ITEM 8

DERBY CITY COUNCIL

ADULT SERVICES AND HEALTH COMMISSION
19 JANUARY 2009

Report of the Corporate Director of Corporate and Adult Services

ADULT SOCIAL CARE BUDGET REPORT – CURRENT POSITION AND ANTICIPATED FINANCIAL PRESSURES 2009 / 2010

SUMMARY

1.1 In 2007 / 8 Adult Social Care overspent by £2.8m. This was primarily due to:

- Increased, unfunded growth in home care services since 2005
- No recognition of demographic change / pressure built into budgets since 2005
- Increased spend on mental health residential placements
- Assumed savings required to meet ongoing budget reductions not fully achieved.

This overspend occurred despite actions taken in year to control the financial pressure, significant in year savings (totalling around £2.5m) were made through:

- full implementation of revised eligibility criteria which reversed the upward trend in home care hours
- vacancy management and reduction in staffing across all service areas
- shifting the balance of commissioned care to independent providers
- controls on fee levels agreed to providers
- reduction in the Direct Payment hourly rate.

Despite all the above the year ended with an overspend of £2.8m. The budget position was subject to detailed scrutiny by the Adult Services and Health Commission in October 2007 and Members indicated that they wished to maintain services at least at existing levels. The budget subsequently prepared and agreed for 08/09, 09/10 and 10/11 was therefore based on maintaining existing levels of services. In so doing it allowed for an expected 6% growth in home care activity. It also anticipated the need for increased investment in dementia services (linked both to demographic change and the expected National Dementia Strategy).

RECOMMENDATION

2.1 To note the current adult social care budget position and the financial position going into 09 / 10 and onwards.

SUPPORTING INFORMATION

3.1 In order to achieve a balanced budget, efficiency savings totalling £2.2m for 08 / 09, and £2.4m for 09 / 10 were required from adult social care. The agreed budget for 08 / 09 and 09 / 10 therefore includes the following savings / cost reductions:

Savings / Efficiency requirement	08 / 09 savings / cost reductions	09 / 10 savings / cost reductions (additional to 08 / 09)
Support Services – reduction in staffing and management costs	145	125
Introduction of charging – non-residential services	500	1500
Increased charges day services (prior to Fairer Charging)	38	35
Increased community meals charge	24	0
Assessment and Care Management – reduction in staffing and management costs	150	150
Mental Health – reduction in staffing and management costs	50	50
Home Care Strategy – reduction in in-house staffing and management costs	125	125
Supporting People, social care spend eligible for funding through SP	320	325
Continuing Health Care - implementation	360	0
Reduction in Direct Payment costs (hourly rate)	160	0
Reduction in Mental Health residential placements	100	50
Efficiencies in ALS / Sensory Support Services	30	30
Efficiencies in physical disability / transport contracts	140	10
Total	**2,142,000**	**2,400,000**

3.2 **Current position 2008 / 9**

Most aspects of the financial plan outlined above have been successfully implemented during 2008 / 9 (the main exception is Supporting People). We are currently projecting an underspend of around £500k. This amounts to around 0.7% of the gross adult social care budget. This underspend is not anticipated to be recurrent and has arisen for the following reasons:

1) The number of home care hours reduced below anticipated level but this is now rising in line with predictions. This rise came later in the year than expected, hence has resulted in reduced spend (for this year only).

2) The revised Continuing Health Care criteria have led to some existing service users' care packages becoming fully funded by the NHS. Where needs were known in October 2007, packages have been backdated to this date, leading to some 'back payments' entering the social care budget in 08 / 09. Only part of this impact is recurrent.

3) £250k identified for dementia investment has been held back to await the completion of the strategic review of care homes (dementia resource implication possible) and publication of the National Dementia Strategy (not yet available – this was expected in Autumn 08). The investment allocated will be needed in 09 / 10 onwards.

3.3 **Financial planning and Risk Management 2009 / 10**

In order to maintain financial balance the adult social care budget for 09 / 10 includes the following ongoing efficiencies / cost reductions:

- further reductions in staffing and management costs across support services, assessment and care management and mental health
- total of £2m income from charging
- continued implementation of the home care strategy: reduced in-house costs, enablement implementation and continued growth in independent sector use
- efficiencies through contract management / re-tendering of physical disability and transport services
- further reduction in residential placements.

