

Adult Social Care Committee

Date: **Monday, 10 October 2016**

Time: **10:00**

Venue: **Edwards Room, County Hall,
Martineau Lane, Norwich, Norfolk, NR1 2DH**

Persons attending the meeting are requested to turn off mobile phones.

Membership

Mr B Borrett (Chairman)

Mrs J Brociek-Coulton Mr W Richmond

Mr D Crawford Mr M Sands

Mr T Garrod Mr E Seward

Mrs S Gurney Mr B Spratt

Mr J Mooney Mrs M Stone (Vice-Chairman)

Ms E Morgan Mr M Storey

Mr R Parkinson-Hare Mr B Watkins

Mr J Perkins Ms S Whitaker

**For further details and general enquiries about this Agenda
please contact the Committee Officer:**

Nicola LeDain on 01603 223053 or email committees@norfolk.gov.uk

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A g e n d a

1. **To receive apologies and details of any substitute members attending**

2. **To agree the minutes of the meeting held on 5 September 2016**

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3. **Declarations of Interest**

If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is on your Register of Interests you must not speak or vote on the matter.

If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is not on your Register of Interests you must declare that interest at the meeting and not speak or vote on the matter

In either case you may remain in the room where the meeting is taking place. If you consider that it would be inappropriate in the circumstances to remain in the room, you may leave the room while the matter is dealt with.

If you do not have a Disclosable Pecuniary Interest you may nevertheless have an **Other Interest** in a matter to be discussed if it affects

- your well being or financial position
- that of your family or close friends
- that of a club or society in which you have a management role
- that of another public body of which you are a member to a greater extent than others in your ward.

If that is the case then you must declare such an interest but can speak and vote on the matter.

4. **Any items of business the Chairman decides should be considered as a matter of urgency**

5. **Public QuestionTime**

Fifteen minutes for questions from members of the public of which due notice has been given.

Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk) by **5pm Wednesday 5th October 2016**. For guidance on submitting public question, please view the Consitution at www.norfolk.gov.uk.

6. **Local Member Issues/ Member Questions**

Fifteen minutes for local member to raise issues of concern of which due notice has been given.

Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk) by **5pm on Wednesday 5th October 2016**.

- 7. Chairman's Update**
Verbal update by Cllr Bill Borrett
- 8. Update from Members of the Committee regarding any internal and external bodies that they site on.**
- 9. Executive Director's Update**
Verbal Update by the Acting Executive Director of Adult Social Services
- 10. Adult Social Care Finance Monitoring Report Period 5 (August) 2016-17** **Page 13**
Report by the Acting Executive Director of Adult Social Services
- 11. 2017-18 Budget and Medium Term Financial Planning 2017-18 to 2019-20** **Page 31**
Report by the Acting Executive Director of Adult Social Services
- 12. Risk Management** **Page 43**
Report by the Acting Executive Director of Adult Social Services
- 13. Usual price of residential and nursing care in Norfolk** **Page 55**
Report by the Acting Executive Director of Adult Social Services

Group Meetings

Conservative	9:00am	Conservative Group Room, Ground Floor
UK Independence Party	9:00am	UKIP Group Room, Ground Floor
Labour	9:00am	Labour Group Room, Ground Floor
Liberal Democrats	9:00am	Liberal democrats Group Room, Ground Floor

Chris Walton
Head of Democratic Services
County Hall
Martineau Lane
Norwich
NR1 2DH

Date Agenda Published: 07 October 2016

Adult Social Care Committee

**Minutes of the Meeting Held on 5 September 2016
10:00am in Edwards Room, County Hall, Norwich**

Present:

Mr B Borrett (Chairman)

Mrs J Brociek –Coulton

Mrs J Chamberlin

M Chenery of Horsbrugh

Mr D Crawford

Mr T Garrod

Mr M Kiddle-Morris

Mr J Mooney

Ms E Morgan

Mr J Perkins

Mr W Richmond

Mr M Sands

Mr E Seward

Mr B Spratt

Mr B Watkins

Ms S Whitaker

Chair's Announcements: The Committee took a moment's silence to acknowledge the recent passing of the Executive Director of Adult Social Services, Harold Bodmer.

1. Apologies

- 1.1 Apologies were received and accepted from Mrs S Gurney (substituted by M Chenery of Horsbrugh), Mrs M Stone (substituted by Mr M Kiddle-Morris), Mr M Storey (substituted by Mrs J Chamberlin) and Mr R Parkinson-Hare.

2. To confirm the minutes of the meeting held on 4 July 2016

- 2.1 The minutes of the meeting held on 4 July 2016 were confirmed as an accurate record and signed by the Chair.

3. Declarations of Interest

- 3.1 There were no interests declared

4. Urgent Business

- 4.1 There were no items of urgent business.

5. Public Question Time

- 5.1 There were no public questions.

6. Local Member Questions / Issues

- 6.1 There were no local members questions / issues.

7. Update from Members of the Committee regarding any internal and external bodies that they sit on

- 7.1 Mr B Watkins reported that he had Chaired a meeting of the Health and Wellbeing Board where the main item had been the adoption of the mental health strategy for Norfolk, with mental health now being the fourth priority of the Board. They had early sight of the Clinical Commissioning Group's intentions which would be submitted at the end of September. He had also attended a meeting of the Norfolk and Norwich University Hospital trust Board of Governors, where they had discussed the budget deficit. This was a similar situation to other hospital boards in the Country, but it was hoped that the newly appointed finance director would help to address some of the issues.
- 7.2 Ms S Whitaker reported that she had attended three meetings of the mental health trust. There were concerns around the finances of the Trust along with a report into the level of unexplained deaths. She had also attended a meeting of Age UK Norfolk, with the Annual General meeting taking place next week.
- 7.3 Ms E Morgan reported that she has attended a meeting of the Norfolk Safeguarding Adults Board where the risk and performance report had been looked into. A meeting of the Norwich locality learning disabilities group had taken place where there were ongoing concerns for the lack of supported housing.

8. Executive Director's Update

- 8.1 The Acting Executive Director acknowledged that the support from Members and colleagues to the department had been appreciated since Harold Bodmer's death and throughout the summer.
- 8.2 Work had continued on the Sustainability and Transformation Plan which would shape the future of services and there were various workstreams being undertaken. There would be an update at the next Committee with more information.
- 8.3 The Better Care Fund was still in the escalation process but it was hoped that the NHS and CCG's final agreement would be resolved shortly.

8.4 The deadline for a judicial review on the fee uplift for providers had passed since the last meeting of the Committee. Work on the 2016/17 fee uplift was currently taking place in collaboration with providers and would be completed during September.

8.5 The award for the social care system provider was announced as Liquid Logic. This would be a new system across the Adults and Children's departments with links with finance.

9. Chairman's Update

9.1 The Chairman thanked the Acting Executive Director of Adult Social Services and the department for the way they had performed through the challenging summer. It was acknowledged that there had been a big hole left through the passing of Harold Bodmer but everyone had worked together and worked incredibly hard.

9.2 The work going forwards would be focused on the promoting independence model and an extra senior role would be brought into the department to help deliver the programme.

9.3 The Chairman acknowledged that the department were in a challenging financial position and it would be a difficult job for the Committee going forwards.

10. Exercise of Delegated Authority

10.1 There was no exercise of delegated authority to report.

11. Adult Social Care Finance Monitoring Report Period 4 (July) 2016-17

11.1 The Committee received the annexed report (11) by the Acting Executive Director of Adult Social Services which provided the Committee with financial monitoring information, based on information to the end of July 2016. It provided an analysis of variations from the budget and the actions being taken by the service to reduce the overspend.

11.2 It was clarified for the Committee's information that the overspend should be £900k not £1million as stated in the report.

11.3 Members suggested that there needed to be more detail provided for Members on the overspend relating to mental health and learning disabilities. The Acting Executive Director confirmed that this area was a focus of the revised action plan to reduce the overspend. There were two new senior posts being recruited to in learning disabilities which would help the focus as well as a workshop planned. A report would be brought to a future meeting.

11.4 The £3.127 million held as a provision for doubtful debts would be circulated to members as a percentage.

11.5 The savings associated with the reablement service were felt achievable by the end

of the financial year.

- 11.6 Concern was expressed at the £8.1 million overspend which was an £388k increase as reported at the July meeting. There seemed to be an ongoing difficulty in delivering the previous year's savings. The Officers confirmed that reserves were not being planned to cover the overspend as longer terms plans were being made for transformation.
- 11.7 The Committee asked for a detailed programme to be issued at the next meeting about how the overspend was going to be reduced. The Acting Executive Director confirmed that the recovery plan had been refocused and assurance was given that quantification work had been carried out, details of which could be brought in October.
- 11.8 Mr M Sands proposed that 'We resolve as a 'cross party' Adult Social Services Committee to lobby directly, by making a personal approach (of a delegation from this committee) in Westminster, to MPs for Norfolk asking them to use their influence to secure additional funding from central government for a shortfall of funding.'

Upon being put to the vote, with 16 for and 1 abstention, the motion was **CARRIED**.

- 11.9 The Committee **RESOLVED** to;
- Note the forecast outturn position at period 4 for the 2016-17 Revenue Budget of an overspend of £8.151m.
 - Note the planned actions being taken by the service to reduce the overspend.
 - Note the planned use of reserves.
 - Note the forecast outturn position at period 4 for the 2016-17 Capital Programme.
 - As a 'cross party' Adult Social Services Committee to lobby directly, by making a personal approach (of a delegation from this committee) in Westminster, to MPs for Norfolk asking them to use their influence to secure additional funding from central government for a shortfall of funding.

12. Performance Management Report

- 12.1 The Committee received the annexed report (12) by the Acting Executive Director of Adult Social Services which presented current performance against the committee's vital signs indicators, based upon the revised performance management system which was implemented as of 1 April 2016. The report provided the most up to date performance data available, to the end of period 3 (June 2016).
- 12.2 There had been an issue around the delayed transfer of care data where the data recording process had been changed. The data would be changed retrospectively.
- 12.3 The Committee hoped that joint work was being carried out with other organisations to help individuals with learning disabilities into paid employment. It was also noted that the statistic of 91% of individuals were not seeking employment or were retired could be flawed by those individuals who were volunteering which didn't always get

recorded.

- 12.4 Members noted that there had been services withdrawn which gave individuals the opportunity to learn skills for paid employment and it was hoped that this good practice was being shared between providers. The target of 7.5% of people with learning disabilities in paid employment was ambitious but was achievable.
- 12.5 The Committee **RESOLVED** to;
- Note the performance data, information and analysis presented in the vital sign report cards in section 3 of the report.
 - Note the information presented in two report cards, about the performance of services to support carers in section 4 of the report.
 - To agree to receive information about carers services in the same format from now on
 - Agree to receive proposed service volumes and activity targets alongside Budget and Service Planning proposals at a future committee meeting, and at the latest at the December committee.
- 13. Promoting Independence: Adult Social Care Target Demand Model**
- 13.1 The Committee received the annexed report (13) by the Acting Executive Director of Adult Social Services which set out how Adult Social Services had been working with IMPOWER Consulting Ltd to create a target demand model in order to set the programme and plan for delivering the transformation.
- 13.2 The Care Arranging Service was explained to be a care finding and broker service. It was used after the initial assessment and report had taken place to find suitable care from all providers.
- 13.3 To help individuals access information regarding the appropriate type of care, community clinics had been set up and developed across the County. These were being co-located with partners which provided information about all services.
- 13.4 Members questioned if the transformation programme was enough to make the changes needed. It was a challenging task which would be worked through with colleagues to overcome. Detailed work on the impact the changes would have had been worked through and would be shared with the Committee. There was a slight concern with timing but it was understood that things could not be changed quickly.
- 13.5 The Committee **RESOLVED** to;
- Note the work to review the existing plans to transform services and to propose next steps.
 - Agree to the further development of the target demand model as part of the annual Service and Budget Planning process, with updates and proposals presented throughout the Autumn ahead of the budget being set in January and February.
- 14. Norfolk's Implementation of the Care Act – SCIE Review**

- 14.1 The Committee received the annexed report (14) by the Executive Director of Adult Social Services which updated the Committee of the progress to date of the council's progress being undertaken by the Social Care Institute of Excellence (SCIE).
- 14.2 Members expressed concern about capacity and it was confirmed that work had started on the number of assessments and the complexity of them that staff were expected to deal with and what comparisons could be drawn with other counties.
- 14.3 The Committee heard that there was a national problem of being able to fill social worker posts and 11% of posts across the Country were vacant. NCC had been working alongside University of East Anglia to increase engagement and to encourage students to enter social work in adult services compared to children's.
- 14.4 The Committee **RESOLVED** to;
- Note the contents of the report
 - Note the proposals for implementing the recommendations.

15. Transport

- 15.1 The Committee received the annexed report (15) by the Executive Director of Adult Social Services which provided a short update on the Transport savings and project as requested by the Committee, following the last meeting on 9 July 2016.
- 15.2 Members asked for a breakdown of the overspend in the transport area. It was confirmed that work on this was part of the review that was taking place.
- 15.3 Route reviews for service users take place but departments could get better at communicating about this area as expertise in the procurement of the transport did not lie in the Adult Social Services department. It was confirmed that as part of the Care Act, they had a duty to provide service users with a means to access a service that they required.
- 15.4 It was suggested that a staff member from another department or from a similar County with the expertise and knowledge of rural areas could work on the transport review, rather than paying for an external consultant.
- 15.5 The following change to the recommendation was proposed by Ms S Whitaker.
- ~~'Note that the department was in the process of finding someone from outside Norfolk County Council to carry out a transport review to compliment the work already being carried out. This would also need to sit alongside any other work being undertaken corporately on transport. The review would include looking at good practice in other authorities in Adult Social Services transport, especially those who had a relatively low spend on transport and what efficiencies could be made in the administration, management and procurement of transport for Adult Social Services.'~~

Replace with;

'Instruct the department to find someone to carry out a transport review to

compliment the work already carried out. This would also need to sit alongside any other work being undertaken corporately on transport. The review would include looking at good practice in other authorities in Adult Social Services transport, especially those who had a relatively low spend on transport; and what efficiencies could be made in the administration, management and procurement of transport for Adult Social Services.'

Upon being put to the vote, the proposal was **CARRIED**.

- 15.6 The Committee **RESOLVED** to;
- Note the work being carried out to deliver the transport savings
 - Instruct the department to find someone to carry out a transport review to compliment the work already carried out. This would also need to sit alongside any other work being undertaken corporately on transport. The review would include looking at good practice in other authorities in Adult Social Services transport, especially those who had a relatively low spend on transport; and what efficiencies could be made in the administration, management and procurement of transport for Adult Social Services.
- 16. Norfolk Safeguarding Adults Board Annual Report 2015-16**
- 16.1 The Committee received the annexed report (16) by the Executive Director of Adult Social Services which illustrated the delivery by the multi-agency partnership of the statutory requirements for safeguarding adults as set out in the Care Act.
- 16.2 A leaflet had been distributed to taxi drivers located in the Broadland area and the Committee questioned if there was a specific issue for this area. It was confirmed that there was no issue for this area but it was an initiative which had been led by Broadland District Council and would be spread to the other districts.
- 16.3 The Committee requested that the plan be adopted by Full Council and this would be taken forward by Officers.
- 16.4 Members asked if there was attendance from the acute trusts at meetings. It was confirmed that representatives from the acute trusts had been made members recently and information regarding the attendance from all members at the meetings would be published next year.
- 16.5 Although it had been difficult to engage with the less accessible communities, it had been managed and contacts had been made.
- 16.6 The Committee **RESOLVED** to;
- Note the content of the report.
 - Agree the department share the report with partner organisations with whom they have contact.

Meeting finished at 1.00pm.

CHAIR



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Adult Social Care Committee

Item No

Report title:	Adult Social Care Finance Monitoring Report Period 5 (August) 2016-17
Date of meeting:	10 October 2016
Responsible Chief Officer:	Catherine Underwood, Acting Executive Director of Adult Social Services

Strategic impact

This report provides the Committee with financial monitoring information, based on information to the end of August 2016. It provides an analysis of variations from the budget and the actions being taken by the service to reduce the overspend.

Executive summary

As at the end of August 2016 (Period 5), Adult Social Services is forecasting an overspend of £8.914m, with the application of previously identified use of the Corporate Business Risk Reserve. The overspend equates to a 3.6% variance on the revised budget. This is following review of risks and recommendations for application of funding, which is set out below. The paper also highlights the recovery actions being taken by the service.

Expenditure Area	Budget 2016/17 £m	Forecast Outturn £m	Variance £m
Total Net Expenditure	247.369	265.787	18.418
Agreed use of Corporate Business Risk Reserve	0.000	(10.155)	(10.155)
Reversal of unplanned use of reserves	0.000	0.651	0.651
Revised net expenditure	247.369	256.283	8.914

The headline information and considerations include:

- The outturn position for 2015-16 was £3.168m and this underlying pressure continues into 2016-17
- The Council in setting the budget recognised the additional business risks affecting the service, specifically in relation to the cost of care exercise that concluded in April, the additional cost in 2016-17 for the introduction of the national living wage and the uncertainty of health funding to maintain social care as part of the Better Care Fund. A corporate business risk reserve was set up as part of the 2016-17 budget to help manage this risk. The use of £5.155m has previously been agreed for cost of care and national living wage pressures and £5m towards protecting social care following the reduction in health funding towards social care in 2016-17 within the Better Care Fund
- The forecast recognises the increase in commitments between when the budget was set at the end of January 2016 and the actual commitments at April 2016
- The service is continuing to improve its information and accuracy of forecasting. Inclusion of improved information about how our home care and day contracts are being used, information about waiting lists and service level agreements has improved the accuracy of forecasting, but resulted in the need to recognise a higher budget pressure for the service

- e) An error in the initial forecast at the outset of the financial year has been identified this month, which was caused by the treatment of the cost of care price changes in the estimates and has resulted in the previous forecasts being under estimated by £1.7m
- f) The forecast reflects a reduction in the recorded commitments for residential, nursing and home care spot commitments and reducing forecasts for transition cases, which has decreased previous forecasts by £1.5m. The forecasts are built on the accuracy and timeliness of the recorded information on each service user and therefore can be subject to operational pressures
- g) Following work with iMPower consultants the forecast includes a revised savings estimates, reflecting reprofiling of some savings
- h) The reversal for unplanned use of reserves reflects that use of reserves, included in previous forecasts, is yet to be formally approved.

Adult Social Services reserves at 1 April 2016 stood at £2.848m. At the point that the budget was set in February 2016, the Council agreed to £1.073m use of Adult Social Services reserves in 2016/17. The year end position on reserves was £0.838m higher than at budget. The Period 4 finance monitoring report asked Committee to note the planned use of £1.198m of reserves, which was included in the forecast. However, this is yet to be formally approved and Policy and Resources committee has asked for all Period 5 forecasts to only reflect the use of reserves approved at budget. The Period 5 forecast therefore includes a net use of reserves in 2016-17 of £1.073m to meet commitments. This does not assume use of reserves to offset general overspend. The 2016-17 forecast outturn position for reserves is therefore £1.775m. Provisions totalled £3.127m at 1 April 2016, mainly for the provision for bad debts.

Recommendations:

Members are invited to discuss the contents of this report and in particular to note:

- a) **The forecast outturn position at period 5 for the 2016-17 Revenue Budget of an overspend of £8.914m**
- b) **The planned actions being taken by the service to reduce the overspend**
- c) **The planned use of reserves and the adjustments made within Period 5 forecast**
- d) **The forecast outturn position at Period 5 for the 2016-17 Capital Programme**

1. Introduction

- 1.1 The Adult Social Care Committee has a key role in overseeing the financial position of the department including reviewing the revenue budget, reserves and capital programme.
- 1.2 This monitoring report is based on the Period 5 (August 2016) forecast including assumptions about the implementation and achievement of savings before the end of the financial year.
- 1.3 The County Council in setting the budget for 2016/17, recognised the significant business risks facing the service, including the review of cost of care and the implications of national living wage and the continuation of funding from Clinical Commissioning Groups (CCGs) to maintain social care within the Better Care Fund scheme. As part of the 2016-17 budget setting, the Council put in place a Corporate Business Risk Reserve. The forecast includes the approved use of £10.155m to manage the actual costs that have now arisen for the service

2. Detailed Information

- 2.1 The table below summarises the forecast outturn position as at the end of August 2016 (Period 5).

Actual 2015/16 £m	Over/ Underspend at Outturn £m	Expenditure Area	Budget 2016/17 £m	Forecast Outturn £m	Variance @ P5 £m
8.325	(0.312)	Business Development	7.621	7.457	(0.164)
70.665	0.804	Commissioned Services	69.855	72.360	2.505
5.442	0.142	Early Help & Prevention	6.238	5.866	(0.372)
164.760	9.653	Services to Users (net)	155.010	166.852	11.843
(6.710)	(7.119)	Management, Finance & HR	8.646	3.096	(5.549)
		Reversal of unplanned use of reserves	0.000	0.651	0.651
242.482	3.168	Total Net Expenditure	247.369	256.283	8.914

- 2.2 As at the end of Period 5 (August 2016) the revenue outturn position for 2016-17 is £8.914m, the forecast includes the release of (£5.778m) of Care Act funding that was not allocated to specific budgets at the beginning of the year.
- 2.3 The detailed position for each service area is shown at **Appendix A**, with further explanation of over and underspends at **Appendix B**.
- 2.4 The overspend is primarily due to the net cost of Services to Users (purchase of care and hired transport), and risks associated with the delivery of recurrent savings, resulting in a forecast overspend of £11.843m.
- 2.5 The period 5 forecasts reflects movement in the budget between services to properly reflect the agreed areas supported by the Better Care Fund income. Key changes include reducing the income budget for both Management and Finance, and Services to users with corresponding increase in income budget for Care and Assessment, and Reablement services – which results in a reduction in net budget for these services.
- 2.6 **Additional pressures for 2016/17**
- 2.6.1 As previously reported the forecast includes the additional costs arising from the cost of care review and the implications of the national living wage within the 2016/17 uplift to prices. It was reported in September that additional work had been undertaken to take stock of the responses received within the consultation period in relation to the 2016/17 prices for older people residential and nursing care. The forecast at Period 5 is based on the recommendations within the report included elsewhere on this agenda, which proposes that no adjustment is made to the 2016/17 price uplift.
- 2.7 **Services to Users**
- 2.7.1 The table below provides more detail on services to users, which is the largest budget within Adult Social Services.

