



Report to Policy Committee

Author/Lead Officer of Report

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Report of: Director of Adult Health and Social Care

Report to: Adult Health and Social Care Policy Committee

Date of Decision: 19th December 2022

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: -				
<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"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."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>				

Purpose of Report:

The report delivers on our commitment to transparent and accountable financial reporting. It provides information about our financial recovery and expenditure, our recovery and forecast, financial risks and issues, an update on assurances put in place through improved governance arrangements, and an update on recommendations from the LGA review and an update on Autumn Statement.

The reporting milestones for December on use of Adult Health and Social Care Policy Committee resources on Integrated Commissioning Budget Overview and Expenditure, Covid Grants, Establishment Controls and Contract Management Controls are provided today.

Recommendations:

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

1. Note progress on the delivery of savings for 2023/24
2. Note the next steps regarding budget setting in 2024/25
3. Note the update to the financial forecast for the delivery of savings in 2022/23
4. Note actions taken to achieve savings or mitigation of pressures.
5. Note the development of a contract register and an establishment control process for adult health and social care in line with our Use of Resources Development Plan
6. Request updates on progress with implementation through our Budget Delivery Reports to future Committee

Background Papers:

Appendix One: Recovery Plan by service area

Appendix Two: LGA Review of Adult Social Care

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: 12th December 2022		

1.0 2023/ 2024 BUDGET UPDATE

1.1 Adult Social Care 2023/24 Budget Setting Update

- 1.1.1 For 2023/24 the Committee is required to deliver a cash standstill budget which requires it to find mitigations for any service pressures over the 2022/23 budget.
- 1.1.2 On 21st September 2022, the Adult Health and Social Care Policy Committee noted savings proposals totalling £25.044m in response to forecasted budget pressures of the same value. These pressures were then updated in October based on September inflation figures and increased to £26.037m.
- 1.1.3 On 16 November 2022, the Committee subsequently endorsed savings proposals totalling £21.327m which had widespread political support. A further £0.576m savings were then endorsed post- Committee resulting in Adult Health and Social Care proposals totalling £21.903m being tabled at the Strategy and Resources Committee on 5th December. Several proposals remain under development.
- 1.1.4 At the Autumn, UK Government announced a budget statement on 17th November. Several announcements were made in relation to Adult Social Care funding which are likely to impact the 23/24 position. The increase to the National Living Wage will create a significant additional pressure on the budget for next year although it is anticipated that additional national funding will be provided to support these costs.
- 1.1.5 The detail concerning the Autumn budget will be released by UK Government on 21 December 2022 and an update will be provided regarding its implications will be provided to Members and to next Committee.
- 1.1.6 The Strategy and Resources Committee are recommending budget proposals through December, and it is aimed that by the end of the Council's budget process a balanced budget for Adult Health and Social Care will be achieved.

1.2 Adult Social Care Medium Term Business Planning

- 1.2.1 During November, the Council's assumptions relating to the Medium-Term Financial position have been updated to consider growth and inflation.
- 1.2.2 When the Government releases the detailed budget information on the 21 December 2022, this will further inform the medium-term outlook for Adult Health and Social Care in Sheffield.
- 1.2.3 Beginning in January the savings proposals for 2024/25 and beyond will be reviewed and updated to consider planned activity in 2023/24 and the financial implications. The update report to February Committee will provide the outcomes of the medium-term financial analysis.

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

2.1 Forecast Delivery of 2022/23 Savings

2.1.1 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.

2.1.2

	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	£15.9m	63%
Total Pressures	£43.2m	£33.2m	76.9%

2.1.3 Table B shows a breakdown of the forecast by savings type and the movement in the forecast by achievement at 1st April 2023 and by 1st April 2024

Saving Category by Service	Savings Value	Forecast June 22	Forecast Nov 22	Forecast Dec 22	Forecast % by 1st April 2023	Forecast % by 1st April 2024
	(£000s)					
Change and Strategy Delivery	1,803	1,803	1,803	1,500	83%	100%
Living and Ageing Well	10,888	6,980	6,423	6,994	64%	94%
Adults with Disabilities	9,506	4,797	4,360	4,312	45%	92%
Mental Health and Wellbeing	1,650	1,275	1,210	1,210	73%	88%
Care Governance and Inclusion	1,254	1,254	1,683	1,783	142%	142%
Commissioning and Partnerships	100	100	100	100	100%	100%
Chief Social Work Officer	0	-	-	-	-	-
Total	25,201	16,209	15,579	15,899	63%	96%

