

Adult Social Care Committee

Date: **Monday 11 May 2015**

Time: **10am**

Venue: **Edwards Room, County Hall, Norwich**

SUPPLEMENTARY A g e n d a

11. **Adult Social Care Finance Monitoring Report Year End 2014-15**
Report by Executive Director of Adult Social Services

(Page **A2**)

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Adult Social Care Committee

Item No 11

Report title:	Adult Social Care Finance Monitoring Report Year End (Month 12) 2014-15
Date of meeting:	11 May 2015
Responsible Chief Officer:	Harold Bodmer, Executive Director of Adult Social Services
Strategic impact This report provides the Committee with financial monitoring information, based on information to the end of March 2015. 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 (ASC) reserves.	

Executive summary

As at the end of March 2015 (Period 12) the revenue outturn position for Adult Social Care for 2014-15 is an overspend of £3.466m, after use of reserves and recovery actions.

This is an increase of £1.355m since the report to the Committee on 9th March for period nine, when an overspend of £2.111m after recovery actions and use of reserves was forecast. That report identified the intention to use £3.789m from the Legal Liabilities reserve to mitigate the level of overspend and identified further recovery actions to reduce overspend in 2014-15. The ASC Legal Liabilities reserve was created to cover the potential costs arising from the dismissal of the Hertfordshire County Council appeal regarding funding of aftercare under s117 of the Mental Health Act. These costs arise in the Purchase of Care budget.

Purchase of Care (PoC) continues to be the area of highest financial risk to the ASC budget. The Purchase of Care budget is used to fund packages of care for people, including Personal Budgets. The net cost of PoC at the 31st of March was an overspend of £7.936m (gross cost of PoC less service user income). The revised budget reflects an additional £1m which was agreed by Members to support the phasing in of the 2014-17 savings in this area.

Adult Social Care reserves at 31 March 2014 stood at £13.353m. The service has made a net use of reserves in 2014-15 of £1.148m to meet commitments and £3.789m to mitigate the level of overspend set out in this report. The 2014-15 outturn position for reserves and provision is therefore £8.416m.

The 2014-15 Capital budget reflects the agreed programme for 2014-15 and slippage at 2013-14 outturn. A total of £3.988m was spent delivering the 2014-15 programme with any underspend on the 2014-15 planned capital programme carried forward to meet commitments from individual schemes in 2015-16.

Recommendation:

Members are invited to discuss the contents of this report and in particular to note:

- a) **The draft revenue outturn position for 2014-15 as at the end of the financial year of an overspend of £3.466m**
- b) **The recovery actions being taken in year to reduce the overspend**
- c) **The use of reserves**
- d) **The capital outturn position for the 2014-15 capital programme**

1 Proposal

- 1.1 Members have a key role in overseeing the financial position of Adult Social Services, including reviewing the revenue budget, reserves and capital programme.
- 1.2 This is the final monitoring report for 2014-15 and reflects the outturn position at the end of March 2015 (Month 12).

2 Evidence

- 2.1 This is the final monitoring report for 2014-15 and the table below summarises the final outturn position at the end of March 2015 (Period 12).

Summary	Revised Budget	Outturn	Actual Use of Reserves	Revised Outturn	Variance to Budget		Previously Reported Variance @ M9	Variance @ M11
	£m	£m	£m	£m	£m	%	£m	£m
Management, Finance and Transformation	-0.220	-2.343		-2.343	-2.123	965%	-2.082	-2.123
Commissioning	72.474	71.428		71.428	-1.046	-1.4%	0.531	-0.345
Business Development	8.304	8.125		8.125	-0.179	-2.2%	0.040	-0.134
Human Resources	1.204	0.888		0.888	-0.316	-26.2%	-0.173	-0.205
Safeguarding*	235.164	252.202	-4.338	247.864	12.700	5.4%	7.000	11.189
Prevention	9.328	9.522		9.522	0.194	2.1%	0.819	0.435
Service User Income	-73.892	-78.656		-78.656	-4.764	6.4%	-3.024	-2.895
Total Net Expenditure	252.362	261.166	-4.338	256.828	4.466	1.8%	3.111	5.922
Recovery actions	0.000	-1.000		-1.000	-1.000		-1.000	-1.000
ASC Total after use of reserves	252.362	260.166	-4.338	255.828	3.466	1.4%	2.111	4.922

