



ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE
1 NOVEMBER 2021

CURRENT DEMAND PRESSURES ON THE ADULTS AND COMMUNITIES
DEPARTMENT FORECAST BUDGET 2021/22

REPORT OF DIRECTOR OF ADULTS AND COMMUNITIES

Purpose of report

1. The purpose of this report is to advise the Committee of the current demand pressures being faced by the Adults and Communities Department and the impact of this demand on the 2021/22 forecast departmental budget outturn.

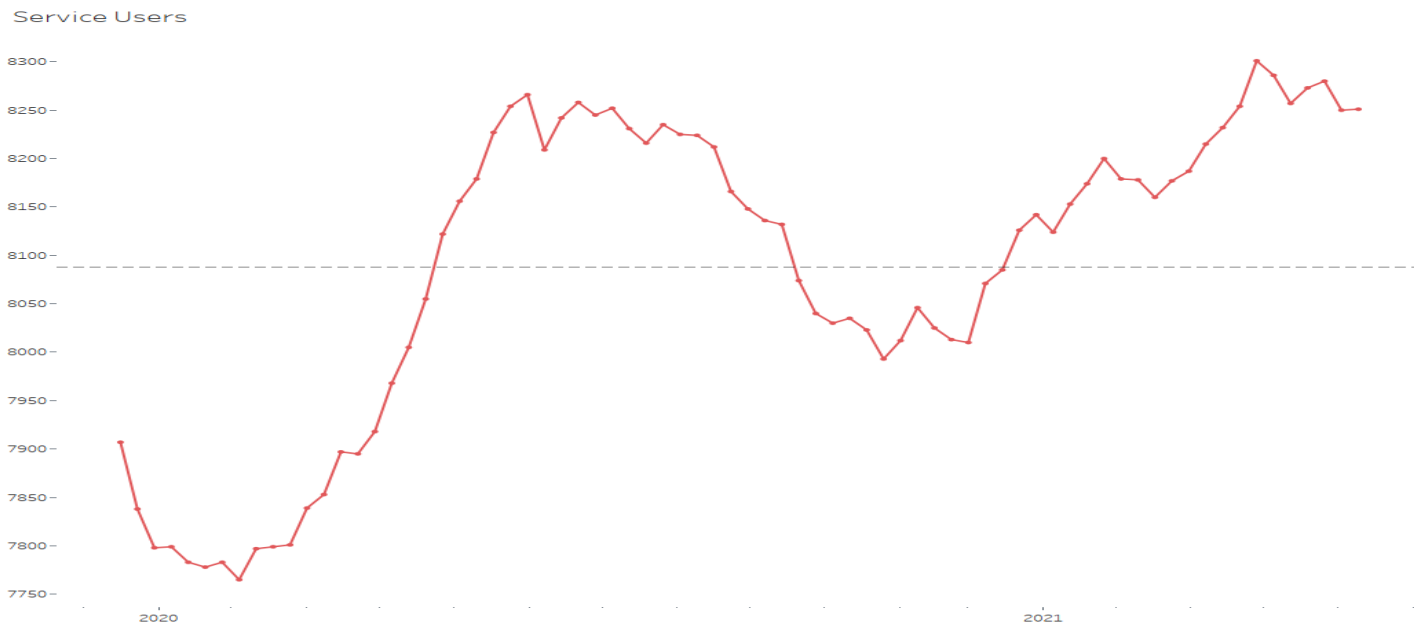
Policy Framework and Previous Decisions

2. This report outlines the impact of the current expenditure on Adult Social Care services on the current year financial position and identifies the potential impact on the Council's Medium Term Financial Strategy (MTFS) as reported to this Committee in January 2021 and approved by the County Council at its budget meeting in February 2021.
3. The Council's period 4 forecast financial outturn position was reported to Cabinet in September 2021. The forecast position showed an overspend in Adults and Communities of £13.5m.

Background

4. As reported to Cabinet in September and subsequently discussed at the County Council meeting in the same month, the Department is forecasting a significant overspend against the budget due to an increased level of demand for Adult Social Care services, and an increase in the cost of care resulting from the pandemic.
5. As previously reported to the Committee, demand for care services rose significantly during the first national lockdown and in the early part of the pandemic as the NHS hospital discharge processes changed to ensure patient flow through hospitals. The changes required the NHS to fund all new and increased care on discharge, including people who would normally fund their own care.
6. During the third quarter of 2020/21 the number of people in receipt of social care services began to fall as the care fully funded by the NHS came to an end and new Discharge to Assess (D2A) criteria were introduced. It was at this time that the Council was considering the MTFS for 2021 onwards and determining the growth requirement for the 2021/22 budget.

