Appendix 3

Adults Placements – Financial Impact

Section 1 - Placements Budgets

1. The 2023/24 adults placements budget represents c78% of the total £281m adult services gross expenditure budget, which consists of adult social care and provider services **(Chart 1).** This is then split across client groups as shown in **Chart 2.**

Chart 1 – Proportionate Split of 2023/24 Gross Budget

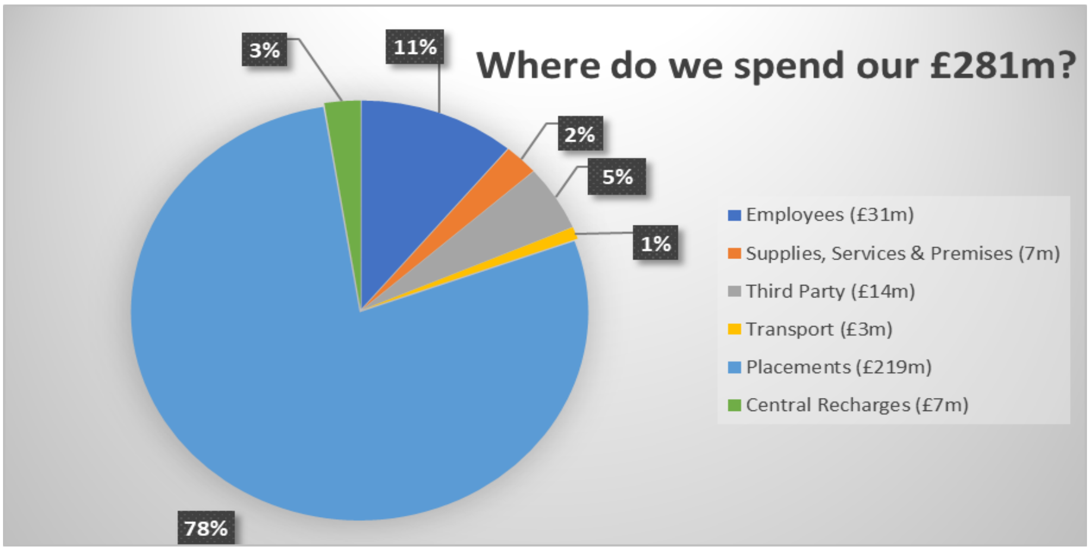
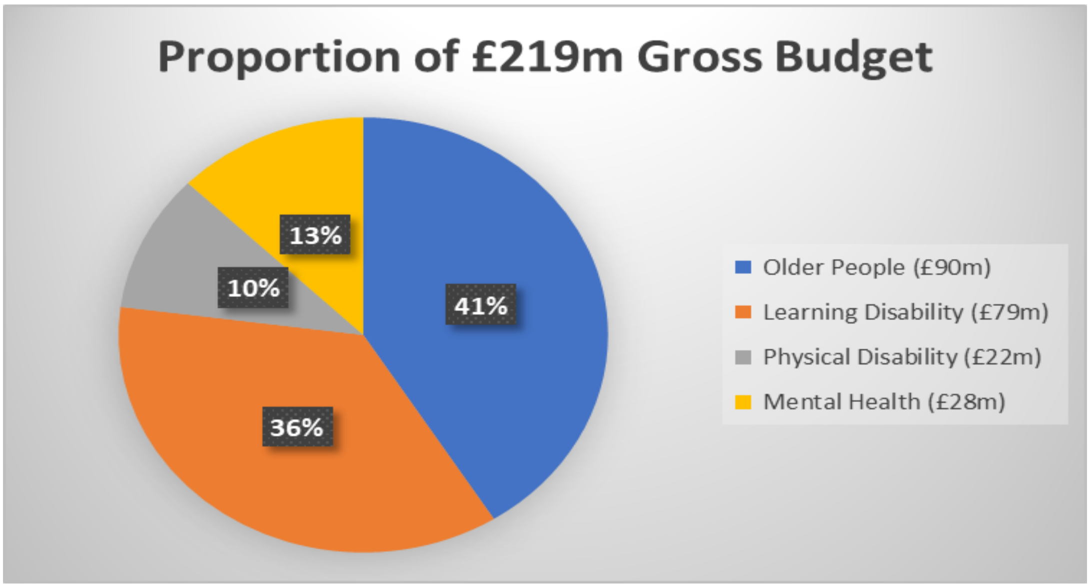


Chart 2 – Proportionate Split of 2023/24 Placement Budget



2. The 2023/24 gross placement budget was set at £219m, which is £170.2m net of client contributions. This was based on the full year effect of additional growth seen in 2022/23 plus an estimated 4% additional growth for 2023/24. This totaled an increase in the gross budget relating to forecast demand of £18.5m in 2023/24 compared with 2022/23.

3. A further £5.2m was allocated to the budget for 2023/24 to take account of the fee uplift for providers, along with additional uplifts for our staff and other contracts, which gave a total inflationary uplift of £7.5m.

