Title: **Revenue Budget Monitoring 2014/15 – Quarter 1**

Wards Affected: **All Wards in Torbay**

To:	**Overview and Scrutiny Board**	**On: 1 September 2014**
	Council	**On: 25 September 2014**

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1. Key Points and Summary

1.1 At this early stage of the financial year, a number of budget pressures have been identified which Torbay Council must manage in order to deliver a balanced budget. The latest projected outturn position at the end of the first quarter is a £2.138m overspend.

1.2 The two main pressures are within Children's - Safeguarding and Wellbeing and Adult Social Care. As in previous years Members were advised of the financial challenges that would be faced when the 2014/15 budget was set in February 2014. The inherent risks the Council faced, when the budget proposals were approved, were set out in the budget report and these risks were accepted by Members and arise from the ongoing austerity measures from the coalition government and demand pressures across a number of services.

1.3 Due to the continued service pressures and the impact of previous budget reductions the significance of this projected overspend, at such an early part of the financial year, should not be underestimated. The Senior Leadership Team and Executive Lead Members are working hard to address the pressures and take corrective action where appropriate.

1.4 The key variations within services are summarised below:

- Children's Services: The Director of Children's Services is forecasting a projected overspend of £1.4m at the end of the year. However, the headline overspend within Safeguarding and Wellbeing is £6.2m on an approved budget of £21m. This is before the application of the earmarked contingency and delivery of the recovery plan. The overspend is due primarily to pressures within the Safeguarding and Wellbeing service arising from the number and costs for looked after children and the costs for the continued use of agency social workers.

- Adult Social Care: £0.8m projected overspend due primarily to delayed and non delivery of the Cost Improvement Programme managed by the Torbay and Southern Devon Care and Health NHS Trust.

- Waste: £0.2m projected overspend due to increased costs primarily arising from increased tonnages and the delayed opening of the Energy for Waste Plant.

- Residents and Visitors: projected overspend of £0.490m due to lower forecast income against the approved budgets for, Parking Services, Sports, Torre Abbey and Corporate Security.

1.5 In addition to the pressures identified above, at this early stage of the year other Business Units will be monitored closely over the next quarter to ensure any other financial pressures are identified and managed.

1.6 In response to the projected outturn position within Children's Services, a 5 year Cost Reduction Plan has been developed to manage existing and future pressures and identify work packages as part of a cost reduction programme. This work is supported by Social Finance and will be presented to Council in September for approval.

1.7 If the 5 year plan and recovery plan is not considered robust enough and deliverable to reduce or contain the overspend in the short and medium term the Senior Leadership Team and Executive Leads will have to consider all options for addressing the projected overspend including strict controls on the recruitment to any vacant posts and curtailment of all non essential expenditure. Due to the size of the overspend in the first quarter of the financial year, it proposed that some uncommitted budgets are held to offset and reduce the current overspend.

1.8 With respect to Adult Social Care, the Trust has produced a recovery plan which has been appended to this report which sets out the actions that are being taken to reduce spend.

1.9 At the time of writing this report Members are scrutinising the 2015/16 savings proposals. Part of the strategy to reduce the current projected overspend will be to bring forward as many of those savings proposed for 2015/16 into the current financial year to deliver in-year savings.

1.10 Members will be aware that the Council must achieve a balanced budget at year end. This will be achieved by either:

a) those services overspending producing in-year recovery plans which reduces or removes the projected overspend;

b) all other services deliver in year savings resulting in an underspend at year end;

c) if insufficient savings can be made there is a risk that, as a last resort, uncommitted reserves or uncommitted budgets will be required to ensure a balanced budget can be achieved at the end of the year.

1.11 Members will be aware the Council does hold reserves. These should only be used for one off purposes and are not a solution to supporting ongoing financial commitments. Members should be aware that unless action is taken to reduce the existing overspends there is a possibility that the council will have to draw down monies from the Comprehensive Spending Review Reserve in 2014/15 to ensure a balanced position is achieved.

