Birmingham City Council

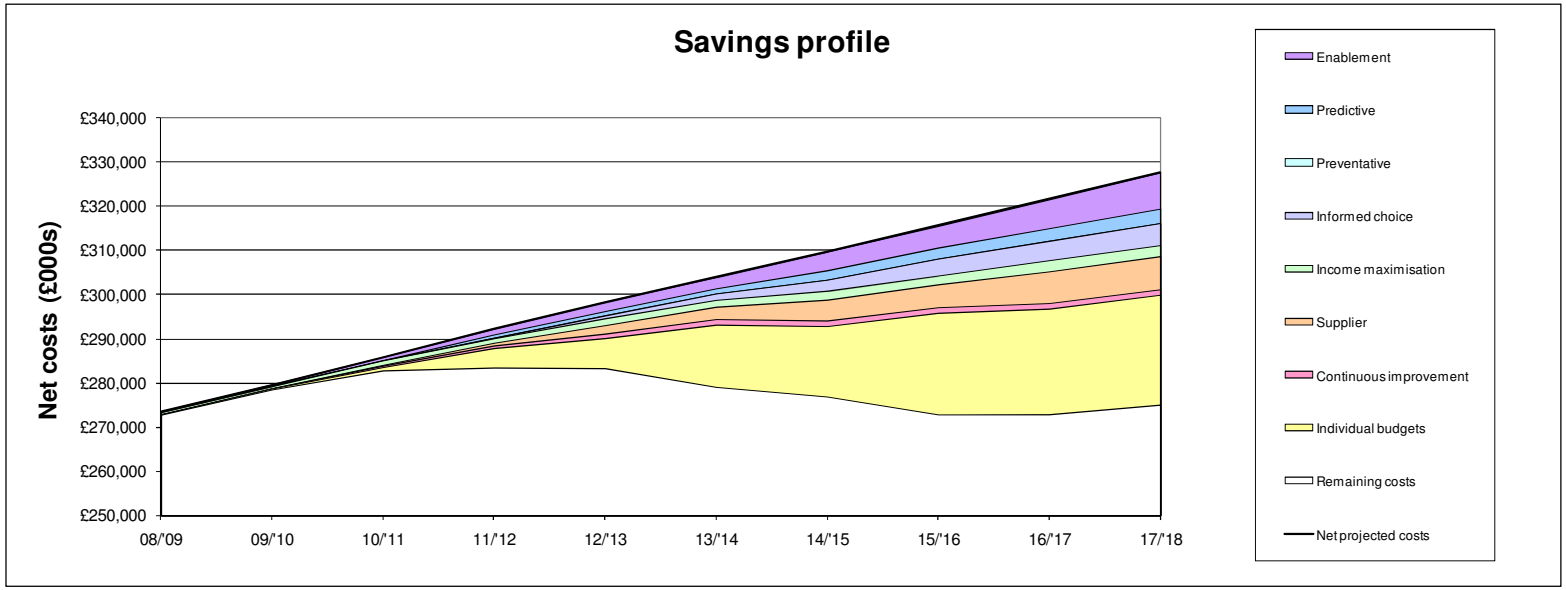
adults and communities

Revisions to the FBC benefit model

January 2009

Business Transformation

Version 0.16 (FBC version)



