

Review of Community Services

**A report by the Public Accounts Select
Committee**

June 2007

Introduction

1. This report is the product of an investigation by the Public Accounts Committee into aspects of the structure and functioning of the Community Services Directorate that have been of concern to members of the committee.
2. There are two interrelated issues that the Committee wished to examine when it began this work. The first is the perception that when the reorganisation of council directorates was undertaken in 2005, the rationale for co-locating the range of services that make up the Community Services Directorate was insufficiently scrutinised.
3. The second broad issue, in which the Committee has had a longstanding interest, relates to the demand for and budgetary management of adult social services which is now located in the Community Services Directorate. This latter issue has two main facets about which the Committee has been concerned:
 - that the service and budgetary pressures on adult social services, first identified by the Committee and examined in 2002/3,¹ are still ongoing, giving concern about the effectiveness of action taken to date and whether the service can cope; and
 - that these service and budgetary pressures may spill over adult social care service boundaries and impact adversely on the provision of other services (leisure and culture, community safety, etc) located in the Community Services Directorate.
4. The Committee therefore sought evidence² from officers on four particular points:
 - the rationale for establishing a directorate which locates adult social services with community and neighbourhood development, cultural services and community safety, with particular regard to national drivers, strategic vision and aims;
 - the identification of the benefits to be derived from the mix of services within the Community Services Directorate;

¹ The Public Accounts and Social Care and Health Select Committees jointly investigated Social Care & Health in August 2002 following the problem of late identification of budget overspends. Atos KPMG Consulting (AKC) undertook the review. The joint investigation was presented to Mayor and Cabinet on 12 March 2003. A follow-up report to Joint Public Accounts and Social Care and Health Select Committee on 4 November 2003 showed that there had been significant progress against most recommendations, although there was still some work to be done.

An Overview and Scrutiny sub-committee also undertook a related scrutiny, into the financial arrangements for health and social care budgeting and expenditure, in May 2005.

² Reports from officers and other sources of evidence used by the Committee are listed in Appendix 1.

- pressures and challenges for Adult Social Care; and
- budget monitoring and control processes in the Adult Social Care division.

The rationale for the Community Services Directorate

5. Written evidence provided by the Executive Director for Community Services outlined the function and role of the Community Services Directorate and national and local issues that influence its work. It is important to lay these out clearly before setting out the Committee's criticisms and concerns.

The corporate reorganisation of the Council and the establishment of the Community Services Directorate

6. The case for a new organisational design for the Council is set out in a paper by the Chief Executive, '*Lewisham Fast Forward 2005*'. This outlined the drivers for change as:
 - the need to deliver a first class customer service across all services
 - the need to adapt further to the mayoral model of local government
 - the demand for improved operational performance
 - the emphasis on improved service co-ordination and integration, and
 - the requirement to re-organise services for children.
7. It further identified that the objectives of the new design were to ensure that services were grouped to realise positive synergies and to deliver simple and clear management and accountability lines, and to ensure that the new arrangements supported a focus on service improvement and meeting residents' needs.
8. The Community Services Directorate was described as encompassing "all activities and services that deal with supporting, sustaining and enhancing independence and interdependence, that strengthen communities – in short, services that serve to support the social fabric of the borough".
9. Specifically, the Directorate was conceived as having a strong preventative role in respect of adult social care and health. It would also act as a focus for collaborative working with local health partners to commission and secure improved social and health care services, promoting independence and healthy living for all adults. Finally, '*Fast Forward*' proposed that the Directorate combine adult social care with culture and community services as well as the crime reduction service and, potentially, some special support housing services, and in this way be the site of contact between the Council and the voluntary and community sector.
10. In her evidence, the Executive Director for Community Services explained that the vision for the Community Services Directorate is '*Building Stronger Communities across Lewisham*'. To realise this vision, the Directorate seeks to build independence and inter-

dependence in local communities, strengthen the social fabric of the borough, promote the voice and role of the voluntary and community sector and secure improved services that support independence, health and well being in Lewisham. Strategically, this is expressed in three aims which each link to and help deliver objectives in the Council's Community Strategy.³

