

**Name of meetings:** Cabinet

**Date:** Tuesday 13 December 2016

**Title of report:** Quarter 2 2016/17 Corporate Monitoring – Learning Disabilities

<b>Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?</b>	No
<b>Is it in the <a href="#">Council's Forward Plan</a>?</b>	No
<b>Is it eligible for “call in” by <a href="#">Scrutiny</a>?</b>	Yes
<b>Date signed off by <u>Director</u> and name</b>	Richard Parry – 5 December 2016
<b>Is it signed off by the Assistant Director Resources</b>	Debbie Hogg – 5 December 2016
<b>Is it signed off by the Assistant Director – Legal, Governance and Monitoring</b>	Julie Muscroft - 5 December 2016
<b>Cabinet member <a href="#">portfolio</a></b>	Adults, Health & Activity to Improve Health

**Electoral [wards](#) affected:** All

**Ward councillors consulted:** Consultation with ward councillors is not applicable to this report.

**Public or private:** Public

## 1. **PURPOSE OF REPORT**

- 1.1 As instructed by Cabinet on 15 November 2016<sup>1</sup>, this report sets out the management actions being taken to mitigate the increasing overspend in Learning Disability Services.
- 1.2 The report outlines the background to the current financial position, the underlying information relating to the demands on Learning Disability Services, the needs assessment data and the current range of service actions and projections relating to future demand for and cost of services.

## 2. **SUMMARY**

- 2.1 Key pressures on the Learning Disability Budget comprise:
  1. Demographic volume change.
  2. Care and community package cost changes (including the impact of the National Living Wage).
  3. The impact of Continuing Health Care reviews.

<sup>1</sup> <https://democracy.kirklees.gov.uk/documents/s15484/7.%20Complete%20KSAB%202.pdf>

2.2 The key areas of projected overspend are:

1. Placement Budgets
2. Community Package and Direct Payment Budgets

2.3 The actions being planned include:

1. Actions to oversee and match costs with prevailing market rates to meet identified care needs.
2. Actions to promote choice and control within affordable costs.
3. Actions to purchase with partners to secure value for money.
4. Actions to secure more accommodation in communities to promote choice and control and secure value for money.

2.4 The creation of the All Age Disability Service will deliver better planning, co-ordination and cost effectiveness.

### **3. INFORMATION REQUIRED TO MAKE A DECISION**

#### **Background**

3.1 On 15 November 2016, Cabinet received a report on the Quarter 2 2016/17 Corporate Monitoring Report incorporating General Fund Revenue, Housing Revenue Account, Capital and Treasury Management.

3.2 At the meeting Cabinet:

1. Noted that there are £8.0m of unfunded pressures that arise from a decreasing budget and increasing demand (both volume and complexity) as a result of demography (mainly an ageing population) and more people with a learning disability, particularly those with very complex needs. These pressures are most marked in the learning disability group which accounts for about £5.5m of the overspend. These factors have been present in previous years but have been offset by the use of reserves.
2. Instructed officers to bring a further, separate report to this meeting detailing the management actions being taken to mitigate the increasing overspend in learning disabilities and setting out future intelligence which will be vital in feeding into budget discussions and the post settlement announcement review in January 2017.

#### **Key Pressures on the Learning Disability Budget**

3.3 The key pressures on the Learning Disability Services budget arise from:

1. An increasing learning disability population needing support resulting in year on year growth in demand.
2. An ageing learning disability population requiring increased care and support.
3. A young learning disability population entering adulthood with more complex and challenging needs.
4. The need for a greater range of more diverse services to meet a greater range of care and support needs; a larger and more diverse care market is needed to meet these needs.

