

Agenda item: 

**Title of meeting:** Cabinet

**Date of meeting:** 29<sup>th</sup> June 2017

**Subject:** Transforming Adult Social Care

**Report From:** Director of Adults' Services & Director of Finance and Information Services

**Report by:** Kelly Nash, Corporate Performance Manager

**Wards affected:** All

**Key decision:** No

**Full Council decision:** No

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## **1. Purpose of report**

- 1.1 To seek approval from Cabinet to the proposed approach to the transformation of adult social care, including the designation of an Adult Social Care Transformation Fund.

## **2. Recommendations**

2.1 Cabinet is recommended to:

- i. Note the acknowledged pressure on adult social care, and the local position
- ii. Endorse the principles for developing the "blueprint" for social care
- iii. Endorse the measures being taken to ensure financial stability and sustainability in the service
- iv. Approve the designation of an Adult Social Care Transformation Fund amounting to £8.5m, as set out in section 7
- v. Authorise the Director of Adult Services, the s151 officer (or representative) and Cabinet Member for Adult Social Care and Public Health, in consultation with the Leader, to approve allocations from the Fund, and keep progress against approved schemes under review.

## **3. Background**

- 3.1 Adult Social Care is an increasingly high profile area of local authority business. There is acknowledgement at national level that social care is under increasing pressure, for a variety of reasons, including increasing demand; and that the quality of the social care system is critical to ensuring the health services remain viable in the medium to long term.

- 3.2 The Department for Communities and Local Government produced a pre-budget report in March 2017 highlighting some of the national drivers of demand and cost, in particular:
- Demographic changes - the King's Fund report that the number of people in their 80s and 90s has increased by almost a third in the last 10 years; and is set to double in the next 20 years. It is highlighted that many people in this age bracket will have at least two health conditions, and many will have dementia. This requires a mixture of healthcare and social care. As well as helping people to live for longer, improved medical science and living conditions also mean that younger people live longer with disabilities or complex health conditions, requiring complex health and social care responses.
  - Care Act 2014 - reformed and modernised social care law, and whilst the sector was broadly enthusiastic about the changes introduced, there were concerns about potential increases in demand for services, leading to higher costs. The King's Fund highlighted that the legislation had "substantially added to both the expectations and statutory duties of local authorities without necessarily being reflected in the money they get."
  - National Living Wage (NLW) - In July 2015, the Government announced the National Living Wage for those aged 25 and over. While the NLW gave care workers, amongst whom recruitment and retention is a significant issue, a needed increase in pay, it did add to the funding pressures on councils.
  - Deprivation of Liberty safeguards - A Supreme Court judgement in March 2014 changed the definition of "deprivation of liberty" under the Mental Capacity Act 2005, resulting in more people who have been deprived of their liberty for treatment, care or protection from harm coming forward for council safeguarding assessments. Some funding was made available in 2015-16 to meet increased costs, but not to the level required (a national pot of £25m against a requirement estimated at £127m)
- 3.3 A number of measures have been introduced in the recent past to try and address some of these challenges, including:
- Better Care Fund - the Spending Round 2013 announced the creation of a Better Care Fund (BCF): local health bodies and councils would pool existing funding into the BCF and agree joint plans for closer working between health and social care. In 2015, the Government announced that additional funding for social care would be made available in an "improved BCF" although this was "backloaded", commencing at very modest levels in 2017/18 and rising in 2018/19 and 2019/20.
  - The social care precept - the social care precept allows councils to raise council tax by up to 6% over the 3 year period 2017/18 to 2019/20 with a maximum increase of 3% in any single year to fund social care. This for example could be 2% each year, or 3% in 2017-18 and 2018-19 only, or any other combination not exceeding 6% in aggregate.
  - The adult social care support grant - A "one-off" £240m national funding allocation funding for adult social care support grant for 2017-18, distributed according to

relative need, as a short term measure. Intended to compensate, in part, for the "backloading" of the "improved Better Care Fund". This however, was funded by cutting the New Homes Bonus scheme and in financial terms the City Council experienced a net increase in funding of just £0.1m.

