



Title: **2011/12 Adult Social Care Savings**

Wards Affected: **All Wards**

To: **Overview & Scrutiny** On: **22 September 2011**

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Summary of Report

As part of the negotiation of the Annual Strategic Agreement (ASA), the Operations Directorate provided a summary table to Torbay Council in an attempt to convey the difficulty in achieving the required £2.159m budget reduction from the Commissioning budget. This sits in the context whereby the 11/12 savings plans in total are £1.323m against in-house services plus £2.159m against commissioned services, giving £3.4m against a budget of £41.4m. With the budget set at this level, the Care Trust assumes the financial risk against the provider budgets whilst the Council absorbs the risk on commissioning budgets.

In recent months the initial scoping work has been further refined and shared with Council Members, Officers and Overview and Scrutiny Committee (O&SC) Members. The work recognises TCT could achieve in year savings of £685k with a full year effect of £1,565k. As Appendix 1 shows, the majority of the schemes will be difficult to implement, they are not quick wins and will require considerable effort and cultural change on behalf of both staff and the organisations we contract with.

This report provides:

- An overview of the process followed to date
- Details behind the proposed schemes
- Current actions and outstanding decisions

1. Overview of Actions Taken To Date

To work within the 2011/12 Council settlement figure, TCT acknowledged it would need to generate in the region of just under £2.2m of savings in year from the ASC commissioning budget. This figure took account of inflation, the natural pressure on services owing to demographic growth and an increasingly elderly population, as well as a central government contribution covering NHS – Social Care funding.

The initial proposals developed recognised our limited ability to change the pricing structure or care for clients already living in a care home. They also took account of recent judicial reviews and legal challenges, i.e., services must be deemed fair and equitable and should not discriminate against individual client groups. As such, a considerable proportion of the required savings would need to be released from domiciliary care services provided in a client's home, a reduction in services to clients with a learning disability to create equity with services provided to our other residents, changes to support services such as the Community Equipment and Alarm services, and tighter internal control, e.g., contract management, optimising utilisation levels and staff adherence to agreed policies.

A series of meetings commenced in July to help Councillors, particularly those newly elected in May, appreciate the implications of the financial challenge for adult social care (ASC) services. A detailed presentation was given to members of the ASC Policy Development Group (PDG) covering the proposed schemes for 11/12 as well as those needed to secure even greater savings during 12/13. The same information was subsequently provided on an informal basis to O&SC members, another PDG meeting with membership extended to O&SC members, as well as an ASC Budget meeting.

As reductions are expected across all Council services a single public consultation process is planned and will commence in October. In respect of ASC this will include a number of decisions necessary to support the implementation of some decisions in 11/12 that must generate a full year effect in 12/13. In addition further schemes that will be required in 12/13 will be presented in the same process. To assist this process we have submitted impact assessments for each of the proposed areas. No in year savings have been assumed against those areas which we internally consider may be deemed a substantial variation and we therefore welcome the planned joint consultation approach which, if successful, will enable service changes to commence by 1 April 2012. Irrespective of whether formal consultation is required, TCT will seek to involve and engage the local community to generate awareness and understanding.

2. Schemes being Proposed

Appendix 1 outlines the proposed schemes along with their in year (and full year effect) savings plus the potential impact and risks associated with each. The Care Trust is already progressing a number of the other schemes such as renegotiating hourly rates with domiciliary care providers, reducing reliance on day services maximising the use of block contract arrangements, etc.

Appendix 2 provides the initial impact assessments and, for ease, groups the proposals into five themes:

- a) Reduction in care home placements (residential and nursing homes)
- b) Reduce expenditure on domiciliary care and day service clients
- c) Back office efficiencies, stricter contract management and employed frontline staff and in-house units
- d) Policy adherence
- e) Reduce expenditure on clients with a learning disability

The key points to highlight from each of the five areas are:

a) Reduction in care home placements

We have traditionally reduced care home placements by approximately 40 per annum. We already have an over-supply of residential care within the Bay and so the natural reduction caused by providing an expanded range of service that enable clients to maintain their independence and remain within their own home is contributing to a greater fragility in the care home market. As with elsewhere in the country, homes are closing or going into administration. Counteracting some of this reduction is a greater use of temporary placements made by our Intermediate Care teams which, once again, shifts the focus of care to one of regaining independence for clients.

b) Reduced expenditure on domiciliary and day care services

Potentially the domiciliary and day care budget may need to reduce by almost 30% during the next three years based on the application of estimated savings requested by Torbay Council. We will endeavour to achieve this by intensive re-ablement of clients which should reduce the reliance on long-term packages of care. All local authorities appear to be pursuing a similar aim. The proposal also relies on the strict adherence of Fair Access to Care Services (FACS) criteria which have, quite rightly, in the past included an element of preventative services. We will need to become more proficient at evaluating the cost effectiveness of such services if they are to continue in the future.

