

MEDIUM TERM SERVICE & RESOURCE PLAN UPDATE

PEOPLE & COMMUNITIES (Adult Social Care & Housing)

2013-14 until 2015-16

Introduction

This is the second year of the period covered by the 2013-14 to 2015-16 medium term plans. The plans were reflected in the 2013/14 budget approved by Council in February 2013. The original plans can be found on the Council's web site with the agenda papers for the November 2012 PDS panels.

This 2014-15 update is a summary of key changes affecting the plan and does not restate the information contained in the original plan. This update provides important background information to the 2014-15 budget process, which will culminate in a report to the February 2014 meeting of Council. The February budget report will incorporate assumptions made as part of the three-year planning process, summarise planned variations to the anticipated budget for 2014/15, seek approval for those variations and set both the budget and the consequent level of Council Tax for that year.

This document contains the following updates:

- Strategic Context – financial, legal, service and policy headlines
- Structural Changes – summary of the new management arrangements
- Progress Achieved – how the delivery of the 3 year plan is progressing
- Variations to the plan – proposed changes concentrating on 2014-15
- Risks & Opportunities –key risks to delivery of the plan but also opportunities
- Equalities – summary of approach

Strategic Context

The Corporate Plan and refreshed Council Vision remains the main policy context. These documents can be found at <http://www.bathnes.gov.uk/services/your-council-and-democracy/vision-and-values>

The financial challenge was summarised last year. This equated to a 40% reduction in the Council's government grant funding over the period 2011/2012 to 2014/2015. At this time the challenging outlook for local government funding as set out in the Autumn Statement in December 2012 looked to continue well into the future and over the period of the Medium Term Service and Resource Plan from 2013/2014 to 2015/2016 we estimated at least £30M of savings would be required.

Since then there have been a series of Government announcements that have increased the challenge. The key announcements and effects are as follows:

- The Budget Statement delivered by the Chancellor on 20 March 2013 provided for an additional 1% cut in council funding assessments for 2014/2015. This actually equates to a further 2% reduction in grant (from 16% to 18%).

- The Spending Review 13 announced by the Chancellor on 26 June 2013 covers the 2014/2015 and 2015/2016 financial years and together with subsequent consultation documents, sets at least a 13.5% reduction in council funding assessments for 2015/2016. This actually equates to a 27% reduction in grant.

Other key funding changes set out in the Spending Review 13 include:-

- A requirement to pass 35% of New Homes Bonus funding to LEP's from 2015/2016 to support Single Local Growth Funds.
- A reduction of 20% in the Education Support Grant in 2015/2016.
- The confirmation of a Council Tax Freeze Grant for both 2014/2015 and 2015/2016 equivalent to 1% of council tax for councils who freeze their council tax in these years.

These changes, together with the existing savings to be identified, mean further savings of at least £7m for the Council need to be identified over the next two years. This assumes the savings in the existing approved medium term plans are delivered in full.

For 2014/15 the focus will be on the variations that are needed to the approved medium term plan to deliver a balanced Budget proposal for the Council in February 2014. The Variations section of this update (below) provides further details of the projected Budget Gap for 2014/2015 together with the specific proposals being considered to address this.

The Cabinet's aim remains to achieve the medium term plan with minimal alterations, but at the same time to reflect public feedback together with local and national policy changes. The Council has a good level of reserves and can use these to smooth the effects of policy changes and additional financial challenges. The indication from Treasury figures is that an equally tough set of financial targets will need to be repeated in the next 3 year plan which starts in 2016, and of course at that time the difficulty in meeting the challenge will have increased as efficiency opportunities will be less.

In the case of the Adult Social Care & Housing the key policy context changes are:

- The Department of Health (DH) is consulting on how to implement major reforms to adult social care. The consultation on the Care & Support Bill covers:
 - How to manage the large increase in demand from people who pay for their own care and support; and
 - Major changes to social care practices and systems, including assessment and charging.
 The proposed reforms have significant implications for the Council and also, for some key partners. The direct impact will be on care assessment and financial systems but there will be knock-on effects including on market management, information and integration.
- In the June 2013 spending round covering 2015/16 a national £3.8 billion "Integration Transformation Fund" (ITF) was announced. Initial analysis suggests that of this £9.8m, a maximum of £1.2m will be new investment into the local health and social care system. This fund, established by the Department of Health, is to be held by local authorities and will include funding previously transferred by local NHS commissioners to the Council under Section 256 Agreements. In order to access the ITF, each locality will be required to develop a local plan by March 2014. Plans for the use of the pooled monies will need to be developed jointly by Clinical Commissioning Group and local authorities and signed off by each of these parties and the local Health and Wellbeing Board.
- New Council Procurement strategy with a "Think Local" theme to encourage local procurement and support for local businesses.

