

Medium Term Financial Plan for Adults and Health Services

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Cabinet Member: Cllr Mandy Chilcott

Division and Local Member: All

1. Summary

This report summarises the key areas of specific interest within the Medium-Term Financial Plan to the Scrutiny Committee for Adults and Health. It outlines the key points that were included within the report made to Cabinet on the 20th January 2021. It includes an overall narrative from the Directors of Adults Services and Public Health Services to provide assurances around the changes made to funding and spend. A review of this detail through Scrutiny will be presented as part of the overall challenge and assurance process to Cabinet on the 8th February and Council on the 20th February in setting the final budget for 2021/22.

The MTFP will link pressures, growth, and savings to the delivery of the Council's key priorities within the Council's vision to create:

- A thriving and productive County that is ambitious, confident and focussed on improving people's lives;
- A county of resilient, well-connected and compassionate communities working to reduce inequalities;
- A county where all partners actively work together for the benefit of residents, communities and businesses and the environment, and;
- A county that provides the right information, advice and guidance to enable residents to help themselves and targets support to those who need it most.

2. Issues for consideration / Recommendations

The Committee is requested to consider the proposed budget for 2021/22 and indicative budgets for 2022/23 and 2023/24 for Adults and Public Health Services budgets. The Committee is asked to review specific proposals for changes from previous years, so that they can comment on them, offer assurance to Cabinet and/or identify any matters for consideration that they would like to highlight to the Cabinet.

3. Background

Preparations for the 2021/22 budget were reported to Cabinet in December 2020 and highlighted the unique difficulty with producing the 2021/22 budget against the backdrop of the Covid-19 pandemic and the significant uncertainty that it brings. Uncertainty around Government funding and the review of Fairer Funding and Business Rates has been delayed. In addition to this the Comprehensive Spending Review was delayed and only one year of funding was announced which continues the uncertainty for funding in future years.

The full report and Appendices were presented to Cabinet on the 20th January 2021.

4. Adult Services

With this in mind the proposed budget for 2021/22 Adult Services and projections for a further two years is shown below:

Table 1: Proposed and Indicative Budgets for Adult's Services

Adult's Services	Proposed Budget 2021/22 £m	Indicative Budget 2022/23 £m	Indicative Budget 2023/24 £m
Adult Social Care Operations	75.583	76.643	77.745
Mental Health	19.709	20.902	22.094
Learning Disabilities	87.330	90.037	92.258
Commissioning	-41.030	-37.010	-32.791
Total	141.592	150.573	159.305

The following table shows the breakdown of the changes between 2020/21 and 2021/22:

Table 2: Changes to the Adult's Services Budget

Adults Services	£m	£m
2020/21 Original Budget		126.290
Permanent Virements		5.128
Base Budget		131.418
Additional Funding Requirements:		
To be negotiated	5.505	
Demographic and other Demand Increases	6.342	
Other Funding Requirements	0.107	
Total Additional Funding Requirements		11.953

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Efficiencies Previously Agreed	(0.112)
New Efficiency Proposals	(1.667)
2021/22 Proposed Budget	141.592
Change £m	10.174
Change %	7.74%

The draft proposals recognise the importance of the Adult Services and the budget adds further investment of c£10.2m dependent on fee negotiation which is a 7.74% increase into this key frontline service. This recognises additional demand pressures especially within mental health which is showing as an overspend within the latest budget monitoring report. Predicting future years' demand is always difficult and Covid-19 has further increased this difficulty. One of the key challenges around this is identifying what is on-going demand and what is temporary demand. The budget proposals have therefore tried to strike the balance between the two and to ensure the budget proposals are robust. In addition to the £6m Contingency budget it is proposed that £10.8m of the Tranche 5 Covid-19 funding, announced as part of provisional Finance Settlement, is put into a specific Covid-19 Reserve to deal with any once off costs in 2021/22.

Inflation includes contractual inflation for the Discovery contract as well as an allocation for the care provider market and personal budgets. Pay inflation has been included at 1% but is subject to change following the announcement of a national pay freeze and pending local negotiations.

The anticipated demographic growth in support required across the service has been calculated using Office for National Statistics population data and trends from previous years. As noted above the growth in demand for Mental Health services is a big pressure on the Adults budget.

The other funding requirements is a technical adjustment of £0.107m for the Local Assistance Scheme. This has previously been funded from corporate contingency and will now form part of the Adults base budget.

