

REPORT TO:	Health and Wellbeing Scrutiny Committee 10 th May 2021
SUBJECT:	OVERVIEW OF THE 2021-22 ADULTS BUDGET
LEAD OFFICER:	Annette McPartland Director of Operations, Adult Social Care
CABINET MEMBER:	Cllr Janet Campbell Cabinet Members for Families, Health and Social Care
PERSON LEADING AT SCRUTINY COMMITTEE MEETING:	Annette McPartland, Director of Operations Adult Social Care
PUBLIC/EXEMPT:	Public

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:	Both the Croydon Renewal Plan and the Scrutiny Improvement Review (carried out by the Centre for Governance and Scrutiny and agreed by the Scrutiny & Overview Committee on 30 March 2021), have identified that Scrutiny has a key role to play in monitoring the financial recovery of the Council. Given the size of the Adult Social Care budget, within the Council's budget, it is essential that the Health & Social Care Sub-Committee retains a watching brief over this budget throughout 2021-22.
BRIEF FOR THE COMMITTEE:	The Health and Social Care Sub-Committee is asked to review the information provided in this report and at the meeting, to reach a conclusion on the following:-

	<ol style="list-style-type: none"> 1. Are the budget savings within Adult Social Care achievable? 2. Does the leadership team have sufficient line of sight over the savings programme? 3. Is there sufficient political oversight over the savings programme? 4. Are the financial monitoring systems in place sufficient to allow effective tracking of the budget? 5. Are the performance monitoring systems in place sufficient to allow any unforeseen impact, as a result of the savings programme, on vulnerable residents to be picked up and addressed at an early stage?
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1. EXECUTIVE SUMMARY

- 1.1. In January 2021, adult social care provided this committee with a report of the 2021/22 budget development proposals. The report now being presented provides the committee with a progress update on both the finalised budget and associated change programmes required to deliver aligned savings.
- 1.2. The Appendix provides a series of key milestone reports on the adult social care budget development provided to Cabinet, Full Council and this Committee since November 2020. It also includes the current iteration of the Adults Improvement Plan, version 9.
- 1.3. The plan sets out an unequivocal understanding that this sub-committee must receive regular briefings and updates in relation to delivery against the plan.

OVERVIEW OF THE 2021-22 ADULTS BUDGET

2. BACKGROUND

- 2.1. Adult Social Care accounts for more expenditure at Croydon than any other service, 31% of net budget. The pressures in this area are felt across the country. However, we know that our cost base is too high and we can learn from other councils.
- 2.2. Working closely with a Local Government Association (LGA) Adults and Finance expert, we have reviewed every aspect of our budget. We have modelled plans to deliver significant savings over three years, based on LGA recommendations.
- 2.3. We are changing how we deliver social care in Croydon, in order to live within the council's available resources. The overall objective is to reduce Croydon's activity and expenditure on adult social care to the:
 - London average or below for younger adults; and

- The English average or below for older adults by March 2024, whilst fulfilling all our statutory responsibilities.

3. BUDGET AND SAVINGS

- 3.1. The tables below set out the 2021/22 agreed budget growth (£28.940m) and savings (-£10.718m). On the advice of the Local Government Association (LGA) finance lead, the council set a revised budget to reflect current activity. This accounts for £23.048m of the overall growth.
- 3.2. Savings are focussed on contract, package and placement spend reductions. Further areas being developed to support increasing the savings proposals include options appraisals for Provider Services; and the LIFE service (hospital discharge and community reablement).
- 3.3. 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 7.5% saving on package of care spend is then applied to the revised budget achieved.
- 3.4. Within the budget, a requested investment of £0.360m for an enhanced 'reviews progression team' was approved by corporate finance. A further £0.026m transformation investment has been agreed for the purchase of a tool called Care Cubed. This allows the service to benchmark placements costs with other Councils, enabling stronger provider communications.

Budget

	£
2020/21 Budget	99,124,000
Change in non-controllable budgets (overheads, depreciation)	-3,004,000
	96,120,000
Add growth	28,940,000
Less Savings	-10,718,000
2021/22 Budget	114,342,000

Savings

- 3.5. Total package of care savings amount to 7.5%, which is in the cash limit. LGA advice is that 5% package of care spend savings for 2021/22 will be challenging but 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, as there is more time to plan, consult and implement savings.
- 3.6. 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.

