



Report to the Finance, Performance and Resources Select Committee

Title:	Mid-year Review of Children's and Adults Social Care Budgets
Committee date:	10 th September 2019
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Purpose of Agenda Item

To provide an overview of the financial management of Adult and Children's Social Care packages of care.

Background

The Committee has requested a review of spend within Adult Social Care and Children's Social Care, concentrating on the high risk areas of the budget. The Committee has specifically requested an analysis of placement spend to indicate any variances due to cost or volume, these are provided in detail within the Appendices to this report.

The figures presented are based on the Quarter 1 position reported to Cabinet in July 2019 and analyse the budgets and outturn forecasts by reference to the services or type of care package provided, consequently providing an insight into the complexity of the care provision market within Buckinghamshire.

Adult Social Care Budget 2019-20

The budget for Adult Social Care for 2019/20 as per the Cabinet report in July 2019 was £137.499 million, supporting approximately 4,900 individuals which reflected the growth and savings agreed as part of the Medium Term Financial Plan by the County Council meeting in February 2019 and reflecting the risks identified by the Chief Financial Officer in his Strategic Report to the same meeting. The savings identified were linked to the Better Lives Transformation Programme whilst additional funding was provided for anticipated growth in demand for services.

Better Lives Transformation Programme

The Better Lives Transformation Programme is delivering the anticipated level of savings during 2019/20. The progress of delivery against implementation plans is monitored and validated on a monthly basis and reported to the CHASC Budget Board as well as to the Corporate Management Team Budget Board meeting.

Revenue Budget Monitoring – Quarter 1

Outturn forecasts for services and the growth in demand as at Quarter 1 of 2019-20 is shown within Appendix 1 to this report, further detail about the impact of growth and savings on specific service types is shown within Appendix 2. This demonstrates that there have been some changes in the volume and cost of the additional demand but that, at the time of the Quarter 1 position reported to Cabinet, these variations were being managed within the overall resources available.

It can be seen that, whilst approximately 50% of the gross expenditure budget is spent on residential and nursing care (£66 million), there are significant investments made within community based care settings, with supported living, domiciliary care and direct payments accounting for approximately £56 million of gross expenditure or 42%. However what is potentially as interesting is that this investment supports 3,250 individuals care and support needs, whereas the investment in residential and nursing care supports just 1,391 individuals.

Direct Payments

Supporting individuals to exercise choice and control over the delivery of their own care and support is a statutory duty of the Council, one way in which this is delivered is by offering direct payments, whereby an individual is provided with a sum of money sufficient to meet their assessed eligible care and support needs, which they can control and choose how to meet those needs. The Council is able to maintain appropriate governance of these funds by the use of prepaid cards that allow the Council to ensure that the funding provided is used for the purposes intended, whilst simultaneously facilitating individuals independence and ease of access to funding for their care and support.

Client Income

Income from Fees and Charges as at Quarter 1 was forecast to be higher than planned during 2019-20 by £592,000, of which £484,000 is attributable to Client Income related to contributions towards the cost of care packages. This reflects the on-going change in the profile of individuals receiving care and support via Buckinghamshire County Council, i.e. whilst the overall number of people being supported may remain stable there will always be changes within that cohort as people move into and out of the county and/or leave the

social care system, whether for temporary reasons such as admission to hospital or permanently.

Outlook for the Remainder of 2019-20

The Quarter 1 outturn forecast was that adult social care will breakeven the analysis in Appendix 2 highlights the volatility that can exist within the care market, whereby volume and cost changes can have a significant impact upon the total level of expenditure. These risks were highlighted as part of the Chief Finance Officers Statutory Report, presented to the County Council in February 2019, which continue to be relevant and are reproduced below.

Demand Led Budgets – client numbers and levels of need for statutory services are notoriously difficult to control. Buckinghamshire has a growing elderly population (especially 85+) and growing numbers of people with disabilities, which have increasingly complex needs. Although best efforts have been made to accurately forecast budget requirements and contain escalating demand there will always be a degree of uncertainty. Some contingency budget has been included for those most volatile service areas.

Social Care Policy & Funding – With the Green Paper on the future of Social Care still awaited and much Social Care funding either one-off or potentially ending (Adult Social Care precept and Better Care Fund), both the national policy underpinning service delivery requirements and the funding to support it are uncertain. Whilst some assumptions have been made regarding future funding for Social Care there is a risk that these assumptions will be incorrect and that policy change will impose greater burdens on the Council.