Strategy for in Year Budget Management

1.12 As in previous years' the Council will continue with its adopted ongoing Strategy in response to the coalition government's austerity programme and to address its own financial challenges. Fundamentally the Senior Leadership Team and Executive Lead Members must maintain strict financial management and control over all services areas. This will have to include some or all of the following measures:

- a moratorium on all non essential expenditure and a reduction in all other expenditure with an assessment of the services consequences.

- a freeze on all non essential recruitment.

- a review of budgeted expenditure that could be ceased and an assessment of the service consequences including reshaping of services where possible.

- bringing forward any savings proposals for 2015/16 and implementing these to derive in-year savings.

- Redeployment of staff directly affected by any restructuring proposals where vacancies exist.

- identification of any invest to save schemes that will have immediate cost savings in 2014/15 and beyond.

1.13 In terms of delivering the requisite amount of savings required based on the quarter one forecast position, bringing forward proposed 2015/16 savings will probably result in the greatest value of savings. That said there must be a recognition that due to the scale of the financial challenge faced, drawing down on reserves may be needed to reach a balanced position in 2014/15.

1.14 The effective implementation and delivery of the 5 year financial strategy for Children's Services and the recovery plan for Adult Social Care are essential to ensure the council's financial position is robust both in this and future years. Members of the Overview and Scrutiny Board will have an opportunity to discuss the recovery plan for Adult Social Care and the Cost Reduction Plan for Children's Services. The Cost Reduction Plan will be presented to Council in on 25 September for approval.

Paul Looby
Executive Head of Finance and Chief Finance Officer

Appendices

Appendix 1 Summary of Main Variations

Appendix 2 Torbay and Southern Devon Health Care Trust Recovery Plan

Documents available in Members' rooms

None.

Background Papers:

The following documents/files were used to compile this report:

None.

Appendix 1

Summary of Main Variations

A.1 Report Overview

A1.1 The purpose of this report is to provide Members with a summary of the projections of income and expenditure for all Business Units within the Council and to set out how the Council will maintain expenditure within its approved budget of £115.8m.

A1.2 The revenue monitoring statement shows the expenditure and projected outturn position based upon the latest information available to finance officers in consultation with service departments. Where possible, the implications or consequences arising from the variations are reflected in the key performance indicators for that service.

A1.3. Ongoing financial monitoring will be provided to Members quarterly.

A.2 Financial Performance

A2.1 Table 2 below provides a summary of the projected outturn position for Council services. The 2014/15 budget has been revised to reflect changes to services within individual Business Units.

Table 2

Projected Outturn Position – Quarter 1

Business Unit/Service	2014/15 Revised Budget £'000	Spend to Date £'000	Projected Out-turn £'000	Variation at Out-turn £'000
Director Adults				
Adult Social Care	41,733	10,282	42,533	800
Supporting People	1,878	975	1,828	(50)
	43,611	**11,257**	**44,361**	**750**
Director of Children's Services	**25,333**	**15,922**	**26,733**	**1,400**
Director of Operations and Finance				
Business Services	1,053	440	1,053	0
Commercial Services	3,548	841	3,558	10
Finance	8,567	822	7,855	(712)
Information Services	3,271	1,042	3,271	0
	16,439	**3,145**	**15,737**	**(702)**
Director of Place				
Residents and Visitors	7,293	3,770	7,783	490
Spatial Planning	5,521	1,818	5,521	0
TDA - Clientside	2,278	2,043	2,278	0
TDA – TEDC	1,485	1,523	1,485	0
Torbay Harbour Authority (ring fenced budget £2.5m)	26	(313)	26	0
Waste and Cleaning	11,499	9,346	11,699	200
	28,102	**18,187**	**28,792**	**690**
Director of Public Health				
Community Safety	2,271	723	2,271	0
Public Health (Ring-fenced budget of £8.1m)	0	4,145	0	0
	2,271	**4,868**	**2,271**	**0**
Total	**115,756**	**53,379**	**117,894**	**2,138**

Main Variations

A2.2 A summary of the main variances and the principal reasons for any underspends or overspends and any emerging issues within each directorate are explained below.

Adults

A2.3 This portfolio covers Adult Social Care and Supporting People and is projecting to overspend by £0.750m.

