MEDIUM TERM SERVICE & RESOURCE PLAN 2010/11-2012/13
ADULT SOCIAL CARE & HOUSING
(Based on November 2009 paper , updated March 2010)

1. Introduction

This document sets out the key influences affecting adult social care and housing services in the next 3-5 years; the changes that we want to make in order to be able to deliver our vision and priorities, and proposed actions to achieve financial balance in an increasingly challenging local and national context.

2 Context

Members of the Healthier Communities & Older People Overview & Scrutiny Panel have recently engaged, along with other key partners, and the people of Bath & North East Somerset, in developing key strategies and change programmes aimed at helping individuals to achieve their potential by improving health and well-being and reducing inequalities, including:

- The new Sustainable Community Strategy, which reflects the shared commitments of the Local Strategic Partnership and covers health, social care and housing as well as the wider range of issues that affect our communities, including community safety, environmental and economic sustainability, culture and the arts and the built environment;
- Improving Health & Wellbeing in Bath & North East Somerset 5 Year Strategic Plan 2010/11 – 2014/15, which has been submitted to the Strategic Health Authority in draft form and is to be published in final form by the end of November;
- The programme for transforming community health & social care with detailed commissioning intentions published at the end of October 2009.

Service Strategy

The Health & Wellbeing Partnership has 9 long term strategic goals and is working on transforming community health and social care across 9 service areas. These are detailed in Appendix 1.

The overall service strategy is to sustain greater numbers of people in community settings by:-

- Improving information, advice, guidance and advocacy so that people know about all the options available to them and are able to make informed choices.
- Supporting and promoting access to universally available services, including leisure, culture and learning opportunities.
- Supporting the development of sustainable connected communities.

- Promoting early identification and diagnosis of conditions like dementia to enable early intervention, including support to carers.
- Encouraging approaches that delay or prevent an escalation of individual needs, including: supporting people into employment or other forms of meaningful occupation; a range of supported and extra-care housing; community equipment, assistive technology and adaptations that enable people to remain in their own home; and support to carers.
- Developing services that evidence tells us encourage a shift to the lowest appropriate level of intervention/support, including services focused on re-ablement, rehabilitation and recovery.
- Improving access to mainstream services whilst also ensuring that people who really need to access specialist services are able to do so.
- Ensuring that an individual or family in crisis is able to get help quickly.

We anticipate that as we achieve a sustainable shift to a greater community focus there will be a slowing or even reversal of the flow of people needing intensive support in settings such as acute hospitals, secondary and specialist services and nursing and residential care.

We are committed to this strategy because people have told us that it is what they want and because it is supported by evidence of what works and learning from best-practice. We know that we must deliver this strategy in an efficient and cost-effective way because we are facing considerable challenges over the next 5-years.

Financial Strategy

To date the financial strategy which has underpinned the above service strategy can be summarised as follows:-

- Planning for the effects of demographic growth and other known growth pressures on services; an allowance for growth in mental health, learning difficulty and older people's budgets has been made in each of the years of the strategy based on demographic change and service models.
- Using benchmarking and best practice information to identify areas of potential inefficiency and where changes to service models could improve quality and value for money. Comparative information has suggested significant potential to reduce residential care service spend for older people, adults with mental health needs and adults with learning difficulties. It also highlights the relative high level of investment overall in adults with mental health needs.
- Recognising the need to pump-prime change by investing in universal services, lower intensity community-based services and supporting carers and communities to facilitate independence; and seeking external funding resources to facilitate this.
- Using the non-recurring social care reform grant (£1.568m over 3 years) to support the move towards universal services and personal budgets.

Benchmarking & the Current Position

Further information on the effects of demographic growth and current benchmarking are included at Appendix 2a and 2b respectively.

