

## Appendix 3 - Methodologies for Service Lead Savings Estimations and Final Return on Investment Estimations

### Service lead savings estimations for grant applications

Agreed shared service approach to estimating return on investment/potential savings for service lead assessments of grant applications, as requested by and presented to the Recommendation Panel on 1 April 2020.

The calculation of savings is:

- (a) cost of service multiplied by
- (b) number of people diverted from or no longer requiring a service.

#### (a) Cost of service

Both Adult Social Care (ASC) and Children Services (CS) use internally produced costings. In ASC they are the actual cost of a package of care, such as domiciliary care or reablement. For children services they are the average cost of delivering an intervention, for example a type of Children Services case or an EHCP. The former usually can be stated in hours and cost per hour, the latter are delivered within statutory and practice standards but the resource required will vary widely according to the individual characteristics of the case. This reflects differences in the services being delivered and there is no alternative way to structure unit costs in Children Services. The costings available are as specific as is possible and are updated on a regular basis.

#### (b) Number of people diverted from/no longer requiring a service

In both ASC and CS this is an informed judgement about the impact of the project.

Demographic information, such as the proportion of over 65s in a District who require domiciliary care, is used alongside information on the vulnerability of a project target group, such as prevalence of perinatal mental health issues in current social care cases, to inform a professional judgement about the likely proportion of the project users who will require services. If available, this would be supported by evidence from similar projects elsewhere.

This information is the starting point for a professional judgement about how many people will be diverted from services or no longer require services due to the work of the project.

Potential savings for a children services case are generally higher than in ASC but significantly less predictable and any calculation is more vulnerable to variables.

To provide the Panel with the information it requires, the Children Services costings calculation will outline how many cases need to be diverted from Council services to make the required level of savings. It will comment on whether it is reasonable to anticipate this number being reached. It will establish if the minimum level of savings is likely to be achieved rather than give an estimate of the full savings that could be realised.

Applications will need to show how they will make savings. They may also include estimates of wider social and economic savings as part of the case supporting their application. The latter are

valid as a benefit for the project should it be adopted but do not meet the Fund's criteria for saving Council resources.

## Final return on investment estimations for completed projects

For the final return on investment estimations for completed projects, service leads refer to the original savings targets and estimations agreed in the grant offer paperwork (formerly the progress monitoring form) and consider the following guidance:

Please estimate the potential return on investment for this project. Projects are expected to deliver against agreed targets and outcomes, and it's assumed that if they're delivering what they set out to deliver, the project will show savings in line with the estimations agreed at the start of the project (cost avoidance and/or cashable savings). Therefore, please refer to the targets, outcomes and savings estimate set out in the progress monitoring form and consider the following questions:

- Is there any evidence that the project diverted clients from Council services or otherwise reduced demand on Council services? Consider which Council services and how long they would have been needed.
- Is the project likely to continue to reduce demand on these services beyond the funding period? To reflect longer term impacts, and in line with the original savings estimates, your final savings estimation may cover up to a 3-year period (inclusive of the grant funding period).