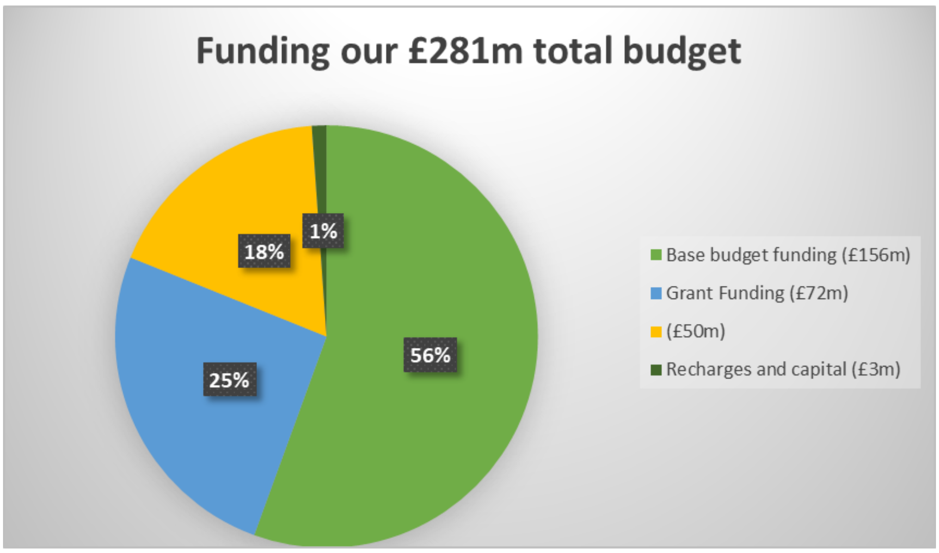
4. This total increase in budget of £26m was funded by savings, income and efficiencies alongside the increase in adult grants and the 2% ASC levy as shown in **Table 1.**

Table 1 – Funding the Increase in Adult Budgets in 2023/24

Adults Social Care Net Investment	**£m**
Additional demand increases along with complexity / acuity for Older People	6.3
Growth in number and complexity of packages for Adults with a Learning Disability	5.8
Increase in number of Mental Health packages of care	4.0
Growth in number and complexity of care packages for Adults with a Physical Disability including those transitioning from Children's Services	2.4
Demand and Growth Increase in Adult Care	**18.5**
General Inflation and price increases across Adult Care Services	7.5
Total investment into Adult Care	**26.0**
Savings, efficiencies and income generation identified relevant to Adult Care	- 9.6
Net investment into Adult Care	**16.4**
Funded by:	
Discharge Funding Allocation	2.7
Increase in ASC Market Sustainability & Improvement Fund	4.0
Increase in Social Care Grant (with remaining funding Children's Services)	2.5
ASC Equalisation Grant	1.2
2% Adult Social Care Levy	6.0
Total Funding	**16.4**

5. **Chart 3** details how our overall budget is funded, with 56% of all spend being funded from the Council's base budget.

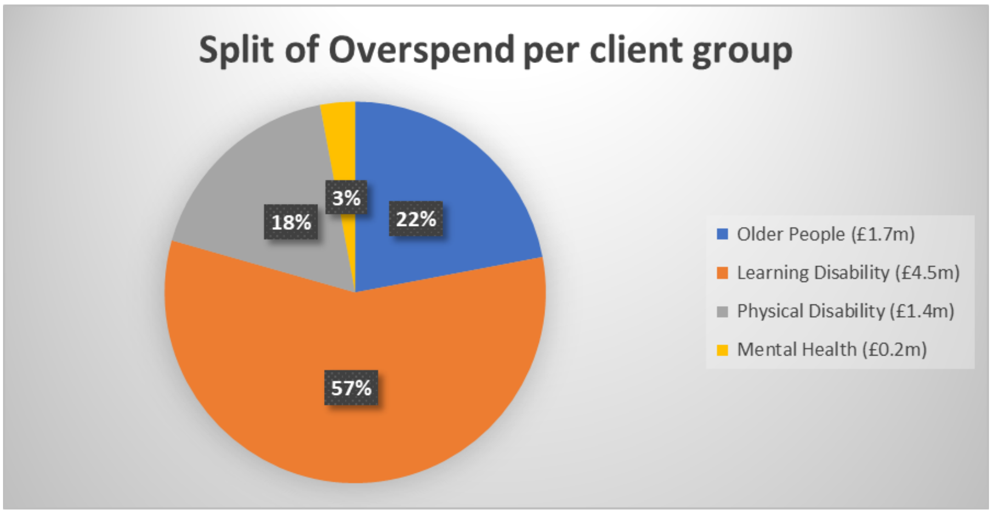
Chart 3 – Funding the Adult Care Budget



6. As at Period 4 the placement budget is forecast to outturn with a gross overspend of c£8m along with a further £1.7m overspend on staffing and DOLS assessments giving a gross overspend of £9.7m. Part of this overspend is funded by the additional grant income received for Market Sustainability and Improvement – Workforce Fund.

7. **Chart 4** shows the proportionate split of the forecast overspend by client group with the biggest proportion being in Learning Disabilities relating to the Young Adults Team and clients placed in Supported Living.

Chart 4 – Proportion of the current forecast overspend



Section 2 - Managing placement spend

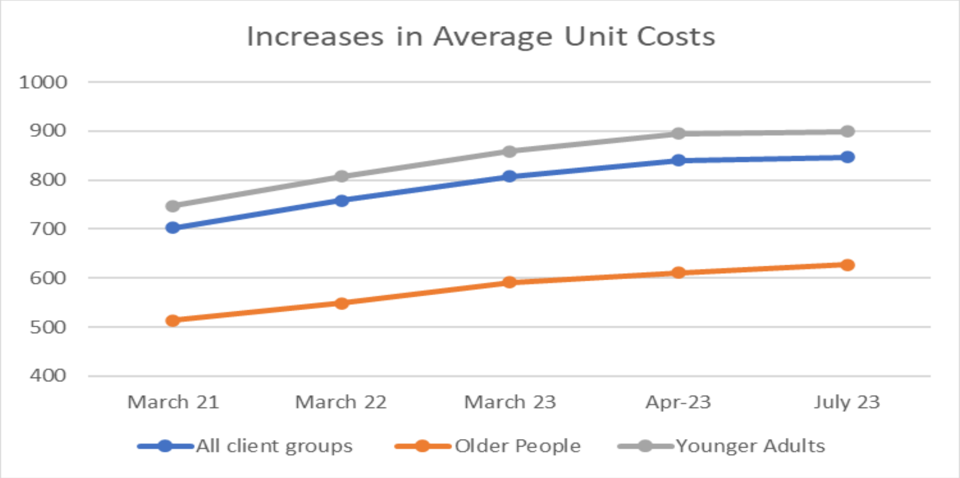
8. The cost of care exercise under the charging reforms set provider expectations high, and this, coupled with inflation that has risen dramatically over the past 12 months and a further significant uplift to the national minimum wage has resulted in Worcestershire County Council, like others across the West Midlands having received numerous requests for high fee uplifts in the region of 20% (and upwards), more often than not, with the threat of handing back care packages if the fee demands are not met.

