

FINANCE AND PERFORMANCE REPORT – MARCH 2016

To: Adults Committee

Meeting Date: 17 May 2016

From: Executive Director: Children, Families and Adults Services
Chief Finance Officer

Electoral division(s): All

Forward Plan ref: Not applicable **Key decision:** No

Purpose: To provide the Committee with the March 2016 Finance and Performance report for Children's, Families and Adults Services (CFA).

The report is presented to provide the Committee with the opportunity to comment on the financial and performance position as at the end of March 2016.

Recommendation: The Committee should review and comment on the finance and performance report and:

- a) Note the finance and performance position as at the end of March 2016
- b) Note the implications for 2016-17 budget setting
- c) Endorse the proposed service reserves for 2016-17 (listed in Annex A) and refer them to the General Purposes Committee for their approval

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1.0 BACKGROUND

- 1.1 A Finance & Performance Report for the Children, Families and Adults Directorates (CFA) is produced monthly and the most recent available report is presented to the Committee when it meets.
- 1.2 The report is presented to provide the Committee with the opportunity to comment on the financial and performance position of the services for which the Committee has responsibility.
- 1.3 This report is for the whole of the CFA Service, and not all of the budgets contained within it are the responsibility of this Committee. Members are requested to restrict their attention to the budget lines for which this Committee is responsible, which are detailed in Annex C.
- 1.4 A guide to Finance & Performance Report, explaining the columns of the finance table, is attached at Annex B ("A Guide to the F&PR Finance Tables").

2.0 MAIN ISSUES IN THE MARCH CFA FINANCE & PERFORMANCE REPORT

- 2.1 The March 2016 Finance and Performance report is attached at Annex D. This is not the final report for 2015-16; this will be available at the next Committee meeting after the completion of the year-end 'closedown period'.

The Committee did not meet in April to receive the February report (but see paragraph 2.3 below), which was published on the Council's website. In February, a year-end underspend of £1,924k was forecast across CFA. At the end of March the forecast underspend was slightly improved at £1,940k.

- 2.2 Between February and March, the main revenue changes were as follows:
 - Additional underspends totalling £186k were reported in Older People's services on housing related support and deferred payments income
 - Additional underspends totalling £150k were reported in Assistive Technology and Reablement, reflecting lower levels of equipment purchasing and below expectation staffing expenditure over the winter
 - The client contributions forecast has decreased, across Older People's localities, by £298k (see paragraph 2.3)

Further explanation of the movements is provided in the annexed report.

- 2.3 Previously, between January and February, the CFA position had improved considerably from a forecast underspend of £1,073k to an underspend of £1,924k.

The net change in the budgets overseen by this Committee at that time was an improvement of £488k. The most significant changes at that stage were:

- an adverse change due to charging more equipment spend to the revenue budget, after ongoing capital funding was discontinued by the government
- a significant favourable change in the expected level of client contributions in Older People's Services after analysis suggested this had been "under-forecast" due to amounts omitted from the automated commitment record

Further reconciliation completed during March and the financial closedown period at year-end has confirmed that the under forecasting of income in Older People's services is less severe than first thought. Of a total income forecasting shortfall at the end of

February of up to £945k, £428k has subsequently been identified as within earlier forecasts. The technical issue identified with the automated commitment record has been addressed and additional checks (based on actual income collected each period) are now possible and will be used to cross-check forecasts and improve accuracy and certainty about estimates in future.

Last month, members of the Committee were informed that work was being undertaken to improve the accuracy of commitment recording in the Learning Disability Partnership (LDP), where automated records continue to be implemented. Between January and February there was a £226k improvement in forecast for the LDP, returning the overspend to the level reported throughout the majority of 2015-16. The year-end process suggests that this overall LDP forecast was largely accurate.

2.4 **Performance**

This month there are eighteen CFA service performance indicators reported. Seven are shown as green, four as amber and seven are red.

Of the seven Adults Performance Indicators, three are currently red. These remain: average number of all bed-day delays, the average number of Adult Social Care attributable bed-day delays and the proportion of adults with learning disability in paid employment.

- 2.5 Last month, the Committee queried whether the most up-to-date delayed transfer of care performance was included in the Finance & Performance report. The F&PR includes the most recently available consolidated and validated figures supplied by NHS England. Often there is more recent information available directly from specific hospitals and this is circulated to Members where appropriate, but not externally published. As the F&PR has to be published (to a set monthly timetable) the intention remains to continue including the NHS England approved information.

