

undertaken in a high inflationary environment, which presents particular challenges in balancing budget certainty for Directorates with levels of affordability for the Council. The budget for Adults' Health and Care therefore represents a prudent assessment of the funding level required to deliver services, with additional corporately held risk contingencies playing an important role to mitigate the impact of financial uncertainty on service delivery.

6. The Autumn Statement delivered by the chancellor on 17 November announced significant additional resources for local government through social care grants and greater Council tax flexibilities, in addition to the usual index linked increases in business rates income. This funding, including the opportunity to increase council tax, provides a partial solution to meeting the Council's budget shortfall. However, the cost pressures facing the County Council have worsened further over the current year, with extra funding required for children's social workers, Home to School Transport and growth in Younger Adults. Substantial budget gaps therefore remain across the MTFs, despite the announced increases in local government funding and SP2023 savings factored into Directorate budgets in 2023/24.
7. The Council's new organisational structure, implemented from 1 January 2023, draws a clear distinction between our public facing service Directorates, place shaping activity, and organisation facing enabling functions. This structure places a key focus on the Council's priorities emerging from the Hampshire 2050 Commission of Inquiry, ensures that all enabling functions are centrally managed to facilitate maximum efficiency and effectiveness and ensures that services are delivered in the most coordinated and consistent way possible to maximise value for our residents. As detailed work on later phases of the restructure progresses it is likely that further, more minor changes to budgets may be required and this report therefore represents an interim position that will be fine-tuned during the period to 2023/24.
8. The anticipated delay to delivery of some aspects of the remaining Transformation to 2019 (Tt2019) and Transformation to 2021 (Tt2021) programmes has been factored into our financial planning, and one-off Directorate funding will be provided where required to bridge the forecast savings gap in 2023/24. As of September 2022, £32.2m of Tt2019 and Tt2021 savings have yet to be delivered across the Council, however expected early delivery of Savings Programme to 2023 (SP2023) savings totals £21.5m during the current year. Of the required £80m SP2023 savings, £71m are due to be achieved next year, and plans are in place to deliver the remaining savings by 2024/25. The report discusses the specific issues impacting delivery of the savings programmes for Adults' Health and Care in Sections F, G and H.
9. The report also provides an update on the business as usual financial position for the current year. As at the end of October and the outturn forecast for the Directorate for 2022/23, is a budget over spend of £8.1m after all agreed additional support, attributable completely to Adult Social Care. Whilst there is a forecast underspend on Public Health of £1.4m this will be set aside within the ring fenced Public Health Reserve at year end and is not available to offset any of the pressure in Adult Social Care.

10. The proposed budget for 2023/24 analysed by service is shown in Appendix 1.
11. 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.
12. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2022/23 and detailed service budgets for 2023/24 for Adults' Health and Care. The report has been prepared in consultation with the Executive Lead Member and will be reviewed by the Health and Social Care Select Committee. It will be reported to the Leader and Cabinet on 7 February 2023 to make final recommendations to County Council on 23 February 2023.

Section D: Contextual Information

13. In July 2022, Cabinet received a report updating on the development of the next Medium Term Financial Strategy against a potential budget gap of £180m to £200m to 2025/26. This took account of the expected local government pay award, the impact of rising inflation on contract prices and anticipated regulatory changes, resulting in a significant increase on the £157m budget deficit reported to Cabinet in February 2022.
14. Since that time, the cost pressures facing the County Council have worsened further, with substantial extra funding required for children's social workers, Home to School Transport and growth in Younger Adults. These pressures have arisen due to a combination of sustained increases in demand following the pandemic, surging inflation and labour shortages in both in-house and contracted services. The financial crisis that has recently hit the country, with an extended recession being expected, has also worsened the longer term funding outlook for the sector; with no Fair Funding Review, no new two year deal for local government and the announcement in the Autumn Statement that government spending will grow by just 1% per year in real terms from 2025/26. This is significantly lower than the 9.4% increase provided to local government through the 2021 Spending Review.
15. However, the Government has acted to prioritise Social Care spending to 2025, with additional grant funding provided to support hospital discharges and to help meet the increasing costs of both adults and children's care packages. To specifically support hospital discharges a total of £1bn additional funding will be distributed to Local Authorities and Integrated Care Boards in 2023/24, this funding is required to be pooled within the Better Care Fund. It also extends beyond the additional £500m national allocation made in 2022/23 for hospital discharges. A further £1.3bn will be distributed through the general Social Care Grant. This funding has been repurposed from the monies previously earmarked for implementation of the Adults Social Care charging reforms, which have been delayed until October 2025.

