**London Borough of Hammersmith & Fulham**

**Report to:** Health and Adult Social Care Policy & Accountability Committee

**Date:** 25 January 2023

**Subject:** 2023 Medium Term Financial Strategy (MTFS)

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## SUMMARY

Cabinet will present their revenue budget and Council Tax proposals to Budget Council on 23 February 2023. In the face of worsening economic conditions and tightening financial constraints, the budget protects council services, particularly those that support the poorest and most vulnerable in society.

The London Borough of Hammersmith & Fulham (LBHF) is unique in providing free breakfasts to school children, abolishing home care charges, establishing a local Law Enforcement Team to keep our streets safe and clean, maintaining weekly bin collections across the borough, and stopping the use of bailiffs to collect Council Tax debt. Despite unprecedented levels of inflation eroding council spending power, the budget protects these key services.

The cost-of-living crisis is affecting residents across the borough. With rising inflation, energy bills, and food costs many residents will be struggling to get by, and in need of additional support. This is why the budget includes new provisions of nearly a million pounds to help tackle the increasing cost of living.

The Local Government Finance Act 1992 obliges the council to set a balanced budget, and this is what is proposed. Government resource assumptions that are used to calculate Government grant for LBHF, model the council increasing Council Tax by 2.99% in 2023/24. Over the last eight years, the council has cut or frozen Council Tax five times, with the Band D charge has reducing by 10% in real terms. As a result, Council Tax in LBHF is 35% lower than the London average. The council proposes to apply the 2.99% increase for 2023/24.

The government has modelled an Adult Social Care precept since 2016/17. Government funding modelling assumes that this has been applied every year since its inception despite LBHF choosing to apply it for only two of the past eight years. Due to the continued high levels of demand and inflationary pressures in the Social Care market and the government's continued failure to propose a long-term funding solution to Social Care funding, the council proposes to apply the 2% Adult Social Care levy for 2023/24.

This report sets out the budget proposals for the services covered by this Policy and Accountability Committee (PAC). An update is also provided on any proposed changes in fees and charges in the budget.

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**RECOMMENDATIONS**

1. That the Policy and Accountability Committee (PAC) considers the budget proposals and makes recommendations to Cabinet as appropriate.

2. That the PAC considers the proposed changes to fees and charges and makes recommendations as appropriate.

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**Wards Affected:** All

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| **Our Values** | **Summary of how this report aligns to the H&F Values** |
|---|---|
| Building shared prosperity | We need to always confirm that spend fits our council's priorities; challenge how much needs to be spent; and achieve results within agreed budgets. Finance is everyone's business and every penny counts. |
| Creating a compassionate council | As the council's resources have been reduced we have protected the services on which the most vulnerable residents rely. This budget continues all our previous policies to support residents and also proposes new spending on care packages for disabled children and additional resources to help residents through the cost of living crisis. |
| Doing things with local residents, not to them | A significant proportion of services are delivered in partnership with local and national companies, and this will continue to promote all business sectors to the benefit of residents. In addition, there will be increased investment in the Industrial Strategy delivery and the development and promotion of the STEAM sector strategy. |
| Being ruthlessly financially efficient | The use of co-production across the council is embedded and all service matters are developed with the engagement of residents. The council is |

| | |
|---|---|
| | continuing the REAP Programme to improve residents' access to the services. |
| Taking pride in H&F | The budget proposals include significant investment in public realm services especially waste collection, street cleaning and open/park spaces. Our new waste contract includes provisions to tackle fly-tipping and collection of food waste. |
| Rising to the challenge of the climate and ecological emergency | The council has established a Climate Change team and the team has developed a Climate and Ecology strategy (and is making a significant contribution to the international and national policy debates). It is also securing grants from national programmes to help with improvements of the thermal efficiency of council properties and homes). |

## Background Papers Used in Preparing This Report

None

## DETAILED ANALYSIS

## The Budget Requirement and Gap

1. The gross General Fund budget[1] rolled forward from 2022/23 to 2023/24 is £539.6m of which a **net budget requirement of £166.6m** is funded from council resources (such as Council Tax and business rates) and general government grant.