- 2.1.4 To date, Adult Health and Social Care have **delivered £9.4m in savings** through staffing budget adjustments, recommissioning programmes, reviewing excess costs and other projects – an increase of £500k from November’s update report.
- 2.1.5 Since the update report to Committee on 16th November 2022, the forecast for delivery of £25.2m planned savings has **improved from £15.6m (62%) to £15.9m (63%) by 1st April 2023 and £24.1m (96%) by 1st April 2024** as noted in Table B.
- 2.1.6 The forecast reflects delivery of savings from reviews of care put in place during the pandemic, improved trend for cost of new support implemented which adds £1.1m to the forecast and anticipated funding from the national £500m discharge fund which was released in Autumn Statement.
- 2.1.7 Table B and Appendix 1 demonstrate when savings will be delivered and a breakdown of progress against individual projects and portfolios. They show that, of the £25.2m target, £15.9m is forecast to be delivered by March 2023 and details that a further £8.2m will be delivered as a full-year-effect in 2023/24. **In total this means that £24.1m savings are anticipated to be delivered by 1st April 2024 within current plans, leaving £1.1m to be mitigated during 2023/24.**
- 2.1.8 As has been stated in previous reports to Committee it was anticipated that it would be challenging and an organisational risk to deliver the level of savings required in one year due to the impact of the pandemic, recruitment to staff, safety of individuals we care for and our wider legal duties set against commercial implications of the savings, the impact of and inefficiencies of our current operating model and mitigating the corporate risk on the risk register regards our local offer.
- 2.1.9 Table C provides an overview of increasing adult social care demand which is managed by the service alongside undertaking the activity to transform adult social care to deliver improved outcomes, long term sustainability and deliver the required savings. In summary, these can be described as:

TABLE C – Adult Social Care Demand – total activity per year					
Area of Referral Activity	19/20 actuals	20/21 actuals	21/22 actuals	22/23* Actuals plus forecast	% Increase between 19/20 and 22/23
Community Support Requests	11,785	11,015	14,439	13,355	13.3%
Safeguarding Contacts	2,823	4,192	5,469	4,754	68.4%

Equipment and Adaptations Assessments	4,211	2,107	3,358	4,268	1.35%
Hospital Support Requests	3,655	3,869	4,014	4,387	20%

* 22/23 includes a forecast for remaining months based on winter averages (winter demand typically being higher)

2.1.10 It highlights that the Directorate is continuing to manage high levels of demand which would otherwise result in increases in underlying cost.

2.1.11 In this context, a continued focus on keeping people at the centre of what we do, delivering on what we said we do, effective governance and enabling innovation are required to enable social care to improve outcomes for people and generate long term sustainability.

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

2.2.1 The Adult Health and Social Care Directorate Budget 2022/23 is forecasting at Month 7 (Year to Oct) an overspend of £11.7m against the £132m net budget.

2.2.2 £9.4m of this overspend is directly attributable to the non-delivery of savings (£0.7m staffing and £8.7m non-staffing). The remaining difference is accounted for by underlying pressure in the Learning Disabilities purchasing budget and a forecast overspend on staffing.

- Learning Disabilities purchasing £6.6m overspend linked partially to savings non-delivery and partially due to underlying pressure.
- Purchasing for Older People, people with Physical Disability and Mental Health £4.4m overspend overall attributable entirely to savings non-delivery.
- Staffing overspends of £2.4m forecast attributable to the fragility of the care sector in the early part of 2022/23 and the need to ensure continuity of care. It is also due to managing the risks of bringing the Mental Health social workers back in-house.

2.2.3 This analysis shows that following a recent period of significant growth in care costs (see September benchmarking reported to this committee), except for Learning Disabilities budget:

- All purchasing budgets are now largely able to operate within their budgets for growth.
- The services are relatively cost stable, i.e. the demand pressures (described in Table C) which are partly responsible for delays in the delivery of savings are being managed effectively and are not adding to our long-term costs.

2.2.4 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.**

2.2.5 Although, the service is now reaching a point of stability, the combined impact of undelivered savings, staffing, and additional growth (notably for Learning Disabilities) is a forecast £13.5m pressure on the 2023/24 budget. This will require timely implementation of budget control measures to reduce the financial risk.

2.2.6 The key financial risk, therefore going into 2023/24 for the service is the pace of savings required and the impact of this year's savings carrying into 2023/24 when significant new additional savings will also be required of the service.

2.3 Recovery and Mitigations Plan

2.3.1 Over-achievement against specific savings is already mitigating the non-delivery of other savings by £1.3m for the forecast to the end of March 2024 (as shown in Appendix 1).

2.3.2 The Recovery and Mitigation Plan to recover the remaining £1.1m savings and maintain our current management of increased demand for adult social care required is seen in the context of the Adult Social Care Change programme and Future Design of Social Care, approved at Committee on 16th November 2022.

2.3.3 As detailed in the November Committee update, several mitigations are in place to ensure a robust forecast and to mitigate the over-spend. 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.

2.3.4 Aligned with our forecast position to 1st April 2024 and areas of defined pressure, the main actions to mitigate the £1.1m remaining to be found are:

- **Review of Adults with Disabilities Services Purchasing** – A priority for the new portfolio is to review models, ways of working and practice which will mean that the service will be asked to deliver their purchasing budget in balance by 1st April 2024. It's aimed that this work will generate the £796k mitigations required for the service area.
- **Review of Ageing and Living Well Design** – Work is underway to develop a future design of living and ageing well portfolio. The implications of the Autumn Statement and Funding Guidance which will be released on 21st December 2022 will inform further mitigations in this portfolio. It's aimed that this work will generate the £661k mitigations required for the service area.