			08/'09	09/'10	10/'11	11/'12	12/'13	13/'14	14/'15	15/'16	16/'17	17/'18	10 year total
Benefit type	**Demand reduction**												
Cost avoidance	Enablement	Avoiding care demand through enablement activities	£145	£298	£709	£1,255	£2,046	£2,509	£4,165	£4,863	£6,456	£8,132	**£30,580**
Cost avoidance	Predictive	Avoiding care demand through predictive activities	£0	£0	£0	£697	£891	£1,092	£2,065	£2,411	£2,772	£3,147	**£13,076**
Cost avoidance	Preventative	Avoiding care demand through preventative activities	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£0**
Cost avoidance	Informed citizen decision making and management of own care	Avoiding care demand through informed citizen decision making and management of own care	£0	£0	£0	£116	£672	£1,466	£2,514	£3,832	£4,410	£5,014	**£18,023**
Subtotal			***£145***	***£298***	***£709***	***£2,068***	***£3,609***	***£5,067***	***£8,744***	***£11,106***	***£13,639***	***£16,293***	£61,679
Cashable	**Income maximisation**	Maximising income from self funders	£496	£502	£1,015	£1,021	£1,534	£1,534	£2,023	£2,015	£2,504	£2,499	**£15,143**
Cashable	**Policy decisions relating to individual budgets**	Shaping the place and the market	£44	£135	£687	£4,311	£6,738	£14,018	£15,840	£22,904	£23,834	£24,807	**£113,317**
Cashable	**Supplier**	Shaping the place and the market	£0	£0	£185	£629	£1,970	£2,804	£4,752	£5,214	£7,230	£7,522	**£30,305**
Cashable	**Continuous improvement**	Admin and IT support	£0	£139	£418	£696	£1,114	£1,392	£1,392	£1,392	£1,392	£1,392	**£9,330**
Subtotal			***£540***	***£776***	***£2,305***	***£6,657***	***£11,356***	***£19,748***	***£24,008***	***£31,525***	***£34,960***	***£36,221***	£168,096
TOTAL			**£686**	**£1,074**	**£3,014**	**£8,725**	**£14,965**	**£24,815**	**£32,752**	**£42,631**	**£48,599**	**£52,514**	£229,775
					£4,774		**£28,464**					**£229,775**	

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Corrections

In revising the model a number of corrections were identified:

Cost of running enablement:

This was found to be inconsistently applied to Younger Adult services such that it was inflating the cost of running enablement in these areas above that implied by the assumptions. This was corrected, increasing the net benefits in this area by £3.253m over the next 10 years.

Starting point of projections:

For the sake of the FBC it was expedient to start the projections from the current annual budget estimate of £273.5m. This anchored the FBC with a widely recognisable figure. However this was a quick fix that was not consistent with the principles of the modelling. The starting point has now been modified to represent, as originally intended, the net costs, after subtraction of user based income, but not including the variable government grant included in the annual budget.

Projection of non-general cohorts:

These have now been inflated 1.5% year on year in line with the rest of modelling, but no demographic change has been applied.

Replacement of 2006/7 data with 2008/9 approved budget and volumes, and consequent update of the projections

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Recommendation:

- Now that the budget for 2008/9 is available the baseline data should be updated.
- The equivalent volumes should also be used.
- Having replaced all the base data with that from 2008/9 the demographic projections should be adjusted so that they are applied to this new baseline point.

Modelling:

- Update the input sheets with the new data.
- Adjust the projections as necessary.

Impact:

- The starting point moves to £280.5m.
- A higher starting point means a steeper gradient for the 10 year projections. The top line goes to £338.9m, an increase of £58.4m, compared with £54.1m in the FBC version.

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Summary of baseline changes

Assumptions:

1) The approved budget line from the 2008/9 budget has been used as financial input to the revised modelling.
2) Recharges have been left out of the gross costs.
3) Income line also has recharges removed by CommNarr types.
4) The annual government grant has been left out of the gross costs and income.
5) Lifelong learning has been left out of the gross costs and income.
6) BTSP has been left out of the gross costs and income.
7) Income in original modelling was divided three ways (client, joint and other income) but this is not shown in the revised analysis.
8) Supporting people equates with supported employment and as such it has been added to the LD service area.
9) Non-general cohort costs have been inflated in line with the rest of the modelling by 1.5%.
10) Demographic increases have not been applied to the non-general cohorts.
11) The demographic increases are assumed to have already been included in the 2008/9 budget and so are applied from 2009/10 onwards.
12) Translated PSSEX1 volumes from 2007/8 report so that they align with the financial categories.

