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Title of meeting:	Cabinet
Subject:	Utilisation of the additional funding for Adult Social Care
Date of meeting:	19 March 2021
Report by:	Andy Biddle - Director of Adult Care Richard Webb - Finance Manager
Wards affected:	All

1. Requested by

- 1.1 This report has been requested by the Leader of Council.

2. Purpose

- 2.1 On the 09 February 2021, Full Council approved an additional real terms funding increase for Adult Social Care of £2.8m to accommodate the services demographic cost pressures, support mental health services and to contribute towards the additional costs to care providers associated with the National Living Wage (increase of 2.18%).
- 2.2 The purpose of this report is to provide further details regarding the demographic and other cost pressures being experienced by the service, and how the additional financial support provided in the 2021-22 budget will be utilised.

3. Information Requested

- 3.1 The additional funding of £2.8m allocated to Adult Social Care within the 2021-22 budget, has been made available from: (a) an increase in the Adult Social Care precept by 3.0% for 2021/22, representing 65p per week for a Band B tax payer and yielding £2.5m; and (b) an allocation of £0.3m from the £1.4m¹ Social Care Grant received by the City Council.

¹ <https://www.gov.uk/government/publications/social-care-grant-final-allocations-2021-to-2022>

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- 3.2 The funding increase will be used by Adult Social Care in 2021-22 to support the following:

	£m
Domiciliary Care Packages	0.82
Residential Care	1.34
Community Equipment Store (<i>provision of equipment to support people at home</i>)	0.15
Increase in clients transitioning from Children's Services	0.10
Inflationary pressures exceeding corporate allocation	0.14
Other service pressures	0.25
Total	2.80

- 3.3 It should be noted that the overall funding for Adult Social Care has increased by £3.43m when compared to 2020-21. This increase includes an allocation of £0.96m to meet inflationary cost pressures, as well as the £2.8m explained above; before the corporate savings requirement of £0.3m.

Demographic Pressures

- 3.4 As shown above, £2.55m (91%) of the additional funding allocated to Adult Social Care will be used to fund the provision of packages of care and support for Portsmouth citizens.
- 3.5 Prior to 2020-21 and the impact of COVID-19, client demand within Adult Social Care was fairly stable; although growing steadily. During the period April 2019 to March 2020, client numbers increase by 1.5%, whilst in the seven month period from April 2020 to October 2020, client numbers increased by a further 3.8% to 2,303.
- 3.6 The impact of both COVID-19 and the government response schemes, has introduced significant change to the Adult Social Care and Health sectors in 2020-21. The introduction of the government's Hospital Discharge Scheme in late March 2020 temporarily removed the Continuing Health Care and Financial Assessment frameworks. This change required all clients with packages of care, following discharge from hospital, or those placements avoiding hospital admission to be managed through Adult Social Care (with additional temporary funding via the NHS); accounting for the increase in client volumes.

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- 3.7 In September the original Hospital Discharge Scheme (Scheme 1) was closed to new clients and an amended scheme was introduced (Scheme 2). Both of the schemes are currently in operation and are due to end by 01 April 2021. Both Adult Social Care and the Continuing Health Care teams have been working to assess clients and transition them to the pre-COVID "business as usual" processes.
- 3.8 One of Adult Social Care's long-term strategic aims has been to support as many people as possible, to live independently in their own homes, for as long as possible. The COVID-19 pandemic and the response to it, has accelerated growth in the number of people in their own homes requiring Domiciliary Care support, whilst there has been a reduction in the demand for Residential care placements; leading to a further increase in spare capacity within the local care market.
- 3.9 In terms of Domiciliary Care support, the latest forecast anticipates that when the Hospital Discharge Schemes cease, there will be approximately 127 additional domiciliary care clients in 2021-22; which in conjunction with increasing package costs of c. 10% due to client complexity, is estimated to place an additional financial burden on the service of c. £1.2m².
- 3.10 For a number of years, the demand for Residential Care placements within the City has been gradually declining. During the COVID-19 pandemic, the sector has seen an accelerated reduction in the demand for this type of care placement. Since March 2020 the number of older persons residential care placements funded by the Council has declined by 21, although it is anticipated that there will be an increase in placements again during 2021-22.
- 3.11 Although the Council has seen a reduction in the number clients placed in Residential Care, the average cost of placements has increased. The forecast for 2021-22 is an increase of c. 24% in the average cost of placements (compared to a previous average of £535 per week during 2019-20); which is estimated to place an additional financial burden on the service of c. £1.3m.
- 3.12 Prior to the COVID-19 pandemic, the Portsmouth Residential Care sector already had an excess of spare capacity across the city. As part of the Adult Social Care Strategy, the service is seeking to work with providers, to address the capacity and pricing challenges for this sector, through its Sustainable Care Strategy, as explained later in the report.

² The additional £0.38m is expected to be temporary additional cost in 2021-22 and funded from a corporate contingency fund if necessary.