16. Councils will also be permitted to increase Council Tax by a maximum level of 2.99% plus a further 2% for the social care precept. The extended Council Tax flexibilities will remain in place until 2027/28 and could generate an additional £14m - £15m per year for the Council, or around £45m by 2025/26. Current levels of inflation also increase the index linked uplift which Councils receive on business rates income. The September 2022 CPI was 10.2% and if this was applied to our retained business rates and top up grant from the Government this would yield an extra £13m next year after allowing for the downturn in the economy.
17. Setting a budget in a high inflationary environment, which the council has not experienced for many years, presents particular challenges in balancing budget certainty for Directorates with levels of affordability for the Council, given the potential for the position to worsen or improve substantially throughout the year in line with changes in the economic picture. The budget for Adults' Health and Care therefore represents a prudent assessment of the funding level required to deliver services, with additional corporately held risk contingencies playing an important role to mitigate the impact of financial uncertainty on service delivery.
18. Directorate budgets have been adjusted to take account of SP2023 savings, however substantial budget gaps remain across the MTFs, despite recently announced increases in local government funding. The Directorate will therefore continue to look to improve efficiency wherever possible, driving collaboration across the organisation and with our wider partners, maintaining a focus on process improvement including maximising the benefit of new technologies, and ensuring our operating models and governance arrangements are lean and responsive to the needs of our residents. This will put the Council in the strongest possible position as it looks to a successor savings programme to meet the substantial medium term challenge that the council faces.
19. Central to our focus on continual improvement is the Council's new organisational structure, which draws a clear distinction between our public facing service Directorates, place shaping activity, and organisation facing enabling functions. This structure places a key focus on the Council's priorities emerging from the Hampshire 2050 Commission of Inquiry, ensuring we can deliver a vision for the county which safeguards Hampshire's economy and future prosperity, quality of life, and protects and enhances the character and environment of Hampshire. This is, of course, alongside our fundamental role of ensuring we can continue to deliver services to our most vulnerable residents.
20. As well as delivering management efficiencies, the new structure will ensure that all enabling functions are centrally managed to facilitate maximum efficiency and effectiveness, as well as reducing duplication. Combining the public facing services delivered by the previous Culture, Communities and Business Services and Economy, Transport and Environment Directorates within a new Universal Services Directorate, will ensure that services are

delivered in the most coordinated and consistent way possible to maximise value for our residents.

21. The 2022/23 budget has been restated to reflect the revised structure and the 2023/24 budget has been prepared on the new basis. However, as detailed work on later phases of the restructure progresses it is likely that further, more minor changes to budgets may be required to ensure budget allocations accurately match the services and roles aligned to each Directorate. Any budget changes as a result of this further work will be contained within the overall organisational budget guidelines agreed by Cabinet in December 2022, accepting that total budgets for individual Directorates may vary within the overall control total agreed. The figures presented in Appendix 1 therefore represent an interim position that will be fine-tuned during the period to 2023/24.
22. Adults' Health and Care has been developing its service plans and budgets for 2023/24 and future years in keeping with the County Council's priorities and the key issues, challenges and priorities for the Directorate are set out below.

Section E: Directorate Challenges and Priorities

23. The purpose of this report is to set out the medium term position for the Directorate 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 opportunities and potential longer term challenges have arisen as a consequence of the pandemic.

ADULT SOCIAL CARE

24. The current year has been another incredibly challenging year for Local Authorities across the breadth of the country, in particular for those councils that have responsibility for Adult Social Care that will have seen ever more rapidly increasing prices and real growth in client numbers, particularly those with complex need. Hampshire is no different. These financial challenges are well known and driven by various key 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,
 - Severe shortages in the care workforce, resulting in greater use of higher cost agency staff,
 - Cost of living increases, including fuel costs that have led directly to increases in the price paid for care, and,

- Significantly greater increases in the numbers and costs associated with supporting children with disabilities and complex needs transitioning to adulthood.
 - All of the above need to be considered against the backdrop of a year where the Fair Cost of Care exercise was undertaken which undoubtedly affected providers expectations in respect of fee rates.
25. In addition to those key pressures highlighted within paragraph 24, 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 cost pressures being passed onto the County Council. These pressures are also not unique to Hampshire and are representative of the position nationally.
 26. The Government's commitment to the NLW will continue to have an impact on the purchased care budget with greater pressure expected in 2023/24. The increase in the NLW from April 2023 was confirmed within the Autumn Statement and will see it rise to £10.42 from £9.50, an increase of £0.92, (9.7%). The NLW will undoubtedly put further strain on the price of care alongside general inflation during 2023/24, both of which are significantly higher than the ability of the County Council to increase revenues.
 27. In the last year, as expected, the underlying demand in clients requiring adult social care services and the average price paid for it has grown significantly and has recently exceeded previous expectations. Over the next twelve months this growth is likely to exceed both the previous assumptions and the available funding currently set aside within the MTFs. The detail of this most prominent challenge is outlined further within Section G of this report.
 28. Historically most of the volatility of client numbers and variability of risk has tended to concentrate within the Older Adults sector and whilst that remains true, and there has been significant growth within this sector, the growth has remained broadly in line with previous predictions throughout 2022/23. However, as Younger Adults is now the largest single paid for care budget, it also carries a substantial amount of risk, and that risk has materialised during 2022/23. Whilst in the past Younger Adults has had a consistent and yet slightly more predictable year on year pressure in the past year this has not remained the case. We have seen unprecedented levels of client growth, material price increases to prevent significant volumes of providers having to hand back care, and a number of clients in crisis that require high cost emergency placements.
 29. The opportunity to utilise spare capacity within the HCC Care Residential units through the sale of Discharge to Assess beds, (D2A) to the NHS to support timely discharges from hospital has continued throughout 2022/23 and is planned for 2023/24. This now represents a significant income stream to the Directorate that it is essential is maintained. In light of the announcement made

during the Autumn Statement there would now appear to be specific resources set aside for the NHS to continue these vital services through to 2024/25.

