Adult Social Services Committee

Item No……

Report title:	**Pressures on future Adult Social Care services in Norfolk**
Date of meeting:	**4 July 2016**
Responsible Director	**Harold Bodmer**

Strategic impact

Pressures on the Adult Social Care budget, and in particular the impact of Norfolk's ageing population, are of corporate significance and are reflected on the corporate risk register. An improving approach to understanding, and accounting for, demand pressures in Adult Social Care is key to long-term financial sustainability.

Executive summary

This report reviews the factors that drive pressures on the Adult Social Care budget.

It initially reviews national and local evidence of Adult Social Care budget pressures, and presents Norfolk's position in terms of the use of key services compared to its statistical neighbours – revealing that Norfolk has historically had a high use of residential care, particular for people with learning disabilities and mental health problems.

The paper then looks at Norfolk's ageing population, highlighting that Norfolk has a greater proportion of older people than the regional and statistical neighbour average. It also shows that, in terms of numbers of people, that the very oldest age groups is most significant in terms of demand for care, and that future demand in this area is likely to be driven by the growing prevalence of dementia.

Evidence is then presented that shows that, whilst growing numbers of older people and the nature of their needs helps explain social care demand, not all care settings show a significant increase in usage by older people. It reflects on how other factors – not least people's health, income and social situation – are likely to be as important in determining the need for care.

The paper also reflects on arguments that suggest that councils' behaviours are also vital in determining the level of demand for social care, and highlights the important role of 'front door' arrangements, reablement services, technology and the availability of support from voluntary and community organisations in helping to manage demand.

A range of other demand pressures are also highlighted, including:

a) Sometimes 'hidden' demographic growth in younger and working age groups as people with significant and complex care needs are supported to live independently for longer
b) The growing complexity of care need and provision for those that do require formal support
c) The increasing cost of purchasing care services
d) Policy pressures, including the Care Act, the Better Care Fund, and legal changes around Deprivation of Liberty Safeguards

The current approach to accounting for such pressures is outlined, along with projections to 2018/19. The paper also argues that, as our understanding of the drivers of demand grows, we will need to develop better and more sophisticated ways of anticipating changes in demand, probably based on a pragmatic application of statistical and policy analyses.

Finally the paper speculates about the challenge of predicting demand in the longer term, briefly reviewing national evidence about different potential impacts of ageing. It argues for a continued

development of methods, and a strict adherence to the principles of evidence-based planning, when forecasting future budgets.

Recommendation

The paper presents contextual information to budget and service planning activities in this and future committee meetings. Members are asked to:

a) **note the findings, and**
b) **suggest any other areas of evidence and analysis that they would like more information on**

1 Background

1.1 Nationally and locally Adult Social Care services are under unprecedented pressures. In short, councils are struggling to meet the demand they face for care and support with the amount of resources at their disposal.

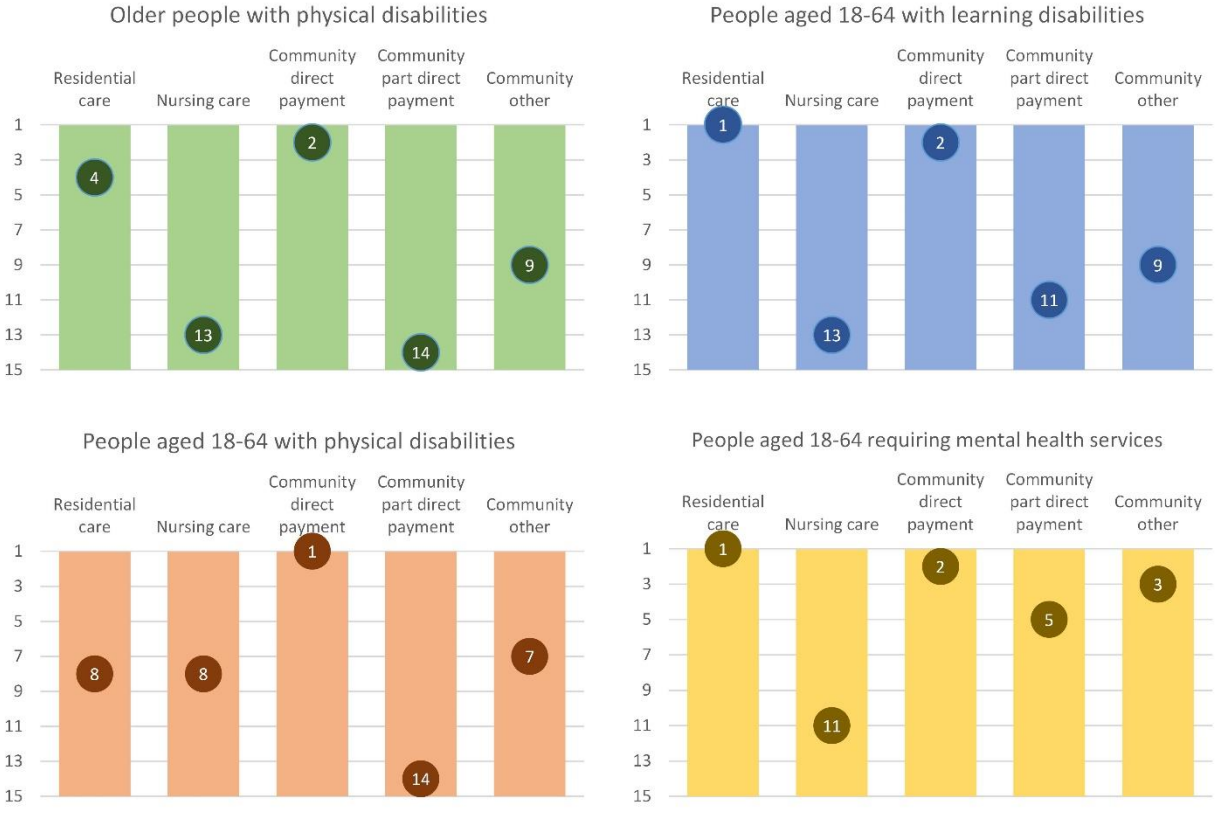
1.2 As a demand-led service, Adult Social Care is required by law to make provisions to support people with care needs if they meet eligibility criteria. Simplistically, someone is eligible for care and support if their needs mean they cannot achieve two or more of the outcomes specified in the Care Act 2014, resulting in a substantial impact on their wellbeing. Council funding to provide care and support depends on whether the person meets financial criteria (for example if they have under £23,250 in savings). Given this, government policy and legislation has increasingly required councils to mitigate against unaffordable levels of demand through preventative interventions, efficiency improvements and integrated working with partners in health services, the voluntary sector and in businesses.