Actual 2015/16 £m	Over/ Underspend at Outturn £m	Expenditure Area	Budget 2016/17 £m	Forecast Outturn £m	Variance £m
111.417	3.579	Older People	103.910	109.290	5.379
24.750	0.412	Physical Disabilities	22.039	23.473	1.434
90.218	9.863	Learning Disabilities	83.408	91.175	7.767
13.519	1.839	Mental Health	12.907	12.978	0.071
6.909	2.328	Hired Transport	3.672	6.709	3.037
14.436	(1.150)	Care & Assessment & Other staff costs	10.254	9.805	(0.449)
261.249	16.871	Total Expenditure	236.190	253.430	17.240
(96.490)	(7.218)	Service User Income	(81.181)	(86.578)	(5.397)
164.760	9.653	Revised Net Expenditure	155.010	166.852	11.843

2.7.2 Key points:

- Permanent admissions to residential care – so those without a planned end date – have been consistently reducing for the last three years in both 18-64 and 65+ age groups, and reductions have accelerated in the last year in response to the provisions put in place in response to Promoting Independence. In the twelve months preceding March 2013 Norfolk permanently admitted 823 people aged 65+ per 100,000 population, whereas in the twelve months before March 2016 it permanently admitted 623 older people. In the 18-64 age group this rate reduced from 53 people permanently admitted per 100,000 population in the twelve months preceding March 2013, to 21.7 at March 2016. In real terms, and looking just at the last year (comparing the totals in March '15 and March '16) this means around 114 fewer permanent admissions of people aged 65+, and around 55 fewer permanent admissions of people aged 18-64
- The forecast expenditure for purchase of care, excluding care and assessment is (£3m) less than the 2015/16 outturn. The 2015/16 expenditure included £1.1m one-off expenditure, which was offset by income. However, the 2016/17 expenditure includes the increase in spend due to the cost of care exercise and implementation of the national living wage
- Reducing the number of working age adults in residential placements is challenging. Transition plans for individuals are continuing to be developed and implemented, but transition for most individuals will take time with increased resources often needed initially to support the transition process into more independent care settings
- The Learning Disability and Physical Disability savings for 2016-17 are not expected to be fully delivered. This is reflected in the savings forecast and actions identified within the recovery action plan.
- There is a reduction of £15m in budgeted income in 2016/17 compared to 2015/16 outturn. This primarily relates to one-off income items accounted for against purchase of care income in 2015/16 including £4.6m from reserves for 2015/16 cost of care pressures and approved use of reserves when setting the 2015/16 budget; £0.415m transfer from Public Health; £3.6m to adjust for Continuing Health Care agreements and £1.1m in relation to additional invoices raised, but which were offset

by additional costs. It also reflects reallocation of BCF income to the areas of agreed budget spend, particularly Care and Assessment and Reablement. The forecast includes the additional income from the Corporate Risk Reserve of £5.155m in relation to cost of care and national living wage

- f) The purchase of care forecast includes an increase due to an error in the initial forecast undertaken at the outset of the financial year, which has been identified this month. This was caused by the treatment of the cost of care price changes in the estimates and has resulted in the previous forecasts being under estimated by £1.7m. This negates some of the positive movement in the purchase of care forecasts at Period 5, which sees a reduction in the recorded commitments for residential, nursing and home care spot commitments and reducing forecasts for transition cases and has decreased previous forecasts by £1.5m. The forecasts are built on the accuracy and timeliness of the recorded information on each service user and therefore can be subject to operational pressures

2.8 Commissioned Services

2.8.1

Actual 2015/16 £m	Variance at outturn £m	Expenditure Area	Budget 2016/17 £m	Forecast Outturn £m	Variance £m
1.219	(0.182)	Commissioning	1.474	1.321	(0.154)
10.925	(0.219)	Service Level Agreements	11.157	10.730	(0.427)
2.620	0.021	Integrated Community Equipment Service	2.602	2.553	(0.048)
32.496	1.645	NorseCare	30.415	33.533	3.118
9.141	(0.141)	Supporting People	9.494	9.494	0.000
12.930	(0.265)	Independence Matters	13.345	13.345	0.000
1.334	(0.055)	Other Commissioning	1.369	1.385	0.016
70.665	0.804	Total Expenditure	69.855	72.360	2.505

2.8.2 Key points:

- a) A joint and medium term plan is being developed with Norse Care for delivery of current and future savings however, this is not expected to reduce the shortfall in 2016/17

2.9 Savings Forecast

2.9.1 The department's budget for 2016/17 includes savings of £10.926m. The Period 4 forecast previously reported to committee included a revised forecast for delivery of the savings, following a review undertaken with iMPower consultants of the Promoting Independence programme of work. The review concluded that:

- a) the Council is pursuing the right strategy, based on their experience in other councils and the change already achieved within the service. It recognised that the

- strategy reflected a higher risk appetite within the service regarding supporting people to remain as independent as possible for as long as possible – rather than providing more traditional packages of care, but tested this with social work teams, which suggested that there is further room to prevent and reduce services required
- b) the timeline for the strategy is challenging, with the consultants questioning whether the savings can realistically be delivered in three years. Whilst the service can try to take measures to enable reviews of care to be done quicker, the aims for reducing demand will be harder to manage at pace
 - c) there are other interventions that can be used to enhance delivery of the strategy – including advice and information; further work on transitions; and behavioural change – but the consultants did not identify any new opportunities that would deliver material benefit that the council is not already pursuing. The service is reviewing the programme of work to reprioritise and reflect these proposals

2.9.2 Risks totalling £3.976m have been reflected in the forecast position and alternative savings are being identified.

Savings	Saving 2016/17 £m	Forecast £m	Variance £m
Savings off target (explanation below)	3.976		3.976
Savings on target	6.950	6.950	0.000
Total Savings	10.926	6.950	3.976

For those savings that are off target a brief explanation is provided below of the reasons why they are off target and any planned recovery action that is in place.

2.9.3 **Integrated Community Equipment Service (target £0.500m, forecast £0.232m, variance £0.268m)**

The savings were planned focusing on a mix of preventative and efficiency savings. The service is aiming to increase the access to equipment to reduce or delay the need for formal packages of care and review the way that equipment is recalled. Feasibility plans have identified that these savings will need to be re-profiled due to the time needed to set up new teams and processes. The focus will be on increasing the review and recall of equipment and reviewing where improved access to equipment can reduce the need for some service users to require two care workers (known as double-ups).

2.9.4 **Changing how we provide care for people with learning disabilities or physical disabilities (target £1.500m, forecast £0.600m, variance £0.900m)**

The saving involves re-assessing the needs of existing service users and where appropriate providing alternative and more cost effective accommodation, or means of supporting them in their current accommodation. As previously reported while it is considered that savings can be achieved over time, the lead in times for the work have been longer than originally planned. In addition actions have been needed to review the implementation of the changes. A full review of the work areas is being completed and alternative options for 2016-17 are being explored.

2.9.5 Promoting Independence - Reablement - expand Reablement Service to deal with 100% of demand and develop service for working age adults (target £3.158m, forecast £1.200m, variance £1.958m)

Recruitment to posts is completed and the service is managing increased referrals. The savings are expected to be delivered, but have required re-profiling in year one, which will reduce the levels of savings that can be achieved in 2016/17.

2.9.6 Transport Savings (target £1.050m, forecast £0.200m, variance £0.850m)

A full report was presented to committee in July 2016. Various strands of work have and are being carried out including the reduction in the allocation for funding for transport in peoples' Personal Budgets; discussing with people at their annual review how they can meet their transport needs in a more cost effective way; and charging self-funders. However the savings from transport are taking longer to deliver than originally anticipated due to lack of capacity in the locality teams; the information available from travel systems; being able to make changes to travel arrangements for all individuals on a route to enable transport to be stopped and savings realised, cultural change and a reluctance to take up travel training. A review of transport is in train.

2.9.7 The below table provides an overview of the full programme of savings and current position.

Saving	Action	2016/17			Total in MTFP 2016/19 £m
		Budget £m	Forecast £m	Variance £m	
Promoting Independence – Customer Pathway (including movement of service mix)	Strengths based approach rolled out; community hub piloted; preventative assessment piloted and being rolled out. Additional interventions identified including information advice and guidance	1.378	1.378	0.000	31.785
Promoting Independence – expanding reablement service	Additional staff in place and increased referrals	3.158	1.200	(1.958)	5.158
Promoting Independence – Housing with Care – development of non-residential community based care	Awaiting feasibility study and additional developments being pursued	0.000	0.000	0.000	1.000
Changing how we provide care for people with learning disabilities or physical disabilities	Just Checking work piloted and being embedded; contract reviews; void management. Increased focus on re-assessments.	1.500	0.600	(0.900)	1.500
Transport – reduce the number of service users we provide transport for and payment of transport out of personal budgets	Policy confirmed and new transport review agreed	1.050	0.200	(0.850)	1.850
Reducing the cost of business travel	Complete	0.090	0.090	0.000	0.090

Reduce funding within personal budgets to focus on eligible unmet needs	Impact from reassessments and strength based approach	2.500	2.500	0.000	3.000
Promoting Independence – expand use of Integrated Community Equipment Service	Service redesign and new practice agreed	0.500	0.232	(0.268)	1.000
Review of NorseCare agreement for the provision of residential care	Joint action plan – Savings planned as Ellacombe placements reduce; external income from placements and NorseCare rebate.	0.750	0.750	0.000	0.750
Radical review of daycare services	Proposal in place and project being set up	0.000	0.000	0.000	3.500
Reduce Training and Development spend following implementation		0.000	0.000	0.000	0.200
	Totals	10.926	6.950	(3.976)	49.833

2.10 Overspend Action Plan

- 2.10.1 The department is taking recovery action to reduce in year spending as far as possible. There is continued focus on many of the action areas identified within 2015-16 and inclusion of new actions. All localities have prepared recovery plans which include ongoing actions and new areas. These have been reviewed by Finance and Performance Board and Senior Management Team and key areas for immediate attention within the service to support the in-year budget position have been identified. The action plan detailed at Appendix C highlights the main areas of focus for the service. These are predominately management actions, rather than new savings, which include a combination of both alternative interventions to help deliver savings that have been identified in the forecast as not achievable this year and changes in practice to support improved day to day budget management. The actions and performance are incorporated into the work of the Finance and Performance Board to provide a framework for regular monitoring and assurance.

2.11 Reserves

- 2.11.1 The department's reserves and provisions at 1st April 2016 were £5.975m. Reserves totalled £2.848m.

At the point that the budget was set in February 2016, the Council agreed to £1.073m use of Adult Social Services reserves in 2016/17. The year end position on reserves was £0.838m higher than at budget. The Period 4 finance monitoring report asked Committee to note the planned use of £1.198m of reserves, which was included in the forecast. However, this is yet to be formally approved and Policy and Resources committee has asked for all Period 5 forecasts to only reflect the use of reserves approved at budget. The Period 5 forecast therefore includes a net use of reserves in 2016-17 of £1.073m to meet commitments. This does not assume use of reserves to offset general overspend. The 2016-17 forecast outturn position for reserves is therefore £1.775m. Provisions totalled £3.127m at 1 April 2016, mainly for the provision for bad debts. The projected use of reserves and provisions is shown at **Appendix D**.

2.12 Capital Programme

- 2.12.1 The department's three year capital programme is £23.387m. The programme includes £8.368m relating to Department of Health capital grant for Better Care Fund (BCF) Disabled Facilities Grant (DFG) and Social Care Capital Grant, which is passported to District Councils within the BCF. Agreements are being put in place with district councils as part of the BCF programme of work, to monitor progress, use and benefits from this funding. The capital programme also includes £6.931m for the social care and finance replacement system. The priority for use of capital is Housing with Care and the development of alternative housing models for young adults. Unallocated capital grant has been re-profiled to move expenditure to 2017/18. There are no adverse variances to be reported at this stage. Details of the current capital programme are shown in **Appendix E**.

3. Financial Implications

- 3.1 There are no decisions arising from this report. The forecast outturn for Adult Social Services is set out within the paper and appendices. The actions at Appendix C set out plans that aim to mitigate and address the overspend.

4. Issues, risks and innovation

- 4.1 This report provides financial performance information on a wide range of services monitored by the Adult Social Care Committee. Many of these services have a potential impact on residents or staff from one or more protected groups. The Council pays due regard to the need to eliminate unlawful discrimination, promote equality of opportunity and foster good relations.
- 4.2 This report outlines a number of risks that impact on the ability of Adult Social Services to deliver services within the budget available. These risks include the following:
- a) pressure on services from a demand led service where number of service users continues to increase, and in particular the number of older people age 85+ is increasing at a greater rate compared to other age bands, with the same group becoming increasingly frail and suffering from multiple health conditions
 - b) The ability to deliver the forecast savings, in addition to continuing to need to implement some recurrent savings from previous years to help reduce the overspend
 - c) The cost of transition cases, those service users moving into adulthood, have not been fully identified
 - d) The impact of pressures within the health system, through both increased levels of demand from acute hospitals and the impact of decisions due to current financial deficits in health provider and commissioning organisations
 - e) In any forecast there are assumptions made about the risk and future patterns of expenditure. These risks reduce and the patterns of expenditure become more defined as the financial year progresses and as a result of the reduced risk the forecast becomes more accurate
 - f) The ability to be able to commission appropriate home support packages due to market provision, resulting in additional costs
 - g) The continuing pressure from the provider market to review prices and risk of challenge
 - h) The impact of health and social care integration including Transforming Care Plans, which aims to move people with learning disabilities who are currently inpatients within the health service to community settings

5. Background

- 5.1 The following background papers are relevant to the preparation of this report.

Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, e.g. equality impact assessment, please get in touch with:

Officer Name:	Tel No:	Email address:
Susanne Baldwin	01603 228843	susanne.baldwin@norfolk.gov.uk



If you need this report in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

Adult Social Care 2016-17: Budget Monitoring Period 5 (August 2016)

Please see table 2.1 in the main report for the departmental summary.

Summary	Budget	Forecast Outturn	Variance to Budget		Variance at Period 4
	£m	£m	£m	%	£m
Services to users					
Purchase of Care					
Older People	103.910	109.290	5.379	5.2%	4.560
People with Physical Disabilities	22.039	23.473	1.434	6.5%	1.435
People with Learning Disabilities	83.408	91.175	7.767	9.3%	8.233
Mental Health, Drugs & Alcohol	12.907	12.978	0.071	0.5%	0.096
Total Purchase of Care	222.265	236.916	14.651	6.6%	14.324
Hired Transport	3.672	6.709	3.037	82.7%	3.037
Staffing and support costs	10.254	9.805	(0.449)	-4.4%	(0.420)
Total Cost of Services to Users	236.190	253.430	17.240	7.3%	16.491
Service User Income	(81.181)	(86.578)	(5.397)	6.6%	(4.755)
Net Expenditure	155.010	166.852	11.843	7.6%	12.186
Commissioned Services					
Commissioning	1.474	1.321	(0.154)	-10.4%	(0.147)
Service Level Agreements	11.157	10.730	(0.427)	-3.8%	(0.425)
ICES	2.602	2.553	(0.048)	-1.9%	(0.048)
NorseCare	30.415	33.533	3.118	10.2%	3.221
Supporting People	9.494	9.494	0.000	0.0%	0.000
Independence Matters	13.345	13.345	0.000	0.0%	0.000
Other	1.369	1.385	0.017	1.2%	(0.010)
Commissioning Total	69.855	72.360	2.505	3.6%	2.591
Early Help & Prevention					
Housing With Care Tenant Meals	0.716	0.538	(0.178)	-24.9%	(0.178)
Norfolk Reablement First Support	1.213	1.079	(0.135)	-11.1%	(0.153)
Service Development	1.076	1.170	0.095	8.8%	0.042
Other	3.232	3.079	(0.153)	-4.7%	(0.112)
Prevention Total	6.238	5.866	(0.372)	-6.0%	(0.401)

Adult Social Care 2016-17 Budget Monitoring Forecast Outturn Period 5 Explanation of variances

1. Business Development, forecast underspend (£0.164m)

Business Support vacancies, especially in the East and West teams.

2. Commissioned Services forecast overspend £2.505m

The main variances are:

NorseCare, forecast overspend of £3.118m. This relate to the previous year shortfall on the budgeted reduction in contract value and previously reported contractual requirements that meant that 2015-16 savings could not be achieved. NorseCare and NCC are developing a joint savings plan that will enable a medium term plan for delivering opportunities for further savings but it is not expected that savings above the 2016/17 can be delivered in this financial year.

Service Level Agreements, forecast underspend of £0.427m. Further review of budgets has identified reductions in planned costs and additional income.

3. Services to Users, forecast overspend £11.843m

The main variances are:

Purchase of Care (PoC), forecast overspend £14.651m.

The key reasons for the differences between the forecast and the 2016-17 budget are:

- The impact of the budget gap – the service is managing underlying unfunded pressures (reflected in the overspend at the end of 2015/16). The budget was set reflecting commitments (cost of placements) at January 2016, but the pressures from commitments at April compared to actual budget shows a £3.5m underlying pressure
- Since setting the budget, improved information gained at year-end on the use of home care packages and waiting lists, has enabled estimates to be improved. However, this has meant that forecast expenditure should be increased by £2.9m to reflect that home care commitments are being used more fully than previously and inclusion of expected commitments arising from people that are on waiting lists
- A revision in the level of 2016/17 savings that can be delivered has increased the forecast outturn. This relates to reablement and review of packages of care, which is set out in section 2.8 of this report.
- The 2016/17 financial cost of both the cost of care exercise and the impact to care providers from the national living wage was not included in the adult social care budget when it was set in February. Costs totalling £5.155m are included in the 2016/17 forecast. This is offset by the use of the corporate business risk reserve which is included within the income forecast for services to users. This reduces the actual underlying overspend for purchase of care, most significantly £4m for older people purchase of care and £0.500m for learning disabilities.
- There has been a reduction in the commitments for purchase of care in Period 5 (£1.5m). The accuracy of the forecast information relies on the timeliness of information being recorded on the Carefirst system, which can be affected by operational capacity. This

has offset the implications of an error in the initial forecast at the outset of the financial year, which has been identified this month. This was caused by the treatment of the cost of care price changes in the estimates and has resulted in the previous forecasts being under estimated by £1.7m

Hired Transport, forecast overspend £3.037m. The savings from transport are taking longer to deliver than originally anticipated. The forecast includes expected delay in 2016/17 savings. Reports providing an update on the Transport savings and project were reported to Committee in July 2016 and September 2016.

4. Early Help and Prevention, forecast underspend (£0.372m)

The main variances are:

Housing with Care tenant meals, forecast underspend (£0.178m). This reflects a planned change in contract where service users will pay the provider directly for meals. Therefore the forecast also reflects the same reduction in income and has a nil net impact on the service's budget.

5. Management, Finance and HR, forecast underspend (£5.549m)

The main variances are:

Management and Finance, forecast underspend (£5.556m). As part of the budget setting, funding relating to the Care Act was held with the Management and Finance budget, in order to focus on the savings delivery and to enable this money to be allocated longer term once spending is at a sustainable level. The forecast includes the release of (£5.778m) of Care Act funding that was not allocated to specific budgets at the beginning of the year.

The forecast at Period 4 overstated the use of the Business Risk Reserve by £0.500m. A part of the corporate reserve has been used to reprofile the saving COM033 - Reduction in funding within personal budgets to focus on eligible unmet needs within the budget setting process. The service will continue to benefit from the use of the Business Risk Reserve of £10.157m in 2016/17, however this pressure will need to be met within the service. This is reflected in the Management and Finance budget and has decreased the forecast underspend on this budget.

2016/17 Revised Action Plan

The revised plan sets out the priority actions for the service, in addition to business as usual focus on targets for placements, contract management and continued reinforcement of policy and practice. The below is predominately management actions, which include a combination of alternative interventions to help deliver savings that have been identified in the forecast as not achievable this year and changes in practice to support improved day to day budget management.

	Action	Progress for October	Impact expected	Target
1	Full rollout of preventative assessments	Pilots completed and reviewed and agreement to rollout. Guidance for use and audit checks in place. Roll-out started.	Reduction in number of Care Act assessments required.	Targeting £1.3m through less care assessment, more divert at front door.
2	Full rollout of occupational Therapist/Assistant Practitioner approach	Pilots completed and reviewed and agreement to rollout across all localities. Roll out started	Pilots have identified prevention of spend in the region of £100k per quarter.	
3	First point of contact to improve triage of referrals and consistency of practice. Business case setting out use and impact and recommended interventions	Analysis of outcome of referrals through other than SCCE Identify behavioural and narrative change	Reduction in number of Care Act assessments required, leading to reduction in need for formal packages of care through improved signposting, information and advice	Targeting £0.750m through 70% resolution at first point of contact
4	Implement enhanced service around transitions from Children's Services. Initial action to widen scope of initial business case	Work to be incorporated into revised transformation plan	Improved outcomes through development of plans to work towards greater independence and less high cost packages of care. Savings not expected until 2017/18.	September – March 2017

	Action	Progress for October	Impact expected	Target
5	Improved offer for carer support – focusing on signposting and early help. Detailed and costed business case required.	Work to be incorporated into revised transformation plan	Carer breakdown is cited as one of the main reasons for people requiring new and increased packages of care. Action is needed to help reduce demand. Savings not expected until 2017/18	September – March 2017
6	Compulsory use of the Care Arranging Service for brokerage of all packages of care. Ensure capacity and knowledge to meet all service requirements within CAS.	Identify and secure training/additional support in the service Directive for use of CAS for all teams	Reduction in prices for care and reduction in the number of top-up arrangements required. Monitoring through Finance and Performance Board. Reduction in new spend for purchase of care.	Targeting £0.400m through reduction in 1:1 and additional contracts
7	Review of policy for hospital discharge and assessment to ensure the right long term care package is in place	Already policy to require no permanent placements and to ensure that discharge plans are in place on admission to planning beds, respite and re-ablement placements.	Improved consistency and improved timetabling for assessment to avoid the risk of adverse longer term packages based on someone's need too soon after discharge. Avoidance of purchase of care spend	Support delivery of current savings plan
8	Capacity planning, prioritisation and reallocation of social work resources to support the area of current highest needs in the service – this will	Resourced teams and clear priorities for reducing waiting lists; care assessments and reviews	To provide increased support to manage any tasks that can be undertaken by non-social work teams. To increase the number of reassessment of	Targeting £0.750m through increased assessments achieved

	Action	Progress for October	Impact expected	Target
	focus mainly on services for people with learning disabilities but include other high cost packages of care and low level packages of care		packages of care undertaken in order to increase impact of strength based approach to social care	
9	Implement Learning Disability service programme. <ul style="list-style-type: none"> - Complete review of packages of care - Individual plans for all services users that could have increased independence - Clear vision for Norfolk on best practice to meet eligible needs - Organisational development plan - LD Conference for all staff and additional training - Commissioning and provider links including provider summit 	Workshop undertaken to review current projects Embedding Just Checking work in operational teams Targeting reviews – linked to capacity planning work and reallocation of resources Agreed list of packages and contracts to address Best practice cases and conference planned	To ensure that the Promoting Independence strategy can be delivered within the service in line with Older People and Mental Health – helping to reduce the demand for services and provide solutions to meet eligible needs in line with national best practice.	Targeting £0.800m

Adult Social Services Reserves and Provisions 2016/17

	Balance	Period 4		Period 5		Removal
		Planned Usage	Balance	Full Council approved usage	Balance	
	01-April-16	2016/17	31-Mar-17	2016/17	31-Mar-17	2016/17
	£m	£m	£m	£m	£m	£m
Doubtful Debts provision	3.121	0.000	3.121	0.000	3.121	0.000
Redundancy provision	0.006	-0.006	0.000	0.000	0.006	0.006
Total Adult Social Care Provisions	3.127	-0.006	3.121	0.000	3.127	0.006
Prevention Fund – General - As part of the 2012-13 budget planning Members set up a Prevention Fund of £2.5m to mitigate the risks in delivering the prevention savings. £0.131m remains of the funding, and it is being used for prevention projects: Ageing Well and Making it Real. 2013-14 funding for Strong and Well was carried forward within this reserve as agreed by Members. £0.122m remains of the funding, all of which has been allocated to external projects and will be paid upon achievement of milestones.	0.253	-0.146	0.107	-0.160	0.093	0.015
Repairs and renewals	0.043	0.000	0.043	-0.043	0.000	-0.043
Adult Social Care Workforce Grant	0.070	-0.070	0.000	0.000	0.070	0.070
Unspent Grants and Contributions - Mainly the Social Care Reform Grant which is being used to fund Transformation in Adult Social Care	2.482	-0.982	1.500	-0.870	1.612	0.112
Total Adult Social Care Reserves	2.848	-1.198	1.650	-1.073	1.775	0.125
Corporate Business Risk Reserve	10.677	-10.677	0.000	-10.157	0.520	0.520
Total Reserves & Provisions	16.652	-11.881	4.771	-11.230	5.422	0.651

Adult Social Services Capital Programme 2016/17

Summary	2016/17		2017/18	2018/19
Scheme Name	Current Capital Budget	Forecast outturn at Year end	Draft Capital Budget	Draft Capital Budget
	£m	£m	£m	£m
Failure of kitchen appliances	0.031	0.031	0	0
Supported Living for people with Learning Difficulties	0.017	0.017	0	0
Adult Social Care IT Infrastructure	0.141	0.141	0	0
Progress Housing - formerly Honey Pot Farm	0.318	0.318	0	0
Adult Care - Unallocated Capital Grant	1.500	1.500	3.904	0
Strong and Well Partnership - Contribution to Capital Programme	0.161	0.161	0	0
Bishops Court - King's Lynn	0.085	0.085	0	0
Cromer Road Sheringham (Independence Matters)	0.181	0.181	0	0
Winterbourne Project	0.050	0.050	0	0
Great Yarmouth Dementia Day Care	0.030	0.030	0	0
Care Act Implementation	0.871	0.871	0	0
Social Care and Finance Information System	1.897	1.897	5.034	0
Elm Road Community Hub	0.800	0.800	0	0
Better Care Fund Disabled Facilities Grant and Social Care Capital Grant – passported to District Councils	6.368	6.368	2.000	0
TOTAL	12.450	12.450	10.938	0

Adult Social Care Committee

Item No.....

