

Public Accounts Select Committee		
Title	Adult social care budget	
Contributor	Executive Director for Community Services/Executive Director for Resources and Regeneration	Item 4
Class	Part 1 (open)	27 September 2017

1. Purpose

- 1.1 In advance of consideration of the next round of savings proposals, the Committee has requested more information about the current cost pressures on the ASC budget. This report provides a summary of the statutory context for adult social care, and how the costs are managed. In addition, further detail on the key lines of enquiry are listed below.

2. Recommendations

- 2.1 Members of the Select Committee are asked to note the content of the report.

3. Background

- 3.1 On 13 July, 2017 members of the Committee raised their concerns about the scale and direction of travel in respect of the ASC budget and the impact this has on the Council's decisions regarding future savings.

4. Key lines of enquiry

- 4.1 The Committee has asked for information on the following to be included in this report:
- Current budget, funding and savings;
 - Benchmarking and demographic information;
 - Pressure and trends;
 - Benchmarking with other London boroughs;
 - The market position;
 - Actions being taken to achieve savings;

5. Policy Context

5.1 Statutory Requirements Care Act 2014

- The Care Act 2014, provides guidance as to how a Local Authority should go about performing its care and support responsibilities for those with care needs and their carers. The overall challenge set out by the Act is to promote wellbeing and independence of the whole adult population by working collaboratively with Health.

- The Council has a duty to provide the public with a wide range of information and advice regardless of whether they are eligible for a social care assessment.
- The Care and Support (Eligibility Criteria) Regulations 2014 sets out the eligibility threshold for adults with care and support needs and their carers. The threshold is based on identifying how a person's needs affect their ability to achieve relevant outcomes, and how this impacts on their wellbeing. Where local authorities have determined that a person has any eligible needs, they must meet these needs.
- The Care Act 2014 gives local authorities a legal responsibility to provide a care and support plan. The care and support plan should consider what the person has what they want to achieve, and what they can do by themselves. The support plan may include a personal budget which is the money the Council has worked out it will cost to arrange the necessary care and support for that person.
- Everyone whose needs the local authority meets must receive a personal budget as part of the care and support plan. The personal budget gives the person clear information about the money allocated to meet the needs identified in the assessment and recorded in the plan.

6. The Adult Social Care Budget

- 6.1 The Council's General Fund budget for 2017/18, agreed by Council in February 2017, is £232.7m. The net Adult Social Care (ASC) budget as part of this is £68.8m, or 30%. The ASC budget comprises:

	<u>£m</u>
Employees	15.711
Premises	0.402
Transport	2.179
Supplies & Services	6,635
Third Party Payments (packages & placements)	72,336
Transfer Payments (Direct payments)	<u>6.246</u>
Gross	<u>103.509</u>
Government Grants	-1.552
Other Reimbursements*	-21.897
Fees & Charges	<u>-11.223</u>
Income	<u>-34.672</u>
Net	<u><u>68.837</u></u>

* Other reimbursements includes Better Care Fund (approx. £9m), and improved Better Care Fund and additional government grant (approx. £7.6m) as well as income for Funded Nursing Care.

NB: These figures exclude £11.5m expenditure and income for Continuing Health Care (CHC) packages and placements paid by the Council on behalf of the CCG.

6.2 Overspends

At period 2 an overspend of £1.1m was projected on Adult Social Care budgets. This is a reduction on the 2016/17 position although given the level of additional investment in the service in this financial year from additional government grant and the improved Better Care Fund a balanced position had been expected.

In 2016/17 the Adult Social Care budget overspent by £5.3m, the main reasons for this overspend are set out below:

	£m
Unachieved savings	0.6
Mental health	0.8
Social Work staffing	0.3
LD inc Transition	2.4
OA volume pressure	0.3
Transport	1.0
Price pressure	0.6
one-off BCF underspend	(0.7)
	<u><u>5.3</u></u>

Movements between 16/17 and 17/18

	£m
2016/17 overspend	5.3
Add: BCF underspend (not expected in 17/18)	0.7
Add: older adults volume pressures	0.6
Add: transition costs	0.7
Add: increased cost of DOLS	0.2
Less: 3% precept	(2.7)
Add: Price pressures	2.4
Less: Adult Social Care Support Grant	(1.2)
Less: iBCF (net of £1m spend on HICM)	(6.6)
Add: savings underachievement	2.5
Less: recurrent increase in BCF	(0.3)
Less: other cost control measure	(0.5)
	<u><u>1.1</u></u>

6.3 Savings

As adult social care is the largest General Fund service the council will inevitably seek savings from the service as part of its budget strategy. Despite some relative protection the savings sought from the service have been considerable. Since 2011/12 savings totalling almost £30m have been taken from the adult social care budget. The table below provides on the year on year level of savings made since 2011/12.

