

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker:</b>	Executive Member for Adult Social Care and Health
<b>Date:</b>	11 January 2021
<b>Title:</b>	2021/22 Revenue Budget Report for Adult Social Care
<b>Report From:</b>	Director of Adults' Health and Care and Deputy Chief Executive and Director of Corporate Resources

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### Section A: Purpose of this Report

1. The purpose of this report is to set out proposals for the 2021/22 budget for Adult Social Care in accordance with the County Councils Medium Term Financial Strategy (MTFS) approved by the County Council in November 2019 and updated subsequently in July 2020 to reflect the financial impact of the Covid-19 crisis and the County Council's response.

### Section B: Recommendation(s)

To approve for submission to the Leader and the Cabinet:

2. The revised revenue budget for 2020/21 as set out in Appendix 1.
3. The summary revenue budget for 2021/22 as set out in Appendix 1
4. The proposed fees and charges as set out in Appendix 2.

### Section C: Executive Summary

5. The Medium Term Financial Strategy (MTFS) update presented to Cabinet and County Council in July 2020 sought to assess the medium term impact of Covid-19 on the financial sustainability of the County Council. It explained that we were treating the medium term impact of Covid-19 as a one off financial impact that we aimed to address through a financial response package of County Council resources and further government support and concluded that further government funding of £52.4m was required to ensure that the County Council was financially sustainable in the medium term.

6. An update was presented to Cabinet in November and County Council in December which reaffirmed that a minimum level of government support of at least £50m was still required to help balance the deficit after the application of the financial response package.
7. The aim of the approach to Covid-19 was to place the County Council in the same financial position it would have otherwise been in if Covid-19 had not happened, in order to ensure that the tried and tested financial strategy which the County Council operates could be protected and retained.
8. This strategy works on the basis of a two year cycle of delivering departmental savings targets to close the anticipated budget gap. This provides the time and capacity to properly deliver major savings programmes every two years, with deficits in the intervening years being met from the Budget Bridging Reserve (BBR) and with any early delivery of resources retained by departments to use for cost of change purposes or to cash flow delivery and offset service pressures. The model has served the authority well.
9. In line with this strategy, the Transformation to 2021 (Tt2021) Programme has been in place for some time to develop the £80m of savings required to balance the budget for 2021/22. Detailed savings proposals for each department were approved by the County Council in November 2019, in order to allow more time for delivery of the savings; including the requirement to undertake a second stage of service specific consultations where necessary.
10. Since the transformation programme is already in place to deliver approved departmental savings, there are no new savings proposals to be considered as part of the 2021/22 budget setting process. The anticipated delay to delivery of some aspects of the transformation programmes has been factored into our financial planning and sufficient one-off funding exists both corporately and within departments to meet any potential gap over the period.
11. The report also provides an update on the business as usual financial position for the current year and the outturn forecast for the Department for 2020/21, excluding the financial impact of Covid-19, is a budget under spend of £5.5m of which £4.8m relates to Adult Social Care and £0.7m to Public Health.
12. The proposed budget for 2021/22 analysed by service is shown in Appendix 1.
13. The report also reviews the level of charges for the provision of services which require approval and provides a summary of these charges in Appendix 2.
14. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2020/21 and detailed service budgets for 2021/22 for Adult Social Care within the Adults' Health and Care Department. The report has been prepared in consultation with the Executive Member and will be reviewed by the Health and Adult Social Care Select Committee. It will be reported to the Leader and Cabinet on 9 February 2021 to make final recommendations to County Council on 25 February 2021.

## Section D: Contextual Information

15. The Medium Term Financial Strategy (MTFS) update presented to Cabinet and County Council in July explained that we were treating the medium term impact of Covid-19 as a one off problem that we aimed to address through a financial response package of County Council resources and further government support.
16. The report concluded that further government funding of £52.4m was required to ensure that the County Council was financially sustainable in the medium term and an update, presented to Cabinet in November and County Council in December, reaffirmed that a minimum level of government support of at least £50m was still required to help balance the deficit after the application of the financial response package.
17. The aim of the approach to Covid-19 was to place the County Council in the same financial position it would have otherwise been in if Covid-19 had not happened in order to ensure that it still had sufficient fire power in its reserves to address the business as usual deficits of at least £40m per annum predicted after the current Transformation to 2021 (Tt2021) Programme has been implemented and in line with the strategy being adopted to manage the financial impact of Covid-19 as a separate one off issue.
18. The current financial strategy which the County Council operates, works on the basis of a two year cycle of delivering change to release resources and close the anticipated budget gap. This provides the time and capacity to properly deliver major transformation programmes every two years, with deficits in the intervening years being met from the Budget Bridging Reserve (BBR) and with any early delivery of resources retained by departments to use for cost of change purposes or to cash flow delivery and offset service pressures. The model has served the authority well.
19. The County Council's action in tackling its forecast budget deficit and providing funding in anticipation of further reductions, placed it in a very strong position to produce a 'steady state' budget for 2020/21, giving itself the time and capacity to develop and implement the Tt2021 Programme to deliver the next phase of savings totalling £80m. This also avoids the worst effects of sudden and unplanned decisions on service delivery and the most vulnerable members of the community.
20. Consequently, the majority of the decisions in respect of major changes to the budget were taken early however, other factors will still affect the budget, such as council tax decisions and inflation.
21. Members will be aware that following previous delays in the Comprehensive Spending Review (CSR) it was hoped that a three year CSR would be announced in November this year. Following increasing rates of Covid-19 throughout October and the uncertainty over the long term economic impacts of Covid-19 the Chancellor announced that only a single year Spending Review would be put in place.

