

## DRAFT MEDIUM TERM SERVICE & RESOURCE PLAN ADULT SOCIAL CARE & HOUSING

2012-13 to 2014-15

### 1. Introduction

This document sets out the key influences affecting adult social care and housing services in the next 3-5 years; the changes that we want to make in order to be able to deliver our vision and priorities, and proposed actions to achieve financial balance in an increasingly challenging local and national context.

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
- Place
  - Service Delivery (Planning, Transport, Waste, Highways, Libraries, Tourism Leisure & Culture)
  - Development & Major Projects (Economic Development & Project Management & Delivery)

A separate document summarises the main financial assumptions and parameters (See Appendix 4).

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

- Cuts in public expenditure and reduced council budgets – this is the second year of the 2010 Government Comprehensive Spending Review – savings have been 'front loaded' and are very challenging
- There is a key demographic change with a projected 40% increase in the older population by 2026 creating a significant additional financial pressure
- Government expectation that councils will continue to deliver further efficiencies
- 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 Business Rates growth to local government, new Benefits system (Universal Credits and Council Tax Benefits), Incentives for growth (new homes bonus, regional growth fund, Business Rates growth, Local Enterprise Partnerships)
- The Cabinet is currently developing the Vision Values and Objectives for the future and a new Corporate Plan will be developed for implementation in April 2012
- Council Change Programme – this remains a key driver for internal efficiencies and improvements in services to customers. It also targets priorities and needs as well as initiatives to join up services between public agencies

Further detail about these external and corporate influences is given in Appendix 3.

## 2. Staff Resources & Finances

On 1<sup>st</sup> 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 newly formed 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 (October 2011).

	Gross £'000	Net £'000
Mental Health Commissioning – Adults of Working Age and Older People	10,388	7,784
Older People Commissioning	35,253	18,243
Physical Disability & Sensory Impairment Commissioning	3,377	3,090
Learning Difficulties Commissioning	23,181	17,093
Supporting People & Communities Commissioning	6,413	6,074
Adult Care Commissioning – Other	6,540	2,155
Adult Substance Misuse (DAT)	2,923	598
Housing Services	3,020	2,255
<b>Total 2011/12 budget at October 2011</b>	<b>91,095</b>	<b>57,292</b>

## 3. Key Proposed Changes – Years 1 to 3 2012/13 to 2014/15

The main national and local drivers for change for the Council and for Adult Social Care & Housing are as set out in Appendix 3.

As previously reported (*“Update on the establishment of the Community Interest Company for the Provision of Community Health & Social Care Services” Council, 16<sup>th</sup> September 2011*), the financial model for Sirona CIC was based upon the future known and anticipated savings targets for the Council and PCT, which have been factored into future income streams for the CIC. This equates to the delivery of recurring annual savings of £1.9m for the Council by year five of the contract period. Total cumulative savings for the Council will be £7.4m over the 5-year period.

In addition to the savings to be delivered by Sirona further savings must be delivered from commissioning/purchasing of other social care services. In developing the proposals to move towards sustainable financial balance, we have adopted the following approach:-

- **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 improvement 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 may be necessary to limit access to services or increase income from charging for services.

The overall projections and assumptions underpinning the proposals were reviewed and each proposal has been impact assessed against the following criteria:-

- Consistency with/risk to our overall strategy;
- Benchmark performance, spend and, where possible, policy/practice;
- Deliverability – will the proposal, if implemented deliver real savings and what capacity is needed to deliver the saving;
- What are the likely impacts on staffing; the local economy; other partners; and
- What are the risks associated with implementing the proposal.

This approach resulted in a three-year programme aimed at bringing the unit cost of placements and packages in line with the South-West average and also to reduce 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 re-ablement, 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.

An update on this programme is set out in the next section.

## **Finances & Service Impacts**

In addition to the agreed growth items of £2.868m detailed below in the 2012/13 planning process, it should be remembered that a further £1.3m of on-going Council funding is held corporately in line with the recycled funding for Adult Social Care announced in the 2011/12 formula grant settlement. This funding will be used to continue supporting fundamental change to secure long term sustainability in the face of demographic growth

and changed expectations. This funding is to be released in accordance with detailed spending plans to be produced by the service.

