



<u>Committee and Date</u>	<u>Item</u>
Performance Management Scrutiny Committee	
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	<u>Public</u>

Report of the Financial Strategy Task and Finish Group

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Summary

This report presents Performance Management Scrutiny Committee with the report of the Financial Strategy Task and Finish group. The report sets out the observations and recommendations arising from the work of the group.

Recommendations

- A. That the Performance Management Scrutiny Committee consider the issues set out within the report and identifies topics to be included in its work programme and put forward for the other Overview and Scrutiny Committees.
- B. That a strong cross-party representation of Shropshire Council Members, accompanied by all Shropshire MPs, should travel to Westminster to lobby the Prime Minister and Government more widely for better and fairer funding for Shropshire Council. In particular on more equitable funding through the Public Health Grant, the impact on costs of delivering services in a significantly rural area, and the pressures on Adult Social Care and Children's social care and the impact this has on other Council services.
- C. Benchmarking information on cost and activity should be presented to Performance Management Scrutiny Committee annually [this is expected to be the meeting of the committee in January of each year].
- D. A Financial Strategy Task and Finish Group should be in place for 2020/21 for the development of the Financial Strategy 2021-2024.
- E. That the availability and allocation of appropriate adapted housing that helps people to be independent, is reviewed by the Council on a regular basis. Thereby ensuring that need and right home are aligned, and best use of funding and resources is achieved.

- F. Performance Management Scrutiny Committee should move on from its regular view of Digital Transformation to a focus on the Transformation of the Council, in particular on the required culture change that need to take place.
- G. The Council needs to continue to promote the benefits of all forms of prevention for children and young people and for adults, and the pursuit funding through local partnerships such as the Sustainability and Transformation Partnership (STP) should be a priority. Prevention and investment in prevention should also be part of lobbying to Government for additional funding and support.

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.

Through its work the Task and Finish group have explored and considered risks and opportunities. The provision of a single year financial settlement for 2020/21 by the government rather than a four-year view, and a delay to the government's comprehensive spending review, which would reflect the work carried out nationally on fairer funding, have created the challenge of setting the Council's Financial Strategy for the coming years.

Additional risks to the Council being able to set and realise balanced budgets come from the financial pressures related to Adult Social Care and increasing demand for Children's Social Care. These are not isolated to Shropshire and are evident nationally, but each local authority will be impacted to different levels due to issues such a geography, demography, and the historic imbalances in funding from government.

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 and the Budget 2020/21.

Report

1.1 At their meeting on the 6 February 2019 Performance Management Scrutiny Committee confirmed that there should be a Task and Finish group in place to work alongside the development of Financial Strategy 2020/21 to 2024/25.

1.2 The Financial Strategy 2019/20 to 2023/24 agreed at Council on the 28 February 2019 identified the funding gap that the Council faces.

Year	2019/20	2020/21	2021/22	2022/23	2023/24
Funding Gap	£24.5m	£35.2m	£43.2m	£50.5m	£57.1m

1.3 The strategy recognises the increasing demand for Adult Social Care and Children's Social Care, highlighting that the cost of Adult Social Care and Children's Social Care is expected to grow in 2020/21 by between £10m and £15m.

2. Objectives of the Task and Finish Group

- To understand the process and activity stages for developing the Financial Strategy and how these translate into the Council's annual budget.
- To understand the various external factors impacting on budget setting for 2020/21 and the Financial Strategy.
- To consider and scrutinise opportunities to target investment that will help reduce demand on paid for services, or reduce the cost of packages of care in Adult Social Care and Children's Social Care.
- To consider and scrutinise opportunities to utilise innovative solutions that will help prevent people needing to enter paid for services or reduce the cost of packages of care in Adult Social Care and Children's Social Care.
- To consider and scrutinise the proposals and emerging plans for the whole Financial Strategy and 2020/21 Budget.
- To consider the actions being taken to deliver the 2019/20 savings and the implications of failing to deliver on the viability of the 2020/21 budget and beyond.
- To consider the direct and indirect impacts, including risks, of 2020/21 Budget proposals on current services and customers.
- Make evidence based recommendations in relation to plans and approaches for innovation and income generation, and alternative proposals for future budget setting.

