Finance and Resources Committee

10.00am, Thursday, 4 June 2015

Health and Social Care 2015/16 Budget Action Plan

Item number	7.1
Report number	
Executive/routine	
Wards	All

Executive summary

Demand-led pressures within the 2014/15 Health and Social Care budget have been reported previously to the Council's Finance and Resources Committee. The final outturn is a projected overspend of £5.6 million, after mitigating actions to reduce expenditure have been taken into account.

The Council's Health and Social Care net budget for 2015/16 is £200 million, a reduction of £3.2m (1.6%), compared with a net £5m increase (2.6%) in 2014/15. The budget reduction is due to the cessation of one-off funding, much of which has been used to fund increased demand for care at home, and savings of £7.5 million agreed after public consultation.

Overall, the budget available for Health and Social Care in 2015/16 is £9 million lower than actual expenditure in 2014/15. The full-year effect of these unfunded service pressures is £16.5 million.

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	S01, and S02

To offset these pressures, a Budget Action Plan has been developed to further reduce Health and Social Care expenditure by £11.6 million, some of which will require service volume reductions.

This leaves a balance of nearly £5 million for which further budget savings or other mitigations have not been found.

The main report sets out the reasons for the increasing need and demand for adult social care, together with the approaches taken by Health and Social Care in recent years to invest in prevention and in the management of demand. Budget controls and the Budget Action Plan in Appendix 1 are summarised. While focussed on closing the gap between expenditure and the 2015/16 Budget allocation, the Budget Action Plan is part of a wider transformational change plan to address the twin challenges of financial austerity and rising demand over the next five years. This will need programme management resources to assist delivery.

Report

Health and Social Care 2015/16 Budget implications

Recommendations

1.1 To note the 2015/16 Budget position for Health and Social Care as set out in this report, including: an estimated 2014/15 budget overspend of £5.6 million, the £3 million reduction in the Heath and Social Care budget for 2015/16, and the full-year effect in 2015/16 of unfunded budget pressures of £16.5 million.

1.2 To note the Director's Budget Action Plan, detailed at Appendix 1, describing actions taken and in hand to deliver expenditure reductions of £11.560 million by the end of 2015/16.

1.3 To note that the Budget Action Plan sits within a wider strategic work/ transformation programme in Health and Social Care intended to underpin financial sustainability going forward.

1.4 To note the update from the Chief Executive on corporate support to Health and Social Care, in relation to the remaining funding gap of £5 million, and change and programme management support to assist delivery of the wider Health and Social Care transformation programme .

1.5 To note that the draft external review of Health and Social Care's financial challenges has been received from KPMG only recently and that the recommendations are being considered.

1.6 To agree to refer this report to the Health, Social Care and Housing Committee for information.

Background

2.1 Members will be aware from previous reports that the Council's Health and Social Care Budget faces acute demand-led pressures. Budget monitoring and control measures, a programme of challenge meetings, and financial aspects of Health and Social Care Integration, were reported by the Chief Executive to the meeting on 19 March 2015 with a further update on 13 May 2015.

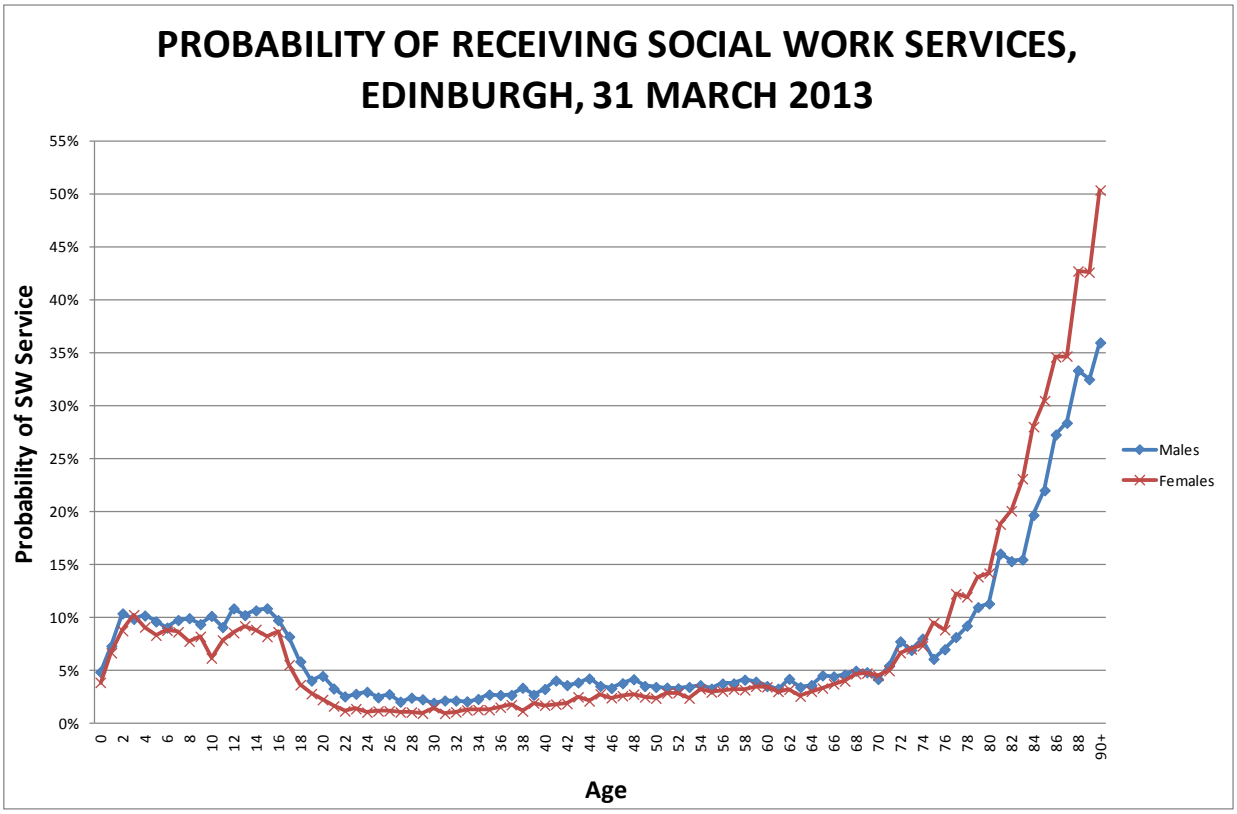
2.2 Committee also noted that an external review had been commissioned, to include: the main reasons for the 2014/15 budget overspend, the potential to deliver new savings in addition to those already agreed, and proposals to strengthen controls. At the time of writing the external review report had just been received from KPMG; the main recommendations are summarised in paragraphs 3.39 to 3.41 and Appendix 2.

