



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

Report to:	Adults and Community Wellbeing Scrutiny Committee
Date:	12 January 2022
Subject:	Adult Care and Community Wellbeing Budget Proposals 2022/23

Summary:

This report details the Council's budget proposals for Adult Care and Community Wellbeing (ACCW) for the financial year 1 April 2022 – 31 March 2023 and the assumptions made given the national context.

Current indications highlight the potential for ACCW to deliver services within its financial allocation for 2022-23.

Action Requested:

The Adults and Community Wellbeing Scrutiny Committee is asked to provide comments upon the proposal for consideration by the Executive on 1 February 2022 and to note the actions and risks contained within this report.

1. Spending Review

1.1 The spending review announced 27 October 2021 cover the three years 1 April 2022 to 31 March 2025. The provisional Settlement published 16 December 2021 covers the period 1 April 2022 to 31 March 2023. This budget has been set as the country focuses on recovering from a period of unparalleled global economic uncertainty following the pandemic and looks to move towards a period of greater certainty which includes the long-awaited Adult Social Care Reforms.

1.2 The spending review encompassed the following key aspects relating to Adult Social Care and Public Health; -

- Councils providing Adult Social Care services can charge an adult social care precept of up to 1% in 2022-23 and the same again in 2023-24 and 2024-25. This is in addition to any of the 3% adult social care precept which may have been deferred from 2021-22. This cannot be deferred again.

- The government proposes to increase allocations of the Social Care Grant to £2.35 billion from 2022/23. This is an increase of £636 million compared to 2021/22. The grant supports both Adults and Children’s Social Care. Lincolnshire’s allocation is £9.342 million.
- September 2021 saw the publication of ‘Building Back Better: Our Plan for Health and Social Care’. This plan announced £5.4 billion for Adult Social Care over 3 years. The Autumn Statement included further detail which confirmed £3.6 billion of the £5.4 billion will be to implement the cap of personal care costs and the changes to the means test. The £1.7 billion will be allocated over the 3 years to improve the wider adult social care system including £500 million to improve the workforce.
- The Social Care Reforms include 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.
- Alongside maintaining the existing distribution formula, government proposes to increase the 2022/23 improved Better Care Fund (iBCF) by £63 million. This will be an inflationary uplift on 2021/22 allocations in line with the September 2020 to September 2021 change in the Consumer Price Index (CPI). For Lincolnshire, this means an increase in iBCF of £1.006 million
- ‘People at the Heart of Care’, adult social care reform white paper refers to a new practical support service to make minor repairs and changes in peoples’ homes to help people remain independent and safe in their home, alongside increasing the upper limit of the Disabilities Facilities Grant for home adaptations.
- Public Health Grant in real terms, enabling Local Authorities across the country to continue delivering frontline services.
- National living wage rate for 2022-23 is expected to be £9.50 as opposed to the originally planned £9.42.

1.3 All areas within the Council undertook a budget setting process throughout the summer. In view of the continuing financial uncertainties and the expected publication of White Papers that will impact on Adult Social Care, a one-year budget is proposed for 2022/23.

1.4 The next steps are for the final budget proposals to be presented to Council in February 2022 and to receive the Integration White Paper and the Better Care Fund Framework to enable Adult Care to complete further detailed modelling across the Medium-Term Financial Plan.

2. 2022-23 Adult Care and Community Wellbeing Budget

2.1 Underpinning the Councils Medium Term Financial Plan (MTFP), ACCW has embedded its MTFP. The MTFP builds the financial position from the bottom up incorporating the potential impact of cost drivers and assumed income changes to forecast the financial

position through to 31 March 2026. ACCW MTFP indicates the potential to deliver services within the forecast financial allocation for 2022-23.

2.2 ACCW continues to be organised into the following three delivery strategies for 2021-22:

- Adult Frailty & Long-Term Conditions. This strategy brings together older people and physical disability services as well as hosting the budgets for back-office functions in 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.
- Public Health & Community Wellbeing. This strategy encompasses adult public health services funded through the dedicated public health grant and wellbeing services.

2.3 The table below shows the net budget proposal for 2022-23 compared to 2021-22 budget.

Strategy	2021-22 Recurrent Budget £m	2022-23 Proposed Budget £m
Adult Frailty and Long Term Conditions	119.006	124.483
Specialist Services & Safeguarding	86.330	92.120
Public Health & Community Wellbeing <i>(see note)</i>	31.960	32.300
ACCW Budget	237.296	248.903
Better Care/Improved Better Care Funding	-52.330	-54.336
Public Health Grant	-33.500	-33.896
Budget Model	151.466	160.671

Note: This figure does not represent the full Public Health Grant received, eg it excludes Children's

2.4 The increases in cost are predominantly driven by: -

- £6.262m in respect of the financial rate paid to providers. The largest cost pressure facing adult social care relates to the rate paid for care across all services and service types. The rates set are paid per person per week in residential care and an hourly rate for non-residential care. The rate increase is higher in 2022-23 reflecting the announced increase in the National Living Wage to £9.50 per hour. For the residential rates, we are proposing a one-year rate rather than the usual three given the continued volatility in the market resulting from the pandemic and the uncertainty surrounding the pace and scale of the Fair Cost for Care reforms.
- £3.507m reflecting demand across adult social care, working age adults in particular. Based on 2021-22 demand, we are forecasting an average 4% increase in demand across all services in this area with the higher increase in community-based care.