2.6 **CFA Portfolio**

The major change programmes and projects underway across CFA are detailed in Appendix 8 of the report – none of these is currently assessed as red. The Learning Disability Spend project remains at Amber.

3.0 **CARRYFORWARD PROPOSALS: CFA EARMARKED RESERVES IN 2016-17**

- 3.1 The Scheme of Financial Management permits Service Management Teams to propose “carry-forwards” from year-end underspends, which can be held in reserve to provide one-off funding for specific earmarked purposes. These amounts can be used to provide investment funding for projects or to support savings, to enable pilot schemes or to respond to short term pressures.
- 3.2 Plans for the use of such reserves are reviewed by Service Committees at the beginning of the year, and additionally in 2016, GPC will also confirm use of service reserves.

Once approved, the earmarked reserves are reported on each month in Appendix 5 of the Finance & Performance report.

- 3.3 The **table in Annex A** sets out the range of proposals for either new or continuing funding from earmarked reserves within the purview of this Committee. Several of the current earmarked reserves shown in Appendix 5 of the F&PR do not need to continue and will be re-allocated to the list in Annex A as part of this process. The table

describes the amount intended for investment and the anticipated benefit in terms of savings or improved outcomes.

- 3.4 Service earmarked reserves are separate from the larger strategic transformation fund which has been discussed through Members seminars. Officers are working on the basis that the use of in-directorate reserves should support smaller scale and more 'tactical' investments, including those needed to secure the savings planned for this financial year (2016-17) whereas the transformation fund is intended for larger scale and longer term change which will support savings for the later years of the business plan (2017-18 and beyond).
- 3.5 Proposals totalling £907k for additional social work capacity focused on the major re-assessment and review programme in Learning Disability, Physical Disability and Older People's Services are being made to the transformation fund. These have been supported by Senior Management Team already and will progress through Member consideration at the May General Purposes Committee.

4.0 UPDATE ON 2016-17 BUDGETING AND SAVINGS PROGRAMME

4.1 2015-16 outturn implications for budgeting and proposed virements

The majority of the 2015-16 underspend in CFA is non-recurrent. This is described where applicable in Appendix 2 of the F&PR and is largely attributable to funding/grants which will not continue in the same form after 2015-16, to temporary underspends on staffing due to vacancies or has already been reduced through the application of savings in 2016-17.

However there are some areas where we can identify a recurrent or structural underspend which has been confirmed since the Business Plan was developed. Consideration has been given to transferring this budget away from the underspent service area to alleviate pressures arising in other areas. In this way we can ensure we move resources to where they are needed and avoid the existence of any significant pressures at the outset of the financial year.

- 4.2 This review of year-end variances forms part of the "finance and budget" theme within the Corporate Transformation Programme. At this stage, close to the conclusion of 2015-16 year-end process, the following budget transfers within the CFA service block, and above the Executive Director's delegated approval limits, appear advisable and will be proposed to the General Purposes Committee meeting in July, which can authorise the virements required:

| Area | Budget increase | Budget decrease | Brief Reasoning |
|---|-----------------|-----------------|---|
| Older People's Services | | £950k | Care spending and client contribution levels are significantly ahead of the target as at April 2016, due to forecast improvements in the final quarter of 2015/16 |
| Looked After Children Placements | £950k | | Starting position in April 2016 reflects higher demand than anticipated when the budget was set |
| ASC Practice & Safeguarding: Mental Capacity Act – Deprivation of Liberty | | £200k | Commitments following budget build suggest there is surplus budget in 2016-17, ahead of planned timing of reduction. |

| | | | |
|---|---------------|----------------|---|
| Safeguards | | | |
| Learning Disability Partnership | £200k | | Anticipated pressure against delivery of care plan savings level, which cannot be met through alternative measures within the LDP |
| Home to School Transport Mainstream | | -£310k | Starting position in April 2016 reflects lower demand than anticipated when the budget was set |
| Children's Social Care, SENDIAS and Youth Offending | £310k | | New services pressures confirmed after the Business Plan was set. |
| Subtotal | £1460k | -£1460k | |

4.3 Ensuring delivery of planned savings level: developing a savings 'funnel'

In autumn 2015 the ASC and OP&MH Directorates had developed business planning proposals equal to the value of the savings target (£14.9m) required by the business plan cash limits for those directorates. However, given the considerable pressure on these budgets, their demand-led nature and the number of uncontrollable variables which can impact on demand it was recognised that anticipating that all savings would be delivered in full entailed a high degree of risk which needed to be mitigated.

