

# **Adults and Health Select Committee**

## **2020 – 2025 Budget Scrutiny**

**22 January 2020**

# Context

- Last year - a budget that didn't rely on Reserves and helped stabilise our finances
- This year - moving from short- to long-term: **investing for impact** and for financial sustainability
- Next year – outcome focused and comprehensive medium-term plan
- Significant progress towards financial stability and good performance
- Plus the injection of additional resources from Central Government, once again mean **no use of Reserves**, and a more medium-term and investment based outlook
- Continuing medium-term challenges:
  - Uncertainty about funding levels from 2021
  - Continuing high demand for services
- A refreshed Organisation Strategy and Phase 2 Transformation

# Organisation Strategy 2019 – 2023

## OUR FOCUS FOR THE NEXT 5 YEARS 2020 - 2025

We are changing and improving what the Council does and how it delivers services to reflect the ways in which our residents and communities now live their lives. We are now a year into our transformation to become a leading council. We are ambitious about our future and here we outline where our focus lies in the years ahead.



<p><b>Tackling inequality</b> Working with residents in every area of Surrey to identify and address causes of inequality, especially in life expectancy for everyone.</p> 	<p><b>Supporting independence</b> Helping residents help themselves and each other within their community.</p> 	<p><b>More joined up health and social care</b> Integrating health and council services so they're more effective, efficient and seamless for residents.</p> 	<p><b>Creating a greener future</b> Tackling the causes of climate change and become a carbon-neutral county as soon as possible.</p> 
<p><b>Embracing Surrey's diversity</b> Recognising the benefits of a diverse workforce and population to ensure Surrey is a place full of opportunity.</p> 	<p><b>Partnership</b> Working with residents, businesses, partners and communities to collectively meet challenges and grasp opportunities.</p> 	<p><b>Supporting the local economy</b> Investing in the infrastructure Surrey needs to build a strong and resilient economy.</p> 	<p><b>Digital revolution</b> Making the most of new technology to innovate and improve services, and the way we work, to help Surrey and residents thrive.</p> 

Page 17

### OUR VALUES: we care about -

-  our residents
-  being excellent
-  being open
-  working together
-  respecting others

### THE PRINCIPLES GUIDING OUR WORK:

- 1** Focus on ensuring no one is left behind
- 2** Take a fresh approach to working in partnership
- 3** Support people to help themselves and each other
- 4** Involve and engage residents earlier and more often in designing and delivering services, and responding to challenges

To read a full list of our achievements from the past year and to read our Organisational Strategy in full, please go to [www.surreycc.gov.uk](http://www.surreycc.gov.uk)

# Transformation Programme 2020 - 2025

There are 28 individual programmes across different stages: 13 are continuing and 15 are newly introduced into the transformation programme

Discover & Define

Design & Develop

Deliver

PEOPLE

Adults with learning disabilities and autism  
\*\*NEW\*\*

Health and social care integration  
\*\*NEW\*\*

Working differently with communities  
\*\*NEW\*\*

Domestic abuse \*\*NEW\*\*

Preparing for adulthood

Libraries and cultural services

Accommodation with care and support

Adult social care practice improvement

Adult social care market management

Adult mental health (including staff transfer) \*\*NEW\*\*

Family resilience

Special Educational Needs and Disabilities (SEND) transformation (including transport)

PLACE

Greener future \*\*NEW\*\*

Countryside \*\*NEW\*\*

Economic growth \*\*NEW\*\*

Rethinking transport

Rethinking waste \*\*NEW\*\*

Improving infrastructure \*\*NEW\*\*

Creating Environment, Transport and Infrastructure \*\*NEW\*\*

Community protection (including Surrey Fire and Rescue Service Transformation)

ORGANISATION

Data insights \*\*NEW\*\*

Digital

Agile workforce

Customer experience

Transforming our core business processes  
\*\*NEW\*\*

Land and property \*\*NEW\*\*

Becoming more entrepreneurial \*\*NEW\*\*

Moving closer to residents

# Headline Capital Schemes to commence 20/21- 24/25

**Over £650M invested in the County**  
(c£530m over the medium-term)

**Highways** - Further **£92M** of spend to improve and maintain our highway network which includes 3000 miles of road, over 3000 miles of pavements; from a deteriorating to steady state.



**Extra Care** - up to 165 units across first three planned extra care sites, with an estimated pre-planning land value of £5.5M. SCC capex of **£1.8M**. Total investment of **£7.3M**. Future phases to deliver up to 725 units.



**SEND** - Up to **£31M** on specialist provision and a new SEND school. Further phases in future years.

**Parsons River Thames Flood Alleviation Scheme - £237M and Wider Surrey Flood Alleviation Scheme - £33M** to protect thousands of homes and businesses from the risk of flooding.



**Schools Basic Need** - SCC will invest a further **£70M** to provide school places.

**Community Investment Fund - £100M** fund to regenerate high streets and visible investment in communities over the medium term.



**Greener Futures** - Various projects including a Solar Farm; EV charging point pilot; ULEV purchases and electrification of various transport services. Total spend **c£84M**.

**Improved Access to the Countryside** - Maintenance and improvements to the rights of way network and visitor improvements totalling **£3M**.



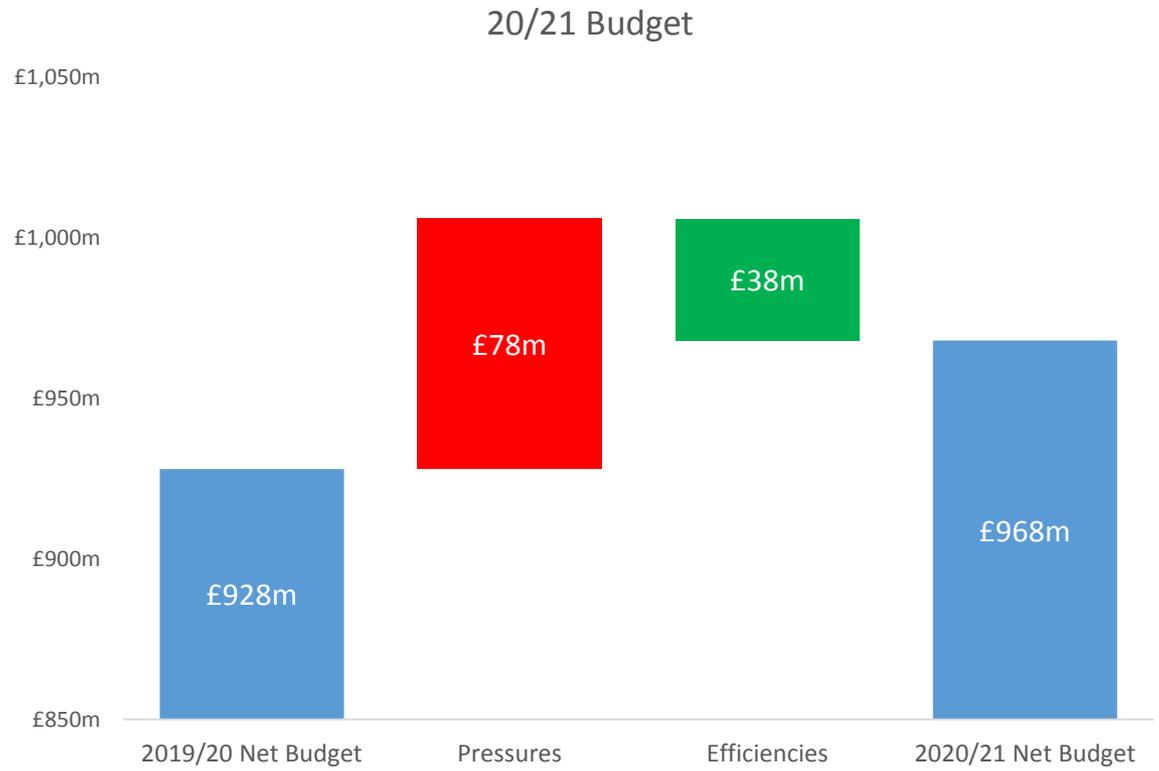
# Draft Funding announcements from Central Government