9. Budgetary pressures on the Health and Care system nationally continue. The Council's income is growing year on year due to an increase in the number of homes and an increase in business rates from a growing economy. However, the pace of income growth is not keeping up with the increase in demand in adult social care due to:

   - Population growth and demographics,
   - Clients living longer with increasingly complex care needs.
   - Inflation, pay and cost of living increases.
   - Transitions from Children's Services.

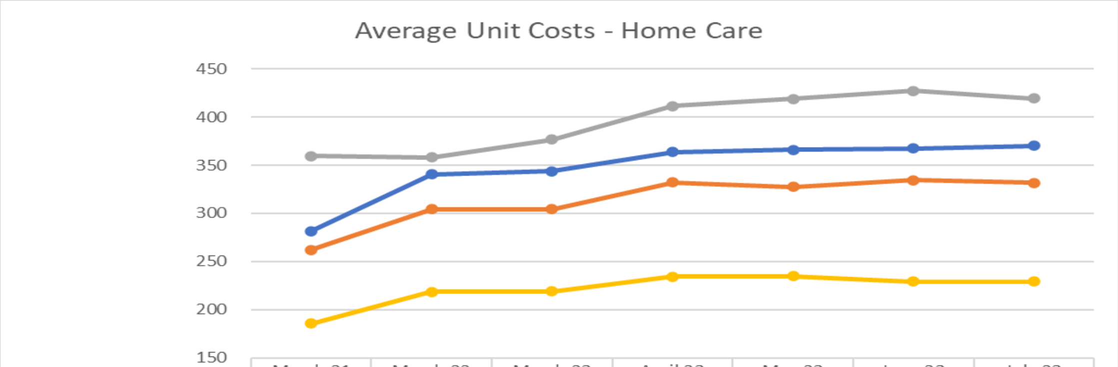
10. **Chart 5** tracks the average weekly costs since March 2021 and shows the steep increase over the past 2 years and the current average of £850/week compared with the figure of £700/week in March 2021 – an increase of 20.6%. This is broken down further into Older People and Younger Adults which identifies a marginally steeper rise in the unit costs for Older People (22%) but the higher average unit costs for those in the Younger Adults categories.

Chart 5 – Rises in Average Unit Costs



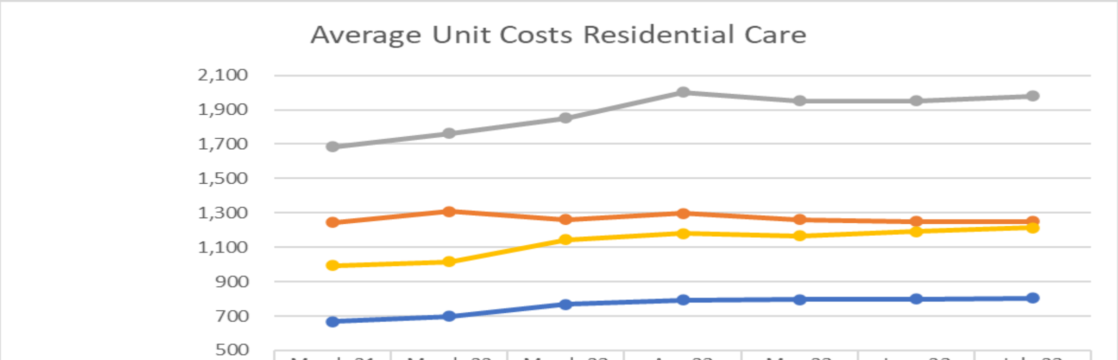
11. **Charts 6 to 10** detail the specific types of placement and their increases in unit costs since March 2021. Of financial concern is the increase in home care averages between March 2023 and April 2023, which are significantly higher than the fee uplifts approved, along with the increases in nursing care for those with Mental Health needs and Supported Living Costs for those with a Learning Disability.

Chart 6 – Rises in Average Unit Costs – Home Care



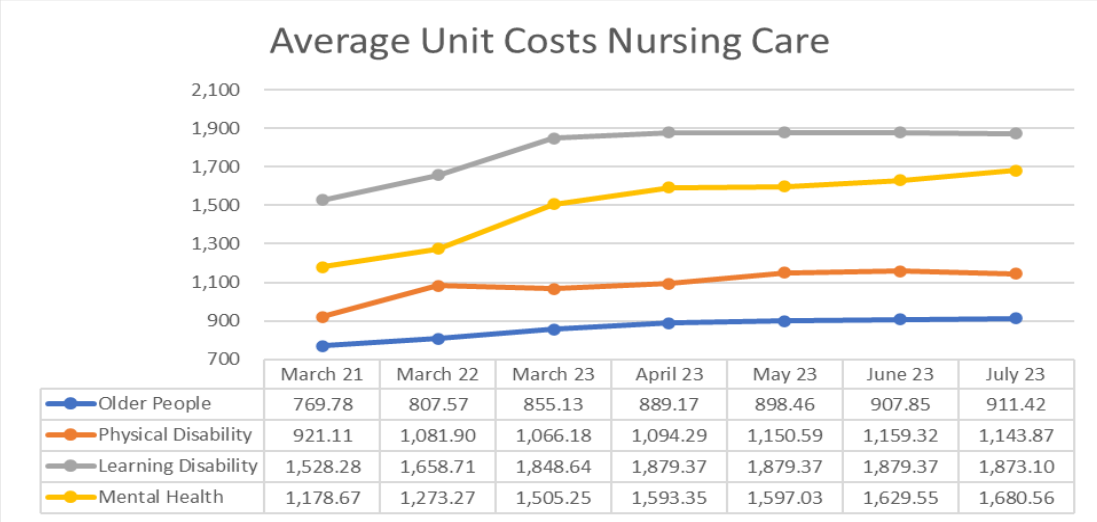
	March 21	March 22	March 23	April 23	May 23	June 23	July 23
Older People	281.78	340.60	343.83	363.60	366.17	367.21	369.95
Physical Disability	262.00	304.33	304.36	332.16	327.71	334.29	331.78
Learning Disability	359.50	358.06	376.46	411.32	418.84	427.33	419.25
Mental Health	185.61	218.53	219.20	234.21	234.75	229.03	229.40

