

REPORT TO:	Health & Social Care Scrutiny Committee 18 October 2022
SUBJECT:	ADULT SOCIAL CARE BUDGET AND REFORMS
LEAD OFFICER:	Annette McPartland Corporate Director of Adult Social Care and Health
CABINET MEMBER:	Councillor Yvette Hopley Cabinet Member for Health and Adult Social Care
PERSON LEADING AT SCRUTINY COMMITTEE MEETING:	Annette McPartland Corporate Director of Adult Social Care and Health
PUBLIC/EXEMPT:	Public

ORIGIN OF ITEM:	Scrutiny of the Adult Social Care Budget has been identified as one of the key actions in the Sub-Committee work programme for 2022-23.
BRIEF FOR THE COMMITTEE:	The Committee is asked to scrutinise the information provided with a view to:- <ol style="list-style-type: none"> 1. Considering whether it is reassured about the delivery of the 2022-23 Adult Social Care Budget 2. Gaining an understanding of the implications for Croydon from the Government's social care reforms.

1. EXECUTIVE SUMMARY

- 1.1. This report provides the Health and Social Care Scrutiny sub-committee with an update on the Adult Social Care and Health Directorate's Period 4 budget and savings position; progress against the Adult Social Care Reforms, and on delivering the Resident Voice commitments.

2. PERIOD 4 BUDGET AND SAVINGS POSITION

- 2.1. At Month 4, an underspend of £0.217m is forecast with £1.352m MTFS savings at risk of non-delivery and £0.380m opportunities identified. The underspend is due in the main to vacant posts across provider services.
- 2.2. The forecast has improved and there are still risks that some savings may not be achieved. This is, in part, due to the level of social work vacancies within Social Care Operations. The total risk indicated is £1.352m.
- 2.3. Unquantified Risks present continued concerns as to impact upon the Directorate budget over the remainder of the financial year:
- 1) Potential post COVID-19 latent demand working through the population resulting in additional care package placements and community equipment.
 - 2) Inflation, rising fuel costs will result in significant expenditure for ASC Providers – may result in claims for increased fees and/or financial instability with potential for 'handing back' contracts.

3) Hospital discharge pressure as current system risk is running at winter activity levels due to COVID-19.

- 2.4. Continued detailed analysis of demand and cost will take place each month to the end of the financial year to enable, where possible, an estimate of the value of these current Unquantified Risks as listed.
- 2.5. There are also opportunities of £0.380m identified in relation of Public Health.
- 2.6. Deep dive analysis of the budgets in Transitions, Disability Services, Older Peoples Services and Mental Health is underway to support additional quality assurance on the finances of these large and volatile budgets.
- 2.7. The forecast outturn position of the General Fund is shown below in Table 1.

Table 1 – Adult Social Care and Health Month 4 Forecast

Forecast Variance as at Current Month 4	Forecast Variance as at Prior Month 3	Change from Month 4 To 3	Savings non-delivery as at Month 4	Other Pressures as at Month 4
£'000s	£'000s	£'000s	£'000s	£'000s
(217)	58	(275)	380	(597)

Table 2 – Progress on MTFs Savings

Target value	Savings Not Delivered (In Forecast)	On track value	Delivered value	Current Month At Risk Value
£'000s	£'000s	£'000s	£'000s	£'000s
(£16,500)	380	8,315	6,453	1,352

- 2.8. Table 3 below provides for details of MTFs savings that are at risk of non-delivery with a brief commentary of the projects that are not or are unlikely to deliver the expected savings.

Table 3 – Month 4 MTFs Savings Risk

MTFS savings reference	Description	Savings at risk as at month 4	Savings at risk as at month 3	Change from Month 4 To 3
		£'000s	£'000s	£'000s
21/22 ASCH 01	Disabilities operational budget	833	833	0
21/22 ASCH 05	Mental health operational budget	83	83	0

21/22 ASCH 08	Older people operational budget	194	194	0
21/22 ASCH 04	Review of contracts	132	0	132
21/22 RES 06	HWA contract savings	110	0	110
Total		1,352	1,110	242

Table 4 – MTFS Savings Not Delivered

Saving description	Target value	Saving not delivered
	£'000s	£'000s
Refocusing Public Health funding - New Youth & Wellbeing Offer	-380	380

2.9. Other risks and risk mitigations are split into quantified and unquantified items. As with the outturn forecast set out in Table 1, risks are separately reported for those elements that relate to potential non or under-delivery of approved savings, as agreed by Full Council in March 2022, and those that are new and not directly related to agreed savings plans.

