



## Report to Policy Committee

**Author/Lead Officer of Report:** Philip Gregory,  
Director of Finance and Commercial Services

**Tel:** +44 114 474 1438

**Report of:** *Philip Gregory, Director of Finance & Commercial Services*

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

**Date of Decision:** *13<sup>th</sup> December 2023*

**Subject:** *2023-24 Q2 Budget Monitoring Report*

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) is not for publication because it contains exempt information under Paragraph (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

### Purpose of Report:

*This report brings the Committee up to date with the Council's General Fund Revenue outturn position for 2023/24 as at Quarter 2*

### Recommendations:

#### The Committee is recommended to:

Note the updated information and management actions on the 2023/24 Revenue Budget Outturn as described in this report.

**Background Papers:**  
[2023/24 Revenue Budget](#)

<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: Philip Gregory, <i>Director of Finance and Commercial Services</i>
		Legal: Sarah Bennett, <i>Assistant Director, Legal Services</i>
		Equalities & Consultation: Adele Robinson, <i>Equalities and Engagement Manager, Policy, and Performance.</i>
		Climate: n/a
<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>	<i>Philip Gregory, Director of Finance and Commercial Services</i>
3	<b>Committee Chair consulted:</b>	<i>Cllr Zahira Naz, Chair of the Finance Committee</i>
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 EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	<b>Lead Officer Name:</b> <i>Philip Gregory</i> <i>Jane Wilby</i>	<b>Job Title:</b> <i>Director of Finance and Commercial Services</i> <i>Head of Accounting</i>
	<b>Date:</b> 30 <sup>th</sup> November 2023	

## 1. PROPOSAL

1.1. This report provides an update on the current outturn position for Sheffield City Council's revenue budget for 2023/24.

### 2023-24 Q2 Financial Position by Directorate

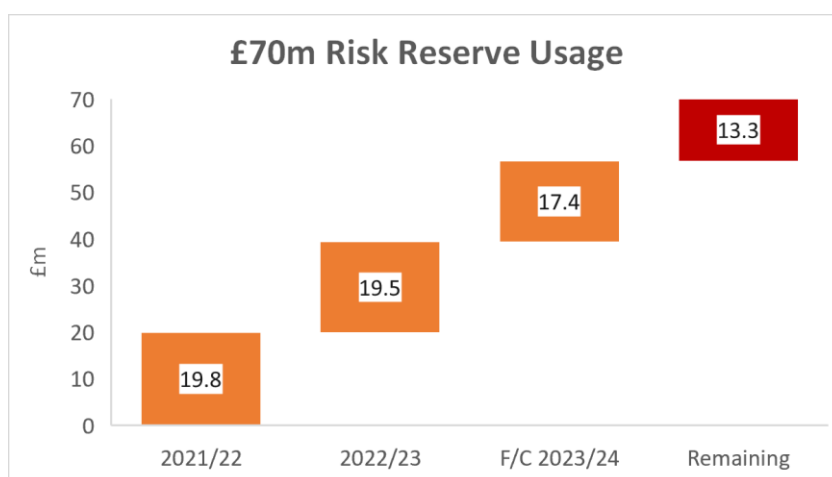
1.2. At the end of the second quarter of 2023-24, the Council's revenue budget shows a forecast overspend of £17.4m. This was a movement of £200k from the previous quarter's outturn position.

Full Year £m	Q2 Outturn	Budget	Q2 Variance	Q1 Variance	Move- ment
Neighbourhood Services	149.2	145.9	3.3	3.2	0.1
Adults	146.8	143.4	3.4	3.5	(0.1)
Children's	138.9	130.1	8.8	8.7	0.0
City Futures	49.1	48.2	1.0	0.6	0.3
Public Health & Integrated Commissioning	14.2	12.4	1.8	(0.2)	2.0
Strategic Support	14.1	9.7	4.4	4.7	(0.3)
Corporate	(494.9)	(489.7)	(5.2)	(3.0)	(2.2)
<b>Total</b>	<b>17.4</b>	<b>(0.0)</b>	<b>17.4</b>	<b>17.6</b>	<b>(0.2)</b>

1.3. This overspend is due to a combination of factors. Agreed Budget Improvement Plans ("BIPs") are not forecast to fully deliver within the year. There are underlying cost and demand pressures faced by services that are partially offset by one-off items. These "one-offs" consist of grant income, draws from specific reserves or provisions and income from central government or external sources.