22. The Spending Review announcement took place on 25 November 2020 and the key elements were as follows:

- For salaries set by the Government (such as teachers and police) there will be a public sector pay freeze in 2021/22. The exceptions are for those earning less than £24,000 (who will receive a minimum £250 increase) and the NHS. The Government does not set pay for most council staff, although it is likely to set grant levels at amounts which assume a pay freeze.
- Councils with social care responsibilities will be allowed to increase council tax by up to 5% in 2021/22 without holding a referendum. This consists of 2% for main council tax and 3% for the adult social care precept.
- The business rates multiplier will be frozen in 2021/22 (with local authorities fully compensated for the lost income). Further Covid-19 business rates reliefs may be announced in the new year.
- The Government expects to provide local authorities with over £3bn more to help with Covid-19 pressures in 2021/22. It comprises:
  - £1.55bn to help with expenditure pressures.
  - £670m additional funding for council tax support schemes (which reduce council tax bills for households on low incomes).
  - £762m (estimate) to compensate local authorities for 75% of council tax and business rates losses resulting from 2020/21.
  - Extending the Covid-19 sales, fees and charges reimbursement scheme for three months until the end of June 2021.
- An additional £300m for adults' and children's social care (£1.2m for Hampshire) and continuation of the existing £1bn annual grant put into social care previously will be maintained, along with £2.1bn provided through the improved Better Care Fund (pooled with the NHS). Proposals for reforming adults' social care will be brought forward next year.
- The New Homes Bonus scheme will continue for a further year, with no new legacy payments. Reforms to the New Homes Bonus will be consulted on shortly, with a view to implementing changes in 2022/23.
- The Chancellor also announced how the Government would deliver the next stages of its infrastructure investment plans to drive the UK's recovery with £100bn of capital spending next year and a £4bn Levelling Up Fund.

23. The provisional Local Government Finance Settlement has not been announced at the time of writing this report but is anticipated during week commencing 14 December 2020. This will provide more clarity as to the impact of the Spending Review on Hampshire County Council and details will be provided in a separate briefing to members and within the Health and Adult Social Care Select Committee Briefing presentation in January 2021.

24. The final grant settlement for 2021/22 is not due out until January / February 2021 and should there be any changes to the figures that are released in December 2020 these will be reflected in the final budget setting report to County Council.
25. Adults' Health and Care has been developing its service plans and budgets for 2021/22 and future years in keeping with the County Council's priorities and the key issues, challenges and priorities for the Department are set out below.

### **Section E: Departmental Challenges and Priorities**

26. The current year has been an incredibly challenging year for Adult Social Care departments across the breadth of the country due to the Covid-19 pandemic. Hampshire is no different. This issue came at a time when the financial challenge for adult social care had been at its most heightened. This has been a financial challenge that is well known and driven by various factors including:
  - Number of eligible clients continuing to increase at a faster rate, particularly for those over 85 that are the most vulnerable and have the most challenging conditions,
  - Growing complexity of care needs, for example the increasing prevalence of multiple conditions including higher levels of dementia, and,
  - Sustained increases in the numbers and costs associated with supporting children with disabilities and complex needs transitioning to adulthood.
27. Whilst attention has been focussed on responding to the Covid-19 pandemic, none of these underlying issues have gone away, they remain securely in place, and continue to demand careful and close attention and will do so long after the pandemic is over and behind us.
28. It should be noted however that, to date, during the period of the pandemic, a combination of the reduction in care home clients and additional short-term funding that has been available, especially from the NHS to support timely discharges, has provided an invaluable opportunity to mitigate most of these pressures in the short term. This is evident later in the report when a favourable business as usual financial position for 2020/21 is outlined. This does not however change the long-term underlying projections of the potential disparity between available resources and need.
29. The purpose of this report is to set out the medium term position for the Department and this section is to outline those longer term challenges that are faced. It follows that this report will not then focus on the pandemic but will highlight where longer term opportunities and potential challenges have arisen as a consequence of the pandemic.
30. In addition to those key pressures highlighted within paragraph 26, there are many other factors, (such as the financial challenges being experienced by NHS organisations) which have a direct bearing on social care pressures.