Year	Savings Made / Proposed
11/12	2.9m
12/13	2.0m
13/14	3.5m
14/15	6.8m
15/16	7.5m
16/17	2.8m
17/18	4.1m
TOTAL:	29.6m

This £30m of ASC savings is in the context of the more than £160m of savings made by the Council in the same period, or 18% of the total savings. Had the ASC savings been in proportion to their share of the net budget (30%) the savings required would have been £50m.

This £20m difference is consistent with the budget decisions taken by Council to protect front line services where possible to ensure that statutory obligations are met and honour the commitment to being a London Living Wage employer.

Since 2010/11 Adult Social Care has received budget growth of £3.5m. This was made up of:

- £1.0m for demographic growth in 2010/11;
- £0.6m for transition cases in 2010/11, £1.0m in 2012/13, and £0.9m in 2013/14.

Adult Social Care has paid the London Living Wage since 2013/14, Since 2016/17 the ASC budget has benefitted from the Adult Social Care Precept adding £4.9m to the base to fund the above inflationary costs of rises in the London Living Wage.

In respect of ASC, full achievement of the savings offered has proved increasingly difficult. There is a limit to the extent that service user numbers can be reduced with national eligibility criteria and the commitment to the payment of the London Living Wage which reduces scope for the reduction in unit costs.

For 2017/18 there is a savings target of £4.1m. £2.5m of savings are funded from the IBCF money. A further saving of £700k will be achieved during the year, which totals £3.2m of the planned saving. It is recognised that £900k will remain unachievable in 17/18.

6.4 Use of new funding

Three new sources of funding have been made available to support adult social care in 2017/18

- The Adult Social Care Support Grant is £1.2m. This is being used to address base budget pressures.
- Improved Better Care Fund (in 2 parts totalling £7.6m)
- Adult Social Care precept (agreed locally at 3% = £2.7m). This is being used to fund annual provider rate increases.

The BCF plan in 2017/18 will principally be used to address volume and other pressures, allowing the service to continue to support the local health system through prompt hospital discharges, enablement etc. Part is used to lessen the need to make savings to balance the budget. Finally, £1m is used to invest in new services required to implement the government's High Impact Change Model to further support the system in relation to hospital discharge activity.

6.5 How we monitor and control expenditure on care

Adult Social care has put measures in place to ensure costs are controlled and resources are spent in the most appropriate and efficient way.

The gateway to social care provides increasing levels of information and advice to people that help them make decisions regarding the support they need. This ensures that the people who are able, use community and their own resources before they enter into longer term care provided by the council.

The Enablement Service is available to support people who are experiencing problems for the first time or are recovering from illness or operations. A programme of reablement and rehabilitation is available for up to 6 weeks free of charge to help recovery and reduce the need for and level of ongoing long term care.

Senior managers convene daily panels in which Social Care practitioners present applications for the funding of packages of care. This is in conjunction with our Resource Allocation system (RAS) costing tool that ensures the care required is costed appropriately.

The Joint Commissioning team undertake re-commissioning of services and regular negotiation of fees for spot purchased care.

6.6 Pressures and Trends

- About a quarter of adult population aged 65 plus in Lewisham attended accident and emergency (A&E) in the last three years. Almost 70% of people aged 90 or

over are likely to be admitted to hospital when they attend A&E

- Hospital Discharge: National pressures on the NHS has meant that there is an increase in numbers of people requiring an assessment following a stay in hospital. Hospital admission and readmission rates for older people are higher in Lewisham than the overall rate for England. Hospital Discharges has increased from an average of 270 – 320 per month. In addition, the length of stay in hospital is shorter and people are identified for discharge sooner, resulting in the need for more intensive and expensive packages of care.
- Reducing Delayed Transfers of Care (DToc) The numbers of patients on the Ready for Discharge (RFD) list have fallen from 55 to 13 per week since last year. The national target is to have 14 or fewer patients on the RFD at any one time. Assuming an average residential or intensive home care cost of £500 p.w. this accounts for an additional cost to the council of approx. £1m per year.

