



Report to Policy Committee

Author/Lead Officer of Report:

Jonathan McKenna-Moore, Service Manager for Business Planning and Governance

Report of: Strategic Director of Adult Care and Wellbeing

Report to: Adult Health and Social Care Policy Committee

Date of Decision: 19 June 2024

Subject: Adult Health and Social Care: Quarterly Finance and Governance 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? 2376				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input 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:				

Purpose of Report:

This is a quarterly update on the financial position for Adult Social Care and associated governance improvements.

As part of our improved financial governance, these updates seek to provide analysis and transparency ensure that ongoing financial risks and issues remain visible.

The report is intended to enhance understanding of the full budget position and the relative value of pressures, savings and ongoing commitments when making spending decisions. It also supports our priority to deliver a framework for measuring our performance and quality so that people can hold us to account for the care services we provide.

Recommendations:

The Adult Health and Social Care Policy Committee is recommended to:

- Note the update to the financial forecast for the delivery of savings in 2024/25
- Note outturn position 2023/2024.
- Note overview of Adult Care Budget and Current Use of Resources
- Note Use of Resources Delivery Plan Update
- Note schedule of reporting 24/25 aligned to financial regulations
- Request updates on progress with implementation through our Budget Delivery Reports to future Committee
- Any other recommendations as agreed.

Background Papers:

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: Laura Foster (10/06/24)
		Legal: Patrick Chisholm
		Equalities & Consultation: Ed Sexton
		Climate: Jonathan McKenna-Moore
	<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 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: Jonathan McKenna-Moore	Job Title: Service Manager, Business Planning and Governance
	Date: 5th June 2024	

1. Quarter 1 Finance and Governance Update

1.1 Our Ambitions

1.1.1 Under our strategy for Adult Social Care in Sheffield (*Living the Life You Want to Live*), the specific ambition described under Efficient and Effective is that “everyone is supported by a system that works smartly together, delivering effective and quality outcome-focused services that promote independence and recovery... [And] our transparent decision-making system delivers best value.”

1.1.2 Appendix 3 of the Strategy outlines the financial context, stating “Our long-term financial strategy... consists of three elements:

1. Supporting people to be independent
2. Securing income and funding streams
3. Good governance”.

1.1.3 The Finance Strategy goes on to describe our ambition for “a sustainable system that operates within budget. This means a framework of accountability across the system, from front-line staff, first-line managers, and budget holders, to manage resources and deliver best value for money in the context of people’s needs.”

1.1.4 It is within this context that the quarterly Finance and Governance updates are provided.

1.2 Overview Of Adult Social Care Budget

1.2.1 Overview of Adult Social Care Income

Table 1: Adult Health and Social Care Income Sources	2023/ 2024		2024/2025		% Change
	2023/24	Proportion of Budget	2024/25	Proportion of Budget	
	(£000s)	%	(£000s)	%	
Sheffield City Council (Cash Limit)	134,063	46%	142,678	43%	6%
Fees and Charges for cost of care	44,116	15%	51,230	16%	14%
Improved Better Care Fund	29,288	10%	29,288	9%	0%
S75 Agreement with ICB	38,647	13%	42,365	13%	9%
Grants & Other Income	45,690	16%	62,384	19%	27%
Recharges to Other Services	1,642	1%	1,553	0%	-6%
TOTAL	293,445		329,498		11%

1.2.2 There has been a £36.1m increase in the overall budget for health and social care – an increase of 11% compared to 2023/24. The majority of this increase is funded through grants and other external income.

- 1.2.3 The proportion of the budget funded through the Council's corporate budget increased by £8.6m. This part of the budget is also referred to as Cash Limit and is built up of Council Tax revenue, the Revenue Support Grant from central government and Business Rates (which are paid to and then reallocated by central government).
- 1.2.4 £5.4m of this year's Cash Limit increase was funded through application of the social care precept when increasing council tax levies.
- 1.2.5 While Cash Limit still represents the largest proportion of the Health and Social Care budget, it should be noted that the proportion of the budget funded through Cash Limit has reduced for another successive year. This has reduced from 48% of the total budget in 2022/23 to 43% today.
- 1.2.6 This continuing trend reflects the requirement to make savings against the health and social care budget each year. Savings in this instance means that the budget increase is not sufficient to meet the projected increase in costs due to inflation and demographic growth. 2024/25 cost increases were forecast at £37.5m.
- 1.2.7 The £51m Fees and Charges income mainly relates to charges paid by citizens of Sheffield. People in receipt of formal care are assessed to see if they can pay some or all their support costs. Individuals are invoiced monthly, and recovery of invoices averages 90% subject to follow up from a debt recovery team.
- 1.2.8 The 14% increase in this element of revenue follows an adjustment to align the budget for charges with actual income received over the last two years. Only £3m of this year's budget increase relates to this year's actual increase to assessed contributions and this was in proportion to national increases to pensions and benefits.
- 1.2.9 £12m of income paid by the NHS Integrated Care Board (ICB) towards joint packages of care and fully Healthcare funded support was previously included under fees and charges but is now under the S75 Agreement line.
- 1.2.10 The £29.3m Better Care Fund (BCF) element of the budget is funding to be spent on integrated activity, mostly through purchasing services. This remains unchanged from last year.
- 1.2.11 The most significant increase in budget is in the Adult Social Care grant from central government, with almost half of the budget increase coming from this source. Other smaller grants are also included here.

