

NCC Group Financial Position

1. Overall Summary

1.1 The table below reports the current pressures of £13.564m identified within the overall financial position forecast to 31 March 2017, which predominantly exist within People Services and are explained in later sections of this Appendix A and supported by Appendix B.

1.2 Within this month's report Directorate budgets have been restructured to reflect the Council's Next Generation structure. Within NCC Group, budgets have been realigned to the new directorates of NCC Group Services, Place Services and People Services.

1.3 NCC Group Current Pressures

	Current Pressure £m
Position Reported at previous Cabinet (+ = overspend)	14.628
NCC Group Services	(0.769)
Place Services	0
People Services	(0.295)
Position Reported This Month	13.564

NCC Group Services

2. MTFP Budget Summary

2.1 The budget planning process for 2016-17 incorporated business plans setting out how the available resources would be used to achieve the Council's outcomes. The table below provides details of the base budget brought forward from 2015-16 and any adjustments to growth and savings to provide the allocated net budget for the Directorate for 2016-17 to 2019-20.

	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	Total
Prior Yr Base Budget b/fwd	79,366	72,989	75,688	74,834	
Inflation	2,457	2,378	2,370	2,395	9,600
Service Pressure	8,003	3,248	(658)	3,000	13,593
Total	10,460	5,626	1,712	5,395	23,193
Efficiencies	(11,833)	(1,164)	(803)	(308)	(14,108)
Income Generation	(313)	(113)	(113)	(113)	(652)
Service Transformation	(4,691)	(1,650)	(1,650)	2,600	(5,391)
Total	(16,837)	(2,927)	(2,566)	2,179	(20,151)
Approved Budget	72,989	75,688	74,834	80,408	
Capitalisation Transformation Centrally Managed	(12,000)	(9,000)	(2,000)	0	
Net Budget	60,989	66,688	72,834	80,408	

Base Budget as approved by Full Council in February 2016

**LGSS Operational and LGSS Managed budgets included within Budget Figures.*

2.2 NCC Group 2016-17 Budget Summary and Pressures.

2.3 Current Pressures

Services	Gross Annual Budget £k	Income Annual Budget £k	Net Budget £k	Current Pressure £k	Previously Reported £k	Movement £k
Chief Executive Services						
Business Intelligence and Performance, Customer Service and Communications	2,885	(132)	2,753	0	0	0
Leadership Support and Democracy	1,385	0	1,385	0	0	0
NCC Group Wide Savings	(2,050)	0	(2,050)	800	800	0
Place Commissioning	421	0	421	0	0	0
People Commissioning (Adults Strategic Commissioning)	562	0	562	0	125	(125)
Chief Executive Services Total	3,203	(132)	3,071	800	925	(125)
Corporate & Appropriations (note)	12,564	(14,091)	(1,527)	(1,094)	(450)	(644)
LGSS Managed	5,994	(253)	5,741	100	100	0
Overall Total NCC Group	21,762	(14,476)	7,286	(194)	575	(769)

Note: includes appropriation to and from Reserves for Services and School balances

2.3.1 There is an overspend of £100k currently forecast within the LGSS Managed services in this period, which is within the IT Directorate and due to an overlap of line lease contracts. LGSS are reviewing options on how to mitigate this.

2.3.2 Chief Executive Services are currently reporting a pressure of £800k for this financial year. This pressure primarily relates to NCC cross-cutting budget proposals which have been identified as non-deliverable. The Management Team are working towards looking at alternative options to mitigate this pressure.

2.3.3 In addition to the ESG grant released earlier in the year an additional underspend of £159k has been identified within the corporate area due to extra Extended Rights grant income over the budgeted amount. This provides a forecast underspend of £359k within funding.

2.3.4 A further £485k is reported for Treasury following confirmation that Nourish will contribute to the capital financing costs associated with purchase and lease pods this year. An annual review of the Minimum Revenue Provision will be carried out over the coming months to ensure the annual provision is appropriate and remains prudent. This reflects an overall forecast underspend of £735k

2.4 Movement Summary

	Current Pressure £m
Position Reported at last Cabinet (+ = overspend)	0.575
New Pressures	
<ul style="list-style-type: none"> • Previous pressure in People Commissioning will be addressed through a restructure in this area. 	(0.125)
In Year underspend	
<ul style="list-style-type: none"> • Higher than budgeted Extended Rights grant to be received 	(0.159)
Mitigations	
<ul style="list-style-type: none"> • Identified benefit within Treasury financing costs - Nourish to cover financing costs of purchase and lease pods. 	(0.485)
Reported position this month	(0.194)

2.5 Mitigating Actions Planned

2.5.1 Earmarked reserves will be reviewed to release balance wherever possible.

2.6 Future Risk Areas

2.6.1 Not reported at this stage



Place Services

3. MTFP Budget Summary

3.1 The budget planning process for 2016-17 incorporated business plans setting out how the available resources would be used to achieve the Council's outcomes. The table below provides details of the base budget brought forward from 2015-16 and any adjustments to growth and savings to provide the allocated net budget for the Directorate for 2016-17 to 2019-20.