The service impacts of the £2.868m of agreed growth and associated savings targets of £3.588m are set out in the impact analysis at Appendix 2.

The following targets have been set for the next three years excluding the £1.3m of corporately held growth funds:

- |           |           |                                   |
|-----------|-----------|-----------------------------------|
| • 2012/13 | £3.588m   | (including £2.868m agreed growth) |
| • 2013/14 | (£0.156m) | (excluding unavoidable growth)    |
| • 2014/15 | £0.579m   | (excluding unavoidable growth)    |

When unavoidable growth is added in for 2013/14 and 2014/15, savings in both years in excess of £2M will be required as well as absorbing inflation on non-pay items. Pay has been assumed to remain unchanged in 2012/13 but increase by only 1% after that. The unavoidable growth in 2012/13 is itemised in Appendix 2 and is mainly associated with changing demographics and contract inflation. The targets for 2013/14 and 2014/15 are indicative and will be reviewed in the light of the Council's priorities which are under review. The aim will continue to be to maximise savings from the Change Programme and efficiencies, plus to minimise the reductions in front line services, albeit this is becoming increasingly difficult. Detailed savings plans for 2012/13 and 2014/15 have yet to be established but the direction of travel is set out in this plan.

The proposals to meet 2012-13 targets can be categorised as follows:

- |                             |         |
|-----------------------------|---------|
| » Change Programme          | £nil    |
| » Cashable Efficiencies     | £2.344m |
| » Additional Income         | £0.244m |
| » Reduced Service Levels    | £nil    |
| » Discontinued Services     | £nil    |
| » Other – slippage on 11/12 | £1.0m   |

Although no savings in this plan are directly attributable to the Change Programme, Transforming Community Services and the establishment of a Social Enterprise for the delivery of Community Health & Social Care Services did form a key part of the Change Programme. Sirona Care & Health CIC will deliver recurring annual savings of £1.9m for the Council by year five of the contract period with £0.294m deliverable in 2012/13. The Change Programme also supported the first year of the programme of savings against purchasing of residential and nursing care through the provision of additional non-recurring capacity.

An impact analysis of all savings items is summarised at Appendix 2. Key proposals are considered in further detail below:

### **Reduction in commissioned residential and nursing care placement costs and numbers**

The Placements & Packages Steering Group has been in place for two years now and has overseen 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. Key elements of the work programme are 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. A framework contract for Continuing Health Care has been put in place and savings of circa £1.2 million delivered to bring in line with benchmark; targeted negotiations with providers informed by benchmarking and pricing structure breakdown are being undertaken and delivered up to 10% efficiency savings in-year with a full-year effect in 2011/12. Focused re-commissioning of some learning difficulties and mental health services to deliver improvements in quality and value-for-money.

The key risks and challenges associated with delivering such a significant saving through this approach include:

- Savings are 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 has 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;
- As foreseen when this programme was put in place, savings do take time to deliver – particularly in the context of increased demand. We continue to anticipate that the full saving will take three years to deliver even with additional capacity and focused effort;
- 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; 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.

## **Other Proposals**

Whilst most of the proposals summarised in Appendix 2 were set out and agreed as part of the 2009/10 financial planning process, the scale of the financial challenge has required us to bring forward additional proposals to meet the savings target. Other key proposals are set out below:

**Home Adaptations & Aids** - Delivery of a £100,000 saving on expenditure on mandatory Disabled Facilities Grants through agreeing with Somer Housing Group that Somer will fund an increased share of DFGs for Somer tenants. Spend in 2010/11 on adaptations to the homes of disabled tenants of Registered Providers (social housing providers) was approximately £600,000, the majority of which were in Somer Housing Group properties. The new agreement will see Somer & the Council sharing the cost of the majority of their adaptations. It is estimate that this will save the Council at least £100,000 with no impact on the rights of disabled people to access aids and adaptations.