The Council has been set clear targets regarding Dtoc which are conditional to the funding in the IBCF. The IBCF conditions clear states that if we do not meet the DtoC Targets set for both Adult Social Care and the NHS, some if not all of the money can be claimed by the government.

- Mental Health and Dementia: Lewisham has a higher proportion of people with serious dementia problems than neighbouring areas. The cost of managing the needs of people with dementia in the community, either in accommodation based services or in an individuals own home are significantly higher than the cost of care for individuals who are elderly and frail.

LB Lewisham has one of the highest rates of serious mental illness in London. Admission rates to acute psychiatric beds are high resulting in a significant pressure on the local authority as there is a statutory duty to provide aftercare for those individuals who have been detained under specific sections of the Mental Health Act. Pressure to reduce admissions to inpatient beds and a focus on reducing the length of stay has impacted on the spend on mental health placements as costs have increased in response to the level of complexity of people's needs

Lewisham is expected to see a 23% increase in the numbers of people presenting with Dementia and an increase of 28% of people with a Services Mental Illness by 2026.

In 16/17 the cost pressure in the Adult Social Care Mental Health placements budget is £0.8m, there is a recovery plan in place in partnership with SLaM to manage this pressure down in 17/18.

- Transitions: The number of young adults with complex disabilities transitioning from Children's Services continues to increase, year on year. Lewisham has the 4th highest Autism level in the U.K. This is materialising as a demand/ pressure as there is also an increase in the number of families with more than one sibling with autism, learning disability or ADHD diagnosis making increasing difficult for

families to cope. The increasing number of young adults needing more complex support is currently adding a pressure of £1.1 to the budget.

- Learning Disabilities: The estimated total number of adults with a learning disability aged 18 to 64 in Lewisham is estimated at 1,120, this is projected to rise to 1,190 in 2020. Currently, 755 people with a learning disability are receiving services funded by Lewisham Council. Data that relates to our comparator borough suggest that we spend more per head of population on people with a Learning Disability, and our in year pressure on the budget is £500k. Contract negotiations with all current providers is taking place as cases are being reviewed.
- Deprivation of Liberty Safeguards: There has been a year on year increase in requests to carry out statutory assessments of Deprivation of Liberty (DoLS), in 16/17 we carried out approximately 800 assessments, in 17/18 we are forecasting for this to rise over 1000, this will cause a further budget pressure of 200k on the existing 500k cost pressure that this new statutory duty presents.
- Unit costs. As both national living wage and London Living Wage have increased above Retail Price and Consumer Price Index (RPICPI) over recent years commissioners have been faced with pressure from providers to increase contractual rates. For our contracts with the four lead domiciliary care providers increases have been approx 2.9% and equivalent increases have been necessary for direct payments.
- Numbers of people in receipt of home care services and direct payments have increased from 1434 in July 2016 to 1517 in July 2017. Unit costs have also increased, with above inflationary increases to fund London Living Wage (average £174 per week for home care and DPs in July 2016 to £204 in July 2017). The combined effect of these Increases has been a 23% increase in weekly cost of home care and direct payments (from £250k per week in July 2016 to £309k in July 2017).
- Negotiations have taken place contain the uplift for residential and nursing care to 3%, but provision in this sector has shrunk considerably, with a loss of three nursing homes and three residential homes since 2013. With little interest in the market to open new homes, and the growing need for placements the market remains fragile and the costs continue to rise.
- Over the last 2 1/2 years Lewisham has seen a reduced number of deaths leading to a growth of people who receive services.

6.7 Other Pressures

Following legal challenge there is a new requirement for sleep-in shifts to be paid the National Minimum Wage for the hours worked. Four (4) providers (7 individual placements) have formally approached the Council in this respect and they have asked for an average 4.8% uplift on top of the 3% 17/18 uplift offered. The cost of meeting these specific requests is just over £22K for 2017/18. However, the possible financial risk if all providers make similar representation is an estimated additional £500K 2017/18.

