



DERBY CITY COUNCIL

ADULT SERVICES AND HEALTH COMMISSION 7 SEPTEMBER 2009

Report of the Corporate Director of Corporate and Adult Services

ADULT SOCIAL CARE FINANCIAL OVERVIEW

SUMMARY

- 1.1 Following a request from ASH this report outlines the reasons for the adult social care under spend for 08/09, and how this relates to the pressures outlined in the budget setting process. In 2008/09 Adult social care reported an under-spend of £150k. In addition a reserve has been agreed of £1.4m to support the implementation of the modernisation strategy for older people's accommodation.
- 1.2 The under-spend in 08/09 reflects over achievement on cost efficiency targets, changes in social care activity levels and increased income, much of the increased income was non-recurrent for reasons outlined in the body of the report.
- 1.3 Adult Social Care continues to face uncertainty and significant pressures. Uncertainty arises in particular from the impact of personalisation on demand (as yet unknown), the impact of demographic changes and the impact of further changes in NHS Continuing Health Care criteria (due to be implemented in October 2009). Significant pressures exist in relation to implementation of key strategic service improvements; dementia, learning disability and carers services in particular.

RECOMMENDATIONS

- 2.1 That ASH note the current situation and re-affirm support for the improvement of services for carers and people with dementia as part of our local strategic implementation work (ASH 19.1.09).
- 2.2 That ASH note the range of pressures, and support adult social care to achieve investment to meet strategic challenges and hence improve the range and quality of services available.

REASON FOR RECOMMENDATIONS

- 3.1 Adult social care has now achieved a financially viable position, through the introduction of a range of practice and service changes, increased income from charging, and decreased demand due to implementation of NHS continuing care; underpinned by determined staff and management action. Significant efforts have been made by staff across the service to achieve the current position. The agenda for service development and improvement remains considerable, much of which will also positively impact on NHS partners.



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SUPPORTING INFORMATION

- 1.1 Adult Social Care overspent the allocated budget in 05/06, 06/07 and 07/08 by £600k, £1.7m and £2.9m respectively. A range of factors contributed to the problem, which increased year on year; the most significant of which was the increase in home care hours. In order to address this issue Council agreed to remove eligibility for adult social care services for people assessed as having low level needs from April 2006. This was successfully implemented in 07/08, and had a significant impact in 08/09.
- 1.2 In Autumn 07 detailed work was undertaken, reported to ASH and Council Cabinet. This compared adult social care funding levels to comparator authorities and projected 07/08 activity levels forward, taking account of demographic changes. This then formed the basis for the budget setting process for 08/09. The budget agreed reflected projected increases in levels of activity and modest investment for dementia care services; together with anticipated cost efficiency savings as previously agreed. No other pressures arising from local or national strategic developments were addressed at this stage.
- 1.3 During this period (07/08 and 08/09), significant cost efficiency savings were allocated to adult social care amounting to £2.1m in 08/09 and £2.4m in 09/10. These cost reductions amount cumulatively to £4.54m over the past two years (5.4% of gross budget)

A range of cost efficiency measures were identified to meet these efficiencies; the most significant of which are

- reduction of in house provision (homecare) and shift to independent sector
- reduction in high cost residential placements and re-commissioning more efficient / cost effective alternatives
- cost reduction via commissioning and contracting arrangements (including fee levels)
- reduction in care management and management staff costs
- Supporting people income
- Continuing care implementation
- Introduction of charging for non residential care services during 08/09 , (income generated through charging was anticipated to generate £2m fye)

The measures identified above were agreed as part of the budget strategy on the basis that they best protected frontline service delivery and availability of social care services for the public.

- 1.4 New national NHS continuing health care criteria were introduced in October 2007. Whilst nationally there was an expectation that more people would be entitled to free NHS continuing health care it was unclear initially what the local impact would be. It was however appropriate to assume at least some cost reduction/increased income to the Council as a result.
- 1.5 Adult social care has focused on delivering services within the revised financial arrangements and, in 08/09, over achieved in terms of cost savings in the following areas:

Demand management

Following changes to assessment practice and management scrutiny of activity and expenditure, the number of homecare hours reduced to a lower level than expected. Once the hours started to grow again, this was also slower than expected. This has been achieved through changes in practice and the introduction of an enablement approach.

