

10 December 2018**Agenda Item: 10****REPORT OF THE TRANSFORMATION DIRECTOR, ADULT SOCIAL CARE
AND PUBLIC HEALTH****PROGRESS REPORT ON BUDGET, SAVINGS AND IMPROVING LIVES
PORTFOLIO****Purpose of the Report**

1. This report sets out how adult social care in Nottinghamshire is managing the budget at a time of unprecedented financial pressures, diminishing resources, demographic change and increasing demand pressures. This report is in response to a request by Committee at its meeting in October 2018 for an update on the budget.
2. It also provides a progress report to the Committee on the Improving Lives Portfolio, which is the programme of work delivering service transformation and budget savings for the Adult Social Care and Health department over the period 2018/19 to 2020/21.

Information**Budget**

3. The Council continues to operate in a challenging financial landscape with funding to local authorities expected to undergo fundamental structural changes over the next few years. What was in the past the main government grant, the Revenue Support Grant (RSG), has drastically reduced over recent years and is expected to all but disappear by 2020/21. This has significantly reduced the funding the Council has to provide key services.
4. In recent years, to help mitigate the impact of the reduction in funding and balance the budget without departments having to make even higher savings, the Council has budgeted to use Reserves. There are four main types of reserve held by the County Council:
 - The General Fund Balance is a non-earmarked reserve, consisting of the accumulated surpluses. A balance on the General Fund is maintained to cushion the impact of uneven cash flows and as a contingency to reduce the impact of unexpected events or emergencies
 - Earmarked Reserves are held to meet specific planned expenditure, for example, that relating to PFI (Private Finance Initiative) schemes
 - Schools Statutory Reserve represents monies held on behalf of schools under the Financial Management of Schools scheme
 - Capital Grants have been received in advance but have not yet been applied.

5. As per the budget report to Full Council in February 2018, in 2018/19 the Council has budgeted to use £13.172m of Earmarked reserves and £1.529m of the General Fund in 2018/19. This will leave an expected balance in the General Fund of £29.1m at 31 March 2019.
6. On a national level, these unprecedented financial pressures and diminishing resources, coupled with demographic change and increasing demand from the health system, is recognised by all political parties. In response, the government has committed to issuing a Green Paper in the near future to address the longer term funding issues and in the interim has provided additional revenue to councils in a variety of forms. For example, the social care precept has enabled Nottinghamshire County Council to raise an additional £22.12m cumulatively in 2018/19. In addition, the government has provided additional temporary grant money to social care through the Improved Better Care Fund (£21.59m in 2018/19) and recently the winter pressures money (£3.527m 2018/19). These funding sources have conditions attached, but enable the Council to invest, albeit on a short term basis, in much needed services to meet the growing demand. This includes services to avoid people being delayed from hospital and to fund early intervention and promoting independence services to support the Adult Social Care Strategy. It has also helped Adult Social Care to balance budgets and avoid adult social care being the source of further reductions in the Council.
7. Each year the Council has had to find additional money to meet the growing need, complexity and cost of social care; this is referred to as budget pressures. In 2018/19, £11.287m was put into the budget to address demographic growth and inflationary cost pressures.
8. Against a backdrop of the diminishing government grant and lack of long term sustainable funding, these pressures are increasingly having to be met from temporary sources of funding and savings elsewhere. Temporary funding creates additional risks against delivering current statutory obligations on an ongoing basis. As the table below demonstrates, £27.177m (13.3%) of the original net budget for Adult Social Care in 2018/19 is currently also funded by temporary money. (This is in addition to the temporary funding supporting the overall Council budget, as referred to in **paragraph 4**).

Figure 1: Additional temporary monies against the Adult Social Care & Health budget:

	2018/19 (£m)
ASCH original net Budget	£204.427
Temporary sources of funding	
BCF Care	£2.060
IBCF	£21.590
Winter Pressures	£3.527
Total of temp funding	£27.177

9. In the Autumn Budget 2018, the Secretary of State for Health and Social Care announced £240m in additional national funding for adult social care during the winter period of 2018/19; for Nottinghamshire this means £3.527m. The funding has to meet criteria set by the Department of Health and Social Care in relation to reducing delayed transfers of care, reducing length of hospital stays, improving weekend discharge arrangements and

speeding up social care assessments and arrangements. Proposals for the allocation were reported to Adult Social Care and Public Health Committee on 12th November.

10. The Chancellor's budget statement on 29th October announced a further £240m for adult social care nationally in 2019/20 as well as £410m for adult and children's social care. There was also additional funding announced for Disabled Facilities Grants, which are overseen by councils with responsibility for housing. Further discussions will take place to discuss what this means for Nottinghamshire and how this funding should be allocated.
11. Whilst all additional temporary funding is welcome, it fails to address how social care funding will be made sustainable in the longer term. This will not happen until the next spending review expected in 2019 and the Green Paper has been delayed once again. The Chancellor also warned there will be 'difficult choices' on reforming social care longer term. Glen Garrod, president of the Association of Directors of Adult Social Services (ADASS) said 'this is still far short of the £2.35bn that ADASS identified would be needed for social care to stand still in 2019/20; councils have been struggling with funding shortfalls for years.'
12. A Local Government Information Unit (September 2018) identified some councils have announced that the scale of funding short falls and savings required mean that they are struggling to meet their statutory obligations and reducing their services to a core offer.

