NORTH YORKSHIRE COUNTY COUNCIL

YOUNG PEOPLE'S OVERVIEW AND SCRUTINY COMMITTEE

26 SEPTEMBER 2019

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 September 2019 and the management action that is being taken in response to the pressures.

2.0 HAS FINANCIAL PRESSURES

2.1 At its meeting on 13 August 2019, the Executive received the Quarterly Performance and Budget Monitoring Report for Q1, 2019-20. The report highlighted a projected overspend in Health and Adult Services which, at Q1, was forecasting that IBCF (Improved Better Care Fund) grant of £2.7m and £2.4m of Winter Funding will be required to ensure a break-even bottom line position. Therefore without this money, there would be an overspend of £5.1m – or approx. 3% of the net budget.

2.2 This IBCF is temporary funding - £19.6m over the period 2017-20, of which around £6.9m was originally earmarked to support financial pressures in adult social care. This has now increased to £7.9m – in addition to £4.8m of additional funding "Winter Pressures) allocated by central government for 2018-19 and 2019-20.

2.3 The main area of overspend is within Care and Support, the service area which accounts for £133m of a net £157m directorate budget. The predicted overspend in this area is £4.9m. 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	REVISED BUDGET	FORECAST	VARIANCE
Care & Support			
Area Budgets			
Care & Support - Hambleton & Richmond	27,344	27,280	-64
Care & Support - Selby	14,907	15,532	624
Care & Support - Scarborough, Whitby & Ryedale	42,274	43,842	1,568
Care & Support - Harrogate	38,940	41,254	2,314
Care & Support - Craven	9,461	11,486	2,025
CHC Income and Other Budgets		-1,534	-1,534
	132,926	137,860	4,934

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 been offset to an extent by growth allocated to the budget until now.

2.5 In addition, Mental Health budgets are currently overspending by approx. £400k on a budget of £8.5m. This is mainly the result of additional costs incurred in Mental Capacity Act budgets linked to preparation for Liberty Protection Safeguards and cost pressures on residential and nursing budgets.

2.6 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 41% of County Council spend and this share has increased since 2010 due to the relative protection of these budgets. £18.5m savings have been made countywide in the service since 2015, with a further £7.5m to be delivered by 2022 – at this stage. 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 16% of the net local social care budget depends on funding being passported from the NHS. Part of this funding (the Improved Better Care Fund), plus other grants for Winter Pressures were originally due to cease in March 2020, although we understand that it will continue for one further year 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 in 2018-19 although this will increase over time.

Other Growth and Pressures

3.8 The volume of HAS-related contacts into the Customer Resolution Centre (CRC) was up by 6% year on year for Quarter 1, and the actual number of referrals passed to HAS for assessment were up by 5%, representing real growth in demand for assessment activity against reduced staff numbers in operational teams. Referrals to mental health teams were up by 10%.

3.9 The flow of increased demand through the Care & Support Team based in the CRC experienced a 41% increase in the number of contacts it handled during Quarter 1. 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. In the second half of 2018/19, the team also took on a role in completing initial assessment work for new cases, which is the key driver for the recorded increase in activity levels.

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. The additional resources allocated to Living Well through the Improved Better Care Fund (IBCF) continue to facilitate increased activity levels, with referrals up 90% year on year whilst the service's high satisfaction levels have been maintained. The other key strand of the prevention agenda, reablement, recorded a 2% increase in the number of interventions delivered year on year.

Savings

3.11 Despite these pressures, the Directorate has contributed significantly to the Council's savings requirement as set out above.

4.0 ACTION PLAN

4.1 We have 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 focuses 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 (DTOC) to release operational capacity in other areas however this would impact on performance and may incur fines

5.0 FUNDING

5.1 As set out last year, we continue to lobby central government for a fairer funding settlement for Adult Social Care.

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 RECOMMENDATION

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

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