6.8 Cost of Care and benchmarking

The most detailed return is the Adult Social Care Finance Return (ASC- FR) submitted in July with a second submission in late August. Full data is only published in November so comparative analysis for 16/17 is not yet available. However, we have the analysis completed on the 15/16 returns. This shows Lewisham to be a mid-level spender compared to our group of CIPFA comparators. At £359.97 p.a. per capita aged 18+, Lewisham's spend is the 8th highest of our comparator group of 16 Councils.

(Some of these Councils do not all pay the London Living Wage)

CIPFA Comparator Group	
Greenwich	Ealing
Hackney	Enfield
Islington	Haringey
Lambeth	Hounslow
Southwark	Newham
Tower Hamlets	Redbridge
Brent	Waltham Forest
Croydon	

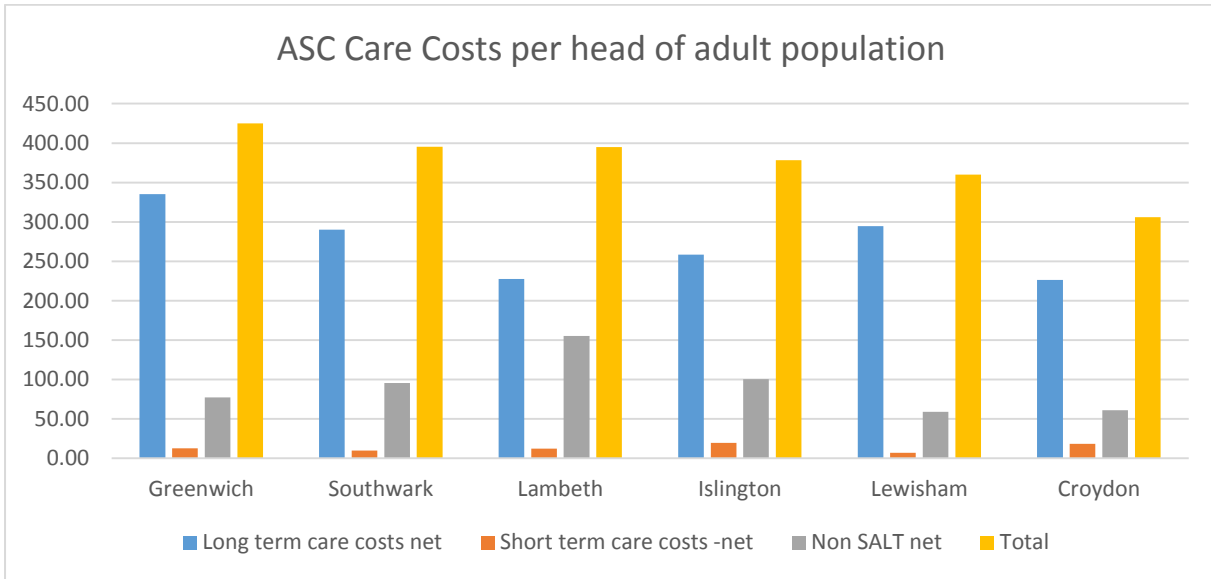
	Lewisham – annual spend per population 18+	Comparator group – annual spend per population 18+	Difference (£)	Difference (%)
Long term net	294.60	253.92	40.68	16.02%
Short term net	6.68	10.65	-3.97	-37.28%
Non SALT net	58.69	78.34	-19.65	-25.08%
Total	359.97	342.91	17.06	4.98%

Lewisham's spend on short-term and non-SALT services is below average. This partly reflects the use of Better Care Fund to support social work services and enablement whereas in other boroughs more of this fund is used to fund nursing and other placement costs. (Lewisham shows as a high net spender on nursing for this reason). Low spend on non-SALT may also reflect the fact that some boroughs show all overheads as non-SALT rather than allocating them across all services. Lewisham's relatively high spend on long-term services would then be partly explained by the inclusion of overheads.

However, when benchmarking with our London local comparator boroughs (Greenwich, Islington, Lambeth, Southwark and Croydon) who have similar demographics it suggests our overall spend per capita of the adult population is the second lowest.

Adult Social Care Finance Return 15/16						
Category	Greenwich	Southwark	Lambeth	Islington	Lewisham	Croydon
Long term care costs net	335.24	289.96	227.58	258.39	294.60	226.44
Short term care costs –net	12.60	9.82	12.32	19.49	6.68	18.35
Non SALT net	77.34	95.56	155.11	100.38	58.69	61.07
Total	425.18	395.34	395.01	378.26	359.97	305.86

All the boroughs listed in the table above pay the London Living Wage.



