

Open Report on behalf of Glen Garrod, Director of Adult Social Services

Report to:	Adults Scrutiny Committee
Date:	22 January 2016
Subject:	Adult Care Budget 2016/17

Summary:

This report describes the Adult Care revenue and capital budget for 2016/17. The paper provides the Committee with the opportunity to comment on the budget proposals prior to them being discussed at the Executive meeting on 2 February 2016.

Actions Required:

- (1) The Adults Scrutiny Committee is requested to consider the report and comment on the budget proposals.
- (2) The Adults Scrutiny Committee is invited to agree any comments on the budget proposals, which the Committee would like to be passed to the Executive on 2 February 2016.

1. Background

1.1 The Executive are currently consulting on a one year financial plan for revenue and capital budgets. For the second year running the Council is only able to set a one year budget. This is due to the continued significant reductions in Government funding, growing cost pressures from demand led services such as Adult Care and Children's Services along with the Council's responsibility from 2016/17 to pay staff and contractors the National Living Wage. These pressures mean the Council has been unable, at present, to develop sustainable long term financial plans beyond the next twelve months.

1.2 In developing its financial plan the Council has considered all areas of current spending, levels of income and council tax and use of one-off funding (including use of reserves and capital receipts) to set a balanced budget. The budget proposals take a mixed approach to meeting the current challenges of reduced levels of local government funding.

1.3 During the next twelve months the Council will need to explore further opportunities to bridge the gap between the funding available and levels of expenditure.

1.4 At its meeting on 5 January 2016 the Executive agreed proposals for the Council's revenue and capital budgets, and Council Tax level for 2016/17 to be put forward as a basis for consultation.

1.5 The Commissioning Strategies reporting to the Adults Scrutiny Committee and their associated activities are:

Adult Frailty and Long Term Conditions

1.6 The Adult Frailty and Long Term Conditions strategy brings together Older People and Physical Disability Services. This commissioning strategy aims to ensure that eligible individuals receive appropriate care and support that enables them to feel safe and live independently. Activities within this area include:

- Reablement and Intermediate Care
- Domiciliary Care
- Direct Payments
- Community Support
- Extra Care Housing
- Residential Care
- Dementia Support Services
- Assessment & Care Management and Social Work Service
- Adult Care Infrastructure

Specialist Services

1.7 This commissioning strategy aims to ensure that eligible Adults with Learning Disability, Autism and/or Mental Health needs receive appropriate care and support that enables them to feel safe and live independently. Activities within this area include:

- Residential and Nursing Care
- Community Supported Living
- Homecare
- Direct Payments
- Day Services
- Respite Services
- Adult Supporting Adults
- Transport
- Assessment and Care Management and Social Work Service
- Section 75 agreement with Lincolnshire Partnership Foundation Trust for Mental Health Services

Safeguarding Adults

1.8 The Safeguarding Adults Strategy aims to protect an adult's right to live in safety, free from abuse and neglect. The service works both with people and organisations to prevent and stop both the risks and experience of abuse and neglect ensuring that adult's wellbeing is being promoted.

1.9 The Lincolnshire Safeguarding Adults Board discharges its function to safeguard adults on a multi-agency basis. This is led by an independent chair.

1.10 This area also encompasses the Deprivation of Liberty Safeguards (DOLS) which had a temporary injection of funds from the Council to help address a significant increase in activity as a result of the 'Cheshire West' legal judgement in March 2015. There were 167 DOLS applications in 2013/14, increasing 10-fold to 1,570 in 2014/15. The projection for 2015/16 is 2,400 applications, which is a 50% increase from last year.

Activities within this area include:

- Adult Safeguarding Fieldwork Teams
- Deprivation of Liberty Safeguarding Unit
- Emergency Duty Team (weekend and night-time)

Carers

1.11 The Carers Strategy aims to prevent or delay ongoing care needs by supporting adult carers so they are able to sustain their caring role, reducing the need for costly services in primary and acute care, and long term social care for the people they care for.

1.12 The Strategy is also responsible for services provided to young carers helping to prevent inappropriate caring, helping to reduce the negative impact on the child's wellbeing and development by ensuring adequate support for the adult and to support the child to fulfil their potential. Activities in this area are almost completely commissioned externally though a small commissioning unit oversees the service and addresses policy and strategy requirements.

