

MEETING:	HEALTH & SOCIAL CARE OVERVIEW & SCRUTINY COMMITTEE
MEETING DATE:	11th JULY 2013
TITLE OF REPORT:	ADULT SOCIAL CARE BUSINESS CHANGE PROGRAMME 2013/14
REPORT BY:	DAVID MASON, INTERIM TRANSFORMATION MANAGER, ADULT SOCIAL CARE

1. Classification

Open

2. Key Decision

This is not an executive decision

3. Wards Affected

County-wide

4. Purpose

To seek the views of the Health & Social Care Overview & Scrutiny Committee on the current arrangements for the Adult Social Care business change programme, its governance and to endorse:-

- the proposed approach for the Next Stage Integration Project for Wye Valley NHS Trust and Herefordshire council's adult social care service and
- the open book review process that has been undertaken in relation to Herefordshire's residential & nursing care banded rates of payment.

The report is also to seek guidance from the committee on the key areas of the programme in which it would like to focus on during 2013/14.

5. Recommendation(s)

THAT: the Committee seek to endorse

- (a) **The governance structure in place for the adult social care business change programme 2013/14 and the projects that are due to be completed in 2013/14, reviewing key risks and to provide assurance on the mitigation activities;**
- (b) **The proposals for the Next Stage Integration Project for Wye Valley NHS Trust and Herefordshire council's adult social care service, to provide assurance on the public engagement process and to give a high level view of the current commissioning timescales; and**

- (c) **The open book review for residential & nursing care in Herefordshire, to ensure that the consultation process with providers and service users and any change in price will not have a significant impact on the quality & safeguarding of services provided; and**
- (d) **The proposed focus of the health and social care overview & scrutiny committee work-plan incorporating key areas of the Adult Social Care business change programme.**

6. Alternative Options

- 6.1 To continue with the current service offer as it currently stands which will continue to put significant pressure on the council's limited financial resources.

7. Reasons for Recommendations

- 7.1
 - To provide an overview on the adult social care business change programme and to provide an update on the recent activity on some of the key projects.

8. Key Considerations

- 8.1 Meeting the needs of an aging population whilst improving outcomes and staying within reducing public sector budgets is a national, not a local, issue.

This programme has two stages;

1. To regain control of finance and governance of the Adult Social Care system
2. Redesign the adult's social care system in Herefordshire; requiring a fundamental shift from a model of state provided care to one where people take responsibility for their own wellbeing. Thereby reducing the level and volume of care provided by the state whilst improving the quality of life for people with care and support needs.

What will be different?

- People will take primary responsibility for meeting their health & wellbeing needs.
- They will be able to exercise choice and control; the support system will positively avoid developing "learned helplessness or dependence"
- Family, carers and the community will play a far greater role
- The focus of the state's resources will be both targeted and universal. It will focus on meeting the 'needs' (not demand) of the most vulnerable whilst also reducing demand for services through early intervention and prevention.
- Charging will be used to encourage the right behaviour

Governance Structure

The governance structure of the adult social care business change programme has been developed to ensure that there is clear accountability across Herefordshire council for its delivery and that real change can be affected throughout the adult social care service.

This is in response to the transformational change that is needed to ensure that the council is able to deliver services to those who are considered to have substantial and critical needs as well as delivering anticipated savings of £7.078m savings in

2013/14. For more information on the Business Change Programme structure please refer to Appendix One.

Next Stage integration

The council currently commissions Wye Valley Trust and 2gether Foundation Trust to manage and provide a range of adult social care services on its behalf which are delivered through Trust management. Staff within adult social care are currently seconded from the council to both organisations. These commissioning arrangements have to be reviewed because the existing arrangements will cease when the current S75 agreements come to an end in September 2013 (WVT) and March 2014 (2gether). The Council also has to take account of the Care and Support Bill, the financial outlook and future transformation requirements.

The council, in conjunction with the Clinical Commissioning Group (CCG), is considering how it can continue to deliver high quality integrated community health and social care through transforming our approach to give residents greater choice and control, enable better management of demand for services and identify more cost effective approaches to meet statutory responsibilities. This project is the framework to ensure that we achieve this goal.

The financial stability of the council and Wye Valley Trust is under significant pressure. The local authority has been adversely affected by central government funding allocations. Herefordshire has also been slower than other councils in transforming services to date, and this, combined with the growth in older people means we have a savings plan (within ASC alone) of £7.078m to ensure we deliver a balanced budget of £48.797m in 2013/14 (before budget virements), of which £3.9m is not yet assured.