Adult Social Care

The provision of Adult Social Care is a commissioned service provided by the Torbay and Southern Devon Health and Care NHS Trust. The Trust are forecasting a £0.8m overspend for the year at the end of quarter 1. Further details and a Recovery Plan is appended to this report as provided by theTrust.

The main reason for the forecast overspend is due to the non achievement of some of the 2014/15 savings which form part of the Trust's Cost Improvement Programme (CIP). The Trust, on behalf of the Council, have a statutory duty to meet assessed need where the Fair Acess to Care Services (FACS) criteria is met. It was recognised that there were some care packages whereby there was provision of services in excess of need, and some services which were not being delivered in the most cost efficient way. Against this background, a number of savings proposals were put forward. A summary of the key issues as identified by the Trust include:

1. Under delivery against CIP Plan to date on Packages of Care (POC) under £70. The Trust undertook a Telephone Pilot for this category of care throughout May 2014 and this did not realise the expected savings.

2. No progress has been made to date on non-residential POC between £70 to £606. Since the beginning of the year there are additional cost pressures with 40 clients over the set target for this particular savings Plan. Non delivery for this scheme has had an impact on the financial position for Mental Health over 65s and Torquay and Mental Health under 65s teams.

3. Good progress has been made on the other main schemes including Residential Based under £606 and POC over £606. If the current client base is maintained throughout the remainder of the financial year then the majority of the CIP target will be achieved. The Learning Disability service is estimated to have achieved its entire CIP target.

The Trust has advised that at this early part of the financial year there could be further changes to the forecast outturn position due to the nature of the service, demands placed upon it as there are a number of volatile factors that could influence the forecast.

Supporting People is projecting to underspend by £0.050m due to a combination of contractual savings and vacancy management savings.

A2.4 **Children, Schools & Families**

Children's Services are projecting a forecast outturn overspend of £1.4m. This is after the delivery of anticipated savings from their recovery plan and after the application of the £2m contingency for Children's Social Care and £1m from reserves which was agreed as part of the budget proposals in February 2014. A summary of the budget pressures within Children's Services are shown below:

	£'m
Projected Overspend	6.2
Use of Contingency	2.0
	4.2
Use of one off PFI sinking reserve (approved by Council Feb 14)	1.0
	3.2
Recovery Plan Savings to be delivered in-year	1.8
Forecast Outturn Position	**1.4**

The projected overspend is primarily due to budget pressures within Safeguarding and Wellbeing due to the number and cost of placements and the ongoing use of agency social workers in Safeguarding and Wellbeing. The headline position before the application of the contingency, reserves and the recovery plan is a forecast overspend of £6.0m for Safeguarding and Wellbeing. In addition there are budget pressures within School Services and Family Services totalling £0.2m.

The number of looked after children at the end of June 2014 is 304, a decrease of 10 since the end of March 2014. The number of children on Child Protection Plans at the end of June was 166, a decrease of 7 since the end of March 2014.

Members will be presented with a report in September setting out a 5 year cost reduction plan to address the budget pressures within Children's Services. This report will set out the work undertaken by Social Finance who are supporting Children's Services in the delivery of new operational working practices to ensure the costs for the service are brought in line with the average cost when compared to other local authorities. The plan will require investment over the next three years which will be funded from earmarked reserves. These reserves will have to be replenished from the forecast savings achieved within the service. If these savings are not delivered this will impact upon all other services within the council as the reserves used will have to be replenished.

The programme of activities currently in place and being developed will continue to remodel the service and are required to reduce the number of Looked After Children and the amount of time they spend in care. The programme will include embedding a more robust and assertive Fostering Strategy, which will have to increase the number of in-house foster carers and move Children from Independent Sector Placements without affecting outcomes if savings are to be delivered. The implementation of a residential migration project must be achieved if it is to be a cost effective alternative to residential care.