	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	Total
Prior Yr Base Budget b/fwd	63,890	73,353	71,888	70,190	
Inflation	1,826	1,400	1,451	1,628	6,305
Service Pressure	10,454	728	794	806	12,782
Total	12,280	2,128	2,245	2,434	19,087
Efficiencies	0	0	0	0	0
Income Generation	(173)	(143)	(143)	(143)	(602)
Service					
Transformation	(1,315)	(2,450)	(3,800)	(11,800)	(19,365)
Service Cuts	(1,329)	(1,000)	0	0	(2,329)
Total	(2,817)	(3,593)	(3,943)	(11,943)	(22,296)
Approved Budget	73,353	71,888	70,190	60,681	

Base Budget as approved by Full Council in February 2016



3.2 Place Services 2016-17 Budget Summary and Pressures.

3.3 Current Pressures

Services	Gross Annual Budget £k	Income Annual Budget £k	Net Budget £k	Current Pressure £k	Previously Reported £k	Movement £k
Community Safety and Prevention	22,435	(766)	21,669	0	0	0
Environment, Planning and Transport	65,351	(13,879)	51,472	0	0	0
Assets and Capital Management	42,916	(27,014)	15,903	0	0	0
Grand Total	130,702	(41,658)	89,043	0	0	0

3.3.1 Consultations are currently underway to complete the Place directorate and following this there will be a transfer of budgets and staff as appropriate. However, there is confidence that Place Services will achieve its efficiency savings in full through a combination of planned and alternative actions. Detailed analysis of these options will be available in future reports.

3.4 Movement Summary

3.4.1 Nothing to report at this stage

3.5 Mitigating Actions Planned

3.5.1 Nothing to report at this stage



People Services

Services	Gross Annual Budget £k	Income Annual Budget £k	Net Budget £k	Current Pressure £k	Previously Reported £k	Movement £k
Adults Services	204,313	(59,304)	145,009	6,190	6,485	(0.295)
Children's Services	148,010	(24,649)	123,361	7,080	7,080	0
Wellbeing and Prevention Services	61,035	(53,362)	7,673	488	488	0
Total People Services	418,812	(142,491)	276,321	13,758	14,053	0

Adults Services

4. MTFP Budget Summary

4.1 The budget planning process for 2016-17 incorporated business plans setting out how the available resources would be used to achieve the Council's outcomes. The table below provides details of the base budget brought forward from 2015-16 and any adjustments to growth and savings to provide the allocated net budget for the Directorate for 2016-17 to 2019-20.

	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	Total
Prior Yr Base Budget b/fwd	136,581	145,208	139,867	142,593	
Inflation	4,645	4,409	4,844	4,819	18,717
Service Pressure	27,837	3,825	4,723	4,360	40,744
Total	32,482	8,234	9,567	9,179	59,461
Efficiencies	(12,277)	(3,698)	(2,245)	(2,187)	(20,407)
Income Generation	(2,366)	(2,776)	(1,688)	(1,503)	(8,333)
Service Transformation	(8,340)	(7,126)	(2,932)	(1,201)	(19,599)
Service Cuts	(900)	0	0	0	(900)
Total	(23,883)	(13,600)	(6,865)	(4,891)	(49,239)
Approved Base Budget	145,180	139,842	142,569	146,880	

Base Budget as approved by Full Council in February 2016



4.2 **Adults Services 2016-17 Budget Summary and Pressures.**

4.3 **Current Pressures**

Services	Gross Annual Budget £k	Income Annual Budget £k	Net Budget £k	Current Pressure £k	Previously Reported £k	Movement £k
Quality and Contracts	38,736	(7,582)	31,154	2,965	(501)	3,466
Health Partnerships and Strategy	26,081	(20,410)	5,670	8,754	8,563	191
Adults and Transitions	139,419	(31,312)	108,108	(5,529)	(1,577)	(3,952)
Care and Support Bill Team	77	0	77	0	0	0
Grand Total	204,313	(59,304)	145,009	6,190	6,485	(295)

4.3.1 There are two areas within Adult Services which are driving the forecast pressure in Adults Services. Firstly, Adults Services commissioning arrangements and secondly the delivery and provision of Adult Care Services.

4.3.2 Within the Adults Commissioning there is a £9.2m of this £5.4m relates to income from health for protection of social care services not available this year, £1m relates to non delivery of BCF saving proposal and the remaining balance mainly relates to the potential short fall in risk share funds if the BCF non elective admission targets are not delivered. This is shown within the Health Partnerships and Strategy budget line.

