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## Report to the Finance, Performance and Resources Select Committee

<b>Title:</b>	Financial pressures on Adult Social Care
<b>Committee date:</b>	Tuesday 10 November 2015
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<b>Cabinet Member sign-off:</b>	Mike Appleyard, Deputy Leader and Cabinet Member for Health and Wellbeing

### Purpose of Agenda Item

This report is to inform the Finance, Performance and Resources Select Committee of the financial pressures on the Adult Social Care budget and the work of the Cabinet Task and Finish Group that was established in January 2015 to understand in more detail the financial sustainability of Adult Social Care and factors that impact on the budget.

### Background

The Local Government Association (LGA) and the Association of Directors of Adult Social Services (ADASS) stated in their 2014 'State of the Nation Report', that in recent years local government has faced significant financial pressures that have "impacted dramatically on adult social care and its capacity to deliver. The impact is ultimately felt by people who use social care services."

Their report states that, despite funds being transferred via the NHS, and local authorities responding to the challenges with an efficiency agenda, "Adult social care spending remains under extreme pressure and facing financial crisis."

With the outlook being increasingly challenging within Buckinghamshire County Council, a Member-led Task and Finish Group was established to examine key areas and advise Cabinet on both resourcing needs and efficiency savings.

## **Summary**

The Task and Finish Group was established to understand in more detail the financial sustainability of Adult Social Care and factors which impact on the budget. This involved members from Adult Social Care and the Resources Portfolio as well as key statutory officers including the Section 151 and DASS.

Adult Social Care services are driven by demand, based on a set of legal requirements. We cannot ignore these but we can find ways of managing the demand and delivering services in the most cost effective way.

Buckinghamshire has an unusually large older people population which impacts on demand for social care services. This is a unique risk compared to many other authorities.

The full Task and Finish Report included detailed analysis of the following:-

1. Demand drivers
2. Benchmarking performance (financial, activity and outcomes)
3. Historic and current patterns of expenditure
4. Proposed savings/ efficiency opportunities
5. Policy and legislative changes impacting on the budget
6. Risks and opportunities

## **Key issues**

There are some key actions to be taken to improve some areas of productivity for the next period against each category of expenditure set out in this report which form part of the existing Medium Term Plan (MTP) and/or will be built into future MTP.

There are a number of services we have developed which have a national evidence base to support us to manage demand differently:

1. Home Care Reablement – relatively new service compared to other authorities
2. Prevention Matters – subject to independent evaluation outcome will be presented in Autumn 2015.
3. Assistive Technology and Equipment – really strong service, discussions taking place as to how this can be expanded further including a retail offer.

The next period will be focusing on further ways we can proactively influence and shape patterns of demand to reduce or avoid costs.

Adult Social Care performance is measured nationally across a number of key indicators. Between 2014/15 and 2015/16 we have improved across every Adult Social Care Outcomes Framework (ASCOF) indicator. In terms of benchmarking cost and performance, two sources have been considered:

1. LG Futures Value for Money Report, which showed strong performance across all areas with the exception of Learning Disability placements and income generation (this has now has been addressed through the Fairer Charging Policy).
2. At the end of every financial year the council undertakes a financial return called a PSSEX1 – this identified opportunities around Learning Disability and Older People placement costs. Bringing down Learning Disability (LD) and Older People (OP) placement costs for the next period is a key priority. Addressing these issues form a key part of our MTP deliverables for 2016/17 onwards.
3. Very significant efficiencies have already been taken from both LD & OP and it is recognised that potential further savings will be challenging to deliver.

There are a large number of national and local policy implications (additional burdens) which have affected the Adult Social Care budget now and in the immediate future. These additional burdens are having a significant impact on the budget as a number have not been fully funded. The council cannot continue to absorb these without ensuring that there is additional funding to support their delivery.

