

Finance and Resources Committee

10am, Thursday, 27 August 2015

Health and Social Care 2015/16 Revenue Budget – Action Plan Update

Item number	7.3
Report number	
Executive/routine	
Wards	All

Executive summary

The report sets out the projected month three revenue monitoring position for Health and Social Care.

The full-year outturn forecast continues to indicate the significant demand-led pressures within Health and Social Care, which currently shows an overspend of £11.2m, after implementation of mitigating management actions identified to date.

As previously intimated to Committee, the Corporate Leadership Group agreed in June to identify £5m of one-off funding across other services and corporate budgets to offset an element of this pressure, subject to Council approval, which would bring this forecast down to an overspend of £6.2m. Following further consideration, the Chief Executive has now instructed the identification of additional corporate and service-specific savings proposals to a combined value of £4.8m, reducing the projected residual overspend to £1.4m.

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	SO1

Report

Health and Social Care 2015/16 Revenue Budget – Action Plan Update

Recommendations

- 1.1 Finance and Resources Committee is recommended to:
- a) note the 2015/16 budget position for Health and Social Care as set out in this report
 - b) note the Health and Social Care Budget Action Plan, detailed at Appendix 1, describing actions taken and in hand
 - c) note that the Budget Action Plan sits within a wider strategic transformation programme in Health and Social Care intended to underpin longer term financial sustainability
 - d) note the update from the Chief Executive on corporate support to Health and Social Care
 - e) 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. The report on 4 June 2015 explained the main background causes.
- 2.2 Edinburgh's Adult Social Care Budget for 2015/16 is £201.1m. Compared per head of population aged 18+, Edinburgh's expenditure ranks 20th out the 32 Scottish local authorities and is 2% below the Scottish average per head figure. This represents a downward movement from 12th in 2014/15 and a 4% movement relative to the Scottish average (Scottish Government POBE Financial Returns, 2014 and 2015).
- 2.3 The 2015/16 Health and Social Care budget included savings of £7.5 million. Most of these (£6.1m) have been delivered or are on track (with a "Red/Amber/Green status" assessed by Finance at "Green"). Those at Red (£0.7m) are staffing savings in the process of being delivered, but with a part-year effect.

Main report

- 3.1 This report:
 - sets out the current financial position at period 3
 - updates the Budget Action Plan to reduce the budget pressures over the course of 2015/16
 - summarises the impacts on care packages being provided, on waiting lists and on delayed discharge targets
 - updates the risk summary
 - reports on work being undertaken with KPMG to support and deliver the Health and Social Care Transformational Change Programme in order to achieve budget sustainability going forward.

2015/16 Financial Position (at period 3)

- 3.2 Budget pressures¹ of £16.5 million were reported to Committee on 4 June. This has now reduced slightly to **£16.2 million**, due mainly to reductions in the projected staffing overspends. The total pressures include: £11.5m in Third Party Payments (care at home, residential and nursing, day care and direct

¹ Note for members of the public: "Budget pressures" are unfunded service commitments. Pressures of £16 million mean that, if no action was taken, the 2015/16 Health and Social Care Budget would be overspent by this amount by the end of the financial year on 31 March 2016.

payments); £1.7m in supplies and services; £1.6m in staff costs (care homes and home care); the income shortfall of £0.8m from being unable to charge for respite care; and projected overspends on transport of £0.3m; and on premises costs of £0.2m.

Budget Action plan

3.3 The Budget Action Plan is at **Appendix 1**; it contains actions that are intended to deliver expenditure reductions of £11.8 million during 2015/16:

- £5.015m of these expenditure reductions have been assessed as “Green”: they either have already been delivered or are funding streams expected to be received shortly.
- £2.422m has been assessed as “Amber”: implementation is at an early stage and the evidence is not yet sufficient to predict the delivery of the full saving.
- £4.375m has been assessed at “Red”: there is significant risk that the savings may not be delivered – this includes the reviews of packages of care, the impact of revised practitioner guidance, and the Council’s share of Scottish Government funding for delayed discharge.

