

NORTH YORKSHIRE COUNTY COUNCIL

YOUNG PEOPLE'S OVERVIEW AND SCRUTINY COMMITTEE

17 DECEMBER 2018

HAS FINANCIAL POSITION

1.0 PURPOSE OF REPORT

- 1.1 This paper highlights the areas presenting with the most significant financial pressures facing HAS as at October 2018 and the management action that is being taken in response to the pressures.

2.0 HAS FINANCIAL PRESSURES

- 2.1 At its meeting on 27 November 2018, the Executive received the Quarterly Performance and Budget Monitoring Report for Q2, 2018. The report highlighted a projected overspend in Health and Adult Services which, at Q2, was forecasting that IBCF (Improved Better Care Fund) grant of £3.5m would be required to ensure a break-even bottom line position.
- 2.2 This IBCF is temporary funding - £19.6m over the period 2017-20, of which around £6.9m was earmarked to support financial pressures in adult social care.
- 2.3 The main area of overspend is within Care and Support, the service area which accounts for £124m of a net £155m directorate budget. An overspend in this area of £4.3m is being offset by underspends elsewhere in the directorate. A summary of the main Care and Support variances as at Q2 are shown in the table below and the full directorate position is shown in Appendix 1:

BUDGET HEAD	Q2 REVISED BUDGET 2018-19 £000	Q2 FORECAST OUTTURN 2018-19 £000	Q2 VARIANCE 2018-19 £000
Care & Support – Area Budgets			
Care & Support - Hambleton & Richmond	26,047	26,283	237
Care & Support - Selby	14,311	14,790	479
Care & Support - Scarborough, Whitby & Ryedale	39,299	40,521	1,222
Care & Support - Harrogate & Craven	44,654	49,174	4,521
CHC Income and Other budgets		(2,159)	(2,159)
TOTAL	124,310	128,610	4,300

- 2.4 Within these areas financial pressures are greatest in budgets which support Older People and Adults with Learning Disabilities. This continues a pattern of pressures in

recent years which have largely been offset by growth allocated to the budget until now.

- 2.5 The following sections highlight some of the key areas of financial pressure and management action which is being undertaken to mitigate against these. At the same time we continue to lobby for changes in funding which will take account of the pressures we currently face and provide more certainty of resources available in future.

3.0 BACKGROUND

- 3.1 Adult Social Care accounts for over 40% of County Council spend and this share has increased since 2010 due to relative protection of budgets. £15m savings have been made countywide in the service since 2015, with a further £8m to be delivered by 2021. Voluntary sector budgets have been protected overall, as has mental health spend, although funding has been re-allocated to address areas of greater need.
- 3.2 Our transformation and savings agenda has included spending more on prevention which will have an overall positive impact both on people's lives and on the budget for long term support. Benchmarking shows that we would need to spend £11m more on long-term support to mirror the Shire authority average and this has helped us deliver the savings referred to above.

Funding

- 3.3 Approximately 12% of the local social care budget depends on funding being passported from the NHS. Part of this funding (the Improved Better Care Fund) is due to cease in March 2020, with no Government plans as yet for its continuation. If this funding ends, then there will need to be significant cuts to social care services, and, in particular, to the additional support to hospitals for rapid patient discharge, as this is where the passported funding is targeted.
- 3.4 Overall, adult social care is increasingly reliant on a fragmented mix of funding sources: government grants (reducing), council tax, social care precept (which, in part, covers the national living wage costs), charges and funding passported from the NHS. People who use services often have to pay for some or all of their care costs, with limited ability to plan for the future. Providers we commission who accept the County Council's rates usually have different charging arrangements for self-funders in order to ensure they have the income to remain sustainable. This risks a public perception that self-funders subsidise people funded by the State.

The Care Market

- 3.5 The care market nationally is facing an existential challenge. Locally, the situation is better but still under significant pressure.
- 3.6 Increasing demands (such as the ageing population profile and increased care needs) place more pressure on local care systems and help to drive up costs. The proportion of placements for older people (65+) above NYCC rates (42%) is rising. It

is a key driver of budget pressures, particularly in Harrogate & Craven where the levels rises to 68%.

