



ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE
7 MARCH 2022

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 Local Government Association's (LGA) 2020/21 report on Use of Resources in Adult Social Care and to seek the Committee's views on the Use of Resources within Leicestershire.

Policy Framework and Previous Decisions

- 2 In March 2020, the Committee received a report titled 'Use of Resources in Adult Social Care', which considered the LGA report and the Council's own position for the financial year 2018/19.
- 3 The Committee receives regular reports on activity and finance related issues, including quarterly Performance reports and an annual national benchmarking report, along with annual performance reports and Medium Term Financial Strategy (MTFS) reports.
- 4 In November 2021, the Committee received a report on the Department's current demand pressures on the forecasted budget for 2021/22 which highlighted different levels of expenditure between Leicestershire and comparator authorities. Members asked for further comparator information in regard to this which was included in the Performance report considered by the Committee at its last meeting in January 2022.

Background

- 5 In 2018, the LGA developed the first Adult Social Care Use of Resources reports for all councils responsible for Adult Social Care. This Committee report pertains to the LGA report which details activity and performance in 2020/21.
- 6 The report compares activity and expenditure for councils based on each council's submissions to NHS Digital through national Short-and Long-Term Support (SALT) and Adult Social Care Finance Return (ASC-FR) collections.
- 7 National data collections will always contain some level of inaccuracy and whilst the report attempts to provide an approach to assessment of value for money, caution should be taken in comparing councils on a like for like basis due to the different context and environments that councils operate within. For this reason, the report should be read with a view to consideration of how Leicestershire can improve its value for money assessment, rather than how Leicestershire directly compares to others.

- 8 The impact of the Covid-19 pandemic in 2020/21 on local authority activity and expenditure cannot be underestimated. Significant changes to both overall demand and particular areas of activity, together with increased costs of care make comparison with previous years' data challenging. It is therefore difficult to analyse trends over time. Equally, different authorities will have had differing experiences of the pandemic, and their respective responses in respect to service delivery and the allocation of resources will have varied.
- 9 This report provides information pertaining to Leicestershire benchmarked against the England average, Chartered Institute of Public Finance and Accountancy (CIPFA) comparator authorities and the East Midlands region.
- 10 However, as stated 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

- 11 Leicestershire had the thirteenth 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 is in the bottom quartile (144/151) for spend on long term care and is in the third quartile (93/151) for short term care spend.
- 12 Spend on Older Adults (aged 65+) per adult is the third lowest in the country. Expenditure on Older Adults when compared to other authorities, shows Leicestershire spends 35% less than the average for East Midlands authorities, and 26% less than CIPFA nearest neighbours.

- 13 Expenditure on people aged 18-64 shows Leicestershire ranks 135/152 councils, spending 22% less than regional comparators and 24% less than nearest neighbour authorities.
- 14 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 the County Council is ranked 136/152 overall.
- 15 For adults aged 18-64, the Council is in the third quartile (106/152), spending an average of £24,000 per client, compared to £27,000 and £31,000 for regional and nearest neighbour councils respectively, and for adults aged 65+ the Council is in the bottom quartile (141/152) spending on average £10,000 compared to £14,000 and £16,000 for regional and nearest neighbour authorities.

Demand

- 16 As a percentage of the population, Leicestershire had a higher number of new requests for support from older adults compared to nearest neighbours, but a lower number compared to regional councils. For working age adults, Leicestershire's number of new requests was consistent with nearest neighbours but lower than the region.
- 17 However, the percentage of people who went on to receive a long term care service appears higher in Leicestershire than comparator authorities. Similarly, the percentage of new requests that resulted in no service was also significantly higher in Leicestershire, whilst the percentage who were signposted to other universal services was significantly lower.

Settings of care

- 18 The LGA's Use of Resources report considers four indicators which are judged to promote independence and have an impact on resource utilisation; the proportion of people receiving Direct Payments; people with learning disability living in their own homes and permanent admissions to residential and nursing care (split by age-group – older people aged 65+, and younger adults aged 18-64).
- 19 On the first indicator, the Council is ranked 6/152 with 42% of people in receipt of a Direct Payment, compared to 38% regionally and 27% for nearest neighbours.
- 20 The Council is ranked 48/152 with 84% of people living in settled accommodation compared 77% regionally and 74% for nearest neighbour councils.
- 21 The report also compares rates of admission to residential care homes, which shows Leicestershire has average rates of admission for older people at 309 per 100,000 of the population, placing the county at 130/151, and relatively low rates of admission for younger adults at 1.9 per 100,000 of the population (149/152).

Costs of Care

- 22 The LGA compares 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.

- 23 The results show that Leicestershire has an above average cost of home care (32/152) which is below that of its CIPFA comparator neighbour authorities, but above regional comparator's costs.
- 24 Care home costs for older adults are similar to CIPFA neighbour councils, but higher than the regional average with Leicestershire ranked 66/151 councils. Working age adult residential and nursing home costs are on average lower than CIPFA neighbours but again higher than the average for regional councils with Leicestershire ranked 61/151 nationally.
- 25 The final area of analysis within the LGA 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 from the Better Care Fund), Leicestershire is in the top quartile when compared with the other councils.