3.4 **Total savings at “Green” already delivered or on track therefore amount to £11.2 m** (£6.170m delivered as part of the agreed budget savings, mentioned in paragraph 2.3 above, and the £5.015m in action to mitigate pressures). Significant savings include:

- the re-provisioning of Silverlea Care Home, with all eleven remaining residents placed successfully in other care homes
- closure of 22 stepdown beds at Silverlea and the reduction of stepdown beds with Care UK
- re-provisioning two day centres for older people, in premises no longer fit for purpose, achieving savings whilst improving the quality of service overall; changes to shift rotas in care homes are reducing the staffing budget overspend needed to meet the higher needs of residents, and reducing the need for agency staff
- reduction in staff numbers through voluntary redundancy, voluntary early retirement, and natural turnover, and the introduction of further controls over staff recruitment
- ongoing efficiency savings in procurement spend on purchased care services.

3.5 Five **staff engagement workshops** were held in July and August with 133 front-line assessment and care management staff to:

- consolidate the understanding of the current financial position and strategic context
- work together to identify solutions and creative ideas based on assessors’ experience and expertise; and

- clarify the next steps, including how ideas and suggestions will be taken forward and addressed.
- 3.6 Outputs from the workshops are being written up so that ideas, concerns and solutions can be shared and taken forward.
- 3.7 Taking the £5.0m of “Green” mitigations from the pressures of £16.2m leaves a **balance of £11.2m to find**. The report from the Deputy Chief Executive on today’s agenda, entitled Revenue Monitoring 2015/16 – month three position, contains proposals for a further £4.8m of one-off transitional corporate funding to assist Health and Social Care, in addition to £5m already agreed. This will provide time for the implementation and phased delivery of the short and medium term transformation workstreams that KPMG has been supporting Health and Social Care to take forward, which are discussed below in a later section of this report.
- 3.8 This leaves a further **£1.4m** to be delivered this year by Health and Social Care. However, the measures taken to reduce expenditure are adding to waiting lists and increasing the numbers of people delayed in hospital. There are also some further pressures over and above the limited growth available, where possible, through natural turnover.

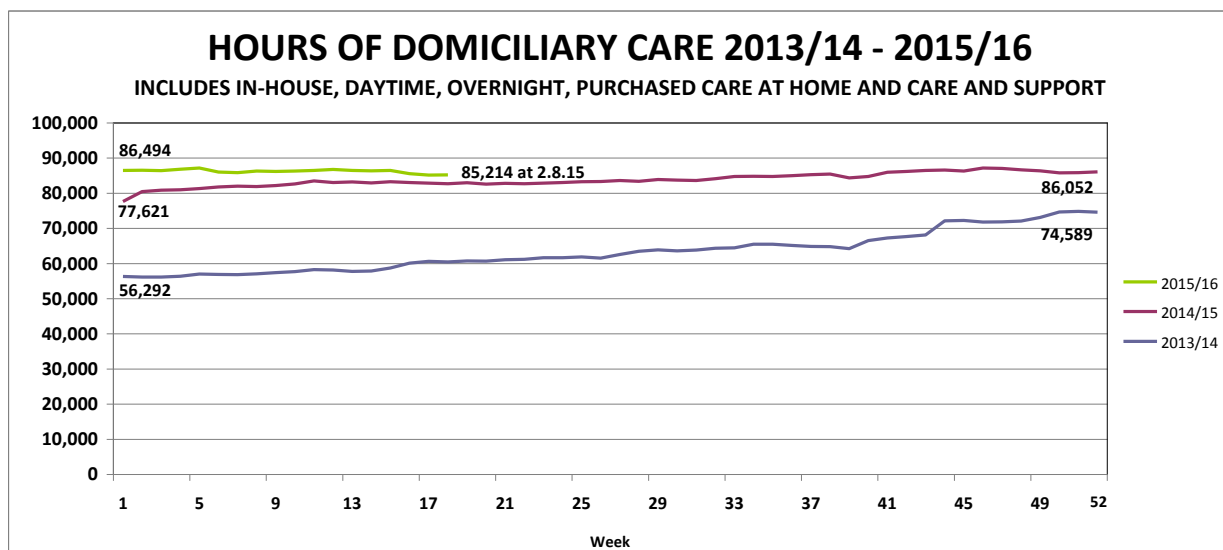
Additional demand for high cost packages of care