- Draft funding was announced on 20 December (called the Provisional Settlement) - broadly followed our planning assumptions
- It was largely a roll forward of the 2019/20 position and provided additional funding for:
  - Adults Social Care (£14.2m)
  - Children with SEND (£13.5m)
- A new Social Care Precept of 2% (=£14.6m) and Council Tax threshold of 1.99% (=c£16m)

# Key Budget Highlights for 20/21

- Additional **c£38M plus £13.5M SEND** from Provisional Settlement, one-year only – waiting on Final Settlement in Jan 2020 to confirm
- Total net funding of **£968M**
- Pressures of **£78M** – including pay and contract inflation
- Efficiencies of **£38M**, of which £24m to be delivered by Transformation
- Future year funding remains very uncertain - **provisional gap of c£160M by 24/25**

Page 21



# Budget build 19/20 to 20/21 by Directorate

- New funding, additional pressures, pay and contract inflation as well as efficiency proposals identified through the budget process = **Net Budget for 2020/21 of £968M for SCC**

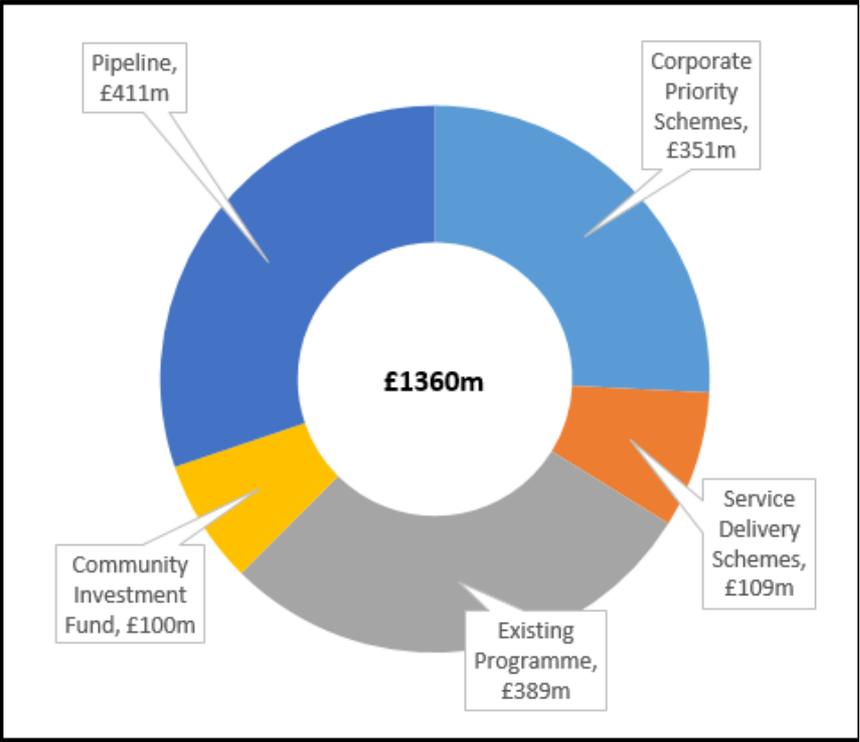
Directorate	2019/20 £m	Pressures £m	Pay Inflation £m	Contract Inflation £m	Efficiencies £m	2020/21 £m
Children, Families, Learning & Culture	243.7	5.7	3.0	3.8	-12.0	244.2
Public Health	30.2	0.3	0.0	0.0	-0.3	30.2
Adult Social Care	363.9	11.7	1.4	7.4	-12.3	372.1
Environment, Transport & Infrastructure	162.6	4.8	1.3	3.5	-4.0	168.2
Transformation, Partnerships & Prosperity	16.9	2.9	0.3	0.1	-1.0	19.1
Resources	65.7	2.6	0.9	1.2	-4.1	66.3
Central Income & Expenditure (1)	45.6	27.1			-4.4	68.2
<b>Total Net Expenditure</b>	<b>928.6</b>	<b>55.0</b>	<b>6.8</b>	<b>16.1</b>	<b>-38.1</b>	<b>968.4</b>
<b>Total Funding</b>	<b>-928.6</b>					<b>-968.4</b>

Note (1) The increase in CIE from 19/20 to 20/21 is mainly attributable to the following increases: £7.5m Transformation Fund, £5m Feasibility Reserve, £10m additional Contingency and additional MRP. This will be further detailed in the final report

# Proposed Capital Programme 20/21 – 24/25

- Capital Programme continues to be developed; **c£1.4B** over the period
- **Corporate Priority Schemes** - £351M including SEND, Highways, River Thames, Extra Care
- **Service Delivery Schemes** - £109M of projects being finalised
- **Pipeline Schemes** - £411M of projects at early stages
- **Community Investment Fund** - £100M of schemes to be developed
- **Current Programme** - £389M

Page 23



9 • Detailed programme to be presented in January Budget Report



# Adult Social Care (ASC)



# Adult Social Care Strategy

ASC's vision is ***"To promote people's independence and wellbeing, through personalised care and support that focuses upon their strengths, the outcomes they want to achieve and enables choice and control"***.

ASC has embarked on an ambitious transformative agenda to achieve this vision. This includes:

- Embedding a **strength-based approach** to social work practice.
- **Investing in prevention** including Technology Enabled Care Services and Reablement.
- **Streamlining ASC's front door**, improving signposting to reduce and better channel demand.
- Establishing **new Commissioning and Brokerage functions** to lead market relationships.
- Creating a **new Learning Disability & Autism service**.
- **Maximising** the benefits of the **positive relationships** already in place with **health partners**.
- **Replacing traditional forms of support to enhance people's independence** including:
  - **Independent living instead of residential care** for people with LD / Autism.
  - Expanding **affordable extra care housing provision for Older People**.
  - Moving **away from institutionalised care in the community**.
  - Focusing on **supporting people into employment**.
- **Taking back control over ASC Mental Health services** and embedding strength based practice.

