

Health and Adult Care Scrutiny Committee

24th January 2019

Joint Report of the County Treasurer, the Chief Officer for Adult Care and Health Services and the Chief Officer for Communities, Public Health, Environment and Prosperity.**2019/20 Budget**

Recommendation: that the Scrutiny Committee consider whether it wishes to draw to the attention of the Cabinet any observations on the proposals contained within the draft Revenue Budget 2019/20 and Capital Programme for 2019/20 to 2023/24.

1. Introduction and Commentary

- 1.1 At its meeting of 12th December 2018, Cabinet set Revenue Budget targets for 2019/20. The targets incorporate inflation and pressures and income initiatives and savings required to set a budget within reduced funding levels provided by Government in the recent provisional financial settlement.
- 1.2 At this stage, the final outcome of the Local Government Finance Settlement is awaited and details of the council tax base, collection fund surpluses and tax base yield have yet to be confirmed along with the local element of Business Rates. Information should be available by the time that County Council considers final budget proposals for 2019/20 on 21st February 2019. However, given the late notification of the provisional settlement and in line with arrangements from previous years, 25th February 2019 has been set aside for a second County Council budget meeting if required.
- 1.3 The draft budget attached to this report complies with the targets set by Cabinet on 12th December which total £493.850 millions. The total includes funding for budget pressures of £33.353 millions that mainly relates to additional expenditure to allow for service growth to cater for demographic changes such as increased children and adult service users and unavoidable cost pressures. Savings and income initiatives of £13.398 millions are required to set a balanced budget. The target for Adult Care and Health also includes £5.045 millions in relation to the One-off Improved Better Care Fund grant announced by the Chancellor in March 2017.
- 1.4 The targets set for each service area have been subject to different pressures and influences. The table below shows the 2019/20 Budget Targets by Chief Officer.

	2018/19 Adjusted Budget*	Inflation, Pressures & NLW	Savings	Removal of one off Budgets	Removal of 18/19 one off iBCF	Addition of 19/20 one off iBCF	2019/20 Budget	
	£000	£000	£000	£000	£000	£000	£000	
Adult Care & Health	228,051	13,517	(3,866)	0	(10,148)	5,045	232,599	2.0%
Childrens Services	123,569	13,229	(1,645)	0	0	0	135,153	9.4%
Community, Health, Environment & Prosperity	38,326	1,431	(762)	(418)	0	0	38,577	0.7%
Corporate Services	35,306	1,476	(3,808)	0	0	0	32,974	-6.6%
Highways, Infrastructure Development & Waste	54,164	3,700	(3,317)	0	0	0	54,547	0.7%
	479,416	33,353	(13,398)	(418)	(10,148)	5,045	493,850	3.0%

* Adjusted for permanent virements

- 1.5 This report provides detailed budget proposals in respect of all Services, in line with the targets outlined above.

2. Chancellor's Autumn Budget

- 2.1 The Chancellor of the Exchequer presented the Budget to the House of Commons on the 29th October 2018. The Budget contained additional funding for Local Government in both 2018/19 and 2019/20.
- 2.2 The additional funding for the current year is set out in the table below.
- 2.3 For 2019/20 the Chancellor announced an additional £650 millions of Revenue funding for Adult and Children's Social Care. £410 millions is for a Social Care Support Grant that is being given in response to concerns nationally of pressures in Social Care, including Children's. The remaining £240 millions is a Winter Pressures Grant and will need to be pooled into the Better Care Fund but is specifically for Councils to spend on Adult Social Care.

	National figure £000	Devon's share £000
<u>2018/19 – Capital sums</u>		
Local Highways Maintenance Funding - repair of roads (including potholes), bridges and local highways infrastructure generally	420,000	18,754
National Productivity Investment Fund (NPIF) – minor junction and road layout improvements*	150,000	TBC*
Disabled Facilities Grants – to be pooled in the Better Care Fund and allocated to Devon Districts	55,000	791
School Equipment and Capital Maintenance – direct to schools	400,000	Estimated 5,158
<u>2019/20 – Revenue sums</u>		
Social Care Support Grant	410,000	6,109
Winter Pressures Grant	240,000	3,576

*the NPIF funding is expected to be allocated via a competitive bid process

3. The Provisional Local Government Finance Settlement 2019/20

- 3.1 The Provisional Local Government Settlement for 2019/20 was announced on 13th December a week later than originally scheduled due to the ongoing Brexit debates. 2019/20 is the final year of the four-year settlement and the core funding Provisional settlement of £101.5 millions is as expected. As the authority was a 100% Business Rates Pilot in 2018/19 a direct comparison of our core funding is more difficult but on a like for like basis the 2019/20 Provisional Settlement represents a reduction, in cash terms, of £13.5 millions or 11.7%.
- 3.2 The provisional settlement has set the Council Tax increase that will trigger a referendum, excluding the Social Care Precept, at 3% for 2019/20; the same level as 2018/19

- 3.3 The Adult Social Care Precept regulations have remained unchanged. In 2016/17, the Social Care Precept was capped at 2% per annum for the period 2016/17 to 2019/20. Members may recall that Government changed these regulations in 2017/18 and allowed Authorities to increase the precept to a maximum of 3% per annum over the period 2017/18 to 2019/20 as long as the total increase over the three years did not exceed 6%. The Council increased the Adult Social Care Precept by 3% in 2017/18 and 2% in 2018/19 leaving 1% available for 2019/20.
- 3.4 The Grants set out below were also announced as part of the Provisional Settlement, however, others are still awaited and members will be updated as part of the budget report in February.

