

# **Adults and Health Select Committee**

Page 19

## **2021/22 Draft Budget Report and Medium-Term Financial Strategy to 2025/26**

17 December 2020

# Introduction – 2021/22 Draft Budget and Medium-Term Financial Strategy

## Purpose and content

- Set out to Select Committee the 2021/22 Draft Budget and MTFs, setting out:
  - 2021/22 budget gap
  - 2021/22 – 2025/26 summary position
  - Detailed Directorate progress

## The process to date

- Stabilise the 2020/21 budget following the immediate CV-19 crisis through budget resets
- Establish Core Planning Assumptions and funding projections
- Convert the assumptions into the Draft Budget position
- Identify efficiencies to contribute towards closing the gap for 2021/22 and the medium-term
- Draft budget presented to Cabinet 24<sup>th</sup> November with a gap to close of £18.3m

## Next Steps

- Closing the gap
  - Refine core planning assumptions, funding assumptions and Directorate gaps
  - Finalise the efficiency and transformation proposals
- Finalise the 2021/22 – 2025/26 Capital Programme
- Consultation with residents on draft proposals and Equality Impact Assessments
- Final Budget to Cabinet in January 2021
- Final Budget to Council February 2021

# Our Focus for the Next 5 Years: 2021 – 26

## Community Vision 2030

We want Surrey to be a uniquely special place where everyone has a great start in life, people live healthy and fulfilling lives, are enabled to achieve their full potential and contribute to their community and where no one is left behind. Where our economy thrives and grows, in balance with our beautiful natural environment. While many residents and businesses thrive in Surrey, not everyone has the same opportunities to flourish so our focus for the next five years will be guided by the principle of **tackling inequality and ensuring no-one is left behind**

## Four priority objectives ('dial up' areas)

### Growing a sustainable economy so everyone can benefit

Support people and businesses across Surrey to grow during the economic recovery and re-prioritise infrastructure plans to adapt to the changing needs and demands of residents at a time of financial challenges

### Tackling health inequality

Drive work across the system to reduce widening health inequalities, increasing our focus on addressing mental health and accelerating health and social care integration to reduce demand on services while improving health outcomes for residents

### Enabling a greener future

Build on behaviour changes and lessons learnt during lockdown to further progress work to tackle environmental challenges, improve air quality and focus on green energy to make sure we achieve our 2030 net zero target

### Empowering communities

Reinvigorate our relationship with residents, empowering communities to tackle local issues and support one another, while making it easier for everyone to play an active role in the decisions that will shape Surrey's future

## Transforming the Council

### Customer experience

We will get better at seeing things from a resident's perspective, giving customers a simpler and more consistent experience

### Stronger Partnerships

We will focus on building stronger and more effective partnerships with residents, other public services and businesses to collectively meet challenges and take opportunities

### Transformation and reform

We will continue our comprehensive transformation programme to improve outcomes for residents, deliver efficiencies and make sure financial sustainability underpins our approach

### Digital and Data

We will embrace digital solutions and take a data-driven approach to transforming our organisation and services we deliver for residents

### Agile, diverse and motivated workforce

We will embed new agile ways of working and provide staff with the tools and support to be high performing and outcomes-focussed. We will put equality, diversity and inclusivity at the heart of everything we do, valuing the strength of a diverse workforce

### Financial Management

We will spend our money in the most efficient and effective ways, so we can have the greatest impact on improving people's quality of life and ensure we provide the best value for money to our residents

# 2021/22 Draft Budget

- The table shows the overall picture for the Council for 2021/22 against estimated funding
- Pressures, efficiencies and funding will continue to iterate over November and December
- In particular, funding estimates are subject to clarification as our understanding of the impact of CV-19 on Council Tax Collection continues to develop
- Announcements from Government expected on 24<sup>th</sup> November - further detail before Christmas
- The draft budget includes net pressures of £59.3m, with efficiencies of £41m, leaving a net gap of £18.3m

	Base Budget £m	Pressures £m	Efficiencies £m	Directorate Total £m	Directorate Gap £m
Adult Social Care	372.1	16.5	(11.5)	377.1	5.0
Public Health	32.6	0.0	0.0	32.6	0.0
Children, Families, Lifelong Learning and Culture	245.2	26.8	(20.9)	251.2	5.9
Environment, Transport and Infrastructure	132.8	9.4	(3.5)	138.8	5.9
Community Protection	36.2	1.8	(0.5)	37.4	1.2
Resources	66.6	3.9	(4.4)	66.1	(0.5)
TPP Services	17.4	0.9	(0.2)	18.1	0.7
Central Income and Expenditure	65.4	3.2	0.0	68.6	0.0
Directorate Sub-total	968.4	62.5	(41.0)	989.9	18.3
Projected Funding	(968.4)	(3.2)	0.0	(971.6)	
Net Gap	0.0	59.3	(41.0)	18.3	