3.7. The staffing reduction (-£2.199m) has been achieved through a mixture of deleting vacant posts, restructure and voluntary redundancy.

HWA Sav 06 Baseline Savings - Disabilities Operational Budget	-3,015,000	
HWA Sav 07 Stretch Savings - Disabilities Operational Budget	<u>-1,367,000</u>	
Subtotal - Disabilities Care		-4,382,000
HWA Sav 19 Savings on care provision - ASC Older People Baseline	-1,908,000	
HWA Sav 20 Stretch Savings - Older People	<u>-691,000</u>	
Subtotal - Older People Care		-2,599,000
HWA Sav 09 Baseline Savings - Mental Health Operational Budget	-459,000	
HWA Sav 10 Stretch Savings - Mental Health Operational Budget	<u>-225,000</u>	
Subtotal - Mental Health Care		-684,000
HWA Sav 08 Review of Contracts - OBC Commissioning, Working Age Adults	-600,000	
HWA Sav 22 Income from Care UK Beds released to self funders	-254,000	
HWA Sav 23 15% Immediate Measures Staffing Savings	<u>-2,199,000</u>	
Subtotal – Other		-3,053,000
	Total Savings	<u>-10,718,000</u>

- 3.8. The initial focus of this plan (see Appendix for plan and additional detail on projects) is expected to meet the 2021/22 targets, although some year 1 projects will impact savings in years 2 and 3, these include the LIFE review (discharge from hospitals and community reablement) and Provider services options appraisal.
- 3.9. We will also remodel growth annually against the national and London average comparisons. This will be supported by better spend and forecasting accuracy through our client system, upgraded in October 2020 to combine client and financial systems data.
- 3.10. Our approach to deliver the wider changes required is to address increasing activity through a strong demand management programme including practice changes, improved information and advice for people and our front door practices. Diverting enquiries from transferring into statutory care by extending a 'digital by default' approach, improving information and advice to enable the maximum number of people help themselves in the community, and using direct payments as a first offer to residents.
- 3.11. We will move more practice to an asset based approach, building on people's strengths and what they can do for themselves and connecting with their family, friends, and community.
- 3.12. Our approach to bringing down spend for people who need long term care, is excellent brokerage and market management, ongoing successful business as usual care package reviews.
- 3.13. Our trajectory planning is based on reducing the total number of people in long term care in line with our savings plans trajectory, with a focus on cohorts such as younger adults with Learning Disability and Older Adults with long term care needs.

- 3.14. Reducing the numbers of people in institutional care settings and supporting people to arrange their own care and have this at home, form a main part of the plans.
- 3.15. A progression team will step people down through their care pathway, and provide creative solutions for people to manage well.
- 3.16. We will create a new 3 year commissioning plan, focusing on contract spend reductions, good alternatives to care provision and support from market leaders. This will provide creative solutions for people to manage well. It includes a strategy and a model to transition peoples support to the voluntary sector away from statutory provision as well as working co-dependently through multi-agency teams. Strong micro-commissioning, market management and effective placements, brokerage and payments functions all form part of the model. Revised structures for our commissioning and procurement staff will mean priorities are aligned and resources maximised.
- 3.17. Additionally, we will review all contractual arrangements with providers in the adult social care market: as 65% of contracts end in the next two years, opportunities will be taken to design out cost and apply further efficiencies during procurement, bringing forward new service models and implanting best practice
- 3.18. Where appropriate, the integration of health and social care and locality focused working in multi-disciplinary teams will also provide good outcomes for residents joining up care and resources, e.g. for hospital discharge, contributing to financial sustainability in the medium to long term.
- 3.19. We will work with colleagues in health to implement new continuing health care processes and joint funding arrangements.
- 3.20. Workforce and culture change are important enablers to delivering our plans successfully. Engagement with staff, empowering them to act and take difficult decisions and improve culture and accountability will be fundamental parts of the workforce plan. Strengths based practice – Community Led Support roll out incorporates much of the required culture change, reduction in hand offs and bureaucracy that will drive change in how we support our residents. Good learning and development on practice and a focus on core skill sets such as budget and financial management will be strengthened and introduced where absent. Workforce is not only internal, developing the external market and supporting the wider social care workforce is essential work with a focus on quality and outcomes with a culture of supporting progression and reablement for our residents.
- 3.21. We will continue to annually review the adult social care charging policy.
- 3.22. The following table details the current workstreams to control spend.