	2018/19	2019/20	Increase / (decrease)
	£000	£000	£000
Refund from National Business Rates Levy Account	0	1,550	1,550
New Homes bonus	3,808	3,656	-152
Rural Services Delivery Grant	7,455	7,455	0
Chancellor's Budget - Winter Pressures (2)	3,576	3,576	0
Chancellor's Budget - Social Care	0	6,109	6,109
Improved Better Care Fund	20,396	24,695	4,299

(1) In 2018/19 RSDG was rolled into Business Rates pilot

(2) Winter Pressures funding for 2018/19 was announced in October 2018

4. 2019/20 75% Business Rate Retention Pilots

- 4.1 In the summer the Government invited Local Authorities to apply to become 75% Business Rate Pilots. It had been hoped that the 2018/19 100% Pilots would continue into 2019/20 but this was not the case. Following the success of the Devon Pilot this year, the Devon authorities submitted a bid to join the new pilot scheme in 2019/20.
- 4.2 As part of the Provisional Settlement the Government has announced which applications have been successful and the areas that will therefore become 75% Pilots. Devon has unfortunately not been selected as one of the pilot areas; this is very disappointing but not entirely unexpected.

5. Service Specific Budget Issues - Adult Care and Health

- 5.1 Budget targets are set for each service area in the Council's organisational structure. This committee will receive the proposed budget for the service areas of Adult Care and Health Services, and Public Health. Public Health is managed by the Chief Officer for Communities, Public Health, Environment and Prosperity. The Public Health budget is also being considered by the Corporate Infrastructure and Regulatory Services Scrutiny Committee which is meeting on 29th January.
- 5.2 The overall financial approach in Adult Care and Health is to protect the most vulnerable whilst preventing future costs from rising at an unsustainable rate. This involves improving efficiency and effectiveness, but also increasingly it means looking for ways to deliver the responses that are needed to meet the needs of individuals differently. A further aim is to contain the cost pressures

that otherwise arise from an ageing population and rising incidence and complexity of need for care for adults of working age.

- 5.3 This budget recognises rising financial pressure in Adult Care and Health with additional investment of £13.5 millions. Adult Care and Health services have also planned savings of £3.9 millions and 2019/20 is the final year of the One-off Improved Better Care Fund grant from government, which sees a reduction on last year's grant from £10.1 millions to £5 millions for 2019/20. Altogether these changes add up to a net budget increase of £4.5 millions.
- 5.4 There are two main cost drivers in Adult Social Care:
- 5.4.1 Demand - the number of packages of care can be volatile in a number of areas. Learning disability services (including autism) have seen significant growth in activity over recent years and continue to be under pressure going forward, particularly as children in care transition to adulthood. Devon has an above average elderly population when compared nationally, which is forecast to continue increasing and therefore could risk additional pressure on services. The 2019/20 budget has been planned on the basis of the most recent volume data available at the time of preparation, with estimates made for anticipated growth in demand for services next year and the effects of planned savings strategies.
- 5.4.2 Unit Cost - the unit cost for packages of care has generally continued on an upward trajectory during the past year, and can be volatile and dependent on market conditions. National Living Wage increases by 4.9% in April and is the principal driver of price inflation in the care markets because it impacts directly on the price of labour. NLW is estimated to add £5.6 millions to the cost of adult social care packages in 2019/20. Workforce recruitment and retention (both for social workers and in the care provider markets) continues to be a risk because a shortage of care workers drives up unit costs of care packages. The scale of uncertainty surrounding Brexit is exacerbating problems with the labour supply and this remains a significant risk. The latest average unit rates (uplifted for inflation) have been used during budget planning.
- 5.5 The Adult Care and Health budget includes £33.2 millions of funding from the BCF which contributes directly to the provision of social care services, and a further £4.6 millions which contributes to joint health and social care arrangements. Additional to this is £5 millions of Improved BCF grant included in the Adult Care and Health budget which is non recurrent funding designed to be spent on improving the overall health and social care system subject to joint agreement with NHS partners. The total pooled budget for the BCF is currently planned to be in the region of £94 millions for 2019/20.
- 5.6 Throughout the budget planning process the core guiding principle has been to ensure that clients are supported in a care setting that most effectively maximises their independence.

6. Service Specific Budget Issues - Public Health

- 6.1 As indicated in paragraph 5.1, the Public Health budget is also being considered by the Corporate Infrastructure and Regulatory Services Scrutiny Committee which is meeting on 29th January.
- 6.2 The Public Health grant remains ring fenced for 2019/20. The value of the grant for 2019/20 is £26.786 millions which represents a reduction of £726,000 (2.6%) on the grant received in 2018/19. A letter from Public Health England

(21st December 2017) noted that the ring-fencing should still be removed beyond 2020 subject to the assurance arrangements between Public Health England and the Department of Health. To achieve a balanced budget against the future forecast of reduced funding, savings have been created by specific service areas being re-procured during 2018/19. Along with reduced up-take of health checks and smoking initiatives, this has resulted in the efficiency savings of £726,000. An earmarked reserve (£385,000 at 1st April 2018) is available should there be small cost pressures on the 2019/20 grant.

- 6.3 The decision was taken by Cabinet in March 2017 that the 0-19 Public Health Nursing Service (PHN) would be brought in-house on 1st April 2019. Children's Services will be the operational provider of the service and it will be funded by Public Health who will act as the commissioner. The project is in the mobilisation stage and the current indication is that the £10m budget will be adequate for the ongoing costs.
- 6.4 Detailed budget risk assessments for Adult Care and Health services and Public Health are included within the budget pages, which describe the key financial risks and mitigations.