National drivers

11. The Committee heard that there are a number of key government departments whose priorities and targets the Directorate takes account of, as well as other national and regional bodies that also influence the Directorate's work. Recent centrally produced policy documents have a number of threads in common with the Department's vision: a focus on empowering local people; working in partnership; improving and joining up local services; promoting choice and independence; ensuring equity and equality; and building sustainable communities.
12. Specifically, the Executive Director explained that a key driver for the future is central government's policy framework for health and social care set out in the White Paper '*Our health, our care, our say: a new direction for community services*'. The White Paper proposes that:
 - within national standards, there should be local discretion in how services are best commissioned and provided
 - the involvement of users (and their carers) in the design and delivery of programmes is essential
 - closer integration is expected between councils and local health bodies to develop joined up services to meet the seven outcomes set out for all adult services.
13. The Executive Director noted that since these outcomes are wider than the remit of health and social care services, this added weight to the need for other services to contribute to the wider community development agenda by promoting social inclusion, strengthening communities and neighbourhoods. She further added that the challenge was to develop effective and strong preventative services while still maintaining statutory services to those in greatest need.
14. To meet that challenge, she argued that services within the Directorate provide a complementary set of services which support independence and inter-dependence, through:
 - targeting services within the adult social care, adult learning and crime reduction and supporting people divisions on those in greatest need; and

³ Building safer and secure communities (Community Strategy priorities 1, 7, 8, 9 and 10); building healthy and caring communities (Community Strategy priorities 2, 7, 9, and 10); and building vibrant, active and inclusive communities (all the Community Strategy priorities).

- supplementing those with services that address the needs and choices of the wider community.
15. The Executive Director's report argued that aligning services within the one Directorate has resulted in collaboration producing particular benefits, such as:
- more effective provision for residents, for example by offering additional day care facilities to older residents in the borough which eases pressure on the adult care budget; and
 - cultural services' partnership with crime reduction, to help deliver the Respect Agenda.
16. Significant long term benefits were also anticipated from the joint focus on the prevention and early intervention agenda, contributing to maintaining the health and independence of adults and either preventing or delaying people's need to access statutory social care support.

The Committee's view

17. The Committee accepted that the broad vision for the Directorate is a reasonable one, given the national circumstances and a local desire to develop improved services that support independence, health and well being in Lewisham.
18. One of the Committee's specific concerns about the reorganisation had been the rationale for and the effect of the separation of Adult Social Care and Children's Services. The Committee received some reassurance that, although Adult Social Care and Children's Services (and their budgets) had been formally separated as a result of the national driver to group together education and children's services and deliver a holistic children's agenda in the wake of the Victoria Climbié case, important linkages have been preserved. Officers explained that the General Social Care Council has helped maintain the professional framework with Children and Families, and adult social care workers maintain good working links with disabled parents and children in need. There is also a dedicated Young Carers post with a dual reporting line to both Children and Families and Adult Social Care.
19. However, the Committee's remaining concerns are:
- the choice of services included in the new Directorate structure;
 - whether the vision is being implemented through the development of effective service plans which are being co-ordinated within an overarching Directorate strategy; and
 - how well the Directorate's vision is communicated within the Directorate.
20. To take the first point, the Committee acknowledged the Chief Executive's view, set out in *'Fast Forward'*, that "some services are clearly best located in one specific service programme directorate. But

for many services alternative arrangements can be developed.” The Committee also noted that *‘Fast Forward’* observed that:

“ the next steps on housing bear heavy on the future not just of regeneration but of the wider Council (in terms first, of potential synergies with other services such as customer services, adult social care; and also the impact on corporate and professional support services of any long-term transfer of the housing function).”