- 1.2.12 A proportion of the health and social care budget falls under the governance of Integrated Commissioning, relating to Public Health funding. This element is not included in the later tables in this report, which are limited to the core budget for Adults Care and Wellbeing. Table 2 provides a breakdown for this separate budget.
- 1.2.13 The Integrated Commissioning element of the total AHSC budget has also seen an 11% increase from 2023/24, with additional grant income off-setting reductions in Cash Limit funding and other income.

Income Source	23/24 (£000s)	24/25 (£000s)	% Change
Sheffield City Council (Cash Limit)	7,913	7,204	-10%
Fees and Charges for cost of care	18	0	0%
S75 Agreement with NHS Sheffield CCG	249	249	0%
Grants	9,507	12,473	24%
Other Income	485	412	-18%
Recharges to Other Services	30	30	0%
TOTAL	18,202	20,368	11%

1.2.14 Overview of Current Resource Use

Allocation of Spend	2023/24 (£000s)	2024/25 (£000s)	% change
3rd party spend (Delivery of Care)	232,617	260,356	11%
Employees	46,776	54,467	14%
Premises	578	578	0%
Supplies & Services	12,528	13,151	5%
Transport	946	947	0%
TOTAL	293,445	329,498	11%

- 1.2.15 The vast majority of the Adult Social Care budget is spent on commissioned and council delivered regulated care services. These are services such as home care and residential care that deliver direct care and support to people across the city. Due to this, it is important that the models of care that we deliver are effective, person and outcomes led, and best value.
- 1.2.16 79% of spending is on services commissioned from third party providers. Table 4 provides a more detailed breakdown of this spend across different service types and different customer groups.
- 1.2.17 The total of £260.4m referenced in table 3 is not all included in the total shown in table 4 at £257m. This is because £3.4m of third party spend is managed outside of the purchasing budget, for example our contracts for Community Equipment.

- 1.2.18 Purchasing budgets are defined by a person’s primary care need. In the following tables, OP = Older People; LD = Learning Disability; PD = Physical Disability; MH = Mental Health. This is allocated as follows:

Service Type	OP	LD	PD	MH	Total
Home Support	38,295	1,274	7,658	375	47,602
Direct Payments	7,007	27,219	12,649	4,230	51,105
Residential & Nursing	52,568	20,754	5,964	8,902	88,188
Short Term Care	2,555	972	683	53	4,263
Supported Living	9,594	32,841	4,783	3,030	50,247
Day Care	235	7,764	665	33	8,697
Other	3,405	2,740	228	518	6,891
Total	113,659	93,564	32,629	17,141	256,993

- 1.2.19 The income from contributions varies between working age people, whose main income tends to be state benefits, and older people who often have capital and additional private income as well as their pension. This has an impact on the net cost of those services to the Council.

	OP	LD	PD	MH	Total
Gross Expenditure	113,659	93,564	32,629	17,141	256,993
Individual Contributions	39,018	4,881	1,863	831	46,592
NHS Contributions	12,842	18,437	996	2,792	35,067
Grant Income	40,079	38,056	8,926	3,957	91,017
Total Income	91,939	61,373	11,785	7,580	172,676
Net Expenditure	21,721	32,191	20,844	9,561	84,317
% from Cash Limit	19%	34%	64%	56%	33%

1.3 Outturn for 2023/24 Financial Year

- 1.3.1 At the close of the 2023/24 financial year, Adults Care and Wellbeing reported an overspend of £3.1m (2.2% over the £145m budget).
- 1.3.2 £1m of this overspend related to purchasing budgets, with one-off income and additional grant funding off-setting costs in-year. Carrying forward into 2024/25, this funding pressure has increased due to the end of one-off funding and the transfer of new grant funding into permanent budgets to off-set new pressures. This has previously been described to committee in March 2024: [8.2 Appendix 1](#).
- 1.3.3 £2.1m of the 2023/24 overspend related to non-purchasing costs, which are mainly staffing costs.

