



SOCIAL CARE IMPROVEMENT AND RECOVERY PLANS

Report of: Jayne Ludlam, Executive Director, People and Eugene Walker, Executive Director, Resources

Report to: Cabinet

Date of Decision: September 2017

Subject: **SOCIAL CARE IMPROVEMENT AND RECOVERY PLANS**

Is this a Key Decision? If Yes, reason Key Decision:-	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
<ul style="list-style-type: none"> • Expenditure and/or savings over £500,000 • Affects 2 or more Wards 		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
<p>Which Cabinet Member Portfolio does this relate to? Finance, Childrens, Health and Social Care</p> <p>Which Scrutiny and Policy Development Committee does this relate to?</p> <p>Overview?</p>				
Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given?	N/A			
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
<p>If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-</p> <p><i>“The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”</i></p>				

Purpose of Report:

To advise of the financial outlook for both Adult and Children's Social Care in Sheffield against the budget available over the period of the medium term financial strategy (up to 5 years)

As the month 3 report on this Cabinet sets out, the Council is forecast to overspend by £20m, largely as result of overspends in Adult Social Care £6.6m and in Children's Social Care £11.5m. This position is not unusual – most Councils are currently experiencing similar problems, following 7 years of austerity. Sheffield City Council and the Local Government Association (LGA) nationally have for some time put forward the case for the Government to fund social care on a proper sustainable basis.

Recent injections of funding from Government have not resolved this underlying national financial crisis in social care. Current predictions of demand suggest that, even with corrective action, both social care services will spend more than their budget for this and future years. This makes the sustainability of social care spending **the** key issue for the Council's Medium Term Financial Plan.

This report sets out the actions that are already underway to address the issue, and highlights that further decisions will be needed to deliver a sustainable budget and improved outcomes for Sheffield people receiving social care support over the next five years. At this stage, the plans still need further work as they do not fully address the sustainability question, but further action will be included in the 2018-19 and future budget reports.

The Cabinet Members for Finance, Children's and Health and Social Care will be taking a lead role in co-ordinating further plans, linked to the budget process.

Recommendations:**That Cabinet**

- (i) Notes the challenges facing both Adults and Children's Social Care and the consequent impact on the Council's overall financial position
- (ii) Approves the approach set out in the attached reports and that further work will take place as part of the Medium term Financial Plan and 2018-19 budget.
- (iii) Requires the Cabinet Member for Finance in conjunction with the Cabinet Members for Childrens and Health and Social Care to report back on further actions as part of the budget process

Background Papers:

None

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Liz Gough
		Legal: Steve Eccleston
		Equalities: Laura Pattman
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	Eugene Walker/Jayne Ludlam
3	Cabinet Member consulted:	Olivia Blake
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Eugene Walker/Jayne Ludlam	Job Title: ED Resources and People
	Date: September 2017	

SOCIAL CARE IMPROVEMENT AND RECOVERY PLANS

Report of the Executive Directors Of Resources and People

Introduction

This report sets out an overview of:

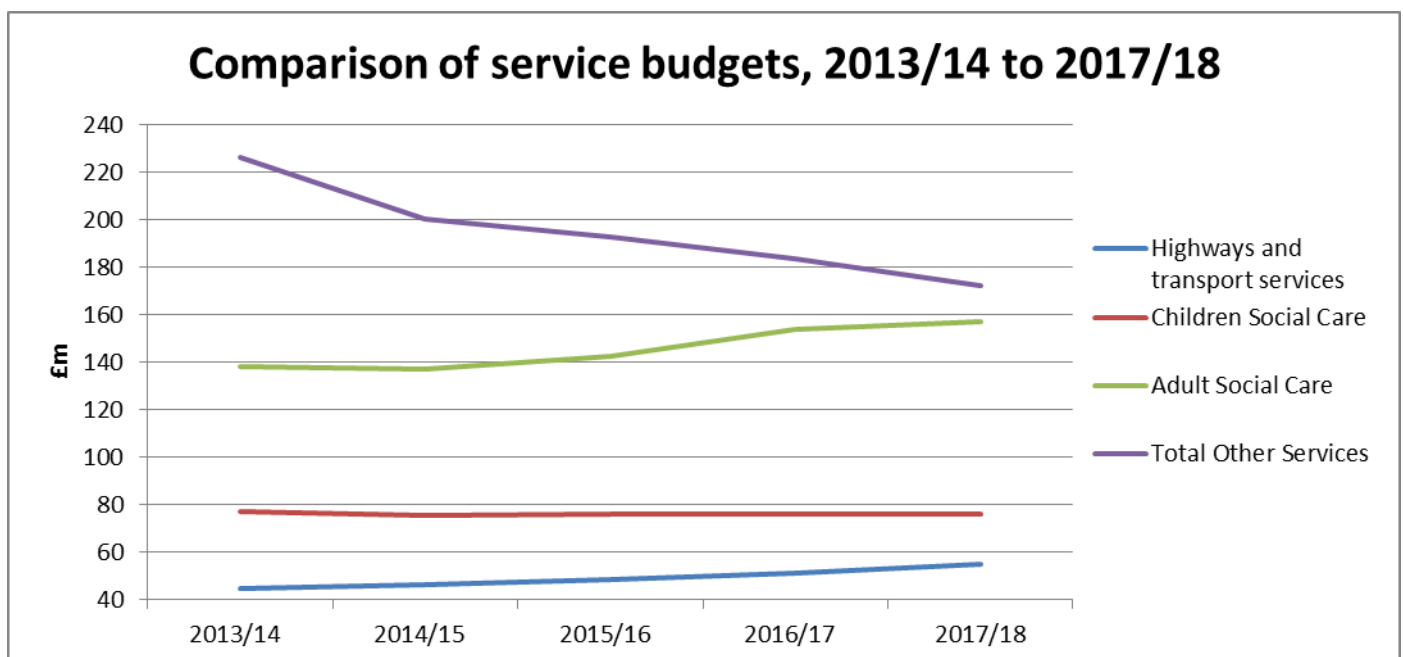
- The financial challenges facing the Council in respect of social care
- The national context for this
- The approach taken to this and its link to Medium Term Financial Planning

Appended are separate reports providing more detail on the context and actions in hand for both Adult and Children's Social Care.

Financial and Demand Pressures

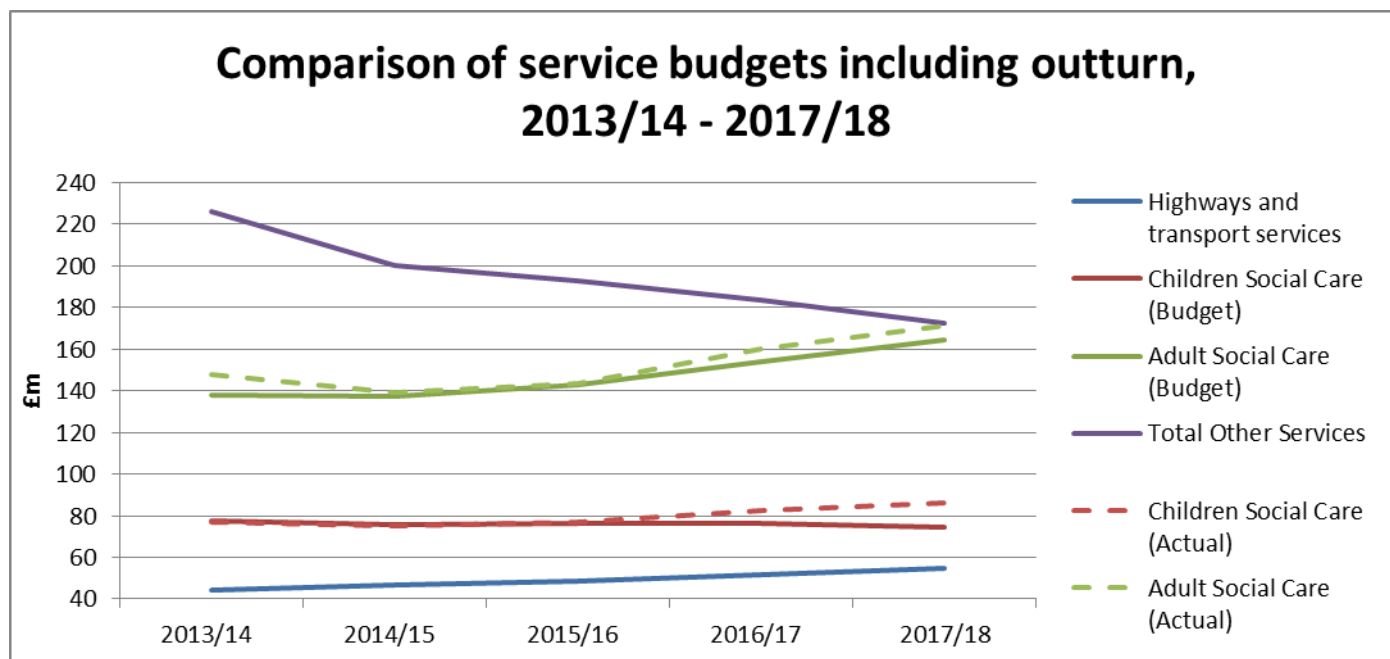
Previous budget reports to Cabinet and Full Council have highlighted the cumulative challenge faced by the Council from 7 years of Government grant reductions on the one hand and increasing demand for social care services on the other. Further details of this for both Adult and Children's Services are set out in the attached report. This challenge is a national one. Whilst recent injections of Government Funding and improved joint working with Health partners have ameliorated the impact to some extent, they have not resolved the fundamental underlying nationally-driven financial crisis in social care – which is at least in part a consequence of real cash reductions to local authority budgets over the last 7 years. On top of these reductions, there has been a clear increase in the number and complexity of clients – particularly in Children's, and Adults Mental Health and Learning Disabilities.