**Table 1 – Budget rolled forward from 2022/23**

| 2022/23 Budgeted Expenditure | £m |
|---|---|
| Housing benefit payments | 91.2 |
| Social Care and Public Health | 118.1 |
| Children's services | 123.6 |
| Economy | 49.4 |

[1] Figures exclude capital charges and internal service level agreements. These have a net nil impact on the budget.

| | |
|---|---|
| Environment (includes parking) | 108.1 |
| Corporate (Finance, Resources and council wide) | 49.2 |
| **Gross budgeted expenditure** | **539.6** |
| Less: | |
| Specific government grants (including housing benefits and dedicated schools grant) | (239.8) |
| Fees and charges | (68.0) |
| Contributions (e.g. health) | (47.0) |
| Other income (e.g. investment interest, rentals, and recharges) | (18.2) |
| **Budget requirement rolled forward from 2022/23** | **166.6** |

2. The budget proposals for 2023/24, and forecast to 2026/27, are summarised in Table 2. A balanced budget is projected for 2023/24 based on several key assumptions regarding resources and expenditure.

**Table 2 – Budget summary**

| | **2023/24** | **2024/25** | **2025/26** | **2026/27** |
|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** |
| **Base budget** | **166.6** | **164.9** | **163.2** | **161.5** |
| Pay and price inflation | 13.6 | 21.6 | 27.6 | 33.6 |
| Additional pay inflation (on-going effect of award in 2022/23) | 3.8 | 3.8 | 3.8 | 3.8 |
| Additional investment in key services and priorities | 10.7 | 16.7 | 22.7 | 28.7 |
| Contribution to cost-of-living support (one-off) / Council Tax support scheme | 0.9 | 0 | 0 | 0 |
| Increase in the net cost of borrowing | 0.6 | 1.0 | 1.0 | 1.0 |
| Concessionary fares demand | (2.2) | 1.1 | 3.1 | 3.1 |
| Recognition of current income projection | (2.0) | (2.0) | (2.0) | (2.0) |
| Income from investment of cash balances (one off in 23/24) | (5.0) | 0 | 0 | 0 |
| Employee budget management | (2.5) | (2.5) | (2.5) | (2.5) |
| Reversal of employers National Insurance Contributions (1.25%) | (1.3) | (1.3) | (1.3) | (1.3) |
| Efficiencies and Savings Proposals | (2.9) | (4.0) | (4.8) | (5.5) |
| Contribution to contingencies | 5.3 | 5.3 | 5.3 | 5.3 |
| **Gross budget requirement** | **185.6** | **204.7** | **216.2** | **225.8** |
| General grants | (53.0) | (54.1) | (54.7) | (55.2) |
| Locally retained business rates | (59.4) | (59.5) | (60.7) | (61.9) |

| | | | | |
|---|---|---|---|---|
| Council Tax (4.99% increase in Year 1 assumed then freeze) | (73.3) | (73.9) | (74.6) | (75.2) |
| **Gross budget gap – cumulative** | **0.0** | **17.1** | **26.1** | **33.2** |

## Budget assumptions

### Inflation

3. The Consumer Price Index (CPI) for October 2022 is 11.1%, its highest level for 40 years, in part due to the recovery from the pandemic, the impact of Brexit and recent global events such as the invasion of Ukraine. The Office of Budget Responsibility is forecasting inflation of 7.4% during 2023 which will impact both Hammersmith and Fulham staff costs and suppliers. The 2023/24 budget includes **a £13.6m provision for inflation.** This allows for:

   - Contract and external services inflation of £7.6m.