Main report

3.1 The present report covers: demand for health and social care, prevention and demand management, 2015/16 Health and Social Care budget development, the provisional outturn on the 2014/15 budget, total pressures on the 2015/16 budget, budget controls in place, the 2015/16 Budget Action Plan to manage down these pressures, main recommendations in the draft report from KPMG's review, and the Health and Social Care transformational change plan.

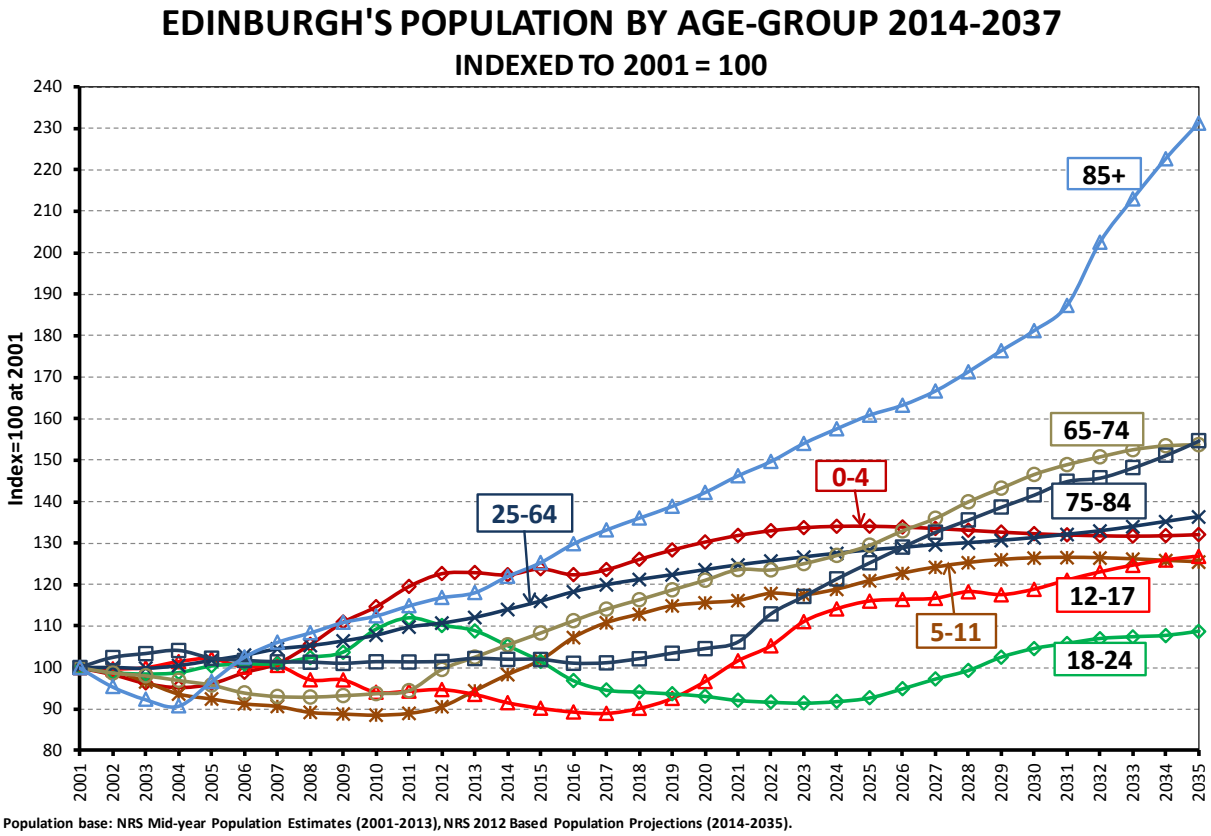
Demand for adult social care

3.2 All health and care services in Scotland, across the UK and in all developed countries, face increased demand as a result of the ageing population. The need for social work and social care services varies very significantly with age:



3.3 The probability of receiving services is above average during childhood but then falls sharply in the 20s to late 30s age-groups, very slowly rises to about 5% of the population receiving services around the age of 70, after which there is an extremely steep rise in the proportions of the population in need. In Edinburgh, half of all women and over a third of men in their 90s receive adult social care.

3.4 This is significant financially because it is the older age-groups, in which need is greatest, that have had the greatest increase in numbers and this trend is projected to continue:

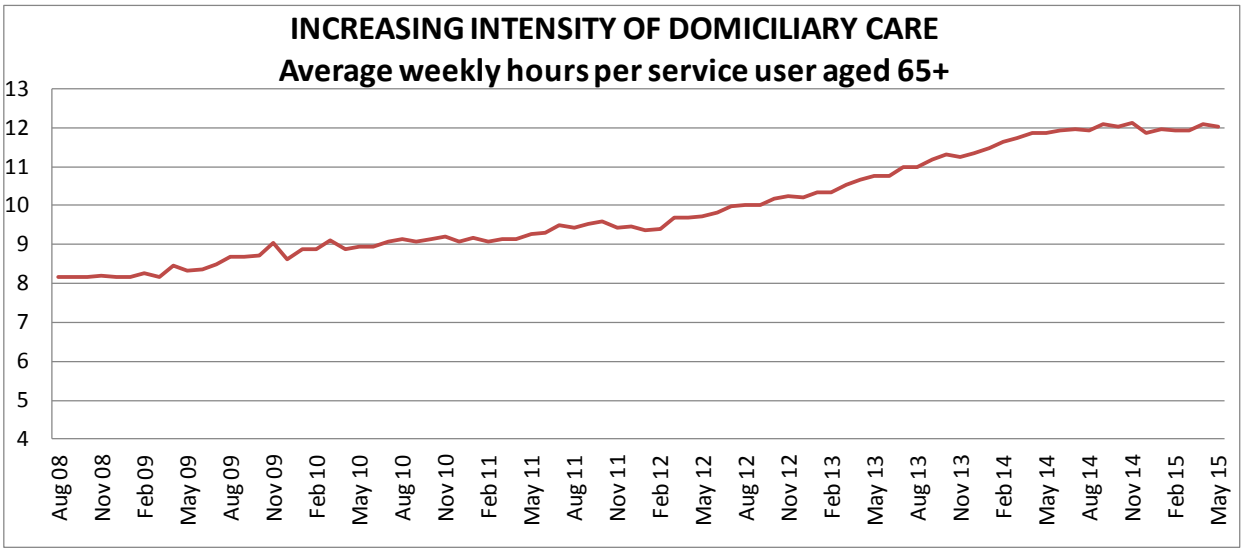


3.5 Very welcome improvements in longevity are also increasing the numbers of people with learning disabilities or physical disabilities, particularly with more complex or severe needs. Medical improvements have increased survival at birth and following trauma, and it is also now quite common for adults with learning disability to survive into old age. The Council has done much in recent years to promote and support independent living, yet there are many adults with leaning disabilities living with an aging parent or parents who will require social care support. The numbers of young people with disabilities transitioning between children and families services and adult social care is increasing year on year. In England, research by the Centre for Disability Research at the University of Lancaster has estimated annual increases of 3.2% in the need for social care services for adults with learning disabilities. This is larger than the average 2.6% annual demographic increase in care needs that has been estimated by Social Work Scotland for older people.

3.6 Edinburgh has also experienced a greater increase in the need for social care for adults with learning disabilities, than for older people. The current estimates in the Council's Long Term Financial Plan are based on average annual increase of 2% for older people and 4% for adults with learning disabilities.

3.7 The method for calculating the cost of future social care needs for older people is being updated for changes in unit costs and in the future population projections for Edinburgh produced by National Records of Scotland. Preliminary results show that the new estimates are broadly similar, but do not take into account the long-term trend of increasing intensity of care (care hours

required per person). The average hours per service user aged 65+ has increased markedly in recent years, from 8.2 per person in 2008 to 12.0 per person in May 2015:



3.8 This reflects the increasing complexity of need due to population ageing and the fact that home care/care at home is being used to support more hospital discharges, as well as referrals from people living at home. For some people, home care/ care at home is an alternative to residential care and this increases the number of hours required.

3.9 Future cost estimates for learning disabilities services are based on the rising trend in number of school leavers: recent increases have been larger than expected.

3.10 Population change is not the only driver of increased demand for social care. Boundaries between NHS and Council social care responsibilities (and expectations) have changed significantly over the last 25 years, and increasingly the NHS has withdrawn from long-term care. Some, but not all, of this shift has been funded by NHS resource transfer. Ever shorter length of stay in hospital mean that increasingly people recuperate at home, and particularly for older people this often means that they need short-term or long-term social care support to facilitate discharge from hospital. The NHS today cannot function without adult social care support for people discharged from hospital, and increasingly it cannot function without greater investment in community care services that can prevent hospital admission. Public debates about protecting the NHS during a protracted period of financial austerity often do not recognise these fundamental facts.

3.11 As a consequence, the demand for adult social care is running above the 2-3% annual increases entailed by demographic change alone.

Prevention and demand management

3.12 In recent years, Health and Social Care has invested significantly in preventative approaches to "demand management", to reduce or defer existing and future demand for social care. Key examples include:

(1) People with care needs and their families can now access a comprehensive source of information and advice about all sources of support, local as well as City wide, via the **Edinburgh Choices** website at: http://www.edinburgh.gov.uk/info/20080/edinburgh_choices.

(2) Edinburgh was the first council in Scotland to establish a contact centre to manage all requests for information, advice and care services. The **Social Care Direct** contact centre has expanded its role and is able to signpost people with low to moderate levels of need to mainstream or voluntary sector services, reducing the number of referrals that would otherwise need to be assessed by social work practice teams. In the 10 months ending April 2015, 66,445 contacts were made to Social Care Direct concerning 34,170 people. Social Care Direct dealt with 74% of the contacts and 66% of the people without needing to refer them to Practice Teams for assessment. Where referral is needed, this is done via electronic workflow with key information in the computer case record already recorded.

(3) A wide range of **preventative services** has been developed with the voluntary sector to provide advice and support for people living at home with low to moderate care needs, to maintain independent living and prevent or defer the need for formal care services. Examples include: Dementia Friendly Edinburgh, community connecting, lunch clubs, social prescribing, befriending services, LOOPS, telecare, falls prevention, and local area co-ordination. "**LOOPS**" (Local Opportunities for Older People) is developing new ways of reaching isolated older people and encouraging them to connect with activities and events in their community. **Local Area Co-ordination** was developed initially for people with less severe learning disabilities as an alternative to formal day services, to link them to social, educational and leisure opportunities and to provide advice and support when required.

(4) **Increasing support to carers** is one of the most important elements in the prevention strategy for health and social care. In recent years the Council has introduced the Carers Emergency Card Scheme (identifying the carrier as a carer with emergency contact telephone numbers), and the Volunteer Net online service (putting carers in touch with help from volunteers), and for two years provided Carer's Support Payment of £250 per year for unpaid carers to spend on themselves, for example to maintain health and wellbeing or for a short break from caring. Carers Assessments have increased from 345 in 2011/12 to 837 in 2014/15. The Edinburgh Joint Carers' Strategy and Joint Strategic Commissioning Plan for Carer Support was approved in May 2014.