2.3.5 In addition to this, as noted at the November Committee further mitigations were being explored and the update is below:

- Costs of a dedicated external focused review of Adult Social Care finances, expenditures, and governance - An update will be provided at next Committee.
- A business case for an additional one off spends on agency staff to escalate pace of reviews - Additional agency starts in December will add capacity to undertake reviews as well as undertake work to update information in liquid logic. It's planned to complete this work by 1st April 2023
- A business case for support to implement automation and digital technologies across Adult Social Care - Work is underway to look at automation and digital technologies and an update will be provided at February Committee regarding progress made.

3.0 GOVERNANCE ASSURANCES

3.1 At Committee in June 2022, it was approved a routine monitoring of budgets to Committee to provide assurances to the Committee regards governance arrangements in place. The Establishment Control, Contracts and Data Control implemented by Adult Health and Social Care are provided today.

3.2 Integrated Commissioning Budget Oversight including establishment and contractual control is underway and a full update will be provided at February Committee.

3.3 Adult Social Care Establishment and Contracts

3.3.1 In addition to the actions noted above, and the mitigations noted in the November update, Governance improvements in Adult Health and Social Care continue to provide a greater level of financial control and accountability across all service areas. Improvements have been made as detailed below:

3.3.2 Our Establishment Control has been improved to ensure recruitment and staffing forecasts are aligned with available staffing budgets by:

- Ensuring that recruitment and staffing forecasts are aligned with available staffing budgets.
- Reviewing our current staffing lists by team and portfolio as part of the redesign of adult health and social care taking place over past 4 months to ensure accuracy of staffing information.
- As we implement the new portfolios and transfer staff during January to February, a monthly list by Assistant Director portfolio will be Implemented to ensure accuracy of establishment.

3.3.3 Our Contracts Register and Controls has been improved to ensure all spend is visible, approved and represents value for money by.

- Implementing a contract's register which details all contracts known to the Committee. This will now be updated monthly to ensure currency and is available to members of the Committee.
- The contracts register is now aligned by Directorate and Adult Social Care Portfolio to enable robust financial monitoring and best value use of resources.

3.4 Local Government Association Recommendations

3.4.1 In the budget update to the Policy Committee in September, several lines of enquiry were put forward following a review of budget planning processes by the Local Government Association. The review was well received by the service and supported activity to further provide assurance regards our effective use of resources.

3.4.2 Appendix 3 details the response to these recommendations as an assurance to Committee that the recommendations have been acted upon. Updates will be provided again in March 2023 to confirm actions completed.

3.4.3 As a key next step and following on from the mitigation noted at November 2022 Committee, the Local Government Association have been contacted to undertake a follow up use of resources assurance visit in the new year. The outcomes of this will be reported to committee.

3.5 Update on Covid Grants

3.5.1 In the June 2022, Appendix 2 to the policy committee's financial update referred to £31.2m in grants relating to covid testing, infection control, vaccination roll-out and boosting capacity in the workforce.

3.5.2 Table D shows a full summary of the covid grants over the last three years. The previously reported £31.4m was limited to Adult Health and Social Care. An additional £3.56m also related to housing support for adults.

Table D: Covid Grants for Sheffield Adult Health and Social Care				
Service area	Values (£000s)			% Provided
	20/21	21/22	22/23	
Distributed to Care homes	15,059	9,098	-	69.4%
Distributed to Other Providers (e.g., homecare)	1,353	3,740	1,474	18.9%

National Living Wage Grant (distributed to providers)	-	2,500	-	7.2%
Total to Providers	16,412	15,338	1,474	95.5%
Adult Health and Social Care (SCC)	631	676	266	4.5%
Annual Totals	17,043	16,014	1,740	100%
Grand Total	34,797			

Key points for the Committee to note are:

- The Adult Health and Social Care sector has benefited from £34.8m support from Covid grants, mainly in support to providers. This does not include the one off £10m Enhanced Hospital Discharge fund in 2021/22.
- 95.5% of the COVID Grants were provided direct to commissioned social care providers, with 69.4% of the grants provided to care homes.
- However, 2022/23 shows a reduced fund, with only legacy payments remaining. Meanwhile the impact of Covid on the health of residents, on the workforce and sustainability of providers remains.

4.0 HOW DOES THIS DECISION CONTRIBUTE?

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

4.2 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.

5.0 HAS THERE BEEN ANY CONSULTATION?

5.1 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.

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

6.0 RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

6.1 Equality of Opportunity Implications

6.1.1 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.

6.2 Financial and Commercial Implications

6.2.1 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

6.2.2 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.

6.2.3 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.

6.2.4 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.

6.3 Legal Implications

6.3.1 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.

6.4 Climate Implications

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

6.5 Other Implications

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

7.0 ALTERNATIVE OPTIONS CONSIDERED

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

8.0 REASONS FOR RECOMMENDATIONS

- 8.1 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.