



ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE:
26 NOVEMBER 2013

REPORT OF THE DIRECTOR OF ADULTS AND COMMUNITIES

MEDIUM TERM FINANCIAL STRATEGY
EFFECTIVE SUPPORT PROJECT

Purpose of Report

1. The purpose of this report is to update the Adults and Communities Overview and Scrutiny Committee about the in-year financial pressures experienced by the Adults and Communities Department, particularly with regard to delivering the Effective Support project and the financial implications arising from this in the future.
2. The Adults and Communities Overview and Scrutiny Committee are asked to note the financial issues and pressures being experienced within the Department from 2013/14.

Policy Framework and Previous Decisions

3. The four year Medium Term Financial Strategy (MTFS) was agreed by the County Council on 20 February 2013 setting out details of the budget for the year 2013/14 and headlines for the next three years.
4. For 2013/14, the savings target was the most challenging to date for the Department with £12.4m of recurring savings to be delivered. This was in addition to £30m of annual recurring budget reductions already made over the preceding four years.
5. Budget monitoring is undertaken on a monthly basis and reported to the Cabinet at regular intervals throughout the year. The latest budget monitoring as at September 2013 projected an overspend of £3.4m for the Department for this financial year.
6. On the 4 September 2013, the Scrutiny Commission requested that the Adults and Communities Overview and Scrutiny Committee look at the reasons for overspend in the budget and future risks given additional pressures being faced from changes resulting from the Dilnot report and Care Bill.

Adults and Communities MTFS Savings

7. To address the Council funding gap which has resulted from reduced government funding, coupled with other funding changes and demographic pressures, stretching efficiency savings targets were set for each Council department for the four years of the MTFS.

8. The savings target for the Department in the current MTFs is £26m to be delivered by 2016/17. Due to Council funding pressures this was front loaded as £12.4m recurring annual savings from and including 2013/14, plus £8.9m for 2014/15, £3.5m 2015/16 and £1.2m 2015/16.
9. The net Adults and Communities budget before the 2013/14 savings was £139m so £12.4m of savings from this budget represents a reduction of 9%.
10. As per previous years, the Department's Efficiencies and Service Reductions programme comprises a number of projects to deliver savings comprising a combination of efficiencies, additional income and service reductions. These projects are in various states of delivery with some continuing from previous years and some starting during 2013/14.
11. Of the 2013/14 savings target of £12.4m, the largest proportion of the target was allocated to the Effective Support project with a £6.5m saving. The balance of the programme is being delivered by various other projects including the full year effect of the Eligibility project (raising the threshold from moderate to substantial and critical); maximising income; a review of staff terms and conditions; review of in-house services and Community Life Choices.

2013/14 Forecast pressures

12. The budget monitoring position for 2013/14 for the Department is projecting a forecast overspend for the year of £3.4m or 1.5% of the gross budget (2.3% net). All of this variance is in community based services, in particular cash direct payments (either to individuals to organise their own care or to third party providers to organise on their behalf) as promoting independence through increased choice and control using personal budgets and paying cash budgets in this way is the current preferred strategic approach for social care. The majority of the adverse variance can be attributed to the inability to deliver £6.5m of Effective Support savings in the current year.
13. Other in-year financial pressures are related to increased demographic pressures for people with physical disability or mental health needs plus additional transitional costs required for paying for personal budgets whilst re-aligning in-house day services to match reduced demand (as people choose alternatives to the traditional offer).
14. In previous years, a corresponding reduction in traditional services has been seen as more people migrate onto cash direct payments. Currently services such as homecare are also experiencing some financial pressure, although it is assumed that a balance position will be achieved. In total community based services are projected to be £4.6m overspent but some of this is mitigated by other savings in supported living; Housing Related Support services and the care pathway. Residential costs are stable and overall infrastructure costs are being managed within budget.

