

**4 March 2019****Agenda Item: 5****REPORT OF THE TRANSFORMATION DIRECTOR, ADULT SOCIAL CARE  
AND HEALTH****PROGRESS REPORT ON BUDGET, SAVINGS AND IMPROVING LIVES  
PORTFOLIO****Purpose of the Report**

1. The purpose of this report is to set out the department's current financial position.
2. It also provides a progress report to the Committee on the Improving Lives Portfolio, which is the programme of work delivering service transformation and budget savings for the Adult Social Care and Health department over the period 2018/19 to 2020/21.

**Information**

3. In December 2018 Committee, a report set out how adult social care in Nottinghamshire is managing the budget at a time of unprecedented financial pressures, diminishing resources, demographic change and increasing demand pressures. The paper provided a comprehensive update on the department's financial position, including how reserves and temporary monies are being used to address current challenges as well as outlining the corporate mid-term financial strategy. This is available as a background paper to this report.
4. This report seeks to provide further detail about the proposed budget for 2019/20. It provides a more detailed description of the departmental financial pressures and how these are being managed. It also provides a progress report on the wider delivery of savings in the Improving Lives Programme and an update on new savings proposals recently approved at Committee.

**Current Financial Position**

5. As at the end of January 2019, the department is forecasting an underspend of £1.25m before reserves and £0.92m after reserves. This is a small net decrease in spend since the previous period.
6. In the first half of this financial year the department was forecasting an overspend due to increasing care package commitments. A series of in-year mitigations, combined with accelerating the delivery of savings and additional temporary money, have enabled the department to return to an almost break-even position.

7. However, care package commitments in both older and younger adults are still forecasting a net overspend of £0.6m each. For older adults, the overspend is largely in the areas of long term residential and nursing care and homecare. For younger adults, the areas of overspend are long term residential and nursing care and supported living. This is despite increased income from Health.
8. A number of measures are in place across the department to ensure that costs of care packages are scrutinised. These measures include: Manager panels that scrutinise support plans before they are commissioned, allowing for peer review and challenge; Promoting Independence Meetings where teams discuss options to increase people's independence by sharing best practice amongst colleagues and with other specialist teams such as the Notts Enabling Service and Assistive Technology experts; and the development of live dashboards of information that allow teams to link their practice to individuals outcomes and take action where required.
9. The overspend on care packages is currently being offset by increased income from a variety of sources, underspends on Direct Services and reduced contract costs including £0.4m relating to the advocacy contract.
10. Public Health is currently forecasting an underspend of £0.16m. This is mainly due to an underspend on staffing and underspends on Public Health Commissioned Services such as the tobacco control and Obesity Prevention Service. The overall County Council forecast assumes that this net underspend will be transferred to the Public Health reserve.

### **Proposed Budget Pressures 2019/20**

11. Each year the Council has had to find additional money to meet the growing need, complexity and cost of social care; this is referred to as budget pressures. In 2019/20, an additional £18.105m has been put into the Adult Social Care budget to address demographic growth and inflationary cost pressures. **Figure 1** provides a breakdown of this £18.105m.

**Figure 1: 2019/20 Budget Pressures in Adult Social Care & Health (ASCH)**

	<b>£m</b>
Younger Adults (aged 18-64 Years) Demand	4.606
Older Adults (aged 65 years and over) Demand	1.150
Home Care & Direct Payments	3.052
Fair Price for Care Inflation	1.814
National Living Wage - External	7.483
	<u>18.105</u>

12. As a result of the increasing demand for care packages, the department has had to submit increased pressure bids for both younger and older adult demand in 2019/20. Although the department continues to manage demand at the front door, there is still increased demand for care packages. Many of these packages are increasingly complex and therefore higher in cost.

13. As previously reported to the Committee on 9<sup>th</sup> July 2018, the homecare tender resulted in an increased hourly rate for the Council's managed homecare packages. This in turn also had an impact on some of the Direct Payment rates. The £3.052m represents the full year cost required by the department as a result of these changes in rates.
14. Fair Price for Care inflation is the contract inflation for older adults banded care home fees. The contracts include a rate of inflation that is set by predetermined national indices which is forecast to cost £1.814m in 2019/20.
15. The contracts for all externally provided care packages include that National Living Wage rates are paid as a minimum. The National Living Wage for over 25 year olds will rise by 38p to £8.21 on 1<sup>st</sup> April 2019. This results in a forecast cost pressure of £7.483m.

### Use of Temporary Monies 2019/20

16. The government has previously announced further temporary funding for Adult Social Care and this is included within the proposed budget. However, temporary funding creates additional risks against delivering current statutory obligations on an ongoing basis. As the table below demonstrates, £34.528m (16.9%) of the proposed net budget for Adult Social Care in 2019/20 is being by funded by temporary money.

**Figure 2:** Additional Temporary monies against the ASCH budget 2019/20:

	2019/20 (£m)
ASCH original Net Budget	<b>203.743</b>
<b>Temporary sources of funding</b>	
Better Care Fund (BCF) Care Act	<b>2.060</b>
Improved BCF	<b>26.505</b>
Winter Pressures	<b>3.527</b>
BCF Reserves	<b>2.436</b>
<b>Total of temporary funding</b>	<b>34.528</b>

17. Whilst all additional temporary funding is welcome, it fails to address how social care funding will be made sustainable in the longer term. This will not happen until the next spending review expected in 2019 and the Green Paper remains delayed.