   - £6.0m provision for a 2023/24 pay award (this equates to a 5.0% pay award)

   - Beyond 2023/24, headroom of £8m per annum is modelled for future inflation in 2024/25 and a further £6m in 2025/26 and 2026/27.

4. The on-going impact of the pay award from April 2022 will cost £3.8m (this was funded from the one-off use of policy contingencies in 2022/23).

5. In September 2022, a previously agreed 1.25% increase in employers' National Insurance Contributions was withdrawn by the Chancellor of the Exchequer, with effect from the 6th of November. The impact of this for the council is a reversal of the £1.3m set aside in the MTFS from 2023/24.

6. A reduction of £2.5m is proposed on our employee spend (this is 2% of total estimated spend and represents about 40 posts). It is expected that this will be managed through natural turnover, management of recruitment and review of the use of agency staff. It is not expected that this will require any voluntary or compulsory redundancies.

### Fees and Charges

7. For **fees and charges** levied by the council, the inflation assumption is:

   - They are frozen for Adult Social Care, Children's Services and Housing in line with administration policy.
   - Commercial services that are charged on a for-profit basis, will be reviewed on an ongoing basis in response to market conditions and changed as appropriate, with due authorisations according to the Council constitution.

- Parking charges and fines are to be set in line with transport policy objectives and not considered as part of the budget process.
- A standard uplift of 10% is applied for other non-commercial and non-parking fees. The RPI indication for October 2022 was 14.2%.
- The exceptions to these assumptions for this committee are attached in Appendix 4.

**Other Measures**

8. In addition, further short-term contributions of £2.2m are expected to arise from lower than budgeted contributions to the concessionary fares (freedom pass) scheme. This is due to the impact of passenger usage on public transport in response to the pandemic and changes to ways of working. This is not expected to continue beyond 2023/24 as demand is forecast to return to pre pandemic levels and fares increase.

9. A further one-off saving £5.0m relating to income from investing cash balances as favourable interest rates is assume (cash balances are expected to be a minimum of £250m during 2023/24 and lower than current levels of more than £300m). This income will be used to balance the budget in 2023/24 and is not expected to continue beyond 2023/24.

**Government Grant Funding**

10. **General government grant funding** of £53.0m is forecast for 2023/24. This is an increase of £7.8m from 2022/23, however historically, government funding has reduced by £48m from 2010/11 to 2023/24, which represents in real terms a cut of 56%. £5.1m of the increase is not new money but compensation for the government decision not to increase business rates. The level of compensation is linked to the standard CPI rate of inflation. The Revenue Support Grant has increased by £2.2m.

11. No grant allocations are confirmed beyond 2023/24 following the government decision to announce a single year local government finance settlement (LGFS). The lack of future certainty continues to undermine effective medium-term financial planning and the risk of future funding reform and levelling up remains.

12. Ringfenced grants, which can only be used for a specific purpose, are currently forecast to have increased by £3.245m from 2022/23 to 2023/24. This forecast will be updated as further announcements are confirmed. It is assumed that such grants will have a neutral impact on the budget requirement as they will be matched against spend commitments, particularly given the current inflation risks.

13. The ‘services grant’ which was first allocated in 2022/23 has reduced by over 44% in 2023/24. For modelling purposes the future grant forecast assumes that the services grant will be reduced for future years also. The future of the new homes bonus grant scheme is also uncertain, and the council’s allocation has reduced by 43% in 2023/24 compared to 2022/23 and by 77% compared to 2021/22.

14. As part of the LGFS, the government calculated that Hammersmith & Fulham spending power will increase by 9.5% in 2023/24. The government spending power calculation also assumes that authorities will increase Council Tax (including the Adult Social Care precept) by 4.99% and that business rates collection is not adversely impacted by rating appeals or lower collection rates experienced during the Covid-19 pandemic. Taking these into account the Hammersmith & Fulham calculation is that spending power has increased by 2.5%

**Council Tax**

15. The Council is proud to have the third lowest Council Tax in the country, and to have cut or frozen Council Tax in five of the last eight years. LBHF also has one of the most progressive Council Tax support schemes in the country, with almost half of residents not paying the full amount, and those least able to pay facing no charge at all.