7. Capital Programme

- 7.1 The Council's capital programme has been produced to maximise investment in the county's infrastructure and assets and to support service delivery and priorities.
- 7.2 As part of the 2019/20 capital programme for Adult Care and Health, there are no new starts funded from corporate capital resources. Within the programme there is funding to support the multi service Hub at Barnstaple and continued support for Extra Care Housing with £8 millions available over the next four years of the plan. The Programme also includes the Disabled Facilities Grant scheme; these sums will be part of the Better Care Fund and administered by the Devon District Councils.
- 7.3 The Grants to Independent Sector project was originally funded from corporate capital receipts. To ensure the overall affordability of the current and future capital programme this scheme (£1 millions in 2018/19 and £1.5 millions in 2019/20) has been removed while options are reassessed.

8. Equality Impact Assessment

- 8.1 Under the Equality Act 2010, the County Council has a legal duty to give due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations when making decisions about services. This duty applies to the eight 'protected characteristics' of age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex and sexual orientation. Where relevant, Impact Assessments are carried out to consider how best to meet this duty, which includes mitigating against the negative impact of service reductions.
- 8.2 The Equality Act 2010 and other relevant legislation does not prevent the Council from taking difficult decisions which result in service reductions or closures for example, it does however require the Council to ensure that such decisions are:
- Informed and properly considered with a rigorous, conscious approach and open mind.

- Taking due regard of the effects on the protected characteristics with the need to ensure nothing results in unlawful discrimination in terms of access to, or standards of, services or employment as well as considering any opportunities to advance equality and foster good relations.
- Proportionate (negative impacts are proportionate to the aims of the policy decision).
- Fair
- Necessary
- Reasonable, and
- Those affected have been adequately consulted.

8.3 The impact assessment for the 2019/20 budget is published at <https://new.devon.gov.uk/impact/budget-2019-2020/>

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County Treasurer

Chief Officer for Adult Care
and Health

Chief Officer for
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Electoral Divisions : All

Local Government Act 1972

List of Background Papers

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Background Paper Date File Ref

Nil

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Leadership Group Commentary

In a turbulent financial climate for local government, Devon County Council remains committed to doing everything we can to continue to support the people of Devon to live their lives well.

Getting the best value from every pound raised locally and ensuring that investment goes to the point of need is vital, and we are looking closely at the way we work with our partners and communities to be clear that we are achieving this.

We need to be innovative and flexible; open-minded and creative about protecting and finding new ways to get the most from every public pound. It's about challenging our assumptions around our traditional ways of doing things and removing unnecessary stages of work that fail to add value or improve outcomes for people.

We are constantly learning from others about how they work and how we can work better together which means we are beginning to see real change.

One example of the progress we are making is with Adult Social Care in North Devon. By taking time out to really question why they have worked in a particular way for several years, colleagues from across health and social care have been able to free up time to spend with clients and get to the root of people's concerns to help them provide the very best solution. This approach is being rolled out across all our service areas and we are very encouraged to see the positive changes it is making to help improve residents' lives.

We're also accelerating our adoption of the digital agenda and exploring how we can get the most from technology for the benefit of Devon's communities. Being smarter about digital means we can make better connections, and free time for colleagues to have more person-to-person contact, rather than spending time on process.

We don't know what the future holds for the economy, but whatever the outcome is with Brexit, there will be impacts on finances and local government. We are doing all we can to ensure that we remain in a stable position including working with our Heart of the South West partners to engage with central Government, and to ensure we have capacity within our teams to respond to whatever the outcomes are.

What we are determined to do is to remain positive and proactive, and make the very best of the fantastic work and dedication of colleagues to do the very best we can for the people of Devon.

Adult Care and Health

How the 2019/20 Budget has been built up

	2018/19 Adjusted Budget	Changes	2019/20 Outturn Budget
	£'000	£'000	£'000
Adult Care Operations and Health	203,036	4,189	207,225
Adult Commissioning and Health	25,015	359	25,374
Total	228,051	4,548	232,599

	Change £' 000
Reasons for changes in Revenue Budget	
Technical and Service Changes	
Inflation	4,051
National Living Wage	5,629
Adult Services demographic and demand pressures	3,837
Improved Better Care Fund (Reduction)	(5,103)
	8,414
Savings Strategies	
Strategies to manage demand in adult care, including commissioning arrangements for personal care	(532)
Supporting people with disabilities to live more independently and to reduce their dependence over time	(2,875)
Further impact of changes to community based service charging	(101)
Efficiencies and consolidation of in-house service provision	(194)
Management and Support reductions	(105)
Share of corporate saving initiatives	(59)
	(3,866)
Total	4,548

Analysis of Total Expenditure 2019/20

	Gross Expenditure	Grant and Contribution Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
Adult Care Operations and Health	273,580	(19,014)	(47,341)	0	207,225
Adult Commissioning and Health	27,664	(1,738)	(552)	0	25,374
Total	301,244	(20,752)	(47,893)	0	232,599

