



SOCIAL CARE: ADDITIONAL FUNDING ALLOCATION TO PARTNERSHIPS 2017/18

Aim

- 1.1 This report aims to summarise for the Integration Joint Board (IJB) the forecast impact of the conditions accompanying the indicative 2017/18 Scottish Government allocations and financial settlements to NHS Borders and Scottish Borders Council. The report seeks approval for direction of additional funding allocation to meet the projected additional costs arising and recommends direction towards other partnership priorities in 2017/18 where there are projected financial implications.

Background

- 2.1 Each of the health and social care integration partners in the Scottish Borders received Scottish Government letters announcing an additional £107m of funding to health and social care partnerships in order to fulfil a range of commitments, in particular, its continued commitment to delivering and sustaining the Living Wage in care.
- 2.2 For the Scottish Borders partnership, this equates to an additional £2.130m core funding and a further £0.150m in respect of delivering wider commitments of changing the basis of charging in respect of veteran war pensions and preparing for the implementation of impending carers' legislation. The basis of the additional allocation is indicatively broken down as below:

Total Scottish Govt. Allocation £'m		Scottish Borders Allocation £'m
50	Full Year Living Wage £8.25 impact	1.06
20	Increase in LW to £8.45	0.43
10	Further Night Support Sleep-ins	0.21
20	Sustainability of commitments made	0.43
100	Sub-Total	2.13
5	Charging disregard – Veteran War Pensions	0.11
2	Preparation for Carers' Legislation	0.04
107		2.28

- 2.3 As the above table highlights, £100m (£2.130m Scottish Borders) has been made available to “*support continued delivery of the Living Wage, sleepovers and sustainability in the care sector and £7m to disregarding the value of war pensions from financial assessments for social care and pre-implementation work in respect of the new carers' legislation*”.

- 2.4 This supplements the additional £250m 'social care funding' to partnerships in 2016/17 which has now been baselined on a recurring basis – “*This is additional to the £250m added in the 2016/17 budget, bringing the total support available from the NHS through Integration Authorities to protect social care to £357m*”.
- 2.5 Since the announcement that the Scottish Government intended to implement a Living Wage of £8.25 from 01 October 2016, work has been ongoing to identify the financial consequences of this commitment and implement the required arrangements across all social care providers. In 2016/17, the IJB agreed to direct £813k to meet the part-year effect of known implications of this commitment and £1.626m on a recurring basis. This was part of a range of measures to which the IJB directed social care funding during 2017/18:

	Delegated Budget		Set-Aside Budget		Total	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000	£'000
20-Jun-16						
Living Wage	813	1,626			813	1,626
Demand Pressure	1,081	1,081			1,081	1,081
Charging Threshold	154	154			154	154
Unplanned Efficiencies	220	0			220	0
	2,268	2,861	0	0	2,268	2,861
30-Aug-16						
Provider Costs	1,127	1,127			1,127	1,127
Demand Pressure	300	300			300	300
	1,427	1,427	0	0	1,427	1,427
17-Oct-16						
Surge Beds	0	0	500	0	500	0
Night Support (*)	0	750			0	750
Night Support Redesign	75	0			75	0
BAES Equipment	295	0			295	0
Community MH Worker	25	50			25	50
	395	800	500	0	895	800
27-Feb-17						
Reported Pressures	677	0	0	0	677	0
	677	0	0	0	677	0
Total Directed to Date	4,767	5,088	500	0	5,267	5,088
2016/17 Allocation					5,267	5,267
Remaining Resources					0	179

- 2.6 Work has continued to identify the cost of fulfilling all further commitments directed by the Scottish Government for 2017/18 in addition to identifying how any remaining

additional funding can be directed to maximum benefit in order to sustain social care services in line with the Scottish Government's directive.

- 2.7 In addition to the £2.130m additional allocation, £0.179m of the original £5.267m 2016/17 social care funding allocation remains undirected on a recurring basis. The 2016/17 was directed in full.
- 2.8 **It is proposed that this 2017/18 recurring uncommitted resource is consolidated with the £2.130m to provide a total 2017/18 resource of £2.309m, for direction by the IJB.**

What financial commitments / priorities require the IJB's consideration for funding?