Report title:	2017-18 Budget and Medium Term Financial Planning 2017-18 to 2019-20
Date of meeting:	10 October 2016
Responsible Chief Officer:	Executive Director of Adult Social Services – Catherine Underwood

Strategic impact

This report provides an update on the Service Committee's detailed planning to feed into the Council's budget process for 2017-18. The Council's budget setting activity is informed by a range of documents including the Medium Term Financial Strategy, the County Council Plan, and the Efficiency Plan. Together these help to set the context for the Council's medium term service and financial planning, which will support the development of a robust, balanced budget for 2017-18.

Executive summary

Our current budget planning assumptions will increase spending on adult social services in 2017/18 compared to 2016/17. This includes our assumptions for new pressures facing the service including the impact of the National Living Wage, which will benefit care workers and support the resilience and sustainability of the care market in Norfolk.

More widely, the demands on adult social care provision continue to change. Much is being done across health and social care services to encourage people to stay healthy and independent in their own homes, without the need for formal care services. Those who do look to the Council's help are more often needing complex care packages. This requires significant investment in the services we provide, and we will continue to balance our commitment in this area with targeted spending to help more people to live independently.

Maintaining investment in these vital areas requires that, even with the Council spending around £1m each day on adult social services, savings have to be found.

This report forms part of the strategic and financial planning framework for Service Committees. It provides an update on the Council's budget setting process, and sets out details of the actions required by Service Committees to enable the Council to set a balanced budget for 2017-18.

Adult Social Care Committee is asked to:

- 1. Note that the Council's budget planning includes:**
 - a) an overall increase in spending on adult social care in 2017/18**
 - b) an assumed increase in council tax of 2% for the Adult Social Care precept, and an inflationary increase of 1.8% in 2017-18; and**
- 2. Recommend to Policy and Resources the use of the £4.6m 2016/17 transitional grant monies to help ameliorate the level of savings required in 2017/18**
- 3. In order to help close the 2017-18 budget gap as set out in section 2 of this report:**
 - a) agree the proposed remedial actions for 2016-17 (included elsewhere on this agenda), which will help to ensure that the 2017-18 budget is deliverable;**
 - b) agree the proposed new savings for 2017-18 as set out in in Section 3**

- c) Agree to consult, where necessary, on proposals to balance the budget for 2017/18
d) consider what scope there is for bringing forward the 2017-18 savings (b) above for implementation in 2016-17

1. Background

- 1.1 The Council's approach to medium term service and financial planning includes a rolling medium term financial strategy, with an annual budget agreed each year. In February, Full Council agreed spending and savings proposals which provided an overall surplus for the period to 2019-20, although with a gap identified for 2017-18 of £8.827m.
- 1.2 In July, Policy and Resources Committee received a paper setting out details of the progress of the Council's budget setting work and the wider financial context in which it is operating. The Committee noted the Council's progress in developing further savings proposals for 2017-18 and recommended to County Council to accept the Government's offer of a four year funding allocation, which would provide a degree of greater certainty about future budgets
- 1.3 This paper builds on the position reported to Policy and Resources Committee in July and represents the next stage of the Council's budget planning process. In particular, the paper sets out details of saving proposals identified for 2017-18 for the Committee's consideration.

2. Context for financial planning

- 2.1 County Council approved the 2016-17 Budget and the Medium Term Financial Strategy for the period 2016-17 to 2019-20 on 22 February 2016. The Medium Term Financial Strategy to 2019-20 set out a balanced budget for 2016-17, but a deficit remained of £8.827m in 2017-18, a surplus of £22.360m in 2018-19 and a deficit of £11.715m in 2019-20 (a small cumulative surplus of £1.818m). The Medium Term Financial Strategy's aim is to ensure a balanced budget to aid forward planning and help mitigate financial risk. The Medium Term Financial Strategy position is shown in the table below.

Table 1: Budget surplus / deficit as reported to Full Council on 22 February 2016

	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
Additional cost pressures and forecast reduction in Government grant funding	77.475	51.353	49.354	42.454
Council Tax base increase	-20.532	-10.300	-15.265	-16.266
Identified saving proposals and funding increases	-56.943	-32.226	-56.449	-14.473
Budget gap (Surplus) / Deficit	0.000	8.827	-22.360	11.715

The £51.353m assumed cost pressures and forecast reduction in Government grant funding in 2017-18 consists of:

- Inflationary cost pressures for pay and non-pay budgets of £9.993m
- Legislative changes of £5.428m including pension revaluation costs
- Demographic cost pressures in Adult social Care of £6.134m
- NCC policy changes of £0.186m
- Forecast funding reductions of £29.613m

It should be noted that the budget gap of £8.827m in 2017-18 **assumes a CPI increase in council tax** above the 2% Adult Social Care precept, based on the assumptions used by the Government at the time of the 2016-17 local government settlement. Any reduction in this increase will require additional savings to be found. The assumed increases in Council

- 2.2 Tax for the Adult Social Care Precept and inflation (the OBR forecast of CPI) are set out in the table below. These are of course subject to Full Council's decisions on the levels of Council Tax, which will be made before the start of each financial year. In addition to an annual increase in the level of Council Tax, the budget assumes modest annual tax base increases of 0.5%.

Table 2: Council Tax increase assumptions in Medium Term Financial Strategy

	2017-18 £m	2018-19 £m	2019-20 £m
Adult Social Care precept (2%)	6.655	6.943	7.249
Inflation (OBR CPI forecast of 1.8%, 1.9% and 1.99%)	5.990	6.596	7.213
Total assumed Council Tax increase (from ASC precept and CPI)	12.645	13.538	14.463

- 2.3 Since the preparation of the Medium Term Financial Strategy, further pressures on the budget have been identified, resulting in changes to the Council's budget planning position. Alongside the assumptions about Council Tax, other key assumptions within the Council's current budget model include:

- a) Reversal of 2016-17 saving CHI001-4 £3.000m Looked After Children saving
- b) £3.000m pressure from delay of transport saving ASC003 and cost pressures in Adult Social Care
- c) Reversal of 2016-17 saving CHI012 £0.500m reducing the cost of transport for children with Special Education Needs
- d) All previously agreed savings for 2017-18 are deliverable apart from reversal of EDT036 £1.600m saving introducing locality based structure for Community and Environmental Services directorate
- e) No further pressures arising from the Better Care Fund
- f) No change in Education Services Grant
- g) No new cost pressures (e.g. from waste)
- h) Transitional funding of £4.561m in the 2016-17 Budget is retained to support delivery of the 2017-18 Budget allowing the Council to *"ease the pace of reductions during the most difficult first 2 years of the settlement."*¹

- 2.4 The above factors in the model mean that the actual level of savings that will be required of service committees will be in the range of £15-£20m. Officers have been working to an overall target of £20m, which has been allocated to committees for planning purposes pro-rata to net budgets.

¹ Secretary of State for Communities and Local Government's speech announcing the 2016-17 local government finance settlement: <https://www.gov.uk/government/speeches/final-local-government-finance-settlement-2016-to-2017>

Table 3: Allocation of £20m savings to Services (by Committee and Department)

Department	Savings Target Based on 2016-17 Net Budget	Committee	Savings Target Based on 2016-17 Net Budget
	£m		£m
Adult Social Care	7.1	Adults	7.1
Children's Services	4.1	Children's	4.1
CES	5.7	Communities	1.4
Resources	0.6	EDT	4.3
Finance and Property	0.5	Policy and Resources	3.1
Finance General	2.0		
	20.0		20.0

- 2.5 Details of the 2016-17 budget overspend position have been reported to Policy and Resources Committee on 26 September. Details of remedial actions being taken by this service to support both the 2016-17 Budget position and the 2017-18 Budget planning process are set out in the Finance Monitoring Report elsewhere on this agenda.

3. 2017-18 Budget proposals

- 3.1 Our budget planning assumptions include investment in adult social care in 2017/18.
- 3.2 A large proportion of the increase will be to manage the ongoing cost from the 2015/16 cost of care exercise and impact of the National Living Wage. The introduction of the national living wage reflects the Government's objective of moving from a low wage, high tax, high welfare society to a higher wage, lower tax, lower welfare society. It will have a beneficial impact on the thousands of workers who deliver vital care and support each day in Norfolk and is line with our own priority for jobs in Norfolk, as well as supporting recruitment and retention of a skilled and committed workforce in the care market. This is vital for securing the best possible care for our residents.
- 3.3 The Council recognises that the demands on adult social care provision are changing. Much is being done across health and social care services to encourage people to stay healthy and independent in their own homes, without the need for formal care services. Those who do look to the Council's help are more often needing complex care packages. This requires significant investment in the services we provide, and we will continue to balance our commitment in this area with targeted spending to help more people to live independently.
- 3.4 Maintaining investment in these vital areas requires that, even with the Council spending around £1m each day on adult social services, savings have to be found. As part of the medium term financial plan, Adult Social Services has already identified and agreed some £17.895m of savings for 2017/18.
- 3.5 In response to the revised financial position, as set out in section 2 above, officers have identified additional savings which is it proposed should be the subject of consultation. In identifying these, we have sought to minimise impact on the most vulnerable within the Promoting Independence strategy and have protected services where there is no alternative provision available. Our first call on savings has been finding efficiencies, and ensuring we are getting maximum value and impact out of existing contracts; we have avoided, where at all possible, reducing or stopping entirely upstream prevention activities which help to keep people close to home and which target those who may be most at risk.

- 3.6 The key focus for further work and the basis for additional proposals is to ensure that the services and support that we provide to the wider community is more clearly focussed on helping people to not require or to delay the need for formal care services and to remain independent in their communities.
- 3.7 **Building resilient lives, reshaping our work with people of all ages requiring housing related support to keep them independent. (2017-18 saving £1.1m; full year saving £4.5m)**
- 3.7.1 *Why this is being considered?*
- Promoting independence recognises the vital role of prevention funding in the community and to individuals but we also acknowledge that NCC is required to focus resources closely on prevention of care spend. We propose to review our approach to non-statutory commissioned services and reinvest a proportion of our spend to buy services that more closely support the Council's approach.
- 3.7.2 Existing investment in services for people who do not have statutory eligibility but are vulnerable, for a variety of reasons, is made by NCC in a number of wide ranging services. We currently spend £2.751m a year on floating support and £6.427m on accommodation based support. The majority of services facilitate access to non-specialist support for people in their own homes or in specific accommodation. Services in this category of spend cater for those who may not have access to statutory services, or may be excluded from mainstream society. In addition to the impacts on individual wellbeing and health, lack of support for these people in society will have direct impacts on criminal justice agencies, health and housing authorities. There is opportunity to work in partnership with others to refocus this spend and work with wider communities and district based services to help people who have the greatest likelihood of requiring formal care at a future stage.
- 3.7.3 All services are being challenged to transform, to ensure good outcomes for people within the limited funding available. This proposal would entail removing half of the investment and then working with District, community and health partners to plan and confirm how the continuing £4.5m NCC annual investment could be utilised most effectively.
- 3.7.4 *What would be required?*
- Previous consultation on removal of funding for services providing housing related support indicated that while a minority of people who responded felt that the responsibility for funding should be spread more widely across the public sector (health, districts, criminal justice etc.) many felt that these are key preventative services that support vulnerable people and therefore reducing funding was not possible.
- 3.7.5 Given the pressures on budgets this proposal suggests that, given the key nature of these services and their impact across the sector, a coalition of stakeholders considers how support can continue to be provided to those who have no statutory eligibility to services provided by the County Council.
- 3.7.6 Actions would include the development of pathways that can be used by individuals and agencies to navigate systems and support would be focused on maintaining individual independence, supporting community and individual resilience and assets. The process would also identify any additional or alternative resources that could be used to support mainstream activities.
- 3.7.7 It is proposed that a group drawn from the Health and Wellbeing Board and Sustainability and Transformation Programme participants, including service users, providers and the voluntary sector form a small working group to consider the impact and direction of service transformation with a view to making clear recommendations on the shape of services,

within the cost envelope, to Committee.

3.7.8 *Implications of the proposals*

Preventive and community support is a societal issue. We estimate that approximately 11,000 people receive some type of help or support from our non-statutory commissioned services. Our proposal requires a wider approach, working with partners and district councils who provide statutory housing services to focus reduced but coordinated investment on the schemes and approach that will have the biggest impact.

3.7.9 However, it will mean that services and support will look different and we will need the support of other organisations to mitigate potential risks to groups of people as services change and people access support in different ways – for example through information within community hubs such as at doctor's surgery rather than floating support.

3.7.10 Detailed implications would need to be identified and managed through the proposed working group.

3.7.11 The proposals do not currently include accommodation for those fleeing domestic abuse. It is considered, that given the sensitive nature of these services that separate discussions should focus on whether transformation of these services or a wider sharing of the support function is possible or desirable.

3.7.12 *Scope for early decisions and savings*

The Council consulted fully on the range of services that would be reviewed as part of the budget planning consultation for 2016/17. The proposal is therefore to use the consultation results as well as some targeted new consultation to inform the working group discussions, which will seek to refocus services and mitigate risks that were identified. It is therefore recommended that more detailed work could commence early in the budget process to enable full recommendations to be ready for February 2017. This will enable the new services to be commissioned by the end of December 2017 with an in-year saving of £1.1m.

3.8 **Remodel contracts for support to mental health recovery (2017/18 saving - £0.125m; full year saving £0.400m)**

3.8.1 *Why this is being considered?*

Delivery of Promoting Independence for working age adults with mental health issues is being undertaken through both mental health social work teams and transformation of commissioned services. Historically Norfolk has had high numbers of people with mental health problems in permanent residential care compared with comparator authorities and therefore work undertaken has focused on reducing the number of people in, and being admitted to, permanent residential care and sourcing quality alternatives.

3.8.2 As a result of this work numbers in long term residential care have reduced by 18% from 201 in March 2015 to 165 in March 2016 and the number of permanent admissions has fallen by 63% from 54 in 2014/15 to 21 in 2015/16. (DH returns), and is now more in line with those of comparable local authorities. The focus of the transformation has been to enhance the rehabilitative component of support to facilitate the care of people with more complex needs.

3.8.3 A number of key contracts, due to be re-let in 2017, offer an opportunity to continue the reshaping of the sector, to support the delivery of Promoting Independence, with explicit focus on outcomes and efficiencies of operation.

3.8.4 *What would be required?*

The focus would be on retaining provision for supported living and a contract that is due to end December 2017 will be competitively tendered in conjunction with the health and social care component of housing related floating support. The result will be a number of supported living hubs with outreach that caters for those with complex needs living in the community. Revised specifications for the support for supported living will focus on innovative delivery models that facilitate recovery and move on into the community. The housing related outreach service will then follow people to ensure movement into and maintenance of independent living.

3.8.5 We also currently provide community support through domiciliary care, day care and personal assistants. A review encompassing two key elements will cover the functionality and outcomes of services provided and a fundamental shift in the way services are provided. Combining personal assistant type support with supported living services and outreach support is forecast to deliver savings of £350k per annum.

3.8.6 *Implications of the proposals*

The proposal is aiming to deliver a more efficient and outcome focused services, with no adverse impact for service users. Continued focus will be maintained on the performance and delivery of the supported living schemes combined with outreach. These services are key to ensuring that use of care home places are minimised.

3.8.7 *Scope for early decisions and savings*

The supported living contract ceases December 2017 and savings cannot be delivered earlier than proposed. Work is already planned to review the function and sourcing for community support, which will support the specification for the retendering process.

3.9 **Recommissioning of information, advice and advocacy services (2017/18 saving £0.063m; full year saving £0.250m)**

3.9.1 *Why this is being considered?*

We currently have net spend of £0.746m on information, advice and advocacy services, through a range of mainly voluntary sector providers. This is net of funding that we receive towards this. Recent work to review the Promoting Independence savings has highlighted the need for focus on information and advice in order to signpost people to community and wider support as early as possible and help reduce or delay the need for people to require formal care assessment. Some of the contracts are coming to end during 2017/18 and there is an opportunity to merge and better coordinate some of the functions being commissioned and let more effective outcome focused contracts, with reduced spend.

3.9.2 *What would be required?*

The proposal is to merge functions of services, which could improve the operation of services through simplifying the way that people access services. Currently services are client specific with many access point – so there is opportunity to streamline service delivery and make it easy to obtain advice, information and advocacy. The target is reduce the net spend on these services through commissioning efficiencies by £0.250m, however due to the timing of the contracts it is envisaged that £0.063m of the saving can be realised in 2017/18 and a further £0.188m in 2018/19.

3.9.3 Delivery of the savings proposals would require re-specification of the services and a tender process. Consultation with individuals receiving support would be needed to mitigate any risks associated with the changes.

3.9.4 *Implications of the proposals?*

The aim of the proposal is to improve access to information, advice and advocacy and simplify the routes into services. However, this will impact on existing providers of services and consultation with both service users and providers will be needed to ensure that the remodelled services are fit for purpose and that supporting services are able to deliver within merged functions.

3.9.5 *Scope for early decisions and savings?*

The timescale for delivery of savings is planned in line with the termination dates of contracts. These range from spring 2017 to March 2018. The profiled savings are based on these dates.

3.10 **Review of commissioning structure and opportunity to review staffing requirements to reflect integrated (2017/18 saving £0.155m)**

3.10.1 *Why this is being considered?*

There is currently a Head of Locality Commissioning post vacant within the service. This post is a jointly funded post between NCC (76%) and Health (24%). In addition there are some vacancies within wider support teams. Although the current work levels remain, there is an opportunity to consider whether work could be aligned differently, particularly as there is now some changes within the health structure (through such as a shared management structure between North and South CCGs) and a new aim to coordinate work programmes across Norfolk through both the Better Care Fund (BCF) and Sustainable Transformation Plans (STP), which could reduce the amount of separate schemes required.

3.10.2 *What would be required?*

The proposal is to not fill the current vacancy in commissioning and to review other vacant posts to deliver efficiency savings. However, reducing capacity in the commissioning team will require a review of functions undertaken with a view to reallocating the workload.

3.10.3 *Implications of the proposals*

Without further review there is some risk that value for money could be affected if functions such as contract monitoring and provider liaison are not met. It will therefore be important to look at systems that can support these functions and strategically helpful to consider restructuring remaining staff to ensure the right influence and support on work with the five CCGs and engagement with the STP. There would not be any redundancy implications.

3.10.4 *Scope for early decisions and savings*

The decision to not recruit to the commissioning post could be taken immediately and the saving realised. Realisation of savings from other vacancies will require wider review and will not be achievable until April 2017.

3.11 **A consistent approach to specific laundry needs (2017/18 saving £0.055m)**

3.11.1 *Why this is being considered?*

A residual linen service is still provided in three localities (East, Norwich and West), which includes provision of transport for laundry services. This service is commissioned from Norse, but is not provided consistently across the county and it is proposed to cease the service and through support planning ensure that the service is provided within personal budgets through alternative means, where there are eligible unmet needs.

3.11.2 *What would be required?*

Actions would require notification to the laundry provider and identification of alternative provision for all service users from within existing budgets. This work is already progressing in one of the localities.

3.11.3 *Implications of the proposals*

Eligible unmet needs would still need to be supported, but this would be met within personal budgets rather than a separate contract.

3.11.4 Initial indications are that the reduction in the contract would not lead to any redundancy implications and decommissioning has been anticipated.

3.11.5 *Scope for early decisions and savings*

Work has started and it would be possible to cease the residual service in three months.

3.12 **Home care commissioning – deliver an improved framework for procuring home care services in Norfolk (2017/18 saving £0.183m; full year saving £0.732m)**

3.12.1 *Why this is being considered?*

The homecare strategy advocates that using block strategies gains NCC a better unit price due to efficiencies of scale and business continuity. Currently between 50% and 60% of the council's homecare business is purchased through spot contract arrangements and there is opportunity to reduce this with an improved framework for purchasing homecare services in Norfolk.

3.12.2 There is opportunity to work towards addressing wider issues affecting the homecare market, and whilst there are long range savings that could be expected through addressing these issues and adopting different approaches – such as a more reabling approach to home care, which could reduce care needs in the long term – there is an opportunity for more immediate benefits from a new procurement framework.

3.12.3 *What would be required?*

Work with providers would be needed to review the current provision and support specification, with a full reprocurement of central services by May 2017 and new services in place by January 2018.

3.12.4 *Implications of the proposals*

The aim will be to achieve more effective operation of the market, increase the availability of care to support people at home and improve quality of care. However, there is a need to recognise the wider issues facing the home care market and initiatives such as workforce development programme will need to encourage workers into and to remain in the sector.

3.12.5 *Scope for early decisions and savings*

The timescale is already based on work commencing immediately and no earlier savings are considered to be achievable.

Table 4: New 2017-18 Saving Proposals

Ref	Proposal	Saving 2017-18 £m	Full Year Saving £m	Risk Assessment	Impact of earlier decision / potential to bring forward savings	Remaining budget £m
001	Building resilient lives, reshaping our work with people of all ages requiring housing related support to keep them independent.	1.100	4.500	Amber	Included	4.677
005	Remodel contracts for support to mental health recovery	0.125	0.400	Amber	Included	5.163
006	Recommissioning of information advice and advocacy	0.063	0.250	Green	0.063	0.496
007	Review of commissioning structure and wider opportunities to realign staffing structures in localities	0.155	0.155	Green	0.027	Across multi budgets
009	A consistent approach to specific laundry needs	0.055	0.055	Green	0.013	0.000
010	Home care commissioning – an improved framework for procuring home care services in Norfolk	0.183	0.732	Green	0.000	48.613
Total		1.681	6.092		0.103	

3.12.6 Committee discussions about proposed additional savings will be used to inform development of the Council's overall 2017-18 Budget.

3.13 Consultation

3.13.1 Those individual savings proposals which require consultation will be published and consulted on via the Council's consultation hub Citizen Space. Targeted consultation with those who may be affected by any changes will be carried out and impact assessments will

be completed. The Council carried out a substantial consultation programme in autumn 2015 which has given a strong body of evidence of views. We will use this body of evidence, where it is still relevant and current, and supplement with additional targeted consultation with affected groups, particularly those at risk of disadvantage. Feedback will be available for Committees in January.

4. Financial Implications

- 4.1 In the March 2016 Budget, the Chancellor confirmed that the Government still has to find savings of £3.5bn in the course of this parliament. Unprotected areas, which include local government, therefore anticipated further cuts in their funding during this period. However, the new Chancellor has signaled his intention to move away from the 2020 surplus target. The autumn statement on November 23rd will give more clarity on how the Government may seek to 'reset' economic policy, but it remains unclear at this time what the implications for local government will be.
- 4.2 The Committee proposals set out in this report, for both 2016-17 remedial actions, and new 2017-18 proposals, will be reported to Policy and Resources Committee in October and November to enable an overall assessment of the Council's 2017-18 budget position to be made.

5. Issues, risks and innovation

- 5.1 There are no significant risks or implications beyond those set out in the financial implications section of the report.

6. Background Papers

- 6.1 [County Council Budget 2016-17 to 2019-20: Medium Term Financial Strategy 2016-20, County Council, 22 February 2016, Item 4, Annexe 9](#)
- [Budget 2017-18 Planning and Efficiency Plan, Policy and Resources Committee, 18 July 2016, Item 10](#)
- [Finance Monitoring Report P4 July 2016, Policy and Resources Committee, 26 September 2016, Item 7](#)

Officer Contact

If you have any questions about matters contained or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

If you have any questions about matters contained in this paper please get in touch with:

Officer Name:	Tel No:	Email address:
Catherine Underwood	01603 223175	<u>catherine.underwood@norfolk.gov.uk</u>
Susanne Baldwin	01603 228843	<u>susanne.baldwin@norfolk.gov.uk</u>



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Adult Social Care Committee

Item No.

Report title:	Risk Management
Date of meeting:	10 October 2016
Responsible Chief Officer:	Catherine Underwood, Acting Executive Director of Adult Social Services
Strategic impact Monitoring risk management and the departmental risk register helps the Committee undertake some of its key responsibilities and provides contextual information for many of the decisions that are taken.	

Executive summary

At the Adult Social Care Committee meeting of 11 May 2015 Members requested a full report at the first meeting of the year followed by exception reports to subsequent meetings

At the first Committee meeting of 2016/17 a report was presented with the full departmental risk register for 2016/17 together with proposals for two new risks. Exception reports will continue to be presented at all future meetings during 2016/17.