Inclusion of an uplift of the top line to capture currently unmet demand

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Recommendation:

- An impact that will be highly influential on the financial sustainability of adult social care going forward is unmet demand from service users.
- This unmet demand will come partly from customers who are currently turning down services because they do not want them, typically BME communities. With Birmingham's high percentage of BME communities, particularly in HoB, the impact may be considerable.
- It is also likely that IBs in Birmingham will have significant unmet demand coming from the general population as well, particularly those with PD needs, because of current limitations in the choice of services available.

Modelling:

- A lever with percentages to flex the top line projection upwards, adding to the demographic increase, has been built into the model.
- However as there is limited empirical evidence on which to base this flexing of the top line the percentages have been zeroed.
- The assumption is thus that no allowance has currently been made for unmet demand.

Impact:

- The impact is therefore currently zero.
- The intention however is to take steps to monitor unmet demand as it will need to be offset by stretching the benefit targets.
- Building an ethnicity breakdown into the demographics may help.

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Inclusion of running costs of prevention initiatives

Recommendation:

- The FBC now needs to be supplemented with the additional cost items or 'dis-benefits' that will be incurred as an ongoing running cost. This will give an overall net benefit and indicate the true financial sustainability of Adult Social Care going forwards. The cost items may be as a result of a change in customer numbers, as well as specific cost items.
- At the same time the cost of enablement may be less than the 6 weeks modelled as it typically only requires 20 days on average in Manchester.

Modelling:

- Similar calculations to those that were applied in enablement have been built into to the prevention, prediction and informed choice sheets to allow the running costs to be modelled.
- However the levers that operate this functionality have been zeroed as the relevant delivery projects have not as yet ascertained what changes they may or may not make to running costs.
- It is assumed anyway that the Organisation Design workstream will neutralise changes to running costs across the whole organisation.
- Also the assumed length of time to complete the enablement process has been left at 6 weeks as this reflects the national average, despite the evidence from Manchester.

Impact:

- The impact is therefore currently zero.
- However we believe that the enablement project should split the cost of enablement for those at home from those in the care centres as it is likely to be significantly different.
- We also expect the informed choice and prediction and prevention projects to detail any changes they estimate making to running costs.

Elevation of the enablement benefit targets

Recommendation:

- The benefits of enablement could be targeted to be higher. CSED's research on enablement found that in 3 out of the 4 models they evaluated (Leics, Sutton, Wirral and Salford):
  - 53% to 68% required no immediate homecare.
  - 36% to 48% still required no homecare after 2 years.
- There is also an additional benefit from enablement for those who still require long term care, as the size of support packages required may well reduce. Again from CSED's research on enablement they found that 34% to 54% had maintained or reduced their homecare package 2 years after enablement.
- Generally speaking enablement might be expected to have no effect on 40% of people, 20% will have their care needs reduced by half, and 40% will not require Authority provided care.
- However it is only community based care where these impacts are likely to be seen. The impact on residential care is unknown. Demand for residential care may reduce because enablement avoids people requiring it to the very end of their lives, or it may increase because people live even longer because of the better quality of life enablement has given them.

Modelling:

- The drivers for the impact of enablement on residential care have be zeroed.
- The drivers for the impact of enablement on community based care have been elevated, ramping up to 30% by year 8.

Impact:

- The overall result of these changes is that the enablement benefit wedge increase in size over the next 10 years.
- However more detailed modelling of the complex factors determining the impact of enablement is required from the enablement project.

Enablement benefits unlikely in LD, MH and PD

Recommendation:

- The enablement model adopted by Councils is generally just around physical re-enablement as this is a 6-8 week special activity.
- Mental re-enablement takes years and really is much more of a subset of the care management ethos in LD and MH.
- Therefore it is likely to be a better approximation to apply the reduction in service users as a result of enablement to just OA, as even PD is unlikely to deliver much of a benefit.

Modelling:

- Added a button and IF statement to the modelling so LD, MH and PD could be switched off.

Impact:

- Relative reduction of the enablement benefit over the next 10 years, but outweighed by the elevation of the targets as described in the previous slide.