3.4 In addition to achieving the above savings / efficiencies, we also need to manage the emerging risks and pressures as follows:

1) Growth in demand. Demand for home care services is currently rising at around 10% pa. This is higher than anticipated and higher than the budget allows. We are confident that assessment practice is appropriate and consistent and that this is 'real' demand. The reality is that more people with more complex needs are being supported at home, in line with their wishes.

2) Income from charging. An assumption of £2m full year income from charging was made based on previous experience of charging in 2005. This may or may not prove accurate today. We will not know what level of income will be generated until early in 2009.

3) Requirements to improve dementia services. Whilst modest investment has been identified for dementia services, this is unlikely to be adequate to meet increased need, expectations and the anticipated requirements of national strategy.

4) Requirements to improve and extend services to support carers. This is an area of service where we perform relatively poorly. We have a local ambition to extend support for carers and this has also been identified by CSCI as an area for improvement. There is no identified additional funding in the budget for this, hence opportunities will need to be generated from additional efficiencies.

5) Requirement to increase intermediate care services. This is a development area identified by CSCI, jointly with NHS Derby City. There is no identified additional funding in the budget for this, hence opportunities will need to be generated from additional efficiencies and for re-investment from other service areas.

6) Impact of personalisation. As Personal Budgets are rolled out there are likely to be more people wishing to access the service. There is no budget provision for any increased demand arising from the implementation of Personal Budgets.

7) Fee levels for independent providers. As the complexity / level of need increases for people supported in residential and nursing homes, there are staffing implications for all providers. This then leads to upward pressure on fees. Quality of provision not only needs to be maintained but improved, the numbers of staff and training are key to this. Quality improvement in the sector is likely to require increased investment in 09 / 10 and onwards.

3.5 The risks outlined above are not fully quantifiable as yet, controlling the budget requires close management attention and judgement. There is, however, reasonable expectation we will be able to control the above pressures within the anticipated budget for 2009 / 10, particularly if income from charging is in line with expectations.

3.6 We anticipate that Continuing Care Reviews will be fully completed by 2009 / 10 and may yield further cost savings. The ongoing impact of the revised Continuing Care criteria (ie how many new packages are funded by NHS, jointly or by Social Care) is not yet fully clear. A national review of the implementation of the revised criteria has recently been completed and we await further national guidance as a result of this.

3.7 The Home Care Strategy has been designed to both improve outcomes and reduce costs, in particular medium-longer term cost savings are expected as a result of the implementation of enablement and the transfer of ongoing packages of care to independent providers. We anticipate achieving savings which will balance off increased demand for home care services in 09 / 10.

4 10 / 11 onwards

4.1 The pressures and risks outlined in this report will become clearer as we go through 09/ 10. There will continue to be pressures in relation to demographic change (numbers of people and expectations), the need to improve dementia services and the need to extend carers support. Whilst we have sought to manage these within existing resources for 09 / 10 this will need to be reviewed in October 2010 in terms of sustainability and the impact of personalisation from 09 / 10 onwards.

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Background papers:	None
List of appendices:	Appendix 1 – Implications

IMPLICATIONS

Financial

1.1 There are a range of pressures and risks in relation to managing the adult social care budget. The budget currently identified for 09 / 10 is, in our view, manageable, but at the same time challenging.

1.2 Adult social care budgets are dynamic and the position can change from month to month as people enter and leave care services. If there should be any reduction to the budget the commitment to maintaining services at least at existing levels would need to be reviewed.

1.3 Whilst we anticipate that pressures can be managed within the budget allocated for 09 / 10, the future is more challenging and additional pressures for 10 / 11 onwards are anticipated.

Legal

2.1 None arising from this report.

Personnel

3.1 None arising from this report.

Equalities Impact

4.1 None arising from this report.

Corporate objectives and priorities for change

5.1 This report links to the following Council priorities:

- helping us all to be healthy, active and independent
- providing excellent services and value for money.