(5) Edinburgh was the first council in Scotland to implement **Home Care Reablement**, delivering better outcomes for people by helping them regain mobility and self-care skills, and reducing the size of packages of care subsequently required by an average of 40%. The reablement approach is now also being used to transform day care services and mental health services.

3.13 Prevention reduces the increase in future demand for social care and therefore it has been possible to reduce the additional funding requirements for demographic pressures by 10% from 2014/15. Large savings have also been achieved through the reduction of current demand through Home Care Reablement – £6m over a period of four years.

3.14 Most prevention savings are not cashable: this is because they are reducing or delaying future demand which public expenditure is unlikely to be able to meet. Much prevention is reducing future unmet need.

Budget development, 2014/15 to 2015/16

3.15 Edinburgh's 2014/15 Adult Social Care budgeted net expenditure per head ranked 12th out of Scotland's 32 councils. This was 2% above the average Scottish rate per head. Comparison 2015/16 budget data for other councils was not available when the present report was prepared - it is expected to be published by the Scottish Government at the end of May 2015.

3.16 The Health and Social Care budget has continued to benefit from additional Council funding (£5.7m in 2015/16) to recognise the increasing need for care services due to the aging population and increase in numbers of people with disabilities. Increases in cost, such as pay awards and the National Care Home Contract uplifts, have also been recognised (about £3m). However, across the Council, significant savings have been required for several years and in 2015/16 these totalled -£7.5m for Health and Social Care. In addition, a total of £4.6m has been removed from the budget due to the cessation of one-off funding:

Health and Social Care 2015/16 Budget development

Item	£'000s	Notes
2014-15 Approved Net Budget	**203,342**	2.6% increase (£5.1m) on 2013/14 Budget
Demographic Investment	5,745	Older People, Learning and Physical Disabilities, and Mental Health
Pay Award	885	1% assumed
Purchasing/Care Home Fees Inflation	1,968	1% on purchasing budgets, 2% for care homes
Change in non recurrent funding	-2,000	One off monies allocated for 2014/15 by City of Edinburgh Council
CEC Change Fund	-2,652	Contribution to Change Fund ceased in March 2015
Other	323	Residual provision for Modernising Pay
Savings	-7,515	See below
2015-16 Revenue Net Budget	**200,096**	

Item	£'000s	Notes
Change in Budget £'000	**-3,246**	Cash reduction
% Change in Budget	-1.60%	

3.17 The net position is a budget reduction in 2015/16 of £3.2m or -1.6%, compared with a net £5m budget increase (2.6%) in 2014/15, and is around £9 million less than actual expenditure in 2014/15. This reduction is due to the cessation of one-off funding:

- £2 million in one-off funding provided in 2014/15 to increase care at home capacity and assist with shifting the balance of care from hospital to the community. To date, monies have not been able to be released from hospital beds for transfer to community services.
- The Council has now ceased its one-off contribution of £2.652 million per year to the Change Fund with the cessation of this fund at 31 March 2015. The replacement Integrated Care Fund from 1 April 2015 does not require a contribution from the Council.

2015/16 Budget savings

3.18 Health and Social Care has sought to minimise the impact of savings on front-line services by targeting higher staffing reductions on infrastructure and support services, continual service redesign to reduce costs, increased income from charges, and through procurement efficiency savings and other measures.

3.19 Over the ten years to 2014/15, Health and Social Care has delivered £47 million in budget efficiency savings, including significant reductions in headquarters and support staff in order to protect front-line services.

3.20 The 2015/16 Health and Social Care budget includes £7.5 million of savings agreed by the Council following the budget consultation. Each savings line in the current savings plan is regularly assessed for delivery by the Council's Finance staff and by the senior management team. Staffing savings make up around £2.7m of the total, including further staffing reductions in HQ and support services being delivered by the Infrastructure and Support Services Review, led by the Chief Social Work Officer. Statutory consultation with staff and trade unions on proposed deletion of posts has commenced in relation to the first phase of this Review.

3.21 The proposed integrated management structure for Health and Social Care Integration will also deliver significant staffing savings in 2015/16. A report on *Edinburgh Integration Joint Board – Integrated Senior Management Structure* is on Committee's agenda today and indicates that a cost reduction target of 25% has been applied to the proposed structure with the savings shared equally between NHS Lothian and the Council.

Budget outturn for 2014/15

3.22 Demand-led pressures within the 2014/15 budget have been reported to previous meetings of the Council's Finance and Resources Committee. The final outturn is currently projected at £5.588 million (net of mitigating actions). The largest items are those previously reported:

- Growth in Care at Home to meet demographic and NHS Lothian unscheduled care pressures. The Period 5 position had assumed income of £1 million from NHS Lothian, which was subsequently not available.
- Higher dependency levels of residents in Council Care Homes, with increased staffing ratios to meet Care Inspectorate requirements, reflecting the need to focus the service on people with the highest levels of need.
- A loss of income for respite care, due to *The Carers (Waiving of Charges for Support) (Scotland) Regulations 2014*, which came into effect on 1 April 2014 without additional Scottish Government funding.

3.23 On 12 February, the Council agreed to provide one-off funding of up to £4.75m from the Council Priorities Fund to address the projected 2014/15 Health and Social Care overspend.

3.24 The full-year effect of the overspend is a significant element in the budget pressures in 2015/16, alongside the budget reduction. In particular, the full year effect of Care at Home packages that are already in place, and which the 2015/16 Budget cannot fund, is now £7.5 million.

Budget Pressures in 2015/16

3.25 Health and Social Care starts the new financial year with budget pressures of some **£16.5 million**, net of pressures that are already mitigated:

- The total pressure no longer includes funding for **Gylemuir House** interim care home, reported to the Committee last year. This is because NHS Lothian has agreed to the transfer of £1.3m recurrently from the closure of 22 IPCC beds (Inpatient Complex Care), together with one-off funding from carry-forward.
- Pressures of £1.3 million for **step down** services in one of the Council's care homes are also not included as the element of the service that was to have been funded by NHS bed closures is now being closed.