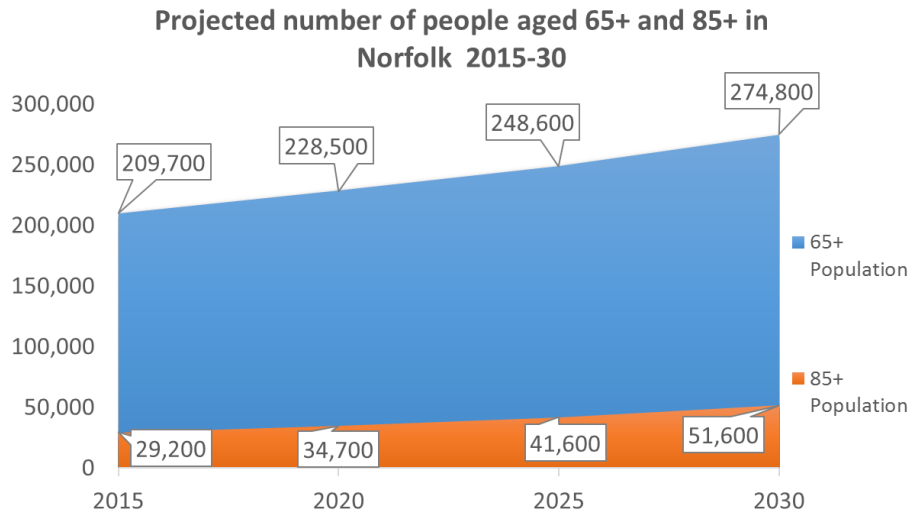
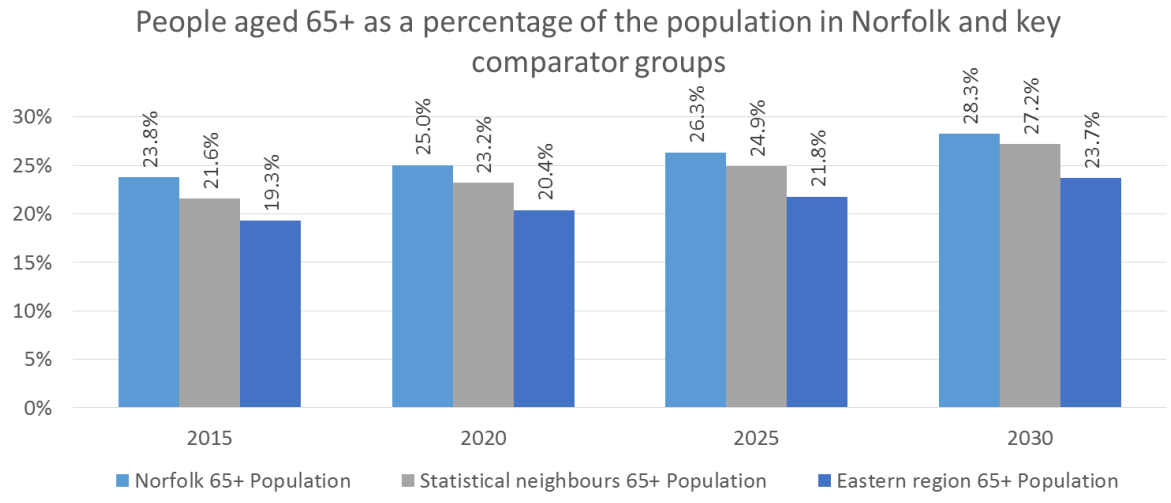
1.3 Nevertheless, in Norfolk the Adult Social Services budget has been under significant pressure in recent years. The following table shows our position for the previous four years, including a growing over-spend against the forecast budget:

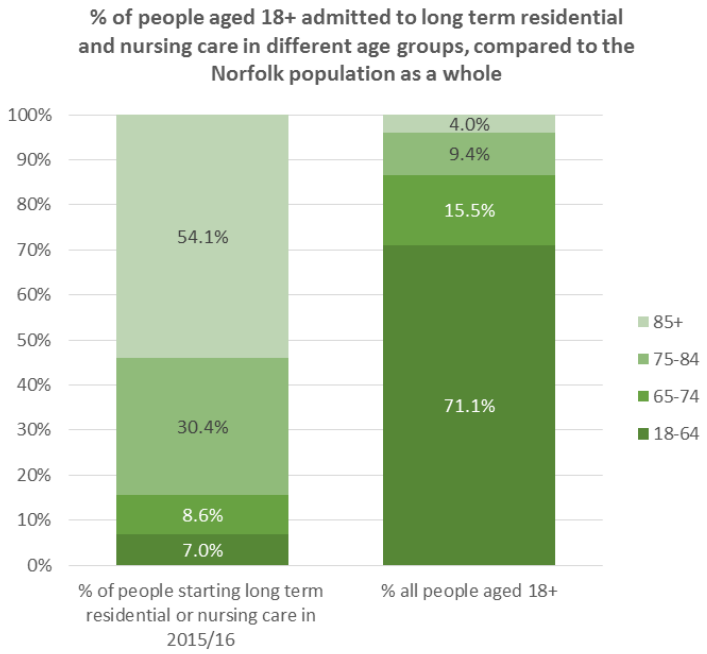
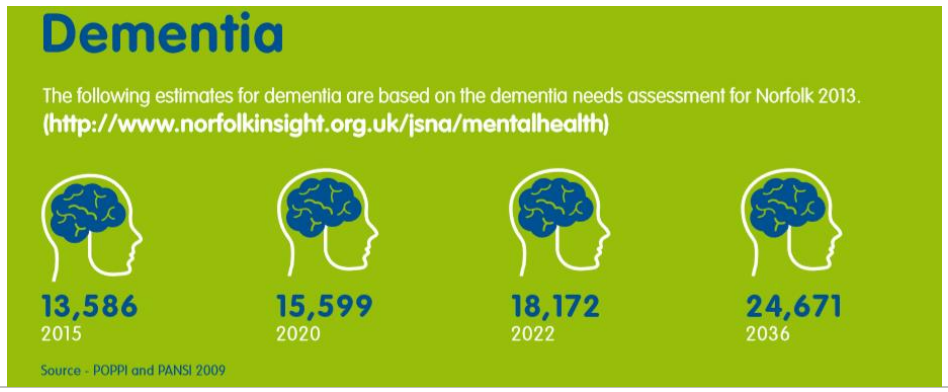
£'m	2012/13	2013/14	2014/15	2015/16
Gross Expenditure Budget	341.413	344.908	344.574	359.527
Gross Expenditure Actual	357.619	368.948	376.231	386.731
Gross Income Budget	125.265	87.256	92.061	120.213
Gross Income Actual	141.471	109.795	120.403	144.249
Net Expenditure Budget	216.148	257.652	252.514	239.314
Net Expenditure Actual	216.148	259.152	255.828	242.483
Over/Underspend	**0.000**	**1.500**	**3.315**	**3.168**

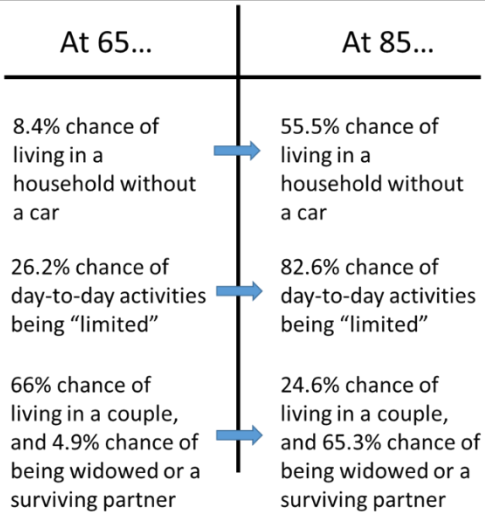
Norfolk's position is not unfamiliar, with many councils reporting significant overspends in recent years. The National Audit Office (2014) has reported that local authorities have faced a real-terms cut in spending on Adult Social Care of 8.7% between 2010/11 and 2014/15 at a time when demographic pressure meant that the cost of providing care is increasing by 3% a year.

1.4 As the Audit Office statements suggest, the prevailing national narrative argues that pressures on care services are mainly being driven by demographic factors, and specifically the country's ageing population. This is a compelling, common-sense contention, and is certainly vitally important to understanding the scale and nature of

	future needs. However in reality the drivers of demand are significantly more complicated.
1.5	This paper looks at, and beyond, demographic drivers to more fully describe the range of pressures on Adult Social Care services, and suggest how this information might be used to inform future budget and service planning.
2	**Current service usage levels**
2.1	Current levels of service use have been reported to the committee previously, and are summarised here for easy reference. The below diagram presents data that is benchmarked against Norfolk's family group of similar councils. This is important because these councils, in addition to operating in the same statutory framework as Norfolk, have similar demographic and geographical characteristics, and as such provide a comparable benchmark.
2.2	**Social care usage in key service areas in Norfolk, ranked against its statistical neighbour group of similar councils** The graphs below present Norfolk County Council's rank within its family group for the rate of services users per 100,000 population in key service types. This is based on 2014/15 benchmarking data. A rank of 1 suggests that Norfolk has the highest usage per head of population in its family group; a rank of 15 suggests it has the lowest. 
2.3	A brief analysis shows, as previously understood, that Norfolk has a higher proportion of people in residential care than comparator authorities (although significant reductions in admissions is likely to reduce this when more up to date benchmarking data is published later in 2016), and a has a higher proportion of people in community settings receiving their personal budget as a direct payment. Conversely Norfolk has generally low usage of nursing care, and of people where direct payments make only a part of their care package. Usage of 'community other' services, which include home care and day care vary between service user groups, but are around the median for all groups except those requiring mental health services.