2.10. Table 5 provides a list of quantified and unquantified other risks, which are in addition to the savings risks. Table 6 provides the opportunities.

Table 5 – Other Quantifiable and Un-quantifiable Risks

Quantified Risks	P4 £'000s	P3 £'000s	Details of Risks
Adult Social Care and Health	-	-	None.
Un-quantified Risks	P4 £'000s	P3 £'000s	Details of Risks
Adult Social Care and Health	-	-	Potential post Covid-19 pandemic latent demand working through the population resulting in additional care packages placements.
	-	-	Inflation , rising fuel and food costs significant expenditure for care providers - may result in claims for increased fees or face financial instability
	-	-	High vacancy rate is caused by significant challenges in recruitment across the Directorate. This means staff are focussed on statutory

			delivery, rather than transformation. This is a national issue.
	-	-	There is Hospital discharge pressure as the current system risk is running at winter levels due to Covid and backlog despite being summer. Work is being done on a deep dive, as the numbers of placements and equipment cost are rising.

Table 6 - Quantifiable and unquantifiable opportunities

Quantified Opportunities	P4 £'000s	P3 £'000s	Details of Opportunities
Adult Social Care and Health	(380)	(380)	Public Health (£0.380m) Ongoing Internal Review of Public Health Funding towards related expenses.
Un-quantified Opportunities	P4 £'000s	P3 £'000s	Details of Opportunities
Adult Social Care and Health	-	-	None.

3. ADULT SOCIAL CARE REFORMS

3.1 The government's Adult Social Care White Paper, 'People at the Heart of Care', was published in December 2021. It identifies opportunities and challenges which will be faced by Croydon Council and other Local Authorities in England. The key principals of the reforms are:

- £5.4 billion to support adult social care in England over the next three years. This includes introduction of a cap on care costs and a more generous means test.
- To introduce a duty for the Care Quality Commission (CQC) to independently review and assess local authority performance in respect of its discharge of duties under the Care Act. An inspection may take place from some point in 2023/24 onwards and it is essential that Croydon is prepared by reviewing all potential areas of inspection before this date. There will also be a local system review.
- To grant new powers for the Secretary of State for Health and Social Care to intervene in local authorities to secure improvement where there are significant failings.
- To establish an adult social care data framework during 2022.

Care Cap

- 3.2 The government intends to reform how people pay for adult social care with a commitment that nobody needing care should have to sell their home.
- 3.3 The White Paper proposes an £86,000 cap on the amount anyone in England will have to spend on their personal care over their lifetime to be introduced from October 2023.
- 3.4 The cap is applied regardless of age or income, although **only** money spent on meeting a person's personal care needs will count towards the cap, so this will exclude accommodation and daily living costs, also known as 'hotel costs'.
- 3.5 Additionally, from October 2023 the Government proposes to make the means test for accessing local authority funding support more generous. This includes increasing the upper capital limit (the threshold above which somebody is not eligible for local authority support towards their social care costs) from £23,250 to £100,000. This means that, in assessing a person's ability to pay for their own care, the value of their personal assets that is disregarded in the calculation will more than quadruple. This measure is intended to reduce pressure on people to sell their homes or other assets to pay for their care.
- 3.6 People receiving care, funded or self-funded will need a Personal Care Account, which will track how much they spend on their care. Whilst this new service will be beneficial to those accessing care, the Council will need to ensure it has the capacity in personnel and systems to meet the related rise in demand for assessments.

Inspection and Assurance Framework

- 3.7 A new inspection and assurance framework will be introduced from April 2023. This includes new legal powers for the Secretary of State for Health and Social Care to intervene in local authorities to improve services where there are significant failures to deliver their duties under the Care Act 2014.
- 3.8 Detail of the inspection and assurance framework has yet to be finalised. However, it is anticipated there will be some assessment at the 'Place' level, i.e., health and care system partners in Croydon. This would likely focus on a partnership approach, care market management, as well as a strong emphasis on the lived experience of people who use services.
- 3.9 The Care Quality Commission will assess local authorities using a new single assessment framework that builds on the approach that is currently used to assess providers (following 5 key lines of enquiry: Safe, Effective, Caring, Responsive, and Well-led).
- 3.10 It will also draw upon the 'I' statements used in the Think Local Act Personal, 'Making it Real' framework, that reflects the most important aspects of personalised, culturally appropriate care.
- 3.11 Assessment themes are expected to be working with people, providing support, ensuring safety, leadership, and workforce.