Bring forward IB benefit assumptions

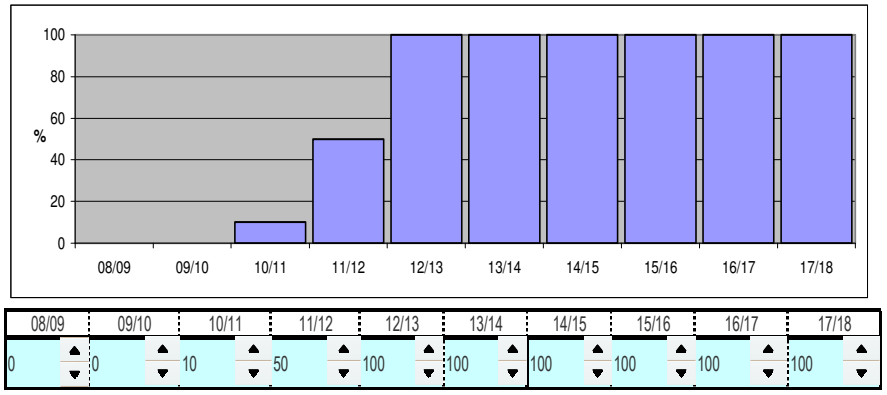
Recommendation:

- The rollout of IBs is currently happening over a very long time. This will introduce substantial risk to the Adults Directorate as the care management team will in effect be operating two models of care. Manchester, which transferred its entire homecare staff into an enablement team, did the rollout over 6 months. A much shorter timeframe therefore is recommended to be applied to the rollout of IBs.
- Also many authorities have had a different rollout plan for those living at home versus those in residential care. Often the rollout to those in residential care lags the rollout to those living at home due to the difficulties in agreeing the size of support packages for those in residential care.

Modelling:

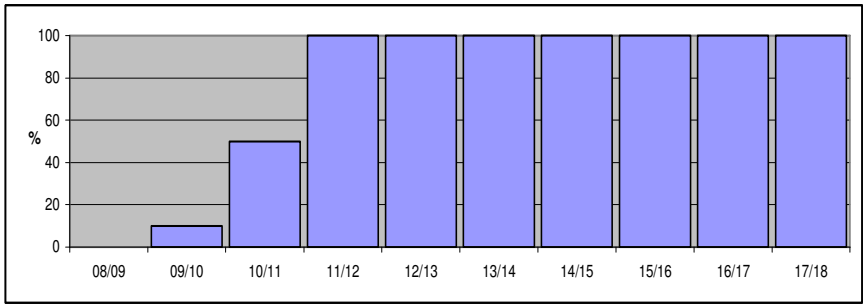
- Ramped up to 100% take up over just two years.
- This would involve new users as it would be difficult to force change on existing users.
- The roll out to residential users has been lagged by one year relative to users living at home.

Take up IB (residential)



08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
0	0	10	50	100	100	100	100	100	100

Take up IB (home care)



08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
0	10	50	100	100	100	100	100	100	100

Impact:

- Overall this increases the benefit in this area over the next 10 years, as previously a slow ramp up was modelled.

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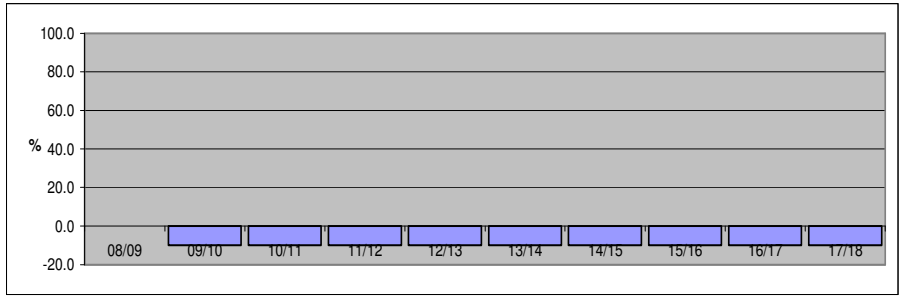
Remodel IB policy assumptions

Recommendation:

- The recent IBSEN report on the savings possible through the introduction of individual budgets should be dismissed as the sample size was small and the time period of the study was too short.
- Besides Adults in Birmingham faces particular challenges not faced elsewhere.
- The average saving on the average care package in YA should ramp up to 35% over the next ten years, much of this target reflecting the current overspend in this area.
- OA are expected to actually cost more over the next ten years, perhaps as much as 10%.