3. Who the Task and Finish group heard from

- James Walton – Head Of Finance Governance and Assurance
- Rachel Robinson – Director of Public Health
- Michele Leith – Head of Workforce and Transformation
- Karen Bradshaw – Director of Children's Services
- Andy Begley – Director of Adult Social Care, Housing and Public Health
- Tanya Miles – Assistant Director Adult Social Care
- Cllr Ed Potter – Portfolio Holder for Children and Young People
- Cllr Lee Chapman – Portfolio Holder for Transformation
- Cllr Dean Carroll – Portfolio Holder for Adult Services, Public Health and Climate Change

4. What the Task and Finish Group have looked in more detail at:

- Financial Strategy (report to Cabinet 16 December 2019)

- Quarter 1 and Quarter 2 2019/20 Financial Monitoring Reports
- The delivery of the Digital Transformation Programme and the need to see this as a component of Transforming the Council
- Regulatory Services
- Pressures on Children's Social Care budgets and the initiatives and developments to help manage the situation for future years
- Pressures on Adult Social Care and the initiatives and developments to help manage the situation for future years
- Savings proposed for Adult Social care

5. Key topic areas

5.1 Funding context

- 5.1.1 The Task and Finish group heard that over the past decade the way that local authorities are funded by government has changed. Alongside the reduction in funding overall, a lot is now made up of temporary one-off sources which have no guarantees for the future. There is £80m from one off grants which could be taken out of the funding pot without any need to change primary legislation. This makes predicting the amount of funding that will be available very difficult, and as a result this impacts on the development of the Financial Strategy and setting budgets.
- 5.1.2 Due to a combination of a Parliamentary focus on Brexit and the General Election in December 2019 there has been little clarity on what the funding would be for 2020/21 during the autumn 2019 and little to inform an accurate and more detailed understanding to inform the development of a Financial Strategy for 2021/22 and beyond.
- 5.1.3 Members also considered the local funding for the Council. They heard how council tax provides certainty as a form of income, but that there are limits on how much the Council could increase it without the need and cost of a referendum, and that it was also not a politically attractive or valuable option. Commercial income is also a form of local funding to the Council.
- 5.1.4 Due to the uncertainty over funding arrangements for 2020/21 the Task and Finish group learned that it would be important to ensure that there was as much flexibility as possible to respond to gaps and challenges. This would be best achieved through getting as much into reserves as possible to enable this.
- 5.1.5 With this context, they were reminded that projected spend is growing away from available funding. The gap in 2019/20 is £35m

growing by £8m each year, after council tax increases and funding calculations are applied.

5.2 Transformation

- 5.2.1 The Task and Finish group considered the progress in the delivery of the Digital Transformation Programme and the realisation of the benefits. This included the need to transform the Council to deliver improved services and maximise the impact of new systems and technology. They were informed that the key focus of the transformation programme is improving quality, efficiency and access through improved tools.
- 5.2.2 Members heard that people are the Council's greatest resource and as such the programme is more about cultural transformation than digital transformation. This will require change to be embraced by staff and by Members.
- 5.2.3 A clear message shared with the Task and Finish group was that the savings associated with transformation should be viewed as being for the whole council and all Cabinet portfolio's, not just for the Transformation Portfolio. The realisation of more efficient working and the associated benefits will be across all services and their customers.
- 5.2.4 Members explored the delivery of the programme and the expected savings. They heard that the Council's digital programme was being implemented with all of the main systems in place, but that there had been some delays to aspects of the plans (a maximum of 12 months), which impacted on the delivery of the associated savings. A £3m underspend in programme was taken as a saving in lieu of the delay in the delivery of the systems and the associated benefits.
- 5.2.5 The Performance Management Scrutiny Committee have been maintaining a regular overview of the progress with the Digital Transformation Programme including a substantial agenda item at their meeting on the 13 November 2019. They explored the delivery of the whole programme, the achievement of the savings and the benefits to services.