16. The current major national fiscal conditions of high inflation and interest rates have made a Council Tax increase in 2023/24 unavoidable and a 2.99% increase in the LBHF element of Council Tax is proposed. This level of Council Tax increase reflects the assumption that has been made by the government in the Autumn Statement on the 17 November by the Chancellor and assumed in the funding settlement for local authorities. The additional income will fund increasing costs and support investment in, and protect, key services for residents and strengthen future financial resilience. The increase is equivalent to £25 for 2023/24 (at Band D). The Council Tax charge for LBHF is the third lowest in the country and 35% below the London average charge.

17. The council is also proposing to levy a 2% Adult Social Care precept (again in line with government funding assumptions). The increase is equivalent to £16 per annum for 2023/24 (at Band D) and will be used to support Adult Social Care services. The continued delay in the national review of the funding of Adult Social Care is a major concern and the government is continuing with its strategy of using an Adult Social Care precept (since 2016/17). In the first years of the levy, the council were determined not to apply the levy despite the fact the council's funding from the government was modelled on the assumption that it would. Due to the continued high levels of inflation and instability in the Social Care market, the impact of the Covid-19 pandemic and the government's continued failure to propose a long-term funding solution to Social Care funding, the council accepted the need for a 3% Adult Social Care levy for 2021/22 but it was not applied in 2022/23.

18. As set out in table 4 below, it is estimated that 47% of residents will not be required to pay the full increase (as they will be supported through the single person household discounts, Council Tax support and exemptions).

19. Due to the anticipated impact of Covid-19 the budgeted Council Tax collection rate reduced from 97.5% in 2020/21 to 97% in 2021/22 and 2022/23. A 97% collection rate is modelled for 2023/24. For years beyond 2023/24 a tax freeze is modelled

with the tax base increasing in line with trend data for increases in dwelling numbers.

**Table 4: Liability for Council Tax at October 2022**

| | |
|---|---|
| Total dwellings in the borough | 93,165 |
| Reductions: | |
| Exemptions (mainly students, includes care leavers and vacant properties) | (3,871) |
| Council Tax support claimants (elderly & working age on low income) | (10,143) |
| Single person discount (25% discount) | (29,505) |
| **Dwellings liable for 100% of Council Tax** | 49,646 |
| | 53% |

### Business Rates

20. The current estimate for business rates assumes that the business rates income will be the minimum guaranteed within the business rates retention system (the safety net threshold). The government have confirmed that they will compensate local authorities for all changes they make to the business rates system.

21. The forecast assumes that LBHF will receive the minimum amount guaranteed, the safety net threshold, by government. This is £59.4m for 2023/24. For years beyond 2023/24 a 2% inflationary increase to the safety net is modelled.

22. As part of the Autumn Statement the Chancellor of the Exchequer announced that a new temporary 50% business rates relief will apply for eligible retail, hospitality and leisure properties. In addition, a new 100% improvement relief will be available where eligible improvements increase rateable value. There will also be a business rates freeze in 2023/24 (no increase in line with the multiplier). Local authorities will be compensated by the government for the resultant loss of income from these measures.

## Investment, savings and risks

23. Investment in services (increasing the available budget) and savings proposals (reducing the available budget) for the services covered by this PAC are set out in Appendix 1 with budget risks set out in Appendix 2.

### Investment

24. Additional investment of £10.7m is being provided following budget setting and review process. The investment proposals for this PAC are set out in Appendix 1 to this report and summarised in Tables 5 and 6.

