



## Report to Policy Committee

### Author/Lead Officer of Report

Liam Duggan, Assistant Director Care Governance and Financial Inclusion

**Report of:** Strategic Director of Adult Care and Wellbeing

**Report to:** Adult Health and Social Care Policy Committee

**Date of Decision:** 16th March 2023

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

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"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."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

This update provides assurance regards our delivery upon our financial recovery plan in 2022/23, the forecast outturn in 2022/23 and a targeted look at the management of voids and vacancies to support our budget position.

It also provides an update on the Section 75 agreement for 2022/23, a look ahead to 2023/24, our preparation for the new financial year including a look at the key risks and challenges and a proposed timeline for the budget planning process for the 24/25 financial year.

**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 ongoing actions to mitigate pressures, with specific regard to void payments and Disabled Facilities Grant.
3. Note the assessment of savings in 2023/24 with regards to risk.
4. Note the update regarding budget planning for 2024/25.
5. Request updates on progress with implementation through our Budget Delivery Reports to future Committee

**Background Papers:**

<b>Lead Officer to complete: -</b>	
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
	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	<b>SLB member who approved submission:</b> Alexis Chappell
3	<b>Committee Chair consulted:</b> 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.
	<b>Lead Officer Name:</b> Liam Duggan
	<b>Job Title:</b> Assistant Director Governance and Financial Inclusion
	<b>Date: 20<sup>th</sup> February 2023</b>

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

### 1.1 Forecast Delivery of 2022/23 Savings

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

1.1.2

<b>Table A: Adult Health and Social Care Pressure Mitigations Agreed at Cooperative Executive 16<sup>th</sup> February 2022</b>	<b>Value (£000s)</b>	<b>Forecast (£000s)</b>	<b>Forecast by 1<sup>st</sup> April 2023 %</b>	<b>Forecast by 1<sup>st</sup> April 2024</b>
Social Care Precept	£3.3m	£3.3m	100%	100%
Increased Grant	£8.5m	£8.5m	100%	100%
Funding from Council Reserves	£6.2m	£6.2m	100%	100%
Savings / mitigations	£25.2m	£16.5m	65%	96%
<b>Total Pressures</b>	<b>£43.2m</b>	<b>£34.5m</b>	<b>79.6%</b>	<b>96%</b>

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

**Table B – Recovery Activity and Progress Against Savings Approved on 16<sup>th</sup> February 2022.**

<b>Saving Category by Service</b>	<b>Savings Value</b>	<b>Forecast June 22</b>	<b>Forecast Jan 23</b>	<b>Forecast Mar 23</b>	<b>Forecast % by 1<sup>st</sup> April 2023</b>	<b>Forecast % by 1<sup>st</sup> April 2024</b>
	<b>(£000s)</b>					
Change and Strategy Delivery	<b>1,803</b>	1,803	1,500	1,500	83%	100%
Living and Ageing Well	<b>10,888</b>	6,980	7,154	7,091	65%	94%
Adults with Disabilities	<b>9,506</b>	4,797	4,658	4,771	50%	94%
Mental Health and Wellbeing	<b>1,650</b>	1,275	1,210	1,210	73%	88%
Care Governance and Inclusion	<b>1,254</b>	1,254	1,783	1,783	142%	142%
Commissioning and Partnerships	<b>100</b>	100	100	100	100%	100%
Chief Social Work Officer	<b>0</b>	-	-	-	-	-
<b>Total</b>	<b>25,201</b>	<b>16,209</b>	<b>16,405</b>	<b>16,455</b>	<b>65%</b>	<b>96%</b>

- 1.1.4 Since the last update to Committee in February there has been a slight reduction of £82k to the in-year forecast. This is mainly due to the variation in review outcomes compared to the previous trend.
- 1.1.5 The forecast for the full year effect of these savings, which will be realised in 2023/24, has improved by £320k. This means that less than £1m additional mitigations will be required to fully achieve the planned savings by 31 March 2024.
- 1.1.6 Appendix 1 provides detail on delivery of individual savings and planned mitigations.