3.26 The remaining budget pressure of £16.5 million is due to:

- the loss of one-off monies from the budget discussed in paragraph 3.16
- the full-year effect of the overspend on the 2014/15 budget, mainly care at home packages started in 2014/15 that continue to be required for the full year ahead; and
- a recent Employment Appeal tribunal ruling that the minimum wage also applies to the time that staff spend undertaking "sleepover" duties. This will affect some of the Council's contracts with private care agencies, with additional costs estimated at £0.8 million. Further information was contained in a separate report to Committee on 13 May on Night Time 'Sleepover' Support Costs.

3.27 Further information on these pressures is provided below:

Health and Social Care Budget 2015/16: Service Pressures

Ref	Service	Pressure £'000	Reason for Pressure
	Domiciliary care		
1	Care at Home	7,500	Full year effect of 2014/15 overspend plus removal of one-off funding. Annual growth has averaged at 10-12% the past two years; no growth will mean increased waiting lists and delayed discharges
2	Care at Home	1,400	Cost of providing 8% growth phased over 2015/16
3	Home Care and Reablement	1,305	Impact of cessation of temporary NHS/SG funding for additional reablement staff in 2014/15.
	Residential care		
4	Care Home Dependency Levels	600	Higher staffing levels required to meet higher dependency levels of residents in care homes for older people
5	Purchased Residential/ Nursing Home Places	800	Full year effect of 2014/15 overspend – no growth possible in 2015/16: delays in hospital.
	Other purchased services		
6	Day Care Spot Purchase	1,200	Full year effect of 2014/15 overspend – no growth possible in 2015/16:
7	Sleepover Costs – Working Time	800	Care procurement costs of Employment Appeal Tribunal ruling that care workers are entitled to be paid at the rate of the National Minimum age for hours worked including those during sleep-in shifts.
8	Contract savings pressures	751	Net procurement pressures
9	Direct Payments	1,346	Full-year effect of growth in demand in 2014/15: no growth possible in 2015/16
	Income		
10	Loss of Respite Charging Income	800	Loss of income from charges due to implementing unfunded 2014 Regulations waiving charges to carers
	TOTAL	**16,502**	

Budget controls

3.28 Budget controls described in the Chief Executive's report to the Committee on 19 March remain in place; these include: strict staffing and overtime controls, reviewing all agency and temporary contracts, seeking applications for voluntary early release, reductions in working hours and unpaid leave, and the on-going review of high-cost packages as part of comprehensive weekly monitoring of all care purchasing expenditure.

3.29 The Director is chairing a monthly cycle of budget challenge meetings with service managers, in addition to the normal management team and financial planning meetings. A monthly corporate Health and Social Care budget challenge meeting is in place, chaired by the Chief Executive or Director of Corporate Governance, with appropriate political representation. Respective senior Council and NHS Lothian officials meet on a regular basis to discuss financial issues.

3.30 In addition, detailed guidance was issued to front line staff last year and further revised in February 2015 to assist them meet need at lower cost. Following feedback from managers and practitioners – in team meetings and in a workshop held in 1 May – further revised guidance has now been issued. Additional workshops with staff are planned, both to help entrench the guidance, and equally to identify and share further ideas and good practice on achieving cost reduction.

Budget Action Plan

3.31 The Budget Action Plan is at **Appendix 1**. It contains actions that are intended to deliver cost reductions of £11.560 million during 2015/16, leaving a funding gap of just under £5m which Health and Social Care is unable to close without further service reductions.

3.32 Of the total of £11.6m, £7.4 million are **management actions already implemented or in progress**. Of these, £2.8m have no adverse service impacts – these are mainly realignment of funding sources, such as the Council's share (£800k) of the Scottish Government's part-funding of the 2015/16 National Care Home Contract uplifts (being distributed to councils via health boards); additional Housing Revenue Account contribution to telecare (£550k); additional Integrated Care Fund monies of £400k (subject to ICB agreement); and additional purchasing contract management savings (£385k).

3.33 Other management actions have service implications. Unallocated demography monies must now be used to offset unfunded care at home commitments (£1.3m) rather than fund new demand; further restrictions on purchased care home placements (£800k) will reduce new placements that can be funded; and 20 step-down beds purchased in 2014/15 as part of agreed measures to facilitate hospital discharge will not be replaced when placements end. The Council is in dialogue with NHS Lothian over the amount of Scottish Government funding for delayed discharge (£2.457m for Edinburgh) that can be transferred to the Council. The closure of step-down beds in Silverlea (paragraph 3.25 above) means that the remaining 11 long-stay are not viable – the proposal is to re-provision the care home and relocate residents in vacancies in other Council care homes as they arise, and redeploying staff, saving £420k this year. For the last two years, the Council has operated a Carers Payment Scheme, providing assessed carers with personal payments of £250. The scheme has not yet opened for 2015/16 and it is proposed to close this scheme, saving £200k.

3.34 The second category concerns **actions that require political agreement** later in the financial year. In January 2015, the Health, Social Care and Housing Committee agreed a three month consultation to replace the current service-based charging policy with a contribution-based policy, whereby people with sufficient income will be asked to make a contribution to the cost of their personal budget. This is being proposed to bring the charging policy into line with Self Directed Support, as recommended by COSLA and the Scottish

Government; however, it is also likely to increase income from charging by £230k if agreed by Committee in the autumn.

3.35 Health and Social Care is also considering a new policy proposal that new or reviewed care at home packages would usually not exceed the equivalent net cost of residential care. This is current practice in most English local authorities and in at least one in Scotland. A pilot scheme is being planned to help clarify the impacts on service users and the scale of savings, currently estimated at £250k for six months, and consultation on a proposed scheme is also being planned. The Health, Social Care and Housing Committee will be asked to make a decision in late 2015.

3.36 The final group of savings of £3.6m relates to further **demand management.** The revised practitioner guidance intended to reduce the costs for new individual care plans, and a programme of reviews being undertaken by staff seconded to four specialist review teams, are together expected to deliver these savings, which have been costed in detail via revisions to the Financial Allocation System (which under Self Directed Support determines the "Indicative Budget" within which care plans are now developed). The four review teams are expected to start work from the last week in May and will prioritise reviews of mid/high cost care at home packages, Direct Payments, and day care.