Risks are where events may impact on the Department and County Council achieving its objectives and these are set out in the risk register together with tasks to mitigate the risk and with regular progress updates.

Recommendations: Committee Members are asked to:

- a) **Note and comment on progress with departmental risks since 4 July 2016**
- b) **Note the updates on the risks as detailed at 2.4.1**
- c) **Consider if there are any new risks for inclusion on the Adult Social Care Risk Register**
- d) **Consider if any further action is required**

1 Proposal

- 1.1 The Adult Social Care Risk Register has been refreshed for 2016/17 and this report provides Members with an update of the most recent changes. Changes that have arisen with the Corporate Risk Register that are relevant to this committee are also included.

2 Evidence

- 2.1 The Adult Social Services departmental risk register reflects those key business risks that need to be managed by the Senior Management Team and which, if not managed appropriately, could result in the service failing to achieve one or more of its key objectives and/or suffering a financial loss or reputational damage. The risk register is a dynamic document that is regularly reviewed and updated in accordance with the Council's "Well Managed Risk – Management of Risk Framework".
- 2.2 A clear focus on strong risk management is necessary as it provides an essential tool to ensure the successful delivery of our strategic and operational objectives.

2.3 The current risks are those identified against the departmental objectives for 2016/17 and have been reviewed for this report. The review of existing risks has been completed with responsible officers.

2.4 Progress with corporate and departmental risks

2.4.1 Since the last report to this Committee progress has been made with the following risks:

Risk Number	Risk Name	Progress Update
RM014b (corporate risk)	The savings to be made on Adult Social Services transport are not achieved.	<ul style="list-style-type: none"> • Titan (Travel Independent Training Across the Nation) training is being piloted from October • Reviewing business case following detailed costings to refurbish a centre in Thetford to provide day services for younger people with complex Learning Difficulties • Engagement events held to encourage transport providers to sign up to Trusted Traders for Transport so that where people are able they can arrange and pay for transport themselves and it is being promoted in Your Norfolk
RM13931 (departmental risk)	A rise in acute hospital admissions / pressure on acute services or reduction in acute capacity.	<ul style="list-style-type: none"> • Joint integrated focus on community unit flow has benefited the whole system
RM14085 (departmental risk)	Failure to follow data protection procedures	<ul style="list-style-type: none"> • The NCC intranet has been amended to include a number of updated policies and procedures around data protection • Briefing sessions on the ICO Audit have been held with relevant staff and all staff are aware of their responsibilities with regard to Data Protection
RM14237 (departmental risk)	Deprivation of Liberty Safeguarding	<ul style="list-style-type: none"> • Use of ADASS guidance to prioritise cases • E- DoLS implemented • 14 NCC sessional BIA's on rota • Course at UEA commissioned for Autumn 2016 in conjunction with Cambs and Suffolk – Norfolk has 4 trainees • Well attended MCA/DoLS partnership group running to improve practice and joint working
RM14238 (departmental risk)	Failure in our responsibilities towards carers.	<ul style="list-style-type: none"> • Continuation of funding for commissioned Carers Service has been confirmed from four CCGs • The preventative assessment is being trialled with carers to improve assessment rates • Wide carer and stakeholder consultation has been undertaken prior to finalising commissioning intentions for carers services
RM14247 (departmental risk)	Failure in the care market	<ul style="list-style-type: none"> • Agreement and implementation of the Cost of Care Exercise • Wider engagement with the market through dialogue on costs, pressures and collaboration

RM14259 (departmental risk)	Integration with community health providers could mean focus on health issues to detriment of NCC capacity, both management and operational.	<ul style="list-style-type: none"> • Monitoring of impact on capacity • Steps taken to address if / when issues arise
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2.4.2 In addition to the above, an Interim Promoting Independence Strategy and Delivery Director has been appointed to help with the delivery of the strategy.

2.4.5 There remains a strong corporate commitment to the management of risk and appropriately managing risk, particularly during periods of organisational change.

3 Financial Implications

3.1 There are no financial implications other than those identified within the risk register.

4 Issues, risks and innovation

4.1 The report reflects the priority risks.

5 Background

5.1 Appendix 1 provides the Committee members with a summary departmental risk register for 2016/17. At Appendix 2 is a copy of the risk scoring matrix to show the scoring methodology for Impact and Likelihood. Appendix 3 shows the departmental risks which appear on the Corporate Risk Register.

6 Recommendations

6.1 **Committee Members are asked to:**

- a) **Note and comment on progress with departmental risks since 4 July 2016**
- b) **Note the updates on the risks as detailed at 2.4.1**
- c) **Consider if there are any new risks for inclusion on the Adult Social Care Risk Register**
- d) **Consider if any further action is required**

Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, e.g. equality impact assessment, please get in touch with:

Officer name :

Email address :

Tel No. :

Sarah Rank

sarah.rank@norfolk.gov.uk

01603 222054



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Risk Register - Norfolk County Council																					
	Risk Register Name		Adult Social Care Departmental Risk Register															Red			
	Prepared by		Catherine Underwood and SMT								High							Amber			
	Date updated		September 2016								Med							Green			
	Next update due		November 2016								Low							Met			
CDGSTP	Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Original Likelihood	Original Impact	Original Risk Score	Current Likelihood	Current Impact	Current Risk Score	Tasks to mitigate the risk	Progress update	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update
C	Adult Social Care Committee Transformation	RM14079	Failure to meet the long term needs of older people	If the Council is unable to invest sufficiently to meet the increased demand for services arising from the increase in the population of older people in Norfolk it could result in worsening outcomes for service users, promote legal challenges and negatively impact on our reputation. With regard to the long term risk, bearing in mind the current demographic pressures and budgetary restraints, the Local Government Association modelling shows a projection suggesting local authorities may only have sufficient funding for Adult's and Children's care.	11/10/2012	5	5	25	4	5	20	<ul style="list-style-type: none">• Implement a new model for social care• Invest in appropriate prevention and reablement services• Integrate social care and health services to ensure maximum efficiency for delivery of health and social care• The Building a Better Future Programme will realign and develop residential and housing with care facilities• Ensure budget planning process enables sufficient investment in adult social care .• Adult Social Services is implementing a new more cost effective model for meeting peoples' needs based on Promoting Independence.	The Adult Social Care mitigating tasks are relatively short term measures compared to the long term risk, i.e. 2030, but long term measures are outside NCC's control, for example Central Government policy. The department is implementing Promoting Independence which will radically change Adult Social Services in Norfolk. The overall objective is: improving when and how people can get information and advice locally; helping people to meet their needs locally; helping people to be independent; a strengths based approach; and in turn reducing the number of social care assessments that Norfolk carries out and the amount of funded services provided. Strengths based training has been rolled out to all social care practitioners in Adult Social Services . An Interim Promoting Independence Strategy and Delivery Director has been appointed to help deliver the change.	2	4	8	31/03/2030	Amber	Catherine Underwood	Janice Dane	26/09/2016
D	Transformation	RM13926	Failure to meet budget savings	If we do not meet our budget savings targets over the next three years it would lead to significant overspends in a number of areas. This would result in significant financial pressures across the Council and mean we do not achieve the expected improvements to our services.	30/04/2011	3	5	15	4	5	20	<ul style="list-style-type: none">• Efficiency and savings targets are being managed through the Promoting Independence Programme Board.• Work streams and project governance in place.• Monthly monitoring, locality team meetings and continued development of forecast to ensure timely focus on key budgets and any emerging issues• Norsecare Liaison Board to develop and monitor delivery of savings related to the Norsecare contract	<ul style="list-style-type: none">• Rationalisation of programme governance across the service and alignment to 2016-19 savings requirements• Promoting Independence programme of work underway including strength based assessments, pilot Community links, reablement recruitment.• Detailed work on target demand model and external support secured to challenge robustness; improve modelling, support development of additional plans and implementation has led to clarified demand requirements and financial implications.• Work with Impower has highlighted likely shortfall in savings delivery to planned targets. Programme is being restructured and revised plans presented.• Work continues with Norsecare to deliver savings.	3	5	15	31/03/2017	Amber	Susanne Baldwin	Susanne Baldwin	08/06/2016
D	Transformation	RM14149	Impact of the Care Act	Impact of the Care Act and associated changes in Social Care funding (significant increase in number of people eligible for funding, increase in volume of care - and social care - and financial assessments, potential increase in purchase of care expenditure,	27/11/2013	4	3	12	1	5	5	Project for Implementation of the Care Act. Ensure processes and resources in place to deliver Government requirements. Estimate financial implications. Keep NCC Councillors informed of issues and risks.	Project delivered necessary changes for April 2015 (part one of the Care Act). On 17 July 2015 the Government announced that Part Two of the Care Act is deferred until 2020. ASC Committee members agreed to keep this on the risk register until government guidance was clearer. At this point in time no further information has been received from Government.	1	3	3	31/03/2020	Green	Janice Dane	Janice Dane	26/09/2016
D	Safeguarding Locality and hospital teams	RM13931	A rise in acute hospital admissions / pressure on acute services or reduction in acute capacity.	A significant rise in acute hospital admissions / services would certainly increase pressure and demand on Adult Social Care. Potential adverse impacts include rise in Delayed Transfers of Care (DTOCs) pressure on purchase of care spend, assessnent staff capacity and NCC reputation.	30/06/2011 - revised 21/04/2016	3	4	12	4	4	16	<ul style="list-style-type: none">• Close daily monitoring of demand and flow.• Integration programme means we are transforming to flex to best advantage in this situation.• Close working across system to deliver new models and prevent rise in demand.• High level involvement in issues. Senior careful management of reputational issues.	<ul style="list-style-type: none">• Integration Programme Phase 2 in place with agreed joint work-streams.• Innovations at NNUH, JPUH and QEH implemented.• Joint whole system working in evidence.• Capacity Planned and monitored – this area given priority.• Joint integrated focus on community unit flow has benefited whole system.	2	3	6	31/03/2017	Amber	Lorrayne Barrett	Lorrayne Barrett	14/09/2016

CDGSTP	Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Original Likelihood	Original Impact	Original Risk Score	Current Likelihood	Current Impact	Current Risk Score	Tasks to mitigate the risk	Progress update	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update
C	Adult Social Care Committee Transformation	RM0207	Failure to meet the needs of older people	If the Council is unable to invest sufficiently to meet the increased demand for services arising from the increase in the population of older people in Norfolk it could result in worsening outcomes for service users, promote legal challenges and negatively impact on our reputation.	01/04/2011	3	4	12	3	4	12	<ul style="list-style-type: none"> Invest in appropriate prevention and reablement services Integrate social care and health services to ensure maximum efficiency for delivery of health and social care The Building Better Futures Programme will realign and develop residential and social care facilities. Adult Social Services has a new more cost effective model for meeting peoples' needs based on Promoting Independence. 	<ul style="list-style-type: none"> The Norsecare development at Bowthorpe opened in April 2016. The department is delivering Promoting Independence, the new strategy for Adult Social Services: keeping people independent in their homes, meeting their needs in the local community and reducing the need for paid services. An Interim Promoting Independence Strategy and Delivery Director has been appointed to help deliver the strategy. The department has invested in more reablement staff so that additional people can be reabled, needing either no home care or smaller packages of care. Agreement reached with the CCGs about Better Care Fund. 	2	4	8	31/03/2017	Amber	Catherine Underwood	Janice Dane	26/09/2016
D	Support & Development	RM13925	Lack of capacity in ICT systems	A lack of capacity in IT systems and services to support Community Services delivery, in addition to the poor network capacity out into the County, could lead to a breakdown in services to the public or an inability of staff to process forms and financial information in for example Care First. This could result in a loss of income, misdirected resources, poor performance against NI targets and negatively impact on our reputation.	30/04/2011	4	4	16	3	4	12	<ul style="list-style-type: none"> Children's Services, Adult Care, Finance and PPP planning requirements are prioritised by CareFirst Production Review Group - monitor and update as necessary at each CFPR meeting. Business Development Manager is the lead for ICT in ASSD and co-ordinates all ICT related activity on behalf of SMT. CareFirst Production Review Group monitors progress and demand to ensure available ICT resources are allocated to Children's Services (ChS), Adult Social Care (ASC) and Finance on an agreed service priority basis. The ICT Business Partner pulls together CareFirst and other ICT developments for ChS and ASC in the form of commissioning documents that feed into ICT Steering Group and CareFirst Production Review Group. 	<ul style="list-style-type: none"> The ASC Care First ICT and IM group meets monthly to ensure priorities are co-ordinated and agreed and presented to CareFirst Production Review Group to access the required ICT resource. 4 April 2016 - a draft remedial plan to resolve integrated ICT matters was presented to the Joint Integration Board. 14 April 2016 - NHS integration (capacity and solutions for integrated working) raised with the NCC ICT Steering Board as a key priority and actively adopted by Head of ICT. 	3	2	6	31/03/2017	Amber	Catherine Underwood	Sarah Rank	23/09/2016
D	Prevention	RM13923	Risk of failing to deliver Promoting Independence, the new strategy for Adult Social Services in Norfolk	Promoting Independence is the new strategy for Adult Social Services in Norfolk. The overall objective is: improving when and how people can get information and advice locally; helping people to meet their needs locally; helping people to be independent; a strengths based approach; and in turn reducing the number of social care assessments that Norfolk carries out and the amount of funded services provided. Failure to deliver the new strategy will mean poorer outcomes for people and savings included in the budget plan will not be achieved.	30/04/2011	4	3	12	3	4	12	<ul style="list-style-type: none"> Programme and resources in place to deliver Promoting Independence. 	<ul style="list-style-type: none"> Capacity of the reablement service has been increased so it can take 100% of referrals (based on previous years). Strengths Based Assessment training has been rolled out to all staff. Assistive Technology staff have been transferred back to NCC. Community Clinics and Preventative Assessments are being piloted. Co-production workshops are being held to review the Personal Budget Questionnaire. Partnership Review Group is up and running. An Interim Promoting Independence Strategy and Delivery Director has been appointed. Full delivery plan being revised by 31st October 2016 including resource planning. 	2	4	8	31/03/2018	Amber	Catherine Underwood	Janice Dane	26/09/2016

CDGSTP	Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Original Likelihood	Original Impact	Original Risk Score	Current Likelihood	Current Impact	Current Risk Score	Tasks to mitigate the risk	Progress update	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update
D	Information Management	RM14085	Failure to follow data protection procedures	Failure to follow data protection procedures can lead to loss or inappropriate disclosure of personal information resulting in a breach of the Data Protection Act and failure to safeguard service users and vulnerable staff, monetary penalties, prosecution and civil claims.	30/09/2011	3	5	15	3	4	12	<ul style="list-style-type: none"> New staff not allowed computing access until they have completed the data protection and information security e-learning courses. Mandatory refresher training and monitoring rates of completion of training. Introduction of more stringent rules to ensure sensitive information is sent to the correct recipient. Monitoring and reporting regime, including monthly reports to CLT, now established. Work in progress on a standardised mechanism for investigating breaches. A workbook on data protection and information security has been published for staff and volunteers who have no computer access. A new Information Compliance Group has been set up by the IM Manager. Group objectives are to improve the management of data protection and information security across the county. Recent ASSD improvements include auditing of HQ and locality offices for compliance with clear desk policy and following up non-completion of e-Learning modules. AD - Social Work has attended Caldicott Guardian training and Business Support and Development Manager is due to attend the training in December 	<ul style="list-style-type: none"> Any cases reported to Performance Board. ASC locality premises are regularly audited for compliance and actions taken to promote rapid improvement. A Data Quality policy has been developed by the Business Systems team in respect of CareFirst which takes into account of DP requirements. The Business Systems team has been reviewed to support a greater emphasis on the accuracy of data within CareFirst. All user emails are being sent on a regular basis to keep staff informed of changes and updates. Managers in department are sent regular reminders about people who have not completed e-learning course and completion discussed at SMT. The BDM attends regular ICG meetings that focus on improvements to data protection and information security across the county. The BDM is working with the Head of IM to oversee the implementation of the NHS IG toolkit which will see an improved level of training and compliance for Adults and Children's staff. Reminders to individual staff to complete Data Protection e-Learning courses are sent out. Policy updates and guidelines are regularly reviewed and updated and appear on the NCC intranet The NCC intranet has been updated to include revised Policies and Procedures Briefing sessions on the ICO Audit have been done with relevant staff and all staff are aware of their responsibilities with regard to Data Protection. 	1	3	3	31/03/2017	Green	Catherine Underwood	Sarah Rank	23/09/2016
D	Transformation	RM13936	Inability to progress integrated service delivery	Pressure on NCHC staff could have an adverse impact on joint teams regarding capacity and hinder integration progress or organisations reputation / ability to deliver.	30/06/2011 - revised 18/04/2016	3	5	15	2	5	10	<ul style="list-style-type: none"> Pressure closely monitored by AD's and escalated to Director Integrated Services. Integration Programme Board monitors and takes actions to mitigate. Issues can be escalated to S75 Monitoring Board for resolution. Back office functions monitored and compared to ensure equity and fair access and support by both organisations. Additional resources put in place when requirements evidence. 	<ul style="list-style-type: none"> Waiting lists actively monitored in localities and impact on workloads monitored. SMiT (Senior Managers Integration Team) regularly discuss capacity issues and make recommendations. Additional support in place regard LD as a result. 	1	5	5	31/03/2017	Green	Catherine Underwood	Lorraine Barrett	14/09/2016
D	SMT	RM14237	Deprivation of Liberty Safeguarding	The Cheshire West ruling March 2014 has significantly increased referrals for people in care homes and hospital. The demand outstrips the capacity of the DOLS team to assess, scrutinise, process and record the workload. Significant backlog has developed and priority cases are no longer met within timescales. Specific areas of risk are: <ul style="list-style-type: none"> 939 of priority 1 cases not seen as at April 2016. Priority 2 and 3 cases not being seen at all Staff unable to complete tasks appropriate to role c/o capacity issues Outstanding reviews not being addressed Litigation risk Reputational risk Delays in appointing paid reps DOLS team staff wellbeing Increased cost to the department 	08/05/2015	3	4	12	4	4	16	<ul style="list-style-type: none"> Review staffing compliment Review processes and systems Apply national guidance, priority framework Improve data quality and reporting 	<p>In 2015/16 the Senior Management Team agreed an additional £137K to employ an additional practice consultant, an assistant practitioner and business support staff. The posts have been extended using DoH grant monies for 2016/17. Temporary BIA staff have been appointed using grant monies.</p> <p>Other measures:</p> <ul style="list-style-type: none"> Use of ADASS guidance to prioritise cases further internal prioritisation of cases E- DoLS implemented 10 BIA's trained 2015/16 14 NCC sessional BIA's on rota Course at UEA commissioned for autumn 2016 in conjunction with Cambs and Suffolk – Norfolk has 4 trainees Well attended MCA/DoLS partnership group running to improve practice and joint working 	2	4	8	31/03/2017	Red	Lorna Bright	Alison Simpkin	15/09/2016

CDGSTP	Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Original Likelihood	Original Impact	Original Risk Score	Current Likelihood	Current Impact	Current Risk Score	Tasks to mitigate the risk	Progress update	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update
D	Adult Social Services Department	RM14238	Failure in our responsibilities towards carers.	The failure of Adult Social Services to meet its statutory duties under the Care Act will result in poorer outcomes for service users and have a negative impact on our reputation. Funding reductions by health and other partners may adversely impact on provision of countywide carers services	27/05/2015	2	3	6	2	3	6	Review of 'front door' services (information and advice) and commissioned IAA (information and advice) services Keep demand for carer assessments under review following enactment of Care Act Work closely with Children's Services around the needs of young carers Review and recommission Carers services to ensure support for carers Manage and develop the commissioned Carers Service	A thematic audit of Carer Assessment has been agreed and the Quality Assessment Framework is to be co-produced with the Carers Council. Continuation of funding for commissioned Carers Service has been confirmed from four CCGs. The preventative assessment is being trialled with carers to improve assessment rates and are monitored closely Wide carer and stakeholder consultation has been undertaken prior to finalising commissioning intentions for carers services	1	1	1	31/03/2017	Amber	Catherine Underwood	Sera Hall	27/09/2016
D	Adult Social Services Commissioning	RM012	Negative outcome of the Judicial Review into fee uplift to care providers	A successful Judicial Review being brought by a group of residential care providers may result in additional costs for 2015/16 which were not anticipated in budget planning for the year.	07/09/2015	3	4	12	3	4	12	Following the Older People residential and nursing care cost of care exercise and consultation process, the outcome and revised usual prices was recommended to the Adult Social Care Committee on 29th April 2016.	• The ASC committee have agreed the usual price for older adults for 2015/16 and the 2016/17 fee uplift and this is now out to consultation • A consultation for working age adults residential and nursing care adults is commencing.	1	4	4	31/03/2017	Amber	Catherine Underwood	Susanne Baldwin	22/04/2016
D	Adult Social Services Commissioning	RM14247	Failure in the care market	The council contracts with independent care services for over £200m of care services. Risk of failure in care services would mean services are of inadequate quality or that the necessary supply is not available. The council has a duty under the Care Act to secure an adequate care market. If services fail the consequence may be risk to safeguarding of vulnerable people. Market failure may be faced due to provider financial problems, recruitment difficulties, decisions by providers to withdraw from provision, for example. Further reductions in funding for Adult Social Care significantly increases the risk of business failure.	07/09/2015	4	3	12	4	3	12	<ul style="list-style-type: none"> • Production of Market Position Statement • New Quality Assurance Framework which provides a risk based approach to the market of care services, collating intelligence from a range of sources and triangulating to identify services for targeted intervention • Prioritising care workforce capacity within the learning and development programme, presenting to the Local Enterprise Partnership and focusing on key care sector roles • Revision of a market failure protocol based on established good practice • Liaison with Care Quality Commission to engage with their work with Norfolk care services • Implementing revised market solutions and maximise workforce potential and supply • Carrying out major Cost of Care exercise to determine fee rates in residential care 	<ul style="list-style-type: none"> • Market position statement presented to Committee in May 2016 • Implementation of Quality Assurance framework underway • Market resilience strategy under development • Meeting took place with Care Quality Commission to refresh joint working arrangements • New Trusted Carer scheme and Code of Practice under development for completion • New real time quality (risk) dashboard produced • Joint workforce strategy agreed and presented to LEP in April 2016 Agreement and implementation of Cost of Care exercise Wider engagement with the market through dialogue on costs, pressures and collaboration	2	3	6	31/03/2017	Amber	Sera Hall	Steve Holland	27/09/2016
D	Adult Social Services Integration	RM 14259	Integration with community health providers could mean focus on health issues to detriment of NCC capacity, both management and operational.	Integrated management arrangements with Norfolk Community Health and Care have a negative impact on the delivery of adult social care quality and performance if capacity adversely impacted.	07/03/2016	4	3	12	3	3	9	<ul style="list-style-type: none"> • Clear programme of work developed with scope, leads and milestones • Integration Programme Board in place to oversee delivery and risks • Ongoing discussions at SMIT about management capacity and resource constraints • Programme manager in place • Stringent oversight by Joint Director of Services. 	<ul style="list-style-type: none"> • Integration Programme Board in place • Well developed programme of work, risk register and milestones • Programme manager in place to drive delivery • Monitoring of impact on capacity. • Steps taken to address if / when issues arise. 	2	3	6	31/03/2017	Amber	Lorraine Barrett	Lorraine Barrett	14/09/2016

Risk Matrix and Tolerance Levels

Impact Likelihood	Extreme 5	Major 4	Moderate 3	Minor 2	Insignificant 1
Almost Certain 5	25	20	15	10	5
Likely 4	20	16	12	8	4
Possible 3	15	12	9	6	3
Unlikely 2	10	8	6	4	2
Rare 1	5	4	3	2	1

Tolerance Level	Risk Treatment
High Risk (16-25)	Risks at this level are so significant that risk treatment is mandatory
Medium Risk (6-15)	Risks at this level require consideration of costs and benefits in order to determine what if any treatment is appropriate
Low Risk (1-5)	Risks at this level can be regarded as negligible or so small that no risk treatment is needed

The Council's risk scoring methodology

Each risk score is expressed as a multiple of the impact and the likelihood of the event occurring:

- a) Original risk score – the level of risk exposure before any action is taken to reduce the risk when the risk was entered on the risk register
- b) Current risk score – the level of risk exposure at the time the risk is reviewed by the risk owner, taking into consideration the progress of the mitigation tasks
- c) Target risk score – the level of risk exposure that we are prepared to tolerate following completion of all the mitigation tasks

In accordance with the Risk Matrix and Risk Tolerance Level set out within the current Norfolk County Council “Well Managed Risk - Management of Risk Framework”, three risks are reported as “High” (risk score 16–25) and 11 as “Medium” (risk score 6–15).