Regulation and the National Living Wage (NLW) are also impacting on direct provision and the independent sector in terms of increasing inflationary pressures. These pressures are also not unique to Hampshire and are representative of the position nationally. Together, growth and price pressures as outlined, have historically and will continue to create a significant pressure on the Adult Social Care budget beyond 2020/21.

31. In recent years, the pressures within Adult Social Care have been partially offset through the availability of non-recurrent funding within the Integrated Better Care Fund, (IBCF) including the Winter Pressures grant. Both of these funding streams are now recurrent. Historically in Hampshire we have invested a proportion of this invaluable resource to influence and implement much needed system change, in particular to reduce numbers of delayed transfers of care, (DToC) out of hospital, which pre Covid-19, had been a major positive force for change. From 2020/21 a greater proportion of this funding has been directed to meet the long term care costs associated with greater and more rapid discharges from hospital.
32. Over the medium term, the expected underlying demand in clients requiring adult social care services continues to grow at pace, which will, unless additional funding is secured, create a pressure. It was announced within the one year Spending Review that additional funding of £300m, for adults' and children's social care would be available nationally from 2021/22, of which it has recently been confirmed that Hampshire will receive just £1.2m.
33. Furthermore, it was announced that local authorities will be able to increase the adult social care precept to 3% from the previous level of 2% in 2021/22. Both of these funding stream opportunities are welcome, however, they also only offer certainty for the stated period.
34. The Department has also benefitted in 2021/22 from the annual investment of approximately £13.5m from corporate support to mitigate known areas of demographic and complexity growth. In total, all of the above funding is still potentially insufficient in comparison with the possible growth in demand and the overall reduction in Council funding that requires savings to be made from all departments including Adults' Health and Care.
35. At the time of this report, the current year business as usual position is favourable, however it would be misleading to think this in any way represents the longer term position. The current year position is built upon significant funding made available within the Covid-19 inspired NHS Discharge Scheme, that is currently only available in this year, and a major reduction in Residential and Nursing packages that is inextricably linked to Covid-19 and is unlikely to represent anything other than a short-term downturn in demand. Also, within the NHS Discharge Scheme there remains a tranche of clients currently receiving care paid for directly by the NHS. Once fully assessed, a proportion of these will fall to the County Council to pay for their long-term care. Whilst we have made prudent assessments of the likely cost, it remains difficult to predict with accuracy what the precise additional financial commitment this will represent in both 2020/21 and 2021/22.

36. Bearing in mind the above it follows that 2021/22 could see a return to 'normal' whereby the additional NHS Discharge funding ceases and activity returns or begins to return to previous levels. It is even possible that service demand could exceed previous levels in which case all of the funding outlined between paragraphs 32 and 34 would not meet the expected cost. The budget that is proposed as part of this report is built upon the assumption that whilst the NHS funding will cease at the end of the current financial year, the Department will not see an increase in paid for care levels that matches or exceeds the pre Covid-19 position, most notably as it is expected to maximise spare occupancy within the HCC Care capacity thereby allowing for an increase in client numbers but at a minimal additional cost.
37. Whilst most of the volatility of client numbers and variability of risk tends to concentrate within the Older Adults sector it should not be overlooked that Younger Adults is now the largest single paid for care budget, especially now that services for those with Physical Disabilities is catered for in the Younger Adults overall portfolio. It continues to have a consistent and yet slightly more predictable year on year pressure that needs to be managed. However, despite the unique year that we have seen so far, whilst the general impact of Covid-19 for Younger Adults whilst has been noticeable, it represents less of an additional risk in year and into the future.
38. It is currently unknown what longer term impact Covid-19 will have on the care market, and most significantly for care homes. With lower than normal occupancy levels, from County Council funded clients and self-funders, and a potential desirability shift away from care homes towards care at home, (such as Live in Care, Extra Care and Shared lives) they may see a sustained, or permanent period of lower than normal occupancy. This would likely lead to a reduction of bed capacity in the market as providers withdraw, which in turn is likely to impact negatively on the unit price that care can be secured for. This represents a significant financial risk in the medium to longer term, should average prices for Hampshire clients increase to levels more commensurate with those paid by self-funders.
39. It is therefore likely that the Department will be required to be ever more innovative in its engagement with providers to maintain those prices at a sustainable and affordable level. At the same time, it will be never more critical to maintain a fair price for services purchased from provider partners to ensure adequate services remain available to meet client needs into the future.
40. Against the backdrop of the above, the Department has and will continue to positively meet the on-going and increasing requirement to reduce costs to offset reductions in overall Council funding. With this in mind, the full Tt2021 saving of £43.1m has been removed from the budget proposed for 2021/22. This reduction in funding will be offset, in part, by regular additional annual investments of approximately £13.5m from corporate support to mitigate known areas of demographic and complexity growth.
41. In previous years there has been a focus on the Department's performance in supporting the flow from NHS hospitals, as pressure is maintained to reduce