5. Increasing staffing costs, eg from the National Living Wage, pension requirements and the need for more specialised, highly trained care staff.
  6. The increasing number of people moving from NHS Continuing Health Care funding to Council funding.
  7. People moving to the Council from NHS specialist hospitals and care provision under the Transforming Care Partnership Plan.
- 3.4 The number of adults with a learning disability who are likely to require the support of the Council is steadily increasing as a result of more younger people with a learning disability surviving into adulthood, particularly those with the most complex needs, and more people with a learning disability surviving into old age. Graph 1 provides relevant data (910 individuals in 2014/15 to 1021 in 2015/16).
- 3.5 Currently nearly two thirds of the learning disability budget is spent on supporting people to live in a care or nursing home or their own home via commissioned services (eg supported living, community support, daycare) and direct payments.

### **Overspend at Quarter 2**

- 3.6 The overspend can be attributed to:
1. Unbudgeted volume change of **£2.6m**. The 2016/17 base budget excluded unbudgeted volume pressures (see more detail in paragraphs 3.7 to 3.9 below).
  2. A reduction in CCG income as a result of changes in the attribution of Continuing Health Care (see more detail in paragraphs 3.10 and 3.12 below) amounting to **£0.9m**.
  3. Unfunded National Living Wage (NLW) pressures, ie an increase in the average unit costs of the services purchased to meet service user needs arising from the introduction of the NLW. Funding for the NLW in the 2016/17 budget comprises 1% general inflation plus the whole of the adult social care precept (£2.9m), however this was less than the estimated additional cost of the NLW by around **£0.5m** across all care groups and so contributes to the in-year overspend. The late announcement of the NLW and the fragile state of the care market has meant that it is has not been possible to mitigate this cost.
  4. Service users moving from specialist hospitals to be supported in the community under the Government's Transforming Care Partnership Plan (see more detail in paragraphs 3.8 and 3.14 below) £0.3m – but contained within 3.6(1) above.
  5. Service users transferring from the Colne Valley Scheme – these service users transferred with no budget to follow **£0.1m**.
  6. A savings target of **£1.2m** which had previously been built into the budget to bring the budget into line with available resources.
  7. Other costs amounting to **£0.2m**, including a shortfall in Government funding (**£60k**) for those service users previously funded by the Independent Living Fund. (This is due to attrition rates assumed by the Government being unrealistic therefore this shortfall will increase year by year.)

## **Volume change**

- 3.7 Volume change is the most significant single contributor. The number of people with a learning disability is increasing year on year and has been mapped to account for the known children who are becoming adults. In addition to this cohort, the number of people with a learning disability who are living into old age has increased significantly. In recent years, there has not been recurring funding in the Medium Term Financial Plan that matches volume change for Learning Disability Services (excluding the Transforming Care Partnership Plan – see 3.8 below) and the service has not been able to absorb the substantial increase in numbers and, more critically, complexity. The Cabinet Budget report on 3 October 2016<sup>2</sup> did however add £3m of additional funding to the overall standstill for the adult social care budget to recognise current volume pressures, thought this was in aggregate for the service as a whole. The new, draft MTFP assumes £2.5m of this is attributable to learning disabilities.
- 3.8 Technically the Cabinet Budget report on 3 October 2016<sup>3</sup> identified future funding towards those learning disability clients affected by the Transforming Care Partnership Plan. There is no wider allocation for learning disability volume pressures.
- 3.9 In 2016/17 due to reserves being deployed at an overall Council bottom line rather than against specific volume and activity pressures in year as has been the case in previous years, the budget gap that arises for the reasons set out above is more apparent.

## **Continuing Health Care**

- 3.10 The CCGs, who have their own budgetary challenges, are re-examining Continuing Health Care (CHC) for service users with health needs. The CCGs have become more precise in aligning CHC funding to the specified criteria, both for new service users and also when reviewing existing service users. This has resulted in service users who had previously attracted CHC funding either not now doing so or receiving it at the lower end, resulting in a significant increase in net costs to the Council. Where these service users had previously been fully funded by CHC they were not on the Council's "books" and now they are resulting in a further increase in volume change. Where the reduction in CHC funding affects partially funded service users this results in increased net average unit costs. The impact of this totals **£0.9m**. The CHC criteria are particularly unfavourable from a social care perspective for people whose behaviour challenges services but who have become settled in an appropriate (but expensive) placement and where a move in placement is likely to result in increased need, at least in the short term.