The prospects of meeting target scores by the target dates are a reflection of how well mitigation tasks are controlling the risk. It is also an early indication that additional resources and tasks or escalation may be required to ensure that the risk can meet the target score by the target date. The position is visually displayed for ease in the “Prospects of meeting the target score by the target date” column as follows:

- a) Green – the mitigation tasks are on schedule and the risk owner considers that the target score is achievable by the target date
- b) Amber – one or more of the mitigation tasks are falling behind and there are some concerns that the target score may not be achievable by the target date unless the shortcomings are addressed
- c) Red – significant mitigation tasks are falling behind and there are serious concerns that the target score will not be achieved by the target date and the shortcomings must be addressed and/or new tasks are introduced

Corporate Risk Register - Norfolk County Council																						
	Risk Register Name		Corporate Risk Register															Red				
	Prepared by		Thomas Osborne																			Amber
	Date of review and/or update		July 2016																			Green
	Next update due		August 2016																			Met
	CDG	Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Original Likelihood	Original Impact	Original Risk Score	Current Likelihood	Current Impact							Current Risk Score	Tasks to mitigate the risk	Progress update	Target Likelihood	Target Impact
C	Adult's Services	RM014b	The savings to be made on Adult Social Services transport are not achieved.	The risk that the budgeted savings of £3.8m to be delivered by 31 March 2017 will not be achieved.	04/11/2015	3	3	9	4	3	12	As part of reviews and reassessments identify the potential to reduce transport costs, eg by using local services that meet needs, using mobility allowance/motability vehicles - and work with individuals to achieve this. Travel and Transport continually review the transport networks, to look for integration and efficiency opportunities, and reprocure transport. Work with Norse to reduce transport costs and ensure the fleet is used efficiently and effectiviely.	Project set up in ASSD. One FTE in Travel and Transport now dedicated to helping ASSD transport savings programme. Regular data and costs are being sent to ASSD managers. Titan (Travel Independent Training Across the Nation) training is being piloted from October eg so that people can use public transport by themselves. Reviewing business case following detailed costings to refurbish a centre in Thetford to provide day services for younger people with complex Learning Difficulties in that area rather than them having to travel long distances which will result in savings. Engagement events held to encourage transport providers to sign up to Trusted Traders for Transport so that where people are able they can arrange and pay for transport themselves and it is being promoted in Your Norfolk. Data has been analysed by the project team and potential savings identified, but the teams haven't got the capacity to do the reassessments of service users at pace and people didn't apply for	2	3	6	31/03/2017	Red	Janice Dane	Janice Dane	28/09/2016	
C	Adult Services (Lead Director) Shared Re-procurement of social care system for Adults, Children's and Finance Departments -	RM019	Failure to deliver a new fit for purpose social care system on time and to budget.	Major risks include: 1) Being unable to resource the project to meet the April 2018 deadline 2) Setting a scope that is either too ambitious or not challenging enough 3) The market may not provide an affordable solution 4) It may be difficult to establish costs and fund the project 5) National and local agendas may cause our requirements to change radically between procuring and implementing the system 6) Corporate governance may be challenging to establish standard requirements for a complex project involving users from 5 council departments and 3 committees.	24/02/2016	4	5	20	3	5	15	1) Create and cost a resource and preliminary staffing structure profiled across years, and recruit to posts 2) Ensure scope is effectively challenged through staff, management and member consultation 3) Ensure the procurement route and SoR is clearly specified to appeal to the widest group of contractors that have a developed product that delivers Adults, Childrens and Finance 4) Ensure costs and resource plans are challenged reviewed by an external expert 5) Consult effectively with partners and stakeholders to ensure intelligence is captured and fed into the procurement requirements and within the implementation phases 6) Develop and review effective corporate governance to ensure service requirements are fed into the scope and Statement of Requirements.	1) Recruitment to key posts undertaken. 2) The project scope has been reviewed by the SCS Management Board and by CLT. 3) Contract awarded August 2016. 4) Cost, resource plans and the Statement of Requirements have been challenged and reviewed by an external ICT consultant and changes have been made to take these into account. 5) The Project Team is consulting with management groups, stakeholders and OLAs and is maintaining a watching brief on the development of Government and professional body agendas 6) Governance models developed in the preliminary stages have been reviewed in consultation with the Managing Director and Corporate Leadership Team and those changes are being implemented. 7) Data migration approach has been agreed by JLAG and CLT.	1	4	4	30/06/2018	Green	Catherine Underwood	Janice Dane	08/06/2016	
C	Adult's Services	RM020a	Failure to meet the long term needs of older people	If the Council is unable to invest sufficiently to meet the increased demand for services arising from the increase in the population of older people in Norfolk it could result in worsening outcomes for service users, promote legal challenges and negatively impact on our reputation.	01/04/2011	3	4	12	3	4	12	• Invest in appropriate prevention and reablement services • Integrate social care and health services to ensure maximum efficiency for delivery of health and social care • The Building Better Futures Programme will realign and develop residential and social care facilities. Adult Social Services has a new more cost effective model for meeting peoples' needs based on Promoting Independence.	• The Norsecare development at Bowthorpe opened in April 2016. • The department is delivering Promoting Independence, the new strategy for Adult Social Services: keeping people independent in their homes, meeting their needs in the local community and reducing the need for paid services. An Interim Promoting Independence Strategy and Delivery Director has been appointed to help deliver the strategy. • The department has invested in more reablement staff so that additional people can be reabled, needing either no home care or smaller packages of care. • Agreement reached with the CCGs about Better Care Fund.	2	4	8	31/03/2017	Amber	Catherine Underwood	Janice Dane	26/09/2016	
C	Adult's Services	RM020b	Failure to meet the needs of older people	If the Council is unable to invest sufficiently to meet the increased demand for services arising from the increase in the population of older people in Norfolk it could result in worsening outcomes for service users, promote legal challenges and negatively impact on our reputation. With regard to the long term risk, bearing in mind the current demographic pressures and budgetary restraints, the Local Government Association modelling shows a projection suggesting local authorities may only have sufficient funding for Adult's and Children's care.	11/10/2012	5	5	25	4	5	20	• Implement a new model for social care • Invest in appropriate prevention and reablement services • Integrate social care and health services to ensure maximum efficiency for delivery of health and social care • The Building a Better Future Programme will realign and develop residential and housing with care facilities • Ensure budget planning process enables sufficient investment in adult social care . • Adult Social Services is implementing a new more cost effective model for meeting peoples' needs based on Promoting Independence.	The Adult Social Care mitigating tasks are relatively short term measures compared to the long term risk, i.e. 2030, but long term measures are outside NCC's control, for example Central Government policy. The department is implementing Promoting Independence which will radically change Adult Social Services in Norfolk. The overall objective is: improving when and how people can get information and advice locally; helping people to meet their needs locally; helping people to be independent; a strengths based approach; and in turn reducing the number of social care assessments that Norfolk carries out and the amount of funded services provided. Strengths based training has been rolled out to all social care practitioners in Adult Social Services . An Interim Promoting Independence Strategy and Delivery Director has been appointed to help deliver the change.	2	4	8	31/03/2030	Amber	Catherine Underwood	Janice Dane	26/09/2016	

Adult Social Care Committee

Item No.....

Report title:	Usual price of residential and nursing care in Norfolk
Date of meeting:	10 October 2016
Responsible Chief Officer:	Catherine Underwood, Acting Executive Director of Adult Social Services
Strategic impact One of Norfolk County Council's (the Council) statutory functions is arranging the provision of residential and nursing care for older people whose assessed unmet needs show that they are best met in this way. The Council invests over £73m a year on these services and relies upon contractual arrangements with the market as the means of providing them. These arrangements include the prices that the Council would usually expect to pay which have to be determined within a legal framework set out in statute and guidance.	

Executive summary

The Adult Social Care Committee (the Committee) agreed to a number of resolutions at its meeting on 29 April 2016 including, amongst other things:

- a) A phased approach for setting usual prices for residential and nursing care in Norfolk for older people for the period 2016/17 to 2018/19.
- b) The proposed approach to applying a fee uplift to the 2016/17 usual prices for older people in Norfolk

This report sets out the steps taken since the Committee's April meeting to arrive at the recommended usual prices for residential and nursing care for older people in Norfolk for 2016/17 including the recommended fee uplift to those prices to reflect inflationary pressures having effect in 2016/17. The report also sets out the previously agreed phased approach to such prices for the years 2017/18 and 2018/19. The report also gives consideration to the treatment of third party top ups.

Recommendations

The Committee is recommended to:

- (a) Agree to the usual prices for residential and nursing care for older people in Norfolk in 2016/17 which include inflationary pressures as set out in Table A in this report**
- (b) Agree to the proposed treatment of third party top up agreements in 2016/17 as set out in this report**

1. Background

- 1.1 The Council made a decision on 9 March 2015 to set its usual prices for residential and nursing care for the 2015/16 financial year by way of applying a percentage uplift to the

prices for the previous year. This had been the approach adopted by the Council for a number of years.

- 1.2 An application was made by a group called Fair Price for Care, Fair Pay for Carers (FPCFPC) to judicially review that decision based on the assertion, amongst other things, that the process was unlawful and as a result the Adult Social Care Committee (the Committee) decided at its meeting on 29 June 2015 that a new decision should be taken replacing the original decision regarding the usual prices for 2015/16.

2. Cost of care process following the June 2015 Committee meeting

- 2.1 The steps that the Council then took are set out in detail in a report entitled 'Usual price of residential and nursing care in Norfolk' that was considered by the Committee on 29 April 2016. At that meeting the Committee resolved to adopt the following recommendations:
- a) Consider and note the terms of the agreement to settle the cost of care judicial review dated 9 June 2015
 - b) Consider and agree to the proposed usual prices for residential and nursing care for older people in Norfolk for the year 2015/16
 - c) Consider and agree to the simplification of the residential care banding system for older people that has been in operation during the 2015/16 financial year by moving from five usual price bands to four usual price bands
 - d) Consider and agree to the proposed approach to back date payments due to providers where the new usual prices for care provided between 6 April 2015 and 31 March 2016 are greater than the prices actually paid for the relevant bands
 - e) Consider and agree the proposed approach to concluding the cost of care process and the setting of usual prices for working age adults in Norfolk for 2015/16 through the exercise of delegated powers
 - f) Consider and agree to the phased approach for setting usual prices for residential and nursing care in Norfolk for older people and working age adults for the period 2016/17 to 2018/19 through the exercise of delegated powers
 - g) Consider and agree the proposed approach to applying a fee uplift to the 2016/17 usual prices for older people and working age adults in Norfolk through the exercise of delegated powers
 - h) Consider and note the proposed approach for engaging with and consulting providers on fee rates, uplifts and related matters
 - i) Consider and agree to the proposal that the exercise of delegated powers in respect of recommendations e), f) and g) is carried out by the Executive Director of Adult Social Services in consultation with the Chair of the Adult Social Care Committee and Group Spokespersons

3. Cost of care process following the April 2016 Committee decisions

- 3.1 This report sets out in detail the steps taken following the adoption by the Committee of the above recommendations insofar as they apply to the establishment of the usual prices for older people for 2016/17 including the inflationary uplift for that year and phased increases for 2017/18 and 2018/19. The process comprises a consultation phase, an analysis phase and a decision phase.
- 3.2 **Consultation Phase 10 May 2016 to 24 June 2016**
- 3.2.1 A full consultation was commenced by way of a letter dated 10 May 2016 which was sent to all providers. The letter put into effect the Committee resolutions (f) and (g)

above by setting out the proposed increases in the usual prices as a result of the cost of care adjustments and proposed further increases due to inflationary pressures.

These were set out in a table reproduced below.

	A	B	C	D	E	F
Single Room Only	2015/16 Usual Price	Cost of Care % uplift	2016/17 Pre-inflation Usual Price	2016/17 Inflation % uplift	2016/17 Usual Price	% Total price increase
Band						
Residential - Standard	£425.00	2.31%	£434.82	2.22%	£444.46	4.58%
Residential - Enhanced	£473.00	2.50%	£484.84	2.29%	£495.93	4.85%
Nursing - Standard	£442.57 + FNC of £112 = £554.57	2.43%	£453.33 + FNC of £112 = £565.33	2.17%	£463.17 + FNC of £112 = £575.17	4.65%
Nursing - Enhanced	£489.78 + FNC of £112 = £601.78	0.58%	£492.60 + FNC of £112 = £604.60	2.20%	£503.45 + FNC of £112 = £615.45	2.79%

- 3.2.2 The letter dated 10 May stated that the consultation would close on 7 June 2016 (28 days). The letter was also posted on the Council's website.
- 3.2.3 On 19 May an e-mail was received from FPCFPC in relation to, amongst other things, the Council's approach to determining the level of inflationary uplift requesting:
"...the actual numerical inputs (and source) and formulae that would be necessary for us to recalculate the Council's figures and enable us to comment on the methodology and approach to the data used"
- 3.2.4 The Council wrote to providers including FPCFPC in a letter dated 6 June which contained the detailed rationale requested and set out the indicative actual costs model for 2015/16 and the revised model for 2016/17 based on the information available at that time. The letter explained that a two week extension to the consultation deadline to 21 June was being granted in order to enable providers sufficient time to fully digest the new information. The letter was also posted on the Council's website.
- 3.2.5 So far as the treatment of increases in usual prices for 2016/17 involving a third party top up was concerned the Council set out its position in a letter dated 20 June sent to all providers and posted on the Council's website attached to this report as Appendix D. The letter states that any increases in the usual price would be passed on in full to providers together with an inflation increase applied to the value of the third party top up.
- 3.2.6 Following a further request from FPCFPC the Council agreed to extend the date for receipt of the FPCFPC formal consultation response from the 21 June to 24 June 2016.
- 3.2.7 FPCFPC sent their consultation response on 24 June in the form of a letter entitled 'Response of FPCFPC and the NIC (Norfolk Independent Care) working group to the Council's proposals for changes to its usual prices for 2016/17 for older person's residential care'. The letter is attached to this report as Appendix A. The letter was accompanied by an analysis of National minimum Data Set (NMDS) pay rates for care workers and information regarding direct care costs.

3.3 **Analysis phase June 2016 to September 2016**

- 3.3.1 The Council carefully considered all the feedback and additional data and information that it received during the extended consultation phase. The Council gave careful consideration to the FPCFPC and Norfolk Independent Care working group response attached as Appendix A. As a result of these considerations the Council's position in relation to the substantive points raised is set out below.
- 3.3.2 **The consultation is invalid as there is no clarity on the price that most providers will receive under the proposals.**
- 3.3.2.1 The Council has carefully considered all the information that it has sent to providers and posted on its website and in particular the letters dated 10 May, 6 June and 20 June inclusive and is of the view that there was enough information to enable providers to be clear on the prices being proposed in its consultation.
- 3.3.2.2 Providers had two concerns about the Council's treatment of third party top ups. The first concern was about the fact that the Council had reduced the value of the third party top up element of the gross price for contracts active in 2015/16. The second concern was about the Council's approach to applying an inflationary uplift to the usual price and top up elements to such agreements in 2016/17.
- 3.3.2.3 The Council's policy in relation to the 2015/16 cost of care exercise was that there would be no increase in the prices that it paid to providers in that year if those prices already exceeded the revised usual price. The Council's view was that the gross price paid to providers at the time consisting of the then usual price and a third party top up was a price agreed with providers and that there were no in year increases in provider costs to justify any increase.
- 3.3.2.4 The effect of the increase in the value of the usual price in 2015/16 was to decrease the contribution required by the third party by the same amount to retain the gross price agreed in that year. So far as the reduction in the value of the third party top up element of the gross price is concerned after careful consideration the Council takes the view that it is not necessary to adjust this value as the reduction was fully offset by the corresponding increase in the usual price element of the gross price.
- 3.3.2.5 So far as 2016/17 is concerned the Council has given further consideration to the position regarding contracts with a third party top up in place in 2015/16 where the amount of third party contribution was reduced as described above. The Council has decided to apply both the cost of care and inflation increases to the usual price element and inflation only to the reduced third party contribution in such contracts. For contracts entered into on and after 11 April 2016 the Council will apply the cost of care increase and inflation to the usual price element and inflation only to the third party contribution.
- 3.3.2.6 As previously communicated to providers, current and future year contracts involving third party top up payments will receive the cost of care phased increase plus the inflation increase for the usual price element and inflation only for the third party element.
- 3.3.3 **The Council fails to use empirical evidence in relation to staffing levels.**
- 3.3.3.1 The position in relation to staffing levels is clearly set out in the 29 April Committee report at paragraph 3.8.5. The Council's approach has been to determine the amount of care that it believes is sufficient to meet the care needs of a resident in the care band in

question. The Council has then calculated the cost of that quantity of care and used the resultant figure to populate its indicative actual cost model.

- 3.3.3.2 The FPCFPC position appears to be that the Council needs to purchase more hours of care to secure the standard of care it purports to be purchasing. The Council has carefully reviewed its assessments as to the hours of care required to be purchased to meet eligible needs and is satisfied that they are reasonable and adequate.
- 3.3.4 **The Council underestimates the impact of national living wage (NLW) and national minimum wage (NMW) on provider costs and ignores the importance of maintaining pay differentials.**
- 3.3.4.1 This issue relates to the Council's approach to determining direct care pay inflation as set out in its 29 April Committee report. The Council has carefully reviewed its approach in the light of the observations in the FPCFPC letter and has undertaken additional work as described below.
- 3.3.4.2 The Council had developed a pay inflation model to estimate the additional cost to providers as a result of the national living wage (NLW) in 2016/17 and applied it to the indicative actual costs model as set out in the April Committee report at paragraphs 5.1 to 5.9. The Council accepts that the output of the model did not have regard to the maintenance of pay differentials. The council recognises the need to do so and has incorporated this into its revised calculations which are set out later in this report.
- 3.3.4.3 The Council used the NMDS to inform its inputs into the indicative actual costs model including the median pay rates. The Council accepts the argument set out in the FPCFPC letter that the NMDS data used in its calculations contained wage data from NorseCare and, that due to the scale of the NorseCare operation and its higher wage rates, that its calculations could have been skewed upwards as a result. The effect of this was likely therefore to generate a median pay rate that overstated the actual median pay rate in the independent sector.
- 3.3.4.4 Accordingly the Council commissioned Skills for Care, which is the government funded organisation that maintains the NMDS, to carry out further analyses, after the removal of all the NorseCare data, in order to arrive at values which would therefore be more representative of median independent provider pay rates in 2015/16 and 2016/17.
- 3.3.4.5 Median pay data for direct care workers in both residential and nursing care in Norfolk excluding Norse

Care covering the period September 2014 to September 2015, October 2015 to March 2016 and April 2016 to the present day were compared to determine actual changes in pay for carers and senior carers.

- 3.3.4.6 The table below set out the pay rates and changes in those rates for carers and senior carers in residential care homes in Norfolk

Skills for Care NMDS information: Older People Residential Hourly Pay Rates:

		Sept 14-Sep15	% Change	Oct15-Mar16	% Change	Since April 16
Carers	Over 25	£6.75	3.70%	£7.00	3.00%	£7.21
	Under 25	£6.55	3.82%	£6.80	5.88%	£7.20
Senior Carers	Over 25	£7.25	3.45%	£7.50	4.00%	£7.80
	Under 25	n/a	n/a	n/a	n/a	n/a

- 3.3.4.7 The following table shows the split of care workers and senior care workers in residential care homes in Norfolk and also the split between 25 and over and under 25s.

Skills for Care NMDS information: Older People Residential Level of Data:

		Sept 14-Sep15		Oct15-Mar16		Since April 16	
		Worker s	Home s	Worker s	Homes	Worker s	Homes
Carers	Over 25	757	66	476	46	529	35
	Under 25	279		127		167	
Senior Carers	Over 25	232		93		146	
	Under 25	nil		nil		nil	

- 3.3.4.8 The table below set out the pay rates and changes in those rates for carers and senior carers in nursing care homes in Norfolk

Skills for Care NMDS information: Older People Nursing Hourly Pay Rates:

		Sept 14-Sep15	% Change	Oct15-Mar16	% Change	Since April 16
Carers	Over 25	£6.52	3.07%	£6.72	7.14%	£7.20
	Under 25	£6.50	3.08%	£6.70	0.00%	£6.70
Senior Carers	Over 25	£7.25	8.97%	£7.90	-1.27%	£7.80
	Under 25	n/a	n/a	n/a	n/a	n/a

- 3.3.4.9 The following table shows the split of care workers and senior care workers in nursing care homes in Norfolk and also the split between 25 and over and under 25s.

Skills for Care NMDS information: Older People Nursing Hourly Pay Rates:

		Sept 14-Sep15		Oct15-Mar16		Since April 16	
		Worker s	Home s	Worker s	Homes	Worker s	Homes
Carers	Over 25	823	33	603	24	682	22
	Under 25	272		200		204	
Senior Carers	Over 25	80		29		63	
	Under 25	nil		nil		nil	

- 3.3.4.10 By calculating the ratios of carer to senior carer and 25 and over and under 25s the Council determined a single representative blended pay rate for residential care and nursing care incorporating the changes in pay for 2016/17. This blended rate fully reflects the pay differentials between care workers and senior care workers. The Council then recalculated the direct care pay costs.
- 3.3.4.11 The table below sets out the indicative direct care costs as originally calculated including the skewing effect of including Norse Care pay data on the median pay rates and included in the consultation cost tables.

2016/17 Consultation Direct Care Pay	Residential		Nursing	
	Standard	Enhanced	Standard	Enhanced
Carer Hourly Rate	£7.52	£7.52	£7.52	£7.52
Senior Carer Hourly Rate	£8.53	£8.53	£8.53	£8.53
Proportion of Carer to Senior	71%/29%	71%/29%	71%/29%	71%/29%
Blended rate	£7.81	£7.81	£7.81	£7.81
Oncosts	24.34%	24.34%	24.34%	24.34%
Rate applied	£9.71	£9.71	£9.71	£9.71
Hours of Care per Week	20.91	25.76	21.40	23.40
Cost per placement per Week	£203.06	£250.15	£207.81	£227.24

It can be seen that the resultant rate applied including oncosts was £9.71 per hour

- 3.3.4.12 The following table sets out the indicative direct care costs as recalculated using the actual median pay rates and changes in those rates of independent providers with the NorseCare pay data removed.

2016/17 Post-Consultation Direct Care Pay	Residential		Nursing	
	Standard	Enhanced	Standard	Enhanced
Carer Hourly Rate	£7.21	£7.21	£7.11	£7.11
Senior Carer Hourly Rate	£7.80	£7.80	£7.80	£7.80
Proportion of Carer to Senior	71%/29%	71%/29%	71%/29%	71%/29%
Blended rate	£7.38	£7.38	£7.31	£7.31
Oncosts	24.34%	24.34%	24.34%	24.34%
Rate applied	£9.18	£9.18	£9.09	£9.09
Hours of Care per Week	20.91	25.76	21.40	23.40
Cost per placement per Week	£191.88	£236.38	£194.51	£212.69

- 3.3.4.13 It can be seen that the recalculated pay rate including oncosts has reduced from £9.71 per hour to between £9.09 and £9.18 per hour. The effect of this is to significantly reduce the value for indicative actual direct pay costs.
- 3.3.4.14 Whilst not an issue specifically raised in any of the feedback received, the Council recognised the fact that planned changes to the NMW rates would be implemented from October 2016 as set out in the table below.