30. It was announced within the Autumn Statement that local authorities will now be able to raise 2% through the adult social care precept in 2023/24. This represents a change from the previous level of 1%. This increase in available funding will need to be seen in the round given the other resources announced for social care in the Provisional Local Government Finance Settlement, but what is clear, is that even with the increased resources they are not sufficient to keep pace with price and growth demand expected for next year.
31. There continues to be a focus on the Directorate's support for the NHS in maintaining the faster flow of patients out of NHS hospitals and this is likely to continue into the medium term. Throughout 2022/23 one off funding made available by the NHS locally has supported the continuation of the discharge services but it was insufficient to meet the costs in the full year. The discharge funding for 2022/23 announced prior to the Autumn Statement has secured those services for the remainder of the year. As highlighted in paragraph 29 above, there is now confirmed dedicated resources being made available through grants to support this work from 2023/24 through to 2024/25. In the current year it is forecast that Adult Social Care will have recovered over £28m for services commissioned to support discharges on behalf of the NHS.
32. The key discharge services further developed over the past year that will need to be maintained 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 includes both bedded services provided by HCC Care and non-bedded services commissioned from the independent sector.
 - 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.
 - Enhanced working within the Hampshire Equipment Store to ensure that vital equipment is accessible seven days a week to aid faster discharges.
33. The supply of affordable and sufficient staffing resource within the sector continues to be a major challenge, the County Councils In-House Residential and Nursing Care homes are not shielded from this. Accordingly in the current year due to the staff shortages and the lower than normal occupancy level the directorate has continued to keep two homes temporarily closed. This has enabled the service to be better placed to adequately resource the remaining

homes and in doing so has led them to become more cost effective in the short term. Despite this the Directorate has still been required in year to offer further financial incentives to lower paid staff to both attract new staff and retain the resources currently held. This approach is significantly more advantageous than paying the high cost agency staff fees that would be the alternative.

34. Accordingly, there continues to be significant progress in sustainably eliminating the overspends seen in prior years and delivering the required savings within HCC Care as can be evidenced from the minor underspend position reported in 2022/23. The Directorate has invested both time and short term financial resources to address the previous issues both through structural changes and development of IT solutions. There is still more work to do to in 2023/24 to fully deliver the efficiencies and savings, but the Directorate are well positioned for this to be achieved in the early part of the year through a new staffing blueprint.
35. As already highlighted the demand from people of working age with physical and in particular learning disabilities is growing ever 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 significantly outweighing this most significantly because a greater number of these clients will be at an extraordinarily high cost. 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.
36. Younger Adults now represents the major growing pressure on Adult Social Care budgets. Accordingly, the Directorate have focussed efforts through previous transformation rounds and will continue to do so through SP2023 to minimise the impact of this pressure where possible 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 and planned increased use of volunteers have been increasingly working to mitigate costs and provide better alternatives for clients within the Younger Adults' service area.
37. The purchase of care for clients within their own home continues to be a challenging area for the Directorate, and in all likelihood, greater dependency will be placed on providers into the future across all client groups. The impact on the workforce highlighted earlier in this report within care home settings is just as prevalent with home care providers. The Directorate does on occasion still have difficulty securing home care for all clients immediately, although the position has significantly improved within the last year. The Directorate continues to work with the sector and local care groups to explore potential initiatives to bring new entrants into the workforce as well as encourage new

providers into Hampshire. Work continues to expand upon the gains made from the introduction of the non-residential framework and associated payment process with further streamlining and simplifying of the transactional engagement with providers, having successfully 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 comparatively affordable rates even during this period of very high inflation. The Directorate will continue to seek to improve and make further gains.

38. During 2023/24 the Directorate is planning to introduce a new Residential and Nursing framework within Older Adults that is anticipated to help deliver both greater financial security for the successful providers through sustainable and fair rates of care and to provide the council with a greater degree of control over both the current price paid and future increases. Currently the Directorate, in this area, are exposed to pure market forces that is enabling the average price to be perpetually driven up with each and every new purchase made.
39. 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 2022/23. Additionally, the Directorate are set to secure all but £11.4m of savings required for Tt2021 by the end of 2022/23 of which £10.6m is set to be delivered in 2023/24.
40. In 2022/23 this delayed transformational savings is being supported with cash from the planned corporate support and the agreed Covid-19 support package. Into 2023/24 it is expected that the Directorate cost of change will support the remaining delayed savings for Tt2021 of £0.8m. Furthermore during 2023/24 it is forecast that the Directorate will have achieved £34.7m of the targeted £40.6m SP2023 savings. The delayed savings of £5.9m will need to be supported with funding from the Directorate cost of change.
41. It is essential all savings are achieved within the recently revised timeframes in order to minimise the need to draw on the Directorate's Cost of Change reserve. Avoiding the need to draw on this reserve maintains the Directorate's ability to adequately support the forecast transformation costs associated with these programmes and any requirements to offset service pressures in the short term.
42. The Directorate is committed within the next year to delivering the implementation of a brand new IT social care system, (Care Director) that is likely to be rolled out by the 2nd or 3rd quarter of the financial year. This will inevitably represent a further challenge for the Directorate in respect of both securing available resources and the significant risk associated with the control of data and processes during the switch to a new system. The Directorate in collaboration with IT are carefully managing the risks within the programme to ensure the safe transition.
43. In the first quarter of 2023/24 the Directorate will embark upon a fundamental review of its operational arrangements to ensure that its working practices

across social care, from assessments through to all financial interactions with providers and clients, are optimised as far as possible. Thereby placing the Directorate in the best possible position to continue to deliver suitable and safe services into the future to those most in need of social care support.

44. Finally, during 2022/23 the Directorate commenced work to prepare for the Social Care Reforms that were due to commence from October 2023. With the decision by government to postpone the implementation date to 2025 much of this work has been stepped down except for where opportunities were identified to improve or make services more efficient such as introducing digital tools to support care and financial assessments.
45. The Directorate also delivered, in accordance with the required timescales, its analysis of the Fair Cost of Care work it had undertaken, which will be published in line with Government requirements. In addition to all of the issues identified above the impact of this work, in particular on provider expectations regarding fee rates should not be underestimated and accordingly is likely to represent a significant challenge to manage those expectations throughout 2023/24, in particular alongside the inevitable difficulties of being within a period of very high inflation.

