



Hampshire
County Council

Health and Adult Social Care
Select Committee
11 January 2021
Budget Briefing 2021/22

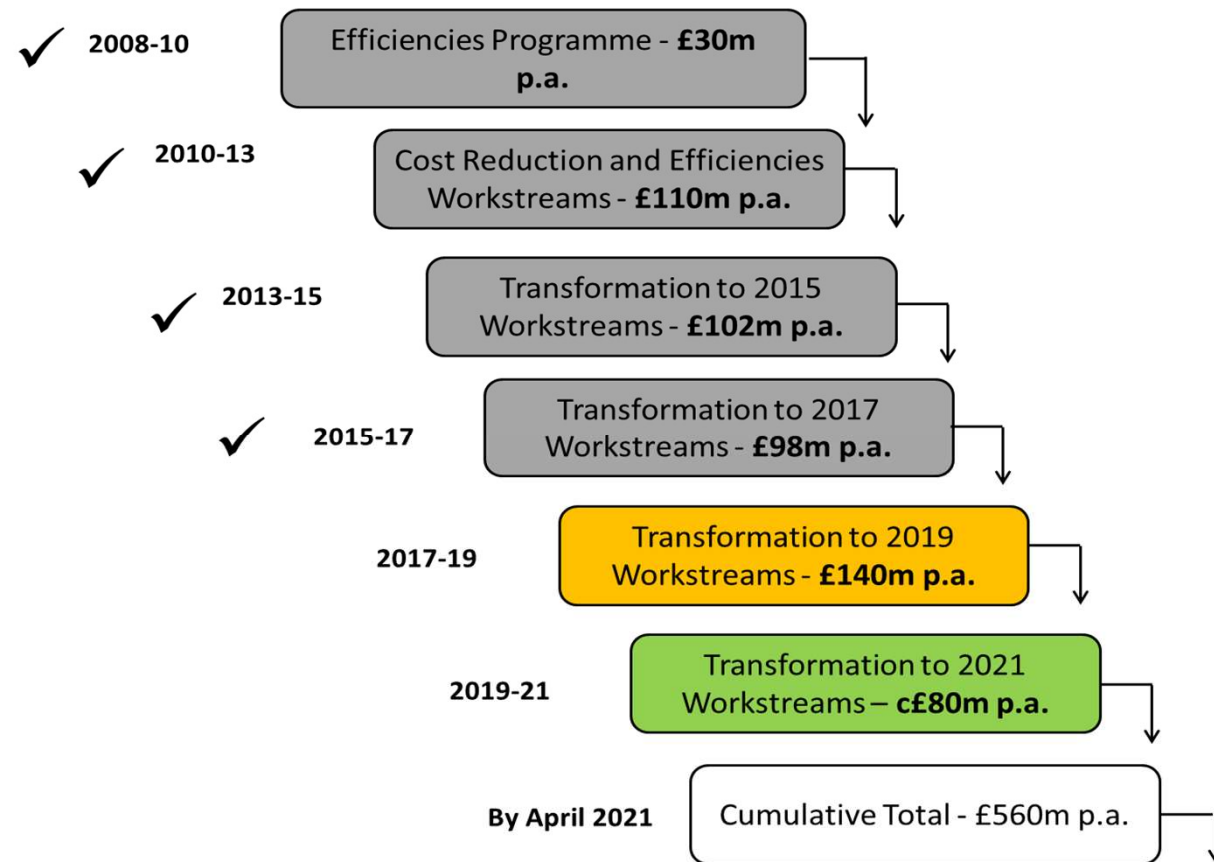
David Cuerden
Finance Business Partner

Presentation Outline

- County Council Context
- Local Government Finance Settlement – Key Issues
- Reserves Position
- Update on Transformation to 2021 (Tt2021) Programme
- Key Departmental Challenges and Issues
- Adults' Health and Care Budget Proposals and Revenue Budget
 - Includes Adult Social Care and Public Health
- Adults' Health and Care Capital Programme

County Council Context

Efficiency and Transformation Programmes



A further £80m Savings Programme has also been put in place to deliver full savings by 1 April 2023

Budget Forecast 2021/22 – MTFS Position

- Savings targets for 2021/22 were approved as part of the MTFS in 2018 to deliver £80m and proposals agreed in November 2019 to give the time for implementation.
- Anticipated delay in some elements of the delivery of cash release for the Tt2021 Programme factored into the MTFS and sufficient one off funding provided to meet any potential gap over the period.
- Proposed to increase council tax by the referendum limit (originally 3.99%, 2% for social care costs on top of the referendum limit of 2% for core council tax).
- This was clearly before the impact of Covid-19!

Covid 19 – As Reported to Cabinet in November

- Covid-19 has created a range of impacts from response costs and losses, increased demand and impacts on council tax and business rate income, some of which extend into future years
- County Council's strategy is to try to deal with this as a one off medium term impact so that it does not require additional departmental savings to be made and protects the resources available to support future savings programmes
- After allowing for Government support (prior to the Spending Review and provisional settlement) we faced unfunded costs and losses of £210m over the medium term.
- A response package of reserves and other funding was put in place totalling £160m, leaving a requirement for further Government funding of at least £50m to close the gap.

Local Government Finance Settlement – Key Issues



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Provisional Local Government Finance Settlement 2021/22

- The Spending Review announcement in November whilst positive brought no longer term certainty as it was again only for one year.
- The provisional Local Government Finance Settlement for 2021/22 was announced on 17 December but final figures will not be confirmed by the Government until late January or early February.
- Key items include:
 - ✓ Council tax increase of 4.99% permitted, 3% for social care costs on top of the referendum limit of 2% for core council tax – additional 1% will generate £7m.

Provisional Local Government Finance Settlement 2021/22

- ✓ Additional social care funding for 2021/22. However, HCC will only receive £1.2m from this (compared to estimate of £5m), as most of the funding has been given to areas with low council tax bases.
- ✓ Extra funding to help councils Covid-19 cost pressures in 2021/22 – HCC allocation £24m.
- ✓ Funding to meet increased demand for council tax support – HCC allocation £8.1m.
- ✓ New Homes Bonus continues with no new legacy payments – HCC allocation £3.9m. Consultation to be launched into the future of the scheme.

Reserves Position

Reserves Strategy

- Deliberate policy to make savings ahead of need and then use these funds to meet costs of the next phase of transformation.
- Total reserves of more than £643.1m as at 31 March 2020, more than half of which (£351.2m) is committed to existing revenue programmes and capital spend.
- £92.2m in departments cost of change and trading account reserves to be used for investment and future transformation / savings delivery and to cash flow delivery of Tt2019 and Tt2021.
- £45.9 set aside to mitigate risks (mainly the insurance reserve as we self insure).
- £15.4m in schools reserves (net of DSG deficit), £5.1m for the EM3 LEP and £22.3m in GF balance (broadly in line with minimum reserves policy).
- The strength of our reserves has been critical in developing the Covid-19 financial response package.

Reserves Strategy

Only £111.1m (17.3%) is truly 'available' to support one off spending and is made up as follows :

	Balance 31/03/19 £'000	Balance 31/03/20 £'000	% of Total
<u>'Available' Reserves</u>			
Budget Bridging Reserve *	65,001	78,509	12.2
Invest to Save	29,201	22,290	3.5
Corporate Policy Reserve	6,397	6,852	1.1
Organisational Change Reserve	3,626	3,442	0.5
	104,225	111,093	17.3

* The use of the BBR to support the revenue budget and cash flow Tt2019 and Tt2021 is already planned in the period to 2023/24 and beyond - draw in 2020/21 to cover Tt2019 & Tt2021 cash flow and interim year is £44.4m. The uncommitted balance of the other reserves currently forms part of the Covid-19 financial response package.

Update on Transforming the Council to 2021 Programme

Transforming the Council to 2021

- Savings target of £80m agreed as part of the MTFs in 2018.
- Savings proposals to meet this were agreed in November 2019.
- **There are therefore no new savings proposals to consider as part of this budget setting process.**
- Consultation (where required) and implementation has been progressing throughout 2020/21, alongside Covid-19 response and recovery activity, with periodic reports to CMT and Cabinet.
- Progress will continue to be closely monitored over the extended time period of the Tt2021 Programme.

Transforming the Council to 2021

- Scale of the transformation, notably in Adults' Health & Care and lead in times for achieving savings will cause delay in some of the delivery of cash savings for the Tt2021 Programme.
- Cash flow support required on a one-off basis to manage the extended delivery timetable will in the most part be met from departmental cost of change reserves, boosted by some early delivery in 2020/21.
- Further contingency held corporately to cover any remaining shortfall, including the impact of Covid-19.
- High degree of confidence this can be covered but we will be managing this alongside the development of the 2023 Savings Programme (SP2023).

Summary of Approved Savings Proposals – Tt2021

TARGET - £43.1m

	£m	£m	£m
Adult Social Care			36.3
Younger Adults Services		13.2	
Demand Containment	6.9		
Younger Adults Accommodation	2.7		
NHS Integration	1.1		
Least Restrictive Practice	2.0		
Volunteering	0.5		
Older Adults Services		12.6	
Demand Containment	6.0		
Care at Home	2.4		
Alternative to/lower cost of Residential and Nursing Care	2.8		
Extra Care	0.8		
Increased use of technology	0.6		
In-House Care Provision		1.6	
Working Differently		4.7	
National Grant Funding		4.2	
Public Health			6.8
Total			43.1



Key Issues from Implementation

- Maintaining the quality, capacity and access to appropriate services, both in-house and across the wider sector, in light of continued challenges and service delivery changes
- Continued development of Extra Care and Supported living units in 2021/22; increasing choice, control and independence
- Extending our offer to our population to stay well and take more control of their own wellbeing through further embedding the Strengths Based Approach during 2021/22; working upstream in preventative ways
- Continued development of closer working relationships with NHS and other partners.
- Delays in delivery due to Covid-19 response diverting resources away from savings delivery during 2020/21.

Key Departmental Issues and Challenges

Adult Social Care

Key Departmental Issues / Challenges

- Despite current year position, challenging long term financial forecast in response to a continued increase in demand and complexity of clients; all age groups – we continue to await any proposed changes to the way in which social care is funded.
- The long term impact of Covid-19 on the wider care market and demand for services is unknown, specifically the subsequent impact on Residential and Nursing care placement prices.
- Recruitment and retention of appropriately skilled staffing resource / capacity across the sector to maintain and improve outcomes and quality.
- Continued and ongoing development of strategies to enable care to be delivered in the right ways in the right places.
- Continuing demands across health and social care delivery, for example challenges presented through maintaining the current improvements in hospital discharge delays in a post Covid-19 environment.

Key Departmental Issues and Challenges

Public Health

Key Departmental Issues / Challenges

- Challenging long term Public Health savings to support the council saving programme with increased demands for services and health inequalities and need to maintain clinically safe services and public health outcomes.
- The National agenda:
 - the NHS 10 year plan and Prevention Green paper emphasis on prevention ‘Prevention is better than cure’
- Capacity and expertise to deliver Council’s wider Public Health responsibilities
 - Delivery of the HCC Public Health strategy
 - Ensuring delivery of mandated services
 - Responding to emerging Public Health issues
 - Protecting the Health of the population from spread of infections
- Maintaining focus on key priorities across the system and leadership of preventative health agenda for the system
- Leadership of the Public Health Partnership with the IOW
- Uncertainty about the future funding model for public health
- Covid-19 has highlighted the need to focus on programmes to improve the health of the population and the health needs of the population

Adults' Health and Care Budget 2021/22

Adult Social Care Proposed Budget

Revenue Budget: £'000

Revised Budget for 2020/21 414,383

Proposed Budget for 2021/22 357,197

Capital Programme:

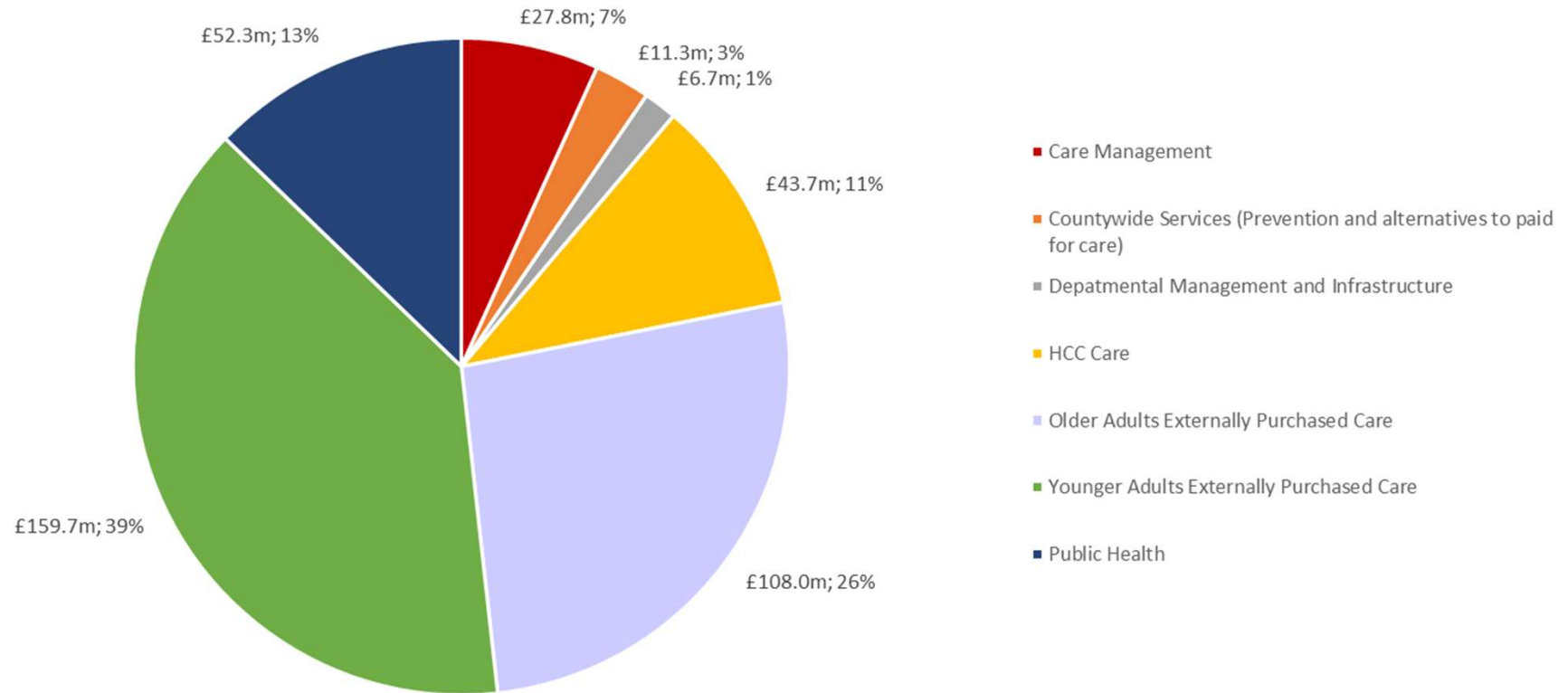
Revised programme for 2020/21 25,376

Proposed programme for 2021/22 15,588

Public Health Proposed Budget

Revenue Budget:	£'000
Revised Budget for 2020/21	57,258
Proposed Budget for 2021/22	52,348

Adults' Health & Care Revenue Budget 2021/22



Adults' Health and Care Capital Programme 2020/21 to 2022/23

	Revised			
	2020/21	2021/22	2022/23	Total
	£000	£000	£000	£000
Carryforward from 2017/18	11,498			11,498
Maintaining operational buildings	481	481	481	1,443
Disabled Facilities Grants	14,252	14,252		28,504
Carryforward to 2021/22	-855	855		0
Total programme	25,376	15,588	481	41,445
Locally resourced	11,124	1,336	481	12,941
Government allocation	14,252	14,252		28,504
Total Funding	25,376	15,588	481	41,445