Spend control activity	Approach to saving	Progress
Demand management approaches	Activity reduction	Good progress, adult social care spend control panel in place, corporate spend control panel in place, strengths based practice rolled out, Head of Transformation for Learning Disabilities Practice started on 18 January, performance management on contracts, prescribing behaviour approaches
2020/21 package reviews	Activity reduction Average cost of care reduction	Achieved £600k for 2021/22 as full year effect from 2020/21 package reductions. Further review work commenced with success and tracking in place. Detailed placements programme to enable move from institutional care settings to closer to home and move to direct payments and assistive technology
Reviews progression team	Activity reduction Average cost of care reduction	Good progress: progressions team approved and recruitment commenced. Cohort focus on people with learning disabilities and older adults with care needs.
2021/22 business as usual reviews	Activity reduction Average cost of care reduction	Good progress: continued implementation of successful approach from 2020 with enhanced practice and resources
Contracts savings and 3 year commissioning plan	Average cost of care reduction	Good progress: targeting £33m of adult social care contract spend with 89 contracts expiring in due course with commissioning and spend reduction plans in place. 3 year commissioning plan in progress to be completed by March 2021. voluntary sector model designed and being implemented over next 6 months. Market development for direct payments receipt.
Care homes growth mitigation	Average cost of care reduction	Provider negotiations commenced with good progress (Care Home Covid-19 outbreaks risk to implementation)
Transitioning from children into adulthood	Average cost of care reduction	Programme established to plan with children and families at an earlier age and plan for their care into adulthood or exiting social care. Good commissioning for complex ongoing care needs
Hospital discharge pathways and funding share with NHS	Activity reduction Average cost of care reduction	Good progress: discharge service re-reviewed with LGA support. Recommendations set and moving to implementation phase (Covid-19 risks to implementation)
Learning disability framework review and strategic partnerships	Average cost of care reduction	Implementation of Alders Review, market specialist support to be commissioned to provide affordable care alternatives
In-house adult social care provider services options appraisal	Activity reduction Average cost of care reduction	Commenced – options appraisal scope agreed for our in house extra care provision, active lives (day opportunities), Shared Lives accommodation service and Dementia services – this looks at similar provision in the external market
Continuing health care, joint NHS funding for care and S117 aftercare cost share	Activity reduction Average cost of care reduction	Good progress: new SWL protocols agreed and being implemented (Covid-19 CHC delay risk)

4. GOVERNANCE AND FINANCIAL MANAGEMENT SYSTEMS

Governance

- 4.1. The departmental leadership team (DLT) and Change and Efficiency Board will report through the Corporate Programme Management Office (PMO) and to the Improvement Panel/ Board.
- 4.2. It will also provide key reports and briefing updates to the Croydon Health and Social Care Scrutiny Sub-Committee.
- 4.3. Additional trackers are in place such as:
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| ✓ Dedicated Dept. PMO delivery team | ✓ Trajectory plans month to month activity and spend |
| ✓ Corporate Spend Control Panel | ✓ Commissioning Pipeline Plan |
| ✓ Corporate LBC Delivery Tracker | ✓ Joint Plans with NHS |
| ✓ Adult Social Care Challenge Panel | ✓ Contracts Review Group |
| ✓ Adult Social Care Reviews Tracker | ✓ Placements Programme |
| ✓ Adults Social Care Change and Efficiency Board and savings tracker | ✓ Void and Capacity Management |
| | ✓ Client Contribution Income Tracking |

Financial management systems

- 4.4. **Daily spend control panel** – The panel meets daily, and receives all new and reviewed package of care requests. The panel consists of adult social care, finance and commissioning heads of service.
- 4.5. The purpose is to ensure all cases presented have considered the following:
- Strengths based approach, focussed on individual's assets rather than need.
 - Best/appropriate use of placement options, i.e. using supported living, or shared lives, placement in extra care housing before residential homes.
 - Direct payments, which are personal budgets giving the resident and carer more control over how and where their care is purchased.
 - Assistive technology, such as ceiling hoists, to enable single rather than double handed care.
- 4.6. **Monthly budget monitoring** – all budget holders report monthly on spend and forecast, this is followed up by a Director and Head of Service and finance monthly meeting; this is then reviewed by the senior management team as a whole, to ensure timely and appropriate action/escalation can be planned and delivered to mitigate overspend. It is then promoted to the Department Leadership Team for Health Wellbeing and Adults, finally to the Executive Leadership Team. Additionally the Cabinet Member is briefed monthly.

