

FINANCE MONITORING REPORT – JULY 2019

To: **Adults Committee**

Meeting Date: **12 September 2019**

From: **Chief Finance Officer**

Executive Director: People and Communities

Electoral division(s): **All**

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

Purpose: **To provide the Committee with the July 2019 Finance Monitoring Report for People and Communities (P&C).**

The report is presented to provide the Committee with the opportunity to comment on the financial position as at the end of July 2019.

Recommendation: **The Committee is asked to review and comment on the report.**

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1.0 BACKGROUND

1.1 Previously the Finance & Performance Report for P&C was produced monthly and the most recent available report presented to the Committee when it met, in common with the approach for other services and committees. At the General Purposes Committee meeting on 16 July 2019 it was agreed to revise the reporting of financial information to committees:

- a) Finance Reports – to be produced monthly and published online (May - Year End)
- b) Reported to Committees – to be presented at all scheduled substantive Committee meetings (but not reserve dates)
- c) Savings Tracker – to be presented 3 times per annum

1.2 In respect of Performance data, Service Committees will receive a separate quarterly performance report, based on a set of KPIs determined by the Committee which relate to the areas the Committee is responsible for, and organised by outcome area. The remaining Finance aspects of what was the F&PR will now be titled the Finance Monitoring Report (FMR). July's FMR is Appendix B.

1.3 The report is presented to provide the Committee with the opportunity to comment on the financial position of the services for which the Committee has responsibility which are detailed in Appendix A:

| Forecast Variance Outturn (Previous) | Directorate | Budget 2019/20 | Actual July 2019 | Forecast Outturn Variance |
|--------------------------------------|--|----------------|------------------|---------------------------|
| £000 | | £000 | £000 | £000 |
| 5,605 | Adults & Safeguarding | 148,078 | 58,109 | 5,629 |
| 104 | Adults Commissioning (including Local Assistance Scheme) | 14,269 | -2,690 | 2 |
| 5,709 | Total Expenditure | 162,347 | 55,419 | 5,631 |
| 0 | Grant Funding (including Improved Better Care Fund, Winter Pressures Grant etc.) | -15,163 | -1,243 | 0 |
| -4,536 | Expected deployment of grant and other funding to meet pressures | | | -4,539 |
| 1,173 | Total | 147,185 | 54,176 | 1,092 |

Note: Strategic Management – Commissioning covers all of P&C and is therefore not included in the table above. The Executive Director and Central Financing budgets are reported to CYP Committee as they contain items material to services under the oversight of that committee.

1.4 Financial Context

1.4.1 As previously discussed at Adults Committee the major savings agenda continues with £75m of savings required across the Council between 2019 and 2024. People and Communities budgets are facing increasing pressures from rising demand and changes in legislation, with the directorate's budget increasing by around 3% in 2019/20.

1.4.2 Within Adults services, key demand areas are:

- In Older People's services where prices of residential and nursing care are increasing at above the rate of inflation, and where rising demand is being seen from the NHS as a result of improving performance in reducing delayed transfers of care.
- In Learning Disability services and Mental Health services where the needs of relatively static groups of mostly working-age people are continuing to increase.

- 1.4.3 These pressure areas are similar to those seen in previous years. Central government has continued to recognise pressures in the social care system through a number of temporary grants given to local authorities. For 2019/20, these are principally the Improved Better Care Fund and the Winter Pressures Grant (both part of the Better Care fund and therefore requiring a joint spending plan with the NHS), as well as the Social Care Support Grant which is un-ringfenced but has been allocated by General Purposes Committee (GPC) to People & Communities.
- 1.4.4 These grants are able to be used to offset pressures, make investments into social care to bolster the social care market or reduce demand on health and social care services. A substantial amount is spent in partnership with the NHS in reducing delayed transfers of care. Some of these grants were used in 2018/19 to directly mitigate increasing cost of and demand for care, and it is anticipated that the same will be the case in 2019/20, as well as continuing to spend in partnership with the NHS. These grants have not been confirmed beyond 2019/20.
- 1.4.5 In addition, in July GPC allocated £1.35m from corporate funds to partially mitigate an opening pressure within the Older People's service resulting from price increases in the last half of 2018/19 being substantially higher than expected.