#### **4. Local position**

4.1 The cumulative effect of these high-level changes on Portsmouth means that the amount of savings to be found over the next 3 years to 2019/20 is estimated to be £4.6m, relating to budget savings required to contribute to the Council's overall Corporate Savings requirements (£3.8m) and the demographic cost pressures (£0.8m). This is described below:

- There is an underlying budget deficit of £1.2m per annum (after precept funding of £2m and assuming agreed savings of £1.4m from 2017/18 are achieved)
- There is an estimated future savings requirement in the next two years of £1.3m to be achieved (it should be noted that the Adult Social Care portfolio has consistently been protected from savings requirements in relative terms over many years)
- There is a projected demographic pressure beyond 2017-18 of £0.4m in the next two years.

4.2 However, there are also opportunities, as between 2017/18 and 2019/20 additional funding will be available and some "one-off" savings have been identified as described below:

- Grant for Adult Social Care as announced in the Spring budget 2017 of £7m will be available, although on a reducing basis over the next 3 years and reducing to zero by 2020/21
- The Social Care precept may generate an estimated additional £2.1m in 2018/19 and 2019/20 and will be on-going.
- There are a number of "one-off" savings amounting to £0.7m that have been identified in 2017/18.

4.3 In broad terms, it can be assumed that the identified demographic pressures of £0.8m and other, as yet unidentified but likely cost pressures can be funded from the Adult Social Care precept of £2.1m. This leaves the "one-off" funding of £8.5m to be used to invest in the transformational change of adult social care services in Portsmouth which is required in order to deliver the ongoing £3.8m remaining savings requirement (i.e. after funding all likely demographic and other cost pressures). It is important to note however, that the £8.5m will be required not only to address the on-going savings requirement of £3.8m over the period to 2019/20 but also to prepare the service to be able to make further savings beyond 2019/20 as the austerity period continues. This paper sets out the vision for the service in the short to medium term, the overall strategy for achieving financial sustainability, and the process for developing and implementing transformational change. These opportunities and risks are set out in Annex 1.

**5. The vision - a blueprint for adult social care in Portsmouth**

- 5.1 There is an extensive legal framework around social care, setting out the obligations of the authority to its vulnerable residents. However, we are clear that when working with people we need to ensure that we are helping them to achieve the outcomes they want - so we are defining our purpose as "helping people live the life they want to live, in the way they want to live it."
- 5.2 If we are to deliver on this purpose, then by 2020, we want adult social care in Portsmouth to be:
- delivering individual services to people that meet their needs and help them achieve the outcomes they want to achieve, and keep them safe;
  - working in a way that recognises the strengths that people have, and have access to in their networks and communities - and draws on these to meet their needs;
  - working efficiently and responsively, centred around the needs of the customers; and
  - financially stable and sustainable.
- 5.3 We will achieve this vision by:
- Reshaping the social care workforce - the changes in the nature of social care for adults mean that we need to think about the workforce, and how we ensure that the right skills are in the right place. We need to think about how we will rebalance the numbers of qualified and unqualified social workers, and ensure that there is the right skill mix, for staff to pull on, so that a "team around the worker" model can be effectively operated. This will also include looking at the wider landscape, and the external workforce, including in domiciliary care.
  - Changing our approach to customers - the adult social care directorate has been an early adopter of the systems development approach, which looks at services from both a customer perspective to identify what customers want; and from an organisational perspective to ensure this is delivered as quickly as possible, cutting out unnecessary bureaucracy and waste. Successful work is now being rolled into the service to become business as usual, and the service is committed to extending this approach to other areas of the business, placing people receiving services at the heart of the service design. We are also considering how we can roll out other approaches to ensure that work is person-centred and provides greater choice and control. This includes developing approaches such as integrated personal commissioning and more brief interventions to address issues at the point of need, and provide greater choice in how needs are met.
  - Managing demand for services - we will consider where there are opportunities to intervene earlier to prevent escalation to higher levels of need. We will consider the opportunities provided by technology to support earlier intervention, as well as considering the role of information, advice and guidance in empowering customers and their own networks to support their own needs.
  - Continuing to integrate with health partners where that is relevant to support holistic care and continuity of care - this will include moving the service to

SystemOne to support the vision of an integrated Portsmouth Care Record; but also considering how social care functions as part of a single system of health and care services in the city, supporting areas of work including preventing admissions to hospital and overcoming delayed transfers of care.