Care Market Sustainability – The Council has recognised that there are other more fundamental pressures within the provider market for Care services and has made some provision in recognition that there is a risk that the costs falling on the Council will be larger than allowed for.

The Children's Social Care Budget 2019-20

The agreed budget for Children's Social Care for 2019-20 was £76.376 million. The budget includes investment to support the key areas of pressure including placement costs (£9.178 million), Legal costs (£1.137 million) and The Vines short breaks provision (£0.886 million). One off support of £0.873 million was agreed to reflect the delays in Early Help savings until September 2019.

The current budget for Children's Social Care at the end of June 2019 is £75.710 million. The change reflects the centralisation of savings targets for Early Help until the service has been remodelled in September. A reconciliation of the budget changes in the first quarter of the year is shown below:

	£m
Approved Budget (as per Council February 2019)	76.376
Virements since start of Financial Year	
<i>Centralise growth/savings until service remodelled:</i>	
Early Help savings	0.570
Early Help – one off growth for delay in savings	(0.873)
Centralise C4C contingency increase to Management cost centre	(0.210)
<i>Other changes</i>	
Family Group Conferencing staffing budget	0.027
19/20 Change for Children (C4C) Contingency Allocation for Project Manager posts - Early Help and Looked After Children	0.151
Early Help in year savings months 1-5	(0.331)
Revised Budget June 2019	75.710

MTFP Savings 2019-20

Progress against the savings agreed in the MTFP for 2019-20 is reported on a monthly basis to Children’s Budget Board and to CMT. All agreed MTFP savings for the Children’s Social Care portfolio are projected to be on track for delivery in the current year.

Revenue Budget Monitoring – Quarter 1

At the end of Q1 it is projected that Children’s Social Care budgets will break even for the year (Appendix 3). A risk of overspend against staffing budgets due to increased numbers of agency staff was reported to Cabinet in the Q1 report. This overspend is anticipated to be offset by projected underspends in other areas including placements for looked after children and legal costs.

Placement Budgets

Placement budgets were rebased as part of the budget setting process for 2019-20. Revised assumptions were made in relation to both the expected numbers of looked after children and the estimated unit costs of placements. The budgets were therefore built to show the expected activity and the expected unit cost of that activity:

- Unit costs were based on averages for the 2018-19 financial year
- Assumed activity was based on trends through the first two quarters of 2018-19 and an audit of Child Protection Plans and an estimate of the numbers of those children that may come in to care.

- The budget reflects a full time equivalent of 525 looked after children across different types of placement
- Estimated placement mix was based on activity through the first two quarters of 2018-19 and the expected impact of the sufficiency strategy for looked after children through which the numbers of in house foster carers is to be increased by 20% per annum and the number of in house residential beds will increase.

At the end of Q1 placement budgets are projected to underspend by £152k.

Appendix 4 analyses the placement spend and activity to indicate where variances are due to activity/demand or due to variations in unit costs.

- Numbers of looked after children are currently projected to be lower than budgeted for across most placement types. The full time equivalent number of children forecast for the year is 507.
- Unit costs are generally higher than initially estimated. In many cases higher unit costs are an indication of increased complexity of need, for example a number of children have stepped down from residential to semi-independent provision with increased levels of support.

Placement budgets continue to be monitored rigorously and all high cost placements are being reviewed to ensure support is appropriate and meeting need.

Legal Costs

Legal costs are projected to underspend by £360k in the current financial year. This reflects reduced activity compared with the previous year

Salary Budgets

The Q1 monitoring report highlights a risk of £1.1 million associated with the costs of agency staff. The agency rate for social work staff is currently at 30% as a result of HR processes to address performance, natural turn over and difficulties in recruiting. At Q1 this overspend is being offset by other positive variances across the service and a number of actions are in place to mitigate spend:

1. Daily interactions with HR and external recruiting partner on recruitment. Improved adverts, targeted recruitment campaign.
2. Reviews of agency staff, offers of permanent employment.
3. All agency requests signed off by Service Director.

Summary

1. At Quarter 1 budgets for Children's Social Care are projected to break even for the current financial year
2. All current MTFP savings are deemed to be deliverable within the year
3. Pressures against agency costs are being offset by other positive variances across the service, including legal and placement budgets
4. Placement budgets are projected to underspend by £152k for the year. Cost and volume analysis indicates that numbers of children are lower than budgeted but unit costs are higher than budgeted for across most placement types.