Full Year Variance £m	One-off	BIPs	Trend	Total Variance
Neighbourhood Services	(4.0)	2.5	4.8	3.3
Adults	(9.9)	2.7	10.7	3.4
Children's	(3.9)	4.0	8.8	8.8
City Futures	0.5	0.4	0.0	1.0
Public Health & Integrated Commissioning	0.0	0.0	1.8	1.8
Strategic Support	(0.2)	0.0	4.6	4.4
Corporate	0.0	0.0	(5.2)	(5.2)
<b>Total</b>	<b>(17.5)</b>	<b>9.6</b>	<b>25.4</b>	<b>17.4</b>

1.4. In 2021/22, the Council set aside £70m of reserves to manage the financial risks associated with delivering a balanced budget position. Overspends against budgets in 2021/22 and 2022/23 have meant we have drawn almost £40m from this reserve already leaving just over £30m to manage any future budget deficits. If we overspent by £17.4m as this current forecast outturn position suggests, just £13m would be left to mitigate future budget pressures.



## 1.5. 2023-24 Q2 Financial Position by Committee

1.5.1. The major budget risk areas are in Childrens & Adults Social Care and in Homelessness services:

Full Year £m	Q2 Outturn	Budget	Q2 Variance	Q1 Variance	Move- ment
Adult Health & Social Care	155.4	152.3	3.1	3.2	(0.1)
Communities Parks and Leisure	47.4	46.6	0.8	0.3	0.5
Economic Development & Skills	10.9	10.9	(0.0)	0.1	(0.1)
Education, Children & Families	142.9	132.1	10.9	8.9	2.0
Housing	11.2	8.1	3.2	3.2	(0.0)
Strategy & Resources	(459.4)	(460.0)	0.6	3.1	(2.5)
Transport, Regeneration & Climate	43.1	43.1	(0.0)	(0.4)	0.4
Waste & Street Scene	65.8	66.9	(1.1)	(0.8)	(0.3)
<b>Total</b>	<b>17.4</b>	<b>(0.0)</b>	<b>17.4</b>	<b>17.6</b>	<b>(0.2)</b>

1.5.2. In 22/23, the Council's overspend improved by over £14m from the first quarter's forecasts to final outturn. This was mainly due to additional income received rather than underlying improvements in budgets and cost reductions. A big contributor to this was the Government's £500m discharge fund announced in November 2022.

Many underlying budget issues in social care services still remain and this is reflected in the current forecast position. Following the chancellor's Autumn Statement, our expectation is that no further funding will be available for local government. Services must continue to work hard to deliver within the budgets available and work pro-actively to deliver on the savings we have committed to.

1.5.3. Most of the overspend is due to underlying cost and demand pressures in services. We estimate that £26m is embedded in the baseline costs but is somewhat mitigated by one-off income, this includes the in-year social care grant:

Full Year Variance £m	One- off	BIPs	Trend	Total Variance
Adult Health & Social Care	(9.9)	2.7	10.3	3.1
Communities Parks & Leisure	0.0	0.2	0.6	0.8
Economic Dev & Skills	0.0	0.0	(0.0)	(0.0)
Education, Children & Families	(3.9)	4.0	10.9	10.9
Housing	(1.7)	0.2	4.7	3.2
Strategy & Resources	(2.0)	2.2	0.4	0.6

Transport, Regen & Climate	0.0	0.1	(0.2)	(0.0)
Waste & Street Scene	(0.5)	0.3	(0.9)	(1.1)
<b>Total</b>	<b>(18.0)</b>	<b>9.6</b>	<b>25.9</b>	<b>17.4</b>

- 1.5.4. Balancing the General Fund 2023/24 budget was only possible because the Council identified £47.7m of savings:

