

Public Document Pack



NOTICE OF MEETING

Meeting	Executive Member for Adult Social Care and Health Decision Day
Date and Time	Wednesday, 17th January, 2018 at 3.00 pm
Place	Mitchell Room, Elizabeth II Court, The Castle, Winchester
Enquiries to	members.services@hants.gov.uk

John Coughlan CBE
Chief Executive
The Castle, Winchester SO23 8UJ

FILMING AND BROADCAST NOTIFICATION

This meeting may be recorded and broadcast live on the County Council's website. The meeting may also be recorded and broadcast by the press and members of the public – please see the Filming Protocol available on the County Council's website.

AGENDA

KEY DECISIONS

1. MEALS ON WHEELS SERVICE (Pages 3 - 16)

To consider a report of the Director of Adults' Health and Care seeking approval to procure a Meals on Wheels Service.

NON-KEY DECISIONS

2. CAPITAL PROGRAMME FOR 2018/19 TO 2020/21 (Pages 17 - 30)

To consider a report of the Director of Adults' Health and Care and the Director of Corporate Resources regarding the Capital Programme 2018/19 to 2020/21.

3. 2018/19 REVENUE BUDGET REPORT FOR ADULTS' HEALTH AND CARE (Pages 31 - 44)

To consider a report of the Director of Adults' Health and Care and the Director of Corporate Resources regarding the Revenue Budget 2018/19.

ABOUT THIS AGENDA:

On request, this agenda can be provided in alternative versions (such as large print, Braille or audio) and in alternative languages.

ABOUT THIS MEETING:

The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require wheelchair access, please contact members.services@hants.gov.uk for assistance.

County Councillors attending as appointed members of this Committee or by virtue of Standing Order 18.5; or with the concurrence of the Chairman in connection with their duties as members of the Council or as a local County Councillor qualify for travelling expenses.

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Adult Social Care and Health
Date:	17 January 2018
Title:	Meals on Wheels Service
Report From:	Director of Adults' Health and Care

Contact name: Alexia Mawdsley

Tel: 01962 832039 **Email:** alexia.mawdsley@hants.gov.uk

1. Recommendations

1.1 That the Executive Member for Adult Social Care and Health gives approval to spend up to a maximum of £16.4m to procure a service contract for a Meals on Wheels service from 1 October 2018. The contract would run for a period of up to five years on the basis of a three year initial term plus extensions totaling no more than 2 years (3+2). The estimated value of the contract for which approval is being sought, is estimated at £2.8m inclusive of VAT for the first year. The total contract value for up to the five years would be up to £16.4m inclusive of VAT.

2. Executive Summary

2.1 The purpose of this paper is to seek approval from the Executive Member for Adult Social Care and Health to procure a contract for a Meals on Wheels service from 1 October 2018.

2.2 The contract would run for an initial term of three years, with an option to extend by up to a total of two years, giving a maximum potential term of five years. The estimated value of the contract, for which approval is being sought, is approximately £2.8m (incl. VAT) in the first year. The total contract value for up to the five years would be up to £16.4m inclusive of VAT.

2.3 This paper seeks to:

- Set out the existing Meals on Wheels service
- Consider the options for Community Meal services
- Consider the financial implications of the proposed contract
- Highlight the impact that Meals on Wheels has on the performance of the County Council

2.4 The current contracts for Meals on Wheels are due to expire on 30 September 2018. A review of the service has identified the options available, future service requirements and the most appropriate service delivery model, which can be implemented from October 2018 without disruption to the current service users.

3. Contextual information

3.1. The current service is divided into three lots. Each lot has a separate contract and together they provide a Hampshire-wide service to supply and deliver Meals on Wheels 365 days a year. The current provider is Apetito UK Ltd and it is contracted to deliver all three lots.

3.2. On average there are currently 1,770 active customers receiving Meals on Wheels from 1 to 7 days a week and nearly 35,000 lunchtime meals are delivered each month.

3.3. The service primarily delivers a two course hot lunchtime meal and drivers are trained to carry out a wellbeing check in addition to delivering the meal. Customers can also request a third course for their lunchtime meal and a cold afternoon tea as part of the delivery (at an additional cost).

3.4. Each customer currently pays £4.55 for a 2 course lunchtime meal or £5.55 for a 3 course meal. It is proposed in April 2018 to increase this to £4.67 for a 2 course lunchtime meal and £5.67 for a 3 course meal to take into account inflation.

3.5. The contracted service is provided to customers who have been assessed as having a need for support to manage and maintain nutrition.

3.6. The majority of referrals for this service are made by frontline care practitioners, including teams seeking to discharge people from hospital.

3.7. It is recognised that the Meals on Wheels service contributes to supporting people living in their own homes to maintain independence and remain a part of the community. It prevents an increase in dependency, which could otherwise result in more expensive care packages being required. It is also recognised that the service provides much needed social contact to a number of people who might otherwise be totally isolated.

3.8. The service provides a hot meal that does not need to be heated and, if necessary, can be plated and cut up. Therefore, the service is likely to have contributed to the reduction in Domiciliary Care. Where an individual has a lunchtime meal via Meals on Wheels, the need for care staff to support the individual at lunchtime is reduced.

3.9. The inclusion of the welfare check ensures that wellbeing and safety concerns are identified and action is taken in a timely fashion. Drivers frequently report concerns to the relevant Hampshire County Council team or

call for emergency services where necessary. Approximately 3-4 ambulances are called out each month by Meals on Wheels drivers.

4. Procurement of a service contract - Rationale

- 4.1. The service currently supports an average of 1,770 individuals to live healthily and independently in their own homes, and reduces demand on more expensive care packages.
- 4.2. Work has been undertaken to identify the options available, future service requirements and the most appropriate service delivery model from October 2018.
- 4.3. Five options have been considered
 - a) In House provision of a Meals on Wheels service
 - b) Allow the contracts to expire
 - c) Allow the contracts to expire and commission Hampshire County Council funded Community Meal provision (e.g. lunch clubs)
 - d) Procure a Meals on Wheels service under a concession contract
 - e) Procure a Meals on Wheels service under a service contract

All these options can be carried out in conjunction with signposting to other relevant services.

- 4.4. **In house provision:** at present Hampshire County Council in house facilities are not able to provide the volume of meals required. Existing HC3S staff and premises currently used by HC3S could not be used to provide the Meals on Wheels service as they are all operating at capacity especially in the 11am to 2.30pm timeslot. In addition, the majority of kitchen facilities are in schools which are not available at weekends and during school holidays. In terms of equality, this option would have a negative impact on eligible residents who share the protected characteristics of age, gender and disability.
- 4.5. **Allow the current contracts to expire:** this option could lead to a significant increase in price. Hampshire County Council would have no control over quality and there would be no guarantee that all eligible residents would be served – not all live in commercially attractive locations. These factors could cause a reduction in service use and increased demand on alternative Hampshire County Council services. In terms of equality, this option could have a negative impact on eligible residents who share the protected characteristics of age, gender and disability.
- 4.6. **Allow the contracts to expire and commission community meal provision:** this option would have the risks identified in paragraph 4.5, and would also require Hampshire County Council funding for community meal provision. In terms of equality, this option could have a negative impact on eligible residents who share the protected characteristics of age, gender and disability.

