



Report to Policy Committee

Author/Lead Officer of Report:
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Report of: Strategic Director of Adult Care and Wellbeing
Report to: Adult Health and Social Care Policy Committee
Date of Decision: 20 September 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? EIA 1444				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

Purpose of Report:

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

This update provides:

- Assurance regarding delivery upon our financial recovery plan in 2023/24.
- Updates regarding in-year to changes to grant funding
- An analysis of changes in demand over the last 4 years
- Proposals for use of the Market Sustainability and Improvement Funding
- An update on delivery against our care governance strategy and use of resources delivery plan
- A recap on budget planning for 2024/25

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 2023/24.
2. Note ongoing actions to mitigate pressures, with specific regard to reviews and enablement.
3. Approve use of Market Improvement and Sustainability Funding (MSIF) Grant
4. Request updates on progress with implementation through our Budget Delivery Reports to future Committee.

Background Papers:

1. *Appendix 1: Demand analysis*
2. *Appendix 2: Benchmarking report*
3. *Appendix 3: MSIF Funding Proposals*

Lead Officer to complete:-			
1	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>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.</p> </td> <td style="width: 50%; vertical-align: top;"> <p>Finance: Kerry Darlow & Laura Foster</p> <p>Legal: Patrick Chisholm</p> <p>Equalities & Consultation: <i>Ed Sexton</i></p> <p>Climate: Jonathan McKenna-Moore</p> </td> </tr> </table>	<p>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.</p>	<p>Finance: Kerry Darlow & Laura Foster</p> <p>Legal: Patrick Chisholm</p> <p>Equalities & Consultation: <i>Ed Sexton</i></p> <p>Climate: Jonathan McKenna-Moore</p>
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	<p><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></p>		
2	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">SLB member who approved submission:</td> <td style="width: 50%;"><i>Alexis Chappell</i></td> </tr> </table>	SLB member who approved submission:	<i>Alexis Chappell</i>
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3	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Committee Chair consulted:</td> <td style="width: 50%;"><i>Councillor Angela Argenzio</i></td> </tr> </table>	Committee Chair consulted:	<i>Councillor Angela Argenzio</i>
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4	<p>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.</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Lead Officer Name: Jonathan McKenna-Moore</td> <td style="width: 50%;">Job Title: Service Manager for Business Planning and Care Governance</td> </tr> </table> <p>Date: 11/09/2023</p>	Lead Officer Name: Jonathan McKenna-Moore	Job Title: Service Manager for Business Planning and Care Governance
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1. Adults Care and Wellbeing – Financial Forecast and Recovery Plan Update

1.1 Adults Care and Wellbeing Forecast Outturn

- 1.1.1 The month four position for Adults Care and Wellbeing shows a forecast overspend of £3.5m by the end of 2023/24 financial year. This is against a net budget of £134.8m, and a gross budget of £293.4m. The month four position is significant improvement on our financial position compared to the past few years, which saw an overspend of £10.5m in 2021/22.
- 1.1.2 Since April 2021, Adult Care has delivered in total £21m savings and is anticipated to deliver £40m in total by April 2024. Third party spend on services for people with mental ill-health has been reducing month on month. Spend on services for people with Learning Disabilities has reduced against some key areas but remains higher than planned - additional Social Care Grant has been reallocated to this area. Spend on services for older people has increased but this has been off-set by additional income and is now forecast to underspend.
- 1.1.3 Staffing overspend is now the main in-year financial pressure due to the ongoing response to demand and requirement to meet Care Act Duties. As the service seeks to balance financial risk with risks to public safety and the delivery of legal duties, temporary grant funding will partially mitigate the overspend, subject to approval today, allowing the underlying pressure to be resolved over the next 18 months. Discontinuation of Disabled Facilities Grant (DFG) against City Wide Alarms costs and Community Equipment has also created a pressure in-year. Preparation for winter pressures and new covid variants also requires ongoing investment in staffing levels.
- 1.1.4 The corporate forecast also assumes £3.9m slippage on planned savings. However, the Recovery Plan forecast now indicates that this can improve, albeit with some demanding targets against key activities.