**General Fund Budget Improvement Plans (in £m)**

Committee	Total Savings	Financial Savings Deliverable in Year	In Year Gap	Financial Savings Deliverable Next Year (Slippage)	Undeliverable Savings
Adult Health & Social Care	31.6	28.9	2.7	3.3	0.6
Comm, Parks & Leisure	2.0	1.9	0.2		0.2
Economic Dev & Skills	0.5	0.5	0.0		0.0
Ed, Children & Families	6.9	2.9	4.0	0.3	3.6
Housing	0.6	0.5	0.2		0.2
Strategy & Resources	4.1	1.9	2.2	2.1	0.2
Transport, Regen & Climate	0.8	0.7	0.1		0.1
Waste & Street Scene	1.1	0.8	0.3		0.3
<b>Grand Total</b>	<b>47.7</b>	<b>38.1</b>	<b>9.6</b>	<b>5.7</b>	<b>3.9</b>
<b>Delivery %</b>		<b>80%</b>		<b>12%</b>	<b>8%</b>

The current forecasts show £9.6m savings plans are undeliverable this year. This represents an in-year delivery rate of 80% against target. A further 12% of targeted savings will be made in 24/25 leaving just 8% undeliverable.

In 22/23, less than 65% of savings targets were delivered. Whilst we are improving upon overall delivery performance, we are still falling short of targets meaning further draws could be required from our financial contingency reserve to meet these overspends if they are not proactively managed and mitigated. Delivering in year budgets must be a key focus for all services for the Council to retain financial sustainability.

- 1.5.5. Inflation is continuing to fall; from April 2023 CPI at 7.8% to 6.3% in September (month 6). This fall in inflation does not mean that our cost base will now reduce, higher costs are now embedded in baseline expenditure. There is an increased demand for services alongside cost pressures in social care, home to school transport and homelessness services.

**1.6. Key Committee Overspends:**

- 1.6.1. **Adult Health and Social Care are forecast to overspend by £3.1m** The high cost of packages of care put in place during covid increased our baseline costs and this carries into 23/24. A huge amount of work has been done as part of an investment plan to tackle the underlying issues. One off funding has mitigated the position this year leaving a £0.5m overspend in the purchasing budgets. Work continues on the package reviews to reduce the baseline costs for the future. Recovery work is underway including establishment of Task & Finish groups and the development of business cases around invest to saves including focus on enablement, day services, reviewing high cost 1 to 1 support and maximising income.

---

The main area of overspend in the service now sits in staffing budgets. Service improvements in the Short -Term Intervention Team (STIT) are underway to deliver a stable position.

- 
- 1.6.2. **Education, Children and Families are forecast to overspend by £10.9m** The key overspends in the service relate to placements with external residential placements a particular issue which are forecast to exceed the previous year's costs by £6.6m. The average placement cost is £5,400 per week but due to a limited number of places in the city, placements for the most complex children can cost a much more. Actions are being taken to ensure that the right costs for placements are being met by all elements including education and where possible health. High-cost placements are also being reviewed.

The savings proposal for £1.6m to increase fostering placements this year is forecast to not be delivered. Marketing is taking place, but our number of foster carers remains static. Nationally this has been an issue since the pandemic as older foster carers decided to exit the market and there has not been the like for like recruitment to new foster carers.

Further demand in home to school transport costs are forecast to create a £3m overspend against budgets this year. Whilst not included in the month 6 position, the new school year has increased this overspend with a further 89 children now requiring transportation to school. Sheffield City Council are now supporting over 2,360 children with transportation to school, this has increased by almost 1,000 children in 4 years. An overarching review of this area will commence in 2024.

Integrated Commissioning budgets are forecast to overspend by £2m in recognition of the unachieved saving from 2022/23 relating to leveraging additional funding from Health partners.

- 
- 1.6.3. **Homelessness support in temporary and exempt accommodation is forecast to cost the Council £8.4m** The Government does not fully subsidise all housing benefit payments made by the Council even though it sets the rules that determine the amount the Council has to pay. In 2022/23, the Council incurred a loss of £5.9m as a result of the legislation relating to temporary homelessness and supported accommodation. The Council is essentially bridging the gap between the amount the accommodation costs to procure and the amount we are able to recover via housing benefits.