A key component of these savings plans, the Next Stage Integration project needs to deliver £1m in 2013/14 and this includes a headcount reduction. However the new organisational structure will provide:-

- A professional leadership / management structure
- Moves to a neighbourhood model that reflects the new structure in health
- Locates social care in a different part of the pathway
- Creates a professional social work role that has a direct access to senior management within the council
- Reflects the national strategy; move towards personalisation and delivers a range of activities that 'enable' users to continue to live independent lives. Personal budgets are ring-fenced
- Creates a single access point that is aligned to the broader council
- Creates a career path for social care staff
- Is financially affordable
- Gives greater autonomy to staff to make decisions
- Reflects the journey that we want service users to follow
- Builds in flexibility to be able to move staff / resources to reflect demand pressures
- Creates a number of new specialist roles to provide expertise where required and which support the greater focus on enablement (e.g. Occupational therapists)
- Direct Provision by 1/3rd party providers, mutual, social enterprise, 1/3rd sector etc; council commissions direct provision. Transitional structure until this is established

For more information on this please refer to the appendices of this report (What is meant by Next Stage Integration, emerging themes from staff engagement, feedback from public engagement events, communication strategy & proposed new organisational structure which is currently out for staff consultation)

Open Book Review - Residential & Nursing Care

In July 2012 the Council commissioned an open book review of nursing and residential care for older people. Whilst some benchmarking data suggests that the price paid by Herefordshire Council for places in residential and nursing homes may be higher than neighbouring and comparator local authorities, in setting its fees the Council must have '*due regard to the actual costs of providing care and other local factors.*' Following consideration of this matter at Cabinet on the 20th June it was agreed that further consultation would be undertaken with homes providers, before a decision is made. Officers are aware that some providers are particularly concerned at the proposal the Council's price structure only allows for a 2.5 per cent return on capital. Return on capital is a real cost for care homes and the Council must have due regard to it (and all other legitimate current and future costs) when setting prices for care. The report was also referred to Health and Social Care Overview and Scrutiny Committee.

The main driver for this project is to ensure that there is a fair and transparent approach to the charging for residential & nursing care provision for everyone in Herefordshire. This will mean balancing considerations of the providers' actual costs with the desire of the Council to obtain best value. Best value in this context means setting a pricing structure which is fair to providers and customers as well as the Council. Such a pricing structure will be one which is likely to ensure a reasonably stable and competitive market for services and, above all, one which is likely to deliver an appropriate quality of care for customers.

The background papers to this report include: the Cabinet report which was considered on 20 June 2013, the resulting decision notice, and the Independent Social Worker and Accountant Report which informed the Cabinet report.

This is an area where many local authorities have been challenged in the Courts and Members are referred to the Legal Implications section to this report where this is discussed in more detail.

Home Care Re-commissioning

It is expected that the home care project, which is a significant element in the business support programme, will be in a position to seek a decision from the Cabinet Lead Member responsible for Adult Social Care, Councillor Graham Powell, about the basis for consultation with service users and providers later this month. This is a non-key decision. When the consultation has been progressed and there are emergent proposals for the re-commissioning these should be subject to consideration by Health and Social Care Overview and Scrutiny Committee prior to a key decision about the form of the re-commissioning.

Future Areas of Review

It is anticipated that the key areas of delivery for the business change programme should be subject to scrutiny at HSCOSC; suggested areas for the Health & Social Care Overview & Scrutiny Committee to consider as part of the forward plan are

listed below: -

- Residential & Nursing re-procurement
- Homecare re-procurement
- Progress of the next stage integration for WVT NHS
- Self-Directed Support (Making it real)

Transitioning arrangements for service users when contracts change

9. Community Impact

9.1 Through the adult social care business change programme the following council corporate priorities will be met:-

- Public services are prioritised to support those in need of services to maintain their independence or stay safe;
- People are able to take more responsibility for themselves (includes making healthy choices & focus on prevention);
- People are active in their communities and look out for the more vulnerable so they can live independently;
- People Stay Safe.

10. Equality and Human Rights

The Equality and Human Rights issues arising from these changes have been considered as part of the individual elements of the Business Change Programme. An overarching Equality Impact assessment for the whole programme is currently being prepared and will be completed by the end of July 2013. Key changes will not be progressed until the EIA has been approved.

