

Adult Social Care Committee

Item No:

Report title:	Strategic and Financial Planning 2018-19 to 2021-22 and Revenue Budget 2018-19
Date of meeting:	15 January 2018
Responsible Chief Officer:	James Bullion, Executive Director of Adult Social Services
Strategic impact <p>The proposals in this report will inform Norfolk County Council's (the Council) decisions on council tax and contribute towards the Council setting a legal budget for 2018-19 which sees its total resources targeted at meeting the needs of residents.</p> <p>The information in this report is intended to enable the Adult Social Care Committee (the Committee) to take a considered view of all the relevant factors to agree budget proposals for 2018-19 and the Medium Term Financial Strategy (MTFS) to 2021-22, and make recommendations on these to the Policy and Resources Committee. Policy and Resources will then consider how the proposals from Service Committees contribute to delivering an overall balanced budget position on 29 January 2018 before the Full Council meets 12 February 2018 to agree the final budget and level of council tax for 2018-19.</p>	
Executive summary <p>This report sets out details of the Council's strategy which will set out the future direction, vision and objectives for the Council across all its services. It also provides an overview of the financial issues for the Council, including the latest details of the Autumn Budget 2017 and the Local Government Finance Settlement for 2018-19. It then summarises this Committee's saving proposals for 2018-19, identified budget pressures and funding changes, and sets out the proposed cash-limited revenue budget as a result of these. The report also provides details of the proposed capital programme.</p> <p>Details of the outcomes of rural and equality impact assessments in respect of the 2018-19 Budget proposals are set out in the paper, alongside the findings of public consultation around specific savings proposals, relevant to this Committee.</p> <p>Policy and Resources Committee works with Service Committees to coordinate the budget-setting process, advising on the overall planning context for the Council. Service Committees review and advise on the budget proposals for their individual service areas. The report therefore provides an update on the Service Committee's detailed planning to feed into the Council's budget process for 2018-19. The County Council is due to agree its budget for 2018-19, and Medium Term Financial Strategy to 2021-22 on 12 February 2018.</p>	
Recommendations: Adult Social Care Committee is recommended to: <ul style="list-style-type: none">a) Note the new corporate priorities – Norfolk Futures – to focus on demand management, prevention and early help, and a locality focus to service provision as set out in section 2 of this reportb) Consider the service specific budgeting issues for 2018-19 as set out in section 5	

- c) Consider and comment on the Committee's specific budget proposals for 2018-19 to 2021-22, including the findings of public consultation in respect of the budget proposals set out in Appendix 2
- d) Consider the findings of equality and rural impact assessments, attached at Appendix 3 to this report, and in doing so, note the Council's duty under the Equality Act 2010 to have due regard to the need to:
- i. Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
 - ii. Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
 - iii. Foster good relations between persons who share a relevant protected characteristic and persons who do not share it
- e) Consider and agree any mitigating actions proposed in the equality and rural impact assessments
- f) Consider the recommendations of the Executive Director of Finance and Commercial Services, and:
- i. Recommend to Policy and Resources Committee that the Council's budget includes an inflationary increase of 2.99% in council tax in 2018-19, within the council tax referendum limit of 3.0% for 2018-19
 - ii. Recommend to Policy and Resources Committee that the Council's budget planning includes an increase in council tax of 3.0% for the Adult Social Care precept in 2018-19, meaning that no increase in the Adult Social Care precept would be levied in 2019-20
- g) Agree and recommend to Policy and Resources Committee the draft Committee Revenue Budget as set out in Appendix 4:
- i. including all of the savings for 2018-19 to 2021-22 as set out *Or*
 - ii. removing any savings unacceptable to the Committee and replacing them with alternative savings proposals within the Committee's remit
- For consideration by Policy and Resources Committee on 29 January 2018, to enable Policy and Resources Committee to recommend a sound, whole-Council budget to Full Council on 12 February 2018.
- h) Agree and recommend the Capital Programmes and schemes relevant to this Committee as set out in Appendix 5 to Policy and Resources Committee for consideration on 29 January 2018, to enable Policy and Resources Committee to recommend a Capital Programme to Full Council on 12 February 2018

1. Introduction

- 1.1 The Council's approach to medium term service and financial planning includes a rolling medium term financial strategy, with an annual budget agreed each year. The Council agreed the 2017-18 Budget and MTFs to 2019-20 at its meeting 20 February 2017. At this point, the MTFs identified a gap for budget planning purposes of £35.015m.
- 1.2 The MTFs position is updated through the year to provide Members with the latest available financial forecasts to inform wider budget setting work across the organisation. As previously reported to Committees, Policy and Resources Committee considered a report "Strategic and Financial Planning 2018-19 to 2021-22" on 3 July 2017, which set out a forecast gap of £100.000m for the period to 2021-22.
- 1.3 This year, the budget-setting process is closely aligned with development of the new Council Plan and associated corporate strategy work. Further details of this were set out

in the report “Caring for your County” and in the Strategic and Financial Planning reports considered by Policy and Resources Committee.

- 1.4 Norfolk County Council is due to agree its new Budget and Medium Term Financial Strategy for 2018-19 to 2021-22 on 12 February 2018. This paper sets out the latest information on the Local Government Finance Settlement and the financial and planning context for the Council for 2018-19 to 2021-22. It summarises the Committee’s pressures, changes and savings proposals for 2018-19, the proposed cash limit revenue budget based on all current proposals and identified pressures, and the proposed capital programme.

2. County Council Strategy and Norfolk Futures

- 2.1 The County Council Strategy will set out the future direction, vision and objectives for the Council across all its services.

