

Policy Committee Decision Report

Title of Report:	Adult Health and Social Care: Quarterly Finance and Governance Update
Date of Decision:	11 th December 2024
Report To:	Adult Health and Social Care Policy Committee
Report Of:	Alexis Chappell, Strategic Director of Adult Care and Wellbeing
Report Author:	Jonathan McKenna-Moore, Service Manager for Business Planning and Governance
Executive Summary:	<p>The budget for Adults Health and Social Care is forecasting an overspend of £9.5m for 2024/25.</p> <p>Budget Implementation Plans forecast at 94% delivery. Recovery Plan forecast at 76% delivery.</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 mitigations to address the overspends.
4. Note the significant risks in relation to delivery of adult social care provision from 1st April 2025 if the Discharge Grant and Market Sustainability and Improvement Fund are discontinued without adequate alternative funding.
5. Note the risk due to the impending changes to National Insurance contributions for employers. This includes the impact on care sector providers and potential knock-on effect on cost pressures to the Council.

Financial Implications: Yes Approved by: Kay Simpson 2.12.24

Legal Implications: Yes Approved by: Patrick Chisholm 2.12.24

Equality and Inclusion Implications: Yes 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 3 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 Adults Health and Social Care budget position at the close of Quarter Two

- 2.2.1** The financial forecast for Adults Health and Social Care at the end of quarter two projects an overspend of £9.5m, which is 6% against the net budget of £158m and 2.7% of the gross budget of £350m. This incorporates both Adults Care and Wellbeing and Integrated Commissioning. For a full breakdown of these budgets and the proportions of cash limit and grant funding, [please see the report to committee of 19 June 2024](#).
- 2.2.2** The forecast and overspend is seen within the context of compounded pressures upon the budget each year, as the pace of increasing costs outstrips annual increases to the budget from inflation and population growth.

Year	Gross Budget	Pressures	Savings Based on Additional Income / Grants	Savings Based on Cost Reductions / Cost Avoidance
2018/19	173,618	19,984	-6,248	-5,526
2019/20	188,763	25,112	-1,999	-6,879
2020/21	212,746	18,327	-979	-6,868
2021/22	234,595	15,448	-1,764	-3,406
2022/23	256,353	39,263	-1,614	-21,937
2023/24	311,659	32,676	-19,429	-12,123
2024/25	346,161	37,420	-26,458	-3,446

- 2.2.3** Table 1 shows the annual pressures and savings incorporated into the budget for adult social care. The gross budget increased each year, mainly due to additional social care grant and applying the social care precept in council tax increases. The right-hand columns indicate how much of the pressures were met by savings rather than increased funding. Of those savings, approximately 50% related to cost reductions and cost avoidance, rather than increased income through individual contributions or Health funding.
- 2.2.4** The £9.5m forecast overspend should be considered in the context of year-on-year cost reduction targets on top of significant inflationary pressures and increasingly complex levels of need in the people we support.
- 2.2.5** Please note that during these years, different teams became part of the adult social care budget due to corporate restructures. For this reason, year to year comparisons will not indicate the exact changes to the level of funding. The savings each year should not be seen as a cumulative total. For some years an overspend linked to undeliverable savings was added to the following year's pressures. In 2020/21 the impact of Covid19 led to savings being carried over to 2021/22, and approximately £20m of brought forward pressures were added in to business planning in 2022/23. In 2024/25 this carry forward became the separate Recovery Plan (see section 2.4).

- 2.2.6** At the start of quarter two 2024/25, Adults Care and Wellbeing forecast overspend of £9.1m. This was due to a £3m overspend on staffing, a £5.3m overspend on care and support services, and a £800k overspend on other contracts. The staffing overspend is considered below.
- 2.2.7** By the end of quarter two, the forecast overspend on staffing reduced to £2m. There have been various changes within the staffing establishment, but the main change to the forecast is £0.9m of additional funding becoming available for this financial year.
- 2.2.8** During quarter two, the forecast overspend on care and support has increased to £7.1m. This is mainly due to a small number of high-cost packages of care and support for young adults leaving education during the summer.
- 2.2.9** The overspend on other services and contracts reduced by £240k. This is mainly due to the use of capital funding to cover digital upgrades in City Wide Care Alarms.

2.3 Budget Implementation Plans (BIPs)

- 2.3.1** The forecast for the delivery of savings in BIPs remains the same as quarter one with a forecast of 94% delivery. Due to the majority of BIPs being based on additional income and budget adjustments that have already been realised, this is not expected to change.

BIP Category	Value	Forecast	Forecast %
Budget Adjustments	5,528	5,528	100%
Annual Uplift to Contributions	3,050	3,800	125%
Other Income	1,477	1,010	68%
Fee payments	716	635	89%
Proportionate Care Reviews	2,224	1,190	54%
TOTAL	12,995	12,163	94%

- 2.3.2** Implementation of Proportionate Care Reviews has now started and slippage on the delivery of the full £1.6m planned saving will be mitigated in-year by over delivery on income. Establishing this new team and enablement-based approach provides a crucial platform going into 2025/26 as we seek to increase capacity, volume of referrals into the team and our promotion of independence.
- 2.3.3** In quarter one, the use of Somewhere Else to Assess (S2A) beds in residential care homes was a priority. Since quarter one, the use of S2A beds has reduced by approximately 50%, with a reduction in costs for beds outside our block contract. This work is ongoing, with more capacity being allocated to complete care act assessments for people discharged from hospital via this pathway.
- 2.3.4** Please note that the £13m total for BIPs does not include £16.9m of additional social care grant. This is part of the £26.5m additional income and grants

recorded in Table 1, but no in-year monitoring was required as receipt of this specific funding was already confirmed.

