



Integration Joint Board
Performance and Finance Committee

23rd February 2018

This Report relates to
Item 5 on the Agenda

Adult Social Work Delegated Budgets 2018/19

(Paper presented by Katy Lewis and Sean Barrett)

For Discussion and Noting

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List of Background Papers	Not Applicable
Appendices	Appendix 1 – Council IJB 2018/19 Delegated Budget

SECTION 1: REPORT CONTENT

Title/Subject: Adult Social Work Delegated Budgets 2018/19

Meeting: Integration Joint Board Performance and Finance Committee

Date: 23rd February 2018

Submitted By: Katy Lewis, Chief Finance Officer

Action: For Discussion/Noting

1. Introduction

- 1.1 This Report presents the financial position facing the delegated Adult Social Work (SW) budgets for 2018/19. It also provides an update to the Integration Joint Board (IJB) on the timetable for Dumfries and Galloway Council (DGC) to set the delegated budget and the options that will need to be progressed to ensure a balanced budget in 2018/19.

2. Recommendations

2.1 The Performance and Finance Committee is asked to:

- **Discuss the financial position facing Adult Social Work delegated budgets in 2018/19**
- **Discuss the options that will require reductions in spend to balance the budget**
- **Note the timetable or setting the Adult Social work delegated budget.**

3. Background

- 3.1 The forecast year end position for Adult Social Work Services is a balanced budget following the utilisation of Social Care Funding to meet price increased and through the delivery of savings to offset demographic increases.
- 3.2 The Financial Plan for 2018/19 for Adult Social Work budget delegated to the IJB contains price and care volume increases of £4.429m. The Scottish Government has announced additional funding nationally of £66m to meet the pressure facing Social Work Services which for Dumfries and Galloway equates to £2.167m. This funding has been included within the local government settlement and the assumption is that this funding will transfer over to the IJB leaving a funding shortfall of £2.24m. DGC are currently considering their budget against a backdrop of a 2.1% reduction in budget with a £11.4m savings target for 2018/19.

3.3 Members are required to take recognition of the Social Care funding when setting its budget on the 27th February 2018. The budget which transfers to the IJB will not be known until then but the planning assumption for the IJB is that at least £2.24m of savings will be required to balance the budget. The area that savings will have to come from will impact on service users and care providers through control over levels of care purchased and restriction on the increases to the prices of care paid.

4. Main Body of the Report

4.1 Month Nine Position for Adult Social Work Services Delegated to IJB

The position as at month nine reflects the same view as undertaken at the mid-year review, which was a £750k overspend with unallocated Social Care fund retained to address this shortfall.

There are offsetting overspends and underspends which will require to be addressed at year end to ensure that there are no carry forward of budget pressures into 2018/19.

Savings of £2.6m were required in 2017/18 to balance the budget, £1.5m have been achieved so far with this expected to increase to £1.9m. The budget has been balanced however through the avoidance of expected price and volume increases which were forecast as part of the £2.6m shortfall.

4.2 Financial Update 2018/19

On 14th December 2017, the Scottish Government published its draft budget for 2018/19 which will inform the Integration Joint Board's budget setting process. As an IJB, we need to await confirmation from the NHS and Council of how this budget will translate into resources delegated to the IJB.

The budget advises an increase of £66m (£2.167m for DGC) for Council Funding for Social Care to support living wage, sleepover pressures, carers act, free personal care and other social work pressures. Allocation of funding to the IJB is subject to Council's budget setting process.

Dumfries and Galloway Council are required to take recognition of the additional £2.167m identified within the settlement for Social Work price and policy changes, DGC will set their budget on the 27th February 2018.

It is important to note that the decision on the level of budget delegated to the IJB budget is a Council decision and that determining and approving any savings measured that will be required to address the funding gap is a matter for the IJB itself.

Based on an analysis of current spend levels and estimates of the potential impact on prices linked to the National Care Home Contract (NCHC), Scottish Living Wage, The Public Sector pay cap, The Carers Act and demographic increases linked to need, there is an estimated increase in cost base of £4.429m for 2018/19.

After the application of the £3.167m identified to meet these pressures, there is a shortfall of £2.262m. This is shown in **Appendix 1**.

