

## **APPENDIX 2 – USE OF ADULT SOCIAL CARE RESOURCES**

### **1. Introduction:**

Our vision is that everyone in Sheffield lives in a place they can call home, in communities that care, doing things that matter to them, celebrated for who they are and, when they need it, they receive care and support that prioritises independence, choice, and recovery.

Finance reports to the Adult Health and Social Care Policy Committee detail how the Directorate is using available resources to support individuals, carers, and communities in order to deliver our vision and strategy.

The purpose of this appendix to the report is to provide detailed information about:

- Adult Health and Social Care Policy Committee Cash Limit budget for 2022/23 compared against previous years.
- Adult Health and Social Care Directorate budget pressures and mitigation.

### **2. Recommendations for Policy Committee:**

- Note the diminishing proportion of cash limit in the Adult Health and Social Care budget and increased proportion of external income, especially grant funding. This reflects the transfer of funding by central government, away from Revenue Support Grant to specific Adult Social Care grants.
- Note the analysis of cost pressures for the last five years, that shows the cost of increasing demand is in excess of local resources. In addition to which must be considered cost pressures from inflation, staff pay and loss of external funding.
- Adult Health and Social Care directorate has delivered over £48m savings over the last five years and is forecast to deliver a further £15.6m in 2022/23 – a total of £63.8m.

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### 3. Adult Health and Social Care Policy Committee Budget Overview

The Adult Health and Social Care Policy Committee cash limit budget for the period 2022/23 is **£150m**.

Additional income is received through grants, fees and charges as described to Committee on 15<sup>th</sup> June 2022.

<b>Table A: Adult Social Care Policy Committee Budget 2022/ 2023</b>				
<b>Total Budget</b>			<b>Directorate</b>	<b>Responsible Director</b>
<b>Overall Budget</b> (£000's)	<b>SCC Cash Limit</b> (£000's)	<b>Grants &amp; Other Income</b> (£000's)		
£274.9m	£132.5m	£142.4m	Adult Health and Social Care	Alexis Chappell (DASS)
£19.8m	£8.5m	£11.3m	Public Health (Integrated Commissioning)	Greg Fell (DPH)
£9m	£9m	£0	Resources (Corporate Recharges)	Ryan Keyworth (DoF)
<b>£303.7m</b>	<b>£150m</b>	<b>£153.7m</b>		

Key points for the Committee to note are:

- The Committee is accountable for a cash limit of £150m. When including grants and other income the total budget is £303.7m.
- £132.5m (88%) of the Committee's cash limit budget is the responsibility of the Director of Adult Health and Social Care. This represents 48% of the total Adult Health and Social Care Directorate budget and 44% of the total Committee budget. The 44% Adult Health and Social Care cash limit is the part of Adult Social Care Directorate budget which the Committee can apply efficiency savings to.
- £16.6m (11%) of the Committee budget is the responsibility of Corporate Services and Public Health Services, under the Integrated Commissioning service.
- Due to the decision at Strategy and Resources Committee on 5<sup>th</sup> July 2022 to put in place a cash standstill for 23/24 for all Committees, the cash limit described for 2022/23 will be the same cash limit which the Adult Health and Social Care Policy Committee receives for 2023/24.
- Pressures applied to date have been to Directorate Budgets. From the year 23/24 onwards they will be applied to the Committee Budget including both Adult Health and Social Care and Director of Public Health (Integrated Commissioning).

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### 4. Adult Health and Social Care Directorate Income

Table B shows the Adult Health and Social Care Directorate cash limit and external income. Comparisons have been provided for the last 5 financial years to enable the Committee to understand the trajectory of income and other funding.

<b>Table B: Adult Health and Social Care Directorate Cash Limit and Income</b>							
	<b>FY 17/18</b>	<b>FY 18/19</b>	<b>FY 19/20</b>	<b>FY 20/21</b>	<b>FY 21/22</b>	<b>FY 22/23</b>	<b>FY 23/24</b>
<b>Total Cash Limit - (from SCC income)</b>	£128.2m	£131m	£140.1m	£150.2m	£129.2m	£132.5m	£132.5m
<b>Total Grants and Other Income</b>	£79.2m	£92.1m	£99.2m	£105.9m	£144.8m	£142.4m	N/A
<b>% Cash Limit of total budget</b>	62%	59%	59%	59%	47%	48%	N/A
<b>Total Budget</b>	<b>£207.4m</b>	<b>£223.1m</b>	<b>£239.3m</b>	<b>£256.1m</b>	<b>£274m</b>	<b>£274.9m</b>	N/A
<b>Breakdown of Grants and Other Income (£000's)</b> (Data from <a href="http://lginform.local.gov.uk">lginform.local.gov.uk</a> )							
<b>Better Care Fund</b>	14,708	20,372	25,723	28,429	28,429	29,290	N/A
<b>Income from Other Sources</b>	34,235	33,355	34,998	36,424	37,608	50,364	N/A
<b>Winter Pressures Grant</b>	No grant listed	2,705	2,705	From 19/20 Winter Pressures became part of the Better Care Fund and was not paid separately.			
<b>Social Care Grant</b>	2,717	1,691	4,621	16,863	21,806	29,511	N/A

Source: Sheffield City Council.

