

## Policy Committee Decision Report

<b>Title of Report:</b>	Adult Health and Social Care: Quarterly Finance and Governance Update
<b>Date of Decision:</b>	18/09/2024
<b>Report To:</b>	Adult Health and Social Care Policy Committee
<b>Report Of:</b>	Alexis Chappell, Strategic Director of Adult Care and Wellbeing
<b>Report Author:</b>	Jonathan McKenna-Moore, Service Manager for Business Planning and Governance
<b>Executive Summary:</b>	<p>Adults Care &amp; Well-being is forecasting an overspend of £9m for 2024/25.</p> <p>Budget Implementation Plans forecast at 94% delivery. Recovery Plan forecast at 80% delivery.</p> <p>New savings have been identified as mitigation against slippage.</p> <p>Fairer Contributions Policy is undergoing review.</p>

### Council Plan outcomes:

[People live in caring, engaged communities that value diversity and support wellbeing](#)

### Policy Committee remit:

This report is to be considered by the Health and Social Care Policy Committee as its remit includes: [Part 3C - 3.3 Matters Delegated to Committees May 2024.pdf \(sheffield.gov.uk\)](#)

Does the report contain confidential or exempt information? No



**Recommendations:**

1. Note the update on forecast outturn for 2024/25 financial year.
2. Note the update on planned savings, recovery actions and mitigations.
3. Note the update on staffing budgets and underlying risk management decisions.
4. Note the update on Fairer Contributions Policy.

**Financial Implications:** [Yes] Approved by: Laura Foster 10/09/24

**Legal Implications:** [No] Approved by: Patrick Chisolm

**Equality and Inclusion Implications:** [No] Approved by: Ed Sexton  
Full Equalities Impact Assessment completed with EIA number: 2376

**Climate Change Implications:** [No] Approved by: Jonathan McKenna-Moore

**Background Papers:** None

**Appendices:** Appendix 1: BIPs and Recovery Plan Forecast

## **1. Background to the issue**

- 1.1.** This is a quarterly update on the financial position for Adult Social Care and associated governance improvements.
- 1.2.** As part of our improved financial governance, these updates seek to provide analysis and transparency to ensure that ongoing financial risks and issues remain visible.
- 1.3.** 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.

## **2. Proposal: Quarter 2 Finance and Governance Update**

### **2.1 Our Ambitions**

- 2.1.1** 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.”
- 2.1.2** 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”.
- 2.1.3** 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.”
- 2.1.4** It is within this context that the quarterly Finance and Governance updates are provided.

## 2.2 Background

- 2.2.1** Adults Care and Wellbeing (ACW) ended the 2023/24 financial year with an overspend of £3.1m (2%) against the directorate's net budget of £145m which was a significant improvement on previous years.
- 2.2.2** However, as reported to Committee in March, the underlying financial pressure on the directorate's budget was £17.4m (after disregarding one off income and new grant income needed to offset inflation and growth pressures in 2024/25).
- 2.2.3** This underlying pressure was in turn carried forward into 2023/24 from slippage to 2022/23 savings as well as growth in spend on third party services, particularly for people with a Learning Disability and young people transitioning to support from Children's to Adults' care.
- 2.2.4** The Directorate's Recovery Plan for 2024/25, presented to committee in January 2024, set out how this underlying pressure is being addressed.
- 2.2.5** The operating context for the financial recovery plan and the wider directorate is of significant increasing demand as shown in table 1 below. The number of contacts (enquiries and referrals) have almost doubled since 2019 **which highlights an average 94% increased demand on adult social care in the last five years.**

	2019/20	2020/21	2021/22	2022/23	2023/24	Increase 2019-24
Safeguarding	2,886	4,136	5,461	4,596	5,311	84%
Equipment and Adaptations / Occupational Therapy	2,868	3,260	3,474	4,074	6,706	134%
Community Referrals	10,199	9,778	14,480	16,146	20,800	104%
Discharge from Hospital	5,022	5,489	6,243	7,007	7,758	54%
Transitions	43	52	58	85	157	265%

- 2.2.6** A detailed analysis of this increased demand is underway, to support the targeting of activity to prevent and reduce demand. Improved understanding of this demand and activities will support efficiency and financial resilience, and will inform the update to the recovery plan noted at 2.5.2