Despite these funding reductions, the Council has protected Social care services, as show in the graph below, but at the expense of significant cash reductions in other services.



Even though we have protected social care budgets, demand for services is now outstripping available budgets – a combination of demographic trends (more older people and people with learning disabilities and mental health conditions), increasing complexity of cases and increased requirements placed on Councils.

The Council is forecast to overspend its social care budgets by £18.2 million this year: £6.6m in Adults and £11.5m in Children’s. Whilst action is being taken to reduce this, it remains likely that, even with corrective action, both social care services will spend more than their budget for this and future years. This makes the sustainability of social care spending **the** key issue for the Council’s Medium Term Financial Plan. At current spending levels the trend graph is:



Improvement and Recovery Plans

Although the roots of this crisis are national, the Council has always taken the steps necessary to deliver the best possible services to the people of Sheffield and will continue to do so. The attached plans therefore set out the action currently planned to manage demand, improve services and move the spending on social care back to the level of the budget. The key financial issue is that even with the actions planned, it will take up to 5 years to bring budgets back in to balance. Further work is needed both to deliver these plans and to identify and other actions that could improve the current trajectory on spend.

The current forecasts for the next two years are:

- Children’s will spend £11million more than the budget available in 2017-18, reducing to £6m above budget in 2018-19
- Adults will spend £6million more than the budget available in 2017-18, with the risk of increasing to £20m in 2018-19 without the remedial action that will be required. This is clearly not sustainable so further work is needed.

This spending is in addition to the recent national increase in funding announced by the Government (which is time limited not ongoing) as set out in the Cabinet report 19th July 2017 and in addition to funding through joint working with Heath partners.

Impact on the Council's Overall Finances

The trend in spending across both Children's and Adults is significant and, without corrective action, would have a detrimental effect on the Council's overall finances. The only ways of dealing with this are:

- further work on the level of social care demand and actions that can be taken to lessen the increased spending need;
- further cuts to already significantly reduced budgets in other services (libraries, parks, streetscene, economy);
- a temporary use of Council reserves as part of a 5 year strategy, on the basis that savings in social care and other changes in the council's budget over the five year period replenish those reserves. This approach will only be sustainable on the basis of a clear plan with corrective action; OR
- a combination of the above

The Council has un-earmarked reserves of only £12million, which are kept for an unforeseen spending. Clearly these would be reduced to nil by the current year overspend, which is not a viable financial position. The Council does have significant levels of reserves earmarked for other purposes, mainly spending provisions against future spending and grant monies set aside to pay future contractual requirements (particularly PFI contracts). The Council has previously used these reserves on an "invest to save" ie a temporary basis to fund investment upfront and replenish reserves later. It could do so again, but the scale of the investment in social care and the long timescale on recovery is a significant increase in the risk to any such approach. If savings plans do not deliver, then the Council would be faced with an unsustainable use of its reserves.

Decisions of this scale need to form part of the overall Medium Term Plan and 2018-19 budget process. This report sets out the current position and further updates and decisions will form part of the budget process. Going forward the Cabinet Member for Finance will co-ordinate further actions with the Cabinet Members for Children's and Health and Social Care.

Recommendations:

That Cabinet

- (i) Notes the challenges facing both Adults and Children's Social Care and the consequent impact on the Council's overall financial position
- (ii) Approves the approach set out in the attached reports and that further work will take place as part of the Medium term Financial Plan and 2018-19 budget.
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