4.7. Procuring a Meals on Wheels service under a concession contract:

Hampshire County Council could put in place a contract where a concession opportunity is given to the successful provider. The provider would set the price as part of their tender. The customers would pay the provider the full cost of the meal. This could ensure a reliable service 365 days a year, for all eligible residents. However, Hampshire County Council would not have the current level of control over price and different VAT arrangements would apply. These factors could cause a reduction in service use and increased demand on alternative Hampshire County Council services. In terms of equality, this option could have a negative impact on eligible residents who share the protected characteristics of age, gender and disability.

4.8. Procuring a Meals on Wheels service under a service contract: This option aligns with the current contract. The service would be cost neutral to Hampshire County Council, with the provider being responsible for collecting payment from Customers. This contract would ensure a reliable service 365 days a year, for all eligible residents. Hampshire County Council would have influence over price and quality. In respect of the customer, the current 'no VAT to charge' status of the service would continue. In terms of equality, this option would have a positive impact on eligible residents who share the protected characteristics of age and disability, because a number of eligible customer groups have been added to the service and the age bracket has broadened. This option would have a neutral impact on rurality, because the benefits currently experienced would continue.

4.9. Following an assessment of the options, it was determined that procuring a Meals on Wheels service under a service contract was the most appropriate course of action. Signposting should still occur where a more appropriate community meal solution is available. For example, an individual may be able to heat a meal and therefore prefer to use a frozen meal service, with a weekly delivery.

4.10. The current Meals on Wheels contracts cannot be extended and will end 30 September 2018. If the recommendation to procure a service contract is approved, Hampshire County Council will be ready to run a procurement exercise in Spring 2018, with contract award by the end of June 2018, allowing a 3 month implementation period for the new contract.

4.11. If a service contract is agreed, it is recommended that a single county-wide contract is procured. It is noted that this may limit opportunities for small and medium sized enterprises. Experience under the previous 3 contracts has shown that some areas of Hampshire are more commercially viable than others. Therefore, in order to offer a viable opportunity to organisations, and a single price throughout Hampshire County Council area, the service should be procured under a county-wide contract.

4.12. It is recommended that the eligibility scope for the Meals on Wheels service is broadened to include younger adults who live independently at home but need support to manage and maintain their nutrition. It is proposed that the

new service is also available to adults (18+ years) who have difficulty managing and maintaining nutrition and have: dementia, a learning disability, a mental health issue, a history of substance misuse, or a physical disability.

5. Financial Implications and risks

- 5.1. The new contract would commence on 1 October 2018, replacing the current Meals on Wheels contracts, which end 30 September 2018. A contractual requirement will be a seamless transition for existing customers to the new service. Tenders will be assessed to verify that the necessary procedures and capital required for a seamless transition would be in place.
- 5.2. The new service contract would be designed in such a way as to reduce the risk of the County Council incurring additional cost above those incurred within the current arrangement. Eligible individuals who wish to use the Meals on Wheels service would continue to be required to pay the provider directly for their meal. This includes residents referred by the Adults' Health and Care Department as well as those who are eligible and self refer.
- 5.3. Under the terms of the proposed contract, the County Council would be responsible for the service charge, which would include VAT. It is envisaged that the income generated from the customer charges would be sufficient to meet the service costs net of VAT, leaving the County Council responsible for the VAT costs.
- 5.4. The contract value will be set as part of the procurement and the meal volumes will be subject to demand. It is anticipated that referrals into this service will increase over the next five years as it is a cost effective way of maintaining independence for customers and the population over 55+ years is rising. The maximum spend required for this report is calculated as follows:

Cost of Meals – It is expected that the cost of meals will increase by an average of 2.5% per year through inflationary price rises.

Volume – Current forecast for 2018/19 is 460,600. It is expected that the volume of meals provided will increase by 6% per year because of: a wider eligible group, increases in the 55+ population and increased referrals. The table below shows the increase in meals provided over the course of the current contract.

Year	Meals Distributed (to nearest 1,000)
16/17	425,000
15/16	407,000
14/15	339,000
13/14	233,000

It is estimated that the total maximum amount payable over the five year period would be £16.4m (incl. VAT).

- 5.5. The expected net direct cost to the County Council from this contract is anticipated to be nil because 100% of the service charge will be passed to customers, with the VAT element, that is payable by the County Council as service principal to the provider, being reclaimed from HMRC in accordance with the VAT rules applicable to Local Authorities for such services.
- 5.6. A small risk remains that should the provider be unable to collect sufficient income from the County Council's eligible customers, the proportion not collected would be the responsibility of the County Council to reimburse to the provider. The current provider has indicated that the risk could rise slightly under the proposed arrangements but based on previous data this is unlikely to be material.
- 5.7. There is a risk that procuring the service under a single contract (rather than several contracts as before) will limit opportunities for small and medium sized enterprises (SMEs). There will be an opportunity for SMEs to apply as a consortium and two market engagement events were held, providing a forum for potential providers to discuss working more collaboratively. Attendance indicated there is limited interest in the opportunity at the present time.
- 5.8. Consideration will be given to ensure that a fair and sustainable price for customers is set as part of this procurement. It is essential to maintain and grow this service as a cost effective way of discharging care to eligible clients and so setting a price that avoids discouraging take up is an important consideration. At the same time it is important to promote the service as an attractive opportunity to potential providers.
- 5.9. The Meals on Wheels service is a relatively high profile service within the community. It is held in high regard by customers, their families and the public. It has strong links to the demand management and prevention agenda.

5.10. A new Meals on Wheels contract could lead to a change in provider. Therefore, there may be transfer of undertaking (TUPE) issues. The risks attached will be reduced by awarding any contract at least 3 months before the current contracts end, allowing sufficient time for TUPE to be undertaken if need be.

6. Performance

6.1. The contract will contain Key Performance Indicators. Performance against these indicators will be monitored both through performance workbooks completed by the provider, feedback from customers and quarterly monitoring meetings.

6.2. The provision of meals to those assessed as having a need to manage and maintain nutrition should:

- Support relevant individuals to manage and maintain nutrition
- Promote individuals' wellbeing, improving early identification of additional needs which can then be addressed in a timely fashion.
- Contribute towards supporting individuals to continue to live in their own homes and remain a part of their community (e.g. facilitate hospital discharges)
- Prevent an increase in dependency, which could otherwise result in more expensive care packages being required (e.g. a hot meal delivery where drivers can plate up the meal, helps to minimise the need for lunch time visits by care staff).
- Reduce isolation by providing social contact for those customers who feel isolated.

7. Consultation and Equalities

7.1. In order to understand the provider perspective and give an opportunity for smaller providers to consider tendering as a consortium, events have taken place on 4 September and 13 December 2017. Two organisations attended the first event (including the current provider) and one organisation attended the second event (the current provider).

7.2. Specific issues were raised by providers which included: inclusion to under 55 year olds in regard to likely volumes and increased caloric amounts, assumptions as to the likely growth of customers, price point and sensitivity of customers to increases, quality standards and the most appropriate bodies to use as reference, key performance indicators and monitoring.

7.3. In carrying out the Equalities Impact Assessment, those characteristics which relate specifically to the people using Meals on Wheels service have been considered. These are disability, gender and age. The proposed new contract would ensure continued provision of a valued service to those over 55 and provide support to newly eligible younger adults who have a disability

or mental health issues and a specific need for support to manage and maintain nutrition.