## **2.3 Adult Care and Wellbeing budget position at the close of Quarter One**

- 2.3.1** The financial forecast for Adult Care & Well-being Directorate at the end of quarter one projects an overspend of £9m, which is 6% against the net budget of £152m\* and 2.7% of the total permanent gross budget of £329m.
- 2.3.2** \*The net budget of £152m is made up of the £143m permanent budget as reported to Committee in June, plus £8m temporary budget for internal charges.
- 2.3.3** The forecast and overspend is seen within the context of increased demand noted at Table 1 and the increased regulation of operational adult social care, including assurance by CQC.
- 2.3.4** Additional investment in staffing has been made in response to the increase in demand, notably an additional £4.5m allocated to staffing budgets in 2024/25 but this has been managed within existing resources and the context of annual budget savings.
- 2.3.5** The forecast overspend is predominantly due to two factors:
1. Slippage to the delivery of Recovery Plan savings resulting in an overspend forecast of £6m in provision of support and care, especially for people with a learning disability.
  2. Requirement for additional staff to meet statutory duties, manage waiting times and respond to increasing demand related to Safeguarding as highlighted in table 1 above. This has been particularly required given the advent of CQC Assurance on Local Authorities and the clear focus on ensuring safety, safeguarding and continuity of care. If the Local Authority do not meet these duties this could result in regulatory action.
- 2.3.6** It should be noted that the increase from last year's £3.1m outturn to this year's £9m forecast is largely due to the changes in temporary grant and other income into the Adult Care and Wellbeing budget. The reliance on and reduction in temporary grant to adult social care significantly impacts on the ability to provide care and support in a financially resilient manner.
- 2.3.7** Despite increased demand, the escalation in cost since 2023 is in line with forecast expectations, and the average cost of care and support over the year is relatively steady. This highlights the confidence and diligence of our forecasting across services and ensures that the service is able to identify risks at an early stage for mitigation.

## 2.4 Budget Implementation Plans (BIPs)

- 2.4.1** ACW has been required to find an average of £22m of savings every year since 2017. This is because the amount of additional income and cash limit each year has been insufficient to meet the increase in costs due to inflation, population growth and increasingly more complex care needs.
- 2.4.2** For 2024/25, ACW's gross budget increased by £36m from 2023/24, including business planning assumptions on increased income through fees and charges. Budget Implementation Plans required £13m of savings to manage the forecast increase in costs, including £2.9m of savings through cost reductions.
- 2.4.3** Table 2 shows a forecast of **94% delivery** against the target for BIPs. This is a high level of confidence and reflects that the majority of BIPs were based on additional income and budget adjustments that have already been realised.

<b>BIP Category</b>	<b>Value</b>	<b>Forecast</b>	<b>Forecast %</b>
Budget Adjustments	5,528	5,528	100%
Annual Uplift to Contributions	3,050	3,800	127%
Other Income	1,477	1,010	68%
Fee payments	716	635	89%
Proportionate Care Reviews	2,224	1,974	89%
<b>TOTAL</b>	<b>12,995</b>	<b>12,213</b>	<b>94%</b>

- 2.4.4** Implementation of Proportionate Care Reviews is due to commence in September 2024 and will be part of our wider cost avoidance and reablement programme from 2025/26. In 2024/25, slippage on the delivery of the planned saving is being mitigated by over delivery on income.
- 2.4.5** In order to increase the forecast, the key areas for improvement are:

1. Reducing length of stay in Somewhere Else to Assess beds (S2A). High referral rates to this hospital discharge pathway and reduced capacity to complete care act assessments, due to priority safeguarding casework in residential care settings, has led to twice the number of people in an S2A bed than planned. Additional staff have now been allocated and occupancy rates have halved over a period of six weeks. A task & finish group has been implemented with oversight by the Strategic Director and proposals on S2A delivery will be brought to October 2024 Committee along with an update on delivery of efficiencies.
2. Reviews of care and support for people using mental health services. Transfer of records, following the return of mental health social work teams into the council, has taken longer than expected. The focus now is to complete reviews and continue to build upon the work of the Promoting Independence programme.

