



Report to Policy Committee

Author/Lead Officer of Report

Liam Duggan, Assistant Director Care Governance and Financial Inclusion

Report of: Director of Adult Health and Social Care

Report to: Adult Health and Social Care Policy Committee

Date of Decision: 8th February 2023

Subject: Adult Health and Social Care: Financial Recovery Plan Update

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? 1128				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
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><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“The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”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:

The report delivers on our commitment to transparent and accountable financial reporting. This update provides assurance regards our delivery upon our financial recovery plan, our spend forecast and outlook for 2023/2024 including an update on the Autumn Statement, financial risks, and challenges.

It also provides an overview of steps taken to prepare for implementation of new care and wellbeing tender, and an update on recovery mitigations including an update on automation in Adult Social Care, external challenge to improve use of resources and a review of the Integrated Commissioning budget.

Recommendations:

It is recommended that the Adult Health and Social Care Policy Committee:

1. Note the update to the financial forecast for the delivery of savings in 2022/23
2. Note actions taken to achieve savings or mitigation of pressures.
3. Note the update provided on the Autumn statement and work being undertaken to prepare for the 2023/24 financial year
4. Note the actions being taken and the progress made to date to prepare for the introduction of the new care and wellbeing service.
5. Note the opportunities for further efficiencies being explored in Adult Health and Social care to improve the use of automation and digital technology
6. Request updates on progress with implementation through our Budget Delivery Reports to future Committee

Background Papers:

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, Ann Hardy
	Legal: Patrick Chisholm
	Equalities & Consultation: Ed Sexton
	Climate: Jessica Rick
	<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	SLB member who approved submission: Alexis Chappell
3	Committee Chair consulted: Councillor George Lindars-Hammond and Councillor Angela Argenzio
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 Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.
	Lead Officer Name: Liam Duggan
	Job Title: Assistant Director Governance and Financial Inclusion
	Date: 30th January 2023

1.0 ADULT HEALTH AND SOCIAL CARE DIRECTORATE 2022/23 FORECAST AND RECOVERY PLAN

1.1 Forecast Delivery of 2022/23 Savings

1.1.1 A summary of the **£43.2m** pressures on Adult Health and Social Care Directorate Budget for 2022/23 is set out in Table A below. The delivery of planned savings is critical to financial sustainability, bringing expenditure down to within available resources and supporting the Council to set a balanced budget.

1.1.2

	Value (£000s)	Forecast (£000s)	Forecast by 1st April 2023 %
Social Care Precept	£3.3m	£3.3m	100%
Increased Grant	£8.5m	£8.5m	100%
Funding from Council Reserves	£6.2m	£6.2m	100%
Savings / mitigations	£25.2m	£16.4m	65%
Total Pressures	£43.2m	£34.4m	79.6%

1.1.3 Table B shows a breakdown of the forecast by savings type and the movement in the forecast to be achieved by 1st April 2023 and by 1st April 2024.

Saving Category by Service	Savings Value	Forecast June 22	Forecast Dec 22	Forecast Jan 23	Forecast % by 1st April 2023	Forecast % by 1st April 2024
	(£000s)					
Change and Strategy Delivery	1,803	1,803	1,500	1,500	83%	100%
Living and Ageing Well	10,888	6,980	6,994	7,154	66%	92%
Adults with Disabilities	9,506	4,797	4,312	4,658	49%	92%
Mental Health and Wellbeing	1,650	1,275	1,210	1,210	73%	88%
Care Governance and Inclusion	1,254	1,254	1,783	1,783	142%	142%
Commissioning and Partnerships	100	100	100	100	100%	100%
Chief Social Work Officer	0	-	-	-	-	-
Total	25,201	16,209	15,899	16,405	65%	95%

1.1.4 Since the last update to Committee in December 2022, the forecast for delivery of savings in-year has improved by 2%. This is mainly due to improved performance on reviews of high-cost care packages. Appendix 1 provides a full breakdown of the performance against each saving, including risk mitigation actions.