7. During this period, the Council was in receipt of numerous Covid related funding streams through the NHS, and from central government, which were offsetting expenditure at the time. However, due to their temporary nature, these did not provide any certainty going forward. Due to the level of uncertainty of future funding and the impact of Covid on future demand, the 2021/22 budget was set using the usual demographic growth and cost inflation data available at the time.
8. However, in February 2021, the demand for social care services began to rise once again, largely in response to increased demand on acute healthcare as the hospital services became pressured. The graph below shows overall service user numbers between March 2020 and August 2021.



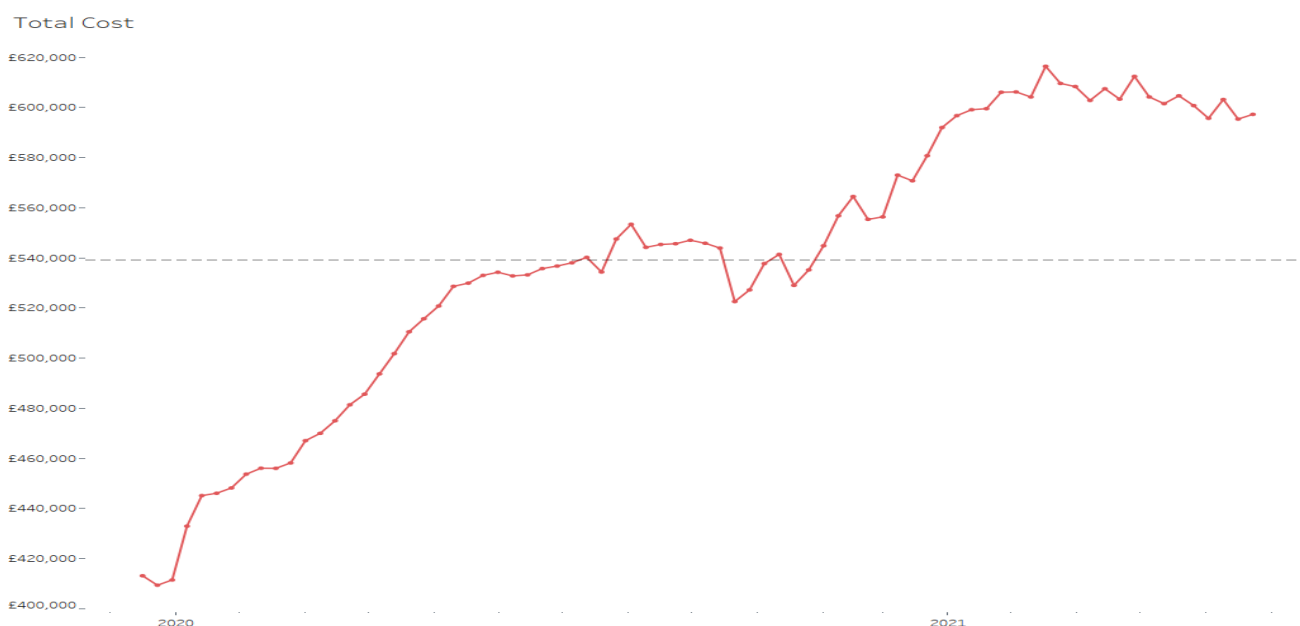
9. This second spike in demand has largely driven the significant increase in departmental expenditure. The increase in demand is being seen in two main areas of provision; homecare and temporary residential care placements.

Homecare

10. As members will be aware, home care services in Leicestershire have traditionally struggled to meet demand across the County due to factors such as rurality, transport, comparatively low wages and issues around workers' terms and conditions. In response to the start of the pandemic and throughout the period, the Council has worked with providers and families to maximise the capacity available and to bring in new capacity wherever possible.
11. Home care providers have risen to this challenge and have worked extremely hard throughout the last 18 months to deliver ever increasing levels of care, to the extent that, in July, the Council was commissioning 6,000 more hours of care per week than at the start of the pandemic.
12. This represents an increase of 32% in the number of people in receipt of home care services from 1,801 on 1 March 2020 to 2,379 currently. In addition to the overall number of people in receipt of home care, the average amount of care each person