- 7.4. Disability is of high relevance to the service because the majority of people currently using the service have a physical or mental disability, including dementia, sensory loss and frailty. The service would have a greater impact if the eligible group is extended to include individuals over 18 years with mental health issues, learning disabilities, dementia and physical disabilities.
- 7.5. The following data indicates the number of people in the general population within the relevant groups and how many receive Hampshire County Council domiciliary care support:

Customer groups	Estimated no. residents in Hampshire	No. residents receiving Hampshire County Council domiciliary care services
Older people (65+)	265,700	3,405
Learning disabilities	19,273	876
Physical disabilities	65,474	881
Mental health issues	128,391	111

Source: Public Health Intelligence Team, Hampshire County Council

A strength based approach will be used when assessing who should be referred to Meals on Wheels. Only those who are unable to manage and maintain their nutrition without support will be referred to the service. It is expected that very few individuals with only physical disabilities or a history of substance misuse will require the service.

The number of calories required by a person per day varies according to age, gender and activity. It is acknowledged that younger adults who will use the service may need additional calories. Additional calories would be available with the purchase of a third course. It is noted that some individuals referred to this service may be overweight or obese and not in need of additional calories. The caseworker should assist their client to decide the number of courses and type of menu choice which would be appropriate when the individual starts the service.

By increasing the eligibility scope for the service, a wider section of the community who struggle to manage and maintain their nutrition will be supported as needed.

- 7.6. Currently all customers are over 55 years of age, with the majority also having a physical or mental disability. Over 64% of customers are aged 75 or over, with 36% aged between 55 and 75. Any changes in provision would have a high impact on this group of people. In addition, the Joint Strategic Needs

Assessment, 2017 (Hampshire County Council Health and Wellbeing Board) states that population increases are predicted amongst older age groups. The proportion of the 85 years and over population is expected to increase by almost 30%, to 54,600 people by 2023. Therefore, demand for the service is likely to grow.

- 7.7. The Meals on Wheels service will be able to provide meals which meet religious requirements and beliefs. Any customers who have these needs will be provided with an appropriate meal.
- 7.8. There will continue to be a positive impact with regard to rurality. The Meals on Wheels service will operate across the full geographical jurisdiction of Hampshire County Council, so a proportion of customers will live in rural areas.

8. HR Implications

- 8.1. TUPE may apply should current providers of services change. This will be dealt with in accordance with normal procurement processes and the staffing situation at the relevant times.
- 8.2. Existing Hampshire County Council staff will not be affected by this proposal.

9. Legal implications

- 9.1. Under the Care Act 2014, the County Council has a duty to meet a person's eligible needs including managing and maintaining nutrition. In addition, the County Council has a general duty to promote an individual's well-being and must have a regard to the importance of preventing or delaying the development of needs for care and support.
- 9.2. Separately the County Council must provide or arrange for the provision of services, or take other steps to contribute towards preventing or delaying the development of needs for care and support by adults and carers in its area.
- 9.3. The statutory guidance under the Care Act states that local authorities must ensure that a person's income is not reduced below a specified level after charges have been deducted. The purpose of this minimum income guarantee is to promote independence and social inclusion and ensure that people have sufficient funds to meet basic needs such as purchasing food.
- 9.4. It is for the decision maker to have due regard to the need to: eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act and advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 9.5. The County Council shall procure the proposed services contract in accordance with the Public Contracts Regulations 2015.

10. Conclusion

10.1 The proposed service contract would enable the continued provision of lunchtime meals to nearly 1,800 Hampshire residents who are currently using the Meals on Wheels service. The service would continue to support these individuals to maintain and manage their nutrition and wellbeing, supporting them to live in their own homes within their communities. The proposed service would also broaden eligibility scope, to include a number of younger adults who are also assessed as needing support to manage and maintain their nutrition.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

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

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Community Meals Service reference 3921	3921	29.06.12
Proposed Price Increase Meals on Wheels	8051	17.01.17
Meals on Wheels Service	NA	22.11.17
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	
Care Act 2014	April 2014	
Care and Support (Eligibility Criteria) Regulations	2015	
Care and Support Statutory Guidance, Department of Health	September 2016 (revised)	

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.)

DocumentLocation

NONE

IMPACT ASSESSMENTS:

1. Equality Duty

- 1.1 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 under the Act;
 - Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
 - Foster good relations between persons who share a relevant protected characteristic 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 characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic 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.

1.2 Equalities Impact Assessment

In carrying out the Equalities Impact Assessment, those characteristics which relate specifically to the people using Meals on Wheels service have been specifically considered. These are disability, gender and age. The proposed new contract will ensure continued provision of a valued service to those over 55 and provide support to younger adults who also have a disability and a specific need for support to manage and maintain nutrition. The impact for religion and belief and rurality is recorded as neutral. This is because procuring the service would maintain the current positive impact.

Disability: Positive impact

Disability is of high relevance to the service as the majority of people currently using the service have physical and mental disability, including dementia, sensory loss and frailty. The service will have a greater impact now it will also meet the needs of individuals over 18 years with mental health issues, learning disabilities, dementia and physical disabilities.

The following data indicates the number of people in the general population within the relevant groups and how many receive Hampshire County Council domiciliary care support:

Customer groups	Estimated no. residents in Hampshire	No. residents receiving Hampshire County Council domiciliary care services
Older people (65+)	265,700	3,403
Learning disabilities	19,273	876
Physical disabilities	65,474	881
Mental health issues	128,391	111

Source: Public Health Intelligence Team, Hampshire County Council

A strength based approach will be used when assessing who should be referred to Meals on Wheels. Only those who are unable to prepare a meal and require additional assistance to manage and maintain their nutrition will be referred to the service. It is expected that very few individuals with physical disabilities or a history of substance misuse will require the service.

The number of calories required by a person per day varies according to age, gender and activity. It is acknowledged that younger adults who will use the service may need additional calories. Additional calories would be available with the purchase of a third course. It is noted that some individuals referred to this service may be overweight or obese and not in need of additional calories. The caseworker should assist their client to decide the number of courses and type of menu choice which would be appropriate when the individual starts the service.

By increasing the eligibility scope, a wider section of the community who have disabilities or mental health issues will be supported as needed.

Age: Positive impact

Procuring a new Meals on Wheels contract would provide continuity to existing service users. Currently customers are all over 55 years of age, with the majority also having a physical or mental disability. Over 64% of customers are aged 75 or over, with 36% aged between 55 and 75. Any changes in provision would have a high impact on this group of people.

The Joint Strategic Needs Assessment, 2017 (Hampshire County Council Health and Wellbeing Board) states that population increases are predicted amongst older age groups. The proportion of the 85 years and over population is expected to increase by almost 30%, to 54,600 people by 2023. Therefore, demand for the service is likely to grow.

The proposed extension to include relevant adults from 18 years of age upwards will have a positive impact on age.

Religion and belief: Neutral Impact

The proposed Meals on Wheels service would continue to provide meals which meet religious requirements and beliefs. Any customers who have these needs, would be provided with an appropriate meal.

Rurality: Neutral Impact

There will continue to be a positive impact with regard to rurality. The Meals on Wheels service would operate across the full geographical jurisdiction of Hampshire County Council, so a proportion of customers would live in rural areas.

2. Impact on Crime and Disorder:

2.1 No impact has been identified

Climate Change:

- a) How what does is being proposed impact on our carbon footprint / energy consumption?