1.2 Forecast Spend against 2022/23 Adult Health and Social Care Directorate Budget

1.2.1 The Adult Health and Social Care Directorate Budget 2022/23 is forecasting at Month 9 (Year to December) an overspend of £10.6m against the £145m net budget.

1.2.2 £8.8m of this overspend is directly attributable to the non-delivery of savings within the 1 year provided (£0.7m staffing and £8.1m non-staffing).

1.2.3 The remaining £1.8m is largely accounted for by a forecast £1.6m additional overspend on staffing, mainly attributable to ensuring continuity of care by supporting the care sector during the pandemic and managing the risks of Mental Health social workers transferring back to the council.

1.2.4 An overspend of £6.9m against Learning Disabilities purchasing is almost entirely due to undelivered savings (£5.6m), with the additional overspend being offset by underspends in other areas. This is due to the rate of growth in demand for LD services.

1.2.5 Whilst the savings forecast has fluctuated, the overall financial forecast based on spend (and therefore savings) recorded in the ledger has held steady all year (Month 1 forecast was for £11.6m overspend). **This is a sign of financial stability and evidence that the savings are being delivered as forecast.**

1.2.6 The service is now reaching a point of stability, and undelivered savings and the associated overspend will be recovered through the delayed implementation of planned activity in 2023/24. See Appendix 1 for detail of delayed delivery against individual savings.

1.2.7 The key financial risk going into 2023/24 continues to be the pace and level of savings required. Ongoing activity to deliver savings delayed from 2022/23 will run parallel to new savings proposed to committee 16th November 2022 and actions required to mitigate the corporate risk associated with CQC Assurance Framework and statutory safeguarding duties.

1.2.8 The corporate risk remains, as noted on the corporate risk register, that assurances cannot be provided regards the Adult Care local offer. Actions have been identified through Business Management Improvement Plans to ensure our compliance with legislation, in particular safeguarding.

1.3 Recovery and Mitigations Plan

- 1.3.1 Over-achievement against specific savings is already mitigating non-delivery of other savings by £931k for the forecast to the end March 2024 (as shown in Appendix 1)
- 1.3.2 The Recovery and Mitigation Plan to recover the remaining £1.3m savings and maintain our current management of increased demand for adult health and social care is seen in the context of the adult health and social care change programme and Future design of social care, approved at Committee on 16th November 2022.
- 1.3.3 The management of ongoing demand is being addressed through our practice development, a redesign of prevention and early help approaches and a remodel of our enablement offer. An Adults Early Help Strategy and programme is planned for consideration at Committee in March 2023.
- 1.3.4 Aligned with our forecast position to 1st April 2024 and areas of defined pressure the main factors to mitigate the remaining £1.3m savings are
- Review of Adults with a Disability Purchasing - the new portfolio will go live this month and one of its immediate priorities will be to review models, ways of working and practice which will mean that this service will be asked to deliver their purchasing budget in balance by 1 April 2024. This will include an options appraisal for income generation, for example the private purchase of funded services by individuals for whom the service is not part of a care plan. It is aimed that this work will generate the £726k mitigations required for this service area.
 - Review of Living and Ageing Well Design – work is underway to develop the future design of the Living and Ageing Well portfolio. The priorities and funding in the Autumn statement will inform the approach to be taken and this will generate the £888k mitigations required for this service area.
 - Governance and Scrutiny – as has been reported in the DASS report. Following on from the Cycle of Assurance approved at Committee, Assistant Directors will also report on their portfolio performance to Committee as part of our ongoing programme of embedding continuous improvement and assurance across social care.

2.0 2023/ 2024 BUDGET UPDATE

2.1 Autumn Statement 2022

2.1.1 On the 17th November Government tabled the Autumn Statement with detailed financial information released in late December and further policy information following more recently still. The Autumn Statement will have a significant impact on the Council's budget in 2023/24 and the full implications of this are currently being explored.