4.3.3 Following management review £5.9m of the recovery proposals included in the previous report have been identified as unachievable in this financial year. However, a further £13m of new mitigating actions have been identified to reduce the pressures faced by the service. A total of £16m of recovery proposal have been identified and are being implemented.



4.4 Movement Summary

	Current Pressure £m
Position Reported at last Cabinet (+ = overspend)	6.485
New Pressures	
<ul style="list-style-type: none"> • Pressure identified across Independent Sector care budgets, mainly against Community Care Packages where activity and price are up and above budget set. This includes 1.9m pressure from hospital discharges. There are a number of mitigating actions to reduce this pressure as set out below. 6.135 • A pressure across transport and legal budget. 0.487 • A pressure arising from Care Management relating to the difficulty of recruiting permanent staff, where the service are having to employ agency staff at a higher cost than budget. 0.243 	
Mitigating actions	
<ul style="list-style-type: none"> • This relates to estimated savings across Independent care budgets clients using a strength based assessment model for all new clients to maximise individual outcomes and ensuring value for money. 1.067 • Following review a reduction in Management actions to review the following services; 2.900 <ul style="list-style-type: none"> ○ Review Short Term Assessment and Rehabilitation Team (START) service. ○ Review Crisis Response Team in hospitals and discharge support process. ○ Review Council Health Partnership and Hospital Discharge Team currently working in the two Hospitals who manage effective discharges and put Care Package in place. ○ Review locality based assessment teams to reduce cost and duplication. • Following the review of Day care services to propose 0.400 <ul style="list-style-type: none"> ○ Consultation on the closure of Drayton Day Centre ○ Consultation on the closure of Stephenson Court. 	



<ul style="list-style-type: none"> Following management review, a reduction in the in year estimated saving relating to the Review of Health users of Specialist Care Centre beds and change of use to local authority customers freeing up capacity to provide to self funders in Olympus Care Services and further efficiency on block contracts for Shaw beds. 	1.200
<ul style="list-style-type: none"> Reduction in the recovery proposal relating to jointly funded posts in NCC/health commissioning. 	0.090
<ul style="list-style-type: none"> A reduction in the recovery proposal following review this month in exploring alternative delivery models for the service that currently undertakes the procurement, purchasing and contract management of the Adult's Social Care Third Party contracts. 	0.150
<ul style="list-style-type: none"> Following management review a reduction in the proposal to review the Community equipment contract in year. 	0.100
<ul style="list-style-type: none"> Management have identified a forecast saving against expenditure on Direct Payments that is comparably higher in NCC than in other Local Authorities. A thorough review programme is required to ensure clients are receiving appropriate levels of support according to their eligible needs. Some of this saving will be fully realised in 2017-18. 	(5,000)
<ul style="list-style-type: none"> Implementation of a brokerage team to focus on the brokerage of all independent care placements and negotiate with providers to ensure quality and value for money. Some of this saving will be fully realised in 2017-18. 	(8,000)
<ul style="list-style-type: none"> Minor variance across the Directorate 	(0.067)
Reported position this month	6.190

- 4.4.1 There is a risk of current pending cases of £6.8m reported this month this will only become pressures if all clients in the pending list received full funding for the remainder of the financial year. Where previous trends in our data supports the view these will be short term placements mainly as result of customers leaving the service. This potential risk does not take account of any offsetting income of result of client contributions. However additional mitigation actions have been identified to reduce this pressure with further actions being taken to identify additional savings.
- 4.4.2 The budget pressure resulting from ageing debt stands at £1.6m. This pressure represents a forecast increase in bad debt write offs for the service. The majority of the provision relates to debt associated with Health and the BCF which is currently under negotiation and £213k of mitigation have already been identified, which will be achieved by reducing the aging health debt. The Section 75 is being amended to avoid future repetition of this debt situation.