Rate	25 years and over	21 years and over	18-20 Years	Under 18 years	Apprentice
1 Oct 2015 – 31 Mar 2016	£6.70		£5.30	£3.87	£3.30
1 Apr 2016 – 30 Sep 2016	£7.20	£6.70	£5.30	£3.87	£3.30
1 Oct 2016 – 31 Mar 2017	£7.20	£6.95	£5.55	£4.00	£3.40
1 April 2017 – 30 Sep 2017					
1 Oct 2017 – 31 Mar 2018					

- 3.3.4.15 It can be seen that there will be increases in the NMW rates for all bands except the NLW band with effect from 1 October 2016. The NMDS data showed that the median rate for carers in nursing care being paid from 1 April is £6.70 per hour which will increase by £0.25 per hour from 1 October 2016. This increase has been factored into the recalculated rates for 2016/17.
- 3.3.4.16 As all the other median pay rates for 2016/17 are significantly higher than the proposed increased rates the Council is not convinced that increases equal to the increase in NMW will in fact be necessary or actually be offered to workers. The Council therefore takes the view that it is reasonable to see what actually happens to these pay rates following the rises in NMW rates in October rather than estimate what providers might do, and incorporate any such actual rises in its inflation calculations for 2017/18 as part of its dialogue process to identify inflationary pressures.
- 3.3.5 Returns on capital**
- 3.3.5.1 The Council has carefully considered the observations made regarding returns on capital set out in the FPCFPC letter and revisited its rationale which was clearly set out in the April 2016 Committee report at paragraphs 3.14.1 to 3.14.12.
- 3.3.5.2 The Council has reviewed its approach to determining a reasonable allowance for returns on capital and remains of the view that it reflects the realities of the market in Norfolk and is based on a clear rationale and evidence. The Council recognises that changes in commercial mortgage rates and building and land costs would impact on the value of the return on capital allowance. Such changes would be fully taken into account in the Council's new dialogue process for determining inflationary pressures for 2017/18.
- 3.3.5.3 There have been no material changes in the inputs to the Council's return on capital model since the 29 April 2016 and accordingly the Council does not intend to make any adjustments to the value for return on capital in its indicative actual costs model for 2016/17.
- 3.3.6 The Council's indicative actual costs model.**
- 3.3.6.1 The Council first developed its indicative actual costs model as part of its 2015/16 cost of care exercise. The model was based on the information available to the Council at the time. The values for direct care costs included the NorseCare pay rates as the Council had not been alerted to nor was it aware that these pay rates had been overstated. The 2015/16 indicative actual cost model is reproduced here for reference purposes.

2015/16 indicative actual cost of care

	Residential		Nursing	
	Standard	Enhanced	Standard	Enhanced
Direct Social Care Costs	£197.08	£242.79	£201.69	£220.54
Nursing Supervision			£137.57	£137.57
			-£25.57	-£25.57
Non Direct Staff Costs	£91.14	£91.14	£91.14	£91.14
Accommodation Costs	£111.29	£111.29	£116.30	£116.30
Overheads	£19.98	£22.26	£27.33	£28.28
Total Operating Costs	£419.48	£467.48	£548.46	£568.25
Returns	£70.11	£72.51	£76.56	£77.55
Operating cost incl returns	£489.59	£539.99	£625.03	£645.81

3.3.7 Funded Nursing Care (FNC)

3.3.7.1 Funded Nursing Care (FNC) is paid by the Clinical Commissioning Groups (CCGs) to nursing homes to cover the cost of the nursing supervision required in such homes. The rate at which FNC is paid is set by NHS England and has been £112 per resident per week for some years. In Norfolk the Council administers this payment on behalf of the CCGs paying the £112 and reclaiming it from the CCGs. Whilst the Council calculated the cost of nursing supervision to be greater than £112 it adjusted the relevant figure in its cost model to reflect the actual rate of FNC.

3.3.8 2016/17 pre consultation indicative actual costs model

3.3.8.1 In preparation for the 2016/17 consultation on the proposed usual prices for that year the Council calculated changes in the 2015/16 indicative actual costs due to the impact of inflation and adjusted its indicative actual costs model for 2016/17 accordingly. The Council set out both the original 2015/16 indicative actual cost model and its adjusted model for 2016/17 in the letter to providers dated 6 June 2016 referred to previously in this report. At this time the Council was not aware of the NorseCare median pay rates issue and the model therefore continued to include overstated median pay rates. This revised 2016/17 model is set out for reference purposes below:

	Residential		Nursing	
	Standard	Enhanced	Standard	Enhanced
Direct Social Care Costs	£202.93	£250.00	£207.68	£227.09
Nursing Supervision			£137.57	£137.57
			-£25.57	-£25.57
Non Direct Staff Costs	£93.84	£93.84	£93.84	£93.84
Accommodation Costs	£112.62	£112.62	£117.69	£117.69
Overheads	£20.47	£22.82	£27.84	£28.81
Total Operating Costs	£429.87	£479.29	£559.06	£579.44
(lower cost limit)				
Returns	£70.63	£73.10	£77.09	£78.11
Operating cost plus returns	£500.50	£552.40	£636.15	£657.55
(higher cost limit)				

3.3.9 2016/17 post consultation indicative actual costs model

- 3.3.9.1 As explained previously in this report the Council has had due regard to the feedback received from providers and provider representatives as set out in the separate report entitled *Analysis of responses to Norfolk County Council Cost of Care Consultation on the proposed usual prices for Residential and Nursing Care in Norfolk for the year 2016/17* attached as Appendix B to this report.
- 3.3.9.2 The 2015/16 indicative actual costs model used median pay rates skewed by the NorseCare pay data resulting in direct care costs being overstated. The net effect is that even when the inflationary pressures are factored in they are outweighed by the lower actual median pay rates resulting in a slight reduction in these costs. Other costs in the 2016/17 model have been increased from the 2015/16 values as shown in the table below:

15/16 to 16/17 Post Consultation	Residential		Nursing	
	Standard	Enhanced	Standard	Enhanced
Direct Social Care Costs	-2.64%	-2.64%	-3.56%	-3.56%
Non Direct Staff Costs	2.97%	2.97%	2.97%	2.97%
Accommodation Costs	1.20%	1.20%	1.20%	1.20%
Operating cost incl returns	-0.26%	-0.48%	-0.66%	-0.77%

- 3.3.9.3 The change in indicative actual direct care costs has accordingly been incorporated into the revised indicative actual costs model from 2016/17.
- 3.3.9.4 During the consultation period, the Council was informed that the NHS Funded Nursing Care (FNC) rate for 2016/17 had changed. The 2015/16 rate was £112 per week and an increase of 40% to £156.25 has been accepted by government. The increase follows an independent review of the rate paid by the NHS to nursing homes carried out by Mazars LLP. The increase will be backdated to 1 April 2016 for individuals who were in receipt of NHS-funded nursing care from that time. The new rate is being paid on an interim basis while further work is done to review the element of the rate for agency nursing staff (which could lead to a reduction to the rate from 1 January 2017) and to consult on introducing regional variation from April 2017.
- 3.3.9.5 The Council acts as agents for the local Clinical Commissioning Groups (CCGs) who are responsible for paying FNC. The CCGs have now confirmed that they will pay at the increased rate and the indicative actual costs model for 2016/17 has therefore been altered accordingly. The revised indicative actual cost model for 2016/17 is set out below.

2016/17 Post-Consultation indicative actual costs model:

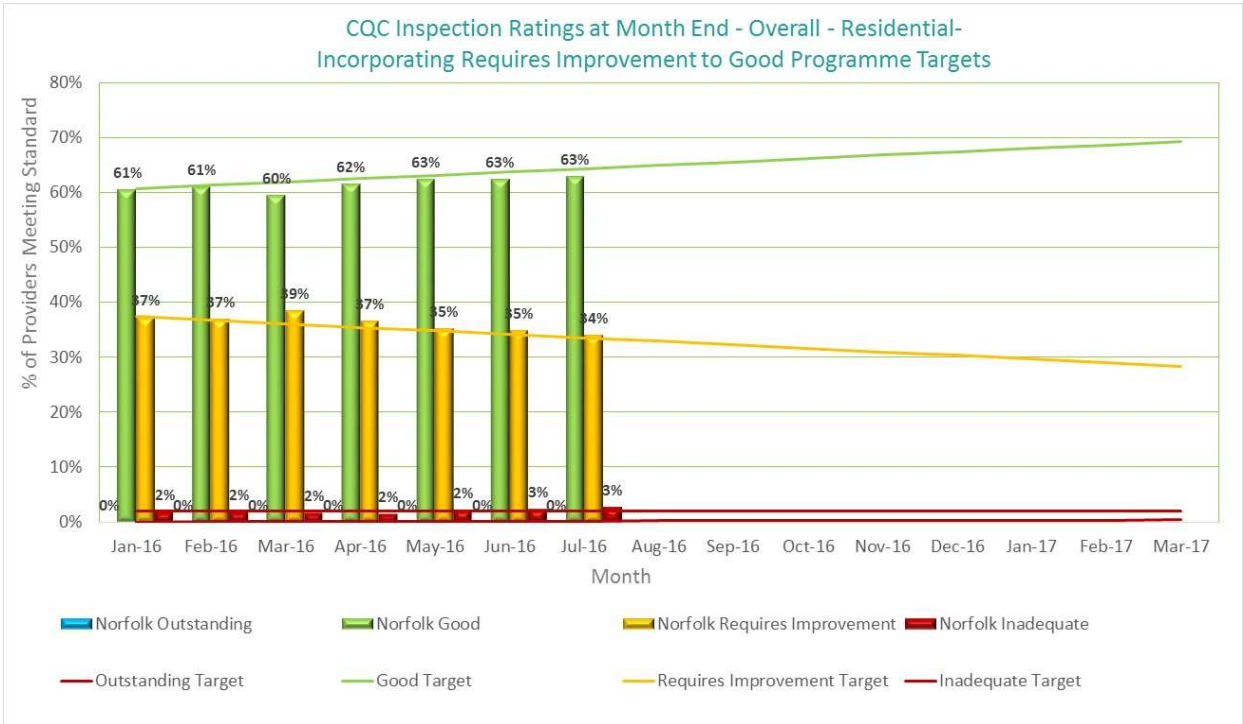
	Residential		Nursing	
	Standard	Enhanced	Standard	Enhanced
Direct Social Care Costs	£191.88	£236.38	£194.51	£212.69
Nursing Supervision			£156.25	£156.25
Non Direct Staff Costs	£93.84	£93.84	£93.84	£93.84
Accommodation Costs	£112.62	£112.62	£117.69	£117.69
Overheads	£19.92	£22.14	£27.18	£28.09
Total Operating Costs	£418.26	£464.99	£589.48	£608.57
Returns	£70.05	£72.39	£76.40	£77.36
Operating cost incl returns	£488.32	£537.38	£665.88	£685.92

3.3.10 The Council's approach to setting its fee

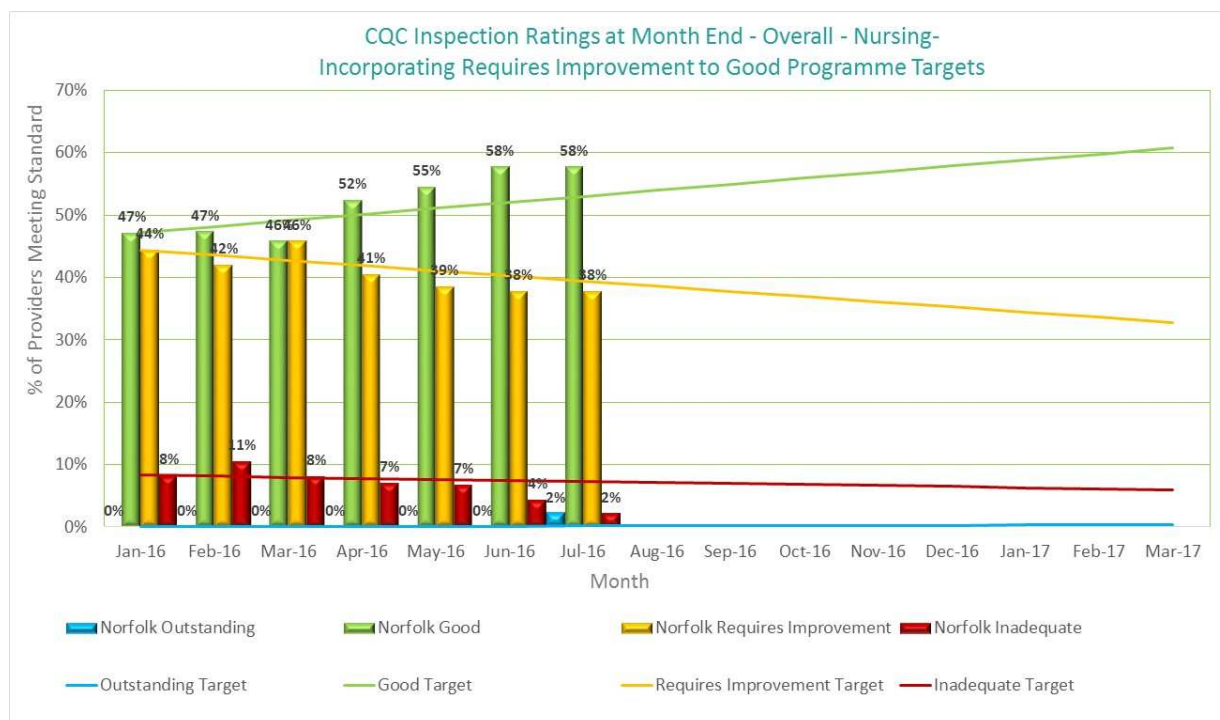
- 3.3.10.1 In having regard to the actual costs of care the Council has always aimed to set the price between the total operating costs (the lower limit) and operating costs plus returns (the upper cost limit) in its indicative actual costs model. The Council has reviewed this approach and remains of the view that a usual price set within the lower and upper cost limits of its indicative actual costs model is rational, reasonable and demonstrates due regard to actual costs.
- 3.3.10.2 In setting its usual prices the Council must also have regard to its legal duty to promote the effective and efficient operation of the market securing quality services which are sustainable over the long term. In discharging these duties the Council has to have regard to what it can afford to pay from the resources available to it.

3.3.11 **Quality**

- 3.3.11.1 The Council has had regard to the impact that its proposed usual prices might have on the quality of care provided by care homes for older people in Norfolk. The Care Quality Commission (CQC) is the national statutory body responsible for the quality rating of residential and nursing care providers. The latest regime results in care homes being rated as either “outstanding”, “good”, “requires improvement” or “inadequate”. Ratings began to be awarded against revised fundamental standards of care from April 2015.
- 3.3.11.2 When the CQC began assessing care homes they made it clear that they would initially target those care homes that they considered to be highest risk. This is reflected in the diagram below which shows that the proportion of residential care homes in Norfolk assessed as good has increased while the proportion assessed as requires improvement has decreased in the period January 2016 to July 2016.
- 3.3.11.3 Improving quality in Norfolk care homes is a key concern for the Council and quality in the market is kept under constant review. The Council has its own dedicated quality assurance team and supports quality initiatives through its market development fund. The Council intends to continue to support quality in the market through an overarching quality improvement strategy.
- 3.3.11.4 The Council has reviewed CQC assessments of both residential and nursing care homes in Norfolk in the period January 2016 to July 2016. In both sectors the proportion of homes rated as ‘Good’ has steadily increased over that period and while this trend cannot be guaranteed into the future it does not support the contention that quality has deteriorated.



The diagram below shows the position in relation to nursing homes. Whilst there is clearly room for improvement the direction of travel is equally encouraging in the sector.



3.3.12 Long term market sustainability

- 3.3.12.1 The Council has fully considered the market related requirements set out in the Care Act and in particular section 5 of the Act and the related statutory guidance referenced by the providers most particularly in the FPCFPC feedback in the context of long term market sustainability.
- 3.3.12.2 The Council believes that long term sustainability is achieved through balancing supply with demand for residential and nursing care with stable prices that provide a reasonable return to providers. The Council is continually developing its commissioning strategies to this end with a particular focus on preventing, reducing or delaying the need for funded social care including residential and nursing care.
- 3.3.12.3 The Council believes that there is currently a degree of over-capacity in the residential and nursing market as a whole in Norfolk and that there will be opportunities for providers to diversify into reablement and shorter term intermediate care services helping people to regain sufficient independence to be looked after in their own homes.
- 3.3.12.4 There will of course be an ongoing requirement for long term residential and nursing care in Norfolk and the usual prices that the Council pays for such services in what will continue to be a mixed market of privately and publicly funded care must be at a level that will not undermine the long term sustainability of the market.
- 3.3.12.5 Feedback in the FPCFPC letter suggested that the fee rates being offered by the Council were too low to be sustainable in the long term. In particular the closure of nursing homes is cited. The Council has carried out an analysis of nursing home provision in Norfolk during the period May 15 – August 16. Provision changed in seven care homes as detailed below:

Sunnycroft, Taverham

10 nursing placements were affected by the decision to remove nursing provision

Millbridge, Heacham

15 nursing placements needed alternative accommodation following decision to remove nursing provision

Hamilton House, Catfield,

This was Mental Health Nursing Home which closed. 27 residents required alternative accommodation

The Mayfields, Long Stratton

Eight nursing placements needed alternative accommodation following decision to remove nursing provision

Brundall Nursing Home, Brundall

24 residents were affected by the decision to remove nursing provision.

Iceni House, Swaffham

Eight nursing placements were affected by the decision to remove nursing provision.

Cedar House,

This home closed. Alternative accommodation needed for all 22 residents.

- 3.3.12.6 In summary over the last 16 months Norfolk has lost nursing provision in seven homes, two of which have closed completely with the other five remaining open but only providing residential services. This has affected 114 residents all of whom have been placed in alternative accommodation although not all in Norfolk. In total this is a loss of some 160 nursing beds out of 2929 or a little over 5 %
- 3.3.12.7 These placements were commissioned through a mix of adult social care, Funded Nursing Care (FNC) and Continuing Health Care (CHC)
- 3.3.12.8 Reasons for the cessation of the service vary but the main one in all cases has been the difficulty in recruiting and retaining nurses of the right calibre. The shortage of nurses has meant a reliance on agency usage which has caused problems because of the calibre of agency nurses and the lack of stability to be able to move staff groups forward and implement required improvements. As a result of this and other factors, environmental, vacancies, providers have felt that they cannot deliver the nursing service to the standard that they would want.
- 3.3.12.9 As explained previously in this report the NHS is responsible for the funding provided to nursing care homes to support the provision of nursing care by a registered nurse. This is paid at the NHS-funded Nursing Care rate. This is separate from and additional to the responsibility of Local Authorities for funding the personal and social care elements of the overall care package.
- 3.3.12.10 The relevant legislation (section 22 of the Care Act 2014) makes clear that the costs of providing nursing care by a registered nurse are the responsibility of the NHS. The significant increase in the rate of FNC will result in over £2,300 additional income in 2016/17 for every resident receiving nursing care in nursing homes in Norfolk. This should enable providers who wish to do so to continue to operate nursing homes going forward.
- 3.3.12.11 The picture in residential care where costs are lower is very different. There are 7,650 registered residential care beds and only 20 beds specialising in mental health residents were lost over the same period following the closure of one residential care home.

3.3.13 Affordability

- 3.3.13.1 Adult Social Services is projecting an overspend in 2016/17 of £8.151m, based on the position at Period 4 (July 2016). This is also in the context of a current forecast overspend for the Council as a whole. Services are delivered within a net budget of £247m, the majority of which is contract spend on statutory direct care provision. Following the funding reductions within the 2015 Spending Review and Local Government Finance Settlement, plans have been shaped on estimated cumulative reduction of £60m funding over the next five years. In addition growth pressures are

some £11m each year. To achieve a balanced budget, the service is working to deliver £10.9m savings in 2016/17, a further £17.9m in 2017/18 and £21m in 2018/19.

3.3.13.2 In 2016/17 the Council took the decision to increase Council tax, included a 2% increase for the Adult Social Care precept. This increased income to the Council by £6.4m. The decision of the Council was to use this funding to support the Adult Social Care service and enabled a decision to be taken in the round to protect some services in 2016/17. For comparison, the total cost of inflationary pressures (including the impact of cost of care and national living wage) across the market as a whole, totals some £8.4m in 2016/17.

3.3.13.3 Clearly any further increases in the usual prices proposed to be paid in 2016/17 for residential and nursing care in Norfolk will put additional financial pressure on the Council over and above the pressures set out in the April 2016 Committee report.

3.4 **Decision phase**

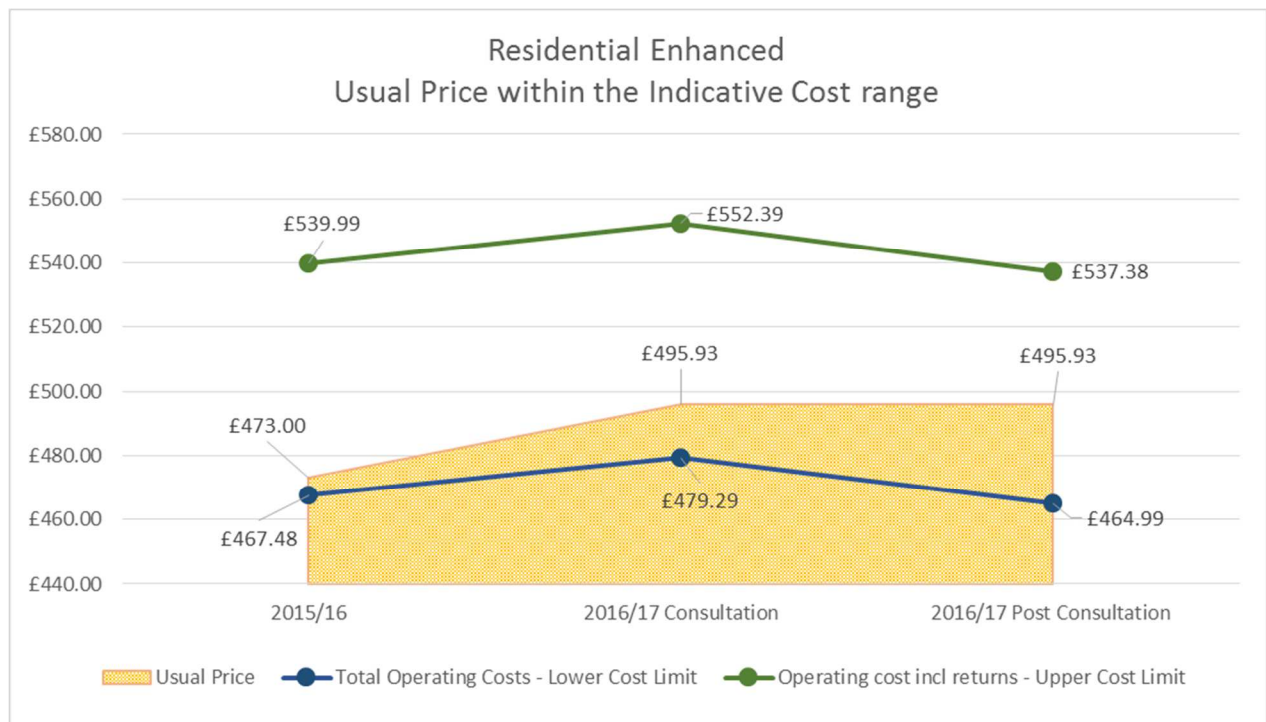
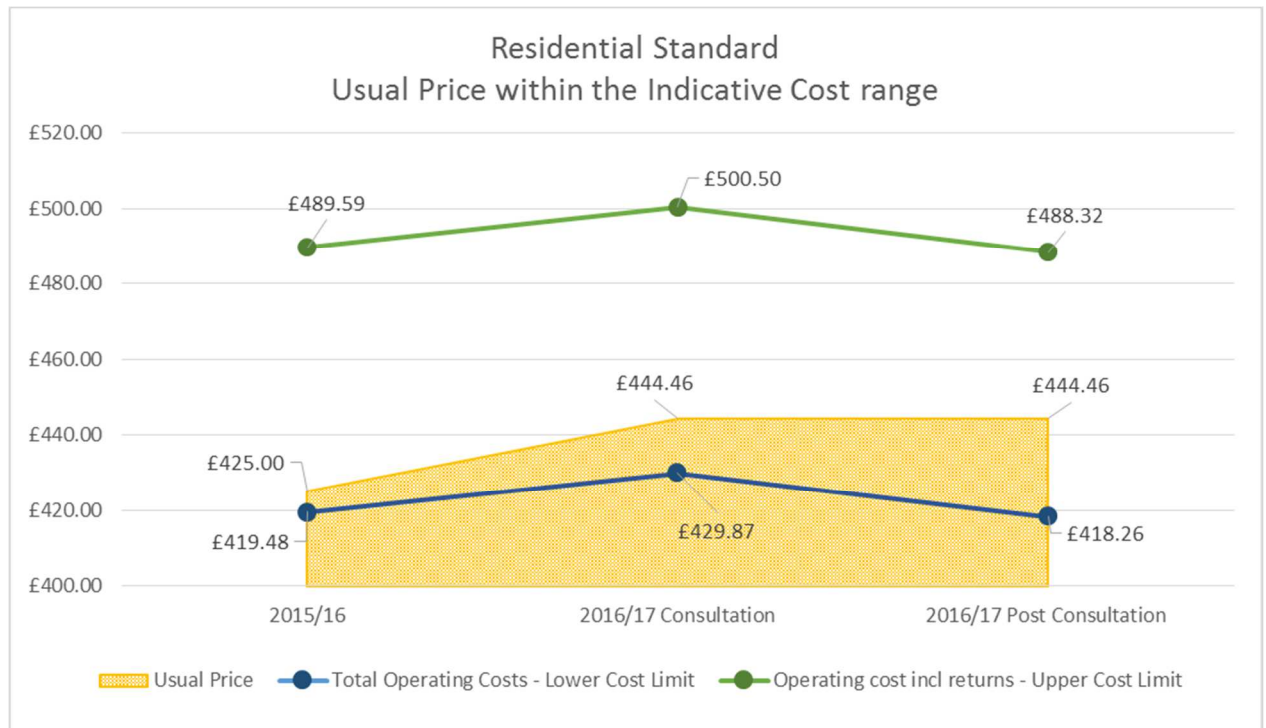
3.4.1 **Usual prices for 2016/17**

3.4.1.1 The Council has consistently stated that it considers usual prices that are set between the lower and upper limits in its indicative actual costs model are rational and reasonable having regard to its duties under the Care Act.

