

24<sup>th</sup> June 2025

Dear Jim McMahon,

## **RESPONSE TO THE IMPROVEMENT AND ASSURANCE PANEL LETTER**

In light of the Improvement and Assurance Panel letter dated 25 April; I have reflected on the summary of the Adult Social Care and Health Directorate (ASCH).

It's worth noting that Adult Social Care and Health completed all the relevant actions required within the Panel's Exit Strategy; and I appreciate there was some positive commentary in the letter, most notably,

**"Overall, over the last 4 years the Directorate's leadership team has successfully led on the development of strategic and operational performance and culture to improve the delivery of services to the public. The Council is now much more assured in respect to service delivery, quality, performance, and data reporting is also much improved".**

Further, I have been very pleased to see the Directorate's financial modelling on inflation and cost of care being seen as a respected model by London peers who have adopted it; and that was also positively commented on by the Panel finance lead at the Autumn 2024 Star Chamber.

Crucially, the Directorate continues to look forward; focussed on completing the transformation programme and ensuring there is a detailed sustainability framework in place to ensure the new ways of working are embedded. Aligned to this, the Directorate has a defined set of performance metrics, which, alongside statutory reporting and the Mayor's Business Plan, will shape how we deliver statutory services within a sustainable budget.

Of course, the Directorate is also awaiting the outcome of the May 2025 Care Quality Commission inspection. The Corporate Director and Directors will align the outcome and subsequent learning to our continued improvement cycles.

However, despite the above, I feel the need to respond to the key areas of challenge from the Panel, in particular,

**"there remains further work to do to bring the Council in line with regional and national averages in terms of numbers of people served and overall costs of care".**

**“The Directorate set itself a target to have its performance comparable to the London local authority average for working age adults and to the England average for people aged 65 and over. These targets have proved challenging to meet. Croydon is now aligned to average spending in London (although not yet England) for older adults but for the younger adult client groups Croydon remains a high spending authority”.**

I will address the former point below, but in respect of the latter point, the extract above continues to reference the England averages for Older People services. I would like to remind the Panel that from 2023/2024, it was agreed with the Panel's adult social care lead, to change the benchmarking of data for people aged 65 and over, to the London average. This was an acknowledgement that the England averages were not comparable due to regional variables relating to care provision.

### **Interactions with the Panel**

There have of course been many interactions to cover these issues. During the last 4 years, I have met individually with the Panel's adult social care lead, at the Star Chambers; at Transformation Corporate Management Team, and through ad hoc requested sessions. Reporting on transformation, cost and activity performance.

The Panel lead member has also been a member of my Improvement Board, which is independently Chaired by Dr Adi Cooper OBE; a qualified social worker, who has worked in Adult Social Care for nearly 30 years, including as Director of Adult Social Services, Housing and Health for nine years. The Board specifically focussed on transformation, improvement and preparing for Care Quality Commission inspection. It has also drawn in membership from system leaders to support the improvement programme.

### **Evidence based approaches to budget setting**

In preparing the 2025/26 budget, a series of Star Chambers were held across 2024 and 2025, with Panel representation; as was the case in prior years. At the Autumn 2024 Star Chamber, my team prepared financial modelling on inflation and cost of care, aligned to the October release of the Adult Social Care Finance Return (ASCFR). We also modelled a position on Employers National Insurance (NI) announced days earlier in the Autumn statement.

The Directorate was able to evidence (detailed further below), that Gross Expenditure had increased less than the London average. Our evidence also supported a prudent position on inflation and Employers NI. I was then able to advise the S151 Officer to revise this down in February 2025, once wider system implications were understood.

I would also like to reiterate the Directorate's approach to inflation/cost of care strategy. The Star Chamber documents evidence that our approach to inflation, starts almost a year in advance of the relevant financial year. Our detailed slides showcased how this long lead in, is able to enable financial controls that:

- Supports a good quality care quality care market; as required by our statutory market shaping duties, and the investment requirements of the Market Sustainability and Improvement Fund.
- Reduces risk of legal challenge, aligned to our Care Act responsibilities on market sustainability.

- Uses cost tools (Care Cubed) in negotiating on rates if challenged by providers.
- Supports staying within allocated budgets for inflation, by having clear strategy and reducing risk of overspend in this area.
- Supports the annual engagement plan with care providers, to show joint working and consultation.
- Is seen as an exemplar across London in our work with the care market.