Chart 7 – Rises in Average Unit Costs – Residential Care



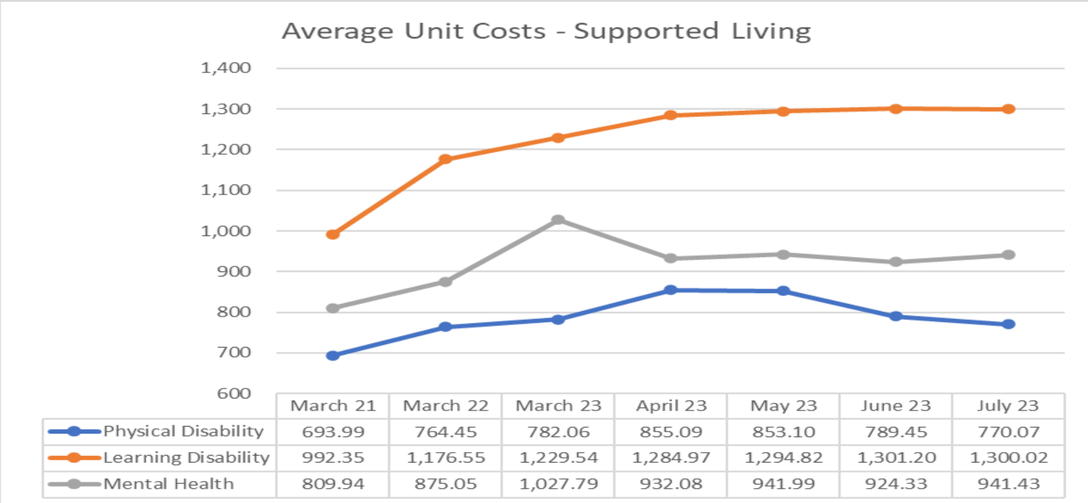
	March 21	March 22	March 23	Apr-23	May 23	June 23	July 23
Older People	666.99	698.01	768.49	792.83	795.93	799.14	803.12
Physical Disability	1,243.43	1,307.57	1,260.80	1,297.89	1,259.77	1,251.25	1,250.51
Learning Disability	1,683.66	1,762.66	1,851.93	2,002.44	1,952.86	1,952.79	1,978.65
Mental Health	992.79	1,016.54	1,143.08	1,178.98	1,165.14	1,190.33	1,213.77

Chart 8 – Rises in Average Unit Costs – Nursing Care



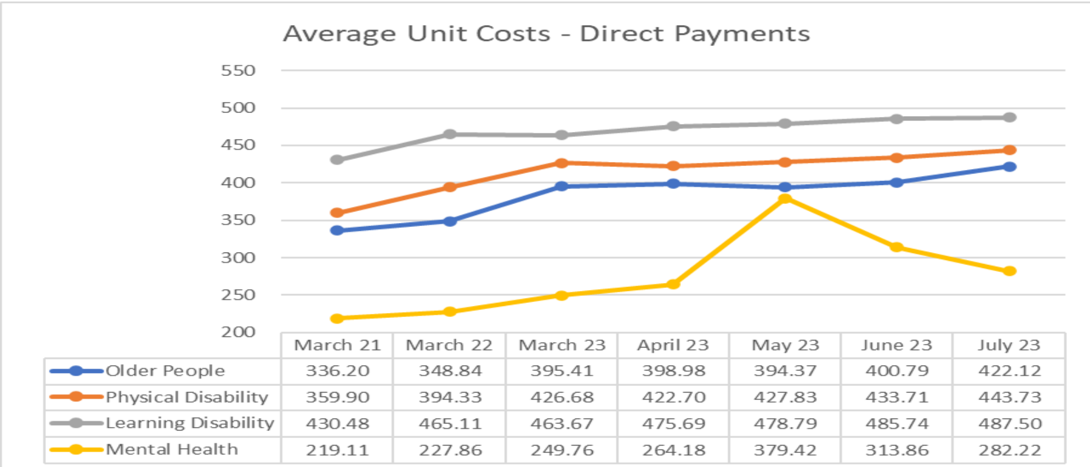
	March 21	March 22	March 23	April 23	May 23	June 23	July 23
Older People	769.78	807.57	855.13	889.17	898.46	907.85	911.42
Physical Disability	921.11	1,081.90	1,066.18	1,094.29	1,150.59	1,159.32	1,143.87
Learning Disability	1,528.28	1,658.71	1,848.64	1,879.37	1,879.37	1,879.37	1,873.10
Mental Health	1,178.67	1,273.27	1,505.25	1,593.35	1,597.03	1,629.55	1,680.56

