

REPORT TO: Executive Board

DATE: 11 February 2016

REPORTING OFFICER: Strategic Director, People and Economy

SUBJECT: Adult Social Care Budget Pressures

PORTFOLIO: Health and Wellbeing

WARD(S): Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 The purpose of the report is to present a summary of the current and forthcoming budget pressures facing Adult Social Care, in order to support and inform the Board whilst considering the 2016/17 Budget Report later on this agenda.

2.0 RECOMMENDATION: That the budget pressures facing Adult Social Care outlined in the report be noted and be taken into account when considering the 2016/17 Budget Report later on this agenda.

3.0 SUPPORTING INFORMATION

3.1 Adult Social Care is critical to the health and wellbeing of people with a complex range of often intense needs, their carers and families. Adult Social Care also plays a key role in a sustainable National Health Service (NHS).

3.2 Adult Social Care Services are currently experiencing significant and increasing pressures, driven by the following:

- Demand increases in both the volume and complexity of people's needs for adult social care due to the increasing number of adults with complex physical and mental health needs, ageing population and also those in transition from childhood to adulthood.
- Increased pressure and demand on acute hospitals.
- The NHS Transforming Care agenda.
- Reductions to wider local government funding.
- The introduction of the National Living Wage (NLW) and absence of certainty of funding.
- Availability and skills needs of the workforce.
- The reduced scope for further efficiency savings.

3.3 On the basis of all the factors outlined above, the Local Government Association (LGA) estimates that the funding gap facing Adult Social Care is growing on average by just over £700 million a year. In addition, to the quantified pressures there are further uncertainties which must also be considered, including;

- The impact of NLW on personal assistants through a direct payment

and the provision of sleep-ins after recent changes to the current National Minimum Wage.

- The 2014 Supreme Court judgement has widened the scope of Deprivation of Liberty Safeguards (DoLS). The Law Commission has estimated the annual cost of achieving compliance is £172 million per year.
- The Independent Living Fund (ILF) is an additional funding burden however future funding allocations are not yet clear.
- The funding which councils received for winter pressures in the last financial year, was in no way proportional to the scale of support needed for vulnerable people. Councils must be funded adequately if they are to continue reducing pressures and costs for NHS during times of increased demand.

3.4 The care market is becoming increasingly fragile and this adds a further risk. These risks are illustrated by high staff turnover, suppliers leaving the market and increasingly slim margins for those that remain particularly within domiciliary care. Funding for Adult Social Care must keep pace with growing demand and costs in order to avert market failure and the consequential impact on the lives of some of the most vulnerable residents in the Borough.

3.5 Phase 1 of the Care Act reform was introduced from April 2015 and the main changes introduced include duties on local authorities to;

- provide services that prevent care needs from becoming more serious, or delay the impact of their needs.
- meet a national minimum level of eligibility for a person's care and support needs.
- assess carers, regardless of how much care they provide, and meet carers' needs on a similar basis to those they care for.
- offer deferred payment or loan agreements to more people, avoiding property sales to pay for care and support.
- provide information and advice (including financial advice) on care and support services to all, regardless of care needs.
- provide an independent advocate where such support is needed.
- work with care providers to get a diverse and high-quality range of local services.
- comply with a new legal framework for protection of adults at risk of abuse or neglect.
- give continuity of care to those whose needs are being funded by the local authority who choose to move to another area.
- assess the care and support needs of children and their carers, who may need support after they turn 18, as they move to Adult Social Care.
- arrange and fund services to meet the care and support needs of adults who are detained in prison.

3.6 Although local authorities received Care Act Funding in 2015/16 for new burdens arising from the Care Act, future funding is at present unclear,

which presents a further potential pressure. The grant allocated to Halton for 2015/16 was £602,000.