# ASC budget – Where is the money spent?

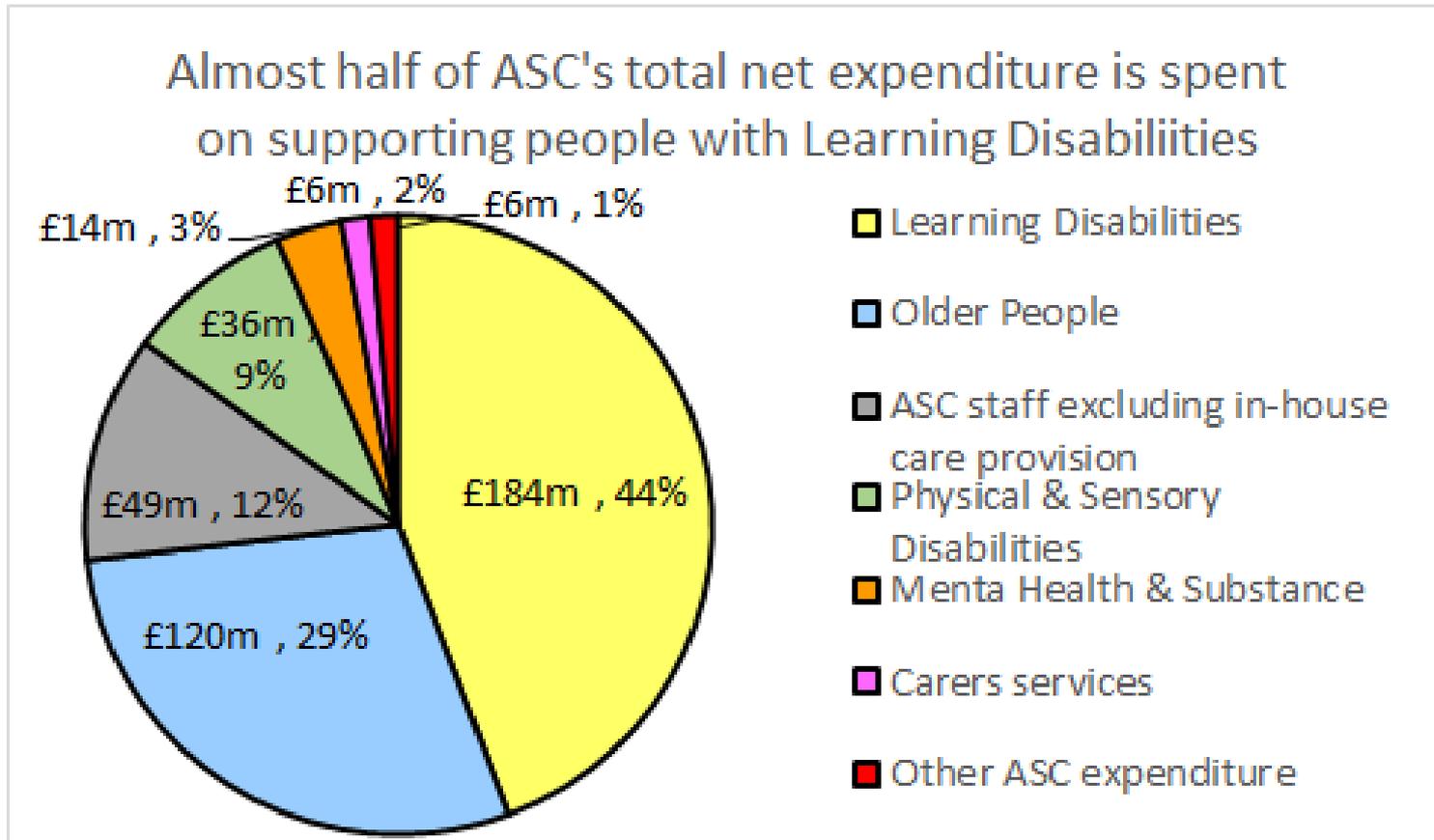
Area of expenditure	2019/20			2020/21
	Budget £m	Forecast £m	Variance £m	Budget £m
Care packages expenditure	404.8	414.0	9.2	412.0
Care packages income	-69.6	-71.6	-2.1	-70.5
<i>Net care packages expenditure</i>	335.2	342.4	7.1	341.5
Staffing excluding in-house care packages	56.3	54.8	-1.4	58.2
Wider contracts & grants	20.1	20.6	0.4	19.9
Other expenditure	1.0	1.3	0.4	1.0
ASC investment fund	2.0	0.5	-1.5	2.0
Additional Better Care Fund related activity	0.0	0.0	0.0	2.5
2018/19 carry forward	0.0	-1.8	-1.8	0.0
<i>Total net expenditure prior to BCF and grants</i>	414.6	417.8	3.2	425.0
Core Better Care Fund income	-39.3	-42.5	-3.2	-41.7
ASC government grants	-11.3	-11.3	0.0	-11.2
<i>Total Core BCF income and Government grants</i>	-50.6	-53.8	-3.2	-52.8
<b>Total net expenditure</b>	<b>364.0</b>	<b>364.0</b>	<b>-0.0</b>	<b>372.1</b>

Care package spending accounts for over 80% of total gross expenditure and net expenditure prior to BCF income and government grants and is the key area of focus for delivery of efficiencies.

The blue circles highlighted in the table above show that an overspend of £7.1m on care package spending was forecast at the end of October, but a balanced overall ASC budget was still forecast for 2019/20 due to the use of alternative balancing measures, the majority of which are one-off.

Although the 2020/21 care package budget has been increased to nearer to the projected 2019/20 outturn, there are new pressures in 2020/21 and so current care package spending needs to be reduced to achieve next year's budget.

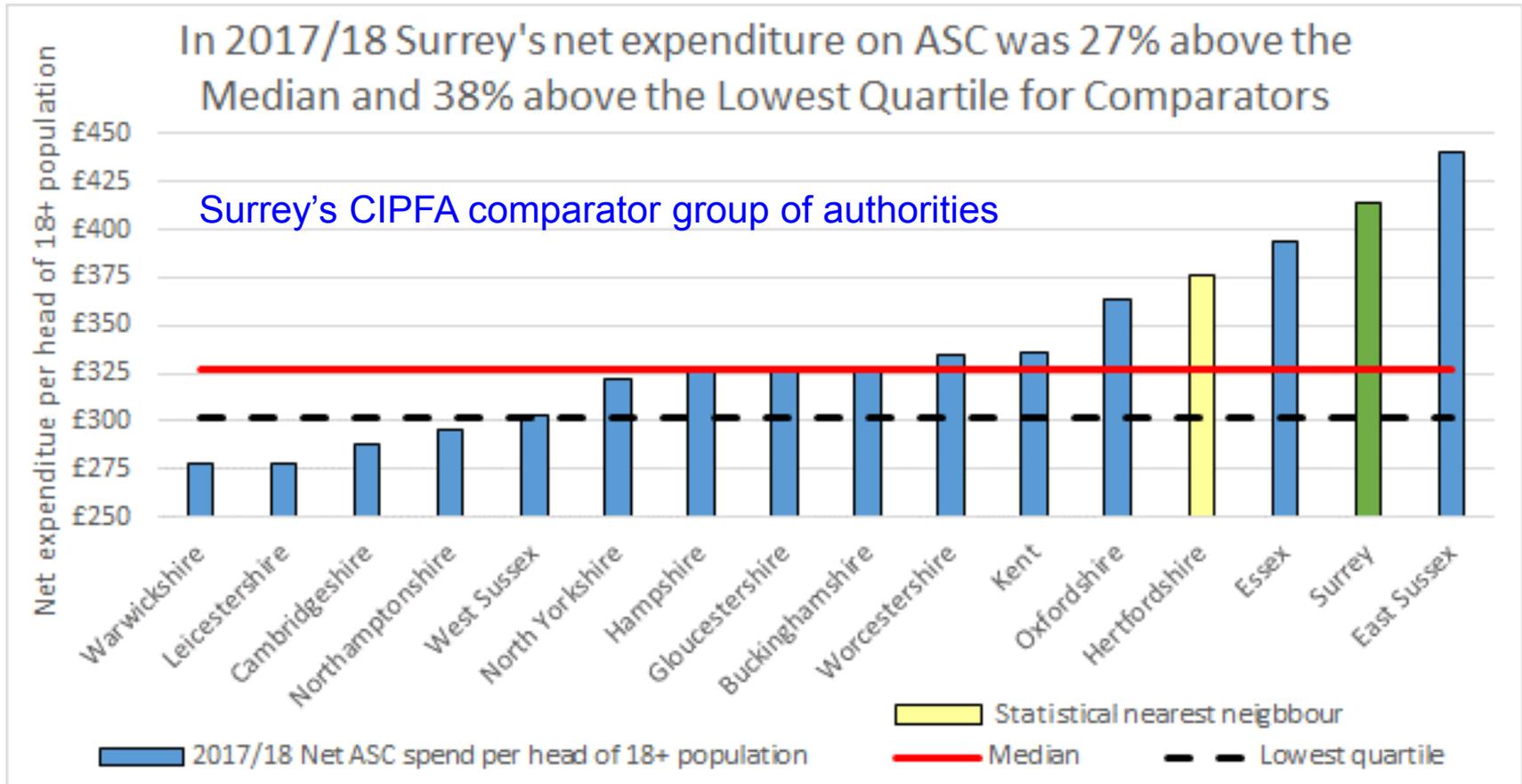
# Summary of ASC net expenditure excluding Better Care Fund income and Government Grant funding



