

Finance & Resources Scrutiny Committee

Scrutiny Review of Draft Council Budget 2017-18 and Medium Term Planning and Funding Position to 2020-21

Outcomes of Challenge Sessions

Directorate	Adult Social Care Services
Proposal Number	16-001-01a & b
Title	Structural Budget Deficit for 2017/18
Proposal	£24,276K service pressure

Commentary

The Director of Adult Social Care Services (ASCS) and Strategic Commissioner Health Partnerships & Integration informed councillors that there had been a number of challenges and achievements during the current year and there would be a number of opportunities moving forward. There had been many people in the system with very complex needs and a rise in the cost of care. The sum of £10m from the Better Care Fund had not been received. There had been £15m of savings delivered and a further £6m costs avoided and they were working with partners to provide joint services. There would be further opportunities to expand this during the forthcoming year. Of the 33,569 referrals to the customer contact centre, 10,000 were requests for support. Many were diverted to other areas for support including First for Wellbeing and the Voluntary & Community Sector (VCS) and the directorate assisted approximately 1,000 people.

Work was being undertaken on the accommodation strategy to alter the way in which needs were met. There were rising costs in the areas relating to younger and disabled people and these were included in the following year's strategy including how contracts were negotiated. Work was undertaken with hospitals to ensure packages suited needs and dropped away at the appropriate time.

The budget was zero-based and they were confident in this year's proposals because of the detailed mapping that had been undertaken in every area of work. This year budgets had been aligned with health budgets and health organisations and NCC had shared their plans. Planning for 2018 had also begun.

Relevant officers and councillors met monthly to go into the budgets in detail. Much had been undertaken to reduce the current year's deficit. The directorate had a new brokerage team which continued to review contracts. They were working with health colleagues on projects to deliver the 2017-18 budget as well as undertaking joint work in mental health and transitions. A review had been undertaken of the Shaw Healthcare Project to utilise beds better. Putting dementia patients in these beds would reduce costs as NCC would no longer be paying for an empty bed at the same time as a more specialist dementia bed. Capital costs in terms of training and alteration of beds to provide dementia care had been recognised.

A quality board oversaw all providers in the county. The directorate regularly reviewed the budget. Individual budgets were also reviewed and investigations undertaken where a client was felt to be spending their money unwisely.

Demographics had been mapped closely and they were aware of types of issues and where they were. Further work was required to ensure the market met needs. New communities were covered through the Joint Strategic Needs Assessment (JSNA). The directorate was working with Northamptonshire Healthcare NHS Foundation Trust (NHFT) as well as colleagues in children's services on mental health issues. There was a transitions service for those aged 14-25 years.

Councillors sought a more detailed understanding of how the service pressure had been reached, noting that it was intended to take account of current pressures and actions being undertaken to mitigate these. They also sought further information in the following areas:

- Work undertaken on initial assessment to determine the action plans for delivery.
- The make-up of the £24.3m structural deficit and how it quantitatively related to the pressures being experienced that year.
- In relation to timings of measures in the draft budget it was emphasised that there was a need to be clear that either savings were made at the start of the financial year or that the saving required would actually be greater than the budget reduction concerned.

Councillors raised the need for more direct input in the Budget Scrutiny Review from Olympus Care Services (OCS), for example from the OCS Operations Director. However, it was noted that OCS was no longer viewed as a separate organisation to NCC and the Director of Adult Social Care Services was also the Managing Director of OCS.

Councillors subsequently considered further information about the make up of the service pressure and the following points were noted:

- Whilst a zero-based budget approach was welcomed, concerns were raised that no contingencies had been built in to the budget, although it was noted that this was usual practice.
- It was felt that officers this year had given more information and confidence to councillors reviewing the draft budget.
- The emphasis and exercises undertaken to reduce debt throughout the whole budget were welcomed.

Some councillors questioned whether the proposed investment would be sufficient to manage potential future demand on Adult Social Care Services, given experience of demand pressures that had arisen in previous years and the impact of this on budgets. It was suggested that councillors would be able to take more confidence in the capacity to deliver the service within the proposed parameters if the draft budget included a specific contingency that could be used if further significant pressures arose.