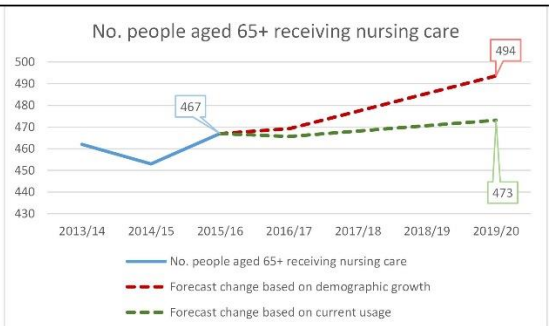
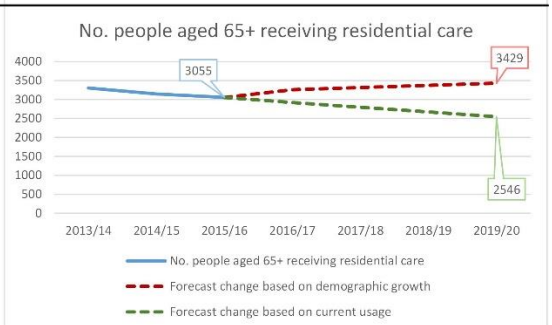
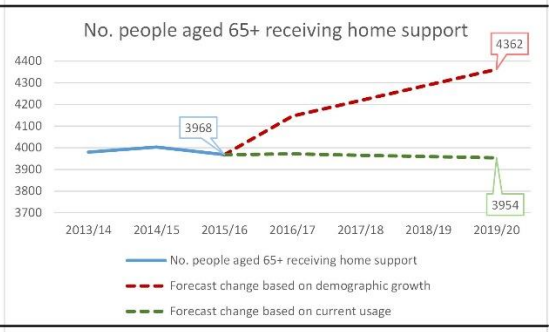
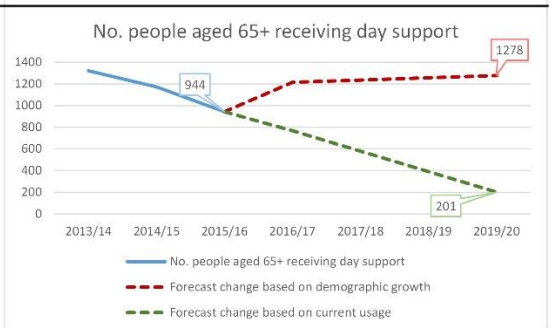
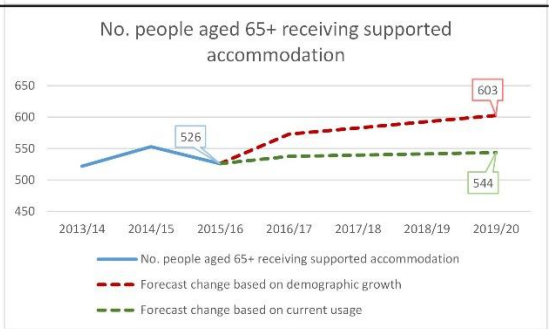
2.4	Understanding Norfolk's 'starting position' in these terms is important – because, as outlined later in the paper, changes in provisions and practice that could reduce service usage in areas where we are significantly higher than the family group average could, seem at odds with anticipated increased demands associated with demographic pressures.
3	**Norfolk's ageing population**
3.1	The proportion of Norfolk's population in older age groups – those aged 65 and over – is growing. According to the Office for National Statistics, the number of people aged 65 and over in Norfolk is due to increase from 209,700 in 2015 to 274,800 in 2030. This is a 31% increase in 15 years, and will mean that the number of people aged 65 and over, as a proportion of Norfolk's total population, will increase from 23.8% to 28.3%. 
3.2	A growing 'older' population affects Norfolk more than most other places – it has, and will continue to have, a higher proportion of older people compared to the average for the Eastern Region and for Norfolk's 'family group' of similar councils. 
3.3	In terms of demand for care services from older people, it is in fact the oldest age group – of those aged 85 and over – that is most significant. In 2015/16, the average age of all adults starting long term residential and nursing care in Norfolk was 82. The graph below compares the number of people starting long term residential or nursing care in 2015/16 in different age groups compared to the population as a whole. Whilst those

	aged 85 and over make up only 4% of the population as a whole, they account for over 54% of the admissions to long terms residential and nursing care in Norfolk. Critically, the 85+ age group is Norfolk's fastest growing. As highlighted above in section 2.1, Norfolk's 65+ population will grow 31% between 2015 and 2030. For Norfolk's 85+ population, this figure is 77%. 
3.4	Understanding the link between age and the likelihood of requiring care is particularly important for this much older age group. Whilst people over 85 are clearly more likely to be physically frail and to find it more difficult to undertake day-to-day tasks, they are also more likely to have dementia. The Alzheimer's Society's estimates suggest that 1.7% of people aged 65-69 have dementia, and that this goes up to 18.3% for people aged 85-89, and to 41.1% for those aged 95+.
3.5	Reflecting Norfolk's above-average number of people in older age groups, Norfolk's dementia prevalence is high – being third highest in the region behind Suffolk and Southend. Put simply, dementia is likely to be one of the most important drivers of social care need in older people in Norfolk in the next twenty years. 