1.2 Recovery Plan Update

- 1.2.1 Of £18.9m planned savings for the 2023/24 budget, we are forecasting £16.4m delivery in-year (87%). This is a reduction from the forecast of 92% in the Policy Committee report of 14 June 2023 but remains a positive statement, improving on savings delivery over the last five years and making a significant contribution to our ambition for a balanced and sustainable financial position for Adults Care & Wellbeing.
- 1.2.2 The forecast includes £2.5m slippage against the in-year target. This slippage is forecast to be recoverable in full in 2024/25, either through ongoing activity or mitigated by additional income.
- 1.2.3 Slipped savings from 2022/23 total £5.45m. We are forecasting £2.7m delivery in-year (50%). Of the £2.7m slippage, £1.8m is forecast to be recoverable in 2024/25. The remaining £900k will be addressed as part of the 2024/25 Business Planning process and will be subject to approval.

1.2.4 Table 1 provides a summary of savings delivery against the total target of £24.4m and the key areas of focus for the remaining seven months. £7.2m of savings are referred to as “closed” because the activity required is either complete or well established and on schedule. This enables services to focus on activity that requires additional resources.

Table 1: Recovery Plan					
Project Title	Target by 31/03/2024 (£000s)	Forecast by 31/03/2024 (£000s)	% By March 2024	% By March 2025	Action Required to Deliver Savings
Closed Items	-7312	-7225	99%	100%	All activity against closed savings is either complete or on schedule.
Living and Aging Well					
Recovery Reviews	-4283	-3069	72%	100%	Invest to save on agency review teams until March 2024
STIT and Enablement Staffing	-2419	-1693	70%	100%	Additional grant funding to be allocated until 25/26 – subject to approval
Contract Costs - cross cutting	-1459	-1086	74%	100%	Residential offer – details to committee in October report;
Adults Future Options					
Recovery Reviews	-2894	-1813	63%	100%	Invest to save on agency review teams until March 2024
Enablement	-1264	-46	4%	100%	Enablement team to be recruited to by early 2024.
Health Income	-1985	-1735	87%	100%	Reviewing CHC arrangements. Recharges under review.
Care Governance & Financial Inclusion					
Income: recovery and reassessments	-1640	-2080	127%	149%	Recruitment to reassessment posts required
Contract Costs - BCF	-500	-250	50%	100%	Joint commissioning benefits plan in progress
Staffing: cross cutting	-603	-92	15%	50%	Recruitment to permanent posts will reduce current agency costs.
	Total Target	Total Forecast	%		
	- 24,359	- 19,089	78%		

1.3 Mitigations

1.3.1 Successful delivery of the forecast savings is dependent on the activities identified against open items in table 1.

1.3.2 a. Recovery Reviews

Recovery Reviews comprise £7.2m of the total and considerable resources have been mobilised in order to achieve a forecast of 68% in year. This is a reduced forecast from the start of the year, but the full year effect of those savings will mean that the full target will be recovered in 2024/25.

Agency teams have been in place since the start of the year and will continue to be funded until the end of the financial year. This is a short-term investment to reduce long-term costs.

The involvement of dedicated agency teams has been crucial to the delivery of planned savings while our community teams embed the new target operating model, manage new demand and deliver upon our duties under the Care Act. Additional governance arrangements have been put in place to manage the performance of agency teams, with monthly reporting to the Council's Performance and Delivery Board.

1.3.3 b. Increased Enablement Officer for Working Age Adults

A new Enablement team is being recruited to in order to improve wellbeing outcomes for people and mitigate short and long-term demand pressures in Adults Future Options. This is a key next phase of our prevention and short-term support offer as part of our new operating model. Enablement Workers will support people over several weeks to increase their independence in areas such as travel, employment and life-skills.

The team will be in place towards the end of the year and is therefore only expected to contribute a minor amount to the 2023/24 target but is expected to mitigate at least £1m per year once established. The approach will also be extended to work with people experiencing mental ill-health and work alongside teams established for older adults.

Additional demand is also anticipated following changes to legal duties under the Health and Care Act 2022, which requires greater support for Autistic people. While people with a learning disability are likely to be known to services already, its recognised that there may be Autistic people who are not known to our services following on from development of our Autism Partnership Board Strategy.

The Enablement approach, alongside an improved information and guidance offer and education through carer support, will be instrumental in preventing needs from escalating to formal support services.

1.3.4 c. Staffing costs

Staffing costs are now the main pressure on the Adult Care and Wellbeing budget, with an initial forecast of £4.1m overspend being mitigated in-year by additional grant funding (subject to approval by Committee). This will reduce the net overspend to £2.4m and will allow time for new models of working to embed before safely reducing capacity in the overspent areas. This includes new models for discharge from hospital, incorporating the independent sector under the new well-being contracts, delayed until later this year.

