

**Name & Date of meeting** Cabinet, 27 June 2017  
 Council, 11 July 2017

**Title of report:** Proposals for use of the new monies for adult social care announced by the Chancellor in the Spring Budget 2017.

**Purpose of report**

This report sets out the background to the recent national announcement of new grant allocations for adult social care, and proposals for the approach to use of the monies in line with the Council's budget strategy.

<b>Key Decision - 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>	Yes, significant investment and impact
<b>Key Decision - Is it in the <a href="#">Council's Forward Plan (key decisions and private reports)</a>?</b>	Yes 23rd March 2017 <a href="#">link</a>
<b>The Decision - Is it eligible for "call in" by Scrutiny?</b>	Yes
<b>Date signed off by Director &amp; name</b>	Richard Parry, Strategic Director for Adults & Health, 1 June 2017
<b>Is it also signed off by the Service Director for Finance, IT and Transactional Services?</b>	Debbie Hogg, 14 June 2017
<b>Is it also signed off by the Service Director for Governance &amp; Commissioning Support?</b>	Julie Muscroft, 1 June 2017
<b>Cabinet member portfolio</b>	Cllr Viv Kendrick, Portfolio Holder for Adults, Health and Activity to Improve Health  Cllr Graham Turner, Portfolio Holder for Asset Strategy, Resources and Creative Kirklees

**Electoral wards affected:** All  
**Ward councillors consulted:** n/a

**Public or private:** Public

**1. Summary**

1.1 There has been growing recognition nationally of the funding pressures facing adult social care and the need for a sustainable long term solution.

There have been a number of national short term funding interventions which have made the funding basis of adult social care quite complex. These interventions have, at times, been characterised by guidance and rules that have been provided late in the process or have been subject to numerous revisions which has made planning difficult.

- 1.2 The Better Care Fund (BCF) was established as a requirement for all local authorities and Clinical Commissioning Groups in 2015/16 with the aim of promoting integration of health and social care. A key part of the Fund requirement was the pooling of a range of existing budgets of at least a mandated minimum of around £28m in Kirklees and a set nationally determined performance requirements. There have been subsequent iterations of the Better Care Fund with slightly differing requirements and rules. The Council and CCGs have had an agreed Better Care Fund Plan and Section 75 pooled fund arrangements for the last two years which sets out a range of activity to develop a more integrated system in line with national policy.
- 1.3 The Government's Autumn Statement 2015 made available, additional social care funds for local government, rising to £1.5 billion by 2019-20, to be included in an improved Better Care Fund.
- 1.4 The Council's annual budget report to Budget Council in February 2017 incorporated the Council's share of this funding into approved budget plans; £0.8m in 2017-18, increasing to £7.9m in 2018-19 and £12.9m by 2019-20.
- 1.5 After the Council had set its budget for 2017/18, the Government announced a new grant allocation for adult social care over the next 3 years in the Spring Budget. This additional grant has a set of conditions attached to it, including the requirement to build on the existing Better Care Fund Plan and to provide stability and extra capacity in the local adult social care system. Draft guidance has been issued in stages and the guidance and confirmation of the local government funding allocation for 2017/18 only was published by Department of Communities & Local Government (DCLG) on 26 May 2017. The full guidance and minimum funding requirement for CCGs is not now expected to be published by NHS England until after the General Election.
- 1.6 Proposals are being developed for the use of the additional grant allocation that will deliver benefits to local people with care needs, the health and social care systems and local adult social care providers. The proposed approach is built on a set of principles that recognise the importance of sustaining the current market and innovation and transformation that will deliver a more sustainable and effective system.
- 1.7 The Council's budget strategy has recognised that there are a range of pressures on adult social care, most notably the impact of demographic changes on demand, introduction of the National Living Wage and the saving expectations set out in the Council's Medium Term Financial Plan.
- 1.8 The proposed financial strategy for the new allocations seeks to minimise the risk to the Council's agreed budget strategy, focussing commitments in 2017/18 on what is necessary to pump prime key initiatives to respond to service and market pressures and support enabling activity to drive transformation and savings set out in the Medium Term Financial Plan for 2017-21.
- 1.9 Work by Council officers and CCG colleagues will continue to develop other proposals to deliver the benefits outlined above. These proposals will be presented as part of the Budget Strategy Update scheduled for September 2017 for Cabinet and Council approval.

