



Report to Policy Committee

Author/Lead Officer of Report

Liam Duggan, Assistant Director Governance and Financial Inclusion

Tel: 07791119860

Report of: Director of Adult Health & Social Care

Report to: Adult Health and Social Care Policy Committee

Date of Decision: 16th November 2022

Subject: Adult Health and Social Care: Effective Use of Resources and 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“The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”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:

This report provides information about our use of resources, an update on progress with our 2022/23 financial recovery plan, an update on improvements made in relation to our financial governance and to the Adult Social Care Effective Use of Resources Delivery Plan.

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 updates to the Financial and Resource Management Delivery Plan – highlighted
4. Note the budget analysis provided in the Use of Resources Report in Appendix 2
5. Request updates on progress with implementation through our Budget Delivery Reports to future Committees.

Background Papers:

None

Appendices:

Appendix 1 – Financial and Resource Management Delivery Plan

Appendix 2 – Use of Adult Social Care Resources Report

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 |
|---|--|---|

Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.

- | | | |
|---|--|--|
| 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: 7th November 2022

1.0 PROPOSAL

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

1.2 Quarterly reports to the Adult Health and Social Care Policy Committee will update on:

- Income and Expenditure: use of resources
- Financial recovery and forecast
- Financial risks and issues
- Implementation of the financial governance framework
- Implementation of the AHSC Delivery Plan

2.0 BACKGROUND

2.1 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.

2.2 A priority under this strategy is for Adult Health and Social Care to demonstrate effective use of resources and effective governance to improve experiences, outcomes, and quality of care across the City. A *Care Governance Strategy and Framework* was approved on 15th June 2022 which supported implementation of this priority.

2.3 Our *Financial and Resource Management Delivery Plan* consolidates the actions underway to manage our resources effectively, providing an evidence base for decisions on continuous improvement and where to prioritise the further efficiencies required to alleviate budget pressures. It also provides an assurance that Adult Social Care is using resources effectively to improve outcomes for the people of Sheffield in the context of financial pressures and historical overspend.

2.4 The reporting milestones on use of Adult Health and Social Care Policy Committee resources for agreement by the Committee are:

- November 2022 – Better Care Fund & S75 Agreement, Grants and Other Income, use of Disability Facilities Grant and assurance regarding Adult Health and Social Care income and expenditure.
- December 2022 – Integrated Commissioning Budget Overview and Expenditure, Covid Grants, Establishment Controls and Contract Management Controls.
- March 2023 – Use of Resources Delivery Plan, Establishment and Contract Management 6 Monthly Progress Update.

3.0 ADULT SOCIAL CARE FINANCIAL RECOVERY AND SUSTAINABILITY PROGRESS

3.1 Forecast Delivery of 2022/23 Savings

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

Table A: Adult Health and Social Care Pressure Mitigations Agreed at Cooperative Executive 16th February 2022	Value (£000s)	Forecast (£000s)	Forecast %
Social Care Precept	£3.3m	£3.3m	100%
Increased Grant / Swap Cash Limit for Grant income	£8.5m	£8.5m	100%
Funding from Council Reserves	£6.2m	£6.2m	100%
Savings / mitigations	£25.2m	£15.6m	62%
Total Pressures	£43.2m	£35.1m	81.2%

3.1.2 Since the update report to Committee 21st September 2022, the forecast for delivery of £25.2m planned savings has decreased from £17.1m (68%) to £15.6m (62%).

The main reasons for the decrease in the forecast are:

1. An increase in the average cost of **new** home care packages for people **over** 65. From May to July the average cost had reduced to under £300 per week, compared to a peak average of £380 per week in 2021. However, average new costs for the year to-date have since risen to £314 per week.
2. An increase in the cost of **existing** support packages for people **under** 65. Increases to existing support costs are expected and budgeted for, however a planned saving to mitigate this year's increase from £2.1m to £1m is not currently forecast to be delivered. Increases are currently forecast at £2.6m (£500k in excess of the original forecast).