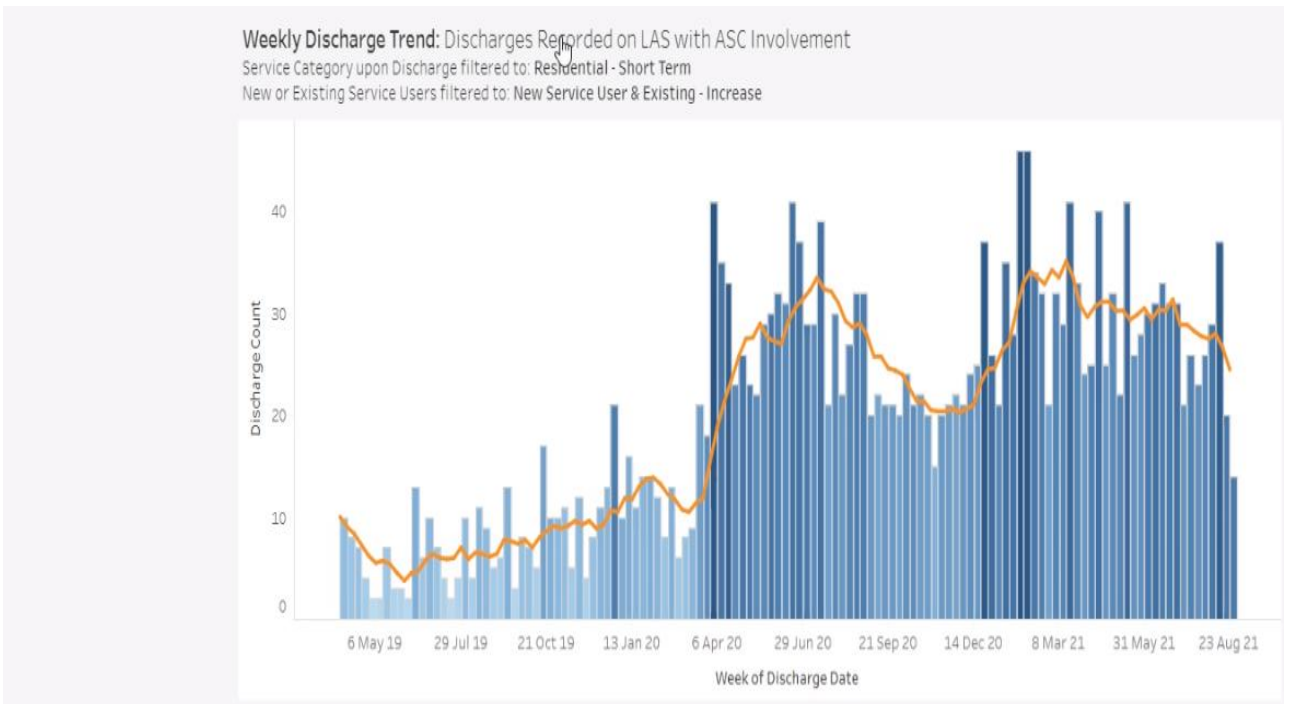
required had risen over the period from 12 hours per week to nearly 15 hours per week on average.

13. This increase was largely due to a greater proportion of people being discharged from hospital requiring adult social care support, and the level of acuity of people on discharge was much higher than was previously the case. In March 2021, there was a 30% increase (average of 90 discharges per week pre-pandemic to a peak of 119 per week in March 2021) in the number of people discharged to social care compared to March 2020.
14. The overall impact on the home care budget of this increased activity was an additional £11.3m of expenditure as shown in the graph below. In addition to the impact on the budget, the availability of home care is also being affected, such that home care providers are struggling now to continue to be able to meet incoming needs or even to maintain current provision.