Recommendations to Cabinet	Proposed Cabinet Response
That the Cabinet recognises that the Finance & Resources Scrutiny Committee welcomes recognition of the structural budget deficit for Adult Social Care Services reflected in proposal 16-001-01a & b.	Noted
That the Cabinet recognises that the Finance & Resources Scrutiny Committee remains concerned about the capacity to deliver Adult Social Care Services within the financial parameters resulting from proposal 16-001-01a & b in the absence of supporting contingency funding in the draft budget.	Noted
That the Cabinet recognises that the Finance & Resources Scrutiny Committee considers that it is not in a position at this point to reach a conclusion about the robustness of proposal 16-001-01a & b, given the need to meet any outturn pressure that may remain at the end of 2016/17.	Noted
Scrutiny risk rating	Amber

Directorate	Adult Social Care Services
Proposal Number	10-024-01
Title	Adult social care demographic and prevalence pressures
Proposal	£3,863K service pressure
Commentary	
<p>Councillors were informed that these were the only 2 years where there would be additional resources. Consideration had been given to what Olympus Care Services (OCS) provided and what services could cease. The proposal was seen as ‘amber’ rated because it would be difficult to achieve. Assisted technology should contribute to this and a review of how much more could be undertaken with telecare had been undertaken.</p> <p>Councillors subsequently noted that demographic changes had been included in terms of where NCC felt increases would be. A zero-based budgeting approach had been undertaken but contingencies against unknown factors would never be possible to build in. The previous year £168m had been spent in the country on adult social care and £445m in health before the winter pressures.</p> <p>40% provision had been made for high debt and 60% for high contribution debt. Unfortunately there was debt already in the budget but the pathway for addressing this issue was now clear.</p> <p>£16.9m was the current year’s debt for which there were many mitigations to reduce this figure by the end of the year. The figure for 2017/18 related to items where NCC was sure that it would be unable to achieve a saving. Any sum that was not saved during 2016/17 would have to be added to this figure.</p> <p>Councillors questioned whether NCC’s ability to forecast future demographic change and resulting demand on services was now sufficiently robust, given that instances where this had not been the case had arisen in the past.</p>	
Recommendations to Cabinet	
Proposed Cabinet Response	
That the Cabinet ensures that it is confident that proposal 10-024-01 is based on a sound projection of future demographic change and demand for services before agreeing to recommend it to full Council.	Noted
Scrutiny risk rating	Amber

Directorate	Adult Social Care Services
Proposal Number	16-001-04
Title	Financial controls, income and improved debt provision
Proposal	(£4,470K) efficiency

Commentary

The Director of ASCS and Strategic Commissioner Health Partnerships & Integration advised that total debt that year was £28m, much of which had been accumulated over several years. A new process for obtaining approval for payments had been set up. The debt board met monthly with an aim of preventing debt from occurring in the first place. A direct debit system had been introduced as standard practice for paying for services. Whilst the application of this system to service users was carefully managed, those starting new packages were asked to start paying within 10 days. Money owed was also now claimed quicker.

Debt provision had been £5.4m the previous year, which was now reduced down to £4.4m. Capital spend on equipment to support independent living was included in the overall strategy adopted by the directorate at the end of 2016.

The directorate was working with the health sector on setting up a new re-ablement and support service with a member being seconded into the team undertaking assessments. Interest could be charged on property charges but it would not become a debt until the person it covered passed away. A lot had been done to ensure people understood the nature of any charge. All next of kin had to sign to state they understood there was a deferred payment on a property. The Care First System held everyone's details and all items were considered including bank accounts and any details relating to power of attorney.

It was intended to undertake assessments and assist people to return to their own homes quicker but this was affected by the capacity of the market. The directorate was therefore considering different packages and ways to stimulate the market. This reflected national strategy.

A representative of Healthwatch Northamptonshire urged NCC to consider how its aim of seeking more funding from external sources through the Next Generation Council model could affect the VCS. She also emphasised that there was a considerable amount of funding that could only be used with registered charities. If these charities no longer existed this funding would no longer be available to the county.

It was noted that the ASCS directorate wished to work with the VCS and that First for Wellbeing did already work with them. The opportunity to discuss barriers to working further with the VCS and how to overcome these was welcomed.

Councillors noted the following points in response to further information presented to them at a subsequent session:

- A number of mitigations had been put in place that year to reduce the deficit, some around the Care Act, non-payment of funding nursing care and with the Shaw Healthcare contract.

- The situation with regard to aged debt was improving.
- There were very few instances of fraud. NCC monitored how people spent their personal budget and if it was felt someone else was accessing an account NCC could freeze that account and continue to provide services whilst investigating the issue further.
- Whilst debt had increased overall there were pockets of reductions of debt under 12 months old.

Recommendations to Cabinet	Proposed Cabinet Response
That the Cabinet recognises that the Finance & Resources Scrutiny Committee has confidence in the capacity to deliver proposal 16-001-04.	Noted
Scrutiny risk rating	Green
Relevant headline theme(s)	• Effective debt management

Directorate	Adult Social Care Services
Proposal Number	16-001-05
Title	Prevention & Eligibility
Proposal	(£626K) service transformation

Commentary

Councillors were advised that the proposal involved a continuation of current activities, which included day centre provision, fostering and old people's accommodation. It could see people in current expensive residential care homes moving to more affordable housing that was better designed to meet their needs. There were currently 27 schemes in older people's accommodation. 2 new homes would open that year and key updates would be provided as the 5-year process was followed. The Cabinet would also receive regular updates. It was also clarified that self-funders could be assessed by the local authority and provided with advice and information.