4.4 It was therefore agreed that further work would be undertaken to both refine the business cases and delivery plans for the existing proposals and to try to develop new proposals which would total more than the overall business planning target, giving some flexibility if some of the existing schemes did not deliver in full.

4.5 The intention is not to over-deliver savings or go beyond the reductions in spending set out by Committees. Instead these additional savings lines in-effect give flexibility and alternate options if any of the savings in the business plan cannot be achieved in full or to the planned timescale. They are sometimes referred to as 'the funnel' – the concept being to establish a wider base of savings which will funnel down into the required amount at year end. The current status of these 'funnel proposals' is as follows:

| Title | Description | Anticipated potential |
|-----------------------------------|--|---|
| Older People Client Contributions | Additional income through robust application of Financial Assessment framework and anticipated changes. This is a stretch target over and above the existing £500k target in Older People and Mental Health Services. | -£350k (extends existing target from -£500k to -£850k) |
| Regulating price increases | Focusing on the care packages with the highest unit cost, we will negotiate with providers to ensure new pressures are absorbed and reductions achieved so that more is delivered within the existing unit cost. This reflects analysis of providers' latest assessment of the cost of the national living wage. There is the best potential for this in the Learning Disability Service | -£1300k |
| Older People Cost of Care | This is an additional savings aspiration for the care budgets in older people's services - estimated, because the trajectory of spend suggests we may end 2016/17 with spending below the agreed allocation, even after a budget transfer. | -£1000k (beyond existing targets which are -£2065k and -£918k) |

| | | |
|---|---|---|
| | The total savings estimated are based on modelling of diversion through the new Early Help Service, greater effectiveness in the Reablement Service, reducing the average cost of care packages through the Transforming Lives model of social work and a range of other change programmes. The modelling shows a range of different scales of impact of this work – and the more optimistic assumptions would deliver a saving which exceeds the agreed target. This target is considered very challenging | |
| Adult Mental Health – Residential Supported Accommodation | Extension of the existing Adult Mental Health savings target – to be delivered by changing the model of care – in particular away from the use of residential and nursing care | -£100k (extends the existing target of -£841k) |
| Further Efficiencies in Reablement | Additional scope for efficiencies in the Reablement budget – from overhead costs which were previously part of the NHS contract and from projections on staffing spend – actual staffing numbers will not reduce from current levels | -£180k |

5.0 ALIGNMENT WITH CORPORATE PRIORITIES

5.1 Developing the local economy for the benefit of all

5.1.1 There are no significant implications for this priority.

5.2 Helping people live healthy and independent lives

5.2.1 There are no significant implications for this priority

5.3 Supporting and protecting vulnerable people

5.3.1 The budgets overseen by this Committee support and protect vulnerable people. The contents of this report remain in line with the community impact assessments published as part of budget setting.

6.0 SIGNIFICANT IMPLICATIONS

6.1 Resource Implications

6.1.1 This report sets out details of the overall financial position of the CFA Service.

6.2 Statutory, Risk and Legal Implications

6.2.1 The County Council, as required by Statute, has set a balanced budget for 2016-17. This report sets out where the opportunity could be taken, with the further information now available, to refine financial plans and improve budget estimates.

6.3 Equality and Diversity Implications

6.3.1 There are no significant implications within this category.

6.4 Engagement and Consultation Implications

6.4.1 There are no significant implications within this category.

6.5 Localism and Local Member Involvement

6.5.1 There are no significant implications within this category.

6.6 Public Health Implications

6.6.1 There are no significant implications within this category.

| Source Documents | Location |
|---|---|
| As well as presentation of the F&PR to the Committee when it meets, the report is made available online each month. | http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/147/finance_and_performance_reports |

Annex A: CFA Earmarked Reserves

Final CFA reserves to be reported at the June Committee meeting as part of closedown Finance & Performance Report.