2.1.2 In the Autumn Statement the Government announced that it would be providing an additional £2bn nationally in social care grant in 2023/24. This breaks down as follows:

- £1.34bn increase for the existing national social care grant
 - Can be spent on adults or children's services
 - Most of this is recycled from delaying the cap on care costs and associated reforms
 - The rest is to compensate authorities with less ability to raise money through council tax
- £652m ASC Market Sustainability and Improvement funding
 - This incorporates the grant previously ringfenced for the Fair Cost of Care
 - It is to be spent on, "making tangible improvements to adult social care and, in particular, to address discharge delays, social care waiting times, low fee rates, workforce pressures, and to promote technological innovation in the sector".
 - The government will provide further information on reporting requirements in due course
- £300m discharge funding
 - Likely to be channelled through the NHS and guidance likely to be released end February 2023.
 - In 2022/23 this grant is tightly focused with rigid criteria on spend and prescriptive reporting requirements

2.1.3 The Autumn Statement also gave Councils the ability to raise council tax by 3% (up from 2%) and the adult social care council tax precept by 2% (up from 1%) without a referendum of citizens. Decisions on Council Tax increases are to be made on 1st May by the full council.

2.1.4 The detailed implications and final funding settlement for Sheffield will follow. This will include changes to previous business planning assumptions related to the Fair Cost of Care grant and charging reforms.

2.1.5 Additional discharge funding through the NHS will build upon improved performance in 2022/23 to meet winter pressures. Temporary winter pressures funding being replaced by permanent funding will enable an ongoing commitment to support NHS partners more effectively.

2.2 Adult Social Care 2023/24 Budget setting

- 2.2.1 In September this Policy Committee noted budget pressures for 2023/24 totalling £25.044m. These pressures were then updated in October 2022 based on September inflation figures and increased to **£26.037m**
- 2.2.2 Budget savings proposals for Adult Health and Social Care totalling **£24.9m** have been identified so far for 2023/24 leaving a budget gap of £1.1m. Any remaining budget gap for adult health and social care when the final budget is confirmed in March will require a corporate decision on how additional funding can be reallocated from other council budgets/services.
- 2.2.3 Notwithstanding the current budget gap there are several significant financial challenges for Adult Health and Social Care in 2023/24 which are summarised below.

2.3 Financial Challenges and Risks For 2023/24

- 2.3.1 National Living Wage increase
In the Autumn Statement it was announced that the National Living Wage would rise significantly higher than originally forecast. This has added £6.7m to the Adult Health and Social care budget pressures and additional grant is needed to offset this.
- 2.3.2 Impact of 2022/23 overspend
As described above the impact of the 2022/23 overspend in adult health and social care (largely attributable to the delayed delivery of review savings) will require ongoing activity to recover delayed savings and additional mitigating actions. This will be achieved over the course of 2023/24 – please see Appendix 1 for detail of delayed delivery against individual savings.
- 2.3.3 Fee uplifts for 23/24
The Council is consulting on Care Home fee rates in January and February ahead of the uplift for 2023/24. Applying the Fair Cost of Care Grant in 2022/23 has raised the standard fee rate for contracted 65+ Care Homes in year making any percentage uplift in 2023/24 more expensive. High rates of inflation are an additional funding challenge.
- 2.3.4 Delivery of proposed £25m savings
£25m savings proposals have so far been identified to balance the 2023/24 budget and will be subject to Council decision-making in March.

Delivering such a high level of savings in one year without slippage in 2023/24 will be challenging and this has been identified as a risk from outset set against wider corporate risks regards local offer, ongoing increased demand, and advent of CQC assurance.

2.3.5 Other risks and pressures

There are several other financial risks which will need to be managed and mitigated through the course of 2023/24. These include the additional demands of the NHS resulting from the industrial action and capacity issues, demand challenges for Disabled Facilities Grant provision and non-framework fee uplift requests. The risk mitigation and responses to Disabled Facilities Grant will be considered at March Committee.