On the national reporting on costs, I believe there remains in adult social care, challenges around consistent reporting of financial positions. Reports such as LG Futures do not provide full transparency / clarity on their methodology. This includes where they evidence which source is from the revenue account and which is revenue outturn. Nor does it acknowledge differences in how councils account for some financial items.

In reference to page six of the Panel's letter, specifically on Benchmarked data from LG Futures; it is based upon budgets and not actual spend and does not reflect other London councils' end of year positions. For example, comparing Revenue Account and Revenue Outturn positions, our work from the Market Sustainability data released by the Department for Health and Social Care in October 2024, showcases that many councils budgeted their costs with inflationary uplifts below that of Croydon but still saw an in-year cost increase. However, Croydon took the prudent decision to factor evidence based inflation into our budgets where other councils did not, yet their eventual outturns have shown to be a similar or worse unit costs resulting in many declaring an overspend position. One example being Stoke-on-Trent City Council's decision to increase residential social care fees by just 1.4%, which was taken to Judicial Review. The position we have taken in Croydon, has avoided these costly scenarios and enabled my service to avoid spending substantial resources and time on in-year provider negotiations.

LG Futures has identified a median notional savings of £13.7m. However, when reviewing the LG Futures report in detail, Croydon's submission for Social Care Activities and Commissioning includes organisational overheads. This means in the most recent Adult Social Care Finance Return submission, the value for Social Care Activities (staffing) was £19m. Yet LG Futures set out a stretch position of savings against this area of opportunity alone of £15.6m, which does not feel realistic.

In terms of the 2025 - 2030 medium term financial plan, it is worth noting that our strategic partner, Newton, following a substantial diagnostic review in Spring 2024; were only able to identify £15m of savings over the next 5 years; following the £40m delivered by my Adult Social Care and Health Directorate between 2021-2025.

### **Evidenced based approaches to performance analysis**

On 16 January 2025 Newton, our strategic delivery partner, presented their findings to the Panel, in response to the following Panel questions:

- **In your opinion, how does Croydon sit within the wider national adult social care context?**
- **What is unique about Croydon circumstances that could influence transformation delivery, success, opportunity?**

Using their internal Spend Analysis Tool, Newton provided a high-level analysis of Croydon’s position within the broader national Adult Social Care context, using publicly available data from the statutory SALT returns, to compare expenditure trends against those of London, statistical peers, and England, as well as inflation and minimum wage growth.

Newton set out to the Panel, that whilst net expenditure on commissioned care and support has grown by approximately 42 - 43% in London and among Croydon’s statistical peers since 2019/20, Croydon has experienced a comparatively lower increase of 24.3%.

Notably, expenditure growth varies across resident cohorts, with the working-age adults (aged 18-64) and lifelong disability cohort showing only a 5.8% increase in net expenditure in this period, significantly below the over 35% growth observed in comparator cohorts.