3.37 Further information on both the pressures and mitigating actions is provided in **Appendix 1** to this report. A “RAG” status has been applied to the proposed mitigating actions to denote the ease (green) or difficulty (red) of achieving the expenditure reductions.

3.38 Committee agreed at its meeting on 13 May to request the Chief Executive to report on corporate measures to assist Health and Social Care deliver on its 2015/16 Budget. The Chief Executive will report verbally on measures to address the remaining balance of **£5 million** and to assist Health and Care with the management and resourcing of its transformation programme.

External review by KPMG

3.39 As previously reported, KPMG has been commissioned to provide an external financial assessment of the Council’s adult social care services. At the time of writing the draft final report had only recently been received. The recommendations include investing in further demand management by increasing the proportion of new referrals and contacts that Social Care Direct is able to resolve without the need for a community care assessment by social care practitioners; wider use of telecare and assistive technology is also recommended. Recommendations also cover the internal Home Care and Reablement service and working with the external care market to reduce unit costs.

3.40 The main strategic recommendations cover up-scaling the current Health and Social Care Strategic work programme so that it is capable of delivering the "transformational" step-changes required. Other recommendations describe the dedicated multi-disciplinary team and governance arrangements needed to deliver the transformational change programme.

3.41 The main recommendations are discussed in more detail in **Appendix 2**, alongside an initial response from Health and Social Care.

Health and Social Care and transformational change plan

3.42 The **Budget Action Plan** is focussed on bringing expenditure into line with the resources available in the 2015/16 Health and Social Care Budget. For 2016/17, the Integration Joint Board faces a similar task across all Council and NHS health and social care services in scope of integration. Public expenditure faces further years of financial austerity alongside growing demand. Health and Social Care's current **change programme** is much wider than the measures in the Budget Action Plan but now needs to be more fully developed and resourced to achieve the changes needed for future fiscal sustainability.

3.43 The key elements in this programme of work are as follows:

(1) **Develop a new contract with citizens and communities.** Many councils in England have sought to clarify the respective roles of citizens, families, communities and local government in respect of social care. According to the Local Government Association, this involves "a combination of individuals taking more responsibility for their care and families and communities being supported appropriately to assist". In the best examples, this is combined with community engagement and development; an "assets-based approach" which seeks "to understand what a person and their family or friends / neighbours might contribute to meeting their own solutions through building on their own skills and strengths"; and with strong partnership working at a local level.

(2) Further development of the **Prevention Strategy**, including evidence-based investment influenced by the research that the UK and Scottish Governments are funding into "what works".

(3) Further development of **Social Care Direct** to increase the number and proportion of contacts that receive information, advice, and sign-posting to mainstream services or community support, without the need for practitioner assessment. Since January 2015, Health and Social Care has been running a "**Direct Response Service**" pilot to achieve this through increasing the social care staffing within Social Care Direct – the pilot is being evaluated and initial findings are positive.

(4) The Scottish Government expects **Health and Social Care Integration** to be underpinned by joint strategic planning and commissioning. This will

involve developing the Joint Strategic Needs Assessment into a **whole system approach** to measuring and managing current and future demand across the health and care system as a whole.

(5) **Telecare** is already used as an effective and cheaper alternative to some overnight care, and is being considered as an option to reduce care packages for new and reviewed clients. The **Telecare Strategy** will set out plans for expanding the use of telecare.

(6) **Unblocking Reablement** is an essential element in the Health and Social Care strategic work programme. Reablement has proved its effectiveness in reducing 40-50% of need for care packages, but currently 37% of people who might benefit cannot be referred because the capacity of Reablement is blocked by people who have been re-abled but cannot be discharged to mainstream care at home due to their lack of capacity.

(7) **"Outcomes-based" commissioning** is attracting considerable interest in England and is being researched in Health and Social Care – it offers potential for incentivising care providers to increase the independence of service users.

(8) A number of councils in Scotland have established **arms-length companies** to deliver in-house home care or residential care, and possibly other Council services. In England some of these developments have taken the form of **employee co-operatives**. Health and Social Care is researching these development in order to consider their potential in Edinburgh.

3.44 The Budget Action Plan, and the wider Health and Social Care transformational Change Plan, require programme management resources to assist delivery. KPMG's recommendations on this issue are included in Appendix 2.

Measures of success

4.1 Reduction in potential budget overspend, with least possible damage to services. Other measures of success are as described in the Chief Executive's report on 19 March.

Financial impact

5.1 This is covered in the main report.

Risk, policy, compliance and governance impact

6.1 The delivery of a balanced budget outturn for the year is the key target. The risks associated with costs pressures, increased demand, and delivering savings

targets are regularly monitored and reviewed and management action is taken as appropriate.

6.2 Risks associated with the delivery of the Budget Action plan are identified by the RAG status – mitigation actions are being prepared for those currently at amber or red.

Equalities impact

7.1 Measures to reduce budget overspends are likely to increase waiting lists for services for older and people with disabilities.

Sustainability impact

8.1 No impacts on sustainability.

Consultation and engagement

9.1 This report reflects ongoing discussions with NHS Lothian, but timescales have precluded consultation with other key stakeholders.

Background reading/external references

Finance and Resources Committee, 27 November 2014. Report by the Director of Health and Social Care on Adult Social Care Budget Pressures, 2014/15.