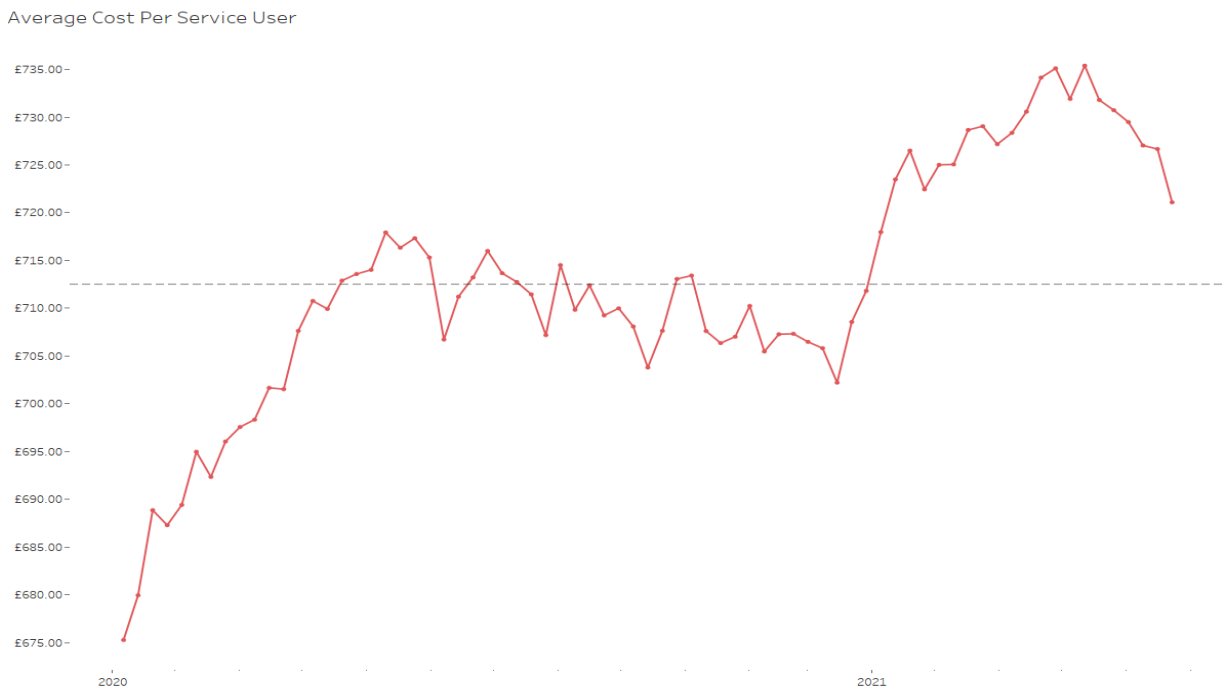


Residential care

15. As previously reported to the Committee, there has been an overall reduction in the number of permanent admissions to residential care homes throughout the period of the pandemic. However, this reduction in permanent placements has been offset by an 82% increase in the number of temporary admissions, resulting in an increase in people placed from 284 pre-pandemic to over 700 at the peak of activity and over 500 currently.
16. The reason for this steep increase in admissions to short term care is twofold; firstly, the need to discharge people from hospital in short time frames in line with the current D2A policy means that often home care provision cannot be found to support people to return home, and secondly, the level of need of people on discharge is such that a large number of people still require 24 hour care on discharge from hospital. The chart overleaf shows the change in level of discharge to short term residential care pre- pandemic and post-pandemic.



17. In addition to the increase in number of people being admitted to short term care, the cost of care has also risen sharply over the period. The effect of this is that although the standard usual cost of care is set at £615 per week for older adult residential care, the actual cost of care to the Authority is now averaging £721 per week as seen in the chart below.



Supported Living

18. In line with the Council’s Ambitions and Strategy for the Adults and Communities Department 2020-2024 ‘Delivering Wellbeing and Opportunity in Leicestershire’ the Department has aspired to help people to be as independent as possible and to that end has supported people to move into supported living as an alternative to