- 3.9 Since the beginning of the financial year, Health and Social Care has received requests for service for 20 people requiring high cost packages of care, averaging £2,750 per person per week, and with full-year costs totalling **£2.860 million**. The majority are people with severe learning disabilities, and many have challenging behaviours.
- 3.10 Eight people are living at home supported by an elderly parent or parents no longer able to cope, even with support; one person is in a shared tenancy and another is in a residential school. Half (10 people) are waiting in hospital (six in the Royal Edinburgh Hospital) for packages of care that will cost £1.7 million in a full year. Mental Health Tribunals have determined that two of these patients should be discharged with social care support.
- 3.11 Health and Social Care budgets are already committed and funding these high cost packages will require additional savings elsewhere that are not already identified. The waiting list is not static, is difficult to predict, but is likely to grow with newly expressed need during 2015/16, given restrictions on the number of new care packages that the Council can afford.

Service impacts and waiting lists for Home Care

- 3.12 Domiciliary care hours provided each week (home care and care at home) grew significantly in 2013/14 and less sharply last year, levelling off from early

February 2015 in response to tighter spending controls. A slight downward trend is evident in the first four months of 2015/16:



Note: the increase between the last week of March 2014 (74,589 hours pw) and the first week of April 2014 (77,621 hours pw) is due to the transfer of housing support clients and budgets from Services for Communities to Health and Social Care.

- 3.13 Inevitably, the budgetary restrictions mean that the increasing demand for care cannot be met and waiting lists are increasing as a result, as shown by the graph overleaf. The number of people waiting for domiciliary care has increased from about 250 during December to early March, to around 400 now.
- 3.14 As at 3 August 2015, there were 394 people waiting for a domiciliary care package, 262 in the community and 132 in hospital. People waiting in the community had on average been waiting for longer than people waiting in hospital. Difficulties in recruiting and retaining staff in both the in-house service and the external care at home market is creating capacity issues, affecting the provision of domiciliary care.

Number of people waiting by length of wait as at 3 August 2015

Days waiting	People in hospital	People in community	Total
<3 days	10	9	19
4-7 days	19	15	34
8-13 days	32	32	64
14-19 days	17	15	32
>20 days	54	191	245
Grand Total	132	262	394
Mean	25 days	79 days	61 days
Median	16 days	51 days	34 days

- 3.15 The table below shows the delayed discharge monthly performance, which is reported to the Scottish Government. It illustrates how the landscape of delayed

discharge has changed in Edinburgh since April 2014, when the waits for residential/nursing home care were a greater problem than those for domiciliary care. This position is now reversed.

	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
Awaiting residential care/nursing home	52	64	66	67	67	63	82	61	71	43	43	34	39	40	32	39
Awaiting domiciliary care	14	33	44	35	38	20	30	21	41	27	28	40	52	62	67	80

3.16 Understandably, there is concern in NHS Lothian and in the Scottish Government about these trends, and discussions have been ongoing with the Council and the Integration Joint Board on the possibility of interim funding to support a set of proposals to transform services for older people within the Edinburgh Health and Social Care Partnership.

Health and Social Care Transformational Change

3.17 Health and Social Care’s Transformational Change programme was summarised in the previous report to Committee on 4 June, including:

- developing a new contract with citizens and communities
- further development of the prevention strategy; enhancing the role of Social Care Direct
- development the whole system approach to strategic planning to support Health and Social Care integration
- enhancing telecare and assistive technology; unblocking and development reablement
- “outcomes based” commissioning; and
- longer term work on alternative delivery models such as employee co-operatives and arms-length companies.

3.18 Health and Social Care staff have been assisted by KPMG to develop business cases to support the development of this extensive programme. At the time of writing, KPMG was finalising a range of detailed business cases, including the following key priorities:

- further devolution of care purchasing budgets to bring them closer to assessment and care planning decisions to improve budget grip and prioritisation

- solutions to unblock reablement and target resources on reabling people with packages of care who had bypassed the reablement service; and
 - further enhancement of Social Care Direct to manage more demand at the “front door” through improved advice, information, and signposting to other sources of help.
- 3.19 Corporate assistance is required to help Health and Social Care resource the Transformational Change programme, which is essential to the medium and long-term sustainability of social care services in Edinburgh.