- 2.2 A key plank of the new strategy will be Norfolk Futures. This comprises a number of initiatives focused on demand management, prevention and early help, and a locality focus to service provision, as referenced in the Strategic and Financial Planning 2018-19 to 2021-22 report presented at Policy and Resources 30 October 2017.

- 2.3 Norfolk Futures will focus on delivering the administration’s manifesto priorities over the Medium Term Financial Strategy period and include:

2.3.1 Local Service strategy:

- a) We want to proactively target our services in the places where they are most needed in our market towns, Norwich, Great Yarmouth and King’s Lynn
- b) Joining up different areas of the council’s work under one roof will enable the closure of little-used buildings and remodelled services
- c) Refocusing our investment, based on the evidence we have of service usage will mean we can create services that meet the need of the residents in that place, rather than a one size fits all offer

2.3.2 A new deal for families in crisis:

- a) We want to keep families together when life gets tough, and reduce the number of children entering the care system
- b) To achieve this will we focus on early intervention to keep children safely at home
- c) When we have to help and offer care we will use foster care and adoption where appropriate, which we know deliver better outcomes for our children
- d) We will reduce our use of residential care and invest in specialist support alternatives
- e) Care leavers will be better supported through high quality post 16 provision

2.3.3 Promoting independence for vulnerable adults:

- a) We want to give people the skills and confidence to live independently and safely, in their own homes, for as long as possible
- b) To do this we will focus on those most likely to need our formal services at some point to help them to stay independent for longer
- c) This will involve supporting people to overcome problems and find renewed levels of independence
- d) Helping people with learning disabilities to do the things we all want to do in life
- e) Strengthen social work so that it prevents, reduces and delays need

2.3.4 **Smarter information and advice:**

- a) We want to make it easier for people to find trusted, reliable information to make decisions that improve their independence and well being
- b) Direct and connect people to services in their local community
- c) This will help people to take control of their lives and their futures and to reduce reliance on health and local authority services

2.3.5 **Towards a Housing Strategy:**

We care about the large number of people who are not able to afford a home of their own. As a county council we can help by accelerating the delivery of new housing, in all forms, throughout Norfolk by:

- a) Using county council landholdings to undertake direct development via Repton Property Developments Ltd, NCC's development company
- b) Providing up-front finance for infrastructure development
- c) Acquiring strategic landholdings with a view to development
- d) Working in partnership with housing authorities, the HCA, and the LEP to secure additional investment
- e) Highlight gaps in the type and location of accommodation to meet the needs of the people of Norfolk today and in the future

2.3.6 **Digital Norfolk:**

Driving the creation of a sustainable technology infrastructure for better broadband and mobile services:

- a) Norfolk will be a place where all appropriate local government services are available online and are used safely and effectively by people to live, work, learn and play
- b) We want to use technological solutions, to provide smarter ways of working and reduce costs within the council and in frontline services
- c) Support provision of smarter information and advice by providing quicker, reliable access
- d) This could include more online transactions, which are more convenient for many people and are more cost effective

2.3.7 **Commercialisation:**

- a) Sweating our assets to maximise return on investment to invest in frontline services. Making the most of our under-utilised buildings and land by selling or leasing it to generate rent income
- b) Running traded services profitably to make a return for the County Council to invest in frontline services
- c) Seeking out new commercial opportunities
- d) Managing the council's services in the most efficient way
- e) Make sure the £700m we spend through contracted out services is managed and reviewed to ensure value for money

3. Strategic financial context

- 3.1 Through the submission of an Efficiency Plan in 2016¹, the Council has gained access to confirmed funding allocations for the four years 2016-17 to 2019-20. As a result, the Council's main funding settlement in the period to 2019-20 is not expected to change

¹ <https://www.norfolk.gov.uk/what-we-do-and-how-we-work/our-budget-and-council-tax/our-budget/our-budget>

substantially, although allocations are confirmed annually in the Local Government Finance Settlement.

- 3.2 The **Autumn Budget**, announced by the Chancellor of the Exchequer, Philip Hammond, on Wednesday 22 November 2017 contained relatively few announcements with implications for the County Council. The Chancellor characterised it as a “balanced approach” being adopted in the Budget, including preparing for the exit from the EU, maintaining fiscal responsibility, investing in skills and infrastructure, supporting housebuilding and home ownership and helping families with the rising cost of living.
- 3.3 The **provisional Local Government Finance Settlement for 2018-19** was announced on 19 December 2017. The 2018-19 Settlement represents the third year of the four year certainty offer which began in 2016-17, and was described by the Government as providing a path to a new system which will build on the current 50% retention scheme and will see councils retain an increased proportion of locally collected business rates. The Department for Communities and Local Government plans to implement the latest phase of the Business Rates Retention Scheme (BRRS) in 2020-21, which will see 75% of business rates retained by local government. This is to be achieved by rolling in existing grants including Public Health Grant and Revenue Support Grant. Local Government will also retain a 75% share of growth from the 2020-21 reset onwards. 100% Business Rates pilots are continuing with a number of new pilots announced for 2018-19. Norfolk was not one of the 2018-19 pilots, although there may be a further opportunity to apply to participate in 2019-20.
- 3.4 In recognition of the pressures facing local government, the settlement includes plans for the core council tax referendum limit of 2% to be increased by 1% to **allow a maximum increase of 3%** before a local referendum is required (in line with inflation) in both 2018-19 and 2019-20. The implications of this are discussed in the section on the latest 2018-19 budget position below.
- 3.5 The Settlement acknowledged concerns about planned reductions to Rural Services Delivery Grant (RSDG) and as a result this is to be increased by £15m in 2018-19 – so that RSDG will remain at £65m throughout the settlement period (i.e. to 2019-20). There has been no change to the distribution methodology, which means an additional (one-off) £0.737m for the County Council in 2018-19.
- 3.6 The Government set out plans to look at options for dealing with the negative Revenue Support Grant (RSG) allocations within the settlement which appear in 2019-20, and intends to consult in the spring to inform planning for the 2019-20 settlement. It should be noted that Norfolk is not in a negative RSG position during the four year settlement. The Government has also published a formal consultation on the review of relative needs and resources, intended to deliver an updated and more responsive distribution methodology for funding to be implemented from 2020-21.
- 3.7 No new funding has been announced for social care. However the Government has recognised that a long term solution to adequately fund social care services is required, and confirmed that a green paper on future challenges within adult social care is due to be published in summer 2018. There was no mention in the Settlement of any funding for the recently announced local government pay offer for 2018-19 and 2019-20 of 2% in each year, with higher increases for those earning less than £19,430. There was also no extension of the Transitional Grant provided in 2016-17 and 2017-18, which has ceased in 2018-19.

