

Adults & Health Select Committee
2023/24 Draft Budget Report and Medium-Term Financial
Strategy to 2027/28
6 December 2022



SURREY
COUNTY COUNCIL

Introduction – 2023/24 Draft Budget and Medium-Term Financial Strategy

Purpose and content

Set out to Select Committee the 2023/24 Draft Budget and MTFs, including:

- 2023/24 budget gap
- 2023/24 – 2027/28 summary position
- Detailed Directorate progress

The process to date

- Establish Core Planning Assumptions and funding projections
- Significant Member engagement (Cabinet, scrutiny, opposition party, All Member Briefings)
- Monthly iterations to Corporate Leadership Team
- Cabinet / CLT Away Day
- Convert the assumptions into the Draft Budget position
- Identify efficiencies to contribute towards closing the gap for 2023/24 and the medium-term
- Draft budget presented to Cabinet 29 November with a gap to close before final budget

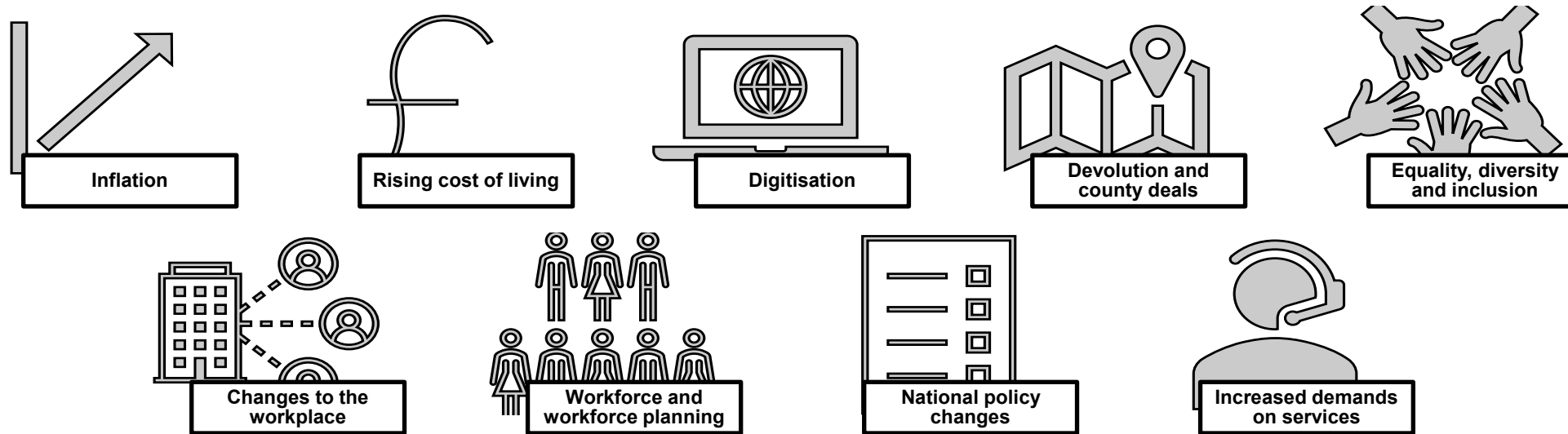
Next Steps

- Refine funding assumptions based on December local government settlement
- Finalise efficiency proposals and consider options to close the gap
- Finalise the 2023/24 – 2027/28 Capital Programme
- Consultation with residents on draft proposals and Equality Impact Assessments
- Final Budget to Cabinet in January 2023 & Council February 2023



Strategic Context

A number of drivers are influencing our operating context, including:



Delivering priorities, ensuring no one is left behind

Our Organisation Strategy sets out our contribution to the 2030 Community Vision.

Our **four priority objectives** and guiding principal that **no one is left behind** remain the central areas of focus as we deliver **modern, adaptive and resident-centred services for all.**



Budget consultation and engagement

Extensive multi-method **consultation and engagement exercise in autumn 2021** is a key source of evidence for decisions on where and how the council spends its money over the medium-term:

- Raised awareness of our priorities, budget context and views on the need to transform services and develop new approaches to service delivery
- Identified residents' informed spending preferences
- Tested spontaneous and informed attitudes towards service changes and residents' roles in supporting change.

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Further sources of insight from e.g.

- Cost of living survey (Surrey Health and Wellbeing Panel)
- Joint Neighbourhood Qualitative Research exploring residents views on council services
- Directorate-led engagement with resident representative groups

In addition, **a survey on the draft budget and the options to close the budget gap is currently live** and open to all residents and businesses in Surrey. The results will feed into the final budget report. Please continue to promote this opportunity widely

2023/24 Draft Budget

The table shows the overall picture for the Council for 2023/24 against estimated funding

Pressures, efficiencies and funding will continue to iterate over December

In particular, funding estimates are subject to clarification as our understanding of Government Funding, Council Tax and Business Rates estimates continue to develop

Local Government Finance Settlement expected before Christmas

	Base Budget 2022/23 £m	Initial allocation of Funding Change £m	Budget Envelope 2023/24 £m	2023/24 Indicative Requirement £m	Draft Budget Gap £m
Adult Social Care	401.7	8.5	410.2	434.5	24.2
Public Service Reform	34.4	0.0	34.4	34.4	0.0
Children, Families & Lifelong Learning	221.8	4.7	226.5	250.0	23.5
CFL - High Needs Block - DSG	27.2	-	27.2	5.0	(22.2)
Comms, Public Affairs & Engagement	2.0	0.0	2.0	2.1	0.0
Surrey Fire & Rescue Service	33.2	0.7	33.9	38.6	4.7
Customer & Communities	16.9	0.4	17.2	17.4	0.2
Environment, Transport & Prosperity, Partnerships & Growth	141.7	3.0	144.7	153.1	8.4
Resources	76.8	1.6	78.4	79.4	1.0
Total Directorates	957.2	19.1	976.2	1,016.2	40.0
Central Income & Expenditure	81.9	8.1	89.9	64.3	(25.6)
Total - Our Council	1,039.0	27.1	1,066.1	1,080.5	14.4

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The draft budget includes net pressures of £125m, with efficiencies of £69m, previous anticipated increase in funding of £27m plus an additional estimated £15m for adult social care, leaving a net gap of £14.4m.

Detailed pressures and efficiencies are set out in subsequent slides.

Specific Factors Impacting 2023/24 and the MTFs to 2027/28

Inflation

- Ongoing impact of above budgeted level of inflation in 2022/23
- Continued high inflation assumed throughout 2023/24, impact on Council, suppliers & partners
- Pay Inflation – either as a result of national policy (eg Fire) or in order to attract and recruit to key roles

Policy Changes

- Significant anticipated gap between costs and available funding re Adults Social Care Reform
- Discharge to Assess – continuation of policy change enacted during pandemic, removal of funding

Cost of Living Crisis

- Impact on residents felt by the Council in increased demand for services
- Unlikely to have currently felt the full effects, entering an anticipated difficult winter

Ongoing Demand Pressures

- Significant current year overspends forecast in Home to School Transport (demand & inflation led)
- Demand pressures associated with unaccompanied asylum seekers & childrens' placements
- Forecast continued demand in other services including Adults social care and children with disabilities

Medium Term Impact of Covid-19

- Ongoing impact on service demand as a result of the pandemic
- Behavioural change means income has not recovered to pre-Covid levels in some services (eg libraries)

Funding Uncertainty

- Uncertainty and/or delayed funding announcements risk unnecessary additional efficiencies
- Uncertainty over Fair Funding Reform impacts on ability to effectively plan for the medium term

2023/24 Draft Efficiency Programme

- Efficiencies are rated on risk of achievability – **£7.7m categorised as red**
- Stretch targets for efficiencies are included to ensure full ambition is quantified – corporate contingencies are in place to manage the risk of delivery
- It is often the case that more efficiencies are classified as red/amber at the draft budget stage vs the final budget, given timing and progress in activities to deliver

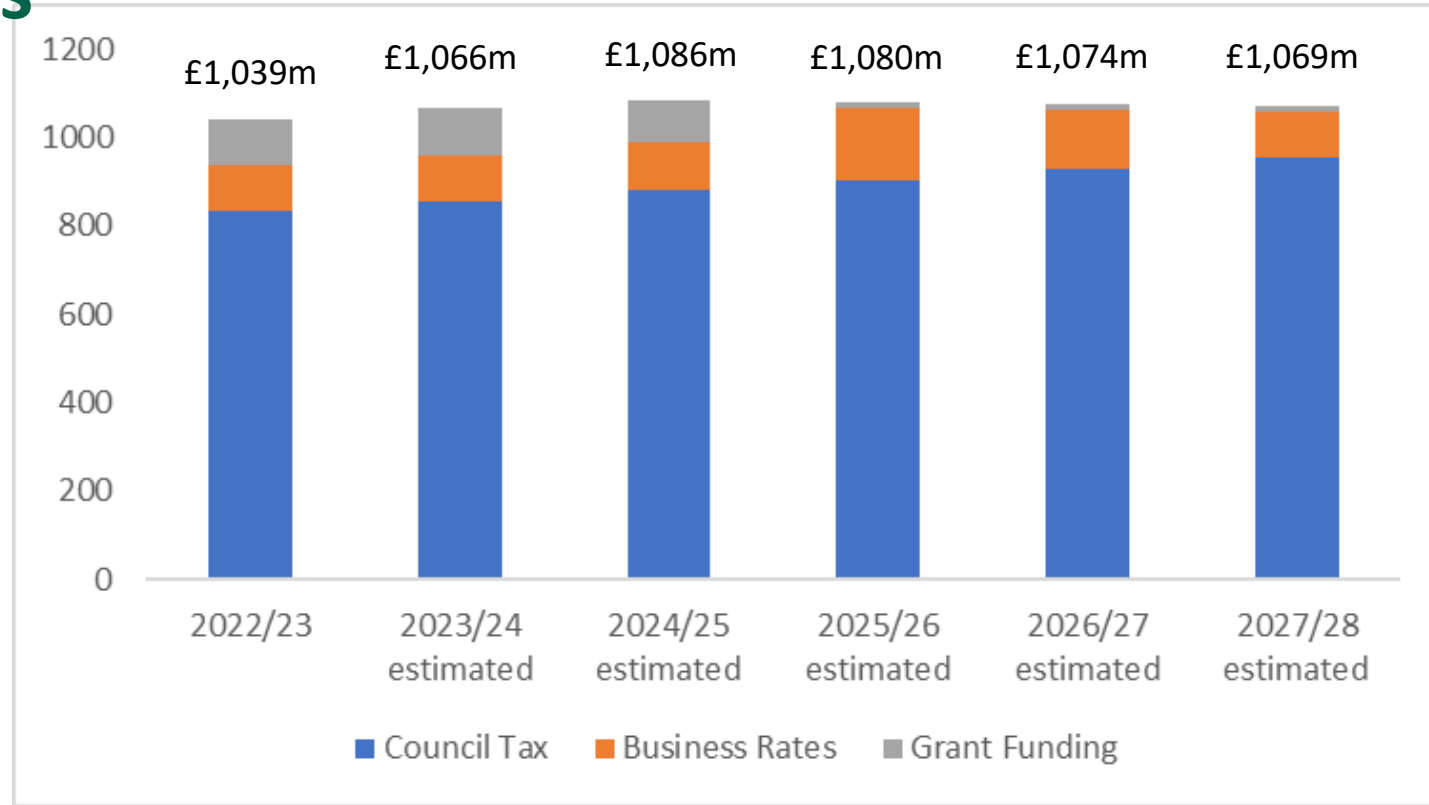
	Green £m	Amber £m	Red £m	Total £m
Adult Social Care	7.6	11.0	1.3	19.8
Public Service Reform and Public Health	0.0	0.0	0.0	0.0
Children, Families and Lifelong Learning	0.2	5.6	4.7	10.5
DSG High Needs Block	0.0	22.2	0.0	22.2
Environment, Transport and Infrastructure	0.7	2.8	0.0	3.5
Surrey Fire & Rescue Service	0.6	0.4	0.0	1.0
Customer and Communities	0.0	0.9	0.0	0.9
Prosperity, Partnerships and Growth	0.1	0.0	0.0	0.1
Communications, Public Affairs & Engagement	0.0	0.0	0.0	0.0
Resources	1.1	3.5	1.7	6.3
Central Income and Expenditure	0.0	4.3	0.0	4.3
Total efficiencies	10.3	50.7	7.7	68.6