Chart 9 – Rises in Average Unit Costs – Supported Living



	March 21	March 22	March 23	April 23	May 23	June 23	July 23
Physical Disability	693.99	764.45	782.06	855.09	853.10	789.45	770.07
Learning Disability	992.35	1,176.55	1,229.54	1,284.97	1,294.82	1,301.20	1,300.02
Mental Health	809.94	875.05	1,027.79	932.08	941.99	924.33	941.43

Chart 10 – Rises in Average Unit Costs – Direct Payments

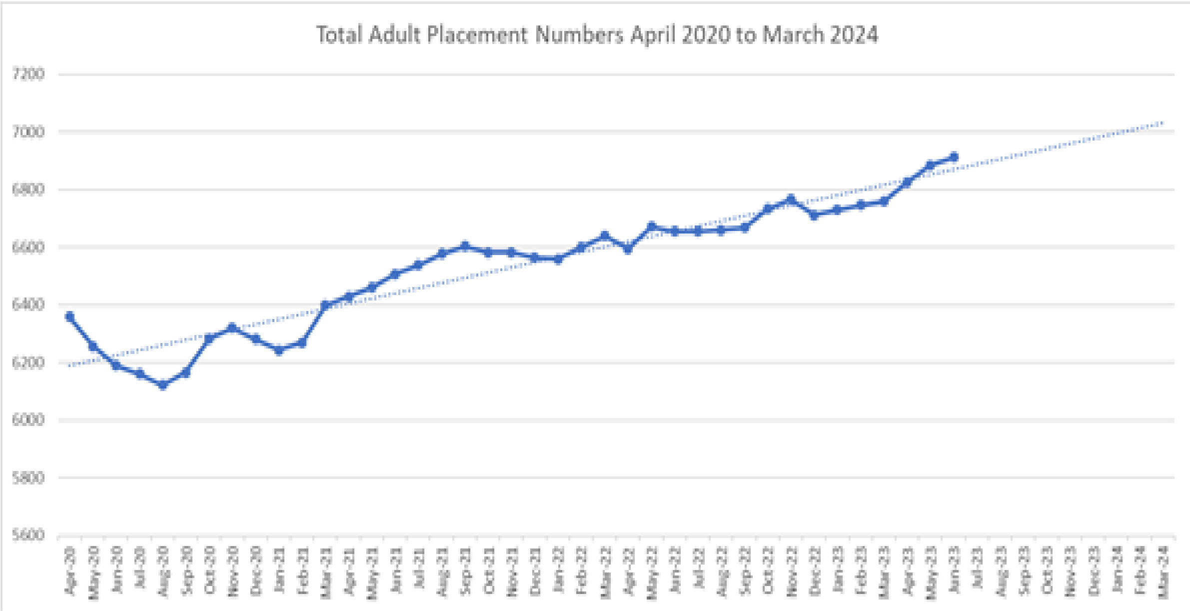


	March 21	March 22	March 23	April 23	May 23	June 23	July 23
Older People	336.20	348.84	395.41	398.98	394.37	400.79	422.12
Physical Disability	359.90	394.33	426.68	422.70	427.83	433.71	443.73
Learning Disability	430.48	465.11	463.67	475.69	478.79	485.74	487.50
Mental Health	219.11	227.86	249.76	264.18	379.42	313.86	282.22

Section 3 - Managing placement demand

12. The 2023/24 budget was set based on a forecast increase in demand of 4%, which was calculated based on previous years trends. By the end of July 2023, demand had already reached a 4% increase since March 2023. **Chart 11** depicts the demand position over recent years with the step up in demand between March 2023 and July 2023. It is forecast that demand will reach an increase of 5% by the end of the financial year.

Chart 11 – Placement Demand



13. The change in numbers of clients since March 2023 is detailed in **Table 2** which shows most of the demand increases are being seen within the Older People client group and particularly within bed based (and therefore more expensive) care.

Table 2 – Change in placements between March 2023 and August 2023

	Client numbers - March 23	Client numbers - Aug 23	Change	% Change
Older People				
Nursing Care	518	561	43	8.3
Residential Care	729	803	74	10.2
Home Care	1,696	1,753	57	3.4
Extra Care	214	222	8	3.7
Direct Payments	191	195	4	2.1
TOTAL	**3,348**	**3,534**	**186**	**5.6**
Learning Disabilities				
Nursing Care	22	20	-2	-9.1
Residential Care	216	214	-2	-0.9
Home Care	108	111	3	2.8
Support Living	493	497	4	0.8
Shared Lives	72	71	-1	-1.4
Direct Payments	418	415	-3	-0.7
Day Care	333	358	25	7.5
Younger Adults	135	152	17	12.6
TOTAL	**1,797**	**1,838**	**41**	**2.3**
Physical Disabilities				
Nursing Care	50	53	3	6.0
Residential Care	41	44	3	7.3
Support Living	77	83	6	7.8
Shared Lives	11	11	0	0.0
Home Care	429	442	13	3.0
Direct Payments	305	313	8	2.6
TOTAL	**913**	**946**	**33**	**3.6**
Mental Health				
Nursing Care	80	74	-6	-7.5
Residential Care	199	198	-1	-0.5
Home Care	158	164	6	3.8
Support Living	143	151	8	5.6
Direct Payments	58	68	10	17.2
TOTAL	**638**	**655**	**17**	**2.7**
Overall Total	**6,696**	**6,973**	**277**	**4.1**

