

Finance and Resources Committee

10am, Thursday, 24 September 2015

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

Item number	7.16
Report number	
Executive/routine	
Wards	All

Executive summary

The report sets out the projected month four 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 overall overspend of £10.8m after implementation of mitigating management actions identified to date. This is an improvement of £0.4m on the position reported to Committee in August.

As previously reported, the Corporate Leadership Group has agreed to identify £9.8m of one-off funding across other services and corporate budgets to assist Health and Social Care; subject to Council approval, this brings the forecast overspend down to £1.0m.

Work continues to implement the Budget Action Plan to deliver a balanced budget by the year end, and the transformation work streams required to deliver financial sustainability in future years.

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 To note the 2015/16 budget position for Health and Social Care as set out in this report, which shows a reduction in the projected overspend from £1.4m at month three to £1.0m at month 4, after mitigation actions.
- 1.2 To note the updated Health and Social Care Action Plan, detailed at Appendix 1, describing actions taken and in hand.
- 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 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 causes.

Main report

- 3.1 This report:
- presents the financial position at period four;
 - updates the Budget Action Plan to reduce the budget pressures over the course of 2015/16; and
 - updates Members on work underway 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 four)

- 3.2 The 2015/16 Health and Social Care Budget includes savings of £7.5 million. Most of these (£6.1m) have been delivered or are on track (with a "RAG (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.
- 3.3 Budget pressures¹ of £16.2 million were reported to Committee on 27 August. These have increased slightly to **£16.3 million**. The total pressures include: £11.7m in Third Party Payments (care at home, residential and nursing, day care and direct 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 intended to deliver expenditure reductions of £10.8m during 2015/16.
- £5.5m has been assessed as "green": they either have already been delivered or are funding streams expected to be received shortly. This category has increased from the £5.0m reported to Committee on 24 August in line with progress in delivery.

¹ Note: "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.

- £1.6m 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.
 - £3.6m has been assessed at “red” (down from £4.4m reported in August): there is significant risk that the savings may not be delivered – this includes the reviews of packages of care and the impact of revised practitioner guidance.
- 3.4 Total savings at “green” already delivered or on track therefore amount to £11.6m (£6.1m delivered as part of the agreed budget savings, mentioned in paragraph 3.2 above, and the £5.5m in actions to mitigate pressures). Significant savings include:
- the re-provisioning of Silverlea Care Home, with all eleven remaining residents successfully placed in other care homes
 - closure of 22 step-down beds at Silverlea and the reduction of step-down 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 reducing the staffing budget overspend needed to meet the higher needs of residents, and reducing the need for agency staff and overtime (costs which have fallen by 15% and 12% respectively compared to 2014/15)
 - 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 Taking the £5.5m of “green” mitigations from the pressures of £16.3m leaves a **balance of £10.8m to find**. As previously reported, the Corporate Leadership Group agreed in June to identify £5m of one-off funding across other service areas and corporate budgets to offset an element of the residual pressure within Health and Social Care. In acknowledging the scale of the financial challenges facing the service and the corresponding need for mitigating measures to be embedded over the medium-term, directors were subsequently requested to identify a further £4.8m of savings capable of delivery in the current year. Subject to Council approval, these budget transfers leave a **further £1.0m to be delivered** by Health and Social Care in 2015/16.
- 3.6 The one-off funding will allow time for the implementation and phased delivery of the short- and medium-term transformation work streams, which KPMG were supporting Health and Social Care to take forward. These are discussed below.

Health and Social Care Transformational Change

- 3.7 Health and Social Care’s Transformational Change programme was summarised in the 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 of the whole system approach to strategic planning to support health and social care integration
 - enhancing telecare and assistive technology; unblocking and development of reablement
 - “outcomes based” commissioning; and
 - longer term work on alternative delivery models, such as employee co-operatives and arms-length companies.
- 3.8 Health and Social Care staff were assisted by KPMG to develop business cases to support the development of this extensive programme. A range of detailed business cases have been developed, 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.
- 3.9 KPMG’s work support is now at an end and corporate assistance is being identified 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.
- 4.2 Ongoing implementation of the Health and Social Care Transformational Change programme.

Financial impact

- 5.1 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 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 The risk reported to Committee in August, that there might be a shortfall in the income expected from NHS Lothian due to its own demand pressures, has now been reduced significantly following receipt of a letter confirming NHS Lothian's funding.

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](#)

[Finance and Resources Committee, 27 August 2015: Health and Social Care 2015/16 Budget Action Plan, report by the Chief Social Work Officer](#)

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

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 (£460k) 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	-200	Green	Agreed increase in Housing Revenue Account's contribution to TeleCare.
3	Use unallocated Integrated Care Fund monies	-300	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	-1,055	Green	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	Green	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	-801	Green	Scottish Government is paying funding to councils via Health Boards. Sum confirmed: awaiting payment.
8	Integration Transition Funding	-160	Amber	Share of one-off Scottish Government funding for Health and Social Care implementation planning
9	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
10	Additional procurement savings	-150	Green	Contract management savings
11	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.
12	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.
13	Further procurement savings	-352	Amber	Contract management savings

Ref	Mitigating Action	£'000	RAG	Details
14	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.
15	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.
16	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).
17	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	-10,788		

Red	3,650
Amber	1,562
Green	5,576
	10,788