Place

A2.5 There is a projected overspend of £0.690m. A summary of the main variations are identified below:

Residents and Visitor Services is projecting an overspend of £0.490m

This is due primarily to:

- spending pressures within Parking Services where there is a projected shortfall in car parking income of £0.4m. This is a combination of on and off street parking and a reduction in enforcement income. Members will be aware the summer season is where the vast majority of income is collected and is influenced by the weather and the number of visitors to the Bay. The full impact of the main tourist season will be known at the end of September and will be reported to Members as part of the quarter 2 monitoring statement.
- Torre Abbey is reporting a projected overspend of £0.08m due to lower than anticipated visitor numbers.
- Sports Services are projected a shortfall in income of £0.1m.
- Corporate security costs (CCTV) are projected to overspend by £0.05m due to a shortfall in forecast income.
- These overspend have been partly offset by administrative savings and vacancy management across the service and the strict financial control across all services to maintain spend within the approved budget.

Waste and Cleaning is projecting an overspend of £200k at the end of quarter 1.

This is due to a combination of factors including an increase in tonnages of waste and a delay in the opening of the new Energy for Waste Plant. Unless tonnages of waste reduce or the level of recycling within the Bay is increased it will be challenging to reduce this projected outturn position.
Spatial Planning – is projected to spend within its approved budget at the end of quarter 1. However achievement of the approved budget is subject to receipt of budgeted income i.e. planning and building control and the number of passenger journeys within the Bay which will impact upon the Concessionary Fares budget.
Economic Development Company (Client side) and Business Services are projecting to spend within budget as at the end of quarter 1.

A2.6 **Public Health**

Services within Public Health and Community Safety are projected to spend within their approved budget at the end of the first quarter.

A2.7 **Operations and Finance**

Operations and Finance is projected to underspend by £0.702m

Commercial Services is projecting a small overspend of £10,000 due to a delay in realising savings from the new combined Coroner area. **Finance** is projected to underspend by £0.712m. The Finance Business Unit is projecting to underspend by £0.1m due to vacancy management savings within Financial Services and lower external audit inspection fees. A number of corporate budgets are "accounted for" within Finance. Due to the council projected overspend where possible any potential underspend from these have been identified and will be used to offset the overspend and include the council contingency.
Business Services and Information Services are both projected to spend within their approved budget at the end of the first quarter.

A3 Reserves

A3.1 The Comprehensive Spending Review (CSR) reserve is the Council's uncommitted reserve which was set up to meet the financial challenges it faces over the next few years. Its main purpose is to fund the costs for restructuring but can also be called upon to fund unforeseen events and pressures as they arise.

A3.2 The Chief Finance Officer has advised that where possible reserves should only be used to support one off initiatives as it is not sustainable to use reserves to support ongoing commitments. As identified within the 2013/14 outturn report the balance for the CSR reserve was £3.8m as at April 2014.

A3.3 Members will be aware of the ongoing discussions and consultation with respect to the 2015/16 savings proposals. Whilst it is too early to confirm the costs for restructuring arising from these proposals it is prudent to assume these will be approximately £1m – for comparative purposes redundancy and associated costs for the 2014/15 budget round was £0.8m. As any decisions with respect to the 2015/16 savings proposals will be made in the current financial year all associated restructuring costs will be a charge in 2014/15.

A3.4 In addition, if the Council is unable to declare a balanced budget at year end after the application of other uncommitted budgets and savings any overspend will have to be funded from reserves. This will reduce the Council's uncommitted reserves and impact upon how the Council manages further reductions in government grant in future years. Due to the projected overspend in the current financial year, increasing demands upon services, the use of earmarked reserves for invest to save initiatives within Children's Safeguarding and Wellbeing and the affect of reduced budgets for all Business Units there is an increased risk that the CSR reserve may be required to balance the budget in 2014/15. In addition, if approved, some of the savings proposals for 2015/16 include the option for transitional funding which will have to be funded from the CSR reserve.

A3.5 A summary of the Council's uncommitted reserve is shown below in table 3.