Indicative Funding Assumptions

Council Tax & Business Rates

- Draft Budget assumes a 1.99% increase in Council Tax across all financial years of the MTFS
- Currently no increase in the ASC Precept is assumed
- Other changes in Council Tax income rely on assumptions around local factors. For example, tax base changes, reliefs and premiums.
- Confirmation of District and Borough Council Tax bases are received in January.
- Factors that influence the amount of business Rates retained (growth and pooling arrangements) and reliefs are determined by central government.



Grant Funding

- Based on assumptions about Central Government decisions – provisional Local Government Finance Settlement in December.
- Currently assuming a roll forward of 2022/23 grant allocations in 2023/24.
- Additional ASC funding announced in Autumn Statement assumed at c£15m of additional grant

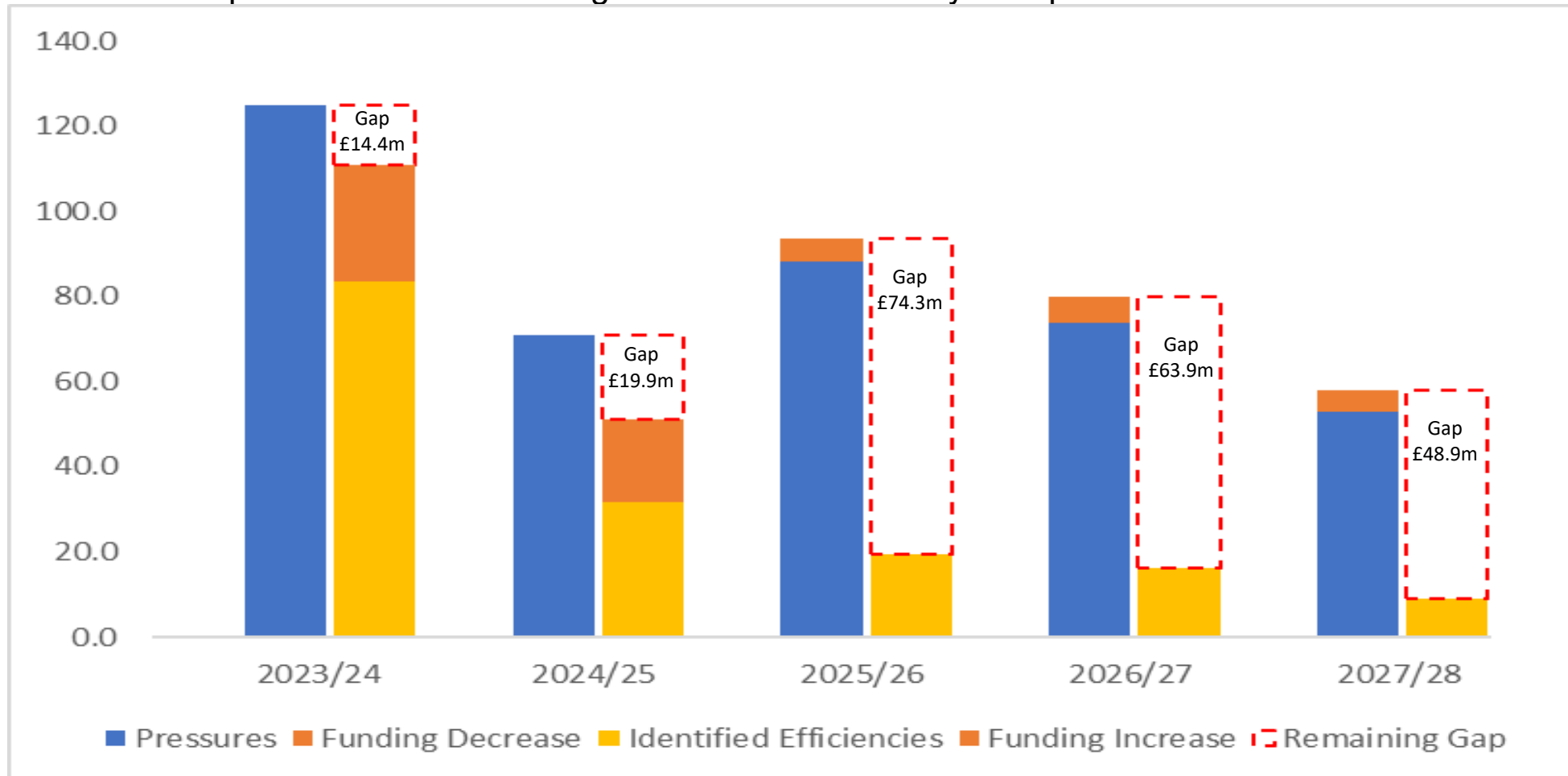
Medium Term Funding

The most significant influence on the Council's medium term funding is the long-awaited implementation of Fair Funding Reforms, which are likely to see Surrey's funding drop significantly over the medium-term.

With no indication from government as to their current plans for this reform and recent economic turmoil, our planning assumptions assume that reform is now more unlikely before the next General Election (included from 2025/26).

2023-28 Medium Term Financial Position

- Directorates are tasked with costing the core planning assumptions and developing Directorate scenarios to arrive at pressures and efficiencies for the MTFS from 2023/24 to 2027/28 to include alongside the Draft Budget
- Draft estimates of likely funding over the medium-term from Council Tax, Business Rates and Government Grants have been developed – these will need to be updated for funding announcements expected in December.
- **There is an estimated budget gap of £221m by 2027/28.** The gap widens from 2025/26 as a result of the estimated impact of both Fair Funding Reforms and the delayed implementation of ASC Reforms



Options to close the Draft Budget Gap of £14.4m

Additional Government Funding

- Significant uncertainty over Government funding both for 2023/24 and into the medium term
- Autumn Statement provided indication of additional funding for ASC and Education, no certainty on amounts until December Local Government Settlement

Identification of Additional Efficiencies

- Directorates continue to look for further deliverable efficiencies.
- List of 'alternative measures' developed which would likely result in service delivery reductions - would be required if no further funding was identified

Use of Reserves

- Worked hard to re-build depleted reserve levels to improve financial resilience
- Current level of reserves is considered appropriate given assessment of the risk environment
- Any use of reserves should be for one-off expenditure rather than to meet ongoing budgetary pressures.

Increase Council Tax

- Current budget assumptions are a 1.99% increase, based on historical referendum level
- Autumn Statement announced ability for Councils to raise CT by up to 3% per year from April 2023 and an additional 2% ASC Precept
- Any increase equates to c£8m for every 1% rise

Draft Capital Programme 2023 - 2028

- The draft capital programme for 2023/24 – 2027/28 equates to £1.9bn - £1.1bn approved programme and an additional £0.8bn in the pipeline.
- The programme is deemed affordable and while it represents an increase in the revenue borrowing costs both in absolute terms and as a % of the net revenue budget (to c8% by 2027/28), it brings us in line with other similar sized authorities.
- The impact of inflation on schemes has led to a number of programmes needing to re-scale / value engineer proposals to ensure affordability within pipeline budget envelopes.
- These will need continued focus as we approach the final budget setting stage and throughout 2023/24 to ensure the impact is mitigated.
- The capital programme cannot continue to increase at this rate in perpetuity. If we continued to invest at these levels then the revenue pressure would become unsustainable and unaffordable.
- Therefore, from **2026/27 a 'cap' on unfunded borrowing of £40m per annum** has been recommended. This is currently achieved in the Draft programme proposed, but needs to be maintained between the draft and final budget iterations.
- A review of profiling of capital schemes to ensure deliverability will be undertaken before the Final Budget is presented to Cabinet in January 2023 and Full Council in February 2023.