The introduction of personalisation and support planning which focuses on each individual's desired outcomes should also help us to review clients and reduce packages of care when we can demonstrate those outcomes have been met. The Resource Allocation System (RAS) which supports this process provides an indicative budget which frontline teams and domiciliary care agencies will be expected to work within. It also provides greater assurance of consistency of across individual zone teams and client groups for weekly package of care costs up to approximately £700 (clients above this figure often have very complex, individual needs and so developing an indicative budget requires greater personal knowledge of the availability and costs associated with very specialist services).

At present we contract with four main domiciliary care providers and 6 preferred/spot providers for our elderly population. There are a further 20 providers offering care for our learning disability clients. We are currently using the Any Willing/Preferred Provider tendering process to re-contract for these services to (1) improve quality, (2) provide more client focused care and (3) reduce costs. A balance is needed with the appropriate number of providers to secure:

- Sufficient capacity within the market to manage demand
- Competition between providers which drives up quality and creates innovation and more person centred care
- A sensible contract monitoring workload which allows us to effectively monitor the quality of care provided

- Offering economies of scale whilst not providing guarantees of service volume.

c) Back office efficiencies, stricter contract management and Ops frontline staff and in-house units

Realising back office efficiencies relies on greater integration and cross-working across organisational boundaries, the improved use of technology and the potential re-deployment of staff.

Stricter contract management could reduce the variety of “choice” available to clients as we seek to optimise block contracts and negotiate lower rates with providers. Clients may find themselves charged for care they either fail to cancel or cancel at short notice. There is also the potential for deteriorating relationships with providers though this is to be avoided, wherever possible. We recognise the interdependency in many of our relationships and if goodwill is lost, instituting changes requiring their support becomes far harder and will take longer.

The Operations Directorate appreciates the overlap between its own in-house services and that provided by external organisations. Consequently, savings associated with changes to learning disability services proposed in (e) below will require reduced capacity within our own in-house services if they are to be achieved in full (in addition, as in previous years, a 4% savings target will be levied on frontline staff and the in-house units).

d) Policy adherence

Stricter compliance with existing policies will reduce spending levels and curtail care package values. The Choice, Cost and Risk Policy provides TCT with the opportunity to limit the funding given should a client prefer to remain in their own home rather than being admitted to a care home. Theoretically, if the cost of the care home placement is £350 p/week we could offer the client up to around £420 p/week. The difference recognises the individual’s preference but also takes account of our responsibility to other clients and our need to provide equitable services within a given envelope of funding. The policy presently contains support for costs up to 20% in excess of care home placements. Enforcing this policy strictly is beginning now in 11/12. Consideration of reducing this excess from 20% to a lower figure or zero for 12/13 onwards is a policy decision facing the Council.

e) Reduce expenditure on clients with a learning disability

The plans for securing savings within learning disability services have been discussed in detail in other forums. The proposals contained within this documentation simply re-state those proposals and ideas. Some schemes will be subject to formal consultation and so in-year savings are not expected. Other schemes will seek the involvement and engagement of the clients, families and carers. Most are “red” risk rated owing to the associated difficulties in implementing.

We particularly welcome the attention which this area of the plan has received from SPOT (Speaking Out in Torbay) and their correspondence with the Trust, which declares their intention to play a strong, critical role in the development of these plans.

3. Current Actions and Outstanding Decisions

The 11/12 savings plans are identifiable at zone level and being regularly monitored and reported internally and to Torbay Council.

Recommendations

That the OSC notes the achievement of the £1.323m savings achieved this year on in-house services.

That the OSC considers whether or not the proposals are deemed as substantial variations bearing in mind that the decision making process is still to be undertaken by the Council.

That the OSC notes that a reasonable degree of confidence that £685k of the expected £2.159m savings from commissioned services will be achieved.

That the OSC notes the savings areas that it has suggested to the Council in respect of schemes in 11/12 and 12/13.

That the OSC notes that discussions are ongoing about the management of the position in 11/12 and what steps would be necessary to improve the forecast outturn.

That the OSC notes the service areas concerned and the volumes and values of service reduction necessary to secure the savings of £3.483 over 11/12 and 12/13.

Anthony Farnsworth
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Torbay Care Trust