

REPORT TO:	HEALTH & SOCIAL CARE SUB-COMMITTEE 26 January 2021
SUBJECT:	2021/22 Adult Social Care Budget Proposals
LEAD OFFICER:	Guy Van Dichele Executive Director Health Wellbeing and Adults
CABINET MEMBER:	Councillor Janet Campbell Cabinet Member for Families, Health & Social Care
PERSON LEADING AT SCRUTINY COMMITTEE MEETING:	Guy Van Dichele Executive Director Health Wellbeing and Adults

POLICY CONTEXT/AMBITIOUS FOR CROYDON:

Adult social care continues to be under pressure nationally and locally. The outturn for 2016/17, 2017/18, 2018/19 and 2019/20 demonstrated both an increase in costs and increased use of transformation monies to meet current demand and increased complexities. Increasingly we are seeing residents who fund their own care running out of money, often referred to as 'wealth depleters'.

A change in the way we deliver social care in order to reduce spend and live within our available resources is underway. This aligns to the following Croydon Renewal Plan priorities:

- We will live within our means, balance the books and provide value for money for our residents.
- We will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy. And to keep our streets clean and safe.

ORIGIN OF ITEM:	Scrutiny of budget proposals is one of the key work strands within the Scrutiny Work Programme.
BRIEF FOR THE COMMITTEE:	The Sub-Committee is asked to review the information provided and consider whether it wishes to make any comments or recommendations to be fed into scrutiny of the budget by the Scrutiny & Overview Committee.

1. EXECUTIVE SUMMARY

- 1.1. This report provides the committee with an update on the adult social care 2021/22 budget development, and associated change programmes required to deliver aligned savings.

- 1.2. The budget development was also reported to Cabinet on 25th November 2020, 'The Croydon Renewal Financial Recovery Plan and Submission to MHCLG for the Capitalisation Direction', Appendix B, section 3.

2021/22 ADULT SOCIAL CARE BUDGET PROPOSALS

2. BACKGROUND

- 2.1. Adult social care continues to be under pressure nationally and locally. The outturn for 2016/17, 2017/18, 2018/19 and 2019/20 demonstrated both an increase in costs and increased use of transformation monies to meet current demand and increased complexities. Increasingly we are seeing residents who fund their own care running out of money, often referred to as 'wealth depleters'.
- 2.2. A change in the way we deliver social care in order to reduce spend and live within our available resources is underway.
- 2.3. The council is working with social work practice and finance leads from the Local Government Association (LGA) and have accepted their view that Croydon's spending on younger and older adults is significantly higher than that of comparable boroughs.
- 2.4. A 'cost of care' tool has therefore been developed to build a zero based adult social care budget and set a baseline for current activity and cost from which then to reduce to bring in line with the average level of spending in London or England as appropriate.
- 2.5. Savings and change programmes are being developed with key LGA guidance taken into consideration, 'why savings are not delivered' (see appendix).

3. ISSUES

- 3.1. The headline issues for Croydon are set out below.
 - Croydon is a high spender on adult social care.
 - High spending on younger adults is a recent development and has been getting worse.
 - Croydon is a high spender on older people but this has improved slightly.
 - There is scope to make significant savings in the medium term, however, the budget must be set at the right level.
 - The Council must get a grip on the young adults budget now.
- 3.2. Adult social care managers are committed to sorting out these issues.
- 3.3. In December 2020, a renewed 'One Croydon Alliance Commitment statement' included the following (see appendix for full statement):

- The financial position of Croydon Council, with the issuing of a Section 114 notice, presents another challenge for the Alliance, but we believe that there is strength in our unity. All partners remain committed to working together as a local system to find solutions where possible and mitigate negative impact for the benefit of Croydon residents. We believe that greater integration will support us to achieve efficiencies across the system and a sustainable health and care system that works for Croydon people.
- We wish to restate our commitment to partnership working and the One Croydon Alliance principles as we move forward with the delivery of our Health and Care Plan and the establishment of the Croydon Health and Care Board. The Alliance reconfirms its commitment to whole system savings (or effectiveness) and continuing to work under our shared set of agreed principles.

4. CURRENT BUDGET DEVELOPMENT

- 4.1. The table below sets out the budget growth and savings requirements for next year for Health Wellbeing and Adults and the plans to reduce expenditure from this starting point.

