



Report to Policy Committee

Author/Lead Officer of Report:

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Report of: Alexis Chappell, Strategic Director of Adult Care and Wellbeing

Report to: Adult Health and Social Care Policy Committee

Date of Decision: 14 June 2023

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

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?	EIA 1444			
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:				

Purpose of Report:

The purpose of this report is to provide an update about Adult Social Care financial position, an overview of our budget and to seek endorsement for recovery plans.

As part of our improved financial governance, a full budget analysis has taken place for greater transparency and to ensure that ongoing financial risks and issues remain visible. This report looks at the whole rather than the change, highlighting relative growth in spend by service type and the links between funding streams and specific activity.

This is a key report in our financial governance as it enhances our understanding of the full budget position and the relative value of pressures, savings and ongoing commitments when making spending decisions. It also supports our priority to deliver a framework for measuring our performance and quality so that people can hold us to account for the care services we provide.

Recommendations:

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

- 1) Note and consider the Adult Care budget in totality, pressures, and current progress with the recovery plan alongside the legal requirements which the Local Authority is required to meet in relation to Adult Care and evidence for forthcoming CQC Assurance.
- 2) Note that ongoing annual pressures exceed the Council's ability to increase funding for Adult Care.
- 3) Note that workshops will be held with Committee Members on business planning for the 2024/25 budget (to be held 23/07/23) and a detailed review of the Adult Health and Social Care budget's income, spend and pressures (to be held 12/09/23).
- 4) Note that an independent look at Adult Care Services will be undertaken to address budget pressures and propose mitigating actions.

Background Papers:

Appendix One: Recovery Plan update

Appendix Two: Equality Impact Assessment review schedule

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: <i>Liz Gough</i>
		Legal: <i>Patrick Chisolm</i>
		Equalities & Consultation: <i>Ed Sexton</i>
		Climate: <i>Jessica Rick</i>
	<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:	<i>Alexis Chappell</i>
3	Committee Chair consulted:	<i>Councillor Angela Argenzio</i>
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: Jonathan McKenna-Moore	Job Title: Service Manager, Business Planning and Governance
	Date: 5 June 2023	

1.0 OVERVIEW OF ADULT SOCIAL CARE BUDGET

1.1 Overview of Adult Social Care Income

1.1.1

Table 1: Adult Health and Social Care Income Sources	2022/2023		2023/ 2024		% Change
	(£000s)	Proportion of Budget %	(£000s)	Proportion of Budget %	
Sheffield City Council (Cash Limit)	132,723	48%	134,063	46%	+1%
Fees and Charges for cost of care	51,452	19%	55,981	19%	+9%
Better Care Fund	29,288	11%	29,288	10%	-1%
S75 Agreement with NHS ICB	26,276	10%	26,782	9%	+2%
Grants & Other Income	32,814	12%	45,690	16%	+39%
Recharges to Other Services	1,943	1%	1,642	1%	-15%
TOTAL	274,496		293,445		+7%

1.1.2 Overall, the gross budget has increased by £18.95m, with 94.5% of this increase relating to increased grant and income. As detailed in section 1.4, this is in the context of £31m additional cost pressures due to the pandemic accompanied by a historic overspend pre pandemic, which has been required to meet Care Act 2014 duties.

1.1.3 The total budget of £293m includes £134m from the Council's corporate budget, built up of Council Tax revenue, the Revenue Support Grant from central government and Business Rates (which are paid into and then reallocated by central government).

1.1.4 This part of the budget is also referred to as the **Cash Limit**. Any changes in spend will impact the Cash Limit unless matched by changes in other income. Where external funding is directly linked to specific activity (for example a S75 agreement for Mental Health support) reduced spend will have less or no impact on the cash limit but will enable better use of funding to meet individual and carer wellbeing outcomes.

1.1.5 While the Cash Limit element still represents the largest proportion of the Adult Social Care budget, as set out in the [Use of Resources](#) report to Committee dated 16th September 2022 this has reduced from 62% of the total budget in 2017/18 to 46% today.