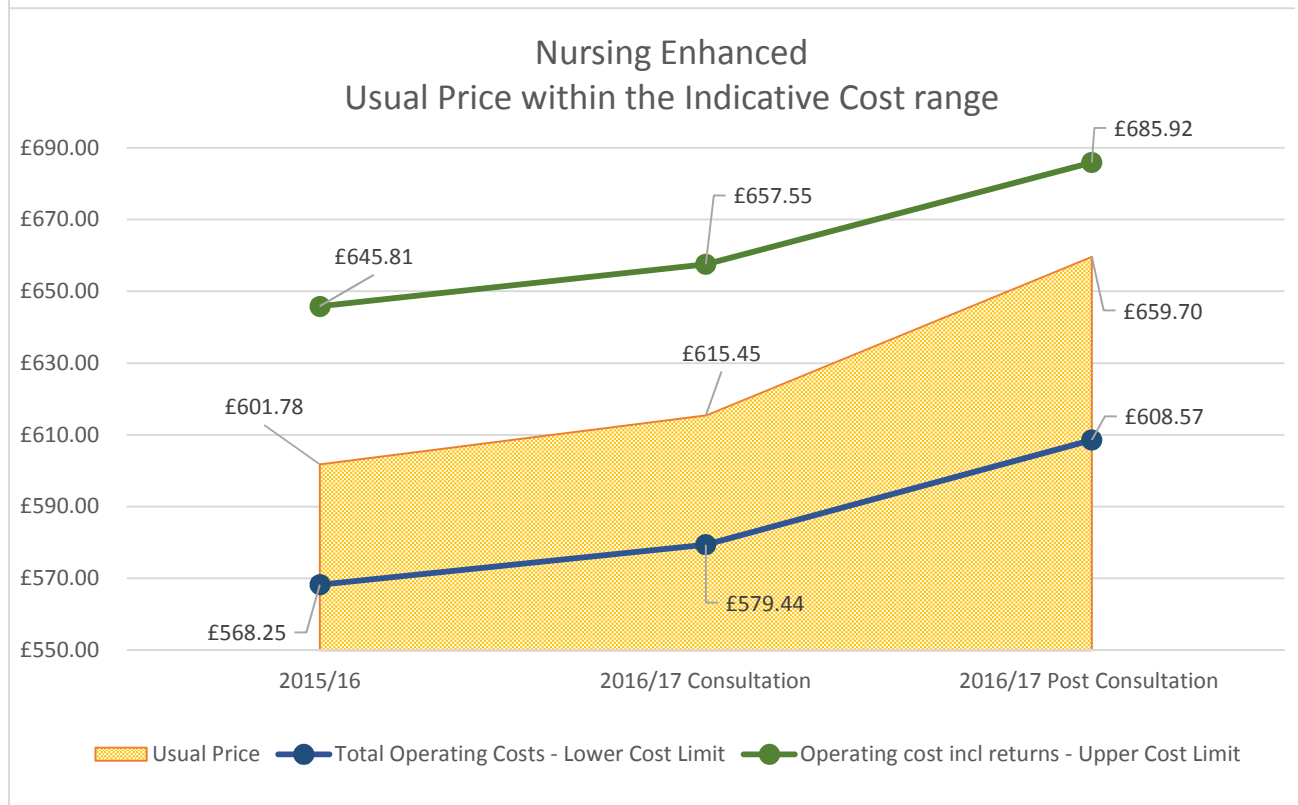
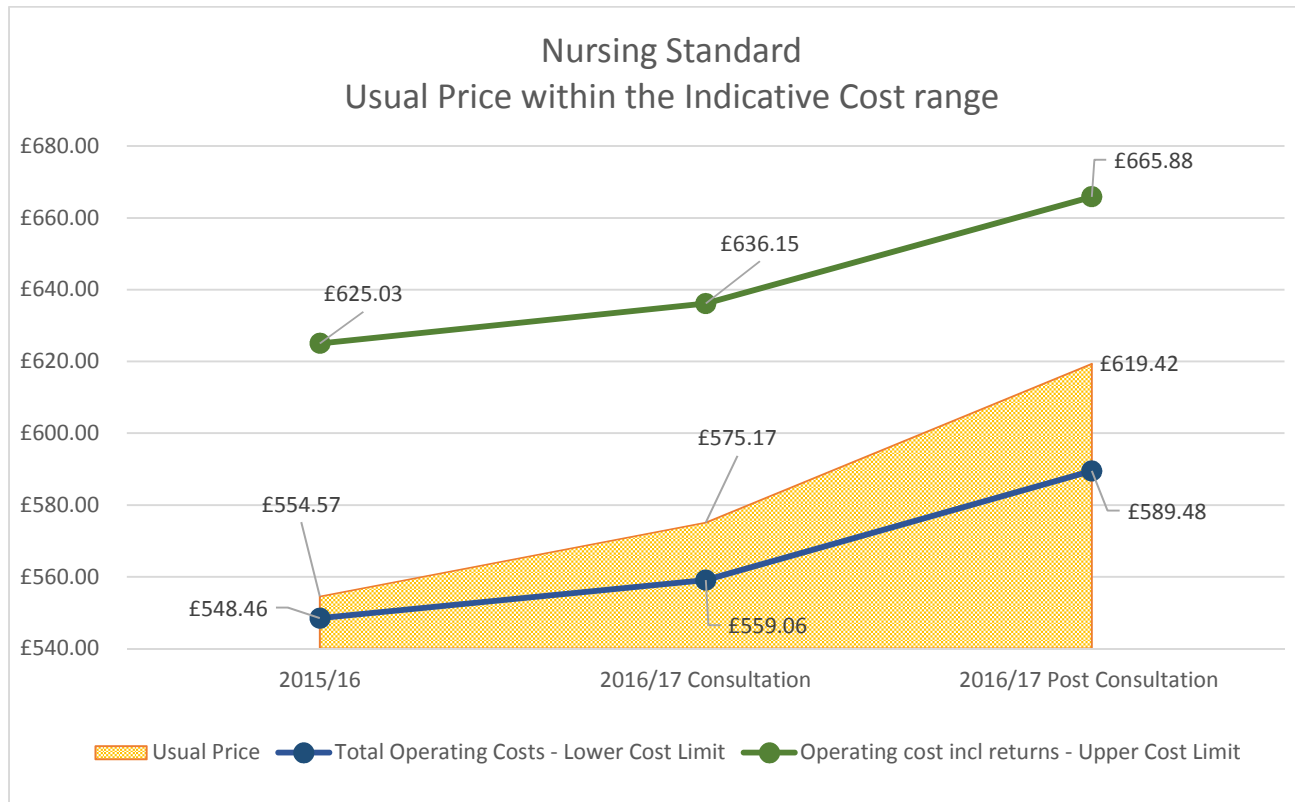
3.4.1.2 The proposed usual prices for 2016/17 that the Council consulted upon were all within the lower and upper cost limits of the indicative actual costs model constructed at that time.

3.4.1.3 The changes to the indicative actual costs model for 2016/17 caused by the recalculation of the direct care median pay rates meant that the Council could have reduced its proposed usual prices for 2016/17 and still remained within the lower and upper costs limits in its revised model.

3.4.1.4 The tables below show the relative position of the usual prices to indicative actual costs in 2015/16 and the proposed prices consulted upon against the indicative actual costs originally calculated for 2016/17 and the same usual prices compared with the recalculated indicative actual cost for 2016/17.



The tables below illustrate the position in relation to nursing homes including the new rate of FNC



- 3.4.1.2 The recalculated indicative actual costs for 2016/17 fully reflect inflationary pressures and pay differentials as described previously in this report. Notwithstanding the reduction in indicative actual costs the aspiration of the Council remains that it wishes to set usual prices as close to the upper limit in its indicative actual costs model as affordability will allow. Rather than make any reductions, therefore, in its proposed usual prices for 2016/17 the Council intends to implement the usual prices it consulted upon for 2016/17 in full. These represent an above inflation increase. These prices are set out in Table A below:

Table A

	A	B	C	D	E
Single Room Only	2015/16 Usual Price	Cost of Care and inflation % uplift	2016/17 Usual Price	% Total price increase	% Total price increase (including FNC)
Band					
Residential - Standard	£425.00	4.58%	£444.46	4.58%	4.58%
Residential - Enhanced	£473.00	4.85%	£495.93	4.85%	4.85%
Nursing - Standard	£442.57 + FNC of £112 = £554.57	4.65%	£463.17 + FNC of £156.25 = £619.42	4.65%	11.69%
Nursing - Enhanced	£489.78 + FNC of £112 = £601.78	2.79%	£503.45 + FNC of £156.25 = £659.70	2.79%	9.62%

- 3.4.1.3 The Council continues to aspire to increasing its usual prices in both 2017/18 and 2018/19 and to add inflationary uplifts informed by its new dialogue process in each of those years. The table below is reproduced from the consultation materials and serves to illustrate the Council's aspirations for further increases in future years subject to affordability and consultation in due course.

	A	B	C	D	E	F
Single Room Only	2015/16 Usual Price	2016/17 Usual Price	Provisional			
Band			2017/18 Cost of Care % uplift	2017/18 Usual Price*	2018/19 Cost of Care % uplift	2018/19 Usual Price*
Residential - Standard	£425.00	£444.46	2.26%	£454.50	2.21%	£464.53
Residential - Enhanced	£473.00	£495.93	2.44%	£508.04	2.38%	£520.15
Nursing - Standard	£442.57 + FNC of £112 = £554.57	£463.17 + FNC of £156.25 = £619.42	2.37%	£474.16 + FNC of £156.25 = £630.41	2.32%	£485.16 + FNC of £156.25 = £641.41

Nursing - Enhanced	£489.78 + FNC of £112 = £601.78	£503.45 + FNC of £156.25 = £659.70	0.57%	£506.33 + FNC of £156.25 = £662.58	0.57%	£509.22 + FNC of £156.25 = £665.47
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*excluding any relevant inflationary award and changes in NHS FNC rate.

3.4.1.4 If these aspirations can be achieved the effect will be to further move the usual price towards the upper cost limit in the Council's indicative actual costs model as shown in the diagrams below: Neither the indicative cost range nor the usual prices shown in the tables below is adjusted for future inflationary increase in 2017/18 and 2018/19.





4. Financial Implications

- 4.1 At the 29th April 2016 Adult Social Care Committee, section 9 of the report “Usual Price of Residential and Nursing in Norfolk” outlined the cost implications for 2016/17 of the settling of the 2015/16 Older People Residential and Nursing Cost of Care exercise.

Budget impact to Norfolk County Council of proposed usual price				
Financial Year	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
Total Cost	2.185	3.315	4.486	5.690
From one-off funding sources	2.185	3.315		
Recurrent additional savings required as part of budget setting process.			4.486	1.204

- 4.2 In agreeing the Usual Price for 2016/17, the above must be updated to include the impact of the consultation and the revisions included within this report.

Full budget impact to Norfolk County Council of proposed usual price				
Financial Year	2016/17	2017/18	2018/19	
	£m	£m	£m	
Cost of Care uplift (29 th April)	3.315	4.486	5.690	
2016/17 additional uplift in usual price*	1.577	1.577	1.577	
Total Cost	4.892	6.063	7.267	

*2016/17 price adjustment is a recurrent cost

Incremental budget impact to Norfolk County Council of proposed usual price				
Financial Year	2016/17	2017/18	2018/19	
	£m	£m	£m	
Cost of Care uplift (29 th April)	3.315	1.171	1.204	
2016/17 additional uplift in usual price**	1.577	0.000	0.000	
Total Cost	4.892	1.171	1.204	

**2017/18 and 2018/19 will be subject to separate price adjustment decisions

- 4.2.1 The cost of implementing the proposed usual prices within this paper are £4.034m more than the Adult Social Care budget set in February. The use of the Corporate Business Risk Reserve to provide one-off funding for this pressure in 2016/17 was agreed by Policy & Resources Committee on 18th July 2016. The table below shows the one-off and recurrent funding implications.

4.3 The funding implications of the proposal are as follows:

Funding of budget impact to Norfolk County Council of proposed usual price			
Financial Year	2016/17	2017/18	2018/19
	£m	£m	£m
Total Cost	4.892	6.063	7.267
From one-off funding sources	-4.034		
Recurrent Funding (ASC base budget)	-0.858		
Recurrent Additional savings required as part of budget setting		-5.205	-1.204

4.3.1 Within 2016/17, the proposed £4.892m will be met by a combination of current Adult Social Care base budget and one-off corporate business risk reserves. The 2016/17 decision creates a recurrent cost of £4.034m, which will require recurrent savings to be implemented in 2017/18. For planning purposes the impact of the proposed usual price for 2017/18 and 2018/19 will require a further £2.375m recurrent savings.

4.3.2 The above figures are subject to variations in volume and changes in care packages. Any variance to plan will be included within the forecast position for Adult Social Care.

5. Equality Impact Assessment (EqIA)

5.1 Under the Equality Act 2010, public bodies must pay due regard to the 'equality duty' when planning, changing or commissioning services. It is up to public bodies how they implement the duty. However they must be able to provide evidence that the duty was considered before a decision is made. Equality impact assessments (EqIA) are an effective way of demonstrating that. The Council has undertaken an equality impact assessment on the cost of care review and throughout the project, the EqIA has been reviewed and updated as appropriate. The Council will continue to update it throughout the process and publish it on the Council's Cost of Care web page. The EQIA is attached as Appendix C

6. Legal Risks

6.1 The Council has carried out a thorough cost of care exercise in order to enable it to propose and consult upon the usual prices in 2016/17.

6.2 Whilst the Council has acted upon legal advice throughout the process and believes that all reasonable steps have been taken to avoid further legal challenges it is not possible to rule out further legal challenges at this time.

7. Conclusion

7.1 Since the Council adopted the resolutions at its Committee meeting on 29 April 2016 set out at the beginning of this report it has conducted a thorough and proper consultation on its proposals as a whole and in particular the proposed usual prices for residential and nursing care for older people in Norfolk for 2016/17.

7.2 The Council extended its consultation period to fully accommodate all requests for additional time and has given careful consideration to all the feedback it received as a consequence of its consultation.

7.3 As a result of its considerations the Council has adjusted its indicative actual costs model to better reflect changes in the actual costs of direct care staff including pay

differentials in the market. In all other respects the model remains unchanged except for the increased rate of FNC.

- 7.4 The council has carefully reviewed its position regarding the treatment of third party top up payments and proposes to treat such payments as set out in this report.
- 7.5 At its 29 April 2016 meeting the Committee agreed to delegate authority to implement any new usual prices for 2016/17 to the Executive Director of Adult Social Services in consultation with the Committee Chair and Committee spokespersons. The consultation resulted in a significant amount of new information that has required material changes to the Council's indicative actual costs model. Under the circumstances it is considered appropriate to ask the Committee to make the decision.

The Committee is recommended, therefore, to:

- a) Agree to the usual prices for residential and nursing care for older people in Norfolk in 2016/17 which include inflationary pressures as set out in Table A in this report**
- b) Agree to the proposed treatment of third party top up agreements in 2016/17 as set out in this report**

Officer Contact

If you have any questions about matters contained or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

If you have any questions about matters contained in this paper please get in touch with:

Officer Name:
Steve Holland

Tel No:
01603 638353

Email address:
steve.holland@norfolk.gov.uk



If you need this report in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

RESPONSE OF FPCFPC AND THE NIC WORKING GROUP TO THE COUNCIL'S
PROPOSALS FOR CHANGES TO ITS USUAL PRICES FOR 2016/17 FOR OLDER
PERSONS RESIDENTIAL CARE

Dear Steve

Please note below our response to the consultation on the council's usual price for 2016/17.

1. We consider the consultation to be invalid as there is no clarity on the price that most providers will receive under the proposals.

We note the ongoing communication between providers and the council, seeking to clarify the council's position on the interaction between proposed increases in the usual price and third party top-up payments received by providers. The failure of the council to clarify its position with respect to 16/17 means that a substantial number of providers (who accept third party top-ups) are unable to understand what the impact of these proposals will be.

Despite various late clarifications being issued, providers are still unclear about the impact of increases in the council's usual price on what they will receive. The latest verbal clarification received by one provider at 5pm on the closing date of the consultation is:

the council will pass on increases in its usual price in full to all providers irrespective of top-ups received; and

the top-up amount will remain unchanged from previous contractual top-up rates plus inflation, notwithstanding that a proportion of top-ups were credited back to payers in 15/16.

Providers are still not clear on what happens in cases where the council funds care on its own account in excess of its usual price.

Notwithstanding our objection to this consultation, given the council's refusal to our previous request to withdraw from this flawed and invalid exercise, we offer the following comments on the assumption that all providers will benefit from the proposed uplift as verbally confirmed by the council above.

2. Issues pertaining to the council's cost model and uplift mechanism.

The council relies on its cost model in assessing the inflationary pressures on providers and so in determining its uplift proposals. Unfortunately, the council's model is faulty in a number of respects including, but not limited to, the areas set out below. The result of this is that the council underestimates the costs and the inflationary pressures which providers face:

2.1 Direct and Indirect Staff Costs

The council ignores and/or departs from direct empirical evidence in relation to staffing hours without explanation. Such a departure is irrational.

2.1.1 The council fails to use empirical evidence in relation to staffing levels

Norfolk Independent Care previously gathered and supplied the council with raw data and analysis on staffing levels at older persons care homes across Norfolk. The data is robust and representative, covering providers with c.2,000 beds. Though the council has adjusted its estimate of care staffing levels during the consultation process for deriving its 15/16 cost-model, the council's cost model still fails to fully allow for the staffing levels presented in evidence. The council provides no rationale or explanation as to why it departs from evidence gathered from providers. We summarise the data below:

Category	NIC Evidence Submitted (Hours per service user)	NCC Cost Model (Hrs per service user)
Residential – Standard	25.88	20.91
Residential – Enhanced	29.39	25.76
Nursing - Standard	23.8	21.4
Nursing - Enhanced	23.6	23.4

The data has been discussed in more detail in previous submissions and meetings with the council, and we refer the council to previous submissions in this regard. In particular, we urge caution with respect to interpreting NIC data for 'Nursing – Enhanced' care hours due to the small sample size and other data considerations (this group reported higher nursing and activities hours).

To the extent that the council relies on data from NorseCare homes in support of departing from the above evidence, we point out that there is good reason why NorseCare is not representative of the independent market, and why the council errs in this regard:

- It continues to effectively be NCC's policy that service users are placed in NorseCare homes in preference over independent providers' homes in order to utilize its 'block contract'. This means that referrals to independent homes are frequently for more complex needs than can be met at NorseCare homes and so independent homes require additional staffing input. Indeed, we are aware of many cases where a service user is transferred from NorseCare homes to independent homes due to complex needs not being met, and are not aware of any such transfers in the opposite direction;

- By virtue of its more generous funding arrangements from the council, NorseCare is able to offer more generous terms to employees and regularly attracts more experienced care staff away from the independent sector. This may enable NorseCare to achieve efficiencies in staffing that the independent sector is unable to match due to inadequate council funding.

If the council is to avoid misdirecting itself with regards to setting fees for 16/17, it should base the staffing assumptions in its cost model on reliable empirical evidence from providers.

2.1.2 The council under-estimates the impact of NLW and NMW on provider costs

2.1.2.1 The council does not account for the impact of NorseCare submissions on NMDS data

The council uses NMDS data for care homes in Norfolk to estimate staff pay rates in its model. As pointed out above, NorseCare pays significantly higher rates of pay than most independent providers and is able to do so by virtue of the generous subsidies it receives. As NorseCare submits NMDS data and represents a significant portion of the market, the care staff pay rates on which the council's model relies are skewed by NorseCare submissions and overstate the pay costs for independent providers.

To illustrate – median NMDS care staff pay rates for Nursing Homes (where Norse does not submit data) were approximately 10% lower than that for older persons Care Homes in 2015/16 (which includes Norse submissions). To take account of the 'skewing' of NMDS data by NorseCare submissions, in our analysis, we take the 40th centile figures (instead of the median figure) as representative of the independent sector. This results in pay rates consistent with the data gathered by NCC from 35 homes in its own data gathering exercise.

The impact of the council's over-estimate of pay rates in its model is that the higher pay rates partially compensate for the lower number of care hours alluded to in 2.2.1 above (see comparison table attached) in 15/16. However, for the use of inflated pay rates in the cost model means that for 16/17 ***the council substantially underestimates the impact of NLW on independent providers***. We quantify our assessment of the impact below.

We call on the council to review its cost model in light of the evidence above in order that the model more faithfully reflect the costs and cost pressures providers face. The council should not rely on a defective model in setting its fee rates.

2.1.2.2 The council ignores the importance of maintaining pay differentials.

The council makes a number of faulty assumptions in calculating its the impact of pay rate uplifts for 16/17 - approaching the issue by looking at the minimum theoretical uplift, rather than a fair estimation of the actual uplift. Recent NMDS data, which includes pay rates for April and May 16 following the introduction of NLW, shows that the assumptions underpinning the council's approach are clearly false. It should be no surprise to the council that pay rates have risen sharply (more than theoretical minimums) as the sector continues to combat staff shortages and a high turnover rate of almost 40%.

The council also fails to take into account the impact of higher gross wage rates on its on-cost assumptions. Higher pay rates result in higher average Employer NIC costs, as additional pay attracts the marginal NIC rate of 13%.

- **Under 25's pay rates:** The council assumes that care workers aged under-25 will receive a 1% uplift in pay. **This is demonstrably false**, for even though these workers will not be impacted by NLW legislation, their pay will still be subject to NMW uplifts of c4%. In addition, pressures on recruitment and staff turnover mean that many employers will offer the NLW voluntarily to those under 25 in order to retain experienced members of staff, and there will be an on-cost effect through higher NIC contributions. Taking these factors into account, a 5% uplift would more reasonably reflect the increase in pay, rather than 1%. (See table attached)
- **Over 25's earning below NLW prior to April 16** - The council assumes that these staff will only have their pay increased to the NLW without any maintenance of existing differentials above NMW. While it is difficult to estimate what the increases for these workers may be, it is unreasonable to assume that employers will abolish all differentials and simply raise the tail to a level of £7.20. The latest NMDS data shows an average of 49p (c6%) in hourly rates for median care workers, and this rises to 56p once (c6.8%) once the additional marginal cost of employer's NI contributions are taken into account.
- **Over 25's earning in excess of NLW prior to April 16.** The council assumes that these workers will also only benefit from a 1% uplift. The latest NMDS data (April/May 16) shows that this assumption is without basis – for example for Senior Care workers in independent care homes the median wage has risen from £7.41 per hour in 15/16 to £7.73 per hour in April/May 16, an increase of 4.25% or £0.33 per hour. While there has been some compression of differentials, the 1% figure is clearly wrong.