(A) A universal Living Wage of £8.45 for all social care staff

- 3.1 £2.130m of additional funding has been allocated to the Scottish Borders Health and Social Care partnership in order to meet the cost of full implementation of the Living Wage in 2017/18. Specifically, this should be used to:
- Implement a Living Wage of £8.45 (an increase from £8.25 and extension across all providers) for all social care staff, with effect from 01 May 2017
 - Ensure that all on-costs associated with the implementation of the Living Wage of £8.45 such as national insurance and pension contributions are met
 - Evaluate the impact of the implementation of a Living Wage of £8.45 for lowest-grade care staff, in terms of grade differential erosion arising as a result and address this financially
 - Address the financial consequences of the implementation of the Living Wage in relation to care staff providing Night Support Sleep-ins, following the EU Working Time Directive
 - Ensure all Personal Assistants employed by staff in receipt of a Direct Payment for their care are paid an hourly rate at the Living Wage of £8.45
 - In line with Scottish Government direction, no longer seek provider organisation contribution towards the cost of implementing the Living Wage commitment
 - Fund the cost of the implementation of the yet-to-be-agreed Cost of Care Calculator that will uplift the contract fee for independent residential care homes part of the COSLA contract. This will include full implementation of the Living Wage of £8.45 for all residential care home staff
- 3.2 Based on survey and analysis undertaken across the range of areas outlined above, the projected costs of the above factors at the current time are:

	Projected Lower Cost £'000	Projected Higher Cost £'000
1 Living Wage £8.45, on-costs and differential erosion	829	829
2 Night Support Sleep-ins*	0	800
3 Personal Assistants Living Wage £8.45	0	0
4 Remove any Provider Contribution	0	0
5 COSLA Residential Care Home Uplift	250	672
Total Scottish Government Allocation Commitments	1,079	2,301

3.3 Further detail supporting the above analysis is provided in Appendix 1 including the reason for the lower and higher cost estimates currently.

(B) Other social care current service pressures

3.4 In addition to the direct Living Wage-related factors above which require addressing, in order to *'protect social care'* and ensure the continued sustainability of its provision across the Scottish Borders, it is necessary to review key areas of risk across social care functions and, if required, increase the level of resources available to ensure they are sufficient to meet current levels of price and in particular demand.

3.5 Monitoring reports to the IJB during 2016/17 have consistently referred to ongoing affordability pressures within residential social care and the Borders Ability and Equipment Service, where the cost of meeting the current level of demand has consistently exceeded available budget. In respect of the latter, the partnership twice directed social care funding during 2016/17 in order to meet this pressure.

3.6 The projected investment required within these two social care service areas is detailed below. Further information is again included in Appendix 1.

	Projected Cost £'000
6 Residential Care Home - 20 additional beds	372
7 Borders Ability and Equipment Store - Increased Equipment Budget	249
Other Current Partnership Social Care Financial Requirements	621

(C) Other forecast demand pressures

3.7 Within the indicative allocation / financial settlement correspondence, the Scottish Government has stated that *"To reflect this additional support (the additional £100m) local authorities will be able to adjust their allocations to integration authorities in 2017/18 by up to their share of £80m below the level of budget agreed...for 2016/17"*. For the Scottish Borders, this could equate to a potential reduction in the budget delegated for social care functions by up to £1.680m. Having not reduced its contribution by the allowable amount, the local authority has highlighted to the IJB that it expects any demand or demographic pressures, both

existing and new that are forecast and required to be addressed financially in 2017/18, to be funded by the IJB, in terms of how it directs the additional funding allocation made available by the Scottish Government. The demographic pressure arising from increased demand for social care services during 2017/18 is forecast to be:

	Projected Cost £'000
8 2017/18 Demographic Increases - Older People, Learning Disability	486
Total Demographic Pressure Forecast 2017/18	486

- 3.8 A further £150k has been allocated to the partnership to meet the costs/income foregone by disregarding the value of war pensions when assessing clients' means to determine any contribution towards the cost of their care (£110k) and to undertake preparation for the implementation of the Carers' Act in 2018. The impact of the former action will be known only when full assessment of all clients for 2017/18 is complete. This will be in late spring 2017. No decision has yet been taken as to how the partnership will undertake its preparation for the implementation of the Carers' Act. When both these impacts become clearer, a further report will be made to the IJB.

