



# **CIPFA North West and North Wales Summer Seminar**

## **Transforming Adult Social Care - the Financial Considerations**

**Martin Cresswell**

**Claire Tew**

**10/07/2009**





# Contents

CIPFA

Introduction and background

Preparing for the future

Conclusions

**i**MPower





# Adult social care transformation aims to improve outcomes for citizens with greater choice and control

**CIPFA**

## Impetus for change

- ➔ People are living longer and want to live independently for as long as possible
- ➔ Customers have higher expectations



## Vision to improve outcomes for citizens

- ➔ **User choice and control** over how support is delivered, and which resources are used
- ➔ The **role of the social worker** will be one of advocacy and brokerage rather than assessment and gate keeping
- ➔ Social care provision will work across housing, benefits, leisure, transport and health (with both private and voluntary sector providers) in a **whole system change**
- ➔ Better **use of resources** for councils resulting in increased efficiency



**Change is planned across adult social care initially, but also there are plans to achieve wider transformation in children's and health**

Source: Department of Health

**iMPOWER**





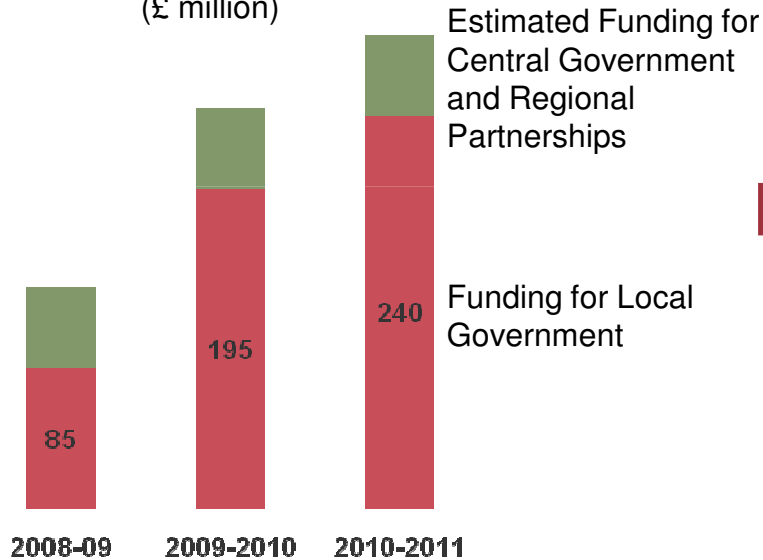
# The agenda is Department of Health backed with £0.5 billion of funding over three years

# CIPFA

£0.5 billion funding is being made available to councils in England over 3 years

### Social Care Reform Grant

(£ million)



Central Government has put in place stringent delivery targets to 2011

**However, not enough progress has been made**  
ADASS (Association of Directors of Adult Social Services) recently published 'Putting People First: Measuring Progress' which states that:

*"General progress is being made nationally . . . almost all councils have dedicated programme teams."*

*"Nearly all authorities report active engagement with provider organisations, but most do not yet feel this engagement to be strong enough."*

*"Only one in three authorities is satisfied that their business model components are understood and costed."*

*"Only 47% are satisfied in their ability to forecast demand and cost."*

*"Less than half of authorities have current systems to capture information on existing consumer choice and needs."*