3.8 The latest estimate of the Council's overall budget position for 2018-19 as a result of the above, and any other issues, will be reported to Policy and Resources Committee in January.

4. 2018-19 Budget planning

4.1 2017-20 Medium Term Financial Strategy

4.1.1 County Council approved the 2017-18 Budget and the Medium Term Financial Strategy for the period 2017-18 to 2019-20 on 20 February 2017. The Medium Term Financial Strategy to 2019-20 set out a balanced budget for 2017-18, but a deficit remained of £16.125m in 2018-19, and £18.890m in 2019-20. The Medium Term Financial Strategy for 2017-20 therefore set out a forecast gap for the years 2018-19 and 2019-20 of £35.015m and included planned net savings of £72.737m.

4.2 2017-18 budget position

4.2.1 The latest details of the Committee's 2017-18 budget position are set out in the budget monitoring report elsewhere on the agenda. The Council's overarching budget planning for 2018-19 continues to assume that the 2017-18 Budget will be fully delivered (i.e. that all savings are achieved as planned and there are no significant overspends).

4.3 The budget planning process for 2018-19

4.3.1 As reported to Service Committees in September, since the preparation of the Medium Term Financial Strategy, further pressures on the budget were identified, resulting in changes to the Council's budget planning position. At that point, the estimate of the budget gap for the four year planning period up to 2021-22 was **£100.000m**, and in September Service Committees were informed of the allocation of savings targets to aid in closing this projected gap.

4.3.2 In October, Service Committees then reported to Policy and Resources on the savings proposals identified to assist in closing the forecast gap for 2018-19. The total **gross** savings proposed were £41.593m. Policy and Resources Committee also considered a number of further changes to the Council's budget planning including the reversal and delay of a number of savings agreed as part of the 2017-18 Budget that had been identified as no longer deliverable in 2018-19. After new savings had been included, against the target **a budget gap of £7.806m remained for 2018-19 and £63.351m for the MTFs planning period 2018-22**. Policy and Resources Committee launched consultation on £3.580m of savings for 2018-19, and the level of council tax for the year, in order for Service Committees to consider the outcomes of consultation in January to inform their budget setting decisions.

4.3.3 In November Service Committees were updated on the position reported to Policy and Resources Committee but were not asked to identify further savings. In view of the remaining gap position for 2018-19, Committees were advised that **any change to planned savings or removal of proposals would require alternative savings to be identified**.

4.3.4 The budget position and the associated assumptions are kept under continuous review. The latest financial planning position will be presented to Policy and Resources Committee in January prior to budget-setting by County Council in February. The outline budget-setting timetable for 2018-19 is set out for information in **Appendix 1** to this report.

4.4 Latest 2018-19 Budget position

- 4.4.1 The council's budget planning was originally based on an increase in council tax of 4.9%, and the general approach set out in the council's Medium Term Financial Strategy has been to raise general council tax in line with inflation, reflecting the Government's assumptions within the local government financial settlement.
- 4.4.2 The Government has now provided the discretion to raise general council tax by an additional 1% without the need for a local referendum in both 2018-19 and 2019-20, recognising the higher forecast rate of inflation. **This means council tax can be raised by 3% for general council tax and 3% for the adult social care precept, a total of 5.99% in 2018-19.** The Government's core spending power figures now assume the council will raise council tax by the maximum amount available of 5.99%.
- 4.4.3 Since the last budget report to Policy and Resources Committee in October 2017, a number of pressures have emerged which require funding in 2018-19. These include:
- a) Additional on-going funding to support Children's Services
 - b) Funding for the £12m investment in Children's Services
 - c) The national pay award offer of 2% plus higher increases for those earning less than £19,430
 - d) Changes to planned savings
 - e) Continuing higher inflation rates
- 4.4.4 **An additional 1.09% increase in council tax, to raise council tax by the maximum amount of 5.99% without requiring a local referendum would be worth approximately £3.9m in 2018-19 based on current tax base estimates. This would contribute to funding the above pressures, closing the gap in 2018-19, and reducing the 2019-20 forecast budget gap. A council tax increase of 5.99% would therefore enable a substantially more robust budget for 2018-19 and significantly reduce the risks for the council over the Medium Term Financial Strategy period.**
- 4.4.5 In setting the annual budget, Section 25 of the Local Government Finance Act 2003 requires the Executive Director of Finance (Section 151 Officer) to report to members on the robustness of budget estimates and the adequacy of proposed financial reserves. This informs the development of a robust and deliverable budget for 2018-19.