It is recognised that the delivery aspect of the service has a negative impact on the environment.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

As a minimum, tenders will be required to demonstrate provision of sufficient hubs across Hampshire to create efficient delivery routes.

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Adult Social Care and Health
Date:	17 January 2018
Title:	Capital Programme for 2018/19 to 2020/21
Report From:	Director of Corporate Resources – Corporate Services and Director of Adults' Health and Care

Contact name: Graham Allen and Dave Cuerden

Tel: 01962 845875
01962 847473

Email: graham.allen@hants.gov.uk
dave.cuerden@hants.gov.uk

1. Recommendations

- 1.1. To approve for submission to the Leader and Cabinet the capital programme for 2018/19 to 2020/21 as set out in Appendix 1 and the revised capital programme for 2017/18 as set out in Appendix 2.
- 1.2. It is recommended that the first phase of the project to update the kitchenettes, kitchens and bathrooms at the in-house units totalling £750k, being funded from the 2017/18 Capital Programme, be approved.

2. Executive Summary

- 2.1. This report seeks approval for submission to the Leader and Cabinet of the proposed capital programme for 2018/19 to 2020/21.
- 2.2. 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 5 February 2018 to make final recommendations to County Council on 22 February 2018.
- 2.3. The report considers the schemes which it is proposed to include in the capital programmes for 2018/19, 2019/20 and 2020/21.
- 2.4. The proposals contained in this report are derived from the departmental service plans which have been developed to support the priorities of the Corporate Strategy.

3. Contextual Information

- 3.1. Executive Members have been asked to prepare proposals for:
 - a locally-resourced capital programme for the three-year period from 2018/19 to 2020/21 within the guidelines used for the current capital programme including the third year, 2020/21, at a similar level to 2019/20

- a programme of capital schemes in 2018/19 to 2020/21 supported by Government grants as announced by the Government.

3.2. The medium term financial and efficiency strategy is closely linked to the Corporate Strategy and the Corporate Business Plan to ensure that priorities are affordable and provide value for money and that resources follow priorities.

4. Locally resourced capital programme

4.1. The cash limit guidelines for the locally resourced capital programme for the Adult Services service set by Cabinet are as follows:

	£000
2018/19	481
2019/20	481
2020/21	481

4.2. Executive Members may propose supplementing their capital guidelines under the 'prudential framework' agreed by Cabinet at its meeting on 24 November 2003, as amended by Cabinet in February 2006, thereby integrating more closely decisions on revenue and capital spending in support of corporate priorities. The additions may include virements from the Executive Member's revenue budget or use of temporary unsupported borrowing, to provide bridging finance in advance of capital receipts or other contributions. No virements are proposed between revenue and capital budgets in this report.

5. Proposed capital programme 2018/19 to 2020/21 – locally resourced schemes

5.1. The Adult services capital programme for locally resourced schemes reflects the corporate aims of enabling people to live safe, health and independent lives, enjoy a rich and diverse environment and be part of a strong and inclusive community. It includes contributions towards the costs of the following:

- Priority works on residential and nursing care premises to meet the needs of residents and service users to satisfy the requirements of regulators including the Care Quality Commission, The Fire Service and the Health and Safety Executive

5.2. The detailed programme in Appendix 1 and expenditure for 2018/19 is summarised in the table below:

	£000
Operational building, including residential and nursing care, improvements	481

Total

481

6. Revised 2017/18 capital programme

6.1. The revised 2017/18 capital programme for Adults is shown in Appendix 2 and totals £55.1 million. The changes since the capital programme was approved in January 2017 are summarised below:

	2016/17 £000
Approved Programme	481
Carry Forward from 2016/17	44,433
Disabled Facilities Grant (Better Care Fund pooled budget)	10,694
Transfer to Revenue (eg demolitions)	-481
Total	55,127

6.2. The schemes carried forward from previous years of £44.433m were agreed by Cabinet on 19 June 2017. These predominantly relate to the Extra-Care housing and Adults with a Disability Accommodation programmes.

6.3. Projects are being developed to undertake the first phase of updating the kitchenettes, main kitchens and bathrooms at a number of the in-house units at an estimated cost of £750k over the next year. It is recommended that this is funded from the 2017/18 capital programme.

Extra-Care Housing

6.4. On the 24 October 2011 Cabinet approved the strategy to extend the development of Extra-Care Housing. This included approval of an indicative maximum financial envelope of £45m of capital investment to deliver the programme of work, including transition cost.

6.5. Capital funding for the extensions to Westholme, Winchester and Oakridge, Basingstoke of £3m was formally approved by the Executive Member for Policy and Resources on 24 January, 2013.

6.6. Capital funding for future Extra-Care developments will be subject to the development of individual business cases.

6.7. On the 21 July 2014 Cabinet approved £26m to be allocated from the original £45m capital envelope to deliver up to 700 units and secure accelerated delivery of the original 500 unit target by 2017.

6.8. Since this Cabinet approval several key factors that drive delivery and cost have changed. Build costs have risen and the Registered Housing Provider sector has found it harder to build. Reduced capital subsidy rates and more risk averse lending has been exacerbated by recent Government decisions around Right to

Buy and Registered Housing Provider income. This led to an overview of the extra care programme in early 2016.

- 6.9. On 22 April 2016 the Executive Member for Policy and Resources approved the re-instatement of the Older Persons Extra-Care programme to the original £45m capital envelope. With this in mind, a full review of the remaining programme and project opportunities is being undertaken to ensure the most cost effective programme is identified as a basis for the programme going forward.

Transformation of Adult Learning Disability Services

- 6.10. On the 27 October 2011, the Executive Member for Policy and Resources approved the Adult Learning Disability (LD) Business Case for the early implementation phase of LD transformation and the broader programme. The business case links to the consultation of the transformation proposals reported to the Executive Member for Adult Social Care on 16 May 2011.
- 6.11. The Executive Member for Policy and Resources Decision Day on 21 July 2011 approved that 100% of LD capital receipts to be reinvested in LD service re-provision.
- 6.12. The Executive member for Policy and Resources on 9 March 2017 approved the revised Business case plan. The financial position has evolved since October 2011 largely as a result of the value likely to be secured by selling surplus property and the consequent impact on prudential borrowing. The business case improved with the use of the Community Grant funding of up to £3.4m. It is envisaged that the transformation will be completed by the end of March 2019.

Adults with a Disability Accommodation

- 6.13. The Executive Member for Policy and Resources approved the strategic business case for the Adults with a Disability Housing programme in April 2016. The business case approved a borrowing envelope of up to £35m to support the programme to transition around 600 service users with a learning and/or physical disability from an existing care home setting to a shared house or individual groups of flats.

Transfer to revenue

- 6.14. The funding transfer of £481k to revenue is a technical accounting adjustment. This is for expenditure on capital projects that cannot be capitalised under the capital accounting rules eg demolition costs.

7. Capital programme supported by Government allocations

- 7.1. The locally resourced capital programme is supported by Government grant received from the Department of Health. In 2017/18 the amount of Department of Health capital funding to Adult Services was £10.694m for the Disabled Facilities Grant. This funding forms part of the Better Care Fund – Pooled budget which is overseen by the Hampshire Health and Wellbeing Board.

7.2. The Secretary of State has not yet announced details of individual local authority capital allocations for 2018/19. For planning purposes 2017/18 allocations are being assumed.