Effective Support Savings

15. The £6.5m target for savings from the Effective Support project was originally set as an indicative high level target based on the size of the demand led budgets and a consideration of the potential for reducing these type of budgets, building on the

success of the eligibility reviews (which raised the eligibility for services threshold from moderate to substantial and critical). This showed that significant savings could be achieved by a robust review process which focused on the wider identification of sources of effective support, including alternative services within the community, in addition to the social care offer.

16. At the conception of the Effective Support project, 9,000 service users with substantial and critical needs were identified for review with cumulative annual costs in the region of £90m gross spend. This meant that an average target of £20 of savings per service user, per week, would be needed to achieve the annual savings, whilst recognising that people's needs still had to be met, outcomes achieved and that some care packages could increase.
17. This was recognised as an ambitious target so the opportunity to deliver savings on an individual basis was then "sense checked" across some sample real cases to ensure that the saving opportunity could be achieved in practice from individual reviews, both to deliver the necessary financial savings and to ensure service user outcomes were not adversely impacted. Examples included:
 - Opportunities to renegotiate Supported Living contracts;
 - Consistent use of the Care Funding Calculator for high cost residential care and supported living placements and skilled negotiation with providers;
 - Reducing home care visits where these over-lapped with meals delivery within an "enhanced" offer that was contracted to perform similar tasks;
 - Review of meals and home care where family were also providing that support (eg weekend visit);
 - Replacing expensive waking night care staff with Assistive Technology;
 - Reducing "contingencies" provided within personal budgets.
18. Each review would be completed with proper consideration of individual needs and any transition requirements, with the work being carried out within the following teams:
 - Accommodation Review Team;
 - Domiciliary Care Review Team;
 - Community Life Choices Personal Budget Team;
 - Adult Mental Health Section 117 Review Team;
 - Locality teams generally as Effective Support principles are applied across commissioning as well as review teams
19. The project also considered alternative models for review to establish if this would increase the Department's capacity for review work and whether this could be achieved at lower cost.
20. A small scale pilot with Sanctuary Social Care was undertaken from December 2012 to March 2013, but benefits were inconclusive and data and system issues at this time were a barrier.
21. The Assistive Technology Project is another work stream closely aligned to the Effective Support project through its provision of technology alternatives to service users enabling reduced costs.

Effective Support Savings Projections

22. As at the end of September 2013, the amount of savings projected from the Effective Support project for this current financial year is £1.6m (net of lost service user contributions). A further £2.4m of Health transfer funding has been agreed with the Clinical Commissioning Groups (CCG's) to mitigate some of the savings meaning a £2.5m shortfall for this year.
23. Assuming reviews continue into 2014/15 until the original cohort are complete then the ongoing annual savings (including 2013/14) are expected to be in the region of £2.25m. Continuing Health transfer funding will be requested within the Integration Transformation Fund proposals, which need to be submitted in February 2014.

Table 1 – Effective Support Savings Projections

	Projection	
	2013/14 £000	Ongoing £000
Accommodation Review – Residential	223	372
Accommodation Review – Supported Living	252	779
Mental Health Review	648	356
Domiciliary Review	302	552
Data Cleansing	207	166
Total savings projection from Effective Support reviews	1,632	2,225

Reasons for Effective Support under Delivery

24. The target for the Effective Support savings was set on the basis of 9,000 service users recorded in the system as needing a review, but a review of the data was found to contain a high number of inaccuracies resulting in significantly lower numbers of reviews possible to make savings from.
25. Less reviews will be completed than originally expected due to the length of time it now takes to complete a review. Recent analysis has calculated that the average time spent on each review is 20 hours each, reflecting increasing complexity generally and additional tasks such as undertaking a financial audit of spend for cash direct payments. Consequently, on average, only half of service users receiving services for over a year have received a (completed) review in the past 12 months.
26. A subsequent efficiency project has since been set up to simplify and streamline the review, care and financial assessment processes; along with data cleansing and system improvements as part of the care and payment management system replacement project.