Taking all of these factors into account, using the council's own blending rates and NMDS data from April and May 16, we calculate that the average pay rate of care staff **has** increased by circa 6.2% over 15/16 rather than 2.97% as the council contends. This higher figure should be applied to the councils' model for direct and indirect staff costs in assessing the uplift for 16/17. Given the context of a 9% rise in NLW and c4% rise in NMW, the figure is reasonable and supported by NMDS data. Detailed breakdown of the above calculations are set out in tables attached to this response.

2.2 Other costs

We accept that in the absence of any specific cost pressures, application of the forecast CPI is a reasonable mechanism for determining uplifts for accommodation cost.

2.2.1 Returns on Capital

With respect to the returns on capital, we find that the council's approach to determining this amount is flawed and irrational. Simply put, no provider would seek to engage in this market, and invest their equity at risk where returns are so low (c4.9% in the council's model).

The care home market operates with significant risk to the equity investor – including occupancy risks, staffing risks, regulatory risks, competition and other general business risks. More significantly, care home investors face the risk of substantial capital losses should a care home fail, as the value of a vacant care home is usually substantially below its value when trading. Furthermore, care home assets eventually become unfit-for-purpose (as the council is aware in decommissioning older homes) reducing the long-term value of the investment. Contrast this proposition, with a 'buy-to-let' residential investment where most of these risks are negligible. For a property investor, the asset is more liquid, and the long term capital gains are greater as there is no risk of obsolescence. Given that average rental yields are 5% for buy-to-let investors, it stands to reason that a sustainable market in care cannot ensue with similar returns, as risk-adjusted returns are greater elsewhere.

We note that having consulted with providers over a 7% return model in December 2015, the council decided to change its approach thereby significantly reducing the costs in its model. The resultant return on capital of £49 per room per week is wholly insufficient to sustain and promote the market and will deter investment in new homes in Norfolk. The figure is patently unreasonable. It is c50% below the cost of renting purpose built student accommodation in the county (which has lower capital requirements) and is less than 50% of the return calculated in the L&B model and 25% below the council's approach in its December consultation.

As there is no evidence to support the council's contention that this is an acceptable rate of return, and evidence supports that continued investment in the sector is only feasible with higher returns - the council should revisit its

methodology in this regard without the pre-determination to come to a low figure.

We note that the council does not propose any uplift in the value of capital return in 16/17. This is irrational as the cost of the underlying capital items would have been subject to inflationary pressures during the year.

3.1 The council's approach to setting its fee

The council errs when it considers return on capital to be an optional cost, which does not need to be covered by its usual price. The cost of capital is an actual cost, the nature of which courts accept. By stating that the council considers an acceptable range of usual prices to start with a zero contribution to capital costs (and profit), the council is in clear error.

Taking the argument further, the council's methodology for deriving the capital cost is through estimating loan repayments that a care home owner may have to make. Following this logic it is absurd and irrational to hold a position that it is acceptable for the council to make a zero or partial contribution to loan repayment costs in setting its usual price. The care home owner, reliant on Norfolk funded residents would not be in a position to meet loan repayments and the bank would foreclose. The council is doing exactly what the Care Act guidance expressly prohibits – it is setting fee rates below level that are sustainable in the long-term.

Given the under-estimation of capital costs and returns, failure to even meet these costs is not sustainable for providers in the long run.

In setting fee rates below the cost of care, the council assumes that the market is sustainable via subsidy from other income sources. Courts have rejected the proposition that reliance on such subsidy is permissible and the council has an obligation for setting fee rates (each year) which are 'sustainable in the long-run'.

The council implicitly accepts that the fee rate proposed for 15/16 and 16/17 are not 'sustainable in the long-run' as it has also proposed real-terms increases in future years to bridge the gap. It is irrational for the council to accept that higher real fee rates are required to meet capital costs in 18/19 but are not required now. The council is clearly setting current year fee rates too low to be sustainable.

3.2 Potential for Subsidy from Other Sources

To the extent that 'cross subsidy' from other income sources may be permissible (we would contend that they are not), arrangements in Norfolk make them inherently unsustainable. The only means of cross-subsidy are from third-party top-ups or self-funding residents.

Third-party top-ups and enhanced rates funded by the council are widely used as price adjustments reflecting both the higher dependency of some service users and the fact that the council's usual cost does not meet the cost of care. Where these are agreed for 'higher dependency' (equating to higher staffing costs), providers face even greater inflationary pressures due to the impact of NLW. This is not reflected in the council's proposals.

The framework contract between the council and providers prohibits providers from instituting or changing third-party top-ups for existing service users. This severely limits the ability of providers to meet their actual costs from this source of income, let alone achieve a cross-subsidy. Third party top-up amounts for individual service users have been frozen since at least before 2012 for providers and have fallen in real-terms over this period. The council now accepts that third party top-ups should rise in line with inflationary measures and in correspondence with providers it proposes to do so. However, increases in dependency driven by the council's commissioning agenda and increases in regulation and service expectations means that providers costs are set to rise by in excess of inflation. There is no mechanism by which providers are able to adjust their prices to reflect these cost pressures and make investment in improvements. The council has directly refused a request for a variation in the contract to allow for limited changes above inflation in the value of top-ups.

Furthermore, the council effectively imposed a fee cut of c£650 per service user in 2015/16 for providers that rely on third party top-ups to meet their costs. This was perverse in the context where the council accepts that its 'usual price' for 15/16 was far below the price needed by providers to meet their actual costs. This cut should be reversed in 16/17, with a one-off payment to those providers impacted, allowing them to cover the shortfall of investment in their homes.

Most providers rely on higher fee rates levied on self-funders to bridge the gap in their incomes. This differential has reached a point beyond which it is unsustainable, as the impact of NLW has pushed fee rates to record levels. Providers who need cross-subsidy for NCC funded residents are unable to demonstrate that they now offer good value for money for self-funded residents. We are seeing the emergence of a 'two-tier' care market where homes focused on only self-funded residents are able to invest in better care for a lower price as they have no need to cross-subsidise.

The council has no evidence to support its assumption that cross-subsidy is sustainable in this market and should not rely on it in setting its usual price.

4. Other matters

The council has failed to properly take into account its obligations under the Care Act. The council continues to set its usual prices at levels that destabilize the market, fail to support the development of a stable workforce or high quality of care. We draw the council's attention to the following as evidence of the lack of stability in the care market:

- There continues to be closures of nursing homes and loss of vital capacity for nursing care across Norfolk. The council's usual price for nursing bands combined with FNC does not come close to meeting the costs of this care. The council makes a great deal of the shortage of nurses driving instability in this market. While it is difficult to recruit nurses, the truth is that homes that have closed or de-registered were **fully** staffed by nurses, as they were required to under regulations. There may be reliance on 'agency' nurses working at nursing homes in Norfolk, but this does not mean that there aren't enough nurses. It is simply that current arrangements do not provide sufficient funding for operators to employ nurses at the pay rates they require for permanent employment, and homes close as operators have no incentive to continue to offer nursing care.
- The quality of care as rated by CQC in Norfolk is frequently poor, below national benchmarks and declining. This is clear evidence that the market is unstable, and that funding at levels below the cost of care is not sustainable. We note that the council only refers to the 'overall' rating when looking at CQC quality measures. While even this high level approach paints a disturbing picture, it understates the extent of the problem as providers with one area of non-compliance are still rated as 'good' overall. Providers and the council should have aspirations beyond simply 'compliance' with CQC minimum standards and these aspirations can only become possible with appropriate funding.
- The council takes no account of the very high levels of staff turnover in the independent care sector. While the NMDS data is skewed by NorseCare submissions, based on this data we estimate that workforce turnover certainly exceeds 40% and may be closer to 50% amongst care workers in independent homes. This is clear evidence of instability, and by failing to set fee levels that meet the cost of care, the council fails in its obligations under the Care Act.

We urge the council, as we previously have done, to abandon these proposals and work with provider representatives to develop proposals that bring certainty and stability to the sector.

On Behalf of FPCFPC and the NIC Working Group
24.06.2016

**Analysis of responses to
Norfolk County Council
Cost of Care
Consultation on the**

**Proposed usual prices for Residential and Nursing
Care for Older People in Norfolk for the year 2016/17**

August 2016

1. Context

Norfolk County Council (“the Council”) is committed to promoting the continued independence of all adults in Norfolk by helping to prevent, reduce or delay the need for care and support. The Council recognises, of course, that for many people care and support provided in a residential or nursing care home may be required and in these circumstances the Council relies in the main on a market of independent care home operators to provide the high quality care needed and expected.

The Council is required to promote the effective and efficient operation of this market in care and does so in a number of ways and in particular by funding the care costs of people who are unable to fund their own care. It is important that the usual prices paid for this publicly funded care taken together with privately funded care is enough to ensure that the care provided is safe, of the right quality and is commercially sustainable.

The Council is undertaking a cost of care exercise aimed at establishing its usual prices for publicly funded residential and nursing care. In doing so the Council has had regard to its own financial position and proposed its usual prices for 2016/17 on which it consulted the market.

The Council sought providers’ views to help it to make a final determination on the prices that it would usually expect to pay for residential and nursing care in Norfolk.

This report provides an analysis of those consultation findings.

2. Background

On 29 April 2016 a report entitled ‘Usual price of residential and nursing care in Norfolk’ was submitted to the Adult Social Care Committee (the committee) setting out proposals for the usual prices for 2015/16 enabling the committee to retake its earlier decision in March 2015.

The report also set out proposals regarding the usual prices for 2016/17 which included inflation to be consulted upon and information about planned usual prices for 2017/18 and 2018/19 excluding inflation intended to be consulted upon in due course.

The Committee agreed to all of the recommendations in the report and on 3 May 2016 a letter was sent to providers confirming the new usual prices for 2015/16 and back dated payment arrangements and that a consultation would be commenced in relation to 2016/17 usual prices.

On 10 May 2016 a letter was sent to providers commencing a formal consultation on the proposed usual prices for 2016/17.

Providers were asked to use an online survey to give their feedback as that would assist in keeping views and opinions anonymous. However, they were also given alternative options to:

- respond by email at costofcare@norfolk.gov.uk
- send views in writing to - Freepost Plus RTCL-XSTT-JZSK, Norfolk County Council, County Hall, Martineau Lane, NORWICH, NR1 2DH. The Council explained that there would be no acknowledgement of receipt where comments were submitted as postal responses

Following a request from Fair Price for Care, Fair Price for Carers (FPCFPC) to substantiate the methodology used by the council to determine the impact of the national living wage a letter dated 6 June 2016 was sent to providers explaining the methodology and extending the consultation by a further two weeks to 21 June 2016 to enable the information to be properly considered.

Following a request from FPCFPC to clarify the council's position regarding third party top up agreements an explanatory letter was sent to providers dated 20 June 2016.

Following a further request from FPCFPC the council agreed to extend the date for receipt of the FPCFPC formal consultation response to 24 June 2016.

3 Responses in Relation to the Proposed Usual Prices for 2015/16

The consultation closed on 20 June 2016. The Council received two email responses, seven on line responses and no written responses.

3.1 Email Responses

Of the two email responses one was from an individual and one was a group response.

a) Group Response

The response received from the groups representing the care market was one response from FPCFPC and the NIC (Norfolk Independent Care) Working Group. This was a detailed response, covering key points and providing additional supporting data.

1. A letter entitled Response of FPCFPC and the NIC working group to the council's proposals for changes to its usual prices for 2016/17 for older person's residential care
2. An NMDS based analysis of pay rates
3. An analysis of direct care costs

b) Individual response

The one email response highlighted some of the key issues that were raised in the group response regarding. These included the Council's response to "top ups" and the national minimum wage.

3.2 On line consultation responses

Of the seven respondents, all seven identified that their organisation provided services for older people (including those with dementia and adults with physical disabilities).

a) Agreement with proposed usual prices

In response to the questions about how far providers agree or disagree that the Council's proposed usual prices for 2016/17 are reasonable

Residential standard 2016/17 are reasonable?	3 strongly disagree, 4 disagree
Residential enhanced 2016/17 are reasonable?	5 strongly disagree, 2 disagree
Nursing standard 2016/17 are reasonable? are not sure.	3 strongly disagree, 1 disagrees and 3
Nursing enhanced 2016/17 are reasonable? are not sure.	2 strongly disagree, 2 disagree and 3

Respondents explained the reasons for their agreement / disagreement with the proposed usual prices. Responses consistently highlighted the following reasons for not agreeing that the usual prices for 2016/17 are reasonable:

- Does not fully take account of impact of national living wage
- Full cost of auto enrolment for pensions not taken account of
- Current fees received by Norse
- Increase in levels of acuity for those placed in residential standard

b) Equality Impact Assessment.

No respondents provided information on details that the Council could have missed when considering ways that the proposals could impact on people with protected characteristics.

4 Further Analysis and Councils proposed position

Having given full consideration to the feedback, comments and additional data submitted as part of the consultation, the Council will produce a full report concluding the amendments that have been made to the usual price as a result of the consultation responses and confirming the usual price of residential and nursing care in Norfolk 2016/17.



Equality impact assessment form

What constitutes a good equality impact assessment?

Under the Equality Act 2010, public bodies (eg councils, the police, etc) must pay due regard to the 'equality duty' when planning, changing or commissioning services:

- Advancing equality of opportunity for people with 'protected characteristics'¹
- Eliminating discrimination, harassment, victimisation and other prohibited conduct²
- Fostering good community relations³.

It is up to public bodies how they implement the duty. However they must be able to provide evidence that the duty was considered before a decision is made. Equality impact assessments are an effective way of demonstrating this.

The principles below, drawn from case law, explain what is essential:

- **Proportionate** - where a proposal may affect large numbers of vulnerable people, the need to pay 'due regard' is very high.
- **Sufficient evidence** – you must consider what evidence you have and what further information may be needed to inform your assessment.
- **Consultation** - if a proposal constitutes a significant change to an existing service, people affected should expect to be consulted.
- **Genuine assessment** - the courts expect to see written evidence of a comprehensive and objective assessment. Your assessment will be considered inadequate if issues are only considered at a broad level or if relevant evidence is not taken into account.
- **No delegation** – the decision-makers responsible for determining the proposal cannot delegate consideration of the equality impact assessment to anyone else.
- **Contracted services** – the Council is responsible for ensuring that contracted services comply with equality law and do comply in practice.
- **Actions to mitigate any negative impact** – if adverse impact is identified by an assessment, consideration must be given to measures to avoid or mitigate this before agreeing the decision.

Equality impact assessment form

Title of proposal:	Cost of Care Review
Aims of proposal:	<p>Councils are required to set their usual prices for residential and nursing care services they commission. In doing so they must have regard, amongst other things to the actual costs of providing care in the market place.</p> <p>Generally speaking councils are required to promote effective and efficient markets in social care and support services for adults which provide high quality services, choice and resilience and this should be borne in mind.</p>
Directorate:	Adult Social Services
Lead Officer:	Catherine Underwood
Names of other officers/partners involved:	Steve Holland Toni Jeary Sarah Gibb
Version 1 19 August 2016	Throughout the cost of care review project the EqIA is reviewed and updated as appropriate. The assessment will capture any issues identified and actions that need to be taken to address them.

Analysis of Cost of Care Proposals & Potential Impact

One of Norfolk County Council's (the Council) functions is to support people who are assessed as being in need of care. Where the Council has assessed an adult as being in need of care, it may lead to a decision to make a placement in a residential care home or a nursing care home. Where that person expresses a preference for particular accommodation, the Council is obliged to arrange for care in that accommodation, provided that the price required by the provider does not exceed the amount specified in the adult person's personal budget for accommodation of that type.

The Council is required to set the usual rates it will pay for residential care placements. The key to this exercise, as always, is to determine what the actual cost of care in the local area is and thereafter set usual rates at a level that complies with the Norfolk County Councils various statutory duties and obligations.

In order to review and decide on what the Council would propose as its usual prices for older people for the 2016/17 financial year (and its next planning period) a cost of care exercise has been carried out with due regard to the legal framework. This sought to understand what the actual costs of providing residential and nursing care in Norfolk are and any other relevant matters including local factors to which it should have due regard.

This exercise involved the following process (and the Council corresponded regularly with providers throughout to keep them updated):

The process includes:

1) Setting of a Provisional Rate

Using the indicative cost model developed, consulted on and applied to set the 15/16 Usual Price, taking account of local and national data and information to apply an inflationary uplift

The Council will determine what they think the proposed usual prices should be for residential and/or nursing care services and produce a report to establish its position.

2) Consultation

The consultation began with the publication of a full report. The consultation report itself was sent as part of a pack to every provider which included:

- a) An equality impact assessment
- b) The timelines
- c) Who could be contacted in case of queries
- d) Details about how providers could respond using an online consultation facility and how they could participate in the consultation in other ways including but not limited to further evidence, critique of methodology, additional reports, comments and concerns, or data that they might want to share to support their arguments

3) Analysis

The consultation resulted in the provision of considerably more cost related data, correspondence from individual providers and provider representative groups and the completion of an online questionnaire. All the feedback and anything else considered to be relevant was fully considered and analysed.

4) Decision Making

The Council's Adult Social Care Committee (the Committee) on 29 April 2016 delegated decision making of the final usual prices to the Lead Member for Adult Social Care and the Executive Director of Adult Social Services.

The Council is currently at point 3 in this process. From the work it has done to date, it is considered that the following points should be taken account of in this equality impact assessment:

- **Which particular groups of service users' are affected?** – These are residential and/or nursing services for older people including those with physical disability and/or dementia
- **Are any other groups affected?** It is recognised that the social care workforce in Norfolk is predominately female (81%) with 45% of that workforce being part time. The impact of any decision that may affect the workforce will therefore need to be taken account of throughout the project and in the proposals being made

- **Does the exercise recognise the needs of people from different groups?**

As part of the cost of care exercise providers have been given the opportunity to submit information about the cost of providing a residential and/or nursing service which will highlight additional costs or cost pressures for particular service user groups. This would then be put forward for consideration as part of the pricing exercise and will feed into the proposals being made

- **Are user involvement mechanisms inclusive of everyone and do they accommodate different needs?**

Providers have been communicated with via the normal method of email correspondence. A cost of care mailbox has been established to assist with communication, dedicated web space has been created to keep providers up to date and informed

A minority of providers do not use email. To address any issues identified, letters and a hardcopy of the consultation were sent to all providers that do not use email. As will any future correspondence.

Action to address any negative impact

If your assessment identified any adverse impact, you must consider measures to avoid or mitigate this before a final decision is taken. This might include taking action to ensure that the needs of a particular protected group are met.

Below is a summary of actions taken as a result of ongoing equality impact assessment work and planned actions identified as part of this EqIA.

EqIA Version	Action/s	Date completed	Comment	Deadline
1	Consider impact on workforce			
V1	Inflationary uplift to proposed usual price takes account on National Minimum Wage	July 16	Evidenced in Consultation report	July 16
	Consultation feedback provided evidence that inflationary uplift required further review with regard to pay	Sept 16	Evidence in Final Report to Committee	Oct 16
2	Ensure provider engagement including consultation is inclusive and accessible			
V1	Addressed in 15/16 process continuing to adhered to inclusive practices	Done	No further action	
3	Ensure that cost of care analysis work takes account of the needs of people from different groups			
V1	Evidenced in 15/16 process through development of indicative cost model	Done	No further action	

The next EqIA review point will be at the decision making stage of the process (see point 4). A further review of the impact that the decisions on usual price may have on protected groups and will be included.

List of evidence used to conduct analysis

Care and Support Market Position Statement 2016/17
www.norfolk.gov.uk/view/ncc160979

The National Minimum Data Set for Social Care (NMDS-SC)

Norfolk County Council Provider database

Data received from providers through consultation

An assessment is a live document to help consider the implications of service changes on service users or employees - particularly potentially vulnerable service users. Assessments can be updated at any time so that it informs ongoing service planning and commissioning.

Help or more information is provided by Norfolk County Councils Corporate Planning & Partnerships team.

1 The **protected characteristics** are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

Having due regard to the need to advance equality of opportunity might mean:

- (a) Removing or minimizing disadvantages suffered by people who share a relevant protected characteristic that are connected to that characteristic;
- (b) Taking steps to meet the needs of people who share a relevant protected characteristic that are different from the needs of others;
- (c) Encouraging people who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such people is disproportionately low.

2 Prohibited conduct:

Direct discrimination occurs when someone is treated less favourably than another person because of a protected characteristic they have or are thought to have, or because they associate with someone who has a protected characteristic.

Indirect discrimination occurs when a condition, rule, policy or practice in your organisation that applies to everyone disadvantages people who share a protected characteristic.

Harassment is “unwanted conduct related to a relevant protected characteristic, which has the purpose or effect of violating an individual’s dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that individual”.

Victimisation occurs when an employee is treated badly because they have made or supported a complaint or raised a grievance under the Equality Act; or because they are suspected of doing so. An employee is not protected from victimisation if they have maliciously made or supported an untrue complaint.

3 Having due regard to the need to foster good relations between people and communities involves having due regard, in particular, to the need to (a) tackle prejudice, and (b) promote understanding.

Appendix D



**Community Services
County Hall
Martineau Lane
NORWICH
NR1 2SQ**

Date: 20 June 2016

Dear Care Provider,

Cost of Care 2016/17 Consultation – Third Party Top Up Agreements

The Council has been asked to clarify its position in relation to the treatment of third party top up agreements as part of its current consultation regarding proposed prices for 2016/17 for residential and nursing care. The following explanation sets out the Council's proposed approach to prices where a third party top up agreement is in place.

The table below sets out the current consultation proposals. The consultation itself is open until midnight 21 June.

	A	B	C	D	E	F
Single Room Only Band	2015/16 Usual Price	Cost of Care % uplift	2016/17 Pre-inflation Usual Price	2016/17 Inflation % uplift	2016/17 Usual Price	% Total price increase
Residential - Standard	£425.00	2.31%	£434.82	2.22%	£444.46	4.58%
Residential - Enhanced	£473.00	2.50%	£484.84	2.29%	£495.93	4.85%
Nursing - Standard	£442.57 + FNC of £112 = £554.57	2.43%	£453.33 + FNC of £112 = £565.33	2.17%	£463.17 + FNC of £112 = £575.17	4.65%
Nursing - Enhanced	£489.78 + FNC of £112 = £601.78	0.58%	£492.60 + FNC of £112 = £604.60	2.20%	£503.45 + FNC of £112 = £615.45	2.79%

Without prejudice to the outcome of the current consultation and for the purposes of the illustration set out below only, we assume that the settled prices for 2016/17 are as set out in the table above.

The new usual prices and the inflationary uplift would apply as set out in the table above from 11 April 2016. These rates would apply to any contracts involving third party top up agreements entered into prior to the 11 April 2016 remaining active from that date and for any contracts entered into between 11 April 2016 and the date on which the cost of care exercise for 2016/17 is completed with payments backdated to 11 April.

Appendix D

Using the new enhanced rate as an example:


Contract entered into before 11 April 2016 (or after 11 April but before the conclusion of the cost of care exercise for 2016/17) with a £70 top up in place.

- We will apply the full cost of care uplift to the usual price element which will be assumed to be the revised usual price for 2015/16 which is £473.
- The cost of care increase uplift is 2.5% to which a further inflation uplift of 2.29% is applied giving an overall increase of 4.85%. This makes the usual price element of the agreement increase to £495.93.
- We will also apply the inflationary element of 2.29% to the third party contribution making it £71.60.
- We will pass on the whole sum of £495.93 and £71.60 namely £567.53 to the provider. The effective total increase is 4.52%.

This is consistent with the current contractual arrangements that require the Council to review its usual prices in the case of third party agreements the value of the top up in such agreements each year. The relevant clauses from the 2012 contract are contained in Schedule 4. For usual prices the reference is clause 4.4.1. For third party top ups the reference is clause 4.8.2

The proposal will not only preserve the value of the top up agreed at the beginning of the contract but also increase it in line with inflation as determined by the Council. We intend to continue with this approach with effect from 2016/17.

Yours faithfully,



Steve Holland

Head of Quality Assurance & Market Development