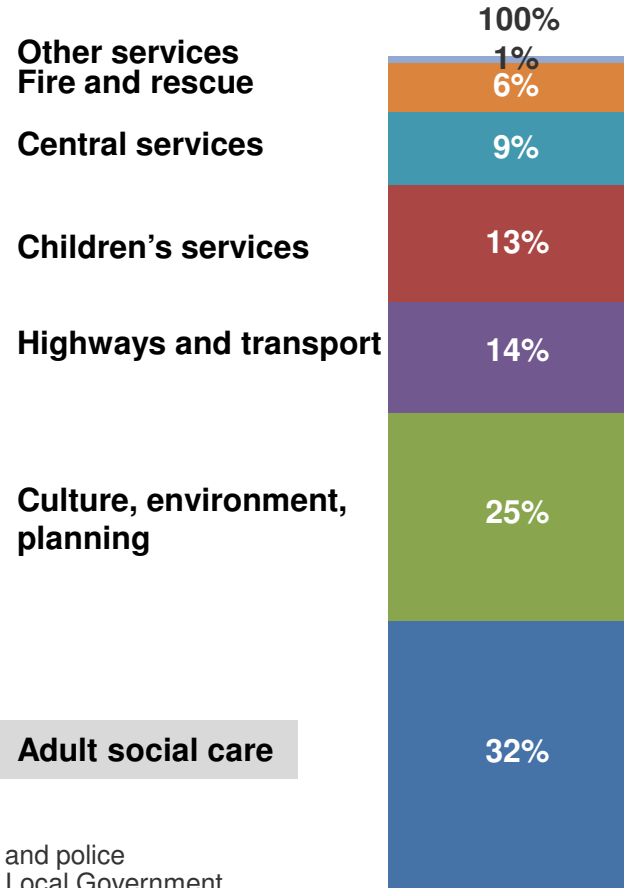
Source: Department of Health, ADASS





# Adult social care is the biggest area of discretionary spend; the agenda is key to local authorities

2007-08 UK Local Government Net Current Expenditure by Service (percent)



Note: Data exclude housing, education and police  
Source: Department of Communities and Local Government





# Adult social care finance teams are concerned about the transformation

“The agenda is new and people don’t know what to expect.”

“How should we plan for change in a financially sustainable manner?”

“Personalisation will be a cost burden.”

**Views Commonly Expressed by Finance Professionals**

“How should we go about building up the RAS?”

“Does the agenda have anything to do with finance at all?”

**This presentation aims to inform finance experts about the factors they need to consider in order to mitigate these concerns**





# Contents

Introduction and background

Preparing for the future

Conclusions





# Transformation requires finance functions to have a full understanding of the costs of current and future users

**CIPFA**

## **An accurate current picture of user costs is required**

- ➔ Numbers of customers;
- ➔ Services that customers are using i.e. the cost of the care package, including allocated overheads.

## **Personalisation brings major change, the impact of which needs to be tracked**

- ➔ The impact of the agenda cannot be tracked if the 'current state' picture is not accurate;
- ➔ Sensible assumptions cannot be made around the 'future state' if the current user costs are not accurate.

## **Future costs of care will need to be forecast to plan for change**

- ➔ Budgeting for care costs in the immediate term on a user basis;
- ➔ Forecasting demand (both the volume and associated costs) in the long term.



## **Accurate management information and data are required**

- ➔ Users (number and cost):
  - ⇒ By demographic grouping (age, ethnic background);
  - ⇒ By user need.
- ➔ Processes (timing and cost).