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Inflationary Cost Pressures

- 3.13 A significant proportion (£47.7m / 60%) of the Adult Social Care gross budget is used to purchase care and support packages from the external care market for Portsmouth citizens. The remaining 40% of the gross budget is allocated to delivery of in-house services (15.3%); front-line fieldwork teams and other ASC staff (17.1%); as well as other operating costs such as the joint equipment store, etc. (7.6%).
- 3.14 The largest cost driver for external providers is staffing related costs and therefore any changes affecting the level of pay for individuals will affect the rate providers require from the City Council. From the 1 April 2021 the National Living Wage is set to rise by 2.18% to £8.91.
- 3.15 Under section 5 of the Care Act 2014, all councils in England are required to promote the efficient and effective operation of a market in services for meeting care and support needs. Furthermore, the legal judgement against Sefton Council in 2012³ clarifies the requirement for Local Authorities: *'to take account in fee setting of the legitimate current and future costs faced by providers, as well as the factors that affect those costs, and to ensure that appropriate fees are paid'*. The Care Act Statutory Guidance⁴ (section 4.31) also goes on to highlight that Local authorities should have regard to guidance on minimum fee levels, whilst also taking account of the local economic environment.
- 3.16 In calculating the provider rate uplifts for 2021-22, the Council has sought to take account of the future costs faced by providers. For Domiciliary Care providers, the 2021-22 uplift has been proposed with reference to the UKHCA 'A Minimum Price for Homecare' model and the changes set out in their latest publication⁵. For other sectors, the proposed uplift seeks to reflect the financial pressures affecting both staffing and non-staffing costs.
- 3.17 Within both the Council's and the Adult Social Care 'Medium Term Financial Plans', a level of inflationary cost pressures are anticipated; including those in relation to provider costs. The government announced the increase in the National Living Wage for 2021-22 on 25 November 2021⁶. Following this announcement it was possible to more accurately quantify the potential the impact on both the provider rates and the Adult Social Care budget for 2021-22; which amounts to additional annual cost for Adult Social Care of c. £1.1m. For the financial year 2021-22 it has

³ <http://www.bailii.org/cgi-bin/markup.cgi?doc=/ew/cases/EWHC/Admin/2011/2676.html&query=sefton&method=boolean>

⁴ <https://www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance>

⁵ <https://www.ukhca.co.uk/downloads.aspx?ID=434>

⁶ <https://www.gov.uk/government/news/national-living-wage-increase-to-protect-workers-living-standards>

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been possible to absorb the majority of this increase within the corporate inflation allocation, however as highlighted above an element will be funded from the additional £2.8m.

ASC Strategy & Financial Planning

3.18 Adult Social Care operates within a legislative environment which places a number of duties and obligations on the Council. In order to provide a social care service that meets the needs of Portsmouth citizens, manages the demands of increasing needs and costs, whilst meeting the Council's statutory duties, Adult Social Care has been working with partner organisations across the sector to deliver a strategy that aims to:

- Deliver services that have technology at the heart of the care and support offer;
- Work 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;
- Work efficiently and responsively, using a reablement approach centred around the needs of the customers;
- Deliver through a market based on individual services to people that meet their needs and help them achieve the outcomes they want to achieve and keep them safe; and
- Deliver, (where appropriate) through PCC residential services in one service area to enable quality and maximum effectiveness.

3.19 Alongside this, Adult Social Care has been working to align their strategic objectives with their Medium Term Financial Plan; with the objective of being financially sustainable in the medium to longer term.

3.20 Since 2018-19 the service has seen an increase in its available budget of £7.7m (18.4%) which has supported it to meet the increasing demand, demographic and other cost pressures. However, despite this increase, it has and continues to be necessary for the service to implement efficiency plans and ensure that they maximise the use of their funding. For 2021-22, the service are anticipating the delivery of £1.4m of efficiency plans, to allow funds to be redirected within the service to support as many Portsmouth citizens as possible.

3.21 As highlighted above, one of Adult Social Care's long-term strategic aims has been to support as many people as possible, to live independently in their own homes for as long as possible. Whilst the long-term strategic objectives of the service remain intact, COVID-19 has significantly changed the current operational landscape of the service; both in terms of the level of client demand and the type of support required.

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3.22 The long-term expectation of the service was for continued growth in the requirement for Domiciliary Care support, whilst the number of Residential Care placements continued to decline; the COVID-19 pandemic and the response to it has significantly accelerated the changes across the provider market, as explained above.

3.23 The Portsmouth Residential Care sector is mainly comprised of individual local providers. Prior to the COVID-19 pandemic, the sector already had an excess of spare capacity across the city. In response to this rapid change in the market, Adult Social Care are now seeking to work with providers to develop a Sustainable Care Strategy, that will seek to provide clear longer term commissioning intentions in respect of both client needs and the overall forecast capacity required across the City.

3.24 Through working with providers to develop and implement a Sustainable Care Strategy, it is also intended that the service will seek to ensure the cost of Residential Care placements are commissioned at a level that supports the financial sustainability of both the care providers and Adult Social Care in immediate and longer term.

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Signed by (Director)

Appendices: None.

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
Portsmouth City Council - Budget & Council Tax 2021/22 & Medium Term Budget Forecast 2022/23 to 2024/25	https://democracy.portsmouth.gov.uk Full Council 09/02/21
Care Act 2014	https://www.legislation.gov.uk/ukpga/2014/23/contents
Care Act Statutory Guidance	https://www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance