



Hampshire
County Council

Health and Adult Social Care Select Committee

17 January 2017
Budget Briefing 2017/18

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Presentation Outline

- Grant settlement and impact on the County Council's overall budget position
- Reserves Position
- Update on Transformation to 2017 Programme
- Key Departmental Challenges and Issues
- Adult's Health and Care Budget Proposals and Revenue Budget
 - Includes Adult Social Care and Public Health
- Workforce Information
- Adult's Health and Care Capital Programme

Local Government Finance Settlement – Key Issues



Hampshire
County Council

Local Government Finance Settlement

- Settlement last year announced on 8 February 2016, and provided definitive figures for 2016/17 and provisional figures for authorities for the following three financial years to aid financial planning.
- Figures to 2019/20 subject to submission of an Efficiency Plan and the County Council approved its plan as part of the Medium Term Financial Strategy (MTFS) in July 2016.
- The figures for 2017/18, 2018/19 and 2019/20 set out in the settlement resulted in an increase in the County Council's revenue gap to be bridged in each of these years. In 2017/18 the bottom line impact was that a further £15m was required, to produce a balanced budget.

Budget Forecast 2017/18 – MTFS Position

- The July 2016 MTFS updated the overall position in respect of the 2017/18 budget gap.
- The allocation of transitional funding of £9.4m in 2016/17 and £9.3m in 2017/18 enabled the gap in 2017/18 to be closed; managed through the Grant Equalisation Reserve (GER).
- Transformation to 2017 Programme to deliver £98m of savings by 2017/18.
- Detailed savings proposals agreed in October 2015 to give the time for implementation
- Assumed a 3.99% council tax increase, 2% for social care costs on top of the referendum limit of 1.99%.

Provisional Local Government Finance Settlement 2017/18

- The expectation was for minimal change to the settlement figures published last year.
- Revenue Support Grant (RSG) for 2017/18 is unchanged compared to the forecast position.
- Changes to the New Homes Bonus (NHB):
 - ✓ reduce the number of years for which legacy payments are made
 - ✓ introduce a baseline for housing growth set at an initial level of 0.4% of the council tax base for 2017/18.
 - ✓ from 2018/19 the Government will consider withholding payments from local authorities that are not planning effectively.
- NHB is slightly less than predicted but the changes in funding announced do not impact on the previously agreed investment for Operation Resilience.

Adult Social Care Funding

- New dedicated social care grant in 2017/18 of £4.8m – no indication that this is anything other than a one off grant.
- Last year a social care precept of 2% a year for the current Comprehensive Spending Review period (2016/17 to 2019/20) was introduced.
- This year flexibility has been granted to **bring forward** some of this increase and to raise the precept by up to 3% in 2017/18 and 2018/19 within the cap of 6% over the next three years to 2019/20.
- Taking up this flexibility would yield, **on a one off basis**, additional income of £16.6m for the County Council in the next two years. It would not fundamentally change the underlying longer term council tax position.

Reserves Position

Reserves Strategy

- Deliberate policy to make savings ahead of need and then use these surplus funds to meet the costs of the next phase of transformation.
- Total reserves of £497.3m as at 31 March 2016.
- Approaching half of this (£223.8m) committed to existing spend programmes (mainly capital).
- £69.6m in Departments cost of change and trading account reserves to be used for investment and future transformation.
- £26.4m set aside to mitigate risks (mainly the insurance reserve as we self insure).
- Approaching £56m in schools reserves and £20.6m in general reserves (in line with minimum reserves policy)

Reserves Strategy

- Only £100.9m (20.3%) is truly 'available' to support one off spending and is made up as follows :

| | Balance 31/03/15 £'000 | Balance 31/03/16 £'000 | % of Total |
|------------------------------------|---------------------------------------|---------------------------------------|-----------------------|
| <u>'Available' Reserves</u> | | | |
| Corporate Policy Reserve | 3,976 | 5,109 | 1.0% |
| Invest to Save | 9,461 | 9,077 | 1.8% |
| Corporate Efficiency Reserve | 8,981 | 7,902 | 1.6% |
| Organisational Change Reserve | 3,593 | 3,593 | 0.7% |
| Grant Equalisation Reserve * | 50,881 | 75,206 | 15.2% |
| | 76,892 | 100,887 | 20.3% |

* £44m of the GER will be used to support the revenue budget in 2016/17 with the remainder to be utilised in 2017/18 and 2018/19

Update on Transforming the Council to 2017 Programme

Transforming the Council to 2017

- Savings target of £98m (plus a further £1m in respect of Youth Support Services, rolled over from the Transformation to 2015 programme as part of the budget setting process for 2015/16).
- Savings proposals to meet this were agreed in October 2015 and are reflected in detailed service budgets in report.
- There are therefore no additional savings requirements, beyond the existing £43.1m for Adult Services, to consider as part of this budget setting process.
- Consultation (where required) and implementation has been progressing throughout 2016/17 and regularly reported to Cabinet.

