

## Appendix 1 – The MCC Adult Social Care Budget and MLCO Aligned Budget

### MCC ASC and Population Health Budget 2021/22

The 2021/22 base budget, approved at the start of the year, is £223.767m and the current 2021/22 budget is £221.463m and is broken down in the table below. The key changes to the budget are as follows:

- Adults PPE adjustment as it has been agreed the anticipated costs are being covered by Health (£2.5m).
- Other minor budget amendments (£0.195m).

<b>Service Area</b>	<b>2021/22 Gross Budget</b>	<b>2021/22 Net Budget</b>	<b>2021/22 Budgeted Posts</b>
	<b>£'000</b>	<b>£'000</b>	<b>(FTE)</b>
Provider Services	35,131	28,832	938.06
Hospital Teams, Front door and TEC	5,414	2,459	116.33
Integrated Neighbourhood teams	71,976	46,187	256.02
Complex Services (LD, MH, Transition)	96,756	86,780	76.17
Commissioning MLCO	5,776	4,684	40.80
Back office, citywide support & growth	23,729	9,673	90.50
<b>Total ASC aligned budget with MLCO</b>	<b>238,781</b>	<b>178,615</b>	<b>1,517.88</b>
MCC - Population Health	44,595	40,721	50.60
MCC – Adult Social Care not in aligned budget	5,148	2,128	6.00
<b>Total ASC and Population Health</b>	<b>288,524</b>	<b>221,463</b>	<b>1,574.48</b>

In balancing the 2021/22 budget, an £11.6m savings target was agreed for Adult Social Care and was achieved through the application of system support funding (£5.5m) and 'Better Outcomes Better Lives' (BOBL) programme savings (£6.1m). BOBL is a long-term programme of practice-led change, which aims to enable the people of Manchester to achieve better outcomes with the result of less dependence on formal care and is expected to deliver around £18.4m of savings a year by 2023/24. The position for the delivery of the BOBL savings is summarised in the table below:

<b>Delivery of savings target</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
<b>Savings Target</b>	<b>11,597</b>	<b>14,923</b>	<b>18,400</b>
Better Outcomes Better Lives	6,097	13,087	18,400
Demand Management		1,836	
<b>Savings Gap/(Surplus)</b>	<b>5,500</b>	<b>0</b>	<b>0</b>
Health and Social Care System Support	5,500		
<b>Total</b>	<b>-</b>	<b>0</b>	<b>0</b>

The MLCO was funded at its inception by GM Transformation Funding which was always known to be non-recurrent, however it was agreed as a partnership that costs could be incurred recurrently, for example by appointing permanent staff rather than fixed-term. This was because we expected that these costs would be covered in future years by other growth funding or savings in other areas. However, due to the financial regime within the NHS, that growth funding has not yet been arrived and whilst there are some savings in other areas, this is only covering a very small proportion of the costs. The MLCO is facing an overspend of £6m in this financial year. The Adult Social Care budget alongside this is currently projected to underspend by £2.9m. The position is likely to worsen for 2022/23 with the ending the GM Transformation Fund that was supporting the delivery of the new care models and the funding for corporate costs.

The rest of this paper will focus on:

- The planned changes in the ASC budget contribution to the MLCO and priorities for ASC
- The position on the population health budget

### **Changes to the MCC Budget Contribution to the Aligned Budget**

The 2021/22 budget contribution will be adjusted for the following changes:

- Full year effect of the Better Outcomes Better Lives budget savings £14.923m
- The £13.464m additional ongoing funding provided to support ongoing impact of covid-19 has been reassessed and the following elements have been removed during 2021/22 as they have not been required:
  - Adults PPE adjustment as it has been agreed the anticipated costs are being covered by Health (£2.5m).
  - Potential further reduction of £2m as residential and nursing placements are significantly below estimated levels and the additional funding is not required to deliver this service. The funding be used to avoid the need for large budget cuts in 2023/24.

And the planned changes to core funding below:

- The costs for the National Living Wage (NLW) increase (£5.7m 22/23, £5.6m 23/24, £6.0m 24/25) which will be reviewed as part of the minimum wage

increase recently announced. An uplift to National Living Wage of 6.6% to £9.50 per hour was announced as part of the Spending Review. An additional £2.5m in 2022/23 has been allowed for over the £3.1m already included in the 2022/23 budget, and will be passed through to our providers through our contracts.

- Increased demand associated with population growth (£1.9m 2022/23, £1.9m 2023/24, £2.3m 2024/25)
- Reduction of the one off 21/22 Social Care Grant of £2.690m
- £2.150m increase in recurrent budget through the mainstreaming of adults' investment to support the ongoing delivery of the ASC Improvement Plan.
- Provision has been made for inflationary price increases and potential pay awards. This is held centrally and will be allocated to service budgets when the detail is available. Inflation has been rising and the following provisions have been made within the draft Revenue Budget:
  - The ongoing impact of the potential 2021/22 pay award (£0.8m) and assumed 3% increase per year (£7.5m a year)
  - National Insurance increase of 1.25% (£1.5m)
  - The full year effect of electricity price increases forecast at £7.2m next year reducing to £5.5m thereafter.
  - Increased allowance to cover general contract inflation and gas of £4m (above existing £4m per year). This is net of additional income which could be achieved through a review of Sales, Fees and Charges. A 2.5% increase would raise around £2m and reflect the increases in costs of providing the services charged for.

The assumptions and actions highlighted above provide additional investment in the service overall and should result in a sufficiently robust budget to deliver against the known demands. This should negate the need for further budget cuts, but this will not be confirmed until the finance settlement is received in December.

No further funding has been identified to support the overall pressures within the MLCO, with the whole system approach looking to more effectively prioritise the resources available within the funding envelope. The overall allocation of these resources will be reassessed with health partners once the Finance Settlement has been received and NHS funding allocations are known.

At the Budget and Spending Review, the government has acknowledged its commitments to reform social care for the long term and announced £5.4 billion of additional funding to reform adult social care, to be funded by the new Health and Social Care Levy. In England this will end unpredictable costs for people across the country by introducing a cap of £86,000 for personal care costs and expanding the means tested support to people with less than £100,000 in relevant assets. At least £500 million from this package will fund investment in the skills, qualifications and wellbeing of the care workforce.

The new Health and Social Care Levy, along with an increase to the rates of dividend tax, will raise around £13 billion per year for spending on health and social care across the UK.