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

- 1.2.1 The Adult Health and Social Care Budget 2022/23 is forecasting at Month 10 (year to January) an overspend of £9.0m against the £145m net budget. This is an improvement by £1.6m on the previous month which is mainly attributable to forecast hospital discharge funding.
- 1.2.2 £8.7m of this overspend is directly attributable to the non-delivery of savings within the 1 year provided (£953k staffing and £7.7m non-staffing). As has been noted in all previous financial recovery reports to Committee, it was always a risk when set against pandemic, corporate risks regard noncompliance with the local offer and advent of CQC Assurance for Adult Care.
- 1.2.3 An overspend of £7m against Learning Disabilities purchasing is partly due to undelivered savings (£4m) and partly due to the rate of growth in demand for LD services (£3m).
- 1.2.4 The overall staffing overspend is forecast to be around £1m. This is significantly impacted by hospital discharge funding and volume of increased demand experienced during 2022/2023 both due to referrals and strike action.
- 1.2.5 Underspends against other budget areas and the additional hospital discharge funding have provided some mitigation against the overspend position. The corporate and organisational risk going into 2023/24 continues to be the scale and pace of required savings in the context of meeting our duties under the care act, the advent of CQC Assurance Framework and service demand pressures:
- 60% increase in requests through First Contact call centre from 2021 to 2022.
  - 1,300 people awaiting assessment for Equipment and Adaptations
  - Nationally recognised issues in recruitment and retention.

### 1.3 Recovery and Mitigations Plan

1.3.1 As detailed in the update to Committee in January 2023, actions are in motion to mitigate the current overspend position.

- Dedicated resource for reviews of high-cost support put in place during the pandemic has been extended until June 2023, improving the forecast for recovery by £1m.
- Efficiencies under the Target Operating Model will reduce avoidable demand.
- A new Workforce Strategy will seek to address recruitment and retention issues and the associated costs of staff turnover.
- Options for income generation.
- Bringing in external support to further facilitate effective use of resources.

### 1.4 Void Payments on Block Contracts

1.4.1 There are several block contracts which have a strategic benefit to agree fixed payments when places are unoccupied. These are referred to as payments for Voids (covering the cost of the place) and payments for Care Vacancies (covering the cost of support, for example when a care worker is only supporting three people instead of four, but their costs have not changed).

1.4.2 Block contracts are in place for Supported Living facilities (mainly for people with Learning Disabilities, where places may be held vacant over a long planning process prior to occupancy), Respite for people with Learning Disabilities (in order to make sure places are available at short notice) and Somewhere Else to Assess beds in residential care homes (mainly for older people following discharge from hospital – also known as S2A).

1.4.3 *The £700k saving was included in the 2022/23 budget has been achieved*, based on a reduced spend on Voids. Across both Supported Living and Somewhere Else to Assess contracts there has been a reduction in spend on voids based on an improved occupancy rate, indicating better management of the contracts and greater efficiency. It should be noted that whilst the actual spend on Voids has reduced as planned, the original proposal to reduce the number of block contracts to match average occupancy has not been necessary.

1.4.4 In Supported Living there were a high number of planned transfers that made it inappropriate to reduce the block contract provision. *Spend on Voids is forecast to reduce by £451k for 2022/23 compared to 2021/22*. This includes having taken on two new 4 bed properties, which required time to safely manage the transfer of tenants but are now due to be 90% occupied by March 2023.

1.4.5 For Somewhere Else to Assess beds there was a brief reduction in block contracts followed by a total recommission of the service, starting in September 2022. *This has*

*seen an improvement from 40% occupancy under the old contracts to 84% occupancy in February 2023. Spend has increased marginally due to fee uplifts, however, further review will be undertaken in 2023/ 2024 to ensure efficiency of the model.*

- 1.4.6 In addition to the block contracts for Somewhere Else to Assess, places are commissioned from other residential homes (for example if the location is more suitable for the individual). These are referred to as Spot Purchases. In 2021/22 the spend on spot purchases and respite totalled £671k. In 2022/23 it is forecast to total £692k (including fee uplifts).
- 1.4.7 An improved occupancy rate on the block contracts was expected to reduce the spend on spot purchases. In practice, the spend on spot purchases has remained at the same level, allowing for fee uplifts. This indicates a higher rate of activity, which is in part due to the drive to improve hospital discharge times. It is anticipated that the additional £270k costs from December 2022 to March 2023 will be met by winter pressures funding, reducing the overall cost to the council.