## **Learning Disability Service specific pressures**

- 3.11 As described above the projected overspend on Learning Disability Services at Quarter 2 is £5.5m which is £1.2m higher than at Quarter 1. Unbudgeted volume change is projected at £2.6m, of which £1.8m is on independent sector placements.

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<sup>2</sup> <https://democracy.kirklees.gov.uk/documents/s14380/2016-10-03%20Council%20Budget%20Update%20Report%20Final.pdf>

<sup>3</sup> <https://democracy.kirklees.gov.uk/documents/s14380/2016-10-03%20Council%20Budget%20Update%20Report%20Final.pdf>

3.12 The Learning Disability Services budget is significantly affected by reduced CHC funding, reflected in both increased, unbudgeted volume change and increased average unit costs. Average package costs remain at a high level, however. These could be reviewed but this needs to be balanced against a potential, negative impact on service users and could ultimately result in them requiring health support at a later stage.

### **Organisational capacity**

3.13 There has been a significant turnover of Adult Learning Disability Social Workers which has impacted on capacity to undertake reviews and casework. A recruitment and retention strategy is being developed including consideration of market rate supplements that have been used in Children's Social Care. In addition, some management capacity was re-deployed to provide support to the Children's Services improvement activity on a short term basis.

### **Transforming Care Partnership (TCP)**

3.14 The TCP is a national programme aimed at learning disabled service users with mental health needs. A number of these are currently located in specialist and out of area health accommodation and the TCP aims to review their needs with a view to moving them to be placed in more local community services. Each service user that is placed in the community (potentially 21) will result in additional, unbudgeted cost to the Council as they have been previously wholly funded by health. Latest projections assuming an additional £0.3m will be incurred in 2016/17, a sum which was not incorporated within the base budget and this will increase to over £1m in a full year. This has been identified by Members in the October budget report referred to in 3.8 above.

### **Mitigation - All Age Disability Service**

3.15 The creation of the All Age Disability (AAD) Service will deliver better planning, co-ordination and cost effectiveness in service delivery; ensuring that individuals are supported to be as independent as possible and less reliant on traditional service options. The service will enable people to seek alternatives that continue to meet need but deliver best value within the resources available. AAD actions will include:

- Seeking to identify, through shared commissioning arrangements (Children's / Adults' / Health) and assessments, an early determination of need; utilising universal services / the Local Offer to ensure that needs are met as timely as required and public expectations are clearly managed.
- Using better forward planning to minimise out of area placements for young people that continue into adulthood.
- Prioritising the commissioning of services locally that meet the identified needs of the local community, ensuring that children / adults receive services within their own or neighbouring community. This will promote social care business expansion in the local market, freeing up the Council's current role and allowing it to focus on more specialist in-house provision and as an alternative to out of area care provision.
- Promoting, through the AAD model, assessments that reflect unmet need, personal budgets and choice for the local community and to determine how individuals' assessed outcomes are met within their own community.

### **Mitigation Action – Learning Disability Budget specific**

3.16 The service is proposing the following measures to assure Members of appropriate governance over the use of allocated resources:

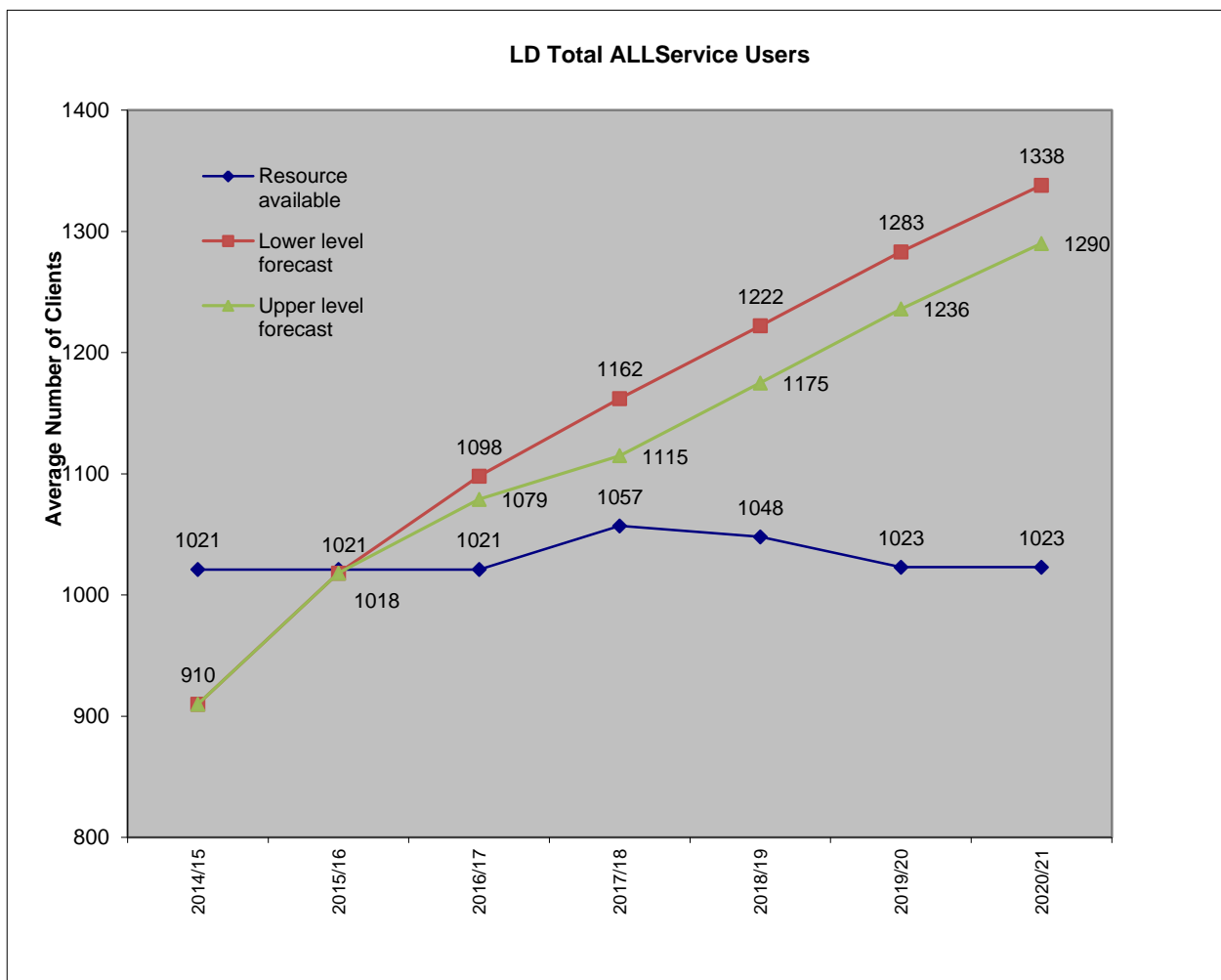
1. More emphasis on costs when agreeing care packages, in placement panels and outside, and in addition a more focused use of the Framework Agreement introduced last year for the provision of specialist support and supported living services for adults with complex/very complex/significantly complex needs.
2. Developing an improved recruitment and retention strategy to address recent high turnover of Learning Disability Social Workers for adults and so secure social work capacity.
3. Deploying more staff resources to agreeing, reviewing and managing packages, maximising knowledge and experience through allocation of appropriate staff and, in the longer term, training staff in this area.
4. Prioritisation, targeting and delivery of reviews on those areas where there is most potential for optimising the use of resources. Consideration is being given to the use of some specialist external capacity in this area, subject to an appropriate business case.
5. Pursuing CHC pooled budget arrangements with the CCGs. This will not, in itself, reduce costs but will reduce effort spent on negotiating splits and release staff time to focus on other areas of control.
6. More active participation in the Council's input to the application of CHC criteria. Reviewing packages following withdrawal of health funding, with a view to ensuring that they only address eligible social care needs.
7. Analysing package cost variations by individual social workers so that lessons can be learned and applied to all future packages.
8. Ensuring more people use cost effective community based housing with support models, and reviewing those currently in receipt of residential care for whom a community package would more effectively meet their needs.
9. Continuing to review high cost care packages and increase staff capacity to enable all care packages to be reviewed within an appropriate time period.
10. Carrying out a detailed joint review / analysis of individual funding of current health and social care spends.
11. Establishing a community supported living framework agreement and continuing to develop new models of specialist supported living accommodation across Kirklees to meet demand. This will require additional accommodation to be developed and needs to form part of the overall specialist housing strategy.
12. Carrying out a strategic review of in-house learning disability day service provision and short breaks to establish its place in the market at the complex needs end of the market that offers quality and value for money.
13. Carrying out a whole health and social care day opportunities and short breaks market review to identify gaps in the market and develop a joint commissioning plan to meet current and future demand.