- 1.3.4 The staffing overspend is due to the impact of BIP savings identified against staffing budgets in previous years. The level of staffing required to meet statutory duties and keep people safe has necessitated recruitment in our front-line services. This was in the context of waiting times for safeguarding referrals, Care Act assessments and annual reviews.
- 1.3.5 The outturn position for 2023/24 was a significant improvement on previous years.
- In 2022/23, outturn for Adult Social Care was reported as a £6m overspend (4.1%). This included £5.2m overspend on purchasing budgets and £800k on non-purchasing.
 - In 2021/22, outturn for Adult Social Care was a £10.3m overspend (7.7%). This included a £19m overspend on purchasing budgets that was offset by a non-recurring grant of £13.2m.
 - The £13.2m Enhanced Hospital Discharge funding was a one-off amount provided to support discharge from hospital during the Covid pandemic. Without the Enhanced Hospital Discharge funding the outturn for 2021/22 would have been an overspend of £23.5m.
- 1.3.6 In the context of the year on year savings that have been required, the outturn for 2023/24 demonstrates a favourable improvement to management of financial risk. Continued effort is required to sustain this improvement, given that budget increases continually fall short of increasing inflation and demand-led costs.

1.4 Planned Savings for 2024/25 Financial Year

- 1.4.1 The majority of Budget Implementation Plan (BIP) savings approved for 2024/25 related to increases in income that were already known or expected to be realised. Only £2.2m of the BIP savings relate to activity such as reviews to ensure people are not overprescribed formal care and support hours. This is a relatively low proportion of BIP savings compared to previous years and mitigations are in place where delivery risks have been identified.

BIP Category	Value (£000s)
Budget Adjustments	5,528
Proportionate Care Reviews	2,224
Annual Uplift to Contributions	3,050
Other Income	1,477
Fee payments	716
TOTAL	12,995

- 1.4.2 As described previously, additional activity is required to reduce an underlying pressure of £17.4m that has been carried forward from 2023/24. However, at this early stage it is not appropriate to forecast the financial impact of what will prove to be long-term transformational changes in service delivery.
- 1.4.3 Activity is underway to implement these mitigating actions, and this will be monitored through the Recovery Plan governance, reporting to Directorate Leadership Team.
- 1.4.4 The trend for spending on third party services so far shows greater control overall compared to previous years, with the average cost of support for some services actually reducing in year. This is a reversal of the trend over at least the last five years.
- 1.4.5 New Enablement Teams have started working with people in the community and are already demonstrating positive impacts for the individuals and a reduction in costs. This is taking over from work previously conducted by external agency teams.
- 1.4.6 A specialist team for Continuing Healthcare referrals has demonstrated consistent improvement, delivering better outcomes for people with a primary healthcare need that require high levels of care.
- 1.4.7 The transformation of Learning Disability services is heavily dependent on commissioning new services for people with diverse and complex needs. These will take time to implement in order to demonstrate a financial impact. Interim mitigations have been put in place, which include development of an Enhanced Care Framework, which is at Committee today.
- 1.4.8 Separate reports relating to commissioning for Learning Disabilities and pathways for hospital discharge have also been provided to the committee

1.5 Overview of the Better Care Fund

- 1.5.1 The Better Care Fund (BCF) is a jointly managed alignment of budgets between the Council and our NHS partner, South Yorkshire Integrated Care Board (ICB). The BCF is managed through the Health and Wellbeing Board.
- 1.5.2 BCF is sometimes referred to as a single budget, but in fact refers to several different elements and functions. This includes grants directly received by the council and by the ICB, but also includes transactional elements, wherein the NHS directly funds services from or through the council and pooled budgets formed to jointly fund specific teams or projects. It also includes elements, whereby current activity by either partner is identified as meeting the national priorities of the BCF.

- 1.5.3 For this reason, with the exception of the Improved Better Care Fund (iBCF), the BCF budgets in table 7 below will not match precisely to the breakdown of the Adult Health and Social Care income budgets provided in section 1.2.
- 1.5.4 The Better Care Fund comprises mandated elements to be pooled into a joint working arrangement. For SCC the areas are:
- Disability Facilities Grant, which provides equipment and adaptations to private residences.
 - Improved Better Care Fund, aimed at jointly funded services which have a natural efficiency to have one service delivering for health and social care.
 - LA Discharge Grant, a non-recurrent grant that is not included in permanent budgets.
- 1.5.5 In total £42m is directly received by the Council to be managed under the Better Care Fund governance, with ultimate oversight by the Health and Wellbeing Board.
- 1.5.6 There are also £129m of services and staffing employed by SCC which meets the Better Care Fund criteria and aligned to a priority programme which by local decision has been included within the Better Care Fund.
- 1.5.7 The NHS minimum contribution has a split requirement. A minimum pooling of £18m into jointly funded services with SCC, and £35m minimum investment into community-based health services. Alongside the ICB element of the Discharge Grant, the ICB has identified £304m of services and staffing aligned to the Sheffield Priorities that meet the Better Care Fund guidance.

