Agenda item No. 8

Audit Committee – 16 January 2017

Managerial Controls on Financial Spend in Adult Social Care

1. Summary of the report

1.1 For 2016/17 the Adult Social Care directorate is experiencing ongoing pressures, mainly linked to the demand for significant packages and placement costs. This position has been regularly reported to the Social Care and Health Overview and Scrutiny Committee, with the most recent update presented to the committee, for the forecast year end position as at the end of September 2016, predicting revenue over spend of £4.809m. This is dependent on the implementation of the remaining undelivered action plan items (£0.136m), the use of reserves of (£1.813m), and the transfer to reserves of £0.448m. Without the successful implementation of the in year action plan and transfers to or from approved reserves the over spend would be £7.584m.

1.2 As such Audit Committee at their meeting on 21 November 2016 requested to receive a report to provide assurance on the controls that the directorate has put in place to manage these issues and seek to avoid further pressure on the budget.

2. Recommendations

2.1 That the Committee notes the controls which are in place and offers any guidance/challenge based on its expertise, for improvement.

3. Background

3.1 There are a range of directorate controls which are ordinarily in place, and these are outlined below. Given the scale of the demand and financial pressures faced by the Directorate, the Executive Director of Adult Social care has introduced further controls, also described below.

Directorate Controls

3.2 Budget monitoring and forecasting takes place on a monthly basis involving group and cost centre managers.

3.3 Adult Social Care holds a fortnightly Executive Director Management Team meeting. Each meeting receives a series of detailed budgetary reports which highlight commitments, trends and forecast. The team evaluates where the budget pressures are and how to mitigate those.

3.4 The Director and two Assistant Directors meet the financial team monthly to analyse the detail. This includes looking at staffing; service, care costs and internal pressures in spend by category.

3.5 All three tiers identify changes to the forecast position, reasons for this, actions required, options to reduce the pressures and areas of further risk. The culmination of this cycle results in the corporate monitoring position being reported to CMT and Cabinet.

3.6 Each month a corporate report is produced at CMT to highlight the spend, budget, forecasting, risks and progress against efficiencies. This ensures corporate management team oversight by the Chief Executive Officer and Executive Directors, alongside financial colleagues (and the SI51 Officer).

3.7 On a monthly basis the budget position is reported to Cabinet/CMT and Cabinet to ensure the administration is overseeing the delivery of corporate and directorate plans against the budget.

Additional Controls

3.8 Due to the severe pressure of demand and the consequent financial position, the Director has introduced a range of additional controls to bring the forecast in line with the budget and to address the future year's efficiency plans in the Medium Term Financial Plan.

3.9 Every Penny Counts is the means by which the Council is scrutinising all its non essential spend to reduce and eradicate areas that no longer require funding or can be funded less in year. This is a relatively small budget for Adult Social care of £254k, of which £82k is likely to be released in savings.

3.10 The management team has just introduced a Resource Allocation Panel which has every case presented to it. This is intended to moderate the costs of care to ensure:

- Equity
- Fair practice
- That needs are met
- That practice development issues are addressed and
- Meeting the requirements of the Care Act.

3.11 Early analysis showed that in some areas the directorate was over prescribing care and in others overpaying for care. As a result, the Panel ensures that only care which meets a direct need is approved.

3.12 The overpaying for care is tackled in a different way. A new commissioning plan has been developed with a series of actions to reduce those cases where care costs are too high. This is especially in relation to supported living costs – at £5,148 compared to the regional average of £2,626. The directorate is working with an external company to support this change; to ensure a forensic

view of only paying for the cost of care based on need, not on an historical agreement.

3.13 Following the approval of an individual's support plan, all care and support is now procured through one route – called Brokerage. This is team which is skilled in finding the right care, at the right price.

3.14 A review of the social work structure found that the costs of assessing and placing care were high in our comparator group and that the approach was too lengthy and bureaucratic. A new operating model is now in consultation phase, with full implementation due in February 2017. This has been focused on improving accountability, with clarity on the roles of managers as overseeing not just practice but also financial and performance delivery too.

3.15 A number of vacant posts have been removed from the structure to better reflect the correct ratios of staff required. All new recruitment to posts is by Director's approval only.

3.16 We have spent a lot more time in the Directorate evaluating ourselves against regional and national best practice, including spend comparators so we know what good looks like. The recent revisit from the Peer Review team commends our approach.

Partnership

3.17 Across the sector and, most notably, with the CCG we have joint commissioning arrangements. This includes pooling funds to support those with a learning disability and mental health issues. Each pooled budget is overseen by a senior commissioner, and governed through the Joint Commissioning Committee.

3.18 A recent piece of work has resulted in a change to the allocations made to the Learning Disability Pooled Fund by the parties. In order to ratify this change it was reported to, and endorsed by, Cabinet to ensure Council governance is followed.

4. Resource and Legal Considerations

4.1 Demand on Adult Social Care budgets places the Council under significant resource pressures. Legal support is enabling care to be prioritised / paid for in accordance with the Care Act and regional comparators.

5. Governance Issues

5.1 Controls are followed in relation to the Council's constitution, standing orders, regulations and supported by senior finance colleagues.

6. Citizen Impact

6.1 Individual and aggregated feedback from service users is used to shape commissioning and service delivery.

7. Performance Management and Risk Management Issues

7.1 The directorate oversees performance and updates its risk register on a monthly basis. The EDMT addresses under-performance and adjusts risks plans retrospectively.

8. Equality Implications

8.1 The panel approach is demonstrating evidence to address inequalities and achieve compliance with the Care Act.

9. Consultation

9.1 This report is shaped with internal colleagues.

Background papers

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