5.3 Children and Young People

Looked After Children population

- 5.3.1 The Task and Finish group explored the pressures that were on the service to understand how this impacted on the budget and financial strategy. They heard that there had been an increase of more than 40% in the number of children that the council was

looking after in an 18 months period, and that significantly more children required support to be safe in 2019/20 to date than had been expected when the 2019/20 budget had been set. Due to the different factors influencing why children may need to be looked after, it is difficult to predict numbers.

- 5.3.2 Members were also informed that the impact of demand also stretches the foster care system. In response to this the Council has moved to put some additional capacity into its Foster Care service to market opportunities and recruit foster carers. £0.266m increased capacity was approved via a business case, but demand continues to put additional pressure on the budget.
- 5.3.3 Another factor that can impact on the budget is that councils should fund families who are looking after children who are relatives in the same way as they would foster carers. These are called Special Guardianship Orders and they are not counted as a looked after child, although they will have the same cost to the Council. Therefore, there is also demand on services and budgets that is not be included in the count of the looked after children numbers. There has been a growth in SGOs but no growth was built into the budget.
- 5.3.4 The Task and Finish group were informed about the different predictors for children and young people needing to be looked after. The key predictors are domestic violence, the toxic trio (alcohol, drugs, mental health) affecting parents leading to chaotic lives, family poverty, criminality, children not attending schools, and criminal exploiters. Parental neglect was highlighted as big issue in Shropshire, with approximately 50% cases in social care due to neglect. Members were also informed about growing numbers of children with complex special education needs and disability which is bringing them into the children into social care space, and whilst not all are in care, those that are likely to be in high cost placements.

Capacity in Social Work Teams

- 5.3.5 In terms of the capacity with social work teams, Members were informed that there has been a lot of work undertaken to stabilise the workforce including looking at opportunities retain and develop staff. These include incentivising social workers to stay with the Council, the development of the Council's own bank of social workers and investing in the future by working with the University Centre Shrewsbury to put in place a programme of trainee social workers. Eight have been appointed. The Council does engage with Step-up which looks at bringing people with some life experience into apprenticeships. Additional capacity with family support workers is also being worked on.

Preventing Children needing care

- 5.3.6 Members asked whether there was more that the Council could be doing to prevent children needing care.
- 5.3.7 They were informed that the Early Help Hubs offer the potential to do this, wrapping support around families enabling them to care for the children and preventing escalation in to care. The same support would also be beneficial when children are stepping down from being looked after.
- 5.3.8 Members were informed about No Wrong Door which is an initiative used in different localities across the country. It involves a large multidisciplinary team that wraps around the children including mental health workers and it can also include the foster carers where required. These teams would be separate to the Early Help Hubs, but they would need to work together.
- 5.3.9 Members also asked how residential care can contribute at the edge of care where the children and families benefit from different interventions. They were informed that when this was last looked at in detail in the region of 80% of those who accessed this support i.e. Havenbrook, did not enter care.
- 5.3.10 Members were informed about the multiagency arrangements for criminal exploitation which include the Council, Police and the Clinical Commissioning Group. Should Members, professionals, parents and the public have any concerns they should contact the First Point of Contact to report them.
- 5.3.11 The group were reminded that as an Ofsted “Good” authority Shropshire does not get additional funding to help implement new programmes. The Council looks to other authorities for opportunities to improve how it works. Members were informed that Staffordshire County Council (also a “Good” authority) are investing in the region of £7m in prevention. Members identified that the benefits of similar investment in interventions and innovations in prevention in Shropshire should be researched and business cases developed for decision making and implementation.
- 5.3.12 The Task and Finish group highlighted that prevention appeared to them to require effective partnership working. They asked whether children were represented in the Sustainability and Transformation Partnership (STP). They were informed that at it was limited because the focus is on adults, but it had been recognised as something that needed to be addressed.