Table 3 - Uncommitted Reserves

Comprehensive Spending Review Reserve	Working Balance £'m
Balance as at 1 April	**3.8**
Potential Calls on CSR Reserve	
Redundancy Costs arising from 2015/16 budget	1.0 (estimated)
2014/15 Budget Pressures	tbc
Transitional Funding for 2015/16 (if approved)	0.5m estimated
Estimated Balance	tbc

A3.6 The Council also has its General Fund balance. Since Torbay became a Unitary authority in 1998 there has not been a call on the general fund balances. The current balance is £4.4m and represents 3.8% of the Council's net budget.

A3.7 Members will be aware that that the general fund balance is uncommitted (unlike other earmarked reserves) and provides funds that would only be used for any unforeseen or unexpected expenditure that could not be managed within service budgets or earmarked reserves. With this in mind and in light of the difficult financial climate faced by the Council and reduction to the Council's net budget, the Chief Finance Officer believes that a cash balance of £4.4m is a prudent and sustainable level to protect the Council from the increased risks it faces with respect to the ongoing grant reductions from Government and increased demand for some services. However this will be monitored closely during 2014/15 taking into account the forecast overspend and the delivery of recovery plans within Children's and Adult Social Care. Members should note the Council's external auditors will have a view as to the level of the Council's General Fund Balance.

A.4 Dedicated Schools Grant (DSG)

A.4.1 DSG funded activities is currently reporting an underspend of £0.346m. The DSG is a ring fenced grant and can only be used to fund schools related activities.

A.5 Debtors

A5.1 This section of the report provides Members with an update for the first quarter in 2014/15 in respect of council tax and business rate collection.

<u>Council Tax</u>

A5.2 The targets for the collection of Council Tax in 2014/15 are:

(i) collect 96.5% of the Council Tax due within the 12 months of the financial year (i.e. April to March); and

(ii) collect 50% of the arrears brought forward from previous years.

A5.3 The Council is due to collect £65.7m after the granting of statutory exemptions and reductions and Council Tax Support in the period April 2014 to March 2015. To date the Council has collected £17.9m which is 27.2% of the Council Tax due in year. The collection level is lower than last year when 27.8% was collected.

A5.4 The total arrears outstanding at 31 March 2014 were £4.89m and this has been reduced by £0.738m which is about 18.6% of the total arrears due. At the equivalent time last year the Council had collected £0.712m of arrears of £3.67m, which equates to around 19.4%.

A5.5 There are no Council Tax write-offs over £5,000 to report. 553 council tax accounts with a value of £0.176m have been written off in the first quarter.

<u>Non-Domestic Rates</u>

A5.6 The targets for the collection of NNDR (business rates) re:

(i) collect 97% of the business rates due within the 12 months of the financial year (i.e. April to March); and

(ii) collect 50% of the arrears brought forward from previous years.

A5.7 The Council is due to collect £37.9m after the granting of mandatory relief in the period April 2014 to March 2015. To date the Council has collected £13.3m which is 29.9% of the business rates due in year. In the equivalent period last year the Council had collected £11.5m which equates to 31.2%.

A5.8 The total arrears outstanding at 31 March 2014 were £1.53m and this has been reduced by £0.391m which is about 25.5% of the total arrears due. Last year the Council had collected £0.385m off arrears of £1.55m which equates to around 24.9%

A5.9 There are four write offs above £5,000 which have been circulated to Members of the Overview and Scrutiny Board and are available to all Members upon request.

A5.10 The Council has written off 20 accounts in quarter one with a value of £0.063m.

Other Debtors

A5.11 The total debt written off in quarter 1 on the Benefits system is £0.026m relating to 92 records and £0.029m relating to 74 records.

Appendix 2

Torbay and Southern Devon Health and Care NHS Trust

Report to Torbay Council setting out the forecast year end position for the 2014/15 Adult Social Care budget and forward look to 2015/16

Introduction

1. The purpose of this report is to set out for Members the latest financial performance figures for the Adult Social Care budget, the progress made by the Trust in implementing the savings target set by the Mayor and the actions that the Trust has taken to mitigate financial risks to the Council

Context

2. The Trust was successful in delivering an underspend for the Council in 2013/14 of £1,227K after achieving cash releasing savings of £2,160K. In order to address the reductions in government funding, the Council has set the Trust a challenging budget for Adult Social Care in 2014/15. However, although the Trust has maintained the downward pressures on costs, it has found it a challenge to make the level of savings necessary to reduce expenditure further to the level of the budget set for 2014/15.