Progress in delivering the financial strategy has been steady with some early signs of success. The numbers of placements in residential and nursing care have been maintained in line with the south west average, which is consistent with the service strategy. Savings on older people's services budgets had been sufficient to off-set overspending on mental health and learning difficulties. During a period of significant organisational change, including the establishment of a single point of access for adult social care & community health services and the development of integrated community teams, there has been additional investment in some areas including support for carers, with a new Carers Development Workers service launched in May.

Until very recently the trend in overspending in the learning difficulties services was reducing and there is evidence of over a £1m being saved in relation to specific high cost placements. Unfortunately this has been off-set by a marginal growth in placement numbers and price pressure in placements in the 'medium' band (covering a range between £500 and £1200 per week). More recently there are also signs that the rising level of spend in mental health services has levelled off and is now beginning to reduce. This is against a background of investment by both the Council and PCT in mental health services that benchmarks significantly higher than average. As detailed in Appendix 2, social care appears to spend 80% more per head of population on mental health services for adults than the South West average and investment across health and social care in mental health appears to be 29% above the national [ONS Group] average. Whilst this comparator information should be treated with a caution as spend may not consistently include all costs, including, for example, Corporate overheads, the data does indicate spend that it is out of line with other areas. The early signs of turnaround on mental health are believed to be directly related to increased management capacity which has enabled a significant focus on re-designing service models and rigorously pursuing effective case management and review.

Benchmarking of income as a percentage of costs shows that against a South West average of 11.77% of costs, B&NES income is the lowest in the South West at only 6.98% of costs whilst Gloucestershire's income is the highest in the South West at 18.83% of costs. This indicates that B&NES policy on individuals' contributions to the cost of the social care services they receive is out of step with other South West authorities and that a greater contribution could reasonably be sought from those with the means to pay.

The availability of social care reform grant has enabled management capacity to be secured in order to make progress with the long term intentions of developing personal budgets and universal and community-based services. Whilst there is no detailed modelling work which underpins the long term aspiration that this will deliver savings, the Department of Health report on '*Use of Resources in Adult Social Care'* published in October 2009, does give a number of examples where this approach has delivered real savings alongside service improvements.

A recent review of performance in delivering the service and financial strategy suggests that limited capacity, including finance and information support, is a barrier to success. There is a need for a clear articulation of how the targets in support of the strategy (e.g. a reduction in the number of older people placed in residential and nursing homes) are calculated and linked to financial performance. Plans were being developed to address these issues prior to the recent financial downturn.

The most recent analysis referenced in the appendices suggests that there has been success in maintaining the number of placements at average levels whilst unit costs appear to be high. As set out in Appendix 4, based on benchmarking data, if it was possible to purchase residential and nursing care placements at the South West average unit cost a potential saving of £4.7 million could be achieved. This includes residential care placements for older people provided in the Council's Community Resource Centres (CRCs) for Older People, which cost £865 per week against the B&NES independent average rate of £465 per week. A significantly element of the higher than local benchmark cost is associated with the Council's overhead costs, which are shared by all Council services, and include supporting the democratic process; and finance, legal, HR, payroll and IT support services. These overhead costs are excluded for the purposes of setting a charging rate for individuals, as they are not directly related to the cost of the service provided. The charges for residential care in the CRCs are £654 per week and £677 per week for dementia care beds. These charges are still above the local benchmark costs and this reflects the terms and conditions of Council employed care staff, which are generally more favourable that those of care staff in the independent sector, and capital finance charges for the Community Resource Centres. There are 105 residential care beds for older people in the CRCs. Based on activity and unit cost difference from benchmarking data, spend on these internally commissioned placements represents an annual investment of £1.59m above the cost of equivalent placements purchased in the independent sector. However, this is highly unlikely to be a releasable saving and more work is needed to understand and assess the options in relation to the CRCs. In the meantime, a more appropriate comparator figure might be the charging level, which still represents expenditure on the CRC residential care beds of £1.2m above the same purchasing activity in the independent sector.