Care Homes

- 5.3.13 The Task and Finish group asked about progress with the development of the new care homes which they had been informed about when they were carrying out their work in the autumn 2018.

They understood that these care homes would reduce out of county placements which would enable children and young people to be cared for closer to their families and communities and benefit the council through lower cost.

5.3.14 They were informed that two 2 bed properties have been purchased and were being worked on. The first home is scheduled to open at the end of January 2020 and the Manager had been appointed and the Ofsted registration process was taking place. 35 members of staff are required for the 2 homes. A third home is to be purchased

5.3.15 Members asked about the cost of high-cost placements, learning that the Council had several children whose care cost approximately £6000 per week.

Youth Activities

5.3.16 The group asked about how the Council could work proactively to prevent children being at risk of exploitation. They were informed that the Council did not have any place to engage with young people out on the street and that this had been identified as a gap in provision that needed to be addressed. An added benefit of keeping children safe was that they would not be putting pressure on Council services and the wider system including Health partners and the Police.

5.3.17 However, they were also informed that it needed to be a partnership of provision where universal provision needed to be in place for young people to be directed to. It required a strategy based on retaining universal provision with a focus on outreach support.

5.3.18 There has been a Communities Overview Committee Task and Finish group which has been running alongside the development of proposals for Youth Activities. Consultation on the proposals had taken place based on redirecting infrastructure money into the outreach workers.

Learning and Skills

5.3.19 The Task and Finish group were informed that an overspend on the 2019/20 budget had been projected. The greatest proportion of this being due to home to school to transport. A lot of work had been done over the year to reduce spend in this area but there were additional contributory factors including and an increase in the number of children with special educational needs and disability (SEND) requiring transport and the increased number of school days over the past few years; planning is based on 190 days but it has been 194 days for the past couple of years.

5.3.20 There has also been a significant increase in school exclusions which is in line with national trends and puts pressure on budgets.

The council can challenge them, but it cannot control them. Members were informed that after 6 days of exclusion the child becomes the responsibility of the Council to educate. This may be done through the Tuition, Medical Behavioural Support Service (TMBSS) for a time, putting pressure on the High Needs block of DSG and transport.

5.4 Regulatory Services

- 5.4.1 The Task and Finish group wanted to understand more about Regulatory Services. They were informed about the range of services and were particularly interested to hear about a Peer to Peer review that was starting.
- 5.4.2 They learned that the review was expected to identify opportunities to work differently and take forward productivity and efficiencies, as well as building in the need to respond to requirements from the government and regulators including new guidance on private water supplies and on homes of multiple occupation, and changes to the delivery of Blue Badges. There is also the opportunity to consider whether fees and charges are set at the right level to cover costs.
- 5.4.3 The aim is that any recommendations identified through the review would be implemented from April 2020.

5.5 Adult Social Care

Understanding demand and expenditure

- 5.5.1 Members recognised that Adult Social Care had the highest proportion of the Council's budget and that this had grown over previous years. They were interested to understand what the demand and the costs for the services were.
- 5.5.2 They were informed that the 65+ age group (primarily 85+) have historically been driving demand but that this is no longer the case. The three areas currently driving up expenditure were highlighted as:
- 18-64 age group with increasingly complex high cost packages transitioning from Children's Services
 - More people with profound need (physical and learning disability) are living for longer which adds additional pressure to the system, and there are more people who have developed mental health problems as a result of trauma at a young age who require high cost care which could be between £6000 and £8000 a week, potentially for the rest of their lives.
 - Acquired Brain Injuries. There are more people surviving accidents with head injuries who require ongoing support

