

Appendix 1 - Budget Recovery Actions and Implications

1.0 Introduction

- 1.1 The Period 2 budget monitoring report to July Executive detailed a forecast overspend of £13.7m for this financial year, and that budget delivery plans were being put in place with the expectation that the position may improve to £5m-£7m. Since that report, recovery measures totalling £6m have been drawn up and there have been further significant changes as follows:
- £2.5m of adult's demography funding has been released following a review of the demand now anticipated to year end.
 - a reduction in expected commissioning savings within children's services of £1.5m due to the continuing challenges in the social care market.
 - £0.4m allocated to Neighbourhood Services from the Waste Contingency to cover the £420k reduction in the Levy refund from 2017/18 which was announced after the 2017/18 accounts were closed.
- 1.2 This has resulted in a revised overspend of £6.1m.
- 1.3 The table below summarises the £6m recovery measures included within the forecast position for each Directorate, with further detail in the following paragraphs.

Service	Recovery Plan Measures £000	Discretionary Spend Review £000	Total £000
Children's Services	704	685	1,389
Adult Social Care	75	130	205
Corporate Core	1,025	772	1,797
Neighbourhood Services	295	0	295
Strategic Development	2,328	0	2,328
TOTAL	4,427	1,587	6,014

2.0 Children's Services

- 2.1 The 2018-20 budget included additional funding of £17.3m in 2018/19 and a further £2.3m in 2019/20 and a revised savings plan that would reduce this by £10.5m in 2018/19 and a further £2.1m in 2019/20. The remaining gap of £7m in 2018/19 was funded as part of the budget process.
- 2.2 For 2018/19 the revised position is an overspend of £6.3m reduced by £1.4m by the recovery plan measures below.

- 2.3 *Review of Discretionary Spend (£0.685m)*. It is anticipated that there will be further savings from ceasing discretionary spend on Youth contingency (£141k), Workforce Development (£368k), Legal recharges to Children's (£50k), Information and governance (£40k) and Graduate trainee budgets of (£86k).
- 2.4 *Analysis of impact and further development of evidence based edge of care interventions (£21k)*. The service has undertaken an analysis of the profile of the Looked After population, the impact of existing edge of care interventions including Family Group Conferencing, Alonzi House, Multi Systemic Therapy etc. By better targeting existing interventions and developing new needs led services across the partnership the service is confident they can prevent future admissions, thus avoiding the cost of care. The impact of this will be evidenced through the accountability of the new locality leadership structure which will be focussed on scrutiny and challenge of admissions into care and increase timely discharges from the care system. The full benefit of this work is unlikely to be realised until 2019/20. For 2018/19 the estimated impact is a reduction of 8 adoption allowances.
- 2.5 *Care Planning and Practice Improvement (£494k)* - the benefits from the work to continue to Improve the quality of practice will be achieved by targeting groups of the looked after children population in order to effect more timely outcomes and the reduction in the cost of care. Whilst there is confidence that children are appropriately becoming looked after, by working with key cohorts the aim is to accelerate their outcome/plan resulting in a lower financial cost whilst at the same time delivering better outcomes for them if sustained. These include:
- High Cost Residential Placements
 - Suitable for Conversion to Special Guardianship Orders
 - Adoptions
 - Care Leavers in Supported Accommodation
 - Conversion of care placements from external to internal foster care
- 2.6 Again the main benefits will be realised in 2019/20. The estimated impact in 2018/19 is a step down of 4 external residential placements to external fostering by end of March 2019 and the conversion of 28 external fostering placements to internal fostering by March 2019.
- 2.7 *System improvement and efficiencies (£189k)* - The Budget Recovery Plan factors in a number of medium to long term essential transformational activities and some shorter term system efficiencies and service reviews these include:
- Vacancy management (£30k) through undertaking a review of vacancies.
 - Supported Accommodation (£159k) by progressing plans for permanence and by engagement with registered landlords to develop suitable provision for Care Provision.