the number of Delayed Transfers of Care (DToC), in line with the lower trajectory agreed with the NHS. The current year has been no exception, however, there has been one critical difference, which is the provision of additional funding through the NHS Discharge Scheme. This funding alongside significant collaborative working between County Council; care, operational and reablement teams along with NHS staff across; the provider, commissioning and acute sectors has delivered a significant change in the way clients are discharged from hospital, reducing the length of stay, post being medically fit for discharge, to negligible levels. The key aim as 2021/22 begins will be to look to build upon these improvements and attempt to secure them as the new normal albeit acknowledging the inherent challenge if NHS discharge funding ceases.

42. Although in some part dependant on continued additional funding, but not wholly, the key improvements / collaborations that have been implemented during 2020/21 that will need to be maintained or expanded are as follows:
  - Discharge to Assess, (D2A) capacity as a vehicle to both step clients down from hospital and step people up to prevent a hospital stay. This will need embedding as an integral part of the operational process before long term care is sought.
  - Integrated Intermediate Care, (IIC) arrangements to adequately meet the reablement and rehabilitation demands across the County seamlessly through teams from both Health and Social Care backgrounds.
  - Single Point of Access, (SPoA) a multi-disciplined team across Health and Social Care functions with the singular aim of completing all of the necessary processes together in a timely way to discharge clients from hospital safely through to their physical arrival at the optimum destination for their care journey – this will mainly be their home.
43. To deliver on the opportunities laid out above there is a requirement for additional funding, which is being sought locally but will likely require additional national funding to implement fully. In return these initiatives offer not only sustainable improvement in DToC but real term financial efficiencies to all partners through reduced hospital length of stay and admissions, reductions and delays in the need for long term care as well as supporting an increased number of clients to live longer with greater independence. These initiatives also enable a more organised approach to securing onward care for clients that avoids making urgent placements at generally higher costs.
44. 2020/21 has been a period of consolidation with a small number of local structural changes, the bedding in of a separate Physical Disability Care Management team and in October the delivery of the wider organisational change within both the Younger and Older Adults front line operational teams. The above has resulted in a lower cost operating model that contributes to the Transformation to 2019 (Tt2019) savings target and will see the full annualised savings delivered in 2021/22.

45. The Department continues to ensure that sufficient controls and approvals are in place to support the processes to maintain a reconciled budgeted staffing establishment at all times. This has been further developed in year with tighter governance put in place to support recruitment. In turn this solid platform will help to facilitate more robust proposals to deliver staffing savings for Tt2021 and to effectively manage the budget throughout the year.
46. The supply of affordable and sufficient staffing resource within the In-House Residential and Nursing Care homes continues to be a major challenge for the Department. There continues to be significant levels of vacancies and staff absences that are covered through higher cost agency staff, although this has continued to reduce, expanding the gains made last year. In large part this is due to the Department investing both time and short term financial resources to address the issue both through structural changes and development of IT solutions. Post Covid-19, the scale of the remaining reduction required is still anticipated to be material and work in this area will need to continue at pace in the coming year. The budget for 2021/22 is set on the basis of a full establishment and cover for absence and vacancies based on levels observed in a normal year. Furthermore, gains achieved in the last year on agency spend through the agency arrangement between Hampshire County Council and Commercial Services Kent Ltd (Connect2Hampshire) are anticipated to continue and grow through a greater degree of consistency and continuity in staff resource available.
47. The demand from people of working age with physical and learning disabilities is growing more rapidly and, although positive work to improve value for money in commissioning has created good financial and quality outcomes, the increase in demand through transition from childhood is beginning to outweigh this. Advances in medical care have had a positive impact on life expectancy and have meant that people with very complex needs are surviving into adulthood when historically they might not have done so. They are also living a fuller adult life and are demanding support to live as independently as possible for significant periods.
48. Whilst in the medium term, this represents a growing pressure on Adult Social Care budgets the Department have focussed efforts through Tt2019 and continue to do so through Tt2021 to minimise the impact of this pressure whilst improving outcomes and life experiences for service users, including identifying and helping to secure employment opportunities. This will be achieved through further innovation (including multi-million pound investment in Technology Enabled Care and modern Extra Care housing / Supported Living) alongside efficiencies and service reductions. Additionally, the strengths-based way of operating, coupled with Least Restrictive Practise approaches have been increasingly working to mitigate costs and provide better alternatives for clients within the Younger Adults' service area.
49. Furthermore, across all client groups, the department is planning to roll out, subject to approval by the Executive Member for Adult Social Care and Health, in 2021/22, a programme that looks to utilise Collaborative Robots (Cobots) within the care sector as an alternative and enhancement to traditional forms of