Analysis

- 26 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.
- 27 Leicestershire was previously the lowest spending authority of all local authorities on services for people aged 65 and over. The latest position shows Leicestershire to be the third lowest of all authorities demonstrating the difference in spend decreasing regionally and in the comparator group.
- 28 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 its 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 long term services is high in comparison to the comparator authorities and therefore age alone cannot account for lower expenditure.
- 29 Although lower than the England average, the proportion of the population aged 18-64 is slightly higher in Leicestershire than comparator authorities. However, this is not reflected in the number of people in receipt of services, which suggests that demand is being managed appropriately.
- 30 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 (for example, 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 on services for people aged 65 years and over.
- 31 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 will have a stronger correlation.

- 32 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 relatively low personal budgets set for its service users. 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.
- 33 The number of people who receive short term care is comparatively high, and further analysis shows that in domiciliary care Leicestershire had a high turnover of clients but a comparatively low number of people in receipt of large packages of care (above 15 hours per week). This supports the strategic direction of the Council in seeking to support larger numbers of people to live at home for longer, thereby, delaying the need for long term care.
- 34 The LGA 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 practices between local authorities makes direct comparison of this data difficult to achieve with any confidence. There is, however, an indication that Leicestershire provides higher levels of low-level ongoing support than other local authorities.
- 35 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. This suggests that the front door process and systems are effective to some degree in managing demand.
- 36 The very large disparity in people receiving no further support as opposed to being signposted to other services compared to other authorities does require further analysis. It could be that Leicestershire's recording practice is out of step with others, or that there is a fundamental difference in the advice and information people receive. This is currently being investigated.
- 37 Leicestershire is in the top decile of authorities for provision of Direct Payments. Although, it is worth noting that the rate in Leicestershire is currently falling whilst the rates for some other Council's is rising. The reduction is predominantly in the age 65 and over group and is offset by an increase in people opting to have a managed home care service. Recent analysis shows that people in receipt of a direct payment have very high satisfaction levels despite the process of setting up and managing a Direct Payment being considered as complex by both professionals and recipients.
- 38 Admissions to care for people aged 65 and over and people aged 18-64 is an area that requires improvement in terms of individual outcomes. However, progress in this area is likely to increase unit costs in both home care and residential care with more people with higher levels of need likely to require services at home, whilst those remaining in residential placements being likely to have higher than average levels of need.
- 39 The very low numbers of working age adults permanently admitted to residential care is offset by increasing numbers of people admitted to temporary care placements

whilst they are assisted to become more independent. This is with a view of them then moving into more independent living as part of the Council's operating model of progression and recovery planning.

- 40 Leicestershire has, over the last few years, managed demand well which has in turn reduced growth requirements from £24m to £9m within the MTFS between 2015 and 2019. 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 the budget. This may explain why Leicestershire has seen a reduction in spend when other local authorities are experiencing increased expenditure.
- 41 However, from 2020 Leicestershire's expenditure has increased sharply in response to increased demand for services and increased cost of provision. The strategy of providing larger numbers of people with short term interventions was significantly challenged throughout the Covid-19 pandemic. It is therefore expected that Leicestershire's profile against comparator authorities will significantly change from 2021/22 onwards.

Resource Implications

- 42 The Use of Resources report is helpful in identifying areas for further consideration of potential saving and efficiency as part of the preparations for the future delivery of the Council's MTFS.
- 43 The report highlights the relative lower levels of expenditure across all adult social care. However, the significant increase in expenditure in 2021/22 and growth requirement in the current draft MTFS shows that Leicestershire's relative position may change over the next few years.
- 44 Maintaining a focus on reducing growth through managing demand, bringing forward additional efficiency and productivity savings and maximising income is clearly also important in ensuring a balanced budget given the low level of funding available to the County Council.
- 45 The Director of Corporate Resources and the Director of Law and Governance have been consulted on the content of this report.

Conclusions

- 46 Demographic pressures and increased demand following the pandemic are driving growth in Adult Social Care in Leicestershire (and indeed nationally), but price inflation and cost growth, particularly in younger adult's services provide additional pressure to local authority budgets.
- 47 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.

Background Papers

- Report to Adults and Communities Overview and Scrutiny Committee: 9 March 2020 - Use of Resources in Adult Social Care
<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=1040&MID=6168#AI62818>
- Report to Adults and Communities Overview and Scrutiny Committee: 1 November 2021 – Current Demand Pressures on the Adults and Communities Forecast Budget 2021/22
<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=1040&MId=6464&Ver=4>

Circulation under the Local Issues Alert Procedure

48 None.

Equality and Human Rights Implications

- 49 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.
- 50 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.
- 51 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. The Adults and Communities Department supports people from all diverse communities in Leicestershire. However, there are no specific equal opportunities implications to note as part of this report.

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Appendix

LGA Adult Social Care Use of Resources Report for Leicestershire 2020/21 (October 21)

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