2.4 Recovery Plan

- 2.4.1** For 2024/25, the Recovery Plan runs in parallel with the BIP savings. 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 shared with the Committee in November 2023 and [updated 31 January 2024](#).
- 2.4.2** The forecast for the recovery plan has decreased since quarter one by £660k and is now at 76%. This is mainly due to a revised forecast on the savings to be delivered through reviews of care and support packages.
- 2.4.3** Additional capacity will be available for reviews in Adult Future Options going forward, as a new team to support this work is being recruited, with half of the new posts already filled. The project team will also support work in Transitions while a full programme is established. Permanent funding for the team has been included in 2025/26 business planning proposals.
- 2.4.4** The main ongoing pressure for the directorate continues to be the cost of complex care for people of working age with a disability or experiencing mental ill-health, and this remains the focus of service improvements and long-term planning. A combination of investment in enablement teams, a project team and commissioning new services, has had a positive impact on the forecast spend, but this is set against unprecedented demand and increased acuity of need. This trend is being experienced nationally but as yet there is no national strategy, resourcing or investment to accommodate this demand.
- 2.4.5** A whole service approach is in development across Children’s and Adults’ services to improve planning, commissioning, operations and individual outcomes for young adults. This will be a long-term project to embed best practice across the health and social care system. This includes implementation of practice guidance, clearing of review and assessment backlogs, and a dedicated Preparation for Adulthood team, following workforce change [updated to Committee 20 September 2023](#).
- 2.4.6** Increased capacity for Emergency Overnight Short Breaks is being made available, both working with providers and developing in-house provision through our capital programme. This will be a long-term project, establishing sustainable capacity to meet future demand. This is complimented by the development of short breaks for young people, to be noted at Committee in December 2024.

Recovery Plan Category	Value	Forecast	Forecast %
Rebalance and cost reduction	5,500	2,580	47%

Market management and cost avoidance	5,200	3,352	64%
Optimising income	6,900	7,504	109%
TOTAL	17,600	13,436	76%

2.4.7 Further detail on the Recovery Plan and BIPs is available in Appendix 1.

2.4.8 A review of ongoing and emerging pressures for the directorate is underway as part of the annual Business Planning process. This will be provided as an update to the committee in January 2025, to ensure that the Recovery Plan continues to focus on current pressures to deliver a balanced budget in 2025/26.

2.5 In-year Mitigations

2.5.1 To mitigate the slippage in year, several mitigations to improve the outturn position for 2024/25 have been identified. These include:

- New appointments are now in post to lead on negotiations with providers for fees outside of framework rates. This will be supported by the use of Care Cubed software.
- Recruitment is still in progress for new posts to lead on Tech Enabled Care (TEC) in Learning Disability services. Progress against the TEC programme was included in the Equipment and Adaptations update to Committee in September 2024.
- Agreed rates for joint funded packages have been updated following care and support reviews and changes to provider fee rates.
- As noted above, capital funding against one-off costs for equipment upgrades reduced the overspend in City Wide Care Alarms by £549k.

2.6 Staffing Mitigations

2.6.1 As noted in the [update to committee on 18 September 2024 \(section 2.6\)](#), considerable work has been undertaken over last 12 months to identify areas of overspend on staffing and plan a balanced staffing establishment for 2025/26.

2.6.2 In-year staffing pressures in Commissioning & Partnerships and the Multi-Agency Safeguarding Hub have now been incorporated into 2025/26 business planning proposals. This will reduce the current overspend for these service areas with additional staffing budget in order to ensure the Council meets statutory duties regarding market stability and the safety of vulnerable people.

- 2.6.3** The overspend in Living & Ageing Well (short term services) is being mitigated in-year by temporary funding, as noted at section 2.2.9. In the longer-term, the service is undergoing a holistic redesign to incorporate new models for the use of equipment and adaptations, Technology Enabled Care (TEC) and enablement. This will deliver early help to support to improve outcomes and avoid longer term costs, and reduce the overall staffing overspend.
- 2.6.4** The risk relating to staffing budgets has been added to the annual governance statement and risk register, noting mitigations to align funding and establishment. This will enable more robust workforce planning going forward.