## **2. Information required to take a decision**

### **2.1 Better Care Fund (BCF) national requirements**

The Department of Health published the updated BCF Policy Framework in March 2017. In addition to this, specific detailed guidance and confirmation of the Improved BCF allocation for local government for 2017/18 only, was formally published by DCLG on 26 May 2017. The full BCF guidance and minimum funding requirement for CCGs is still to be published and there is no date set for its publication.

The Updated BCF Policy Framework sets out the following:

- BCF Plans must be drawn up for two years (2017/18 - 2018/19), and should be an evolution of the existing BCF plan.
- There are four national conditions:
  - Plans to be jointly agreed with CCGs
  - NHS contribution to adult social care is maintained in line with inflation
  - Agreement to invest in NHS commissioned out-of-hospital services
  - Managing transfers of care (a new condition to ensure people's care transfers smoothly between services and settings)
- Local flexibility in how the Fund is spent across health, care and housing schemes or services, but need to agree how this spending will improve performance in the following four areas:
  - Unplanned admissions to hospital
  - Delayed transfers of care from hospital
  - Admissions to residential and care homes
  - Effectiveness of reablement.
- Plans must:
  - Set out how they are going to achieve further integration between health and social care by 2020
  - Include a set of measures for assessing progress (being developed nationally) particularly at the interface where health and social care interact.

### **2.2 Improved BCF**

The 'main' BCF allocation is paid to CCGs as part of their mainstream funding, and NHS England will notify the CCGs of the minimum level of funding that they are required to pool into the BCF through the forthcoming BCF statutory guidance. In 2016/17 this was just over £30m.

From 2017/18, a new funding element is being added to the Better Care Fund - the Improved BCF (IBCF). This is new funding that will be paid to local government as a direct local authority grant for the purpose of fulfilling its adult social care duties.

The first part of this allocation was announced in the Autumn Statement 2015. These national totals are back loaded and rise to £1.5bn by 2019/20. The Kirklees allocations are set out below. These have been factored into the Council's budget plans which were approved at Budget Council in February 2017.

The second part of this allocation was announced in the Spring Budget 2017 on a reducing 3 year basis and was subject to a specific Government additionality test to demonstrate that the Council has used the allocation to increase expenditure on Adult Social Care over and above previously planned levels.

<b>Improved BCF</b>	2017/18	2018/19	2019/20
- Autumn Statement 2015	£0.8m	£7.1m	£12.8m
- Spring Budget 2017	£8.3m	£5.3m	£2.6m

The requirements for the improved BCF were confirmed by DCLG on 26 May 2017, and are set out below:

1. Grant paid to the local authority over 3 years to be spent on adult social care and used for the purposes of
  - meeting adult social care needs
  - reducing pressures on the NHS - including supporting more people to be discharged from hospital when they are ready
  - stabilising the social care provider market.
  
2. Local Authorities must:
  - pool the grant funding into the local Better Care Fund
  - work with the relevant CCGs and providers to meet National Condition 4 (Managing Transfers of Care)
  - provide quarterly reports as required by the Secretary of State.
  
3. The Government has made clear that part of this funding is intended to enable local authorities to quickly provide stability and extra capacity in local care systems. Local authorities are therefore able to spend the grant, including to commission care, subject to the conditions set out in the grant determination, as soon as plans have been locally agreed. Audits will take place on the budget set by the Council in February 2017 including the savings required of, and investment in, Adult Social Care and subsequent investment to track this additional social care funding and ensure it is being applied in line with the criteria.

### 2.3 Financial strategy

The Council's budget strategy has recognised that there are a range of pressures on adult social care, most notably the impact of demographic changes on demand, introduction of the National Living Wage and the saving expectations set out in the Council's Medium Term Financial Plan. While the budget strategy factors in significant additional resources over the 2017-21 MTFP, there is acknowledgement in the Council's corporate risk register that there remains the potential for forecast volume pressures to exceed budgetary provision over the MTFP; the cumulative impact of which over the next 4 years is expected to be £21.742m (see appendix)

Appendix 1 provides a summary overview of the adult social care budget approved at Budget Council in February 2017, which at the time would not have anticipated the additional monies announced in the subsequent Spring Budget 2017 in March 2017.

The Spring Budget announcement is clear that the additional monies are a non-recurrent reducing 3 year grant. The allocations to CCGs for the main BCF are only for 2 years and are still subject to confirmation from NHS England through the BCF statutory guidance which is not now expected until after the General Election.

If the Council makes recurrent financial commitments against the Spring Budget announcement we could put the Council's budget strategy at risk. Consequently the proposed strategy is that because this funding and the associated conditions have only been recently published by DCLG, they need to be properly considered locally, and at this stage the Council should only commit what is necessary to pump prime key initiatives to respond to service and market pressures. The Council should also use this opportunity to support the enabling activity to drive forward the transformation and savings programme across Adult Social Care committed to as part of developing the Medium Term Financial Plan for 2017-21.