1.1.6 This is not a reduction in support to Adult Social Care from the City Council but is a result of a change in accounting treatment of Government grants, where grant funding from Central Government was previously included in the Cash Limit total and is now allocated to Adult Social Care grant income. This means the total identified as cash limit reduced while total funding increased.

1.1.7 The amount of money available through Council Tax revenue has been increased through use of the social care precept. For 2023/24 a 2% adult social care precept was applied as part of the overall 4.99% council tax increase. This equates to an increase of £5.551m. The 2022/23 budget

required the use of £6.2m of council reserves. The Adult Social Care precept therefore replaces that one-off funding, which means that one off funding is not then carried forward as a pressure to 2023/2024.

- 1.1.8 Further increases through the Adult Social Care precept would each require Full Council approval and can therefore not be assumed each year.
- 1.1.9 People in receipt of formal care are assessed to see if they can pay some or all their support costs. Individuals are invoiced monthly, and recovery of invoices averages 90% subject to follow up from a debt recovery team. The £56m Fees and Charges income relates to these charges paid by citizens of Sheffield and contributions to direct care costs paid by the NHS.
- 1.1.10 The £29.3m Better Care Fund (BCF) element of the budget is BCF funding for social care to be spent on integrated activity, mostly through purchasing.
- 1.1.11 £26.8m is passported to the Council from the NHS Integrated Care Board (ICB) under the Section 75 (S75) Agreement. Much of this is Better Care Fund Grant that the ICB is required to passport to the Local Authority. The remainder is for integrated or jointly commissioned services including part funding of the Council's Short-Term Intervention Team, the Equipment Service and other Social Care Teams including Safeguarding.
- 1.1.12 The most significant increase in budget is in the Adult Social Care grant. This follows the national Fair Cost of Care exercise and a significant increase in the rates paid to third party providers. To support these increases, there has been an increase of £12.6m grant funding in 2023/24. Other, smaller grants are also included here, such as the Independent Living Fund.
- 1.1.13 Not included in Table 1, is the element of the Adult Health and Social Care Policy Committee budget delivered by the Integrated Commissioning service, managed through Public Health. Table 2 provides this detail.

1.1.14

Income Source	22/23	23/24	% Change
Sheffield City Council (Cash Limit)	7,604	7,913	+4%
Fees and Charges for cost of care	18	18	-
S75 Agreement with NHS Sheffield CCG	249	249	-
Grants	9,307	9,507	+2%
Other Income	803	485	-40%
Recharges to Other Services	30	30	-
TOTAL	18,011	18,202	+1%

- 1.1.15 The total budget described above also does not include a further £8.9m for Service Level Agreements and Corporate Overheads. This is because these are temporary funding arrangements matched corporately to internal spend on premises and service support. These are not formally part of the permanent budget for the Adult Health and Care Policy Committee.

1.1.16 A breakdown of Sheffield’s Adult Social Care budget since 2017/18 was presented in the report to committee in November 2022: [Appendix 2 - Use of Resources Report 16-11-22.pdf \(sheffield.gov.uk\)](#).

1.1.17 In December 2022, it was highlighted to Committee through our [Financial Report to Committee](#) that the budget pressures were understood in terms of an increase in demand from 2019 of 13.3% increase for Community Support Referrals, 68.7% increase for Safeguarding and 20% increase from hospital services. Monitoring of these pressures are underway and inform business planning for 2023/ 2024 and 2024/2025 as well as new models of working.

1.2 Overview of Current Resource Use

1.2.1

Allocation of Spend	2022/23	2023/24	% change
3rd party spend (Delivery of Care)	£217,440	£232,617	+7%
Employees	£44,136	£46,776	+6%
Premises	£578	£578	0%
Supplies & Services	£11,388	£12,528	+10%
Transport	£954	£946	-1%
TOTAL	£274,496	£293,445	+7%

1.2.2 The vast majority of the budget is spent on commissioned, and council - delivered regulated care services to deliver care to people across the City. Due to this, it is important that the models of care that we deliver are effective, person and outcomes led and best value. The change in spend reflects the additional increases gained through the Adult Social Care Grant.