- 3.7 We have undertaken work that shows that key ASC workers in the county spend 45 minutes on average as “downtime” – for each visit in rural areas. This compares with 20 minutes in urban areas. This “rural premium” costs us over £2.5m per annum for domiciliary costs and a similar amount for residential services. We also pay £2.8m in transporting users to day centres and other services. Transport is not part of the means-tested assessment and users currently contribute a small amount to this – approx. £100k. We are currently consulting on an increase to charges which might mean that the cost to council is reduced (although we would continue to pick up the bulk of this cost.)

Other growth and Pressures

- 3.8 The volume of HAS-related contacts into the Customer Resolution Centre (CRC) was up by 2% year on year for Quarter 2, but the actual number of referrals passed to HAS for assessment were up by 4%, representing real growth in demand for assessment activity against reduced staff numbers in operational teams. Referrals for independence assessments were up by 9% in the first half of the year in line with the restructured service’s aim of increasing the volume of new cases being assessed for short term support in the first instance where appropriate.
- 3.9 The flow of increased demand was also keenly felt during Quarter 2 by the Care & Support Team based in the CRC, which experienced a 39% increase in the number of contacts it handled during the quarter. The team processes a significant volume of simple equipment and minor adaptations cases and begins safeguarding processes for approximately 50% of new safeguarding concerns, reducing the burden on frontline teams.
- 3.10 The ‘prevent, reduce, delay’ agenda aims to mitigate growing demand for social care support by diverting referrals away from the formal assessment route where other interventions may be able to provide appropriate levels of support. Living Well referrals are up 27% year on year, following the creation of additional service delivery capacity, funded through the Improved Better Care Fund (IBCF), which has helped the service to support 280 more people in the first half of the year.

Savings

- 3.11 Despite these pressures, the Directorate has contributed significantly to the Council’s savings requirement.
- 3.12 The current MTFS shows savings of £15m savings have been made countywide in the service since 2015, with a further £8m to be delivered by 2021.
- 3.13 Our transformation and savings agenda has included spending more on prevention which will have an overall positive impact both on people’s lives and on the budget

for long term support. Benchmarking shows that we would need to spend £11m more on long-term support to mirror the Shire authority average and this has helped us deliver the savings referred to above.

- 3.14 The Council has however prioritised Adult Social Care by allocating growth funding of up to £3m annually for a number of years and this prioritisation can be evidenced in the make-up of the Council's overall budget. In 2015-16 the proportion of the overall budget spent on ASC was 38%. That amount is now 43%.

4.0 ACTION PLAN

- 4.1 We are currently finalising an action plan which aims to reduce the financial pressures in Care and Support, while continuing to look for other savings to support the Council's overall budget position. This plan will focus on three key areas. One of these – the **Market** – is highlighted above. The other areas are **Practice** and **Productivity**.
- 4.2 In terms of **Practice**, we are on a ten-year journey to ensure our practice is confident and consistent. We have made a good start in introducing a Strength-Based Assessment (SBA). SBA is about making an assessment on the basis of what the individual can do, what support they can get from their family, friends and community and, only then, looking at how that can be enhanced by a care package - a radically different type of practice from the social care provided since the 1990 NHS & community care act took effect in April 1993.
- 4.3 We will also ensure that standards of **Productivity** are high right across the entire Council. We will make best use of technology. To minimise the number of assessments which end before completion (one in four), we will strengthen our so-called "front door" arrangements. This is where we can quickly make decisions about which route to take with different social care contacts and referrals and therefore reduce unproductive effort.
- 4.4 Work on our Action Plan has begun and includes:
- Building on the work we already do such as auditing case files and setting up Risk Enablement Meeting (REM) panels.
 - Developing and delivering a Confident and Consistent Practice Organisational Development programme for all managers and practitioners
 - Enhancing Practice team scrutiny of individual care plans
 - Scrutiny of all in-month Residential Care Home and Nursing Home placements by the Care and Support Leadership Team
 - Providing CHC, S117 and Transforming Care Partnership practice support to increase rigour around defining Health and Social Care needs and assertion / challenge. We are also working better with Health partners to ensure that the split of costs for individual packages has better gatekeeping and is fair.
 - Implement process to review monitoring spreadsheets in a timely manner with business support and Budget Managers to ensure effective budget monitoring practice, following a fundamental review of the budget last year and building on the progress already made to ensure that service managers are now far

more involved in forecasting. The additional review is required as we move all of our records onto the online CONTROCC system.