Adult Care Operations and Health

2018/19 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2019/20 Outturn Budget £'000	2019/20 Net Changes £'000
Disability Services					
2,130	Day Opportunities	1,999	(5)	1,994	(136)
18,657	Direct Payments	21,030	(2,233)	18,797	140
32,814	Enabling/Other	35,351	(274)	35,077	2,263
1,680	Nursing Care	2,587	(349)	2,238	558
6,989	Personal Care	10,890	(2,947)	7,943	954
27,782	Residential Care	33,358	(3,387)	29,971	2,189
90,052		105,215	(9,195)	96,020	5,968
10,148	Improved Better Care Fund	5,045	0	5,045	(5,103)
In House Services					
2,846	Day Opportunities	2,691	(17)	2,674	(172)
5,232	Reablement and Community Enabling	6,000	(600)	5,400	168
3,635	Residential Care	3,730	0	3,730	95
11,713		12,421	(617)	11,804	91
Older People					
1,039	Day Opportunities	955	(34)	921	(118)
5,791	Direct Payments	7,714	(2,242)	5,472	(319)
2,773	Enabling/Other	3,521	(606)	2,915	142
11,552	Nursing Care	19,903	(7,062)	12,841	1,289
13,608	Personal Care	26,327	(12,979)	13,348	(260)
32,257	Residential Care	64,535	(30,263)	34,272	2,015
67,020		122,955	(53,186)	69,769	2,749
23,396	OP&D Care Management	27,224	(3,357)	23,867	471
707	Workforce Development	720	0	720	13
203,036		273,580	(66,355)	207,225	4,189

Analysis of changes: £'000

Technical and Service Changes

Demographic and other growth in demand	3,636
Inflation	3,421
Provision to fund extended National Living Wage increase in April 2019	5,629
Improved Better Care Fund (Reduction)	(5,103)
	7,583

Savings strategies

Strategies to manage demand in adult care, including commissioning arrangements for personal care	(532)
Supporting people with disabilities to live more independently and to reduce their dependence over time	(2,517)
Further impact of changes to community based service charging	(101)
Efficiencies and consolidation of in-house service provision	(194)
Share of corporate saving initiatives	(50)
	(3,394)

Total	4,189
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Service Commentary

Adult Care Operations and Health is the operational social care service which offers advice, information and signposting as well as assessment, support planning and reviews for older people and working age adults with learning disability, autism, physical disabilities with eligible social care needs. It also arranges care, largely from the independent sector, for either short-term interventions or long-term care on a personalised basis. It undertakes statutory safeguarding responsibilities for vulnerable adults. The staff undertaking these functions – including professionally qualified social workers and occupational therapists – are co-located and co-managed with community based NHS staff.

Additionally, it provides those adult social care services we continue to deliver directly rather than commission from the independent sector. These include a number of different establishments throughout the county which provide services to Older People and people with Disabilities.

Included in the Operations budget is £5.045 millions of the improved Better Care Fund temporary funding from central government which was announced in March 2017. This is a reduction of £5.103 millions from what was included last year with this being the final year of funding. The deployment of this is subject to joint agreement with NHS partners and is for the benefit of health and social care overall.

The budget also includes £33.153 millions of Better Care Fund funding which contributes directly to the provision of social care services. In addition there is a direct contribution to specific projects of £2.996 millions and other income from health of £1.610 millions.

Key challenges to operations include management of volume and price pressures, which are fundamental to the financial sustainability of the budget, and delivery of the operational change required under the Promoting Independence programme, particularly across working age adults, residents with disabilities and autism which has seen continuing demand pressure in the last year. The resilience and capacity of the social care workforce, especially the registered social work component, is an area of risk. This is subject to active consideration in relation to current level of demand, to ensure an ability to deliver a responsive and effective service.

As residents become better able to live more independent and fulfilling lives, the requirement for the current levels of commissioned services will reduce, both in terms of the numbers of packages of care, and the volume of services supplied per individual.

Service Statistics and Other Information

		Number of people budgeted to receive service Average through Year		
		2018/19	Change	2019/20
Reablement (across all client groups)	Service Users	3,338	0	3,338
These are new people expected to go through the reablement process				
Disability Services (incl. Autistic Spectrum)				
Day Opportunities	Service Users	280	(26)	254
Direct Payments	Service Users	1,404	36	1,440
Enabling	Service Users	1,455	39	1,494
Nursing Care (including Respite)	Service Users	43	6	49
Personal Care	Service Users	778	55	833
Residential Care (including Respite)	Service Users	597	(9)	588
Older People and Disability - In house				
Day Opportunities	Service Users	198	0	198
Community Enabling	Service Users	330	0	330
Residential Care (including Respite)	Service Users	45	0	45
Older People				
Day Opportunities	Service Users	349	(69)	280
Direct Payments	Service Users	684	(32)	652
Enabling	Service Users	305	42	347
Nursing Care (including Respite)	Service Users	526	(6)	520
Personal Care	Service Users	2,823	(225)	2,598
Residential Care (including Respite)	Service Users	1,902	(24)	1,878

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Adult Commissioning and Health

2018/19 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2019/20 Outturn Budget £'000	2019/20 Net Changes £'000
Adult Commissioning and Health					
5,632	Centrally Managed Contracts	5,963	(416)	5,547	(85)
1,050	Policy, Performance and Involvement	1,066	0	1,066	16
2,437	Strategic Commissioning	2,649	(186)	2,463	26
1,426	Transformation	1,476	(20)	1,456	30
10,545		11,154	(622)	10,532	(13)
14,470	Commissioning	16,510	(1,668)	14,842	372
25,015		27,664	(2,290)	25,374	359

Analysis of changes:

£'000

Technical and Service Changes

Demographic and other growth in demand in Mental Health
Inflation

201

630

831

Savings Strategies

Management and support reductions
Share of corporate savings initiatives
Supporting people with mental health needs to live more independently

(105)

(9)

(358)

(472)

Total

359

Service Commentary

Centrally Managed Contracts are those managed directly by commissioning staff including support to carers, homelessness support and service user representation.