This is a prudent approach to recognise the Council needs to make targeted investment and update its plans as the Council receives further funding confirmations and guidance in respect of the following 2 years, given as well that the funding allocations have been confirmed for 2017/18 only.

Work by Council officers and CCG colleagues will continue to develop other proposals to deliver the benefits outlined above on the basis that NHS England will confirm the specific allocations after the General Election. These proposals will be presented as part of the Budget Strategy Update scheduled for September 2017 for Cabinet approval.

## 2.4 Development of areas for investment using the Improved BCF

Officers are working with CCG colleagues to develop a balanced set of proposals for the Improved Better Care Fund. Building on the work done over the last 2 years for the Better Care Fund, a set of benefits has been identified that any spending proposals will seek to achieve:

### 2.4.1 Improved BCF Benefits

For local people with care needs

1. They remain as independent as possible for as long as possible
2. They receive the high quality care they need

For the health and social care system

3. Prevent, delay and reduce the levels of need for adult social care
4. Improve the impact of early intervention and prevention opportunities
5. Improve capacity and effectiveness of reablement
6. Reduce demand for high level statutory services
7. Costs of care are properly aligned to needs
8. Reduce avoidable emergency admissions
9. Reduce length of hospital stays
10. Reduce delayed transfers of care
11. Reduce unnecessary admissions to residential and nursing homes
12. Increased Social Work capacity
13. Contribute to the integration of commissioning and service delivery
14. Opportunity to test out new approaches that will enable the transformation and improvement of services

For local independent sector social care providers and other community based providers

15. Financial viability of local social care provider market
16. Social care providers can attract and retain the workforce they need
17. Increased role for the voluntary and community sector

To enable the Council and its partners to achieve these benefits a set of principles have been developed to inform thinking and decision making. The proposed principles are:

#### 2.4.2 Improved BCF Principles

- a) Address local health and social care strategic priorities and service challenges
- b) Deliver a clear return on investment across the local health and social care system that is realisable in the near term
- c) Focus on prevention to reduce demand for health and social care and promoting independence
- d) Be able to be implemented quickly (within 6 months of agreed start date)
- e) Promote integrated commissioning and service delivery by supporting service transformation focussing on longer term change and testing more creative approaches
- f) Directly impact on national conditions/high impact changes for managing transfers of care from Hospital settings
- g) Focus on investment in social care to improve 'flow' across the health and social care interface i.e. reduce delays at key transition points eg discharge from hospital
- h) Support the viability of local adult social care providers and shift focus from managing market failure to a more proactive approach, and recognise the importance of differential fee rates for complexity of care and embedding a reablement based approach

#### 2.4.3 Proposed areas of investment for 2017/18

	<b>Proposed area of investment</b>	<b>£k</b>
1.	<p>Ensuring adults currently receiving a care package and their carers have the right size care packages that enable them to live as independently as possible.</p> <p>The investment enables short term additional capacity to ensure more people who receive adult social care and their carers receive a timely, comprehensive review of their care. The reviews will take a strengths based approach and ensure that people's care package is appropriate to their needs and supports them to maximise their independence. The focus will be on adults with long term care needs, adults with learning disabilities and carers</p> <p>This supports a major strand of the Council's transformation programme. In addition to the benefits from people having care packages that are up-to-date and designed to promote independence wherever possible, the anticipated savings to the Council are approximately £1.6m per year.</p>	430
2.	<p>Support the implementation of the new domiciliary care contracts which will provide around 15,000 hours of care per week at a cost of around £15m per year through the introduction of an electronic call monitoring system to improve the efficiency of homecare delivery. The system enables service users, providers and commissioners to monitor the length of homecare calls. This will help ensure that service users and</p>	240