## 2.5 Recovery Plan

- 2.5.1** For 2024/25, the Recovery Plan runs in parallel with the BIP savings discussed in section 2.4. While the BIP savings, mainly based on income, are designed to adjust budgets in order to cover new annual cost pressures, the purpose of the Recovery Plan is to reduce costs relating to historic underlying pressures, which contribute to the current overspend. The Recovery Plan was approved at Committee in November 2023 and updated in January 2024.
- 2.5.2** £6.1m of the 2024/25 forecast overspend in the ACW Directorate relates to the purchase of commissioned services. As described previously, these costs are not new and have not risen any more than expected since the start of the year. The overspend has arisen because £11.4m of new income against those costs last year needed to be balanced against new cost pressures at the start of this year, resulting in existing costs emerging as a budget pressure.
- 2.5.3** This recurring pressure is addressed through the £17.6m Recovery Plan and slippage to delivery of this plan has resulted in £6.1m of the forecast overspend.
- 2.5.4** The recovery plan is focussed on three main areas: Rebalancing Actions, Market Management and Optimising Income. All three areas aim to develop sustainable long-term options which prevent, reduce and delay need for care and support.
- 2.5.5** Rebalancing actions seek to reduce existing costs or avoid new ones arising. To achieve this, we have invested in new teams to not just review people’s care and support, but to work with them for longer and enable them to be more independent.
- 2.5.6** Market management and cost avoidance is about putting in place alternative provision for people who are new to Adult Care services. This includes developing new short breaks and longer-term accommodation for people with a learning disability, the new well-being contracts for homecare that started in June of this year, and linking First Contact, our “front door” point of public access, to Community Support Workers for people who don’t have an eligible care need.
- 2.5.7** Optimising income is largely referring to temporary grant funding – the Market Support and Improvement Fund and Discharge Grant. It also includes ensuring that NHS funding for healthcare is recovered when a person’s care is primarily related to their health, and exploring additional sources of income.

<b>Recovery Plan Category</b>	<b>Value</b>	<b>Forecast</b>	<b>Forecast %</b>
Rebalance and cost reduction	5,500	3,180	58%
Market management and cost avoidance	5,200	3,562	69%
Optimising income	6,900	7,354	107%
<b>TOTAL</b>	<b>17,600</b>	<b>14,096</b>	<b>80%</b>

- 2.5.8** Further detail on the Recovery Plan and BIPs is available in Appendix 1.

- 2.5.9** A review of directorate pressures will be undertaken this Autumn as part of the annual Business Planning process. This will ensure that the Recovery Plan continues to focus on current pressures to deliver a balanced budget in 2025/26.
- 2.5.10** To increase the forecast, the key areas for improvement are:
1. Enablement Team Reviews
  2. Supported Living Reviews
  3. Accommodation costs
- 2.5.11 Adult Future Options Enablement Team Reviews.** This is a new approach, working for a longer period with people to increase their independence rather than an annual review of their care and support needs.
- 2.5.12** The team have completed 61 enablement reviews so far this year and are working with another 70 individuals at the current time. It has taken time to establish the new team and approach, but this is improving through consistent strength-based practice and service manager oversight.
- 2.5.13** The cost of care and support for people who have worked with the Enablement Team has reduced by £202k per year, with another £84k saved through preventing new costs. Better outcomes for the people the team have worked with include entry into employment and volunteering, accessing a wider range of activities, travel training, and learning daily living skills.
- 2.5.14 Supported Living reviews.** The rate of reviews completed decreased compared to last year following the end of agency team involvement. This is since the priority in service has been to support people in crisis given the increased demand to the service, which has led to minimal capacity for working pro-actively to enable people whose lives are settled.
- 2.5.15** In response to this, as a mitigation additional recruitment to a peripatetic team is taking place to improve the teams' capacity to manage reviews in a sustainable way and without the need for agency workers. This will enable a sustainable approach in longer term. In addition, temporary funding has been secured for two posts to pilot Technology Enabled Care (TEC) in Supported Living schemes.
- 2.5.16 Accommodation costs.** Individual higher-cost placements have been recognised as a significant pressure on the purchasing budget for Learning Disabilities. The potential to reduce these costs through market management has been quantified as a £4.3m saving in the recovery plan, but the scale of change required will take longer than one financial year.
- 2.5.17** Work with third party providers is ongoing to develop new places for supported living and short breaks for people with a learning disability. By developing more options in the market and commissioning services that work towards increasing the independence of individuals, we will see a reduction in long-term, high-cost services that do not deliver positive outcomes for people. This was articulated in the proposal to develop an [Enhanced Care Framework](#) which was approved at Committee in June 2024.



**2.5.18** Up to five new supported living developments could become available by the end of 2024, with places for over 20 people. Up to four new developments for short breaks could also become available, with capacity for 40 people per year. Further developments should also become available in 2025/26.

**2.5.19** In addition to this developmental work, we are looking to become more flexible in the support we offer through the council run Provider Services, particularly for people who require emergency accommodation. Proposals will be brought forward for consideration in next quarter.

**2.5.20** Funding has also been secured to improve skills in commissioning and brokerage using the Care Cubed software to analyse and challenge high-cost and complex provider fee rates.