Staffing costs in Mental Health services have increased more than anticipated following the transfer of staff from the Sheffield Health and Care Trust to the Council. This is due to newly identified risks that require additional resources that were not evident under the previous administration. These risks are now being mitigated through the Safeguarding Improvement Plan and the DoLS Plan of June 2023.

1.3.5 d. Residential Care

Framework agreements with residential providers should reduce the number of people we have on non-standard rates. Further detail on this will be brought to committee in October 2023, including an assessment of our out of city placements and plans to reduce costs associated with non-standard rates.

In addition, a new Care Home Service has been implemented in line with our Target Operating Model and it's expected that this will both improve practice and identify early indicators of safeguarding concern.

1.3.6 e. Disability Facilities Grant

As noted in the report to Committee 16 March 2023, additional costs on our prescribed equipment contract and the City-Wide Care Alarms services are linked to the prioritisation of Disabled Facilities Grant (DFG) funding to deliver on our commitment to mandatory DFG works.

Mitigation of the £700k pressure linked to Integrated Community Equipment costs is now under the governance of the new Joint Efficiencies Group Chaired by Strategic Director Adult Care and Wellbeing and the Chief Financial Officer South Yorkshire Sheffield ICB. A task and finish group is currently reviewing contract performance and process efficiencies, and support on collection/ recycling of equipment is being supported by the VCSE sector.

The mitigation of the £400k pressure linked to City Wide Care Alarms will be reported to the committee in November. A review of service charges will be conducted this year to address the funding gap.

1.4 Market Sustainability Improvement Fund (MSIF)

- 1.4.1 An additional MSIF grant was announced by the government in July 2023. This provides Sheffield with an additional £4.1m in 2023/24 and £2.3m in 2024/25. The grant is not planned to extend into 2025/26.
- 1.4.2 The MSIF grant (both the original provision and additional amount) is to support improved retention in the social care workforce, reduce waiting times for assessment and review, and to maintain fee rate uplifts above the rate of inflation.
- 1.4.3 Fee uplifts to third party providers were increased mid-year in 2022/23 and above inflation at the start of 2023/24 using the original grant provision. **Appendix 3** provides a proposal of how the additional grant will be used to support the sector through investing in recruitment, wellbeing, capacity to manage demand and investing in providers.
- 1.4.4 The Committee is asked to approve this proposal as being consistent with and enabling delivery of our budget improvement plan for 2023/24 and related recovery plan actions.

1.5 Temporary Grant Funding and Underlying Budget Pressure

- 1.5.1 As described above, the financial position has improved largely due to additional grants becoming available over the course of the year to sustain key services. This includes use of Discharge Funding to improve the rate of discharge from hospitals to the community, increased Social Care Grant, the national Market Sustainability Improvement Fund (MSIF) to maintain fee rates to third party providers, and additional MSIF (workforce) announced in July 2023 to support recruitment and retention in the social care workforce.
- 1.5.2 At budget planning for 2023/24, these Grants were not taken into account as they were announced later in the year. Because these Grants are temporary with conditions attached there remains an underlying pressure on the budget. This underlying pressure is currently assessed at £9.5m.
- 1.5.3 There are no confirmed funding allocations past 24/25. The additional Social Care Grant received in 23/24 is assumed to be ongoing and not required for the Social Care Charging Reforms, if ever implemented.
- 1.5.4 Due to this, Adult Care Officers are working to embed the new operating model and new ways of working to establish financial resilience. However, despite this activity, given the demand pressures and our legal duty to safeguarding and to promote wellbeing it is anticipated that additional funding will be required beyond 2024/25 for Adult Care.

1.6 Third Party Spend

1.6.1 Each quarter we will compare our spend on third party services against the benchmarks taken at start of the year. This indicates the impact of reviews and other activity on the baseline spend.

1.6.2 Data for July may still include support that need to be updated, therefore this may change when the exercise is repeated for the start of quarter three.

1.6.3 The data shows:

- A recent increase in demand for older people services, especially for homecare, driven by the number of people using the service rather than hours per person. This will likely align to increase support for discharge from hospital agreed in December 2022 and June 2023.
- A slight reduction in demand for services for working age people that is partly due to the impact of reviews.
- A reduction in costs for Mental Health services, despite an increase in the number of people receiving services.