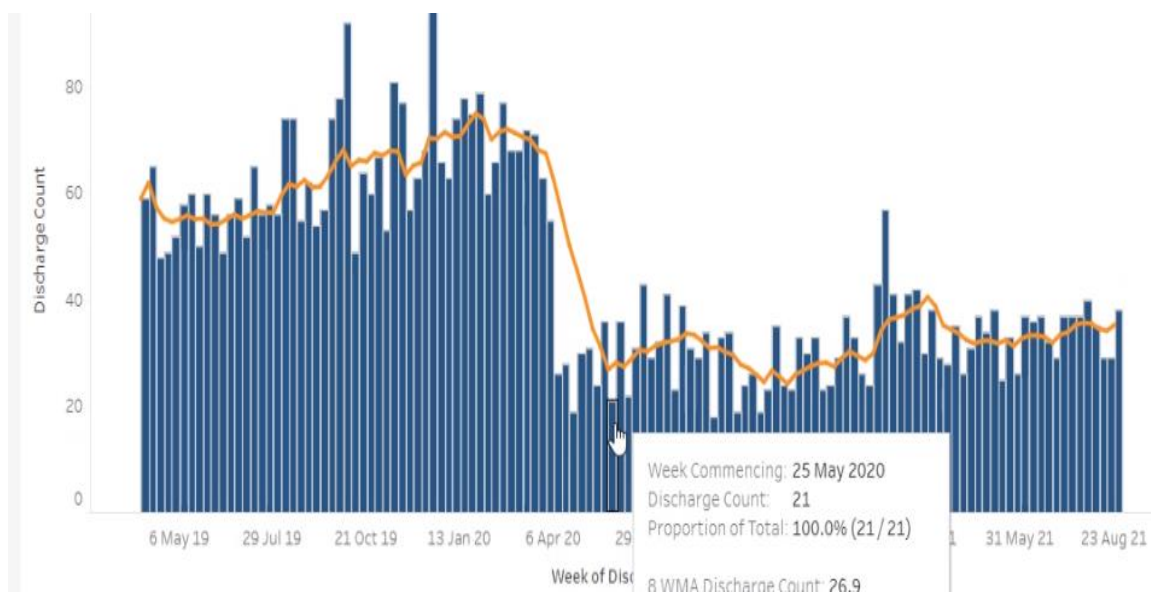
residential care where this has been assessed as being appropriate for the individuals concerned. For the majority of people, supported living is also more cost effective than 24-hour residential care for people with disabilities or mental ill health. However, for some people with particularly complex needs, supported living services can themselves be very costly to the Authority.

19. Since the beginning of the calendar year a higher number of supported living placements have been made of people who had hitherto been cared for fully by the NHS in inpatient settings, sometimes for many years. The national Transforming Care policy requires that the NHS and local authorities work together to ensure that people with complex needs do not reside in NHS and other health settings if they are not in receipt of active assessment and treatment. These 'Transforming Care' placements require a high level of very intensive support which may cost the Council several thousand pounds per week. Whilst these costs are shared with local NHS commissioners, the additional burden on the Council is forecast to be in the region of £2.5m this year.

Mitigations

20. To mitigate the impact of the increased demand pressures on the Department, a number of actions are being taken to address both the increase in activity and the increased costs.
21. In respect of hospital discharges, the Department has been working closely with NHS colleagues to manage flow across the health and care system and to understand the causal factors leading to higher levels of demand on social care services. Several interventions are taking place including the re-establishment of social care staff within hospitals, increasing therapy services on discharge to temporary care homes, increased immediate response services for people being discharged home and improved triage of care requirements. Initial indications suggest that decision-making at the point of discharge is improving, and the prescription of care requirements are being reduced. However, the proportion of people discharged from hospital that require follow up care has not yet returned to pre pandemic levels as shown in the chart below.

Hospital discharges with no ongoing package



22. The Council's reablement offer is being strengthened with additional capacity such that a greater proportion of people discharged from hospital can be offered reablement to promote their independence and free up care hours for others. To date, some vacant posts have been recruited to; however, capacity remains a concern in some areas of the County. In addition, the lack of overall capacity in the home care market results in difficulties in moving the service users assessed as being in need on to long term care once their reablement episode is completed, which then impacts on the Home Care and Reablement Team's (HART) capacity to take on new referrals.
23. All care packages for people already in receipt of home care are being reviewed to ascertain if the level of care and support commissioned is still required, and to consider whether the use of equipment or assistive technology may alleviate the need for personal care and/or support. Reviews are focussing on support plans where a higher level of support is being commissioned, such as where two carers are commissioned for each visit, to the very low support packages where perhaps a person could be independent without support or with alternative support. There has already been a reduction in the average amount of care per user from a high of nearly 15 hours a week to current levels of 12.5 hours per week, but a further reduction where consistent with care needs would enable the freeing up of more care.
24. Brokerage arrangements are under review to ensure the Council has a robust process and system for making placements which meet individual needs, at a reasonable cost to the Authority. Prior to the pandemic, only 23% of residential care placements required an additional payment by the Council either to top up fees or to support additional needs of service users; however, currently 42% of placements have an additional payment. This may be due to higher support needs of individuals or to provider cost increases from increased cost of supply or through providers seeking to make up funding from lower overall occupancy.
25. Additional management decisions and spending controls have been adopted to oversee all decisions on spending above normal rates. This has shown that there may have been a relaxation of control through the Covid period whereby a higher level of service may have been commissioned than would otherwise have been the case.
26. An operational plan is in place to monitor progress against all actions and targets have been established to bring the Department back into line with either pre-Covid baselines or an expected level of activity and expenditure following the pandemic. The Plan is monitored weekly to ensure both operational delivery and strategic fit within the Authority and the wider health and care system. However, it is unlikely that the increase in demand and cost will be fully resolved in this financial year.