3.1.3 Table B shows a breakdown of the forecast by savings type and the movement in the forecast:

Table B – Recovery Activity and Progress Against Savings Approved on 16th February 2022.					
Saving Category by Service	Savings Value	Forecast June 22	Forecast Sept 22	Forecast Nov 22	Forecast %
	(£000s)				
Change and Strategy Delivery	1,803	1,803	1,803	1,803	100%
Living and Ageing Well	10,888	6,980	7,154	6,423	59%
Adults with Disabilities	9,506	4,797	5,650	4,360	46%
Mental Health and Wellbeing	1,650	1,275	1,150	1,210	73%
Care Governance and Inclusion	1,254	1,254	1,254	1,683	134%
Commissioning and Partnerships	100	100	100	100	100%
Chief Social Work Officer	0	-	-	-	-
Total	25,201	16,609	17,111	15,579	62%

3.1.4 To date, Adult Health and Social Care have **delivered £9.15m** in savings through staffing budget adjustments, recommissioning programmes, reviewing excess costs and other projects – **an increase of £1.7m from September’s update report.**

3.1.5 As a context to these savings and the risks and challenges associated with achieving the level of savings required in one year, our work to review adult social care budget indicates that **Adult Health and Social Care has delivered £48m in savings over the past five years.** The proportion of the total budget made up of cash limit has reduced by 14% from 62% in 2017/18 to 48% today.

3.1.6 As Tables A and B show, current forecasts do not anticipate full delivery of the £25m budgeted savings plan at Quarter 2 within one year and its likely that these level of savings will now be achieved over a 2 year period mainly due to the time to complete reviews set against the staff availability to complete alongside delivering core services.

3.1.7 Following on from the decision of the Cooperative Executive¹ on 16th February 2022, the Adult Health and Social Care Policy Committee is required to mitigate this forecast overspend by 31st March 2023.

3.1.8 To mitigate the risk of overspend, the service is undertaking the following actions, and this is reflected in our forecast for 22/23 and in our budget plans

¹ Budget Report 2022/ 2023 – 16th February 2022 - [Draft Protocol for Cabinet Reports \(sheffield.gov.uk\)](https://www.sheffield.gov.uk/draft-protocol-for-cabinet-reports)

for 23/24. In total this mitigates **£2,429m within 2022/ 2023** and **£5.7m of predicted overspend pressure going into 2023/ 2024**.

- **Reviews** of high-cost support arrangements by in-house teams and agency staff. This has delivered a **£4.2m** saving so far, with a total of **£5m forecast in-year** and a further **£4m** forecast during 2023/24, making a total of **£8.2m savings over an 18 month year period**.
- **Reviews** of Mental Health support and funding, in partnership with health colleagues. This will ensure appropriate arrangements are in place and it is anticipated that this will save at least **£300k** during 22/23 and **£700k** during 23/24.
- **Direct Awards** (the use of non-framework providers at a higher cost) are now under stricter regulation. Direct Awards have been required to facilitate timely discharge from hospital, but this is now agreed on a temporary basis only following introduction of new procedures. 200 people currently receiving a Direct Award are under review and it is anticipated that the majority will transfer to a framework provider, saving **£500k** during 22/23 and **£500k** during 23/24.
- **VOIDS and Vacancies costs** have reduced compared to 21/22 and it is anticipated this will save **£1.2m** during 22/23 and **£500k** during 23/24.
- **An additional £429k income** from a larger than forecast increase to state benefits, showing as a 34% over achievement against Care Governance and Inclusion, will mitigate the final overspend position.
- **Homecare** reviews are also expected to release 4,500 homecare hours per week, aligned to the capacity requirements for the new well-being homecare contract.

3.1.9 To further mitigate current and future risks in relation to the Adult Social Care financial pressures, the following practice development and governance activities are underway:

- **Care Package Approvals** will come under systematic controls as part of embedding ongoing governance improvements across the service. Its aimed to complete this at same time as move towards new model of operating aligned to the Target Operating Model discussed today.
- **Double Handed Care Assessment** - An assessment of new homecare packages that require high volumes of hours, night-time care and/or double handed care is underway. This will help to ensure the most appropriate decision was taken and support learning for the service.
- **Adaptations Housing & Health** are managing 450 new assessments per month, reducing waiting times to 6 months, down from 20 months in

2021, and reducing the backlog of referrals in order to reach a sustainable level of demand in 2023. A report is set for Committee today providing an update.

