

<b>Committee(s)</b>	<b>Dated:</b>
Community and Children's Services – For decision Policy and Resources – For decision Resource Allocation Sub – For decision	<b>17 November 2017</b> <b>14 December 2017</b> <b>18 January 2018</b>
<b>Subject:</b> Adult Social Care budget proposals	<b>Public</b>
<b>Report of:</b> Andrew Carter, Director of Community and Children's Services	<b>For Decision</b>
<b>Report author:</b> Simon Cribbens, Head of Strategy and Performance	

### Summary

This paper sets out the forecast overspend in the Adult Social Care budget arising from increased costs of provision and demographic pressures driving the future growth in need for services. A provision of £400,000 in 2017/18 was made in response to these pressures in the Medium Term Financial Strategy report to the Finance Committee in February 2017. This report seeks approval for an incremental increase in the service's baseline budget totalling £400,000 over two years to address this need.

### Recommendation(s)

Members of Community and Children's Services are asked to:

- approve a permanent increase in the baseline budget of £265,000 in 2018/19
- approve a further permanent increase in the baseline budget of £135,000 in 2019/20 (to total £400,000).

Members of Policy and Resources are asked to:

- approve a permanent increase in the baseline budget of £265,000 in 2018/19, subject to the approval of Community and Children's Services
- approve a further permanent increase in the baseline budget of £135,000 in 2019/20 (to total £400,000) subject to the approval of Community and Children's Services.

### Main Report

#### Background

1. The City of London Corporation has a statutory duty to provide adult social care (ASC) services to adults needing short or long term care as a result of disability, illness or the effects of age as an older person.
2. The escalating cost of care provision and the underlying growth in the size and life expectancy of the adult population have placed significant pressures on

current budgets. These pressures were reported to Community and Children's Services Grand Committee in November 2016.

3. A provision of £400,000 in 2017/18 for this budget pressure was made in the Medium Term Financial Strategy report to the Finance Committee on 21 February 2017. The release of funds was subject to a more detailed report outlining the issue to the relevant service committee and to the Policy and Resources Committee.

## Current Position

4. Current costs in the adult social care sector are increasing. Cost inflation in the sector is a national phenomenon that has seen expenditure by local authorities in 2016/17 increase by £554m (3.3% in cash terms) in that year. This is despite a minimal change in demand for services during that year.
5. This experience is mirrored in the City of London, where the cost of ASC provision has also increased. The cost of residential and nursing care alone has increased from an average weekly level of £709 in 2012/13 to reach £918 in 2016/17.
6. A number of factors are driving this price increase:
  - Wage costs are increasing in the sector: the National Minimum Wage, London Living Wage and recent rulings on paid night shifts have driven increases.
  - Recruitment and retention pressures are driving up wage costs – a situation that has been exacerbated by a decline in the European workforce in the wake of the Brexit referendum result.
  - Supply shortage, particularly in London's residential care market, is pushing prices upwards. The City has limited purchaser power in this market given its comparatively small care contracts that rely on spot purchase rather than block contracting.
  - A new requirement for legal applications to the Court of Protection in relation to those who lack capacity has seen legal costs borne by the City's ASC service increase from nil in 2015/16, to reach £24,470 in 2017/18 to date.
  - The complexity of cases is driving additional cost. Two current cases have incurred annual expenditure by the ASC team of over £80k.
  - An increasing proportion of those who approach ASC services for assistance require a formal assessment.
7. Underlying demographic changes are also increasing demand for services. The City of London's population of those aged over 65 years has increased by 25% since 2012. Among those aged over 85 years, the increase is more marked. An older population are far more likely to experience health and mobility problems and complex health needs requiring social care intervention.

	2012	2013	2014	2015	2016	% increase from 2012
65-74	626	687	724	760	794	27%

75-84	347	348	374	390	393	13%
85+	133	167	178	179	196	47%
<b>Over 65</b>	<b>1106</b>	<b>1202</b>	<b>1276</b>	<b>1329</b>	<b>1383</b>	<b>25%</b>

8. Population projections published by the Greater London Authority indicate a continued rise in the older population in the short term.