- 4.7. **Savings validations** – all savings being realised through the Change and Efficiency Board, must be validated by the finance team, before it is ratified as delivered. Further all new proposed financial efficiencies, must also be validated by the head of finance in terms of their achievability, before projects can be progressed for corporate sign off.
- 4.8. **Health and Care Partnership** – Partnership in Croydon between the council, NHS and the voluntary sector is strong and mature. The One Croydon Alliance across the six partners are all working towards system financial sustainability and improved outcomes through the Croydon Health and Care Plan. Partners are supportive and engaged in social care transformation and savings programmes. Our work with the Kings Fund through the Healthy Communities Together programme with the voluntary sector is attracting external funding, facilitation of partnerships and building on our models of care.
- 4.9. The Shadow Health and Care Board will drive forward this commitment over the coming year. Partners are entering into a shadow budget year for 2021/22 with strengthened governance, financial and operational planning and transformation and a shared set of programmes to support financial sustainability and a shared understanding of impact, progress and risk. The Alliance will focus on community care and social care working closely with general practice and primary care networks to divert our residents away from acute care with a focus on the prevention of crisis and promotion of wellbeing. Operational services are increasingly delivered by multi-disciplinary teams.
- 4.10. **Continued savings development** – During 2021/22, further options appraisals and decisions will be added to the Adults Improvement Plan, to meet savings targets in 2022/23 and 2023/24. As cited earlier, the Health and Social Care Scrutiny Committee will be a key stakeholder in the development of options.

5. RISKS AND MITIGATIONS

Strategic

- 5.1. The Director of Adult Social Services is a statutory role and is currently vacant, this is mitigated by the Director of Operations holding the role on an interim basis. Ultimately recruitment to the role is crucial to enable strong leadership on both the statutory elements of the role, to provide strategic direction for the operations services; and to ensure there is a leadership presence for adult social care and the Council, within the One Croydon Alliance and wider Integrated Care System.
- 5.2. Continued Covid / Long Covid impact on staff, resident welfare and savings targets – remains unknown. Work with the LGA and other boroughs, pan London and NHS will feed into our learning and forecasting ability around the impact.

Financial

- 5.3. **Savings delivery** - the 2.5% financial stretch target is in the cash limit, although the Local Government Association (LGA) advised that a 5% reduction is more achievable. The service will continue to develop plans to deliver the stretch, and use governance routes to advise on progress and achievability.
- 5.4. **Contract inflation** – a strategy has been drafted, and mitigations for inflation are being worked on by Commissioning and Procurement.
- 5.5. **Norfolk decision** – there is a potential charging policy impact, with an in year £0.400m pressure. The Council is likely to need to change aspects of what financial disregards it considers when financially assessing an individual for their personal contributions.

Operational

- 5.6. **Workforce morale** – remains pressured due to the impact of COVID and organisational change. The impact is evident in both the number of staff leaving Croydon and challenges with recruiting new social care staff.
- 5.7. **LAS implementation** – the case notes system still requires some final reporting capability to enable the service to have a strong oversight on activity and spend. Better Gov. who were the implementation partner, are expected back on site imminently to delivery this final capacity.
- 5.8. **Transitions service** - the service has moved back to adult social care. There are high activity numbers and spend on packages. The service is being aligned to the Adults Improvement Plan. The specific focus for 2021/22, will target embedding a strengths based approach, better use of placements, reviewing the core offer and a commissioning plan.
- 5.9. **Alders Learning Disability Framework** – commissioned by the LGA to conduct a self-evaluation on improvements and cost effectiveness and supporting our demand management and practice once into the implementation phases.