3. As required by the Mayor and the commissioner of Adult Social Care, the Trust prepared plans for delivering these savings in Autumn 2013 and at the time, the Trust made the Council aware of the challenges in delivering these savings due to: -

   i. £12.9m of the independent sector budget (2014/15 base pre Cost Improvement Plan - CIP) is spent on long term residential and nursing care (net expenditure) and therefore is not amenable to influence in the short term. Therefore, over a 2 year period a savings target of £1.0m has been assumed which is an 8% reduction. This means that the balance of the savings target, £3.9m for the independent sector has to primarily found from the remainder of the budget (2014/15 base pre CIP), £18.9m. This equates to a decrease of 21% over a two year period with Direct Payments and Domiciliary Care areas particularly affected.

   ii. Clients still have a statutory entitlement to care under Fair Access to Care Services (FACS) criteria, and therefore, there are limits to managing demand. The Trust can ensure that there is not provision of services in excess of entitlement, and that services are provided in the most cost effective way, however there is a statutory duty to meet assessed need where the FACS criteria is met.

4. The table attached in Appendix 1 sets out the estimated savings that will be achieved **for each scheme in the 2014/15 savings** plan. The main points are detailed below:

    a. In total £1,793K of savings will be achieved out of a total of £2,888K. This equates to 62% of the total.
    b. In house Learning Disability is on target to achieve 100% of their savings target.
    c. Operations are on target to achieve 49% of their target figure and under the risk share arrangement this financial liability will be met by the Trust.
    d. The schemes within the Independent Sector are currently on track to achieve 61% of the £2,461K target. Good progress has been made on a number of savings schemes but two schemes are currently failing to deliver.
        i. <u>Savings in packages of care under £70</u>: No financial progress has been made against the £400k CIP target. This savings target was planned to be delivered by undertaking telephone assessments with the clients concerned and was based on an extremely challenging target of a 60% reduction in overall costs. This is a new mode of service delivery for the Trust and so a pilot project based on 70 clients was undertaken. The pilot demonstrated proof of concept and will be adopted as the new mode of care going into 2015/16. Minimal savings were made against these 70 clients reviewed but they have been offset by increased costs within the general cohort of 300 clients. However, the Trust intends to extend this exercise with further guidance to staff. Further details are provided below in the section setting out the Trust's action plan.
        ii. <u>Review of non-residential care packages costing between £70.01 and £606 per week.</u> The overall underachievement is £475k which is some £125k in excess of the original target. However, this needs to be partially offset by the success of the review of clients with packages of care in excess of £606 which has driven the cost per week into this bracket. Measures to address this underperformance are set out in the action plan below.

5. As set out in the Annual Strategic Agreement, the Council bears the financial risk of an over spend on the Independent Sector and In-house Learning Disability elements of the ASC budget. The latter is forecast to break-even

and therefore the remainder of this report focuses on the financial performance of the Independent Sector budget.

6. The financial performance of the Independent Sector budget is set out in detail in Appendices 2A (zone/team analysis) and 2B (care type analysis). This highlights the following main issues.

    a. There is an over spend of £858K currently forecast.
    b. From a team perspective the main areas of pressure are within the Mental Health over 65 (£378K), Mental Health under 65 (£230K) and Torquay (£217K).
    c. From a care type basis the main areas of pressure are within Short Stay residential placements (£272K), Domiciliary Care (£386K), Direct Payments / DP Reclaims (£162K) and SWAPS £121K.

7. There is a direct correlation between the forecast overspend and two specific savings schemes that have not delivered.