4.5 Budget planning assumptions 2018-19

- 4.5.1 Key assumptions within the Council's medium term financial budget model include:
- a) **A CPI (2.99%) increase in council tax** above the 3% Adult Social Care precept, based on the updated assumptions used by the Government in the provisional 2018-19 local government finance settlement. Any reduction in this increase will require additional savings to be found. It should be noted that currently CPI is running at 3.0%². The assumed council tax increases are subject to Full Council's decisions on the levels of Council Tax, which will be made before the start of each financial year. In addition to an annual increase in the level of Council Tax (but with no increase in council tax in 2021-22), the budget assumes modest annual tax base increases of 0.5%
 - b) **That Revenue Support Grant will substantially disappear in 2020-21. This equates to a pressure of around £39m, but significant uncertainty is attached to this and clearly the level of savings required in year three could be materially lower should this loss of funding not take place**

² UK consumer price inflation: October 2017, published by the Office for National Statistics:
<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/october2017>

- c) 2017-18 Budget and savings delivered in line with current plans (no overspend)
- d) Use of additional Adult Social Care funding during 2017-18 and future years as agreed by Adult Social Care Committee 10 July 2017, with no changes to the overall funding allocations in 2018-19
- e) 2017-18 growth in Children's Services is included as an ongoing pressure and additional investment is included with Children's Services budgets to reflect 2017-18 pressures
- f) Ongoing annual pressures will exist in waste budgets; and
- g) That undeliverable savings have been removed as set out elsewhere in this report, and that all the remaining savings proposed and included for 2018-19 can be successfully achieved

4.5.2 The Executive Director of Finance and Commercial Services' judgement on the robustness of the 2018-19 Budget is substantially based upon these assumptions.

5. Service Budget, Strategy and Priorities 2018-19

5.1 Adult Social services has already committed to savings this year of £14m, and further savings of £18m in 2018-19 and £10m in both 2019-20 and 2020-21.

5.2 The service is currently on track in 2017-18 to deliver £10.339m against planned savings, which together with alternative budget management intervention, and increased service user income is resulting in a forecast balanced budget at Period 7. The service went live with a new social care record and finance system at the end of Period 8, which will improve processes, care management and information, but necessarily has meant that the Period 8 reporting is not available during transition. The finance monitoring paper reported to January Committee sets out the position at Period 7 (end of October 2017) and a brief verbal update will be provided at the January Committee.

5.3 Our financial strategy for achieving savings is:

- a) To invest in early intervention and targeted prevention to keep people independent for longer
- b) To invest in excellent social work which helps people regain and retain independence, and reduces, prevents and delays the need for formal social care
- c) To commission services which enable and re-able people so they achieve and maintain as much independence as they can and reducing the amount of formal social care they need
- d) To reduce the proportion of people who are placed in permanent residential and nursing care
- e) To lead and develop the market for social care so that it is stable and sustainable and aligns with the ambitions of Promoting Independence
- f) To work with health partners to reduce system demand and improve outcomes
- g) To increase the use of technology to enable more people to live independently for longer
- h) To charge people appropriately for their care and providing welfare rights support
- i) To strengthen the contract management of our commissioned contracts, and pursuing efficiencies in all areas of our work

5.4 Our planning suggests that whilst hugely challenging, given the trends and pressures, this financial strategy avoids an inevitable retreat to providing statutory minimum services based on higher thresholds, and helps achieve a sustainable model of service for the medium term.

5.5 Promoting Independence strategy continues to drive the medium and long-term changes we need to make to have a sustainable service for the future. Looking ahead, the top priorities for change are:

- a) Living Well: 3 conversations – the new strengths based approach to social work which focuses on what people can do, rather than what they can't do. The innovation sites are demonstrating the potential for empowering people and connecting them to help in their neighbourhoods, without the need for long-term formal care. In the coming year, the model will be extended to a further 10 sites
- b) Transforming learning disability services – a new 'offer' for people with learning disabilities which is based on enablement and promotes independence. Current support draws heavily on traditional formal adult care services, and the intention is to modernise our offer to be more ambitious for service users, enhance independence and improve overall wellbeing
- c) Integrated short-term support – critical to helping people to stay independent for longer, or to recover after a stay in hospital are services which aim to recover as much confidence and independence as possible and avoid long-term decisions in a crisis. A strength is our reablement approach. Norfolk First Support's focus on helping people regain and keep skills and confidence is helping people to stay in their own homes. The reablement approach is now expanding to a short-term residential setting so that people who can leave hospital but are not ready to go home can regain skills and confidence
- d) Technology enabled services – refreshing and scaling up the use of assistive technology, making it quicker and easier for people to make the most of new developments – self-funders and adults service users. Exploiting the potential of digital opportunities to complement more traditional face to face care

5.6 Alongside this strategy, Committee has already recognised the importance of continued lobbying of central government to address the longer term funding issues associated with providing social care. Following cross party support at Full Council the Leader has written to the Secretary of State for Communities calling on the Government to:

- a) Carry out an urgent and fundamental review of social care and health before next year's autumn Budget
- b) Properly fund social care with genuinely new government money and to explore other mechanisms to support social care

5.7 Our financial strategy takes account of the need to be a strong partner in the health and social care system, and the additional funding announced by the Government is critical to protect social care, provide stability in the care market and play a significant role in reducing delayed discharges of stay in hospitals – acute, community and mental health.