**Supporting People & Communities Commissioning Programme** - In June 2010, a project to reduce spend on this programme began in order to deliver MTSRP 2011/12 targets and to bring spend back in line with the indicative Supporting People Grant allocation. Approximately 120 services are commissioned through the Programme from fifty Third and Statutory Sector providers with an annual budget of roughly £6.5m. A significant proportion of savings have been achieved through large scale re-modelling/re-tendering of contracts to reduce the number of contract holders and associated management costs. A small amount of de-commissioning of non-strategically relevant services has also taken place. Additional savings have been achieved through a process of negotiation across the programme. West of England and national benchmarking information informed these negotiations. Further re-tendering activity due to take place in 2011/12 includes advocacy services, carers services. This will take place alongside large scale re-design of older people's services which is currently under discussion with our largest provider of sheltered housing. It is anticipated that this further work will deliver an additional £100,000 efficiency saving in 2012/13 without a significant loss of service to any particular service user group.

## **Performance**

There have been significant changes in the 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. Further national performance frameworks are anticipated to emerge in the future. National inspection frameworks in Adult and Children's Services (CQC and OFSTED) are continuing.

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.

### **Workforce Development**

The greater emphasis on commissioning and working with communities will require the enhancement of skills and development of new competencies for staff in these divisions with a greater focus on advice, guidance and consultancy both within the Council and the wider local community. Areas already identified and being developed include:

- Commissioning & procurement skills
- Business planning and financial awareness
- Analytic, diagnostic and interpretive skills
- Lean systems and other process evaluation skills
- ICT Systems training
- Strengthening interpersonal skills
- People Management in complex situations

The Improvement & Performance service will continue to lead on the design and delivery of the Organisational/Workforce Development Programme to ensure that staff are supported through this change process. This incorporates specific skills training associated with new roles, leadership and middle management development opportunities as well as support for staff at risk of redundancy. Coaching, mentoring and action learning are crucial to the success of this part of the OD programme. The underlying intention continues to be the development of in-house change management skills to minimise the use of external consultancy support.

### **Medium Term Options – 2013/14 to 2014/15**

The previous sections set out the direction of travel. It is very difficult to be precise about these two years as there is so much fundamental change. The aim will be to review the medium term plan early in the 2012/13 period and to rebase budgets in the light of the emerging information:

- New government grant system and return of local business rates growth to local Councils and new savings targets - albeit these will still flow from the last comprehensive spending review in 2010.
- Agreement of the Core Strategy for land use in the district which affects growth.
- Agreement of the new Corporate Plan and Sustainable Community Strategy.
- New local Council Tax Benefits system and subsidy arrangements.
- National system of Universal Credits that incorporates Housing Benefits and subsidy arrangements.
- National funding arrangements for Academies and locally proposed structure of LEA role.
- New health commissioning arrangements as part of NHS reform.

- New Police Commissioners.
- New Local Enterprise Partnership investment plan.
- New pensions arrangements following the Hutton review.

All of the above will take full effect in 2013 except perhaps much of the pensions changes (which may be partially implemented and fully implemented in 2015). This level of change is unprecedented in recent years and of course remains in the context of the financial cuts arising from the public sector deficit. The new grant system and subsidy arrangements make forecasting particularly difficult. However, the default assumption is that a 5% cut in gross expenditure will continue (on average) in each year with no allowance for inflation and restricted pay awards.

### **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, demand pressures on social care (with an aging population), climate change issues but also 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 continue for some years to come. Most of the remaining expenditure cuts will probably be over the next 3 years but after that tight control over public expenditure is likely to need to continue.

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

### **4. Approval of this plan**

Following consideration by the Wellbeing Policy Development & Scrutiny Panel in November 2011, the Cabinet Member for Wellbeing will review it so that changes will be incorporated prior to January when Service Action Plans will be considered by the Panel.

The various plans will be brought together for consideration by the relevant Panel in February and then Cabinet with budget recommendations made to the February meeting of Council.

### **5. Appendices**

Appendix 1 – Capital programme

Appendix 2 - Impact of proposed budget changes

Appendix 3 - Key national and local drivers for medium term plans

Appendix 4 - Council's financial context

More information about:

The Change Programme, the existing Sustainable Community /Strategy and Corporate Plan can be found on the Council's web site [www.bathnes.gov.uk](http://www.bathnes.gov.uk) .