	<b>Proposed area of investment</b>	<b>£k</b>
	<p>the Council only pays for what it receives in terms of domiciliary care and enables users, carers, providers and adult social services to introduce more flexible approaches to support planning.</p> <p>This system is already in operation in many other areas and the evidence from those areas suggest that they have seen efficiency savings of around 10% on the overall spending on domiciliary care.</p>	
3.	<p>The Council's MTFP identified savings against the current model of in-house day care services for older people. Following a market testing exercise with the independent sector it is proposed to take more time to develop a fully sustainable model of community based older people's day care. The planned savings in the in-house day care service will not be met without this new model in place.</p>	200
4.	<p>Provide a range of additional support to the care home sector to deal with people with more complex needs and to improve the admissions process.</p> <p>Strengthening clinical support for care homes to enable them to support residents to manage their health conditions, and especially those residents with increasingly complex needs. This enables them to be managed in the home rather than being admitted to hospital which is stressful for the resident with repeated admissions often contributing to an overall deterioration of their condition, and avoidable admissions putting an unnecessary strain on local hospital services.</p> <p>Working with local care home providers to develop independent assessors to undertake assessments of people in hospital who are wanting / needing to move into residential or nursing home care, and to embed 7 day working for admissions to care homes. This will speed up discharge from hospital and reduce lengths of stay, reduce under occupancy in care homes and the time wasted by care home staff visiting prospective clients whose needs the home cannot meet.</p>	210
5.	<p>Provide support to independent sector care providers to recruit care staff, develop leadership and management skills and develop new roles such as personal assistants.</p> <p>The independent sector continues to experience significant problems in recruiting and retaining staff, especially care staff. The efficient delivery of good quality care is largely dependent on providers having enough staff with the right skills and attitudes and those staff being well managed. Well-staffed and managed care providers are more resilient and are less likely to need additional support from the Council and other partners to be sustainable, or to deal with the consequences if they fail.</p> <p>The shift towards more people taking on responsibility for managing their own care has led to an increasing demand for new ways of delivering personalised care, including by personal assistants. Increasing the number of people working as personal assistants and supporting them to develop this as a career path will enable more people to benefit from truly personalised care market</p>	55

	<b>Proposed area of investment</b>	<b>£k</b>
6.	<p>Improve the capacity, effectiveness and flow of people through the reablement services through:</p> <ul style="list-style-type: none"> <li>- developing a 'discharge to assess' model to enable people's social care needs to be assessed at home rather than having to wait for longer than necessary in hospital</li> <li>- increasing short term low level support to enable people with less complex social care needs to return home as soon as possible following a hospital stay</li> <li>- ensuring that people who have received reablement support and have become as independent as possible to move on to a care package that can provide on-going support with further planned reablement reviews to optimise recovery over a longer period of time following a major illness or trauma. This will enable more people to continue to reduce their dependence on formal , long term care, thereby releasing capacity to improve flow across the system.</li> </ul>	650
7.	<p>Remodel existing hospital avoidance and discharge services to increase capacity and be able to deliver a multi-disciplinary wrap around service for vulnerable adults to prevent hospital attendance and avoid hospital admission, and to reduce the risk of people moving into residential care unnecessarily.</p> <p>This, and the planned changes to reablement services, supports a major strand of the Council's transformation programme. In addition to the benefits from people having care packages that are up-to-date and designed to promote independence wherever possible, the anticipated savings to the Council in are approximately £1.7m in 2017/18.</p>	290
8.	<p>Additional investment in community capacity building, including piloting Local Area Coordination (LAC) in at least 2 areas as part of the Council's new approach to community investment. The LAC model focuses on identifying and supporting vulnerable people who need help before they hit crisis, and working towards building an inclusive resilient community around them – resulting in less dependence on statutory services.</p> <p>In addition providing extra investment into the Communities Plus model to target community based prevention and early intervention capacity building that will benefit people at high risk of requiring specialist health and social care support.</p> <p>National evidence for the social return on investment in areas that have implemented the local area co-ordination model shows a 4:1 return.</p>	280
9.	<p>Provide an additional contribution to the investment in short term transformation capacity to deliver the Adult Social Care aspects of the Council wide Transformation Programme. The Adult Social Care elements have a £10m savings target in 17/18.</p>	240
	<b>TOTAL</b>	<b>2595</b>



### **3. Implications for the Council**

#### **3.1 Early Intervention and Prevention (EIP)**

The proposed principles that have been used to shape the proposed areas of investment include a focus on prevention to reduce demand for health and social care and promoting independence.

#### **3.2 Economic Resilience (ER)**

The vast majority of adult social care is provided by the local independent sector providers. The national requirements include specific reference to stabilising the social care provider market, and these are reflected in the proposed local principle of contributing to the financial viability of the local social care provider market.

#### **3.3 Improving Outcomes for Children**

These proposals will only impact on children who have parents or carers who are eligible for, or at risk of needing, adult social care.

#### **3.4 Reducing demand of services**

The main focus of these proposals is to reduce demand for high level statutory services, specifically to prevent, delay and reduce the levels of need for adult social care, reduce avoidable admissions to hospital, reduce lengths of stay and reduce delays in transfers of care. The proposals will also be aligned with the Council's Transformation Programme and the CCG led QUIPP programmes.