Recommended Direction of Funding 2017/18 at March 2017

- 4.1 In order to comply with the Scottish Government's commitment to the implementation of a Living Wage of £8.45, it is recommended that the IJB direct £829k of the additional funding allocation now.
- 4.2 It is also recommended that the IJB direct an element of its additional funding allocation to meet the demand-driven pressures within residential social care and the Borders Ability and Equipment Service. Together, these require £621k of additional resource.
- 4.3 In summary therefore, the following direction of resource is recommended currently:

	Required Funding Allocation £'000
1 Living Wage £8.45, on-costs and differential erosion	829
6 Residential Care Home - 20 additional beds	372
7 Borders Ability and Equipment Store - Increased Equipment Budget	249
	1,450

This will enable negotiations with all external providers to commence and provide local authority commissioners with the required financial resources to reach contractual agreement. Additionally, it will enable a re-baselining of key social care budgets that are currently or forecast to be under financial pressure yet again.

- 4.4 **This requires a total of £1.450m to be directed by the IJB now. Following this direction, a balance on the additional allocation (£2.130m) and social care**

funding carried forward (£0.179m) combined of £0.859m will be left for direction in 2017/18.

Next Steps

- 4.5 Until the outcomes of the negotiations between COSLA, the Scottish Government and independent care homes are known and agreement reached, a final forecast of the expected financial consequences is not possible. However, it is recommended that for now, £373k (4%) of the additional funding is 'earmarked' by the partnership and when known, a recommendation for final direction will be made.
- 4.6 Similarly, until further clarity over the expected costs relating to Night Support Sleep-ins emerges, then no direction of further funding by the IJB can take place. A further report on this area and the expected financial implications will be brought forward, when this becomes known.
- 4.7 This therefore leaves meeting the forecast demographic increases from any remaining available funding. At the current time however, until the likely implications outlined in 4.5 and 4.6 above are known, it is not possible to direct any of the remaining £0.859m (or £0.486m net of the earmarked balance for COSLA residential care home settlement) and this will only be considered once the partnership's affordability of both these further commitments is assured.

Recommendation

The Health & Social Care Integration Joint Board is asked to **approve** the report and direct £1.450m to enable the local authority to fulfil the Scottish Government's commitment to the implementation of the Living Wage of £8.45 and to meet identified partnership social care pressures and identified priorities in 2017/18.

The Health & Social Care Integration Joint Board is asked to **note** the outstanding factors pertaining to the implementation of the living wage and forecast demand pressures in 2017/18 and the remaining balance on the combined remaining allocation (£0.859m) from which these pressures, when known, will require to be funded.

Policy/Strategy Implications	Supports the delivery of the Strategic Plan and is in compliance with the Public Bodies (Joint Working) (Scotland) Act 2014 and any consequential Regulations, Orders, Directions and Guidance.
Consultation	The report has been considered by the Executive Management team.
Risk Assessment	To be reviewed in line with agreed risk management strategy. Any financial risks associated with any areas of the report will be reported to the Integration Joint Board during 2017/18 when they arise.
Compliance with requirements on Equality and Diversity	There are no equalities impacts arising from the report. The report proposes to meet the Scottish Government's commitment to implementing the Living Wage of £8.45 and to preserve basic grading differentials

	arising for lowest-paid care staff.
Resource/Staffing Implications	No resourcing implications beyond the financial resources identified within the report. Any significant resource impact beyond those identified in the report that may arise during 2017/18 will be reported to the Integration Joint Board.

Approved by

Name	Designation	Name	Designation
Elaine Torrance	Chief Officer		

Author(s)

Name	Designation	Name	Designation
Paul McMenamin	Chief Financial Officer – Integration Joint Board		

APPENDIX 1

IDENTIFIED SOCIAL CARE FINANCIAL IMPLICATIONS

	Projected Lower Cost £'000	Projected Higher Cost £'000
Projected Costs of Required Social Care Price/Demand Investment		
1 Living Wage £8.45, on-costs and differential erosion	829	829
2 Night Support Sleep-ins	0	800
3 Personal Assistants Living Wage £8.45	0	0
4 Remove any Provider Contribution	0	0
5 COSLA Residential Care Home Uplift	250	672
6 Residential Care Home - 20 additional beds	372	372
7 2017/18 Demographic Increases - Older People, Learning Disability	486	486
8 Borders Ability and Equipment Service - Increased Equipment Budget	249	249
	2,186	3,408