- Review of HAS screening tool: questions; consistency of usage and practice in the CRC; outcomes
- Continued delivery of Quality Improvement Team work leading to reduced closures / emergency placements at higher rates (IBCF)
- Money spent on where people live (especially Physical Learning
- Disabilities and Mental Health accommodation, covered by Strength-based Approach (SBA) Phase to improve VFM and quality
- Increase rigour and scrutiny around REM to ensure consistent approach to high cost packages / placements and review budget approval and authorisation levels
- Continue working with local communities to develop micro-enterprise solutions to delivery of care in rural areas
- Introduce category management in commissioning teams to ensure best value
- Consider reduced focus on Delayed Transfers of Care (DTC) to release operational capacity in other areas however this would impact on performance and may incur fines

5.0 FUNDING

5.1 We continue to lobby central government for a fairer funding settlement for Adult Social Care. In the past two years we have held discussions or provided views to various stakeholders including:

- Cabinet Office visit May 2017 – feeding into the Green Paper
- Responded to the Joint Inquiry on the Long Term Funding of Adult Social Care by the Parliamentary Committees for Local Government and Health – March 2018
- Presentation to Ministry of Housing, Communities and Local Government
- Responded to Local Government Association (LGA) and County Councils Network (CCN) Green Papers (September 2018) – see Appendix 1.
- Invited MPs to Area Constituency Committees and presented our views on the forthcoming Green Paper (August – December 2018)

5.2 In all of these discussions, our message has been that in future any funding settlement must be comprehensive, enduring and fair settlement for social care. It should also be less complex than the current system which is a mixture of one-off and recurrent funding, ring-fenced and non-ringfenced grants, local ability to raise additional Council Tax and contributions from service users.

5.3 We have also said that there needs to be a review of the funding allocations formula, with Adult Social Care funding based on ageing and disabled population and Public Health Grant funding based on indices of multiple deprivation.

5.4 Consideration should be given of additional cost pressures facing local government and the NHS in remote rural and coastal communities. Any funding formula should take into account the different costs of delivery incurred by geography and supply, for

example higher transport costs and an older population. We also endorse the LGA and PHE report from 2017 (<https://www.local.gov.uk/health-and-wellbeing-rural-areas>) which notes, amongst other conclusions, that:

- Both sparsity and rurality appear to affect poverty levels and consequently the health of people in rural areas. Sparse areas on the fringes of towns and urban settlements have the highest proportions of poor households, although no area type is poverty free.
- Changing population patterns, including outward migration of young people and inward migration of older people, are leading to a rural population that is increasingly older than the urban population, with accompanying health and care needs.
- Sparsity and the increasing scarcity of public transport links have a significant impact both on daily living costs of rural households and on access to services.
- Rural areas have worse access in terms of distance to health, public health and care services. Longer distances to GPs, dentists, hospitals and other health facilities mean that rural residents can experience 'distance decay' where service use decreases with increasing distance. Different models of service delivery may be needed for rural areas, including new models of workforce development. These also include the development of rural hubs providing a range of services, and more services provided on and through the internet.

5.5 We have also advised that we need to review and decide what is the responsibility and resulting costs of the state and what we agree should fall on individuals and families. In this we need to reflect on charges to people and revisit means test and needs test thresholds. We should be cautious about the unintended consequences of including people's homes in financial assessments for home care.

5.6 Finally, there needs to be clarity – not least for the general population – about the respective roles of the health and social care sectors and how much people will have to pay to access these. Expectations are understandably confused when some health care is free without means-testing while this is not currently the case in social care provision.

6.0 RECOMMENDATIONS

6.1 Overview and Scrutiny Committee is asked to note the contents of the report.

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Report Prepared by Health and Adult Services Leadership Team

Appendix 1

SUBMISSIONS TO LGA AND CCN GREEN PAPERS – SOCIAL CARE

BACKGROUND

The County Council welcomes the Government's commitment to publishing a Green Paper on adult social care in November, alongside the long term plan for the recently announced £20 billion investment in the NHS. We have argued for a two-pronged approach:

- A long term funding settlement for social care, to stabilise the care system and to provide certainty for service providers
- Reform of the current system so that individuals and families can plan for future care needs and costs

As we understand it from Government sources, there is unlikely to be any commitment made about future social care funding before the next Spending Review and it may be 2023/24 before a longer term package of reforms and a sustainable funding settlement is in place.