Older People and Learning Disabilities account for the majority of the money spent on care and support services for residents.

When assessed fees & charges income that people pay towards their care is taken into account, Learning Disabilities and Autism is by far the biggest area of Adult Social Care expenditure.

# Surrey's ASC expenditure is high compared to comparators



Page 28

Surrey is a comparatively high spender on ASC. This is in part due to local factors such as the very high Learning Disability transfer from the NHS to SCC in April 2011.

Nonetheless, if Surrey had spent at the median level for comparators in 2017/18, net expenditure on ASC would have been £81m lower. If spending had only been reduced to Surrey's nearest statistical neighbour, Hertfordshire, spending would have been £35m lower.

# ASC plans to change service models

## Learning Disabilities 2017/18

Average expenditure

£141.77

Average performance

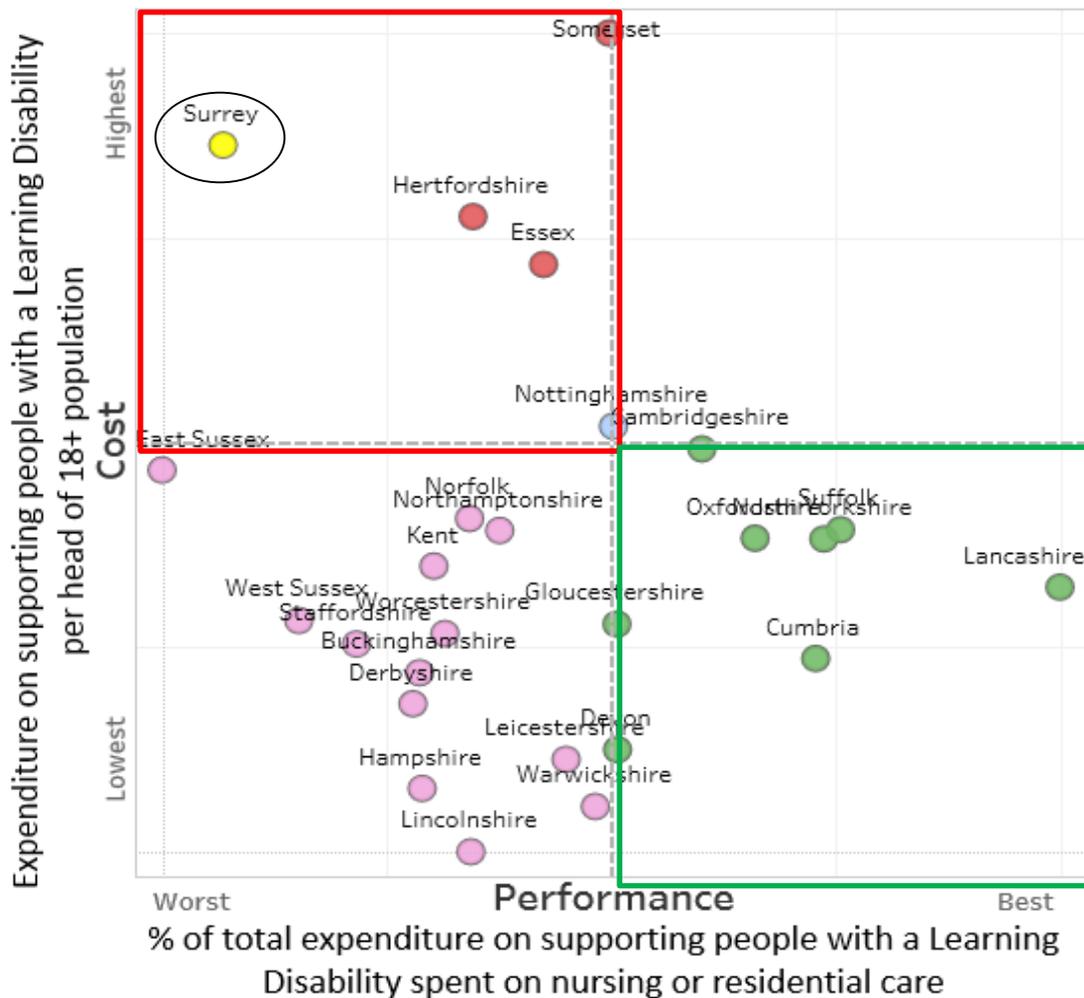
0.38

Surrey expenditure

£190.4

Surrey performance

0.54



The chart shows that out of all County Councils, Surrey had the 2<sup>nd</sup> highest spend per head on Learning Disabilities and 2<sup>nd</sup> highest % of spend on nursing or residential care in 2017/18.

A key aim of ASC's transformation programme is to shift away from institutionalised models of care.

