



Report to Policy Committee

Author/Lead Officer of Report:
Jonathan McKenna-Moore

Report of: Strategic Director of Adult Care and Wellbeing
Report to: Adult Health and Social Care Policy Committee
Date of Decision: 31st January 2024
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? EIA 2377				
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"/>

Purpose of Report:

The report delivers on our commitment to transparent and accountable financial reporting.

This update provides:

- An update on 2024/25 business planning;
- An analysis of the underlying financial pressure to be carried forward into 2024/25 financial year;
- An outline of our financial recovery plan for 2024/25.

Recommendations:

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

1. Note the changes to the Committee's budget plan since the November update and the proposals being brought forward to close the 2024/25 budget gap.
2. Note that £2.8m more Social Care Grant (ringfenced for Adult and Childrens Social Care) than assumed in the Council's planning has been received but £4.9m less of unringfenced 'Services Grant received. To note that this has resulted in a subsequent increase of £2m Social Care Grant to Adult Health and Social Care Policy Committee but a decrease of £0.9m corporate funding to Adult Health and Social Care Policy Committee.
3. Note the impact of funding changes on the 2023/24 carry forward position and recovery plan for 2024/25.
4. Note the recovery plan to mitigate underlying demand and cost pressures in 2024/ 2025.

Background Papers:

Appendix 1: 2024-25 Recovery Plan

Lead Officer to complete:									
1	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;">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.</td> <td style="width: 50%; vertical-align: top;">Finance: Kerry Darlow</td> </tr> <tr> <td></td> <td style="vertical-align: top;">Legal: Patrick Chisholm</td> </tr> <tr> <td></td> <td style="vertical-align: top;">Equalities & Consultation: Ed Sexton</td> </tr> <tr> <td></td> <td style="vertical-align: top;">Climate: Jonathan McKenna-Moore</td> </tr> </table>	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: Kerry Darlow		Legal: Patrick Chisholm		Equalities & Consultation: Ed Sexton		Climate: Jonathan McKenna-Moore
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	<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	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">SLB member who approved submission:</td> <td style="width: 50%;">Alexis Chappell</td> </tr> </table>	SLB member who approved submission:	Alexis Chappell						
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Lead Officer Name: Jonathan McKenna-Moore	Job Title: Service Manager for Business Planning and Care Governance								
Date: 16/01/2024									

1.0 Proposal

- 1.1 In November 2023 this Committee approved a range of budget savings proposals to mitigate in full the new financial pressures forecast to arise in 2024/25 and, separately, a recovery plan describing how any underlying pressure in 2023/24 carrying forward into 2024/25 will be mitigated.
- 1.2 This report describes the updates that have been made to the planning assumptions underpinning the 2024/25 Adult Health and Social Care Policy Committee budget following national announcements on the National Living Wage, the Local Government Finance Settlement and other changes.
- 1.3 These updated planning assumptions have impacted on the savings target for the Committee in 2024/25 and this report provides an update of how this newly arising budget gap can be closed. Changes and updates to the savings programme also impact on the recovery plan and so a refreshed recovery plan is also provided in Appendix 1.

2.0 The Committee Budget

- 2.1 The budget of this Committee is made up of the Adult Care and Wellbeing Directorate permanent budget together with elements of the Integrated Commissioning service budget managed through Public Health and Corporate Overheads. The total budget is described in the table below.

2.2

Gross permanent budget	Lead Director	2023/24 (£'000)	Funding	2023/24 (£000s)
Adult Care and Wellbeing Directorate	Alexis Chappell	293,445	SCC cash limit	134,063
			Fees and charges	55,981
			Better care Fund	29,288
			S75 Agreement	26,782
			Grants/ Other income	45,690
			Recharges	1,642
Integrated Commissioning – AHSC budgets	Greg Fell	18,202	SCC cash limit	7,913
			Fees and charges	18
			S75 Agreement	249
			Grants	9,507
			Other income	485
			Recharges	30
Total				
Adult Health and Social Care Policy Committee Total		311,647		311,647

- 2.3 SCC income for service level agreements and corporate overheads are temporary funding arrangements matched corporately to internal spend on premises and service support. Further information on the committee's budget can be found in the June 2023 report to committee here: [Draft Protocol for Cabinet Reports \(sheffield.gov.uk\)](#). The lead Director for this funding is Philip Gregory, Director Finance and Commercial Services.