* Reserves of £3.789m have been applied to forecast Safeguarding variance at M9 and M11

- 2.2 As at the end of Month 12 (March 2015) the revenue outturn position for 2014-15 after use of reserves is a £3.466m overspend for Adult Social Services.
- 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 Purchase of Care (PoC) where there is a overspend of £5.877m after using reserves of £4.338m
- 2.5 **Purchase of Care**
- 2.5.1 PoC for Older People and Learning Difficulties are the main budgets with pressures. The Older People overspend is in part offset by income from service users resulting in a net overspend of £3.932m. For Learning Difficulties the overspend of £5.876m is as a result of a number of factors, firstly there has been a number of high cost placements the Council has had to fund as individuals who have been discharged into community settings in Norfolk from long term hospital placements previously funded by other councils under the ordinary residence rules or by health, secondly the forecast for Continuing Health Care (CHC)

funding is increasing difficult to forecast resulting in an outturn that is materially different from what was previously forecast. To mitigate the overspend on Learning Difficulties, Adult Social Services has used reserves from the Legal Liabilities Reserves to reduce the overspend to £2.660m. The ASC Legal Liabilities reserve was created to cover the potential costs arising from the dismissal of the Hertfordshire County Council appeal regarding funding of aftercare under s117 of the Mental Health Act. These costs appear in the Purchase of Care Budget so use of this reserve has been applied consistently with its original purpose.

2.5.2 Also the PoC forecast anticipates only a partial achievement of budgeted savings from 2013/14 and 2014/15. In 2013/14 savings were not achieved for Mental Health where progress has been slower than expected to move people from residential care to living in the community. Now that the Mental Health staff have been transferred to the Council from Health work to carry out the reviews and make changes is underway.

2.5.3 In 2014/15 significant savings were budgeted for wellbeing, transport and Learning Disabilities/Physical Disabilities packages which carry significant financial risks. The revised budget reflects an additional £1m of funding to phase in the 2014-17 savings for wellbeing and transport activities for people receiving support from Adult Social Care through a personal budget.

2.6 Overspend Action Plan

2.6.1 Services are required to take recovery actions to avoid or mitigate an overspend at the end of the year. This is a prior consideration before the use of reserves is considered. The following actions have been delivered during the latter part of 2014/15, were initiated by the Director to mitigate the overspend identified in the period six forecast.

Action	Amount £m
The 2014/15 Norse Care rebate of £1m is proposed to be used to support the revenue budget instead of being transferred to the residential reserve for the transformation of residential care.	-1.000
Job freeze except for those funded by NHS and essential posts	-0.495
Heads of Social Care have been advised by the Director of restrictions being placed on their discretion to provide residential care resulting in tighter controls around spending above NCC rates and only agreeing most cost-effective solutions.	-0.510
Review of forecast service user contributions towards the cost of their non-residential care. This was understated compared to last year and current income.	-2.107
Use of ASC ICT fund for ICT costs related to bringing the MH staff back to NCC and corporate funding of redundancies. Previously this had been forecast to come from ASC revenue budget.	-0.400
Norse Care utilisation	-0.500

2.7 Reserves

2.7.1 Adult Social Care reserves at 1st April 2014 were £13.181m. The service is forecasting a net use of reserves in 2014-15 of £0.428m to meet commitments and £4.338m to offset purchase of care spend and to reduce budget overspend as set out in this report. The 2014-15 forecast outturn position for reserves and provisions is therefore £8.416m. The projected use of reserves and provisions is shown at **Appendix C**.

2.8 Capital Programme 2014-15

2.8.1 The position of the capital programme as at 31st March 2015 is shown at **Appendix D**. The programme has been reviewed and the budgets re-profiled across 2014-15, 2015-16 and 2016-17 to reflect when expenditure is now expected to be incurred. The outturn for 2014-15 is in line with the reviewed 2014-15 budget and net funding increase of £236k. The revised budget for 2014/15 was £4.434m, actual expenditure was £3.988m the balance of the budget carried forward to meet commitments. The main priority for capital spending in Adult Social Care in 2014-15 continues to be the development of Housing With Care and Supported Housing provision.

3 Financial Implications

3.1 There are no decisions arising from this report. The financial position for Adult Social Services is set out within the paper and appendices.