**Table 5: 2023/24 Investment Proposals**

| Proposal | £'m |
|---|---|
| Social Care (including hospital discharge and demographic growth) | 4.1 |

| | |
|---|---|
| Waste collection (fly tipping and food waste) | 1.7 |
| Free breakfasts (and extension for secondary schools)/Out of term support | 1.7 |
| Homelessness services (temporary accommodation) | 0.9 |
| Disabled children care packages/Care leavers and family hubs | 0.5 |
| Other policy priorities | 1.3 |
| Other unavoidable pressures (loss of advertising income, audit fees) | 0.5 |
| | **10.7** |

**Table 6: Categorisation of investment proposals**

| Analysis of Investment | £m |
|---|---|
| Increase in demand / demographic growth | 6.9 |
| Resident priority | 2.4 |
| Budget pressure | 1.0 |
| Government related/Other Public Bodies | 0.4 |
| **Total** | **10.7** |

25. A provision of £0.9m has been set aside to support residents on the cost-of-living pressures and to consider further developing the Council Tax support scheme for those least able to afford Council Tax.

**Savings and Income Generation**

26. After ten years of austerity, it is increasingly difficult to identify and deliver substantive savings. However, further savings are necessary if the financial challenge of real terms government funding cuts, unfunded burdens, inflation, and demand and growth pressures is to be met and the council has been able to find these. In the future, the council must consider all available options to operate within the funding available to it.

27. The proposed savings (including additional income) for 2023/24 are set out in Table 7. The savings proposals for this PAC are set out in Appendix 1 to this report.

**Table 7: 2023/24 firm savings and additional income**

| Proposal | £m |
|---|---|
| Improving commissioning of children's services | (0.7) |
| Greater use of digital technologies to improve support and services in Social Care (e.g. timely return of equipment) | (0.5) |
| Working with NHS to improve hospital discharge and independent living) | (0.4) |
| Resident Engagement and Access Programme | (0.2) |
| Lower waste tonnages (impact of awareness programmes) | (0.2) |
| Joint commissioning of extra care services | (0.2) |

| | |
|---|---|
| Other (mainly Social Care procurement, Direct Payments) | (0.7) |
| **Total savings** | **(2.9)** |

28. The saving proposals are categorised by type in Table 8.

**Table 8: Categorisation of 2023/24 savings**

| Savings categories | £m |
|---|---|
| Commercialisation / income | (0.1) |
| Procurement / commissioning | (0.9) |
| Service reconfiguration | (1.5) |
| Service rationalisation/budget reduced in line with spend | (0.2) |
| Prevention | (0.2) |
| **Total savings** | **(2.9)** |

**Risk and financial resilience**

29. An updated reserves strategy and action plan will be included within the suite of finance reports presented to Budget Council.

30. The current reserves forecast is set out in Table 9 and models a fall in overall general fund reserves and balances to £76.1m by 2027/28. This assumes a balanced budget is set each year with no further call on reserves.

31. **Table 9 – Reserves and general balances - cash flow forecast to 2027/28**

| Opening Balances | April 2023 £m | April 2024 £m | April 2025 £m | April 2026 £m | April 2027 £m |
|---|---|---|---|---|---|
| General balance (recommended range £19m - £25m) | 23.3 | 23.3 | 23.3 | 23.3 | 23.3 |
| Earmarked reserves – unrestricted | 41.7 | 40.7 | 43.2 | 43.2 | 43.2 |
| Earmarked reserves – restricted | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 |
| **Sub-total** | **72.5** | **71.5** | **74.0** | **74.0** | **74.0** |
| Covid related | 2.3 | 2.1 | 2.1 | 2.1 | 2.1 |
| **Total** | **74.8** | **73.6** | **76.1** | **76.1** | **76.1** |
| *Developer contributions* | *46.0* | | | | |

32. The Covid-19 pandemic has emphasised that councils need an adequate safety net to manage increased levels of financial risk. The experience of several councils over recent years, including Thurrock, Croydon and Bexley in London,

has shown the difficulties that can arise when reserves are not maintained at a sufficient level. The Council's reserve forecast includes a general balance of £23.3m at the start of 2023/24 which represents 4.3% (equivalent to 16 days spend) of the Council's gross spend of £539.6m. The Director of Finance has recommended that the optimal range for the general balance is between £19m and £25m.

