MEDIUM TERM SERVICE & RESOURCE PLAN
PEOPLE & COMMUNITIES (Adult Social Care & Housing)
2013-14 until 2015-16

ANNEX 1

1. Introduction

This plan shows the changes that are already taking place and proposals for the future in response to the key influences and challenges facing the People & Communities Department and, in particular adult social care and housing.

This plan is one of a series of plans that make up the Council's Medium Term Service & Resource Plan:

- Resources
- People & Communities
  - Children's
  - Adult Social Care & Housing (this plan)
- Place
  - Service Delivery (Planning, Transport, Waste, Highways, Libraries, Tourism Leisure & Culture)
- Regeneration, Skills & Major Projects

The overall context is rising demand for services alongside reductions in public expenditure that are unparalleled since the Second World War. In the short term this Council's reserves and commercial sources of income, together with its long term financial plans and efficiencies, put it in a strong position. However, the situation is now radically changing with the need for a shift towards substantial reductions in service provision to supplement efficiencies.

The external and corporate influences on this plan can be summarised as follows:

- Reductions in public expenditure and reduced Council budgets – this is the third year of the 2010 Government Comprehensive Spending Review (CSR) which covers the four years to 2014/2015 – the savings are very challenging and are set to continue well beyond 2013 – CSR 2010 took 28% out of local government funding (for the first 3 years of this settlement) and additional reductions are now coming in.
- There is a key demographic change with a projected 40% increase in the older population by 2026 creating a significant additional financial pressure and an increase of the entire population of 12% by the same date.
- Increases in Council Tax will in future be supplemented by 6 years of new homes bonus. These changes are helping to offset the reductions but only have a relatively marginal impact.

- Business rates growth (or decline) will from April 2013 become the responsibility of local government (as at least 50% will be retained or lost locally) and a level of growth below 1% p.a. is expected - with 90% of growth occurring as a result of growth in the enterprise area in Bath.
- No end is yet in sight for the review of funding of social care – following the Dilnot Commission - the increasing costs of care run the risk of making Council budgets unviable over the next decade, although there have been suggestions there may be some announcements as part of CSR 2013 to help mitigate this.
- The Government estimates that there are 220 families in Bath and North East Somerset experiencing a range of needs and who are costing services between £250K and £300K p.a. per family. Joining up services between agencies supporting such families is becoming a national and local priority.
- Schools continue to self-fund (through the Direct School Grant ring fenced budgets) but those that become Academies, which is the majority of secondary schools, are independent of the Council and its support. This creates diseconomies that have to be absorbed as the local education authority role diminishes.
- Government expects that councils will continue to deliver further efficiencies and minimise Council Tax increases – Government guidance says increases are to be below 2% in 2013 to avoid triggering a local referendum and offers a 1% grant (for 2 years) to temporarily reward Councils for a 2013/14 Council Tax freeze.
- Changes in Government legislation, regulations and guidance - there are some simplifications and some new scope for local decision making but at the same time radical and demanding changes such as:

    - Localism, Planning Reform, new grant funding to support local government (less money and less types of grant),
    - Return of a share of Business Rates and related growth to local government, new Benefits system (Universal Credits and Council Tax Benefits – the latter now called Council Tax Support),
    - Incentives for growth (new homes bonus, regional growth fund, Business Rates growth, Local Enterprise Partnerships, more discretion over Council Tax discounts such as for empty homes and a second homes premium).
    - The Council will also be taking on significant statutory functions for Health and Wellbeing in the area and the connected strategies and Boards.

The Council published a new corporate plan in 2012 which outlined a new vision and objectives. The Council Change Programme remains a key driver for internal efficiencies and improvements in services to customers. Note: A summary from the latest Joint Strategic Needs Assessment – the source of some of the above needs-related statistics - is attached as Appendix 4 (more detail is also available on the Council's website).

2. Existing Staff Resources & Finances

On 1st October 2011 700 social care staff and 1000 health staff providing integrated Community Health & Social Care Services transferred to the newly established Sirona Care & Health CIC (Community Interest Company). The relatively small retained staffing resource, sitting in the new People & Communities Department, undertakes the integrated commissioning of health, social care and housing and, also, the delivery of housing services, which did not transfer to Sirona.

The functions incorporated in this plan are listed below. Changes start with this as the base position (September 2012).

	Gross £'000	Net £'000
Mental Health Commissioning – Adults of Working Age and Older People	9,459	6,608
Older People Commissioning	23,965	8,044
Physical Disability & Sensory Impairment Commissioning	3,410	3,113
Learning Difficulties Commissioning	16,629	7,902
Supporting People & Communities Commissioning	6,393	5,840
Adult Care Commissioning – Other	3,958	4,025
Adult Substance Misuse (DAT)	2,729	519
Housing Services	2,002	1,597
Sirona Care & Health	18,343	18,343
Fairer Contributions Income		(1,865)
Total 2012/13 budget at October 2011	**86,888**	**54,125**

A more detailed analysis of planned revenue and capital expenditure is contained in Appendices 1 and 2.