PUBLIC HEALTH

46. The past year has continued to be exceedingly challenging for Public Health. The continued response to the pandemic, particularly in the first half of the year has been a significant draw on the time of the management and leadership of Public Health, not least because whilst there was sufficient additional funding made available, this comes with its own challenges to ensure it is spent appropriately and is targeted to where it will have most impact. This year also saw the emergence of health issues related to the pandemic and protection measures including increased weight and poorer mental and emotional health.
47. It is expected that the conditions on the Public Health grant for 2023/24 will be the same as those in 2022/23, specifically in relation to the basis of the ring-fence. It is anticipated that the level of the grant for 2023/24 will be announced in the new year. It is also expected that there will be an allowance for inflation and the recently agreed uplift to NHS pay for our commissioned services, but it is unknown at what percentage. When greater clarity is provided the budget will be updated accordingly.
48. During 2022/23 the Public Health team, did not have any new savings required either as part of the Councils savings programmes or through any historical reductions in the grant. In addition, all savings previously required to be delivered have now been met in full. However, the Public Health team continue to take advantage of opportunities to make the service more efficient and prioritise the funding available to those services that make the most difference to the residents of Hampshire. This includes closer work with the NHS to better align services, where appropriate, to deliver those improved service outcomes for the residents of Hampshire.

49. In 2022/23 the ring-fenced Public Health grant received by Hampshire was increased by £1.5m to £54.4m. This increase has been used to cover the recurring inflationary costs incurred by providers most notably the increase in staff cost experienced by the NHS providers for the years 2021/22 and 2022/23. In addition, the grant increase was to cover specialist sexual and reproductive health service activity to enable Pre-exposure prophylaxis for HIV which was previously funded through a standalone grant. At this time there has not been any confirmation of the actual grant level in 2023/24, the budget has therefore been set on the minimum expectation of a grant equivalent to that received in 2022/23 of £54.4m. When the ring-fenced grant and all other grants received and utilised by Public Health in 2022/23 are confirmed for 2023/24 with specific allocations these will be added to the budget. With the strategic partnership with the Isle of Wight some income is received for the delivery of the statutory public health functions and staffing for the Isle of Wight Council.
50. Within the current year Public Health resources have continued to include a residual element of funding remaining from the Covid-19 response. From a financial perspective any forecast costs relating to this funding are expected to be met from those resources. Therefore, the current year financial variance for the Directorate represents a position that is largely unaffected by the impact of Covid-19 as is shown within Section F.
51. Despite the recent grant increases and the likelihood of a further inflationary increase in grant for 2023/24 there remains significant challenges for delivery of the County Council's core public health responsibilities and for wider work to improve the public's health. Continued careful planning, delivery and evaluation of evidence-based interventions will ensure that the available Public Health resources are focused on the key public health priority areas identified in the Public Health Strategy 'Towards a Healthier Hampshire', which will be replaced by a new strategy in early 2023.
52. The refreshed strategy will seek to reduce the prevalence of the conditions contributing the most to years lived in ill health, namely smoking, cardiovascular disease, diabetes, unhealthy weight, low physical activity and poor mental health by acting on the risk factors, environment and conditions which combine to drive them. Recognising the links between health and wealth, the refreshed strategy will align with the vision and strategic direction set out through the Hampshire 2050 Commission and with other key strategies that shape Hampshire as a place.
53. A key priority is to ensure efficient delivery of the public health mandate to best meet the public health needs of Hampshire's residents and to continue to ensure that these services are providing best value for money. These include the mandated services: the National Child Measurement Programme, (NCMP) delivered through the school nursing service; delivering quality assured NHS health checks with the aim of both reducing future ill health, particularly cardiovascular disease and dementia, and the associated demand for health and social care services; enabling access to comprehensive good value for money sexual and reproductive health services through transformation, providing public health expertise and leadership to NHS commissioners and to local

Integrated Care Systems to inform the planning and commissioning of health services and the delivery of health protection and public health emergency planning responsibilities and cooperation with the criminal justice system in respect to violence prevention.

54. A focus on improved outcomes, narrowing the gap in outcomes for groups at most risk of ill health and increased quality in the public health commissioned services remains our key priorities alongside leadership of public health for Hampshire.
55. There is compelling evidence that what happens at the start of life is vital in laying the foundations for good adult outcomes. The Healthy Child Programme (0-19) is an evidence based universal prevention and early intervention public health programme that is offered to all families. These services are supported by a mandate that requires universal delivery of five key child 'development reviews. It supports parents and promotes child development, leading to improved child health outcomes and reduced inequalities while ensuring that families at risk are identified at the earliest opportunity. To ensure that we get the best outcomes for children and families the Public Health team is working in partnership with Children's Services and NHS colleagues to transform and provide collaborative services for children and young people and their families. Effective use of resources will help to maximise the universal nature of the service, as well as to provide an enhanced offer to vulnerable families, to get the best possible outcomes in the six high impact areas, focus on prevention, and early identification of children and families at risk of future health and social problems. The Public Health nursing service, commissioned in 2021/22 has continued to support Hampshire's vulnerable families at a time of resource constraint and national staffing challenges through an active partnership between commissioner and provider.
56. The proportion of our population making unhealthy lifestyle choices, which will impact on their future health and care needs, remains a real public health challenge in Hampshire. These choices already have an impact on public services and lead to considerable costs to the system. This is likely to get worse over time. Focusing on prevention and making a healthy lifestyle 'the norm' for people of all ages is key to keeping people healthy, in employment and independent for longer and to reducing future demand for services. We continue to work to achieve this through appropriate nutrition, reducing obesity, promoting physical activity and supporting people to stop smoking and to drink sensibly. The Stop Smoking Service is accessible to the whole population and aims to increase quit rates, through focussing on population groups for whom smoking prevalence is still high. This requires strategic leadership and collaboration to change the system alongside effective services for the population.
57. With an increasingly older population, tackling social isolation and malnutrition, preventing falls and maintaining mobility in our vulnerable and older residents remain important areas of focus for our work with colleagues in Adult Social Care and the NHS.