3.6		Some other important factors further explain, and help us plan for, growing social care demand amongst Norfolk's oldest age groups. These primarily relate to the likelihood of much older people experiencing circumstances that might reduce their everyday independence. The adjacent table highlights the stark differences in outcomes in some key areas using data taken from Norfolk's 2011 Census data. Put simply, much older people are more likely to be unable to easily get around, live alone, and to have their day-to-day activities limited. In Norfolk issues of rurality can further emphasise these issues for some people.
4	**Demographic pressures and demand for care**	
4.1	Given the prevailing national narrative around a 'demographic time bomb', the growing financial pressures outlined in section 1, and the demographic position described in section 2, it seems obvious that the numbers of older people requiring services has risen commensurately in recent years, and will continue to rise in a predictable fashion in the future.	
4.2	However, this is not the case in all areas. Nationally the number of people in permanent residential care services has steadily declined in recent years. Locally demand for different services has varied – with some increasing, some decreasing, and some remaining roughly the same. The diagram below shows three years' worth of data for some key services along with predicted future growth based on demographic growth, and on existing use.	

Demographic pressures and service usage

The below graphs show the last three years usage of different key services by people aged 65+, along with forecasts of future demand based on demographic growth, and by current usage trends.

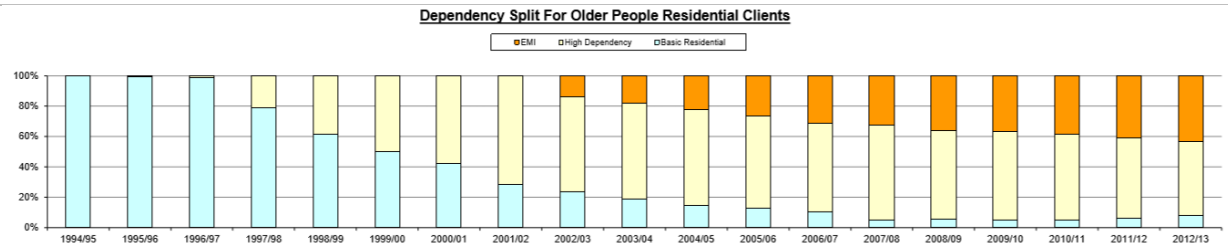
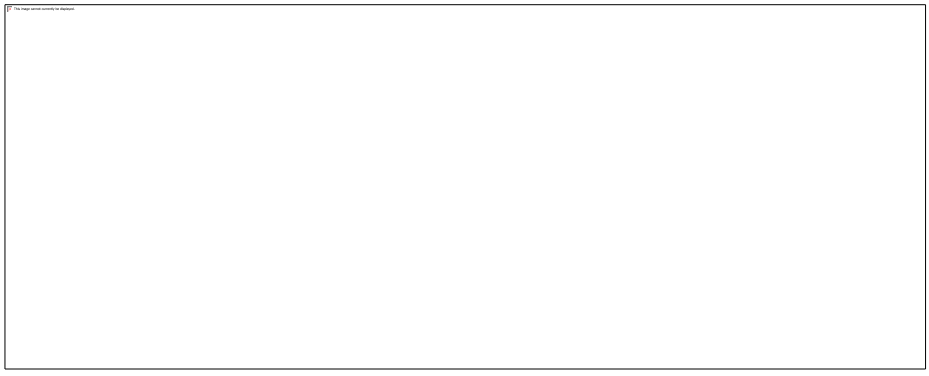
	Demographic growth suggests demand should:	Current usage suggests demand should:	
Nursing care	Increase	Remain the same	
Residential care	Increase	Decrease	
Homecare	Increase	Remain the same	
Daycare	Increase	Decrease	
Supported accommodation	Increase	Increase	

4.3	Given this evidence, what explains the apparent ‘disconnect’ between growing numbers of older people and apparently stable, or slower growing, numbers of people using services?