7.3. The Disabled facilities grant (DFG) of £10.694m is capital money made available to local authorities as part of their allocations to award grants for changes to a person's home. There is a statutory duty for local housing authorities to provide grants to those who qualify. This part of the fund will be governed by the disabilities facilities grant conditions of grant usage as made by the Department for Communities and Local Government (DCLG) under section 31 of the Local Government Act 2003. Therefore, although officially part of the fund, the money cannot be used for other things and will be paid back out of the fund to the relevant district councils.

8. Capital programme summary

8.1. On the basis of the position outlined above, the total value of the capital programmes submitted for consideration for the three years to 2019/20 are:

	Schemes within locally resourced guidelines	Additional schemes funded within the prudential framework	Schemes supported by Government allocations	Total
	£000	£000	£000	£000
2018/19	481	-	10,694	11,175
2019/20	481	-	-	481
2020/21	481	-	-	481

Note: the above figures are net of developers' contributions and exclude the costs of land for programme schemes which are dealt with outside the guidelines.

9. Revenue implications

9.1. The revenue implications of the proposed capital programme are as follows:

	Full Year Cost	
	Current Expenditure	Capital Charges

	£000	£000
Schemes within the guidelines		
2018/19	-	26
2019/20	-	26
2020/21	-	26
	-----	-----
Total	-	78
	-----	-----

9.2. The total revenue implications for the three years of the starts programme, including capital charges, represent a real term increase of 0.02% over the 2017/18 original budget of Adult Social Care Service.

10. Conclusions

10.1. The proposed capital programme for Adult Services as summarised in section 8 is in line with the guidelines set by Cabinet. In addition, it plans to use the allocated Government grants in full. The programme supports the delivery of services countywide and contributes to the corporate aims:

- Hampshire maintains strong and sustainable economic growth and prosperity
- People in Hampshire live safe, healthy and independent lives
- People in Hampshire enjoy a rich and diverse environment
- People in Hampshire enjoy being part of strong, inclusive communities

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Strategy**

Hampshire maintains strong and sustainable economic growth and prosperity:	Yes
People in Hampshire live safe, healthy and independent lives:	Yes
People in Hampshire enjoy a rich and diverse environment:	Yes
People in Hampshire enjoy being part of strong, inclusive communities:	Yes

Other Significant Links**Links to previous Member decisions:**

<u>Title</u>	<u>Date</u>
Transformation of Adult Learning Disabilities Services- Property Issues	21 July 2011
Outcome of the Consultation on the proposed closure of four Residential Care Homes and One Day Centre	9 December 2013
Cabinet Capital Programme Review	21 July 2014
Older Persons Extra-Care Programme and update to the Winchester Extra-Care Business Case	21 September 2015
Adult Services Capital programme 2017/18 to 2019/20	17 January 2017
Strategy for the Older Persons Extra-Care Housing and Programme Update	20 January 2017
Transformation of Adult Learning Disabilities Services – Programme Update & Revised Business Plan	09 March 2017
Hampshire Equipment Services Accommodation Strategy	20 March 2017
Cabinet End of Year Financial Report 2016/17	19 June 2017
Adults with a Disability Housing Programme: Phase 1 update and additional project approvals	22 September 2017
Adults with a Disability Housing Programme: Progress to date and approval to the strategy for Phase 2 new build projects	18 October 2017

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	

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. 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 under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

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

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

1.2. Equalities Impact Assessment:

Equalities Impact Assessments outcomes will be carried out on the schemes within the capital programme in order to comply with the requirements of the Equality Act 2010.

2. Impact on Crime and Disorder:

2.1. The County Council has a legal obligation under Section 17 of the Crime and Disorder Act 1998 to consider the impact of all the decisions it makes on the prevention of crime. The proposals in this report have no proven impact on the prevention of crime.

3. Climate Change:

How does what is being proposed impact on our carbon footprint / energy consumption?

All relevant developments within the capital programme are subject to specific, detailed assessments. Energy conservation, and where applicable enhancing biodiversity, are priorities for all major building schemes.

How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Where appropriate capital schemes are planned with adaptation to climate change in mind, such as the inclusion of passive cooling through building design, rain-water and grey-water harvesting, drought resistant planting etc.

Adult Services

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
2018/19 Schemes							
Schemes Supported from Local Resources							
1	Maintaining Operational Buildings including Residential and Nursing Care	241	40	200	481	-	26
2	Disabled Facilities Grants	-	-	10,694	10,694	-	-
Total Programme		241	40	10,894	11,175	-	26

Capital Programme - 2018/19

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
All schemes support the Corporate Priority of maximising wellbeing				
N/A	1	12	Continuation of programme for the provision / replacement of furniture and equipment in residential / day care establishments, and to upgrade establishments to contemporary standards.	1
N/A	1	12	Grant paid to district councils to fund adaptations to people's homes	2
+ Projects to be partly funded from external contributions.				

Adult Services

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
	2019/20 Schemes						
	Schemes Supported from Local Resources						
3	Maintaining Operational Buildings including Residential and Nursing Care	241	40	200	481	-	26
	Total Programme	241	40	200	481	-	26

Capital Programme - 2019/20

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
N/A	1	12	Continuation of programme for the provision / replacement of furniture and equipment in residential / day care establishments, and to upgrade establishments to contemporary standards.	3
			+ Projects to be partly funded from external contributions.	

Adult Services

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
	2020/21 Schemes						
	Schemes Supported from Local Resources						
4	Maintaining Operational Buildings including Residential and Nursing Care	241	40	200	481	-	26
	Total Programme	241	40	200	481	-	26

Capital Programme - 2020/21

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
			All schemes support the Corporate Priority of maximising wellbeing	
N/A	1	12	Continuation of programme for the provision / replacement of furniture and equipment in residential / day care establishments, and to upgrade establishments to contemporary standards.	4
			+ Projects to be partly funded from external contributions.	

Page 28

Adult Social Care 2017/18 capital programme

Resources	
1.	Latest programme limit: £000
	Approved Programme 481
	Carry Forward from 2016/17 44,433
	Disabled Facilities Grant (Better Care Fund pooled budget) 10,694
	Transfer from Revenue
	Transfer to Revenue -481
	Total 55,127
Allocated to Projects / Schemes	
2.	Project Extra-care Housing transformation project 19,825
	Maintaining Operational Buildings including Residential and Nursing Care 437
	Locks Heath Day Service 280
	Kitchenettes, Kitchens, Bathrooms Phase 1 Upgrade 750
	Information Technology 119
	Extra-Care Housing 15
	Learning Disability (LD) Integration/Transformation (F&E) 101
	Adults with a Disability Accommodation 20,396
	Improvements to Residential and Nursing Accommodation: 112
	Disabled Facilities Grant 10,694
	Social Care Capital Grant 1,193
	Nursecall Upgrade 660
	Hampshire Equipment Store 545
	Schemes controlled on a starts basis 55,127

This page is intentionally left blank

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Adult Social Care and Health
Date:	17 January 2018
Title:	2018/19 Revenue Budget Report for Adult Social Care
Report From:	Director of Adults' Health and Care and Director of Corporate Resources – Corporate Services

Contact name: Graham Allen, Director of Adults' Health and Care
Dave Cuerden, Finance Business Partner

Tel: 01962 845875 **Email:** graham.allen@hants.gov.uk
01962 847473 dave.cuerden@hants.gov.uk

1. Recommendation(s)

To approve for submission to the Leader and the Cabinet:

- 1.1. The revised revenue budget for 2017/18 as set out in Appendix 1.
- 1.2. The summary revenue budget for 2018/19 as set out in Appendix 1.
- 1.3. The proposed fees and charges as set out in Appendix 2.