- 5.5.3 Members asked how the expenditure was split across the two age groups and were informed that the 18-64 age group required 45% of the ASC purchasing budget and the 65+ required 55%. Members were informed that there were significantly more older people receiving services, but that the packages of care for those aged 18-64 could be considerably more expensive. Due to this, particularly where high cost cases were expected to increase, it was more relevant to understand individual packages and responses to need than developing an average total for each group.
- 5.5.4 The Task and Finish group explained their understanding that the annual increase of £8 to £10 million a year in Adult Social Care budgets and expenditure was not sustainable for the Council and money could not continue to be taken from other services to cover this.
- 5.5.5 They heard that inflation and the living wage was driving an annual growth of at least 3% to 4%, and that overall, even if demand did not change there would be an annual increase the region of £5m to £6m due to these pressures. This was compared to the 2% ASC Council Tax precept that generates roughly £3m.
- 5.5.6 Most older people in Shropshire would start by funding their own care because they had more than £23,500 in assets. The group were informed that self-funders could choose what care they received and may choose options that were costlier than the Council would be able to fund. Should their assets reduce below the financial threshold their care would need to be paid for by the Council who may not be able to cover all of the costs. If the gap between what the Council can afford and their current provision cannot be closed the Council would need to find them alternative provision. This is best avoided if possible. They were told that it would be important for there to be earlier conversations with self-funders on their options. Often, the first conversation that a member of Council staff would have with them would be in hospital when they were already in a crisis. An earlier conversation would enable discussions about more affordable care options before there has been any commitment, which will help avoid spending more than they need to and make their assets last longer.

Innovating provision and reducing costs

- 5.5.7 Members asked how ASC were innovating and working to bring costs down and manage demand.

5.5.8 There were informed that 85% of people contacting the Council for Adult Social Care are signposted to information and advice and alternatives, helping them get support faster. They are contacted at 14 days to see if the advice or support has been helpful.

5.5.9 As well as the Council using it's e:brokerage tool to support competition in the domiciliary care market to help manage costs, members heard that there were a number of innovations and initiatives that are in place including:

- Supported Living, mainly for people with a learning disability, which saves in the region of £300 per person a week
- New rates for residential, nursing and elderly mentally ill placements are being trialled
- 2 carers in car is helping to reduce the need for higher costs of sleep over care which has delivered savings of £2m
- More use of equipment such as hoists to enable single carer visits
- Continued funding of preventative services from the Voluntary Community and Social Enterprise sector and Registered Providers of roughly £3m a year
- Looking after more people in their home rather than in a residential or nursing home
- Introduction of Pathway Zero before discharge in hospitals locally, where conversations are about what people can do to help themselves or get support differently. The NHS nationally are looking at this Shropshire initiative.

5.5.10 The Task and Finish group felt strongly that there was a need to continue to focus on prevention and keeping people independent rather than treating the demand.

Workforce

5.5.11 The Task and Finish group were informed that attracting and retaining the workforce in Shropshire was an issue that reflected the national picture. This was applicable across the whole of social care including the care workforce in the independent sector.

5.5.12 Members asked how working in the care sector could be made an attractive career and were informed about work to develop micro-enterprises where volunteers were supported to develop into paid employment. They also asked about training and development opportunities and were informed about the Council's investment in Shropshire Partners in Care (SPiC) and the Council's own joint training offer which included training on the Mental Capacity Act.

Housing opportunities

- 5.5.13 The group suggested that there were opportunities to look at the availability of appropriate housing for both social care staff and for people requiring services, and the role of social landlords in doing this. They were informed that this was taking place and included key worker housing and considering different home developments to help manage need, as well as making best use of funding available to adapt properties e.g. disabled facility grants (DFGs).
- 5.5.14 The opportunities of promoting or requiring lifetime homes were raised. The example of the similarity between level access showers and luxury wet rooms was discussed and whether handles and other low level equipment should be included as conditions alongside environmental considerations in all planning applications.
- 5.5.15 There was also the opportunity to speed up the provision of low level equipment such as hand rails which could help someone remain independent and safe for longer by an assessor/handy person carrying out assessment and fitting visits.
- 5.5.16 Members were informed that already adapted homes would be best to be used for those who need them rather than being offered to those with no needs or having the adaptation removed. This does need the system to work together and not driven by perverse incentives such as keeping voids to a minimum.
- 5.5.17 They also asked what opportunities exist to support families to develop parts of their homes for a relative to stay in, helping with demand for suitable accommodation and the amount of care required. Members queried whether this needed a local response in planning policy.