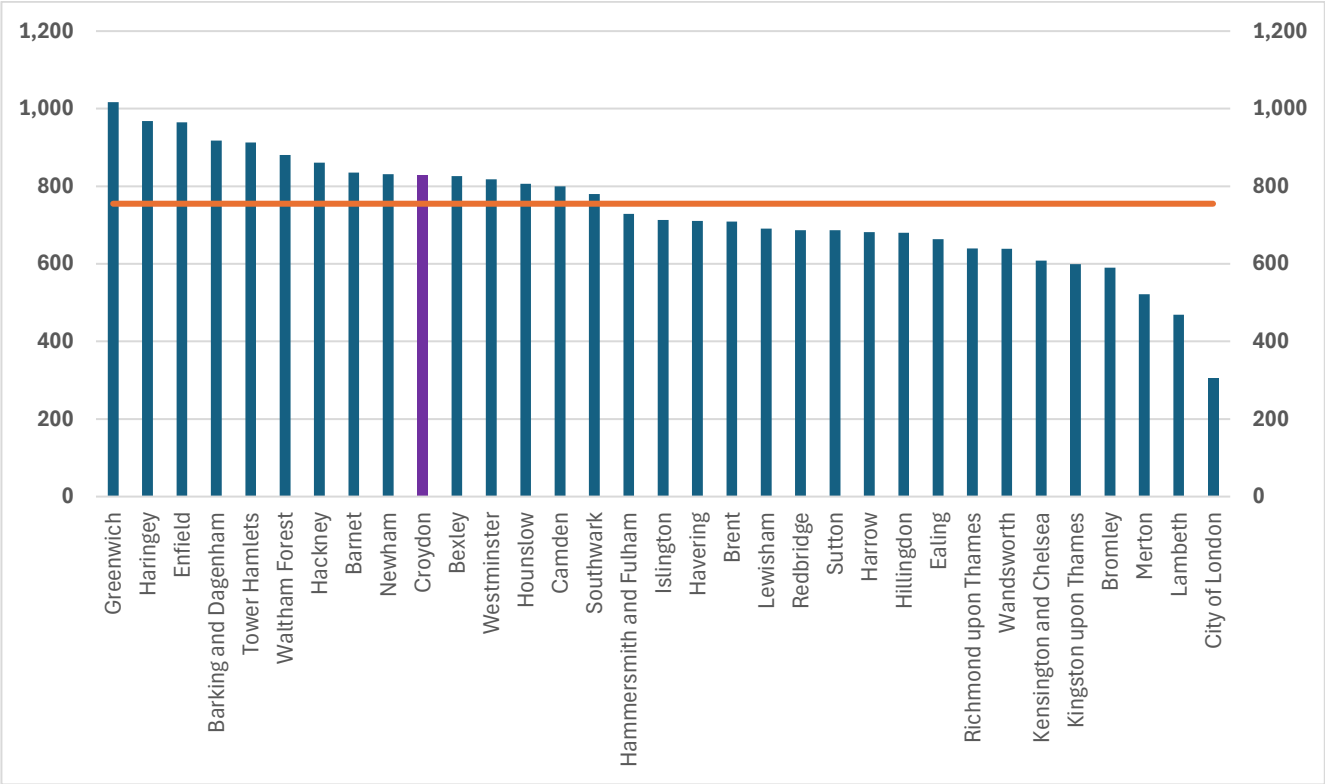
Conversely, they set out that net expenditure growth for older adults (aged 65+) aligns more closely with regional and peer group trends, driven mainly by rising weekly care costs per person, which have exceeded inflation, and have been partially offset by a reduction in the number of people accessing long-term support.

**Performance**

On our broader current Directorate performance, I have set out below the data comparisons from the December 2024 publication of client level data, covering January 2024 – December 2024 (published April 2025).

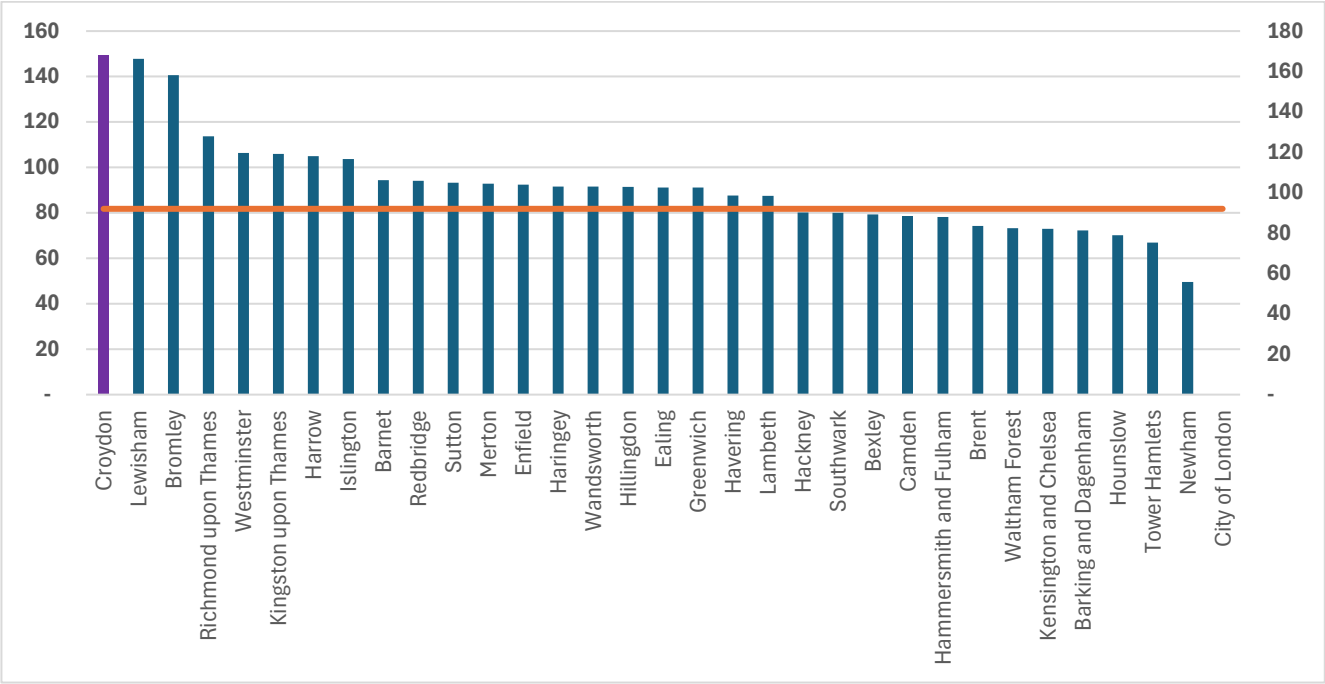
Croydon has a changed rank from 7<sup>th</sup> to 10<sup>th</sup> out of 32 London Boroughs for rate of people per 100,000 in Long Term Support (Aged 18-64). This remains above the London average visually, but means performance continues to improve.