2.7 Business Planning for 2025/26

- 2.7.1** The budget setting and business planning for the next financial year is in progress through the corporate approval process.
- 2.7.2** The Autumn Budget 2024 was announced on 30 October and included measures that will see significant increases in costs for independent sector care providers. This included an uplift to the National Living Wage (NLW) of 6.7% alongside changes to National Insurance Contributions for employers which will increase employer contributions by 1.2% as well as a reducing the threshold at which NI contributions are paid, from £9,100 to £5,000.
- 2.7.3** The October Budget provided additional funding to local authorities (£1.3bn nationally) and on 28 November the Ministry of Housing Communities and Local Government policy statement provided further details including the continuation of the Market Sustainability and Improvement Fund (MSIF) and Discharge Grant.
- 2.7.4** It was also confirmed that the allocation of the Social Care grant will increase by £680m compared to 24/25, supporting both Adult and Children's social care. A full breakdown of allocations by Local Authority is expected in the December financial settlement.
- 2.7.5** Committee is asked to note the significant risk to the Care Sector from the increases to the National Living Wage and employers' national insurance contributions as set out in the Autumn Budget. The Nuffield Trust think-tank has calculated that the two measures will cost England's almost 18,000 independent care providers an additional £2.8bn in 2025-26.
- 2.7.6** Having surveyed 1,180 organisations, the Care Provider Alliance (an umbrella body for organisations representing providers) has recently reported that almost two-thirds (64%) of organisations said that as a result of these changes they would need to make staff redundant, while 57% said they would have to hand care contracts back to councils and NHS commissioners.
- 2.7.7** An initial provider forum is planned for 20th December to discuss how the rise in employer National Insurance contributions might impact on organisations working in Sheffield. This understanding is an essential part of our market oversight and our duty to ensure continuity of care. Work over the coming weeks

will seek to quantify the risks to care provision of potential provider exit as a result of this policy.

2.8 Use of Resources and Governance Improvement Programme

- 2.8.1** As part of our ongoing programme to improve financial governance in the directorate, several planned service improvements aligned to the use of resources plan, have now been implemented to improve oversight and control costs and adherence to financial regulations. This was a key focus of our use of resources plan discussed at Committee in March 2024.
- 2.8.2 Monthly budget forecasts.** Service Managers are now responsible for sign-off on all business unit forecasts under their area. Service Managers will report on their forecast to their Assistant Director, to inform a monthly summary report to the DASS. This action has seen a 16% improvement in forecast completion.
- 2.8.3 Recruitment.** The Resource Control Form (RCF) process has been improved with two new approval panels and greater scrutiny. A weekly panel at directorate level includes advice from Finance and HR business partners, before passing to a corporate finance panel. This increased scrutiny requires managers to submit requests with stronger business cases and risk assessments. Guidance, including good practice, has been added to the online Adults Care & Wellbeing Manual to support managers with the process.
- 2.8.4 Care Package Approvals.** As part of the implementation of automated controls for financial approvals on the Liquid Logic system, we are also trialling a new approval limit for nominated workers, whereby they can approval care and support packages up to the value of £100 per week, rather than require approval from their team manager. The approval threshold banding has also been updated to reflect the new management structure, incorporating new Director posts. In addition, the process includes the guidance to brief committee members on any approvals in excess of £1m per year.
- 2.8.5 Best Practice Forums.** Over the next quarter we will be implementing best practice forums as a standard practice across the directorate. This will identify where more support is needed between colleagues within the service and provide an evidence base to inform budget intelligence and commissioning decisions. It will also support workers to ensure a consistent approach to a person-centred approach and seeking best value to deliver improved wellbeing outcomes for the people of Sheffield.

2.8.6 Brokerage and Fee Rates. Within the Commissioning and Partnerships Service, a service redesign is underway for the brokerage function, with the intent of identifying better value placements in a timely way. Alongside this, access to Care Cubed software will support the analysis of non-framework fee rates and ensure fees correspond to the level of service provided.

2.9 Benchmarking Indicators

2.9.1 The Local Government Association (LGA) hosts an online resource called LG Inform, which allows benchmarking between different Local Authorities based on publicly available data. [Home | LG Inform](#)

2.9.2 The latest reports from LG Inform provide comparative data on adult social care expenditure in Sheffield, based on the 2023/24 financial year. It should be noted, that as one of the core English cities, Sheffield will have an inherently higher than average level of deprivation, which translates to higher social care needs.

2.9.3 Key points to note are:

- The 52% of net revenue expenditure Sheffield spends on Adult Social Care is high compared to 47% for the Yorkshire and Humber region and 46% national average. Only County Councils, with a significantly different geography, spend a high percentage at 56%.
- Sheffield's spend on Adult Social Care equated to £636 per adult in the local population. This is higher than the national average of £592, a difference of 7.3%. It is also higher than the regional average of £603.
- There is a significant difference in the spend profile when broken down by age group. For younger adults (18-64) the spend is £338 per adult in the local population, 11.3% higher than the England average of £304.
- For older adults (65+), the spend per adult in the local population is closer to the England average: £1,118 compared to £1,093 (2.3% higher).
- Compared with 2022/23, the number of younger adults in Sheffield drawing upon long term support increased by 4.5% (155 more people), while the population estimates for younger adults in Sheffield only increased by 2% over the same period.
- Compared to the England average, Sheffield had fewer young adults with learning disabilities living independently or with their family: 68.9% in Sheffield compared to 80.5% for England.



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, there 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.

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