care. This innovative approach is the first of its kind and is aimed to help reduce the need for two carer visits and support carers with the physical demands of the role they undertake. Whilst this is a key strand to the Department's 2021 savings delivery through reduced overall care costs, it is anticipated that many other benefits will accrue such as supporting the market to meet demand and help with the retention of carers within the market through less physical stress on their bodies. This programme and the outcomes achieved will be closely monitored over the next 12 months.

50. The Government's commitment to the NLW will continue to have an impact on the purchased care budget. The increase in the NLW from April 2021 was confirmed as part of the Spending Review at the end of November 2020 and will see it rise to £8.91 from £8.72, an increase of £0.19, (2.2%). It is now applicable for all working people aged 23 and over, a reduction from the previous age of 25. When taking decisions to set the 2021/22 budget, prior to this announcement, the Department had considered that the increase was likely to be greater thereby this announcement provides welcome flexibility to fund a fair inflationary uplift for providers.
51. As highlighted previously, the care home market is likely to see some significant changes over the next few years primarily as an indirect consequence of Covid-19. These likely changes come off the back of pre-existing challenges such as how they support a client group that will have more complex needs, that are living longer and with greater prevalence of dementia, all this whilst also facing tougher regulation. Within the last year the Department has worked tirelessly with the care sector to help mitigate/address these issues, however this can only have limited impact in a normal year and is especially challenging within the environment faced during 2020/21. Within the next year there will be a further review of the Department's standard rates for older adults, which will be concluded and implemented during 2021/22. Alongside this the Department are developing a more innovative strategic approach to the commissioning and procurement of Residential and Nursing care that will seek to support the providers through efficient and timely payments and secure care at the most affordable rates.
52. The purchase of care for clients within their own home continues to be a challenging area for the Department, and in all likelihood, greater dependency will be placed on providers into the future across all client groups. Work continues to expand upon the gains made from the introduction of the new non-residential framework and associated payment process with the aim to further streamline and simplify the transactional engagement with providers, expanding it to all other client groups. Evidence to date would support that it has improved relationships with providers and reduced their back-office costs resulting in greater levels of care provision being available at affordable rates, but there are further gains that can still be made.
53. Whilst work to reduce the average hourly price of care and ensure consistently, that only appropriate care is secured has continued throughout 2020/21, it has understandably been affected by the requirement to respond effectively to the demands of Covid-19, most significantly to move clients out of hospital in a

timely way to free up acute capacity. It is anticipated that the primary focus will return to this area of work during 2021/22. The Department will refresh the aims and target outcomes early within the year and then continue to monitor progress, at a granular level on a weekly basis, to ensure that work is being consistently applied across the County and is delivering the necessary cost reductions to align spend with the medium term budget projection.

54. The other key priority is the Adults' Health and Care Transformation Programme, which is currently forecast to successfully complete delivery of the £55.9m Tt2019 savings by the end of 2021/22, notwithstanding that the final savings will be the hardest to achieve, at the same time as mitigating the significant operational pressures that have been outlined above. Due to the impact of Covid-19 this has pushed back the delivery of savings against this programme, the cash impact of this is reflected accordingly within the proposed budget and is outlined below.
55. Additionally, the Department is set to secure cumulative savings of £19.6m for Tt2021 by the end of 2021/22 with the balance against the target of £43.1m being delivered later. It is essential that these savings are achieved within the recently revised timeframes in order to minimise the need to draw on the Department's Cost of Change reserve. Avoiding the need to draw on this reserve maintains the Department's ability to adequately support the forecast transformation costs associated with these programmes.

