

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Adult Social Care and Public Health
Date:	16 January 2024
Title:	2024/25 Revenue Budget Report for Adults' Health and Care
Report From:	Director of Adults' Health and Care, Director of Public Health and Director of Corporate Operations

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Section A: Purpose of this Report

1. The purpose of this report is to set out proposals for the 2024/25 budget for Adults' Health and Care in accordance with the Councils Medium Term Financial Strategy (MTFS) approved by the County Council in November 2023. It also proposes a revised budget for Adults' Health and Care for 2023/24.

Section B: Recommendation(s)

To approve for submission to the Leader and the Cabinet:

2. The revised revenue budget for 2023/24 as set out in Appendix 1.
3. The summary revenue budget for 2024/25 as set out in Appendix 2
4. The proposed fees and charges as set out in Appendix 3.

Section C: Executive Summary

5. This report provides the summary outputs of the detailed budget planning process undertaken by Adults' Health and Care for 2024/25 and the revised budget for 2023/24. This process has been undertaken against the backdrop of a budget gap of £132m by 2025/26, which the Council is unable to close through savings alone, and escalating cost pressures within key demand led services, including Adult Social Care and School Transport. Over £130m of inflation, pressures and growth has been added to budgets since 2023/24,

significantly exceeding increases in the Council's funding. The current high inflationary environment also continues to present particular challenges in balancing budget certainty for Directorates with levels of affordability for the Council.

6. Disappointingly, the Autumn Statement delivered by the chancellor on 22 November didn't include any additional financial measures to ease the pressures facing local authorities. The announcement of a higher National Living Wage for 2024/25 than had previously been forecast is likely to result in additional financial pressures for the Council, both through increasing costs for our service providers and also impacting future local government pay awards. It was also notable that the tightening of medium term spending limits set by the government suggests a worrying direction of travel for future funding settlements.
7. The anticipated delay to delivery of some aspects of the remaining Transformation to 2021 (Tt2021) programme and Savings Programme to 2023 (SP2023) have been factored into our financial planning, and one-off Directorate funding will be provided where required to bridge the forecast savings gap in 2024/25. As of September 2023, £10.2m of Tt2021 savings and £11.4m SP2023 savings have yet to be delivered across the Council. Plans are in place to deliver most of the remaining Tt2021 and SP2023 savings by 2024/25, however this presents a considerable challenge for directorates in addition to the £17.1m SP2025 savings due to be delivered next year. The report discusses the specific issues impacting delivery of the savings programmes for Adults' Health and Care in Sections F, G and H.
8. 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 2023/24, is a budget pressure of £7.4m which is made up of £6.7m for Adult Social Care and £0.7m for Public Health. The pressure in Public Health will be offset at the end of the financial year by a draw from the Public Health reserve. The revised budget is shown in Appendix 1.
9. The proposed budget for 2024/25 analysed by service is shown in Appendix 2.
10. 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 3.
11. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2023/24 and detailed service budgets for 2024/25 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 6 February 2024 to make final recommendations to County Council on 22 February 2024.

Section D: Contextual Information

12. In November 2023, Full Council approved the Medium Term Financial Strategy and Savings Programme to 2025 (SP2025) which set out the scale of the financial challenges which the Council currently faces and the proposed measures which will begin to address the budget gap of £132m to 2025/26. However, for the first time the Council finds itself in the position of being unable to close the budget gap through savings proposals alone, with a substantial recurring shortfall of £41.6m remaining from 2025/26 after accounting for SP2025 savings.
13. As reported to Cabinet in December, the cost pressures facing the County Council have worsened further since the MTFs was set, most notably within Adult Social Care, Special Educational Needs and School Transport. Where the impact of these pressures is known, additional funding has been included in the provisional cash limits and allocated to services as part of the detailed budget setting process undertaken by directorates.
14. The provisional cash limits for 2024/25 include over £130m of inflation, pressures and growth added to budgets since 2023/24. This represents an average increase in directorate cash limits of over 12% in a single year, which is clearly an unsustainable position when set against a maximum increase in Council tax of 5%. It is therefore not surprising that the Council expects to draw some £86m from reserves to balance the budget for the forthcoming year.
15. Setting a budget in a high inflationary environment 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.
16. The Council's approach to planning and delivering savings over a two year period means that the 2024/25 cash limits do not include any new savings proposals. However, given that the balance of the Budget Bridging Reserve will be fully utilised in 2024/25, all SP2025 savings delivered in the forthcoming year will be transferred to the BBR at the end of the financial year.