The Policy, Performance and Involvement function comprises the Management Information Team responsible for commissioning intelligence, statutory returns and surveys, internal performance management, and involvement in sector-led improvement; the Policy Team responsible for commissioning and operational policy development and strategic planning; and the Involvement and Policy Team responsible for engaging the users of our services and their carers, and ensuring we are considering their diverse needs, in everything we do.

Commissioning staff work with NHS colleagues to assess the strategic health and social care needs of the Devon population. This then shapes the care provider markets from which Devon County Council purchases most of its adult social care services to ensure that the right preventive, short-term and longer-term services are available to those with eligible needs at the time they are needed, and at prices which are affordable within the Council's social care budgets. This is undertaken by working with the Care Quality Commission to assure and improve their quality along with managing contractual provider relationships to ensure their delivery, and consultation with carers and families.

The commissioning team is also responsible for commissioning arrangements for support to carers, for the care management of people with mental health needs (working with the Devon Partnership Trust), and for the coordination of activity and governance of the statutory Safeguarding Adults Board.

The Transformation team drives the complex changes required to improve services and which supports the delivery of the service improvement and budget savings strategies across services to people of all ages, in addition to business change in response to a constantly changing regulatory environment.

The key challenges for Adult Commissioning and Health will be to lead the commissioning aspects of the Promoting Independence programme and its supporting strategies, whilst at the same time continuing to manage relationships with private and 3rd sector providers which are under pressure, particularly personal care markets, and recommission services in such a way as to promote functional and efficient care markets and best value for the public purse.

Mental Health services continue an ongoing transformation programme to improve the efficiency of existing services and support people to live as independently as possible, whilst ensuring that those most in need of care are looked after in the most appropriate way for their needs.

Service Statistics and Other Information

		Number of people budgeted to receive service Average through Year		
		2018/19	Change	2019/20
Mental Health Services				
Day Opportunities	Service Users	9	3	12
Direct Payments	Service Users	72	11	83
Enabling	Service Users	532	29	561
Nursing Care (including Respite)	Service Users	5	(1)	4
Personal Care	Service Users	39	(19)	20
Residential Care (including Respite)	Service Users	152	(1)	151

Public Health

How the 2019/20 Budget has been built up

	2018/19 Adjusted Budget	Changes	2019/20 Outturn Budget
	£'000	£'000	£'000
Public Health	418	(418)	0
Total	418	(418)	0

Reasons for changes in Revenue Budget	Change £' 000
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Technical and Service Changes

Removal of one-off budget- Children's Community Health and Care Services	(418)
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Savings Requirements

Total	(418)
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Analysis of Total Expenditure 2019/20

	Gross Expenditure	Grant and Contribution Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
Public Health	27,808	(27,640)	(108)	(60)	0
Total	27,808	(27,640)	(108)	(60)	0

Public Health

2018/19 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2019/20 Outturn Budget £'000	2019/20 Net Changes £'000
Public Health					
2,155	Children 5-19 Public Health Programmes	2,149	0	2,149	(6)
954	Community Safety, Violence Prevention and Social Exclusion	959	0	959	5
54	Health At Work	58	0	58	4
107	Health Protection	113	0	113	6
8,567	Mandated 0-5 Children's Services	8,097	0	8,097	(470)
111	National Child Measurement Programme	79	0	79	(32)
683	NHS Health Check Programme	458	0	458	(225)
469	Obesity	509	(113)	396	(73)
503	Other Public Health	562	(36)	526	23
269	Physical Activity	278	0	278	9
222	Public Health Advice to NHS Commissioners	288	0	288	66
(28,162)	Public Health Income	0	(27,508)	(27,508)	654
398	Public Mental Health	285	(151)	134	(264)
6,219	Sexual Health	6,227	0	6,227	8
1,314	Smoking and Tobacco	1,193	0	1,193	(121)
5,444	Substance Misuse	5,430	0	5,430	(14)
1,111	Support Services	1,123	0	1,123	12
418		27,808	(27,808)	0	(418)

Analysis of changes:

£'000

Technical and Service Changes

Removal of one-off budget- Children's Community Health and Care Services

(418)

(418)

Savings Strategies and Revised programmes

Reduced grant and revised programmes funded by:

Reduction in Department of Health grant

726

NHS Health Check programme - Reduced demand

(225)

Diabetes contract - Delayed start

(73)

Smoking and Tobacco initiatives - Reduced demand

(121)

Public Mental Health - Contract ends

(264)

Other minor efficiencies and additional income

(43)

0

0

Total

(418)

Service Commentary

Public Health is predominantly funded by a ring-fenced grant from the Department of Health which has reduced by £726,000 or 2.6% for 2019/20.

A programme of revised procurement arrangements has been undertaken during 2018/19 to enable service demands to be met from the reducing ring-fenced grant. This will see a significant change to the delivery of the children's community health and care services and the cessation of the Early Help for Mental Health contract. The latter was agreed as part of last year's budget reductions but was subsequently extended by 6 months due to a joint funding arrangement to prevent there being a gap between contract ending and the new integrated children's service contract beginning.