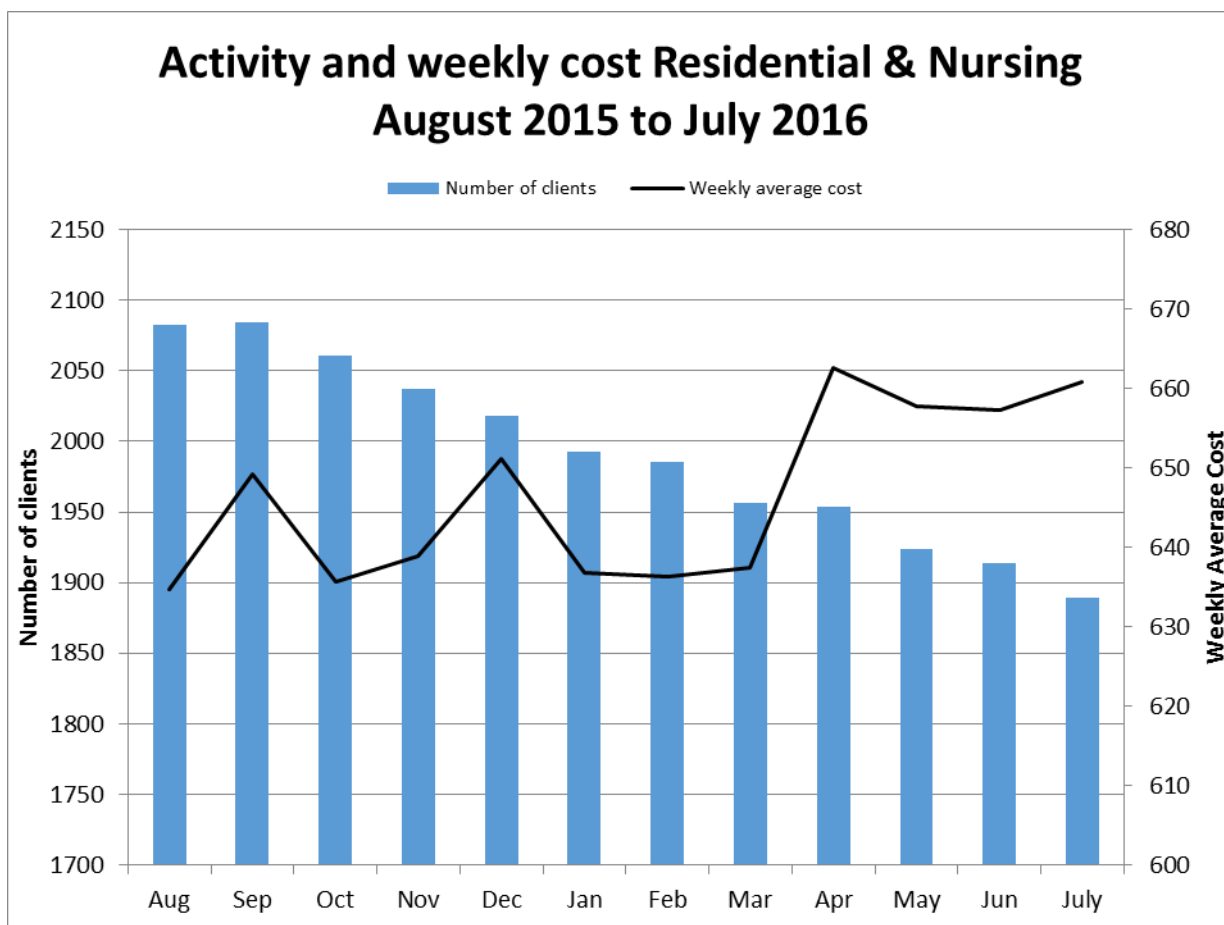


4.4.3 Contract variations are being finalised to reflect the savings to be released from the OCS contract based on the agreed changes the service will make.

