



ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE
9 MARCH 2020

USE OF RESOURCES IN ADULT SOCIAL CARE

REPORT OF THE DIRECTOR OF ADULTS AND COMMUNITIES

Purpose of report

1. The purpose of this report is to share with the Committee, the outcome of the Local Government Association (LGA) report on Use of Resources in Adult Social Care and seek the Committee's views on the Use of Resources within Leicestershire.

Policy Framework and Previous Decisions

2. This Committee received a report in June 2019, titled "Provision of Services", which considered the demand on services in Leicestershire, how needs were assessed and met and current service challenges. The report noted that individual needs appear to be being met despite the County Council's funding position, but that service user and carer satisfaction levels remained low by comparison to other authorities.

Background

3. In 2018, the LGA developed the first Adult Social Care Use of Resources reports for all 152 councils responsible for adult social care. Following consultation and discussion with local authorities, a second report was published in November 2019 based on finance and activity data relating to 2018/19.
4. The report compares activity and expenditure for councils based on each council's submissions to NHS Digital.
5. National data suggests that average spending per adult has increased by 4%, but there is a higher increase in spending on younger adults (aged 18-64) of 4.7% than for older adults, which has increased by 3.1%.
6. The report provides information pertaining to Leicestershire which is benchmarked against the England average, Chartered Institute of Public Finance and Accountancy (CIPFA) comparator authorities and the East Midlands region.
7. However, as noted within the report, comparisons between local authorities should be viewed with the following caveats:
 - Data recording is not fully consistent across England, so two figures from two different councils are not necessarily fully comparable;
 - No one metric alone gives a complete picture of a council's situation;
 - These metrics are the starting point, not the end point, of a conversation about use of resources. There is a potential for metrics to be used to arrive at

misleading conclusions where they are not discussed and considered in the light of local contexts;

- This report represents a starting point beyond which further analysis and research will be required;
- Trying to evaluate how much is spent compared to need is not possible in a completely quantitative way. A detailed understanding of the nuances of each individual local authority's circumstances is necessary to gain a full understanding of this topic;
- Figures for gross current expenditure have been used, which do not account for income raised by and for adult social care;
- In most cases, there is no assumed polarity to the metrics. For example, it is not necessarily the case that a low figure for spend per adult is 'good' and a high score 'bad'. The needs and priorities of local contexts can vary, and different levels of spending and activity can be necessary, appropriate and desirable considering these differing contexts.

Summary of Leicestershire's Use of Resources

Expenditure

8. Leicestershire has the fifth lowest spend on adult social care, per adult, (total spend divided by the number of people aged 18 years and over) overall. Analysis by short and long term care for Leicestershire shows that the County Council has the second lowest spend on long term care and is roughly average for short term care spend.
9. Spend on older adults (aged 65+) per adult is the lowest in the country, whilst expenditure on people aged 18-64 shows that Leicestershire ranks at position 138 out of the total 152 councils.
10. Expenditure on Older Adults when compared to other authorities, shows that Leicestershire spends 43% less than the average for all England based authorities, and 27% less than the CIPFA nearest neighbouring authorities.
11. Another way of analysing total expenditure is to consider spend per client; i.e. total spend divided by the number of clients served. On this measure, Leicestershire is ranked at position 136 overall. For adults aged 18-64, Leicestershire is in the third quartile (113/152) and for adults aged 65+ is in the bottom quartile (140/152).

Demand

12. Leicestershire has a relatively high number of requests for support from older adults (> 14% compared to under 13%), however, the number of people supported with long term care in Leicestershire as a percentage of the population is lower than the England total, but consistent with the average for nearest neighbouring authorities.
13. When considering care settings, the Use of Resources report considers two indicators which are judged to promote independence and have an impact on resource utilisation; the proportion of people receiving Direct Payments, and people with learning disability living in their own homes.
14. On the first indicator, Leicestershire is ranked 2/152 with 49% of people in receipt of a Direct Payment, and on the second, is ranked 55/152 with 81% of people living in settled accommodation.

15. The report also compares rates of admission to residential care homes, which shows Leicestershire has average rates of admission for older people (76/152) and relatively low rates of admission for younger adults (103/152).

Costs

16. One further area of analysis pertains to the cost of care. The LGA compare unit costs for home care, residential care, and nursing care based upon the total spend in these areas divided by the number of hours of home care, and the number of weeks of care in care homes respectively.
17. The results show that Leicestershire has an average cost of home care (72/152) which is below that of its CIPFA neighbours, but broadly equivalent to all England related costs, whilst care home costs are below those of both the CIPFA nearest neighbour councils and the England average with Leicestershire ranked 107/152 for older people and 95/152 for people aged 18-64 years.
18. The final area of analysis within the Use of Resources report concerns income. The report finds that income received in Leicestershire is higher than average. For both income from client contributions and income from the NHS (including the Better Care Fund), Leicestershire is in the top quartile when compared with other councils.