The Association of Directors of Adult Social Services (ADASS) is predicting a £4.3bn shortfall in social care by 2020 nationally. Modelling this assumption to the current Adults and Family Wellbeing budget would mean that we would need an additional £2.58m increase in budget by 2017/18 if we carried on delivering services under the current model. This is before any of the implications around the Care Act and new National Living Wage have been modelled.

There was an emerging view being presented by the Local Government Association and supported by the Association of Directors of Adult Social Services that, in order to address the underlying gap in social care, the Care Act implementation (care cap) should be delayed and the £2bn pa funding over the next 3 years be made available to offset the underlying social care pressures. The Government has subsequently announced that it is delaying the introduction of the care cap until 2020 but as yet there has been no announcement about the £2bn pa. Any announcement about this will be made as part of

the Chancellor's Autumn Statement towards the end of this month. This challenge is exacerbated further through the introduction of the National Living Wage which will affect approximately 76% of the provider workforce\* (National Minimum Data Set for Social Care\*).

As things stand in Buckinghamshire there has been a growing recurrent base pressure of £7m which has been offset by one-off monies in previous years. Since 2013-14 there has been an increasing divergence between budget & spend with significant year end overspends met by use of ASC reserves & other one-off items.

The pressure stems from:

- Support to an increasing number of service users
- More complex support as age expectancy rises
- Market capacity shortages which drive prices upwards
- Inequitable funding arrangements for service users with both health & social care needs

With the majority of spend already placed with external providers through competitive tendering, opportunities to deliver further efficiencies are limited.

Also of significance is that, whilst the national policy agenda is to support the integration of health and social care services, unless we can find a way of ensuring that integration reduces demand for our high cost areas of social care expenditure, it may not be the most effective use of our time given that all of our savings and the vast majority of our expenditure is with the third sector. There is significant talk about how integration needs to reduce demand for acute care but rarely social care. Local Authorities need to re-balance this debate nationally.

With continuing demand pressures and earmarked reserves largely exhausted, Adult Social Care has little budget management flexibility and is looking at all ways possible to mitigate the base pressures and to hope that there is some financial relief through the Autumn Statement following the Comprehensive Spending Review.

There were some key risks emerging from the Task and Finish Report and a number of considerations.

The risks noted were as follows:

1. A challenging delivery of the Financial Recovery Plan for 2015/16

2. Whether the budget is sufficient to meet a growing demand for statutory services
3. Continuing to receive new burdens (usually enshrined in statute) without appropriate funding settlement to support their delivery.
4. The challenge of the Medium Term Plan (MTP) proposals and phasing of these and recognising that the complexity and risk of the proposals reflects and is proportionate to the challenges to manage our responsibilities within the budget envelope.

The following points needed to be considered:

1. Finding new ways to manage demand more cost effectively.
2. How we maximise the opportunities that partnership could bring to assist us to address this challenge, which means not only a focus on the NHS, but also partnerships with the Districts and a real debate about a changing contract between the council and residents and communities in Buckinghamshire.

### **Financial and Resource Implications**

To address the underlying adult social care budget pressures as part of the MTP for 2015/16 officers are taking forward the following actions:

- Identifying proposals for inclusion in the MTFP 2016/17 for meeting the £7m in 2016/17 recurrent shortfall and funding gap in further years.
- A key element of our MTP is seeking release of Care Act Contingency 2014 – 2015/16 = £1m, rising to £3m in 2017/18 to be re-designated subject to the outcome of the CSR following recent government announcement of delays in the care cap reforms. The 2015/16 sum has recently been agreed for release to ASC.
- The Chancellor's July budget risks to be addressed corporately as part of the MTP process especially in respect of the phased move to a national minimum wage. This represents a major risk to the Business Unit and far exceeds the current uplift which has been profiled into the existing MTP. Initial modelling has highlighted a pressure of £6m plus by 2020.

### *Efficiency*

1. Support development of a pro-active approach to reducing costs in Learning Disability and Older People placements. A business case has been submitted as part of the MTP as to how this will be achieved.
2. To seek further opportunities to drive out efficiency gains through business process re-engineering and innovation.