## **Section F: 2020/21 Revenue Budget**

56. Enhanced financial resilience reporting, which looks not only at the regular financial reporting but also at potential pressures in the system and the achievement of savings being delivered through transformation, has continued through periodic reports to the Corporate Management Team (CMT) and to Cabinet.
57. The anticipated business as usual outturn forecast for 2020/21 is a saving of £4.8m for Adult Social Care. This position is dependent on securing Tt2019 cash savings of £47.7m and Tt2021 early savings of just under £5.9m. The forecast saving of £4.8m will be transferred to the Cost of Change reserve, bringing the reserve balance to £11.1m by the end of 2020/21. This sum will be utilised within the following years to help fund planned delays in savings and one-off project costs.
58. There are some key variances within the £4.8m net position reported, most notably £3.4m saving within HCC Care, some of which is due to indirect consequences of the impact of Covid-19, as outlined below:
  - staffing levels required to meet reduced occupancy levels in part offset by net additional costs associated with Infection Control.
  - in year from an increase in the Free Nursing Care rate backdated to April 2019 with a further uplift in April 2020.

- net additional income from the sale of unoccupied beds to the NHS for the purpose of meeting discharge from hospital requirements.
59. Further savings have occurred from posts being held vacant ahead of staff structural changes that are due to deliver savings from April 2021.
60. In addition, the Department has faced significant spend arising from the response to the Covid-19 pandemic in year. The total spend directly attributable to the consequence of the pandemic, not funded from a specific grant, is forecast to be over £21m. This will be offset at the end of the year by corporate support in the form of the financial response package. The business as usual position reported above is therefore after all additional support has been factored in.
61. It should be noted that the Department continue to benefit in 2020/21 from the additional recurring funds announced in 2019/20 from the IBCF, that now includes Winter Pressures, of £11.5m. Ordinarily however, these funds and the additional corporate support would still be insufficient to match the underlying pressure. For 2020/21 this pressure has been reduced to an immaterial amount, largely as a consequence of the reduction in Residential and Nursing care placements from March 2020.
62. The impact Covid-19 has had on transformation savings delivery for both Tt2019 and Tt2021 has been significant within Adults' Health and Care. This is primarily due to resources being redirected toward responding to the pandemic. In addition, the ability to affect care package prices and volumes into the long term, which most of the planned saving relate, has been severely impacted by the need to support the NHS to discharge patients from hospital freeing sufficient acute capacity to cope with the demands of the pandemic.
63. The delivery of early Tt2021 cash savings in 2020/21 was formally reported to be £5.9m in Month 7, which represents a shortfall of £4.1m against the targeted cash delivery by the end of the year. Correspondingly Tt2019 savings were reported to be £47.7m, which represents a shortfall of £4.4m against the targeted cash delivery by the end of the year.
64. The budget for Adult Social Care has been updated throughout the year and the revised budget is shown in Appendix 1. The revised budget shows an increase of £43.3m made up of:
- £34.0m grants (£33.0m Infection Prevention Control and £1.0m Emergency Assistance Grant).
  - £2.9m from departmental reserves to cover one off costs in 2020/21.
  - £6.5m corporate funding (£2.5m to offset the pay award and £4m planned one off support for care packages).

## **Section G: 2021/22 Revenue Budget Pressures and Initiatives**

65. The Department's budget has been reviewed in detail as part of the 2021/22 budget preparation process. Significant recurrent contingencies are not being held by the Department as all available recurrent funding has been allocated to service budgets to meet the assessed cost for 2021/22.
66. As outlined within Section F, the departmental business as usual position is currently showing a forecast saving in 2020/21. However, this position is reliant upon unique Covid-19 funding streams available in the current year only and an otherwise unexpected reduction in volumes of care, particularly within Older Adults. The 2021/22 budget is set excluding the impact of Covid-19, which includes assuming the NHS Discharge funding will cease 31 March 2021.
67. Combining the above factors with the additional corporate support for demography and complexity of £13.5m and a reasonable assumption for growth in care packages cost to 31 March 2022 a budget has been set within the cash limit available.
68. Whilst a prudent level of increase in pressure has been taken account of within the proposed budget this is a notoriously volatile area where projections are often difficult to make with precision. This is even more so within the current climate as it is unknown both, how quickly Residential and Nursing client numbers will recover, and what the impact this will have on the wider care market into the longer term. Should there be any increase beyond the budget that has been set the Department will be required to instigate further saving plans.
69. The Department will continue to develop and agree with NHS partners spending plans to support the totality of the funding made available within the Better Care Fund. It is intended that this funding will continue to cover the direct costs associated with schemes to control the number of delayed transfers of care and contribute much needed funding to offset the associated impact on relevant ongoing long term care package costs. The purpose and value of this funding in 2021/22 is the same as the 2020/21.