**Rate of people Per 100,000 aged 18-64 in long term support as at 31st Dec 2024**



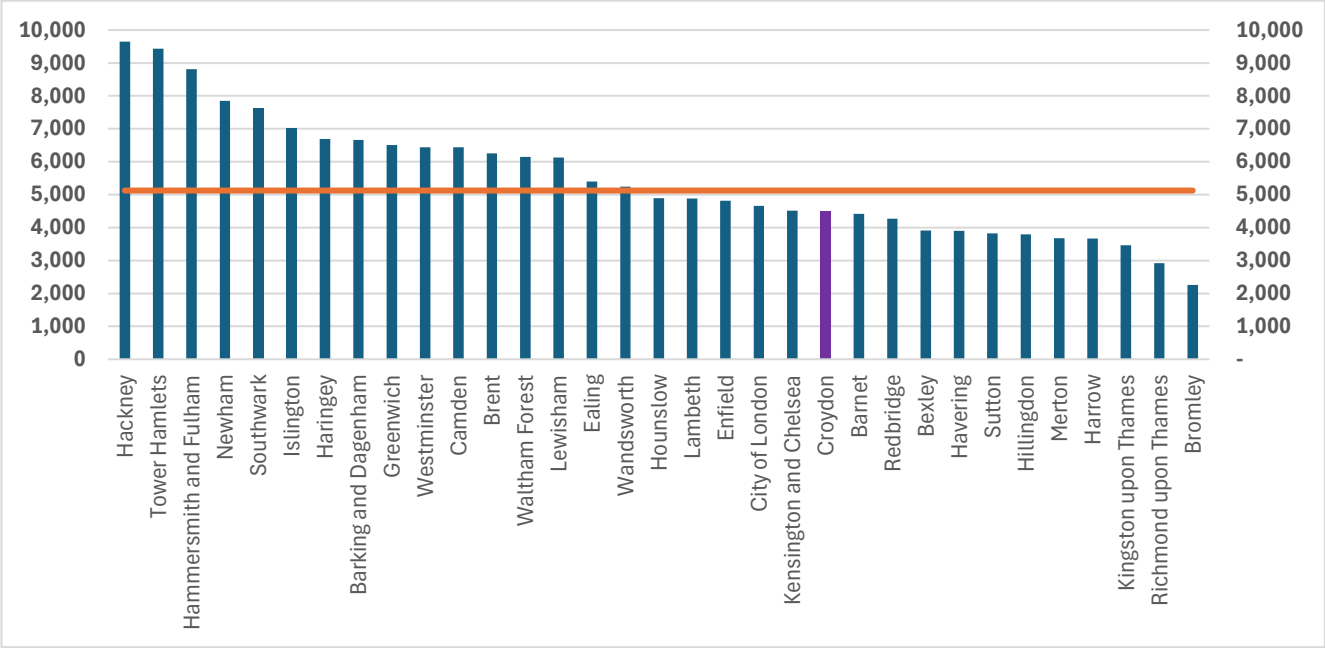
Croydon has an unchanged rank of 1<sup>st</sup> out of 32 London Boroughs for Long Term Support, Bed Based, 18-64. However, the relative performance has significantly improved from 166 to 149 per 100,000. Historical evidence points to Croydon having a higher-than-average proportion of people aged 45-65 than the London average. These are people who have been in placements for long periods of time, decades in many instances. In the transformation section below, I have explained in more detail how we are addressing these issues.