The ASC-FR allows us to breakdown further the spend highlighted above by age and client group, the results are highlighted in the table below:

	Greenwich	Islington	Lambeth	Lewisham	Southwark	Croydon
Net Expend Age 18 to 64 Learning Disability support	156.99	109.50	100.35	145.71	135.67	140.61
Net Expend Age 18 to 64 Mental Health support	47.53	25.33	37.20	20.83	6.83	12.54
Net Expend Age 18 to 64 Support with Physical, Memory and Cognition	45.41	35.37	33.95	38.45	45.73	29.79
Net Expend Age 18 to 64 Sensory support	4.07	0.18	0.99	0.85	0.00	0.23
Net Expend Age 65 and over Learning Disability support	55.89	45.96	75.05	94.90	31.31	65.99
Net Expend Age 65 and over Mental Health support	18.84	193.69	112.12	123.20	152.24	23.25
Net Expend Age 65 and over Support with Physical, Memory and Cognition	745.14	740.72	543.57	699.15	1,004.02	328.79
Net Expend Age 65 and over Sensory support	11.54	5.68	1.30	5.70	0.00	7.47

6.9 Actions being taken to achieve savings:

The following areas of service delivery are the focus of further work to reduce the overspend and achieve the current planned savings:

- Demand management – there is a continued focus on how demand for social care is managed more effectively yet safely. There is a programme of work in place that is building on the improvements to how information and advice is provided by connecting people to solutions within the wider community, by providing immediate and intensive short term support to stabilise a crisis and regain independence if possible. There is ongoing support for those who need it which promotes independence and self management where possible. The improvements resulting from digital transformation will enhance our approach to demand management.
- Mental Health review of social care expenditure with South London and Maudsley Foundation Trust . Joint commissioners are undertaking a formal review of staffing resources, expenditure on care packages and placements.
- Transition and preparing for adulthood: Good progress has been made in this area from the partnership work across Adult Social care, Children’s Services and Education. Young people are worked with at an earlier stage are plans in place to build on this work by identifying children and working with them and their families from Year 9. Further work will focus on strategic commissioning of resources within the borough to support young people and their families to develop their potential closer to home.
- Integration across Health and Social Care: The four Neighbourhoods are the focus for the pilots of multi-disciplinary work with GP practices. The purpose of the pilots is to develop more co-ordinated person centred care and support, a new

model of case management that reduces duplication and develops a joint approach to assessment.

- Shared Lives: Further development is in place to recruit more Shared Lives carers who offer a more person centred and cost effective option to those people who require respite or long term care.
- Assistance to travel: Working across the boundary with Children's Services, there is work in place to develop alternative options that support people to travel independently where possible. Efficiencies have already been achieved and there is further work in place on this going forward.
- Developing further the personal assistants market to support the Direct Payment option.
- Work with housing to bring on line the new Extra Care Schemes reduces the reliance on residential care placements.
- Review of the DOLs service to explore more cost effective options.
- Explore more cost effective options for the delivery of Enablement Care.

6.10 Prospects for future years

The Council's budget strategy continues to rely on savings from all services including Adult Social Care. The savings targets for ASC have been set out in the four year Efficiency Plan provided to government and the medium term financial strategy agreed at Mayor and Cabinet in July 2017.

The target set for ASC is £6.1m in 18/19 and £3.1m in 19/20. This target is based on a percentage reduction of the overall ASC budget.

Further work needs to be undertaken to identify how the programmes of service transformation highlighted previously in this report will contribute towards the 18/19 and 19/20 savings. However, given the increasing complexity of need, the costs associated with the provision of care and the savings already achieved, it will be challenging to achieve a further £9m in totality across these two years.

7. Financial implications

7.1 The financial implications are contained within the body of the report.

8. Legal implications

8.1 There are no further legal implications arising from the context of this report, save that specific budgetary proposals will require further report with legal implications as to the process and proposals.

9. Crime and Disorder Implications

9.1 There are no specific crime and disorder implications.

10. Equalities Implications

10.1 There are no specific equalities implications.

11. Environmental Implications

11.1 There are no specific environmental implications.

If there are any queries on this report please contact Joan Hutton, Head of Adult Social Care (Tel: 020 8314 8364) or Robert Mellors, Group Finance Manager on 020 8314 6628.