## **Section H: Revenue Savings Proposals**

70. Savings targets for 2021/22 were approved as part of the MTFS by the County Council in September 2018. Proposals to meet these targets have been developed through the Tt2021 Programme and were approved by Executive Members, Cabinet and County Council in October and November 2019.
71. It is now anticipated the Tt2019 savings will be fully delivered (£55.9m) by the end of 2021/22. Furthermore, full year savings of £19.6m will be achieved against the Tt2021 programme by the end of 2021/22 with the shortfall against the target being made up from the planned corporate cash flow. For Tt2021 this represents a further delay in savings from the previously approved plan of £8.0m.

72. The main reasons for the increase in shortfall on Tt2021 relate to:
- Transformational resources being redirected toward responding to the pandemic, thereby pushing schemes behind schedule by 6 – 9 months.
  - The need to support the NHS in discharging patients from hospital to release sufficient acute capacity. This has pushed back plans to greater affect sustainable changes to both prices and volumes of care secured from the market.
73. Rigorous monitoring of the delivery of the programme will continue during 2021/22, to ensure that the Department is able to stay within its cash limited budget as set out in this report.
74. This early action in developing and implementing the savings programme for 2021/22 means that the County Council is a strong position for setting a balanced budget in 2021/22 and that no new savings proposals will be considered as part of the budget setting process for the next financial year.

### **Section I: 2021/22 Review of Charges**

75. For Adult Social Care, the 2021/22 revenue budget includes income of £67.7m from fees and charges to service users. This is a decrease of £1.5m (2.17%) on the revised budget for 2020/21.
76. Details of current and proposed fees and charges for 2021/22 where approval is sought for changes are outlined in Appendix 2.
77. As agreed by the Executive Member for Adult Social Care and Health (27 September 2018) delegated authority has been given to the Director of Adults' Health and Care to approve, in respect of Meals on Wheels, the annual price rises for the service users which will be capped to no more than 2.5% above the contractual annual uplift with the service provider. It has been agreed that this provision will remain in place until such time that there is no longer a subsidy provided on this service by the County Council.
78. The charges proposed reflect the full cost rate applicable for County Council clients where they are assessed, (excluding MOW) as being able to afford this cost. Furthermore, where these services are purchased by external organisations this charge reflects the basic cost whereby additional specific charges will be levied dependant the additional resources required to safely support the client.

### **Section K: Budget Summary 2021/22**

79. The budget update report presented to Cabinet on 24 November 2020 included provisional cash limit guidelines for each department. The cash limit for Adults' Health and Care in that report was £409.5m, which includes budgets for Adult Social Care (£357.2m) and Public Health (£52.3m). This is a £13.9m decrease on the previous year for Adult Social Care. This report focusses on Adult Social

Care with Public Health being covered in a separate report. The decrease comprised:

- An increase of £13.5m as per the MTFs for corporate support to meet demography and complexity pressures.
- In increase of £15.9m for inflation.
- A reduction of £43.1m as per the Tt2021 savings.
- A reduction of £0.2m for various minor transfers to other areas of the County Council.

80. Appendix 1 sets out a summary of the proposed budgets for the service activities provided by Adult Social Care for 2021/22 and show that these are within the cash limit set out above.

81. In addition to these cash limited items there are further budgets which fall under the responsibility of Adults' Social Care, which are shown in the table below:

	<b>2021/22</b>	
	<b>£'000</b>	<b>£'000</b>
Cash Limited Expenditure	523,205	
Less Income (Other than Government Grants)	(113,660)	
<b>Net Cash Limited Expenditure</b>		<b>357,197</b>
Less Government Grants:		
• Local Community Voices Grant	(102)	
• Independent Living Fund	(4,082)	
• Better Care Fund	(18,907)	
• Improved Better Care Fund	(11,452)	
• War Widows Pension Grant	(475)	
• Social Care in Prisons Grant	(104)	
Total Government Grants		<u>(35,122)</u>
<b>Total Net Expenditure</b>		<b><u>322,075</u></b>

## REQUIRED CORPORATE AND LEGAL INFORMATION:

### Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	Yes / No
People in Hampshire live safe, healthy and independent lives:	Yes / No
People in Hampshire enjoy a rich and diverse environment:	Yes / No
People in Hampshire enjoy being part of strong, inclusive communities:	Yes / No

### Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Transformation to 2021 – Revenue Savings Proposals (Executive Member for Adult Social care and Health) <a href="https://democracy.hants.gov.uk/documents/s38112/Report.pdf">https://democracy.hants.gov.uk/documents/s38112/Report.pdf</a>	16 September 2019
Medium Term Financial Strategy Update and Transformation to 2021 Savings Proposals <a href="http://democracy.hants.gov.uk/ieIssueDetails.aspx?Id=22267&amp;PlanId=0&amp;Opt=3#AI22852">http://democracy.hants.gov.uk/ieIssueDetails.aspx?Id=22267&amp;PlanId=0&amp;Opt=3#AI22852</a>	Cabinet – 15 October 2019 / County Council – 7 November 2019
Medium Term Financial Strategy Update <a href="https://democracy.hants.gov.uk/ieListDocuments.aspx?CId=134&amp;MId=6499&amp;Ver=4">https://democracy.hants.gov.uk/ieListDocuments.aspx?CId=134&amp;MId=6499&amp;Ver=4</a>	Cabinet – 14 July 2020 / County Council – 16 July 2020
Budget Setting and Provisional Cash Limits 2021/22 <a href="https://democracy.hants.gov.uk/documents/s60700/Nov%202020%20Financial%20Update%20Budget%20Setting%20-%20Cabinet%20FINAL.pdf">https://democracy.hants.gov.uk/documents/s60700/Nov%202020%20Financial%20Update%20Budget%20Setting%20-%20Cabinet%20FINAL.pdf</a>	Cabinet – 24 November 2020 / County Council – 3 December 2020
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

### Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

The budget setting process for 2021/22 does not contain any proposals for major service changes which may have an equalities impact. Proposals for budget and service changes which are part of the Transformation to 2021 Programme were considered in detail as part of the approval process carried out in October and November 2019 and full details of the Equalities Impact Assessments relating to those changes can be found in Appendices 5 to 8 in the October Cabinet report linked below:

<http://democracy.hants.gov.uk/mgAi.aspx?ID=21194#mgDocuments>

## Budget Summary 2021/22 – Adults' Health and Care Department

<b>Service Activity</b>	<b>Original Budget 2020/21 £'000</b>	<b>Revised Budget 2020/21 £'000</b>	<b>Proposed Budget 2021/22 £'000</b>
<b>Director</b>	<b>1,511</b>	<b>2,573</b>	<b>1,620</b>
<b>Strategic Commissioning &amp; Business Support</b>	<b>14,614</b>	<b>15,656</b>	<b>14,889</b>
<b>Transformation</b>	<b>4,013</b>	<b>5,676</b>	<b>3,871</b>
<b>Older Adults</b>			
Older Adults Community Services	120,407	126,669	124,667
Reablement	9,455	9,966	9,891
	<b>129,862</b>	<b>136,635</b>	<b>134,558</b>
<b>Younger Adults</b>			
Learning Disabilities Community Services	116,115	118,559	116,927
Physical Disabilities Community Services	31,399	32,555	32,288
Mental Health Community Services	18,576	18,881	18,905
Contact Centre	2,530	2,983	2,485
	<b>168,620</b>	<b>172,978</b>	<b>170,605</b>
<b>HCC Care</b>	<b>43,885</b>	<b>46,978</b>	<b>44,120</b>
<b>Governance, Safeguarding &amp; Quality</b>	<b>3,650</b>	<b>3,702</b>	<b>3,511</b>
<b>Centrally Held</b>	<b>4,962</b>	<b>30,185</b>	<b>(15,977)</b>
<b>Total Adult Services</b>	<b>371,117</b>	<b>414,383</b>	<b>357,197</b>
<b>Public Health</b>	<b>50,219</b>	<b>57,258</b>	<b>52,348</b>
<b>Net Cash Limited Expenditure</b>	<b>421,336</b>	<b>471,641</b>	<b>409,545</b>

## Review of Fees and Charges 2021/22 – Adults' Health and Care Department

	Income Budget 2021/22 £'000	Current Charge £	Proposed Increase %	Proposed New Charge £
<b>Charges for HCC provided care:</b>				
(Rounded to 1DP)				
Full cost weekly charge (HCC in-house residential and nursing establishments, including respite)				
Nursing Care for Older People (per week)	5,100	837.90	2.3	857.15
Residential Care for Older People (per week)	6,200	756.07	2.3	773.43
Residential Care for Dementia (per week)	In above	817.04	2.3	835.80
Residential Care for Adults with a Learning Disability (per week):				
Orchard Close	0	1,065.96	2.3	1,090.46
Jacobs Lodge	0	890.89	2.3	911.40
Meals on Wheels	2,161	5.13	3.9	5.33

### Other Charges:

Services users' contributions for non-residential care (chargeable services) are calculated on the actual cost of care provided to service users

In line with corporate policy all other charges will be increased by an inflation rate of 1.4%