# 2021-2026 Medium Term Financial Plan

- Directorates were tasked with costing the core planning assumptions and scenarios to arrive at a **pressures and efficiencies** for the MTFs from 2021/22 to 2025/26 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 November and December
- Pressures may iterate as further information on CV-19 becomes clearer
- The Capital Programme will continue to be refined to present the final programme to Cabinet in January, recommended to full Council in February

# 2021-2026 Council Summary Position

- The table shows the overall picture for the Council against estimated funding
- The estimates in some cases are indicative at this early stage and will require review
- 2021/22 shows a gap of £18.3m, growing to £170.1m over the 5-year MTFS
- Funding estimates are based on the most likely outcome but will be kept under review

	Total						Total £m
	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	
<b>Budget Envelope</b>	<b>968.4</b>	<b>971.6</b>	<b>960.3</b>	<b>951.7</b>	<b>933.8</b>	<b>929.0</b>	
Brought forward budget	968.4	968.4	989.9	1,007.7	1,034.5	1,066.8	
Plus growth (inc inflation)		62.5	47.6	45.5	44.5	43.9	<b>243.9</b>
Less identified efficiencies		(41.0)	(29.7)	(18.7)	(12.3)	(11.5)	<b>(113.2)</b>
<b>Total budget requirement</b>		<b>989.9</b>	<b>1,007.7</b>	<b>1,034.5</b>	<b>1,066.8</b>	<b>1,099.1</b>	
Reductions still to find		18.3	29.1	35.4	50.2	37.0	<b>170.1</b>

Page 21

# Adult Social Care



# Services provided

ASC provides advice and information, assessment, care and support services for people aged 18+ with:

- Physical and Sensory Disabilities
- Learning Disabilities and Autism
- Mental Health needs
- and for frail Older People.

ASC operates in a challenging environment with reductions in government funding; an ageing population and growing numbers of young people moving into adulthood who need services; an increasingly fragile care market; and radical changes in national policy.

The Covid-19 pandemic has added another level of complexity, with ASC playing a crucial role in SCC's response to save lives, protect the National Health Service (NHS), ensure our residents are protected wherever possible and continue to deliver essential services.

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”***.





# How is the service budget spent?

Type of expenditure / income	2020/21 net budget £m
Care packages to support people with individually assessed eligible needs	344.3
ASC staff excluding in-house provided care services which are part of care packages expenditure above	58.5
Wider contracts & grants and other expenditure	23.8
Core Better Care Fund income for ASC	-41.8
Specific ASC government grants	-12.7
<b>Net expenditure funded by SCC</b>	<b>372.1</b>

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

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

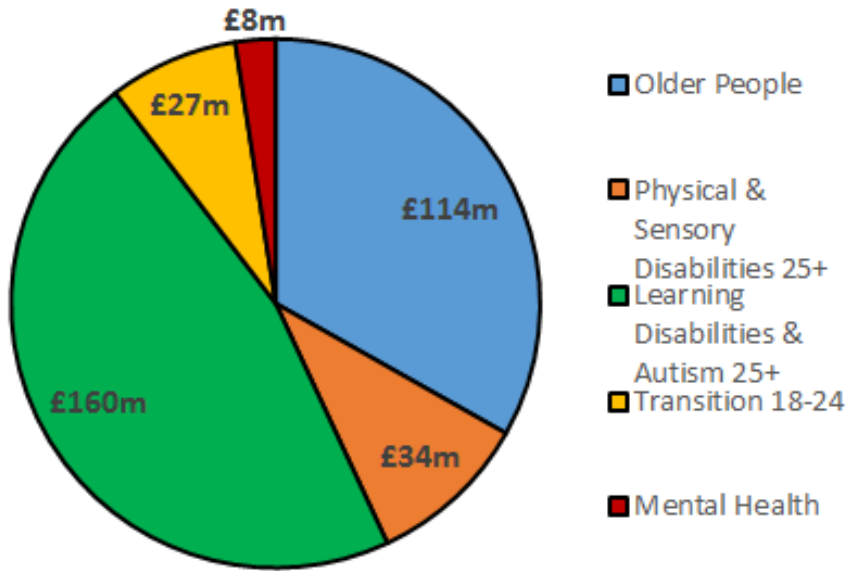
Page 27

## Breakdown of care package expenditure

Client group	2020/21 budget		
	Gross	Income**	Net
Older People	£164.7m	-£50.7m	£114.1m
Physical & Sensory Disabilities 25+	£37.0m	-£3.0m	£34.0m
Learning Disabilities & Autism 25+	£171.7m	-£11.5m	£160.2m
Transition 18-24	£28.8m	-£1.6m	£27.2m
Mental Health	£12.1m	-£3.7m	£8.4m
Individual care packages for carers*	£0.5m	£0.0m	£0.5m
<b>Total</b>	<b>£414.8m</b>	<b>-£70.5m</b>	<b>£344.3m</b>

\* Care costs related to individual carers only. A further £5.8m is spent on contracts and grants for the delivery of broader carers' services  
 \*\* Financially assessed contributions towards care costs & joint funding

2020/21 net expenditure care package budget



# Service strategy for 2021-26 MTFS

ASC's 2021-26 MTFS strategy seeks to build on and further progress the ambitious transformation programme that the service originally embarked on in 2018. At its heart is the implementation of a new 'strength-based' framework that focuses on people's strengths to promote their independence.