Directorate Positions

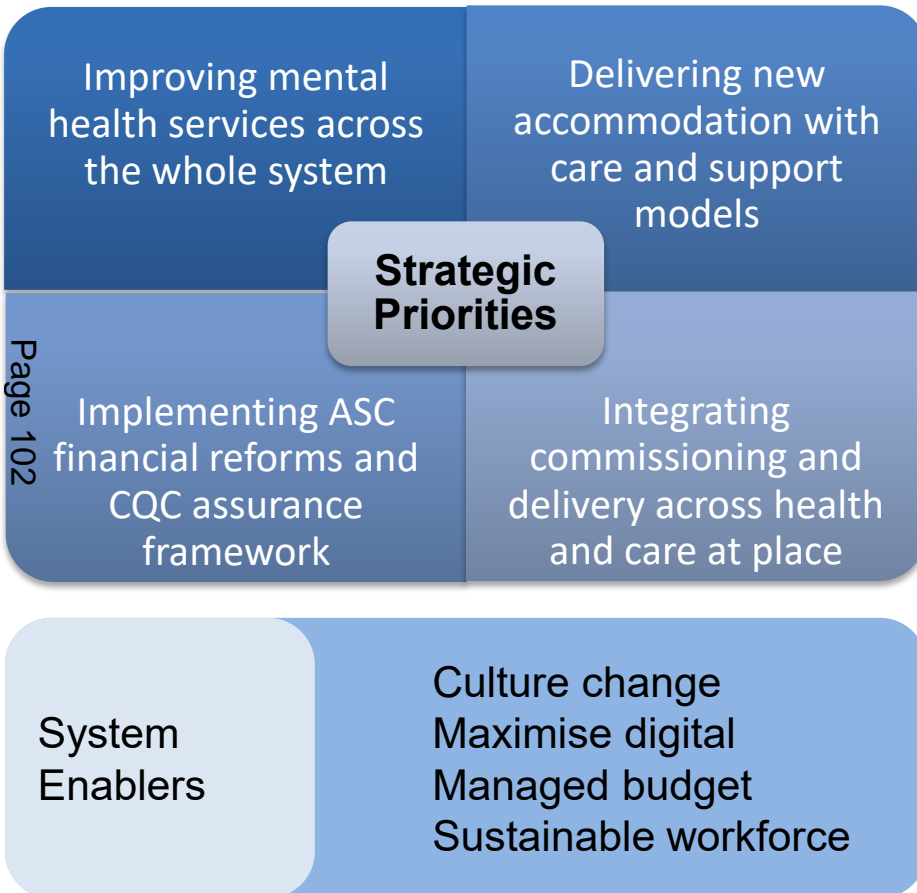
- **Adult Social Care**
- **Public Service Reform (incl Public Health)**



Adult Social Care

Summary of Services Provided by Adult Social Care

Adult Social Care's (ASC) 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



Adult Social Care (ASC) provides advice and information, assessment, care and support services for people aged 18+ with:

- **Physical and Sensory Disabilities** (1,717 people with a funded care package at the end of October 2022).
- **Learning Disabilities and Autism** (3,565 people with a funded care package at the end of October 2022).
- **Mental Health** needs (641 people with a funded care package at the end of October 2022).
- and for frail **Older People** (5,925 people with a funded care package at the end of October 2022).

Taking into account the advice and information ASC provides to people who do not require a funded care package, there were 20,888 open cases across all care groups at the end of October 2022.

ASC also provides support to over 30,000 **unpaid carers** who play a vital role in the care system. There are a range of information, advice and support services provided to carers through a series of contracts & grants with the voluntary and third sector as well as support provided directly by the council or jointly with the NHS in the form of a direct payment, a carers prescription or replacement care.

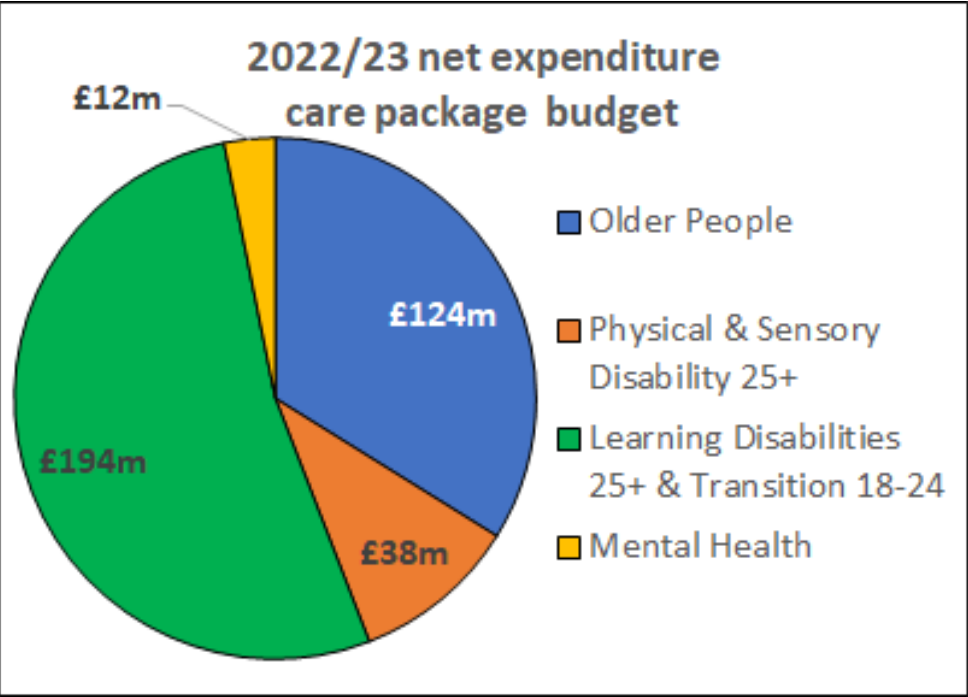
How is the service budget spent – breakdown of major services

Notes	2022/23 base budget		
	Gross expenditure £m	Income £m	Net expenditure £m
Care packages			
Older People	176.5	-52.1	124.4
Physical & Sensory Disability 25+	41.8	-4.1	37.8
Learning Disabilities 25+ & Transition 18-24	209.6	-16.0	193.6
Mental Health	17.9	-6.3	11.6
Carers	0.4	0.0	0.4
Total care packages	446.2	-78.5	367.7
Staffing excluding in-house provided services	70.9	-1.3	69.6
Wider contracts & grants, and other expenditure	31.5	-2.7	28.8
Better Care Fund income		-51.2	-51.2
ASC government grants		-13.2	-13.2
Total Adult Social Care	548.6	-146.9	401.7

Notes

1. Commissioned care packages for carers only. All other support for carers is contained in ASC's £7.1m of contracts & grants for carers.

2. Includes Community Equipment Store, Carers contracts & grants, Housing related support social exclusion services, Mental Health Community Connections, Collaborative Reablement services, Sensory services contract, and a range of other smaller contracts & grants.



The majority of ASC's budget is spent on care packages to support people's assessed eligible needs.

The chart above shows that by far the biggest area of expenditure is Learning Disabilities and Autism when the assessed charges people pay towards their care and other care package income are taken into account.

Although the smallest proportion of total care package expenditure, spending on Mental Health services continues to increase at the fastest rate, in part due to the ongoing impacts of the pandemic.

Service strategy headlines for 2023-28 MTFS

ASC operates in an **incredibly challenging environment** with **reductions in government funding**; an **ageing population** with **increasing acuity of care needs** and **growing numbers of young people** moving into adulthood who need services; an **increasingly fragile care market**; and **radical changes in national policy**. This is in all the context of the **ongoing impacts of the Covid-19 pandemic** and the **cost of living crisis** which are having profound effects on Surrey's residents who have ASC needs, along with their families and carers, social care providers, third sector support organisations, the health system and other key partners.

ASC has **four strategic priorities**:

- Improving **mental health** services across the whole system.
- Delivering new **accommodation with care and support** models.
- Implementing the **ASC charging and fair cost of care reforms and CQC assurance framework**.
- **Integrating commissioning and delivery across health and care at place.**

These priorities are underpinned by **four system enablers**:

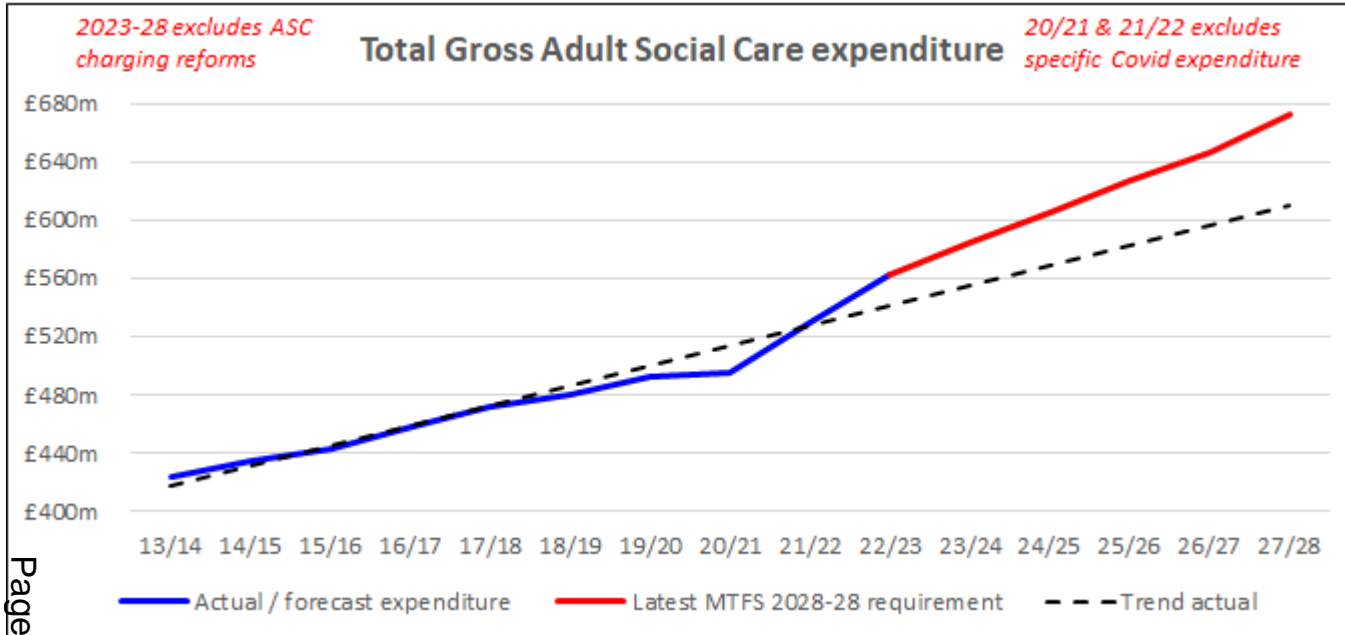
- **Culture change** including embedding strengths-based practice across the whole health & social care system.
- Maximising the benefits of **digital and technology**, both in managing interactions with residents and operational processes, as well as in supporting the delivery of care and support services.
- **Managing expenditure** within available budget resources.
- Ensuring there is a **sustainable ASC workforce**, recognising that SCC will need to increase its workforce to effectively manage the ASC charging reforms.

The Council is committed to integrating health and social care in Surrey to improve outcomes for residents. A key focus of this is **enhancing preventative services in the community**.

