



## Adult Social Care and Health Budget Pressures

### Executive summary

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This report explains the serious budget pressures within the Council's Adult Social Care and Health services. A summary of the actions being taken to address these pressures is provided along with an outline of the longer-term changes. The report also highlights the key challenges facing social care over the longer term given reducing public finance and continued pressures in recruiting social care staff

#### ***Board members are asked to:***

- a) *Note the work being undertaken to reduce a major projected overspend in Adult Social Care and Health*
  - b) *Consider the implications of the current financial position when decisions are being made about the financial offer to be made to the IJB by the Council for 2017-18.*
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## Performance Information

### 1. Purpose

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- 1.1 The purpose of this report is to provide members with the background to the current financial pressures in Adult Social Care and Health and a summary of actions being taken to address these. The report also highlights the key challenges facing social care in seeking to remodel services to meet increasing demand in the context of reducing public finance and a finite social care workforce

### 2. Recommendations

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- 2.1 IJB is recommended to:
- I. Note work underway to address a major projected overspend in Adult Care
  - II. Consider the implications of the current financial position when decisions are being made about the financial offer to the IJB for 2017-18

### 3. Background and main report

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#### **Integration Joint Board**

- 3.4 A report to Council in June 2016 explained that the Midlothian Integration Joint Board (IJB) was fully established on 1<sup>st</sup> April 2016 when it became responsible for the utilisation of the budgets delegated to it by Midlothian Council and NHS Lothian, a combined budget of approximately £111 million per annum.
- 3.5 The IJB is required to publish a three year Strategic Plan and determine how best to use these delegated resources to meet the health and care needs of the Midlothian population. The June report explained the respective roles of the IJB, the Council and NHS Lothian in managing the budget reductions required in the public sector. The primary responsibility of the IJB is to oversee the redesign of services towards more community-based services which place much greater emphasis on prevention and recovery. This should entail a shift in resources from hospitals and care homes. The responsibility of the Council and NHS Lothian is to put redesign plans into action and to use the available resources as efficiently as possible.
- 3.6 Audit Scotland recently published its report on Social Care in Scotland (September 2016).

*“Current approaches to delivering social work services will not be sustainable in the long term. There are risks that reducing costs further could affect the quality of services. Councils and Integration Joint Boards (IJBs) need to work with the Scottish Government, which sets the overall strategy for social work across*

*Scotland, to make fundamental decisions about how they provide services in the future. They also need to build communities' capacity to better support vulnerable local people to live independently in their own homes and communities."*

The report goes on to estimate that if social care continues to be provided using the same model and approaches a 16-21% increase in spend by Councils will be necessary by 2020. In Midlothian this would amount to an additional £8 million.

### **Projected Overspend 2016-17**

- 3.7 The Financial Monitoring Report for Quarter 2 submitted to Council on the 8th November projected an overspend of £1.488m on a total budget of £38.526m. The most significant area of overspend is in relation to £1.453m against the Resource Panel budget of £29 M. The Resource Panel manages spend on new or increased care packages; this budget does not include in house service budgets.
- 3.8 Council policy is committed to eligibility criteria of meeting critical and substantial need. However, increasingly the focus is on the development of sustainable models of care that reduce the burden from traditional services to meet need to a stronger focus on acknowledging people's personal assets and informal supports that are available in communities. Examples of this shift will include people with learning disabilities doing voluntary work or engaging in paid employment rather than attending a day centre or people with mental health difficulties taking part in peer support group activities in the community rather than receiving a care package.
- 3.9 Alongside the Resource Panel projected overspend there were also variations of £0.274m on in-house home care and £0.272m on in-house care homes for older people. These projected overspends are offset against underspends of £0.466m across other budgets.
- 3.10 The financial position in adult care must now be considered in the context of the financial pressures facing NHS Lothian. During 2016-17 the local health service must reduce its expenditure by £1.9m on a budget of approximately £47m. This very challenging target increases the necessity for Adult Care and Health to create synergies and invest in transformation to create sustainable services for the future. The current projection indicates an overspend of £0.800m on prescribing although this will be covered under a risk share agreement with NHS Lothian.

### **Underlying Causes**

- 3.11 Financial Information: This projected overspend is based on committed spend whereby calculations are made for the full year on the basis of the cost of all current care packages. The continual change of care arrangements means that there is scope for error both for under and over commitments. Similarly in previous years the annual projection mid-year in NHS budgets has been reduced significantly before the end of the financial year.
- 3.12 Budget Pressure: The budget pressures have carried through from 2015-16 with a £900k over commitment on the 1<sup>st</sup> April 2016. The overspend in older people's

services can be attributed to the failure of one of the main external care at home providers with consequential increased demand on more expensive in-house home care services having to provide approximately 600 extra hours per week. The resultant pressures on all care at home services will undoubtedly have contributed to both an increased use of care homes for older people and a deteriorating performance on delayed discharge. The Midlothian Partnership had been making good progress in the preceding 2-3 years in both these areas.