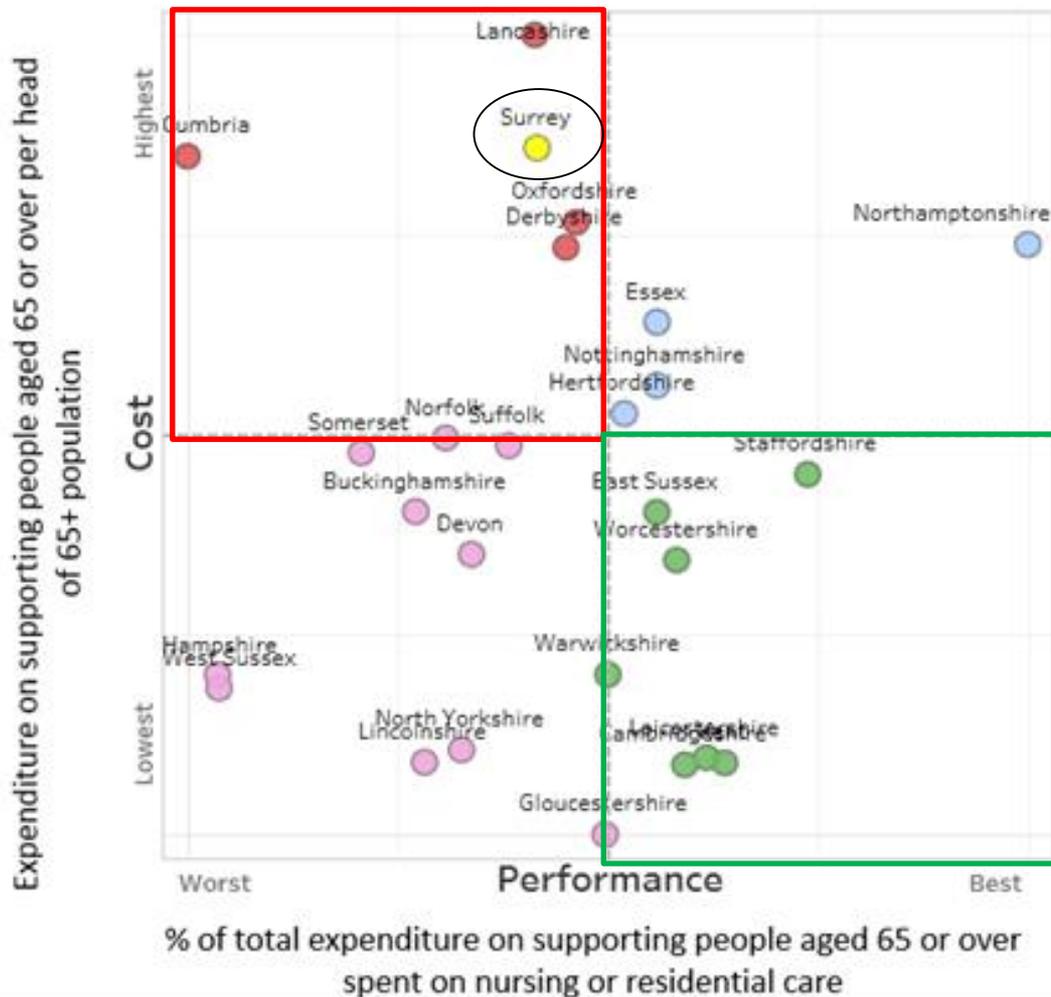
For Learning Disabilities (LD) this involves a specific focus on expanding independent living care provision.

Surrey's high expenditure on LD is in part due to having the largest commissioning transfer from the NHS in the country in April 2011.

-  Highest spenders with highest % of spend on nursing or residential care
-  Lowest spenders with lowest % of spend on nursing or residential care

# The picture is similar for Older People care provision

## Older People 2017/18



Like with Learning Disabilities, Surrey is also a high spender on Older People with a fairly high proportion of spend on nursing or residential care.

Expanding affordable extra care housing for Older People is a key focus of ASC's transformation programme.

-  Highest spenders with highest % of spend on nursing or residential care
-  Lowest spenders with lowest % of spend on nursing or residential care

# Adult Social Care budget summary

Budget movement	£m	Comments
<b>Prior year budget</b>	<b>363.9</b>	
<b>Growth pressures</b>		
Care package 2019/20 pressure	6.2	Estimated pressure ongoing into 2020/21
Pay inflation	1.4	Does not include incremental progression
Increase in ASC Transition staffing	0.6	Additional required capacity
Care package price inflation	7.4	Risk that higher inflation could be required
New Transition cases	5.0	People transitioning from CFLC services
Demand outside of Transition	0.0	Assumed all other demand is mitigated
Better Care Fund changes for ASC	0.0	Assumed new activity matches funding
<b>Total growth pressures</b>	<b>20.5</b>	
<b>Efficiencies</b>	<b>-12.3</b>	See next slide for a list of efficiencies
<b>Final 2020/21 budget</b>	<b>372.1</b>	

The 2020/21 budget plans for a small increase in ASC's budget from 2019/20. However, underlying commitments are already higher than the 2019/20 budget and the Council's funding changes may mean a significant reduction in spending is required in future years.

# Adult Social Care efficiencies

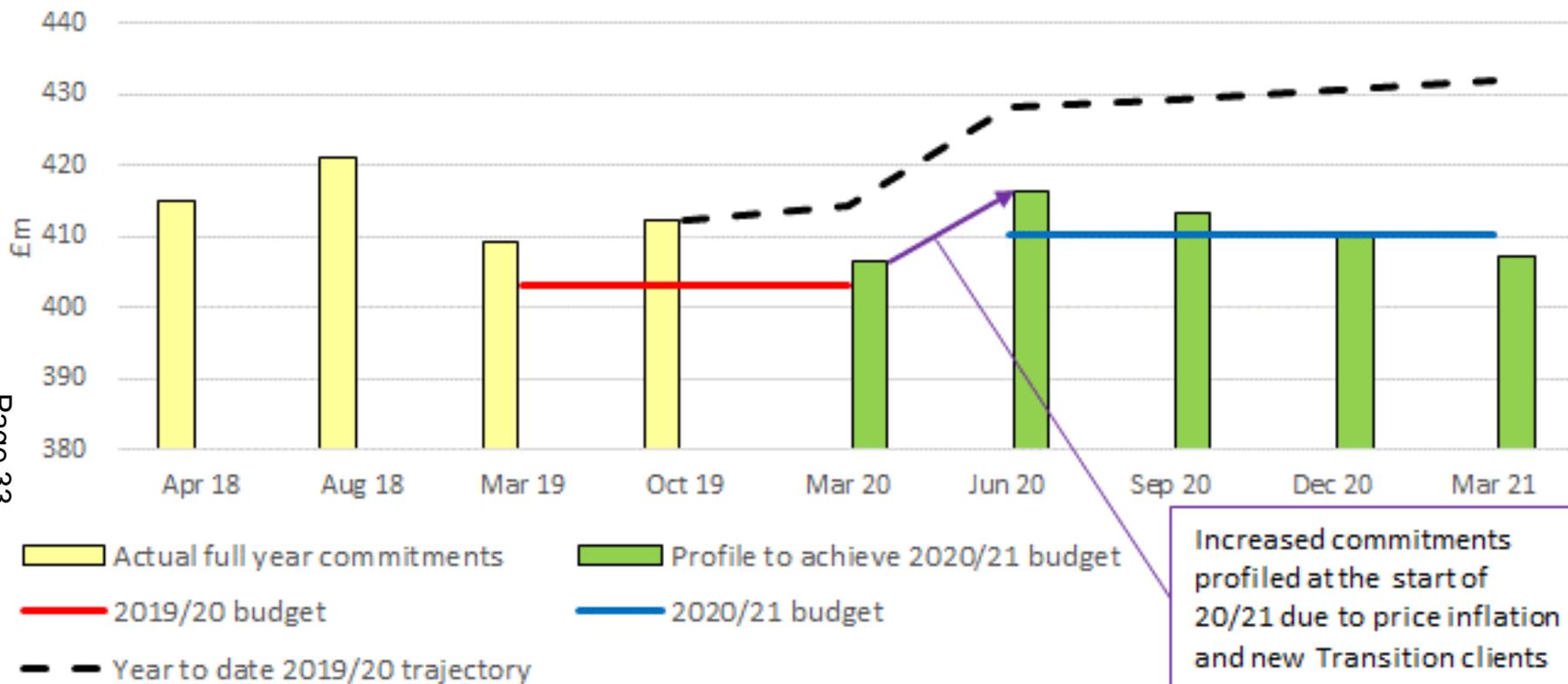
*Efficiencies for OP Extra Care are expected to be achieved from 2023/24*

Efficiency title	2020/21 £m	Transformation programme
Expansion of affordable Older People extra care housing	0	Accommodation with Care & Support
Older People care package efficiencies (excluding extra care)	4.6	ASC Practice Improvement
Physical & Sensory Disability care package efficiencies	1.6	ASC Practice Improvement
Strategic shift from Learning Disability residential care to independent living	0.8	Accommodation with Care & Support
Learning Disability and Autism care package efficiencies	4.6	Learning Disabilities & Autism
Mental Health care package efficiencies	0.7	Mental Health
<b>Total efficiencies</b>	<b>12.3</b>	

All of ASC's efficiencies are directly linked to and reliant on the delivery of ASC's transformation programmes.