## 2.6 Staffing costs

**2.6.1** The Adult Care and Wellbeing Directorate's workforce is its greatest asset and maintaining sufficient workforce capacity to meet increasing demand is key to ensuring the safety of vulnerable people, providing the right care at the right time, preventing crises and avoiding escalations in need and cost. Finding the right balance to staffing levels is therefore key not just to safety and quality but also to a sustainable adult social care service.

**2.6.2** £2.9m of the current forecast overspend relates to staffing costs. Work is underway to rebalance the establishment against service and council priorities, including consolidating and clarifying our approach to discharge, including funding for this. Some service areas have taken on additional staffing due to increased demand whilst other service areas have not yet been able to safely reduce costs in line with planned budget reductions.

**2.6.3** Additional staffing pressure relates to two key areas:

1. Safeguarding
2. Short Term Services

### Safeguarding

**2.6.4** The Multi-Agency Safeguarding Hub (MASH) was established to effectively manage risk to vulnerable people and meet our statutory duties. As noted in Table 1 there has been an **84% increase in contacts** over the last 5 years and, since implementation, the MASH has seen an increase in total referrals of over 50%. This includes pre-contact safeguarding, safeguarding contacts and non-safeguarding contacts, increasing from 230 to 350 referrals per week. The success of the MASH has been recognised across our partner organisations in the city and has proven to be a vital resource. This is noted in the Safeguarding Delivery Plan provided to Committee in September 2024.

**2.6.5** At month 3, there was a £578k forecast overspend against MASH. It is proposed that this pressure is addressed through 2025/26 Business Planning, subject to approval. This will ensure the Local Authority Care Act duties regarding Safeguarding are met and to ensure that assurance can be provided to CQC regarding our compliance with Safeguarding duties.

### **Short Term Services**

**2.6.6** As can be seen in Table 1, the demand for adult social care from hospitals has increased by more than 50% over the last five years. Local authority funding to Short-Term Intervention Services has reduced in previous years but staffing costs have remained at the same level. In 2023/24 the change in budget was mitigated by temporary grant funding, but this has not been matched this year, resulting in a £1.9m forecast overspend against these budgets in 2024/25.

**2.6.7** The national government's priority to reduce hospital waiting times has been reflected in the waiting time for discharge becoming a key performance measure across the health and social care system. To support a system wide response and reduce the time Sheffield people spend in a hospital bed when they are fit for discharge, we have maintained capacity in STIT and Enablement as one of the main pathways for hospital discharge, noting the risks to individuals and carers.

**2.6.8** The service is currently undertaking a leadership review to rebrand and reconfigure short term services to focus more on reablement to reduce the need for formal care and support.

**2.6.9** In addition, as set out in the Equipment and Adaptations report to Committee in September 2024, City Wide Care Alarms is a discretionary service which is charged to customers. In line with the Council's financial governance, it should recover the cost of its operation through charges. The Council has not increased charges for CWCA since 2015. However, this means that in real terms CWCA's income has significantly fallen as inflation has driven up the costs of operating the service. Additional costs have also arisen as the service has invested in digital equipment which is required for the switch off of the analogue phone network by January 2027. Proposals regarding City Wide Care Alarms, including customer charges and sustainability, are being brought to Committee in September 2024.

**2.6.10** Individual service reviews are being undertaken across each of the service areas to help us to identify opportunities for greater efficiencies and improved productivity and to ensure people are supported to remain home and return at home wherever possible. With discharge services, this will be undertaken as a partnership with NHS SY Integrated Care Board, aligned to income streams. It is intended that this review will inform future planning to ensure effective financial management and resource allocation. An update will be provided to Committee in November 2024.

**2.6.11** To mitigate the staffing, overspend across the wider directorate, greater scrutiny and challenge has been added to our recruitment approval process, working with Finance and Human Resource colleagues to manage recruitment requests.

**2.6.12** In addition, a priority for Adult Care has been to understand the establishment and align establishment to funding. This has been raised as a risk in relation to the Director's Annual Assurance as a Council. In mitigating and responding to this risk, a review of income which funds posts across adult care and a review of the establishment has been undertaken. It's planned that this approach will ensure a funded and resourced service which meets statutory requirements.

**2.6.13** In addition to these measures, ACW is working with Human Resources colleagues to develop Establishment Control processes that will support managers with greater clarity on staffing budgets, funded posts and capacity to recruit. A corporate programme to deliver a functional Establishment Control process has picked up from the initial work carried out by ACW's Governance Team and is due to roll out in Autumn 2024.

## **2.7 New In-year Mitigations**

**2.7.1** Because some of the Recovery Plan actions are longer term programmes, particularly where new services are being developed, we are now forecasting delivery over three financial years.

