

The City of Edinburgh Council

10.00am, Thursday 12 February 2015

Health and Social Care Financial Position – referral report from the Finance and Resources Committee

Item number	4.1
Report number	
Wards	All

Executive summary

The Finance and Resources Committee on 3 February 2015 considered an update report on Health and Social Care Budget, which remained under significant pressure. The estimated forecast out-turn was £4.75 million after delivery of mitigating actions of £2.3 million. The report has been referred to the Council meeting on 12 February 2015 for approval of £4.75 million from the priorities fund to cover the Health and Social Care budget deficit for this financial year only.

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Terms of Referral

Health and Social Care Financial Position 2014/2015

Terms of referral

- 1.1 The Finance and Resources Committee on 3 February 2015 considered an update report on Health and Social Care Budget, which remained under significant pressure. The estimated forecast out-turn was £4.75 million after delivery of mitigating actions of £2.3 million. There were inherent risks in these projections in that movements in purchasing budgets could be volatile in response to client led demands.

- 1.2 The Finance and Resources Committee agreed, in light of significant and continuing pressures on the Health and Social Care Budget, originally highlighted at the Finance and Resources Committee on 27 November 2014, to instruct the Chief Executive to implement the following actions:
 - 1) To undertake an immediate review of the current financial position within Health and Social Care.

 - 2) To note from the report that the current predicted Departmental overspend for 2014/15 stood at £4.75 million.

 - 3) **To agree to supplement strong internal financial controls by allocating monies from the Council's priorities fund to cover the £4.75 million deficit for this year only and to refer to the Budget Council meeting of 12 February 2015 for approval.**

 - 4) To instruct the Chief Executive (with input from the Heads of Finance and Internal Audit), given the potential pressures for future years, to specifically review the current and medium-term financial position of the Health and Social Care budget and the financial modelling and monitoring systems.

 - 5) To instruct the Chief Executive to chair monthly budget monitoring and challenge meetings for each primary service area with representation from Conveners and Vice Conveners from each Executive Committee.

 - 6) To agree that the review also considered the continuing financial implications for the Health and Social Care Integrated Authority process.

- 7) To continue dialogue with the Scottish Government concerning the medium to long-term funding arrangements for the new Integration arrangements.
- 8) To agree that a report would be brought to the Finance and Resources Committee on 19 March 2015 on all progress made.

For Decision/Action

- 2.1 The Finance and Resources Committee has referred the report to The City of Edinburgh Council for approval to use the Council's priorities funding to cover the £4.75 million deficit in the Health and Social Care budget for this year only.

Background reading / external references

[Health and Social Care Financial Position 2014/2015](#)

Carol Campbell

Head of Legal, Risk and Compliance

Contact: Veronica MacMillan, Committee Clerk

E-mail: veronica.macmillan@edinburgh.gov.uk | Tel: 0131 529 4283

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Finance and Resources Committee

10.00am, Tuesday, 3 February 2015

Health and Social Care Financial Position 2014/2015

Item number	7.2
Report number	Second update report
Executive/routine	
Wards	All

Executive summary

The Council's Health and Social Care budget remains under significant pressure with an estimated forecast out-turn of £4.75m after delivery of mitigating actions of £2.3m.

There are inherent risks in these projections in that movements in purchasing budgets can be volatile in response to client led demands.

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	S01 , and S02

Adult Social Care Budget Pressures, 2014/15: Further Update

Recommendations

- 1.1 To note that Health and Social Care are on target to deliver £2.3m of mitigating actions of £2.6m savings with £0.3m at risk.
- 1.2 To note these figures include further measures proposed by Health and Social Care of £0.793m.
- 1.3 To note that the revised projected out-turn on the Health and Social Care Account is £4.75m. This is prior to any possible contributions from the Council's Priorities Fund.
- 1.4 To note the table below which analyses the pressure of £4.75m

Service	£'000	Description of pressure
Care Home staffing	1,000	Increasing dependency levels of residents in CEC Care Homes, requiring increased staffing, as admissions are focussed on people with the highest levels of need
Respite income	800	The Carers (Waiving of Charges for Support) (Scotland) Regulations 2014 now prevent local authorities from charging for support to carers, such as respite care.
Increase cost of spot purchase	200	Additional cost of high dependency Care Home placements
Care at Home	3,340	Growth in Care at Home to meet demographic and unscheduled care pressures.
Care Packages	1,710	Care packages to support people in their own homes
Total pressures	7,050	
Mitigating action phase 1	1,505	£1.805m less £0.3m at risk of delivery
Mitigating action phase 2	793	Assumes full delivery
Estimated forecast outturn	4,752	

Background

- 2.1 At its meeting on 15 January the Committee considered a report by the Director of Health and Social Care on *Adult Social Care Budget Pressures, 2014/15: Update* which confirmed a projected overspend of £5.340 million (2.6%) in the £204.5m Health and Social Care net budget by the end of this financial year, as previously reported to Committee on 27 November. The projected overspend

related to increased dependency levels in care homes, the loss of income from new legislation waiving charges for carers, growth in purchased care home high dependency packages, and growth in care at home to meet demographic and unscheduled care pressures.

- 2.2 The report set out management controls to reduce expenditure by £2m. Committee agreed £1.805m of these management controls. The Committee also discussed the risks associated with further increases in expenditure to the year end.
- 2.3 The recommendations were approved, including an additional recommendation: To agree that the Director of Health and Social Care would bring a report to the Finance and Resources Committee on 3 February 2015 on the risks of any further overspend in the Adult Health and Social Care Budget.