Measures of success

- 4.1 Full delivery of approved budget savings, and significant reduction of unfunded budget pressures, to achieve an overall balanced position for 2015/16.

Financial impact

- 5.1 Covered in 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 cost pressures, increased demand and procurement savings targets are regularly monitored and reviewed, and management action is taken as appropriate.
- 6.2 There is a risk that the 2015/16 budgeted savings and mitigating actions will not be delivered in full.
- 6.3 There is also a risk that there will be a shortfall in the income expected from NHS Lothian due to its own demand pressures. The full receipt of this income is assumed in the current monitoring position and any decrease in income will negatively impact the Health and Social Care financial position.

Equalities impact

- 7.1 Measures to reduce budget overspends are likely to increase waiting lists for services for older people and people with disabilities, and will also increase the number of people whose discharge from hospital is delayed.

Sustainability impact

- 8.1 There is no direct sustainability impact arising from this report.

Consultation and engagement

9.1 Consultation on the 2015/16 budget was undertaken as part of the budget process.

Background reading/external references

[Finance and Resources Committee, 4 June 2015: Health and Social Care 2015/16 Budget Action Plan, report by the Director of Health and Social Care](#)

Michelle Miller

Chief Social Work Officer

Contact: Monica Boyle

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.
Appendices	1. 2015/16 Budget Action Plan: Mitigating Actions

Appendix 1

2015/16 BUDGET ACTION PLAN: MITIGATING ACTIONS

Ref	Mitigating Action	£'000	RAG	Details
1	Use remaining unallocated demography monies	-1,330	Green	Demography monies for older people (£470k), learning disabilities (£400k), and mental health problems and assessment (£460) have been used for existing unfunded care at home packages, not new demand in year: increase in waiting lists
2	Additional Housing Revenue Account (HRA) contribution to telecare	-550	Green	Agreed increase in Housing Revenue Account's contribution to TeleCare.
3	Use unallocated Integrated Care Fund monies	-465	Green	Agreement reached in June with NHS and Third Sector partnership
4	Do not fill Home Care and Reablement vacancies as they arise in year	-700	Amber	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: negative impacts on delayed discharge and waiting lists.
5	Cease purchasing 20 Step Down Beds via natural turnover	-720	Amber	Transfer funding for 20 purchased step down beds (as people are discharged) to reduce care at home budget pressures. Agreed by Integrated Care Fund Core Group, 16/6/15. Assumes phased bed reduction completed by November: 13 achieved to date.
6	Constrain new purchased Residential/ Nursing Home places to available budget	-800	Amber	Full year effect of 2014/15 overspend reduces budget available for new care home placements – some impact likely on delayed discharges
7	CEC share (8%) of £10m Scottish Government funding for National Care Home Contract fees increase	-800	Green	Scottish Government is paying funding to councils via Health Boards. Sum confirmed: awaiting payment.
8	Scottish Government Funding for Delayed Discharge	-725	Red	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. Under discussion.
9	Integration Transition Funding	-160	Amber	Share of one-off Scottish Government funding for Health and Social Care implementation planning
10	Procurement saving - Additional Monies from Intensive Housing Benefit	-400	Green	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
11	Additional procurement savings	-150	Green	Contract management savings
12	Reprovisioning of Silverlea Care home	-420	Green	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: on track.

Ref	Mitigating Action	£'000	RAG	Details
13	Cease Carers payment	-200	Green	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.
14	Further procurement savings	-262	Amber	Contract management savings
15	Proposed change to contribution-based charging policy	-230	Amber	Committee agreed 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. Consultation concluded July 2015 and responses being analysed for report and final equalities impacts assessment. HSCH Committee will be asked to make a decision in the autumn.
16	Equivalency model for supporting people at home	-250	Amber	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 further implementation planning currently underway. The HSCH Committee will be asked to make a decision in late 2015.
17	Revised practitioner guidance for new cases and reviews	-1,450	Red	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.
18	Review packages of care	-2,000	Red	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. This work is in two phases, one completed, the second underway).
19	Respite Policy - reduce annual maximum respite from 42 days to 35 days	-200	Red	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.
	TOTAL	-11,812		

Red	-4,375
Amber	-2,422
Green	-5,015
	-11,812