58. Public Health leadership of violence reduction has further progressed through the local Violence Reduction Unit for Hampshire. This sees the team working closely with the Office of the Police and Crime Commissioner and Hampshire And Isle of Wight Constabulary. Domestic abuse is a serious public health problem; Public Health leadership of the strategic partnership is driving work across the system to reduce domestic abuse. The Domestic Abuse service for victims and perpetrators provides further impetus to this work and has an increased focus on reducing the impacts of domestic abuse on children to prevent long term sequelae and impact. In 2022/23, this work continues to be supported by a specific additional grant to support domestic abuse services.
59. Poor mental health represents a significant burden of disease in the County and increases the risk of developing physical illness and of premature mortality. We will continue our work to improve the mental wellbeing of our communities and the focus on preventing suicide. The Mental Health Partnership and plan has been further developed this year. Promoting emotional wellbeing, resilience and good mental health in children is a priority for both our health visiting (through action on maternal mental health and promoting attachment) and school nursing services. An updated Emotional Health and Wellbeing Strategy continues to be implemented. Partnership working across the County Council, the NHS, voluntary sector and service users will help to drive this agenda forward.
60. The substance misuse service delivers a robust drug and alcohol treatment system that fully meets the diverse needs of the Hampshire population and empowers and enables people to recover from alcohol and/or drug dependency. Through a transformation programme the service will take a family approach and deliver a comprehensive treatment service. Wider system work continues to support responsible drinking and promote safe and healthy places for people to live and work. An additional grant (SSMTRG) was received specifically to improve substance misuse services in line with the national drugs strategy and to increase access to Inpatient detoxification. This aspect was led by Hampshire County Council on behalf of 18 other Local Authorities.
61. Sexual and reproductive health services and substance misuse services, being demand led, are challenged by the number of patients requiring these services. However, they are continuing to meet the demand through service transformation to ensure that the right service is provided at the right time in the right way for those who need it including through upstream preventative work and shifting more activity from face to face to digital interventions where appropriate. These approaches, begun prior to the pandemic, have been further developed during the response to Covid-19.
62. The Director of Public Health (DPH) continues to deliver the Health Protection responsibilities through partnership work with the UK Health Security Agency, and NHS England. The County Council's health protection responsibilities have been significantly stretched this year with the added responsibilities of Covid-19 pandemic leadership, Outbreak Control Plan, local contact tracing service and leadership and coordinating testing services. This will continue to be a core part of the Directorates work in the coming year. The Emergency

Planning responsibilities are delivered through work with the Emergency Planning teams in the County Council and wider Local Resilience Forum (LRF) partners.

63. To ensure delivery of the Joint Strategic Needs Assessment on behalf of the Hampshire Health and Wellbeing Board the team continues deliver key analysis for partners including working with the developing Primary Care Networks. Our leadership of Population Health Management will enable more effective delivery of healthcare for the system. Our leadership of Covid-19 intelligence work has led to continued intelligence analysis and enabled services to be needs led and tackle inequalities.
64. Nationally and within the Hampshire and Isle of Wight ICS there is a welcome renewed focus on population health and prevention. The northeast of Hampshire is part of the Frimley Integrated Care System where there are similar focuses on population health, prevention and delivery through place. The DPH provides leadership to both these work programmes supported by the Public Health consultant team.
65. Hampshire County Council is now in the fourth year of a formal partnership to provide the leadership of public health on the Isle of Wight, (IOW). This arrangement commenced in September 2019 following eighteen months of interim leadership support. The partnership will be reviewed on an ongoing basis but at present is still demonstrating successes. The partnership has increased Public Health capacity across the councils, maintaining the high quality of services across Hampshire, building resilience whilst improving the quality of service delivery on the Island. We will continue to work in partnership to respond to the pandemic and any other emerging health protection risks appropriately.

Section F: 2022/23 Revenue Budget

66. 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.
67. The budget for Adults' Health and Care has been updated throughout the year and the revised budget is shown in Appendix 1. The revised budget shows an increase of £27.1m of which Adult Social Care is a £6.1m increase and Public Health a £19.2m increase.
68. The Adult Social Care increase is made up of the following:
 - £6.1m corporate support for Tt2019 and Tt2021 slipped savings.
69. The Public Health increase of £19.2m is made up of the following:

- £13.1m of carried forward Contain Outbreak Management Fund and Track and Trace grants.
 - £3.3m grant for Domestic Abuse services of which £1m is carried forward from 2021/22 and £2.3m is the 2022/23 allocation.
70. The anticipated business as usual outturn forecast for 2022/23 is a budget over spend of £8.1m, which relates in its entirety to Adult Social Care. In addition, there is a forecast underspend on the Public Health grant of £1.4m but this is required to be placed in the Public Health Reserve at year end where it will be used to support further investment in transformational activity in later years.