**2.7.2** To mitigate the slippage in year, and to address the staffing costs described in section 2.5, several mitigations to improve the outturn position for 2024/25 have been identified. These include:

- Technology Enabled Care - new posts to lead on TEC and Care Cubed, as outlined above. Progress against the TEC programme is included in the Equipment and Adaptations update to Committee in September 2024.
- Joint Packages of Care - collaboration with NHS partners on joint packages of care, offsetting cost of support to people with a Learning Disability.
- Review of Funding - a review of jointly funded packages of care for mental health service users has revealed numerous cases where funding needs to be updated in line with increasing costs.
- Review of council run charging - the amount Health contribute towards joint funded support using council run services has been reviewed and uplifted in line with inflation.
- Individual contributions - Contributions towards the cost of the council's Short Term Intervention Team (STIT) will be reinstated. Charging was halted following the loss of supporting software but can now resume.

- Transitions - A new project team in Adult Future Options will start working with younger people before they transfer into Adults Services. This will aim to promote independence and wellbeing of younger people at an early stage, leading to reduced need for care and support.

**2.7.3** External consultants are being commissioned to conduct a diagnostic analysis across Adult Care. The consultants have worked with multiple local authorities in England and have successfully identified new opportunities to deliver efficiencies and savings, whilst ensuring a focus on achieving improved outcomes and independence for individuals.

## **2.8 Review of the Fairer Contributions Policy**

**2.8.1** The Fairer Contributions Policy is set by the council to govern how individual contributions toward the cost of adult social care are calculated. As part of implementing the Care Act 2014, the council reviewed this policy in 2016 and again in 2021. At the last review an adjustment was made to allow for additional increases in the amount that people are left to cover their cost of living.

**2.8.2** The Fairer Contributions Policy considers the persons capital, income (including benefits), the cost of living and any additional costs due to the individual's housing and care needs.

**2.8.3** The policy is heavily constrained by national legislation so there are limited areas of discretion. We carry out benchmark comparisons to other local authorities, which has shown that Sheffield is broadly in line with other areas with few areas of difference.

**2.8.4** The policy is being reviewed in 2024 to clarify areas where we have had feedback that the policy is not always clear. In particular, this relates to Disability Related Expenses (an allowances for a specific cost linked to the person's care needs). The council also has an appeals process which is mentioned but not fully described in the policy document.

**2.8.5** If any significant changes to the policy are identified following the review, then a consultation will be required. However, due to the constraints of the national legislation, the review is not expected to recommend significant change.

### 3 How does this decision contribute to the Council Plan?

#### 3.1 Council Plan outcome

- 3.1.1 The delivery of the objectives of both the Business Implementation Plans and the Adults Social Care are aligned to the following outcomes under the Council Plan:
- High quality care and support at the right time and place so people can be independent for longer and stay safe.
  - Work with communities to ensure people can access support and live the lives they want.

#### 3.2 People – Prosperity – Planet

- 3.2.1 The delivery of a sustainable budget for Adults Social Care is aligned to the further outcomes of the Council Plan:
- Supporting **People** to remain independent for as long as possible.
  - Keeping people engaged in their community, adding to the **prosperity** of the city as a whole.
  - Reducing the carbon footprint of care and support services.

### 4 What community or partner engagement has been undertaken and how has it informed the proposal?

- 4.1 The purpose of this report is to provide an update on 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.
- 4.2 Consultation is undertaken during the development of proposals for the budget and implementation of proposals for the budget as appropriate.

### 5 What alternative options did we consider?

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

### 6 How has equality, diversity and inclusion been actively considered?

- 6.1 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.
- 6.2 Individual EIAs are owned by Assistant Directors to review and update as per required schedule.
- 6.3 Our Adults Care and Wellbeing Equality, Diversity, Inclusion and Social Justice Workforce Delivery Plan 2024 includes our commitment to equality:

**6.4** “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.”

## **7 Financial and Commercial Implications**

**7.1** 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.

**7.2** 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.

## **8 Legal Implications**

**8.1** 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, they are no specific legal implications arising from the content.

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

## **9 Climate and Environmental Implications**

**9.1** There are no climate impacts arising directly from this decision.

**9.2** For a full assessment of the climate implications for Adult Health and Social Care, please refer to Our Statement of Climate Commitments December 2023

## **10 Other implications**

**10.1** There are no other implications to consider at this time

## **11 Reasons for decision**

**11.1** 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 scrutinise the actions underway to mitigate pressures.