

Adults & Health Select Committee
2023/24 Draft Budget Report and Medium-Term Financial
Strategy to 2027/28
6 December 2022
On the day slides for presentation



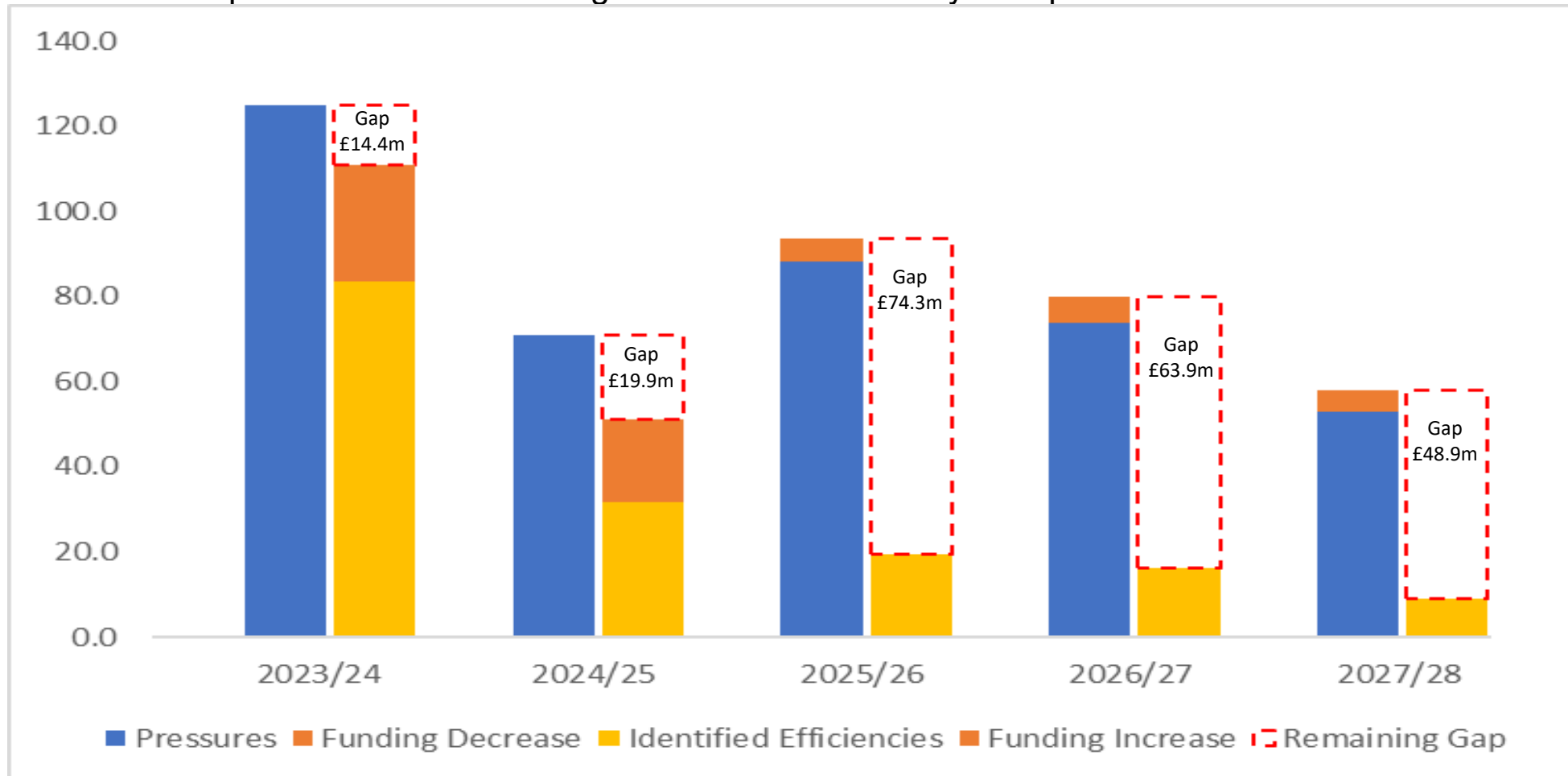
Overall Surrey County Council position



SURREY
COUNTY COUNCIL

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)**

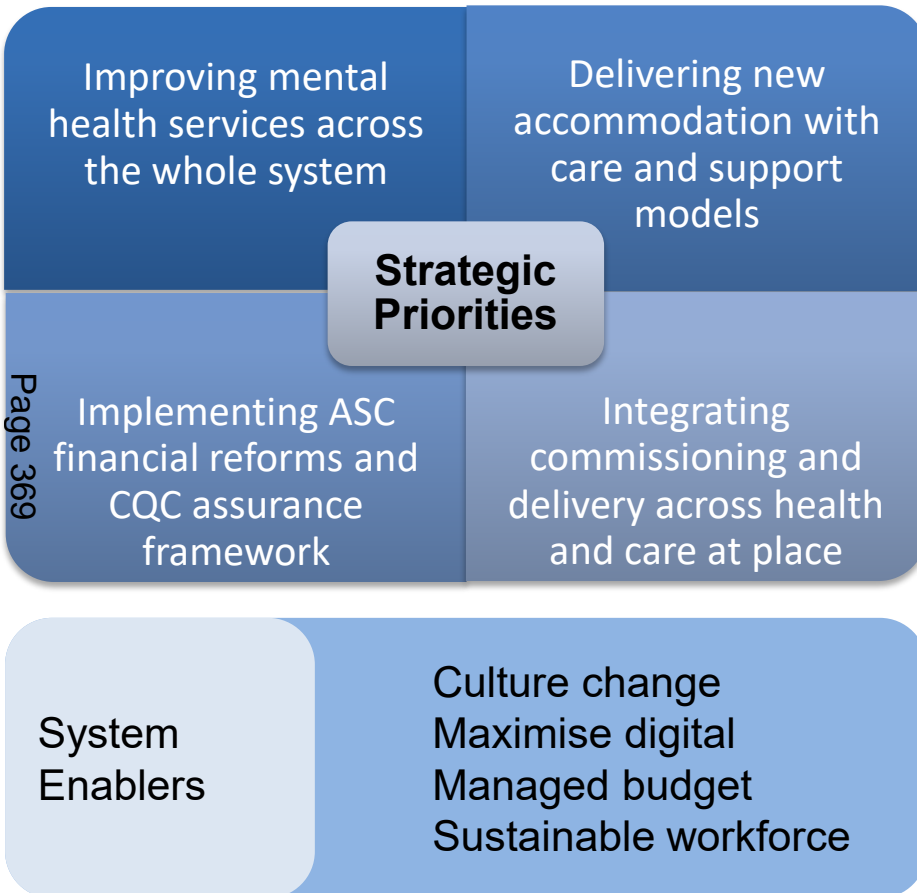


Adult Social Care



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.

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)	

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.

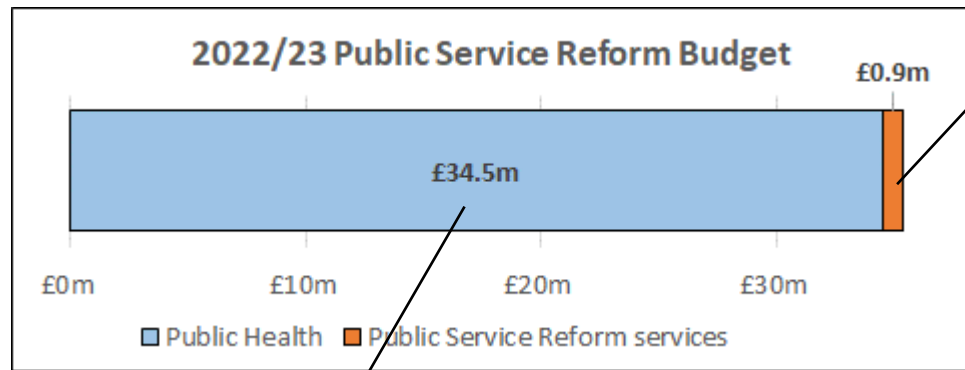
Work continues at pace on potential sites for further Extra Care Housing, primarily for older people, Supported Independent Living for people with a Learning Disability or Autism and Mental Health accommodation, as well as two potential sites for short breaks respite accommodation for people with a learning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



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	

Page 376

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.

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

Page 377

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.