Main report

Management action to control budget overspends

- 3.1 As reported previously to Committee, Management actions to deliver a reduction in expenditure of £1.805m have been identified. The Department is on target to achieve £1.5m of these reductions. Items 1 and 3 will not be fully achieved however, they have been substituted with increased savings in the other actions, particularly training and contract savings, which are yet to be evidenced

Budget control action		£'000
1	Review of high cost packages, respite and day care packages and escalation of panel authorisations	360
2	Review equipment service criteria, cease minor aids that are available from commercial sources.	50
3	Tighten criteria for funding transport to disabilities day care services, excluding users who qualify for mobility cars or receiving DLA higher rate for mobility needs from which taxis could be funded.	60
4	Further restrictions on non-staffing budgets	100
5	Further staffing budget restrictions, including new Care Home rotas, management of agency and overtime, review of temporary staff and secondments, and phasing recruitment to essential vacancies.	630
6	Quality and Standards – reduced training budgets	118
7	Review policy re waiving of charges for respite	100
8	Revised estimates of income, including income from residential care charges	137
10	Step Down - do not let 10 beds due in December (3 months savings)	110
11	One off contract savings	140
Total savings		1.805

- 3.2 Staff are aware of the seriousness of the Health and Social Care overspend and, throughout the year, have been looking at a range of actions to restrict expenditure, including:-
- Strict staffing controls including limiting recruitment to front-line care staff, review of all agency, temporary contracts and use of overtime.
 - Introduction of 12-hour rotas in care homes for older people
 - Overview of size of packages of care
 - Contract compliance
- 3.3 The management controls on the staffing budget will ensure that our staffing budget of £103m is in balance.
- 3.4 The introduction of 12-hour rotas in care homes from January 2015 has already started to demonstrate a reduction in agency costs.
- 3.5 A letter has been issued to staff seeking expressions of interest in voluntary early release, reduction in working hours and unpaid leave. This measure is likely to have more of an impact in 2015/2016. Given the level of savings required in 2015/2016, it is important to deliver a reduction in the head count as soon as possible.

Pressures

- 3.6 The biggest pressure is on our purchased care budget, which currently is projected to overspend by £6m. This is also the area of highest risk in relation to further increases in expenditure. Committee will be aware of the increased demand for care at home, with an increase of 12% per annum.
- 3.7 Adult social care legislation requires the Council to assess the needs of all adults who appear to be in need of community care services, and then decide whether the assessed needs call for the provision of services. In practice, this means deciding whether the person's needs are of a sufficient level of risk to health and wellbeing as to meet the Council's agreed eligibility criteria for adult social care.
- 3.8 Councils may take their resources into account in two ways: generally in deciding the level at which they set eligibility criteria, and for specific individuals only where there are different ways, with different costs, in which their assessed needs can be met equally effectively, taking into account their views and wishes, and those of any unpaid carers.
The Council, in common with most other Scottish local authorities, has set its eligibility criteria at the substantial and critical level, as defined by Scottish Government Guidance.
- 3.9 It is not proposed to move our eligibility criteria from critical and substantial however, due to the financial pressures in this financial year and next financial year, we need to undertake a review of the level of support we are able to offer

individuals. This will take into account our ability to support the assessed needs of the individuals. As there is now only eight weeks to the end of the financial year, this review is unlikely to deliver significant savings in 2014/2015 however, it should contribute significantly to our pressures in 2015/2016.

Further Action to Reduce Expenditure

- 3.10 Since the report to committee in January, Health and Social Care has identified a further £0.793m of savings through additional funding sources, staffing controls and non-staffing budgets. This includes a contribution of £0.35m from the Scottish Government, which was confirmed on the 27th January, towards the cost of winter pressures and improved performance in delayed discharge.
- 3.11 The corporate management team has recognised the significant pressures facing Health and Social Care as a consequence of increasing demand and demographics. Given the seriousness of the financial position, the corporate management team is keen to support Health and Social Care in the management of this financial pressure. All Departments have reviewed their expenditure to see whether it is possible to contribute savings to support the overspend.
- 3.12 The revised projected expenditure, taking into account the above actions, and taking into account the commitments as at 27th January 2015, is a projected overspend of £4.75m.

Measures of success

- 4.1 Reduction in projected budget overspend.

Financial impact

- 5.1 This is covered in the main report.

Risk, policy, compliance and governance impact

- 6.1 The delivery of a balanced budget outturn for the year is the key target. The risks associated with costs pressures, increased demand – particularly over the winter period – and delivering savings targets are regularly monitored and reviewed and management action is taken as appropriate.

Equalities impact

- 7.1 Measures to reduce budget overspends are likely to increase waiting lists for services for older and people with disabilities.

Sustainability impact

- 8.1 No impacts on sustainability.

Consultation and engagement

- 9.1 This report reflects consultation with NHS Lothian, but timescales have precluded consultation with other key stakeholders.

Background reading/external references

[Finance and Resources Committee, 27 November 2014. Report by the Director of Health and Social Care on Adult Social Care Budget Pressures, 2014/15.](#)

[Finance and Resources Committee, 15 January 2015. Report by Director of Health and Social Care: Adult Social Care Budget Pressures, 2014/15: Update](#)

Peter Gabbitas

Director of Health and Social Care

Contact: Mike Brown, Strategic Policy and Performance Manager

E-mail: mike.brown@edinburgh.gov.uk | Tel: 0131 553 8302

Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO25 – The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	SO1 - Edinburgh's economy delivers increased investment, jobs and opportunities for all SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health
Appendices	None