8. Underpinning the lack of CIP delivery the following needs to be considered as partly mitigating circumstances.

    a. Clients have a statutory duty to receive care to meet assessed needs when the FACS criteria is met. This makes it difficult to control demand and whilst the Trust might make inroads through its review processes it cannot control the flow of clients in and out of the system. In addition to this, clients' needs are individually unique and no direct control can be made on this variable.
    b. There has been a 34% increase in safeguarding referrals over the last year and this trend is continuing. Also we have had 3 whole home investigations since April which require an individual review for each resident and significant investment of time from the Zones and the safeguarding team. This has significantly impacted on the capacity of social work teams to undertake the review of care packages which represent a significant element of the savings programme

9. Taking the above factors into account the following can be drawn from a detailed analysis of the schemes underperforming.

    a. The £600K under delivery on non-residential packages of care between £70 and £606 (inclusive of Sandwell) is based on £550K of volume pressures and £50K of price pressures. Price is primarily down to the Domiciliary Care price increases detailed above and the volume issue is driven by client numbers being 55 higher than the budget in place (note increase since baseline pre CIP is 20 clients).

b. The material factor behind the POC under £70 CIP under delivery is volume related pressure of circa £450K. There are 238 more clients than the budget can accommodate at an average of £37 per week (note increase since baseline pre CIP is 35 clients).

10. Another area of financial pressure outside of the CIP process is the overspend on Residential Short Stay budgets. Expenditure is £281K over budget but income has only over recovered by £9K. This highlights that the client contribution recovery rate is below anticipated levels. The budget was set on a client contribution rate of £175 per week but current planning shows the rate at £153 per week. In addition to this whilst activity is up on budgeted levels the average unit cost is also higher by £23 per week, per client. These factors have a negative impact on the financial position and when they present themselves together it can result in a material over spend position which is difficult to control.

Action Plan

13. The action plan to mitigate the risk of an end of year overspend covers the following areas of activity: -

i. Management of demand, in particular short term residential care which relates to respite and emergency placements. We have implemented further controls in respect of authorisation of emergency placements. This is to ensure appropriate use and prevent long term dependency on residential services.

ii. In terms of respite we are reassessing users of short term respite against eligible need and offering respites services within the limits of the personal allowance.

iii. We are reviewing the uptake of short break vouchers to ensure appropriate use and that the cost is within the personal allowance.

iv. Improving delivery of savings on the care package reviews highlighted above: -

a. We have established a review team of 10 people drawn proportionally from all adult service areas who will work for the remainder of the financial year and we expect that all reviews will be completed within this timeframe. Individual staff will work to set targets and this activity will run alongside normal review activity within zones as part of day to day business.

b. We are defining specific categories of service users to review which will be against FACS eligibility

c. There are detailed operational plans underpinning these schemes.

v. Alternative savings schemes that would not need consultation

a. We are developing an enhanced brokerage service for high end specialist packages of care to ensure best value and better market control. This process will harmonise with the commissioning of Continuing Health Care packages

vi. Bringing forward 2015/16 savings:

14. The actions described above will potentially reduce the yearend forecast deficit at this stage to £564k. This is based on an incremental week on week reduction in costs (£633 per week from early September to year end). There are a number of caveats surrounding this forecast, in particular: -

    i. No increase in ordinary residence cases over the £152k budget
    ii. No price pressures arising out of the current market testing exercise for domiciliary care

15. Commissioners will continue to work with providers to examine other schemes to bring the budget into a balanced position by the financial year end.

Adult Social Care CIP Schedule 2014/15 Month 4 — **Appendix 1**

Scheme Description	Proposal £'000s	Estimate Achieved (FOT)* £'000s	
Operations			
Community Alarms Charging	-94	0	
Community Alarms Withdrawal	-48	0	
LDDF	-17	-17	
Carers Services	-18	-18	
Back office savings / redesign of Care Model	-100	-100	
Operation Total	**-277**	**-135**	**49%**
In House LD			
LD In House Review	-150	-150	
In House LD Total	**-150**	**-150**	**100%**
Independent Sector			
2013/14 recurrent under spend	-500	-500	
Sandwell Dom Care Block Contract Mgt	-75	50	
Review of High Cost Clients (over £606 per week)	-500	-766	
Review of enhanced & medium cost clients (non residential between £70.01 to £606 per week)	-350	125	
Review of Low cost clients (under £70 per week)	-400	56	
Residential & Nursing Care standard & non standard fee rates (under £606 per week)	-371	-237	
Non Residential charging policy	-50	-50	
£500 payments to LD / MH Homes	-122	-122	
LD Transport	-40	-11	
Voluntary Block Contracts	-38	-38	
Thera Block contract	-15	-15	
Independent Sector Total	**-2,461**	**-1,508**	**61%**
Total	**-2,888**	**-1,793**	**62%**