Analysis

19. Leicestershire has the lowest spending power when compared to other local authorities. Expenditure on adult social care is reflective of the overall funding position of the Authority.
20. Spend on services for people aged 65+ is the lowest of all local authorities, and the difference in spend is increasing as nationally, regionally and in the CIPFA comparator group there has been an increase in expenditure which has not been replicated in Leicestershire.
21. Factors affecting spend on older adults include the demography of the population and the level of deprivation. Leicestershire has a lower percentage of people over the age of 65 than comparator authorities, although the rate against all English councils is higher. It could be argued that a lower percentage of adults over 65 years would lead to lower spend, however as noted above, the proportion of people over 65 in receipt of services is low in comparison to the overall position for England, but consistent with the average in comparator authorities and therefore age alone cannot account for lower expenditure.
22. Equally, the proportion of the population aged 18-64 is slightly higher in Leicestershire than comparator authorities, but this is not reflected in the number of people in receipt of services.
23. Deprivation levels in Leicestershire are considerably lower than the national average and remain comparatively low against comparator authorities. Deprivation levels are known to influence expenditure due to the proportion of people who fund their own care and the level of income that an authority can achieve. Whilst this relationship is not linear (there are low spending councils which have high deprivation, and high spending authorities who have low deprivation), it is considered that this is a factor in

the levels of spend in Leicestershire. Deprivation is not thought to influence demand or service provision for people aged 18-64 to the same extent, where expenditure on services is largely a reflection of learning disability spend. There is little evidence that the prevalence of learning disability is affected by deprivation, although prevalence of mental ill health may have a stronger correlation.

24. The fact that Leicestershire's spend per client is higher than spend per person suggests that the County is providing people with a service which is commensurate with levels of need. However, the relatively low spend across both categories with average to above average numbers of clients may suggest that Leicestershire has a number of people who have relatively low personal budgets. This could be an efficient use of resources or could be due to many people with low level needs who perhaps could be supported through prevention and other services without the need for social care provision.
25. Leicestershire appears to have a high number of requests for support from older adults, the reason for which is not fully understood; however, whilst the number of people receiving services is higher than average, it is not reflective of the higher number of requests, which suggests that the front door process and systems are effective to some degree in managing demand.
26. The Use of Resources report contains further detailed information in relation to the sequel of activity following request for support; however, the wide variation in recording practice between authorities makes direct comparison of this data difficult to achieve with any confidence. There is an indication that Leicestershire provides higher levels of low-level ongoing support than other authorities, but lower levels of long term and short term care.
27. The report supports the previous view held that Leicestershire is having some success with promoting independence in respect to adults aged 18-64 regarding Direct Payment take up, people living in settled accommodation and finding alternatives to long term care, although there is room for further improvement if the County Council was to reach top decile performance across all indicators.
28. Admissions to care for people aged 65 and over is an area for improvement in terms of individual outcomes; however, progress in this area is likely to increase unit costs in both home care and residential care as people with higher levels of need are provided with services at home, whilst those remaining in residential placements are likely to have higher levels of need.
29. Over the last few years, Leicestershire has managed demand well which has in turn reduced growth requirements from £24m to £9m within the Medium Term Financial Strategy (MTFS). This has led to a position whereby savings have outstripped growth in many areas (not including cost growth) together with an end of year underspend of between 3-8% against budget. This may explain why Leicestershire has seen a reduction in spend when other authorities are experiencing increased expenditure.
30. It should also be noted that the Use of Resources report is based upon data from 2018/19 at which point Leicestershire had comparatively low residential and nursing care fee rates. However, the 2019 fee review of residential care will increase the cost of care for both older and younger adults thus increasing the unit costs.

Resource Implications

31. The Use of Resources report is helpful in identifying areas for further consideration of potential saving and efficiency as we prepare for the future delivery of the County Council's MTFS.
32. The report highlights the relative lower levels of expenditure across all adult social care, but also the absolute low levels of expenditure on older adults in particular. The future focus of MTFS requirements may therefore need to be on services to people aged 18-64.
33. Planned MTFS savings are largely predicated against the Target Operating Model (TOM); the savings profile of which is constructed to deliver the most saving against services for people over 65 years. This will further reduce the levels of expenditure and may further increase the gap between expenditure in Leicestershire and national and comparator authorities.
34. Maintaining a focus of reducing growth through managing demand and maximising income is also an important factor in ensuring a balanced budget especially given the low level of funding available to the County Council.
35. The Director of Corporate Resources has been consulted on the content of this report.

Conclusions

36. The continued low level of spending power within Leicestershire, because of the current funding formula, will continue to frame the delivery of adult social care services. Findings from this report must be considered in the context of the financial pressures facing adult social care. Furthermore, the financial pressures on adult social care are increasing. The County Council must do all it can to continue to improve its use of resources. Central Government must also deliver a sustainable financial settlement for the Council, and for social care.

Background Papers

Report Adults and Communities Overview and Scrutiny Committee: 10 June 2019 - Provision of Services

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1040&MId=5688&Ver=4>

Circulation under the Local Issues Alert Procedure

37. None.

Equality and Human Rights Implications

38. The measures in this report are not to be used or interpreted as measures of good or bad performance. The ratio of spending per unit of adult population may vary for any number of necessary, appropriate or desirable reasons, in response to local needs and local priorities.
39. Most of the spending on younger adults, aged between 18 and 64, is on people with learning disabilities. However, reliable data on the number of people with learning

disabilities is not yet available at a local authority level. It is also important to review the smaller but still significant areas of spending on those with physical disabilities and with mental health care needs.

40. Care needs among adults aged 65 and over are not uniform but tend to be lower among those aged 65 to 74 than those aged 75 to 84 and, especially, those aged 85 and over. Although, recent analysis in Leicestershire shows a growth in long term care placements for people aged 65-74 and a reduction in people aged over 85 years.

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Appendix

LGA Adult Social Care Use of Resources Report for Leicestershire 2018/19 (November 19)