Finance and Resources Committee, 15 January 2015. Report by Director of Health and Social Care: Adult Social Care Budget Pressures, 2014/15: Update

Finance and Resources Committee, 19 March 2015, Report by Chief Executive: Health and Social Care revenue budget - progress update

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Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO25 – The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	SO1 - Edinburgh's economy delivers increased investment, jobs and opportunities for all

	SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health
Appendices	**Appendix 1**: Health and Social Care 2015/16 Budget Action Plan **Appendix 2**: KPMG Draft Executive Summary and Health and Social Care Response

APPENDIX 1

2015/16 BUDGET ACTION PLAN

Ref	Action	Mitigating Action £'000	Net Pressure £'000	Service Impacts		RAG	Lead manager
	Total Net pressure to be mitigated:		***16,502***				
	Management actions being implemented						
1	Use remaining unallocated demography monies	-1,330	15,172	Yes	Demography monies for older people, learning disabilities, and mental health problems used for existing unfunded care at home packages, not new demand in year: increase in waiting lists	Green	MB
2	Additional HRA contribution to telecare	-550	14,622	No	Agreed by Services for Communities, review later in year	G	MB
3	Use unallocated Integrated Care Fund monies	-400	14,222	No	Seek agreement from Integration Joint Board that unallocated monies be allocated to unfunded care at home.	Amber	MB
4	Do not fill Home Care & Reablement vacancies as they arise in year	-700	13,522	Yes	Impact of cessation of temporary NHS/SG funding for additional Reablement staff in 2014/15. Loss of 1,100 hours of Home Care & Reablement service by end of year.	Amber	TC
5	Cease purchase of 20 Step Down Beds via natural turnover	-720	12,802	Yes	Transfer funding for 20 purchased step down beds (as people are discharged) to reduce care at home budget pressures. Requires agreement from Integrated Care Board; assumes phased bed reduction completed by November.	Amber	MB

Ref	Action	Mitigating Action £'000	Net Pressure £'000	Service Impacts		RAG	Lead manager
6	Constrain new purchased Residential/Nursing Home places to available budget	-800	12,002	Yes	Full year effect of 2014/15 overspend reduces budget available for new care home placements – some impact likely on delayed discharges	Amber	MB
7	CEC share (8%) of £10m Scottish Government funding for National Care Home Contract fees increase	-800	11,202	No	Scottish Government will transfer this funding to councils via Health Boards. Sum to be confirmed.	Green	PG
8	Likely NHS Lothian transfer from Scottish Government funding for delayed discharge	-725	10,477	Yes	Scottish Government delayed discharge funding to NHS Lothian included £2.457m for Edinburgh - £1.1m is being used to fund social care for 55 people being discharged from RVH by end of June: NHSL may need to use £632k to fund RVH wards in April, May and June, leaving £725k for transfer to Council.	Red	PG
9	Procurement saving - additional Intensive Housing Benefit	-400	10,077	No	Saving from reducing purchased care for amount of IHB that can be claimed to fund certain services is larger than estimate already included in 2015/16 savings	Green	CW
10	Further procurement savings	-385	9,692	Some	Contract management savings	Green	CW
11	Reprovision Silverlea care home	-420	9,272	Yes	Reprovision 11 remaining long-stay beds. Relocate residents to vacancies in CEC Care Homes as they arise, and staff redeployed. Saving assumes completed by August.	Green	TC
12	Cease Carers Payment	-200	9,072	Yes	One-off payments have been made for the past two years to carers to assist them with their mental health and well-being and to support them in a caring role.	Green	MG
	Actions requiring political agreement (later in 2015)						
13	Proposed change to contribution-based charging policy	-230	8,842	No	Committee agreed three month consultation to replace the current service-based charging policy with a contribution-based policy, whereby people with sufficient income make a contribution to the cost of their personal budget. Following consultation and	Amber	AB/MVB

Ref	Action	Mitigating Action £'000	Net Pressure £'000	Service Impacts		RAG	Lead manager
					final equalities impacts assessment, the HSCH Committee will be asked to make a decision in late summer/autumn.		
14	Equivalency model for supporting people at home	-250	8,592	Yes	New policy proposal that care at home packages would usually not exceed equivalent cost of residential care. (Based on practice in many English LAs and in at least one Scottish council). Savings estimate is for 6 months only - to be clarified following pilot work commencing by 1.7.15 in parallel with consultation and ERIA preparation. The HSCH Committee will be asked to make a decision in late 2015.	Amber	MVB/ MG/N C
	Demand management measures						
15	Revised practitioner guidance for new cases and reviews	-1,450	7,142	Yes	Revised practitioner guidance intended to reinforce current eligibility criteria and reduce the cost of care packages has been issued, and further revised following workshops with managers and staff.	Red	MG/ NC
16	Reviews of care packages	-2,000	5,142	Yes	Four sector review teams have been established to review cases including Direct Payments, day care, and mid/high-cost care at home packages, using revised practitioner guidance - commencing last week of May. (This saving, and the one above, also require some recalibration of the Financial Allocation System which derives indicative budgets from the assessment information to assist personalised care planning).	Red	MG/ NC
17	Respite Policy - reduce annual maximum respite from 42 days to 35 days	-200	4,942	Some	Any carer assessed as requiring more respite care than 35 days in a year will require this package to be approved by a senior manager	Amber	MG/ NC
TOTAL BUDGET ACTIONS		**-11,560**	**4,942**		**Nearly £5 million funding gap**		

APPENDIX 2

KPMG DRAFT EXECUTIVE SUMMARY AND HEALTH AND SOCIAL CARE RESPONSE

This Appendix responds to the recommended actions in KPMG's draft report, and the sections in their Executive Summary on the need for a transformation programme that is appropriately structured and resourced.

Recommended actions
The draft Executive Summary states:

> "We make a number of specific recommendations that will deliver savings and improve control relatively quickly. H&SC managers indicate that they are already progressing with some of these actions as part of their change programme of Health and Social Care Priority Work Streams, however, we have not seen any specific evidence around which actions are already underway, what savings will be delivered and by when".

KPMG's main draft recommendations on savings are set out below, with Health and Social Care's response:

(1) "To **increase service users accessing non-Council services**", by "increasing training for SCD staff in the different non-Public Sector services that they can sign-post citizens towards, together with behavioural psychology training on how to help people decide to access these non-Public Sector services".
Response: *Social Care Direct (SCD) staff already have access to information on all community services – Council, NHS, other public sector, Third Sector, community and local groups – via Edinburgh Choices and other databases, and use this to help signpost citizens who do not need a community care assessment. Social Care Direct (SCD) resolved 74% of 66,445 contacts received in the 10 months ending April 2015, relating to 66% of the 34,170 people involved, without needing to refer them to Practice Teams for assessment. In addition, a successful pilot project has been running since January 2015 to increase the number of people that Social Care Direct are able to assist. When evaluation is complete, we will be able to compare the costs (additional social care staffing in SCD) and benefits (savings) and decide whether to adopt this model.. Health and Social Care will now also consider KPMG's recommendations about SCD staff training and improving the performance information about "how successful they have been in sign-posting citizens"*.