- **Staffing budget** overspends are being addressed through the new Operating Model – now progressing to implementation after agreement with Trade Unions – and VER/VS schemes in selected areas of the service. An update in relation to staffing establishment governance processes is planned for December Committee as part of the budget update.
- **Review of Increasing Costs** – An investigation into the increasing costs for new care packages led by the Chief Social Work Officer. The outcomes and an action plan will build upon our practice development plan and be reported to December Committee as part of our budget update reporting;
- **Criteria for Adult Social Care** - Development of a criterion for accessing adult social care services for approval at December Committee;
- **Practice Guidance and Case File Audits** - Development of practice guidance which supports a consistent approach to strength-based practice and conversations across Adult Social Care as we move into a new model and way of working. This is noted in the Care Governance report to Committee today;
- **Early Help** - Development of an early help model which focuses on independence and support at an early stage in line with Care Act statutory guidance. A committee briefing is planned for December and with a model proposed for February Committee aligned our Target Operating Model;
- **Continuing Health Care** - Verification of financial data related to Continuing Health Care and Joint Packages of Care with NHS partners and recording onto our electronic recording systems. The outcomes and an action plan will build upon our practice development plan and be reported to December Committee as part of our budget update reporting

3.1.10 It is planned that these actions will support and enable prevention of need for care and support in line with the Care Act 2014 requirements as well as enable a greater and consistent focus on wellbeing outcomes and independence across Adult Social Care.

3.1.11 These developments also continue to deliver on our ambitions set out on 15th June 2022 to improve our homecare offer and to deliver on our service priority to reduce waiting lists to acceptable risk levels. It also supports and enables

Adult Health and Social Care to become financially sustainable in both our staffing and purchasing of care spend.

3.1.12

Despite these actions, it remains a risk that the £25m saving required for delivery by Adult Social Care within one year was always going to be a significant challenge, especially when set against the following context:

- Ongoing response to the pandemic and its long term impacts;
- Wider legal duties relating to the Care Act, Mental Capacity Act and in particular duties relating to safeguarding;
- Maintaining stability of the social care market;
- Introduction of a CQC Assurance Framework, Workforce Reporting, Fair Cost of Care and Social Care Charging Reforms under Health and Care Act 2022;
- National challenges in recruiting social work and social care staff;
- Increased inflationary costs, cost of living and energy crisis impacting all residents and care providers in the city.

3.2 Additional Actions to Increase Confidence in Delivery of £25m Savings in 22/23.

3.2.1 On 15 June the Committee agreed the Adult Health and Social Care financial update report² setting out a range of additional actions to increase confidence in the delivery of 2022/23 savings.

3.2.2 Since the September Committee, the following has been completed: -

- Provision of use of resources and benchmarking information. This is described in section 4.1 and Appendix 3 of the September report.
- Local Government Association (LGA) feedback of adult health and social care budget. This is described in section 4.2 of the September report and actions included in the use of resources action plan presented today.
- A joint NHS and LA funding bid to provide additional social care capacity to enable people to be discharged from hospital on a timely basis, which resulted in Adult Health and Social Care receiving £2.427m until March 2023. This was agreed at Finance Sub Committee on 6th September 2022³ and a report on our Discharge Improvement Programme will accompany this report to the December Committee.

3.2.3 To support additional and increased confidence in the service focus on delivery of best value and good financial governance over finances, the service is progressing:

- An arrangement for LGA to undertake a follow up visit to determine progress in implementing recommendations noted to Committee in September 2022.

² Adult Social Care Financial Update Report – 15th June 2022 - [Draft Protocol for Cabinet Reports \(sheffield.gov.uk\)](#)

³ (Public Pack)Item 16 - Additional Social Care Hours Report Agenda Supplement for Finance Sub-Committee, 06/09/2022 14:30 [\(sheffield.gov.uk\)](#)

which the service can undertake to become financially sustainable and at the same time improve outcomes for Adults across the City.