5.8 **Improved Better Care Fund**

5.8.1 The improved better care fund includes both recurrent funding and use of the one –off additional social care grant announced within the Spring Budget 2017. The three year plan, covering the period 2017-2020 and setting out the use of this funding, was agreed by the County Council and health partners in July 2017. The budget proposals for 2018-19 incorporate the agreed use of this funding and where plans will not be implemented in full in 2017-18, it includes the use of one-off funding carried forward from 2017-18. Not including any carried forward of funding, the planned use of the improved better care fund in 2018-19 will total £27.726m. This includes £11.885m for protection of social care, which has minimised the need for the service to identify further savings as part of the corporate budget planning process; £10.8m to help sustain the care system, through increasing prices, implementing the home support framework, managing additional costs

from national living wage legislation and purchase of care; and continued investment in social work capacity and interventions to reduce delayed transfers of care from hospital.

5.9 **Adult Social Care Precept**

5.9.1 The County Council MTFs includes increasing the adult social care precept by 3%. It is estimated based on current projections that this will provide funding of £10.8m, this figure will be revised prior to County Council to reflect final district council figures. This funding will support adult social care services. Predominately, the funding helps support the additional pressures faced by adult social services including additional inflation to reflect care market costs that are above inflation, totalling £5.921m and demographic growth pressures totalling £6.134m.

5.10 **Pressures**

5.10.1 The budget plans set out at Appendix 4, include cost pressures facing the service in 2018-19. Demographic pressures total £6.134m and reflect rising demand for services as people live longer and transition of service users from Children's Services to adult social care. The implementation of the national living wage is supported by the council. As well as meeting legislation for the Council's staff and council owned companies, the increase in pay costs is reflected in the assessment of fee uplifts to providers and within the rate of direct payments for service users. The budget plans support new cost pressures for the service, totalling £44.854m. Including reversal of some pressures relating to 2017/18 and planned usage of iBCF funding from reserves, the net pressures for 2018/19 total £33.934m. These include:

- a) Staff pay – 2% - £0.847m
- b) Price inflation – 2.2% £5.854m
- c) Additional inflation to support market pressures - £5.921m
- d) Demographic growth (incl. transitions from children to adult services) - £6.134m
- e) Legislative impact of national living wage on sleep in care provision - £2.8m
- f) Purchase of care including cost of care and care framework -£10.433m
- g) Deprivation of Liberty Safeguarding service - £0.225m
- h) Pressures to manage capacity and improve delayed transfers of care (predominately invest to save across the health and social care system) - £8.723m

5.11 **Risks for the service**

5.11.1 In setting the budget it is not possible to make financial provision for all remaining risks. The key risks for this Committee are:

- a) The level of savings for the service in 2018-19 is higher than in previous years. £17m of the £27.290m savings will be achieved through demand management. Benchmarking shows that there is opportunity to reduce demand in Norfolk, particularly for people with learning disabilities, but also that the target demand will be challenging; particularly for older people. The Promoting Independence programme is helping to mitigate risks through a defined programme of work, but high risks remain, particularly in relation to providing alternative ways to meet people's eligible care needs within the timescales. Key risk has also been identified for the delivery of savings related to the home support market. See Paragraph 6.3 below
- b) National Living Wage legislation – Norfolk County Council has been committed to ensure that it, and its providers, can pay staff in line with the national living wage. However, recent challenges regarding payment for people who provide a sleep in service has resulted in all providers needing to pay individuals for every hour

- during the night. This has led to national legal challenge and the Government has introduced a scheme for providers (including our service users who employ people directly through direct payments) to work with HMRC to ensure national living wage rates are met. There is also a potential requirement for back pay to be required. The Council's plans include some provision to meet these additional cost for service users, but do not include provision for the impact of provider failure if back pay is not affordable to some providers
- c) Further market pressures, resulting in provider closure or provider decision to not provide services under current contract arrangements. The improved better care fund has provided mitigation of this risk in this financial year, but will not be able to provide this on a recurrent basis. Financial risks arising from provider failure will need to be met through resources allocated to purchase of care
 - d) Continuing pressures across the health and social care system. Increase in demand and significant financial pressures across the system are seeing increased need for social care and this is presenting additional financial pressures for the Council. The service is working closely with all health commissioners and providers across Norfolk, both operationally and strategically through the Norfolk and Waveney Sustainability and Transformation Plan.

5.12 Implications from the Provisional Local Government Finance Settlement

5.12.1 The provisional local government finance settlement was announced on 19 December 2017. Announcements specific to this committee included:

- a) confirmation of the continuation of the Adult Social Care precept including the additional flexibility to raise the precept to 3% this year, but by no more than 6% over the 2017-18 to 2019-20 period.
- b) Confirmation that the expected Green Paper for Adult Social Care will be published in summer 2018
- c) Confirmation of the improved Better Care Fund allocation

No new funding announcements were made for adult social care.

6. Budget proposals for Adult Social Care Committee

6.1 Budget proposals have been developed for the service in the context of the following factors, which affect the way adult social services are planned

- a) Adult Social Care is provided in line with legislation set out in the Care Act 2014. This sets out the Council's duties, including the national threshold to determine eligibility of needs and rights to an assessment for adults and carers
- b) The Promoting Independence programme of work is supporting delivery of £24m savings, through changing the way that people's needs are met in Norfolk. Through supporting people earlier and preventing care needs and by providing care in different ways, the Council is planning to reduce the amount of care it purchases. Increased use of assistive technology and digital solutions will aim to provide new approaches to support service users and providers
- c) Integrated social care and health teams – the service provides integration through its operational and commissioning teams, working with community health and clinical commissioning groups. The Better Care Fund is developed alongside CCGs and district councils in relation to the effective deployment of disabled facility grant, which is passported in full to district councils. The service continues to work collaboratively with health partners within the sustainable transformation programme and the budget plans reflect priorities within the In Good Health STP programme, including social prescribing and high impact change model to improve delayed transfers of care from hospital