2.4 As reported to Committee in June 2022, Grants, s75 agreement and income from fees and charges cannot be used towards savings of the Policy Committee. Savings are therefore gained from the cash limit aligned to Adult Care & Wellbeing, Public Health and Integrated Commissioning and Finance & Commercial Services Directorates.

3.0 2024/25 Budget Programme update

3.1 A report was brought to the Committee in November ([Draft Protocol for Cabinet Reports \(sheffield.gov.uk\)](https://www.sheffield.gov.uk)) describing new financial pressure for the financial year 2024/25 forecast to be £32.5 million. A number of income opportunities totalling £23.2m were described which offset the forecast pressure to leave a budget gap and savings target for the committee of £9.3m. Savings proposals totalling the full £9.3m were identified and noted by the Committee leaving the Committee's draft budget for 2024/25 in balance.

3.2 Since this report there have been two notable changes impacting on the Council's budget assumptions; the Autumn Statement in November which increased the Committee's fee rate pressure assumptions by £5.0m and the Local Government Settlement in December which has had the effect of increasing income to the Committee budget by around £1.1m.

3.3 The Chancellor of the Exchequer presented his Autumn Statement to Parliament on Wednesday 22 November 2023. As reported to Committee in December the increase to the National Living Wage rate announced in that Statement was significantly in excess of the amount assumed by the Council for fee rate uplift planning purposes. The effect of this was to increase the financial pressures of the Adult Health and Care Policy Committee in 2024/25 by £5.0m.

3.4 The Provisional Local Government Finance Settlement for England 2024-2025 was published on 18 December 2023. The settlement for Sheffield included £2.8m more Social Care Grant (ringfenced for Adult and Childrens Social Care) than assumed in the Council's planning but £4.9m less of unringfenced 'Services Grant'.

3.5 This has meant that although the Committee benefits from more Social Care Grant than assumed in the November plans, there has also been a corresponding reduction in cash limit or corporate funding to Adult Health and Social Care Policy Committee. The Committee is asked to note this impact.

3.6 Since the November Committee there have also been some other developments and updates which have been incorporated into the budget including increases to staffing pressures offset by assumed slippage to the recruitment timeline. All updates to the budget assumptions are recorded in the table below.

3.7

Pressures/ Savings / Funding	Element	£m	Description
Pressures	National Living Wage	5.0	Full impact of Autumn Statement announcement on fee pressures
	Fair cost of care	0.1	Additional cost of above inflation uplift approved at Dec Committee
	Staffing Growth	-0.2	Net reduction in pressure. £0.5m relates to recruitment slippage which will fall into 25/26.
	Other	0.1	Mainly an increase to bad debt provision to align with higher contributions
	Total	4.9	
Savings/ Income	MSIF Grant	0.1	Offset to increase to above inflation uplift
	Total	0.1	
Net budget position before funding		4.8	
Funding	Increase to Social Care Grant	2.0	Increase to Social Care Grant announced in the settlement
	Decrease to Corporate Funding	-0.9	Impact of decreased Services Grant announced in the settlement
	Total	1.1	Overall funding increase
Net budget position after funding		3.7	

3.8

The impact of these updated budget assumptions is to increase the Committee's savings target by £3.7m.

	Elements	Nov 2023	Change	Jan 2024
Pressures	<ul style="list-style-type: none"> Fee rates Above inflation rate increase for care homes Growth pressures Investment in workforce Other 	£32.5m	£4.9m	£37.4m
Income & Funding	<ul style="list-style-type: none"> Social Care Grant Market Sustainability and Improvement Fund Social Care Precept on Council Tax Cash limit 	-£23.2m	-£1.1m	-£24.4m
Savings target		£9.3m	£3.7m	£13.0m

4.0

Closing the £3.7m gap

4.1

Proposals for the 2024/25 budget are brought forward to address the newly emerging £3.7m budget gap.

4.2

Some amendments are proposed to existing proposals. The impact of the annual uplift to contributions has been recalculated in line with the pension and benefit uplifts announced in the Autumn Statement and is forecast to provide an additional £1m. The impact in 2024/25 of savings from Mental Health reviews will be increased by £150k

by bringing forward the timing of these reviews such that they commence earlier, in 2023/24.