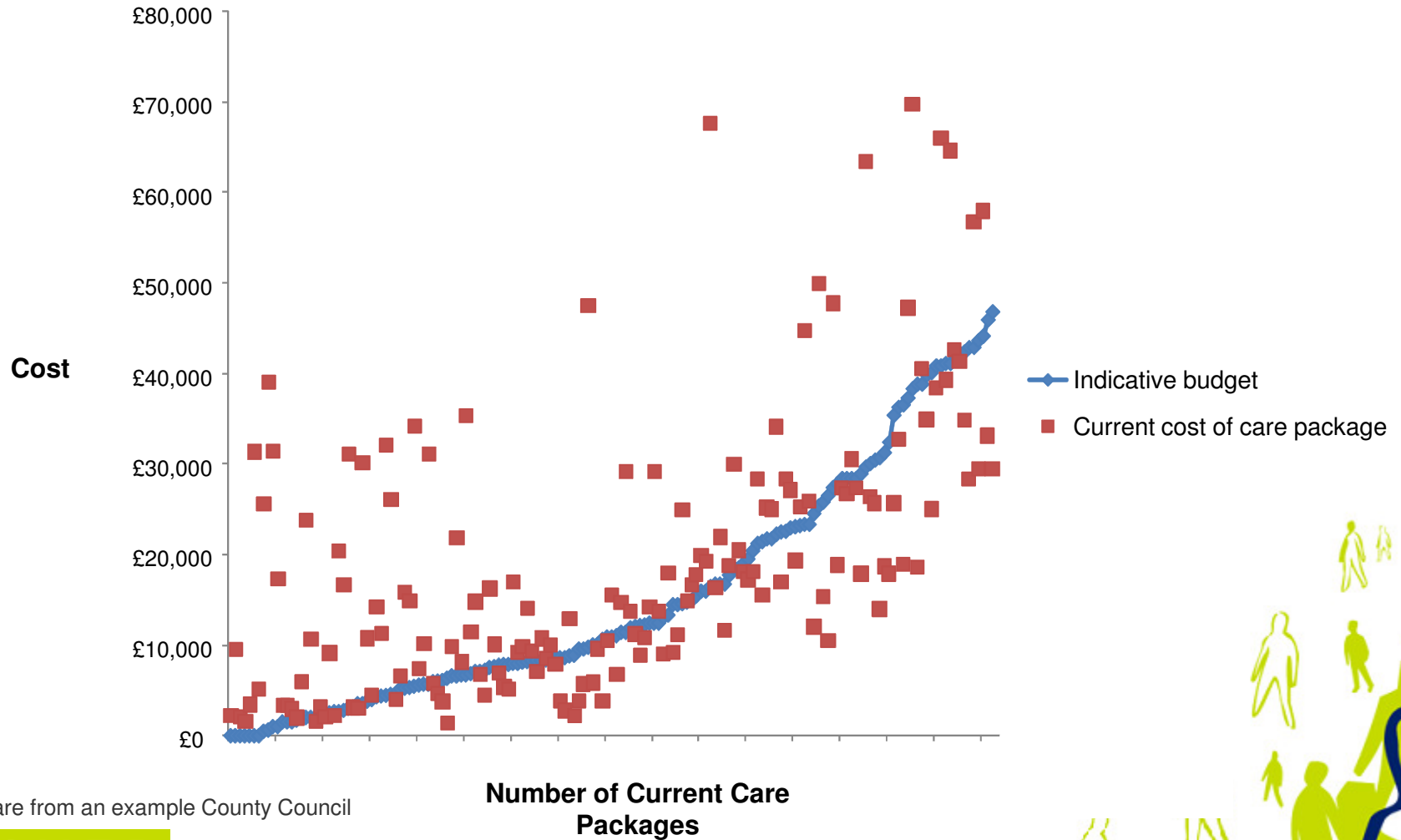
**iMPOWER**





# Currently many councils do not budget accurately to customer need

At an example County Council, current care costs are greater than the planned budget in 60% of cases



Source: Data are from an example County Council





# Transformation requires short and long term sustainable financial planning **CIPFA**

Planning the cost of users in the short term



➔ How to budget the cost of each user's care package in the short term, using a Resource Allocation System (RAS).

Planning the cost of users in the longer term to ensure financial sustainability



➔ Personalisation is a new agenda; assumptions need to be made in order to ensure financial sustainability in terms of:

- ⇒ The number of users in care, which are likely to increase;
- ⇒ Forecasting the cost (and benefit) of offering prevention and reablement services.

Managing market development



➔ Procurement of services will be by an inexperienced buyer (the user) in single units which will affect the commissioning and finance functions:

- ⇒ Demand for in-house services may decline;
- ⇒ Contracting arrangements will be affected;
- ⇒ There will be a role in managing the supplier market and pricing.





There are potential associated efficiencies, but these are untested as of yet

Potential Efficiency	Advantage	Disadvantage
<b>Prevention and re-ablement</b>	A long term payback, which will prevent users from entering the system	A significant upfront cost is required
<b>Individuals will be purchasing their own services</b>	Lower cost to procure as customers will be purchasing individually	An increased unit cost as there will be a loss of economies of scale
<b>Less use of high cost residential care</b>	An increase in the use of community based solutions	Council may still be exposed to long term block contracts
<b>Utilisation of community / third sector resources</b>	Lesser use of in-house provided services	There may be unwinding costs of in-house provision
<b>Back office efficiencies</b>	Reduced administrative costs through a more efficient process	Not automatically a product of transformation