Comparison to other areas

27. Not all Local Authorities (LA) are experiencing the same pressures as Leicestershire; although many have seen an increase in demand, not all have seen a similar level of increase in expenditure. In other cases, demand does not appear to have increased in the same way, although some local authorities who have not previously declared an overspend are now beginning to do so or are signalling a pressure into the next

financial year. The paragraphs below identify some of the potential reasons Leicestershire appears to have a more acute problem than other authorities.

28. Leicestershire had a different starting point to other LAs. The Council has been the lowest spending LA nationally on older adults for the last three years. Therefore, there was little to cushion any increase in demand or cost, and little 'fat' within the budget. Average growth in older adults nationally has been running at 3-4% per annum but in Leicestershire growth has been much lower over the period, with actual expenditure on Older Adults social care falling in 19/20. The table below shows the difference in spend between Leicestershire and comparator authorities on overall expenditure on adult social care and on the amount spent on older adults. This reflects both lower expenditure per person and lower overall numbers of people receiving funded care.

Council	Net budget 21/22	Gross Spend on Adult Social Care 19/20 per 000 population	Spend on long term care for people aged 65+ per head of population (total spend divided by total population aged 65+)
North Yorkshire	£180m	£48k	£663
Nottinghamshire	£219m	£43k	£604
Derbyshire	£262m	£48k	£775
Lincolnshire	£206m	£30k	£587
Worcestershire	£162m	£41k	£611
Leicestershire	£151m	£37k	£485

29. Growth and funding during the last 18 months have varied significantly across Councils and across Integrated Care Systems (ICS). The amount of Covid and NHS income allocated to Adult Social Care by LAs and Clinical Commissioning Groups (CCGs) is variable, making comparison difficult. There is, however, significant difference in how LAs and CCGs have funded and commissioned care, for example in some areas all pathway 2 (rehabilitation) referrals are funded by NHS, and in other areas all initial Home First response is the responsibility of community health services. In some Councils additional Covid funding has been allocated to support 2021/22 budgets whilst not in others. For the 2020/21 MTFS, Leicestershire only added 'normal' levels of growth as the trend data at the time was unclear and changing. This means the current budget may have been understated compared to some other authorities.
30. There are also differences in the market provision and commissioning practices across local authority areas which may result in differential response to demand and market costs. Some LAs have a much greater in-house provision, giving them more control of cost and management of demand. Other areas have a greater number of dedicated or commissioned NHS and social care rehabilitation and reablement beds for their populations.
31. Long Covid and lack of elective care provision has led to a higher level of need for social care provision, both to support people in the community and to respond to

latent demand now being progressed through the NHS. County and rural areas have a higher proportion of the population that is older and living with long term conditions. As noted in paragraph 7 above, this level of increased need was not accounted for within the Council's growth projections during the 2020/21 MTFS planning.

32. The Leicester, Leicestershire and Rutland (LLR) system has been under considerable pressure (reported by NHSE as one of the three highest nationally). The pressure to maintain access to urgent and emergency care, whilst also addressing the backlog of elective treatment, creates intense pressure on the hospitals' back door and discharge requirements, leading to a higher demand from social care services.
33. The introduction of D2A has not been consistent across systems; not all areas interpreted and adopted the D2A guidance in the same way. People discharged from local beds appear to be more acutely unwell than in other areas leading to higher prescription of care and higher needs on discharge. The proportion of people being discharged from hospital on pathways 1-3 is higher in LLR than in other areas, resulting in a much higher proportion of people requiring funded care packages, and a very high number of people requiring bedded care.
34. There is a capacity shortfall of community NHS services and less than that in other ICS areas which places a burden on Adult Social Care services. Local NHS community nursing services are significantly below national average and there is a similar discrepancy regarding community therapy services. Therefore, there is insufficient NHS Home First capacity to provide follow up care for people prior to a full assessment of needs taking place, resulting in people requiring higher packages of care to be commissioned.
35. Capacity of Adult Social Care Home First provision through Community Response Services and HART is insufficient to deal with all hospital discharge and community referrals. Recruitment of home care workers has proved very difficult (and more difficult than elsewhere) due to local employment markets and pay rates.
36. Throughout the pandemic, reablement services were bypassed on discharge and currently, whilst some progress has been made in increasing the number of people accessing the service, numbers continue to fall below expected levels of reablement prior to maintenance care being commissioned. Reablement outcomes are improving but the number of people accessing reablement is lower than pre-pandemic levels.
37. Remote working has led to a more risk averse assessment and support planning practice together with a lack of management oversight of commissioning practices and costs of care. Pressure on social care staff to make placements and source packages has led to an increase in care provision and higher costs of care.
38. The suspension of financial assessment through the first six months of 2020 together with significant capacity issues within Adult Social Care Finance has led to a backlog in financial assessments and a loss of income to the Council, but also has not provided a natural control on incoming demand to the Authority. Leicestershire has a higher number of self-funding residents than other areas. Due to the D2A practice