**Rate of people per 100,000, aged 18-64 in Bed Based care as at 31st Dec 2024**



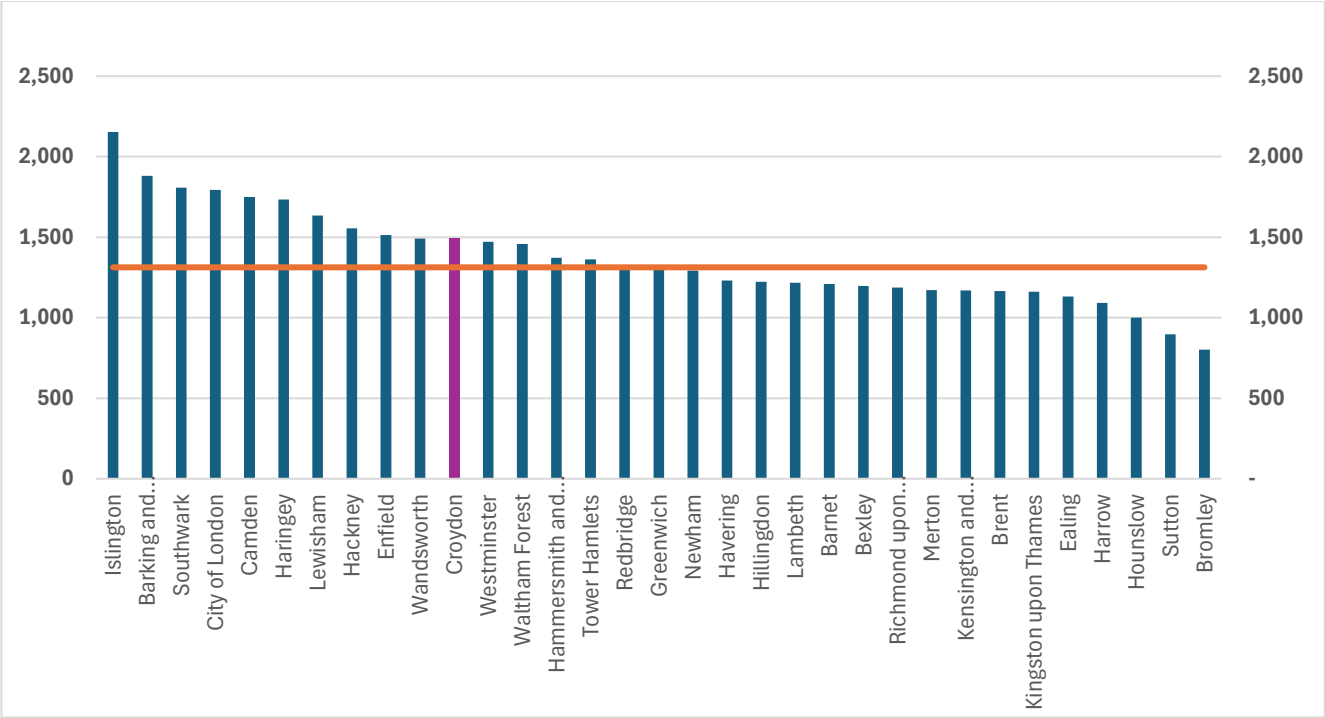
Croydon has an improved rank from 19<sup>th</sup> to 22<sup>nd</sup> out of 33 London Boroughs for rate of people per 100,000 in Long Term Support (Aged 65 and over). This is below the London average, and performance is improving.

**Rate of people per 100,000 Over 65 in Long Term Support as at 31st Dec 2024**



Croydon has a reduced rank from 12<sup>th</sup> to 11<sup>th</sup> out of 32 London Boroughs for rate of people per 100,000 in Long Term Support (Bed Based, Aged 65 and over). The rate of people supported in bed-based care is above the London average and performance has marginally worsened.

**Rate of People Per 100,000 Over 65 in bed-based care as at 31st Dec 2024**



More broadly, Croydon (74%, March 2025) continues to exceed the national average (58%) for percentage of long-term clients in care for more than 12+ months who have had a planned review in the last 12 months. The benefits include, meeting our Care Act duties. Further, under the Care Quality Commission inspection, the council was able to present that by reviewing higher levels of people we are both more aware of residents’ current needs, and we are removing potential unknown risk.

**18-64 unit and activity cost comparisons (SALT & ASCFR 2023/24 data)**

Gross expenditure per head has increased by 13% in Croydon. This is less than London at 15.5%. We continue to move closer to London average through our costs increasing slower than the average.

The rate of people in long term support per 100,000 population has increased by 4.23% which is faster than the London average of 0.65%. In absolute terms, the overall numbers of people supported during the year increased by 5.74%, higher than the 4% demographic growth in the budget.