14. **Charts 12 to 17** show the trends in types of placement since April 2020

Chart 12 – Change in placements – Home Care

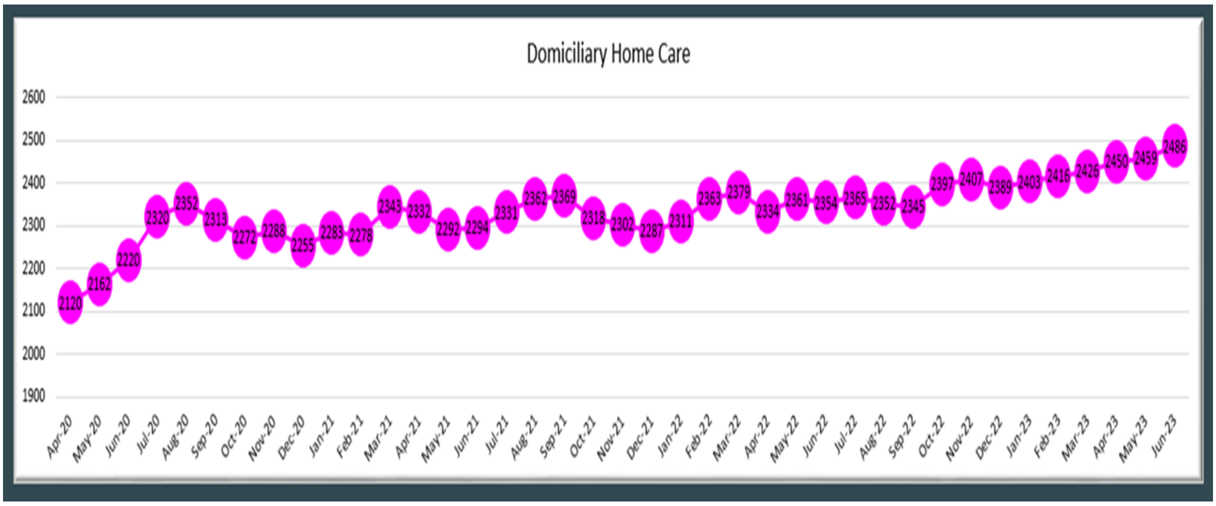


Chart 13 – Change in placements – Residential & Nursing

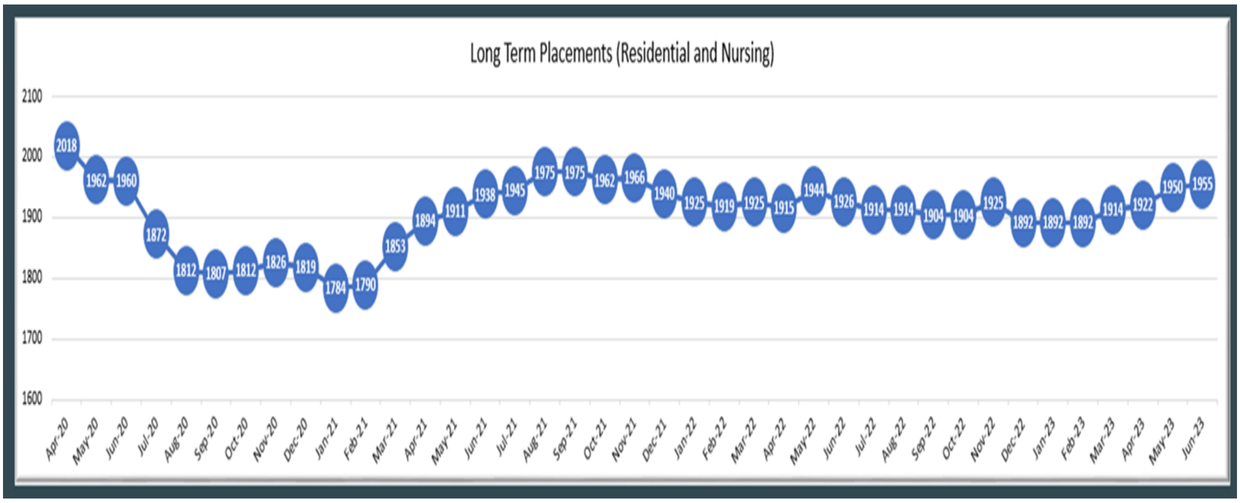