3.0 Adult Services

- 3.1 The recovery plan for the MHCC Pooled Budget is focused on prioritising the progress of planned new care models for health and social care to improve expected delivery of savings in 2018-20 and action to reduce budget pressure in overspending areas. Further proposals are also being considered across the full scope of the £1.1 billion Pooled Budget for 2019/20.
- 3.2 The existing Financial Sustainability Plan (FSP) for 2018-20 included the full scope of health and social savings across 16 work programmes. Ten of these work programmes relate to new care models, with six to other savings work programmes. The recovery plan when finalised will be incorporated into the existing 2018-20 Financial Sustainability Plan for MHCC and which is governed through MHCC Executive and MHCC Finance Committee as set out in the Section 75 Partnership Agreement between the CCG and Council for the Pooled Budget.
- 3.3 The approved savings from ASC budgets within the Pooled Budget in 2018-20 total £9.634m and at this stage £5.366m will no longer be achieved in 2018/19. The Recovery Plan measures have contributed to the reduction in overspend of £2.775m (from £6.964m at P2 to £4.189m).
- 3.4 The table below breaks down the Adult Services variance and shows the impact of the recovery actions, which are expanded in the following paragraphs.

Adult Social Care Breakdown of budget variance as Period 5	Savings Shortfall £000	Budget Pressures / Capacity £000	Recovery actions £000	Net Budget Variance £000
MHCC				
MLCO				
In house services -		1,175	(75)	1,100
Agency				
Other variances		158		158
Total MLCO	0	1,333	(75)	1,258
MHCC				
Carers		(210)		-210
Residential and	1,265			1,265
Nursing				
Homecare	3,001	(101)		2,900
Learning Disability	213			213
Mental Health	387			387
Other Commissioning	500	5	(90)	415
Other Care		(42)		(42)
Demography - offset to overspend (subject to approval)			(2,500)	(2,500)
Total MHCC	5,366	(348)	(2,590)	2,428

Adult Social Care Breakdown of budget variance as Period 5	Savings Shortfall £000	Budget Pressures / Capacity £000	Recovery actions £000	Net Budget Variance £000
Total MHCC Pooled Budget	5,366	985	(2,665)	3,686
Homelessness Safeguarding & other		593 (50)	(40)	593 (90)
Total Adults Social Care	5,366	1,528	(2,705)	4,189

- 3.5 The recovery actions total £2.705m and the detail is shown in paragraphs 3.6 to 3.8.

Reducing agency spend (£75k)

- 3.6 Review of agency spend:
- Recruitment to all permanent support worker roles will help to reduce agency spend.
 - Roll-out of a new electronic rota system with a three-month pilot from September 2018.
 - With the exception of in-house services, the majority of agency staff are used in posts where funding is deemed to be short term; for example, posts funded by the seasonal resilience grant (SRG) or funds allocated by the CCG for a specific purpose. Work is now in progress to identify those staff that can be moved from an agency position to being offered either a permanent position or a fixed term contract and this work is expected to conclude by the end of September 2018.

Review of discretionary spend (£130k)

- 3.7 Discretionary spend is planned to reduce by c£130k as a result of a review of the in-year non-statutory training programme (£90k) and a release from the assessment budget (£40k).

Application of Demographic funding (£2.5m) and New Models of Care

- 3.8 Whilst adult social care budgets are facing significant pressures the additional demand would be lower than that projected had the new care models been implemented in full. It is therefore recommended that £2.5m of demographic funding will be utilised to meet this demand (subject to approval) which will mitigate the impact of the delays in achieving the savings from the new care models. The MHCC Executive have undertaken 'deep dive' meetings with project leads during August and September to accelerate progress and ensure impact of new care models on reducing demand for health and care services is as expected to ensure savings can be delivered in 2019/20. The results of this work are set out below:

- 3.9 *Reablement* - The 2018-20 Budget and Business Plan for Adult Social Care included savings from Homecare and Residential budgets resulting from

impact of expansion of the Reablement service. There was a delay in commencing the model due to the time taken for staff recruitment through a Social Value programme. Agency staff are being recruited in the short term to maximise the number of active Reablement workers. Now the expansion has begun, consideration is being given to the balance of activity between hospital and community activity, as the current activity has been predominantly based on supporting people out of hospital which is part of the reason why the savings have not been achieved. Whilst this is unlikely to impact significantly on this year's position the work is required to ensure the saving can be delivered in 2019/20.