### Savings 2019/20

18. The temporary funding alone is not sufficient to balance the budget and so the 2019/20 budget for Adult Social Care includes £12.793m of permanent savings, which need to be delivered during 2019/20. This is a combination of approved savings schemes of £12.485m, which will include the continuation of existing schemes and some new schemes which have been approved during 2018/19. It also includes ancillary savings of £308,000, which the department has to find.

## Medium Term Financial Strategy (MTFS)

19. The Budget report to Full Council in February 2018 forecast a budget gap of £54.2m for the three years to 2021/22. The Budget Update report to Policy Committee in November 2018 showed a revised budget shortfall of £63.9m. Since the December report, the MTFS has been rolled forward a year to reflect the four year term to 2022/23 and a rigorous review of the Council's MTFS assumptions has taken place and all pressure bids revised. The total specific pressures and non-pay inflationary pressures to 2022/23 now total £69.8m. The Budget report to Full Council in February 2019 shows a remaining gap of £34.1m to 2022/23 after factoring in all new agreed savings and assumptions on Council Tax increases in future years.
20. Therefore, there is still an urgent need to find additional savings to meet the on-going budget gap of the Council of £34.1m. New savings proposals to meet the on-going budget gap are presented to Adult Social Care and Public Health Committee as soon as they are ready for consideration.

### Overall savings position

21. In 2018/19, the department is projected to make savings of £13.068m. This is £4.499m more than the target and is primarily due to the early delivery of future savings and the over-achievement of increased joint funded income. The early delivery of savings in 2018/19 provides greater confidence that the department can achieve its increased savings target for 2019/20.
22. The Programme Status Report, attached as **Appendix 1**, provides both a summary of cashable savings at a programme level as well as a status report. An Improving Lives Portfolio project exceptions and mitigating action summary (as at January 2019) can be found at **Appendix 2** and an Adult Social Care and Health Portfolio quarterly update can be found at **Appendix 3**.
23. This brings the total projected savings for the department to £108.149m by the end of 2018/19.
24. Work continues to identify further opportunities to release efficiencies and to transform services. Since December 2018 Committee has approved an additional £3.33m of savings proposals over future years and these are summarised in the table below.

Project	Savings 2019/20 (£m)	Savings 2020/21 (£m)	Total Savings 2019/20 - 2021/22 (£m)
Transforming Reablement	1.199	0.868	<b>2.067</b>
Review of Day Services	0.135		<b>0.135</b>
Review of external contracts	0.125		<b>0.125</b>
Extension of savings for Notts Enabling Services	0.601	0.402	<b>1.003</b>
<b>Total additional approved since December 2018</b>	<b>2.060</b>	<b>1.270</b>	<b>3.330</b>

## **Other Options Considered**

25. No other options on reporting have been considered as this is the method of reporting approved by Adult Social Care and Public Health Committee and Improvement and Change Sub-Committee.

## **Reason/s for Recommendation/s**

26. To keep the progress of the Improving Lives Portfolio under review by Committee.

## **Statutory and Policy Implications**

27. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **Data Protection and Information Governance**

28. The data protection and information governance requirements for each of the savings projects is being considered on a case by case basis and Data Protection Impact Assessments will be completed wherever necessary.

## **Financial Implications**

29. Progress, as at the reporting period ending January 2019, in achieving the 2018/19 to 2020/21 savings targets for each existing programme is detailed in **Appendix 1**.

## **Public Sector Equality Duty Implications**

30. The equality implications of the Adult Social Care & Health savings and efficiency projects have been considered during their development and, where required, Equality Impact Assessments undertaken.

## **Implications for Service Users**

31. As above, the implications of the savings projects on service users have been considered during their development.

## **RECOMMENDATION/S**

- 1) That Committee considers whether there are any further actions it requires arising from the information contained in the report.

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**Constitutional Comments (LW 21/02/19)**

32. Adult Social Care and Public Health Committee is the appropriate body to consider the content of the report.

**Financial Comments (KAS 18/02/19)**

33. The financial implications are contained within paragraph 29 of the report.

**Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

[Update on Tender for Home Based Care and Support Services](#) - report to Adult Social Care and Public Health Committee on 9<sup>th</sup> July 2018

[Progress report on Budget, Savings and Improving Lives](#) - report to Adult Social Care and Public Health Committee on 10 December 2018

[Progress Report on Improving Lives](#) - report to Adult Social Care and Public Health Committee on 8<sup>th</sup> October 2018

[Assessment and advice provided by external savings partner, Newton, to support savings programme](#) - report to Adult Social Care and Public Health Committee on 12<sup>th</sup> March 2018

[Appendix Assessment and Advice Newton](#) – to Adult Social Care and Public Health Committee on 12<sup>th</sup> March 2018

[Monitoring of savings in Adult Social Care](#) - report to Improvement and Change Sub-Committee on 25<sup>th</sup> June 2018

Programmes, Projects and Savings – Quarter 1 - report to the Improvement and Change Sub-Committee on 4<sup>th</sup> September 2018

Progress Report on Savings and Efficiencies - reports to Adult Social Care and Public Health Committee on 10<sup>th</sup> July 2017, 11<sup>th</sup> December 2017 and 16<sup>th</sup> April 2018

Progress Report on Delivery of Programmes, Projects and Savings - report to the Improvement and Change Sub-Committee on 26<sup>th</sup> September 2017

Financial Monitoring Report: Period 5 2017/2018 - report to Finance and Major Contracts Management Committee on 16<sup>th</sup> October 2017

Proposals for allocation of additional national funding for adult social care – report to Adult Social Care and Public Health Committee on 12<sup>th</sup> November 2018

Equality Impact Assessments.

**Electoral Division(s) and Member(s) Affected**

All.

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