ASC's key areas of planned service transformation are as follows:

- **Transforming the care pathway**, including implementing a new discharge to assess model across all Surrey hospitals.
- **Accommodation with care & support** programme to develop 725 new affordable units for Older People Extra Care and 500 units for Learning Disability / Autism independent living.  
Changing models of care to promote independence for people with **Learning Disabilities and Autism**.
- **Improving market management**, including creating a central brokerage function and commissioning new frameworks for key market sectors.
- Comprehensively **reviewing all care services delivered in-house by ASC** to determine the best way of delivering these services in the future.
- Re-shaping service delivery and reviewing organisational structures through the **Mental Health transformation** programme.
- Implementing a comprehensive new **Technology Enabled Care services** offer, which will be an essential enabler to the delivery all of ASC's transformation programmes.

# 2021-26 MTFS Budget Summary

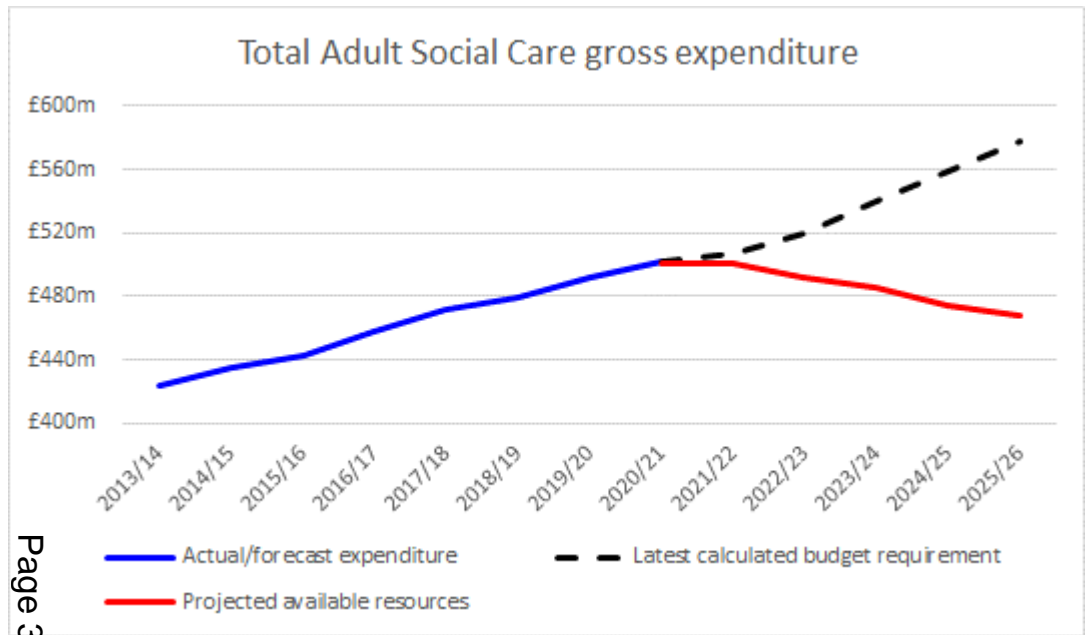
	Adult Social Care								
	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	Budget	Outturn							
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	364.0	362.6	372.1	372.1	377.1	389.2	409.9	428.3	
Pressures				16.5	25.0	24.4	20.1	20.1	105.9
Efficiencies				(11.5)	(12.9)	(3.6)	(1.8)	(1.3)	(30.9)
<b>Current calculated budget requirement</b>				<b>377.1</b>	<b>389.2</b>	<b>409.9</b>	<b>428.3</b>	<b>447.1</b>	
Pressures vs Efficiencies				5.0	12.0	20.7	18.4	18.8	
Indicative share of medium term gap					8.7	6.1	11.6	6.2	
<b>Reductions still to find</b>				<b>5.0</b>	<b>20.8</b>	<b>26.9</b>	<b>30.0</b>	<b>25.0</b>	<b>107.6</b>

Although significant progress has been made in developing more financially sustainable budget proposals in recent months a gap of £5m still remains in 2021/22 compared to the Council's currently estimated available funding.

This gap increases to £107.6m by 2025/26 based on current modelling of potential changes to the Council's funding in future years.