21. Despite the evidence received from the Executive Director and Cabinet Member for Community Services, the Committee was not persuaded that the justification for establishing the Community Services Directorate with that particular mix of services had been proven in its meetings. In particular, the Committee noted that there had been no comparison between alternative locations for adult social care (with Housing, for example, as a number of other authorities have chosen), and the Community Services location, and what the pros and cons would have been of different models.
22. Moreover, the Committee was not persuaded that there was an adequate overarching strategy in the multifunctioning directorate illustrating how the different services would complement and reinforce each other’s efforts in delivering the Directorate’s vision and adding value to the whole enterprise.
23. On a positive note, the Committee was pleased to see that closer to the front line some services were progressing good ideas about how to work with new colleagues within the Directorate as well as colleagues in other parts of the Council and in partner organisations, particularly on the preventative agenda. This is commendable.
24. However, simply bringing various services together in a single Directorate is no guarantee by itself that this objective will be achieved. The Committee believes there is a major job to be done in communicating the Directorate’s vision throughout the organisation. And although the configuration of Directorates and their services have a substantial underpinning in the thinking that went into *‘Fast Forward’*, nevertheless Executive directors and their Cabinet members need to be on their guard that the revised directorate arrangements do not in turn become new departmental silos that act as barriers to efficiency and inhibit the generation or spread of innovative ideas.
25. The Committee welcomes the Healthier Communities Select Committee’s proposal to include in its work programme examination of some of the strategies to which the Directorate contributes with other partners. The Committee recommends that when it examines these strategies, it does so in the context of asking how the strategies interrelate, how they add value to each other, and how far they go towards delivering the Directorate’s vision.

Budgetary issues

Budget Monitoring and Control Processes

26. The Committee took evidence from senior officers and from the Mayor and Cabinet members in order to explore the following concerns about the size and management of the Adult Social Care budget:
- whether, when Adult Social Care and Children's Social Services were within one aggregated budget, the Adult Social Care's budget was used to shore up the Children Social Care budget
 - why the Adult Social Care budget has been and is below the Government's recommended level
 - why the division repeatedly exceeds its budget
 - whether the division's ambition is to manage its budget or to manage social need.

Adult Social Care and Children's Social Services

27. The Committee acknowledge the Executive Director's assurance that the separation of social services funding into discrete areas of children's and adults' provision has not fundamentally altered the way in which funding is calculated or allocated.

The level of the Adult Social Care budget and its management

28. The Committee recognise that the budgetary commitments in providing adult social care in Lewisham are considerable. The Adult Social Care Division is directly responsible for services to those with physical, sensory or learning disabilities; and for older people who need support to sustain their independence. Mental Health services are commissioned jointly with the PCT from South London and Maudsley Trust (SLAM) through a pooled budget arrangement (Section 31 Health Act 1999). The Council also contributes funding to the intermediate care service which is managed through the PCT.
29. In some ways, therefore, it is all the more surprising that Lewisham's budget for adult social care is currently £6 million below the indicative Relative Needs Formula (RNF), especially when 87% of authorities spend above their indicative level. What this does help to explain is the current overspend of £4.8 million (at October 2006), which meant, however, that Lewisham was then still spending at £1.2m below the RNF.
30. The government's policy intentions are to increase integration and personalisation of adult social care and community health services. The Committee noted the Executive Director's concern that, while beneficial for service users, these moves "must however be addressed within the confines of a financial envelope that is getting smaller and with greater demand placed upon it." Other demands arise from the shift of health services from hospitals to the community and the effect

of greater longevity and increased survival (through better medical provision) of disabled children from the late 1980s, now impacting on adult services.

31. The Directorate advised the Committee that it was taking a two-pronged approach to these financial issues: undertaking management action to address the budget pressures (while still maintaining services for Lewisham's most vulnerable residents); and pursuing the prevention and early intervention agenda, thus preventing or delaying people's need to access statutory social care support.
32. For the Mayor's part, he advised the Committee in his evidence that the funding available nationally for adult social care was less than what authorities spend (in 2005/6 the gap was £1.768bn); in his view Lewisham was not immune to cost pressures, both national and local; and other London Boroughs were similarly proposing to make savings, including changes to eligibility criteria, to control their budgets.