6. RESIDENT AND CARER IMPACT

- 6.1. The changes in adult social care are being made on operational decisions and practice, using relevant legislation frameworks. The statutory service offer remains the same, and as outlined in the principles below:
 - Our adult social care service eligibility and service provision reflect the relevant legislation underpinning social care and health through the Care Act (2014), Mental Health Act 1983, Mental Capacity Act, Deprivation of Liberty Safeguards, The Children and Families Act, Children with Disabilities Act, and the current social care action plan related to the COVID Act.
 - All packages are assessed or reviewed, proportionately, through a strengths based approach, considering safeguarding, to meet the needs of the individual and carers.

- Residents can access appropriate services provided in-house or commissioned by the Council, or delivered independently by the voluntary and community sector.
 - Where people have the financial means to pay a contribution, or to pay for their care in full, this will be in line with the self-funding legislations outlined in the Care Act and wider National policy.
- 6.2. A range of resident engagement groups are in existence and will we work collaboratively with service users and their carers as we make changes, engaging as appropriate. Where statutory consultation is required this will be carried out. On the whole, however, the changes being made are on operational decisions, using relevant legislation frameworks. Working with Healthwatch Croydon to engage the resident voice is also part of the work programme.
- 6.3. Equality impact assessments (see Appendix) will be used to support decision making.
- 6.4. Additionally key projects and activities such as the discharge from hospital, implementation of a Learning Disability Framework commissioned by the LGA, transitioning from children to adulthood, and in-house provider services review, are all likely to require a mixture of co-production, engagement and potentially consultation, to inform the service models.

7. PROPOSED CONTRACTS REVIEWS AND COMMISSIONING MODELS

- 7.1. A commissioning intentions document has been drafted, and there are significant contract decisions to be taken. Setting our strategy and engaging with the market, building strategic partnerships and drawing in expertise are all features of the commissioning agenda; as well as a focus on people with Learning Disabilities and Autism and commissioning to meet people's mental health needs.
- 7.2. There are 47 specific adult social care contracts in the register with a total annual value of c£104.1m)
- 5 contract lines in this register relate to placements that we spot purchase through contractual arrangements such as framework agreements and Dynamic Purchasing System for Residential, Nursing & Extra Care placements at a total value of £71m per annum (older adults & younger adults).
 - 2 contract lines within the register relate to packages of care that we commission through contractual arrangements such as framework agreements and Dynamic Purchasing Systems for Domiciliary Care at a total annual value of £24.5m (older adults and younger adults).
- 7.3. There are existing MTFS targets of £7.7m in year against these 7 contract spend areas which equates to 8% of annual spend and £25.5m savings over the 3 year MTFS which equates to c9%.

- 7.4. The remaining 40 adult social care contracts have a total value of £8.6m per annum. These contracts have an existing MTFS target of £1m in 2021/22 which equates to 13% or £2.4m over 3 years which is 9.3% of total spend. If contract savings are stretched to 20% for these contracts in year 1, an additional £720,000 in savings. Many of these contracts support meeting on statutory need. The levels at which we do this and the way in which we commission these service and specify them can all be reviewed.
- 7.5. A significant number of council contracts have expired or expiring this year and we will bring a transparent view through governance to ensure we have a holistic view of contract spend and actions required. 29 of the 300 council contracts expired or expiring are adult social care funded contracts. There is already a £1m contracts target from this value of £8.6m which is 13% as stated above.
- 7.6. Our voluntary sector contracts are important and we are implementing a commissioning model to support the improvement journey which includes:
- Effective and collaborative approaches to information and advice provision and understanding our front door (s) demand flow
 - Support services that work with people for intensive periods to avoid long term statutory intervention and enable independence
 - Integrated Community Networks that facilitate multi-disciplinary interdependent relationships between statutory and non-statutory care
 - Digital solutions and mapping of provision by locality
 - Data sharing solutions such as Connecting Your Care 2 which is going live in May 2021 to support access to records across health and care providers.
- 7.7. Our section 75 agreements with health partners are all being reviewed and redrafted and financially re-based as well as introducing a new Occupational Therapy specification, prescribing behaviour work on equipment and the Better Care Fund Section 75 is being set for 2021/22.
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APPENDICES TO THIS REPORT

- **Appendix A - Croydon Renewal Plan (Agenda item 5B, appendix B, section 3)**
November 2020 Cabinet and Full Council
- **Appendix B - 2021/22 adult social care budget proposals'**
Jan 2021 Health and Social Care Scrutiny sub-committee.