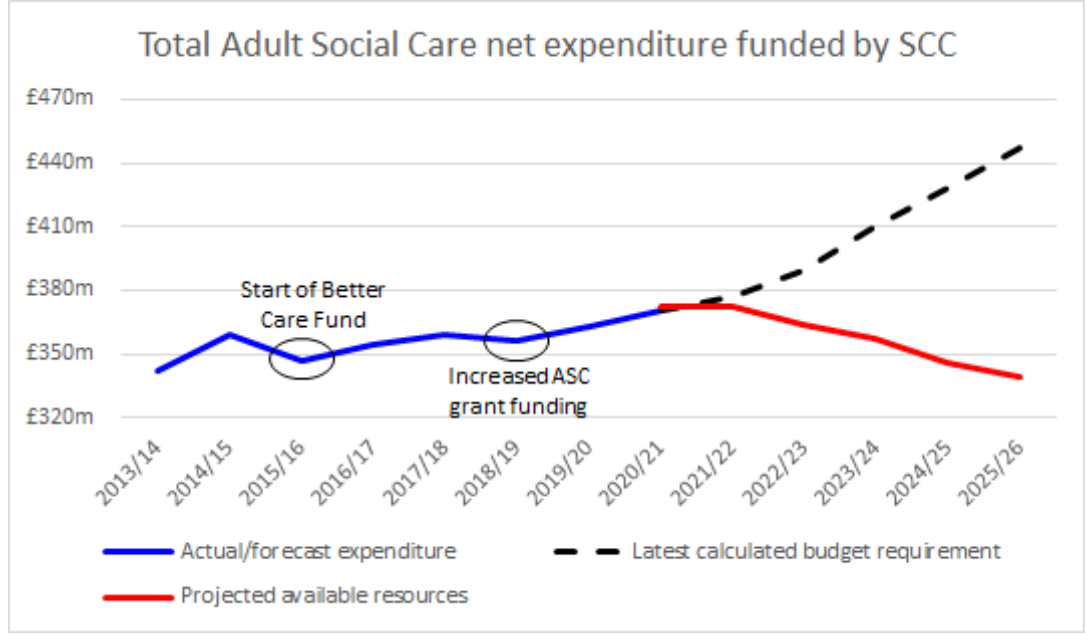
The funding available in 2021/22 for all Council services will be reviewed when the Local Government Finance Settlement for 2021/22 is published (expected in December 2020). This combined with any changes to ASC's current estimated pressures or efficiencies will determine the budget gap for 2021/22 that ASC will need to be close.

# Year on year expenditure



A very significant change in ASC’s expenditure trends would be required to keep spending within currently estimated resources in the medium term.

ASC’s gross expenditure excluding income has increased fairly steadily year on year since 2013/14, although the actions taken since 2017/18 have considerably reduced the rate of increase from what had previously been forecast up to 2019/20.



Net expenditure has increased less rapidly largely due to increased external funding that has reduced the amount that SCC would otherwise have had to fund.



# Summary of budgeted pressures

Pressure	2021/22 £m	2021-26 £m	Comments
Care package price inflation	11.6	64.0	Reflects fee uplifts estimated to be required in order to maintain market sustainability, including the impact of the COVID-19 pandemic.
Care package demand	6.6	32.0	Transition from CFLC services and Older People demography are the biggest demand pressures currently budgeted. Growth in Mental Health services is also included.
Pay inflation	1.7	9.3	Based on SCC's Pay & Reward offer.
Liberty Protection Safeguards	0	4.1	Cost of meeting requirement to conduct more LPS assessments. Worst case cost could be £9m+.
Care package c/f position from 2020/21	-1.3	-1.3	It is estimated that even when hospital discharge packages due to return to ASC are factored in, ASC will carry forward an underspend on its base budget into 2021/22 (excluding additional COVID-19 costs). The aim is to increase this if possible.
Increase in Better Care Fund monies for ASC	-2.0	-2.0	Surrey's BCF budgets will increase by 5.3% on average in 2020/21. We still await guidance from DHSC, but we estimate £2m extra funding for ASC.
Changes to other ASC funding streams	0	0	Assumed that base budget Better Care Fund income of £41.7m and ASC government grant funding of £11.6m will not change.
<b>Total budgeted pressures</b>	<b>16.5</b>	<b>106.1</b>	

# Planned efficiencies

Efficiency title	2021/22 target £m	2021/22 RAG	2021-26 planned £m
<b>TRANSFORMATION PROGRAMMES</b>			
<b>CARE PATHWAY</b>			
Transform care pathway	2.5	A	6.4
<b>LEARNING DISABILITIES &amp; AUTISM</b>			
Decommission traditional day care services and reinvest in community support	2.3	A	4.5
Introduce new Transport policy	0.3	A	0.6
	2.6		5.1
<b>ACCOMMODATION WITH CARE &amp; SUPPORT</b>			
Strategic shift from residential care to independent living	1.5	A	4.4
Expand Extra Care Housing services	From 24/25	N/A	1.3
	1.5		5.7
<b>MARKET MANAGEMENT</b>			
Improved purchasing of Older People nursing / residential care beds	1.1	A	2.2
Improved purchasing of Home Based Care packages	0.4	A	3.3
	1.4		5.5