ASC's 2023-28 MTFS strategy seeks to achieve these priorities and manage this range of challenging competing demands as cost effectively as possible. The Draft Budget position forecasts an increased ASC budget requirement of £157m over the next 5 years. This though is considerably above current available funding. The strategy and budget plan will therefore need to be reviewed in light of confirmed available resources in future years.



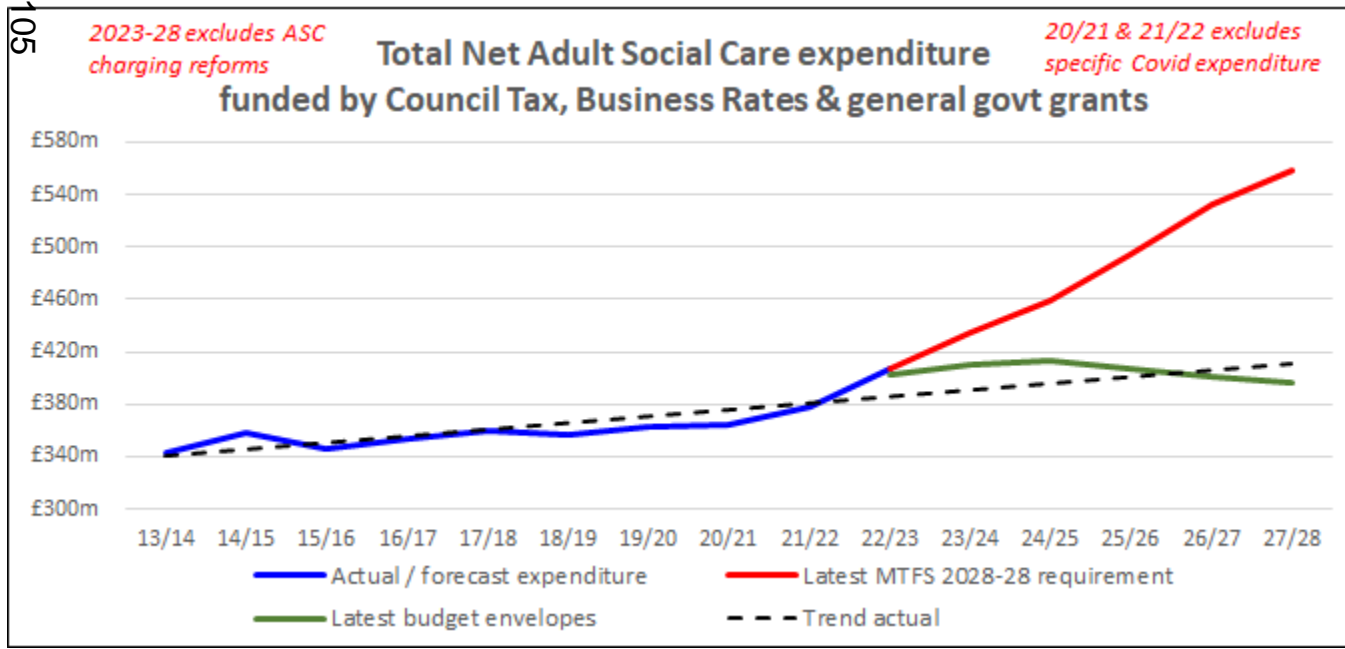
Adult Social Care year on year spending trends



Between 2013/14 – 2017/18 expenditure increased fairly steadily year on year.

The start of ASC’s transformation programme in 2018/19 led to a reduction in the rate of increased expenditure with the introduction of strengths based practice and improved budget management.

The Covid-19 pandemic temporarily halted the trend of rising expenditure in 2020/21, but substantially increased average costs of care. This has led to expenditure increasing at a faster rate driven by continued higher acuity of care needs, market pressures and returning post pandemic demand.

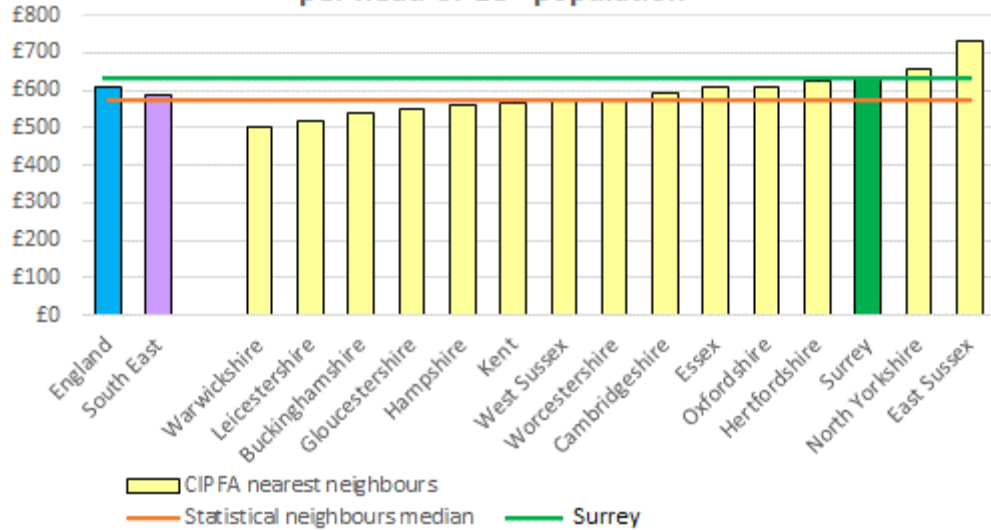


Up to 2021/22 net expenditure increased at a slower rate than gross expenditure, as additional ASC income sources reduced the required corporate funding.

However, the same level of increased ASC income is not forecast in the 2023-28 MTFS period, and the required net budget increase is currently considerably in excess of predicted available corporate funding.

Surrey's Adult Social Care service against comparators

2021/22 total gross ASC expenditure per head of 18+ population

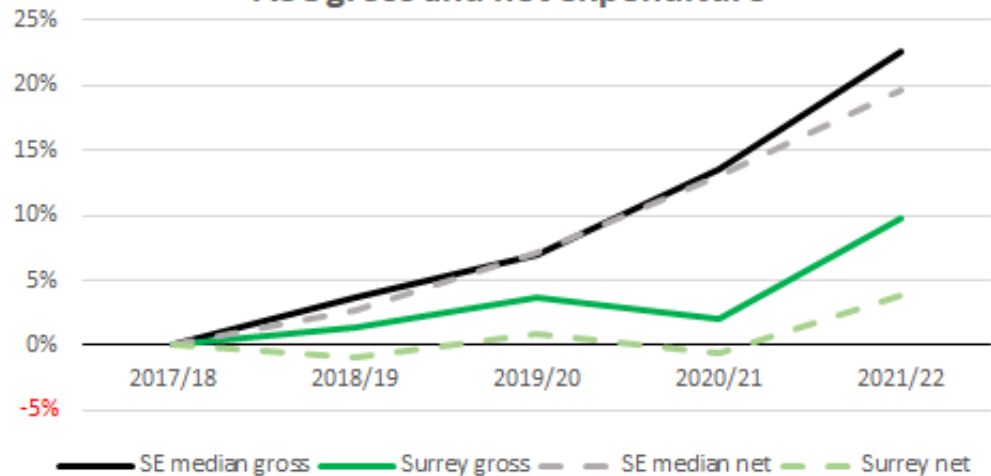


Surrey remains a comparatively high spender on ASC per head of population. The biggest driver for this is higher comparative expenditure on Learning Disabilities, although expenditure on all client groups is fairly high compared to nearest neighbours.

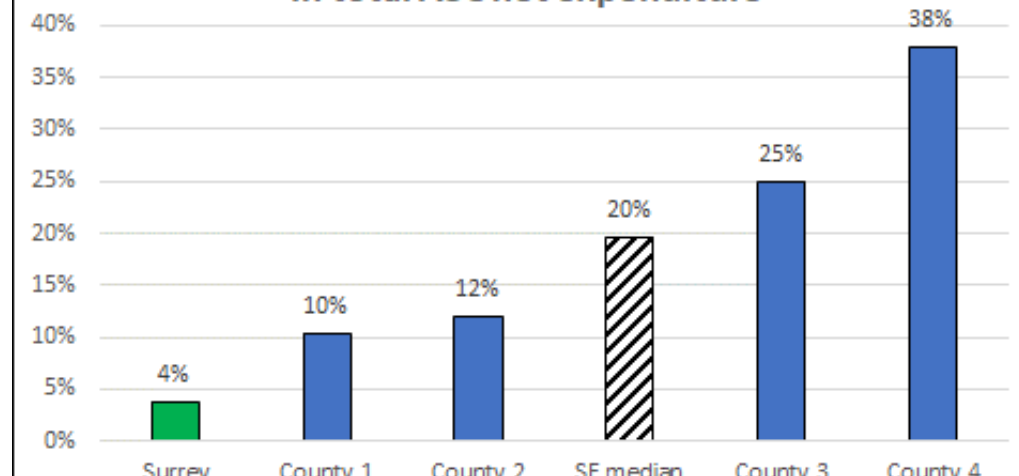
However, Surrey's growth in ASC spending since 2017/18 has been much lower than any other authority in the South East and in contrast to the SE median Surrey has been able to utilise income sources to keep the increase in its net expenditure funded by corporate resources consistently lower than its increase in total gross expenditure. This shows the impact of action taken in recent years to control spending.

Surrey's rate of spending growth is though now increasingly moving towards or above the South East median.

Cumulative change since 2017/18 in total ASC gross and net expenditure



Cumulative change since 2017/18 in total ASC net expenditure



Adult Social Care reforms

In September 2021 the then government announced a set of reforms that represented the biggest change to the ASC funding system in decades. The charging reforms that **were due to be implemented from October 2023** included:

- A **lifetime cap** on personal care costs of £86,000
- **Changes to means test thresholds**, including an increase to the upper capital threshold limit of £100,000
- A **fair cost of care policy agenda** designed to maintain market sustainability under the charging reforms.
- An extension to the criteria under which people who fund their own care can request authorities to commission it for them.

The government also announced a **new ASC Assurance Framework** due to be implemented from **April 2023** and to be inspected by the Care Quality Commission.

Surrey would be **acutely impacted** by the **proposed charging reforms** due to the high level of people living in Surrey who currently fund their own care (around 60-65% of Older People with care needs in Surrey currently privately fund their own care). We estimate SCC's ASC **Older People caseload would increase by 9,500 – 12,000 (115 – 146%)**.