3. The Changing Financial Picture and Achieving Financial Balance 2010-2013

Summary of savings targets 2010/11 – 2012/13

	2010/11 £000	2011/12 £000	2012/13 £000
Baseline position (b/f from previous year)	52,755	52,840	53,098
Total growth items	2,819	2,444	2,214
Budget requirement including growth	55,574	55,284	55,312
Savings/additional income requirement	**-2,007**	**-2,186**	**-1,705**
Proposed budget (planned spend)	53,567	53,098	53,607
Sources:			
Corporate net cash limit	52,840	53,098	53,607
Social Care Reform Grant	727		
Total sources	53,567	53,098	53,607

The most significant challenge facing adult social care & housing is pressure on services from an increase in the number and life expectancy of people with a learning difficulty and in the incidence of dementia.

The existing strategy already presented significant challenges in meeting the impacts of demographic growth and a shift of investment to support delivery of the service strategy and change programme. The changing financial picture has significantly increased the challenge and required the development of new proposals to achieve financial balance. In developing the proposals to move towards sustainable financial balance detailed in Appendix 3, we have returned to the benchmarking information and adopted the following approach:-

- **Efficiency First** - prioritise those areas where either our knowledge of the market and/or benchmarking of our performance and/or spend indicates that there are still efficiency gains to be made through: effective procurement and contract negotiation; and streamlining or tightening systems and processes.
- **Service Redesign** – making improvements to care pathways to improvement outcomes for individuals; and shifting investment in line with our strategy.
- **Reduced Access** - in the context of demographic pressures and reduced public sector finances, it may be necessary to limit access to services or increase income from charging for services.

Whilst all areas of spend have been examined closely, analysis of the benchmarking information along with the fact that purchasing of residential and nursing care placements represents around 60% of the overall budget has led to an initial focus on achieving efficiency savings by reducing the unit cost of placements and continuing work on service redesign to reduce the number of placements made.

The overall projections and assumptions underpinning the proposals have been reviewed and each proposal has been impact assessed against the following criteria:-

- Consistency with/risk to our overall strategy;
- Benchmark performance, spend and, where possible, policy/practice;
- Deliverability – will the proposal, if implemented deliver real savings and what capacity is needed to deliver the saving;
- What are the likely impacts on staffing; the local economy; other partners; and
- What are the risks associated with implementing the proposal.

This approach resulted in a series of proposals, which are set out in full in Appendix 3. The key proposals are summarised below.

Summary key savings proposals, years 2010/11 – 2012/13

Savings/Additional Income Items - Description	Saving 2010/11 £000	Saving 2011/12 £000	Saving 2012/13 £000	Saving 2010-13 Total £000
Reduction in commissioned residential and nursing care placement costs – all service user groups	208	415	208	831
Revised Charging Policy – additional income to bring closer to SW benchmark	235	240		475
Reduction in spend on residential and nursing care placements for adults with learning difficulties through re-commissioning and extension of community based options	200	200	200	600
Improved access to mainstream services/reduction in specialist services for adults with learning difficulties	100	100	100	300
Reduction in number of residential/nursing care placements for older people by sustaining older people in their own homes through the development of early intervention & preventative services	200	150	80	430
Reduction in number of residential/ nursing care placements for older people through the development of new extra care housing	100	100	100	300
Reduction in number of residential/ nursing care placements for people with mental health needs by improving the care pathway	250	170	170	590
Refocusing of day services for adults with learning difficulties to ensure consistency and equity of access	200			200
Reduction in commissioning of services from third/voluntary sector organisations – prioritisation of funding for services that are consistent with strategy	100	200	100	400
Investment of Supporting People Programme funding in higher intensity support services to reduce pressure on social care services	172			172

Whilst all these proposals along with other smaller savings items are set out in Appendix 3, two of the most significant and potentially challenging proposals are considered further in the following pages.

Reduction in commissioned residential and nursing care placement costs and numbers

Our initial approach took a service-by-service approach to savings from placements and also looked at other service opportunities around redesign and access. This approach resulted in proposals that would deliver significant savings in spend on residential and nursing care placements.