4 Issues, risks and innovation

4.1 This report provides 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.

4.2 In making projections for the Purchase of Care budget of £216m a range of assumptions are used that include the trend in actual payments to date, commitments for planned care packages and known major costs not captured on commitment systems can lead to projections being accurate to +/-1%. Steps are being taken to improve the accuracy of projections through a review of the timely entry and update of data in key systems and review of existing processes, this will result in improved quality of commitment and payment information resulting in an improvement in the accuracy of projections.

5 Background Papers

5.1 There are no background papers relevant to the preparation of this report.

Officer Contact

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

If you have any questions about matters contained in this paper please get in touch with:

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Adult Social Care 2014-15: Budget Monitoring Year End 2014 (Month 12)

Summary	Revised Budget	Actuals	Actual Use of Reserves	Revised Actuals	Variance to Budget		Previously Reported Variance @ M9	Variance @ M10	Variance @ M11
	£m	£m	£m	£m	£m	%	£m	£m	£m
Management, Finance and Transformation	-0.220	-2.343		-2.343	-2.123	965%	-2.082	-2.082	-2.123
Commissioning	72.474	71.428		71.428	-1.046	-1.4%	0.531	-0.310	-0.345
Business Development	8.304	8.125		8.125	-0.179	-2.2%	0.040	-0.114	-0.134
Human Resources	1.204	0.888		0.888	-0.316	-26.2%	-0.173	-0.186	-0.205
Safeguarding*	235.164	252.202	-4.338	247.864	12.700	5.4%	7.000	9.711	11.189
Prevention	9.328	9.522		9.522	0.194	2.1%	0.819	0.688	0.435
Service User Income	-73.892	-78.656		-78.656	-4.764	6.4%	-3.024	-2.978	-2.895
Total Net Expenditure	252.362	261.166	-4.338	256.828	4.466	1.8%	3.111	4.729	5.922
Recovery actions	0.000	-1.000		-1.000	-1.000		-1.000	-1.000	-1.000
Total after recovery actions	252.362	260.166		255.828	3.466	1.4%	2.111	3.729	4.922

* Reserves of £3.789m have been applied to forecast Safeguarding variance at M9, M10 and M11

Appendix A

Summary	Revised Budget	Actuals	Actual Use of Reserves	Revised Actuals	Variance to Budget		Previously Reported Variance @ M9
	£m	£m	£m	£m	£m	%	£m
Safeguarding							
Purchase of Care							
Older People	98.318	106.569	0.000	106.569	8.251	8%	9.162
People with Physical Disabilities	23.773	23.325	0.000	23.325	-0.448	-2%	0.074
People with Learning Difficulties*	80.901	86.777	-3.216	83.561	2.660	3%	-4.763
Mental Health, Drugs & Alcohol	12.087	12.814	0.000	12.814	0.727	6%	0.731
S117 invoice from Suffolk County Council*	0.000	0.573	-0.573	0.000	0.000		0.000
Total Purchase of Care	215.079	230.058	-3.789	226.269	11.190	5%	5.204
Hired Transport	4.650	7.196	0.000	7.196	2.546	55%	2.263
Staffing and support costs	15.435	14.948	-0.549	14.399	-1.036	-7%	-0.467
Safeguarding Total	235.164	252.202	-4.338	247.864	12.700	5%	7.000
Commissioning							
Commissioning	1.261	1.224	0.000	1.224	-0.037	-3%	-0.034
Service Level Agreements	4.272	5.036	0.000	5.036	0.764	18%	0.991
ICES	2.599	1.836	0.000	1.836	-0.763	-29%	-0.001
Norse Care	32.958	32.922	0.000	32.922	-0.036	0%	-0.060
Supporting People	10.351	10.092	0.000	10.092	-0.259	-3%	-0.188
Learning Disabilities Partnership	5.594	5.301	0.000	5.301	-0.293	-5%	0.000
Independence Matters	13.543	13.292	0.000	13.292	-0.251	-2%	0.000
Other	1.896	1.725	0.000	1.725	-0.171	-9%	-0.177
Commissioning Total	72.474	71.428	0.000	71.428	-1.046	-1%	0.531
Prevention							
Housing With Care Tenant Meals	0.728	0.757	0.000	0.757	0.029	4%	0.019
Personal & Community Support	0.568	0.483	0.000	0.483	-0.085	-15%	0.020
Norfolk Reablement First Support	5.356	5.400	0.000	5.400	0.044	1%	0.376
Service Development, including N-Able	0.914	1.231	0.000	1.231	0.317	35%	0.423
Other	1.762	1.651	0.000	1.651	-0.111	-6%	-0.049
Prevention Total	9.328	9.522	0.000	9.522	0.194	2%	0.789