2. Executive Summary

- 2.1. The purpose of this report is to set out proposals for the 2018/19 budget for Adult Social Care in accordance with the Councils Medium Term Financial Strategy (MTFS) approved by the County Council in November 2017.
- 2.2. The deliberate strategy that the County Council has followed to date for dealing with grant reductions during the prolonged period of austerity is well documented. It involves planning ahead of time, making savings in anticipation of need and using those savings to help fund transformational change to generate the next round of savings.
- 2.3. In line with the financial strategy that the County Council operates, which works on the basis of a two year cycle of delivering departmental savings to close the anticipated budget gap, there is no savings target set for Departments in 2018/19. Any early achievement of resources from proposals during 2018/19 as part of the Transformation to 2019 (Tt2019) Programme will be retained by Departments to use for cost of change purposes.
- 2.4. The report also provides an update on the financial position for the current year. Overall the outturn forecast for the Department for 2017/18 is a budget under spend of £9.7m.

- 2.5. The proposed budget for 2018/19 analysed by service is shown in Appendix 1.
- 2.6. 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.
- 2.7. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2017/18 and detailed service budgets for 2018/19 for Adult Social Care within the Adults' Health and Care Department. The report has been prepared in consultation with the relevant Executive Members and will be reviewed by the Health and Adult Social Care Select Committee. It will be reported to the Leader and Cabinet on 5 February 2018 to make final recommendations to County Council on 22 February 2018.

3. Context and Priorities

- 3.1. The current financial strategy which the County Council operates 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 Grant Equalisation Reserve (GER) with any early achievement of savings proposals retained by Departments to use for cost of change purposes, cashflow the delivery of savings or offset service pressures.
- 3.2. The County Council's early action in tackling its forecast budget deficit over the prolonged period of austerity and providing funding in anticipation of further reductions, has placed it in a very strong position to produce a 'steady state' budget for 2018/19, giving itself the time and capacity to develop and implement the Tt2019 Programme to deliver the next phase of savings totalling £140m. This also avoids the worst effects of sudden and unplanned decisions on service delivery and the most vulnerable members of the community. Consequently there are no departmental savings targets built into the 2018/19 budget. However, other factors will still affect the budget, such as council tax decisions and inflation.
- 3.3. In 2016 the Local Government Finance Settlement provided definitive figures for 2016/17 and provisional figures for local authorities for the following three years to aid financial planning for those authorities who could 'demonstrate efficiency savings'. Following acceptance by the Department for Communities and Local Government (DCLG) of the County Council's Efficiency Plan for the period to 2019/20 the expectation was for minimal change for 2018/19 and 2019/20. No figures have been published beyond this date and there remains uncertainty around the Fair Funding Review and the future of 100% Business Rate Retention.
- 3.4. The Medium Term Financial Strategy (MTFS) approved by the County Council in November 2017 flagged that the Budget in November might contain some additional information that could impact our planning assumptions, for example around public sector pay and council tax referendum limits.

- 3.5. In overall terms, the announcements in the Budget had very little impact on the revenue position reported in the MTFs, although there were some welcome announcements in respect of the Community Infrastructure Levy and Section 106 Developer Contributions.
- 3.6. Since the Budget was announced there has been a two year pay offer for local government workers, which includes a 'core' increase of 2% and changes to the lower pay scales to reflect the impact of the National Living Wage. The overall increase in the pay bill could be in the region of 6% over the two years, and is above the allowances made within the MTFs. Depending on the final pay award that is agreed this could mean additional recurring costs of circa £5m will need to be met.
- 3.7. The offer of a four year settlement provided greater but not absolute funding certainty and the provisional Local Government Settlement announced on 19 December confirmed the grant figures for 2018/19 in line with the four year settlement. The other key elements of the provisional settlement were:
- The 'core' council tax referendum limit was increased from 2% to 3% for all authorities for the next two years (each 1% increase in council tax equates to approximately £5.7m). The arrangements for the social care precept remain unchanged.
 - Ten new 100% Business Rate Pilots were announced, one of which was for Portsmouth, Southampton and Isle of Wight Unitary Councils.
 - A Fair Funding Review consultation was announced as part of the settlement which is expected to be implemented in 2020/21.
 - A potential move to at least 75% Business Rate Retention is also planned for 2020/21, but still on the basis of fiscal neutrality.
 - No new announcements of funding for social care above those that we are already aware of but the Green Paper for adult social care is due to be published in summer 2018.
- 3.8. The key announcement related to the new referendum limit for council tax and this will be considered by Cabinet as part of the budget setting process in February.
- 3.9. Adults' Health and Care has been developing its service plans and budgets for 2018/19 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.

4. Departmental Challenges and Priorities

- 4.1. The national long term financial forecast for Adult Social Care continues to be challenging despite additional non recurrent funding being made available to Local Authorities for 2017/18 through to 2019/20. In Hampshire this short term funding has been an invaluable resource to influence and implement much needed system change. However, it is too early to be confident that the funding will have a discernible positive impact on the underlying increase in demand for clients requiring adult social care services.

- 4.2. At the same time Adult Social Care budgets face demand pressures in the form of both volume and complexity of clients the Department is also required to be innovative in its engagement with providers to maintain prices at a sustainable and affordable level. The need to maintain a fair price for services purchased from provider partners is critical for the stability of this market which in turn will allow the Department to ensure adequate services remain available to meet client needs into the future.
- 4.3. The Department continues to manage the budget facing these pressures whilst at the same time there is an increasing requirement to reduce cost to offset reductions in overall Council funding. In respect of the latter the full Tt2017 saving of £43.1m has been removed from the budget for 2017/18, with a further £55.9m set to be removed in 2019/20 in respect of Tt2019. However, these reductions in funding will be offset, in part, by additional annual investments of approximately £11m to mitigate known areas of growth.
- 4.4. Overall, in the last two years, the Department have been able to report a significantly more positive position than had been previously forecast. This has been evidenced through greater achievement on Tt2017, (as highlighted in 5.3) and significantly less call on corporate support which has allowed the Department to accrue greater levels of Cost of Change. This has been achieved through the adoption of a challenging transformation programme that at its core has been particularly successful in enabling; Social Workers to adopt a strength based approach, increased use of technology and increased supported living as an alternative to high cost residential care.
- 4.5. 2017/18 has been a period of significant change and challenge for the Department not least with the bedding in of the joining of Adult Social Care and Public Health Departments and the commencement of a new organisational design. In regard of the latter 2017/18 has seen the arrival of a new structure, that is fully funded and that is supported by adequate controls and approvals to ensure that the budget can be managed effectively. This has been seen to be successful to date with a minor under spend forecast on the operational staffing budget.
- 4.6. The supply of affordable staffing resource within the In House Residential and Nursing Care homes continues to be a major challenge for the Department in part due to wider labour market challenges. Whilst there continues to be significant levels of vacancies that are covered through higher cost agency staff this issue has continued to lessen significantly during 2017/18. This is primarily due to improved permanent recruitment to vacant posts and more efficient rostering of staff. The budget for 2018/19 is set on the basis of a full establishment and cover for absence and vacancies in accordance with CQC regulations.
- 4.7. 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 has meant that people with very complex needs are surviving into adulthood when historically they might not have

done. They are also living a fuller adult life and are naturally demanding support to live independently. Whilst in the medium term, this represents the fastest growing pressure on Adult Social Care budgets the Department are focussing efforts through the Tt2017 and Tt2019 programmes to minimise the impact of this pressure whilst improving outcomes and life experiences for service users.