- New models of care and support for people including through accommodation - this will include considering the offers around sheltered housing, extra care housing, residential care, nursing care, independent living, shared lives, domiciliary care and 24 hour care
- Developing the relationship with external partners, including providers and the voluntary and community sector - this will include developing outcomes-based approaches to commissioning of services, and embedding open-book accounting principles and practices to ensure mutual transparency and accountability.

5.4 These principles form the core of a "blueprint for social care" in Portsmouth, which will complement the Blueprint for Health and Care, a statement of commitments to the residents of Portsmouth which sets out the range of ways in which health and care services will work together to ensure more co-ordinated, accessible and effective services in the city. These principles will be developed within the directorate, so that they are given meaningful effect in future service transformation, and set the clear rationale for future changes.

## **6. Moving towards financial stability and sustainability**

6.1 Alongside the implementation of the blueprint for adult social care, there is a need for a rigorous financial approach. The 2016/17 outturn position for adult social care was a deficit of £700k. This was following various one-off adjustments that had the effect of materially improving the position. Currently, the forecast for the outturn position in 2017/18 is a deficit of approximately £1.2m, assuming that all of the £1.3m savings approved by full Council will be achieved. Therefore, it is critical to the ongoing sustainability of services that:

- Cost drivers and risks are fully understood and mitigated wherever possible;
- Financial management and governance in the service is sound and consistent;
- and
- Opportunities to make savings, or avoid costs, identified, optimised and realised

6.2 There is a plan to eliminate the underlying deficit. This may involve using some of the Transformation Fund to pump prime projects that will improve the ongoing revenue costs of the service. However, it is hoped that the service will be able to work itself out of the deficit as much as it is able in order to use the Transformation Fund for service transformation and ensure long term sustainability.

6.3 The plan for the elimination of the deficit includes the following proposals:

- the formulation of an Adult Social Care accommodation strategy to include the review of future service needs and the current property portfolio.
- reviewing running costs of in-house residential units to better understand the cost drivers, and reviewing occupancy levels

- Ensuring that all contract management is in line with contracts agreed by relevant parties
- accelerating the review into more assistive technology where appropriate.

6.4 The service needs to address the underlying deficit, produce and implement achievable savings plans, and mitigate the future cost pressures. The increase in funding available on a one-off basis provides the opportunity to do this in a managed way, encouraging innovative thinking and genuinely transformative action.

#### 6.5 Cost drivers

An analysis of trends affecting costs in the portfolio has identified that:

- The ratio of domiciliary care to residential clients has steadily increased from 3.4:1 in April 2013 to 6.6:1 in December 2016. This is not supported by either a halving of people in residential homes, or a doubling of population over the same period.
- The increase in volumes of domiciliary care packages from 738 in April 2014 to 920 in March 2017 is driven by the under 75 years age group (rising from 138 to 212)
- The average weekly cost of a domiciliary care package has increased from £114 in April 2014 to £143 in March 2017. The highest increases are in the under 75 year age group, rising from an average of £109 to £161.
- The increase in volumes of care packages are in the most expensive package band group.
- The length of time a client receives a domiciliary care package has increased: 4% of clients received care for more than 3 years in 2014/15, compared with 24% in 2016/17.

6.6 Work is underway to understand the reasons for these trends, as some seem counter-intuitive. Once understood, it will be possible to identify where there may be scope to reduce longer term costs and take pressure of limited cash resources.

#### 6.7 Management and governance

Work is also underway to ensure that senior managers within the service are clear about the composition of service budgets, and their authority to operate within these budgets. Managers have this year been involved in a zero-based budgeting process, and therefore have had a stronger voice in determining budgets for services (albeit that the available cash limit to support the requirement is some £1.2m short of the forecast budget needed). It is expected that this detailed knowledge of the assumptions used in setting the budget, coupled with an enhanced programme of monitoring, will ensure that the portfolio has a strong grip on the financial position throughout the year.