	2021/22 (£,000's)
<u>Health, Wellbeing and Adults</u>	
Reduction in Welfare Rights	(230)
Baseline Savings - Disabilities Operational Budget	(3,015)
Stretch Savings - Disabilities Operational Budget	(1,367)
Review of Contracts - OBC Commissioning, Working Age Adults	(600)
Baseline Savings - Mental Health Operational Budget	(459)
Stretch Savings - Mental Health Operational Budget	(225)
Reduction in Placements & Accommodation - budget (PLAN A)	(200)
Croydon Discretionary Support - reduction in service (PLAN A)	(292)
Contact centre and Access Croydon: Reduction in line management	(95)
Restructure	(72)
Savings on care provision - ASC Older People Baseline (5%, 7.5%, 10%) - Net of income adjustments	(1,908)
Savings on care provision - ASC (Older People - Stretch (2.5% extra Yr 1 & 2) - Net of Income Adjustments	(691)
Income from Care UK Beds released to self-funders	(254)
Welfare rights in-house service deletion - stretch	(300)
Health, Wellbeing & Adults - savings	(9,708)
Growth to fund current Activity/Run Rate	23,048
Growth to fund Cost Inflation in Care UK Contract	254
Growth to fund projected Demographic and Cost Pressures	5,221
Convert Unfunded Income Officers to Permanent GF Funding	311
Growth to fund demographic and inflation in future years - ASC (Community Equipment Service)	57
Health, Wellbeing & Adults - investment	28,891
Health, Wellbeing & Adults - Net	19,183

Source: November 2020 Cabinet

- 4.2. The stretch targets are 10% over three years' package and placement spend reductions. Further areas being developed will support increasing the savings proposals further.
- 4.3. On the advice of the Local Government Association (LGA) finance lead, the council is setting a revised budget to reflect current activity. The revised 2020/21 budget limits current spending where it is safe to do so.
- 4.4. The 2021/22 budget is based on current activity (the 2020/21 outturn) with 3% added for demand growth and 4% added for inflation; a 5% saving is then applied to the revised budget achieved.
- 4.5. LGA advice is that 5% savings for 2021/22 will be challenging but are achievable if implementation starts as soon as possible with appropriate resources and focus. Given high spending on adult social care, higher savings should be achievable in later years – potentially 10% a year, possible because there is more time to plan, consult and implement savings.
- 4.6. The intention is that by the end of 2023/24, spending and activity for younger adults should be aligned to the average for London and spending and activity for older adults should aspire to be at or below the national average.

5. YEAR ONE MEDIUM TERM FINANCIAL STRATEGY PROPOSED SAVINGS

- 5.1. The total impact of the proposals below is expected to provide a minimum of £9.7m savings in year one (2021/22). Further options appraisals and decisions will continue to be made to add to these proposals.
- 5.2. For year one of the MTF period of 21/22, adult social care package and placement spend will be reduced between 5-10%, to be achieved through:

Savings proposals ready to be taken forward

- a. The 'placements programme' will contribute significantly to the placement and package spend reduction by improving systems, processes and payments; better use of accommodation, and better use of placements.
- b. By using good information and advice for self-help, direct payments as a first offer to residents and 'digital by default' plans will all contribute. The adult social care front door is diverting 85% of enquiries from transferring into statutory care. Further work to embed the gateway model and strengths based practice to continue to increase diversion and improve information and advice to ensure self-help is maximised.

Savings proposals can be taken forward after external engagement

- c. Contractual arrangements with providers in the adult social care market are being reviewed. 65% of contracts are due to end in the next two years and opportunities will be taken to design out cost at the design stage, apply further efficiencies during procurement and ensure value for money during the

contract period once let with good contract management, operational and strategic provider relations.

- d. The integration of health and social care and locality focused working in multi-disciplinary teams will provide good outcomes for residents joining up care and resources, contributing to financial sustainability in the medium to long term. Accurate funding and affordable service models for hospital discharge pathways are included. The community equipment joint pool with health will be re-evaluated in relation to health and social care spend and re-negotiate the funding levels.
- e. Croydon remains an outlier for those assessed as eligible for continuing health care (CHC) health funding for people with health conditions compared to its South West London neighbours. New CHC processes and joint funding agreements are being negotiated and put in place to ensure appropriate levels of funding for people across health and care.
- f. The adult social care charging policy will be re-reviewed, although it has already contributed to an additional £3.2m is being achieved from the review implemented this year as outlined above.

Savings proposals needing more work before they can be progressed

- g. Spending on younger adults transitioning into adulthood.
- h. A transition to the voluntary sector of adult social care activity will bring a return on investment in the medium term.
- i. Where subsidy remains, such as for service user of the meals service, this will be reviewed and consulted on as appropriate.
- j. A three year care commissioning plan and sourcing of appropriate accommodation plan is being defined to contribute to the 5-10% reduction in package and placement spend.
- k. The in-house provision service providing extra care accommodation for older adults, active lives day services for people with autism, learning disabilities and physical disabilities, day provision for people with dementia, careline responders service and shared lives accommodation which provides an efficient way of accommodating and caring for people with disabilities to meet assessed eligible care needs. An options appraisal will be conducted to:
 - ensure we maximise the use of these services as an alternative to commissioned care packages as the first priority
 - decommission external contracts and bring people with needs into this provision, or decommission parts of the in-house service;
 - deliver a combination of these.
 - The Careline response service income targets will also be maximised as well as looking at the funding levels for this service.

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APPENDICES TO THIS REPORT

- Why savings are not delivered - october-2017
- One Croydon Alliance Commitment statement