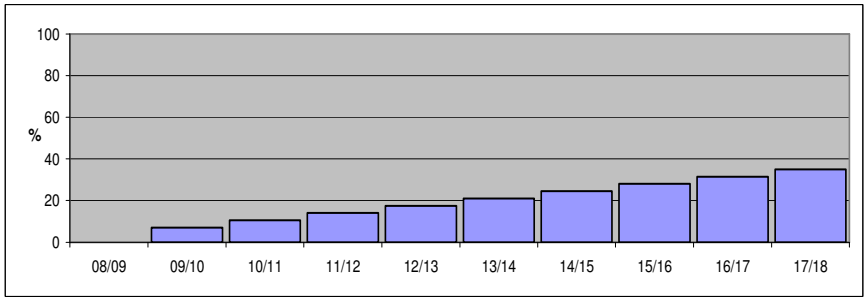
Modelling:

OA RAS ramp up



08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
0.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0

YA RAS ramp up



08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
0	7	11	14	18	21	25	28	32	35

Impact:

- The overall effect of these changes is that the benefit due to the introduction of individual budgets is reduced to £94.5m over the next ten years.
- This is because we now have a significant dis-benefit in OA, amounting to £97m.
- This is offset by the increased benefit in YA, amounting to 191.5m.

Source of supplier savings need to be more focused

Recommendation:

- Supplier supports rather than adds to IBs, so savings to be concerned with just suppliers of non-IB services/products, and to be aimed at internally provided services as well as externally commissioned services.

Modelling:

- Targets specific budget line items rather than applying across all. Specifically those not impacted by the IB algorithms, being supported and other accommodation, meals, and other services to adults.

Impact:

- The benefit in this area is reduced by 26.1m as a result of this limitation of scope.

Raising the saving in assessment and care management

Recommendation:

- There is a need to make more substantial savings in assessment and care management costs to be financially sustainable.
- Within that there will be an impact on Finance costs, due to the need for the financial assessment to be done earlier in the process and therefore potentially simpler, and not done by Finance staff.
- However at the same time prediction, and also the requirement for commissioning to become increasingly intelligence driven, may increase IT investment and support requirements.

Modelling:

- Previously a reduction in admin and IT staff among front line social work teams had been modelled based on the assumption that the new social care portal and self directed care would allow efficiencies in this area.
- 30% savings among these posts had been assumed, which is a typically achievable figure in lean organisations.
- The above recommendations however imply a much larger scope for finding these efficiencies, even despite the potential reduction in the savings that were previously assumed for IT.
- This has therefore all now be modelled by making a saving from the demographically projected assessment and care management line, ramping up to 10% by year 6.
- Thereafter the benefit starts to reduce in recognition of the added complication that there is a limit to the efficiencies that can be made, particularly as the demographics continue to trend upwards.

Impact:

- Increases the benefit in this area by £12.2m over the next 10 years.
- In reality these savings will come from all areas of the Directorate.
- We will need to identify what is in reality possible after consideration of the impacts of other programmes; CST, Customer First and EPM.