	2016	2017	2018	2019	2020	% increase from 2016
65-74	794	829	845	853	865	9%
75-84	393	402	414	435	455	16%
85+	196	198	212	216	228	16%
<b>Over 65</b>	<b>1383</b>	<b>1429</b>	<b>1470</b>	<b>1504</b>	<b>1547</b>	<b>12%</b>

9. The impact of these factors is set out in the budget profile for ASC services set out below.

	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000
<b>Adults</b>					
Budget	2359	2306	2287	2252	2240
Outturn	2219	2180	2322	2374	2439
	<b>140</b>	<b>126</b>	<b>(35)</b>	<b>(122)</b>	<b>(199)</b>
<b>Older People</b>					
Budget	1185	1308	1418	1394	1387
Outturn	1218	1332	1552	1537	1640
	<b>(33)</b>	<b>(24)</b>	<b>(134)</b>	<b>(143)</b>	<b>(253)</b>
<b>OT</b>					
Budget	252	286	288	282	280
Outturn	113	243	266	283	302
	<b>139</b>	<b>43</b>	<b>22</b>	<b>(1)</b>	<b>(22)</b>
<b>TOTAL</b>					
<b>BUDGET</b>	3796	3900	3993	3928	3907
<b>OUTTURN</b>	3550	3755	4140	4194	4381
	<b>246</b>	<b>145</b>	<b>(147)</b>	<b>(266)</b>	<b>(474)</b>

10. In 2016/17 the City Corporation spent £3.76m providing short and long term adult social care support. It is predicted that this expenditure will grow to £4.14m in 2017/18 resulting in an overspend of £147k in the current financial year. It is anticipated that this overspend can be met in 2017/18 by one-off s256 grant monies. The annual overspend is predicted to reach £474k in 2019/20. However, the Department will implement mitigating actions that seek to reduce the forecast overspend to £400k in 2019/20.
11. Profiling adult social care expenditure on trend data is unreliable, especially in the City where a budget proportionate to a small client base can be distorted by the costs of one or two additional clients. In both the current and future years,

unpredictable events such as widespread winter flu or prolonged cold weather can lead to spikes in demand for support. For the City's ASC services, such events can have very significant impact on delivery and budgets.

## **Mitigation**

12. A number of actions are being taken to improve service delivery, innovate and seek to manage demand for services. A process is underway to consolidate a number of small contracts with the intention of driving better value and cost savings when recommissioned. Investment is being made in preventative measures including greater use of assistive technology to aid self-management of care and sustain independence. Alternative models of short term residential care are being explored for their potential to deliver better outcomes for residents and cost savings.
13. The City Corporation is also working closely with the City and Hackney CCG to deliver service efficiencies and improved patient outcomes through the integration of some commissioning activity. Measures are in place to ensure the integration arrangements do not result in ASC budgets subsidising overspend in the health budget or in Hackney.
14. Efficiencies in delivery offer the potential to drive better value for money, but the pressures on the ASC budget are predominantly a factor of cost increases driven by external factors and a growing older population that requires increasing levels of support.

## **Proposals**

15. It is proposed that the Department of Community and Children's Services attempt to meet the predicted 2017/18 overspend within existing budgets. This is possible due to the availability of non-recurring grant funding which can be utilised for this purpose.
16. It is further proposed that the service's baseline budget is increased by £265,000 in 2018/19, and further increased by £135,000 in 2019/20 (to total £400,000).

## **Corporate & Strategic Implications**

17. KPP2 of the Corporate Business Plan focuses on improving the value for money of our services within the constraints of reduced resources.
18. The vision for the DCCS Business Plan is to make a positive impact on the lives of all service users by working together, and with our partners, to provide outstanding services that meet their needs. It includes strategic priorities of safeguarding and early help, health and wellbeing and efficiency and effectiveness.

## **Implications**

19. The Chamberlain has been consulted in the preparation of this report and there are no additional implications than those included in the body of the report.

### **Health Implications**

20. The resources sought will support the vital role of the City Corporation's ASC services and their contribution to the health and wellbeing of adults in our community in need of care and support.

### **Conclusion**

21. The approval of the budget proposed above will ensure that the City of London ASC services are fully resourced to meet the increased demands that it faces, and as such continue its work to support those adults in our community who are in need of care.

### **Appendices**

- None

### **Background Papers**

- 18 November 2016 – report to Community and Children's Services: *Adult Social Care Pressures – Policy Context*
- 21 February 2017 – report to Finance Committee: *City Fund: 2017/18 Budget Report and Medium Term Financial Strategy*

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