- d) Use of the market – The service spends £290m each year on the purchase of care with the local care market. Rising costs from national living wage, difficulties with recruitment and inflation has led to pressure from providers to increase care fees. Some providers have been facing more severe financial difficulties and this has increased risks for the county council in relation to continuation of care and provision of care at usual prices
- e) Social work capacity - the budget plans reflect the decision during this year to increase capacity within social work teams to manage demand

6.2 This Committee discussed the additional savings required from adult social care in order to address the increase in pressures previously agreed, and to meet this Committee’s share of the additional overall council budget gap. These new savings are in addition to the savings programme previously agreed by the County Council. Adult Social services has already committed to savings this year of £14m, and further savings of £18m in 2018-19 and £10m in both 2019-20 and 2020-21. Table 1 below sets out the revised position in relation to additional savings:

Table 1	2018-19	2019-20	2020-21	2021-22	Total
	£m	£m	£m	£m	£m
Additional savings target	-1.477	-11.480	-18.047	0.000	-31.004
Reversal of Transport Savings	-2.300	0.200	0.000	0.000	-2.100
Additional provision for debt write-offs	-0.150	0.000	0.000	0.000	-0.150
Total new savings target	-3.927	-11.280	-18.047	0.000	-33.254

6.3 Since the October Committee report, the service has continued to develop the savings plans and review the programme of work. Changes and pressures in the home support market has meant that the service has needed to respond to develop different approaches to commissioning. The Council has introduced a new home support framework, which is aiming to reduce unmet need and reflect the cost of delivering services in more rural areas. While originally it was anticipated that new commissioning arrangements would enable efficiencies in the way that care rounds are organised, in reality it has been clear that investment is needed in some areas of the county. Therefore, £2.1m of the improved Better Care Fund is being spent to deliver the new framework. The service therefore proposes that these savings are removed in 2018-19.

6.4 Alternative savings are therefore required. Capitalisation of equipment savings are higher than initially forecast, which will deliver an additional £0.500m. It is proposed that the remaining savings are delivered through bringing forward the implementation of savings from digital solutions to March 2019, which will target a further £0.049m saving.

6.5 In response to the need to identify additional savings the following proposals were agreed by Committee in October. The proposed adjustments are shown at the foot of Table 2 below.

Table 2 Proposal Note: savings are shown as a negative figure	Saving 2018-19 £m	Saving 2019-20 £m	Saving 2020-21 £m	Saving 2021-22 £m	Total 2018-22 £m	Risk Assessment
Capitalisation of equipment spend	(1.800)	0.535	0.535	0.530	(0.200)	Green
Accommodation based reablement	(0.550)				(0.550)	Amber
Reduction in funding for invest to save	(0.191)				(0.191)	Green
Prevent carer breakdown by better targeted respite	(0.686)				(0.686)	Green
Review charging policy to align to actual disability related expenses	(0.400)				(0.400)	Amber
Strengthened contract management function	(0.300)	(0.300)	(0.200)	(0.200)	(1.000)	Green
Procurement of current capacity through NorseCare at market value (subject to change)		(0.600)	(1.000)		(1.600)	Red
Investment and development of Assistive Technology approaches		(0.300)	(0.500)	(0.700)	(1.500)	Amber
Maximising potential through digital solutions		(1.000)	(2.000)	(3.000)	(6.000)	Amber
Total savings proposals	(3.927)	(1.665)	(3.165)	(3.370)	(12.127)	
Capitalisation of equipment spend (Total £2.300m)	(0.500)	(0.535)	(0.535)	(0.530)	(2.100)	Green
Maximising potential through digital solutions	(0.049)	0.049			0.000	Amber
Total new savings proposals	(4.476)	(2.151)	(3.700)	(3.900)	(14.127)	
Reversal of ASC042 Home Care Commissioning – an improved framework for procuring home care services in Norfolk	0.549					

6.6 As reported to Committee during 2017-18 the service will need to identify a further £4.197m of savings to manage the reversal of the one-off funding provided to the service

in 2017-18. This was provided to give the service time to make additional changes to reduce the underlying overspend position at the end of 2016-17. For monitoring purposes these savings are included within the savings requirement in the budget plan set out in **Appendix 4**. The purchase of care budget is currently forecasting an underspend in 2017-18, which will support delivery of these savings in 2018-19. These are reflected as part of the wider reduction to purchase of care for both younger and older adults within the promoting independence programme.

- 6.7 The proposals recommended and agreed by the Committee in October 2017 included consultation on taking actual disability related expenses into account when calculating charges towards care. The consultation feedback is set out at Section 9.

7. Revenue Budget

- 7.1 The table in **Appendix 4** sets out in detail the Committee's proposed cash limited budget for 2018-19, and the medium term financial plans for 2019-20 to 2021-22. These are based on the identified pressures and proposed budget savings reported to this Committee in October, which have been updated in this report to reflect any changes to assumptions. The savings reflect the new programme of work that has been reported to this Committee throughout 2017/18. The transition from the proposals originally agreed by County Council in February was set out in the finance monitoring report to this committee on 10 July 2017. Key changes from the position reported to October Committee include the proposal to reverse savings related to home care commissioning, which is being managed through the capitalisation savings being higher for the service than originally estimated and bring forward savings from digital solutions by one month, to target a small saving in 2018/19. Cost neutral adjustments for each Committee will be reflected within the Policy and Resources Revenue Budget 2018-19 to 2021-21 paper which will be presented on the 29 January 2018.