Recommendations to Cabinet	Proposed Cabinet Response
That the Cabinet recognises that the Finance & Resources Scrutiny Committee has confidence in the capacity to deliver proposal 16-001-05, whilst acknowledging that it would have a social impact on care home residents that should be managed appropriately.	Noted
Scrutiny risk rating	Green
Relevant headline theme(s)	• Avoiding unintended consequences

Directorate	Adult Social Care Services
Proposal Number	16-001-06
Title	Staffing and effective structural efficiencies
Proposal	(£800K) service transformation
Commentary	
<p>Councillors were informed that a number of restructures had already been implemented, which included offering opportunities had been offered. Management would be reduced and more staff would be employed to work in the front line. The new Target Operating Model included career pathways that incorporated the possibility of relevant staff being sent to NCC's social work academy. The assessment teams and direct teams would work together and partnerships would be continued with the hospital teams. Assessments previously undertaken on hospital wards would now move to NCC's teams to reduce delays and gain access to more options. The Director of ASCS was confident of meeting these aims.</p> <p>It was noted that each of the savings shown represented NCC's share of any savings made through partnerships with other health organisations. Various organisations had shared their plans with each other for making savings. More information could be provided on plans relating to the elderly and mental health patients.</p> <p>All savings were the full year effect and many took account of phasing. Each of these had detailed plans that supported the delivery of planned savings. It was noted that some of these savings could be challenging to achieve. Evidence suggested that the directorate should be able to achieve £10m per annum from staff savings, market savings and work with the NHS. These would start with £6m in the first year and should rise further once a new contract was let in 2018.</p>	
Recommendations to Cabinet	
That the Cabinet recognises that the Finance & Resources Scrutiny Committee has confidence in the capacity to deliver proposal 16-001-16.	Proposed Cabinet Response Noted
Scrutiny risk rating	Green

Directorate	Adult Social Care Services
Proposal Number	16-001-07
Title	Purchasing & Placement Savings
Proposal	(£12,020K) service transformation

Commentary

Councillors were informed that NCC had a framework contract for homecare provision and paid broadly in line with the regional average. It paid more than many other neighbouring local authorities at £15.50 - £17 per hour. NCC was looking to provide greater flexibility in terms of how services were provided. Approximately £168m was spent on suppliers. The brokerage team was a new concept that would save care managers' time as the team could make arrangements for more than one person at a time and negotiate reduced prices for beds and services. This service could also be offered to the health sector. The team consisted of 25 members of staff trained in negotiation skills. Personal budgets and placements would begin to be undertaken by the team with areas of good practice being targeted and community groups and First for Wellbeing services being provided where possible.

The Director of ASCS and Strategic Commissioner Health Partnerships & Integration went on to highlight the following points:

- The contract for NCC's new e-marketplace site Brolly had been let and was expected to go live during quarter 3 of the year. It would make it easier to place people and provide homecare on more innovative contracts. It would guarantee suppliers greater supply and throughput, giving their staff more stability.
- The closure of the Ecton Brook care home had taken place and the saving shown was the full effect of savings that had begun the previous year.
- The brokerage team consisted of the existing monitoring team and secondments in care management and health brokers. These posts would be made permanent.
- Contracts were being reviewed for quality and then cost and the Director had met with 50 providers the previous day to discuss NCC's expectations. 19 new domiciliary care providers from outside of the county had expressed an interest in working with NCC.
- NCC was spending 50-83% more per adult on learning disability services than the national average, without necessarily receiving better quality provision. There would therefore be a focus on improving this.
- 300 care homes had registered with the new framework. NCC was keen to re-open the tendering process as several homes that had not registered were now expressing a wish to register. One challenge was presented by a shortage in specific types of care such as dementia.
- The directorate was keen to ensure that staff had the appropriate training. Staff training was monitored.
- Services bought through personal payments were also monitored. Unused funds remained with NCC, which also regularly reviewed patients' care plans.

- There were 3 options in the business case for this function around pace, scope and size of team. The Director of Finance and Director of ASCS had reviewed the reliability of the options in order to achieve the best quality. Brolly now had dedicated staff and it would be fully tested internally prior to it being extended to a wider audience.

Councillors considered that this proposal should be achievable but also highlighted that it involved some reliance on work with external partners. It was felt that previous experience of partnership working in this regard suggested that this could involve a degree of risk, which should be anticipated and mitigated.