**Key Risks**

33. The key financial risks that face the Council have been identified and are set out below. Other substantive risks include:
    - The Covid-19 recovery and addressing pent-up demand
    - An upturn in inflation post Brexit and Covid-19
    - Higher pay inflation particularly given current labour shortages
    - The stabilisation and restoration of Hammersmith Bridge, with the Council incurring revenue and capital costs at risk until government funding is confirmed
    - The future impact on London of the government's 'levelling-up' agenda and wider local government finance reform (such as business rates)
    - The impact of the wider economy on major council development projects and future contributions from developers
    - The impact of, and costs of, tackling climate change
    - The challenge of identifying further significant future savings that balance the budget over the longer-term.

Departmental risks for the services covered by this PAC are set out in Appendix 2.

34. Reserves are also a key enabler for future service transformation. The financial challenge facing the council will require investment to deliver future efficiencies to enable the council to balance the budget in future years.

**Comments of the Service Director on the budget proposals**

35. H&F continues to provide care at home for disabled people and older residents at no cost. H&F is the only council in the country to do so. I am proud that we have been able to prepare a budget that continues to provide free services to residents who need support. This means that we do not charge for home care, day support, short-stay services and transport. The council is proposing investment of £4.1m to Adult Social Care for demographic and demand pressures to support residents.
    We are also one of few councils to subsidise charges for the daily 'Meals and a Chat' (previously called Meals on Wheels) and careline services. Please note that the meals service charge has not been increased for 8 years and the Careline service charge has stayed the same for 7 years.

36. The department funds social care support for 2,783 older and disabled residents most of whom have very high support needs. 2,251 live in the community and 532 people live in a care home. This is a 12.7% increase in residents supported by the department since end of March 2021. Since 2016/17 the department has contributed savings of £19.3m.

37. The Covid-19 pandemic has exposed the fragility of Adult Social Care and the urgent need for reform. The White Paper ‘People at the Heart of Care’ sets out some improvement to Social Care policy over a 10-year period. As announced by the Chancellor in the autumn statement some of the reforms set out in the white paper have been delayed until October 2025.

38. Covid-19 has made an already volatile care market even more susceptible to market failure. The focus on even more rapid discharges from hospital has placed further pressure on the social care system.

39. Until a long-term funding solution is found, more short-term support is needed to help manage the Adult Social Care response to the pandemic. There are increasing demographic pressures with a focus on support for working age adults. Social care’s future ability to make further savings is even more challenged due to the additional pressures placed on it by the pandemic.

40. The NHS delays in elective surgery, severe workforce issues in the NHS and bed closures have led to a 'ward' at home environment for those receiving support in their own homes. A consistent approach is needed for funding social care and the NHS as two parts of an interlinked system, with any future NHS budget increases replicated for social care to put it on a more sustainable level to meet growth and demand for an ageing population and to strengthen social care ability to support hospitals to discharge patients.

41. Looking at the impact of cost-of-living pressures on care market providers, the Government’s ‘Fair Cost of Care’ exercise will result in a market sustainability report which is expected to lead to significantly higher costs. This would introduce a further budget pressure in coming years.

**Key achievements and policy outcomes delivered in Social Care**

- The administration continues its commitment to making life more affordable for older and disabled residents by providing free home care, day, short stay support and transport. For the 8th year in a row, residents only pay £2 a time for ‘Meals and a Chat’ from local providers. We are also not increasing Careline charges for a 7th year in a row.

- As we have since 2015, the council continues to pay our contractors and sub-contractors the London Living Wage. This makes life more affordable for our 1,500 care staff. Also, by offering a fair wage, this assists in the overall quality of care delivered to H&F’s residents as we’re able to keep care staff for longer and so ensure an improved consistency of carer.