ADULT SOCIAL CARE

71. There are some key variances within the £8.1m adverse, (net of planned support) position reported, of which all material variances are contained within the budget for purchased care. It had previously been forecast that the Directorate would require additional funding in year of £35m to support the growing pressure on care budgets. The actual pressure in year has grown to £42m with much of the additional pressure coming from within Younger Adults.
72. The pressure in Younger Adults is the direct result of both an increasing need to renegotiate uplifts for specific packages of care, or run the risk of the package being handed back, and a steady increase in client numbers particularly those in crisis that are notoriously expensive to place. These high cost clients can cost circa £3,000 to £4,000 per week whilst the cost of the in year additional uplifts has been £1.5m in 2022/23. As outlined in this report these factors will have an inevitable adverse impact on the budget position for 2023/24 compared to the previous forecasts.
73. The inflationary pressures and subsequent increase in costs felt by providers has led to unprecedented increases in average prices paid by the Council, furthermore this has also had a knock on impact for the ability of the Directorate to deliver savings in accordance with the plan for the year. There has been a further delay of savings delivery in year of £2.1m. Despite this it is still anticipated that by March 2023 the residual Directorate savings for Tt2019 will be achieved.
74. The Cost of Change balance is forecast to be £8.1m by the end of the year, a reduction of £46.6m from the starting balance of £54.7m. Most significantly £21.9m of the reduction is due to a reciprocal arrangement with the NHS that spanned over 2021/22 and 2022/23 that has facilitated keeping funding that originated with the NHS available for vital discharge services during 2022/23. The remaining draws on the Cost of Change balance reflect the need to offset the reported overspend of £8.1m in addition to offsetting the delayed savings of £2.1m as well as programmed project costs to deliver savings of £14.5m.

PUBLIC HEALTH

75. The anticipated favourable outturn forecast for 2021/22 of £1.4m is the result of reduced activity, in some considerable part due to the continued impact of

Covid-19. This saving is distributed across much of the contracted services including NHS Health Checks, Sexual Health and the Children and Young people contract that is in the first year. All of the saving will be placed within the Public Health Reserve at the end of the year.

76. In addition to the Public Health revenue budget there is planned spend of £2.5m from the Reserve of which £1.5m is for one off spend primarily relating to trying to catch up with activity not undertaken during the height of the Covid-19 pandemic. The residual £1m is just the first year of planned investment as part of a longer term programme in Public Health to deliver longer term efficiencies through greater alignment with Council Directorates as well as the NHS.
77. The closing balance of the Public Health reserve is currently forecast to be £7.8m by 31 March 2023, a reduction of £1.1m from the £8.9m opening balance. As previously stated, this resource will be utilised in future years to continue to deliver transformational change in addition to providing one off funds to catch up on key contracted services that delivery of has slowed during the pandemic.
78. All additional expenditure pertaining to Public Health in continued response to the Covid-19 pandemic has been managed within the specific grants that have available in year including the Contain Outbreak Management Fund, Test and Trace grant and the Practical Support grant.

Section G: 2023/24 Revenue Budget Pressures and Initiatives

79. As outlined within Section F, the Directorate business as usual position is currently showing a forecast pressure of £8.1m in 2022/23. Of this total £7m relates specifically to care provision. At the start of 2022/23 an additional £35m of additional support was planned for, the £7m pressure therefore reflects a total pressure of £42m compared to the previous forecast. Correspondingly this level of increase in costs will only have a part year effect in 2022/23 and will therefore lead to a further additional pressure in 2023/24.
80. In summary it had previously been forecast that the £35m pressure in 2022/23 would increase to £45m in 2023/24. Working from the same baseline the current forecast for 2023/24 is a pressure of up to £59m which represents an increase of £14m on the previous forecast of £45m. Please note the likely pressure is held entirely within the budgets for Older Adults and Younger Adults care packages with Younger Adults being the main cause for the additional increase of up to £14m. All other service areas of the Directorate, including Public Health, are not currently anticipated to be a pressure for 2022/23 or beyond.

ADULT SOCIAL CARE

81. The anticipated spend on Older Adults care packages included within the proposed budget for 2023/24 is broadly in line with the previous forecast

pressure for 2023/24, although this is subject to delivery of all savings as currently planned and detailed later within the report.

82. The position for Younger Adults care packages is more complex. The position has been monitored carefully throughout the year and up to month 6 the combined position for Older and Younger Adults had broadly been in line previous forecast assumptions, albeit with Older Adults being less of a pressure thereby offsetting the increase in pressure within Younger Adults. From month 6 the Older Adults forecast pressure has continued to increase up to the level previously assumed, largely caused by a faster than expected increase in client numbers and a persistent increase in the average rate paid for care purchased, due to cost of living changes. Younger Adults in the same timeframe also continued to increase, giving rise to the current position where there is an up to £14m full year effect additional potential pressure in 2023/24.
83. The cause of this additional pressure in Younger Adults is due both to increases in 2022/23 and expected new increases in 2023/24 and are set out below:
- Additional inflationary uplifts agreed Corporately to specific providers during 2022/23 with a full year effect of £2.6m in 2023/24.
 - Increase in the number of high cost clients, often in crisis that needed immediate specialist placements. There has been an increase of over 10 clients with a package of over £3,000 per week since July 2022.
 - Increase in the average price paid for care due to inflationary pressures that providers have passed on to the Council, that if not met could lead to clients being handed back with the risk that the replacement package would be significantly higher in cost.
 - The expected cost of known clients transitioning to adults during 2023/24 is more than double the level the Directorate has seen in previous years.
84. This position, including growth in prices and volumes will be monitored closely throughout the remainder of the current year to better assess the likely pressure in 2023/24. However, it should also be noted that the level of general inflation is significantly impacting providers, alongside severe difficulties in securing staff at reasonable hourly rates, both of which will represent a significant challenge in 2023/24 in comparison to the funding the County Council has available for annual uplifts. There is a very real risk that further pressures could materialise during 2023/24 should these issues persist.