Recommendations to Cabinet	Proposed Cabinet Response
That the Cabinet recognises that the Finance & Resources Scrutiny Committee considers that proposal 16-001-07 is achievable, whilst acknowledging that there is a high degree of risk to achieving the total saving involved due to reliance on work with partners progressing as required.	Noted
Scrutiny risk rating	Amber
Relevant headline theme(s)	• Reliance on current partnerships

Directorate	Adult Social Care Services
Proposal Number	16-001-17
Title	Partnerships
Proposal	(£8,750K) service transformation
Commentary	
<p>Councillors were advised that the budget for Learning Disability services had increased by £3.2m year on year, with potential for applications for funding to be duplicated both to NCC and the health sector. The cohort was not increasing but the cost of supply was. NCC had therefore begun discussions with providers about the procurement of a new provider from 2018. NCC was working closer with the health sector in terms of safeguarding to ensure two teams did not make visits when an issue was reported. There would be a new focus on outcomes for individuals. Other local authorities that had made changes in this way had experienced some very successful outcomes.</p> <p>The Director of ASCS felt that the market was currently able to take advantage of a lack of joined up working and there was a need to consider clearly what NCC could do to make savings and affect the market.</p> <p>Year on year approximately £1m was spent on community equipment and NCC was in the process of tendering a new contract for this jointly with the health sector. The directorate intended to continue the trend reflected in the previous year's budgets, which involved decreasing residential care and increasing home care.</p> <p>Regular benchmarking was undertaken to ensure NCC was doing all that it could in terms of adapting buildings and providing equipment.</p>	
Recommendations to Cabinet	
That the Cabinet recognises that the Finance & Resources Scrutiny Committee has confidence in the capacity to deliver proposal 16-001-17 but acknowledges that there is a degree of risk involved due to the need for work with partners to progress as required.	Proposed Cabinet Response Noted; the original proposal has been revised in the draft budget being presented to the Cabinet.
Recommendations to others	
That the Overview & Scrutiny Functions reviews progress with the delivery of the saving attributable to proposal 16-0011-17 halfway through 2017/18.	
Scrutiny risk rating	Amber
Relevant headline theme(s)	• Reliance on current partnerships

Directorate	Adult Social Care Services
Proposal Number	16-001-18
Title	Review of Olympus Care Services (OCS)
Proposal	(£8,500K) service transformation

Commentary

The Director of ASCS advised that the proposal was informed by intelligence and data from the Association of Directors of Adult Social Services (ADASS), based on reviews of high-performing and high cost areas. Since the draft budget had been published £4m had been received by NCC through the precept and New Homes Bonus, which was being used in support of this budget, reducing the saving to £4.5m.

The review was not about making staff redundancies but aimed to expand effective provision. This included the leaving hospital service; work with the transitions team in foster care; developing more on-line services; improving and expanding the re-ablement service; and rationalising situations where there was duplication. The review would continue and be expanded as Northamptonshire Adult Social Services was formed. The review was not a case of targeting OCS but bringing together two organisations. There was a wish to grow the parts of OCS that worked well whilst reflecting NCC's statutory responsibilities for adult social care.

Councillors considered the scope to deliver the proposed saving in 2017/18. The Director of ASCS and Strategic Commissioner Health Partnerships & Integration made the following additional points during the course of discussion:

- Shaw had agreed to enter into a new contract with NCC that took account of the introduction of the Care Act.
- NCC was aiming to make OCS more efficient in terms of beds and ensuring some prices could be reduced. Residential care homes could struggle to sell some beds if bedrooms did not come with a bathroom attached, but overall the standard of the service was very good.
- OCS provided very good care and NCC recognised and aimed to continue this whilst making efficiencies.

Councillors raised concerns regarding future staff morale. Councillors went on to question the capacity to deliver the saving proposed in this area and the effect of doing so. Whilst noting the reduction in the original saving proposal councillors still wished to have seen a clearer plan that identified how it would be delivered in the time required. Councillors also raised the need to know more about the case for using the additional resources received through the precept and New Homes Bonus in this area rather than any other. It was highlighted that there would have been a business case for the original £8.5m saving; therefore, there would need to be a similar sound basis for reducing the proposed saving at a later stage.

Recommendations to Cabinet	Proposed Cabinet Response
That the Cabinet recognises that the Finance & Resources Scrutiny Committee welcomes the £4 million reduction in the level of saving required from proposal 16-001-18.	Noted
That the Cabinet recognises that the Finance & Resources Scrutiny Committee questions the capacity to deliver the full saving required from proposal 16-001-18 in 2017/8 and takes this into account before agreeing to recommend this proposal to full Council.	Noted; the original proposal has been revised in the draft budget being presented to the Cabinet.
Scrutiny risk rating	Red