4.8. The governments' commitment to the National Living Wage continues to have a substantial impact on the purchased care budget. From April 2018 it will increase from £7.50 to £7.83 for all working people aged 25 and over. Inevitably this will have an impact on the cost of some services purchased by the Department. When taking decisions to set the 2018/19 budget the Department has given balanced consideration of the likely impact this will have. It is currently anticipated that sufficient funding has been allocated to mitigate all in year price pressures pertaining to the National Living Wage including those arising from sleep in care.

4.9. The Department is carrying an underlying pressure caused primarily from the demand for care outstripping the original cash limited budget. In relation to this a pressure was carried into 2017/18, which the Department is mitigating through:

Additional one off funding from:

- Integrated Better Care Fund, (IBCF)
- Adult Social Care Support Grant, in addition to recurrent funding through:
- Corporate Support made available in year.

This underlying pressure is forecast to be carried into 2018/19 where in some part it will continue to be offset by one off funding but a greater proportion will require utilisation of the available corporate support to mitigate. It is recognised that purchased care is by far the most volatile and high risk area of adults' social care as it is influenced by a number of complex factors.

4.10. The Department is faced with care pressures arising both from the changing demography and complexity of clients, as well as the complex factors, such as tougher regulation, that change the nature of the market in which suppliers and the County Council engage. We continue to experience shortages in the availability of Residential and Nursing care at the County Council's rates which is consequently pushing up the average cost per placement. Although difficult to attribute to any single reason it is believed that shortages in the supply of care workers, against a backdrop of high employment within the county, and reductions in the number of registered providers are both increasing costs and shifting the balance of the market. To stabilise this market additional funding has been identified through the IBCF to increase the rates paid to all providers of Residential and Nursing care to clients that have a physical disability and or are older persons. Whilst the financial impact of this increase will be recurrent, the IBCF funding is only short term until 2019/20 when the pressure will be met from within the available corporate support. In 2018/19 a review of the Department's standard rates for older persons will be concluded and implemented.

- 4.11. The purchase of care for clients within their own home continues to be a challenging area for the Department. During 2018/19 the Department is committed to refreshing the Care at Home framework that whilst it is envisaged will bring some stability to the budget it may also represent an area of financial risk in terms of greater capacity to meet a further level of demand to that met in the last three years. In some part this should be offset through the work the Department is engaged in with Tt2019 to free up provider capacity by enabling greater independence of clients to better meet their own needs. Furthermore, within the new framework the Department is committed to improving relationships with providers through streamlining and simplifying the transactional engagement with them. A new process for making payments is expected to be introduced during 2018/19.
- 4.12. The two issues above adversely affect the Department's capacity to support flow from NHS hospitals, as pressure is maintained to reduce the number of delayed transfers of care (DToC) in line with the jointly agreed trajectory. To address the national deterioration in DToC an improvement at a local level became a dependency for the additional IBCF funding from 2017/18. Even though Hampshire's performance has improved, and the County Council has contributed significantly to this, local delivery on DToC continues to be challenging and may affect the level of future IBCF allocations. The local DToC performance is being monitored closely by the government through quarterly IBCF performance outcome statements and DToC returns from the NHS. In addition it is confirmed that Hampshire is one of the selected systems that will be subject to a local system review by the Care Quality Commission (CQC) in early 2018. Given the profile of DToC in the last year, it is essential that the steps the Department has implemented or has committed to take, including working more closely and more effectively with key system partners, does result in continued performance improvements in this challenging arena.
- 4.13. The Integrated Better Care Fund, (IBCF) additional allocation for the County Council was £17.0m in 2017/18, with £13.4m in 2018/19 and £6.7m the final year, 2019/20. In June 2017 the spending plan for the full amount was approved at the Health and Wellbeing Board and subsequently agreed by the DCLG. The spending plan addresses each of the three key streams for which the funding was provided.
- Meeting Adult Social Care Needs
 - Stabilise the Social Care Provider Market
 - Reduce pressures in the NHS

Progress on these schemes has been steady and it is expected that the 2017/18 allocation will be spent in full by the end of the year.

- 4.14. The other key priority is the Adults' Health and Care Transformation Programme, which is on schedule to complete the delivery of the full £43.1m Tt2017 savings by April 2018 and this is reflected accordingly within the proposed budget for 2018/19. For Tt2019 the Department have developed a programme to deliver savings of £55.9m as presented in the Medium Term Financial Strategy Update and Transformation to 2019 Savings Proposals report that went to Cabinet in October 2017. Progress on this programme has

been firm with early cash savings of £0.7m achieved in 2017/18 and £8.6m expected to be achieved in 2018/19.

5. 2017/18 Revenue Budget

- 5.1. The cash limited budget for 2017/18 includes early achievement of cash savings for Tt2019 of £0.7m. These and any further savings achieved during the year can be transferred to cost of change reserves and used to fund any future cost of change and demand management.
- 5.2. Enhanced financial resilience reporting, which looks not only at the regular financial reporting carried out in previous years but also at potential pressures in the system and the achievement of savings being delivered through transformation, has continued through regular reports to the Corporate Management Team (CMT) and periodic reports to Cabinet.
- 5.3. It was agreed with Cabinet for Adults Health and Care to defer achievement of £13.1m Tt2017 savings to 2018/19 with the shortfall in 2017/18 being covered from the Departments' cost of change reserves. It is currently forecast that the cash saving shortfall in 2017/18 will only be £8.4m with full achievement expected for 2018/19. This has enabled the Department to retain a greater than expected proportion of the cost of change reserve to meet future Tt2019 costs. In light of the Departments' highly positive Tt2017 position to date and the level of confidence that the full saving will accrue in 2018/19 work is currently being undertaken to formally close the Adults Health and Care Tt2017 programme before the close of the year.
- 5.4. The forecast outturn for 2017/18 is a budget under spend of £9.7m. This favourable position is entirely within non recurrent budgets held within the Department and reflects the proportion of cost of change reserve brought into the year that is not required to meet either a savings shortfall or transformation costs. The net position on the Departments' service budgets is breakeven, although there are some key variances outlined below in paragraph 5.5.
- 5.5. The main recurrent pressures in 2017/18 relate to the provision of care, both purchased and provided in house with pressures of £3.4m and £2.3m respectively. However in year these have been offset by non recurrent funding made available through the "Meeting Social Care Needs" workstream of from the increased Integrated Better Care Fund, (IBCF) of £4.0m. The balance of £1.7m is offset from various savings across the Departments' non care budgets.
- 5.6. In addition, to reach this reported position the Department have utilised £2.1m of the £10.0m available recurrent corporate support and £4.8m from the one off Adult Social Care Support grant in 2017/18.
- 5.7. The budget for Adult Social Care has been updated throughout the year and the revised budget is shown in Appendix 1.

6. 2018/19 Revenue Budget Pressures and Initiatives

- 6.1. The Departments' budget has been reviewed in detail as part of the 2018/19 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 2018/19. However, the Department is budgeted to hold centrally a proportion of the 2018/19 IBCF allocation and the planned early savings from Tt2019.

