

# **MEDIUM TERM SERVICE & RESOURCE PLAN UPDATE**

## **PEOPLE & COMMUNITIES**

Adult Social Care
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**2015-16**

### **Introduction**

This is the third year of the period covered by the 2013-14 to 2015-16 medium term plans. The medium term plans were reflected in the budgets approved by Council in both February 2013 & 2014. The original plans can be found on the Council's web site with the agenda papers for the November 2012 PDS panels.

This 2015-16 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 2015-16 budget process, which will culminate in a report to the February 2015 meeting of Council. The 2015 February budget report will incorporate assumptions made as part of the three year planning process, together with new planned variations to reflect current circumstances, and approval for those variations. It will also set both the budget and the consequent level of Council Tax for 2015/16.

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 2015-16
- Capital Programme – proposed alterations to the capital programme
- 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 three year financial challenge was summarised in 2013/14 and this has been updated to take account of subsequent Government funding announcements and policy changes. Over the three-year period of the Medium Term Service and Resource Plan from 2013/2014 to 2015/2016 we estimate at least £30M of savings or additional income will need to have been delivered.

As part of the Budget considerations for 2015/2016, there have been a number of key Government announcements which have an impact on the original plan three-year plan. The most significant of these was the Local Government Finance Settlement announced in Jan 2014 which set out the following provisional figures for 2015/16:

- A 13.5% reduction in the Council's funding assessments - this actually equates to reduction of 27% in Revenue Support Grant.
- A reduction of 20% in the Education Support Grant.
- Council Tax Freeze Grant equivalent to 1% of council tax for councils who freeze their council tax for the year.

The Governments changes to Health and Social Care funding arrangements in the form of the Better Care Fund also present challenges for the Budget. The plan supporting the local arrangements for this fund was originally approved in March 2014 but required revisiting following changes announced by the Government in May 2014. A revised plan which reduces the original level of funding allocated to support community health and social care costs was approved in September 2014 for consideration by the Department of Health. At the end of October 2014, B&NES Better Care Fund Plan was "Approved with Support" by NHS England, which represents a very good outcome in relation to the outcomes of the national assurance process.

In June 2014, the Care Act passed into law with major changes impacting on the provisions and new Local Authority duties in for Adult Social Care. These changes are phased between 1 April 2015 and 1 April 2016 and cover a range of new requirements for Local Authorities from support to carers through to the capping of care costs met by self-funders. The financial implications are considerable and the Council will need to make appropriate provision for any costs not being met by the Government.

These changes, together with the existing savings to be identified and other variations, mean a further funding requirement of £9m for the Council is required to balance the 2015/16 Budget.

For 2015/16 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 2015. The Variations section of this update (below) provides further details of the projected Budget Gap for 2015/16 together with proposals to address this.

The Cabinet's aim remains once again to achieve the original three year medium term plan (final year of) 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 4 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 the key policy context changes are:

- Implementation of the Care Act 2014  
In April 2015 the following changes will be implemented
  - New responsibilities for wellbeing, prevention, information and advice and market shaping
  - Introduction of a National Eligibility Criteria
  - New duty to make eligibility decisions more transparent
  - Provision of support to carers becomes mandatory
  - New duty to assess and support people funding their own care

- Safeguarding Adults Boards become a statutory body
- New local authority duty to investigate allegations of abuse of vulnerable adults
- New right to a Universal Deferred Payment Agreement for care costs

The second phase will involve the changes to the financial relationship that commences in April 2016:

- Introduction of Independent Personal Budgets, Care Accounts and the Care Cap
  - A raised Capital Allowance from £23,500 to £118,000
- Delivery of B&NES Better Care Plan 2014/15-2018/19.
  - A new One Council approach with projects like 10 in 100 to stimulate new thinking and working across departments.
  - New Council Procurement strategy, now in its second year, with a “Think Local” theme to encourage local procurement and support for local businesses.
  - Publication of the Council’s Health & Wellbeing Strategy and also the Joint Strategic needs Assessment that supports it. The new Better Care Plan and Care Act are similarly important and herald significant new responsibilities such as assessments of cumulative care costs and implementation of a cap on these costs to limit the liability of individual recipients of care packages.
  - A greater clarity about how to improve links with local communities under the Council’s Connecting Communities programme.

