

LONDON BOROUGH OF CROYDON

REPORT:	SCRUTINY HEALTH AND SOCIAL CARE SUB-COMMITTEE
DATE OF DECISION	15 October 2024
REPORT TITLE:	Adult Social Care and Health Directorate 2024/25 Budget, Savings and Transformation
CORPORATE DIRECTOR	Annette McPartland Corporate Director Adult Social Care & Health
LEAD OFFICER:	Annette McPartland Corporate Director Adult Social Care & Health
LEAD MEMBER:	Councillor Yvette Hopley Cabinet Member for Health and Adult Social Care
AUTHORITY TO TAKE DECISION	ASC Transformation has been identified as a priority in the Sub-Committee Work Programme
WARDS AFFECTED:	All

1 SUMMARY OF REPORT

- 1.1 This report continues the regular budget and savings progress updates to the Scrutiny Health and Social Care Sub-Committee. It provides the Adult Social Care & Health (ASCH) Directorate's financial performance at Period 3 (June 2024). This is extracted from the [September 2024 Cabinet paper](#), see Agenda item 9.
- 1.2 On progress within the Adults Living Independently transformation programme, there is an update on the investment and opportunity matrix and what to expect during the design phase. This follows the detailed programme update to this Sub-Committee in [July 2024](#), see Agenda Item 6.

2 RECOMMENDATIONS

- 2.1 For the reasons set out in the report, the Sub-Committee is recommended to:
 - 2.1.1 note 2024/25 Period 3 (June 2024) budget and savings position.
 - 2.1.2 note the design phase update from the Adults Living Independently transformation programme.

3 DIRECTORATE GENERAL FUND REVENUE BUDGET SUMMARY

Table showing the revenue forecasts for the directorate

Net Budget	Actuals to Date	Forecast	Forecast Variance	Prior Month Forecast Variance	Change in Forecast Variance
(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
141.4	53.2	144.8	3.4	3.8	(0.4)

Table showing the directorate variances

Division	Net Budget	Actuals to Date	Forecast	Forecast Variance
	(£m)	(£m)	(£m)	(£m)
Adult Social Care Operations	122.6	50.3	127.5	4.9
Adult Strategic Commissioning, Policy & Improvement	16.9	2.6	15.4	(1.5)
Central ASCH	1.9	0.3	1.9	0
Total ASCH	141.4	53.2	144.8	3.4

- 3.1 At period 3 the ASCH Directorate has a forecast overspend of £3.4m (2.4%) against a budget of £141.4m.
- 3.2 The ASCH Directorate is forecast to deliver the challenging savings target of £5m in 2024-25 on placement and care packages through demand management, commissioning and review of care packages.

Adult Social Care Operations Forecast overspend of £4.9m

- 3.3 Increasing care costs are being experienced nationally and regionally. London boroughs that have published their 2024-25 Month 2 or Quarter 1 forecasts have reported forecast overspends in adult social care of between £5.9m (Lewisham) to £14.8m after reserves (Hackney).
- 3.4 Staffing across this division demonstrates a forecast underspend (broken down by area below) owing to periods of vacancy above the 5% vacancy factor. There is a national shortage of both social workers and occupational therapists and recruitment to many roles is proving challenging. The staffing underspend is reduced by the need to employ agency social workers and occupational therapists to ensure statutory duties are met and that transformation is delivered.
- 3.5 **Localities and Living Independently For Everyone (LIFE)** have an overspend of £2.5m. This is made up of a net overspend on care of £3.3m, partially offset by an

underspend on staffing of (£0.6m) and equipment costs of (£0.2m). LIFE includes integrated hospital discharge, rehabilitation and reablement services.

- 3.6 **Working Age Adults and Transitions** has an overspend of £4.6m. This comprises an overspend on care of £4.8m (owing to clients with increased care needs) which is partly mitigated by an underspend in staffing of (£0.2m).
- 3.7 **Provider Services** has a (£1.7m) forecast underspend on staffing owing to vacancies.
- 3.8 **Safeguarding services** has a (£0.1m) forecast underspend on staffing owing to vacancies across the service.
- 3.9 **Business Compliance and Early Intervention** has a (£0.2m) forecast underspend on staffing owing to vacancies.
- 3.10 **Mental health services** have a (£0.2m) forecast underspend owing to vacancies.

Adult Social Care Commissioning, Policy and Improvement Forecast underspend of (£1.5m)

- 3.11 The **Commissioning, Policy and Improvement division** is forecasting an underspend of (£1.7m) owing to contract underspends of (£1.0m), overachievement of income (£0.6m) and a staffing underspend of (£0.1m). There is an overspend of £0.2m relating to Croydon Equipment Service.

Central Adult Social Care and Health Forecast breakeven position

- 3.12 This area is forecast to breakeven against the budget for central staffing and non-pay budgets.