# Care package spending profile

ASC Gross Care Package Expenditure Full Year Commitments



ASC management actions successfully reduced care package commitments by £12m between August 2018 and March 2019 (£6m reduction for 2018/19 overall).

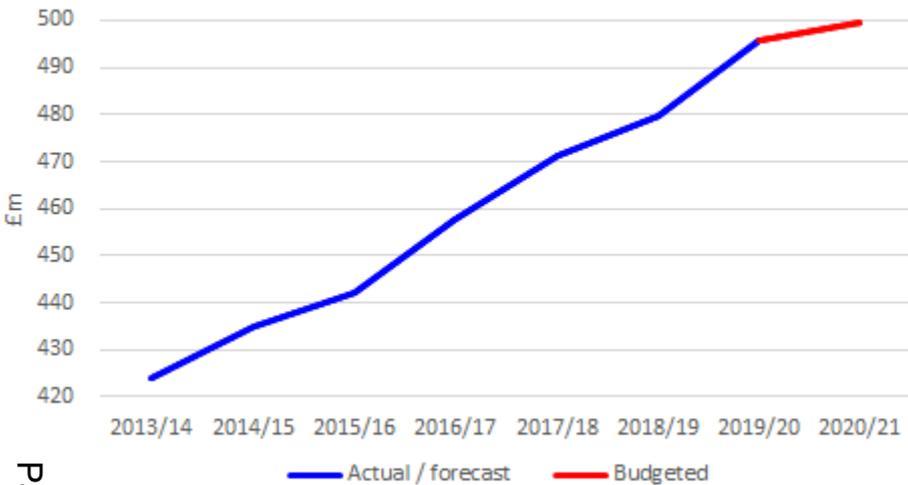
However, commitments have increased by £3m so far in 2019/20, at an average of £0.4m per month and were £9.2m above the 2019/20 budget at the end of October.

If this trend were to continue (black dotted line in the graph) then care package commitments would be £25m higher than the profile required to deliver the 2020/21 budget by March 2021.

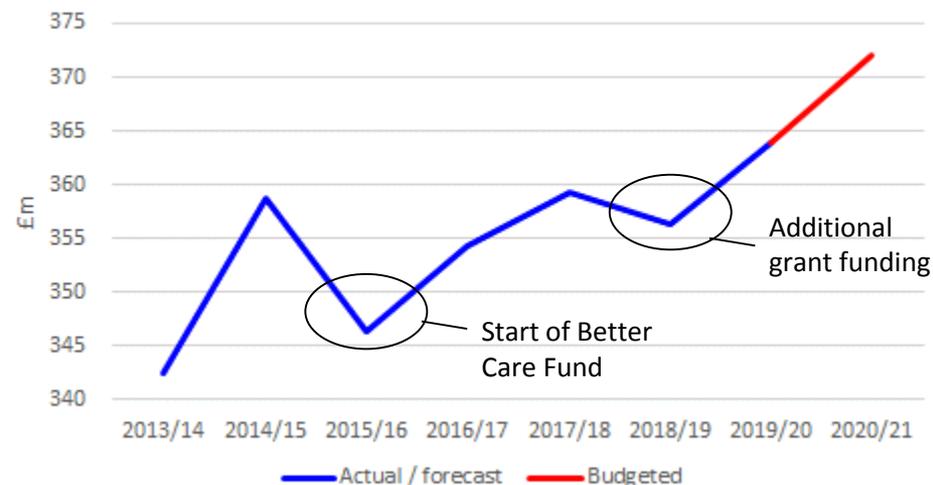


# Adult Social Care spending trajectories

Gross total ASC expenditure



Net total ASC expenditure



Page 54

Total gross ASC expenditure excluding income has increased fairly steadily year on year since 2013/14. To achieve the 2020/21 budget requires expenditure to be held much more tightly than the trend for previous years if the budget is to be achieved.

Net expenditure on ASC has increased at a slower rate. Surrey has benefited from additional Better Care Fund and government grant funding, as well as an increase in care package income. Nonetheless, net expenditure is still increasing at a rate that is not likely to be sustainable in future years.

# Summary of key ASC budget issues and risks

The **most significant issue** ASC faces in the delivery of the 2020/21 budget is **reducing expenditure on care packages**. The Adults Leadership Team is refreshing its budget strategy to address this.

Other key issues / risks include:

- **Price inflation** – will the £7.4m budgeted be sufficient?
- **Staffing budget** – cost pressures could arise as a result of ASC’s staffing review and / or the fact that budgeted pay inflation does not cover the cost of pay progression.
- **Better Care Fund income** – the budget assumes that the £2.4m increase in BCF income being used in 2019/20 to fund additional care package activity is held to fund new areas of expenditure in 2020/21. It may instead be possible to use this funding (plus a potential further increase of circa £1.1m in 2020/21) to fund additional care package activity if expenditure does not fall as planned.
- **Liberty Protection Safeguards (LPS)** – it is estimated that to fully comply with new legislation relating to LPS could cost £8m per year or more in the worst case scenario. More work is required to review the likelihood and size of this risk. No budget provision has currently been made for this potential risk.
- **Social Care Green Paper** – we are still no clearer on when, if at all, this will be published and so the future national funding plans for ASC remain uncertain.

# Public Health

# Public Health Strategy

The Public Health (PH) service aims **to improve and protect the health of people living and working in Surrey** by:

- Providing expert advice to inform evidence based decision-making.
- Supporting people to make positive lifestyle changes to improve health & wellbeing.
- Protecting Surrey residents from communicable diseases and environmental hazards.