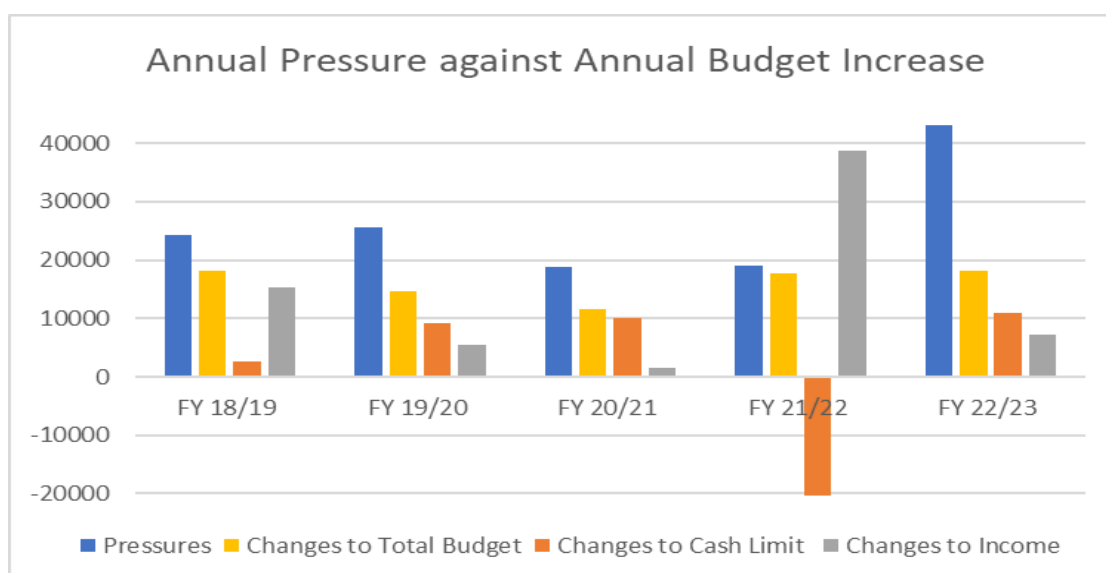
- A business case for an additional one off spend on agency staff to escalate pace of reviews.
- A business case for support to implement automation and digital technologies across Adult Social Care to escalate pace of delivering efficiencies in system processes and in doing so release time to care.

3.2.4 The outcomes of these additional actions will be reported to next Committee.

4 EFFECTIVE USE OF RESOURCES

4.1 Appendix 2 of this report provides a detailed analysis of the changes to the Adult Health and Social Care budget over the last six years.

4.2 The analysis shows that, despite annual increases to the total budget, cost pressures are in excess of the council's ability to increase funding on a year by year basis.



4.3 The analysis provides a narrative of a changing profile in the allocated budget, with the proportion of cash limit reducing over time. The overall budget is increasingly reliant on grant funding and other income.

4.4 The erosion by government of the Revenue Support Grant and the increased reliance on specific grants and other income presents a structural risk, because it means the Council has less control over funding levels than if the service were funded more from its own resources. The key risks are: -

- Individual contributions are levied and collected by the Council, but the ability to pay is subject to wider economic factors, such as the cost of living crisis and energy crisis.

- Grant payments are determined nationally and passed to Adult Health and Social Care via Health, Public Health or through Corporate Finance. Amounts received are therefore subject to national policy decisions.
- Allocation of funding to Adult Social Care Policy Committee after corporate recharges are applied.

4.5 Appendix 2 makes the following recommendations to the 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.

5 Better Care Fund

5.1 Alongside this report to the November Adult Health and Social Care Policy Committee will be a full report on the Better Care Fund agreement between Sheffield City Council and the NHS Integrated Commissioning Board.

5.2 Governance of the Better Care Fund forms part of our ongoing review to realise the benefits of integrated working, improve outcomes for the people of Sheffield, and deliver efficiencies in the Adult Health and Social Care system.

5.3 Relevant to this financial update is the report's reference to:

- Targets for **national** metrics set for measuring effectiveness of the Better Care Fund, predicated on reablement following discharge from hospital, admission to residential care, avoidable hospital admissions, and whether people were discharged from hospital to their own home.
- Outcomes under the **local** Better Care Themes relating to well-being, prevention, recovery, independence, autonomy, community, and better communication.
- Alignment with our strategic intentions for the delivery of savings:
 - Improved Information, Guidance and Advice
 - Greater use of and access to equipment, technology, and other independent living solutions

- Alignment of Adult Social Care systems to Primary Care Networks
- Multi-Disciplinary Team working
- Risk stratification linked to prevention approaches

6 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:

- 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 where 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 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 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.

8.4 Climate Implications

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

8.5 Other Implications

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

9 ALTERNATIVE OPTIONS CONSIDERED

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

10 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.