3. Key Proposed Changes – Years 1 to 3 – 2013/14 to 2015/16

Many of our proposed changes are intended to address the increasing local demographic pressure faced by the Council. In three years, the local increase in the number of people aged over-65 is projected to be 5.6% and for people over-85 the figure is 5.8%. This compares with an overall increase of 0.5% in population over the same period.

Providing more people, who are also living much longer, with health and social care will be very expensive with costs locally increasing from £18.2 million (in 2010) to potentially £34.6 million by 2035. This is the local manifestation of a national challenge which national government has to address.

This combination of demographic pressure and underlying budgetary pressure requires a multi-stranded approach: -

- Investment – the Council has within its budget earmarked an extra £3.251 million over the next three years
- Efficiency measures
- Service reductions

- Re-prioritisation of significant parts of our budget to focus on the wellbeing of the most vulnerable adults and placing an emphasis on maintaining the independence of older people in their own homes.

The scale of the challenge means that there is a need to take a structured approach to the next 3 years. A 3-year programme is proposed - involving the community as far as possible and being mindful of impacts on specific groups within our local community.

2012/13 represented the third and final year of a programme set out in the Adult Social Care & Housing MTSRP 2010/11-2012-13, aimed at bringing the unit cost of placements and packages in line with the South-West average and also at reducing the number of residential and nursing care placements made, so that we could focus a greater proportion of our spend on supporting people to be cared for in the setting that they want – usually their own home.

An ambitious work programme designed to deliver a reduction in both the unit cost of residential and nursing care placements and a reduction in the number of placements being made in residential and nursing care has been in place during this period.

Key elements of the work programme are as summarised below:

- **Single Panel** – has been in place since March 2011, replacing client-group specific panels for agreeing placement/package funding. The change is designed to ensure consistency, equity and value-for-money for all individual placements and packages of care and also to identify pricing differentials between different providers for comparable placements and packages.
- **Placements & Packages Policy** – sets out for health and social care managers and other case managers the overall approach and policy framework for setting up placements and packages of care and support in B&NES, including guidelines on resource allocation and specific areas of practice. Was formally adopted, following consultation, in April 2011.
- **Investment in community-based options** - including re-ablement, rehabilitation, prevention and early intervention where the evidence supports these approaches as sustaining people in their own homes;
- **Market Shaping** - greater focus to procurement; contract negotiation and management. Targeted negotiations with providers informed by benchmarking and pricing structure breakdown were undertaken and delivered efficiency savings each year in the period 2010/11 to 2012/13. Focused re-commissioning of some learning difficulties and mental health services delivered improvements in quality and value-for-money.

The key risks and challenges associated with delivering savings through this approach include:

- Savings were modelled on benchmarking the number and unit cost of existing placements in residential and nursing care. Delivery of savings from these existing placements depends on a change in the placement/care package and/or a reduction in the care home fee. Provided assessments and support plans are quality assured, changes in individuals needs resulting in a reduction in placement/care package costs are unlikely for the majority of existing service users;
- Capacity and capability to undertake contract negotiations and achieve real fee reductions, particularly as a significant proportion of placements and packages are procured on a "spot" (individual) rather than "block" basis, with an increasing number purchased through a Personal Budget. Some additional, non-recurring resource had a positive impact on progressing this work whilst also supporting learning and personal development across the commissioning team but this continues to be a challenge;
- Although B&NES unit costs for residential and nursing care placements benchmark higher than average across the South West, B&NES fees benchmark as average in the sub-region (South Gloucester/Bristol/ North Somerset). A real reduction in fees against this more local benchmark may make it more difficult to compete in the market and secure individual placements; and
- Delivering an efficiency saving from providers of residential care should not directly impact on service users, however, there is a fine balance between controlling fee increases for nursing and residential care, seeking efficiency savings from providers without compromising the viability of the business, and ensuring care services are safe and of good quality. Commissioners continue to closely monitor both the quality and safety of residential care services, including staffing levels and skill-mix, training and management arrangements.

The deliverability of further efficiency savings from the purchasing of placements and packages of care over the next three year period does need to be considered in the context of the preceding three-year efficiency programme. It is also important to recognise that purchasing budgets (funding a wide range of commissioned independent and third sector services, including nursing, residential and home care as well as Personal Budgets) represent approximately 90% of the Commissioning budget with the remaining 10% funding delivery of housing services and the commissioning team, including the Director of Adult Social Services role, adult safeguarding and quality assurance.