Service Statistics and Other Information

Service/ Activity	Unit of Measurement	2018/19 Estimate	Change	2019/20 Estimate
Local opiate clients in treatment	Individuals	1,195	40	1,235
Local non-opiate clients in treatment	Individuals	413	(5)	408
Local alcohol clients in treatment	Individuals	1,002	(164)	838
Genito-urinary medicine patients treated	Individuals	28,433	1,164	29,597
Contraception services accessed	Individuals	31,483	638	32,121

Grants Paid to External Organisations

2018/19 £000 Service and Grant Title	2019/20 £000
Adult Care Operations & Health	
6 Ottery Help Scheme	6
7 Assist Teignbridge	7
15 Tavistock Area Support Services	15
12 Blackdown Support Group	12
23 Age Concern Barnstaple	23
31 The Olive Tree Association	31
94	94
Adult Commissioning and Health	
27 Recovery Devon	27
38 Bridge Collective open access MH support	38
15 Connections open access MH support	15
25 Exeter CVS First step project open access MH support	25
105	105
199 Total	199

2018/19 £000 Service and Grant Title	2019/20 £000
Public Health	
25 Devon Rape Crisis	25
10 Teignbridge D.C	6
35 Total	31

Staffing Data for 2019/20

	2018/19 Adjusted Total FTEs	Changes FTEs	2019/20		Total FTEs
			Revenue Funded FTEs	Externally Funded FTEs	
Adult Care Operations and Health	968	61	905	124	1,029
Adult Commissioning and Health	164	0	155	9	164
Adult Care and Health	1,132	61	1,060	133	1,193

Adult Commissioning and Health includes 75 social work staff assigned to Devon Partnership Trust

Explanation of Movements

Adult Care Operations and Health

Disability and Care Fee review teams	23
Preparing for Adulthood team and other care management	4
Assistant Director for West Devon (team joint funded)	1
Posts externally funded from IBCF	22
Posts externally funded from RD&E/NHS	11
	61

Adult Commissioning and Health

Mental Health efficiency	(1)
Reinvestment in provider support	2
Transformation temporary posts ending	(1)
	0

Total	61
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	2018/19 Adjusted Total FTEs	Changes FTEs	2019/20		Total FTEs
			Revenue Funded FTEs	Externally Funded FTEs	
Public Health	33	3	0	36	36
Public Health	33	3	0	36	36

Explanation of Movements

Public Health

Externally Funded project	1
Public Health grant funded staff	2
Total	3

Adult Care and Health - Risk Assessment

Service	Budget 2019/20 £'000	Risk and Impact	Mitigation
Demand pressure (across all service types)	£176,388 (net)	<p>Demand for the number of packages of care can be volatile in a number of areas. Learning Disability services (including autism) have seen significant growth in activity over recent years and continues to be under pressure going forward, particularly as children in care transition to adulthood.</p> <p>Devon also has an above average elderly population when compared nationally, which is forecasted to continue increasing.</p> <p>If our assumptions of demand are not correct the financial risk will vary with average packages ranging from £10,000 per year for personal care to £51,000 per working age residential placement. The most expensive package is currently £245,000 per year.</p>	<p>The 2019/20 budget has been planned on the basis of the most recent volume data available at the time of preparation, with estimates made for anticipated growth in demand for services next year, and the effects of planned savings strategies.</p> <p>A core principle is to promote independence of individuals where ever possible by supporting people to live well in their own homes and to prevent reliance on ongoing care wherever possible by earlier intervention and reablement, including reassessing the proportion of care spent on short term recovery services to target resources most effectively.</p>
Unit cost pressure (across all service types)	£176,388 (net)	<p>There are price pressures on all commissioned services arising from inflationary factors (National Living Wage for example) and labour supply issues. Parts of Devon are at full employment and the care sector is competing for labour with other industry sectors. An average £10 per week change in residential placement costs (current average weekly rate paid is £703) will increase costs by circa £1.4 millions and a £1 per hour increase in personal care rates (current average rate paid is £18.64) will cost £1.8 millions.</p>	<p>The budget is based on actual unit costs as at the time of budget preparation, and is inflated for forecast prices changes.</p> <p>Detailed unit costs are monitored on a monthly basis by managers. There is an escalation process in place for approval of high cost packages.</p> <p>Lobbying of central government to provide for sustainable funding for social care in the long awaited Green Paper.</p>

Market sufficiency	£176,388 (net)	<p>The Council has a statutory duty under section 5 of the Care Act 2014 to ensure the sufficiency of social care markets in Devon.</p> <p>The sufficiency of locally available good quality care at an affordable price is a risk in a number of areas of the county.</p> <p>As a result, Personal Care commissioned volumes are contained. This has a current favourable financial effect, but an adverse effect in care home placement budgets and potentially NHS system budgets. If sufficiency can be restored, there is an estimated financial risk to social care budgets of £1 million.</p>	<p>Commissioners monitor the market to identify areas of poor sufficiency so that operational plans can be prepared including interventions if necessary.</p> <p>Focussed work with providers facing most difficulties to improve their approach, learning from the best practice of others.</p> <p>Use of iBCF funding to incentivise care worker recruitment and retention, with a focus on the areas where provision is most challenged.</p>
Social care workforce	£33,510 (internal workforce only)	<p>This affects both the internal DCC social care workforce, and the far larger care workforce employed by our commissioned providers in Devon.</p> <p>Internally, recruitment to roles which require professional qualifications is challenging. This is common across health and care professions both nationally and in the south west (for social work, OT, AMHP and team manager roles). In some instances, pay and conditions in DCC do not compare well with competitors.</p> <p>Investment in workforce capacity and skill-mix is insufficient to meet the (changing) nature and intensity of demand. Most particularly complex work in areas of autism, disability, Mental Capacity, DoLS, dementia and transition. There is a significant risk that failure to plan ahead for substantive capacity will de-stabilise delivery of functions.</p> <p>Externally, commissioned providers face recruitment and</p>	<p>Success in recent years has relied upon direct support for qualifications, and recruiting and supporting newly qualified professional staff. This requires forward planning, sustained investment and action to meet requirements at least three years ahead.</p> <p>Workforce growth in recent years has been driven by short-term investment and targeted (invest to save) initiatives.</p> <p>If this risk were to manifest, to avoid destabilisation, the financial risk could be in the range £1.1 to £1.9 million</p>