Autumn Statement

17. The Government announced the 2023 Autumn Statement on 22 November. Disappointingly, the Statement didn't include any additional financial measures to ease the pressures facing local authorities, despite strong lobbying from the sector in the period leading up to the Statement, which attracted widespread press coverage.
18. Of particular significance for Local Government was the announced of a 9.8% increase in the National Living Wage for 2024/25 to £11.44 per hour. This significantly exceeds the previous central estimate of £11.16 published by the

Low Pay Commission in May on which the current MTFs forecasts are based. This increase is likely to result in additional financial pressures for the Council, both through increasing costs for our service providers and also impacting future local government pay awards.

19. The Economic and Fiscal Outlook published by the Office for Budgetary Responsibility alongside the Statement showed that Local Authority spending has fallen from 7.4% of GDP to just 5% since 2010/11 and the Government's current spending plans suggest that spending outside the NHS will fall further in real terms over the next five years. This sets a worrying backdrop for the medium term outlook for local government finance and suggests that there is unlikely to be sufficient scope to address the funding shortfalls faced by Councils within the government's current spending plans.

Operating model changes

20. The Council transitioned to a new operating model in January 2023 which established new directorates for the delivery of place shaping services and our Hampshire 2050 vision. When the 2023/24 budget was set, it was highlighted that further changes to budgets would be required to ensure budget allocations accurately match the services and roles aligned to each Directorate. The 2023/24 original budget has therefore been restated to reflect the detailed work undertaken on the later phases of the restructure since the budget was set in February 2023.
21. In addition to the early delivery of some SP2025 savings, the Fit for The Future operating model reviews will continue to be progressed and will ensure that the Council's corporate enabling functions, transformation and administrative activity are delivered as efficiently as possible, and that our contact model takes full advantage of new technologies and the changing ways in which residents interact with the Council. It is anticipated that these reviews will identify some further efficiency savings, however these will not be sufficient to bridge the remaining budget gap.
22. Adults' Health and Care has been developing its service plans and budgets for 2024/25 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,
 - Greater pressure from the NHS for faster discharges from hospital, leading to clients coming into social care with more acute needs earlier.
 - 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 2024/25. The increase in the NLW from April 2024 was confirmed within the Autumn Statement and will see it rise to £11.44 from £10.42, an increase of £1.02, (9.8%). The NLW will undoubtedly put further strain on the price of care alongside general inflation during 2024/25, 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 highly likely to exceed both the previous assumptions and the available funding previously set aside within the MTFS. Accordingly, and as detailed later the Directorate cash limit has been increased.

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. 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 continued to be evident during 2023/24. We have continued to see significant growth in client numbers, in particular high cost clients and material price increases to prevent significant volumes of providers having to hand back care.
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 2023/24, although at a significantly reduced level for the latter half of 2023/24. Whilst this service is planned to continue in 2024/25 at some level the precise volume is still uncertain as negotiations with the NHS remain ongoing. This now represents a significant income stream to the Directorate so any reduction will need to be offset swiftly from utilising any spare capacity to place long term clients thereby reducing the pressure on the purchased care budgets.
30. Local authorities continue to be able to raise 2% through the adult social care precept in 2024/25. This will need to be seen in the round given that no other additional resources have been announced for social care in the Autumn Statement. What is clear, is that the expected resources are not going to be 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 albeit at a significantly lower level. This reflects the reduced financial flexibility that both the ICBs and the County Council have to support this above what can be afforded from specific grants that each receive for this purpose. In the current year it is forecast that Adult Social Care will have recovered over £25m for services commissioned to support discharges on behalf of the NHS.
32. The key discharge services that have continued over the past year that are currently subject to negotiations for 2024/25 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.
 - Additional social work staff in hospitals - 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.

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. For this reason the Directorate has continued to offer 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. In 2023/24, particularly since month 5, this policy has started to bear fruit as there has been a significant reduction in high cost agency usage and we have seen a material increase in the number of permanently employed staff.
34. Whilst we have seen significant improvements in recruitment and retention and this has fed through to reduced agency usage, the in year position remains challenging with a pressure forecast on staffing in the older adults units. It should be noted that nearly all of the pressure resides within a small collection of four units. There continues to be work with these units to control costs and or ensure the correct resourcing level is held. Additionally, any changes in the number of beds made available for the Discharge programme, and therefore level of income received, will require a response to mitigate any pressure by realigning staffing levels back to the long term care staffing compliment. The Directorate has continued to invest both time and short term financial resources to address the staffing issues both through structural changes and development of IT solutions. There is still more work to do to in 2024/25 to fully deliver the planned improvements, but the Directorate are well positioned for this to be achieved.
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 and SP2025 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 continued innovation (including multi-million pound investment in Technology Enabled Care and modern Extra Care housing / Supported Living) alongside efficiencies and service reductions. Additionally, the strengths-based way of operating, coupled with Least Restrictive Practise approaches have been

increasingly working to mitigate costs and provide better alternatives for clients within the Younger Adults' service area.

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. In the last year there has been a significant number of new entrants to the home care market and accordingly have gone onto the Home Care Framework. This has helped to ensure that placements are made faster and offered a greater degree of control over the average price for home care. 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 even more 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 2024/25 the Directorate will be introducing a new Residential and Nursing framework within Older Adults initially, 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. The Directorate have now completed delivery of the £55.9m Tt2019 savings. Furthermore, the Directorate are set to secure all but £4.9m of remaining savings required for Tt2021 and SP2023 by the end of 2023/24.
40. In 2023/24 there wasn't any material additional corporate support for delayed transformational savings planned and similarly this continues into 2024/25. Accordingly, this has put a significant strain on Directorate Cost of Change balances. As outlined later all of the asks upon cost of change are significantly greater than the funding available.
41. 2024/25 will see the Directorate embark upon delivery of its SP2025 savings programme. With significant savings already achieved, this next round of savings will be the most difficult to achieve yet. There will continue to be robust monitoring of the delivery of this programme, giving adequate early warning where delivery is in jeopardy. For 2024/25 the Directorate is aiming to deliver £7.7m of savings, rising to £34.7m in 2025/26, reaching the total planned saving of £47.9m by 2026/27.

42. The Directorate has successfully delivered the implementation of a brand new IT social care system, (Care Director) that was rolled out in November 2023. The continued development and bedding in of this system will inevitably represent further challenge for the Directorate into 2024/25. However, it should be noted that to date the implementation has been very successful with minimal fixes required to date.

PUBLIC HEALTH

43. During the past year we sought to address new and emerging health needs of the population and to ensure public health services recovered from the changes made during the pandemic. Whilst there was sufficient additional funding made available, this came with its own challenges to ensure it was spent appropriately and was targeted to have most impact. This year also saw the emergence of health issues related directly to the pandemic and to health protection measures implemented during the pandemic period, including increased weight, poorer mental and emotional health and unseasonal infection outbreaks.
44. It is expected that the conditions on the Public Health grant for 2024/25 will be the same as those in 2023/24, specifically in relation to the basis of the ring-fence. It is anticipated that the level of the grant for 2024/25 will be announced in the new year. It is thought there will be an allowance for inflation, particularly to cover any planned uplift to NHS pay for our commissioned services. When greater clarity is provided, the budget will be updated accordingly.
45. The Public Health team continue to take advantage of opportunities to make the public health function more efficient and prioritise the funding available to those services and interventions that make the most difference to health for residents of Hampshire. This includes closer working with other Council Directorates, Districts and Boroughs and the NHS through the Council's Public Health Strategy and the Investing in Public Health programme to better align services, where appropriate, to deliver those improved health outcomes for the residents of Hampshire.
46. In 2023/24 the ring-fenced Public Health grant received by Hampshire was increased by £1.6m to £56.2m. This increase has been used to cover the recurring inflationary costs incurred by providers most notably the increase in staff cost experienced by NHS providers as a result of nationally agreed pay awards for NHS staff. At this time there has not been any confirmation of the actual grant level in 2024/25, the budget has therefore been set on the minimum expectation of a grant equivalent to that received in 2023/24 of £56.2m. When the ring-fenced grant and all other grants received and utilised by Public Health in 2023/24 are confirmed for 2024/25 with specific allocations these will be added to the budget.
47. 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.

48. Despite the recent grant increases and the likelihood of a further inflationary increase in grant for 2024/25 there remain 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 set out in the new Public Health Strategy, introduced in 2023.
49. The Public Health Strategy seeks 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 aligns with the vision and strategic direction set out through the Hampshire 2050 Commission and with other key strategies that shape Hampshire as a place.
50. 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 and preventative sexual health advice 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 as well as the delivery of statutory health protection and public health emergency planning responsibilities and cooperation with the criminal justice system in respect to violence prevention.
51. 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 remain our key priorities alongside leadership of public health for Hampshire.
52. There is compelling evidence that what happens at the start of life is vital in laying the foundations for good adult outcomes and our leadership of the First 1001 days work is fundamental to enabling this in Hampshire. The Healthy Child Programme (0-19) is an evidence-based universal prevention and early intervention public health programme that is offered to all families. By offering a universal service at the earliest point, the service is then able to provide a stepped offer based on assessed need, which ensures good use of skills and resources. 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 helps 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 and to maintain a focus on prevention and early identification of children and families at risk of future health and social problems. The commissioned Public Health nursing service continues to support Hampshire's vulnerable families at a time of resource constraint and national staffing challenges through an active partnership between commissioner and provider. This is now showing signs of success with increased recruitment.

53. 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 creating healthy places, working with colleagues in areas such as transport and planning and with colleagues in Districts and Boroughs and the Voluntary and Community Sector to maximise the use of local assets as well as continuing to advocate for 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. We have allocated resources to ensuring that everyone eligible receives an NHS Health Check that were delayed during the pandemic.
54. 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. The Government has announced a new allocation of funding to implement increased services for smokers to be supported to give up. This will commence in April 2024 for 5 years.
55. With an increasingly older population, tackling social isolation and malnutrition, preventing falls and incontinence, 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 and are an important contribution to supporting people to remain healthy and independent for longer.
56. Public Health leadership of violence reduction 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 2024/25, this work continues to be supported by a specific additional grant to support domestic abuse services. The continuation of this grant is unknown at present.

57. 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 including maintaining a 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.
58. 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, Drug Treatment, Crime and Harm Reduction, £2.3m, was received in 2023/24 specifically to improve substance misuse services. There is no clarity on the future of this grant continuing.
59. 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, improving the quality of the initial contact 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.
60. The Director of Public Health (DPH) continues to deliver the Health Protection responsibilities through partnership work with the UK Health Security Agency (UKHSA), and NHS England. Planning for and responding to infectious disease outbreaks and incidents and promoting uptake of vaccination and screening through the NHS will continue to be a core part of the Directorates work in the coming year. The Public Health Emergency Planning responsibilities are delivered through work with the Emergency Planning teams in the County Council and wider Local Resilience Forum (LRF) partners.
61. To ensure delivery of the Joint Strategic Needs Assessment (JSNA) 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.

62. Nationally and within the Hampshire and Isle of Wight and Frimley ICSs there is a welcome renewed focus on population health and prevention. The DPH provides leadership to both these work programmes supported by the Public Health team. For Hampshire and IOW the DPH co-chairs the Integrated Care Partnership bringing leadership to this committee and areas of work.
63. Hampshire County Council is now in the fifth 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 improve the health of the population and respond to emerging health protection risks appropriately.

Section F: 2023/24 Revenue Budget

64. 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.
65. The anticipated business as usual outturn forecast for 2023/24 as at end of October for the Directorate, is a budget pressure of £7.4m which is made up of £6.7m for Adult Social Care and £0.7m for Public Health.

ADULT SOCIAL CARE

66. There are some key variances within the £6.7m 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 £10.8m to support the growing pressure on purchased care budgets. The £6.7m is in addition to this. Furthermore, it should be noted that this position is also after £7.2m of additional funding received from the Market Improvement and Sustainability Workforce fund in 2023/24. Therefore, compared to the forecast pressure of £10.8m reported within the 2023/24 budget report the actual pressure in year has grown to £24.7m.
67. There is a forecast pressure on care packages for all client groups of £5.9m. The forecast pressure is due to higher than anticipated increases in the average rates paid for packages, increases in the number of complex clients

within Younger Adults, as well as a significant increase in client numbers, particularly within Older Adults Residential and Nursing.

68. The pressure in Younger Adults is the direct result of both the continued 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 £4.35m in 2023/24. As outlined in this report these factors will have an inevitable adverse impact on the budget position for 2024/25 compared to the previous forecasts.
69. 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 £0.3m on SP2023.
70. The Cost of Change Reserve balance is forecast to be exhausted by the end of the year, as the opening balance of £13m is insufficient to meet all of the forecast demand upon it:
 - offsetting delayed savings, £4.8m,
 - the in-year adult social care budget pressure, £6.7m and,
 - to fund all existing investment commitments, £12.7m.
71. Consequently, there is likely to be a need to draw upon Corporate Reserves to balance the final outturn position for the Directorate.

PUBLIC HEALTH

72. The anticipated adverse outturn forecast for 2023/24 of £0.7m will be offset by a corresponding draw from the Public Health Reserve. This position reflects an underspend of £1.7m against the 2023/24 Public Health Grant activity that is more than offset by expected expenditure of £2.4m within the Investing in Public Health programme. It had been previously forecast that all of this programme expenditure would be drawn from the reserve. This programme is intended to deliver longer term efficiencies through greater alignment with Council Directorates as well as the NHS.
73. Much of the underspend on the 2023/24 grant is the result of reduced activity, in some considerable part due to the continued impact that Covid-19 has on how people access Public Health services. This saving is distributed across much of the contracted services including NHS Health Checks, Sexual Health and Tobacco.

74. The closing balance of the Public Health reserve is currently forecast to be £10.1m by 31 March 2024, a reduction of £0.7m from the £10.8m 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.
75. All additional expenditure pertaining to Public Health in continued response to the Covid-19 pandemic and the longer term impact has been managed within the specific grants that have available in year including the Contain Outbreak Management Fund and Test and Trace grant.
76. 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 £41.4m of which Adult Social Care is a £23.7m increase and Public Health a £17.7m increase.
77. The Adult Social Care increase is made up of the following:
- £9.2m increase in grants of which £7.2m is the 2023/24 allocation for the Market Sustainability and Improvement Fund.
 - £15.3m of corporate support to reflect the increased number and cost of care packages and additional inflationary increases for providers of care for Younger Adults.
 - £0.8m decrease which is primarily in relation to the Procurement team moving to Corporate Services.
78. The Public Health increase is made up of the following:
- £1.8m increase in the main Public Health grant
 - £10.3m of carried forward Contain Outbreak Management Fund and Track and Trace grants.
 - £3.7m in relation to grants for Domestic Abuse services of which £1.3m is carried forward grant and £2.4m relates to new grant in 2023/24.
 - £1.0m - inpatient detoxification grant.
 - £0.8m - supplemental substance misuse treatment and recovery grant.

Section G: 2024/25 Revenue Budget Pressures and Initiatives

79. As outlined within Section F, the Directorate business as usual position is currently showing a forecast pressure of £7.4m in 2023/24. Of this total £5.9m of the £6.7m Adult Social Care pressure relates specifically to care provision. At the start of 2023/24 an additional £10.8m of additional support was planned for, additionally the Directorate received £7.2m of Market Sustainability and Improvement Workforce grant that had not been factored in to the 2023/24 forecast. Therefore, the reported pressure in fact reflects a total pressure of

£24.7m on Adult Social Care compared to the previous forecast. Correspondingly this level of increase in costs will only have a part year effect in 2023/24 and will therefore lead to a further additional pressure in 2024/25.

80. It should be noted that, whilst at a lower level, it is anticipated that £4.1m the Market Sustainability and Improvement Workforce grant will continue into 2024/25 and this has been considered when setting the budget. Additionally, all other service areas of the Directorate, including Public Health, are not currently anticipated to be a pressure for 2024/25 or beyond.

ADULT SOCIAL CARE

81. With the revised anticipated spend on all clients care packages the proposed budget for 2024/25 represents an increase of £10.5m above the previous forecast pressure for 2024/25. Accordingly, this pressure has been considered when setting the Adults' Health and Care cash limit that was reported to Cabinet 12 December. It should also be noted that this 2024/25 forecast position is subject to delivery of all savings as currently planned and detailed later within the report.
82. The forecast pressure of £10.5m in 2024/25 takes into account all known additional funding and expected increases in income, particularly from clients arising from the known uplift in benefits from April 2024. Furthermore the 2024/25 position builds upon the known position as at 2023/24 and the trends observed on changes in average rates for care and client numbers.
83. The cause of this additional pressure on care packages is due both to increases in 2023/24 and expected new increases in 2024/25 and the reasons are set out below:
- Further inflationary uplifts agreed Corporately to specific providers in 2023/24.
 - Increase in the number of high cost clients, often in crisis that needed immediate specialist placements.
 - General increase in Older Adults clients requiring Residential or Nursing care. In 2023/24 there was an increase of over 200 clients in the first half of the year.
 - 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 2024/25 is more than double the level the Directorate has seen in previous years.
84. During 2023/24 there has been a significant number of providers, particularly within Younger Adults that have been unable to continue to provide care to Hampshire clients without a further uplift to their rates. After considerable negotiations an additional £4.35m, from the central inflation contingency has been added to the Adults' Health and Care cash limit for 2024/25 to cover the

full year impact of these additional uplifts. All of which reduces the scope of the County Council to manage further pressures.

85. Unfortunately, the announcements within the Autumn Statement, both in respect of the 9.8% increase in the National Living Wage and zero additional funding for Adult Social Care beyond what was already forecast, means that 2024/25 will again be a very challenging year to balance the expectation of providers and the level of funding available to meet their inflationary pressures. There is a very real risk that further pressures could materialise during 2024/25.
86. 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 2024/25.

PUBLIC HEALTH

87. Whilst it is expected that the Public Health Grant will be increased for inflation in 2024/25 a confirmed allocation has not yet been provided. In the absence of confirmed allocations for local authorities, the Public Health grant for 2023/24 had been assumed as the starting point for this budget setting round. The grant allocation for 2023/24 is £56.2m for Hampshire County Council. Should the ring-fenced grant allocation increase from this level this will be reflected within the Public Health budget for 2024/25 at a later date alongside all other confirmed grants for Public Health in 2024/25.
88. It should be noted that any inflation included within the 2024/25 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.
89. During 2022/23 the Public Health Team developed a specific plan to utilise the balance of funds available within the Public Health Reserve over the following 3 years. It is currently forecast that this programme will cost £7m in total. Due to in year revenue underspends against the grant in 2023/24 not all of this spend will reduce the balance on the Public Health Reserve. As highlighted previously the starting reserve balance for 2024/25 is forecast to be £10.1m, after programme spend of £2.5m in 2023/24. Therefore, there is more than sufficient reserve to cover the remaining planned investment of £4.5m. This would leave more than adequate funds available to offset any potential, as yet unidentified, pressure that could materialise within 2024/25 or beyond.

Section H: Revenue Savings Proposals

90. The County Council's financial strategy is continuing with a two year approach to planning for savings. Consequently, no new savings are proposed for

2024/25 and savings proposals for 2025/26 have been developed through the Savings Programme to 2025 and were approved by Executive Members in September 2023, and by Cabinet and County Council in October and November 2023. In recognition of the size of the financial challenge which the Council faces, directorates were not issued with savings targets as per previous savings programmes but were instead instructed to review what savings might be achievable if we were to move towards a 'legal minimum' provision of services.

91. The total Savings Programme to 2025 is insufficient to meet the forecast budget gap for 2025/26 and taking account of the planned timing of savings delivery, a significant budget gap of £56.9m remains for 2025/26. Given the shortfall within the Budget Bridging Reserve beyond 2024/25, SP2025 savings delivered in 2024/25 will be transferred to the BBR at the end of the financial year.
92. Since transfers to the BBR will reflect actual savings delivered, the 2024/25 cash limits have not been adjusted in line with planned early delivery savings. For Adults' Health and Care directorate total savings for SP2025 are £47.9m of which £7.7m are currently anticipated to be delivered during 2024/25.
93. Delivery of these savings presents a significant challenge for the directorate, particularly against a backdrop of continued high inflation and rising demand. Rigorous monitoring of the implementation of the programme will begin during 2024/25, to ensure that the Directorate is able to deliver its SP2025 savings in line with planned timescales.
94. This early action in developing and implementing the Savings Programme to 2025 means that the County Council is in the best possible position for setting a balanced budget in 2024/25 and that no new savings proposals will be considered as part of the budget setting process for the forthcoming financial year.
95. Additionally, it is anticipated that £1.1m of Tt2021 savings and £3.8m of SP2023 savings will remain to be achieved in 2024/25. The main reasons for the delays to savings delivery 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.

Section I: 2024/25 Review of Charges

96. For Adults' Health and Care, the 2024/25 revenue budget includes income of £105.4m from fees and charges to service users. This is an increase of £17.6m

(20%) on the revised budget for 2023/24. This increase is largely reflective of the planned increase in benefits from April 2024 and the increasing volume of clients that the Directorate is supporting.

97. The County Council has, for the last three years maintained a policy of not financially subsidising the Meals on Wheels service. Clients that are in receipt of Meals pay the full cost. Therefore, when in 2023, the current provider did not extend their contract the only interested and viable alternative provider for this highly valued service was secured. The significant increase in charge for this service, as shown in appendix 3, is entirely as a result of this change in provider.
98. Details of current and proposed fees and charges for 2024/25 where approval is sought for changes are outlined in Appendix 3. The uplift of 6.2% for all other services excluding Meals on Wheels has been generated using a blend of CPIH and estimated increases in staff costs for 2024/25, as per the methodology used in previous years. CPIH has been assumed at the same level as that used to generate uplifts to external providers.
99. 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 2024/25

100. The budget update report presented to Cabinet on 12 December 2023 included provisional cash limit guidelines for each Directorate. The cash limit for Adults' Health and Care in that report was £604.9m, a £76.8m increase on the previous year. The increase / decrease comprised:
 - £10.7m increase in grants of which:
 - £4.1m is the 2024/25 allocation for the Market Sustainability and Improvement Workforce Fund.
 - £2.9m is the increase in the Hospital Discharge Fund
 - £1.9m for the Afghan resettlement schemes
 - £1.8m from the Public Health grant from the 2022/23 grant level
 - £41.8m of corporate support, inclusive of:
 - £15.3m added in 2023/24 as outlined in paragraph 80
 - £13.5m as previously built into the MTFs for 2024/25
 - £10.5m pressures identified during preparation of 2024/25 budget.
 - An increase of £25.1m for inflation

- £0.8m decrease which is primarily in relation to the Procurement team moving to Corporate Services.

101. Appendix 2 sets out a summary of the proposed budgets for the service activities provided by Adults' Health and Care for 2024/25 and show that these are within the cash limit set out above.

102. 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:

	2024/25	
	£'000	£'000
Cash Limited Expenditure	786,290	
Less Income (Other than Government Grants)	(181,343)	
Net Cash Limited Expenditure		604,947
Less Government Grants:		
• Local Community Voices	(102)	
• Improved Better Care Fund	(31,279)	
• Market Sustainability & Improvement Fund	(15,194)	
• Discharge Grant	(7,309)	
• Healthwatch	(579)	
• Social Care in prisons	(93)	
• War widows pension grant	(485)	
• Vulnerable Persons relocation scheme	(179)	
• Afghan Project Integration Fund	(2,520)	
• Public Health Grant	(56,187)	
Total Government Grants		(113,927)
Total Net Expenditure		489,217

Section L: Climate Change Impact

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 2024/25 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 2024/25 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 2025 – Revenue Savings Proposals (Executive Lead Member for Adult Social Care and Public Health) 2023-09-19 AHC EM Budget Report SP2025.pdf (hants.gov.uk)	19 September 2023				
Medium Term Financial Strategy Update and Savings Programme to 2025 Savings Proposals https://democracy.hants.gov.uk/mgAi.aspx?ID=63758#mgDocuments	Cabinet – 10 October 2023 / County Council – 9 November 2023				
Budget Setting and Provisional Cash Limits 2024/25 Financial Update and Budget Setting and Provisional Cash Limits 2024/25 (hants.gov.uk)	Cabinet – 12 December 2023				
<p>Section 100 D - Local Government Act 1972 - background documents</p> <p>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.)</p> <table border="0"> <thead> <tr> <th><u>Document</u></th> <th><u>Location</u></th> </tr> </thead> <tbody> <tr> <td>None</td> <td></td> </tr> </tbody> </table>		<u>Document</u>	<u>Location</u>	None	
<u>Document</u>	<u>Location</u>				
None					

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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

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

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

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

2. Equalities Impact Assessment:

The budget setting process for 2024/25 does not contain any proposals for major service changes which may have an equalities impact. Proposals for budget and services changes which are part of the Savings Programme to 2025 Programme were considered in detail as part of the approval process undertaken in September, October and November 2023 and full details of the Equalities Impact Assessments relating to those changes can be found in Appendices 3 to 7 of the October Cabinet report linked below:

<https://democracy.hants.gov.uk/mgAi.aspx?ID=62985#mgDocuments>

For proposals where a Stage 2 consultation is 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. The results of these consultations and any changes to equality impacts will be reported to the relevant Executive Member as the savings proposals are further developed and implemented.

Budget Summary 2023/24 – Adults' Health and Care

Service	2023 Signed Off Budget £000	2023 Revised Budget £000
AS Director	1,555	1,530
Headquarters	20,478	24,847
Older Adults	227,557	236,446
Older Adults Community Services	209,460	218,864
Reablement and equipment store	18,097	17,582
Younger Adults	209,825	220,599
Learning Disabilities Community Services	134,985	141,812
Mental Health Community Services	22,648	22,897
Physical Disabilities Community Services	40,147	42,682
Younger Adults Commissioning and Management	7,922	9,194
Directorate wide Contact Assessment and Resolution Team	4,123	4,014
HCC Care	45,388	45,236
Governance & Assurance	1,729	1,887
Centrally Held	(32,778)	(33,095)
Adult Social Care	473,754	497,450
Public Health Main	54,412	56,187
Children and Young People - 0 to 19	24,267	25,005
Community Safety & Violence Prevention	1,161	1,161
Drugs and Alcohol	8,586	8,745
Health Check	1,187	1,187
Protection & Intelligence	30	47
Mental Health and Wellbeing	1,939	1,996
Nutrition, Obesity & Physical Activity	465	465
Older People	256	256
PH Central	4,916	5,464
Sexual Health	9,390	9,646
Tobacco	2,215	2,215
Public Health Grants	0	15,930
Public Health	54,412	72,117
Adults' Health and Care	528,166	569,567

Budget Summary 2024/25 – Adults' Health and Care

Service	2023 Signed Off Budget £000	2024 Signed Off Budget £000
AS Director	1,555	1,532
Headquarters	20,478	24,951
Older Adults	227,557	265,968
Older Adults Community Services	209,460	245,496
Reablement and equipment store	18,097	20,472
Younger Adults	209,825	243,007
Learning Disabilities Community Services	134,985	153,616
Mental Health Community Services	22,648	26,536
Physical Disabilities Community Services	40,147	49,157
Younger Adults Commissioning and Management	7,922	9,818
Directorate wide Contact Assessment and Resolution Team	4,123	3,880
HCC Care	45,388	58,282
Governance & Assurance	1,729	1,629
Centrally Held	(32,778)	(46,609)
Adult Social Care	473,754	548,760
Public Health Main	54,412	56,187
Children and Young People - 0 to 19	24,267	25,004
Community Safety & Violence Prevention	1,161	1,162
Drugs and Alcohol	8,586	8,745
Health Check	1,187	1,187
Protection & Intelligence	30	57
Mental Health and Wellbeing	1,939	1,939
Nutrition, Obesity & Physical Activity	465	465
Older People	256	256
PH Central	4,916	5,511
Sexual Health	9,390	9,646
Tobacco	2,215	2,215
Public Health	54,412	56,187
Adults' Health and Care	528,166	604,947

Review of Fees and Charges 2024/25 – Adults' Health and Care

	Income Budget 2024/25	Current Charge	Proposed Increase	Proposed New Charge
	£'000	£	%	£
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)	5,971	957.32	6.20	1,016.68
• Residential Care for Older People (per week)	5,142	863.80	6.20	917.35
• Residential Care for Dementia (per week)	Included in above	933.52	6.20	991.41
Residential and respite care for Adults with a Learning Disability (per week):				
• Orchard Close Residential Care	14	1,217.93	6.20	1,293.46
• Jacobs Lodge, Hindson House, Newcroft Respite Units	Included in above	1,017.87	6.20	1,081.01
• West Street	Included in above	2,009.77	6.20	2,134.37
• 1:1 support (day) – per hour	Included in above	23.59	6.20	25.05
• Waking night – per hour	Included in above	29.82	6.20	31.67
Discharge to Assess Bed incl CHC D2A (*)	13,351	1,396.08	6.20	1,482.67
Enhanced Dementia D2A beds	Included in above	1,638.00	6.20	1,739.50
Standard Continuing Healthcare Support (*)	405	1,230.60	6.20	1,306.90
Meals on Wheels	2,951	6.23	36.44	8.50

* 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 service) are calculated on the actual costs of the care provided to service users.

In line with corporate policy all other charges will be increased by an inflation rate of 6.2%