The greatest growth in demand has been seen in services for adults with learning disabilities and complex physical disabilities. Under current projections there has been an increase in expenditure of 26% over the past two years. This growth has been contributed by a number of factors including the increased costs in providing overnight care. A recent employment tribunal ruling requires the payment of the national minimum wage for “sleep-over” shifts which has added a further budget pressure. The numbers of young people with very complex needs requiring intensive care is increasing year on year. There has been a growth in individualised packages of care in single tenancies. This model of care is very resource intensive.

The requirement to pay the Living Wage of £8.25 per hour to social care staff from 1<sup>st</sup> October 2016 and the requirement to pay the national minimum wage for sleepover shifts is estimated to cost in excess of £0.600m in 2016-17. Whilst funding was provided for the cost of implementing the Living Wage of £8.25 in the Local Government Finance Settlement, funding for future increases has not been confirmed.

- 3.13 Unpredictable Demand: The Resource Panel is a needs led budget providing resources to individuals considered, through an assessment process, to be in critical or substantial need. The budget is uplifted each year in recognition of demographic pressures and contractual inflation. However some packages for younger people with disabilities are in excess of £100k per year and while detailed planning is undertaken to project the number of youngsters coming through to adult services from school there remains a degree of unpredictability.
- 3.14 Workforce Challenges: The financial pressures coincide and are interlinked to workforce pressures in social care. This increasingly scarce and stretched resource has exacerbated the service risks and pressures in the system. With an ageing workforce in key areas of social care it seems very unlikely that the projected workforce requirements will be available for the current models of care.

### **Recovery Plans**

- 3.15 Financial Information: Some intense work is underway working with both the Finance Section and the Business Systems Application Team to ensure the commitment records are as accurate as possible.
- 3.16 Resource Allocation: The decision making process is being strengthened to ensure that the capacity and assets of families, communities and the voluntary sector are maximised. The decision making process will also place greater emphasis on risk management.

- 3.17 Review of Existing Care Packages: Some intensive work is being undertaken to reassess care packages which have not been subject to a review process-in some instances for a number of years. The expectation is that, at least for some people, their health will have improved and their capacity to manage independently will have increased e.g. people able to travel independently. For others there may be opportunities to provide more cost-effective support through, for instance, the application of new technology.
- 3.18 Service Redesign: Work is already underway to create more efficient ways of working in areas such as learning disability day care with a number of people being supported to travel into Edinburgh. The approach to resourcing high cost care packages will also be reshaped towards greater emphasis upon shared support arrangements rather than individual tenancies. The intention is to continue to provide people with personalised care but to do so in a shared environment that is sustainable in terms of both resource and staff requirements.

As has already been reported to Council, work is underway with a voluntary sector provider to develop a new model of delivery of care at home services.

#### **Managing Public Expectations**

- 3.19 To implement this programme will require a shift in public expectations. Frontline staff will work with individuals and their families to find best solutions which maximises outcomes within available resources. This will mirror the shift in thinking about health as outlined in the report on “Realistic Medicine” recently published by Scotland’s Chief Medical Officer.

## **4 Policy Implications**

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### **4.1 Resource**

This report focuses upon the projected overspend in Adult Care of £1.488m. An action plan is being implemented to address this overspend as detailed in Section 2. The current position suggests it will be a major challenge to reduce spending by a further £1.5m in 2017-18 as part of the Council’s strategy to address its overall funding shortfall. In these circumstances the IJB is likely to require some form of risk-share agreement with the Council in order to be reassured that it would be safe to accept an offer of £1.5m less than in 2016-17 given the current serious difficulties of staying within budget. As described in Section 2.3 this is in the context of the national projections about Social Care requiring further investment unless IJBs can move quickly to new models of care.

## **5 Equalities Implications**

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- 5.1 There are no immediate equalities implications arising from this report. However any changes to service design and delivery would need to be subject to equality impact assessment.

## 6 Risks

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- 6.1 Given the overall pressures facing the Council the current financial position poses a serious and unsustainable risk. Reductions in preventative spend would undermine the longer term objective of a more sustainable approach to health and social care. In the short term a range of measures, summarised in Section 2, are being implemented to help address the projected overspend. Alongside these actions, work has commenced to help shape a new approach to the provision of social care which more clearly recognises the financial context. This will involve shifting public expectations which may have been inadvertently raised as a result of the shift towards Self-Directed Support. During this transition there will inevitably be a rise in complaints and a fair and robust approach to responding to these will be required.

## 7 Involving People

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- 7.1 This report has been considered by senior managers and finance officers in Adult Care and Health

## 8 Background Papers

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