3.0 **HEMOCARE HOURS AND NEW WELLBEING CONTRACTS**

- 3.1 As part of our preparation for homecare delivery transferring to the new Care and Wellbeing contracts in 2023/24 and to meet the budgetary requirements set out in June 2022, a reduction in the number of homecare hours is required to return the number of planned hours from 39,000 hours per week to levels more consistent with pre-pandemic levels and with the levels seen post-pandemic in other Local Authorities.
- 3.2 At the start of the planning period in April 2022 the number of planned hours was estimated to be around 40,000 per week. Our current position, as of January 2023, is 36,800 homecare hours per week. This includes 32,000 actual hours of delivery; a further 3,500 hours currently being delivered through Direct Awards; and a moderator of 1,300 hours because the new contracts will pay on *planned* rather than actual hours.
- 3.3 Previous calculations have included underlying demand from hospital waiting lists, but these are currently mitigated by the additional homecare hours test of change underway, which was approved at finance committee in September 2022. If this funding is not continued beyond April, this then presents a risk to the homecare budget.
- 3.4 The trend for homecare hours per week over the last year has shown a reduction of 650 hours per week each month. On that basis the forecast is for the number of planned hours to have reduced sufficiently by the contract go-live date to proceed with the contract award and transfer of delivery to the successful providers without further approval being needed by this Committee.
- 3.5 Appendix 2 provides further detail on the actions required in preparation for the transfer of homecare delivery. This plan as well as the trajectory of planned will be monitored closely in the coming months.

4.0 RECOVERY AND MITIGATIONS

4.1 Automation and Digital Technology in Adult Health and Social Care

4.1.1 One of the Government priorities for the Market Sustainability and Improvement Funding (section 2.1.2) in 2023/24 is to promote technological innovation in the sector.

4.1.2 There are several workstreams already underway in Sheffield to explore and develop use of automation and digital technology to improve efficiency in Adult Health and Social Care including: -

- **Provider Portal**
 - Roll out to Care Homes well underway with over 60 homes now setup (140+ contacts/users)
 - It is aimed that by April this will replace the current email processes for standard forms and remittances.
 - Other provider groups will be brought onto the Portal as part of the tendering for new contracts
- **Customer Experience Surveys**
 - Automated customer experience surveys to go live this quarter (iterative development)
 - This will add much needed insight into the experience of people for improvement purposes and will require minimal administration
- **Automation in Income Management / Financial Inclusion**
 - Workshops being held to identify potential areas for automation including automating address updates across systems, automated verification, etc.

4.1.3 This activity will be incorporated in the Adult Health and Social Care Digital Strategy which is submitted for approval at Committee today and which will be a key enabler supporting the future design of Adult Health and Social Care.

4.1.4 The service is also identifying further opportunities to put forward for prioritisation within the corporate automation project (pilot areas) including further automation opportunities arising from review of processes as part of the future design of adult social care.

4.2 External Focused Review of Adult Social Care financials

4.2.1 The LGA has been contacted in January to request a follow up visit to the use of resources review that was undertaken in May 2022. The visit will further strengthen our understanding of our use of resources and potentially identify opportunities for further improvement.

4.2.2 The scope of the review is proposed to be as follows:

1. Prepare an up-to-date use of resources report for Sheffield (which we know will highlight Sheffield's very high spending on older people/ homecare especially when compared with other authorities in the region).
2. Highlight the key recommendations that were set out in the use of resources work report from the LGA review in May last year and comment where progress has been made or not from.
3. A review of the report by the LGA in November reviewing the support provided by it to Sheffield in relation to 1. Support and challenge for improvement activity and 2. Supporting the initiation of better care governance.
4. Learning based on review on savings delivery and allocation of funds to inform further mitigations.

4.2.3 Preparations are also being made to engage the Chartered Institute of Public Finance and Accountancy (CIPFA) to work with the Council improve our use of resources and financial governance, further to the note in the November Committee report noting that external consultancy was being planned.

4.3 2024/25 Business Planning

4.3.1 As the business planning cycle for the 2023/24 budget draws to a close, analysis has commenced for the 2024/25 financial year business planning.

4.3.2 In addition to detailed analysis of the Autumn Statement and the long-term impact on our funding assumptions, funding changes will be incorporated into an update of our Medium-Term Financial Strategy (MTFS).

4.3.3 Furthermore, an update to our forecast budget pressures will be issued based on national inflation figures, local demographic changes, and our priorities against the adult social care strategy.