In 2023-24, this is forecast to cost the Council £4.9m for temporary accommodation and £3.5m for supported accommodation. The shortfalls are split between the Housing General Fund and Strategy and Resources budgets respectively.

- 
- 1.6.4. This current forecast in-year overspend must be urgently managed and mitigated to avoid the risk that the Council has to look to our available financial contingency reserve (£30m) to balance at year end. Maintenance of a prudent level of contingency reserves is critical to ensure stability and sustainability for 2024/25 onwards.

---

## **The Budget Implementation Group**

---

- 1.6.5. **A working group has been set up to drive improvements in budget delivery** A senior officer working group has been established to help drive delivery of the budget. The purpose of the Budget Improvement Group (BIG) is to improve the delivery of the Council's annual Revenue Budget (both General Fund and Housing Revenue Account) and in particular the delivery of the Budget Improvement Plans (BIPs). It will look to facilitate Council wide learning. The group is jointly chaired by the Director of Finance and Commercial Services and the Chief Operating Officer. The group has a nominated core member from each Directorate: Adults, Children's, City Futures, Neighbourhoods and Strategic Support Services.
- 

## **Transformation Funding**

---

- 1.6.6. **The Council identified £4m to support transformation activity** As part of 2023-24 budget setting, the Council identified a £4m fund that would be used to support programmes of change in the organisation, expedite the delivery of savings plans or support where delivery of savings has become "stuck". The "BIG" group has provided advice, challenge, and recommendations for allocation of the transformation funding to the Council's Performance and Delivery Board.

In August 2023, the Performance & Delivery board approved bids to support delivery of programmes in Adult Social Care, Housing, Children's services, ICT, HR, and Organisational Strategy to build upon the Future Sheffield programme. These key projects will help stabilise the organisation and bring budgets back to a steady footing for the future. Each programme of work will be monitored, and progress reported to the Council's Performance & Delivery board to ensure activity remains on track. Overall performance will be reported to S&R committee and finance committee as part of in-year budget monitoring, with relevant policy committees overseeing progress on programmes in their areas.

---

## **Medium Term Financial Analysis (MTFA)**

---

- 1.6.7. **The MTFA presented to S&R Committee on 7<sup>th</sup> September detailed committee budget savings targets** The Council is facing a challenging financial position. The Strategy and Resources Committee on 5<sup>th</sup> September received the Council's Medium-Term Financial analysis, highlighted the financial pressures facing the Council over the coming 4 years and the potential gap of £61.2m in resources.
- Each Committee was set a target to ensure a balanced budget for 2024/25, which requires them to find mitigations for any service pressures over above the additional resources allocated to them. The purpose of this is to allow the Council to achieve a balanced position for 2024/25 by the time the Strategy and Resources meets on 21st December 2023.
-

---

### **Timetable to 2024/25 Budget Setting**

---

- 1.6.8.
- Services have been developing solutions to bridge the budget gap for 2024/25 and brought forward proposals recent policy committee meetings.
  - All Policy Committees will make their final decisions in December.
  - Consultation on the existing proposals and overall budget will need to take place.
  - Further budget balancing options will need to be developed.
  - The impact of the Local Government Financial Settlement to be assessed and reported.
  - On December 21<sup>st</sup> 2023, Strategy and Resources will be asked to make a recommendation on savings to date to Council.
  - On February the 21st 2024, Strategy and Resources will be asked to recommend the full Budget Report to Council
-



## 23-24 Q2 Committee Budget Outturn Position

### 1.7. Adult Health & Social Care- £3.1m overspend

The forecast revenue outturn position for the AHS&C Committee is overspent by £3.1m	Full Year Forecast £m	Outturn	Budget	Variance
ADULTS, CARE AND WELLBEING		146.8	143.4	3.4
INTEGRATED COMMISSIONING ( Partnership Funding; Supporting Vulnerable People - Housing Related Support/Drugs and Alcohol Services)		8.6	8.9	(0.3)
<b>Total</b>		<b>155.4</b>	<b>152.3</b>	<b>3.1</b>