In addition to the above the number of people supported in residential and nursing home placements reduced from 1311 in August 2007 to 1051 in July 2009. There are several factors influential in this including the net impact of previously high admissions to care homes (people are leaving the system in greater numbers than entering), our ability to provide more intensive support at home for longer (hence shorter placements), our ability to support more people at home in general, implementation of the changes to NHS continuing care eligibility (some people who enter care home placements today funded through NHS would previously have been funded by the local authority, others would have been 'self funding') and changes in public expectations and care management practice - more people are expressing their wish to remain in their own homes and we do all we can to facilitate this.

In addition to the above, commissioning arrangements have yielded increased efficiencies (for example re-negotiation of particular contracts and individual high cost packages). We have restrained fee increases to providers, particularly for high cost placements. This is, however, an area where we face increased pressure, for example and the care homes strategy agreed by Cabinet in March 2009 includes the need to increase fee levels in relation to dementia care in order to improve quality of provision.

Increased movement from in house to independent sector home care services

This change, although planned, advanced more quickly than anticipated, and we also reduced management costs and increased efficiency in the service through a range of related actions (focus on minimising downtime, the integration of the hospital and area services, the re design of services to reduce management costs). Savings have therefore been delivered ahead of anticipate timescales.

Over achievement in staff and management costs across the service

Due to the financial pressures faced by the service we have undertaken very little recruitment to vacant posts over the past 18 months – although some of this is temporary and does now need to be addressed.

Increased one off Income from NHS Continuing care implementation

When the change to eligibility criteria was implemented in October 2007, together with NHS Derby City, we reviewed the eligibility of all people on existing joint funded packages of support. This activity took place throughout 2008/9, with learning disability cases towards the end of this period. This resulted in NHS Derby City assuming responsibility for funding where the person's needs met the national criteria for NHS fully funded care (similarly some became fully funded by the council). The impact of this change was not fully known until the end of this period, as the review panels were still considering cases in February/March 09. This resulted in additional income in 2008/9.

- 1.6 The challenge for adult social care today is to achieve the necessary strategic development of services, alongside the likely cost efficiencies required by the council in coming years. Adult Social care nationally has been under financial pressure in recent years, a situation recognized by the publication of the national green paper regarding the longer term funding arrangements for adult social care. There is a major national adult social care efficiency work stream led through John Bolton at the DH in conjunction with CSED to assist councils in managing this.

The cost impact of the personalisation agenda is not yet fully understood, locally or nationally. There is a performance requirement to deliver at least 3% efficiency through the personalisation agenda, by implementing a changed care and support pathway; offering more early intervention and prevention on the basis that this will result in decreased demand for on going support. The growth in demand for adult social care support, once it is established that people can access a personal budget to meet their needs rather than have services arranged for them (as is largely the case now), is yet to be fully understood. The demographic changes, especially the growing number of very elderly people, together with the impact of personalisation are together likely to increase demand; the financial sustainability of the system will be dependent on the development and implementation of highly effective prevention services.

- 1.7 In addition to the impact of personalisation through personal budgets there are a range of national strategies which we are required to implement locally. The major impacts are likely to be in relation to

- Dementia services and the implementation of the national dementia strategy, 'Living Well with Dementia' Feb 2009
- Learning Disability Services and the Implementation of the national learning disability strategy 'Valuing People Now' Jan 2009
- Carers services and the implementation of the national carers strategy 'Carers at the heart of 21c communities' (July 2008)

In addition to the above we also have local areas where we need to develop services including safeguarding vulnerable adults, support for adults with autism, and support for deaf blind adults; in these areas we are reviewing our current resources against national strategy and best practice.

- 1.8 There are areas of the adult social care budget which we anticipate need changing and hence recurrent under-spend, in particular the continuing decrease in the number of people supported in long term care home placements. This is in line with best practice and is identified nationally as key to adult social care efficiency. In some respects we are now benefiting now from previously high placement

levels, in some respects current assessment and care management practice and the development of alternatives is assisting us. This is also influenced by the implementation of NHS Continuing Health Care. We are currently confirming the 09/10 likely demand, to identify opportunities available for re directing investment into priority areas, in line with council priorities, the adult social care business plan, our LAA performance targets and CQC performance requirements. This is planned to be reported to Council Cabinet in September 09.

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

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| IMPLICATIONS |
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Financial

1.1 For information only.

Legal

2.1 None.

Personnel

3.1 None.

Equalities impact

4.1 For information only.

Corporate priorities

5.1 Excellent services and Value for Money.