Key points for the Committee to note are:

- Following a sequence of annual cash limit increases, the cash limit budget for Adult Social Care Directorate has now reduced close to the level set in 2018/19.
- Increases in the Better Care Fund, Social Care Grant, and other income (mainly Public Health Grant) have led to an increased over-all budget to fund increasing service provision and meet inflationary pressures.
- The proportion of the total budget made up of cash limit has reduced by 14% from 62% in 2017/18 to 48% today.
- Cash limit represents the proportion of the budget over which the Council has autonomy and the part of the budget against which the Council mitigates annual cost pressures.
- Any expenditure over the total budget is determined as an overspend against the cash limit.

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### 5. Changes to Cash Limit Between 2020 and 2022

As noted in Table B, the cash limit reduced between 2020/21 and 2021/22 but the grant amount under other income increased at the same time. This is due to Revenue Support Grant that was identified as cash limit being replaced by Adult Social Care specific grants as part of national funding changes.

For the Financial Year 2021/ 2022 the cash limit budget for Adult Social Care reduced rather than increased because £39m of budget previously treated as cash limit was accounted for as grant and the growth in the cash limit budget was not enough to fully offset this.

In 2021/22 the Integrated Commissioning Service was developed by the Council with £8.5m of the Adult Health and Social Care cash limit assigned to this service from 22/23.

### 6. Benchmarking Cash Limit and External Income against Core Cities

Table C shows the proportion of Adult Social Care budget made up of cash limit in comparative core cities. Data is sourced from the annual published accounts of each Local Authority. Not all core cities are comparable due to the structure of published accounts (i.e., not all Councils detail Adult Social Care as a separate entity).

**Table C: Comparative proportion of cash limit against gross budget in core cities**

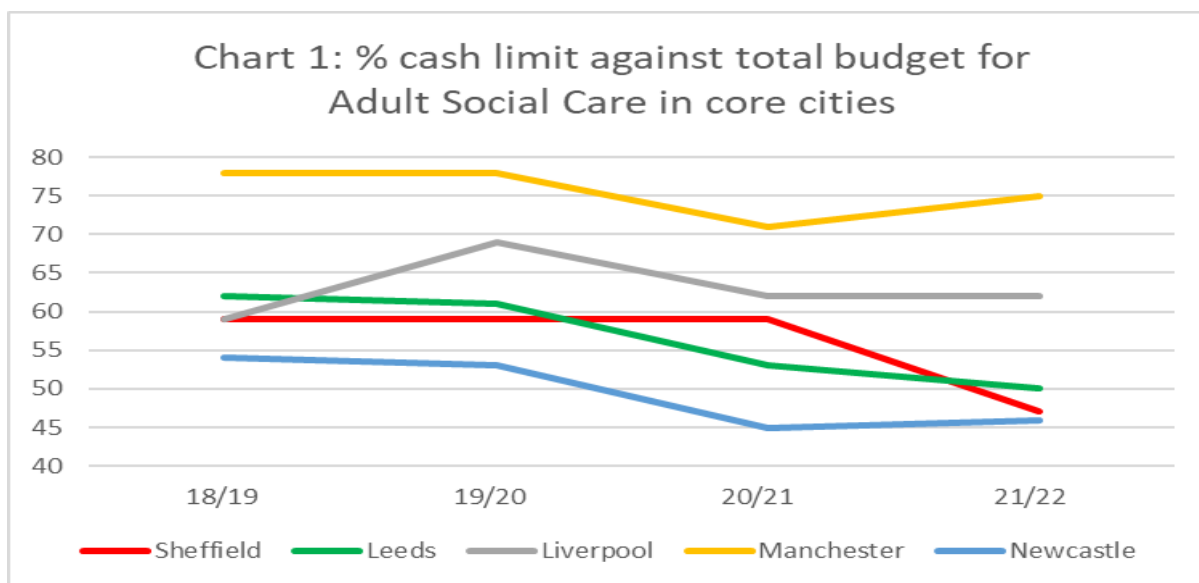
City	Year	Gross expenditure	Gross income	Net expenditure	Gross Spend per Head	% Cash Limit
Sheffield (Population 589,000)	18/19	223,225	92,120	131,105	379	59%
	19/20	239,288	99,146	140,142	406	59%
	20/21	256,077	105,908	150,169	435	59%
	21/22	274,019	144,834	129,185	465	47%
Leeds (Pop. 799,000)	18/19	345,302	132,782	212,520	432	62%
	19/20	361,016	139,265	221,751	452	61%
	20/21	404,457	191,120	213,337	506	53%
	21/22	399,384	200,379	199,005	500	50%
Liverpool (Pop. 500,000)	18/19	296,034	122,811	173,223	592	59%
	19/20	267,484	82,271	185,213	535	69%
	20/21	318,304	121,029	197,275	637	62%
	21/22	312,894	117,817	195,077	626	62%
Manchester (Pop. 556,000)	18/19	245,499	55,222	190,277	442	78%
	19/20	272,674	60,059	212,615	490	78%
	20/21	284,455	81,530	202,925	512	71%
	21/22	298,485	74,350	224,135	537	75%
Newcastle	18/19	175,428	81,272	94,156	571	54%