2. Budget Setting

2.1 The Adult Care budget is set in the context of increasing demographic pressure and cost pressures related to service provider fee increases that will occur as a direct consequence of the implementation of the National Living Wage in April 2016. This results in a pressure of £3.946m in 2016/17 in addition to the funded pressure already identified of £4.951m arising from demographic growth (see also later) – notably in the number of very elderly people with eligible needs and young people coming into adulthood with profound disabilities (£8.897m in total).

2.2 In November 2014 Adult Care identified savings of £3.370m arising from the Fundamental Budget Review (FBR) to be delivered in 2016/17; in addition to this further discussions were held over the autumn to identify additional savings to help close the Council's funding gap (the 'Financial Challenge'). As a result Adult Care

has developed a revised programme of savings incorporating those already agreed in November 2014 plus those identified during recent discussions with Senior Managers (a combination of one-off and recurring savings) and where possible future year savings being brought forward. The proposed budget therefore identifies a revised savings requirement of £5.332m in 2016/17, an increase of £1.962m.

2.3 April 2015 saw the advent of the Care Act, the single biggest legislative change affecting the most vulnerable adults and their carers in more than 50 years. The first year of the Act - 2015/16 - Adult Care received £6.4m, funded via the Better Care Fund (£2.000m) and direct grant (£4.400m). The budget makes an assumption that this funding continues. Members will recall that £400,000 was 'given-back' to the Council to help with the overall budgetary pressures along with the 2014/15 Adult Care underspend of £1.1m.

2.4 Another area with a profound effect upon Adult Care is the Better Care Fund (BCF) in which £53m (£48.1m revenue and £4.9m capital) was earmarked for the Lincolnshire health and care economy in 2015/16. Spend against this allocation was agreed with the four Clinical Commissioning Groups (CCGs). £20m was allocated to the County Council in 2015/16 predominantly in Adult Care to help fund the costs of the Care Act (£2m) and to 'protect' adult care. Much of the money is already being spent on services such as the Local Authority Reablement Service (LARS), Hospital Discharge Teams and on Learning Disability services.

2.5 The Spending Review in November 2015 announced the creation of a social care precept of 2% to give local authorities with responsibility for social care the ability to raise new funding to spend exclusively on adult social care, estimated to raise £4.745m in 2016/17 if implemented.

2.6 The Spending Review also announced that £1.5bn would be added to the national ring-fenced Better Care Fund progressively from 2017/18 reaching £1.5bn in 2019/20. However it has been confirmed that there will be no additional funding for the Better Care Fund in 2016/17 above 2015-16 levels.

2.7 Negotiations are currently ongoing with respect to Lincolnshire County Council's BCF allocation for 2016/17. The final Lincolnshire submission will need to be agreed between the four CCGs and the Executive of the County Council for April 2016.

2.8 Adult Care is now a 95% commissioned service and there is a legal obligation to meet eligible needs. This means the care market must be healthy enough to supply service when required whether that be residential or nursing care or, a home care package.

2.9 Not only must a service be supplied to meet an eligible need but that service must meet certain standards. Quality of service is a high priority for the public and most notably those who require them and their families.

Demographic Growth

2.10 Simply put, many of the most vulnerable adults in our communities have needs that are becoming more complex, and more expensive to support. The Census in 2011 revealed that 20% of the adult population are aged 65 or over, and

the projected growth in older people up to 2021 is expected to be 29%, which is above the national average. In particular, the most vulnerable age group, aged 85 and over is projected to grow by 47% by 2021. This age structure is more pronounced in East Lindsey which currently has the highest proportion of adults aged 65 and over in their community (39%), and the highest projected growth rate in the age group in the country. There are more people coming into the county that are legally entitled to support through Ordinary Residence rules (inward migration figures) and, more young people coming into adulthood with profound needs that will live longer than before.

2.11 In the last two financial years, the number of adults supported with long term support has increased from 1,930 per 100,000 to 2,080 per 100,000. This shows that as the population has increased, Adult Care have supported an increasing proportion of the adult population in Lincolnshire.