- £2.273m new costs arising from the Market Sustainability and Fair Cost of Care Fund 2022 to 2023 published December 2021. The reforms are set to change the capital thresholds and therefore reduce the number of self-funders, in addition those who remain as self-funders will be able to access local authority rates for care. The market effect of this change will be that some providers will over time need to reduce reliance on subsidising state-funded care from self-funders. Where this has an impact, local authorities will need to ensure their market can be sustained and fee rates are sustainable.

2.5 ACCW is recommending that the Adult Social Care Precept of 3%, deferred from 2021-22, is applied in 2022-23. This will provide core funding to meet demographic and unit cost pressures across Lincolnshire. This proposed approach is aligned to the recommended approach in the 'Building Back Better' plan.

2.6 ACCW programme of service improvement continues aiming to broaden the offer available to service users. Improving capacity and/or access to services for the people of Lincolnshire will help to support more people to remain independent within their own homes / communities and improve the efficiency of how those services are delivered.

2.7 Delivery of the programme has the potential to see a material shift in the cost structure underpinning the potential to reduce the scale of financial impact of growth in demand.

2.8 The key improvements underway and/or due to commence in 2022-23 are: -

- Continued investments in front line services including housing, reablement, digital technology and community-based services. These investments are built into the financial plan following successful pilots.
- Financial Assessment Improvement Programme aims to make the process easier to navigate for the individual and provide clarity on the charges through its charging policy. The programme will:
 - i. maintain financial assessment performance with the majority completed in 28 days
 - ii. deliver an efficient and effective process by rolling out the on-line option building on the pilot in 2021-22
 - iii. align systems enabling interaction and reduced duplication
 - iv. deliver a consistent and efficient payment basis moving residential care on to a 'gross' payment basis during 2022-23.
 - v. deliver an efficient income collection process
- Continue to utilise the Better Care Fund (BCF)/Improved Better Care Fund(iBCF) as the vehicle which brings NHS and local government together and deliver the core conditions of the grant.

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 Clinical Commissioning Group (CCG), 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 2021-22 is £269.262 million, made up of the minimum CCG contribution and additional iBCF monies received directly from the government.

3.3 Nationally, the 2022+ Better Care Fund Framework is expected during 2022. The Local Government Settlement confirmed an increase in iBCF aligned to the increase in CPI. There has not yet been any confirmation surrounding the BCF minimum income guarantee and therefore future expectations of the Social Care Maintenance funding.

4. Capital Programme

4.1 The Council agreed to increase Adult Care and Community Wellbeing capital allocation by £0.960 million. This is to develop the day opportunities offer in Grantham. ACCW capital programme is allocated as follows:

	£m
Housing Agenda	12.581
Grantham Day Services	0.960
Ring Fenced Heating Scheme, Public Health	0.111
Building Maintenance	<u>0.050</u>
Total	13.702

5. Social Care Reforms

5.1 The table below summarises the social care reform announcements to date, highlighting LCC financial allocation where this is known.

Building Back Better	Autumn Statement	Local Government Settlement / Social Care White Paper	LCC Allocation
£5.4bn over 3 years on adult social care reform	£3.6bn directly to local government for the cap, means test, and fair cost of care	£2.2bn over 3 years for cap and means test: - 22/23: £0m - 23/24: £800m - 24/25: £1.4bn	- 22/23: £0
		£1.4bn over 3 years for fair cost of care: - 22/23: £162m - 23/24: £600m - 24/25: £600m	- 22/23: £2.273m
	£1.7bn years to improve wider social care system	- At least £300m, integrate housing - At least £150m, technology and digitisation - At least £500m, workforce training and qualifications - Up to £25m, support unpaid carers - £30m, innovation of support and care - At least £5m, help people understand care and support available - More than £70m, improve delivery of care and support services	

5.2 Fair Cost of Care Grant Funding. As a condition of receiving further grant funding in the two following years beyond 2022-23, local authorities will need to submit to the Department of Health and Social Care (DHSC):

- 1) a cost of care exercise
- 2) a provisional market sustainability plan setting out local strategy for the next three years (2022 to 2025)
- 3) spend report

5.3 ACCW has commenced delivery of 5.2 above by completing a residential market assessment during 2021. This approach will be replicated for non-residential care to further understand the cost of care and meet the grant conditions by September 2022.

5.4 Care Cap and Means Test is the other major change included in the social care reforms. Implementation for the changes to Adult Social Care charging is October 2023. There is no funding allocated to 2022-23 however 2022-23 however is a critical preparation year to identify self-funders and identify how we can deliver what could be up to a further 10,000 financial assessments.

6. Conclusion

6.1 The Adult Care and Community Wellbeing 2022-23 budget proposal enables services to forecast delivery within the financial allocation.

6.2 Following a comprehensive budget programme, the proposal reflects the priorities whilst operating within the resources available. These figures may be subject to change once all aspects of the reform agenda are published.

7. Background Papers

Council Budget 2021/22	Executive Director of Resources
Adult Care & Community Wellbeing Budget Proposals 2020-2021	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