- 3.10 *Extracare/Neighbourhood Apartments* - The 2018-20 Budget and Business Plan for Adult Social Care included savings from Residential budgets resulting from impact of additional Extracare accommodation. During 2018 Village 135 Extracare and Neighbourhood Apartments have become available and it is expected that this will have contributed to a reduction in placements of around 70 (7%) meaning the full 2018/19 saving target of £1.528m has been delivered. Other schemes were delayed due to uncertainty by Housing Providers earlier this year about availability of government funding, which has now been resolved. Oaklands House, a 36 bed unit in Fallowfield is expected to be operational in 2019 with another 4 schemes comprising of 293 units expected to be operational from early 2020.
- 3.11 *Assistive Technology (AT)* - The 2018-20 Budget and Business Plan for Adult Social Care included savings from Homecare budget from the introduction of AT. Following difficulties with finalising the model for procurement it has been disaggregated into two strands to enable the procurement to commence during autumn 2018 for the support to older people and those with long term health conditions and later for integrated medicines optimisation.
- 3.12 *Prevention* - The 2018-20 Budget and Business Plan for Adult Social Care included savings from Residential and Nursing budgets. The Prevention Scheme focuses on 3 key areas:
- Community Links for Health – A target 'go live' of the service is planned for 30th September 2018.
 - Health Development Coordinators – It is expected that all coordinators will be in post by mid-November 2018.
 - Community Capacity Fund - this is in place in the north of the city. A business case is currently in development regarding the Community Capacity Fund for Central and South.
- 3.13 *High Impact Primary Care* - The 2018-20 Budget and Business Plan for Adult Social Care included savings from Residential and Nursing and Homecare budgets. Whilst the model has been operational since November 2017 aiming to provide person-centred support for the 2% of people living with the most complex medical and social needs and those who are the most frequent users of acute care services. There have been challenges in effectively targeting the top 2% in terms of need across North, South and Central. A review of the scheme is underway on how it can be focused to have a positive impact on

clinical and financial sustainability for the people.

3.14 *Strength Based Approach /Resource Allocation System* - The 2018-20 Budget and Business Plan for Adult Social Care set out the plan to review the current Resource Allocation System (RAS)¹ with the intention to move towards a strengths based approach, with a particular focus on Learning Disability and Mental Health packages. Analysis has begun to understand the current RAS with data drawn from the social care system from the records of 4,712 people in receipt of a care package and a cash Individual Budget (IB) as at 31st March 2018. The early analysis has confirmed that under the current RAS system most packages of care reflect an uplift due to the fragility of the external market and lack of available choice. Action being taken to deliver the saving includes:

- A soft market testing exercise took place in August with a proposal to procure a short term external review team to review 1,000 high cost Learning Disability and Mental Health cases using a new strength based approach.
- A comprehensive organisational development (OD) and training programme is being drawn up that will ensure that from April 2019, all staff are using the strength based approach.
- Greater management control on all new cases will be put in place from 1 October 2018 and retrospectively applied to cases that has been Panel since 1st August following a six week bedding in period.
- A review of the activity of the Brokerage Team will take place to identify uplifts and to reduce the incidence.
- External validation of current Resource Allocation System (RAS) and panel processes, including the Chairing arrangements.