Chart 14 – Change in placements – Supported Living

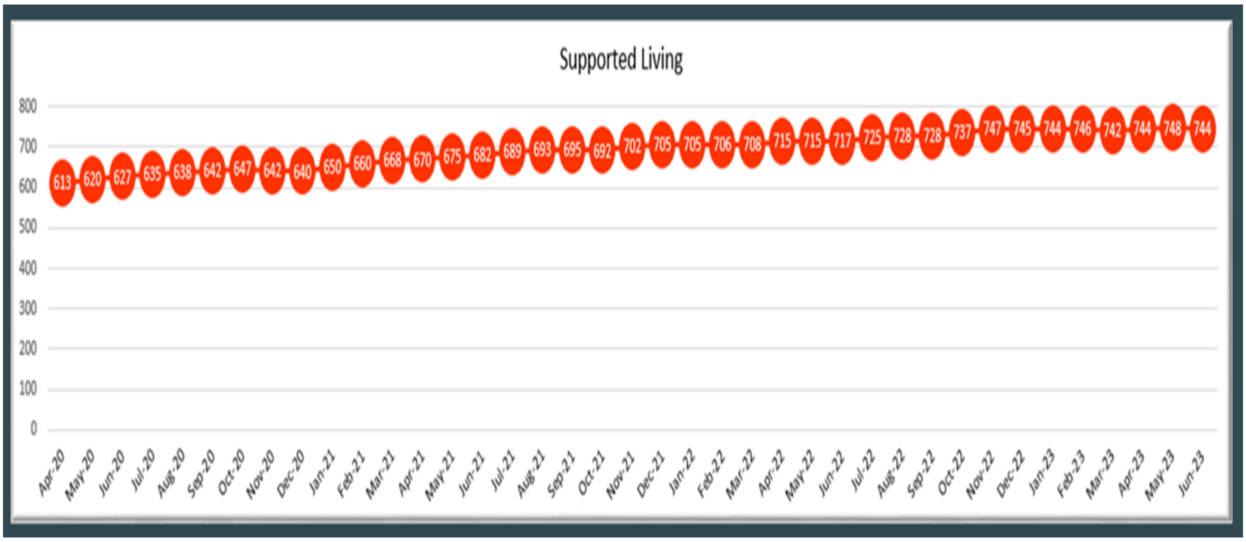


Chart 15 – Change in placements – Extra Care

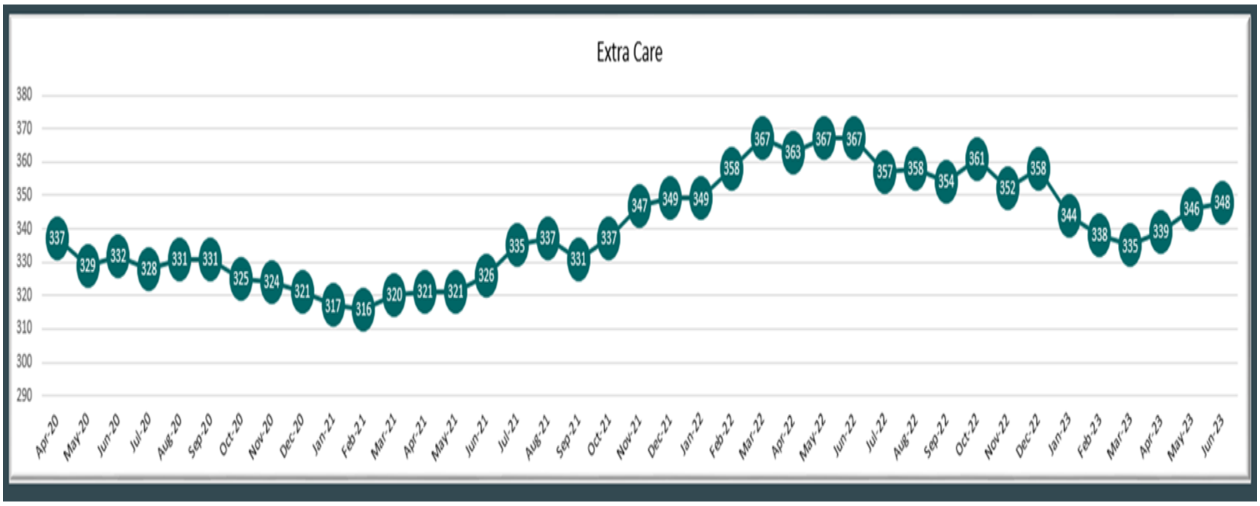


Chart 16 – Change in placements – Shared Lives

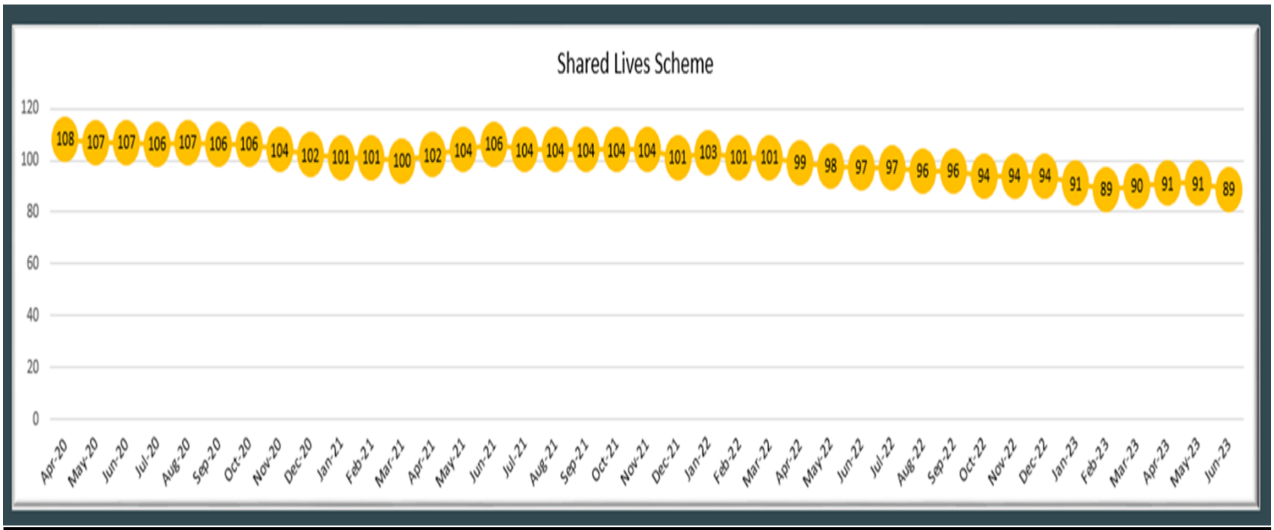
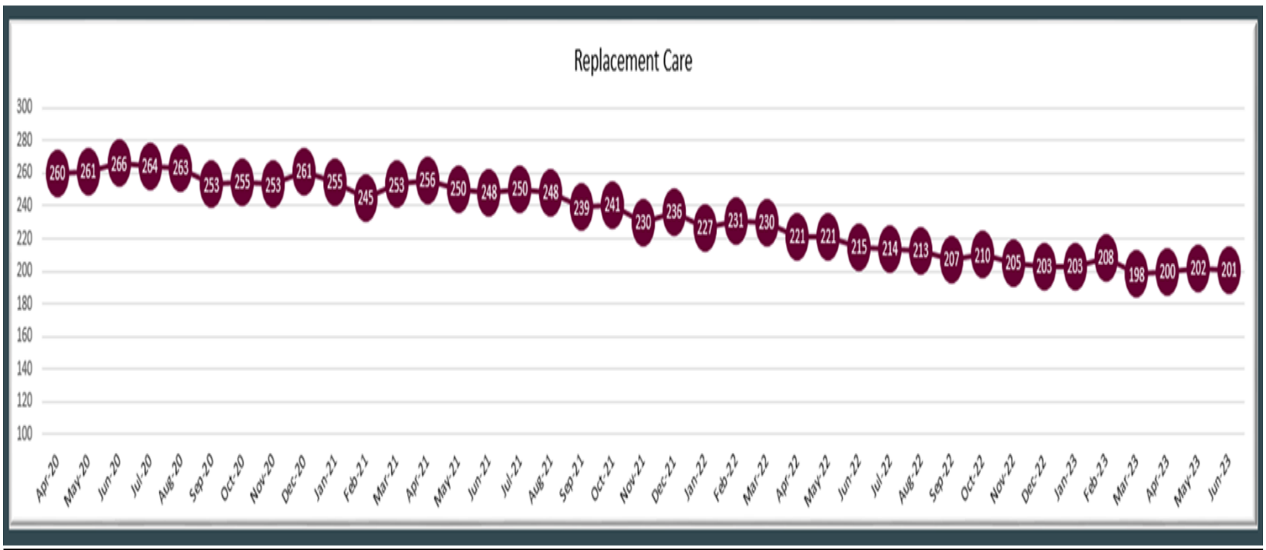


