

## Health Overview and Scrutiny Committee

13<sup>th</sup> January 2010

### Report of the Director of Housing & Adult Social Services

## Adult Social Services - Current Financial Pressures

### Summary

1. This report sets out the current financial pressures within Adult Social Services along with details of the mitigating actions being taken and likely future issues.

### Context and Background

2. The vision for adult social care has 4 main elements in terms of what we are trying to achieve for citizens in York:
  - Services that are customer focused – simple to understand and accessible
  - Personalised approach and Choice – customers who are eligible for services will know how much money is available to fund their care and have the opportunity to control that directly if they want to.
  - Maximisation of independence and optimising people’s health and well-being – support that enables rather than disables, intervenes early to prevent problems becoming acute and uses assistive technology.
  - Universal support for everyone – all citizens to get the information, advice they need to live independently even if they are self-funders  
*(Although this is seen as the prime responsibility of social care it touches upon the full range of local authority responsibilities [housing, community safety, neighbourhood services, transport, learning, employment advice etc] as well as the critical partnerships with the NHS, care providers and the voluntary sector.)*
3. For many years this has meant shifting the balance away from reliance on residential and nursing care in favour of investment in community based support. This has the value of not only providing support in the way most people want but also in a way that is generally much cheaper in unit cost terms. This has been reinforced by a strong commitment to giving people more control over their care and, in a growing number of cases, control over the money to fund that care (the “Putting People First” programme).
4. More choice has meant that many more severely disabled people and those with long-term mental health problems have been able to move into independent living with their own tenancies. For example, the council has, on behalf of the NHS in North Yorkshire and York, de-commissioned all the long-stay NHS units for people with learning disabilities in the area and replaced them with supported housing schemes. We are half way through a joint project with the Joseph Rowntree Trust to de-commission their

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residential care units on the same basis. These are very positive initiatives but it must be recognised that the costs of care remain comparatively high and are likely to rise as people become older.

5. At the same time as these policy changes have been put into effect the demand for care has risen in line with demographic changes. The growing demand for adult social care was first set out for members in 2007 as part of the Long Term Commissioning Review. This forecast that expenditure on older people would continue to increase in line with demography-led demand resulting in additional annual costs of £10m by 2020. (This presumed no change in the configuration of services, which was how the reviews of home care and residential care came to be authorised – recognising that radical changes were needed.) Significant cost increases were also forecast for younger disabled people coming into adult care.
6. A key question that still needs to be addressed is the right level of expenditure on adult social care necessary to achieve the council's ambitions to support vulnerable people. That is essential in terms of securing the right level of investment alongside More For York's savings proposals and identifying areas where expenditure may be too high and need more scrutiny. The Care Quality Commission have commented in the last 3 successive years that they have concerns that the council's per capita expenditure will not enable it to achieve the levels of performance it aspires to.
7. We know from CIPFA statistics that we spend less per capita on personal social services in every category compared to England and Family Group councils. It is particularly marked in older people where the 07/8 figures are England - £979, Family Group - £810, York - £696. Similarly, if we look at the annual cost of average packages of care York is a low spending authority with 07/08 figures for England of £7.2k per package compared to £5.8k in York. The fact that York starts from such a low budget base makes the council vulnerable to rising cost pressures and increased demand.

### **Analysis**

8. The major areas of overspend, as included in the most recent monitoring report, and an analysis of spend in key areas over recent years are set out in the attached annexes. Members will be aware that the 3<sup>rd</sup> and final monitoring report for this financial year is due very soon after this meeting and if the figures have been finalised it may be possible to provide a verbal update at the meeting. The information in the annexes shows that despite increased demand the policy of shifting the balance from residential and nursing care to community care has been taking place. New admissions to care are projected to be lower than in 2008/9 and the overall proportion spent of the budget spent on care homes is forecast to fall below 40% - in line with recommended good practice.
9. However, 'snapshot' figures do need to be treated with some caution as they can mask significant variations within the year. Within this trend of reduced reliance on care homes there have been spikes in the numbers at certain times during the year – e.g. 653 customers in residential

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placements in July 2007 compared to 797 placements in July 2009. Although numbers of admissions are being managed the unit cost of this care has increased significantly. This is due to an increase in the complexity and needs of those customers.

