



Committee and Date

Cabinet

13 July 2016

Financial Strategy Task and Finish Group – Interim Report

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Summary

This report presents Cabinet with the emerging findings identified by the Performance Management Scrutiny Committee Financial Strategy Task and Finish Group. There will be a further report to Cabinet on the 27 July 2016 following the completion of this phase of Task and Finish group work.

Recommendations

- A. That Cabinet take account of the emerging findings from the work on the Financial Strategy in preparation for the further report of the Performance Management Scrutiny Committee.

Opportunity Risk Assessment

The delivery of the Financial Strategy is key to the Council having a balanced budget whilst meeting the highest priority needs and protecting and supporting vulnerable people.

Having reviewed the Financial Strategy the Financial Strategy Task and Finish group have identified that they will be considering Adult Social Care as the biggest spend area for the Council with growing demand, the sustainability of the Financial Strategy and whether there are longer term consequences to the plans, and the General Fund balance and the required level of reserves.

Financial Assessment

Although there are no direct financial impacts from this report and the work of the Task and Finish Group, their recommendations will be made to Cabinet and if accepted, could inform the Financial Strategy.

Report

1. Areas of focus for the Task and Finish Group

In order to prioritise their work that Task and Finish Group identified three key areas of focus following questions and discussion with the Head of Finance, Governance & Assurance and the Statutory Scrutiny Officer:

1.1 General Fund balance

- Is the level of £28m in reserves the correct/right level for the Council?
- Should 'what we need' be identified separately to what is required as a reserve?

1.2 Setting a sustainable budget

Review the 2017/18 budget and consider the following:

- Are the figures and plans reasonable?
- Are the figures and plans robust?
- Will the savings be achieved?
- Will the short-term actions to achieve the savings have unintended or longer terms consequences?

1.3 Adult Social Care

The Task and Finish Group recognised that this was the fundamental challenge for the Council with increasing older population expected to increase demand, linked with increasing costs.

This a priority topic and was the feature of the Task and Finish Group meeting on the 9 June 2016. A further session will take place on the 6 July. The Director of Adult Services, the Director of Public Health, the Portfolio Holder for Adults and Portfolio Holder for Health and Well-being, and staff from Adult Social Care and Finance attend and gave a presentation.

Specific areas of focus:

- Understanding the implications of the projections for Shropshire's population and service demand
- Understanding the routes into Adult Social Care services
- Understanding the implications potential future impacts e.g. the Care Act, Welfare Reform, and Mutual Carers
- Understanding the cost profile of Adult Social Care and the current and future impacts e.g. the Living Wage, National Insurance employer contributions.
- Understanding the Adult Social Care and Health system and the opportunities and risks

2. The emerging issues to date

2.1 Adult Social Care

Health and Social Care. The interplay between Health and Social Care is a significant feature. How can reducing demand for Health Services reduce demand for Social Care? Similarly, it is important for the two sectors to work effectively together. Failure to do so can result in additional pressures being created, and the quality of care can also be impacted on.

Spot purchasing. 85% of care is purchased using spot purchasing. Although it offers flexibility, does spot purchasing offer the best value? There would be value in the Task and Finish Group undertaking further work to look at the issues and options related to purchasing of care, the impact of the recently introduced brokerage arrangements by the Council, and whether there might be a different balance between spot and block purchase that should be established.

Prevention. There is a £4.2m red rated saving in the Financial Strategy relating to preventative services which are provided by external agencies such as the Voluntary and Community Sector. The Task and Finish Group heard that losing preventative services would have an impact through increased demand and cost on Adult Social Care, and on Health. The Adult Social Care operating model is focused on maximising independence through local early intervention, and this would not be able to function as planned if the local services are not available.

There is further work for the Task and Finish Group in looking at the issues related to prevention and how it could be funded in the future. This should take account of the work starting through a prevention project which is looking across the commissioning of prevention activity including using Public Health funding and the Better Care Fund. Considering the role of telecare and telehealth in this would also be appropriate.

IT system replacement. Improved IT and access to data, information and intelligence was highlighted as essential for the effective future management of demand and shaping the markets with partners and providers. Developing effective modelling to support forecasting demand should be central to this work. However, the Task and Finish Group also understood that developing the modelling was not trivial and that there were many different factors that would need to be taken into account.

2.2 General Fund

The Task and Finish Group are looking at the General Fund and what the levels of reserves should be. In considering this, they have asked the Audit Committee to look at the reserves through their terms of

reference. The Audit Committee have formed a Task and Finish Group which has been taking this forward and their findings will be reported back to the Financial Strategy Task and Finish Group.

3. Next steps

Setting the Sustainable Budget and the General Fund will be looked at by the Task and Finish Group on Wednesday 29 June 2016.

Adult Social Care will be considered for a second time on Wednesday 6 July 2016 with particular focus on spot-purchasing care and the brokerage arrangements, and prevention.

The final report of this phase of Task and Finish Group work will be considered by the Task and Finish Group on Monday 11 July, presented to Performance Management Scrutiny Committee at their meeting on the 20 July 2016, and the report of the Scrutiny Committee will presented to Cabinet at their meeting on the 27 July 2016.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Financial Strategy – Budget 2017/18 – 2018/19 (Cabinet, 18 May 2016)
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Cabinet Member (Portfolio Holder)
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Councillor Malcolm Pate

Local Member

All

Appendices