- 4.3 A new 'savings proposal' will be brought forward in relation to Continuing Healthcare (CHC) funding. £1.7m CHC income in 2023/24 was previously considered one-off income but, following analysis, £1.5m of this is now known to be recurring so can be factored into next year's budget.
- 4.4 Finally, a budget adjustment will be made to the permanent budget for next year relating to income we are already receiving. The November proposals assumed a £2m correction to the income budget but this will be increased by £1.05m to £3.05m to better reflect forecast income.
- 4.5 Whilst this final proposal is necessary for a better alignment of budget to income it does not create new income or reduce costs. It will therefore increase the risk of the Policy Committee overspend next year and a potential risk in relation to delivery of core statutory and regulated services.
- 4.6 Due to this the recovery plan, approved at November 2023 Committee has been reviewed as the additional pressures establishes an impact on the recovery plan target as described in section 5.9. Proposals will be brought to Committee in March 2024 to include each Directorate within the Policy Committee.
- 4.7 A summary of all draft proposals totalling £13.0m is set out in the table below with the £3.7m new / additional savings shown in ***bold italics***.

4.8

Service	Savings target (£m)	Savings proposal	Value (£m)
Living & ageing well	8.0	Annual uplift to contributions	
		• Annual uplift to contributions	2.00
		• <i>Revised (additional) uplift estimate</i>	<i>1.00</i>
		• Realigning contribution budgets – original	2.00
		• <i>Realigning contribution budgets – additional</i>	<i>1.05</i>
		Promoting independence post discharge	1.57
		Making best use of commissioned services	0.87
Adult Future Options	1.9	Budget adjustments <i>Realigning CHC income</i>	0.94 <i>1.50</i>
Access, Mental Health & Wellbeing	1.6	Reducing demand for long term support – PIP	0.54
		Care Package reviews – original <i>Care Package reviews- additional</i>	0.35 <i>0.15</i>
Governance & Financial Inclusion	1.5	IMFI additional income	1.03
Grand total:	13.0		13.00

5.0 2023/24 in year position.

5.1 The in-year forecast for the Adult Care and Wellbeing Directorate as of November 2023 was of a £3.7m (1% of Directorate Budget) overspend.

5.2 Table 1 sets out the new income and funding received in 2023/24 since budgets were set and which are impacting the 2023/24 position.

5.3

Income Source	Amount	Permanent or Temporary
Client Contributions The amount of money paid towards the cost of support has increased more than assumed – this mainly relates to services for people aged 65+. The 2024/25 permanent budget for income will be updated to reflect this.	£3.1m	Permanent
Continuing Healthcare The amount of money paid by the NHS towards the cost of jointly funded care has been higher than expected following the resolution of a number of one-off backdated payments.	£1.7m	Permanent
Social Care Grant This is funding that was not built into the 2023/24 budget due to the timing of its release by Government and uncertainty around grant conditions. It has now been allocated to the Learning Disabilities purchasing budget and will become part of the permanent budget in 2024/25.	£6.2m	Permanent
Discharge Grant The total allocation for 2023/24 is £4.1m, of which £3m is included in the forecast to match activity to date. The funding available is due to increase in 2024/25, however there are no confirmed allocations past this point. In 2023/24, the Grant is mainly allocated against homecare costs above the Adult Care and Wellbeing budgeted hours in order to ensure capacity in the market.	£3m	Temporary
Market Sustainability and Improvement Fund – Workforce Fund This is new funding announced in summer 2023. This portion of the £4.1m total grant is funding STIT and Enablement services, which have expedited hospital discharge and provided additional hours of homecare support over the last year where the market was unable to provide. This proportion of the grant will reduce to £1.1m in 2024/25 and then end in 2025/26.	£1.5m	Temporary
One Off Council Funding £0.5m of one-off funding to support savings activity has reduced the overspend position on Adults Care and Wellbeing as a whole.	£0.5m	Temporary
Capacity and Productivity Grant. This is one-off funding to help the implementation of new ways of working in order to support more streamlined assessments.	£0.3m	Temporary
Total	£16.2m	

5.4 £5.3m of this funding is temporary and cannot be included in our permanent budget. Of this £1.8m relates to one-off funding received in 23/24 which will be unavailable in 24/25. The remaining £3.5m relates to funding through the discharge fund and capacity grant that is subject to approval for use. This funding cannot therefore be assumed next year.

5.5 The £11m new permanent funding streams must be applied to budgets for next year through the business planning process and will be used to offset new financial pressures in 2024/25 including the impact of inflation and increased demand.