	Significant research has been undertaken to understand what drives demand for care. The conclusions from this are that drivers of demand are very complex and locally sensitive, and whilst demographic changes have an effect on demand for care, there are other factors that are at least, if not more significant.
4.4	An initial statistical analysis of the distribution of care across Norfolk, compared to a range of social and environmental factors, shows that whilst the proportion of older people in an area does help explain demand for care from that area, the following factors are at least as much, if not more, significant: • **People's health and wellbeing**. The average health of older people, as evidenced by life expectancy, is improving – so whilst the number of people with dementia is likely to grow, so is the number of people without illness. In the last census in 2011, around 25% of people in Norfolk aged 65+ stated that they had a limiting long term illness or disability whose day-to-day activities are limited a lot. 'Health deprivation', specified in The Department of Communities and Local Government's Indices of Multiple Deprivation (IMD), has a statistically significant link to social care use in Norfolk • **Income and deprivation**. A range of evidence suggests that income and overall wellbeing are linked. This, alongside the financial eligibility criteria for adult social care, means that levels of deprivation affecting older people are likely to have an impact on demand for care. The IMD shows that Norfolk has the highest rate of Income Deprivation Affecting Older People amongst the Eastern region's shire counties – and highlights particular concentrations of deprivation in Norwich, Great Yarmouth, Kings Lynn and Thetford • **Loneliness and isolation**. The Office for National Statistics (ONS) 'Measuring National Wellbeing' study (2015) developed an index for loneliness that captured a range of risks of loneliness including the likelihood of living alone, access to services and income. This index has a particularly strong link to social care use in Norfolk, suggesting that people that are at risk of loneliness may be more likely to seek care Importantly, given Norfolk's predominantly rural nature, population density and rural/urban split does not seem to have an impact on the provision of care. Put another way – people in rural areas are on average no more or less likely to receive services overall.
4.5	In addition to these broadly 'environmental' factors that are outside of councils' and services providers' direct control, it is clear that the activities of public services themselves have a significant bearing on demand. As Professor John Bolton, whilst reviewing a range of evidence for his paper this year entitled 'Predicting and managing demand in social care', states: *"Before anyone might want to predict demand they need to understand the local policies and influences on practice that are the drivers of demand for care".*
4.6	Reviewing national and local evidence, it is likely that the following are significant in determining the demand for, and provision of, care: a) The effectiveness of councils' and partners' 'front door' arrangements, and the provisions that they put in place to support people to access community-based alternatives to formal care b) The effectiveness of reablement services that help get people back on their feet after a crisis, and that reduce demand for formal care services

	c) The availability of assistive technology and other preventative services that enable people to remain at home and independent of long term care d) Social work and care practice, and the extent to which this is focused on maximising people's independence e) The level and quality of support available to informal carers f) The capacity of the voluntary and community sectors to provide alternatives to low level formal care services
4.7	In the light of these variables and their probable impact on demand for services, it is likely that the council's efforts to manage social care demand, articulated most clearly through its current Promoting Independence strategy, have mitigated the increases in demand predicted by demographic modelling alone. Specifically: a) The Council's front door has been designed to support people with low level needs through sign-posting to community-based support, and through proportionate assessments and the provision of information and advice. As a result over 40% of all contacts to the council are resolved straight away through information and advice b) Significant investment in reablement services has seen an increase in people receiving reablement from around 1,500 in 2010/11 to around 5,000 in 2015/16. Of those receiving reablement in the last year, over 85% go on to require no long term services, and over 90% remain in their own home. In the past, many of these would have gone on to receive long-term services c) The introduction of a strength-based approach to social care assessments and reassessments – that has seen a significant reduction in permanent admissions to residential and nursing care
4.8	This doesn't, however, fully explain the continued cost and resource pressures affecting Adult Social Care in Norfolk. Whilst significant budget reductions explain much of the council's Adult Social Care shortfall, some parts of the budget remain consistently challenging, and it is clear through an analysis of the evidence that there are further important factors that we need to take into account in planning for the future. Current service levels, when compared with or statistical neighbours (see Section 2.2) show that significant further work is required to understand how practice and historical arrangements have led to particularly high numbers of people with learning disabilities or mental health problems receiving formal services. The next section looks at some of these factors in more detail.
5	**Additional explanations for increased cost pressures**
5.1	**Hidden demographic pressures driving costs in services for working aged adults.**
5.1.1	In Norfolk, as in many areas, budgets for commissioning and providing services for people aged 18-64 with a learning disability or a physical disability are consistently the most challenging to meet.
5.1.2	This demand is driven, in a very positive way, from some less well discussed demographic changes. In short, people with learning disabilities or physical disabilities are, through improvements to the medicine and care available to support their long term conditions, surviving to a much older age.
5.1.3	Children, often with complex and multiple long term conditions, are now far more likely to survive into adulthood, and require complex and often-expensive care. These care