The Committee's view

33. Despite scrutiny enquiries dating back a number of years and various efforts to improve financial management, there does not seem to be a clear indication that senior management has successfully got to grips with the issue of how to forecast and manage the budget properly. The Committee have yet to see what the longer-term evidence might be of improvement as a result of the reconfiguration of social care finance teams that the Directorate undertook from April 2006 in order to increase capacity for financial management, clarify and re-align roles and responsibilities and improve the interface between the finance function and front line services.
34. Material supplied to the Committee was not judged sufficient to answer the question as to why exactly the Adult Social Care budget has been and is below the Government's recommended level, although the Committee did get a clearer picture of the demands on the budget.
35. However, while the Committee recognise that the Department is clearly pursuing a prevention and early intervention agenda, Members will want to see the evidence that the Directorate's management action to address budget pressures (set out in its report on its strategic budget review) is more successful than previous attempts to control the adult social care budget.
36. There are a number of concerns that the Committee has:
 - An apparent discrepancy between the Executive Directors of Community Services and Resources over the approach to managing the adult social budget, where the former emphasised managing the need while the latter focused on managing the budget as it is, without any extra cash injections. However, the Committee noted the Executive Director of Community Services was clear in her strategic budget review report presented to a later Committee meeting that the review of Adult Social Care budgets

included proposals on how to bring services and expenditure in line with the budget.

- Directorate officers' belief, as stated to the Committee, that the budget could be managed despite the loss of specific grants totalling £1.5 million.
 - Issues around the movement of children requiring social care into the adult social care sector, individual contributions to social care packages and debt recovery, where the directorate needs to get better at forecasting (a point acknowledged by the Executive Director of Community Services).
37. The Committee heard that adult social care is a demand-led service and therefore subject to financial pressures to which other services are not exposed, and that Lewisham is not hugely different from other London Boroughs in this regard.
38. However, the Committee were not presented by the Directorate with comparative data from other authorities about adult social care overspends to substantiate this argument (although it was provided with comparative information on unit costs). While it is true that Lewisham, in common with 19 other London Boroughs, sets its FACS threshold at substantial and critical, 13 of the 33 London authorities provide services for moderate and low needs (although it is also true that by March 2007 six of these were in the process of reviewing and consulting on whether to raise their threshold).
39. Two key sources of information provide support for the argument put to the Committee that Councils are all in the same boat when it comes to social care. One is the Association of Directors of Social Services (ADSS) survey on local government finance for 2005/06, which noted that social services departments (before the separation of children's and adults' services) regularly exceeded their budgets, owing to a number of factors. In London these include higher than national average costs for all social care services (18%, based on 2004/05 data).
40. The other is a recent report commissioned by London Councils⁴ which, as well as examining the pressures on social care departments that the Community Services Directorate outlined, identifies that London social care departments face an average budget deficit of 5.7% and estimates that by 2010/11 the total cost of social care across London authorities is expected to increase by £147 million (or 5.5%) per annum (once efficiency savings are taken into account).
41. The Committee therefore welcome the progress that is being made in starting to commission more flexible packages of care. The Committee also welcomes the Directorate's assurance that it has learned lessons

⁴ *Review of costs of community care & continuing care in London: a report for London Councils* (RSeconsulting, March 2007)

from managing the long term contracts into which the Council is currently locked, and that these lessons can be applied when negotiating new contracts. The Committee looks forward to efficiency gains being realised from a combination of having a wider choice of providers in the market and the development of more effective procurement, contracting and monitoring of services through the adoption of a brokerage model that specialises these functions. This is a development (recorded in the Council's evidence to the Commission for Social Care Inspection's Lewisham Performance Review report 2005-6) that would benefit from further scrutiny of performance and outcomes, through an annual update to an appropriate scrutiny committee.