and funding arrangements, many more self-funders are in receipt of 'free' care prescribed by NHS colleagues and are then transferring to LA responsibility prior to agreements on self-funded packages.

Resource Implications

39. The overall forecast net overspend against departmental budgets at period 4 was £13.5m. This figure included gross overspends on home care of £11.8m, on residential care of £6.3m and on supported living of £4m. These areas of overspend were offset by underspends in other areas, such as staffing and additional income through grants and NHS contributions. However, it should be noted that the majority of the overspends are on recurrent expenditure whereas many of the underspends are non-recurrent in nature, for example, NHS Discharge income £6.5m.
40. The overall position at period 4 had improved from the initial forecast position which showed a potential overspend of over £15m at period 3, and period 5 reporting shows again a small decrease in overspend to £9.8m. This further reduction is predominantly due to increased income from client contributions and increased forecast NHS income. Expenditure at period 5 remains high although appears to be stabilising.
41. In addition to the income from the NHS to support individual discharge arrangements as a part of national funding guidance, NHS colleagues locally have recognised both the pressure on Adult Social Care budgets through increased demand and also the impact of not maintaining user flow through health and care services, and have therefore agreed to transfer an additional £5m of funding into the Council in this financial year as a one off sum to support the financial position of the Council.
42. The impact of the increased level of demand in the current year will place a significant pressure on the medium-term financial planning of the Authority through both increased growth projections and increased cost of care.
43. The Director of Corporate Resources and the Director of Law and Governance have been consulted on the contents of this report.

Conclusions

44. Adult Social Care services in Leicestershire are facing unprecedented demand. Home care services are being stretched as increasing numbers of people are seeking care and support. Many more people than usual are being placed in temporary residential care either because home care services are not available or because home care providers cannot meet their level of needs on discharge from hospital.
45. Local NHS services are also under increasing strain as more people are attending for urgent and emergency care and treatment, whilst the NHS seeks to recover from the pandemic and treat those people who have been waiting for essential treatment to take place.
46. The financial impact of the increased need and demand is that the Department is forecasting a significant overspend against budget in this financial year which will

have a significant impact on future years' growth requirements in the Council's medium-term financial plan.

47. The Committee is asked to note the current position and comment on the Department's efforts to manage the current situation.

Background papers

- Report to Adults and Communities Overview and Scrutiny Committee: 18 January 2021 Medium Term Financial Strategy 2021/22-2024/25 – <http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1040&MId=6460&Ver=4>
- Report to County Council -17 February 2021 – Medium Term Financial Strategy 2021/22 to 2024/25 <http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=6476&Ver=4>
- Report to the Cabinet: 17 September 2021 - Medium Term Financial Strategy – Latest Position - <http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=6446&Ver=4>
- Delivering Wellbeing and opportunity in Leicestershire – Adults and Communities Department Ambitions and Strategy for 2020-24

Circulation under the Local Issues Alert Procedure

48. None.

Equality and Human Rights Implications

49. Any changes to care and support arrangements which may arise in connection with managing the overall demand for social care services will be undertaken in partnership with people who use social care services and will include a full assessment and/or review of individual care requirements. The Council will continue to meet its statutory requirements in respect to people who appear to have, or who are assessed as having need for care and support.

Partnership Working and Associated Issues

50. The Council will work in partnership with those people who are in receipt of social care services and with statutory partners to ensure that people's care and support needs continue to be met.

Officer to Contact

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