A **delay to the charging reforms** was announced in the 17 November fiscal statement. The reforms are **now proposed to be implemented in October 2025**. The **government have indicated funding planned for the reforms will continue to be paid to local authorities in the next two years**, but we will need to wait until the provisional Local Government finance settlement in late December 2022 to understand the full implications for SCC.

Based on an October start date, a **funding gap of £8-20m has been estimated in the first year of implementation to £25-40m the second year after implementation**. This is based on previously published national funding and Surrey's likely share under government consultation proposals across elements of the above ASC reforms.

The **Draft 2023-28 MTFS** has a **pressure of £14m in 2025/26 rising to £33m in 2026/27** based on the mid-point of this latest estimated funding gap.

Even though a delay to the reforms has been announced, some continued costs are expected in 2023/24, for instance continuing to progress digitisation of ASC's front door and retaining some staff recruited for the reforms to work on other priorities. A paper will be brought to Cabinet to set this out and seek temporary funding in 2023/24.



2023-28 MTFS Budget Summary for Adult Social Care

Adults Social Care							
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	401.7	401.7	434.5	458.6	493.6	531.8	
Pressures		52.6	38.2	45.5	48.1	29.5	213.9
Identified efficiencies		(19.8)	(14.1)	(10.5)	(9.9)	(2.9)	(57.2)
Total budget requirement		434.5	458.6	493.6	531.8	558.4	
Change in Directorate net budget requirement		32.8	24.1	35.1	38.2	26.6	156.7
Opening funding		401.7	410.2	413.8	407.2	401.3	
Share of funding change and borrowing costs		8.5	3.6	(6.6)	(6.0)	(4.1)	(4.6)
Funding for Year (Budget Envelope)		410.2	413.8	407.2	401.3	397.1	
Year on Year - reductions still to find		24.2	20.5	41.6	44.2	30.7	161.3
Overall Reductions still to find		24.2	44.7	86.4	130.5	161.3	

ASC's 2023/24 Draft Budget and 2023-28 MTFS presents an incredibly challenging financial outlook.

The 2023/24 requirement budgets for pressures of almost £53m. Over half of this pressure relates to high level of care package and contract inflation in the context of the wider economic climate, cost of living crisis and ASC sector workforce challenges. Other key pressures include higher than budgeted levels of care package expenditure in 2022/23 expected to carry over into 2023/24, demand increases, pay inflation and pressures related to Discharge to Assess from Surrey's hospitals.

Continued substantial inflation and demand pressures are forecast from 2024/25 onwards together with the latest mid-point estimated funding gap for the proposed ASC charging reforms of £14m in 2025/26 rising to £33m in 2026/27.

A very challenging set of efficiency proposals is included in budget plans. The scale of efficiencies and cost mitigation achieved in previous years and broader system pressures makes it harder to achieve further savings in the years ahead.

This combined position equates to a gap of £24m in 2023/24 rising to £161m in 2027/28 compared to current estimated available corporate funding. Some difficult decisions will need to be made to close this gap if further funding is not forthcoming.

Summary of Budgeted Pressures

Pressure	2023/24 £m	Total MTFS £m
Higher than budgeted care package expenditure in 2022/23 expected to carry forward into 2023/24	7.4	7.4
Pay inflation and other staffing pressures	6.3	16.7
Price inflation (care packages and contracts & grants)	27.5	108.3
Care package demand	6.0	35.0
Community equipment demand	0.1	1.0
Pressures related to the ongoing impact of the unwinding of national funding for Discharge to Assess (D2A) which ended on 31 st March 2022	5.3	5.3
Liberty Protection Safeguards	Nil*	7.2
Net funding pressure for Adult Social Care Charging and Fair Cost of Care reforms	Nil**	33.0
Total budgeted pressures	52.6	213.9

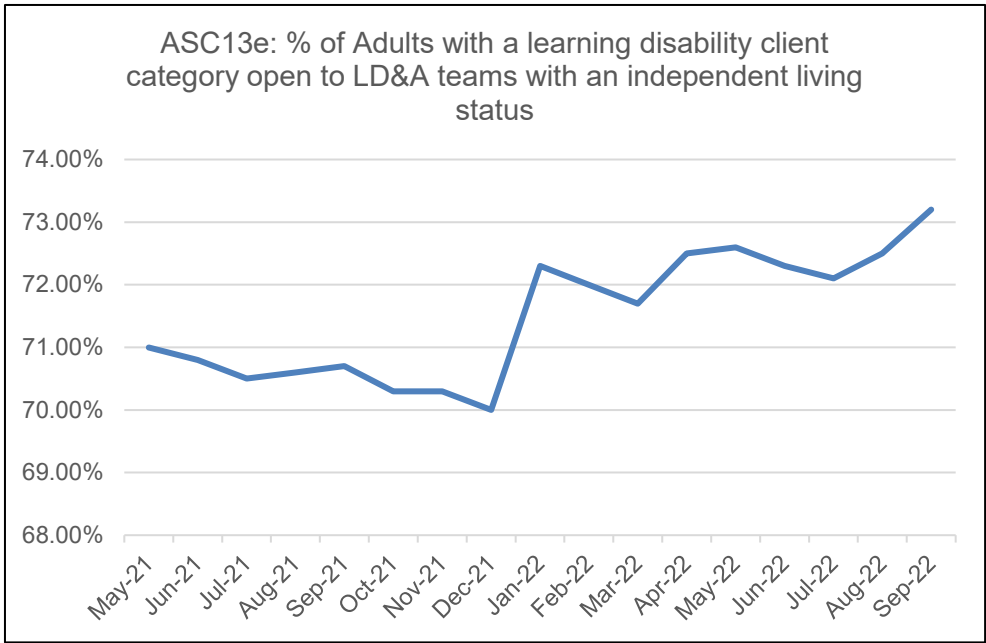
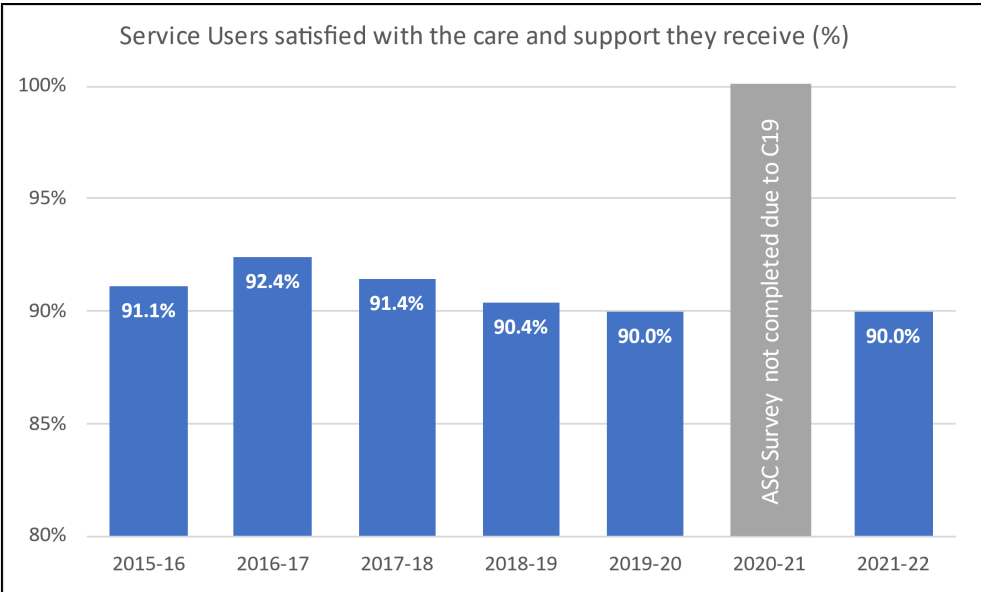
* Unclear if and when previously proposed new legislation for Liberty Protection Safeguards will come into effect. Assumed for budget planning purposes that this will not be until at least 2024/25.

** The draft budget reflects the delay to October 2025 of the implementation of the ASC charging reforms announced in the 17th November 2022 fiscal statement.

Planned Efficiencies

Group	Efficiency	2023/24 £m	Total MTFS £m	RAG
1 Strengths based practice & demand management	Front door redesign & Strengths based Discharge to Assess model to reduce long term care from hospital discharge	(2.9)	(18.5)	A
	Strengths based care package reviews - Older People	(0.4)	(0.4)	A
	Strengths based care package reviews - Physical & Sensory Disabilities	(0.3)	(0.3)	A
	Strengths based care package reviews - Learning Disabilities & Autism	(0.4)	(2.0)	A
	Strengths based care package reviews - Mental Health	(0.1)	(0.1)	A
	Consistent practice for supporting people with more complex needs	(0.3)	(0.6)	A
2 Changing models of care	Remodel Learning Disabilities & Autism day support services	(0.8)	(1.9)	A
	Strategic shift from Learning Disability / Autism residential care to independent living	(0.4)	(0.9)	A
	Expand affordable Extra Care Housing county-wide offer for Older People		(1.7)	G
	Review and remodel transport arrangements to and from ASC care settings	(0.1)	(0.4)	A
3 Purchasing care cost effectively	Improved purchasing of Older People nursing/residential placements	(1.2)	(6.5)	A
	Maximise usage of block contract residential beds	(0.8)	(0.8)	A
	Improved purchasing of Home Based Care packages	(0.5)	(1.3)	A
	Improved purchasing of Learning Disability & Autism 65+ residential care	(0.2)	(1.0)	A
4 In-house provision	Review of Older People in-house services	(7.6)	(11.4)	G
	Review of Learning Disability in-house services	(0.5)	(0.6)	R
	Maximise cost effectiveness of in-house provided Reablement services	(0.8)	(0.9)	R
5 S117 & CHC related	Apply joint S117 funding policy to all ASC funded clients with S117 Aftercare	(1.3)	(1.3)	A
	Ensure appropriate Continuing Health Care funding	(0.8)	(4.2)	A
6 Twin Track	Making the most of our contracts	(0.5)	(2.1)	A
	Maximising our income	(0.1)	(0.3)	A
Total budgeted efficiencies		(19.8)	(57.2)	