1.7.1. The 2023/24 settlement provided additional "one-off" funding for social care	Full Year Variance £m	One-off	BIPs	Trend	Total Variance
ADULTS, CARE AND WELLBEING		(9.9)	2.7	10.7	3.4
INTEGRATED COMMISSIONING (Partnership Funding; Supporting Vulnerable People - Housing Related Support/Drugs and Alcohol Services)		0.0	0.0	(0.3)	(0.3)
<b>Total</b>		<b>(9.9)</b>	<b>2.7</b>	<b>10.3</b>	<b>3.1</b>

In February 2023 the Department for Levelling Up, Housing and Communities (DLUHC) approved the 2023/24 settlement for Local Government. Included within the Settlement were some funding and taxation commitments for 2024/25. These included details of Council Tax thresholds and additional funding for social care.

Beyond 2024/25 the picture is less clear. However, there is a general acknowledgement that due to fiscal constraints, there will be very little, if any, increase in public sector spending in unprotected services such as Local Authorities over the remaining period of the Medium-Term Financial Analysis. This settlement has been treated as "one-off" in year due to future uncertainty.

1.7.2. Of the £31.6m savings targets, £28.9m are on track to be delivered in year with some saving set to outperform budget, leaving a £2.7m in year gap: Of the £31.5m savings, £12.6m relate to additional grant income not a reduction in costs. Of the £2.7m of savings declared unachievable in 23/24, £3.3m are hoped to be delivered in 24/25 and with the remaining £2.1m declared undeliverable offset by £1.4m over delivery on some savings.

#### Budget Savings (BIPS) £m

Financial RAG	Total Savings	Savings Deliverable in Year	In Year Gap	Savings Deliverable Next Year	Undeliverable Savings
Red	6.8	3.1	3.7	2.9	0.8
Amber	1.7	1.4	0.4	0.3	0.0
Green	23.0	24.5	-1.4	-0.0	-1.4
<b>Total</b>	<b>31.6</b>	<b>28.9</b>	<b>2.7</b>	<b>3.3</b>	<b>-0.6</b>

Savings Description	Total Savings	Savings Deliverable in Year	In Year Gap	Savings Deliverable Next Year	Undeliverable Savings
Driving Improvements in Social Work Practice	1.1		1.1	0.8	0.3
Review of Better Care Fund	0.5	0.3	0.3		0.3
Appropriate use of residential care	0.5	0.3	0.3		0.3
Nursing care costs	0.3	0.2	0.2	0.2	0.0
Direct Payments	0.3	0.2	0.1	0.1	0.0
Contract savings	0.3	0.1	0.1	0.1	0.0
Review of Living & Ageing Well	0.2		0.2	0.2	0.0
Dedicated case management for young adults	0.4		0.4	0.4	0.0
Review significant cost increases	1.1	0.7	0.4	0.4	0.0
Homecare Transformation Project - Strength Based Reviews	0.5	0.3	0.2	0.2	0.0
Reviewing homecare post pandemic	1.0	0.6	0.4	0.4	0.0
Review cost increases	0.3	0.2	0.1	0.1	0.0
Supported Living	0.5	0.3	0.2	0.2	0.0
<b>RED BIPS Total</b>	<b>6.8</b>	<b>3.1</b>	<b>3.7</b>	<b>2.9</b>	<b>0.8</b>

1.7.3.	Purchasing activities are overspent by £0.5m	Full Year £m	Outturn	Budget	Var.
	Learning Disabilities		36.1	32.5	3.5
	Older People		22.5	24.7	(2.2)
	Physical Disabilities		17.5	18.2	(0.7)
	Mental Health		9.0	9.1	(0.1)
	<b>Total Purchasing</b>		<b>85.0</b>	<b>84.6</b>	<b>0.5</b>

Learning Disabilities Purchasing, excluding the Social Care Grant is £9.7m overspent. This is net of £1.7m Continuing Health Care income from 22/23. Recovery work is underway including establishment of task & finish groups and the development of business cases around invest to saves including focus on enablement, day services, reviewing high cost 1 to 1 support and maximising income.