10. In terms of home care there has been an increase in the number of home care hours purchased and providers are now operating at the limit of their capacity. At the same time the average cost of an individual package has also risen - from £137 in 2006/07 to £151 in 2008/09. The most marked area of increased cost is in relation to Learning Disabilities customers, where there has been both an increase in the number of customers and the cost of those customers.
11. In addition there has been an increase in the numbers of referrals made to the department, which has resulted in an increase in the number of care packages being delivered. During 2007/08 there were an average of 703 referrals per month and in 2009/10 this has increased to 813 per month. In particular there has been a sharp increase in adult safeguarding referrals (from 95 in the first half of 2008/9 to 173 in the first half of 2009/10). This almost certainly reflects better practice and awareness and previous under-recording of cases but additional staffing resources have had to be put in place to fulfil the council's statutory duty to assess needs.
12. The council remains a major provider of residential care and still provides almost 25% of the home care required. A recent report to the Executive on the More For York Adult Social Care Blueprints (15<sup>th</sup> December) highlighted the costs associated with direct care provision and the need to seek further efficiencies. The blueprints also emphasised the crucial importance of investing in 're-ablement' (a term used commonly across the country to describe services or interventions that are aimed at enabling people to regain their health and their independent living skills e.g. after a fall or a stay in hospital). As the demand for care rises it is imperative that everything is done to maximise people's independent living skills and this needs to be done in very close partnership with the NHS.
13. Direct staffing costs have risen following the implementation of the council's pay review and there has been an increased reliance on temporary staff. The analysis of staffing costs shows that the action currently being taken to reduce the use of agency staff has started to impact on the spend and the agency spend is forecast to outturn at a lower level than in 2008/09. Further work is ongoing to examine the use of overtime and other allowances to see if spend can be reduced in this area.
14. Target budget savings of £1.36m were agreed by members for 2009/10. Offset against this were approved growth items for service pressures of £752k giving a net effect of a reduction of £608k in funding. In addition to this as a result of changes agreed at Full Council savings of £168k were allocated to HASS. Given the overall context of funding in York and the increased demand projected for 09/10 we entered the year at risk in terms of being able to contain expenditure within the approved budget.
15. Concerns remain around transitions and cases that are due to come in to care from 2010/11. There are 70 young people, many with very complex

needs, who we already know will be coming into adult services over the next 3 to 5 years and who will have a statutory right to have a service, with the annual cost of care likely to be in excess of £3m.

### **Financial Implications**

16. The cost pressures currently being seen on the adult social care budgets are largely due to increased demand related to demographic changes and to the increasing care needs of those eligible for services. These factors will be prominent in future years and given that much of the financial mitigation in 2009/10 is one off, this pressure needs to be recognised in the 2010/11 budget.
17. The current areas of mitigation are outlined in Annex One. Much of adult social care operates within a statutory framework and this conditions options for cost savings. Further options for reducing the overspend could be considered by members and examples are listed below. However these would have a direct impact on service response times to customers, some service levels and the performance rating of services by the Care Quality Commission. The legal implications would also need to be carefully considered. Further options that could be considered are:
  - Rationing of placements into residential and nursing care
  - Extended use of waiting lists for services such as home care
  - Extending the time taken to complete care assessments and packages
  - Review of care service levels to existing customers especially for non-statutory services such as day care or respite care
  - Changes to eligibility criteria for services. (York currently operates a relatively generous system whereby people with Moderate needs and above are eligible for services)
  - Recruitment freeze for front line posts
18. The Adult Social Care vision agreed by the Executive on the 20<sup>th</sup> October and the subsequent blueprint agreed on the 15<sup>th</sup> December 2009 could realise savings in excess of £2m. However, the exact savings still need to be verified once the overall strategy is clear and it is unlikely significant savings will be realised until 2011/12. Even then, some initial investment may be needed to ensure the full savings are realised and good performance is maintained and improved where possible.
19. Further budget pressures are anticipated following the recently announced proposals to offer free personal care to those with critical needs, although it has not yet been possible to quantify the financial impact of this proposal until further details are given by Government.
20. The Councils Medium Term Financial Strategy sets out the need for significant efficiency savings in coming years and further pressures on public funding are likely to require the council to have to seek additional savings in coming years over and above those already set out in the current Financial Strategy.

## Other Implications

21. There are no human resources, equalities, legal, crime & disorder, information technology, property or other implications associated with this report.

## Risk Management

22. The current financial position of Adult Social Services exposes the council to a number of different risks, including

- financial risk if the overspend continues and no corrective action is taken
- risk to the safety and wellbeing vulnerable adults if services withdrawn or restricted
- longer term risk to future financial viability of external services

23. The budget setting process always entails a degree of risk as managers attempt to assess known and uncertain future events. The risks outlined above will continue to be mitigated by prompt monitoring of the budget position with regular updates being provided to the Directorate Management Team, Council Management Team and monitor report to the Executive.

## Recommendations

24. The Scrutiny Committee is asked to consider the content of this report and the comments it wishes to make to the Executive.

Reason: To update the Committee on the current financial pressures in order for them to make a response to the Executive.

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**Specialist Implications Officer(s)** None

**Wards Affected:** *List wards or tick box to indicate all*

**All**

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## Background Papers

Second Performance and Financial Report for 2009/10, Executive 17<sup>th</sup> November 2009 and Health Scrutiny 14<sup>th</sup> December 2009

## Annexes

Annex One – summary of main areas of overspend and mitigation

Annex Two – analysis of spend in key areas