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<a href="#">Upon Tyne</a>	19/20	185,663	87,981	97,682	605	53%
(Pop. 307,000)	20/21	209,430	114,536	94,894	682	45%
	21/22	203,118	110,234	92,884	662	46%

Note: 22/23 income has not been published for other local authorities at this time.

Chart 1 shows this data as a trend for each Council from 2018/19 to 2021/22:



Key points for the Committee to note are:

- Sheffield has followed a general trend for the cash limit percentage of adult social care budgets to reduce, with a greater emphasis on grant income to meet increasing cost pressures.
- However, Sheffield's trajectory is only matched by Leeds, with the percentage change of 12% taking it almost level with the lowest comparator of Newcastle, while Liverpool is above its starting position and Manchester maintains a much higher proportion of cash limit budget, reversing the initial trend in 21/22.
- This data set includes income from personal contributions to the cost of care, as well as grant income previously discussed.
- This data set will not include the full extent of Public Health Grant received by the local authority, as this will be distributed across service areas.

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### 7. Adult Health and Social Care Directorate Expenditure and Pressures –

Comparison Over Last five Financial Years.

Table D shows the final outturn position for Adult Social Care spend over the last five years. Budgets are adjusted in-year with temporary budgets and additional funding. Overspends in any given year will create a budget pressure for the following year.

<b>Table D: Adult Health and Social Care Directorate Income vs Expenditure over past 5 years</b>						
	<b>FY 17/18</b>	<b>FY 18/19</b>	<b>FY 19/20</b>	<b>FY 20/21</b>	<b>FY 21/22</b>	<b>FY 22/23</b>
<b>Income (Source: Sheffield City Council)</b>						
<b>Cash Limit Budget</b>	£128.2m	£131m	£140.1m	£150.2m	£129.2m	£132.5m
<b>Gross Budget</b> (Cash Limit + Grants + Contributions)	£207.4m	£223.1m	£239.3m	£256m	£274m	£274.9m
<b>Total Gross Expenditure</b> (Outturn at year end)	£233.5m	£245.7m	£255.3m	£304m	£322.4m	n/a
<b>Temporary expenditure budgets removed from outturn</b>	+£13.8m	+£8.9m	+£12.7m	+£9.4m	+£15.5m	n/a
<b>Overspend against budget outturn</b>	<b>-£12.3m</b>	<b>-£13.7m</b>	<b>-£3.3m</b>	<b>-£38.5m</b>	<b>-£32.9m</b>	n/a

Table D shows the Adult Health and Social Care Directorate expenditure and pressures for the last five years to enable the Committee to understand trajectory of cost pressures and the corresponding savings which Adult Health and Social Care have been required to make to mitigate those pressures.

It highlights, as did the benchmarking information to September Committee, that:

- The service has overspent in the years before the pandemic, but that has increased since the pandemic in 2020/21.
- Expenditure for Adult Social Care significantly increased during the pandemic and this was reflected in increased reliance on care at home to keep people safe from harm.
- Despite increases in the total budget, the resources available have not kept pace with increasing demand, leading to an overspend at the end of each financial year.