PUBLIC HEALTH

85. Whilst it is expected that the Public Health Grant will be increased for inflation in 2023/24 a confirmed allocation has not yet been provided. In the absence of confirmed allocations for local authorities, the Public Health grant for 2022/23 had been assumed as the starting point for this budget setting round. The grant allocation for 2022/23 is £54.4m for Hampshire County Council. Should the ring-fenced grant allocation increase from this level this will be reflected

within the Public Health budget for 2023/24 at a later date alongside all other confirmed grants for Public Health in 2023/24.

86. It should be noted that any inflation included within the 2023/24 allocation will need to be sufficient to offset the cost of the NHS pay award in the same year where it is the responsibility of the Public Health budget to fund the associated NHS provider cost increases. Any shortfall will represent a recurrent pressure that would need remedial action to resolve. In the short term this pressure could be met from the Public Health reserve.
87. During 2022/23 the Public Health Team have developed a specific plan to utilise the balance of funds available within the Public Health Reserve over the next 3 years. As highlighted previously the starting reserve balance for 2023/24 is forecast to be £7.8m which is more than sufficient for the planned investment in transformational activity and any potential, as yet unidentified, pressure that could materialise within 2023/24.

Section H: Revenue Savings Proposals

88. Savings targets for 2023/24 were approved as part of the MTF5 by the County Council in July 2020. Proposals to meet these targets have been developed through the SP2023 Programme and were approved by Executive Members, Cabinet and County Council in October and November 2021.
89. It is anticipated within the 2023/24 proposed budget that full year savings of £34.8m will be achieved in 2023/24 from SP2023 with the shortfall of £5.9m against the target of £40.6m being met from the cost of change reserve in 2023/24 until the saving can be delivered in later years.
90. The main reasons for the shortfall relate to:
 - The challenges the Directorate faces to deliver savings on care during a period where client numbers and degree of complexity are significantly on the rise. This cost pressure has been further compounded by both the inflationary pressures providers of care are experiencing as well as the severe shortage in appropriate care staff leading to providers paying high agency costs in order to supply the required care. These factors lead to a further increase in the price paid by the Council for care and therefore makes savings delivery exceedingly challenging.
91. It is currently anticipated that all Tt2019 savings will be being complete by the end of 2022/23. Furthermore, it is anticipated within the 2023/24 budget that £11.4m of Tt2021 savings against a residual target of £12.2m will be achieved in 2023/24. The shortfall of £0.8m will be met from a combination of planned corporate cash flow support and the cost of change reserve.
92. Although these savings are built into the proposed 2023/24 budget it should be noted that a separate exercise to review all high risk savings across the County Council is currently being undertaken. The outcome of this review will be reported within the February report to Cabinet and Full Council.

93. Rigorous monitoring of the delivery of the programme will continue during 2023/24, to ensure that the Directorate is able to stay within its cash limited budget as set out in this report.

Section I: 2023/24 Review of Charges

94. For Adults' Health and Care, the 2023/24 revenue budget includes income of £88.4m from fees and charges to service users. This is an increase of £14.9m (20.3%) on the revised budget for 2022/23. This increase is largely reflective of the planned increase in benefits from April 2023 and the increasing volume of clients that the Directorate is supporting.
95. Details of current and proposed fees and charges for 2023/24 where approval is sought for changes are outlined in Appendix 2.
96. The charges proposed for eligible social care services reflect the full cost rate applicable for County Council clients where they are assessed 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 dependent on the additional resources required to safely support the client.

Section K: Budget Summary 2023/24

97. The budget update report presented to Cabinet on 13 December 2022 included provisional cash limit guidelines for each Directorate. The cash limit for Adults' Health and Care in that report was £507.5m, a £62.4m increase on the previous year. The increase / decrease comprised:
- An increase of £58.5m as per the MTFs for corporate support to meet demography and complexity pressures
 - An increase of £26.9m for inflation
 - An increase of £2.6m as a result of an assumed increase in the BCF/IBCF grants
 - An increase of £14.9m as a result of a precept increase and grant draw for SP2023
 - A reduction of £40.6m for SP2023 savings
98. At that stage, the cash limit guidelines did not include the following items which have now been added (and will be included in the February budget report), increasing the cash limit to £506.1m:
- A reduction of £1.4m as a result of changes to national insurance and pension contributions
99. Appendix 1 sets out a summary of the proposed budgets for the service activities provided by Adults' Health and Care for 2023/24 and show that these are within the cash limit set out above.