## **2.0 BUDGET IMPLEMENTATION 2023/24**

### **2.1 Implementation for 2023/24**

- 2.1.1 Budget Proposals of for 2023/24 were approved at full council on March 1<sup>st</sup>. Service leads will develop implementation plans and agree metrics and reporting over the course of March.
- 2.1.2 Appendix 2 sets out our initial risk assessment of proposals. The assessed risk is based on whether the proposal requires a new or an established method of working, whether it is dependent on external factors, such as funding or agreement with partner organisations, or if the value of the saving is high.
- 2.1.3 Risk is indicative of the amount of capacity and momentum that will be required to deliver the saving within the year. Greater scrutiny and closer management of related activity will be allocated in proportion to the assessed risk.

### **2.2 Budget risks for 2023/24**

- 2.2.1 The key budget risk in 2023/24 will be the management of the underlying pressure which is resulting in the forecast £9m overspend in 2022/23. As described in section 1.2 this overspend is mostly attributable to non-staffing spend resulting from timing to the delivery of savings.
- 2.2.2 £8.1m delayed non-staffing savings will need to be delivered 2023/24 in parallel with the delivery of the £25m new savings agreed for 2023/24 along with further mitigations to offset the financial impact of delivering the delayed savings in year.
- 2.2.3 Alongside non-staffing savings the service is also forecasting a £1m overspend on staffing in 2022/23. This overspend figure accounts for assumed hospital discharge funding in 2022/23.

- 2.2.4 The full year effect of this staffing spend without hospital discharge funding would be significant. The full year effect of the staffing pressure solely relating to hospital discharge is estimated to be £2.3m. It's assumed that this pressure will be managed through the allocation of the £4.1m Hospital Discharge grant for 2023/24 alongside a planned review of the Living and Ageing Well service. Other staffing pressures have other mitigation plans.
- 2.2.5 The uncertainty about the conditions and use for the hospital discharge grant in 2023/24 is a particular risk to budget planning and clarification on the use of the grant in 2023/24 is needed urgently.

### **2.3 Disabled Facilities Grant**

- 2.3.1 One of the budget risks emerging for the Adult Health and Social Care revenue budget in 2023/24 are risks resulting from the pressure on the Disabled Facilities Grant.
- 2.3.2 Disabled Facilities Grant (DFG) is grant funding made available to Local Authorities to support disabled people make changes to their home to improve their independence.
- 2.3.3 It was reported to this committee in November that there was a risk that this grant would overspend because of the service's ongoing efforts to address the waiting list which emerged during the pandemic as well as responding to the increased demand and the subsequent increase in provision of equipment and adaptations.
- 2.3.4 In 2023/24 the Council estimates that it will have £5.1m DFG grant to meet minimum commitments of £6.2m mandatory DFG works. Whilst this shortfall can be met by one-off historic social care capital grant all DFG grant will be required by the service to fund mandatory DFG works.
- 2.3.5 This puts pressure on services previously benefiting from DFG capital funding during times when DFG would otherwise have underspent. DFG underspend has been used to fund the Integrated Community Equipment Loans Medequip contract to support hospital discharge, and to City Wide Care alarms (CWCA) to support digital transfer of alarm systems.
- 2.3.6 In 2022/23 CWCA is forecast to draw down around £255k DFG grant from a budget of £400k. Removing this funding stream will create a budget challenge for City Wide Care Alarms. Due to this, the service is looking at options to mitigate this challenge which may include a review of the service charge.
- 2.3.7 The dependency of the Integrated Community Equipment Loans contract on DFG grant for high value equipment is expected to be around £700k in 2023/24. Options are currently being developed with health colleagues to reduce spend through improved collection rates for equipment, reduced ordering costs and a review of both prescribing and operating model.
- 2.3.8 It is proposed that a report is brought to Committee in June 2023, setting out how both the City-Wide Care Alarms and Integrated Community Loans pressures are mitigated.