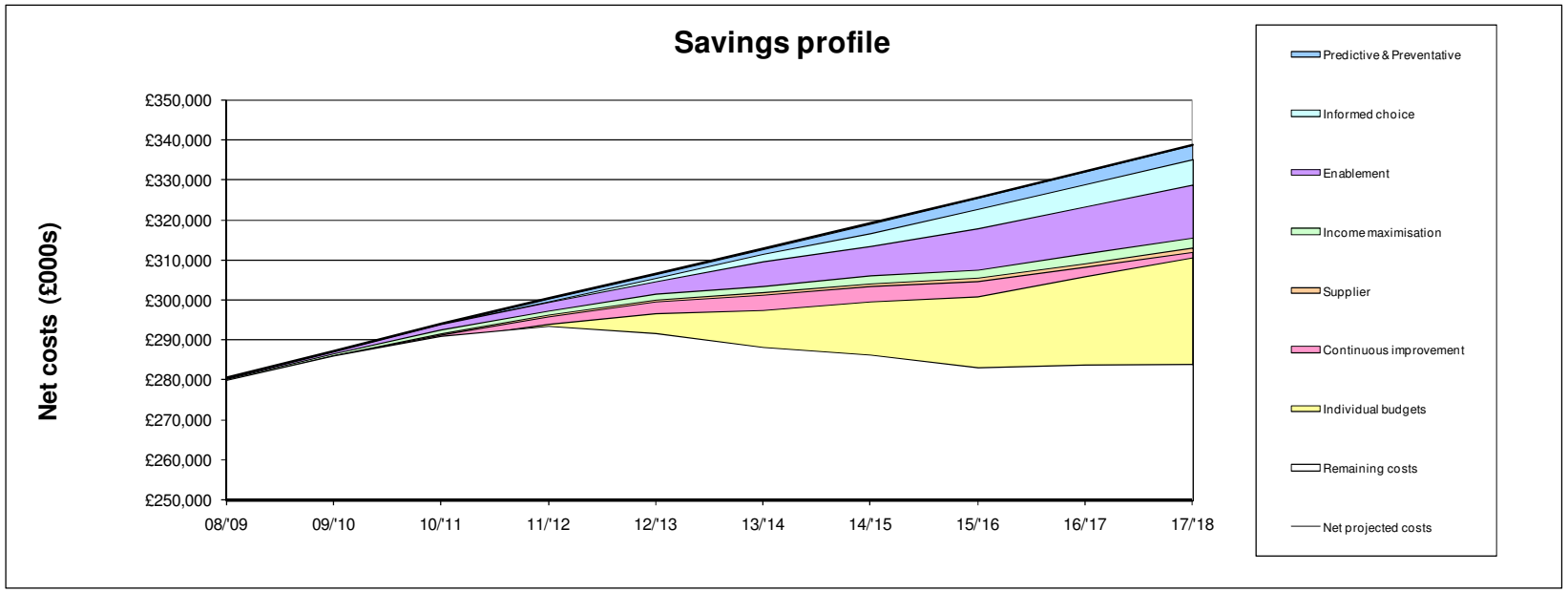
Impact of all recommendations

- The overall impact on benefits is completely neutral, and the total benefit profile over the 10 years has been more or less retained.
- Within that non-cashable benefits have decreased by £23.1m, and cashable benefits have increased by the same amount.
- Enablement benefits have increased by £24.1m because it is believed that far more can be achieved in this area than was originally assumed.
- Note that enablement has been reclassified as cashable on the basis that it deals with people who have already come through Adults' doors.
- Note also it is the enablement drivers that have been flexed to maintain the total benefit profile over the 10 years.
- The benefit due to the implementation of individual budgets has been reduced by £18.8m, a reflection of the 10% increase in cost in Older Adults.
- The supplier benefit has been reduced by £25.7m as a result of being refocused on non-IB related line items of cost.
- Continuous improvement has increased by £12.2m as a result of the headcount reduction in assessment and care management being more wide ranging in scope.