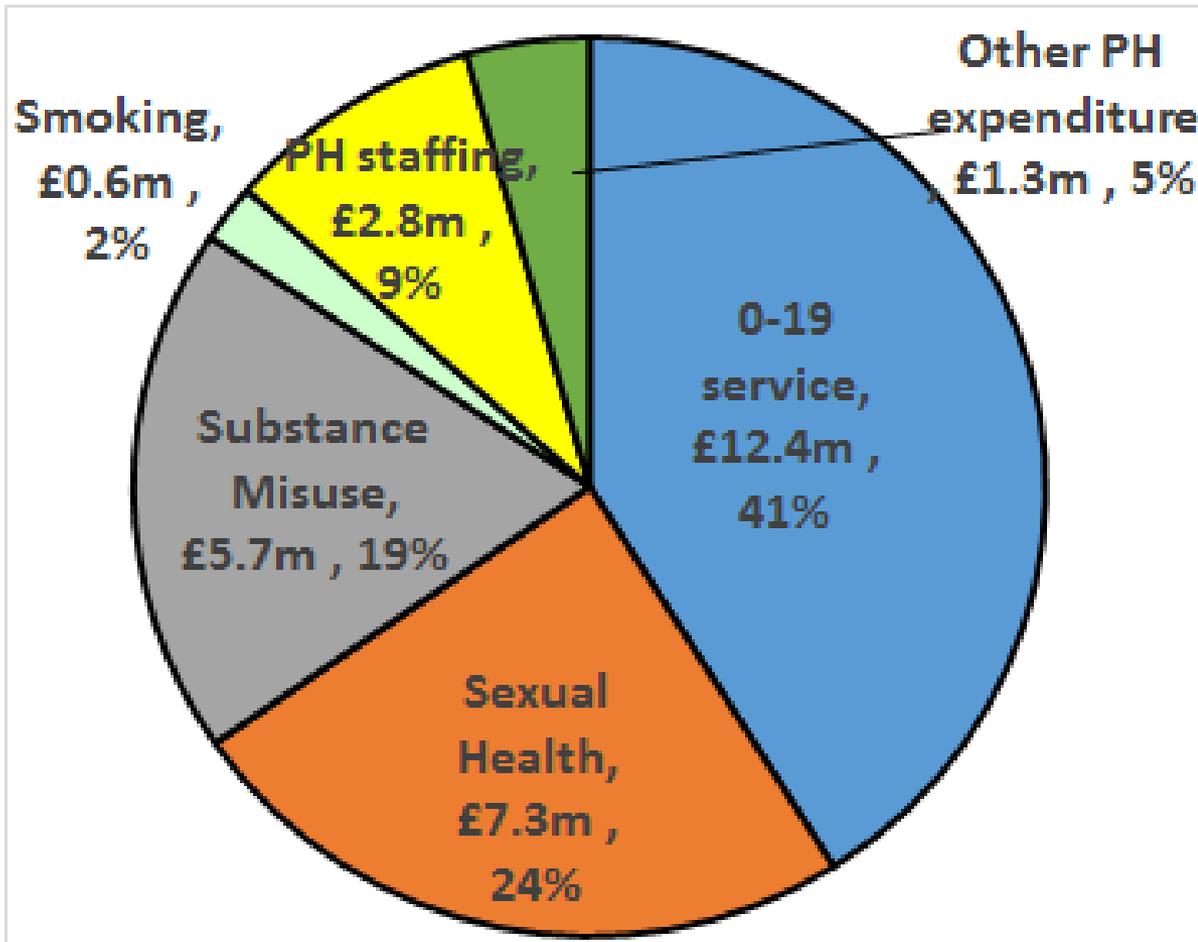
Surrey's PH service has **faced 3 key financial challenges** in delivering this strategy:

1. **Surrey's funding** for PH service provision is the **lowest per head of population in the country**.
2. The **government has cut PH funding** – the 2019/20 grant is 9% lower than 2013/14.
3. A **growing proportion of Surrey's PH grant** has been **spent on PH services provided by other parts of the Council that meet PH outcomes**, which has required the PH service to reorganise and reduce the services it directly commissions.

**Clear prioritisation of services** has therefore become **increasingly important** to ensure PH's limited resources are spent on the areas that deliver greatest benefits, and that efficiencies are focused on the areas that are estimated to cause the least adverse impacts.

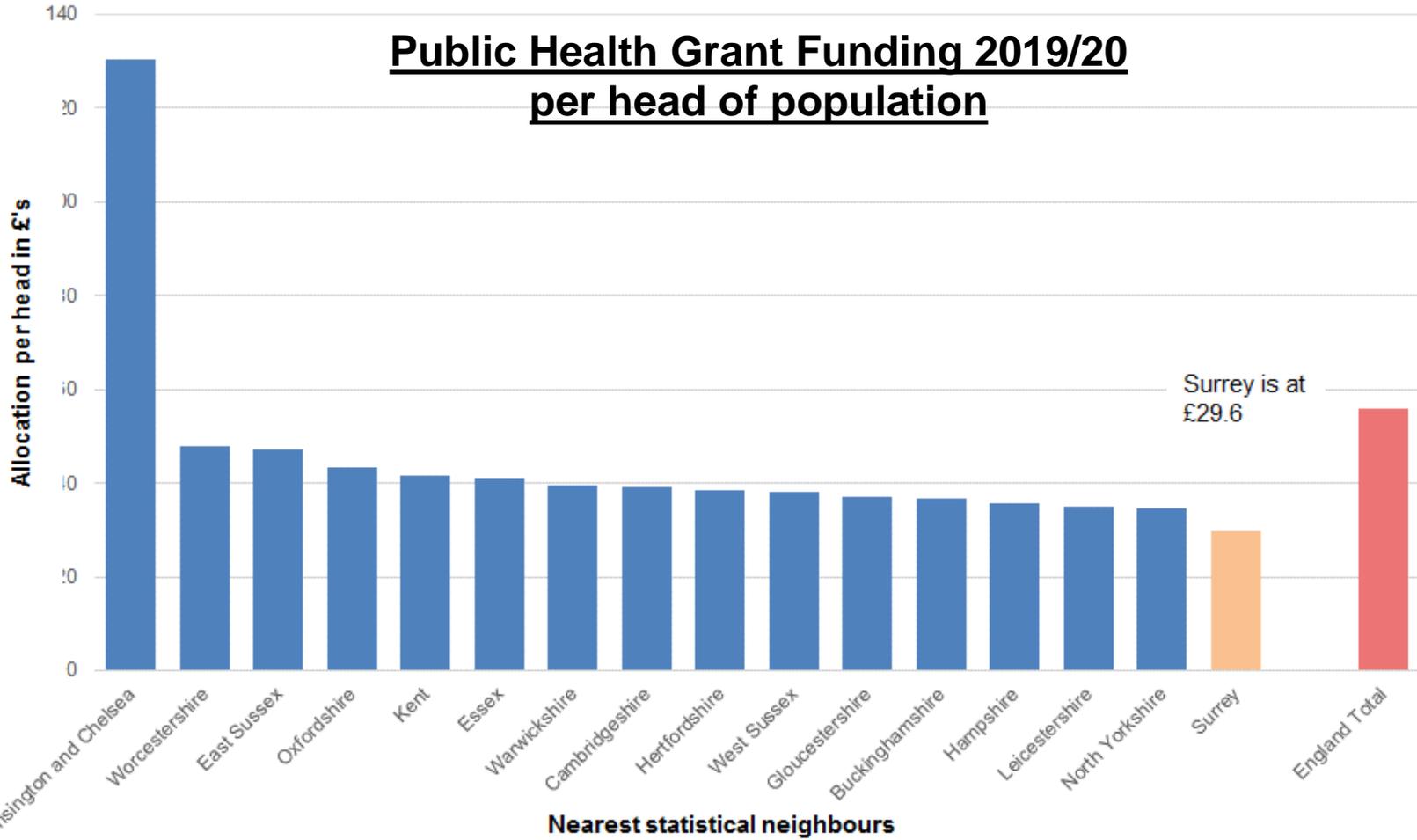
# Public Health – Where is the money spent?

The Public Health service's 2019/20 total budget for services they commission directly is £30.2m.

