



**Open Report on behalf of Glen Garrod,
Executive Director - Adult Care and Community Wellbeing**

Report to:	Adults and Community Wellbeing Scrutiny Committee
Date:	11 January 2023
Subject:	Adult Care and Community Wellbeing Budget Proposals 2023/24

Summary:

This report details the Council's budget proposals for Adult Care and Community Wellbeing (ACCW) for the financial year 1 April 2023 – 31 March 2024 and the assumptions made given the national context. Current indications highlight the potential for ACCW to deliver services within its financial allocation for 2023-24.

Actions(s) Required:

Adults and Community Wellbeing Scrutiny Committee is asked to provide comments on the proposal and note the actions and risks contained within this report.

1. Background

- 1.1 This budget proposal is informed by both the Autumn Statement announced 17 November 2022 and the Provisional Settlement published 19 December 2022.
- 1.2 The Autumn Statement reflects a more positive outlook for 2023-24 and 2024-25 than anticipated. The Medium-Term Financial Plan includes a forecast position for 2025-26 and 2026-27, but these need to be read with a note of caution due to the uncertainty beyond 2024-25.
- 1.3 The Government has signalled that public spending will increase at a much slower rate after 2024-25. Forecast pressures for adult social care is likely to continue to cause further cost increases over and above the budget proposal in the medium to long-term, though this perspective makes no assumptions as to government thinking about social care beyond 2025.

- 1.4 This gives rise to the potential scenario in two years time whereby funding could be maintained or even reduced, set against a cost base which continues to increase. It is essential that financial decisions take into account this financial outlook beyond 2024-25.
- 1.5 The Lincolnshire County Council current position reflects a deficit position in all years. The Council's deficit in 2023-24 is currently estimated to be around £9.4 million, subject to any further changes to the cost base, the local taxation position finalising and the Local Government finance settlement.
- 1.6 In closing the gap for 2023-24 and delivering services in a balanced budget, the Council can either utilise available reserves and/or increase council tax, the latter on its own will only partially close the gap.
- 1.7 The Local Government settlement encompassed the following key aspects which impact adult social care funding; -
- up to £2.8 billion will be made available in 2023/24 to help support adult social care and discharge.
 - £600 million will be distributed in 2023-24 and £1 billion in 2024-25 through the Better Care Fund to support discharge. Local authorities' share of this funding is £300 million.
 - £400 million in 2023-24 and £680 million in 2024-25 will be distributed through a grant ringfenced for adult social care which will also help to support discharge.
 - £1.3 billion in 2023-24 and £1.9 billion in 2024-25 will be distributed to local authorities through the Social Care Grant for adult and children's social care.
 - Council Tax flexibilities which include the ability to apply a 2% adult social care precept which would be ringfenced on adult social care spend.
 - the Social Care Reforms incorporated a move towards paying a 'Fair Cost of Care'. The 2022-23 settlement includes £162 million to enable local authorities to begin preparing local markets for reform. Lincolnshire's allocation of the £162 million is £2.273 million. The settlement has confirmed this funding will continue for a further two years 2023-2025.
 - the Autumn Statement confirmed a delay in the rollout of the adult social care charging reform from October 2023 to October 2025.
 - National living wage rate for 2023-24 is expected to be £10.42.
 - Consumer Price Index is forecasting inflation at an average of 5.5% across 2023-24.

2. 2023-24 Adult Care and Community Wellbeing Budget

- 2.1 Aligned to the council's corporate planning priority, Adult Care & Community Wellbeing is working to ensure 'People stay as health, safe & independent as possible during all stages of their life'.
- 2.2 Underpinning the Council's Medium Term Financial Plan (MTFP), ACCW has embedded its MTFP. The ACCW MTFP is the key financial tool informing strategic financial decision making which underpins delivery of this vision and ensuring good value council services. ACCW MTFP forecasts the financial position through to 31 March 2027 using historic trends, sensitivity analysis and forecasting based on budget holder discussion and other internal and external factors.
- 2.3 ACCW financial priorities throughout the life of the MTFP are:
- Maintain ACCW strong financial performance by delivering services and supporting the market within the 2023-25 financial allocation and minimising cost increases across the life of the MTFP.
 - Deliver the programme of transformation underpinning ACCW in pursuit of its stated aim. This programme will drive a shift in the cost structure away from the higher cost long term care towards a structure which supports people to maintain their independence.
 - Deliver the Financial Assessment Improvement (FAIP) agenda. This programme will continue to improve the end-to-end adult social care financial process related to charging and management of debt.
 - Consider the challenging economic climate and the impact this is having on individuals in receipt of services and the providers of their care when making financial decisions.
- 2.4 ACCW funding is structured into the following six delivery strategies reflecting budgetary responsibility: -
- Adult Frailty & Long-Term Conditions. This strategy brings together older people and physical disability services as well as hosting the infrastructure budgets.
 - Specialist Services & Safeguarding. The financial allocation of this strategy supports delivery of services for eligible adults with learning disabilities, autism and/or mental health needs and adult safeguarding services.

- Public Protection. Which joined the Directorate in early 2022, this strategy includes community safety, coroner and registration services, trading standards and emergency planning. The Public Protection Scrutiny Committee is receiving the budget proposals for these services.
- Public Health & Community Wellbeing. This strategy encompasses adult public health services funded through the dedicated public health grant and wellbeing services.
- Public Health Grant. Aligned to responsibilities held by the Director of Public Health this strategy encompasses the public health grant income supporting both adults and children's services.
- Better Care Fund (BCF). This strategy includes the council specific BCF income supporting both adults and children's services.