1.2.3 The spend on commissioned services is allocated through Purchasing Budgets and can be broken down as follows:

Service Type	OP	LD	PD	MH	Total
Home Support	35,067	1,347	6,408	127	42,949
Direct Payments	8,349	23,732	13,374	5,386	50,841
Residential & Nursing	48,443	18,444	4,254	9,722	80,863
Short Term Care	1,987	665	713	80	3,445
Supported Living	7,534	27,987	3,892	406	39,819
Day Care	233	4,692	523	89	5,537
Other	3,487	1,943	131	198	5,760
Total Gross Expenditure	105,100	78,810	29,295	16,008	229,214

(OP = Older People; LD = Learning Disabilities, PD = Physical Disabilities; MH = Mental Health)
 Note – rounding of totals creates slight variation to calculating the shown summary.

1.2.4 Further third-party expenditure on contracts outside of purchasing budgets equals £3.4m, bringing the total back to £232.6m.

1.2.5 The income from contributions varies between working age people, whose main income tends to be state benefits, and older people who often have

capital and additional private income as well as their pension. This has an impact on the net cost of those services to the Council.

1.2.6

	OP	LD	PD	MH	Total
Gross Expenditure	105,100	78,810	29,295	16,008	229,214
Individual Contributions	-32,207	-4,737	-2,159	-931	-40,034
NHS Contributions	-12,842	-15,780	-700	-2,692	-32,014
Grant Income	-36,049	-26,391	-8,232	-3,298	-73,969
Total Income	-81,098	-46,908	-11,091	-6,921	-146,017
Net Expenditure	24,002	31,903	18,204	9,088	83,197
% from Cash Limit	23%	40%	62%	57%	36%

1.3 Care and Support Duties under the Care Act 2014 and alignment to CQC Themes

1.3.1 The Adult Health and Social Care budget can be further understood as delivery of our duties under the Care Act 2014, Mental Capacity Act 2005, Mental Health Act, changes to statutory duties including decision by UK Government to not amend the approach to Deprivation of Liberty Safeguards and the implementation of CQC Assurance on Adult Care, which will look at our compliance and impact on people. [Full detail of the Care Act are available on Legislation.gov.uk.](#)

1.3.2 In summary, the Care Act allocations set against CQC Theme are as follows:

Care Act Duty	CQC Theme	£000's
S1 – 7: General responsibilities of Local Authorities to promote wellbeing, prevent needs for care and support, provide information and advice and promote integration of care and support with health services.	All Themes	6,000
S9 - 41 Assessment of Adult and Carers Needs, including development of a support plan, continuity of care and ordinary residence, safeguarding.	Working with People. Ensuring Safety	22,300
S14 – 17, s34 – 36, s69 – 70: Charging and Assessing Financial Resources including deferred payment agreements	Working with People	2,600
S18 – 20: Duty and Power to meet needs of Adults and Carers	Working with People	183,200
S31 – 32 - Direct Payments	Providing Support	52,000
S42 – 47 Safeguarding Adults, including duties relation to Mental Health Act, Mental Capacity Act.	Ensuring Safety	1,500
S48: Provider Failure	Providing Support/ Ensuring Safety	13,500
S53 – 56 Market Oversight and Commissioning	Providing Support	3,000
S58 – 64 Transitions for children to adult care	Working with People.	8,400
S67 – s68 Independent Advocacy Support	Ensuring Safety	1,000

1.3.3 The allocation of funding highlights that the majority of our spend relates to the provision and purchasing of care to meet individuals needs. Note, these are indicative amounts of gross spend and not exact budgets.

1.3.4 Risks and mitigations relating to compliance to duties under the Care Act, specifically fulfilment of safeguarding duties and the duty to provide continuity of care, have been recorded through the corporate risk register as CR178, as reported to Audit and Standards Committee on 19/01/2023 (restricted item) and through Directors Assurances.