11. Financial Implications

11.1 The savings plans have been calculated and profiled based upon receiving approval to go ahead with key schemes such as the Next Stage Integration project and Open Book re-procurement for residential and nursing placements in accordance with project plans. Any delays or amendments are likely to have an adverse affect on the delivery in full of the proposed savings. For example the final report and savings estimate for the open book review assumed that all prices would be changed from 1st January 2014. If it was to be agreed that current clients fees are not to be changed this would create a cost pressure, as would any delay in the procurement process and late introduction of the new fees. Delaying full implementation of an agreed revised schedule would have a significant financial impact.

12. Legal Implications

12.1 The Council is under a statutory duty to make arrangements for providing residential accommodations for adults (aged 18 or over) who *'by reason of age, illness, disability or any other circumstances are in need of care and attention which is not otherwise available to them ...'* However, a local authority is only required to make, or continue, such arrangements if the costs do not exceed what 'they would usually expect to pay having regard to [the person's] assessed needs.' This is generally referred to as 'the usual cost.' The usual cost may vary between specific groups: normally between 'residential' and 'residential with nursing' (often shortened to just 'nursing').

12.2 When setting its usual costs, the Council must have *'due regard to the actual costs of providing care and other local factors.'* This means understanding the operating costs of the local providers: it is not sufficient merely to look at benchmarked costs of neighbouring or other similar authorities. This is at the heart of the Open Book Review: providers in Herefordshire have been encouraged to provide the Review Team with evidence of their actual costs. The Courts have recognised that return on capital is a real cost for care homes and the Council must have due regard to it (and all other legitimate current and future costs to providers) when setting its usual costs for care.

12.3 It is essential that the further consultation with the providers complies with four clear legal principles:

1. The consultation must be undertaken at a formative stage - the Council has not yet set its usual prices, merely indicated a preferred level of pricing as the basis for further consultation.
2. Those consulted must receive sufficient information to allow them to formulate a considered response – the Council has been and will continue to be open and transparent in its provision of information, in line with the spirit of an Open Book Review.
3. Consultees must be allowed sufficient time to consider the information and respond.
4. The outcome of the consultation must be taken conscientiously into account by the final decision maker. This includes the decision maker having sufficient time to consider the consultees' representations.

12.4 This is an area of law where many local authorities have been successfully challenged in the Courts. It is therefore essential that the current round of further consultation is carried out in line with the above four principles.

12.5 It is lawful for the Council's difficult financial position to be taken into account in informing the decision making processes. However, financial constraints cannot be used in isolation to justify cuts in the usual costs the Council is prepared to pay. As already mentioned, the Council must have due regard to the providers' actual costs, including the matter of the return on capital. The decision maker will need to balance considerations of the providers' actual costs with the desire of the Council to obtain best value. Best value in this context means setting a pricing structure which is fair to providers and customers as well as the Council. Such a pricing structure will be one which is likely to ensure a reasonably stable and competitive market for services and, above all, one which is likely to deliver an appropriate quality of care for customers.

13. Risk Management

- 13.1
1. The absence of system wide leadership will prevent the health and wellbeing of the citizens of Herefordshire. Will be mitigated by applying appropriate programme and organisational governance to ensure there is ownership and accountability.
 2. A lack of evidence based outcomes to ensure that citizens are safeguarded. We will ensure that all of the programme's activity is aligned to the national outcomes framework for adult social care.

3. The council cannot pay its bills and the associated risks to the wider economy. This will be mitigated by developing a robust and resilience financial sustainability savings targets across the adult social care service.
4. Herefordshire council does not have the resilience and ability to achieve rapid and urgent change. By deploying programme governance we will build in the appropriate level of resilience and ability to deliver real change for Herefordshire.

A full risk register on the programme and its associated activities is maintained and appropriate escalation is managed through the programme governance model.

14. Consultees

- 14.1 Residential & nursing care home providers
Adult Social Care staff
Wye Valley NHS Trust
Herefordshire Council's Directorate Management Team
Adult Social Care Business Change Programme Board
Cabinet Member for Health & Wellbeing
Service Users

15. Appendices

- 15.1 Appendix One – Business Change Programme structure
Appendix Two – Staff structure
Appendix Three – Next Stage Integration project overview
Appendix Four – Next Stage Integration communications plan
Appendix Five – Next Stage Integration – emerging themes from staff workshops
Appendix Six - Key themes from public events

16. Background Papers

- 16.1 Open book review cabinet report & decision notice