Risks

- 3.13 Risks continue in the provider market from inflation including higher fuel, labour and property costs which may result in claims for increased fees and/or financial instability with the potential for 'handing back' contracts. The potential reprovisioning costs if providers exit the market could be significant.
- 3.14 The directorate is seeing an increase in the costs of new placements over and above those relating to inflation and client needs. Commissioners are working hard to maintain rates.

Opportunities

- 3.15 Savings achievement will continue to support the forecast outturn for the ASCH Directorate. Work is being undertaken to ascertain if further savings above the target can be achieved or if future planned savings can be accelerated.
- 3.16 The service will ensure the use of grant funding is applied within the grant conditions and to maximise the mitigating effect on revenue expenditure.

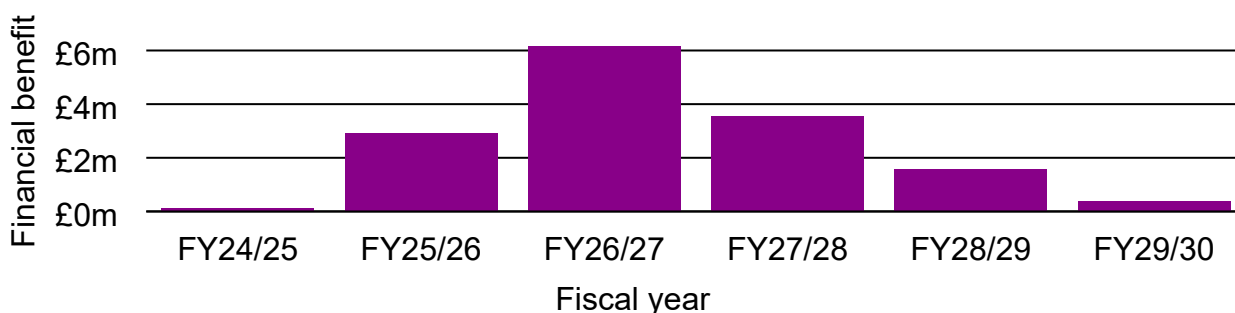
4 PERFORMANCE

- 4.1 In January 2023 and 2024 the Directorate provided this Sub-Committee with positive key analysis of the year-on-year performance movement between 2020/21 - 2021/22; and then 2021/22 - 2022/23.
- 4.2 In Autumn 2024 the Local Government Association will publish its 'Use of Resources (2023/24)' benchmarking report for adult social care. It is proposed a summary of this report is brought to this Sub-Committee for the January 2025 meeting.

5 ADULTS LIVING INDEPENDENTLY TRANSFORMATION PROGRAMME

- 5.1 The information below is an update on the July 2024 Adults Living Independently transformation programme update to this Sub-Committee. It focuses on the investment and savings opportunities that were not available to the Sub-Committee in July 2024.
- 5.2 The investment and adult social care transformation programme are the core transformation and savings delivery model of the Adult Social Care and Health (ASCH) Directorate's 2024-2028 Medium Term Financial Strategy. This includes providing statutory adult social care duties within a sustainable financial model – to support the priorities in the Mayor's Business Plan 2022-2026. The primary objective is to deliver improved outcomes for our residents, with residents and our workforce at the heart of the design.
- 5.3 The completion of Phase 1 of the contract has identified savings and transformation opportunities (the Opportunity Matrix) of £15.0m over the next five years. These exceed the original expectations of the Medium Term Financial Strategy of £8.0m.
- 5.4 The Chartered Institute of Public Finance and Accountancy reviewed the savings methodology, noting there is a reasonable quantification and delivery plan in place.
- 5.5 The total investment is shown below, along with the profile of benefits that will be delivered:

Opportunity matrix benefits profile in-year budget savings



The evidence, methodology and assumptions used to calculate the financial benefits set out in the Opportunity Matrix

Evidence

- 5.6 This was extracted from the directorate's financial and performance systems.

Methodology

- 5.7 For each line of the opportunity matrix, a calculation table was developed, see the example below.

New packages

EXAMPLE CALCULATION - REDUCTION IN OLDER PEOPLE'S RESIDENTIAL PLACEMENTS FOR RESIDENTS BETTER SUPPORTED BY EXTRA CARE

	Number of older people with new residential packages that could be in extra		Cost saving from moving from residential to extra care			Confidence factor	=	Target savings					
Equation	Number of older people that go into residential care each year	x	Proportion that could be redirected down into extra care	x	Average duration of residential package (weeks)	x (	Current average residential placement cost	-	Cost of average proposed extra care package	) x	Target confidence factor	=	Target savings
Values	TBC	x	TBC	x	TBC	x (	TBC	-	TBC	) x	TBC	=	£ TBC
Status	[]		[]		[]		[]		[]		[]		[]

Values Key	Colour	Status Key	Colour
Fixed Variable		To be confirmed	
Target Value		In progress	
		Signed off	

- 5.8 A key element of the methodology is the confidence factor. This enabled the budget holder and key decision maker for each line, to set a confidence factor of 0 – 100%, based on their professional position on the likelihood of the outcome of the work.