Service	Metric	Apr-23	Jul-23	Change
Older People (65+) Homecare	People	2,224	2,314	4.0%
	Net Weekly Cost	£497,682	£519,620	4.4%
	Ave. Weekly Cost	£ 224	£ 225	0.3%
Older People (65+) Residential and nursing care	People	1421	1428	0.5%
	Net Weekly Cost	£ 84,749	£ 94,503	1.2%
	Ave. Weekly Cost	£ 552	£ 556	0.7%
Learning Disability (18-64) Direct Payments	People	831	820	-1.3%
	Net Weekly Cost	£486,258	£465,348	-4.3%
	Ave. Weekly Cost	£ 585	£ 567	-3.0%
Learning Disability (18-64) Supported Living	People	466	484	3.9%
	Net Weekly Cost	£ 86,211	£ 80,477	-1.0%
	Ave. Weekly Cost	£ 1,258	£ 1,199	-4.7%
Learning Disability (18-64) Residential and nursing care	People	171	173	1.2%
	Net Weekly Cost	£349,013	£366,197	4.9%
	Ave Weekly Cost	£ 2,041	£ 2,117	3.7%
Physical Disability (18-64) All services	People	857	847	-1.2%
	Net Weekly Cost	£464,889	£463,830	-0.2%
	Ave Weekly Cost	£ 542	£ 548	1.0%
Mental Health (18-64) All services	People	707	721	2.0%
	Net Weekly Cost	£321,985	£313,195	-2.7%
	Ave Weekly Cost	£ 455	£ 434	-4.6%

1.7 Demand Analysis

1.7.1 A study of our year on year trends for third party services shows the major disruption caused by Covid, especially for older people's services.

1.7.2 **Appendix 1** provides an analysis of both homecare and residential/nursing care for people over 65. These are the main areas of spend for this age group, with 80% of the gross budget allocated to these services. The data shows:

- A steep reduction in the use of residential care that has remained at a lower level since the first covid lockdown in March 2020.
- An increase in residential costs driven by high rates of inflation and direct support to the market to maintain market stability.
- The sharp increase in the cost of homecare during covid driven by people not using residential care and needing more hours per person than usual - these costs have only recently returned to pre-covid levels.

1.7.3 While recent trends indicate a reduction in the cost of services for people with a Learning Disability, this is mainly related to the reviews of people aged 25 to 64. In isolation, the spend on services for people aged 18 to 24 has more than doubled over the last few years. This is mainly due to the change in how support is funded, with all 18-year-olds transferring to Adults Care and Wellbeing in 2021/22.

1.7.4 In the past, young adults would remain funded by children's services until they left education. Committee is asked to note this change and ongoing pressure for Adult Services. A dedicated review of funding arrangements and provision for young people in transition will be prioritised during 2023 – 2024 aligned to the new transitions model and our partnership approach with children services.

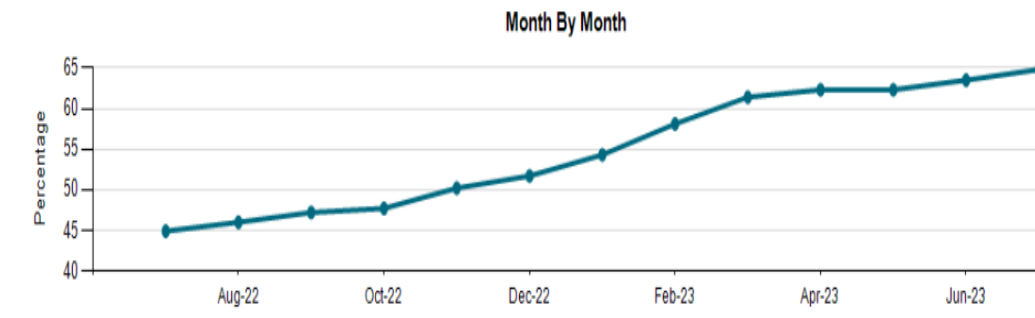
1.7.5 **Appendix 1** provides further detail on how this spend has increased since 2019, especially for supported living, day services and respite. It is worth noting that the number of young people supported through Shared Lives has increased five-fold during this same period, a major success for that programme.

1.8 Reviews Performance

1.8.1 The past year has also seen a considerable improvement in the number of people receiving an annual review. This is in part due to the additional capacity from agency teams but extends to the wider service.

1.8.2 Agency teams have been crucial in addressing the immediate risks relating to reviews and the number of people not receiving a review. In implementing the target operating model, each service area is required to embed a sustainable model for annual reviews to be implemented from 1st April 2024 as agency capacity is withdrawn. This will include working with service providers and other partners in a collaborative way that draws upon their expertise and knowledge of the individual.