As in previous years, we have adopted the following approach in developing the proposals for achieving long-term, sustainable financial balance in the context of the reductions in public expenditure and reduced Council budgets set out earlier in this report:-

- **Productivity & Efficiency** - prioritise those areas where either our knowledge of the market and/or benchmarking of our performance and/or spend indicates that there are still efficiency gains to be made through: effective procurement and contract negotiation; and streamlining or tightening systems and processes.
- **Service Redesign** – making improvements to care pathways to improve outcomes for individuals; and shifting investment in line with our strategy.
- **Changing the Offer** - in the context of demographic pressures and reduced public sector finances, it will be necessary to limit access to services and increase income from charging for services.

The most recent national benchmarking information indicates that there is further work to be done in reducing the number of residential and nursing care placements made in line with the overall service strategy, which is to sustain greater numbers of people in community settings by:

- Improving information, advice, guidance and advocacy so that people know about all the options available to them and are able to make informed choices.
- Supporting and promoting access to universally available services, including leisure, culture and learning opportunities.
- Supporting the development of sustainable connected communities.
- Promoting early identification and diagnosis of conditions like dementia to enable early intervention, including support to carers.
- Encouraging approaches that delay or prevent an escalation of individual needs, including: supporting people into employment or other forms of meaningful occupation; a range of supported and extra-care housing; community equipment, assistive technology and adaptations that enable people to remain in their own home; and support to carers.
- Developing services that evidence tells us encourage a shift to the lowest appropriate level of intervention/support, including services focused on reablement, rehabilitation and recovery.
- Improving access to mainstream services whilst also ensuring that people who really need to access specialist services are able to do so.
- Ensuring that an individual or family in crisis is able to get help quickly.

Despite the scope for realising further savings from residential and nursing care placements, the scale of the financial challenge is such that it is necessary also to limit access to services. It is proposed that this be done by targeting investment in services that sustain people with relatively high levels of need in their community and reduce the need for residential care and hospital admission. However, this does mean that there will be reduced funding of untargeted universal services, particularly those where there is little evidence of good quality outcomes for people in need and/or where those services are currently primarily accessed by people with lower levels of need.

4. Finances & Service Impacts

The service impacts of the changes are set out in the attached impact analysis at Appendix 3 and summarised below.

The following savings targets have been set for the next three years:

- 2013/14 £1,836m
- 2014/15 £1,179m
- 2015/16 £1,326m

Pay has been assumed to increase by only 1%. The unavoidable growth in 2012/13 is itemised in Appendix 3 and is mainly associated with contract inflation, pay increments and demographic growth. This means the real savings in each year will need to be in the region of 5% of gross spend.

The proposals to meet the three year targets can be categorised as follows:

» Cashable Efficiencies £1.882m
» Additional Income £0.640m
» Reduced Service Levels £0.881m
» Reduced/Discontinued Services £0.938m

Savings proposals totalling **£4.341m** set out in Appendix 3 can be summarised as follows:

- **Sirona Care & Health Contract –** In partnership with Sirona Care and Health reopen contract negotiations with an additional savings target of £1.15 million to be achieved through efficiencies in social care processes. A recently published Audit Commission report indicates that there is scope to achieve such efficiencies. However, there are challenges associated with the delivery of this additional target (a total £9m saving is already incorporated into the 5-year contract between Sirona, the Council and the Primary Care Trust). To deliver this level of savings from efficiencies, Sirona and the Council will need to work together to redesign the system and agree associated policy changes. The system includes the Council's one-stop-shop, which would need to provide effective sign-posting and advice aimed at diverting people from mainstream social services. Development and agreement of detailed proposals, including system-redesign and policy changes will need to be undertaken during 2013/14 for implementation in 2014/15.

- **Refocusing part of our spend on residential/ nursing care to preventative services –** deliver an efficiency saving of £830k by supporting people to live in the community through commissioning highly targeted and effective preventative services. In tandem with this ensuring access to signposting to universal services and provision of advice, including financial advice to self-funders, thus reducing spend on registered residential and nursing care provision. This impacts on all service user groups, older people, including those with dementia; people with a learning disability, mental health need or physical disability. A key challenge associated with delivery of this saving is the current level of capacity in preventative services to effectively support and sustain people in community settings with small, low-cost packages – particularly in light of other savings targets against Supporting People & Communities services commissioning. There is also a risk that delivery of this efficiency saving impacts on commissioned services quality. Steps will need to be taken to ensure that there is a timely response to adult safeguarding concerns with associated increased pressure on commissioning capacity to respond to and take action in respect of these concerns.