Appendix A

Summary	Revised Budget	Actuals	Actual Use of Reserves	Revised Actuals	Variance to Budget		Previously Reported Variance @ M9
	£m	£m	£m	£m	£m	%	£m
Income from Service Users							
Older People	-60.533	-64.852	0.000	-64.852	-4.319	7%	-3.344
People with Physical Disabilities	-2.243	-2.036	0.000	-2.036	0.207	-9%	0.193
People with Learning Disabilities	-4.889	-5.413	0.000	-5.413	-0.524	11%	0.170
Mental Health, Drugs & Alcohol	-4.839	-4.843	0.000	-4.843	-0.004	0%	0.030
Beds purchased by Health & HwC meals income	-1.388	-1.512	0.000	-1.512	-0.124	9%	-0.073
Service User Income Total	-73.892	-78.656	0.000	-78.656	-4.764	6%	-3.024

**Adult Social Care
2014-15 Budget Monitoring Actual Outturn Period 12
Explanation of over and underspends**

1. Management Finance and Transformation underspend of £-2.123m

The underspend is due to the departmental retention of service budgets, -£1.803m to enable effective targeting of resources to priorities and pressures during the year and an underspend on ICT budget of -£0.360m.

2. Commissioning underspend of £-1.046m

The main over/underspends are:

Service level Agreements, with external providers, is overspent by a net £0.764m. The remaining savings on Service Level Agreements from the 2011-14 Big Conversation were not achieved in 2013-14 and a continuing shortfall is expected. Work is ongoing to identify where these savings can be made on an ongoing basis.

ICES, underspend of -£0.763m, the actual cost of service is less than previously forecast due to the re-apportionment of costs between the Council and Health. This level of underspend is unlikely to recur in future years.

Norsecare, underspend of £-0.036m. Savings identified with the 2014-15 budget of £2m are now forecast to be achieved: £1.600m additional Norse Care rebate and £0.500m reduced planning bed purchases from other providers by using Norse Care beds.

Supporting People, underspend of -£0.259m. Savings delivered through reduction in contract payments.

Learning Disabilities Partnership, underspend of -£0.293m. Savings due to lower than anticipated payment to provider.

Other, underspend of -£0.171. Saving as a result of funding not required in year for Carers and underspend on Quality Assurance team.

3. Safeguarding overspend of £12.700m

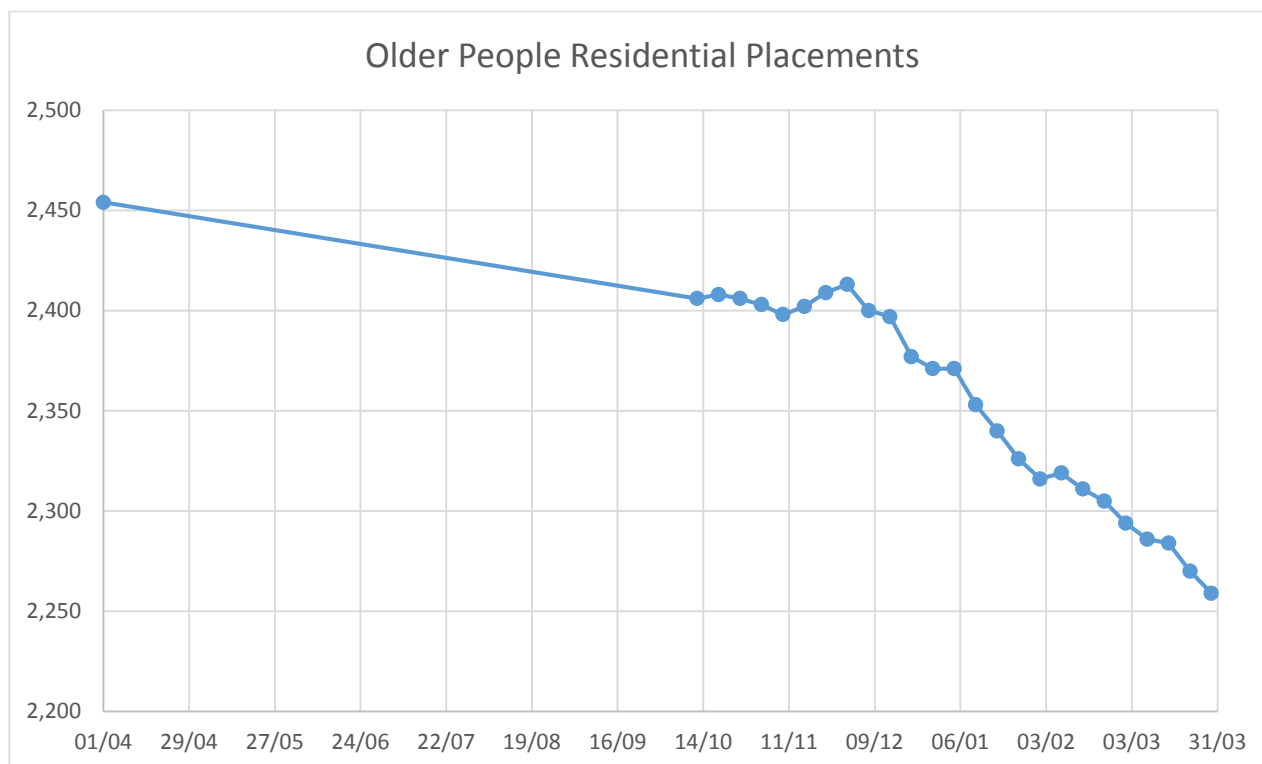
The main over/underspends are:

Purchase of Care (PoC) overspent by £11.190m. The PoC budget was overspent in 2013-14 by £4.008m.

Older People, overspend of £8.251m, though this projected overspend needs to be considered alongside the additional income over budget to be received from self-funders and top up which has a positive variance of £4.319m.

As part of the Action Plan over the past four months efforts have been made to reduce the numbers of older people receiving a new permanent placements in a residential

home and instead receiving an appropriate homecare package that still meets their needs.



The graph above shows the actual number of older people with a permanent placement in a residential home outside the Norsecare Block contract. The graph clearly demonstrates the success thus far in reducing the number of older people in residential placements, where there has been a reduction of 8% for the whole year but more importantly an acceleration where 6.1% of that reduction achieved between October and March.

Overall the number of older people being supported in a permanent placement has broadly remained the same as shown below between the 1st of April 2014 and the end of March 2015 but the balance has changed with a net increase in Home Care placements.

Older People	01/04/2014	29/03/2015
Nursing Permanent	428	429
Residential Permanent	2,452	2,259
DP Residential*	9	9
Home Care	3,231	3,456
DP Home Care	555	518
Norsecare Permanent	574	582
Total	7,249	7,253

Also the PoC outturn expenditure confirms only partial achievement of budgeted savings from 2013-14 and 2014-15. In 2013-14 savings were not achieved for Mental Health where progress has been slower than expected to move people from residential care to living in the community. Now that the Mental Health staff have been transferred to the Council from Health work to carry out the reviews and make changes is underway.

In 2014-15 significant savings were budgeted for wellbeing, transport and Learning Difficulties/Physical Disabilities packages which carry significant risks. The revised budget reflects an additional £1m of funding to phase in the 2014-17 savings for wellbeing and transport activities for people receiving support from Adult Social Care through a personal budget. The savings should be delivered over time but not in line with the original timescales in the budget plan: the Resource Allocation System (RAS) was reduced in April 2014); extra staff have been employed to carry out the face to face annual reviews and the reassessments of people with Learning Difficulties and Physical disabilities; voids have been reduced in Supported Living; and accommodation options are being reviewed.

Learning Difficulties, overspend £5.876 gross, £2.660m after application of reserves. There have been significant challenges in forecasting accurately the expenditure within Learning Difficulties, which has led to the actual expenditure being higher than the prior month's forecasts, and the forecast for each successive month to be higher than the last. The reasons for the forecasting problems has been due to a number of factors, a lack of quality information around Continuing Health Care funding which has led to the actual funding to reduce by £2.5m compared to forecast, identification that some high cost placements are not put on Carefirst in a timely manner and method of handling transitions to adulthood ensuring costs are transparent. All these issues have a corrective action plan in place to minimise the impact on forecasting in 2015/16.

4. Prevention Overspend by £0.194m

The main over/underspends are:

Norfolk Reablement First Support overspent by £0.044m, no budget allocation for enhancements or standby payment.