Chart 17 – Change in placements – Replacement Care



Section 4 - Financial impact on placement costs

15. Placement costs cover a variety of costed care for adults who are under the care and support of the local authority. These include direct payments where clients purchase their own care as well as placements that the local authority sources for them. **Table 3** shows how the spend in each of these areas has changed in the last two years along with our highest and our lowest weekly cost and the current average rate (as at August 2023).

16. The variation in unit costs makes forecasting based on averages quite difficult and as can be seen within Learning Disabilities we have Supported Living packages which range from £18.20 per week to £24,472 per week.

Table 3 – Trend in placement spend (net of client contributions) over the last 2 years compared to 2023/24

	2021/22 Outturn	2022/23 Outturn	2023/24 Forecast	Highest package cost (August 23	Lowest package cost (August 23)	2023/24 Ave rate
Older People (OP)						
Nursing	15,438,875	14,016,931	15,608,505	6,197.52	483.48	920.73
Residential	16,352,513	18,039,015	18,033,384	3,212.60	495.29	805.70
Domiciliary Care	15,922,627	21,153,501	22,878,921	3,017.00	15.48	364.94
Extra Care	2,591,424	2,758,071	3,111,113	1,389.96	17.82	338.78
Direct Payments	3,050,922	3,845,251	3,405,096	2,041.47	51.72	420.83
Day Care	261,630	257,256	331,332	412.50	25.00	-
Other	-	-	84,058			-
Total OP	*53,617,991*	*60,070,025*	*63,452,409*			
Learning Disability (LD)						
Nursing	856,168	1,716,827	1,707,775	3,752.50	679.40	1,877.30
Residential	17,015,929	17,622,953	19,338,598	6,926.75	455.43	1,930.14
Domiciliary Care	1,476,888	1,878,733	2,089,272	2,590.56	41.28	422.66
Supported Living	25,582,664	27,000,392	31,758,932	24,472.50	18.20	1,353.10
Shared Lives	1,590,263	2,177,253	1,528,951	3,640.00	301.89	509.53
Direct Payments	7,433,453	8,320,397	8,471,906	4,803.00	15.39	489.93
Day Care	1,959,721	2,690,368	3,357,657	946.48	19.00	198.18
YAT	2,766,438	4,789,356	6,088,490	9,672.00	10.40	875.26
Total LD	*58,681,524*	*66,196,279*	*74,341,581*			
Physical Disability (PD)						
Nursing	2,025,160	2,222,793	2,573,126	2,790.12	544.06	1,146.80
Residential	2,026,339	1,584,413	2,270,359	2,947.62	529.00	1,228.33
Supported Living	2,196,382	2,975,605	2,943,289	2,760.80	18.20	791.37
Shared Lives	226,235	425,086	196,103	634.95	341.90	422.48
Domiciliary Care	4,389,919	5,634,325	6,629,460	2,423.87	12.51	327.64
Direct Payments	3,360,701	4,950,372	5,891,259	3,507.63	12.89	462.86
Day Care	127,285	177,582	227,154	486.00	25.00	-
Total PD	*14,352,021*	*17,970,176*	*20,730,750*			
Mental Health (MH)						
Nursing	4,007,384	3,783,264	4,388,611	5,672.29	539.68	1,695.43
Residential	6,975,601	7,490,211	8,066,198	5,499.84	342.44	1,211.06
Domiciliary Care	959,225	1,112,465	1,315,751	866.88	21.07	224.96
Supported Living	3,155,221	4,800,147	5,062,798	8,391.60	35.62	934.62
Direct Payments	442,681	609,587	754,621	1,138.03	11.47	281.30
Total MH	*15,540,112*	*17,795,673*	*19,587,980*			
Totals	**142,191,648**	**162,032,153**	**178,112,720**			

17. Our methodology for forecasting has proved reliable in recent years, though it is not immune to spikes in demand and unit costs. We use a 12-month rolling data set for forecasting both placement numbers, and average cost, for every single placement type. These are then combined into the forecast used in budget monitoring.
18. The current forecast for P5 (August) includes c£3.7m of new demand which is based on projections of new demand expected over the coming months along with clients we are aware who have been assessed to require a service which has yet to be purchased, along with reductions for clients expected to leave the service.
19. There are several people who move from children's services into adults each year. A few of them have unit costs more than £20,000 per week (c£1m per annum). Work is ongoing to review the care and support of these individuals as part of the All-Age Disability Strategy.