- 5.9 This was to allow for wider variables such as the level of wider partner / provider market engagement, the fluctuations in provider market capacity (such as availability of domiciliary care workforce or, in the instance above, the availability of extra care provision).

Assumptions

- 5.10 Aligned to the assumptions already described above, additional factors included the differences between planned domiciliary care hours and actual hours delivered. Further, is to consider annual cost of care increases (inflation) in the domiciliary care and residential care markets. There are different variables within these as domiciliary care is more impacted by national living wage increases; residential care will similarly be impacted, but also have inflationary considerations to the building costs.
- 5.11 As set out above, the confidence factor is critical. This acts as an essential element in considering the sensitivity of the benefits and assumptions. It enables a significant human in the loop / professional judgement weighting to the final output of the methodology.
- 5.12 Further, the methodology must first be tested through the Design Phase of the programme, only moving to the Implementation Phase once there has been evidence based sign off through programme governance; demonstrating the new ways of working are proven and workable, with training, processes and policies set up to enable the sustainability.

5.13 At this point, the final validation of the benefits as achieved and sustainable, must both be proven over a minimum 12 week sustainability period; and require final approval through programme governance.

Opportunity matrix benefits profile by service area

Budget line	Opportunity	Residents impacted (new)	Residents impacted (existing)	Impact on new packages (£)	Impact on existing packages (£)
Older people	Right sizing domiciliary care packages through decision making.	255		£2.0m	
	Reducing residential packages through decision making.	32		£1.8m	
	Reablement starts and effectiveness	1336		£3.6m	
	Recouping revenue from incorrectly labelled reablement packages.			£0.7m	
	Reducing residential packages through intermediate care bed use.	TBC		TBC	
Sub-total		1,623		£8.1m	£0.0m
Disabilities	Reduction in residential placement spend.		28		£1.5m
	Domiciliary care, day services and direct payments.		192		£2.3m
	Supported living right sizing.		12		£0.3m
Sub-total			232	£0.0m	£4.1m
Transitions	Supported living right sizing.		2		£0.3m
	Enablement of current residents.		19		£0.1m
Sub-total			21	£0.0m	£0.4m
Mental Health	Reduction in residential placement spend.		19		£2.3m
	Domiciliary care, day services and direct payments.		43		£0.1m
Sub-total			62	£0.0m	£2.4m
Total		1,623	947	£8.1m	£6.9m
Combined total		2,570		£15m	

The effect of the changes on the client groups demonstrating that they will be no less enabled or reabled by the changes

- 5.14 As noted in the July paper to this Sub-Committee, there is an overarching programme equality impact assessment. As the design phase starts across the workstreams, detailed equality impact assessments will act as live documents, to capture both positive and negative impacts; the mitigations that can be used to improve impacts, and to inform final decisions taken.
- 5.15 Ultimately, the explicit aim of the programme it is to ensure client groups are more enabled or reabled by the changes, not less. This is both over the short and long term.

Phase 2 - design

- 5.16 As of September 2024, the programme moved into the design element of Phase 2, this is expected to last up to four months, but will vary by workstream. In effect, this will take the learning from the diagnostic and then work with practitioners, residents, carers, partners and providers to design, test and implement the new structures, processes and ways of working; enabling delivery of our statutory duties and a sustainable budget reduction.
- 5.17 The key workstreams of the programme include decision making in Transitions and Disabilities, Mental Health and Older People. Wider workstreams include reablement and intermediate care beds, digital, direct payments, front door and outcomes based commissioning.

Key future milestones

- Implementation / roll-out to begin Jan/Feb 2025

6 FINANCIAL IMPLICATIONS

- 6.1 The Phase 1 diagnostic cost was £0.4m funded by transformation budget in 2024/25.
- 4.1 The Phase 2 Strategic Delivery Partner costs of £9.3m will be funded through transformation budget (internal costs of £2.1m); and earmarked reserves (external partner cost of £7.2m).
- 6.2 Full Council agreed in March 2024, as part of the Budget Report, the council's [Reserves Policy](#), which authorised the S151 Officer to allocate earmarked reserves. However, for heightened transparency and governance, the Executive Mayor was requested through [Key Decision 1824EM](#) to approve the allocation of £7.2m from the council's Business Risk Reserve.
- 6.3 The total forecast cash savings from this work over the period 2024-2030 are £54.0m. The total cost of this work (both internal and external costs) is £9.7m. Therefore, the return on investment over this period is 5.55 times (555%).

7 NEXT STEPS

- 7.1 Following receipt from Sub-Committee Members on further areas for focus, officers will prepare detailed reports for presentation at the designated future meeting.

7.2 In particular, is anticipated by the Directorate that the Scrutiny Health and Social Care Sub-Committee will wish to be updated on the developments of the work of the Strategic Delivery Partner, and the Diagnostic report to inform the final decisions taken of the implementation of a new operating model for the Directorate.

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