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<b>Table E: Pressure Mitigation – Required by Council to Balance Budget</b> (Source: Sheffield City Council)						
	<b>FY 17/18</b>	<b>FY 18/19</b>	<b>FY 19/20</b>	<b>FY 20/21</b>	<b>FY 21/22</b>	<b>FY 22/23</b>
<b>Savings Target</b>	£13.4m	£22.8m	£25.7m	£18.8m	£18.7m	£25.2m
<b>Savings Delivered</b> (pressures mitigated)	£9.9m	£14.8m	£9.5m	£8.5m	£5.5m	£15.6m (forecast)
<b>Savings not met</b> (impact on overspend)	<b>£3.5m</b>	<b>£8m</b>	<b>£16.2m</b>	<b>£10.3m</b>	<b>£13.2m</b>	<b>£9.6m</b> (forecast)

During the first year of the Covid pandemic, adapting to the pandemic and ensuring people's safety were prioritised over planned savings. In effect this meant the budget plans for 2020/21 were rolled over to 2021/22.

Key points for the Committee to note are:

- Adult Health and Social Care directorate has delivered over £48m savings over the last five years and is forecast to deliver a further £15.6m in 2022/23 – a total of £63.8m.
- In past years, some unachieved savings were carried over into the following year and allowed to build a cumulative effect on the budget overspend that was irretrievable. These cumulative overspends were written off in 2021/22 and greater scrutiny was applied to the deliverability of budget savings.
- Adult Health and Social Care has overspent each year and has not delivered savings targets in full and has never been able to fully mitigate its own pressures.

<b>Table F: Adult Health and Social Care Directorate Pressures/ Savings Overview</b>					
Comparison over 5 Years					
	<b>FY 18/19</b>	<b>FY 19/20</b>	<b>FY 20/21</b>	<b>FY 21/22</b>	<b>FY 22/23</b>
<b>Reason for the Pressures</b>					
Overspend (pressures carried forward from additional growth or undelivered savings)	n/a	n/a	n/a	n/a	21.8m
Growth in demand for services from new people or increased support	15.8m	14.4m	10.7m	12.3m	12.2m
Uplifts to provider fees to meet inflation	3.3m	4.5m	6.2m	7.3m	6.0m
Loss of income (inc. one-off Health funding and reduction to ILF)	3.6m	5.6m	0.05m	1.7m	2.2m
Legislation Changes	0	1.1m	0.5m	0.2m	0
Short term investments to mitigate overspend	0	0	0	0	0

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Staff pay award/Staff pressures/Increments	1.5m	1.8m	2.0m	0.7m	2.1m
<b>Total Pressures*</b>	£24.1m	£26.4m	£19.4m	£22.2m	£44.4m
<b>How were the Pressures Met by Savings</b>					
Funding from Council Wide Efficiencies /Reserves	£6.3m	£10.3m	£6.5m	£-	£6.2m
Mitigations / Savings identified	£12m	£7.8m	£7.8m	£4.2m	£25.2m
Reviews	1.1m	1.1m	2.7m	0	12.8m
Commissioning	1.1m	1.7m	0.9m	3.4m	3.6m
New Starters	1.4m	2.0m	1.7m	0	1.9m
Health Funding (CHC)	4.9m	0.07m	1.5m	0	0.4m
Staffing	0.3m	0.1m	0	0	4m
Income	3.2m	2.8m	1.0m	0.8m	1.4m
Other	0	0	0	0	0.9m
New Grant allocations from central government	n/a	£7.3m	n/a	£17.9m***	£8.6m
Social Care Precept**	£5.8m	£338k	£4.5m	£6.4m	£3.3m

\* Due to portfolio restructuring the pressures described here are indicative of those added to all budgets now within the responsibility of this committee. However due to significant restructuring over this period there is a possibility that some inaccuracies exist within this retrospective analysis.

\*\*Income from the Social Care Precept has been a key part of the council strategy to support the funding of adult social care. The social care precept is not directly applied to Adult Social Care budgets because it is collected through council tax mechanisms and administered centrally because it is liable to incur bad debt from non-payment and constant changes to the household tax base.

\*\*\*The overall value for grants and other income funding for adult social care increased by £39m in 2021/22. A corresponding £21m reduction in cash limit budgets resulted in a net increase to the total budget of £17.9m seen in Table B, comparing 2021/22 with 2020/21.

Key points for the Committee to note are:

- Social Care Precept has been applied most years, but the value of additional income raised is a fraction of the total pressures.
- As noted above, the budget plans for 2021/22 were mainly a carry-over from 2020/21 plans that were halted due to the Covid pandemic. Some additional savings were applied related to income changes and contract changes.
- Use of Council reserves tends to be applied retrospectively rather than quantified at the start of the annual budget, because the amount of reserves required are determined by the overspend in the previous financial year.