1.4 Current Forecast for 2023/24 Financial Year

1.4.1

Table 7: 2022/23 Outturn and 2023/24 Net Budget (£000s)				
	2022/23			2023/24
	Full Year Budget	Actual Outturn	Variance	Full Year Budget
Staffing Costs	44,960	47,278	2,318	47,091
Operating Costs*	11,881	10,374	-1,507	12,989
Non-purchasing Total	56,841	57,652	811	60,080
Older People	33,323	33,025	-298	24,002
Physical Disabilities	16,646	14,262	-2,384	18,204
Learning Disabilities	29,132	36,856	7,724	31,903
Mental Health	9,163	9,331	168	9,088
Purchasing Total	88,264	93,474	5,210	83,197
Grand Total	145,105	151,126	6,021	143,277

*Includes £8.9m of temporary budget for SLAs referred to 1.1.15.

1.4.2 The figures shown in Table 7 for 2022/23 include temporary net budgets and one-off funding that occurred during the year, so will not match exactly to the permanent net budget at the start of the year stated in Table 1.

1.4.3 For this reason, Table 1 noted a £1.4m increase to the Cash Limit for the permanent budget but Table 7 identifies a £1.8m reduction to the final net budget. Similar variations for 2023/24 will not be known at this point and therefore cannot be included.

1.4.4 The impact of additional one-off income on the out-turn for 2022/23 enabled a final outturn of £6m, which is a positive step forward for Adult Care given our starting position. This follows the delivery of £16m savings by Adult Social Care in 2022/23, with a further £5.5m savings from the 2022/23 budget to be delivered in 2023/24. This was reported to Committee in March 2023/24.

1.4.5 The final outturn for 2022/23 is a positive step forward. At the start of 2022/23 Adult Health and Social Care was carrying forward an overspend of £21.8m and faced increasing pressures in relation to Adult Care operating and running costs. The final outturn position indicates that Adult Social Care is beginning to stabilise.

- 1.4.6 As we go into 2023/24, the remaining pressures against staffing costs and purchasing budgets are carried forward into the new financial year and will be mitigated alongside the new savings that are planned to match new cost pressures (see table 8) and pressures identified in relation to Learning Disabilities Services.
- 1.4.7 The overspend on staffing now includes the loss of one-off funding in 2022/23, investment in agency teams to complete planned reviews, investment in staffing to meet Care Act and Mental Health Act Statutory Duties and maintain safe staffing levels in regulated services, which are also a legal requirement of this Committee. Further pressure on staff followed a cyber-attack in 2022 and the ongoing impact on planning and recording to meet regulatory requirements. Replacement funding and mitigations of the staffing position are in progress and will be included in further forecasts.
- 1.4.8 Most of the pressure on third party services is for care and support to people with a Learning Disability. This is due to:
- Historic allocation of budget which has not increased at the same rate as demand or complexity of need.
 - Non-delivery of savings over the last five years means that budget increases to match growth have not been allocated, but costs have continued to increase in relation to requirements for care delivery.
 - Costs have increased for Learning Disability services at a higher rate than other sectors, exacerbated by limited care and accommodation options for people with complex needs locally and nationally.
 - People with a Learning Disability are supported by Adult Care at a relatively young age and require lifetime support, often at high cost. Our duties under the Care Act require us to meet those care and support needs with the resources available in the current market.
 - The national funding has prioritised additional funding to discharge but not towards working age adults with a learning disability.
- 1.4.9 Actions to address the pressures are in progress, including:
- A new operating model from April 2023 which enabled a move towards a specialist care & assessment, council run provider services, and a commissioning service for people with a learning disability. This supports a clearer focus on enabling people with a learning disability to live independent lives and an understanding of risks and pressures.
 - A new homecare and adult future options commissioning framework following approval at Committee in September 2022, which broadens provision and creates new opportunities for collaboration across the sector.
 - Review of residential care and out of area placements following approval of the review at Committee in February 2023, which includes dedicated provision relating to safeguarding, care & assessment for people living in

residential care and co-developing a new model of support.