Measuring the impact of budgeted efficiencies

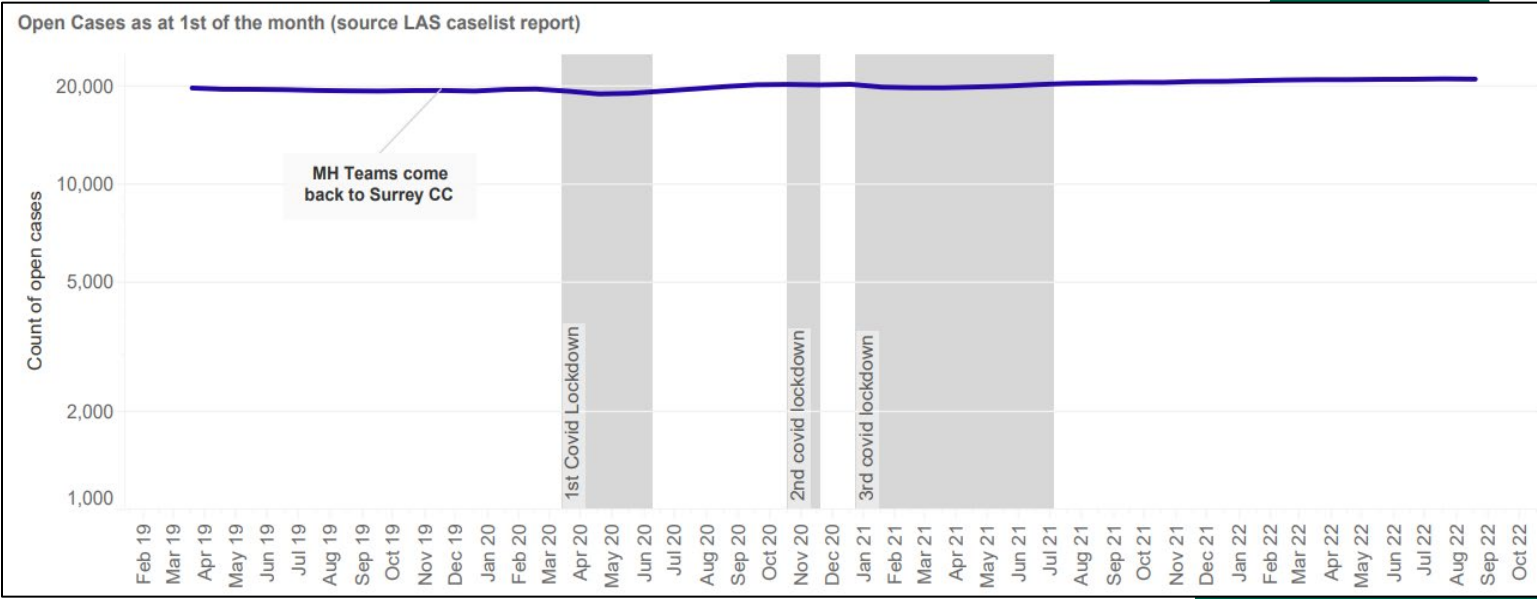


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ASC's efficiency plans have been for prior year budgets, and remain for the current MTFs, measures designed to save money, mitigate cost pressures or increase income without adversely affecting service delivery.

Key operational indicators are tracked alongside delivery of financial targets, such as ASC13e shown here which relates to the shift away from institutionalised models of care for people with a learning disability.

We believe that delivery of efficiencies in prior years has not had a detrimental impact upon vulnerable people supported by Adult Social Care. SCC has retained a consistent numbers of open cases and maintained overall satisfaction, whilst progressing strengths based practice and the shift to independent models of care.



Draft Capital Programme

Adult Social Care has a small proposed Capital Programme that it manages directly totalling £8m over 5 years:

Project	2023/24 £m	Total MTFS £m
Capitalised community equipment	1.5	7.5
Minor ASC in-house capital improvements	0.1	0.4
Total proposed ASC capital expenditure	1.6	7.9

However, ASC's **Accommodation with Care & Support programme** has ambitious strategic objectives to develop new accommodation services to support Surrey residents including:

- Building 725 units of affordable **Extra Care Housing (ECH)** on SCC owned land by 2030.
- Commissioning 500 new units of **Supported Independent Living** accommodation (SIL) for **people with a Learning Disability or Autism** across Surrey. This ambition will partly be met by using SCC owned land for new accommodation.
- **Short breaks respite** accommodation for **people with a Learning Disability or Autism** across Surrey.
- **Specialist supported independent living** accommodation services for people with **Mental Health** conditions.

The delivery of this ambitious and exciting agenda will involve SCC committing substantial capital resources.

SCC's Cabinet has already approved:

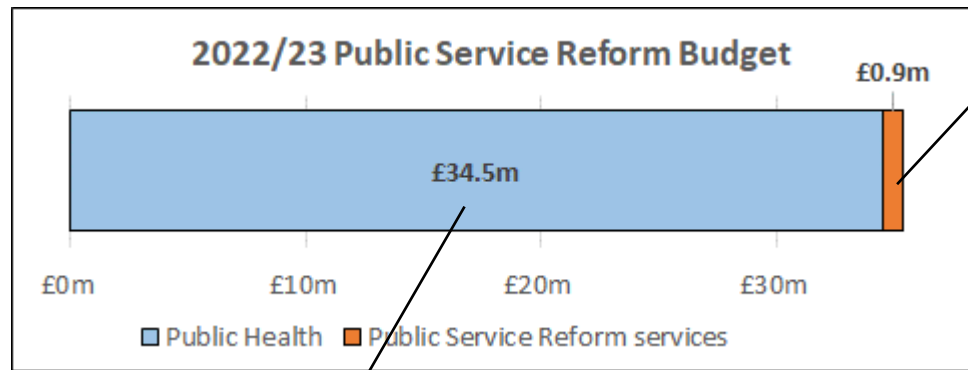
- The development of Extra Care Housing on 6 SCC owned sites on a Design, Build, Finance and Operate (DBFO) basis with up to £21m of SCC capital expenditure approved if required and additionally £3m of feasibility funding to explore the suitability ECH on other SCC owned sites.
- The development of Supported Independent Living (SIL) for people with a Learning Disability or Autism at 3 SCC owned sites on a direct delivery basis with an approved capital budget of £25m across all sites.

Work continues at pace on potential sites for further Extra Care Housing, primarily for older people, Supported Independent Living for people with a Learning Disability or Autism and Mental Health accommodation, as well as two potential sites for short breaks respite accommodation for people with a learning disability or autism.

Public Service Reform (including Public Health)



Summary of Services Provided by Public Service Reform



The **wider Public Service Reform (PSR) directorate** includes a range of jointly funded services that are accountable to both Surrey County Council and Surrey Heartlands Integrated Care System and focus on driving the continuous improvement of a public service model that **supports the delivery of our integrated health and social care strategies**.

This **includes the Insights and Analytics unit** which is bringing together research & analytics across a range of functions within SCC (Public Health, population insight and surveys and research) and Surrey Heartlands Integrated Care Board (business analytics and population health management PHM).

The **Public Health (PH)** service improves and protects the health and wellbeing of people living and working in Surrey. It achieves this by:

- Providing **public health intelligence and evidence** to enable decisions based on people's need and what is effective.
- Providing **specialist public health expertise and advice to NHS commissioners** to support them in improving the health of their population through prevention and through effective commissioning
- **Improving health** through partnership working, policy development, behaviour change and the commissioning of health improvement services for all ages which are **targeted to those at risk of health inequalities**
- Working with partners to protect Surrey residents from **communicable diseases and environmental hazards**
- Providing oversight and support in the review, development and delivery of the **Surrey Health and Wellbeing (HWB) Strategy**

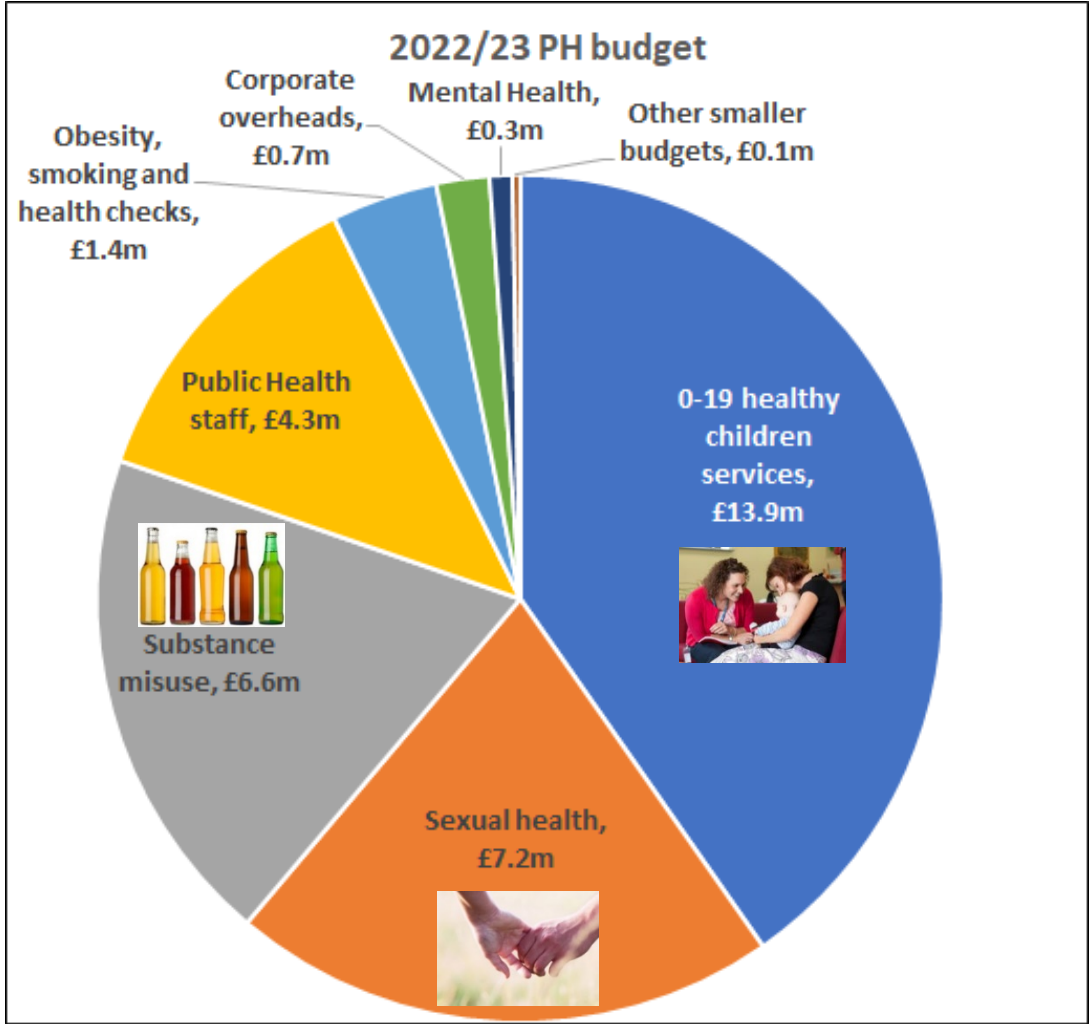
The PH service commissions a range of services centred on key PH priorities including:

- Healthy lifestyle services including stop smoking, weight management and mental health;
- 0-19 services including health visitors and school nurses;
- Substance misuse services relating to drugs and alcohol;
- Sexual health services including contraception and genitourinary medicine (GUM).
- NHS health checks.