#### **3.5 Financial, Legal and Other Implications**

The financial implications are set out in para 2.3 above. The proposals will also contribute to ensuring that the Council can fulfil its duties under the Care Act.

### **4. Consultees and their opinions**

The proposals have been developed in consultation with senior representatives from both Clinical Commissioning Groups and the local A&E Delivery Boards.

### **5. Next steps**

Any decision about use of the funding requires a Full Council decision to amend the Council Budget on 11th July.

Officers will continue to develop proposals as described above and consult with relevant stakeholders, including CCGs and both local A&E Delivery Boards.

Once a decision has been taken about the use of the additional grant funding the funding will be incorporated into the Better Care Fund Section 75 pooled budget arrangements and will be subject to the same governance arrangements as the main Better Care Fund.

## **6. Officer recommendations and reasons**

That Cabinet:

- 6.1 Endorse the proposed financial strategy as set out in para 2.3
- 6.2 Support the principles as set out in para 2.4.2 and proposed areas of investment for 2017/18 (see para 2.4.3)
- 6.3 Present these decisions to Council meeting on the 11 July 2017
- 6.4 Require officers to develop further proposals taking into account the final guidance and allocations to be brought back to Cabinet and Council for consideration as part of the Budget Strategy Update in September 2017

## **7. Cabinet portfolio holder recommendation**

Support the Officer recommendations

## **8. Contact officers**

Debbie Hogg, Service Director for Finance, IT and Transactional Services  
David Hamilton, Assistant Director for Adult Social Care  
Phil Longworth, Health Policy Officer

## **9. Background Papers and History of Decisions**

Annual Budget Report approved at Budget Council, February 2017  
The allocations of the additional funding for adult social care, March 2017

## **10. Strategic Director responsible**

Richard Parry, Strategic Director for Adults and Health  
[richard.parry@kirklees.gov.uk](mailto:richard.parry@kirklees.gov.uk)

**Appendix 1 Summary overview of the approved build-up of Adult Social Care budgets over the MTFP period 2017-21**

<b>ADULT SOCIAL CARE - APPROVED BUDGET PLANS 2017-21</b>				
	<b>17-18</b>	<b>18-19</b>	<b>19-20</b>	<b>20-21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Adult Social Care – Original Base Budget</b>	<b>89,627</b>	<b>89,627</b>	<b>89,627</b>	<b>89,627</b>
<b>Uplift to base budget :</b>				
<b>Current Service Pressures (volumes)</b>	7,000	7,000	7,000	7,000
<b>Price Pressures (incl. National Living Wage)</b>	5,275	9,589	9,496	9,496
<b>Continuing Care Fund pressures</b>	1,030	1,186	1,186	1,186
<b>Demographic Pressures</b>	150	1,049	1,999	3,002
<b>Early Intervention (net budgets added back)</b>	1,058	1,058	1,058	1,058
<b>Sub-Total (Additional Pressures)</b>	<b>14,513</b>	<b>19,882</b>	<b>20,739</b>	<b>21,742</b>
<b>Other Adjustments :</b>				
<b>Savings reversed (2016-19 Plans)</b>	3,922	3,922	3,922	3,922
<b>Approved savings (2017-21 Plans)</b>	(3,555)	(6,832)	(10,254)	(10,535)
<b>Sub-Total (Other adjustments)</b>	<b>367</b>	<b>(2,910)</b>	<b>(6,332)</b>	<b>(6,613)</b>
<b>Additional Service Funding :</b>				
<b>Improved BCF (Autumn Statement 2015 announcement)</b>	(800)	(7,100)	(12,800)	(12,800)
<b>Adult Social care Grant (17-18 only)</b>	(1,870)			
<b>Sub-Total (Additional Service Funding)</b>	<b>(2,670)</b>	<b>(7,100)</b>	<b>(12,800)</b>	<b>(12,800)</b>
<b>Total Approved Budgets – Adult Social Care</b>	<b>101,837</b>	<b>99,499</b>	<b>91,234</b>	<b>91,956</b>

<b>MEMORANDUM ITEM – ADDITIONAL ADULT SOCIAL CARE PRECEPT FUNDING (COUNCIL TAX)</b>				
	<b>17-18</b>	<b>18-19</b>	<b>19-20</b>	<b>20-21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Adult Social Care Precept</b>	<b>(4,559)</b>	<b>(9,577)</b>	<b>(9,577)</b>	<b>(9,577)</b>