### **3.0 BUDGET PLANNING 2024/25**

- 3.1 Budget proposals and improvement plans that will contribute to delivering a balanced budget for 2024/25 will be developed over the course of the coming year.
- 3.2 Care fee uplift planning with providers is an integral part of the business planning process and will commence in July. This process will impact upon known pressures and updates will be provided in response to progress against each service type and framework rate.
- 3.3 Appendix three provides a detailed breakdown of the process. Key points for the Adult Health and Social Care Policy Committee are:
- May: Discussions with policy committee chairs and members on scrutiny of pressures and service priorities, set against CC Assurance, DASS duties and local offer.
  - July: Briefings from Assistant Directors on the scope and direction of proposals under development.
  - July: Care fee 2024/25 planning process begins
  - September: Long list of budget proposals for discussion at committee.
  - November: Short listed budget proposals to committee for approval.
  - December: Any outstanding budget pressures and proposals to Strategy and Resources Committee.
  - March 2024: Budget approval at full council.

### **4.0 SECTION 75 AGREEMENT AND BETTER CARE FUND**

- 4.1 The Better Care Fund (BCF) is one of the government's national vehicles for driving health and social care integration for adult services. It requires integrated care boards (ICBs) and local government to agree a joint plan, owned by the health and wellbeing board (HWB). These are joint plans for using pooled budgets to support integration, governed by an agreement under section 75 of the NHS Act (2006). An overview of the Better Care Fund in Sheffield was presented to the committee in November 2022: <https://democracy.sheffield.gov.uk/ieListDocuments.aspx?CId=642&MId=8432&Ver=4> (agenda item 14).
- 4.2 In Sheffield the Better Care Fund forms part of our vision of joined up services, aligned incentives and shared objectives. It is used to support integration across our place and underpin our alliance arrangements for out-of-hospital services. The Section 75 mechanism allows us to pool funding between the Local Authority and Integrated Care Board. The Better Care Fund arrangement only covers Adult Services; however, the Section 75 agreement includes both Adults and Children's services.
- 4.3 Better Care Fund (BCF) plans are jointly developed by health and social care partners in every area in England and support integrated, person-centred care in communities.



The Government released the BCF policy framework setting out the national conditions, metrics, and funding arrangements for the BCF in 2022/23 on 19 July 2022.

4.4 Key areas of activity funded through the Better Care Fund are:

- Personalised care
- Hospital discharge
- Support for unpaid carers
- People Keeping Well partnerships

4.5 The 2022/23 Better Care Fund priorities and changes for Sheffield were discussed by the Health and Wellbeing Board in June 2022 but because the national guidance and policy framework had not yet been released final responsibility for approval of the BCF Plan was delegated to the Chair. The Plan was then approved by the Chair in September 2022, noted by the Adult Health and Social Care Policy Committee in November, and approved by NHS England on 6 January 2023.

4.6 The Section 75 Agreement was updated to reflect the new BCF plan, our revised governance arrangements and the expanded scope of budgets approved by the Co-operative Executive in March 2022. The deed of variation to the updated Section 75 Agreement was executed by Sheffield City Council and NHS South Yorkshire Integrated Care Board on 6 February and agreed at Partnership Board on 21 February 2023.

4.7 The regional Integrated Care Board (ICB) is required to agree an integrated care strategy for South Yorkshire and submit a five year joint forward plan by the end of March 2023, with a publication date of 30 June 2023.

## **5.0 HOW DOES THIS DECISION CONTRIBUTE?**

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

5.2 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.

## **6.0 HAS THERE BEEN ANY CONSULTATION?**

6.1 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.

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

## **7.0 RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

## **7.1 Equality of Opportunity Implications**

7.1.1 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.

## **7.2 Financial and Commercial Implications**

7.2.1 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

7.2.2. 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.

7.2.3 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.

7.2.4 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.

## **7.3 Legal Implications**

7.3.1 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.

## **7.4 Climate Implications**

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

## **7.5 Other Implications**

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

## **8.0 ALTERNATIVE OPTIONS CONSIDERED**

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

**9.0 REASONS FOR RECOMMENDATIONS**

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

This page is intentionally left blank