A further review of projections, assumptions and benchmarking information has increased confidence in the potential to achieve a greater saving from placements (excluding any potential savings from Community Resource Centres) if sufficient non-recurring resources could be identified to put in place rigorous processes for reviewing placements and negotiating costs and identifying innovative alternatives to traditional placements. It is believed that a properly targeted project has the potential to achieve a further £830,000 saving in the placements budget over a three-year period.

This reduction would be achieved by:

- Ensuring that the care management process is as efficient and effective with outcome-focused needs assessments and support plans that are reviewed on a regular basis and underpinned by rigorous audit and quality assurance;
- Investment in community-based options, including re-ablement, rehabilitation, prevention and early intervention where the evidence supports these approaches as sustaining people in their own homes;
- Greater focus to procurement; contract negotiation and management; and market shaping.

The associated work-streams span strategic commissioning, micro-commissioning and service delivery and recognition of this has given rise to the concept of a “placements management team”, which is being progressed within existing resources. Given the scale of the challenge this team is likely to need enhancing with both additional capacity and contract negotiation capability.

The key risks associated with delivering such a significant saving through this approach are:

- Savings are modelled on benchmarking the number and unit cost of existing placements in residential and nursing care. Delivery of savings from these existing placements depends on a change in the placement/care package and/or a reduction in the care home fee. Provided assessments and support plans are quality assured, changes in individuals needs resulting in a reduction in placement/care package costs are unlikely for the majority of existing service users;

- Capacity and capability to undertake contract negotiations and achieve real fee reductions, particularly as over 90% of placements are procured on a "spot" (individual) rather than "block" basis. Somerset County Council, in partnership with IBM under the banner of SW1, is developing a contract negotiation "Capability Accelerator Programme" and this may offer an opportunity for joint working in this area;
- Savings would not be seen immediately and would, we anticipate, take three years to deliver even with additional capacity and focused effort; and
- Although B&NES unit costs for residential and nursing care placements benchmark higher than average across the South West, B&NES fees benchmark as average in the sub-region (South Gloucester/Bristol/North Somerset). A real reduction in fees against this more local benchmark may make it more difficult to compete in the market and secure individual placements.

Workforce Planning

An integrated Partnership Workforce development plan across health, social care and housing is being formulated across Commissioning and Delivery. The Delivery Directorate has undertaken a preliminary workforce planning process and has developed a numeric workforce plan which takes account of the requirements contained within national and local commissioning intentions and is designed to maximise continuing employment opportunities whilst meeting future financial constraints.

The Commissioning Directorate is developing a plan which takes account of the impact of potential future organisational arrangements, drives efficient ways of working and takes advantage of critical mass through wider joint working. The NHS has a requirement to secure 30% management savings over a three year period and the plan will demonstrate how this will be achieved and will reflect the efficiencies required within the Council.

Charging Policy

A separate report to this meeting of the Panel, *'DoH Fairer Contributions Guidance: Impacts and Issues for Bath & North East Somerset',* considers this issue in detail. This paper, therefore, focuses on the additional income that could result from adjusting the local policy in line with the *Fairer Contributions Guidance* and the policies of other South West authorities.

As outlined in page 3 of this report, benchmarking information on income as a percentage of costs appears to show that B&NES seeks a significantly smaller contribution towards the cost of social care from individual service users than other areas in the South West. This has been borne out by comparison between B&NES's policy on charging for adult social care services and that of some other South West authorities.

Initial modelling indicates that if B&NES' policy on a person's contribution to the cost of their social care is brought closer to that of other South West authorities we would increase total income within a range of £767,000 and £1,095,000. The potential net increase in income does need to be calculated more accurately, taking into account the additional cost of administration and that of offering transitional protection to existing social care service users. For the purposes of developing the savings proposals set out in this

report, a potential net increase in income of £475,000 in a full year has been used. The policy has not yet been agreed and is subject to consultation and decision, including implementation arrangements, which have both non-recurring and recurring resource implications. A revised policy is both necessary and appropriate in light of both the requirement to ensure our local policy is consistent with the *Fairer Contributions* Guidance and also given the scale of the financial challenge facing us.

The key risks/impacts associated with delivering this saving are:

- Some people would be asked to make a financial contribution to the cost of their social care when previously they had made no contribution;
- Some people would be asked to make a greater financial contribution to the cost of their social care than they have previously made;
- In both cases, some people could decide not to take up services or to withdraw from services;
- Mitigation and transitional protection measures are considered in the report on *Fairer Contributions Guidance* being presented to this meeting of the O&S Panel;
- Additional resources would be needed to administer the new policy framework and this issue is, again, considered in the report on *Fairer Contributions Guidance.*

Other Options

Despite the challenge represented by delivering these savings and after balancing the budget for 2010/11, there remains a gap of £1.246m in the period 2011-13. This has led to consideration of other options to take us closer to achieving financial balance. Some, like a revision of the eligibility criteria, have been impact assessed and, as a consequence, are not being further considered at this time. Others are still being impact assessed and are less well developed when considered against the criteria set out on page 5, including deliverability and consistency with strategy.

The options we are continuing to work up are as follows:

- As highlighted in the benchmarking analysis on page 4, residential care provided in the Council's Community Resource Centres (CRCs) for Older People represents an annual investment of £1.59m above the cost of equivalent placements purchased in the independent sector. Thinking around the possible solutions is not, as yet, well developed but this benchmarking information does indicate that future use of the CRCs should be explored further;
- Proposals for further closing the gap between our local investment in mental health services and the national benchmark;
- Reviewing the delivery of all Community Health & Social Care Services with a target of identifying 5% efficiency savings;
- Reinvestment of efficiency savings from Continuing Health Care into services that prevent admission to hospital and/or facilitate early discharge directly from hospital into the community. The DoH report on *'Use of Resources in Adult Social Care'* published in October this year gives case examples of the savings

in health spend that are associated with diversion from hospital admission and reduced length of stay;

- Consideration of a pooled budget for Disabled Facilities Grants (DFGs) on the basis that the adaptations usually funded by DFGs do reduce pressure on health services; and
- Ways of making the allocation of resources at an individual level more equitable between service user groups with a related shift in the overall pattern of investment between service user groups. This option is being considered in recognition of the fact, for example, that whilst we do have a Common Resource Allocation System we currently have differential 'ceilings' on the maximum indicative allocation at an individual level with the most stark contrast being between the 'ceilings' for older people and adults with learning difficulties.

4. Summary and Conclusion

Work has been done to assess the major challenges ahead and develop plans for meeting these. A number of significant change projects are recommended; however even after the implementation of these, further action is required to bridge a gap of £1.246m over the three year period 2010-13.

A number of options for closing the gap have been considered. These options have significant risks in terms of deliverability and do need further development to underpin their deliverability.

Non-recurring investment will be required to deliver the recommended change proposals and to develop and implement whichever options are chosen to bridge residual financial gap.

5. Next Steps

The immediate emphasis will be on delivering the developments and required savings as identified in the 2010/11 budget.

The gap of £1.246m identified for the later two years (2011/12 and 2012/13) will be reviewed in the light of the success in delivering the plans in 2010/11 and a further review of strategic options to ensure continued financial balance.

Appendix 1

The Health & Wellbeing Partnership has nine long-term strategic goals:

1. Improving Health and Keeping Well
2. Developing independence and choice
3. Improving access to services
4. Improving quality and safety
5. Improving effectiveness and value for money
6. Being better informed
7. Reducing inequalities and social exclusion
8. Improving services to vulnerable people
9. Effective organisations

Our programme for transforming community health & social care focuses particularly on working towards these goals in nine service areas:

1. Staying Healthy
2. Maternity & Newborn Care
3. Children & Young People
4. Long Term Conditions
5. Acute (urgent) care
6. Planned care
7. Mental Health
8. Learning Disabilities
9. End of Life Care