# Planned efficiencies continued

Efficiency title	2021/22 target £m	2021/22 RAG	2021-26 planned £m
<b>MENTAL HEALTH</b>			
MH Transformation programme	0.4	R	0.4
<b>REVIEW OF IN-HOUSE SERVICES</b>			
Comprehensive review of in-house operated ASC services	0.0	N/A	4.9
<b>ENABLING YOU WITH TECHNOLOGY</b>			
Technology Enabled Care	Key enabler	A	Key enabler
<b>TOTAL TRANSFORMATION EFFICIENCIES</b>	<b>8.3</b>		<b>28.0</b>
<b>NOT PART OF TRANSFORMATION PROGRAMMES</b>			
Resolution of Continuing Health Care disputes	2.7	A	2.7
Develop new strategy for Physical & Sensory Disabilities	0.5	R	0.5
	<b>3.2</b>		<b>3.2</b>
<b>TOTAL ADULT SOCIAL CARE</b>	<b>11.5</b>		<b>31.2</b>

# Efficiencies mapped to client groups

Efficiency Title	2021/22 target £m	Efficiencies related to each client group				
		Older People £m	Physical & Sensory Disabilities £m	Learning Disabilities & Autism £m	Mental Health £m	Total £m
Transform care pathway	2.5	2.1	0.1	0.3	0.0	2.5
Decommission traditional day care services and reinvest in community support	2.3	0.1	0.1	2.1		2.3
Introduce new Transport policy	0.3	0.0	0.0	0.3		0.3
Strategic shift from residential care to independent living	1.5			1.5		1.5
Improved purchasing of Older People nursing / residential care beds	1.1	1.1				1.1
Improved purchasing of Home Based Care packages	0.4	0.4				0.4
MH Transformation programme	0.4				0.4	0.4
Resolution of Continuing Health Care disputes	2.7	0.3	0.1	2.3		2.7
Develop new strategy for Physical & Sensory Disabilities	0.5		0.5			0.5
<b>TOTAL ADULT SOCIAL CARE</b>	<b>11.5</b>	<b>3.9</b>	<b>0.8</b>	<b>6.5</b>	<b>0.4</b>	<b>11.5</b>

Page 34

The table above sets out how each efficiency is expected to impact on each client group. The efficiencies will be summarised and presented by client group in the MTFs and tracked this way for monitoring the delivery of the 2021/22 budget plan.





# Draft Capital Programme

- The ASC Capital Programme totals £9.5m over 5 years, as set out below:

Project	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	TOTAL £m
Adults Capital Equipment	1.5	1.5	1.5	1.5	1.5	7.5
Major Adaptions	0.3	0.3	0.3	0.3	0.3	1.5
In house capital improvement scheme	0.1	0.1	0.1	0.1	0.1	0.5
<b>Adult Social Care Total</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>9.5</b>

- These amounts represent schemes directly delivered by ASC.
- In addition, the Directorate is working with Property to assess pipeline allocations for Extra Care Housing and Independent Living for inclusion in the Final Capital Programme