4.5 **Key Activity Data – Independent Sector Care Provision**

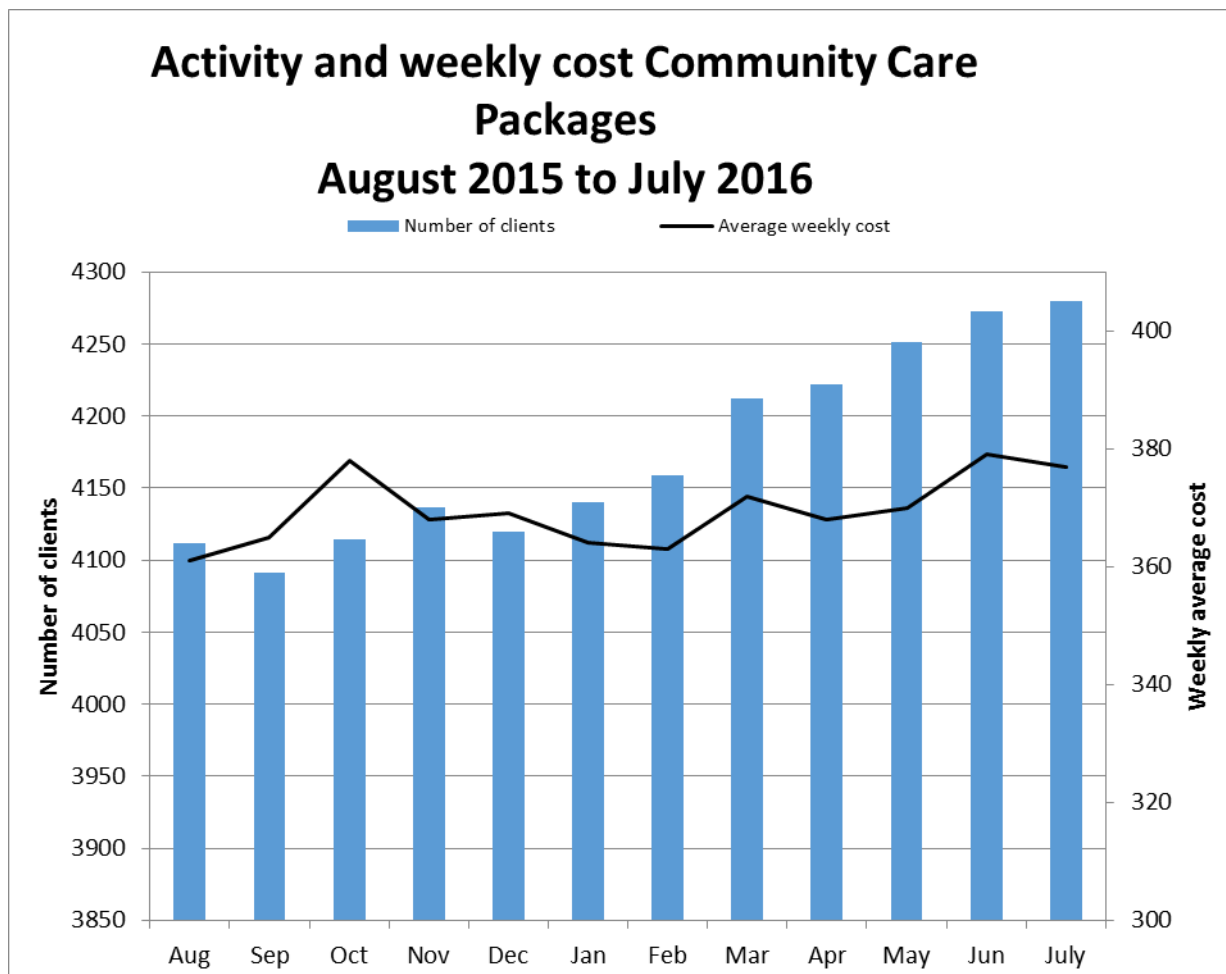
4.5.1 The charts below show the activity and average weekly costs relating to Independent sector placements in Adult Social Care for the last 12 months.

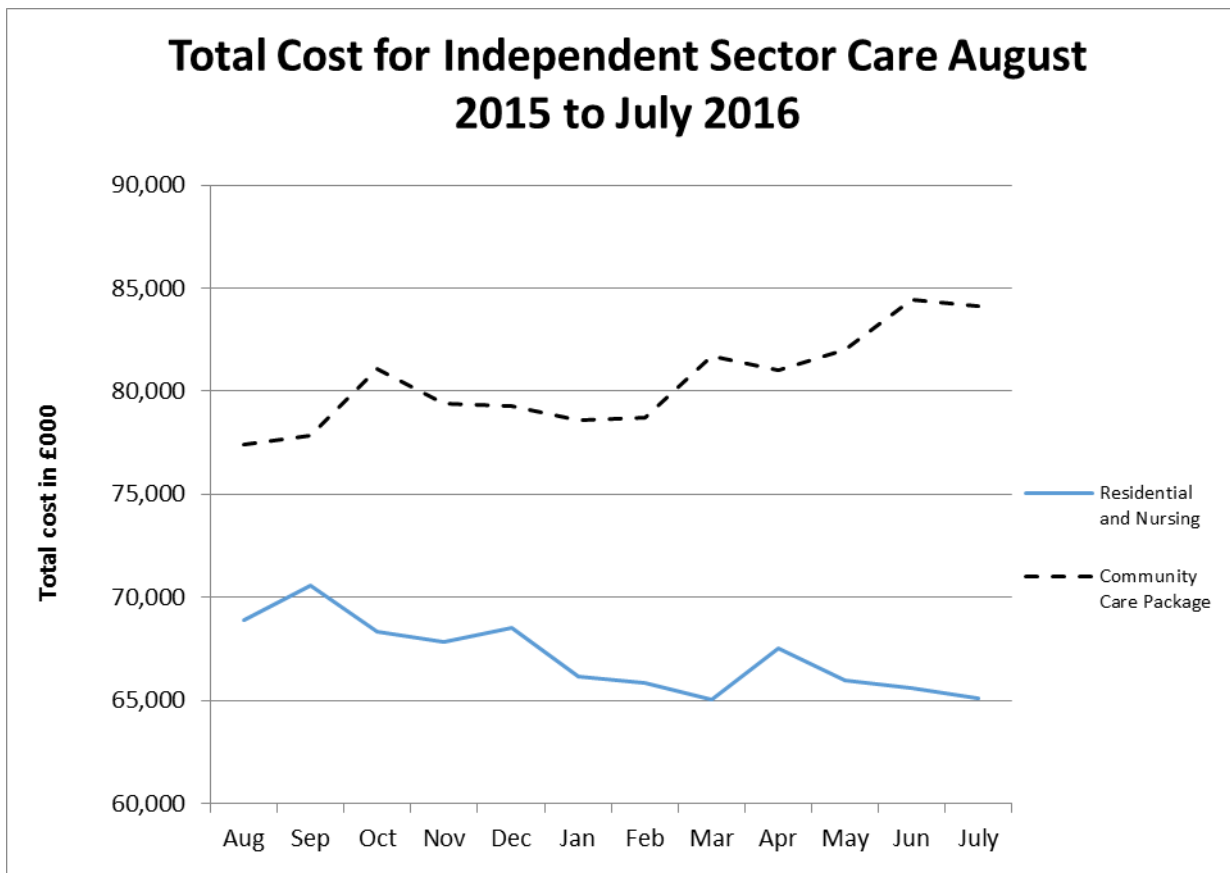
4.5.2 The notable price increase from March to April reflects the budgeted increases in the expected to pay rates across Residential and Nursing for 2016-17. The service are continuing to see a reduction in those clients placed in residential and nursing homes, whilst at the same time an increase in those clients receiving care services in their own homes. This is shown by the increased activity on the Community Care packages chart.