5.6 Therefore whilst the £16.2m total income in table 1 will continue to mitigate costs in-year, this will not be able to fund the activity that it is currently funding.

- 5.7 After disregarding the £16.2m of one-off income and income not anticipated in the budget at the start of the year the underlying pressure is therefore £19.9m. However, £2.9m of in-year costs do not need to be included in the Recovery Plan. £2m has been included in pressures for 2024/25 and will be mitigated through the 24/25 Budget Plan. £0.9m relates to one-off costs and will not carry over into next year.
- 5.8 This leaves an underlying pressure of **£17.0m** to be mitigated through the Recovery Plan actions for 2024/25.
- 5.9 The underlying/carry forward overspend described in the report to Committee in November was £16.2m. This has increased by £0.8m to £17.0m largely because of the £1.1m budget adjustment described in Section 4.4 of this report offset by other smaller changes.
- 6.0 **2024/25 Recovery Plan**
- 6.1 When the mitigating funding detailed in section 5.3 is disregarded from the current overspend, the most significant pressure relates to the delivery of support and care to people with learning disabilities.
- 6.2 New activity in Adult Future Options will be focused on service development and recommissioning programmes related to overnight short breaks, accommodation with care and direct payments and it's planned to bring approval for these areas of activity to Committee later in 2023/24.
- 6.3 Other major pressures relate to Living and Ageing Well. The recovery plan for 2024/25 builds upon the introduction of an enablement team, annual reviews, financial inclusion, and service developments initiated in 2023. In addition, assumptions related to use of one-off grants are built into the recovery plan. No further approvals are needed for these. New opportunities to reduce lost income or recover costs will be brought to committee for approval separately.
- 6.4 A number of service wide developments underway will also enable recovery actions and help us to address the current financial pressures. These are:
- Educating and embedding technology enabled care in the workforce will improve access to innovations such as virtual homecare to inform early-help.
 - In addition, developing multi-agency approaches to community based informal networks to reduce need for social care support. An update regards both is provided as part of the Early Intervention Update at Committee today.
 - Greater involvement in support planning from both our Brokerage and Occupational Therapy teams will ensure the best enablement and early help options for the individual have been identified.
 - Reviewing our processes and ways of working to release time and capacity in our social care teams.
 - Reviewing opportunities for income generation and longer-term sustainability of services.

- 6.5 The 2024/25 Recovery Plan noted at Appendix 1 provides a framework and action plan to mitigate ongoing cost pressures. As noted, the majority of savings detailed in this Recovery Plan are existing initiatives either agreed in 2023/24 Budget Improvement Plans or in subsequent reports to committee. As such, no further approval is required of Committee for this ongoing work. Where recommissioning or other decisions are required by Committee, these will be brought for approval separately.
- 6.6 The £0.8m additional savings required of the recovery plan since the November update, as described in section 5.9, are as follows:
- £300k additional savings from Learning Disability transformation programme in relation to complex needs
 - £300k homecare provider reviews
 - £200k direct payment audits and money management
- 6.7 Governance and assurance against delivery of this Recovery Plan will be managed through the Health and Care Joint Efficiency Group. Quarterly reports will be provided to the Adult Social Care Policy Committee in parallel with quarterly reporting on budget implementation and financial forecast.
- 7.0 HOW DOES THIS DECISION CONTRIBUTE?**
- 7.1 The purpose of this report is to set out proposals that will allow the Council to deliver its Health and Social Care statutory duties within available resources in 2024/25 whilst making improvements to the quality of experience and outcomes of people its supports in line with its vision/ strategy for Adult Health and Social Care and Sheffield's Joint Strategic Needs Assessment (JSNA)
- 7.2 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:
- Support people to live a fulfilling life at home, connected to the community and resources around them, and provide care and support where needed.
 - Provide temporary assistance to help people regain some stability and control in their life following ill health or crisis.
 - Provide care and support with accommodation were this is needed in a safe and supportive environment that can be called home.
 - Make sure support is led by 'what matters to you,' with helpful information and easier to understand steps.
 - Recognise and value unpaid carers and the social care workforce and the contribution they make to our city.
 - Make sure there is a good choice of affordable care and support available, with a focus on people's experiences and improving quality.
- 7.3 The development of the proposals in this paper are consistent with the three key elements of our financial strategy: 1. Supporting people to be independent; 2. Secure income and funding streams and 3. Good governance in relation to resource management and financial decision making.