Budget Area	Org.	2023/24 (£000s)	2024/25 (£000s)	% Change
Disabled Facilities Grant	SCC	5,554	5,572	0.3%
Minimum NHS contribution	ICB	50,236	53,080	5.7%
Improved Better Care Fund	SCC	29,290	29,290	0.0%
Additional LA budgets aligned to BCF priorities	SCC	106,972	128,577	20.2%
Additional NHS budget aligned to BCF priorities	ICB	289,655	304,126	5.0%
LA Discharge Funding	SCC	4,106	6,844	66.7%
ICB Discharge Funding	ICB	3,065	4,970	62.2%
Total		488,878	532,459	8.9%

1.6 Use of Resource Delivery Plan

1.6.1 The Use of Resources delivery plan was shared with Committee in March 2024. It sets out our programme for improved governance around financial management. [8.3 Appendix 2 – Use of Resources Delivery Plan March 2024](#).

1.6.2 Several items in the Use of Resources Delivery Plan are due this month, June 2024.

- Item 10, annual BCF update is referenced above and is currently going through the official approval governance under the Health and Wellbeing Board.
- Item 12, transparent funding and expenditure is provided through this paper to committee.
- Item 13, clear budget portfolios, is provided as above.
- Item 14, budget monitoring and reporting is in place.

1.6.3 Two items are in progress and due to be completed by the end of June.

- Items 11 and 20 relate to Establishment Control. An Establishment Control process is being developed outside of the corporate project due to complete in 2025 to improve recruitment planning and financial controls. Any recruitment undertaken is now linked to invest to save proposals or mandatory requirements.
- Item 24, payment processes. New homecare contracts have now gone live, and a redesign of brokerage services are underway.

1.7 Schedule of Reporting

1.7.1 Committee are asked to note the planned schedule of reporting for finance, governance and risk.

Item	Reporting to DLT	Reporting to Committee	Format of committee update
Financial update and progress with savings/ recovery plan	Monthly	Quarterly: June, September, December, March	Policy Committee report
Risk Register	Quarterly	Quarterly	Member briefing sessions
Financial Governance	Monthly	Quarterly	Member briefing sessions
Internal Audit Delivery	Quarterly	Internal	Reported to Audit Committee
Local Account	Annual	Annual	Policy Committee report

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. In doing so, this contributes to the Council Plan and in particular the strategic outcome [People live in caring, engaged communities that value diversity and support wellbeing.](#)

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 The purpose of this report is to provide a background to the funding of Adult Health and Social Care, an update to the forecast spend position for 2024/25 and progress with the delivery of savings. No consultation has been undertaken on these aspects.
- 3.2 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 2376), as well as individual EIAs for each proposal that are monitored and maintained as an ongoing process.
- 4.1.2 Individual EIAs are owned by Assistant Directors to review and update as per required schedule.
- 4.1.3 Our [Adults Care and Wellbeing Equality, Diversity, Inclusion and Social Justice Workforce Delivery Plan 2024](#) includes our commitment to equality:
- 4.1.4 “Equality and diversity are essential components of social care. Good equality and diversity practices make sure that the services provided to people are fair and accessible to everyone. They ensure that people are treated as equals, that people get the dignity and respect they deserve and that their differences are celebrated.”

4.2 Financial and Commercial Implications

- 4.2.1 This report is part of an improved financial governance framework that aims to improve the fiscal understanding of our workforce and provide transparency on the use of public money to the citizens of Sheffield.
- 4.2.2 This report is designed to provide detail on the financial position rather than set new proposals for the budget. Information provided supports delivery

of the BIP Savings as agreed by Council and the Recovery Plan as agreed by Committee in January 2024.

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 particular proposals for the budget and implications, there are no specific legal implications arising from the content.

4.3.2 Information provided supports delivery of services in performance of our duties under the Care Act 2014 and the requirements of the CQC inspection framework.

4.4 Climate Implications

4.4.1 There are no climate impacts arising directly from this decision.

4.4.2 For a full assessment of the climate implications for Adult Health and Social Care, please refer to [*Our Statement of Climate Commitments December 2023*](#)

4.5 Other Implications

4.5.1 There are no other implications to consider at this time

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 Not applicable – this is an update on actions already agreed.

6. REASONS FOR RECOMMENDATIONS

6.1 The recommendations are provided to enable Members to gain an understanding of the Adult Health and Social Care budget in totality, including pressures and current progress with the recovery plan and the actions underway to mitigate pressures.