Appendix 2A

ASC Independent Sector Financial Performance Statement for the Year Ending 2014/15 (Zone /Team basis)
Period 4 - 31/07/2014

Expenditure Type	Annual Budget	Forecast	Variance
	£000	£000	£000
Expenditure			
Brixham	2,716	2,940	224
Torquay	9,198	9,528	330
Paignton	6,650	6,741	91
Learning Disabilities	10,658	10,701	43
Older General	1,094	1,081	-13
MHu65 Mental Illness	2,858	3,069	211
MHu65 Dementia	150	81	-69
MHu65 Substance Misuse	169	169	-0
MHo65	5,378	5,911	533
O/R	152	125	-27
Total	**39,023**	**40,346**	**1,323**
Income			
Brixham	-928	-1,105	-177
Torquay	-2,711	-2,824	-113
Paignton	-2,496	-2,455	41
Learning Disabilities	-838	-968	-130
Older General	-34	-18	16
MHu65 Mental Illness	-344	-326	18
MHu65 Dementia	-55	-21	34
MHu65 Substance Misuse	-9	-9	0
MHo65	-2,287	-2,442	-155
Total	**-9,702**	**-10,167**	**-465**
NET COST	**29,321**	**30,179**	**858**

Appendix 2B

ASC Independent Sector Financial Performance Statement for the Year Ending 2014/15 (Care Type basis)
Period 4 - 31/07/2014

Expenditure Type	Activity description	Annual Budget			Forecast	Variance
		Activity	£000	Unit Cost	£000	£000
Care type						
Residential Long Stay	Bed Weeks	37,152	17,493	£470.85	17,601	108
Residential Short Stay	Bed Weeks	2,731	1,226	£448.97	1,507	281
Nursing Long Stay	Bed Weeks	4,589	2,378	£518.24	2,580	202
Nursing Short Stay	Bed Weeks	254	125	£491.24	164	39
Direct Payments	Weeks	19,801	5,872	£296.55	5,965	93
SWAPS	Bed Weeks	1,017	315	£309.80	436	121
Domiciliary Care			8,315		8,847	532
Day Care			1,392		1,350	-42
O/R			152		125	-27
Total			**37,268**		**38,575**	**1,307**
ISC Adjustments						
DP Reclaims			-414		-345	69
Net Contract Adjustments			-436		-413	23
IPP Recode			-110		-154	-44
Intermediate Care Recharge			-97		-97	
Total			**-1,057**		**-1,008**	**49**
Other Expenditure Areas						
£500 One Off Individual Negotiated Payments			0		-56	-56
Voluntary Block Contracts			211		214	3
Supported Living Block (Learning Disability)			378		378	
Day Care Transport			154		183	29
Residential / Community Recovery Service (MHu65)			314		305	-9
Staffing (MHU65 & Subs)			580		577	-3
Residential / Intermediate Care Block (Older)			868		873	5
Bad Debt Provision			196		196	
Other			111		110	-1
Total			**2,812**		**2,779**	**-33**
TOTAL EXPENDITURE			**39,023**		**40,346**	**1,323**
INCOME						
Residential Long Stay		37,152	-6,668	-£179.48	-6,699	-31
Residential Short Stay		2,731	-479	-£175.41	-488	-9
Nursing Long Stay		4,589	-902	-£196.58	-1,080	-178
Nursing Short Stay		254	-35	-£137.55	-69	-34
Domiciliary Care		0	-959		-1,105	-146
Day Care		0	-207		-224	-17
OLA In House			-159		-167	-8
OLA Independent Sector			-252		-320	-68
Other			-41		-14	27
Income total			**-9,702**		**-10,167**	**-465**
NET COST			**29,321**		**30,179**	**858**