Service Development overspent by £0.317m. The 2013-14 savings target for Assistive Technology (N-Able) of £0.748m was not be achieved in 2014-15. Work is continuing to implement the saving and for N-Able to deliver more profit, which will deliver savings to the service. This overspend is partly offset by the cessation of a Service Level Agreement.

Other, underspend of -£0.111m as a result of an underspend on overtime and vacancies.

5. Income from Service Users underspent by £-4.764m

Budgeting income from service user contributions towards the cost of their care is difficult as service user contributions are based on their individual financial circumstances. The service saw a significant increase in income from service user contributions towards the end of 2013-14. The projected income is up by £1.74m from period 9 reflecting the amount of income from self-funders and top ups.

This area continues to be closely monitored for reporting to each Adult Social Care Committee. There is currently a review of forecast service user contributions towards the cost of their non-residential care and this has been adjusted as it appears to be understated compared to last year and current PoC spend.

Adult Social Care Reserves and Provisions			
	Balance	Usage	Balance
	1 April 2014	2014/15	31 March 2015
	£m	£m	£m
Doubtful Debts provision	0.952	0.620	1.572
Redundancy provision	0.103	-0.087	0.016
Prevention Fund - Living Well in Community	0.117	-0.108	0.009
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 in 2012-13 and 2013-14, particularly around reablement and Service Level Agreements, and the need to build capacity in the independent sector.	0.533	-0.023	0.510
Prevention Fund - Strong and Well	0.490	-0.269	0.221
Repairs and renewals	0.043	0.000	0.043
IT reserve - For the implementation of various IT projects and IT transformation costs.	1.425	-0.549	0.876
Residential Review - Required in future years for the Building Better Futures programme, including the transformation of the homes transferred to Norse Care on 1 April 2011.	2.330	-0.052	2.278
ASC Legal Liabilities - Cabinet approved on 9 May 2011 the creation of the Adult Social Care Legal Liabilities reserve to cover the potential costs arising from the dismissal on Tuesday 15 February 2011 at the Court of Appeal of the appeal lodged by Hertfordshire County Council regarding the funding of aftercare under section 117 of the Mental Health Act. These costs appear in the Purchase of Care budget.	3.789	-3.789	0.000
Unspent Grants and Contributions- Mainly the Social Care Reform Grant which is being used to fund the Transformation in Adult Social Care.	3.399	-0.508	2.891
Total ASC reserves and provisions	13.181	-4.765	8.416

Adult Social Care Capital Programme 2014-15

Summary	2014/15		2015/16	2016/17
Scheme Name	Current Capital Budget	Actual outturn at Year end	Draft Capital Budget	Draft Capital Budget
	£'000s	£'000s	£'000s	£'000s
Adult Care - Unallocated Capital Grant	0	0	6,978	2,000
Failure of kitchen appliances	2	2	18	13
Adult Social Care IT Infrastructure	45	45	141	-
Improvement East Grant	6	6	22	-
Prospect Housing - formerly Honey Pot Farm	2	2	318	-
Great Yarmouth Dementia Day Care	251	251	162	-
Strong and Well Partnership - Contribution to Capital Programme	248	248	252	-
Bishops Court - King's Lynn	102	102	198	-
Rashes Green	15	15	0	-
Supported Living for people with Learning Difficulties	0	0	17	-
Redevelopment of Attleborough Enterprise Centre	28	28	0	-
Young Peoples Scheme - East	0	0	200	-
DoH - Extra Care Housing Fund (Learning Difficulties)	0	0	0	-
GT. YARMOUTH LD DAY SERVS-Certificate	17	17	0	-
Attleborough Community Hub CERF	13	13	0	-
Dementia Friendly Pilot - Wells	0	0	1	-
Dementia Friendly Pilot - Norse Care	95	95	0	-
Bowthorpe ASC Scheme	3,000	3,000	0	-
Attleborough Windows	56	56	0	-
Lakenfields	125	125	125	-
Autism Innovation	0	0	19	-
Cromer Road Sheringham (Independence Matters)	1	1	199	-
Winterbourne Project	0	0	50	-
Church Green Lodge Respite Care	15	15	0	-
Adaptation Linden Court reversal	-43	-43	0	-
Misc small projects	9	9	0	-
Humberstone	0	0	24	-
TOTAL	3,988	3,988	8,724	2,013