2.12 Over the last three years, Adult Care have consistently received over 32,000 requests from adults presenting with social care needs for the first time, and there is evidence to suggest that this demand is not abating. The projection for the number of requests this year is closer to 34,000.

2.13 To illustrate the increased level of support provided to adults, the number of home care visits has increased by 10% over the last two years, and is estimated at 3.2m visits made in the current financial year. Furthermore, the visits have become longer with a greater proportion of visits lasting 30 minutes or more. A third of home care packages are classed as intensive (ten or more hours and at least six visits per week).

2.14 With specialist services, micro commissioning of long term support for young adults has been necessary to reduce the life time costs of individuals who need community supported living. Provision in this area has increased by over 20% since 2013/14.

2.15 Admissions to long term care home placements have been low over the last couple of years, but once admitted are living longer with the associated weekly cost of placements increasing. Also, there has been in a shift in provision where 30% of residents are receiving nursing care in a home, which has increased from 25% just two years ago. Nursing care costs are, of course, greater than residential care.

2.16 Although the number of staff directly employed by Adult Care has reduced by a third since 2013/14, the vast majority of the reductions have come from business functions transferring to other executive areas, and in-house services such as reablement and day care transferring to external service providers. Staffing within social work teams has been protected, although recruitment and retention is still an issue. Social work teams are faced with increased caseloads managing both a steady stream of assessments of new clients and reviewing the needs of existing clients.

2.17 In an attempt to calm the wave of demand and reduce the pressure on Adult Care, investment has been made in preventative and short term services, such as the Wellbeing Service, Telecare and Reablement. Future investment in these

areas is vital to manage the increase demand and reduce the impact on the Adult Care Budget.

2.18 From a recent Wellbeing Service Evaluation, there was evidence to suggest that the support offered by the service resulted in almost 10% fewer people making contact with the Health & Wellbeing Hub. As part of this service, referrals are made to Telecare; an ongoing 'background' service that is provided to individuals to allow them to retain their independence without the need for longer term support from Adult Care. Currently, 5,940 adults receive Telecare equipment as their only service. Provision has almost doubled in the last two years.

2.19 Reablement is another intervention that improves outcomes for individuals and greatly helps in delaying or reducing the need for longer term Adult Care services. In 2014/15, one in eight people who received Reablement went on to receive longer term services. Within the new three year contract, there is provision for the provider to exceed their contracted hours and charge Adult Care at an appropriate hourly rate.

2.20 Support to Carers is also an important preventative service. Over the last twelve months, 7,800 carers have received some form of support ranging from information and advice, carer breaks in the form of Respite Care for the person they care for, to direct payments. Although the level of support has increased in recent years, this is only scratching the surface as there are 79,000 carers in the county (*Census 2011*), each caring for someone with support needs of varying complexity.

2.21 Since April of this year, the profile of support has shifted (and has needed to shift) towards lower level support for Carers. This is partly due to the new eligibility assessment for Carers following the introduction of the Care Act 2014, but also smarter support planning has meant that carers have been able to meet their outcomes with support from family and other services in the community without the need for a direct payment.

2.22 Finally, the current state of the acute sector has seen a profound effect on the demand for care and support for people being discharged from hospital. Whilst still at a low level comparatively, delays attributed to Social Care are also increasing which has an impact on patient flow and the availability of beds. Investment in hospital support from social work practitioners would be prudent, particularly since some pilot schemes in hospitals to assist in Accident & Emergency, discharge planning and assessments in people's homes have been effective.

3. Budget Proposals

3.1 Taking into account the issues identified above the proposed budgets for 2016/17 are set out below. Note that the budgets do not currently take into account pressures related to the changes to the National Living Wage (NLW). The additional estimated pressures that have been identified within this report are currently funded and held within corporate central budgets and the actual costs associated with NLW will be funded as and when these costs are known.