**System benefits are not an automatic consequence – they must be designed in, and actively pursued**





# Contents

CIPFA

Introduction and background

Preparing for the future

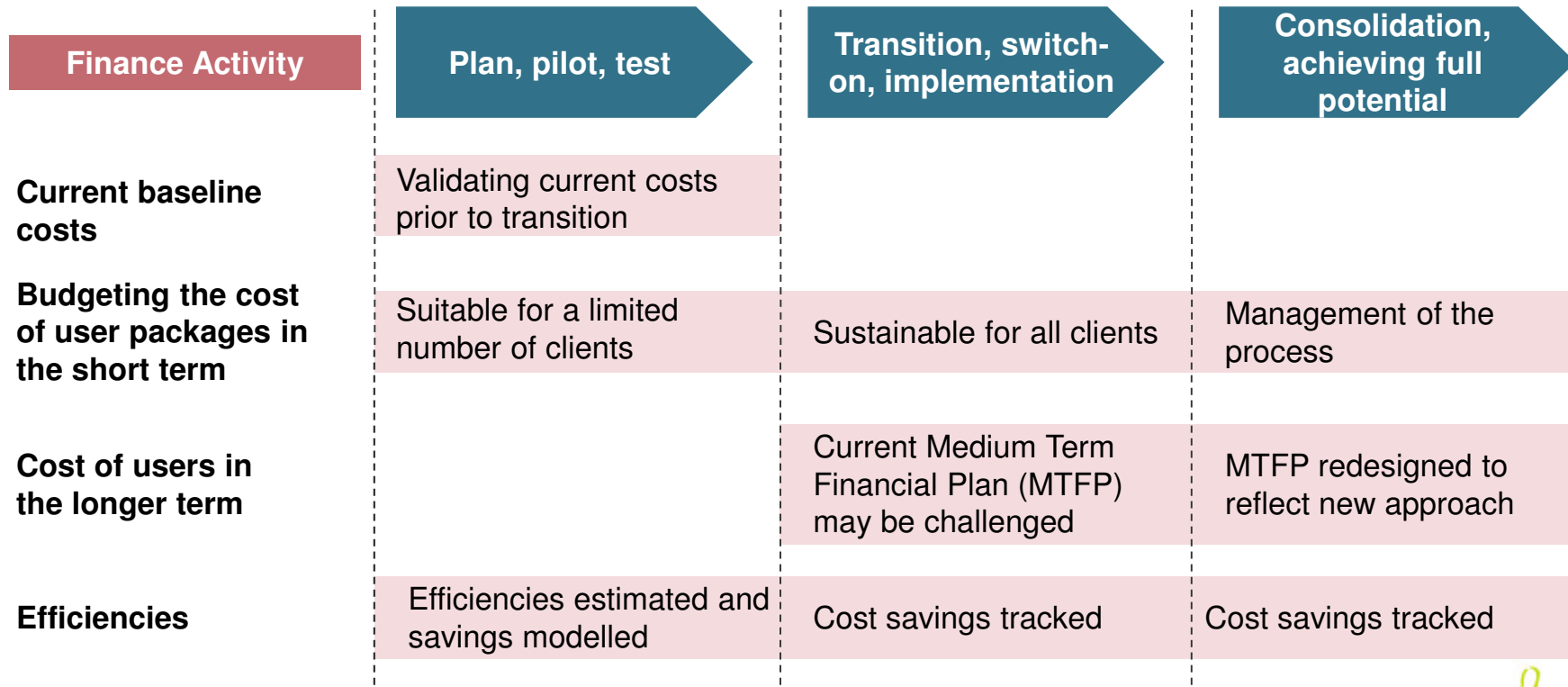
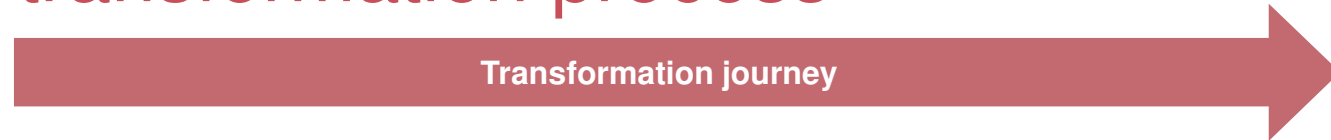
Conclusions

**i**MPower





# These activities cover a staged, long term transformation process



ASC Departments are currently in-between the planning and transition stages





## Finance will be key to making transformation a success

CIPFA

- ➔ Finance is key to the adult social care transformation agenda, both in the initial planning and implementation stages;
- ➔ The agenda should be seen as part of a wide transformation programme which encompasses change across finance, commissioning as well as service delivery;
- ➔ For finance, the agenda will require considerable change but in the longer term represents an opportunity to improve management information and processes, introducing efficiencies;
- ➔ Change in adult social care should all be seen in the context of the wider corporate efficiency programme.





## Contact details

**CIPFA**

### **iMPOWER**

**14 Clerkenwell Close  
London EC1R 0AN**

**T 020 7017 8030**

**F 020 7017 8040**

[mccresswell@impower.co.uk](mailto:mccresswell@impower.co.uk)  
[www.impower.co.uk](http://www.impower.co.uk)

**Martin Cresswell, Chief  
Executive**

**iMPOWER**

### **iMPOWER**

**14 Clerkenwell Close  
London EC1R 0AN**

**T 020 7017 8030**

**F 020 7017 8040**

[ctew@impower.co.uk](mailto:ctew@impower.co.uk)  
[www.impower.co.uk](http://www.impower.co.uk)

**Claire Tew, Consultant**

**iMPOWER**

**iMPOWER**