		<p>retention challenges in respect of care workers. There is a specific challenge in the recruitment of nurses affecting the nursing home sector.</p> <p>External workforce issues risk impacting on unit costs and market sufficiency as supply and costs are interlinked.</p>	<p>The Council has led the 'Proud to Care' campaign now working regionally to promote health and care as a positive career and develop career pathways across the sector.</p> <p>However risks have increased since 12 months ago, exacerbated by a loss in attractiveness of working in the UK due to depreciation in the value of Sterling and ongoing concerns over the Brexit process.</p>
Children transitioning to Adults	£96,020	<p>On average, 181 young people come of age and require ongoing support as adults. Required levels of support vary enormously. This makes financial planning difficult. Furthermore, in recent years there has been a trend of increasing volumes of very high cost children's care packages and therefore there is a risk that demand and cost from transitions into adult services outstrips the budget available.</p>	<p>A dedicated multi-disciplinary team has been created to work across Children and Adults services in order to improve information sharing and to work towards transitions planning at an early stage.</p>
Autism demand	£3,711	<p>Autism diagnosis rates and demand for care services has increased sharply in recent years and there is a risk that these trends continue.</p>	<p>A new autism team was set up last year, specialising in planning and assigning the most appropriate packages of care to people who need them, and ensuring that the impacts of new cases are phased in a controlled manner over the course of the year.</p>
Sleep in nights National Living Wage	£43,238	<p>The Court of Appeal ruled in 2018 that National Living Wage did not apply. The case is due to be heard in the Supreme Court in 2019 with judgment expected in the Autumn, which could reverse the Court of Appeal's judgment and trigger back pay claims against providers, threatening market stability.</p> <p>Adverse impacts in the provider market could add cost</p>	<p>Historic purchasing of sleep in based services has been analysed and risk exposure estimated.</p> <p>Commissioners liaise closely with providers to find ways to manage risk and provider failure.</p>

		to commissioning budgets in the region of up to £1million.	Lobbying of government that retrospective pay awards are funded.
Savings Strategies	£3,866	<p>Delivering savings continues to be challenging and has a variety of risks associated with delivery.</p> <p>The savings this year are primarily strategies to support people with disabilities, and people with Mental Health needs to live more independently, over time moving from institutional based settings to being supported to live their lives as independently as possible in a community.</p>	<p>Savings plans have been developed as projects, with lead officers and supporting multi-disciplinary teams.</p> <p>A robust monitoring framework will be in place to track progress.</p>
Provision of specialist dementia care		Specialist dementia care provision in the independent sector is under developed, posing a challenge to commissioners to develop a specialism of a market which is already under pressure overall.	Commissioners will work closely with key providers to shape the market, where possible, to accord to longer term commissioning strategies, and the requirements for future care.
Joint funding of complex care		<p>A tighter application of eligibility for NHS Continuing Health Care can lead to demand for social care rising.</p> <p>This risks an increase in the number of complex packages which generally have a high individual unit cost.</p>	<p>Joint frameworks and relationships with CCG are well developed, including escalation and challenge where appropriate.</p> <p>Pooling of resources and risk are considered collectively with the NHS commissioners.</p>
Mental Health and Disability repatriations	£106,619	<p>The Transforming Care Partnerships programme could result in individuals who are currently in NHS funded placements in hospitals around the country, being transferred back to a Devon care setting where there may be a requirement for adult social care support.</p> <p>There is a risk that placements made back into Devon will be at a higher cost, or a greater responsibility for funding will fall to social care budgets, or both.</p>	<p>Commissioners work with partners to identify and monitor repatriation of cases to ensure that the most appropriate and best value placements are secured in Devon, prioritising the most vulnerable cases first.</p> <p>Adult social care managers are engaged in the Transforming Care Partnership with CCGs and work together to forecast future service demands, and manage repatriations of</p>

			cases in a sensitive and planned way.
NHS Contributions to Social Care (including Better Care Fund)	Total BCF pooled budget currently planned to be in the region of £94 millions	<p>The Council entered a pooled budget arrangement in 2015/16 with NHS Commissioners described nationally as the Better Care Fund (BCF). This pooled arrangement now includes £33.153 millions of direct support to DCC social care budgets.</p> <p>The financial challenges faced by all partners inevitably pose a risk to the short term deployment of resources, ultimately making more difficult the very changes that are necessary to overcome those financial challenges.</p>	<p>A joint commissioning group comprising senior officers for each organisation and with detailed governance and specialist support is overseeing the operation of BCF.</p> <p>All partners are committed to working together to deal with similar challenges faced by each organisation and create integrated services..</p> <p>Strong professional relationships between the health and social care sectors have been developed over the past years both with CCGs and provider trusts including hospitals.</p>
Winter Pressures Allocation	£3,576	The Council has received a winter pressures grant for 2019/20 which underpins the proposed adult social care budget and is pooled within the Better Care Fund (BCF). The current budget does not include any additional provision for next winter (2019/20) at this stage, so resourcing and planning for next winter will be constrained by this with increased likelihood of system challenges around admission and discharge from hospital over the winter.	Good forward planning with health and other system partners to minimise impact.