Page 36

# Public Health

# Services provided

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

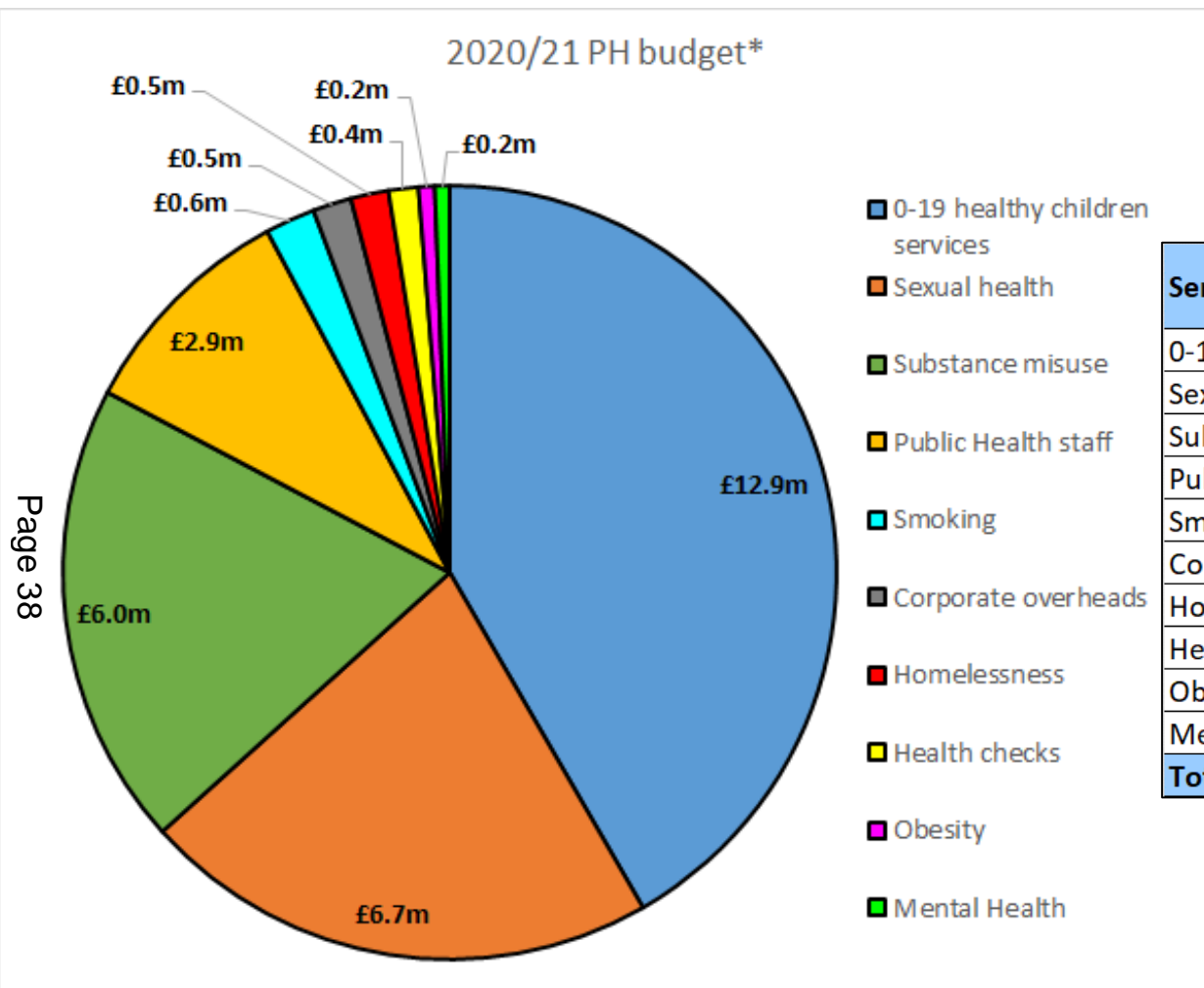
- Providing expert PH information and advice to ensure SCC's decision making is evidence based and cognisant of all relevant PH implications.
- Supporting people to make positive changes to improve their health and wellbeing throughout their life.
- Protecting Surrey residents from communicable diseases and environmental hazards.

Page 37

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.

# How is the service budget spent?



Service category	2020/21 budget
0-19 healthy children services	£12.9m
Sexual health	£6.7m
Substance misuse	£6.0m
Public Health staff	£2.9m
Smoking	£0.6m
Corporate overheads	£0.5m
Homelessness	£0.5m
Health checks	£0.4m
Obesity	£0.2m
Mental Health	£0.2m
<b>Total</b>	<b>£31.0m</b>

Page 38

\* The budget shown here does not include the remaining £1.6m 2020/21 grant increase that Cabinet has agreed to allocate in full to the PH service as plans for how to invest this funding are being finalised



# Response to COVID-19 Pandemic

PH's priority focus in 2020 has of course been on supporting the containment and management of the Covid-19 pandemic.

The PH service has mobilised its resources and expertise to ensure that accurate and up-to-date information about infection rates across the county along with intelligence on the wider impact of the pandemic is provided for decision makers.

The PH service has worked closely with SCC's Corporate Leadership Team (CLT) and Surrey's Local Resilience Forum (LRF) to advise on how the virus can be most effectively managed for staff, residents and the delivery of essential services.

Page 39

As part of this, SCC's PH service is leading on the deployment of the £3.4m of Test and Trace funding that Surrey has received, and has also been coordinating claims for funding under the government's tiered alert levels for Covid-19 once the new national lockdown has ended.

At the same time, the PH service continues to provide responses 7 days a week to local health protection queries and notifications of outbreaks from across the system whilst also ensuring the delivery of the majority of its core functions and commissioned services that our an integral part of the delivery of the local health and wellbeing strategy. These, it could be argued, are more important than ever, to maintain and improve people's health and wellbeing during these very challenging times.

# Service strategy for 2021-26 MTFs

Since transferring to SCC from the NHS in 2013/14, Surrey's PH service has had to operate in a very challenging financial environment. There have been **three main financial challenges**:

1. **Surrey's PH funding is very low** (the second lowest per head of population in the country in 2020/21).
2. In spite of an increase in PH funding in 2020/21 from DHSC, **Surrey's PH funding has reduced by 3% (£1.2m)** since the PH service transferred from the NHS to SCC in 2013/14 due to government funding cuts in previous years.
3. In order to help SCC manage with ever more stretched financial resources **an increasing proportion of Surrey's PH grant has been used to fund PH services delivered by other parts of the Council (£5.4m currently)**, which has required Surrey's PH service to reduce expenditure on the services it commissions directly.