Change vs V0.16

			08/'09	09/'10	10/'11	11/'12	12/'13	13/'14	14/'15	15/'16	16/'17	17/'18	10 year total
Benefit type	**Demand reduction**												
Cost avoidance	Predictive & Preventative	Avoiding care demand through predictive activities	£0	£0	£0	£88	£111	£136	£347	£405	£465	£527	**£2,078**
Cost avoidance	Informed citizen decision making and management of own care	Avoiding care demand through informed citizen decision making and management of own care	£0	£0	£0	£112	£268	£483	£759	£1,101	£1,265	£1,433	**£5,422**
Subtotal			***-£145***	***-£298***	***-£709***	***-£1,055***	***-£1,667***	***-£1,890***	***-£3,059***	***-£3,357***	***-£4,727***	***-£6,172***	**-£23,080**
Cashable	**Enablement**	Avoiding care demand through enablement activities	-£38	-£218	£851	£762	£874	£3,535	£3,022	£5,318	£5,060	£4,909	**£24,075**
Cashable	**Income maximisation**	Maximising income from self funders	-£100	£33	£68	£64	£92	£81	£106	£90	£123	£122	**£680**
Cashable	**Policy decisions relating to individual budgets**	Shaping the place and the market	-£44	-£345	-£1,339	-£3,648	-£1,644	-£4,640	-£2,390	-£5,064	-£1,606	£1,939	**-£18,780**
Cashable	**Supplier**	Shaping the place and the market	£0	£0	£55	-£274	-£1,609	-£2,252	-£4,191	-£4,452	-£6,455	-£6,536	**-£25,715**
Cashable	**Continuous improvement**	Assessment and care management	£0	£222	£694	£1,200	£1,834	£2,462	£2,449	£2,429	£950	£0	**£12,240**
Subtotal			***-£36***	***-£9***	***£1,038***	***-£641***	***£1,594***	***£1,695***	***£3,161***	***£3,183***	***£4,528***	***£8,566***	**£23,079**
TOTAL			**-£181**	***-£308***	***£329***	**-£1,696**	**-£73**	**-£195**	**£102**	**-£174**	**-£199**	**£2,394**	**-£0**
					-£160		**-£1,929**					**-£0**	

Revised version 2.1



			08/'09	09/'10	10/'11	11/'12	12/'13	13/'14	14/'15	15/'16	16/'17	17/'18	10 year total
Benefit type	**Demand reduction**												
Cost avoidance	Prediction and Prevention	Avoiding care demand through predictive and preventative activities	£0	£0	£0	£785	£1,002	£1,229	£2,412	£2,816	£3,237	£3,674	**£15,155**
Cost avoidance	Informed citizen decision making and management of own care	Avoiding care demand through informed citizen decision making and management of own care	£0	£0	£0	£228	£940	£1,949	£3,273	£4,933	£5,675	£6,447	**£23,444**
Subtotal			***£0***	***£0***	***£0***	***£1,013***	***£1,942***	***£3,177***	***£5,685***	***£7,749***	***£8,912***	***£10,121***	**£38,599**
Cashable	**Enablement**	Saving expenditure on care through enablement activities	£108	£80	£1,559	£2,017	£2,920	£6,044	£7,187	£10,181	£11,517	£13,041	**£54,655**
Cashable	**Income maximisation**	Maximising income from self funders	£397	£535	£1,083	£1,085	£1,627	£1,615	£2,129	£2,105	£2,627	£2,621	**£15,823**
Cashable	**Policy decisions relating to individual budgets**	Shaping the place and the market	£0	-£211	-£651	£663	£5,093	£9,378	£13,451	£17,840	£22,228	£26,746	**£94,538**
Cashable	**Supplier**	Shaping the place and the market	£0	£0	£240	£355	£361	£551	£561	£761	£775	£986	**£4,590**
Cashable	**Continuous improvement**	Assessment and care management	£0	£362	£1,112	£1,896	£2,948	£3,854	£3,841	£3,821	£2,342	£1,392	**£21,570**
Subtotal			***£504***	***£767***	***£3,343***	***£6,017***	***£12,949***	***£21,443***	***£27,169***	***£34,708***	***£39,488***	***£44,787***	**£191,175**
TOTAL			**£504**	***£767***	***£3,343***	**£7,030**	**£14,892**	**£24,620**	**£32,853**	**£42,457**	**£48,400**	**£54,908**	**£229,775**
					£4,614		**£26,535**					**£229,775**	

adults and communities

Revised version 2.1 – OA vs YA

Benefit from implementation of individual budgets in OA now negative because of expected 10% increase in costs

