

Response to Joint Adult Social Care and Audit Committee Working Group report on Adult Social Care Overspend

Purpose

The purpose of this report is to provide Cabinet with a response from the current Portfolio-holder to the Joint Adult Social Care and Audit Committee Working Group report on Adult Social Care Overspend. It seeks to provide context, respond to certain specific points and update on progress which has taken place over the last few months.

Context

Adult social care services across the UK are under significant pressure. Media coverage of this issue has been extensive and it is now widely recognised that with increasing demands for services and reducing budgets there is considerable concern regarding the future of these services. The London School of Economics review and predictive work on adult social care services in England (2016) indicates an annual 4% cost pressure increase for social care with little realistic opportunity for counterbalancing efficiencies. Whilst funding settlements in Wales have been more generous than in England, local authorities across Wales face significant challenges and pressures on the ASC budget in Powys must be contextualised accordingly

It is important to recognise that demand for services is increasing, due at least in part to a national demographic picture which is accentuated in population predictions for Powys but due also to the expectations and statutory obligations of the Social Services & Wellbeing Act. The service has addressed these issues proactively, and the numbers of people in residential care for example have held steady and are marginally below the average for Wales. This has been due in part to the development and implementation of services such as reablement and third sector brokerage across the county. Whilst it is important to stress that the service is ambitious and knows there is more to do in this area, it is misleading to suggest that the service has been dilatory in recognising and addressing demand pressures. It is of the nature of demand management that the effects of prudent action take time to be reflected in significant budget saving. In social care, where there is a statutory duty to provide services to meet assessed needs, there is no simple tap which can be quickly turned off.

It is also important to acknowledge cost factors which are particular to Powys. In learning disabilities services, the closure of hospital based care and the resettlement of people into community settings some twenty years ago has left a legacy of a higher cost service pattern, a fact which simply citing Powys as a high-spending authority when compared to other authorities does not disclose. Powys has an above-average population in this client group, with a high number of resettlement houses. Lack of clinical and social infrastructure historically led to increased out of county placements, which current Heads of Service are addressing, while lack of robust joint funding arrangements between Powys CC and Powys THB led to a disproportionate financial burden being carried by the local authority.

Policy decisions aimed at modernising provision and supporting people close to home have been taken over the last year and changing patterns of expenditure to support these new models are now starting to be seen. Again, it is fully recognised by the service that there is more to do. It will be important to ensure that longer term planning in relation to demand and supply of service takes place, and a particular focus must be transitions from children's to adults' services as clients pass into adulthood.

Specific findings

Paragraph two of the Working Group reports states that in recent years ASC has received 'substantial additional funding'. This is incorrect. In 2015/16 the only additional funding was £1.053 of protected funding from Welsh Government. The effect of this was largely countered by the need to fund pension uplift. In 2016/17 no additional funding was provided in the Council's budget.

Absent from the Working Group's report in respect of the overspend carried forward from 2015-16 is consideration of the effect of the unfunded decision in 2015 to bring in-house a proportion of the domiciliary care service, and the deferral of day-care savings built into the 2015-16 and subsequent budgets due to advice received regarding consultation. The multiplier effect on savings not taken of moving into a new financial year is likewise not referred to.

In respect of Cabinet decisions, in bringing papers to Cabinet in the winter of 2016 in relation to day care, living wage contract uplifts, and the extension of the Bupa contract, the portfolio-holder clearly spelt out to Cabinet the financial implications of the recommended courses of action,

and these were further emphasised by finance officers and the S151 officer in their comments in each case.

Omissions from the Working Group's paper

There are a number of areas where it is important to stress the developments and improvements that have taken place over the last twelve months, and in particular since the arrival in post of the current Heads of Service in April 2016, which the report from the Joint Working Group does not highlight.

Paragraph two of the report states that 'there is little evidence of cultural change or acceptance of financial accountability and responsibility'. Again, it could have been expected that the Working Group's report would contextualise by making at least some reference to the absorption of all staff in managing the 2014/15 domiciliary care crisis, and the consequent delaying effect on service change programmes both cultural and service-specific (such as day care options), a situation from which the service as a whole only emerged at the close of 2015.

Supported by the Strategic Director, the current Heads of Service initiated a cultural change programme as a priority soon after their appointment and whilst the accepted view is that such work takes a period of years to be fully embedded throughout a service, it is misleading to suggest that no such programme is in existence. The Heads of Services' in-year financial recovery plan has delivered over half a million pounds in savings in under six months, which counters suggestions of disengagement from financial responsibility. It is disappointing that the Working Group report does not acknowledge that significant improvement in the financial position has been achieved over the last three months.

Further, the report does not acknowledge the role of the Heads of Service in pressing for wide-ranging examination of the overspend projections when these emerged. Andrew Lewis, who subsequently advised on some of the complex reasons for the overspend, stated in his report 'in June 2016, officers became concerned about the variation in projected overspend in Adult Social Care for 2016/17 and commissioned a report to review both the robustness of the current budget process and the reported financial position'.

To imply that the first effective action in response to the overspend was Cabinet's instruction to the Chief Executive in September to produce a Recovery Plan (paragraph nine of the Working Group's report) considerably undermines the achievement of the Heads of Service, who produced a financial sustainability paper in June 2016, implementation of which commenced immediately, leading to the savings mentioned above. The date of that paper does not suggest dilatoriness on the part of the service in addressing the emergent issues.

Improvements

As the Working Group recognises, critical improvements are needed in the provision of service and financial information on an ongoing basis in order that adult social care can effectively manage its budget and services. With respect to the emergent projected overspend, it was important that information provided by both the finance function and the business support function could be validated. A key weakness identified early on lay in the accuracy of the commitments system.

Finance and business support are committed to improving support to ASC service managers, with reliable, validated data recognised as crucial to service change. There is already evidence of improvement in the information with a clearer emphasis on benchmarking, although it is recognised by the relevant directors that there is more work to do in this area. It is accepted that improvements in the capacity and capability of information and intelligence provision will have wide-ranging positive impact on the efficiency of the whole authority.

Work has accelerated over the last few months on the medium and long term changes to services necessary to achieve greater focus on prevention and early support, in partnership with Powys Teaching Health Board and the Third Sector, with delayed recourse to high-cost, high-intensity intervention. This will require further practice change together with engagement and discussion with stakeholders including people in need of care and support. The draft Health and Care Strategy provides a significant opportunity to engage practitioners, politicians and the public in discussion about the future nature and funding of health and care services in Powys.

Such change will require time, effort and focus, as well as political will; however good progress is being made in developing a common understanding of the need for change and what the outcome will look like.

Conclusion

In summary:

- Challenges of service demand and funding are a national issue and Powys is not immune.
- The leadership team in adult social care acted swiftly to secure additional accountancy input and initiate a financial stability programme
- Positive results have been achieved with improved financial performance and a reduction in predicted financial overspend over the last few months.
- The crucial contribution of sound financial and business intelligence data to good decision making and service change is fully appreciated by both ASC and corporate support services
- Specific areas of high spend need to be addressed in the light of Wales-wide trends
- Significant change to services and demand management will be a continuing focus for the coming three years at least. This will require political, practitioner and public engagement and support to be successful.

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