- H&F’s Reablement Service has again been awarded the Care Quality Commission’s rating of **Outstanding** for the third time in a row**.** High quality and responsive Reablement is an essential element to avoiding hospital re-admissions.

- Excellent collaboration with our local hospitals means that H&F is among the leading boroughs in London for timely discharges. We are pleased by the greater prominence being given by timely discharge in relieving the intense pressures facing the NHS.

- We have received 197 compliments since April 2022 from residents (this is continuing from the high number of compliments from the last 2 years). We have received 74 complaints since April 2022.

**Public Health**

42. Public Health is fully funded by a ring-fenced grant from the Department of Health and Social Care and will remain a nil cost budget to the Council. The level of grant for 2023/24 is expected to rise by inflation. The Council's base budget for Public Health investment in Council services has increased to £6.95m, an increase of £0.150m in 2023/24. This results from the service working with other Council departments to achieve more compassionate, effective and ruthlessly financial efficient ways of delivering Public Health outcomes, in the challenging financial environment in light of the pandemic.

**Key outcomes delivered by Public Health in 2022-23**

43.

- Public Health has played a central role in ensuring the safety of residents by addressing numerous pressing health protection challenges in 2022 including Monkey Pox (MPOX), polio, diphtheria, scabies and Group A Streptococcus A infections, as well as Covid and flu. Public Health has worked effectively with environmental health, the newly formed UK Health Security Agency, commissioned sexual health services, Paediatric and children's services and a number of other external partners, to make sure that residents are informed about new communicable diseases, aware of what to do if they are unwell or need to be vaccinated, and that outbreaks are managed correctly and robustly.

- The Council is rare in having its own infection prevention and control nurse. She has led on innovative work in our care homes, conducting detailed environmental audits, designing new safety systems which mirror Care Quality Commission (CQC) processes. Providing monthly education for care staff around infection control and immunisations.

- The Director of Public Health (DPH), working together with housing and economy colleagues, has developed a practical 'easy read' guide to housing and employment services for the NHS (across GPs, hospitals and the mental health trust). This includes how to get help with damp and mould, Council housing repairs and medical queries around allocations. The guide has been shared with London Directors of Public Health and adapted by neighbouring boroughs.

- The DPH and housing colleagues identified a number of issues in homeless hostel residents gaining access to mental health services, as they often have

dual diagnosis (concomitant mental health and substance misuse needs). Working with our mental health trusts and substance misuse services, we are building an innovative model of bespoke specialist mental health and dual diagnosis expertise for the hostels in LBHF, to reduce crisis / emergency use of services.

- Given the boroughs relatively high suicide rate PH has created a new Suicide Prevention Needs Assessment. This prompted urgent work by Public Health using detailed coroner's data and a suicide prevention action plan, working with a number of statutory and non-statutory partners.

- Instead of a standard JSNA (Joint Strategic Needs Assessment), the DPH is providing individual, rolling analysis in different areas which are more user friendly, and a more effective tool to support strategic planning and commissioning.

**Market management and inflationary pressures**

44. Both the supply of carers to deliver homecare and the supply of beds in care homes available at an affordable price have become very limited across London. We will continue to implement business continuity plans locally so that we can continue to meet our statutory requirements under the Care Act to provide appropriate care and support following Social Care assessment. A joint London approach is under development via the London Association of Directors of Adult Social Services for action if the situation continues to worsen.

45. Care homes are asking for higher rates. Some homes are seeking to move away from making a distinction between health, Social Care and self-funder rates. The national body representing care homes is arguing for full cost of recovery for all placements rather than a business model which is balanced between a mix of private and public funded placements. We are looking to continue to secure competitive rates as a west London region in this changing context.