(1) Living Wage £8.45, on-costs and differential erosion

In late 2016, work commenced to identify the impact of implementing a Living Wage of £8.45. This was a considerable project and involved a range of discussions, surveys and analysis with all external providers from whom a care and support service is currently commissioned by the local authority, excluding SB Cares who will already pay their staff at a level equal to or in excess of the planned living wage of £8.45 by April 2017. In forecasting the estimated cost of the Living Wage, consideration has been given to the increase required from current hourly pay rates, on-cost impact and the requirement to preserve basic low-grade pay differentials. The majority of this work has now been completed and it is now possible to forecast the required additional resources required to address the financial impact of the proposed implementation. For 2017/18, it is recommended that the IJB direct £829k of the additional funding allocation to meet the financial impact of each calculated required component element of implementing the living wage of £8.45 for all social care staff working within provider care organisations across the Scottish Borders.

(2) Night Support Sleep-ins

Transition from a nightly Night Support rate payment to hourly payment as a result of further emerging impacts of the Employment Tribunal verdict will create considerable financial pressure. Initial scoping shows historic nightly rates to be considerably less than the costs of an hourly rate (at a living wage) x number of hours worked. Resulting from the EU Working Time Directive, the requirement that all care staff providing night support are paid an hourly rate (taking account of holiday pay and a living wage) instead of a nightly fee will result in a considerable cost increase. Prior to this legislative change, the cost of a sleep-in was on average £36 and following implementation of the change it is projected that each nightly sleep over will now cost £157, an increase of 435%. Without action to redesign how night support is provided and thereby mitigate this expenditure increase, it is estimated that over a full financial year, this change will cost an additional £1.55m per annum.

The impact of this pressure clearly requires to be mitigated through a combination of reducing the number of night-time supports and a redesign of the service in order to improve both efficiency and effectiveness, a process which whilst deliverable, is also complex and will involve a range of undertakings such as service user reassessment and agreeing new support plans. Work has yet to be undertaken to undertake a project which will develop and implement a new redesigned service. The IJB previously directed £75k of social care funding to enable this work to be undertaken, but this has been put on hold and the funding will be carried forward to 17/18, pending Scottish Government further direction.

The IJB previously directed £750k in 2017/18 to help mitigate the impact of the proposed change. Until further direction is received from the Scottish Government, the exact impact financially will not be known. Potentially, this could cost an additional £800k. A number of factors however require to be considered before this can be ascertained:

- The impact of any redesign
- A potential change in Scottish Government policy with regard to Living Wage
- Slippage in the implementation which will mean that in 2017/18, any impact will only be part-year
- The opportunity for further Scottish Government funding – within the Local Authority allocation/settlement correspondence the Scottish Government have stated that *“The provision included for sleepovers...will be reviewed in-year to consider its adequacy, with a commitment to discuss and agree how any shortfall should be addressed”*.

On the basis of the above therefore, it is not proposed to direct any further funding beyond that already held in reserve (£750k), towards the potential additional cost of night support sleep-ins until further certainty over its implementation, impact, redesign options and funding opportunities is established.

(3) Personal Assistants

The current Direct Payment (DP) rate is £13.00 per hour plus an additional weekly allowance to clients. This increased rate (previously £11.50 p.h.) was implemented following £450k of additional investment at the beginning of 2016/17. Following analysis across a range of clients in receipt of a direct payment and discussion with Encompass Borders, which supports clients in receipt of a direct payment with services such as recruitment, payroll and care service liaison, it is forecast that payment of £8.45 per hour plus on-cost implications for personal assistants will be accommodated within the existing DP cost structure and not require any further additional investment at this time.

(4) Remove Provider Contribution

In implementing the Living Wage of £8.25 from October 2016, the approach taken in the main, was to individually negotiate with all social care providers, other than those who had tendered (e.g. Care at Home), and agree a rate fully inclusive of the implementation of the new pay rate. As a result, no provider contribution was explicitly sought and therefore, as long as the increased hourly rate and associated

lower-grade differentials are preserved, then no further funding will be required to ensure any future provider contribution is unrequired.