3.2 Adult Frailty & Long Term Conditions

Adult Frailty & Long Term Conditions	2016/17
Base Budget 2015/16	£93,093,931
Inflation	£125,097
Identified Pressures	
<i>Direct Payments</i>	£1,350,327
<i>Community/Home Support</i>	£2,687,773
<i>Long Term Placements</i>	£5,418,089
<i>Short Term & Respite Care</i>	£511,478
<i>Other Services</i>	£121,449
<i>Family Dementia Support/Short Break</i>	£27,000
<i>Additional Pressure</i>	£700,000
<i>Employer National Insurance Contributions Increase wef April 2016</i>	£205,133
Total Gross Pressures	£11,021,249
	<i>Less</i>
Savings & Income	
<i>Original Savings Identified</i>	-£3,370,000
<i>New Savings Identified</i>	-£262,000
<i>Additional Service User Income</i>	-£1,400,411
Total Savings & Additional Income	-£5,032,411
Proposed Budget	£99,207,866
Percentage Increase	6.57%

3.3 Specialist Adult Services

Specialist Adult Services	2016/17
Base Budget 2015/16	£47,242,733
Inflation	£50,484
Identified Pressures	
<i>Long & short term residential care</i>	£1,164,022
<i>Home Based Care Services</i>	£906,675
<i>Direct Payments</i>	£472,105
<i>Day care services including relevant travel</i>	£311,487
<i>Mental Health - Section 75 Agreement</i>	£183,702
<i>Additonal Pressure</i>	£1,440,630
<i>Employer National Insurance Contributions Increase wef April 2016</i>	£78,793
Total Gross Pressures	£4,557,414
	<i>Less</i>
Savings & Income	
<i>New Savings Identified</i>	-£200,000
<i>Additional Service User Income</i>	-£111,255
Total Savings & Additional Income	-£311,255
Proposed Budget	£51,539,375
Percentage Increase	9.09%

3.4 Adult Safeguarding

Adult Safeguarding	2016/17
Base Budget 2015/16	£3,255,543
Inflation	£12,269
Identified Pressures	
<i>Employer National Insurance Contributions Increase wef April 2016</i>	£27,284
Total Gross Pressures	£27,284
	<i>Less</i>
Savings & Income	
<i>New Savings Identified</i>	-£1,500,000
Total Savings & Additional Income	-£1,500,000
Proposed Budget	£1,795,095
Percentage Increase	-44.86%

3.5 Carers

Carers	2016/17
Base Budget 2015/16	£2,044,492
Proposed Budget	£2,044,492
Percentage Increase	0.00%

4. Capital Expenditure

4.1 Adult Care revised its Capital Strategy and Investment Plan for 2015/16 onwards as part of a renewal of its commitments to infrastructure developments. The plan is designed to meet the changing needs of Adult Care over time, but must also recognise that plan has specific benefits for other directorates (e.g. Public Health) and partners outside of the authority.

4.2 These initial plans detailed £11,300,000 of commitments and potential commitments over six areas of investment for the remaining life of the strategy.

Investment Plan	2016/17	2017/18	2018/19	Total
Extra Care Housing	£7,550,000	£0	£0	£7,550,000
Telecare/Telehealth	£250,000	£250,000	£250,000	£750,000
DFGs	£500,000	£500,000	£500,000	£1,500,000
Health & Adult Care Integration	£900,000	£0	£0	£900,000
Day Care Modernisation	£500,000	£0	£0	£500,000
Care Act Infrastructure	£100,000	£0	£0	£100,000
TOTAL	£9,800,000	£750,000	£750,000	£11,300,000

Extra Care Housing

4.3 Research evidence identifies the need for an expansion in Extra Care for older people to promote greater choice and the opportunity to avoid choosing a place in a residential home. Adult Care have been seeking to do this through further development of Extra Care Housing, and a Business Case was produced in 2013/14 to increase the allocation of capital towards Extra Care by up to 600 units subject to the potential to attract inward investment.

4.4 Responsibility for delivering this scheme was transferred to Corporate Property in 2014/15. A Governing Body chaired by the Director of Adult Social Services with two Executive Members and the Executive Director for Finance oversees the programme. A significant amount of work has already been undertaken to determine the best model of investment via a detailed market analysis and ongoing financial analysis by Grant Thornton. Issues have been raised in respect of the implications of state aid which are also being investigated.

Telecare/Telehealth

4.5 Lincolnshire Telecare was re-launched in 2007 with £1.1m funding initially from the Preventative Technology Grant. The service has since been funded by Adult Care and is a low cost service to support large numbers of people to remain in their own home.