4.5.3 The chart below shows the total annual cost of Community Care packages increasing at the same time as residential packages decreasing over the last 12 months. This is a result of customers remaining in their own home for longer before entering into residential or nursing homes. This is where the cost pressure is coming as those who after being triage through the front door, and offered re-ablement are often those with the most complex needs hence the reflection in price.

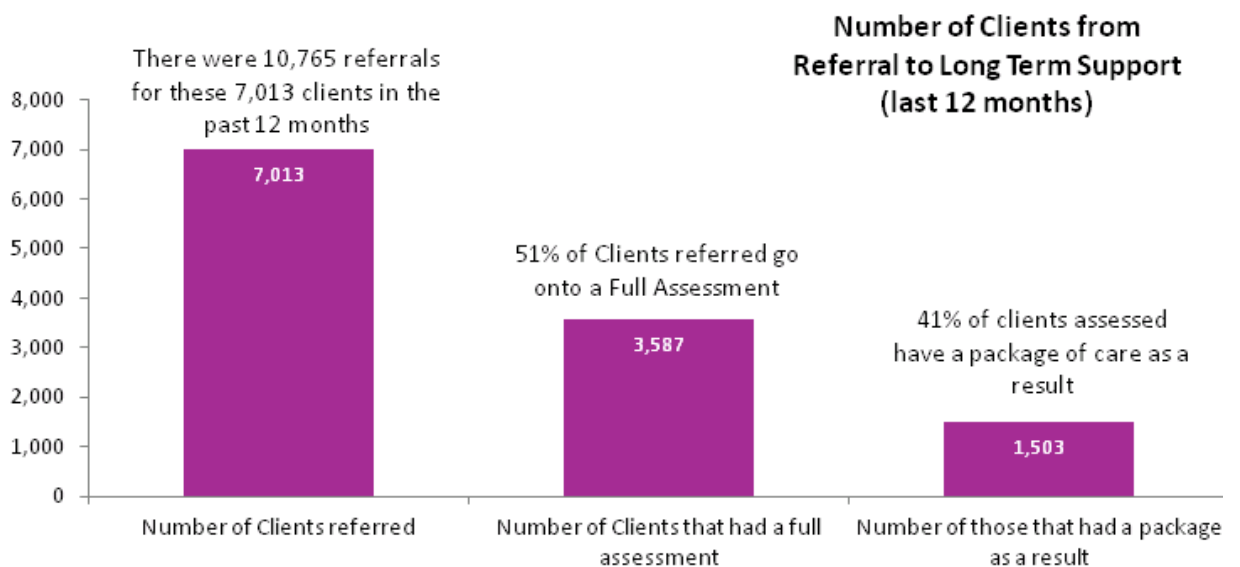
4.5.4 To date of the increased activity in Community Care £1.9m of the pressures has come from hospital discharges, and we have yet to see the impact of winter pressures.





4.5.5 The number of referrals that has been received into Adult Social Care through the Customer Service Centre, Locality and Hospital teams over the past 12 months is showing an increasing trend. However, the impact on the budget position comes from the number of clients who go onto receive a package of care from the council. Recent trends suggests this is resulting in more complex packages of care, often requiring more than one carer and several daily visits

4.5.6 The chart below shows the conversion rate of those referrals received how many of those referrals go onto have a full assessment undertaken and also how many of those go onto receive some form of care from the council.