42. The Committee also welcomes the Mayor's decision to inject more cash into the Adult Social Care budget. But concerns remain that while this may go some way to addressing the historic problem of underfunding of this budget, unless it is also accompanied by a sustained drive to achieve financial control of the budget, the problems may well reoccur.

The Committee's recommendations

43. The Committee's recommendations to the Mayor and Cabinet therefore fall into two groups:
44. Firstly, it is recommended that the Mayor and Cabinet member for Community Services take regular reports on the Directorate's progress in tackling the key areas for improvements in costs and efficiency identified through its strategic budget review, including:
 - targeting of resources and services on those in greatest need
 - completion of the planned review of charging policy in 2007/8 (subject to the outcome of current consultation)
 - reduction of contract rates through smarter purchasing of residential care
 - changes to staffing levels and skills mix in Adults Teams.
45. Secondly, it is recommended that the Mayor and Cabinet member for Community Services give some attention to specific ways in which adult social care services might become more efficient through extra provision of cost-effective but popular services. These might include accelerating the planned development of an appropriate range of supported accommodation (including more extra-care housing) with a corresponding reduction in spend on residential care; and increasing the uptake of the direct payments method of service provision.
46. As for recommendations for Overview and Scrutiny work, the Committee refer to earlier recommendations at paragraphs 25 and 41, namely:
 - the Healthier Communities Select Committee, when examining any of the Directorate's emerging strategies in its work programme,

should do so in the context of asking how the strategies interrelate, how they add value to each other, and how far they go towards delivering the Directorate's vision; and

- an appropriate scrutiny committee should take an annual update on the efficiency gains being realised from the development of more effective procurement, contracting and monitoring of adult social care services.

47. In addition, it is recommended to the Overview and Scrutiny Business Panel that it consider which scrutiny committee(s) should maintain an oversight of these matters, so that the overview and scrutiny function can continue to contribute to a satisfactory resolution of these issues, to the long-term benefit of Lewisham residents and service users.

--O--

Appendix 1: Background papers and sources of evidence

Chief Executive, *Lewisham Fast Forward 2005* (February 2005)

Minutes of Public Accounts Select Committee meetings: 11 September 2006; 17 October 2006; 7 February 2007

Executive Directors of Resources & Community Services, *Report on the Function and Role of Community Services Directorate* (Public Accounts Select Committee, 17 October 2006)

Executive Directors of Resources & Community Services, *Report on adult social care strategic budget review (theme 3)* (Public Accounts Select Committee, 7 February 2007)

Mayor of Lewisham, *Budget 2007/8: Presentation to Public Accounts Committee* (7 February 2007)

Commission for Social Care Inspection, *Inspection of Social Care Services for Older People, London Borough of Lewisham* (CSCI, August 2005)

Commission for Social Care Inspection, *Record of performance assessment for adult social care 2005-06, Lewisham* (CSCI, 2006)

LB Richmond, *Fair Access to Care* (Adult Social Care and Housing Scrutiny Committee, 13 March 2007)

RSeconsulting, *Review of costs of community care & continuing care in London: a report for London Councils* (March 2007)

Report of the Public Accounts and Social Care and Health Select Committee Joint Investigation (Mayor and Cabinet, 12 March 2003)

Response to the Public Accounts and Social Care and Health Select Committees Joint Investigation (Mayor and Cabinet, 23 April 2003)

Progress report on improving Social Care And Health Business Systems (Joint Public Accounts And Social Care And Health Select Committees, 4 November 2003)

John Jones, Interim Head of Resources, *Social Care and Health Briefing Note: Social Care and Health Budget* (Public Accounts Select Committee, 2005)

Report On A Review Of The Financial Management Arrangements For Social Care And Health (Overview And Scrutiny Sub-committee, May 2005)

END