1.7.4.	The recovery plan details how the service will address the budget position in 2023/24	The Adult Social Care recovery plan was presented to committee on 20 <sup>th</sup> September 2023 detailed how the service intends to address in 2023/24 in 5 key focus areas:
		<ul style="list-style-type: none"> <li>• Recovery reviews</li> <li>• Enablement approach for working age adults,</li> <li>• Staffing costs</li> <li>• Residential care</li> <li>• Disability Facilities Grant</li> </ul>

1.7.5. <b>Transformation funding has been approved to support delivery of the BIPs</b>	Funding has been approved to keep agency teams in place until the end of the financial year. This is a short-term investment to reduce long-term costs. 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.
1.7.6. <b>A delay in housing related support provision is forecast to create a small underspend in 2023/24</b>	A £0.3m underspend in Integrated Commissioning relates to Housing Related Support. Expenditure had been previously agreed for a new complex needs service for vulnerable adults who have accommodation needs. The service is unable to start until a suitable property is found and because it has not been possible to secure anywhere to date, the service will not start until later in the year.
1.7.7. <b>The service is £1.9m overspent on staffing</b>	Staffing is £1.9m overspent mainly in STIT (Short -Term Intervention Team) and Enablement teams which includes £0.2m undeliverable BIPS. Service improvement plans are underway to deliver a stable position.
1.7.8. <b>A reduction in the disabled facilities grant has created an overspend</b>	Community Equipment is £0.5m overspent and City-Wide Care Alarms £0.3m overspent due to no longer having access to Disabled Facilities Grant to fund these services.
1.7.9. <b>Savings delivery remains the biggest challenge to the committee's financial position</b>	<p>The key financial risk for 2023/24 is the pace of savings required and the impact of prior year's savings carrying into 2023/24 on top of current challenges. when significant new additional savings are also required of the service. So far, BIP delivery is positive at</p> <p>As with the other areas of the Council, cost and pay inflation are the major drivers for social care pressures into the medium term. Adults Social Care services are also forecasting increased pressures as a result of fee uplifts, growth and other demographic changes, plus increased transition costs between children's and adult care.</p>

## **2. HOW DOES THIS DECISION CONTRIBUTE?**

2.1 The recommendations in this report are that the Policy Committee notes their 2023/24 budget forecast position and takes action on overspends.

## **3. HAS THERE BEEN ANY CONSULTATION?**

3.1 There has been no consultation on this report, however, it is anticipated that the budget process itself will involve significant consultation as the Policy Committees develop their budget proposals

## **4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

### 4.1 Equality Implications

4.1.1 There are no direct equality implications arising from this report. It is expected that individual Committees will use equality impact analyses as a basis for the development of their budget proposals in due course.

### 4.2 Financial and Commercial Implications

4.2.1 The primary purpose of this report is to provide Members with information on the City Council's revenue budget monitoring position for 2023/24.

### 4.3 Legal Implications

4.3.1 Under section 25 of the Local Government Act 2003, the Chief Finance Officer of an authority is required to report on the following matters:

- the robustness of the estimates made for the purposes of determining its budget requirement for the forthcoming year; and
- the adequacy of the proposed financial reserves.

4.3.2 There is also a requirement for the authority to have regard to the report of the Chief Finance Officer when making decisions on its budget requirement and level of financial reserves.

4.3.3 By the law, the Council must set and deliver a balanced budget, which is a financial plan based on sound assumptions which shows how income will equal spend over the short- and medium-term. This can take into account deliverable cost savings and/or local income growth strategies as well as useable reserves. However, a budget will not be balanced where it reduces reserves to unacceptably low levels and regard must be had to any report of the Chief Finance Officer on the required level of reserves under section 25 of the Local Government Act 2003, which sets obligations of adequacy on controlled reserves.

### 4.4 Climate Implications

4.4.1 There are no direct climate implications arising from this report. It is expected that individual Committees will consider climate implications as they develop their budget proposals in due course.

### 4.4 Other Implications

4.4.1 No direct implication

**5. ALTERNATIVE OPTIONS CONSIDERED**

5.1 The Council is required to both set a balance budget and to ensure that in-year income and expenditure are balanced. No other alternatives were considered.

**6. REASONS FOR RECOMMENDATIONS**

6.1 To record formally changes to the Revenue Budget.

This page is intentionally left blank