## **Progress Achieved**

Delivery of the 2014/15 budget for adult social care and housing is on target. This provides a sound basis for future savings.

## **Variations to the Plan**

The remaining year of the Approved medium term plan (2015/16) is attached at Appendix 1. This includes a more detailed commentary on progress towards delivery of the approved savings and additional income streams for the final year of the plan.

There are a number of variations required to the plan in order to arrive at a balanced Budget these will be set out in more detail as part of the final Budget Proposal in February 2015. Some of the key items currently under consideration are set out below:

## **Potential Funding Pressures**

- Changes in government funding including Revenue Support Grant and Education Support Grant
- New funding burdens including Care Act implications, Social Fund and Deprivation of Liberty Safeguards.
- Changes to original savings proposals – these are set out in the in the update provided at Appendix 1.

- Impact of new Capital Schemes

### Potential Funding Opportunities

- Increases in anticipated Business Rate Growth and related Business Rate opportunities.
- New Housing including increasing New Homes Bonus and Council Tax Base.
- Financing opportunities including funding of the Local Government Pension Fund deficit.
- Commercial income, including profit share from the Thermae Spa and income from Green Energy investment.
- The contribution to Community Health and Social Care costs from the Better Care Fund.
- The use of the Financial Planning Reserve.

With the exception of the variations identified above, any further changes considered by the Council will require the identification of further additional savings to balance the Budget.

### **Capital Programme**

A draft summary of proposed variations to the capital programme is attached at Appendix 2. These proposals are at an early stage and will be put forward in more detail for approval as part of the February budget report.

All the Resources schemes are designed to achieve additional savings or new capital receipts for the Council and so have a positive impact on the revenue budgets. The most notable example is the plan to continue with more active commercial estate acquisitions where opportunities arise and where these have excellent returns.

### **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 and, from 2015/16, the Better Care Fund, against pressures in adult social care has helped mitigate these pressures, this remains a risk.

The Care Act 2014 represents the most significant reform of adult social care in decades. Modelling of the local implications, using nationally recognised and recommended modelling tools, adjusted for local circumstances, has resulted in an estimate of the new financial burdens for the Council from 2015/16 in the region of £1 million. However, this estimate must be treated with caution. Whilst every effort has been made to accurately model the financial implications, this modelling is constrained by a number of factors including:

- availability and accuracy of information – particularly in relation to people who are currently privately funding their own care and support services;
- the publication of the final guidance in November 2014
- the response of the market as the Care Act comes into force

- the establishment of case law in relation to the Care Act
- the behaviours of service users and carers; and
- flaws in the modelling tool(s).

Also, modelling, using national tools, is typically based on the 'normal' distribution of a sample resulting in predictions of change over time. Local figures on the use of services commissioned by B&NES indicate that there is a higher than expected number of short-term care arrangements resulting in a different distribution pattern. It is believed that this is a direct result of initiatives by the Council to better manage the demand for care, but also makes predictive modelling very difficult to achieve accurately.

Delivery of the MTSRP, Better Care Plan, Care Act implementation and other significant commissioning programmes, including the review of Community Health and Social Care Services along with fulfilment of the Council's statutory responsibilities in relation to adult social care, safeguarding and Mental Capacity Act/Deprivation of Liberty Safeguards (DOLS) mean that commissioning capacity is under pressure and a potential risk.

The delivery of B&NES Better Care Plan 2014/15-2018/19, 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 Adult Social Care were assessed when the 3 year plan was set.

## **Appendices**

1. Savings details – MTSRP final year progress summary 2015/16
2. Additional Capital Schemes