It is important to recognise that the majority of Adults Social Work Funding is spent on delivering care in the community; the current make-up of the budget is as follows:

- Staff Costs £15.5m
- Residential & Nursing (R&N) Spend £33m
- Care in the Community £46.1m
- Income (£26.1m)

With the majority of staff delegated to the IJB for Adults Social Work directly involved in front line service delivery and facing a constant increase in demand for services, there are limited opportunities to reduce these costs without significant service redesign. On that basis, this is an area which will not deliver savings in 2018/19. The service will review all vacancies that arise during the year to ensure that any opportunities to redesign services or make savings are maximised.

R&N spend is in the short term an area where we have less control over spend, with the service heavily influenced by availability of beds in the Care Home sector. D&G has been running at near capacity for a few years now. Service users placed in R&N care homes tend to be at a stage in their life where there is no other alternative. The care home market is under considerable pressure and decisions to be taken at a national level in respect of the NCHC could further exacerbate these pressures. There is a risk that the NCHC is not agreed for 2018/19 which would create further uncertainty about the provision and costs for care homes, potentially increasing costs and forcing care homes to leave the market. This is not an area where savings can be realistically targeted.

There are limited opportunities to increase income as we are aligned to national guidance and income is heavily impacted by a service user's ability to pay following a financial assessment. Any targeted increases in income would require to come from care at home service users as opposed to residential and nursing service users as we can control some local parameters within the financial assessment process.

This leaves the main area which can be targeted at for making efficiencies and savings as care in the community spend totalling £46.1m. This would mean that we would need, after applying expected increases, in the region of 4.8% reduction to this budget to deliver the £2.262m savings that will be required.

4.3 **Areas for Saving Targets**

Areas where spend will need to be reduced:

- SDS Option 1 individual budget balances and spend control
- Control new demand through alternatives to paid care
- Continued review of existing care to reduce dependence
- Review of Learning and Physical Disability Services care levels
- Control of price growth

- Review of current underspends to reduce ongoing commitment.

5. Conclusions

5.1 The key next steps and actions are to be noted by the IJB. Further updates will be brought back to future meetings:

- A Health and Social Care Management Team Workshop was held on 16 January 2018 where each General Manager presented the current YTD position, the updated forecast position and delivery against 2017/18 and proposed 2018/19 savings schemes.
- Workshop for IJB members on budget transformation programme on 1st February 2018 following the IJB meeting.
- Scottish Government draft budget required approval (Health and Sports Committee considered it at meeting of 9 January 2018).
- Budgets confirmed by the Council with this expected following the Council meeting on 27 February 2018.

SECTION 2: COMPLIANCE WITH GOVERNANCE STANDARDS

6. Resource Implications

6.1. Funding implications are considered as part of the overall financial plan for the IJB.

7. Impact on Integration Joint Board Performance and Finance Committee Outcomes, Priorities and Policy

7.1. The financial plan has a key role in supporting the delivery of the Strategic Plan.

8. Legal & Risk Implications

8.1. None identified

9. Consultation

9.1. Resources Workstream including:

- Sean Barrett, Finance and Information Manager, Dumfries and Galloway Council

10. Equality and Human Rights Impact Assessment

10.1. As this Report does not propose a change in policy/strategy/plan/project, it is not necessary to complete an impact assessment. Individual savings schemes and difficult decisions will be impact assessed.

11. Glossary

11.1.	DGC	Dumfries and Galloway Council
	HSCSMT	Health and Social Care Senior Management Team
	IJB	Integration Joint Board
	NCHC	National Care Home Contract
	R&N	Residential and Nursing
	SDS	Self Directed Support
	SCF	Social Care Fund
	SW	Social Work
	YTD	Year to Date

<u>COUNCIL IJB 2018/19 DELEGATED BUDGET</u>		
Summary	£000s	Net Impact £000s
2017/18 Budget		67,736
Social Care Funding		(9,494)
Net Budget for Uprating		58,242
Required Budget Increases 2018/19		
Internal Staff Pay Award (public workers proposal)	372	
National Care Home Contract (3.6%)	1,008	
£8.75 - Care at Home	634	
£8.75 - Day Care	56	
£8.75 - Non NCHC's	196	
£8.75 - Direct Payments - OP*	0	
Sleepovers (allowed share of SCF pending review)	328	
Carers Act (allowed share of SCF pending review)	624	
Demographics	1,211	
Total Required Budget Increases		4,429
Funding received from Scottish Government for Social Care Funding		2,167
Potential Savings & Efficiencies Requirement (3.3%) - based on passing on no uplift plus SCF		2,262