The services commissioned by PH are **all preventative in approach and targeted at reducing health inequalities**.

This is one of the Council's key strategic aims and an overall ambition of **Surrey's Health and Wellbeing strategy**.

Breakdown of Surrey's Public Health budget



Service category	2022/23 budget
0-19 healthy children services	£13.9m
Sexual health	£7.2m
Substance misuse	£6.6m
Public Health staff *	£4.3m
Obesity, smoking and health checks	£1.4m
Corporate overheads	£0.7m
Mental Health	£0.3m
Other smaller budgets	£0.1m
Total	£34.5m

* Public Health staff include Health Protection, Data Intelligence teams as well as PH specialists, Health & Wellbeing Board programme managers, commissioners and support staff

The three biggest service areas of 0-19 healthy children services, sexual health and substance misuse account for 80% of Public Health's total budget and 92% of core Public Health commissioned services excluding Public Health staffing expenditure.

Service strategy headlines for 2023-28 MTFS

PSR's current MTFS position includes **two key assumptions**:

1. **Pay and contract inflation** can be **contained** within modest budgeted **increases to Public Health grant funding**.
2. **£1.4m of wider PSR staff** working on data insights and supporting broader integration across Surrey's health & social care system can be **funded out of temporary SCC corporate resources and health funding for the next two years** pending further review of these posts and their funding arrangements.

The **PH service** will need to **remain responsive to any changes in grant funding**. In the meantime, they will continue to lobby for increased PH funding to support the delivery of the health and wellbeing priorities for Surrey residents.

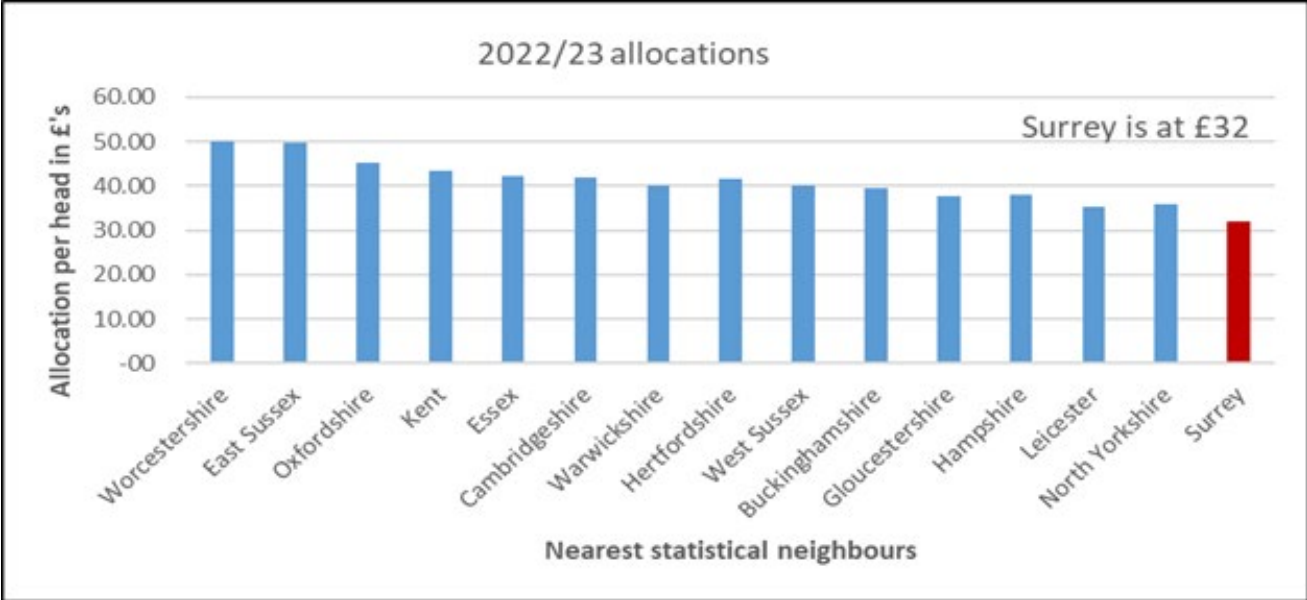
Most of PH's major service contracts are coming up for renewal in the next few years. A key focus of the service will therefore be ensuring new service specifications take account of the latest health status of Surrey's population and targeting service provision to address health inequalities.

Through a focus on research, partnering with academia and industry, and data across the wider Public Service Reform directorate, the team will be looking at how we **drive health and social care devolution to its full potential**, lobbying and influencing government where appropriate on future models of public service that transforms people's lives. Working effectively in this space, the council hopes to be able to influence future public policy, leading to **a more sustainable public service model**.

Part of this will be seeking to **maximise investment in preventative services commissioned by PH**, that deliver key long-term financial and non-financial benefits. The PH service has been reviewing areas where additional investment is needed to address the priority of reducing health inequalities and fulfil the priorities of Surrey's Health & Wellbeing Board strategy. Potential investments totalling £6.5m have been identified, which can be flexed depending on available resources. Given the scale of the SCC's remaining budget, this investment has not been included in Draft Budget. There remains though an ambition to increase investment in PH services in the future.

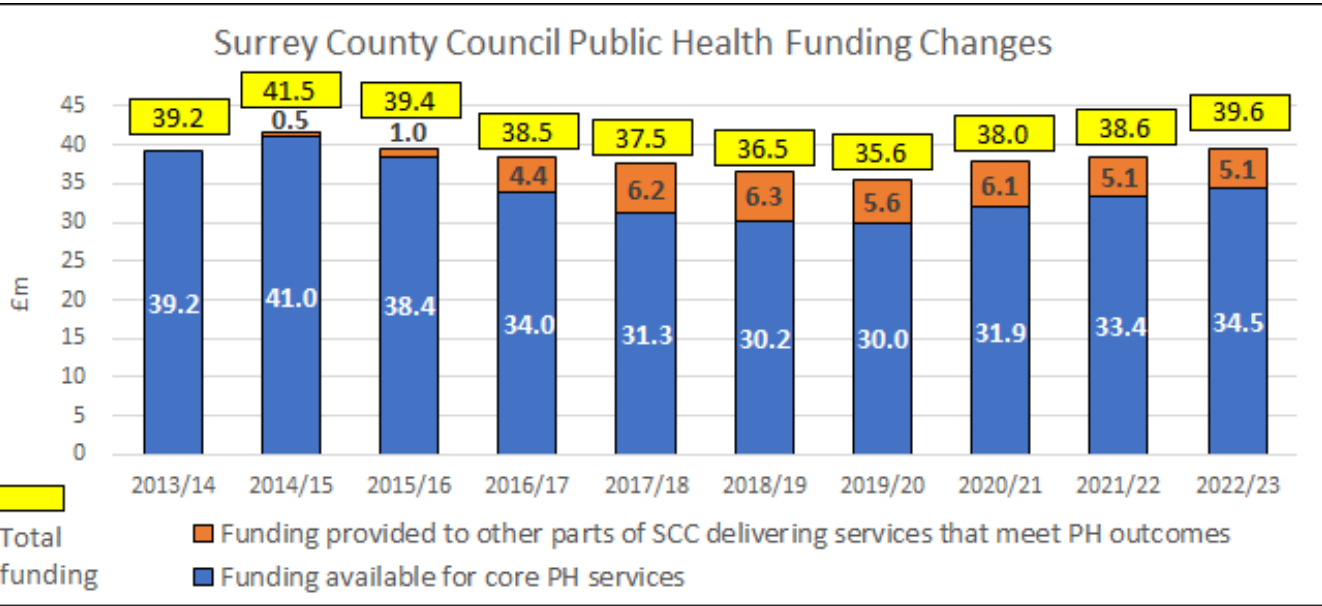


Surrey's Public Health grant funding against comparators



Surrey receives the 3rd lowest allocation of PH funding per head of population in the country and substantially less funding than any of its nearest neighbours.

Surrey has regularly raised this low level of funding with government, but very little has been done over time to address the clear funding imbalance.



Surrey's PH grant reduced by £3.6m (9%) over the first 6 years following the transfer of PH responsibilities SCC. Increases since then mean it is now £0.4m higher (1%) than 9 years ago.

£5.1m of current funding is used to fund services provided by other SCC directorates which deliver PH outcomes. This reflects funding allocation decisions made in previous years, recognising that this has required PH to reduce expenditure on core PH services.



2023-28 MTFs Budget Summary for Public Service Reform

Public Service Reform							
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	34.4	34.4	34.4	34.4	34.5	34.5	
Pressures		0.1	0.0	0.0	0.0	0.0	0.2
Identified efficiencies		0.0	0.0	0.0	0.0	0.0	0.0
Total budget requirement		34.4	34.4	34.5	34.5	34.5	
Change in Directorate net budget requirement		0.1	0.0	0.0	0.0	0.0	0.2
Opening funding		34.4	34.4	34.4	33.8	33.3	
Share of funding change and borrowing costs		0.0	0.0	(0.6)	(0.5)	(0.4)	(1.4)
Funding for Year (Budget Envelope)		34.4	34.4	33.8	33.3	33.0	
Year on Year - reductions still to find		0.0	0.0	0.6	0.5	0.4	1.6
Overall Reductions still to find		0.0	0.1	0.6	1.2	1.6	

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Public Service Reform is showing a balanced budget position in 2023/24 and is very near balanced in 2024/25.

This is based on the assumption that cost pressures resulting from pay inflation and contract inflation can be contained within modest budgeted increases to Public Health grant funding in the next two years.

There are risks that pressures could emerge for some contracts, most notably related to potential cost increases linked to the NHS Agenda for Change pay award which affects some Public Health contracts.

The current MTFs planning assumption is that the Public Health grant may become unringfenced as part of wider local government funding reform from 2025/26. If that happens the Public Health service budget would be required to contribute to corporate efficiencies in the same way as all other services that are not funded by ringfenced grants. This will need to be kept under close review as more information about funding reforms emerges.