Proposed allocation to continuing CFA earmarked schemes

£3,484k - Adults schemes detailed below in List 1

Proposed allocation to new CFA earmarked schemes

£1,496k - Adults schemes detailed below in List 2

Total proposed CFA earmarked reserves in 2016-17

£4,980k

List 1

| Proposal Title | Investment Amount £'000 | Description |
|--|------------------------------------|---|
| Continuing CFA Reserves | | Multi-year plans previously approved by the Adults Committee |
| Capacity in ASC procurement & contracts | £225 | Funding for staff employed in the Procurement and Contracts Team to be used for contract rationalisation and review. Amount required going forward as staff in role. Multi-year and continuing |
| Continuing Healthcare | £118 | Funding for staff employed to carry out CHC assessments - ensuring they are completed in a transparent way with a view to ensuring that those who are eligible for CHC receive it. Retention of full reserve allows staff to be continued across multi-year plan. |
| Social Work Recruitment (Recruitment support officers) | £103 | Two staff (Scale 6) recently recruited into fixed term roles, continuing into 2017 |
| Homecare Development | £62 | Roleholder in post taking forward proposals that emerged from the home care summit |
| Falls prevention | £44 | Contract with provider continues into 2016/17 |
| Dementia Co-ordinator | £35 | Dementia Co-ordinator role to be filled and funding required in 2016/17 |
| Shared Lives (Older People) | £49 | Continuing the trial of the Adult Placement Scheme with OP&MH. preliminary work undertaken in 2015/16 |

| | | |
|------------------------------|--------------|---|
| Mindful / Resilient Together | £321 | Programme of community mental health resilience work (spend has begun and is continuing over 3 years) through a contract. |
| Subtotal | £957k | Continuing earmarked reserves |

List 2

| Proposal Title | Investment Amount £'000 | Description | Associated Saving / Benefits |
|---|----------------------------|---|--|
| | | New proposed schemes funded from earmarked CFA reserves | |
| Increasing client contributions and the frequency of Financial Re-assessments | £120 | Funding for equivalent of 4 FTE Financial Assessment Officers to progress a major programme of financial reassessment. Significant level of aged financial assessments (70% not updated for a year or more) | Modelling suggests that assessing more frequently would achieve an estimated additional total income of £756,000 accrued as £283,500 in 2016/17 and £472,500 in 2017/18. This forms part of the delivery plan for saving proposal A/R.6.214 (targets of £500k in 2016/17 and a further £500k in 2017/18). Additional assessor capacity would also support the wider programme of service user care package reviews required for the delivery of demand management savings from care budgets in ASC and OP&MH. |
| Specialist Assistive technology input to the LDP | £186 | Extending external support on provision of assistive technology which is delivering savings in LDP (£938k in previous 2 years) and will need to go further as part of savings plans. | Significant savings delivery through this methodology in recent years. A key part of LD savings plans for 2016/17 – with £250k modelled as a saving from using technology to avoid the need to provide sleep in support for people overnight – which has very high cost. If the pilot is successful there may be greater savings in later years. |
| Autism & Adult Support Workers (trial) | £60 | 2 x Support Workers for 1 year. Support workers working alongside vulnerable people in a model similar to community navigators. Thought is to quickly employ staff for one year and develop a specification for this service through this trial, then for tender. | Dedicated capacity will enable us to more effectively meet the needs of adults with autism, linking them in to community and peer support. |
| Recruitment and Retention Capacity (Social Work) | £45 | Management of staff in item D (above) via LGSS People. Fixed Term and linked to our strategy to reduce agency spend in social work | This proposals supports the delivery of business planning savings associated with reducing the cost of agency staffing. (existing £502k savings target in 2016/17 A/R 6.706) We are modelling a net reduction of 20 agency social workers during 2016/17 |

| | | | |
|---|-------------|---|---|
| Brokerage function - extending to domiciliary care | £50 | Brokerage has been successful at co-ordinating purchasing of care and exercising some market influence for care home beds suppressing the full effect of market increases. Additional resource will enable investigation of extension to domiciliary care, with potential staffing efficiencies in future | Will support the efficient use of very scarce homecare capacity. Getting best use of the available homecare will avoid the need for higher cost care to be put in place whilst homecare is identified, will reduce waiting lists, will avert unmet need leading to crises and higher cost interventions at a later date. The benefits form part of the savings from the costs of care in OP&MH directorate |
| Specialist Capacity: home care transformation / and extending affordable care home capacity | £70 | Purchasing affordable care in the right places is crucial to delivery of savings and the CFA strategy. Dedicated and specialist expertise (from outside) is needed to push forward transformation in the homecare sector and further development of Council supported/influence affordable care home beds | Will support the expansion of the availability of homecare. Having more homecare available will avoid the need for higher cost care to be put in place whilst homecare is identified, will reduce waiting lists, will avert unmet need leading to crises and higher cost interventions at a later date. The capacity to extend affordable residential care home capacity will support the delivery of the savings associated with managing inflation and NLW uplifts to providers. |
| Direct Payments - Centralised support (trial) | £174 | Aimed at making the direct payments easier from all perspectives. 18 months capacity providing support to setup and early months of client direct payments. Improving user experience and a view to future potential efficiencies. 3.2 FTE additional capacity. Looking to increase personal assistants register through working with our direct payments partner. | The evidence suggests that direct payments are a financially efficient model of care and support people to retain their independence for longer – thereby mitigating the need for full time residential care. There is not a separate savings target for increasing the use of direct payments but it is part of the business cases for the care budget saving in ASC and OP&MH |
| Subtotal | £705 | New proposed schemes funded from earmarked CFA reserves | |

Annex B

A Guide to the FPR Finance Tables

This column shows the previous month's Forecast Variance Outturn. If you compare this column with Column 8 (which is the latest month's forecast variance outturn) –you can see how the forecast position has changed during the last month.