3.15 *Contract Review* - The 2018-20 Budget and Business Plan for Adult Social Care included £0.500m of savings from a review of existing contracts and the delivery of this saving is included in the projection for 2018/19. Discussion has begun with providers to achieve a reduction across contracts, however, it is no longer anticipated that this will deliver savings in 2018/19.

Further Savings Measures

3.16 There is further work ongoing to manage pressures in the budget that have been identified during 2018/19 that will continue to impact in 2019/20 unless action is taken:

3.17 *Expansion of In-house Shared Lives Schemes* - It is proposed to increase the size of the Shared Lives Team so that a further 40 placements in the community can be sourced and managed to offer a Shared Lives, Supported Lodgings or Befriending Service to the people of Manchester with care and support needs; and as an alternative to other often higher cost placements / providers. Based on an immediate start to recruitment this should have an

¹ A Resource Allocation System (RAS) is used to work out a personal budget to meet an individual's social care and support needs based on an assessment of their need.

impact from early 2019/20 and will be built into the revised 2019/20 budget.

- 3.18 *Contact Centre / Front Door* - This includes making some interim arrangements at the ASC Contact Centre to manage demand away from the system until the new integrated MLCO front door arrangements are in place. We are proposing to put 3 social workers into the Contact Centre to support the expanded call handler team that MCC has invested in. This piece of work will be developed over September and October to go live in November. The provision of a social work triage system which can link effectively to the wider community system should start to deliver some savings as people are referred to local community assets, the VCS and primary and community health care.

4.0 Corporate Core

Recovery Plan Measures

- 4.1 As part of the work to review all budgets and identify savings to support the wider council budgets the Core has identified savings of £1.797m as at period 5, the proposals are achievable through in-year staff savings, reductions in spend and a review of income as set out below:
- Staffing in-year savings - Reform and Innovation £22k, Performance Research and Intelligence £270k; (a £60k vacant post, and a further £210k from the additional resources allocated for data management), Revenue and Benefits £300k, HROD £40k, and Financial Management £128k.
 - Other Spend - Revenues and Benefits £200k from release of bad debt provision and £15k reduced training expenditure. Further to this a general review of discretionary spend across the core has identified a potential in-year reduction of £372k and a further £400k from reduced expenditure against resources allocated for ICT investment
 - Additional Income – Procurement £50k through a one-off supplier rebate.

5.0 Neighbourhoods

Recovery Plan Measures

- 5.1 Potential additional savings/cost avoidance of £295k have been identified that can be delivered in the current financial year with £190k ongoing into future years. These are shown in the paragraphs below.
- 5.2 Neighbourhoods In-Year Savings £165k (non-recurring): These are made up of either holding existing vacancies, deferring expenditure or attracting additional sponsorship and are broken down as follows:
- Hold Community Safety Partnership funding - £34k
 - Hold existing vacant posts - £81k
 - Defer libraries related spend - £50k
- 5.3 Neighbourhoods Ongoing Savings £35k - There are a number of areas where

budgets can be adjusted to reflect the ongoing over achievement of income against budget. The Directorate is also seeking to increase sponsorship income for events.

- 5.4 Highways Savings - £95k in 2018/19 increasing to £155k recurring from 2019/20: These include income generation (subject to approval), holding staffing vacancies, reviewing agency staff and a further review of plant and equipment. See breakdown below:

- Additional Staffing savings - £45k, full year effect £20k
- Increased income Capital Programmes - £20k, full year effect £60k
- Replace agency staff with permanent staff - £25k, full year effect £65k
- Further review of plant and equipment - £5k, full year effect £10k

6.0 Strategic Development

Recovery Plan Measures

- 6.1 Planning Building Control and Licensing staff savings through vacant posts £50k savings and additional £20k income for building control works.
- 6.2 Facilities Management - £158k by reducing the costs of repairs and maintenance by prioritising works in the current year.
- 6.3 Investment Estate - £2.1m additional lease income for land used for car parks 2018/19, reducing to £1m in 2019/20.