- 3.12 Consequently, it is a priority for Croydon to ensure that its response in all these areas is addressed during 2022/23. This will enable the Council to be in the best possible situation to respond to an assurance inspection, which could take place at any point from 1 April 2023 onwards.
- 3.13 In preparation, the Council has completed a self-assessment based on the preparation for inspection tool developed by the Association of Directors of Adult Social Care (ADASS), with the support of an external advisor.

Fair Cost of Care exercise

- 3.14 The exercise is a government requirement, to work with local care providers to understand cost pressures. A draft submission is due in October 2022, and a final submission of the exercise results is required in February 2023. Successful delivery is directly linked to in year funding for 2022/23, and access to a £600m national pot for 2024/25 and 2025/26.
- 3.15 The issue remains, that grant allocations to local authorities will not be known until after budget setting is into its final phases.

Implementing the changes

- 3.16 The Croydon health and social care system is well advanced with regards to the implications of the ASC White Paper, with significant integration in place already through the Croydon Health and Care Plan, and the One Croydon Alliance, including broader integration initiatives delivered through the Better Care Fund.
- 3.17 The Directorate's existing service and improvement plans have anticipated the reform, planning initial capacity to analyse the extent to which Croydon's services meet the white paper requirements. For example, setting up a Fair Cost of Care programme and team. This is now the Adult Social Care Reform Board to enable it to incorporate the broader reforms and Inspection Readiness.
- 3.18 This latter area of work is supported by a monthly Performance Board, which is focused on areas of weak data, financial or operational performance identified in the ADASS 'preparation for inspection self-assessment tool'. It will also report regularly to the Directorate's independently chaired Improvement Board.

Potential for unanticipated costs

- 3.19 If the new system is introduced, the lifetime contributions and the personal savings limit changes, will result in the funding of new peoples' care costs becoming the Council's responsibility, which represents a potential significant financial risk.
- 3.20 As negotiated council rates are anticipated to be lower than privately funded rates, providers may need to adjust their general tariff rates to compensate for any potential overall loss of income from more competitively commissioned rates from local authorities.

- 3.21 A self-funding person coming forward to ask the Council to arrange their care, will also require an assessment of eligibility of needs based on national criteria and the self-funded level of support might not align with services that the local authority would have commissioned. Nevertheless, there will be a pressure on the Council to complete these assessments and to work with residents to understand the implications, which will present a further pressure on resources.
- 3.22 It will be essential that residents understand the implications of the changes for them. Our developing panel of residents with lived experience, will be a crucial forum to develop an effective and accessible communications plan to enable residents to understand the full implications of the reforms.
- 3.23 Council finance officers across London dealing with adult social care are currently working on indicative modelling to cost the potential financial impact of the reforms, resulting in more people who fund their own care becoming the responsibility of their local council.
- 3.24 In essence, the introduction of a care cap creates a potentially significant and only partially quantifiable financial and capacity risk for the Council.
- 3.25 Detail around the level of funding the government will make available to support local authorities is crucial to fully assess the impact and further announcements on this are anticipated.
- 3.26 Some of the funding has been announced, specifically the Market Sustainability and Fair Cost of Care Fund, which will give £1.4bn grant funding to councils over three years. Although this is to help local authorities prepare their markets for reform, not to help with an increased number of clients. Councils will not know their grant allocations until Quarter 4 of 2022/23, nor is there clear guidance on the grant beyond 2024/25. It is also possible it may not be sufficient to meet the financial pressures.
- 3.27 In terms of the wider ASC Reforms, in August 2022, the government published a consultation, '[Distribution of funding to support the reform of the adult social care charging system 2023 to 2024](#)'. The proposals cover the elements of the reforms related to distributing funding for needs and financial assessments, the extension to the means test and the cap on care costs. A final funding decision will be published by the 2023/24 provisional local government finance settlement. Croydon contributed to the London Councils submission.
- 3.28 Learning from the consultation responses and from delivery in 2023/24, will inform adjustments to decisions on future distribution values. It is likely there will be a further consultation for 2024/25.

Cost of living update

- 3.29 Although not immediately tied to the ASC Reforms, cost of living implications are substantial at present, so it is pertinent to provide a brief update on work being delivered.