- **Reduction in spend on Supporting People & Communities (SP&C) commissioning –** Over the coming years, the Council will focus the money it has available on care for the most vulnerable adults to support their independence. As such, we propose to deliver a saving of £1.438m with targeted reinvestment of £500k bringing the net saving to £938k. There will be an impact on a range of services which community organisations, as well as independent sector organisations, provide on our behalf. There will be an impact on the people who currently use these specific services, such as older people, people who need support to enter or re-enter the workplace, people who need support to avoid/prevent homelessness, people who are socially excluded because of multiple/complex vulnerabilities such as mental ill health, disability, poverty, poor educational achievement and poor housing. It is proposed that £500k re-investment is made in targeted services designed to mitigate the impact of the funding reductions and also to realise savings from a) assessment/care management (as set out above); and b) reduced admissions to residential care services.

- **Use of Section 256 Funding –** in order to off-set demand pressures arising from demographic changes, it is proposed that £500k of the Department of Health reablement and "winter-pressures" funding transferred by the PCT/CCG to the Council under a Section 256 agreement along with a further 1-year carry-forward of £1m from 2011/12, be used to fund growth in the adult social care purchasing budgets for placements/packages/Personal Budgets (PB). However, there is the risk that this funding, which is currently allocated on an annual (ie non-recurrent) basis is not confirmed for future years and/or is confirmed at a lower level than in previous years.

- **Change Programme Savings -** The Council's internal Change Programme is now in the third year of a five year work programme. It is aimed to deliver a range of service improvements for local people and make significant financial efficiencies. A total of £634k of savings within this plan forms part of the programme. £541k of savings is built into the Sirona contract (this is separate from the additional savings highlighted above), £78k efficiencies expected from the "customer services reconfiguration" project and £15k from the "Procure to Pay" project.

5. National and local Performance Frameworks

There have been significant changes in the national performance regime in the last 18 months. An initial reduction in the national performance framework has been replaced by a number of service specific requirements in Adult Health & Social Care and Public Health. National inspection frameworks in Adult and Children's Services (CQC and OFSTED) are continuing.

Further national performance frameworks are anticipated to emerge in the future. The Local Government Association (LGA) has introduced a new national Peer Challenge scheme. Most local authorities are expected to participate in this scheme which replaces the Audit Commission's Corporate Peer Assessment (CPA). This will allow local authorities to identify their own strengths and areas for improvement. It is anticipated that Bath & North East Somerset Council will undergo a peer assessment in 2013.

The Council has developed a new performance framework which meets service specific national requirements and also provides local performance information to support effective decision making. This incorporates value for money (VFM) and benchmarking where information is available and a corporate VFM judgement continues to form part of the annual audit of accounts.

Currently, it is not possible for councils to compare their relative overall performance as this information is now not gathered nationally. However, continuing local monitoring indicates that levels of performance have been broadly sustained and we are currently reviewing how we can actively demonstrate this using the new LGA mechanisms.

6. Longer Term Options – Years 4 to 10

The longer term solutions are more speculative and will in part be driven by the wider agenda for local government, city regions, Local Enterprise Partnerships, demand pressures on social care (with an aging population), climate change issues but also perhaps the growth and economic prosperity opportunities arising from an expanding population.

The proposed changes in the next 3 years are radical and will set the agenda for some years to come. Public expenditure reductions will also continue for some years to come. The slow recovery of the economy and public sector finances at a national level is a major concern and threat to local government.

The Council's role as an enabler and community leader is crucial to the changes described here so that local people have access to the right services. The changes in schools and health and social care alone will radically take this agenda forward over the next 3 years.

The fundamental issue remains the funding of social care. The increasing demands and associated costs are linked to the demographic change affecting all Councils as people are living longer and the population of people in care continues to grow. This runs the risk of making Council budgets unviable if a new approach and national funding system is not introduced. Councils will not be able to support their other priorities in the medium term if this issue remains unresolved.

A graph showing the potential effect of social care funding in the medium term is attached as Appendix 6. The analysis has been provided by the Local Government Association.

7. Approval of this plan

This plan is to be considered by the Wellbeing Policy Development & Scrutiny Panel in November 2012.

The Cabinet Member for Wellbeing will then review it again so that any changes can be incorporated into a final version of the plan for approval alongside the overall budget in February 2013.

Appendices

Appendix 1 – Adult Social Care & Housing – Analysis of Headline Numbers
Appendix 2 - Adult Social Care & Housing - Capital programme
Appendix 3 – Adult Social Care & Housing - Impact of proposed budget changes
Appendix 4 - Joint Strategic Needs Assessment Summary
Appendix 5 - Council's financial context
Appendix 6 – LGA Report – Funding Outlook for Councils from 2010/11 to 2019/20