			08/'09	09/'10	10/'11	11/'12	12/'13	13/'14	14/'15	15/'16	16/'17	17/'18	10 year total
Benefit type	**Demand reduction**												
Cost avoidance	Prediction and Prevention	Avoiding care demand through predictive and preventative activities	£0	£0	£0	£421	£538	£660	£1,284	£1,502	£1,728	£1,965	**£8,098**
Cost avoidance	Informed citizen decision making and management of own care	Avoiding care demand through informed citizen decision making and management of own care	£0	£0	£0	£107	£475	£1,001	£1,694	£2,567	£2,960	£3,370	**£12,174**
Subtotal			***£0***	***£0***	***£0***	***£527***	***£1,013***	***£1,661***	***£2,978***	***£4,068***	***£4,688***	***£5,335***	**£20,272**
Cashable	**Enablement**	Saving expenditure on care through enablement activities	£108	£80	£1,559	£2,017	£2,920	£6,044	£7,187	£10,181	£11,517	£13,041	**£54,655**
Cashable	**Income maximisation**	Maximising income from self funders	£264	£356	£721	£724	£1,086	£1,076	£1,419	£1,400	£1,747	£1,743	**£10,535**
Cashable	**Policy decisions relating to individual budgets**	Shaping the place and the market	£0	-£417	-£3,046	-£9,095	-£14,183	-£14,069	-£14,084	-£13,931	-£14,043	-£14,138	**-£97,007**
Cashable	**Supplier**	Shaping the place and the market	£0	£0	£122	£180	£183	£278	£283	£384	£390	£496	**£2,315**
Cashable	**Continuous improvement**	Assessment and care management	£0	£234	£720	£1,231	£1,916	£2,508	£2,502	£2,491	£1,528	£910	**£14,041**
Subtotal			***£371***	***£253***	***£76***	***-£4,943***	***-£8,078***	***-£4,162***	***-£2,693***	***£525***	***£1,139***	***£2,052***	**-£15,461**
TOTAL			**£371**	***£253***	***£76***	**-£4,416**	**-£7,065**	**-£2,501**	**£285**	**£4,593**	**£5,827**	**£7,387**	**£4,811**
					£701		**-£10,780**					**£4,811**	

Balance restored in YA where a 35% saving is expected by year 10, reflecting the current overspend

			08/'09	09/'10	10/'11	11/'12	12/'13	13/'14	14/'15	15/'16	16/'17	17/'18	10 year total
Benefit type	**Demand reduction**												
Cost avoidance	Prediction and Prevention	Avoiding care demand through predictive and preventative activities	£0	£0	£0	£364	£464	£569	£1,127	£1,315	£1,509	£1,709	**£7,057**
Cost avoidance	Informed citizen decision making and management of own care	Avoiding care demand through informed citizen decision making and management of own care	£0	£0	£0	£121	£464	£948	£1,579	£2,366	£2,715	£3,077	**£11,270**
Subtotal			***£0***	***£0***	***£0***	***£486***	***£929***	***£1,516***	***£2,706***	***£3,681***	***£4,224***	***£4,786***	**£18,327**
Cost avoidance	**Enablement**	Saving expenditure on care through enablement activities	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£0**
Cashable	**Income maximisation**	Maximising income from self funders	£133	£179	£362	£361	£541	£539	£711	£705	£880	£878	**£5,288**
Cashable	**Policy decisions relating to individual budgets**	Shaping the place and the market	£0	£207	£2,395	£9,759	£19,277	£23,446	£27,534	£31,771	£36,271	£40,884	**£191,545**
Cashable	**Supplier**	Shaping the place and the market	£0	£0	£119	£175	£178	£273	£278	£378	£385	£490	**£2,275**
Cashable	**Continuous improvement**	Assessment and care management	£0	£128	£391	£665	£1,032	£1,347	£1,339	£1,330	£814	£483	**£7,528**
Subtotal			***£133***	***£513***	***£3,267***	***£10,960***	***£21,028***	***£25,605***	***£29,862***	***£34,184***	***£38,350***	***£42,735***	**£206,636**
TOTAL			**£133**	**£513**	**£3,267**	**£11,446**	**£21,957**	**£27,121**	**£32,568**	**£37,865**	**£42,574**	**£47,520**	**£224,963**
					£3,913		**£37,315**					**£224,963**	

adults and communities