying pressure
- The service has not been able to deliver all planned savings during the year, which has predominately impacted on the purchase of care budgets. This relates to reablement and review of packages of care, which is set out in section 2.9 of this report
- The 2016/17 financial cost of both the cost of care exercise and the impact to care providers from the national living wage was not included in the adult social care budget when it was set in February. Additional costs totalling £5.155m are included in the 2016/17 spend. This is offset by the use of the corporate business risk reserve which is included within the income for services to users. This reduces the actual underlying

overspend for purchase of care, most significantly £4m for older people purchase of care and £0.500m for learning disabilities

- The purchase of care spend includes a reduction in overall commitments, including long term residential care and home support, but with a notable increase in spending on residential respite for older people. This reflects continuing pressure from hospital discharges leading to temporary care packages that may not best support the Promoting Independence strategy and lead to increase spend.
- Tightened controls to manage home support contracts has resulted in a reduction in spend.
- Management of direct payments has ensured that reclaims were maximised, which has helped to reduce the overspend in the final quarter of the year.

Service User Income, over-recovery (£9.739m). The outturn includes the additional income from the Corporate Risk Reserve of £5.155m in relation to cost of care and national living wage. There is also increase against budget for income from service users of mental health, physical disabilities and learning disability services, reflecting more people being eligible for charging than previously forecast. Excluding movement for NHS income affecting shared care and continuing health care, the actual income from service users was £0.484m higher than forecast at Period 10.

Hired Transport, overspend £3.074m. The savings from transport have not been realised, with savings of £0.246m achieved, through application of the policy, route changes and contract reductions. The forecast includes expected delay in 2016/17 savings. Reports providing an update on the Transport savings and project were reported regularly to Committee during 2016-17.

4. Early Help and Prevention, underspend (£0.727m)

The main variances are:

Reablement, underspend (£0.261m). Includes reduced spending on standby payments and travel and temporary long-term sickness cover that is no longer required.

Other services, underspend (£0.350m). The variance mainly relates to vacancies affecting the care arranging service, development workers and transformation.

5. Management, Finance and HR, underspend (£7.497m)

The main variances are:

Management and Finance, underspend (£7.475m). As part of the budget setting, funding relating to the Care Act was held with the Management and Finance budget, in order to focus on the savings delivery and to enable this money to be allocated longer term once spending is at a sustainable level. The outturn includes the release of (£6.8m) of Care Act funding that was not allocated to specific budgets at the beginning of the year and reserve usage of (£0.948m) from unspent grants and contributions earmarked for transformation. It is offset by £0.301m to support the proportion of in-year savings that were not delivered in the financial year, arising from the reduction in Better Care Fund allocation.

Adult Social Services Reserves and Provisions 2016/17

	Balance	P13 Final Usage or addition	Balance
	01-Apr-16	2016/17	31-Mar-17
	£m	£m	£m
Doubtful Debts provision	3.121	1.036	4.157
Redundancy provision	0.006	-0.006	0.000
Total Adult Social Care Provisions	3.127	1.030	4.157
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.	0.253	-0.032	0.221
Market Development fund – carried forward committed funds			
Repairs and renewals	0.043	0.000	0.043
Adult Social Care Workforce Grant	0.070	0.185	0.255
IT Reserve - Slippage in revenue spending pattern in relation to social care information system procurement	0.000	0.361	0.361
Unspent Grants and Contributions - Mainly the Social Care Reform Grant which is being used to fund Transformation in Adult Social Care	2.482	-1.287	1.195
Total Adult Social Care Reserves	2.848	-0.774	2.074
Corporate Business Risk Reserve	10.157	-10.157	0.000
Total Reserves & Provisions	16.132	-9.901	6.231

Adult Social Services Capital Programme 2016/17

Summary	2016/17		2017/18	2018/19
Scheme Name	Current Capital Budget	Outturn	Capital Budget	Draft Capital Budget
	£m	£m	£m	£m
Failure of kitchen appliances	0.001	0.001	0.030	0.000
Supported Living for people with Learning Difficulties	0.003	0.003	0.015	0.000
Adult Social Care IT Infrastructure	0.000	0.000	0.141	0.000
Progress Housing - formerly Honey Pot Farm	0.310	0.310	0.000	0.000
Adult Care - Unallocated Capital Grant	0.000	0.000	4.198	0.000
Strong and Well Partnership - Contribution to Capital Programme	0.008	0.008	0.121	0.000
Bishops Court - King's Lynn	0.000	0.000	0.085	0.000
Cromer Road Sheringham (Independence Matters)	0.169	0.169	0.000	0.000
Winterbourne Project	0.000	0.000	0.050	0.000
Great Yarmouth Dementia Day Care	0.033	0.033	0.000	0.000
Care Act Implementation	0.000	0.000	0.871	0.000
Social Care and Finance Information System	0.776	0.776	5.328	1.912
Elm Road Community Hub	0.076	0.076	1.215	0.109
Better Care Fund Disabled Facilities Grant and Social Care Capital Grant – passported to District Councils	6.368	6.368	2.000	0.000
Bowthorpe Scheme	-0.023	-0.023	0.000	0.000
Netherwood Green	0.005	0.005	0.650	0.000
TOTAL	7.726	7.726	14.613	2.021