46. Our newly renamed 'Support at Home' (home care) service is out to the market for the procurement of new contracts and to improve the quality of services. The evaluation of the new hourly rates and additional funding required will be dealt with as part of the contract award with services anticipated to commence from October 2023. Some indicative risks in this area have been highlighted in appendix 2.

47. In 2023 early hospital discharge has significantly driven up demand for home care. This means that the level of acuity has grown. For example, at the time of writing, there are 211 residents requiring two carers, four to five times per day. In addition, some residents require live-in and night- time care. Earlier hospital discharge is driving up this demand.

48. As an example, since the start of the year there have been 30 people with Learning Disabilities receiving support with costs averaging over £2,000 per week. In Adult Supporting Living, the unit costs have increased by 12% in the last four months due to lack of market supply.

49. As part of the Council inflation strategy (see section 3) Social Care is proposed a budget increase of **£3.422m** for initial inflationary pressures which represents a 5% uplift for 2023/24.

**Adult Social Care additional ringfenced grants**

50. As detailed in the provisional local government finance settlement there are two new ringfenced grants in 2023/24.

**Market sustainability and improvement funding £1.58m (£2.2m less £0.620m received in 2022/23).**

As part of moving towards the Fair Cost of Care in the Social Care market, the proposal is to maintain the current levels of Fair Cost of Care funding for local authorities for 2023/24. This is to continue to support the progress local authorities and providers have already made this year on fees and cost of care exercises.

An additional £1.58m for H&F Adult Social Care has been allocated for 2023/24. This extra funding will support inflationary settlements above the 5% proposed budget and for the increase in the London Living Wages.

This new grant is also intended to make tangible improvements to Adult Social Care and, in particular, to address social care waiting times, workforce pressures, and to promote technological innovation in the sector. The aim of the new funding is to reflect the shared goal of improving market sustainability.

**Discharge funding - £1.4m**

This is a new ring-fenced grant which must be pooled with the NHS as part of the Better Care Fund. The government will set out further details on the conditions of this funding in due course, with the funding intended to support improvements to Adult Social Care and in particular to address new discharges from April 2023.

**Investment and Savings strategy- Please see Appendix 1**

51. Given the significant pressures in Social Care there are a number of investments proposed for 2023/24 totalling £4.152m which accounts for 39% of proposed investment in all services. These include:

**Demographic investment of £1.397m:** The social care budget is under severe pressure with an ageing population and increasingly complex acuity of needs resulting from specialist services. The demographic pressures relating to the

increased numbers of older and disabled people requiring social care is forecast to be an average increase of 2.07% pa over the period 2022 to 2027.

**Hospital Discharge assess ongoing commitments £2.549m**: there are greater number of residents discharged and increasing acuity of need, putting existing baseline budget pressures on social care.

**Learning Disability (LD) transitions of £0.156m**: Additional funding is required for the increasing number of disabled young people transitioning into adult services. We have estimated that there are likely to be 65 more young people by 2026/27 creating a cost pressure on an already overspending budget.

**Long-Acting Reversible Contraception (LARC) of £0.05m**: The current tariff is making it unsustainable for GPs to carry out this essential work. A need for a higher tariff and investment in ongoing training and accreditation will improve the service.

The department proposes 12 efficiency proposals with themes on continuous improvement of services, commissioning market opportunities and redesign of services which total (**£1.670m)** in 2023/24. This represents 58% of all the efficiencies proposed by the council.

Further details of these are in appendix 1.

**Fees and charges** (Please see Appendix 4)

**Equality Implications**

52. A draft Equality Impact Analysis (EIA), which assesses the impacts on equality of the main items in the budget proposals relevant to this PAC, is attached as Appendix 3. A final EIA will be reported to Budget Council in February 2023.

**LIST OF APPENDICES:**

Appendix 1 – Savings and investment proposals

Appendix 2 – Risks

Appendix 3 – Draft Equality Impact Assessment

Appendix 4 – Fees & charges not increasing at the standard rate