The Local Government Association is undertaking a consultation on its own Green Paper, *The lives we want to lead* <https://www.local.gov.uk/lives-we-want-lead-lga-green-paper-adult-social-care>

This paper sets out options for how the system could be improved and radical measures that need to be considered given the scale of this funding crisis. Possible solutions to paying for adult social care in the long-term outlined in the consultation include:

- **Increasing income tax for taxpayers of all ages** – a 1p rise on the basic rate could raise £4.4 billion in 2024/25
- **Increasing national insurance** – a 1p rise could raise £10.4 billion in 2024/25
- **A Social Care Premium** - charging the over-40s and working pensioners an earmarked contribution (such as an addition to National Insurance or another mechanism). If it was assumed everyone over 40 was able to pay the same amount (not the case under National Insurance), raising £1 billion would mean a cost of £33.40 for each person aged 40+ in 2024/25.
- **Means testing universal benefits**, such as winter fuel allowance and free TV licences, could raise £1.9 billion in 2024/25
- **Allowing councils to increase council tax** – a 1 per cent rise would generate £285 million in 2024/25

In addition, the County Councils Network has also published its own Green Paper, *Sustainable Social Care: A Green Paper that Delivers a New Deal for Counties* <https://www.countycouncilsnetwork.org.uk/counties-set-out-their-social-care-policy-p...>

This paper argues that if the government's reform agenda is to be successful, then social care must remain a local service and ministers should 'not be swayed' by overly-simplistic arguments to combine all, or elements of social care into the NHS.

With counties facing a funding gap of £1.6bn in social care by 2020/21 and new figures showing the average county authority now spends 45% of its entire budget on adult social care, the report makes several key recommendations to government:

- If government implements a cap on care at £50,000 per individual, this could cost county authorities collectively £691m a year – double that of a £72,000 cap which was previously put forward.
- County leaders suggest these reforms, and the funding gap, could be filled by national taxation and means-testing of winter fuel allowance and attendance allowance to avoid ‘catastrophic consequences’ for local services. Separately, they say they agree with the exploration of further proposals to make the system sustainable, including the recently floated ‘social care levy’ proposals.
- Social care must remain a local service, and social care councils’ role in the reform and integration agenda should not be overlooked by government. Councils contain democratic accountability and strong links to other service areas, such as housing, and they have a proven track record in financial prudence and commissioning.
- With the number of over 85s households in county areas set to rise to ‘unprecedented’ levels by 155% over the next two decades, government must address shortages in both retirement properties and supported housing, by introducing reforms to the planning system and to the administration of grant funding such as Disabled Facilities Grant.
- Prevention should be a key focus of the green paper. To that end, government should invest a ‘significant’ proportion of the £20bn NHS windfall in primary, community, and mental health services.

However, the lower the cap is set, the higher the costs for county authorities – and with county authorities already facing an existing funding black hole of £949m in social care by 2020 and care home providers in these areas estimating a short-fall of £670m in the fees they receive from councils, the introduction of an un-costed cap would have ‘catastrophic’ consequences for local services; pushing services closer to the brink, fewer residents actually receiving care, and care homes potentially closing.

These councils also say that a failure to fully fund any care cap, and provide genuinely new money to meet the existing funding gap of £1bn, will further threaten the financial sustainability of England’s largest councils. A CCN survey of county leaders recently showed that only 33% of leaders were confident in delivering a balanced budget by 2020/21; with the outcome green paper pivotal to dealing with the financial uncertainty facing their councils.

The report presents evidence that shows the consequences of an unfunded cap for rural councils could be particularly acute, with counties facing an ‘unprecedented’ rise in those aged over 85 and these areas containing more ‘self-funders’ who would now, for the first time, be eligible for the cap and potentially enter state-funded care.

Population projections show that the number of over 85 households in county areas are set to balloon by 155% by 2039, rising from 491,000 to 1,254 million. This growth in rural areas represents over half of the country’s entire projected growth in over 85s, with on average 53% of social care users in counties self-funding their care.