Progress on savings

13. Since 2011 to June 2018, the department has considered 253 savings ideas. Of these initial ideas, 31 ideas were not viable and via a staff suggestion scheme, 'Smart Ideas', a further 46 ideas have been taken forward fully or partially to improve the effectiveness and efficiency of services. 176 proposals have been developed for Members' consideration. 171 proposals have been accepted by Members. Five savings proposals have been rejected by Members.
14. Savings agreed with Members occurred over two distinct time frames: 2011–2014 and 2015–present. From 2011-2014 savings were concentrated on reducing costs such as reducing prices paid to providers, service and staffing reductions, demand management and increased income.
15. However, many of these savings could not be repeated, for example a reduction in social care workers or closure of schemes, such as the Welfare Relief Fund.
16. To support a more transformational approach from 2014 onwards the Adult Social Care Strategy was developed in 2014 (and refreshed in 2017) and helped focus activity on early resolution and promoting independence. This was achieved by embedding three key principles:
 - promoting independence and wellbeing
 - ensuring value for money
 - promoting choice and control.

17. The Adult Social Care Strategy has provided a framework to:
- connect people with support and information they can access in their local communities and helping them make best use of their existing networks
 - work with people in a timely way and support them to make their own decisions about short term support to promote their independence
 - maximise potential for independence for service users through reviews.
18. From 2011 to 2017/18 Adult Social Care delivered savings of £95m which represents 93% of its target.
19. By 2017 it was becoming increasingly difficult to identify further savings opportunities within the context of £95 million already achieved. Newton, an external savings partner, completed a diagnostic with the department to identify any new savings opportunities, to make better use of resources and continue to meet the Council's statutory duties. The savings found by Newton had a significant overlap with the existing savings plans and overall no additional savings were found in the medium term. However, Newton's work did suggest some of the adult social care savings plans could go further with a different emphasis. Newton's advice helped shape the Improving Lives Portfolio which is the current transformation programme to deliver savings from 2018/19 to 2020/21.
20. The Adult Social Care Strategy has been successful in managing demand, with the number of service users with longer term packages now at 9,492, down by 362 people since 31st March 2017. In order to achieve this reduction, the use of short term interventions to help people to regain independence and reduce reliance on long term support has increased. In addition, whilst work to maximise opportunities for people to become more independent has been successful, it does mean that the remaining services user are those with more complex needs. This has resulted in service users often requiring larger packages of support to meet their needs. Hence, average package prices in some areas are increasing over the same time period.
21. Nationally, there is a debate about 'unmet need'. Age UK has identified the growing number of people in England who struggle without help to carry out essential everyday tasks or activities of daily living (ADLs). These include things like: getting out of bed, going to the toilet, washing and getting dressed. In England one in seven older people (aged 65 and over) now live with some level of unmet need and among this group over half do not receive any help at all. Research by Age UK estimates that 1.2 million adults aged 65+ have some kind of unmet care need and that this equates to roughly 10% of the over-65 population in the UK. If this calculation was applied to the population of Nottinghamshire, this would equate to 16,000 older adults who struggle with some everyday task or activity of daily living.
22. It should be noted, however, that the Age UK research uses a wider definition of unmet need than the eligibility criteria for social care under the Care Act 2014. Under the Care Act, eligibility is based on three conditions: 1) the adult has a physical or mental impairment 2) the adult is unable to carry out two or more outcomes 3) it has a significant impact on their wellbeing. Importantly, the eligibility criteria for the Care Act was raised from one to two outcomes by the Government at the time, because meeting just one outcome was unaffordable based on current levels of funding. In short, whilst the Council is meeting its legal requirement under the Care Act, there would be additional people who would qualify for support if the Age UK criteria was applied.

23. For people who do not meet the eligibility criteria, the Council has a responsibility to offer advice and information. The Council undertakes a snapshot customer survey to monitor the effectiveness of the advice and guidance provided. Of the 685 customers who were contacted during 2018, only 11 people reported the advice and guidance offered did not meet their needs. This was largely because the person's circumstances had changed. The survey will be repeated in 2019 to ensure the advice and information provided continues to meet people's needs.