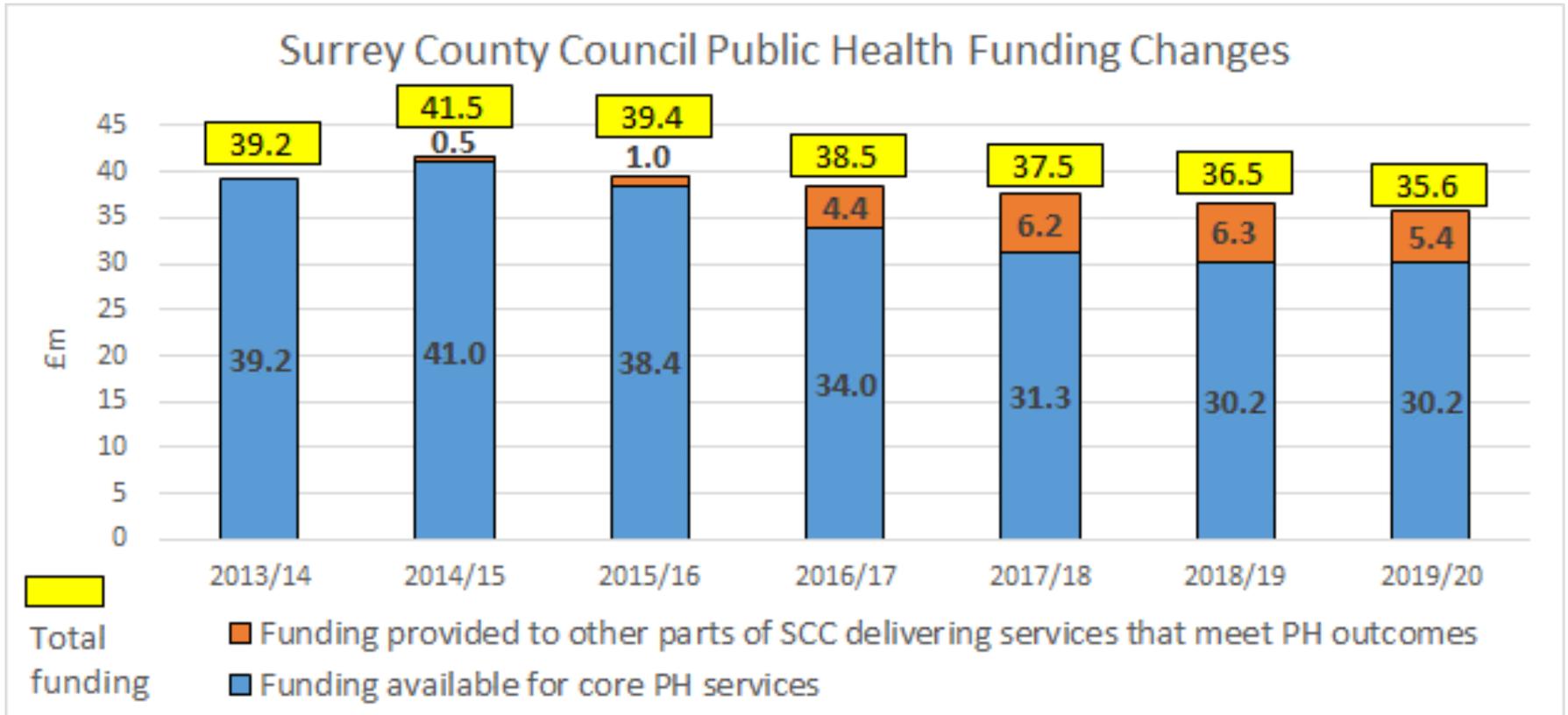


Other PH expenditure includes homelessness, mental health, healthy weight & physical activity services and SCC overheads

# Surrey receives the lowest level of Public Health funding in the country



# The amount available to spend on PH services has reduced steadily since 2013/14



The government has reduced Surrey's already very low PH total grant funding by £3.6m (9%) since the PH service transferred to SCC in 13/14.

In addition to the reduction in grant funding, SCC has used an increasing proportion of the grant to fund services that meet the PH grant criteria delivered by other parts of the Council. This has meant that total funding for core services commissioned by the PH service has reduced by £9m

(23%) since 2013/14.

# Public Health service core budget summary

Budget movement	£000	Comments
<b>Prior year budget</b>	<b>30,236</b>	All spend funded by ringfenced grant
<b>Growth pressures</b>		
Sexual health demand	220	PH's main demand driver area of spend
Pay inflation	60	Does not include incremental progression
Sexual health contracting	11	Genitourinary Medicine contract extension
Recharge pressure	25	Recharge of SCC overheads to PH
Pharmaceutical Needs Assessment	3	Completed every 3 years
<b>Total growth pressures</b>	<b>319</b>	
<b>Efficiencies</b>	<b>-319</b>	See next slide for a list of efficiencies
<b>Final 2020/21 budget</b>	<b>30,236</b>	All spend still funded by ringfenced grant

Surrey's total PH ringfenced grant in 2019/20 is £35.6m. The remaining £5.4m of grant not included in the table above is spent on services delivered by other parts of SCC that contribute to PH outcomes.

As a result of efficiencies PH have had to find in previous years to enable £5.4m of grant funding to be used for this purpose, PH is only required to deliver efficiencies to offset its own direct service pressures in 2020/21.

# Public Health efficiencies

Efficiency	2020/21 £000
Review of Stop Smoking service	115
Staffing efficiencies	92
Commissioning changes	50
Efficiencies related to the integrated Substance Misuse service	36
Family Weight Management contract efficiencies	21
Efficiencies related to Children's Dental Health Epidemiology Survey	5
<b>Total efficiencies</b>	<b>319</b>

Page 42

The PH service has adopted a prioritisation tool to ensure robust allocation of the public health grant ensuring maximum health gain.

The PH service has also conducted a Chartered Institute of Professional Financial and Accountancy (CIPFA) and Association of Project Managers accredited 'value for money' review of the public health commissioned services. This assesses the relative merits of different services based on their value for money (economy, efficiency and effectiveness), stakeholder value and strategic importance.

Efficiencies in future years will be reviewed and confirmed once the Council's financial position for years beyond 2020/21 is clearer.



**SURREY**  
COUNTY COUNCIL

# Summary of key PH budget issues and risks

- There is a **high degree of confidence** that the **2020/21 budget will be delivered**.
- The PH service has **plans in place to manage its pressures in 2020/21** and deliver the associated budgeted efficiencies required.
- **Surrey's PH grant is currently £35.6m. £5.4m** is allocated to fund services in **other parts of SCC** that meet PH outcomes. The **core PH service budget** is therefore **£30.2m**.
- The government announced in the **Spending Review 2019** that **PH grant funding** would be **increased "in real terms" in 2020/21**. For **Surrey**, we **estimate** this could equate to around an **extra £0.65m**. Use of this increased funding will be reviewed once the 2020/21 grant and any requirements associated with increased funding have been confirmed.
- Under the planned **new Fairer Funding system**, the **PH grant** would become **unringfenced** and be rolled into SCC's general funding allocation in **2021/22**. This would give councils greater discretion about how much they choose to spend on PH services.
- Current funding changes forecast for SCC mean that it is likely that **further reductions in PH spending may be required**. This could have very serious long term impacts for Surrey residents, so any future changes will need to be considered carefully to limit potential adverse impacts.

This page is intentionally left blank