- Dedicated agency support to undertake reviews of adults over next six months whilst capacity is built in teams to maintain a sustainable, long-term approach to delivery of assessment, and care and support planning.
- Review of current delivery to understand cost drivers further, including value for money exercises. This includes looking of new models of support and ways of working.
- Partnership approaches with health, housing, and voluntary sector to deliver new models of working, particularly in relating to out of area placements and support to people with high level of needs as a partnership with colleagues across South Yorkshire.
- Market shaping exercise to increase options for day services, respite, and accommodation.

1.5 Business Planning and Recovery Plan Actions

1.5.1 Most new cost pressures for 2023/24 are being met by a combination £12.6m additional external funding and £18.9m planned savings (see table 9 for details).

1.5.2 As noted at 1.1.3, there has also been an increase of £1.34m to the cash limit. This incorporates the increase of council tax through the social care precept to replace one-off funding from reserves in 2022/23 with a permanent budget arrangement based on annual income.

1.5.3 New pressures for 2023/24 included the higher-than-normal fee increases under the national Fair Cost of Care exercise, off-set by increased grant.

1.5.4

Table 8: Pressures and Offsets		
	22/23 (£000s)	23/24 (£000s)
Pressures		
Forecasts overspend (costs rolled forward from previous year)	21,800	-
Growth in demand for services	6,900	6,400
Uplifts to provider fees	6000	21,100
Loss of income	2,200	700
Long-term investments to meet service demand	3,900	400
Short-term investments to mitigate 21/22 overspend	1,600	400
Staff pay award (2% in 22/23; 4% in 23/24)	800	2,700
Additional operating costs		900
Removal of 22/23 one-off funding from reserves		6,200
Total Pressures	43,200	38,800
Off-set by		
Increased cash limit (including social care precept)	-3,300	-7,250
Increased grant	-8,500	-12,646
Mitigations / Savings	-25,200	-18,904
One-off funding from Council Reserves	-6,200	-
Total Off-set	-43,200	-38,800

- 1.5.5 An overview of progress against the £18.9m planned savings for 2023/24 is provided in Appendix 1 and highlights that 92% are planned for delivery in 2023/24 with a further 8% forecast to be delivered in 2024/25.
- 1.5.6 The service is actively working on further mitigations and new ways of working to enable the final outturn at year end to again be a positive move towards the stabilisation of the Adult Care Budget.
- 1.5.7 To support this, as a key next step for the new Directorate, each Assistant Director will report on progress against the recovery actions identified to both Directorate Meetings and Member Briefings to enable support, challenge and scrutiny.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 Good governance in relation to resource management and financial decision making supports the delivery of the adult social care vision and strategy.
- 2.2 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.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 The purpose of this report is to provide a background to the fund of Adult Social Care, an update to the forecast spend position for 2023/24 and progress with the delivery of savings. No consultation has been undertaken on these aspects.
- 3.2 Consultation is undertaken during the development of proposals for the budget and implementation of proposals for the budget as appropriate.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

- 4.1.1 As part of the annual budget setting process, an overarching EIA assesses the cumulative impact of budget proposals (EIA 1444), 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 2023/24 Budget and the EIAs for each element remain live.
- 4.1.2 Individual EIAs are currently with Assistant Directors to review and update if required. See Appendix 2.

4.2 Financial and Commercial Implications

- 4.2.1 This report is part of an improved financial governance framework that aims to improve the fiscal understanding of our workforce and provide

transparency on the use of public money to the citizens of Sheffield.

4.2.2 This report is designed to provide detail on the financial position rather than set new proposals for the budget.

4.3 Legal Implications

4.3.1 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.

4.4 Climate Implications

4.4.1 There are no climate impacts arising directly from this decision.

4.5 Other Implications

4.5.1 There are no other implications to consider at this time.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 Not applicable – this is an update on actions already agreed.

6. REASONS FOR RECOMMENDATIONS

6.1 The recommendations are provided to enable Members to gain an understanding of the Adult Social Care budget in totality, pressures and current progress with the recovery plan including the actions underway to mitigate pressures.

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