Page 40

In **2020/21** the Department for Health & Social Care **increased Surrey's PH grant by £2.4m**. **£0.8m** was required to cover the cost of the **Agenda for Change NHS pay award** for contracted services where this applies.

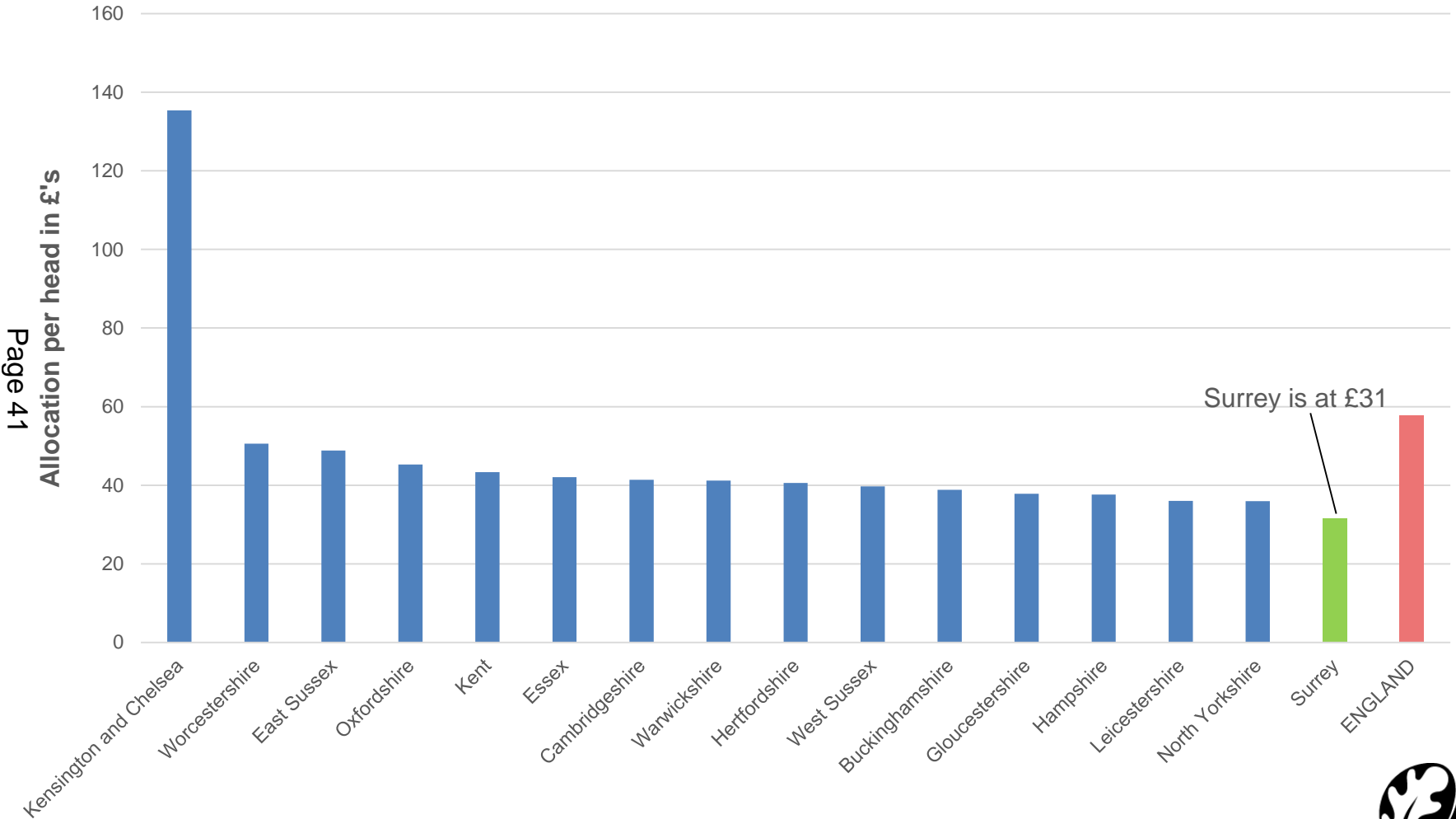
SCC's Cabinet has approved the allocation of the **remaining £1.6m in full to the PH service**. Cabinet has also approved a carry forward from 2020/21 to safeguard this increased investment for the next two years, given that under current proposals the PH grant would become unringfenced in 2022/23 as part of a new nationwide local government Fairer Funding model.

PH's 2021-26 MTFs strategy is therefore to invest the additional £1.6m that Cabinet has allocated to the service, as well as reviewing the deployment of its base budget, to ensure services are prioritised to deliver the greatest positive impact on Surrey's PH outcomes.

At the same time, medium term planning will take into account that reductions in PH expenditure may be required from 2023/24 in order to manage service delivery within SCC's available financial resources.