- 6.2. As with previous years the significant likely pressure in 2018/19 will come from care provision, both in house and purchased. This pressure will materialise through increases in demand and complexity of clients, and through the cessation of one off funding available in 2017/18, as highlighted in 5.5 and 5.6 above. Despite this the expected pressure is expected to be met in full from the available corporate support in 2018/19 and if required will be subject to a base budget adjustment into the Department.
- 6.3. The current growth forecast for demand pressures and reductions in one off funding for later years are both expected to be contained through the planned growth in available corporate support for the next three years.

7. Revenue Savings Proposals

- 7.1. In line with the current financial strategy, there are no new savings proposals presented as part of the 2018/19 budget setting process. Savings targets for 2019/20 were approved as part of the MTFs to 2020 by the County Council in July 2016. Detailed savings proposals to meet these targets have been developed through the Tt2019 Programme and were approved by Executive Members, Cabinet and County Council in October and November this year.
- 7.2. Some savings will be implemented prior to April 2019 and any early achievement of savings in 2018/19 can be retained by Departments to meet cost of change priorities. During the preparation of the 2018/19 budgets it was anticipated that £8.6m of savings would be achieved in year. This has been reflected in the detailed estimates contained in Appendix 1.

8. 2018/19 Review of Charges

- 8.1. For Adult Social Care, the 2018/19 revenue budget includes income of £59.6m from fees and charges to service users. This is a decrease of £0.4m (0.6%) on the revised budget for 2017/18.
 - A £1.1m reduction in income as a direct consequence of care volumes reducing to meet the Tt2017 and Tt2018 savings programmes.
Which is offset by;
 - £0.4m increase in the full cost for in-house residential and nursing provision that reflects a shift to charging closer to the overall cost of providing care, as agreed in January 2017.
 - £0.3m general increase in client income due to benefits increases.
- 8.2. Details of current and proposed fees and charges for 2018/19 where approval is sought for changes are outlined in Appendix 2. The Department will work with individuals affected to support them in understanding their choices and making decisions about how they wish to manage their support.

9. Budget Summary 2018/19

- 9.1. The budget update report presented to Cabinet in December included provisional cash limit guidelines for each Department. The cash limit for Adults' Health and Care in that report was £396.0m which includes budgets for Adult Social Care, (£343.1m) and Public Health, (£52.9). This report focusses on Adult Social Care with Public Health being covered in a separate report.
- 9.2. Appendix 1 sets out a summary of the proposed budgets for the service activities provided by the Department for 2018/19 and show that these are within the cash limit set out above.
- 9.3. The cash limit is funded, in part, from specific Government Grants which fall under the responsibility of Adult Social Care. These specific grants are shown in the table below:

	2018/19	
	£'000	£'000
Cash Limited Expenditure	441,537	
Less Income (Other than Government Grants)	(98,430)	
Net Cash Limited Expenditure		343,107
Funded in part by the following Government Grants:		
• Local Community Voices Grant	(218)	
• Independent Living Fund	(4,210)	
• Better Care Fund	(8,412)	
• Improved Better Care Fund	(13,437)	
• War Widows Pension Grant	(539)	
Total Government Grants		(26,816)
Total Net Expenditure		316,291

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	Yes
People in Hampshire live safe, healthy and independent lives:	Yes
People in Hampshire enjoy a rich and diverse environment:	Yes
People in Hampshire enjoy being part of strong, inclusive communities:	Yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Transformation to 2019 – Revenue Savings Proposals (Executive Member for Adult Social Care) http://democracy.hants.gov.uk/documents/s6200/2017-09-21%20-%20Transformation%20to%202019%20Revenue%20Savings%20Proposals%20Report_HF000014712061.pdf	21 September 2017
Medium Term Financial Strategy Update and Transformation to 2019 Savings Proposals (Cabinet) http://democracy.hants.gov.uk/documents/s8298/Decision%20Record.pdf	16 October 2017
Budget Setting and Provisional Cash Limits 2018/19 (Cabinet) http://democracy.hants.gov.uk/documents/s9665/Budget%20Report.pdf	11 December 2017
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>
None	

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	

IMPACT ASSESSMENTS:

1. Equality Duty

1.1 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 under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic 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 characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic 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 which participation by such persons is disproportionately low.

1.2 Equalities Impact Assessment:

The budget setting process for 2018/19 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 2019 Programme were considered in detail as part of the approval process carried out in October and November 2017 and full details of the Equalities Impact Assessments relating to those changes can be found in Appendices 4 to 7 in the October Cabinet report linked below:

<http://democracy.hants.gov.uk/mgAi.aspx?ID=3194#mgDocuments>

2. Impact on Crime and Disorder:

2.1 The proposals in this report are not considered to have any direct impact on the prevention of crime, but the County Council through the services that it provides through the revenue budget and capital programme ensures that prevention of crime and disorder is a key factor in shaping the delivery of a service / project.

Climate Change:

- How does what is being proposed impact on our carbon footprint / energy consumption?

No impact has been identified.

- How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

The County Council in designing and transforming its services will ensure that climate change issues are taken into account.

Budget Summary 2018/19 – Adults' Health and Care Department

Service Activity	Original Budget 2017/18 £'000	Revised Budget 2017/18 £'000	Proposed Budget 2018/19 £'000
Director			
Director	1,535	1,312	1,277
Strategic Commissioning and Business Support			
Strategic Commissioning	17,399	18,884	18,061
Transformation			
Transformation	2,917	3,949	3,443
Older People and Physical Disabilities			
Older People and Physical Disabilities Community Services	123,829	119,041	125,609
Learning Disabilities and Mental Health Services			
Learning Disabilities Community Services	103,194	104,255	105,474
Mental Health Community Services	17,742	16,795	16,947
Contact Centre	0	706	665
Internal Provision			
Internal Provision	34,176	35,492	36,696
Reablement	10,868	11,341	11,408
Governance, Safeguarding and Quality			
Safeguarding	3,455	3,637	3,591
Centrally Held	(12,968)	29,350	19,936
Total Adult Services	302,147	344,762	343,107
Public Health	53,440	53,440	52,876
Net Cash Limited Expenditure	355,587	398,202	395,983

Review of Fees and Charges 2018/19 – Adults' Health and Care

	Income Budget 2018/19	Current Charge	Planned Charge (approved by Full Council Feb 2017)	Proposed Increase	Proposed New Charge
	£'000	£	£	%	£
Mandatory/National Charges:					
Full cost weekly charge (HCC in-house residential and nursing establishments, including respite services)					
Nursing Care for Older People (per week)	5,297	635.46	666.12	2.4	682.08
Residential Care for Older People (per week)	6,278	573.51	601.09	2.4	615.51
Residential Care for Dementia (per week)	In above	619.78	649.60	2.4	665.14
Residential Care for Adults with a Learning Disability (per week)	99	991.76	N/A	2.4	1,015.56
Orchard Close (per standard week)	-	828.87	N/A	2.4	848.75
Meals on Wheels	1,196	4.55	N/A	2.6	4.67

Discretionary charges:

Service user charges for non residential care (chargeable services) are calculated on the actual cost of care provided to service users.

In line with Corporate Policy based on an assumed CPI, all discretionary charges will be increased by an inflation rate of 2.4%