New Transformation, Savings and Income Generation Proposals include:

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Table 3: New Transformation, Savings and Income Generation Proposals for Approval and Existing Plans Already Approved

Name of Proposal	Description	2021/22	2022/23	2023/24	New/ Existing
		£m	£m	£m	
Independent Living Accommodation Solutions	Capital investment in new forms of accommodation both owned by us (with rental income) and in partnership with others. Linked to a capital bid this would provide different accommodation options to those currently available in our housing and provider market.	0.000	(0.578)	(0.500)	New
Savings from new Intermediate Care Model	Savings from new Intermediate Care Model working jointly with NHS.	(0.600)	0.000	0.000	New
Staff Efficiency	Savings from staffing efficiencies due to remodelling of service delivery.	(0.300)	0.000	0.000	New
New Ways of Working/establishment Control	Savings in travel, printing, and venue hire.	(0.067)	0.000	0.000	New
Reduced Transport Costs	Reduced Transport Costs reflecting	(0.300)	0.000	0.000	New

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	different models of care and support including day-care support closer to home or in the community.				
Employment Support	Joining up employment support services with DWP and changing the Discovery contract for employment support aligned with the transport and day service modernisation.	(0.400)	0.000	0.000	New
Community focused redesign	Community focused redesign	(0.050)	(0.050)	(0.025)	Existing
Digital FAB	Digital FAB	(0.062)	0.000	0.000	Existing
		(1.779)	(0.628)	(0.525)	

New transformation, savings, and income generation plans for 2021/22 include £0.600m planned reduction in residential placements as a result of joint working with the National Health Service (NHS) through the Intermediate Care Model. There are also £0.300m savings from staffing efficiencies due to remodelling of service delivery, and £0.067m from new ways of working adopted during the pandemic and assumed to continue an ongoing basis. There will also be a review of Day Service provision within Learning Disabilities which will reduce transport costs by £0.300m, and a review of the employment support contract with Discovery which will produce £0.400m of efficiencies.

Equalities Impact Assessments for the new proposals are still currently being reviewed and assessed. These will be completed before any final decisions can be made.

There are a number of grants embedded within the Adults' Services budget as follows:

Table 4 – Grants

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Grant/Fund	2021/22 £'m
Improved Better Care Fund	22.685
Better Care Fund	13.890
War Pension Disregard	0.248
Independent Living Fund Grant	1.193

5. Public Health

The proposed general fund budget for 2021/22 Public Health Services and projections for a further two years is shown below:

Table 5 – Proposed and Indicative Budgets for Public Health Services

Public Health	Proposed Budget 2021/22 £m	Indicative Budget 2022/23 £m	Indicative Budget 2023/24 £m
Public Health	1.411	1.421	1.429

The following table shows the breakdown of the changes between 2020/21 and 2021/22:

Table 6: Changes to the Public Health Services Budget

Public Health	£m	£m
2020/21 Original Budget		2.097
Removal of budgets for once off 2020/21 projects		(0.692)
2020/21 Adjusted Budget		1.405
Additional Funding Requirements:		
Inflation (Contractual, General, and Pay)	0.006	
Total Additional Funding Requirements		0.006
2021/22 Proposed Budget		1.411
Change £m		0.006
Change %		0.41%

The removal of one-off budget relates to funding that was taken from reserves for 2020/21 to fund an I.T. system, Neighbourhoods and the Prevention Programme. Some of this activity was paused due to the Covid-19 response but will have an ongoing health benefit once completed.

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Pay inflation has been included at 1% but is subject to change following the announcement of a national pay freeze and pending local negotiations.

The core Public Health Service is financed through a ring-fenced grant. This is expected to be £21m in 2021/22.

6. Capital Programme

New capital bids include the following:

Table 7 – New Capital Bids

SCC Service Area	Description of Bids/ Projects within each area	2021/22 £m	2022/23 £m	2023/24 £m	Total £m
Adults	Adults Residential Investment	2.116	1.000		3.116
TOTAL		2.116	1.000		3.116

Financed by:

	2021/22 £'m	2022/23 £'m	2023/24 £'m	Total £'m
Borrowing	2.116	1.000		3.116
TOTAL	2.116	1.000		3.116

The capital proposal has been developed in partnership between Adults Social Care and Corporate Property to support the developing strategy for Adults residential accommodation. Under the Corporate Landlord Model, Corporate Property are leading on the infrastructure element to support the Service's strategy.

This proposal comprises several different components to ensure adequate and appropriate adults' residential provision in Somerset. The investment will help to deliver:

- An extra Care housing scheme;
- A specialist supported living scheme;
- 2 x 4 bed homes to support people with complex needs;
- Bringing back into use a number of existing residential units at the Six Acres site in Taunton.

The extra care and supported living schemes would be delivered through investment in housing association residential developments, which would secure placements on a long-term basis. The homes to support people with complex needs would either be purchased or built and would mitigate the need for placements which at present are solely reliant on third party providers which can be at significant cost or distances out of county. The properties at Six Acres require some work to bring them into use to provide additional complex needs and emergency accommodation.

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7. Consultations undertaken

Any proposals requiring consultation will not proceed until that consultation has been completed.

8. Implications

Financial implications have been outlined within this report.

9. Background papers

MTFP Report to Cabinet in December 2020

Note For sight of individual background papers please contact the report author