## Future Projections and Next Steps

3.17 Whilst the balance of this report addresses the Learning Disability Budget challenges in 2016/17, future projections for both numbers of future users and associated costs need to be considered if future budgets are to appropriately reflect service users' needs.

3.18 The graphs below indicate projected future numbers of adults with learning disabilities and their costs.

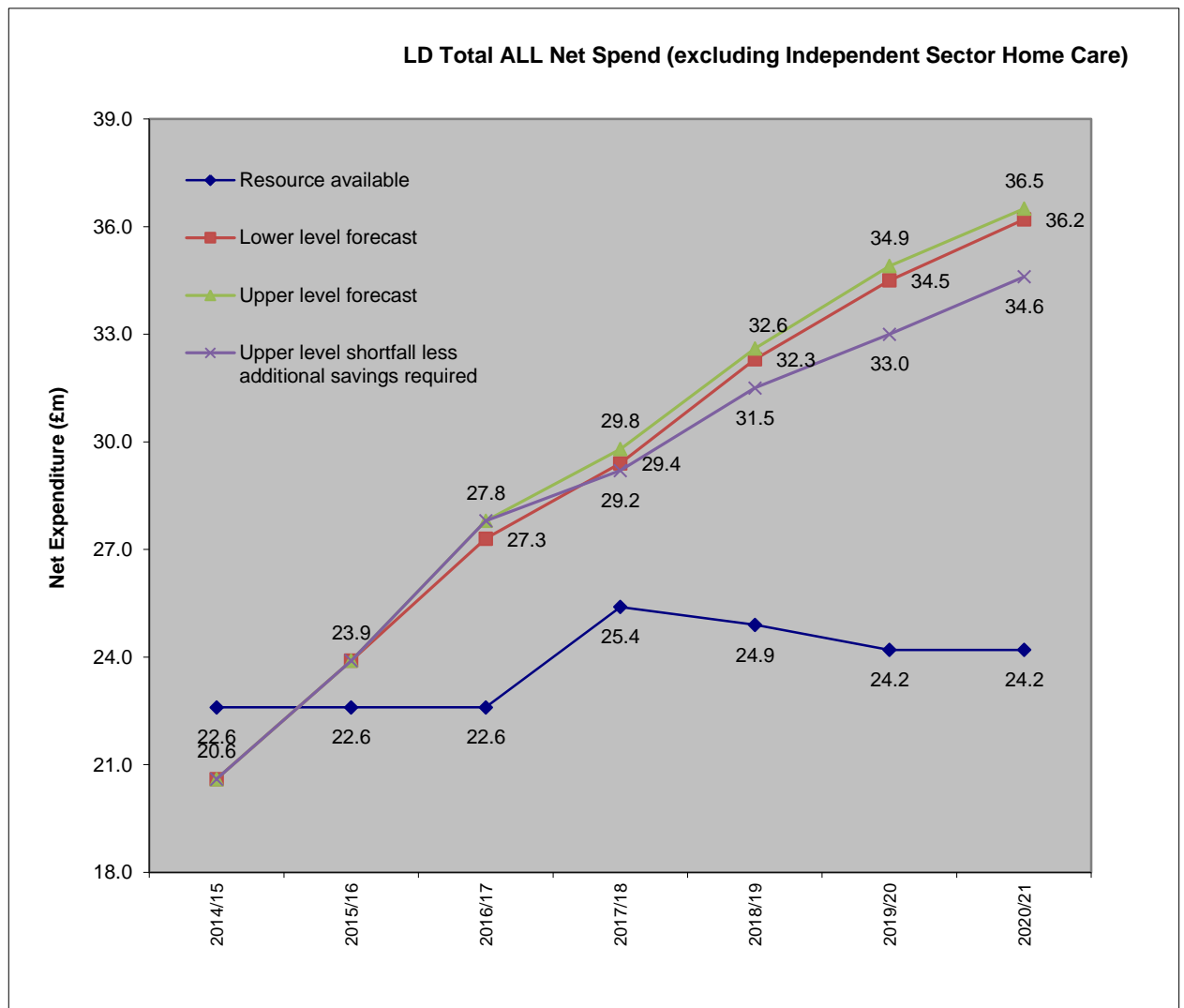
**Graph 1**



### Notes:

- The green (middle) and red (top) lines indicate the future projected number of service users who fall within the remit of adult social care. The blue (bottom) line indicates the number of people the currently agreed MTFP would support.
- Expenditure forecasts are derived from the number of service users and the average cost per user. Relative to the lower level forecast, the upper level forecast has a lower number of service users but this is more than compensated for by a much higher average cost per user, resulting in overall higher net expenditure (as shown on graph 2). Therefore, although at first glance it appears that the legend incorrectly labels the upper level and lower level forecasts for service users, the legend is actually correct and consistent with that in graph 2, for the reason stated.

**Graph 2**



**Notes:**

- Once again the green (top) and red (under the green) lines indicate the future projected costs identified to meet the needs of the service users identified within graph 1. The blue (bottom) line indicates the current level of identified resources within the MTFP.

**Monitoring the effectiveness of the actions**

3.19 Revised Quality, Performance and Resource meetings are in place between Assistant Directors and Heads of Service to provide enhanced monitoring of performance including financial delivery. These are supplemented by “line of sight” meetings with the Director.