4.6 Mitigating Actions Planned

- 4.6.1 The weekly tracking of the financial benefits is part of the Service's robust controls. The weekly delivery board meetings include the Adult Social Care portfolio holder, as well as the Director of Finance who are involved in the challenge process. This ensures any slippage is identified at an early stage and plans for mitigations and alternative proposals can be put in place. The impact of this group has seen to date £10.9m savings already achieved and validated, and a further £5.1m cost avoided.
- 4.6.2 The additional budget recovery actions identified this month will now be tracked with the existing budget savings plans and discussed at the weekly delivery board meeting so that all inter-dependencies and risks are managed effectively.
- 4.6.3 There is ongoing work with health partners to determine whether the current schemes within the Better Care Fund (s256) agreements, are delivering the right outcomes in respect of reducing urgent care and delivering integrated models of community care. The outcome of the review as determined by formal process will be taken to Health and Wellbeing Board for final agreement and sign off.

4.7 Future Risk Areas

- 4.7.1 At a further meeting with Health colleagues has been held where a number of discussions and debates were undertaken regarding the impact of proposals. Agreement has been reached to keep Health colleagues fully informed as proposals begin to be implemented.
- 4.7.2 There is a concern that the sustainable Transformation Plan will not be deliverable and could lead to reputational risk for all partners and a funding shortfall if sustainability funding is not released due to the system performance.
- 4.7.3 Any recovery plans relating to the stand down of services and staff will take 6 to 18 months to recover if they need to be reinstated once the balanced budget is achieved.
- 4.7.4 Service have experienced provider/market failure, this is contributing to the care cost increase.
- 4.7.5 Merging of two organisations, OCS and Adults Social Care, which will impact on resources and the delivery of Service.



Children's Services

5. MTFP Budget Summary

5.1 The budget planning process for 2016-17 incorporated business plans setting out how the available resources would be used to achieve the Council's outcomes. The table below provides details of the base budget brought forward from 2015-16 and any adjustments to growth and savings to provide the allocated net budget for the Directorate for 2016-17 to 2019-20.

	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	Total
Prior Yr Base Budget b/fwd	124,110	129,213	122,687	124,584	
Inflation	2,173	1,602	1,671	1,758	7,204
Service Pressure	23,174	396	2,500	2,500	28,570
Total	25,347	1,998	4,171	4,258	35,774
Efficiencies	(10,170)	(4,000)	0	0	(14,170)
Income Generation	(24)	(24)	(24)	(24)	(96)
Service Transformation	(9,250)	(2,000)	0	0	(11,250)
Service Cuts	(800)	(2,500)	(2,250)	(2,000)	(7,550)
Total	(20,244)	(8,524)	(2,274)	(2,024)	(33,066)
Approved Base Budget	129,213	122,687	124,584	126,818	

Base Budget as approved by Full Council in February 2016

5.2 Children's Services 2016-17 Budget Summary and Pressures.

5.3 Current Pressures

Services	Gross Annual Budget £k	Income Annual Budget £k	Net Budget £k	Current Pressure £k	Previously Reported £k	Movement £k
Children, Families and Education	265	0	265	0	0	0
Quality & Performance	50,505	(1,856)	48,649	7,446	3,650	3,796
Early Help & Prevention	9,300	(3,596)	5,704	(1,088)	(1,000)	(88)
Learning, Skills & Education	36,329	(13,392)	22,937	(2,452)	(2,646)	194
Safeguarding & Children's Services	51,611	(5,805)	45,806	3,174	7,076	(3,902)
Grand Total	148,010	(24,649)	123,361	7,080	7,080	0



5.3.1 Children’s Services has identified a pressure of £10.5m as a result of anticipating to only partially deliver its 2016-17 savings requirement, and in addition to this has also identified demand led in-year budget pressures of £11.3m. This is a total £21.8m forecast pressure at this stage in the year. However, mitigations of £14.7m have been identified which reduces the overall reported pressure to £7.1m.

5.4 **Movement Summary**

	Current Pressure £m
Position Reported at last Cabinet (+ = overspend)	7.080
New Pressures	
<ul style="list-style-type: none"> Increased demand, complexity and cost of looked after children agency placements 	4.040
Mitigating Actions	
<ul style="list-style-type: none"> A further detailed review of Children’s Services Budgets to identify general cost reductions, in addition to continuing to review the commissioning arrangements for high cost looked after children placements, ensuring the cohort of 18 years old and above looked after children are suitably placed in the most cost effective provision. 	(4.040)
Reported position this month	7.080

5.4.1 Over the last year, the CFE Senior Management Team, have significantly strengthened its systems of internal control and reporting accuracy of the financial impact of the Council’s existing and new looked after children (LAC) and care leavers cohort to effectively manage available resources.