Transforming the Council to 2017

- Allowing for the deferral into 2017/18 of some £13m of Adults' savings, which are going to take longer to deliver, it is currently estimated that £70m of the £99m programme target is likely to be secured by the end of 2016, rising to circa £86m by April 2017
- Plans are in place to meet any shortfall from departmental cost of change reserves together with the potential early release of corporate funding and underwriting from other Departments cost of change reserves, as agreed in principle by Cabinet in September 2016.

Summary of Approved Savings Proposals

TARGET £43.1m

| | £'000 |
|----------------------------------|---------------|
| The Care Offer | 5,085 |
| Assess and Review | 4,949 |
| Disabilities Enablement | 6,377 |
| Disabilities Accommodation Model | 6,929 |
| Residential and Nursing | 832 |
| Non-care and other | 6,711 |
| OPPD Day Opportunities | 957 |
| OP Extra Care | 1,000 |
| Contributions | 1,500 |
| Organisation and People | 8,160 |
| Mental Health Aftercare | 600 |
| TOTAL Adult Social Care | 43,100 |

Key Issues from Implementation

- Consultation has been undertaken and presented to Health and Adult Social Care Select Committee on changes to the charging regime for social care services; second carer waiver, disposable income, fees whilst absent from in-house care homes & rental income on Deferred Payment Agreements.
- Decisions are due to be taken by the Executive Member on proposals relating to in-house care home fees and meals on wheels provision

Key Departmental Issues and Challenges

Adult Social Care

Key Departmental Issues / Challenges

- Need to meet increase in demand and complexity of clients
 - Underlying pressure from 2016/17
 - Care at Home
 - Learning Disability
 - Older People
- New Operating Model
- Supply of affordable staff for County Council homes
- National Living Wage
- Hospital Discharge

Key Departmental Issues and Challenges

Public Health

Key Departmental Issues / Challenges

- Public Health Grant reductions
- Delivery of mandated services
- Reducing the impact and future need for services through prevention
- Priority areas include
 - healthy lifestyles
 - children and young people
 - mental health promotion
 - suicide prevention
 - social isolation
 - falls prevention
 - domestic abuse
 - substance misuse services

Adult's Health and Care Budget 2017/18

Adult's Health and Care Proposed Budget

| Revenue Budget: | £'000 |
|--------------------------------------|--------------|
| Revised Budget for 2016/17 | 394,853 |
| Early Delivery of Savings in 2016/17 | 15,600 |
| | |
| Proposed Budget for 2017/18 | 355,587 |
| Savings in 2017/18 | 43,100 |
| | |
| Capital Programme: | |
| Revised programme for 2016/17 | 69,937 |
| Proposed programme for 2017/18 | 481 |

Proposed Budget 2017/18

Adult Social Care

| | £'000 |
|--|----------------|
| Director | 1,535 |
| Strategic Commissioning and Business Support | 17,874 |
| Older People and Physical Disabilities | 130,497 |
| Learning Disabilities and Mental Health | 121,945 |
| Internal Provision and Front Door | 45,338 |
| Governance, Safeguarding and Quality | 4,320 |
| Centrally Held | (19,362) |
| Total Adult Social Care | 302,147 |

Public Health Proposed Budget 2017/18

| | £'000 | |
|--|---------------|---|
| *Central Public Health | 2,595 | * Includes mandated services |
| Children 5-19 | 4,036 | ** Specific Services include: |
| *Children under 5 | 16,566 | - Domestic abuse services |
| Dental | 180 | - Mental Health promotion |
| Drugs and Alcohol | 9,357 | - Some Children's and Youth PH services |
| *Health Checks | 1,447 | |
| *Health Protection | 29 | |
| Information and Intelligence | 32 | |
| **Miscellaneous Health Improvement & Wellbeing | 5,801 | |
| Nutrition, Obesity and Physical Activity | 1,188 | |
| *Sexual Health | 10,100 | |
| Tobacco | 2,109 | |
| Total Public Health | 53,440 | |

Workforce Implications – Adult’s Health and Care department

FTE (*)

| | |
|-------------------------------------|----------------|
| Estimate as at 31 March 2017 | 3,056.3 |
| Changes Relating to Savings Targets | (110.6) |
| Transfers and Other Changes | |
| Estimate as at 31 March 2018 | 2,945.7 |

(* FTE – Full Time Equivalent)

Adult's Health and Care Capital Programme 2017/18

| | £'000 |
|---|------------|
| Operational buildings, including residential and nursing care, improvements | 201 |
| Locks Heath Day Services | 280 |
| Total 2017/18 Programme | 481 |