2020/21 Adult Social Care savings

- 5.5.18 Members asked how the £6.9m Adult Social Care savings identified for 2020/21 will these be realised in light of the in-year pressures. They were informed that there are current planned actions to achieve the savings and that these can be realised at this stage.

Lobbying Government on Adult Social Care in Shropshire

- 5.5.19 Members identified that they believed that the continued net disinvestment in ASC by respective Governments has resulted in the situation that the Council finds itself in. They believe that the only investment by Government is through the NHS and the current focus of messages is on the reform of ASC to support the NHS.

They asked what is being done to raise the issues with Government.

5.5.20 The Task and Finish group were informed that the MP for Shrewsbury and Atcham had secured a debate in parliament about Adult Social Care in Shropshire. The Chief Executive and Leader were also lobbying MHCLG and the Director of Adult Social Care Housing and Public Health has been lobbying through his role in ADASS nationally.

6. Conclusions of the Task and Finish group

6.1 The Task and Finish group prioritised the service areas that they looked at through their work, recognising that the Council's wider services have been and risk continuing to be squeezed by the increasing demand and costs of Adult Social Care and Children's Social Care. They highlighted that the impact is being seen in those wider services and in communities.

6.2 New IT systems have been in place for just over the 12 months and although it's relatively soon after their implementation, the Task and Finish group have ongoing questions about the impact and delivery of benefits, and whether there is a plan in place that identifies broad time frames for when this will happen. They believed that the PMSC should maintain it's focus on this but should do so within a wider focus on the transformation of the Council, in particular on the required culture change to be delivered. This needs to involve people at all levels across the organisation including Members.

6.3 Importance of maintaining and extending preventative services for Children and Adults has always been recognised by the Council, but the Task and Finish Group believe that this focus should be reinforced and investment in prevention should be pursued. Promoting and pushing for funding through partnerships such as the STP should be a priority, and this should also be part of lobbying to Government for additional funding and support.

6.4 Members identified the importance of investing in youth provision locally, and that the Council needed to work with local partners across the public sector to do this. The preventative impacts of delivering outreach and universal provision benefited a wide group of organisations, and should not be a service area that only the Council and Town and Parish Councils paid for and invested in.

6.5 The Task and Finish group identified the opportunity to access different external funding streams that the Council is not currently using. These might be small scale funding such as funding provided by the Police and Crime Commissioners office through to larger pots locally and nationally, which could be accessed by working with local partners to deliver shared priorities and already identified projects. This would require a pipeline of projects that could be taken forward when funding was identified and successfully bid for but would require capacity to be identified within the Council to do this.

6.6 Having reviewed the evidence that had been shared with them, Members expressed concerns that the impact of changes to Mental Health services for children and young people and to youth provision over the past 10 years resulted in the increased demand for Children’s Social Care and more high cost packages of care for Adult Social Care. The Task and Finish group questioned whether Shropshire Council and other councils are now bearing the brunt of this.

6.7 With a view to the future, the Task and Finish Group have identified that they would want to look at Central Services, and Place and specifically Highways in future work. It was also noted that there was nothing in the 2020/21 budget relating to climate change, and that this would also be something that would looked at in future work.

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

- Financial Strategy Cabinet Report December 2019
- Q1 2019/20 Financial Monitoring Report,
- Q2 2019/20 Financial Monitoring Report

Cabinet Member (Portfolio Holder)

Cllr David Minnery

Local Member

All

Appendices