How are impacts of prior year decisions/efficiencies measured?

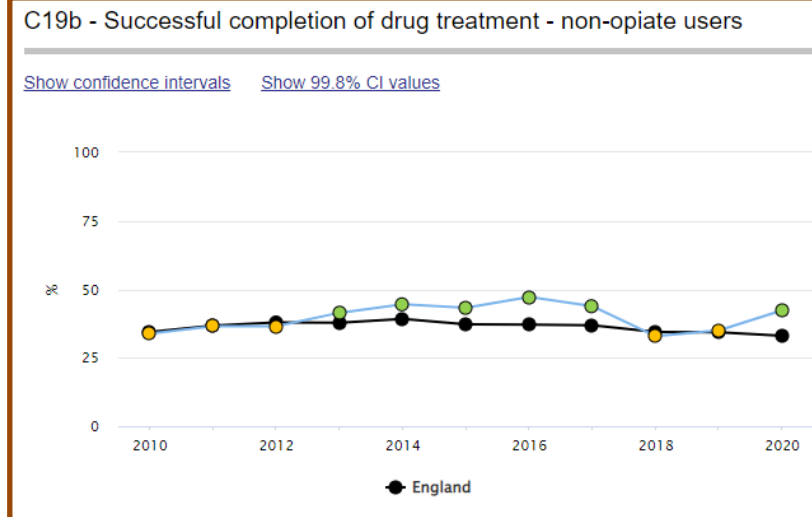
Public Service Reform (PSR)

- PSR is newly formed directorate including teams from both SCC and Surrey Heartlands ICS meaning there are no efficiencies to consider historically for the department. The bringing together of related teams within this joint directorate is, however, intended to generate a more collaborative and efficient way of working, for example with regards to data and insight across Surrey.
- This includes the Public Health ring fenced budget specifically which SCC has had the responsibility for since 2013 and whilst this saw a significant reduction between 2015-2019, it has remained stable since and included a small increase of 2.8% in 2022/23. This has meant that the budget has been sustained at existing funding levels since 2019/20.
- Whilst this has not meant the need to identify reductions in PH budgets in recent years, the PH service is continually seeking to improve value for money and impact and a review in 2019 of PH services by the corporate procurement team concluded all key services were providing good value for money when benchmarked.

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The provision of health improvement, health protection, PH intelligence and healthcare public health are all aligned to our local health and wellbeing strategy and so are linked to the more strategic level monitoring that is being developed for that currently.

- In relation to commissioned PH services, key KPIs are reviewed quarterly which cover Sexual Health, Substance Use, 0-19s PH services, Health Checks and Smoking Cessation and performance of these shows improvements since the impact of the pandemic. These are largely indicators that are benchmarked nationally through the [Public Health Outcomes Framework](#) and shows comparable performance against England and neighbouring counties.
- During the pandemic the additional Contain Outbreak Management Fund enabled appropriate local response to the pandemic and was also distributed widely within SCC and partners to address its ongoing impact, e.g. including allocations to support homeless persons and organisations during and after the pandemic



Summary of Budgeted Pressures

Pressure	2023/24 £m	Total MTFS £m
Pay inflation	0.2	0.9
Non-pay contract inflation	1.0	3.8
Assumed increase to Surrey's Public Health grant in future years	(1.2)	(4.6)
Total budgeted pressures	0.1	0.2

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The small net pressure shown above relates to pay inflation for base budget funded Public Service Reform staff as it is assumed all Public Health pressures will be contained within modest budgeted increases to Public Health grant funding.

Public Health grant funding is not typically announced until after the Council has set its Final Budget (e.g. Surrey's 2022/23 PH grant value wasn't confirmed until March 2022). The PH budget plan will therefore likely need to be reviewed after the Final Budget has been approved by Full Council in February when Surrey's 2023/24 PH grant value is confirmed.



Appendix: Pressure and Efficiency Narratives



Adult Social Care Pressures

Pressure	Description	Net Pressure					Total £m
		2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	
2022/23 care package carry forward pressure	This pressure represents the extent to which it is currently estimated that full year care package commitments will be above the 2022/23 care package budget by 31st March 2023 factoring planned mitigations in the remainder of the year	7.4					7.4
Pay inflation	The budgeted cost of increasing pay bands for Adult Social Care staff.	5.4	2.5	2.6	2.6	2.7	15.8
Other staffing budget changes	Changes to the Adult Social Care's staffing budget requirement beyond inflation to pay bands.	0.9					0.9
Price inflation (care packages & contracts)	The budgeted cost of price inflation planned to be paid to care providers across all of the care packages and contracts that Adult Social Care funds. Based on known and estimated inflationary pressures, the latest budget position plans for uplifts of 7.1% (23/24), 5.3% (24/25) and 3.7% (25/26 - 27/28) for care homes and 7.7% (23/24), 6.0% (24/25) and 4.3% (25/26 - 27/28) for all other care types	27.5	23.6	18.1	19.1	20.1	108.3
Care package demand	The estimated cost of young people transitioning each year from Children's, Families and Learning services to Adult Social Care, plus estimated demand based on demographic growth for all other ASC client groups. Continued higher levels of demand for Mental Health services following the pandemic have been included.	6.0	7.9	7.6	7.1	6.4	35.0
Community equipment demand	Adult Social Care's share of the modelled cost of increased provision of Community Equipment over the life of the MTFS mitigated by expected cost efficiencies secured through the new Community Equipment Store contract that went live in April 2022.	0.1	0.1	0.2	0.3	0.3	1.0
Discharge to Assess	The additional cost to the Council beyond Adult Social Care's current budget of the impact of the end of national funding for Discharge to Assess (D2A) which ended on 31st March 2022.	5.3					5.3
Liberty Protection Safeguards	The potential additional cost of meeting requirements of new legislation that would replace current Deprivation of Liberty Safeguards regulations. The timing of when this legislation may be introduced remains unclear.		4.1	3.1	0.0	0.0	7.2
Adult Social Care Charging and Fair Cost of Care reforms	The latest mid point assessment of the potential gap between the additional cost impact caused by the ASC Charging Reforms and the funding SCC may receive towards these costs. Pressures are profiled based on the delayed implementation date of October 2025. This assumes any fee increases required as part of the government's Fair Cost of Care (FCoC) agenda will be limited to within whatever FCoC funding Surrey receives.			14.0	19.0		33.0
Total Pressures		52.6	38.2	45.5	48.1	29.5	213.9

Adult Social Care Efficiencies continued

Efficiency	Description	Efficiency					Total £m	RAG Rating
		2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m		
Improved purchasing of Older People nursing/residential placements	Purchase a greater proportion of Older People nursing & residential care placements at SCC's affordable guide prices through effective management of the new Dynamic Purchasing System which went live in 2022/23. The target is to buy 80% of beds at guide prices in 2023/24 rising to 85% from 2024/25.	(1.2)	(2.0)	(1.8)	(0.9)	(0.6)	(6.5)	A
Maximise usage of block contract residential beds	Increase and maintain average occupancy of the Older People residential care beds that SCC purchases on a block basis to 90%.	(0.8)	0.0	0.0	0.0	0.0	(0.8)	A
Improved purchasing of Home Based Care packages	Improve the average price at which ASC purchases home based care services by maximising usage of more affordable capacity in the market based on continued development of the Approved Provider List framework that went live in October 2022.	(0.5)	(0.6)	(0.3)	0.0	0.0	(1.3)	A
Improved purchasing of Learning Disability & Autism 65+ residential care	Ensure the amount ASC pays for appropriately supporting people with a Learning Disability and/or Autism who are aged 65 or over reflects the changes to their support requirements in older age.	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(1.0)	A
Review of Older People in-house services	This reflects the decision made by Cabinet in February 2022 to close the 8 Older People residential care homes operated in-house by the Council. This work is in progress with the closure of 3 homes.	(7.6)	(3.8)	0.0	0.0	0.0	(11.4)	G
Review of Learning Disability in-house services	Efficiencies through transitioning some of the Learning Disability care homes operated in-house by the Council to supported independent living services.	(0.5)	(0.1)	0.0	0.0	0.0	(0.6)	R
Maximise cost effectiveness of in-house provided Reablement services	Efficiencies planned to be achieved through increasing the volume of client contact hours for the current in-house reablement resources through the implementation of a new rostering system that will substantially reduce deficit hours (contractual hours for which the staff member has not had any specific work assigned to them) and increase numbers of people through the service.	(0.8)	(0.1)	0.0	0.0	0.0	(0.9)	R
Apply joint S117 funding policy to all ASC funded clients with S117 Aftercare	Ensuring that everyone who ASC support with an active Section 117 Aftercare status is appropriately joint funded across health and social care as agreed in the Section 117 Aftercare joint funding policy thus ensuring additional income.	(1.3)	0.0	0.0	0.0	0.0	(1.3)	A
Ensure appropriate Continuing Health Care funding	Agree with health partners and then implement a new joint funding policy under the Continuing Health Care framework dictating how people with combined health and social care needs in Surrey are appropriately funded, and ensure anyone with a primary health need is fully funded under Continuing Health Care.	(0.8)	(0.9)	(0.9)	(0.9)	(0.9)	(4.2)	A
Making the most of our contracts	A new contract management team in Procurement will be leading a review of contracts across the Council to identify opportunities for efficiency and then progressing these with services. The current efficiency targets are indicative at this stage and will be updated as the contract management team's work progresses.	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)	(2.1)	A
Maximising our income	Maximise cost recovery for the small proportion of ASC's total charging income where the Council has full discretion about the charges it sets.	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	A
Total Efficiencies		(19.8)	(14.1)	(10.5)	(9.9)	(2.9)	(57.2)	

Public Service Reform Pressures

Pressure	Description	Net Pressure					
		2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Pay inflation	Estimated costs of pay inflation	0.2	0.2	0.2	0.2	0.2	0.9
Non-pay inflation	Estimated non pay inflation on PH commissioned services based on the estimated increase to PH Core Grant (3% in 23/24 and 2% thereafter). i.e. the assumption is that inflationary increases on PH contracted services are limited to the increase to Surrey's PH Core Grant	1.0	0.7	0.7	0.7	0.7	3.8
Public Health Grant change	Assumed increases to the PH Core Grant of 3% in 23/24 and 2% thereafter.	(1.2)	(0.8)	(0.8)	(0.8)	(0.9)	(4.6)
Total Pressures		0.1	0.0	0.0	0.0	0.0	0.2

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