- Publication of the Council's new Health & Wellbeing Strategy and also the new Joint Strategic needs Assessment that supports it.

Progress Achieved

Delivery of the 2013/14 savings plans for adult social care and housing are in line with proposals set out in the MTSRP 2013/14-15/16 presented to Wellbeing PDS in November 2012 and agreed by Council in February 2013.

The remaining two years of the medium term plan are attached at Appendix 1 and this has been updated to include a commentary on progress towards delivery of the approved savings and additional income streams.

With the exception of the specific variations identified below, full delivery of the medium term plan is anticipated and any further changes considered by the Council would require the identification of further additional savings to balance the Budget.

Variations to the Plan

The variations to the medium term plan approved by the Council in Feb 2013 have arisen for 2014/2015 for a number of reasons including:-

- The implications of the 2013 Budget Statement and Spending Review
- Unidentified savings in the approved medium term plan
- Areas where savings or additional income are now unlikely to be delivered
- Revenue impact of additional capital schemes

In order to present proposals for a balanced budget in 2014/2015, the Cabinet have examined a range of options to generate the additional savings or income, required to address the arising Budget gap. Where possible the Cabinet has sought to avoid further frontline service reductions and focus on efficiency, innovation, demand changes and trend analysis to meet this challenge.

Full details of the variations are set out at Appendix 2

Capital Programme

There are no proposed variations to the capital programme for incorporation into this service and resource plan.

Risks & Opportunities

The adult social care purchasing budget and key partner organisations, including Sirona Care & Health and Avon & Wiltshire Mental Health Partnership NHS Trust (AWP) continue to experience resource pressures arising from demographic change – in particular, the complexity and acuity of people being supported to live in community settings. Whilst, to some extent, the allocation of Section 256 funding against pressures in adult social care has helped mitigate these pressures, this remains a risk.

Proposals in the Care & Support Bill represent the most significant reform of adult social care in decades. It is difficult, at this stage, to accurately estimate the financial implications of these reforms. London Councils have estimated that the national cost of implementing the reforms over a four year period are in the region of £6 billion, as opposed to the government estimate of £1 billion a year.

In London, it is estimated that there will be a 37 per cent increase in people qualifying for local authority support for residential care by 2019/20 and the impact on the South West as a region is likely to be considerably higher as people will reach the contribution cap more quickly, reflecting the cost of residential care in the South West.

London Councils have estimated the total increase in cost pressures from 2016/17 to 2019/20 as £1.3b of which a minimum of £877m is a direct result of implementation. These costs include an estimate of £421m for inflation and demographics (based on Institute of Public Care demographic data and inflation forecasts from the Office of Budget Responsibility). The estimated costs for the South West are of similar magnitude.

Costs pressures are likely to be seen in the adult social care commissioning budgets, with increases in the costs of purchasing care to meet eligible needs for service users and carers and, also, the requirement to ensure that self-funders are able to access advice and information. There are implications for the resourcing of the Council's finance support function, with pressures associated with increased numbers of financial assessments, the requirement to establish individual "care accounts" and to provide an annual statement to individuals which confirms their progress towards the cap on their personal contribution.

Sirona Care & Health as the primary provider of care and support assessments will face similar pressures associated with the staffing needed to undertake an increased number of needs assessments, including carers' assessments. The Council will be responsible for commissioning/funding the staffing required to undertake this increased number of needs assessments in fulfilment of its statutory responsibilities. The mental health social work service (managed by AWP and employed by the Council) will experience similar pressures on staffing capacity though on a smaller scale, reflecting the smaller numbers of service users and carers with mental health needs.

The development of plans for use of the pooled Integration Transformation Fund, which will be in place from April 2015, presents the Council and partner organisations an opportunity to further develop integrated commissioning and service delivery to the benefit of people and the communities in which they live.

Equalities

Equalities impacts of key changes are considered as service plans are set and as part of any key management change. The main equalities impacts for People & Communities were assessed when the 3 year plan was set.