4.6 The Telecare service is providing support for an increasing number of service users, who are able to access it via a number of trusted assessors from a range of organisations. The introduction of the Wellbeing Service in 2014/15 has also resulted in an increase in referrals for service users who would normally not qualify for local authority support but are provided equipment in order to prevent and delay service users from presenting themselves in the future.

4.7 Promoting Telecare to support people rather than more expensive solutions will require investment in equipment at a level greater than is currently allocated. £300k is estimated to be required to continue to provide the service for the rest of this financial year with approximately £200k for equipment in future years.

Disabled Facilities Grant

4.8 Funding for local housing authorities to meet the costs of providing disabled facilities grants is currently paid by Department of Communities and Local Government as a capital grant. As of 2015/16 all of the central government funding is being provided by the Department of Health and included in the Better Care Fund although still delivered by district authorities. Historically districts have topped up the central government allocation in order to better support the delivery of facilities for those who qualify for support. However as a consequence of changes to the funding routes the amount of additional funding provided by districts has reduced over time resulting in a risk of people presenting themselves to Adult Care sooner than would otherwise be the case.

4.9 Disabled Facilities Grants (DFGs) provide an important mechanism for supporting young and older people and people with disabilities to live independently. When delivered early, alongside other preventative measures, they may contribute to prevent admissions to hospital and residential care. With an increasingly elderly population, and more disabled children surviving their early years through to adulthood, the need for adapted housing is projected to continue to increase.

4.10 It is therefore essential that the capital plan continues to include a realistic budget for home adaptations. Failure to include adaptations in the plan could result in a lack of funding for DFGs which in turn will impact on the ability of older and disabled people being able to live safely and independently at home.

Care Act Infrastructure

4.11 The Care Act 2014 was implemented in April 2015 and is legislation that seeks to deliver the commitments made in the White Paper 'Caring for Our Future: Reforming Care and Support' (July 2012).

4.12 The Care Act has been designed to reform the law relating to care and support for adults and for carers, updating and bringing together all relevant legislation into a single statute in order to better offer improved support and wellbeing with dignity, respect, independence and choice.

4.13 As a result of the Act, the Government will be providing additional capital funds to ensure that systems are able to accommodate all the required changes to ensure that as an authority we are compliant with all aspects of the Act. For the most part the work to ensure system compliance is already at an advanced stage with the development of Mosaic; however it is likely that additional costs of ensuring compliance over and above the initial scope of mosaic implementation will need to be met.

Health and Care Integration

4.14 The Autumn Statement and Provisional Local Government Settlement has provided local authorities with some flexibility around the use of capital receipts. Under previous regulations these were required to be utilised to fund capital expenditure or pay down debt. Under these new flexibilities the Council will be able to use capital receipts to fund the cost of Health and Adult Care Integration and transformation of which the key criteria is that the expenditure will generate ongoing revenue savings to the authority.

Day Care Modernisation

4.15 An additional sum of £0.500m has been allocated to fund ongoing modernisation of the in-house day care service. This allocation will be used to fund dilapidation and remedial works in respect of proposed consolidation of day care centres in Boston and Skegness along with a new programme of modernisation within the remaining building stock.

2016/17 Funding

4.16 As in previous years the Department of Health has made £134m available nationally through the Social Care Capital Grant. This funding is delivered as part of the Better Care Fund with the Council's allocation assumed to be similar to funding provided in 2015/16 which totalled £1.875m.

4.17 The budget proposals are being publicised in their entirety on the Council's website together with the opportunity for the public to comment

4.18 Consultation comments and responses will be available to be considered when the Executive makes its final budget proposals on 2 February 2015.

2. Conclusion

The proposed Adult Care Net Budget for 2016/17 is £154.585m, an increase of £8.949m (6.14%) over and above the 2015/16 budget of £145.636m. The budget is set in the context of increasing demographic pressure and cost pressures related to service provider fee increases.

Significant reductions in government funding along with increasing service pressures mean the Council has been unable, at present, to develop sustainable long term financial plans beyond the next twelve months and therefore can only set a one year budget.

3. Consultation

a) Policy Proofing Actions Required

Not applicable

4. Appendices

Not applicable

5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Steven Houchin, who can be contacted on 01522 554293 or Steven.Houchin@lincolnshire.gov.uk.