5.4.2 As part of this improved governance, a panel process is held every week between social work staff and commissioners to review the latest demand for LAC, care leaver and UASC placements to ensure a consistent and equitable approach to ensure this demand is met in the most cost effective way. This work has identified a number of improvement activities to increase provision and reduce expenditure where possible.

5.4.3 During the year the demand for LAC placements has been monitored very closely; over the last 3 months these placements have steadily increased from 521 at the end of May 2016, to 549 at the end of July 2016. A number of these new placements are extremely complex cases and as such, require expensive support arrangements to ensure the children are sufficiently safeguarded. This additional demand has placed further financial pressure on the Placements Budget.



5.4.4 As a result of this increase in cohort of LAC placements, an additional pressure of £4.04m is reported this month. Mitigating actions have been put in place to ensure LAC placements are as cost effective as possible; however at this stage it is difficult to quantify the level of cost reductions this activity may bring, hence the need for an additional review of Children's Services to seek further cost reductions to offset this additional reported pressure.

5.5 Mitigating Actions Planned

5.5.1 Senior managers within Children's Services are continuing to work through a departmental wide programme to assess opportunities to reduce costs in the short and medium-term. The programme includes reviewing staffing structures, service transformation, general efficiencies and maximising income. This work has resulted in a number of mitigations totalling £10.7m which was reported to Cabinet last month, with a further £4m of mitigations reported this month.

5.5.2 In light of the significant LAC placement pressures that have been identified, a Task and Finish Group has now been established to pull together learning around these cases and to identify future commissioning and support solutions to reduce future demand for complex cases. The Placements Team will continue to improve the quality of data held on placements with the aim of allowing further targeted efforts to address the areas of significant cost.

5.6 Future Risk Areas

5.6.1 There is a risk attached to the delivery of the budget mitigations identified last month, detailed implementation plans are being finalised to ensure delivery.

5.6.2 There is also a risk attached to the placements element of the Children with Disabilities budget as more complex cases are coming forward. Work has started to determine if that is a one off or the start of a longer term trend.

5.6.3 Some of the savings requirements for the year remain at risk particularly the project to reduce the amount of agency staff and replace them with permanent members of staff.

5.6.4 Lastly, the new Government scheme to transfer new Unaccompanied Asylum Seeking Children (UASC) from other local authorities with a lower ration of UASC children, does not seem to be functioning as originally planned so far, which means that the County faces a significant risk on part funding new UASC arrivals throughout the remainder of the year, until this issue is resolved. UASC costs NCC approximately £2m more than we are funded for by central Government and that is the direct costs only.



Wellbeing and Prevention Services

6. MTFP Budget Summary

6.1 The budget planning process for 2016-17 incorporated business plans setting out how the available resources would be used to achieve the Council's outcomes. The table below provides details of the base budget brought forward from 2015-16 and any adjustments to growth and savings to provide the allocated net budget for the Directorate for 2016-17 to 2019-20.

	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	Total
Prior Yr Base Budget b/fwd	8,826	7,734	6,050	5,043	
Inflation	272	232	323	445	1,272
Service Pressure	0	0	0	0	0
Total	272	232	323	445	1,272
Efficiencies	(971)	(1,086)	0	0	(2,057)
Income Generation	(393)	(330)	(330)	(320)	(1,373)
Service Transformation	0	(500)	(1,000)	(1,000)	(2,500)
Service Cuts	0	0	0	0	0
Total	(1,364)	(1,916)	(1,330)	(1,320)	(5,930)
Approved Base Budget	7,734	6,050	5,043	4,168	

Base Budget as approved by Full Council in February 2016



6.2 **Wellbeing and Prevention Services 2016-17 Budget Summary and Pressure.**

6.3 **Current Pressure**

Services	Gross Annual Budget £k	Income Annual Budget £k	Net Budget £k	Current Pressure £k	Previously Reported £k	Movement £k
Public Health and Wellbeing	23,980	(36,804)	(12,824)	0	0	0
Customers, Culture & Place	8,127	(16,558)	(8,431)	488	488	0
First for Wellbeing	28,434	0	28,434	0	0	0
Integrated Wellbeing Commissioning	494	0	494	0	0	0
Grand Total	61,035	(53,362)	7,673	488	488	488

6.3.1 The decision to close Nourish service at the end of the current academic year was taken after the budget was set. This, together with schools leaving the service before the summer term has led to a shortfall in the anticipated income. The closure project is closely monitoring the financial implications to minimise the risk.

6.4 **Movement Summary**

	Current Pressure £m
Position Reported at last Cabinet (+ = overspend)	0.488
<ul style="list-style-type: none"> Nothing to report this month 	
Reported position this month	0.488

6.5 **Mitigating Actions Planned**

6.5.1 Nothing to report at this stage.

6.6 **Future Risk Areas**

6.6.1 None reported at this stage.