

**INITIAL BUDGET PROPOSALS 2015/16**

**ADULT SOCIAL CARE DIRECTORATE**

**Service Context**

The national context for Adult Social Care continues to be one of demographic increases, increased life expectancy, increasing complexity of need and service user expectations, greater support for people to remain living independently in their own homes for as long as possible, a national drive to improve the quality of social care services and an increasing focus on the integration of health and social care services. These national trends, which are leading to increased cost pressures, have been evident for many years, but the economic climate is putting increasing pressure on public finances and the reductions in public spending have added to the financial challenges faced by Adult Social Care.

The Care Act 2014 is a radical redesign of adult social care services, with “wellbeing” being the central focus. The changes take effect in two stages in April 2015 and April 2016. From April 2015 some discretionary powers will become statutory duties, in particular support to carers, preventative services and advice and information. There are also new duties to undertake adult social care services with the aim of integrating them with local NHS and other health services and to oversee and shape the care market. People have a legal entitlement to personal budgets and a statutory basis is introduced for adult safeguarding. In April 2016 a cap will be introduced on individuals’ care costs, which will involve some form of care assessment for people currently funding their own care who have not previously come to the Council for support, and changes to the capital thresholds that apply to financial assessments. A considerable amount of work has been undertaken during 2014/15 in preparation for these changes. However, it has been very difficult nationally to accurately predict the number of new customers that will arise in 2015/16 and greater certainty will only become available as the new financial year progresses. Following publication of the final regulations and guidance for the April 2015 changes in late October 2014 preparation for the new arrangements can be finalised.

During 2014/15 Adult Social Care has continued its Better Lives service transformation programme, which aims to enhance the range, amount and quality of adult social care services available through delivering efficiencies within existing services. These efficiencies have included a reduction in the level of directly provided services where independent sector provision is more cost effective. This will need to continue given the very significant financial challenges facing the Council over the next few years. The 2015/16 initial budget proposals include the projected financial impact next year of the further changes proposed in the report to Executive Board in November 2014.

**Budget proposals**

Increased budget provision

The financial impact of demand and demographic pressures projected to be ongoing in 2015/16 is £14.5m. This takes account of the significant demand pressures experienced during both 2013/14 and 2014/15 over and above the budget provision available. In

recognition of the financial challenges facing the council the directorate intends to put measures in place to manage this demand and savings of £3.7m are included under the service changes heading for the estimated financial impact. This includes £2m net for more innovative approaches by care managers to creating care packages together with additional reviewing capacity to ensure that packages of care remain appropriate, £1.2m for services for people with learning disabilities and £0.5m relating to placements for people with mental health needs.

£4.2m has been included for the projected spend in 2015/16 resulting from the new Care Act duties. Other increased costs included amount to £4.95m, of which £2.15m relates to inflation. £2m relates to the ongoing costs arising from the March 2014 Supreme Court judgement that clarified the meaning of 'deprivation of liberty' in the context of the Mental Capacity Act.

### Health and Government Funding

The council has worked closely with health colleagues to develop plans for the Better Care Fund, which for 2015/16 will be a pooled budget of £54.9m to reconfigure the health and social care system across Leeds and maximise the value of the "Leeds £". It is recognised across the sector that the scale of the council's financial challenges will make it difficult for the council to fund the demand and demographic pressures outlined above. It is also recognised that without adequately resourced social care, timely hospital discharges will be adversely affected and people's conditions could necessitate more emergency hospital admissions. Discussions are ongoing about the level of health funding that can be provided to support Adult Social Care's demand pressures. Government funding for the new Care Act responsibilities, some of which will be received via the Better Care Fund, has not yet been confirmed, although a number of the requirements feature strongly in the current Leeds offer. The initial budget proposals include £12.3m to reflect the anticipated level of additional health and government funding.

### Delivering the Better Lives programme

Proposals are included to save £0.2m through the impact of telecare equipment on the level of home care required and the full-year effect of the closure of Mariners Resource Centre following the successful relocation of all service users to the Holt Park Active Service.

### Becoming an efficient and enterprising council

The requirements for business change activity within Adult Social Care will reduce in 2015/16 and savings of £0.6m are included. Savings of £0.1m are included to reflect plans to develop greater joint occupation of properties with health partners. The savings may be buildings related, but may also relate to other service efficiencies arising from co-location.

### Efficiencies

Savings of £1.2m are included relating to contract renegotiations. This includes £0.5m in respect of Supporting People contracts and £0.7m for a review of the costs of physical

impairment and mental health care packages. Savings of £0.7m relate to the impact of Telecare equipment and improved productivity within the reablement service and £0.2m reflects ongoing cost efficiencies and increased turnover within the Community Meals service. A further £0.1m of efficiency savings from the introduction of prepaid cards for direct payment customers are included through more streamlined auditing and more timely recovery of unused funds. Streamlining the management structure within older people's residential and day care services will lead to savings of £0.1m. Reduced spend of £0.1m is included for the impact of improved joint working with through the integrated health and social care teams.