8.0 HAS THERE BEEN ANY CONSULTATION?

8.1 No consultation has been undertaken for activity outlined in this recovery plan.

8.2 Delivery of the recovery plan is dependent upon the following:

- Activity already agreed under the 2023/24 Revenue Budget, Business Improvement Plans and Change Programmes
- Use of agreed grant funding
- Contribution income through the Fairer Charging Policy
- Internal budget management

8.3 Consultation and engagement will be undertaken in relation to any recommissioning programmes proposed as part of the Adult Future Options consultation and service developments. The outcomes will be reported as part of the individual programme report to Committee.

8.4 Consultation will be undertaken as appropriate for any other proposals brought separately to committee for approval as part of this recovery plan.

9.0 RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

9.1 Equality Implications

9.1.1 None of the proposals described in section 6 of this report are expected to have adverse impacts on any group of people with protected characteristics. No proposals have yet been identified which have a primary impact on grounds of race, sex, sexual orientation, transgender, or cohesion.

9.1.2 A number of proposals are designed to improve the health outcomes or the personal outcomes of disabled people, older people or carers and so will have a positive impact on people with protected characteristics. Other proposals will have a mixed, limited, or neutral impact on people with these protected characteristics.

9.1.3 Activity that has already been agreed under the 2023/24 Business Improvement Plan will be assessed under the overarching Equality Impact Assessment (ref: 1444), as well as individual Equality Impact Assessments (EIAs) for proposals that are monitored and maintained as an ongoing process.

9.1.4 A separate EIA is provided as part of the Learning Disability Strategy.

9.1.5 EIAs are live documents and will be kept up to date as proposals are further developed and, as appropriate, consulted upon. Further proposals will be required to balance the budget gap and EIAs will be undertaken for those as they are identified and brought forward.

9.2 Financial and Commercial Implications

9.2.1 There are no financial implications arising other than those set out in the main body of this report.

- 9.2.2 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

9.2.3 Given the overall financial position of the Council there is a requirement on the committee to understand the financial position in 2023/24 in the context of 2024/25 budget planning.

9.2.4 The Recovery Plan provides a transparent overview of underlying financial pressures and the actions required to mitigate this in parallel with 2024/25 Business Improvement Plans.

9.3 Legal Implications

9.3.1 By law, SCC (Sheffield City Council) must set and deliver a balanced budget, which is a financial plan based on sound assumptions. This can consider cost savings and/or local income growth strategies, as well as use of reserves. However, a budget will not be balanced where it reduces reserves to unacceptably low levels under section 25 of the Local Government Act 2003, which sets obligations of adequacy on controlled reserves.

9.3.2 The recommendations in this Report contribute to the process of setting a budget but do not otherwise have any immediate legal implications.

9.3.3 Implementation of the specific proposals outlined in this report may require further decisions in due course, which will need to be made in accordance with the council Constitution. It is important to note that in making these decisions, full consideration of the Council's legal duties and contractual obligations will be needed.

9.3.4 The Council needs to be satisfied that it can continue to meet its statutory duties and meet the needs of vulnerable young people and adults. The proposals in this report have been drawn up on the basis that they will enable the Council to continue to meet its statutory duties and the needs of the most vulnerable. Where the proposals involve changes in legal relationships such as new contracts, it will be necessary to ensure that the necessary processes are followed.

9.4 Climate Implications

9.4.1 There are no climate impacts to consider arising directly from this recovery plan. No additional use of resources is anticipated in the implementation of the recovery plan in comparison to current activity.

9.5 Other Implications

9.5.1 There are no further implications to consider at this time

10.0 ALTERNATIVE OPTIONS CONSIDERED

- 10.1 Reductions to or restrictions on access to services have not been considered at this stage. Our strategy for Adult Social Care is to take a strengths-based approach, working with people to reduce their need for formal support. The proposals in this Recovery Plan are consistent with that approach.
- 10.2 Reductions to staffing have previously been agreed as part of the budget setting process and use of temporary budgets. Where alternative funding is available it will be the preferred policy of the Adults Care and Wellbeing directorate to retain workforce capacity.

11.0 REASONS FOR RECOMMENDATIONS

- 11.1 These recommendations are made to support strategic planning and operational decisions that are necessary for the long-term sustainability of Adult Social Care and the long-term benefit of people in Sheffield.