4.3.4 The budget pressures profiled for 2024/25 will then inform improvement plans to be developed at service level over the course of the summer, ahead of formal Business Improvement Plan approval process commencing in autumn.

5.0 Integrated Commissioning: Financial Summary

5.1 The report to committee in September 2022 provided an overview of the full budget under the Adult Health and Social Care Policy Committee. The table at 5.2 provides a more detailed summary of the Integrated Commissioning element of that overall budget, including the source of funding and a summary of activity.

5.2

Integrated Commissioning Budget and Spend					
	Funding (£000s)				
Service Area	Cash Limit	Public Health Grant	NHS	Other grant	Services Provided
Drug and Alcohol/ Domestic Abuse Coordination Team (DACT)	1,371	6,400	-	919	£6.4m Drug and Alcohol treatment and support services;
					£1.1m core community Domestic Abuse support service contract;
					£1.2m Safe Accommodation inc. counselling and financial advice;
Housing Related Support	5,710	1,913	-	217	£5.2m Supported Accommodation;
					£2.6m Outreach and Prevention
Community Well-being	822	629	200	-	£1.65m People Keeping Well; work with community organisations to tackle determinants of ill-health.
Voluntary Sector Grants	605	887	-	119	£1.65m Grant Aid Programme supports VCF organisations
TOTAL	8,508	9,829	200	1,255	19,792

6.0 HOW DOES THIS DECISION CONTRIBUTE?

6.1 Good governance in relation to resource management and financial decision making supports the delivery of the adult social care vision and strategy

6.2 Our long-term strategy for Adult Health and Social Care, sets out the outcomes we are driving for as a service, and the commitments we will follow to deliver those outcomes.

7.0 HAS THERE BEEN ANY CONSULTATION?

7.1 The purpose of this report is provided background to the funding of Adult Social Care, an update to the forecast spend position for 2022/23 and progress with the delivery of savings. No consultation has been undertaken on these aspects.

7.2 Consultation is undertaken during the development of proposals for the budget and implementation of proposals for the budget as appropriate.

8.0 RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

8.1 Equality of Opportunity Implications

8.1.1 As part of the annual budget setting process, an overarching EIA assesses the cumulative impact of budget proposals (EIA 1128), as well as individual EIAs for each proposal that are monitored and maintained as an ongoing process.

The Savings Plan referred to in summary was agreed by the Council as part of the 22/23 Budget and the EIAs for each element remain live.

8.2 Financial and Commercial Implications

8.2.1 Our long-term financial strategy to support the implementation of the adult health and social care strategy consists of three elements:

- Supporting people to be independent
- Secure income and funding streams
- Good governance

8.2.2. This report is part of an improved financial governance framework that aims to improve understanding and provide transparency on the use of public money to the citizens of Sheffield.

8.2.3 Financial governance will be aligned with the adult health and social care strategy to ensure that opportunities for efficiency and improvement are recognised and developed by accountable owners. An emphasis on enablement and less formal support will be embedded through processes that identify a strengths-based practice at the point of assessment and review.

8.2.4 Given the overall financial position of the Council there is a requirement on the committee to address the overspend position in 2022/23 and support plans to mitigate it.

8.3 Legal Implications

8.3.1 As this report is designed to provide information about background to and an update about the financial position rather than set out particular proposals for the budget and implications, there are no specific legal implications arising from the content. The ongoing process will however assist the local authority in meeting its obligations and legal duties. Legal Services can provide advice on specific proposals as and when necessary.

8.4 Climate Implications

8.4.1 There are no climate impacts to consider arising directly from this report.

8.5 Other Implications

8.5.1 There are no further implications to consider at this time.

9.0 ALTERNATIVE OPTIONS CONSIDERED

9.1 Not applicable – no decision or change is being proposed.

10.0 REASONS FOR RECOMMENDATIONS

- 10.1 These recommendations are made to support strategic planning and operational decisions that are necessary for the long-term sustainability of adult health and social care and the long-term benefit of people in Sheffield.

This page is intentionally left blank