- 3.30 The Council has set up three provider forums (Home Care, Older People & Working Age Adults) to support our ongoing work with the Care Market and our Market Position Statement which will set out our commissioning plans going forward.
- 3.31 Feedback from care providers in these forums and from other meetings around cost of care/living increases are:-
- The 22/23 inflationary increases were welcome; however, this was based on modelling in January 2022 and cost of living has continued to increase since. The inflation increases for 22/23 is overall higher than most other neighbouring Councils.
 - That local authorities set prices for the whole year each April and do not adjust for any future pressures.
 - Home Care providers are concerned on the cost of petrol increases.
 - Insurance and energy costs for care home providers are continuing to rise.
 - Recruitment and retention of staff is still a significant concern with low unemployment and other sectors paying higher rates to staff. Impact on covid-19 vaccination meant that 6% of staff left the care home industry in November 2021. There is dedicated support via a Workforce Recruitment and Development Plan which is helping local care providers.
- 3.32 Whilst Croydon has set out a clear approach to inflation for 22/23, this is continuing to rise and there is risk of provider failure going into the winter months.
- 3.33 Other local authorities have seen care contracts handed back over the last 6 months; so far this has not happened within Croydon.

4. RESIDENT VOICE

- 4.1. In the June 2022 paper to this Sub-Committee, commitments were set out related to the Mayor's Resident Voice priorities. In particular, to building long lasting relationships with our residents through strengths-based approaches.
- 4.2. As part of this, on 3 August 2022 officers supported the Croydon Adult Social Services User Panel to deliver their annual event - Talking About Adult Social Care (the first held since the start of the pandemic).
- 4.3. The event was facilitated by the National Development Team for Inclusion (NDTi). NDTi have been working with the Council and system partners for a number of years. They have supported the development of the strengths-based practice 'Good Conversation' model for our social work and integrated community teams and approaches to strengths based commissioning.
- 4.4. The focus was twofold:
1. To set out the Directorate's approach to Resident Voice and developing a new group of experts by experience, specifically residents, who the Council will work alongside (sometimes through

engagement, and wherever possible through co-production) to deliver the reforms and Improvement Plan.

2. For attendees to actively influence the emerging Adult Social Care and Health – Market Position Statement.

A market position statement (MPS) is a document produced by local authorities, ideally following a process involving providers, people who use services and other partners, and aimed at a wide range of care providers – both current and potential - which summarises supply and demand in a local authority area or sub-region and signals business opportunities within the care market in that area.

- 4.5. It was important for NDTi to facilitate the day, in particular to introduce and lead the discussion on co-producing the design and values of the new group.
- 4.6. On the whole, there was general consensus for the idea amongst attendees. NDTi are due to shortly complete the write up of the event, which will be shared to all attendees. It will then help set the agenda and structure for a follow up development session, again led by NDTi, planned for Oct 2022.
- 4.7. If the Committee wishes, a progress update can be provided to the November meeting.

Attendees	Cllrs	Staff	Public	Organisations
	4	13	17	3

5. NEXT STEPS

- 5.1. There is substantial delivery required on both the Medium Term Financial Plan savings, managing demand, and implementing the ASC Reforms.
- 5.2. The Directorate has established programmes and plans in place, with resources secured to deliver the savings and reforms. These are live and continue to move through the critical path.
- 5.3. The Council, along with others Local Authorities continues to raise concerns to central government over the challenges in terms of late confirmation of funding distribution; and on the sufficiency of the expected levels of funding.
- 5.4. The Council remains well linked to national and regional partners, and we are conscious there will be emergent best practice developing from these relationships, that should be understood at a local level.
- 5.5. There is potential for a winter Covid surge to disrupt the reform implementation, as resources and workforce are diverted. This will be monitored through Corporate, Directorate and system partnership governance, and appropriate escalation and mitigation actions implemented.

- 5.6. There will be regular assurance updates to this Committee, the Mayor, and Independent Assurance Panel.
-

CONTACT OFFICER

Annette McPartland, Corporate Director of Adult Social Care and Health
annette.mcpartland@croydon.gov.uk

BACKGROUND DOCUMENTS:

- **People at the heart of care – Adult Social care reform paper**
<https://www.gov.uk/government/publications/people-at-the-heart-of-care-adult-social-care-reform-white-paper>
- **Market Sustainability and Fair Cost of Care Fund: 2022 to 2023**
<https://www.gov.uk/government/publications/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023>