	packages are likely to be the very most expensive commissioned by the council, and can cost over £2,000 a week (and with a small number of cases costing significantly more).
5.1.4	People with learning disabilities in particular are living to a much older age. Whereas once relatively few people with a learning disability would live beyond the age of 65, around 12% of people being supported by a learning disability team are now over 65.
5.1.5	The impact of higher average costs for people aged 18-64 that receive services is exacerbated by the fact that the council recovers far less income from this age group compared to those aged 65+. In each year between 2012/13 and 2015/16 between 60 and 70% of the gross expenditure on services to older people was able to be recharged, compared to around 35% for people receiving mental health services, around 12% for people with physical disability services and between 8 and 14% for people with learning disability services.
5.1.6	The LGA has estimated that learning disabilities actually account for 44% of the increasing demographic pressures experienced by councils.
5.1.7	As with demographic pressures for older people, significant elements of the demand for services from younger people with disabilities can be mitigated through better support to improve and coordinate care. Improved transition planning from Children's Services to Adult Social Care is key to understanding and planning for this demographic pressure.
5.2	**Increasing complexity of care management**
5.2.1	The argument that people are presenting increasingly complex needs over time is reflected in both national and local analyses of social care demand.
5.2.2	Again this is a logical argument. As improvements to the information, advice and preventative services help people with care needs to remain at home and free from long-term care for as long as possible, it is likely that when care is eventually required that it will be in response to more complex multiple needs, often later in someone's life. The growing prevalence of dementia is particularly cited as increasing the complexity of peoples' care requirements – often being the condition to prompts the move into longer term formal care.
5.2.3	In debating the case for the growing complexity of care, commentators, analysts and practitioners also increasingly refer to arguably-more demanding legislative and practice frameworks that social workers and others must comply with. These, it is suggested, place a greater strain on stretched social work and practice resources. The requirements set out within the legislation for Care Act assessments, along with the growth in more specialist assessment activities (for example Deprivation of Liberty Safeguard assessments and Carers Assessments) rightly require more time to spent on care management activities – but at a time when demand is already high and resources are stretched.
5.2.4	There is some local evidence for both kinds of complexity in Norfolk. For example, long term changes to the proportion of residential care placements that are classified as 'high dependency', often in specialist dementia beds, has increased steadily in the past two decades.

	
5.2.5	Evidence also supports some increase in the complexity of care management requirements. The number of specialist assessments (not Care Act assessments) has increased from around 2,000 a year in 2011/12 to over 6,500 in 2015/16.
5.2.6	Nevertheless the impact of the complexity of both people's needs and care management requirements has not been systematically tested nationally or locally, and further analysis is required to understand the extent to which complexity explains budget pressures in Norfolk. Analysis has been commissioned in this area, and will inform future planning activity.
5.3	**The cost of care**
5.3.1	The amount of money the council pays for each 'unit' of care is increasing. Plans for the uplift in the 'usual prices' that the council pays for each kind of care show will mean an increase of between 2.95% and 28.01% for residential and nursing care. These increased costs are being driven by a range of factors including: a) Increases to the National Minimum Wage b) A very challenging labour market, with significant ongoing staff turnover, particularly in home care c) An 'ageing' care estate of often older care homes and nursing homes
5.3.2	Based on the plans, the impact of projected increases in the cost of care on the budget are as follows: 
5.4	**Policy pressures**
5.4.1	A range of pressures that are broadly policy-driven affect, and will continue to affect, the council. These have been described in some detail by other papers to the committee in this and other meetings, but for the purpose of summarising, the most important are: a) Implementation of the Care Act 2014 – including the cost of new statutory duties around carers, wellbeing and the care market b) The Better Care Fund – and negotiations to secure funding for key social care services that reduce pressure on both the health and care systems c) Transforming Care Planning – including changes prompted by the Winterbourne View review

d) Changes to requirements around Deprivation of Liberty Safeguards in light of legal changes in 2014

e) The loss of the Social Care Capital Grant through its inclusion in the Disabilities Facilities Grant

5.5 **Other possible drivers of demand and cost**

5.5.1 In addition to the areas described above, there are a number of other potential drivers of social care demand that have not been extensively researched, but may be significant. These include:

a) The availability of informal care. At the last census in 2011 there were over 91,000 informal carers in Norfolk. It is estimated that to commission the care provided by informal carers in Norfolk would cost over £500m. It is likely that the availability of informal care, particularly for older couples or those living alone, has a significant effect on demand for care

b) Changing attitudes towards, and expectations of, care. The Department of Health, in presenting evidence to the House of Commons Health Committee in 2010, suggested that

> "'Baby boomers' have grown up with much greater expectations of life than their parents' generation; and that rising expectations will continue to characterise future cohorts. It is anticipated that older people will, therefore, be increasingly demanding customers of social care services, expecting high quality, as well as choice and autonomy"

c) The impact of migration – particularly in coastal areas such as Norfolk that have traditionally experienced inward migration of people of retirement age that may go on to require care and, as their resources reduce, council-funded support

5.5.2 Because of a lack of evidence these have not been quantified in this analysis, but will be the subject of future analyses as we develop the evidence-base for the Promoting Independence strategy.

6 Using an analysis of changing needs and demands to inform budget and service planning

6.1 Our current approach to accounting for demographic growth within budget setting involves assigning growth based on the following factors:

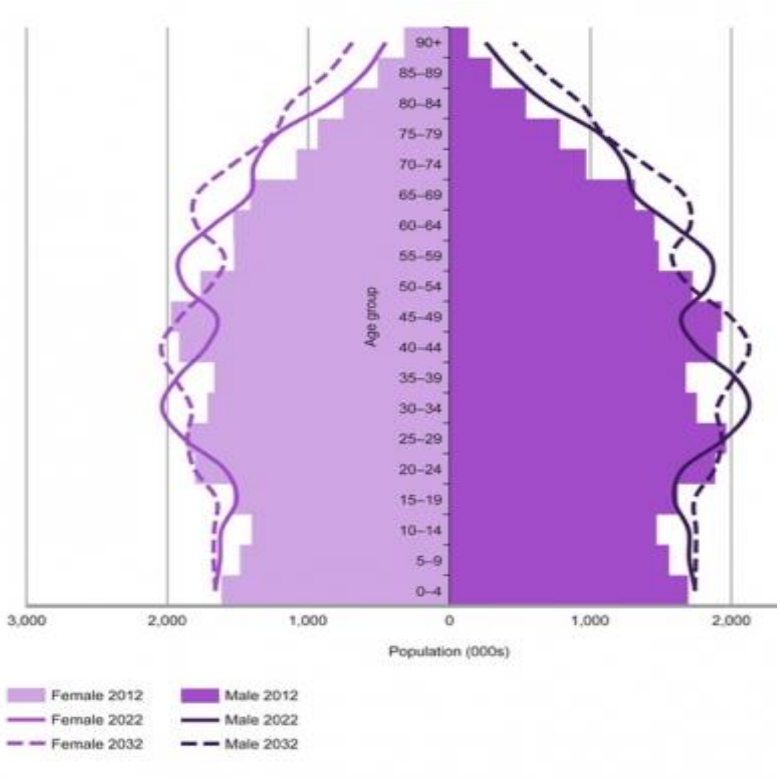
a) For **older people**, an increase in the local population over the age of 65
b) For people aged 18-64, an increase based on the numbers of people that are anticipated to transition from Children's Services to Adult Social Care, and those whose needs are anticipated to change

6.2 With this in mind, the following amounts have been built, and are being built, into budget planning:

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Demographic Growth	9.166	9.458	6.934	6.035	6.134	6.134	6.134
Recurring Budget Savings	-19.814	-11.877	-15.702	-16.296	-10.926	-17.895	-21.012

6.3 Focussing on the elements accounted for within the 2015/16 budget, the following amounts were allocated:

		£m
	Demographic growth: older people	1.933
	Demographic growth: Physical disabilities, including transition of people from Children's Services	0.186
	Demographic growth: mental health	0.046
	Increased number of people with Learning Difficulties, including transition of people from Children's Services	3.870
6.4	It is clear from the evidence that demand for social care is driven by a multitude of complicated and often inter-woven factors. Whilst demographic pressures are relatively straightforward to predict, the majority of other drivers of demand are more difficult to quantify. There is insufficient evidence in most cases to assess how significant each driver of demand is, or to judge the cumulative impact of all of the factors. As such it is unlikely that a single statistical model will be able to accurately predict future demand.	
6.5	In reality our developing approach to predicting future pressures reflects a pragmatic mix of both statistical and policy analyses to anticipate demands and pressures. In setting the Adult Social Care budget an initial demographic 'uplift' figure is overlaid with estimates of the significance of other factors, for example: a) The impact of activities to manage demand (often articulated as savings against specific activities or projects) b) Legislative pressures (for example funds allocated for the implementation of the care act) c) Anticipated changes in other costs – most significantly the cost of purchasing care	
6.6	The evidence presented in this report shows that both local and national approaches to understanding demand and cost pressures are improving. It is also clear that much still needs to be done. In response to local demands and levels of performance we will continue to improve our knowledge of key areas, and in particular our understanding of the availability of informal care, and the extent to which the current mix of available care prompts demand for specific services.	
7	**The challenge of predicting demand in the longer term**	
7.1	Whilst the evidence base presented here shows that much of the anticipated demand from an ageing population has been prevented or deferred by the actions of councils and others – and indeed may continue to reduce in some areas as Norfolk's rates come into line with its statistical neighbours - significant question marks remain over the nature and level of future demand.	
7.2	It is clear that Norfolk's population will continue to 'age' for some time. People born during the post-war baby boom will reach their mid-80s around 2030, and as previously discussed more people are likely to reach that age than in previous generations. This demographic 'bulge' is likely to affect demand for care for some time.	

	Projected change in the age structure in England between  **2012 and 2032**
7.3	There are different theories about the impact this might have on demand for health and care services, and these tend to focus on whether the extra years that people might experience as life expectancy goes up will be free from illness or disability. Reporting to the Commons Health Committee in 2010, the Department of Health highlighted three possible scenarios: 1. An optimistic scenario – described as 'compression morbidity' – wherein people remain healthier for longer, leading to less demand overall 2. A pessimistic scenario – described as 'expansion morbidity' – where people are unhealthy for longer towards the end of their life, leading to more demand 3. A 'steady state' scenario – where only small changes in overall wellbeing lead to a roughly similar level of demand per capita as now
7.4	Nationally, there remains significant uncertainty about the extent to which any of these theories will prevail, and the nature and characteristics of the country's ageing population will remain the subject of significant research.
7.5	Locally, public health data suggests that obesity, diabetes and heart disease are likely to increase significantly. Research and analysis will continue to determine whether these conditions, and the factors that drive them, will accelerate the demand for care services for older people in the future.
7.6	In terms of planning local services in Norfolk this means that we must continue to observe and analyse both local and national data to identify any emerging changes and trends in demand.
7.7	It is possible that the council's efforts to manage demand for services can only defer growing needs for so long, and that eventually demand will begin to rise more in line with demographic trends.

7.8	Equally it is possible that continued improvements to services and medical advances, alongside changes to the way people adapt to ageing, will result in less severe changes in demand.
7.9	This uncertainty emphasises the need to continue to base both the Promoting Indpendence strategy, and annual service and budget decisions, on a strong and developing evidence base that references the full range of drivers of demand for services, alongside local and national evidence.

Officer Contact

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

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