# Comparative Public Health funding

## Public Health Grant Funding 2020/ 21 per head of population

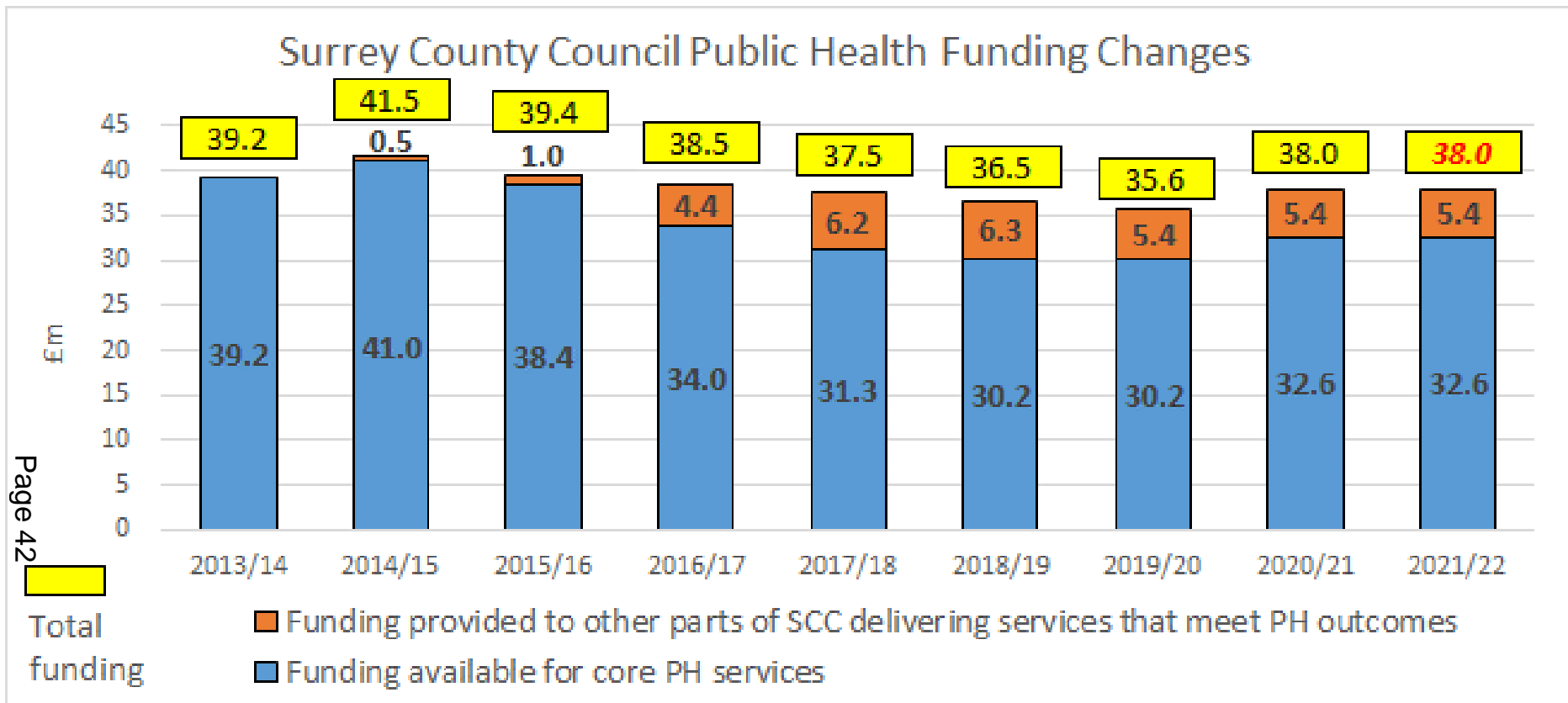


Page 41

Nearest statistical neighbours



# Changes in Surrey's Public Health funding



Between 2013/14 and 2019/20 Surrey's total PH grant funding reduced by £3.6m (9%). In spite of a £2.4m grant increase in 2020/21, total funding is still £1.2m (3%) lower than 2013/14.

The amount available to fund the services that the PH service commissions directly had reduced by a larger amount (£9m, 23% up to 2019/20) due to the need to use a growing proportion of the PH grant to fund PH services delivered by other parts of the Council.

The increased grant funding in 2020/21 provides an important opportunity for additional investment in PH services to improve and protect Surrey's health and wellbeing outcomes.

The current budget planning assumption is that Surrey PH's grant will not change in 2021/22





# Proposed use of increased PH grant funding

Description	£'000s
Agenda for change pay award	757
Contract & pay inflation	421
Mental health initiatives (audit training, contact expansions)	275
New mental health posts	200
Community recovery programme	200
School nurses and health visitors	160
Integrated wellbeing project	145
Family safeguarding	38
Drugs related deaths counselling service	35
Other initiatives	200
<b>TOTAL</b>	<b>2,431</b>

This page is intentionally left blank