- 7.2 The summary of the medium term financial plan is shown in Table 3 below. The reduction in the net budget reflects the additional income being received through the improved better care fund grant.

Table 3	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m
Opening net budget	261.453	252.536	254.493	257.987
Net pressures	33.934	18.801	11.288	11.954
Net savings	-27.290	-9.351	-13.700	-3.900
Base adjustments	-21.934	-6.546	5.903	
Cost neutral adjustments	6.303	-0.879		
Net Budget	252.466	254.491	257.982	266.036

- 7.3 The Revenue Budget proposals set out in Appendix 4 form a suite of proposals which will enable the County Council to set a balanced Budget for 2018-19. **As such recommendations to add growth items, amend or remove proposed savings, or otherwise change the budget proposals will require the Committee to identify offsetting saving proposals or equivalent reductions in planned expenditure.**

- 7.4 The Executive Director of Finance and Commercial Services is required to comment on the robustness of budget proposals, and the estimates upon which the budget is based,

as part of the annual budget-setting process. This assessment will be reported to Policy and Resources Committee and County Council.

8. Capital Programme 2018-19

- 8.1 A summary of the Capital Programme and schemes relevant to this Committee can be found in **Appendix 5**.
- 8.2 Work on the Social Care and Finance Information is on track to complete in 2018/19.
- 8.3 The Elm Road Community Hub is currently being reviewed, which may result in a proposal that changes the scope and profile of spend. Alongside this, the service is developing plans for supported accommodation. Additional requirements in the next financial year are expected to be funded through underspend from 2017-18 and unallocated capital grant.
- 8.4 Capitalisation of equipment is to support the purchase of one-off equipment for service users. This is used to help meet service users eligible needs and support prevention of increased care needs and costs.
- 8.5 Disabled Facility Grant is passported to district councils and is therefore no longer shown in the Adult Social Care capital programme.
- 8.6 The planned capital expenditure is £9.138m in 2018/19, £2.380m in 2019/20, £2.428m in 2020/21 and £2.476m in 2021/22, based on those projects and priorities currently identified.

9. Public Consultation

- 9.1 Under Section 3(2) of the Local Government Act 1999, authorities are under a duty to consult representatives of a wide range of local people when making decisions relating to local services. This includes council tax payers, those who use or are likely to use services provided by the authority and other stakeholders or interested parties. There is also a common law duty of fairness which requires that consultation should take place at a time when proposals are at a formative stage; should be based on sufficient information to allow those consulted to give intelligent consideration of options; should give adequate time for consideration and response and that consultation responses should be conscientiously taken into account in the final decision.
- 9.2 Saving proposals to bridge the shortfall for 2018-19 were put forward by Committees, the majority of which did not require consultation because they could be achieved without affecting service users.
- 9.3 Where individual savings for 2018-19 required consultation:
 - a) The public consultations ran from the 6 November 2017 to 2 January 2018
 - b) Those consultations were published and consulted on via the Council's consultation hub Citizen Space at:
<https://norfolk.citizenspace.com/consultation/budget2018/>
 - c) We promoted the consultation through Your Norfolk residents' magazine, online publications, social media and our website
 - d) People were able to respond online and in writing. We also received responses by email to HaveYourSay@norfolk.gov.uk and accepted responses in other format, for example, petitions
 - e) Consultation documents were available in hard copy, large print and easy read as standard and other formats on request

- f) Every response has been read in detail and analysed to identify the range of people's opinions, any repeated or consistently expressed views, and the anticipated impact of proposals on people's lives

9.4 **Change the way we work out how much people pay towards the cost of their non-residential care services by taking into account people's actual disability related expenses consultation feedback**

9.4.1 In addition to the steps the council has taken to promote the consultation listed above we have also written to all 3,868 people who are potentially affected by this proposal and included a consultation feedback form with pre-paid postage. We provided a consultation hotline that people could call if they had any questions.

9.4.2 In total we received 906 responses, including 754 feedback forms. This means that at least 19.5% of those directly affected responded. Eight respondents told us that they were responding on behalf of organisations. We did not receive any petitions. Norfolk County Council Labour Group undertook a separate consultation and submitted the responses they received which contained 71 comments relating to this proposal.

9.4.3 Key issues and concerns were:

- a) A large number of respondents commented on the additional costs faced by disabled people and expressed their concern that disabled people are already struggling with these costs and could not afford to pay more. Some respondents referred to potential negative effects on people's wellbeing if their access to existing or future care was limited by the proposed change
- b) There were concerns about the forms and information / evidence that we would ask people to provide in order for us to work out their disability related expenditure. People felt that the process should be clear and easy to follow with support provided
- c) Where people generally agreed with the proposal they offered a range of reasons including that the proposal was reasonable and 'fair', people should only be reimbursed for what they used, no-one needing the allowance would lose out and that they felt some people could afford to pay more
- d) Some respondents expressed their concern that the proposal was an additional cut on top of previous cuts. People stated that they faced rising costs with no additional way of increasing income
- e) There were also concerns that some people may be more affected by this proposal than others, including self-funders, people in shared accommodation and those least able to pay more, including people who have additional carer costs
- f) Reasons respondents gave for generally disagreeing with the proposal included a feeling that disabled or older people should not have to pay for their care, that disabled people should not be asked to justify their spend and that money for these services should not be cut but invested in
- g) Respondents were worried about the effect of the proposals on carers, including the impact on household finances and the extra burden on carers to provide evidence of the disability related expenditure of the person they care for

In addition, some respondents challenged the thinking behind the proposal, stating that it would not save money and that the finances had not been thought through. Others reported that the consultation document was too long, hard to understand and not user friendly.