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

	2023/24	
	£'000	£'000
Cash Limited Expenditure	674,273	
Less Income (Other than Government Grants)	(168,166)	
Net Cash Limited Expenditure		506,107
Less Government Grants:		
• Local Community Voices	(102)	
• Independent Living Fund	(4,082)	
• Improved Better Care Fund (incl. Winter Pressures)	(33,278)	
• War Widows Pension Grant	(482)	
• Social Care in Prisons Grant	(102)	
• Social Care Reform Grant	(3,209)	
• Health Watch	(579)	
• Vulnerable Persons Relocation Scheme	(149)	
• Afghan Project Integration Fund	(616)	
• Public Health Grant	(54,412)	
Total Government Grants		(97,011)
Total Net Expenditure		409,096

Section L: Consultation, Equalities and Climate Change Impact

101. Consultation on the budget is undertaken every two years when the County Council considers savings to help balance the budget. All savings proposals put forward by the County Council has an Equality Impact Assessment published as part of the formal decision making papers and for some proposals stage 2 consultations are undertaken before a final decision is made by the relevant Executive Member.

102. This report deals with the revenue budget preparation for 2023/24 for the Adults' Health and Care Directorate. This takes account of the savings proposals agreed by the County Council in November 2021 including the Equality Impact Assessments prepared at that time. Any revised impacts and subsequent consultation that has been required have been reported to the

relevant Executive Member as savings proposals have been further developed and implemented.

103. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does
104. This report deals with the revenue budget preparation for 2023/24 for the Adults' Health and Care Directorate. Climate change impact assessments for individual services and projects will be undertaken as part of the approval to spend process. There are no further climate change impacts as part of this report which is concerned with revenue budget preparation for 2023/24 for the Adults' Health and Care Directorate.

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>
Savings Programme to 2023 – Revenue Savings Proposals (Executive Member for Adult Services and Public Health) Adults Health and Care Budget Report SP2023.pdf (hants.gov.uk)	21 September 2021
Medium Term Financial Strategy Update and Savings Programme to 2023 Savings Proposals https://democracy.hants.gov.uk/ieListDocuments.aspx?Clid=163&Mid=7737	Cabinet – 12 October 2021 / County Council – 4 November 2021
Developing a Medium Term Financial Strategy https://democracy.hants.gov.uk/ieListDocuments.aspx?Clid=163&Mid=9942&Ver=4	Cabinet – 19 July 2022 / County Council – 29 September 2022
Budget Setting and Provisional Cash Limits 2023/24 Financial Update and Budget Setting and Provisional Cash Limits 2023/24 (hants.gov.uk)	Cabinet – 13 December 2022
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:

This report does not contain any new proposals for major service changes which may have an equalities impact. Proposals for budget and service changes which are part of the Savings Programme 2023 were considered in detail as part of the approval process carried out in Cabinet and County Council during October and November 2021 and full details of the Equalities Impact Assessments (EIAs) relating to those changes can be found in Appendices 4 to 8 in the November Council report linked below:

<https://democracy.hants.gov.uk/mgAi.aspx?ID=45388#mgDocuments>

For proposals where a Stage 2 consultation was required the EIAs are preliminary and will be updated and developed following this further consultation when the impact of the proposals can be better understood.

Budget Summary 2023/24 – Adults' Health and Care Directorate

Service Activity	Original Budget 2022/23 £'000	Revised Budget 2022/23 £'000	Proposed Budget 2023/24 £'000
Director	1,722	1,629	1,555
Headquarters	19,468	21,309	20,478
Older Adults			
Older Adults Community Services	153,497	157,513	209,460
Reablement	17,010	17,316	18,097
	170,507	174,829	227,557
Younger Adults			
Younger Adults Other	10,943	9,719	10,420
Learning Disability Community Services	117,328	119,246	136,138
Mental Health Community Services	17,667	19,000	22,854
Physical Disability Community Services	33,537	34,153	40,413
	179,475	182,118	209,825
HCC Care	46,404	45,478	45,388
Governance & Assurance	1,782	1,870	1,729
Centrally Held	(28,658)	(30,452)	(54,837)
Total Adult Social Care	390,700	396,781	451,695
Community and Young People 0-19	24,267	24,323	24,267
Community Safety and Violence Prevention	1,145	4,415	1,161
Drugs and Alcohol	8,480	11,037	8,586
Health Check	1,187	1,187	1,187
Protection and Intelligence	24	30	30

Mental Health and Wellbeing	333	1,939	1,939
Nutrition, Obesity and Physical Activity	465	778	465
Older People	251	251	256
Public Health Central	6,689	4,725	4,916
Sexual Health	9,326	9,607	9,390
Tobacco	2,245	2,215	2,215
Public Health Covid-19 specific	0	13,141	0
Total Public Health	54,412	73,648	54,412
Total Adults' Health and Care	445,112	470,429	506,107

Review of Fees and Charges 2023/24 – Adults' Health and Care

	Income Budget 2023/24 £'000	Current Charge £	Proposed Increase %	Proposed New Charge £
Charges for HCC provided care:				
Full cost weekly charge (HCC in-house residential and nursing care including respite units)				
Nursing Care for Older People (per week)	4,529	876.68	9.2	957.32
Residential Care for Older People (per week)	5,439	791.00	9.2	863.80
Residential Care for Dementia (per week)	Included in above	854.84	9.2	933.52
Residential Care for Adults with a Learning Disability (per week):				
Orchard Close	14	1,115.31	9.2	1,217.93
Jacobs Lodge	15	932.12	9.2	1,017.87
Discharge to Assess Bed (*)	7,943	1,278.48	9.2	1,396.08
Standard Continuing Healthcare Support (*)	506	1,126.93	9.2	1230.60
Meals on Wheels	2,302	5.67	9.9	6.23

* Only applicable to NHS Customers. Minimum rate - actual charge will be subject to individual need

Other charges

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

In line with corporate policy all other charges will be increased by an inflation rate of 9.2%.