Budgets are grouped together into "Policy Lines", which is the level of detail at which budgets are reported within each CFA Directorate.

The "Current Budget" is the budget as agreed within the Business Plan with any virements (changes to budget). Virements to / from CFA as a whole are detailed in Appendix 4.

When a budget is uploaded to the financial system a "profile" is allocated, and this profile reflects the assumptions on the likely timing of expenditure / income. If it is a salary budget it will assume that one-twelfth of the budget will be required each month. This column shows what level of expenditure or income one would expect to have occurred by this time in the financial year. It is a helpful prompt but in many cases actual expenditure and income does not occur as profiles would suggest.

APPENDIX 1 – CFA Service Level Budgetary Control Report

| Forecast Variance Outturn (Apr) £'000 | Service | Current Budget for 2015/16 £'000 | Expected to end of May £'000 | Actual to end of May £'000 | Current Variance | | Forecast Variance Outturn (May) | |
|---------------------------------------|-----------------------------------|----------------------------------|------------------------------|----------------------------|------------------|-------|---------------------------------|------|
| | | | | | £'000 | % | £'000 | % |
| Adult Social Care Directorate | | | | | | | | |
| 0 | 1 Strategic Management – ASC | 4,742 | 731 | 294 | -437 | -60% | -1,200 | -25% |
| 0 | 0 Procurement | 577 | 103 | 298 | 195 | 189% | 0 | 0% |
| 0 | 0 ASC Strategy & Transformation | 1,710 | 367 | 352 | -15 | -4% | 0 | 0% |
| 0 | 0 ASC Practice & Safeguarding | 2,158 | 158 | 21 | -138 | -87% | 0 | 0% |
| 0 | 0 Local Assistance Scheme | 386 | 67 | 79 | 13 | 19% | 0 | 0% |
| Learning Disability Services | | | | | | | | |
| 0 | 2 LD Head of Services | 250 | 22 | 860 | 838 | 3849% | 11 | 4% |
| 0 | 2 LD Young Adults | 660 | 231 | 40 | -191 | -83% | 29 | 4% |
| 0 | 2 City, South and East Localities | 30,991 | 5,806 | 5,381 | -425 | -7% | 1,378 | 4% |
| 0 | 2 Hunts & Fenland Localities | 21,640 | 4,001 | 5,037 | 1,036 | 26% | 962 | 4% |

This refers to the commentary in Appendix 2.

This column shows actual expenditure and income to date.

This column is the difference between Column 4 and Column 5 (col 5 less col 4) – and highlights where expenditure is higher or lower than is planned / profiled.

It is expressed in hundreds of thousands and as a percentage difference.

This is the most important column of the table – it shows what the budget holder is forecasting as an over- or – underspend at year-end (the variance compared to budget). The budget holder may have detailed commitment records or local knowledge which suggests that the year-end position is similar or different to the current variance (Column 6). This column shows the Budget Holder's best estimate of what the overspend (+) or underspend (-) or balanced position (0) will be at year-end.

It is expressed in both hundreds of thousands and as a percentage of total budget.

Annex C

Adults Committee Revenue Budgets

Director of Adult's Social Care

Strategic Management - ASC

Procurement

ASC Strategy and Transformation

ASC Practice & Safeguarding

Local Assistance Scheme

Learning Disability Services

LD Head of Services

LD Young Adults

City, South and East Localities

Hunts and Fenland Localities

In House Provider Services

Disability Services

PD Head of Services

Physical Disabilities

Autism and Adult Support

Sensory Services

Carers Services

Director of Older People and Mental Health Services

Director of Older People and Mental Health

City & South Locality

East Cambs Locality

Fenland Locality

Hunts Locality

Addenbrooke's Discharge Planning Team

Hinchingbrooke Discharge Planning Team

Reablement, Occupational Therapy & Assistive Technology

Integrated Community Equipment Service

Mental Health

Head of Services

Adult Mental Health

Older People Mental Health

Director of Children's Enhanced and Preventative Services

Safer Communities Partnership