9.5 A full summary of the findings, including details of those people responding on behalf of organisations, are presented in **Appendix 2**.

10. Equality and rural impact assessment – findings and suggested mitigation

- 10.1 When making decisions the Council must give due regard to the need to promote equality of opportunity and eliminate unlawful discrimination of people with protected characteristics.
- 10.2 Equality and rural impact assessments have been carried out on each of Adult Social Care Committee's nine budget proposals for 2018/19, to identify whether there may be any disproportionate or detrimental impact on people with protected characteristics or in rural areas.
- 10.3 It is evident from this process that the Committee's proposals will primarily impact on disabled and older people and their carers – which is inevitable, because disabled and older people constitute the majority of adult social care users.
- 10.4 However, only one proposal (the proposal to Review charging policy to align to actual disability related expenses) is likely to have a detrimental impact on disabled and older people or people in rural areas.
- 10.5 The other eight proposals are unlikely to have any detrimental impact on people. Broadly speaking, this is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.
- 10.6 Four mitigating actions are proposed to address the detrimental impact relating to the proposal to *Review charging policy to align to actual disability related expenses*:
- a) Continue to review whether service users (for example people with learning disabilities) face any barriers to claiming and evidencing spending (noting that a range of approaches are already available to provide appropriate support)
 - b) If the proposal goes ahead, contact all service users affected, to offer guidance and advice on any steps they need to take – taking into account the particular needs of different groups of service users, such as people with learning disabilities. This will include how to complete the forms and the evidence that is required, to enable their needs to be taken into account. It will also include how to ask for help to complete the forms and who to talk to if they are worried about how they will manage the financial impact
 - c) Work with relevant stakeholders to ensure that the guidance provided is simple, clear and accessible, particularly for people with learning difficulties and people with mental health issues, and that it addresses the fact that some service users may be fearful of seeking information and advice as they may worry that current entitlements may lessen or be withdrawn
 - d) If a service user expresses concern about financial austerity, offer appropriate budget planning or other relevant support to make sure people are spending as effectively as possible, and ensure transition plans are established
- 10.7 The full assessment findings are attached for consideration at **Appendix 3**. Clear reasons are provided for each proposal to show why, or why not, detrimental impact has been identified, and the nature of this impact.

11. Financial implications

- 11.1 Financial implications for the Committee's Budget are set out throughout this report.

12. Issues, risks and innovation

- 12.1 Significant risks or implications have been set out throughout the report and specifically within paragraph 5.11. Specific financial risks in this area are also identified in the Corporate Risk Register, including the risk of failing to manage significant reductions in local and national income streams (RM002) and the risk of failure to effectively plan how the Council will deliver services (RM006).
- 12.2 Decisions about significant savings proposals with an impact on levels of service delivery will require public consultation. As in previous years, saving proposals, and the Council's Budget as a whole, are subject to equality and rural impact assessments within the budget-setting process.

13 Recommendations

13.1 Adult Social Care Committee is recommended to:

- a) **Note the new corporate priorities – Norfolk Futures – to focus on demand management, prevention and early help, and a locality focus to service provision as set out in section 2 of this report**
- b) **Consider the service specific budgeting issues for 2018-19 as set out in section 5**
- c) **Consider and comment on the Committee's specific budget proposals for 2018-19 to 2021-22, including the findings of public consultation in respect of the budget proposals set out in Appendix 2**
- d) **Consider the findings of equality and rural impact assessments, attached at Appendix 3 to this report, and in doing so, note the Council's duty under the Equality Act 2010 to have due regard to the need to:**
 - i. **Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act**
 - ii. **Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it**
 - iii. **Foster good relations between persons who share a relevant protected characteristic and persons who do not share it**
- e) **Consider and agree any mitigating actions proposed in the equality and rural impact assessments**
- f) **Consider the recommendations of the Executive Director of Finance and Commercial Services, and:**
 - i. **Recommend to Policy and Resources Committee that the Council's budget includes an inflationary increase of 2.99% in council tax in 2018-19, within the council tax referendum limit of 3.0% for 2018-19**
 - ii. **Recommend to Policy and Resources Committee that the Council's budget planning includes an increase in council tax of 3.0% for the Adult Social Care precept in 2018-19, meaning that no increase in the Adult Social Care precept would be levied in 2019-20**
- g) **Agree and recommend to Policy and Resources Committee the draft Committee Revenue Budget as set out in Appendix 4:**
 - i. **including all of the savings for 2018-19 to 2021-22 as set out Or**
 - ii. **removing any savings unacceptable to the Committee and replacing them with alternative savings proposals within the Committee's remit**

For consideration by Policy and Resources Committee on 29 January 2018, to enable Policy and Resources Committee to recommend a sound, whole-Council budget to Full Council on 12 February 2018.

- h) **Agree and recommend the Capital Programmes and schemes relevant to this Committee as set out in Appendix 5 to Policy and Resources Committee for consideration on 29 January 2018, to enable Policy and Resources Committee to recommend a Capital Programme to Full Council on 12 February 2018**

13. Background Papers

13.1 Background papers relevant to the preparation of this report are set out below:

[Norfolk County Council Revenue and Capital Budget 2017-20, County Council, 20 February 2017, Item 4](#)

[Norfolk County Council Budget Book 2017-20, May 2017](#)

[Caring for your County, Policy and Resources Committee, 3 July 2017, Item 7](#)

[Strategic and Financial Planning 2018-19 to 2021-22, Adult Social Care Committee, 9 October 2017, Item 12 p88](#)

Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, e.g. equality impact assessment, please get in touch with:

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