**4. IMPLICATIONS FOR THE COUNCIL**

**4.1 Impact on service users**

It is inevitable that service reviews will result in changed and reduced service offers to users. This may include care being delivered in different ways, restrictions and compromise on choice and less care hours being available.



The Council will need to maintain its statutory duty to meet need but do so in a way that requires less financial resources.

#### **4.2 Impact on Council policy**

Current Council policies broadly support the intended action. There may need to be some review of certain policies and there will need to be a different approach to the application of some policies.

### **5. CONSULTEES AND THEIR OPINIONS**

This report has been prepared in full consultation with Financial Management colleagues.

### **6. OFFICER RECOMMENDATION AND REASONS**

- 6.1 That the reasons for the current visible level of overspend be noted.
- 6.2 That the management actions described in this report be endorsed.
- 6.3 That a report be brought forward that sets out more detail on the mitigating actions and their likely impact.
- 6.4 Note the risk to the MTFP arising from the volume growth that cannot be met through the management actions set out above.

### **7. CABINET PORTFOLIO HOLDER RECOMMENDATION**

- 7.1 That the reasons for the current visible level of overspend be noted.
- 7.2 That the management actions described in this report be endorsed.
- 7.3 That a report be brought forward that sets out more detail on the mitigating actions and their likely impact.
- 7.4 Note the risk to the MTFP arising from the volume growth that cannot be met through the management actions set out above.

### **8. NEXT STEPS**

The management actions outlined in this report will continue and be reported back.

### **9. CONTACT OFFICER AND RELEVANT PAPERS**

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### **10. ASSISTANT DIRECTORS RESPONSIBLE**

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