### Income

In addition to the funding from Health and for the Care Act outlined above, £0.3m is included for the continuation of health funding for some intermediate care beds. Additional income of £0.75m is included for some proposed changes to customer contributions that are subject to customer consultation that has not yet taken place. Removing the maximum weekly charge currently set at £215 per week is proposed, which will affect a small number of customers, along with adopting a more rigorous approach to assessed disability-related costs in the financial assessment. A further proposal is introducing a nominal charge for low level preventative services, the majority of which are provided by the third sector. The Care Act has led to some changes to the financial assessment regulations and these are estimated to lead to additional income of £0.3m. A further £0.25m reflects continued improvements in income collection and the potential to secure sponsorship for some activities and/or events.

### Service Changes

In addition to the measures outlined above to manage demand for care packages, the initial budget proposals include projected savings of £0.97m in 2015/16 relating to the proposed changes to provider services outlined in a report to Executive Board in November. These reflect the continued downsizing of the Community Support Services, with savings from the other aspects of the proposals expected to take effect from 2016/17. Reduced spend of £1.2m on grants and contracts with the third sector is included within the budget proposals. This will be delivered through a review of each payment in relation to the directorate's strategic priorities and will be implemented in consultation with the organisations affected.

### **Key Risks**

A significant risk relates to the demand led nature of the services provided, together with our statutory responsibility to ensure that all assessed eligible needs are met, which means that the expenditure requirements to be met from the Adult Social Care budget cannot be predicted with absolute certainty. The nature of demand for these services can be somewhat volatile and subject to demand factors that Adult Social Care cannot directly control. This is particularly the case given the uncertainties about the number of new customers and the cost of their care and support that will arise through the new duties within the Care Act. Provisional central government funding allocations in respect of the Care Act implementation could also be subject to significant change. The associated significant risk is that agreement is not reached with health partners regarding the additional funding included in the initial budget proposals.

There are some risks associated with the significant ongoing service transformation included within the 2015/16 initial budget proposals as the process review and consultation processes have not yet been undertaken. If the proposals are approved following consultation the increased level of service to be provided by the independent sector will necessitate staff within the directly provided services affected being redeployed or leaving the council's employment in a timely manner. There are also some risks associated with the proposals for charges and changes to the financial assessment that are also subject to consultation.

## Adult Social Care Directorate

Pressures/Savings	2015/16 £m	FTEs	Is this relevant to Equality & Diversity Y/N
<b>Budget Pressures:</b>			
<b>Inflation</b>			
Pay	0.85		N
Price	1.40		N
Income	-0.10		N
<b>Full Year Effects of previous decisions</b>			
Care Ring income less than budgeted	0.30		N
<b>Demand/Demography</b>			
Provision for projected over 85s population growth & new adult cases	0.95		N
Increased number of new and enhanced learning disability care packages	5.40		N
Increases in other care packages, mainly home care	8.15		N
<b>Other</b>			
Care Act responsibilities	4.20		
Supreme Court legal judgement costs (deprivation of liberty)	2.00	1.0	Y
South Leeds Independence Centre (SLIC)	0.20		N
Net effect of other variations	0.30	1.0	N
<b>Total Pressures</b>	<b>23.65</b>	<b>2.0</b>	
<b>Savings Proposals:</b>			
<b>Council Plan Priorities:</b>			
<b>Efficiencies through Better Lives programme</b>			
Assisted Living Leeds and telecare	-0.10		N
Physical impairment day services	-0.10	-7.0	N
<b>Becoming an efficient and enterprising Council:</b>			
Business change	-0.60		
Assets			
Joint occupation of properties with health partners	-0.10		N
<b>Efficiencies</b>			
Review of Supporting People contracts	-0.50		N
Review of high cost physical disability & mental health care packages	-0.70		N
Reablement productivity increases and impact of telecare	-0.70		N
Use of prepaid cards for direct payments	-0.10		N
Community meals	-0.20		N
Management of older peoples provider services	-0.10	-2.0	N
Impact of health integration	-0.10	-2.0	N
<b>Income</b>			
Better Care Fund and Care Act funding	-12.30		N
Health funding for intermediate care beds	-0.30		N
Remove maximum weekly charge for non-residential services	-0.20		Y
Reduce disability related expenses for non-residential services	-0.25		Y
Charging for preventative services (third sector services)	-0.30		Y
Financial assessment changes due to Care Act	-0.30		Y
Improved income collection	-0.15		N
Sponsorship opportunities	-0.10		N
<b>Service Changes</b>			
Reducing care through innovation	-2.00	15.0	N
Reduce growth in learning disability pooled budget	-1.20		N
Mental health placements	-0.50		N
Continued transfer of home care packages to independent sector	-0.97	-66.5	N
Review of contract/grant payments	-1.20		Y
<b>Total Savings</b>	<b>-23.07</b>	<b>-62.5</b>	
<b>Overall Net Saving</b>	<b>0.58</b>	<b>-60.5</b>	