(5) COSLA Residential Care Home Uplift

Negotiations continue between the Scottish Government, COSLA and Scottish Care / Independent Care Home providers following the work undertaken by COSLA and Scotland Excel around the Cost of Care calculator. No agreement of uplift to the COSLA contract has yet been agreed. Initial direction from COSLA is that this would likely be in the region of 2.6% inclusive of all living wage of £8.45 implications. The current position however is less than positive and agreement appears to be far from being reached in the immediacy. Based on current information, it is estimated that the potential increase to the contract could be between the COSLA target of 2.6% and the aspiration of providers of 7%. These amount to additional resource requirements of £250k and £672k respectively. It is expected that some middle ground will be found and in terms of earmarking resource towards meeting the expected costs, a 4% provision amounting to £373k per annum would be a prudent measure.

(6) Current Residential Care Affordability Gap

The IJB has received regular and frequent revenue monitoring reports since its shadow year in 2015/16. Whilst significant pressures have been reported across a number of health and social care functions, there has been a consistently reported overspend position within Older People residential care. It has been calculated that to maintain the existing level of service provision and meet the ongoing demand for placements of this nature where no home-based alternative is appropriate or safe, particularly when a client is leaving hospital, that the budget requires increasing to support a further 20 bed spaces, to the average actual bed number level over the last 18 months which is also the current bed number level. Taking account of the average contribution a client makes to their cost of residential care, this is forecast to require a further £372k per annum.

(7) Borders Ability and Equipment Service

Borders Ability and Equipment Store is a joint service included within those functions delegated to the partnership. The current budget for the Store is £767k, which is funded by £251k by NHS Borders and £516k by Scottish Borders Council. Within this, the budget for the equipment itself is £300k, with the remainder (£467k) meeting staffing costs, premises expenses, transport and other operational costs such as equipment sterilisation.

As in previous financial years, the equipment budget has yet again been insufficient to meet demand and the IJB has twice been required to direct further resources to increase it in line with activity, with average monthly equipment purchases totalling almost £50k per month, against a budgeted profile of £25k. This resulted in a 2016/17 total forecast equipment spend of £586k, against the original £300k base budget.

Provision of enabling equipment is a key strategy that enables the partnership to promote independence of individuals, enable them to remain in their own home whilst feeling safe and expedite their discharge from hospital when appropriate and

it is critical to the achievement of partnership objectives that sufficient equipment provision is available amongst a number of other social care resources that enable adequate care and support to individuals who require it to be provided as effectively and efficiency as is possible.

A short review of the Borders Ability and Equipment Service was recently undertaken by NHS National Services Scotland which examined the demand for social care and how the demand for assistive equipment is currently being managed and support delivered. A small number of recommendations have been made and whilst further work is required to develop key areas of control and management, it has been generally acknowledged that the equipment budget is insufficient to meet both current and forecast future need, which is critical to the partnership better improving outcomes for clients, particularly older people, along their care pathway. It is therefore proposed that the IJB direct a further £249k on a recurring basis, in line with current projected demand and based on a detailed analysis and forecast of expected cost requirement in 2017/18, in order to ensure that there is sufficient provision of equipment supporting the care and support of a number of clients representative of social care need, across the Scottish Borders.

(8) Projected 17/18 Demographic Increases

As part of its 2017/18 financial planning process, Scottish Borders Council, following its annually applied methodology, has calculated the forecast cost of increased numbers of clients requiring care and support within the Older People's service, together with an increased number of young people with learning disabilities in transition to adulthood requiring care by Adult Services. This is forecast to cost an additional £237k and £249k respectively, a combined total of £486k and it is proposed that the IJB direct additional funding from its increased Scottish Government allocation to meet this.

Summary

Whilst welcome, the additional allocation of resource by the Scottish Government to the partnership is clearly limited and in addition, is accompanied by a commitment to implement a living wage of £8.45 for social care staff and address any associated impacts arising. The extent of its direction therefore is both influenced and constrained by ensuring the partnership fulfil its living wage commitments. This in turn limits what remaining further may be available to meet non-living wage cost pressures which when addressed, is unlikely to leave any remaining resource available for additionality or transformation purposes.