6.8 The complex nature of much spend in the service also means that there is a need ensure that the high level governance relating to transformation and finance is correct. A recent review of how inflationary increases are awarded to suppliers identified opportunities to improve the scrutiny given to this process, and enable informed decisions to be taken. This includes embedding principles of open book accounting in the relationship with suppliers, to ensure transparency when anything other than an inflationary increase is required. This approach is resource intensive,

but should help reduce costs to the council in the short to medium term, and support improved quality of provision.

6.9 *Opportunities to make savings and avoid costs*

As with all portfolios in the authority, Adult Social Care has a savings requirement and proposals have been put forward to, and accepted by, full council for 2017/18 and beyond. The service has instigated a rigorous process for ensuring that projects required to deliver savings are on track to deliver; and to ensure that where there is a projected shortfall against savings target, alternative options are brought forward. Annex 2 sets out these savings and the current expectation around their delivery.

6.10 However, there are potential additional opportunities that can be considered too. For example, the service has a sizeable portfolio of operational buildings (care homes and residential settings, day centres etc) and there is a need to ensure that this portfolio is providing the best possible value for money for the service. It is therefore proposed that a property strategy for the service is delivered, that can then be considered alongside the strategies for other health and care organisations in the city to ensure that the health and care estate is operating in the most cost-effective way for the taxpayer, and delivering the best possible outcomes to residents.

6.11 However, as previously highlighted, the potential pressures on adult social care are such that traditional approaches to savings will not be sufficient to address the challenge. Work to ensure that services for customers are intelligence-led, and where appropriate, applied at the earliest intervention, will lead to the avoidance of future costs, but a wider, and more ambitious, approach to identifying and implementing transformational approaches is required.

**7. Supporting innovation and transformation of adult social care**

7.1 To enable a more radical approach to service transformation, it is proposed that the £8.5m opportunity identified in paragraph 4.2 is designated for an Adult Social Care transformation fund (ASCTF). The intention of this fund is to pump-prime and support transition to schemes that will lead to significant reductions in costs for social care (including reducing future costs arising from demographic pressures) after the one-off expenditure is incurred.

7.2 The blueprint for social care is a starting point in articulating the improved services, ways of working and value for money that need to be driven, to ensure that people who need services the most receive help that will help them live the life they want to lead. It is therefore recommended that the funding will be released when there is a good fit with the blueprint principles national conditions of grant usage, and a demonstration of the capacity to sustain or enable further transformational change. The criteria for awards from the ASCTF are therefore proposed as:

**1. Overall fit with the blueprint for social care** - all proposals must demonstrate how they will support achievement of the blueprint for social care:

- Reshaping the workforce
- Changing the approach to people in receipt of a service (efficiency, personalised services, choice)

- Managing demand (early intervention, care technology, IAG)
  - Integrated services and continuity of care
  - New models of care
  - Developing relationship with external partners
  - Reducing the costs of service delivery to ensure that it is an affordable and sustainable service.
2. **Compliance with national conditions of grant usage** (please note that only draft conditions are currently available):
- i. the grant paid is to be spent on Adult Social Care and used to meet adult social care needs, reducing pressures on the NHS, and stabilising the social care provider market;
  - ii. Portsmouth City Council must:
    - 1. Pool the grant with the Better Care Fund, unless we choose to seek ministerial exemption
    - 2. Work with its CCG partners and providers to manager transfers of care; and
    - 3. Provide quarterly reports to the Secretary of State
  - iii. The funding is intended to enable local authorities to quickly provide stability and extra capacity in local care systems. Therefore, local authorities are able to spend the grant, subject to the conditions set, as soon as plans have been locally agreed.
3. **Deliverability** - proposals need to have been costed robustly and there must be high confidence in their deliverability - this will include demonstrating that critical stakeholders who are required to make the scheme deliver are on board (so for example, for schemes aiming to reduce admissions or improve hospital discharges, schemes must be supported by local NHS acute and community partners).
4. **Sustainability** - awards from the Adult Social Care Transformation Fund are one-off (although could fund projects across more than one year) so projects need to demonstrate an operating model that will endure without further funding, or demonstrate that objectives will have been achieved within the funding window.
5. **Scalability** - for small schemes or pilots, scalability and viability need to be demonstrated
6. **Cost avoidance** - an illustration should be provided of how the proposal avoids costs (this could potentially be elsewhere within the health and care system, although in this case there may be a need for further discussion about the requirements for a risk/gain share agreement or utilising an alternative source of funding for the proposal).
7. **Evidence base** - what is the evidence base for the proposal that gives confidence that that the benefits will be achieved?
8. **Potential for further transformation** - would the project enable further transformation?