1.8.3 Chart 1 shows that our review rate over the last year has increased from 45% to 65%, with over **3,200 out of 4,900 reviews completed**.



1.9 Care Governance Update: Financial and Resource Management Delivery Plan

1.9.1 A full update on the Resource Management Delivery Plan will be brought to Committee in November, with an update below on key items:

1.9.2 Contract Register

The contract register has historically been a stand-alone record used by the Commissioning Service as a directory of all contracts they had a responsibility for. It held information on the budget details of the contract and responsible officers / managers. The Register was split across various parts of the service, such as DACT and Community Wellbeing along with the traditional Commissioning contracts with third party providers.

Over the last two years, the Contract Register has expanded to include all “Call Off” orders, Purchase Orders, Direct Awards, Housing Void Agreements and Vacancy of Care Costs. This is to improve transparency and accountability in relation to spend, to ensure effective monitoring of costs and to support future efficiencies.

The register is now updated quarterly and as a key next step will be used to identify financial risks aligned to the business planning process. This will include incorporating details on grant funding and grant payments to providers.

1.9.3 Benchmarking Report.

An annual benchmarking exercise is now in its second year. This has been developed into an established format that will provide a consistent data set for successive years.

The datasets available through online resources are not without issues – they depend upon each local authority using consistent definitions when reporting, and this is not always the case. However, the report does provide an evidence base to support budget planning and has prompted interest in more direct benchmarking with other core cities.

The learning from the benchmarking report is:

- Sheffield's adult care expenditure is above average for England but low for a Core City.
- Sheffield supports more people in the community than most comparators which is an indicator that our strategic approach towards independent living is moving in right direction.
- Costs for both services and staffing increased at a high rate across the country in response to Covid, but local data shows that Sheffield's trajectory of spend has now levelled out, bringing us inline with other core cities.

Learning from the report has been incorporated into the Directorate Plan 2023 – 2025. **Appendix 2** provides the benchmarking report for 2023.

1.9.4 **Local Account**

The Local Account is an annual report to the public undertaken by each local authority to update local citizens on Adults and Community Wellbeing performance and strategic aims for the year ahead.

This year, in-line with our increased focus on co-production, we established a stakeholder group of customers which will meet through September 2023 to discuss key questions that will inform the design of the Local Account, what content/data the Local Account should include, and strengths and opportunities for development.

The steering group will also inform how data should be presented in a way that is meaningful and accessible, what story this data tells us about how Sheffield is doing in providing adult social care and how we include the lived experience of the people we support.

The 2023 Local Account will be brought to the Adult Health and Social Care Policy Committee in November 2023.

1.10 **Business Planning for 2024/25**

1.10.1 Initial discussions have taken place with services to identify and prioritise areas for improvement to be included in Business Improvement Plans (BIPs) in the 2024/25 budget. Final confirmation of budget pressures is being provided by our Finance business partners which will confirm the initial requirement for planned savings.

1.10.2 Key dates are:

- 12-Sept: Assistant Directors to brief elected members on initial proposals.
- 4-Oct: Briefing to elected members on latest proposals.
- 8-Nov: Adult Health and Social Care Policy Committee – consideration of proposals.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 Good governance in relation to resource management and financial decision making supports the delivery of the adult social care vision and strategy.
- 2.2 Our long-term strategy for Adult Health and Social Care, sets out the outcomes we are driving for as a service, and the commitments we will follow to deliver those outcomes.

3. HAS THERE BEEN ANY CONSULTATION?

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

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

- 4.1.1 As part of the annual budget setting process, an overarching EIA assesses the cumulative impact of budget proposals (EIA 1444), as well as individual EIAs for each proposal that are monitored and maintained as an ongoing process. The Savings Plan referred to in summary was agreed by the Council as part of the 23/24 Budget and the EIAs for each element remain live

4.2 Financial and Commercial Implications

- 4.2.1 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
- 4.2.2 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.
- 4.2.3 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.
- 4.2.4 Given the overall financial position of the Council there is a requirement on the committee to address the overspend position in 2023/24 and support plans to mitigate it

4.3 Legal Implications

- 4.3.1 As this report is designed to provide information about background to and an update about the financial position rather than set out in 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.

4.4 Climate Implications

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

4.5 Other Implications

- 4.5.1 There are no further implications to consider at this time

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Not applicable – no decision or change is being proposed.

6. REASONS FOR RECOMMENDATIONS

- 6.1 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.

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