2.5 The budget covers the period 1 April 2023 to 31 March 2024. The table below shows the net budget proposal for 2023-24:

Strategy	2022-23 Budget *	2023-24 Budget
Adult Frailty, Long Term Conditions (AF<C), Infrastructure	123.651	137.918
Adult Specialties	92.327	100.206
Public Protection	5.086	5.407
Public Health and Community Wellbeing (adults)	30.743	31.192
Public Health Grant	-34.847	-35.544
Better Care Fund	-54.336	-61.413
Total	162.622	177.767

* This is the recurrent budget

2.6 The £15.145 million increase in ACCW financial need results from the recurrent impact of the pay award and the following ACCW specific items; -

- £11.737 million net increase in cost incurred by uplifting rates paid to providers. With a 9.7% increase in the national living wage from 1 April 2023 to £10.42 and a 5.5% CPI forecast increase in inflation for 2023-24, this is the largest financial pressure impacting AF<C and adult specialties. ACCW Scrutiny will receive a rate specific proposal in February 2023.
- £4.039 million increased cost resulting from between 2% - 3.5% demand growth across homecare, community supported living services and residential care for working age adults.

- (£2.385 million) change in costs resulting from delivery of ACCW programme of service improvement. The programme continues to broaden the offer available to service users. Improving capacity and/or access to such services supports more people to remain independent within their own homes / communities and improve the efficiency of how those services are delivered. The programme is beginning to deliver a material shift in the cost structure underpinning the aim to reduce the scale of financial impact of growth in demand.

2.7 The new funding confirmed in the settlement and included in ACCW budget is: -

- £5.613 million is Lincolnshire's 2023-24 forecast share of the new £400 million ringfenced adult social care grant. The government expects this new grant funding will enable local authorities to make tangible improvements to discharge delays, social care waiting times, low fee rates, workforce pressures, and to promote technological innovation in the sector.
- £3.683 million is Lincolnshire's social care 2023-24 forecast share of the additional £300 million discharge funding. This funding will be required to be pooled as part of the Better Care Fund to ensure those people who need to draw on social care when they are discharged from hospital can leave as soon as possible, freeing up hospital beds for those who most need them.
- £21.203 million is Lincolnshire's 2023-24 forecast increase in the social care grant. This grant funding is proposed to support the increase in costs across adults and children's services aligned to the conditions of the grant.

2.8 There will be new grant conditions placed on both the ringfenced adult social care grant and the discharge funding and therefore the budget assumes new costs. The grant conditions are expected to be published early 2023.

2.9 ACCW is forecasting financial balance for 2023-24 through use of increases in the social care grant detailed above and ACCW reserves.

3. Better Care Fund (BCF)

3.1 Launched through the spending review in June 2013, the BCF was highlighted as a key element of public service reform with the primary aim to drive closer integration between the NHS and adult social care and improve outcomes for patients, service users and carers.

3.2 The Lincolnshire Better Care Fund is an agreement between the Council and Lincolnshire ICB, overseen by the Health and Wellbeing Board. The BCF pools funds from the organisations to aid the objective of integrated service provision. The total pooled amount in 2022-23 is £279.5 million, made up of the minimum ICB contribution and additional iBCF monies received directly from the government.

3.3 The BCF value is expected to increase in value to reflect the new Discharge Support Fund announced in the Autumn Statement and contained in 2.7 above.

3.4 The Better Care Fund Framework for 2023 onwards is expected to be published during 2023, which will include the conditions attached to new funding contained in 2.7 above.

4. Public Health Grant

4.1 The budget includes a forecast 2% uplift to the Public Health Grant. The allocation of this uplift will be confirmed early in 2023 once final grant allocations are published.

5. Capital Programme

5.1 The Council agreed to increase the Adult Care and Community Wellbeing capital allocation by £1 million during 2022-23 from the previous year's underspend. With the final payment made on completion of DeWint Court, ACCW capital programme is structured as follows

	£m
Forecast Balance 1 April 2023	10,179,169
Allocation of Balance	
- Housing Support	8,759,169
- Day Services	1,420,000

6. Financial Risk

6.1 There is a risk that demand for services exceeds the growth assumptions built into the MTFP. To manage this risk, the structure of the improvement programme broadens the service offer which aims to bend the curve of higher cost services where it is appropriate for the person.

6.2 Aligned with the Councils responsibilities contained in the Care Act 2014, a Hardship Fund was created during 2022-23 to support commissioned providers with volatile costs forecast to spike for a limited period of time specifically energy, insurance and fuel. Whilst fuel prices are reducing, it is expected that other volatile costs will continue at the higher costs for longer. The fund will be reviewed as part of the 2023-24 rate setting process and any proposals contained within the rates proposals due to Scrutiny Committee in February 2023.

7. Conclusion

The budget proposal reflects the priorities whilst operating within the resources available. The Adult Care and Community Wellbeing 2023-24 budget proposal enables services to forecast delivery within the financial allocation.

The next steps are for the final budget proposals to be presented to Council in February 2023 and to receive the Better Care Fund Framework and new grant conditions to enable Adult Care to complete further detailed modelling across the Medium-Term Financial Plan.

10. Background Papers

Council Budget 2022/23	Executive Director of Resources
Adult Care & Community Wellbeing Budget Proposals 2022-2023	Head of Finance, ACCW

This report was written by Pam Clipson, Head of Finance Adult Care and Community Wellbeing, who can be contacted at pam.clipson@lincolnshire.gov.uk

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