- 3.7 In July 2015 confirmation was received from the Minister of State for Community and Social Care that Phase 2 of the Care Reform which proposed to cap care costs, was to be delayed until 2020. This phase was expected to add £6 billion to public sector spending over 5 years.
- 3.8 The integration of health and social care in Halton has already and will continue to improve outcomes for residents through joint commissioned services, improved quality of care and close working relationships to provide a more seamless service from primary to social care. The Better Care Fund (BCF) will enhance this integration process ensuring the provision of cost effective services across Health and Social care, hence addressing funding gaps to make services sustainable in the future. Halton has a very strong close partnership with Halton Clinical Commissioning Group (HCCG) and works innovatively to ensure services are provided in an effective and efficient way ensuring costs are maintained within budget.
- 3.9 Since April 2010 funding has been transferred to local authorities from health by way of an agreement under Section 256 of the 2006 NHS Act. This funding must be used to support Adult Social Care services in each local authority, which also has a health benefit. However, beyond this broad condition, there is flexibility for local areas to determine how this investment in social care services is best used.
- 3.10 As a condition of the transfer the Council and HCCG must have regard to the Joint Strategic Needs Assessment for their local population, and existing commissioning plans for both health and social care, when deciding how the funding is used.
- 3.11 It is also a condition of the transfer that local authorities demonstrate how the funding transfer will make a positive difference to Adult Social Care services, and outcomes for service users, compared to service plans in the absence of the funding transfer. Funding is used to support existing services or transformation programmes, where such services or programmes are of benefit to the wider health and care system, provide good outcomes for service users, and would be reduced due to budget pressures in local authorities without this investment.
- 3.12 From April 2015 this funding was integrated into the BCF, the Council received £9.451m. The Provisional Local Government Finance Settlement 2016/17 indicates that an additional £1.5 billion of funding will be available to local authorities to spend on Adult Social Care by 2019/20 however, this will be back loaded. For Halton indicative figures suggest the allocations could be £0.6m for 2017/18, £3.0m for 2018/19 and £5.2m for 2019/20. However, it must be noted that this additional BCF funding is partly being met by a reduction of £800m in the New Homes Bonus (NHB) grant.
- 3.13 Therefore Halton's NHB grant is anticipated to be reduced considerably over the same period, from £2.8m in 2018/19 to £1.7m in 2019/20. So in overall

terms there will be no “additional” funding for Halton and it is not yet known if additional responsibilities will be placed on the Council.

- 3.14 In the 2015 Autumn Statement and Spending Review it was announced that councils will have the power to increase Social Care funding through levying up to a 2% as an additional Council Tax Precept from 2016/17 and in each subsequent year of this Parliament. This was confirmed by the Provisional Local Government Grant Settlement, as the Government have recognised the significant spending pressures which Adult Social Care services are facing. A 2% Social Care Precept will generate £793,000 of additional council tax for the Council.

4.0 POLICY IMPLICATIONS

- 4.1 The spending pressures outlined in the report will impact upon the funding and thereby the delivery of Adult Social Care services.

5.0 FINANCIAL IMPLICATIONS

- 5.1 The estimated impact for Halton of the spending pressures outlined in Section 3 above have been quantified and are summarised below;

Budget Pressure	Estimated Annual Cost £000
National Living Wage (External Providers)	2,000
Independent Living Fund	570
Ageing Population	500
Transition from Children’s to Adult Services	300
Care Act – Part 1	500
Deprivation of Liberty Safeguards	250
Sleep-ins	100
TOTAL	4,220

Conclusion

- 5.2 The current year budget for Adult Social Care is £67.9m gross (£40.4m net of income). This includes budget savings of £2.4m which have contributed towards meeting the Council’s budget funding gap for 2016/17. The potential funding gap of £4.22m facing Adult Social Care, identified in the table above, is approximately 10% of the current year’s net budget. Given the uncertainty and lack of information from government, at this stage this is a worst case forecast, however, it does demonstrate the scale of the pressures facing the Council’s Adult Social Care Services.

- 5.3 Although the Council now has the power to increase council tax by up to a further 2% (£793,000) each year from 2016/17 to 2019/20, this still falls well

short of the increased costs expected to be incurred on Adult Social Care services. Unless this potential funding gap is addressed, it may impact upon the delivery of services at a satisfactory level, to improve the health and wellbeing of Halton's residents.

- 5.4 The Adult Social Care budget accounts for over half of the total Council's budget. Therefore, it will also be required to contribute significant budget savings each year, in order to assist the Council with delivering a balanced budget each year as required by statute.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children & Young People in Halton

None.

6.2 Employment, Learning & Skills in Halton

None.

6.3 A Healthy Halton

The Adult Social Care budget supports the delivery of services which contribute towards this priority.

6.4 A Safer Halton

None.

6.5 Halton's Urban Renewal

None.

7.0 RISK ANALYSIS

- 7.1 If the potential funding pressures identified within this report are not addressed, there may be a significant impact upon the delivery of Adult Social Care services within the Borough.

8.0 EQUALITY AND DIVERSITY ISSUES

- 8.1 None.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

- 9.1 There are none under the meaning of the Act.