27. It has been more challenging generally to achieve the average savings per person. Firstly, there really is no such thing as an “average care package” and secondly these are service users with substantial and critical needs for which there may not be a wider choice of alternatives as there was for people with moderate needs.
28. The actual savings to the Council also depend on the financial status of the service user. Where a service user is in a position to fund all or the majority of their care, then any savings derived from reduced care packages will be offset with the corresponding service user contribution paying for their own care.
29. Additionally, the personalisation agenda promoting choice and control for service users whilst evidenced to provide high levels of satisfaction and outcomes for service users can result in some tailored individual packages costing more than traditional services due to the loss of economies of scale from block booked contracts organised through the Council. It is also possible for the Council to claim the VAT back compared to individually negotiated and contracted prices including the 20% costs of VAT.

Savings Project Governance

30. To manage a departmental savings programme of this size and complexity (with many projects overlapping and due to deliver benefits from the same demand led budgets), a departmental Change Board meets monthly to review each efficiency and savings project in terms of its scope and business case for proposed delivery before implementation and then to monitor progress during delivery, with remedial actions to be agreed and taken as necessary. All of these are subject to the usual Council decision making governance.
31. All projects are also subject to a departmental project board of relevant department service managers; Corporate Resources business partners and other departmental Council officers and Effective Support is no different to this.

Going forward – already in action

32. Improving the quality of data has been a recent priority to get ready for the SSIS Care and Financial System replacement implementation in early 2014 (Integrated Adults System). Both improved data and reporting from these should help future savings benefits case construction and monitoring.
33. Future savings are being quantified and planned for with proposed projects including Customer Journey Simplification as mentioned above to streamline and simplify the service user assessment experience and improve productivity.

Next steps

34. The Effective Support programme is planned to continue into 2014/15 to complete the reviews it set out to do. This is projected to contribute to the ongoing savings included in Table 1 above.
35. Further actions are being considered and may deliver further savings but more analysis is needed to quantify the likely financial implications. These include reviewing the Resource Allocation System – including how many points are awarded

for needs; the price per point allocated; how existing support and a more mature market for services are factored into allocations and how under utilised cash “clawbacks” can provide further lessons learnt.

Demographic Pressures

36. Costs for service users with Mental Health needs or Physical Disabilities have increased over the last year, projecting double the amount of demographic growth previously provided for year on year. This pressure is quantified as £0.7m per annum.
37. Spend for Older People and people with Learning Disabilities continues to be within budgeted demographic growth expectation.

Other financial implications and risks

38. The amount of change already proposed (on top of that already implemented) within the Department is significant and a number of projects overlap.
39. Due to the inter-dependencies, timing of project implementation and delivery needs to be synchronised to minimise the impact on service users and with consideration to the capacity of service managers to deliver their core role as well as the proposed changes.
40. Significant transformation is occurring in the whole social care sector with Health and Social Care Integration and changes to how care is funded (following the Dilnot Commission) and other new responsibilities in the Care Bill.

Background Papers

Report to County Council: 20 February 2013 - Medium Term Financial Strategy 2013/14-2-16-17

[http://politics.leics.gov.uk/Published/C00000134/M00003720/AI00033958/\\$BudgetReportoftheCabinet.docx.pdf](http://politics.leics.gov.uk/Published/C00000134/M00003720/AI00033958/$BudgetReportoftheCabinet.docx.pdf)

Circulation under the Local Issues Alert Procedure

None.

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Relevant Impact Assessment

Equal Opportunities Implications

41. The Department provides support to the most vulnerable members of our community. It is essential that resources are provided to meet needs and deliver positive outcomes, ensuring the safety and quality of services.

Risk Assessment

42. Pressures on the adult social care system are well documented and all Councils are facing great challenges in this area given demographic pressures and reduced resources.
43. Risks are managed through the Department's programmes as described in the report and through regular corporate budget reporting and monitoring of the Council's Risk Register.

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