(2) "Develop the business case for the use of **technology enabled care** and secure additional funding for investing in this technology. Train [assessment and reablement] teams to maximise the use of assistive technology and in how to maximise the use of technology enabled care. … Place a particular emphasis on re-assessments and encourage staff to consider the use of technology rather than increasing care support hours or services … Consider the implementation of care enabled technology to reduce the cost of residential care".
Response*: Health and Social Care has done some work in this area already, including revising assessment guidance for practitioners to always consider Telecare/assistive technology as part of any support package, and using telecare to reduce staff sleepover requirements and waking night cover. Technology is also being used to support self-travel for people with learning disabilities. We read KPMG's recommendations as saying we need to do more and will address this in the work being done to develop our Telecare Strategy.*

(3) **Increase Reablement and Home Care staff client contact time** – "develop changes to the current ways of working that will allow care workers to increase their overall contact time".

***Response**: For many years, contact time has closely monitored and targets set for improvement. While further improvement is still very much the aim, the difficulties in achieving this are significant. The home care service has a high proportion of short duration visits that have increased the travel time. Staff time spent on in supervision, appraisal, training, as well as sick leave, is also scrutinised by managers. Split shifts have also been introduced to ensure support is available at the time of day required by the service users.*

(4) **Unblocking Reablement** "The internal reablement team plays a vital role in reducing the care support requirements of service users. The table opposite shows the outcomes for service users after reablement and shows that 33% of users no longer require care support and, on average across all users, there is a reduction of 37% in care hours thereafter.

"However, the Reablement services is blocked because there are limited places available in the Care@Home market and the internal Home Care service, meaning that service users remain in Reablement for an average of 18 weeks after they have been reabled. Consequently 37% of service users (832 per year) referred to reablement, bypass the services and go on to receive Home Care or Care@Home without having been reabled. If those 832 service users had been reabled the Council would have saved an estimated £3.6m (at £15/hr).

"Similarly, if the blockage was removed and service users could leave the reablement service after (say) 9 weeks, the average number of hours provided per service user would fall from 109 to 50. This would mean the Reablement service would have additional capacity of 850 hour per week, after having provided a service to all referred service users….. If the reablement service could achieve levels of, say, 50% it would further reduce demand by £2.4m (assuming an average care package of 15 hours at £15/hr)".

***Response**: Health and Social Care recognises that this is a very significant problem. The H&SC Directorate have tried to solve this problem in two ways: incentivising the care at home market to expand capacity, and increasing Reablement staffing using monies provided by the NHS but no longer available for 2015/16. Neither approach has led to a sustained reduction in Reablement blockage. Further options are being considered, including restricting most new care at home placements to people who are "blocking" reablement teams, although in the short term this may delay supporting hospital discharge.*

(5) **Reduce external unit costs by reviewing historic care contracting performance and by** "bringing together a working group of external providers" to work with the contracts team "to identify ways in which the providers' costs can be reduced and/or capacity can be increased".

***Response**: Care contracting performance is already closely analysed on a regular basis and care contracts include performance penalties). Work has been done to engage selected care providers in discussions about cost reduction: Health and Social Care will now increase this activity going forward.*

Actions and timescales are set out in the Health and Social Care Budget Action Plan and in the wider transformational change plan.

Transformation programme

KPMG's draft Executive Summary states:

"The Health and Social Care Directorate's approach has been to implement step-by-step improvements and more recently to "salami-slice" services. This has worked in the past but the demographic and financial pressures are so great now, that there needs to be a step-change in the performance of the Directorate. This step-change will require a clear and

specific programme that will transform the services that are delivered, the way in which they are delivered and the way in which they are managed".

Health and Social Care considers that this understates the work to date on prevention and demand management, summarised in the main report to Finance and Resources Committee, and the current work-streams set out in the H&SC Strategic Work Programme. However, we accept most of KPMG's recommendations, as stated in their draft Executive Summary:

"We recommend this programme considers all aspects of H&SC including:

- a transformation to the approach, structure and method of management within H&SC;
- taking a whole system approach to managing demand and the 'flow' of service users through Council, NHS and other community services;
- developing a new 'contract' with citizens and the community to help individuals to remain more independent for as long as possible;
- working with the third sector and communities to offer an enhanced range of alternative and preventative services;
- implementing new processes and procedure to sign-post citizens towards these other services;
- using technology base care wherever appropriate to improve outcomes and reduce the overall cost of care;
- changing the behaviours of social workers and managers;
- driving consistency in the assessment of service users needs and in the packages of recommended care;
- developing a new approach to the care provider market, commissioning for outcomes rather than inputs;
- increasing the efficacy of the Reablement service so that demand for home care is minimised as far as possible;
- improving the efficiency of the current internally delivered services; and
- implementing robust performance management, where Finance is seen as a business partner to H&SC and where there is 'one version of the truth'."

Health and Social Care also agrees that that the **transformational change plan** requires to be fully resourced.

"Programme design

We recommend that the current transformation programme is re-established with clear terms of reference, objectives, scope and governance arrangements. We have found that these programmes work best where a separate full time multi-disciplinary team is formed that includes people with the following skills:

- Programme and project management;
- Finance and performance reporting;
- Care Assessment;
- Reablement;
- Commissioning and an understanding of care service providers;
- LEAN, process improvement and service re-design; and
- Behavioural and cultural change.

This team would include experienced and respected social care practitioners, who would have the knowledge to be able to develop new ways of working and the confidence of colleagues to do so".

Mike Brown, Health and Social Care, 26 May 2015