The key message is that Croydon is controlling unit cost growth better than the average London Borough (everyone’s costs are increasing). But continued demand pressures remain an issue in terms of growth in the numbers of people in long term support.

However, as detailed above, the 2023/24 data will not have been sufficiently impacted by the Adults Living Independently transformation programme. For which the phase 2 delivery element started in September 2024 and is expected to conclude in September 2025.

### **65+ unit and activity cost comparisons (SALT & ASCFR 2023/24 data)**

Gross expenditure per head has increased by 11.5% in Croydon. This is less than London at 15.9%. Croydon continues to be below the London average unit cost and the gap is growing as our costs are increasing more slowly.

The rate of people in long term support per 100,000 population, has increased by 3.53%, which is faster than the London average decrease of 0.24%. In absolute terms, the overall numbers of people supported during the year increased by 5.18%, higher than the 4% demographic growth in the budget.

11 London Boroughs' reported an overall decrease in the numbers of people Over 65 in long term support. In total, Croydon continues to support proportionally fewer people per head of population than the London average.

The key message is that Croydon is controlling unit cost growth better than the average London Borough (everyone's costs are increasing). However, Croydon continues to have demand pressures in terms of growth in the numbers of people in long term support.

However, as detailed above, the 2023/24 data will not yet have been sufficiently impacted by the Adults Living Independently transformation programme.

### **Delivering the Adults living independently transformation programme (ALI)**

The Adults Living Independently transformation programme is the core transformation and savings delivery model of the Directorate's 2025-2030 Medium Term Financial Strategy. This includes providing statutory adult social care duties within a sustainable financial model; to support the priorities in the Mayor's Business Plan 2022-2026.

The programme is designed to support residents to live more independently, wherever possible. By focusing on improving individual outcomes and quality of life, the programme also aims to reduce reliance on commissioned care services. This approach not only supports people in living the lives they want to but also helps to avoid or reduce the need for increased long-term care provision, delivering financial efficiencies for the local authority.

Through the trials run in the programme, patterns of expenditure growth highlight several recurring themes that align closely with the ongoing workstreams and our aims to reduce activity levels. For instance, within the Older People workstream, Croydon has introduced new multi-disciplinary peer forums. These forums enable social workers to collaborate on case discussions, maximising our established strengths-based approach to practice; and that draws on the collective expertise of the group. This initiative is complemented by a revised reablement operating model. Together, these developments are expected to lead to a reduction in both residential and domiciliary care packages.

I do note that the Adult Social Care lead for the Panel wrote to me in May 2025, to challenge whether the transformation focus on 18-64 Disabilities will deliver sufficiently to address high activity and costs. As noted above, historical evidence points to Croydon having a higher-than-average proportion of people aged 45-65 than the London average. These are people who

have been in placements for long periods of time and are likely to be relatively institutionalised in terms of their care and support needs. Where we are identifying people to step down into different settings, this can take longer to achieve. Conversely, Croydon has a much lower proportion (than London) of people 18-24 in beds. This is an outcome of our approaches to promoting independence over the last 4 years.

The transformation programme workstream on 18-64 Disabilities and Mental Health has focussed on identifying residents with the potential to live more independently. 'Needs Scores' have been introduced to allow the service to identify the current and future potential strengths/capabilities of each resident, in line with the domains of the Care Act. This is resulting in residents having their care stepped down in line with their strengths, with many more identified.

Placements, commissioning and brokerage teams are also now playing a key role into helping to identify new services and providers who can provide the right level of least restrictive care for these residents. The focus is working with residents to increase their capability and enable them to live more independent lives.

The total expected financial benefit to the council remains £15m per annum at full rate, (expected in early 2029). The cumulative benefit over the next full five financial years (up to and including 2029/30) is expected to be £54m. I am confident that the programme remains on track to deliver these benefits with no significant deviation to the plan expected.

## **Final thoughts**

I would like to again thank the Panel for what has felt like a positive overall summary of the Directorate's direction of travel during the last 4 years. The adult social care workforce is my greatest asset; they have grown in confidence and delivered so much in quite an extraordinary environment. I also feel very proud and grateful to have such a stable leadership team.

As the Statutory Officer for Adult Social Care in Croydon, I and my Directorate will take on the points raised by the Panel. We will continue our journey to deliver our transformation and statutory services; and remain focused on delivering our vision; to enable people to live in a place they call home, with the people and things that they love, doing the things that matter to them in communities which look out for one another.

Yours sincerely

Annette McPartland  
**Corporate Director**  
**Adult Social Care and Health**