Current savings position

24. In 2018/19, the department is projected to make savings of £14.679m. This includes an over-achievement of £6.110m. This over-achievement is largely from increased income and reviews of packages of support. The Programme Status Report, attached as **Appendix 1**, provides both a summary of cashable savings at a programme level as well as a status report. An Improving Lives Portfolio project exceptions and mitigating action summary (as at October 2018) can be found at **Appendix 2** and an Adult Social Care and Health Portfolio quarterly update as **Appendix 3**.
25. This brings the total projected savings for the department to £109.697m by the end of 2018/19. For 2019/20 to 2021/22 there is a further £13.606m of savings plans approved by Committee. A summary of new savings agreed by Committee since September 2018 is included below:

Project	Savings 2019/20 - 2021/22 (£m)
Minimum income guarantee	3.873
Extension of preparing for adulthood/ Transitions	0.100
Housing with Care	0.371
Total additional approved since September 2018	4.344

Current financial position

26. Notwithstanding all of the above, the Council still faced an identified budget gap of £54.2m in February 2018. (This is inclusive of the future savings plans approved by Committees).
27. During this financial year the Council has continued to face increasing demand in both Adults and Children's Services, which is causing the Council to overspend.
28. To address the rising pressures and forecast overspend, both Adults and Children's Services put in place a series of mitigating actions to control spend, reduce costs, increased senior management scrutiny and deliver an overachievement in savings. In Adults Services the overspend has largely been mitigated and the overspend had reduced to £0.12m as at period 6.
29. As a result of the forecast overspend this year and continued increases in demand the current projected budget gap has increased from February 2018 to £63.9m as shown in the revised Medium Term Financial Strategy. The current MTFS is shown in the table below:-

Revised Medium Term Financial Strategy

	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m
Year on Year Savings Requirement (Feb 2018)	28.7	12.7	12.8	54.2
Additional Pressures	10.0	4.4	-	14.4
Savings Shortfall	0.8	-	-	0.8
Committee Approved Efficiencies	(4.5)	(0.1)	(0.3)	(4.9)
Other Corporate Adjustments and Base Budget Adjustments	(0.6)	0.1	(0.1)	(0.6)
Revised Shortfall	34.4	17.1	12.4	63.9

30. Therefore, there is still an urgent need to find additional savings to meet the on-going budget gap of the Council of £63.9m. New savings proposals to meet the on-going budget gap are presented to Adult Social Care and Public Health Committee as soon as they are ready for consideration.
31. In summary, whilst significant savings have been achieved, this has involved making difficult decisions from 2011 onwards about services that the Council continue to invest in, reductions in the workforce and closures of services and raising income from service users. The Adult Social Care Strategy has supported the Council to achieve further savings through managing demand and promoting independence, whilst continuing to meet The Council's wide ranging statutory duties under the Care Act. No doubt in the future more difficult decisions will be needed to maintain a balanced budget in 2019-20 and 2020-21. Further savings proposals are being developed based on the principles of promoting independence and wellbeing, ensuring value for money and choice and control.

Other Options Considered

32. No other options on reporting have been considered as this is the method of reporting approved by Adult Social Care and Public Health Committee and Improvement and Change Sub-Committee.

Reason/s for Recommendation/s

33. To keep the progress of the Improving Lives Portfolio under review by Committee.

Statutory and Policy Implications

34. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Data Protection and Information Governance

35. The data protection and information governance requirements for each of the savings projects is being considered on a case by case basis and Data Protection Impact Assessments will be completed wherever necessary.

Financial Implications

36. Progress, as at the reporting period ending October 2018, in achieving the 2018/19 to 2020/21 savings targets for each existing programme is detailed in **Appendix 1**.

Public Sector Equality Duty implications

37. The equality implications of the Adult Social Care & Health savings and efficiency projects have been considered during their development and, where required, Equality Impact Assessments undertaken.

Implications for Service Users

38. As above, the implications of the savings projects on service users have been considered during their development.

RECOMMENDATION/S

- 1) That Committee agrees to receive an update report in the next three to six months, and that this be included in the Committee work programme.

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Constitutional Comments (LM 29/11/18)

39. The Adult Social Care and Public Health Committee is the appropriate body to consider the contents of the report.

Financial Comments (KAS 23/11/18)

40. The financial implications are contained within paragraph 36 of the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- [Assessment and advice provided by external savings partner, Newton, to support savings programme](#) report to Adult Social Care and Public Health Committee on 12th March 2018
- [Appendix Assessment and Advice Newton](#) - to Adult Social Care and Public Health Committee on 12th March 2018
- [Monitoring of savings in Adult Social Care](#) report to Improvement and Change Sub-Committee on 25th June 2018
- Programmes, Projects and Savings – Quarter 1 - report to the Improvement and Change Sub-Committee on 4th September 2018
- Progress Report on Savings and Efficiencies - reports to Adult Social Care and Public Health Committee on 10th July 2017, 11th December 2017 and 16th April 2018
- Progress Report on Delivery of Programmes, Projects and Savings - report to the Improvement and Change Sub-Committee on 26th September 2017
- Financial Monitoring Report: Period 5 2017/2018 - report to Finance and Major Contracts Management Committee on 16th October 2017
- Proposals for allocation of additional national funding for adult social care – report to Adult Social Care and Public Health Committee on 12th November 2018
- Equality Impact Assessments.

Electoral Division(s) and Member(s) Affected

All.

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