**9. Whole-system approach** - schemes need to demonstrate that they are part of an inter-related model of care and show consideration of the impact on the whole system (health, care, housing etc).

**10. Evaluation** - how will the impact of the scheme be evidenced and evaluated (with particular reference to the BCF metrics of reducing admissions to residential homes, the effectiveness of reablement and delayed transfers of care).

- 7.3 Schemes that could be supported by the ASCTF might therefore include hospital discharge schemes, admissions avoidance schemes, spend to save schemes to alleviate demographic pressures, or early intervention schemes, as examples.
- 7.4 Proposals will need to be subject to a rigorous analysis against the criteria before funding is released, and therefore officers will be asked to set out the schemes on a proforma, addressing the criteria set out. In broad terms, schemes that support a demand management approach or promote market capacity and stabilisation will be prioritised.
- 7.5 Proposals are to be considered by a panel consisting of the Director of Adult's Services, the s151 officer (or representative) and the Cabinet Member for Adult Social Care and Public Health. The panel will be advised by the Director of Better Care to ensure alignment. The fund will be linked to BCF governance arrangements and reported through these to the CCG Board and Health and Wellbeing Board.
- 7.6 A condition of receiving funding is that schemes will report against progress on a regular basis to the panel (to be decided on a case by case basis). The panel will meet regularly to review new proposals, and progress against approved schemes. The panel will reserve the right to withdraw funding (and therefore potentially halt) any scheme should it emerge that the intended benefits are unlikely to be realised.
- 7.7 In addition, there are also funding streams in the authority to support the achievement of outcomes for public health, and the development of the relationship with the voluntary and community sector (Capacity and Transition Fund). When proposals are received, they will also be considered for their possible fit with these programmes, should they be more appropriate sources of funding.

## **8. Reasons for recommendations**

- 8.1 Long-term sustainability in the adult social care system can only be achieved by looking at how we reduce demand for highest cost services; focus resource on areas of greatest need; and reduce the costs of services that are necessary to support the most vulnerable. The programme set out in the paper represents a coherent package of measures aimed at ensuring affordability, by taking this window of opportunity to encourage and support innovation and transformation.

## **9. Equality impact assessment**

- 9.1 A preliminary EIA was completed for the document and concluded that there will be no negative impact on any of the protected characteristics arising from the strategy to transform social care for adults. Any individual projects or measures arising from the strategic approach outlined will be subject to impact assessments in their own right. The preliminary EIA is attached as Annex 3.

## **10. Legal Implications**

- 10.1 As stated in the body of the report (paragraph 5.1) there is an extensive statutory/legal framework for the provision of local authority social care services, setting out the obligations of the Council to its vulnerable residents and those obligations will be central to all individual spending decisions.
- 10.2 The recommendations in this report, however, relate primarily to a high-level strategy and governance mechanism for determining spending decisions to meet the Council's priorities and statutory duties going forward so that the Council's specific obligations to individual vulnerable residents are not directly engaged by those recommendations.
- 10.3 Within this, however, it is noted that the recommendations (and in particular recommendations (ii) and (iii) ) will assist the Council in a strategic way in meeting significant overarching statutory duties, principally as follows:
- the general duty of Best Value under the Local Government Act 1999 whereby the Council "must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness"; and
  - the Council's statutory duties under the Health and Social Care Act 2012 and the Care Act 2014 to promote the integrated provision of local authority social care services and NHS health services where so doing promotes the wellbeing of people with care needs and their carers, contributes to prevention or improves the quality of care.

## **11. Director of Finance and Information Services comments**

- 11.1 The financial implications and information are set out in the body of this report.

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Signed by: Innes Richens, Director of Adults' Services and Chris Ward, Director of Finance and Information Services

Appendices:  
Appendix 1 - Transformation Fund  
Appendix 2 - Savings Proposals  
Appendix 3- Preliminary EIA

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

| Title of document | Location |
|-------------------|----------|
|                   |          |
|                   |          |

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by: Name and Title