Public Health - Risk Assessment

Service	Budget 2019/20 £'000	Risk and Impact	Mitigation
Public Health - Early Help for Mental Health	134	There is a risk of discontinuity between the end of the wholly PH-grant funded "early help for mental health" service and the mobilisation of the new integrated children and young people's health contract.	PH (a) has contributed to the specification of; and (b) is part of the mobilisation process for the new contract, working with the CCG. PH will use a smaller funding envelope to continue to support meeting the needs of children and young people with their mental health.
Public Health - Sexual Health	6,227	New contract and demand-led service so actual numbers could vary significantly.	The budget allows for an increase in costs.
Public health - Health checks	458	There is a risk to the PH budget if significantly more health checks are offered and taken up than forecast.	Engagement with the LMC and monitoring of activity at individual practice level.
Public health - Smoking cessation	1,193	There is a risk to the PH budget if significantly more smokers are both identified and supported to quit than is forecast.	To continually review the different lifestyle support activities, including the distribution of resource between services.

Capital Programme

The following table details the medium term capital programme for this service and how that programme is being funded.

Project	*Total Scheme Approval £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Adult Commissioning and Health						
Extra Care Housing	10,082	2,000	2,000	2,000	2,000	1,818
Adult Care & Health Business Support for Innovation		222	0	0	0	0
Total		2,222	2,000	2,000	2,000	1,818
Adult Care Operations and Health						
Barnstaple Hub	3,000	1,000	0	0	0	0
Disabled Facilities Grant		6,648	6,548	6,548	6,548	0
Lifting and handling equipment		10	0	0	0	0
Works for Care Quality Commission & Provider Services		90	100	50	50	50
Care Teams Accomodation & Equipment		30	50	50	50	50
Technology for Care Homes		20	20	0	0	0
Total		7,798	6,718	6,648	6,648	100
Adult Care & Health Total		10,020	8,718	8,648	8,648	1,918
Financed by:						
Borrowing - Internal		1,900	2,000	2,000	1,318	200
Capital Receipts - General		200	0	0	682	1,618
External Funding - Grants		7,920	6,718	6,648	6,648	100
Total		10,020	8,718	8,648	8,648	1,918

* Scheme Approvals have been included for individual projects.

This table does not show expenditure on capital projects currently programmed in financial year 2018/19 which may be deferred to 2019/20 or future years owing to changes in project delivery timescales.

Abbreviations

Abbreviations used within the budget for all Scrutiny reports:

AMHP	Approved Mental Health Professional
AONB	Area of Outstanding Nature Beauty
ASW RAA	Adopt South West Regional Adoption Agency
BACS	Bankers automated clearing services (electronic processing of financial transactions)
BCF	Better Care Fund - formerly known as the Integration Transformation Fund, a national arrangement to pool existing NHS and Local Government funding starting in
BDUK	Broadband delivery UK
Blk	Block
CCG	Clinical Commissioning Group
CCLA	Churches, Charities and Local Authorities
CIL	Community Infrastructure Levy
CIPFA	The Chartered Institute of Public Finance & Accountancy
CO	Carbon Monoxide
C of E	Church of England
DAF	Devon Assessment Framework
DC	District Council
DCC	Devon County Council
DDA	Disability Discrimination Act
DEFRA	Department for Environmental Food & Rural Affairs
DFC	Devolved Formula Capital
DoLS	Deprivation of Liberty Safeguards
DPLS	Devon Personalised Learning Service
DSG	Dedicated Schools Grant
DYS	Devon Youth Services
EFA	Education Funding Agency
EH4MH	Early Help 4 Mental Health
ERDF	European Regional Development Fund
ESPL	Exeter Science Park Ld
EU	European Union
FTE	Full Time Equivalent
HMRC	Her Majesty's Revenue & Customs
HR	Human Resources
HRMS	Human Resources Management System
IBCF	Improved Better Care Fund - Additional grant funding to supplement the Better Care Fund
ICE	Integrated Care Exeter
ICT	Information & Communications Technology

IID	Investing in Devon funds
INNOVASUMP	Innovations in Sustainable Urban Mobility plans for low carbon urban transport
IT	Information Technology
IVC	In Vessel Composting
LAG	Local Action Group
LEP	Local Enterprise Partnership
LTP	Local Transport Plan
MH	Mental Health
MRP	Minimum Revenue Provision
MTCP	Medium Term Capital Programme
MTFS	Medium Term Financial Strategy
MUMIS	Major Unforeseen Maintenance Indemnity Scheme
NEWDCCG	Northern, Eastern and Western Devon Clinical Commissioning Group
NFF	National Funding Formula
NHS	National Health Service
NLW	National Living Wage
NPIF	National Productivity Investment Fund
OP&D	Older People & Disability
OT	Occupational Therapist
PFI	Private Finance Initiative
PH	Public Health
PHN	Public Health Nursing
PSPB	Priority School Building Project
PTE	Part-time Equivalent (15 hours)
PWLB	Public Works Loans Board
REACH	Reducing Exploitation and Absence from Care or Home
ROVICs	Rehabilitation Officers for Visually Impaired Children services
RD&E	Royal Devon & Exeter Hospital
RPA	Rural Payments Agency
RSG	Revenue Support Grant
S106	Funding from developers resulting from planning obligations authorised by section 106 of the Town and Country Planning Act 1990
SCF	Southern Construction Framework - delivers construction capital projects to around 50 public sector clients
ScoMIS	Schools Management Information Service
SEND	Special Education Needs and Disability
TBC	To be confirmed
UASC	Unaccompanied Asylum Seeking Children
VAWG	Violence against Women and Girls
VELP	Vehicle Equipment Loan Pool