2.0 MAIN ISSUES IN THE MAY 2019/20 P&C FINANCE & PERFORMANCE REPORT

2.1 Revenue

- 2.1.1 At the end of July, People and Communities is forecast to overspend by £3m (1.2% of budget).
- 2.1.2 Within that, Adults services are forecast to overspend by £1.1m (0.7%), with budgets relating to care provision forecasting a £5.6m overspend and mitigated by around £4.5m of additional funding from grants, in line with their intended purpose, and corporate funding referenced in 1.4.4 and 1.4.5 above. The pressures forecast at this stage are predominantly in Older People's services, along with Mental Health services to a lesser extent. The other key care budgets – Learning Disabilities and Physical Disabilities – are forecasting a balanced, or close to balanced, position.
- 2.1.3 The overall forecast position is essentially unchanged from June's FMR, and very similar to the position last reported to committee (May).
- 2.1.4 The key changes since the previous position reported to committee have been:
- An increase in the forecast overspend in Older People's services, as a result of revising the projections of unit costs increase through to the end of the year, and an increase in the number of people in residential and nursing care in the first quarter above the level expected
 - A reduction in the forecast for Physical Disabilities back to an almost balanced position
 - A variance emerging within Mental Health services mainly due to pressures within the older cohort, which faces many of the same market conditions for bed based care as the Older People's service

2.2 Older People's Forecast Variance

- 2.2.1 As mentioned above in 2.1.2, the forecast variance for Adults Services is mainly within Older People's Services, as a result of higher than expected costs of bed based care compared to when budgets were set.
- 2.2.2 A detailed explanation of the pressures due to prior-year activity was provided to Adults Committee and GPC in the first reports of the financial year, and much of the further in-year pressure is due to the trends in price increases continuing.
- 2.2.3 An additional source of pressure is an ongoing focus on discharging people from hospitals as quickly as is appropriate, which can result in increasing numbers of people in expensive types of care, at least in the short-term. This has the further impact of increasing cost as supply in that sector is limited, exacerbated by competing in some areas with the NHS for similar types of high cost care placements.

Mitigations

- 2.2.4 There is a framework for monitoring care activity within Adults Services, and the increasing unit cost of care was identified and reported towards the end of the last financial year, enabling a mitigation plan to be in place. In particular, the extension of the Integrated Brokerage Service to cover care homes is key – the service currently commissions domiciliary care for Cambridgeshire, Peterborough and the local NHS and has been instrumental in keeping costs of that type of care down and preventing competition across the system. Discussions with the NHS about establishing this service are ongoing.
- 2.2.5 In addition:
- The Reablement service continues to operate at its expanded level, providing capacity for additional short-term care and maintaining people's independence
 - Additional block capacity is being identified through the care homes project, both in the short- and long-term, and plans are in development for a major expansion of block capacity
 - Winter Pressures funding is expected to continue to be spend on a large amount of block domiciliary care capacity, again ensuring people have the best chance of remaining independent in their own home

2.3 Savings Tracker

- 2.3.1 The Savings Tracker is a central process for monitoring deliver of all business plan savings within the Council. It is reported to committees three times per year, and is colour-rated to show the level of variance of each saving line against target. Along with the standard RAG ratings, a black rating highlights where a saving has not been made in its entirety, and a blue rating highlights where the savings is expected to over-deliver.
- 2.3.2 The Savings Tracker up to the end of July for People and Communities is included as Appendix C. It shows that, of £10.8m planned savings for P&C included in the 2019/20 Business Plan, £10.6m is expected to be delivered.
- 2.3.3 The only predicted variance within Adults Services at this stage is:
- The Supported Housing Commissioning review (partly within the remit of C&YP Committee) – the reviews of contracts and service re-design needed to deliver this saving are now expected to take place over two years, into 2020/21, still delivering in full overall. In 2019/20, other mitigations within the Commissioning Directorate have been identified to offset the in-year impact.

3.0 ALIGNMENT WITH CORPORATE PRIORITIES

3.1 A good quality of life for everyone

3.1.1 There are no significant implications for this priority.

3.2 Thriving place for people to live

3.2.1 There are no significant implications for this priority

3.3 The best start for Cambridgeshire's Children

3.3.1 There are no significant implications for this priority

4.0 SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

4.1.1 This report sets out details of the overall financial position of the P&C Service.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

4.2.1 There are no significant implications within this category.

4.3 Statutory, Risk and Legal Implications

4.3.1 There are no significant implications within this category.

4.4 Equality and Diversity Implications

4.4.1 There are no significant implications within this category.

4.5 Engagement and Consultation Implications

4.5.1 There are no significant implications within this category.

4.6 Localism and Local Member Involvement

4.6.1 There are no significant implications within this category.

4.7 Public Health Implications

4.7.1 There are no significant implications within this category.

| Source Documents | Location |
|--|---|
| As well as presentation of the FMR to the Committee at substantive meetings, the report is made available online each month. | https://www.cambridgeshire.gov.uk/council/finance-and-budget/finance-&-performance-reports/ |

Appendix A

Adults Committee Revenue Budgets within the Finance & Performance Report

Adults & Safeguarding Directorate

Strategic Management – Adults
Principal Social Worker, Practice and Safeguarding
Autism and Adult Support
Carers

Learning Disability Partnership

Head of Service
LD - City, South and East Localities
LD - Hunts & Fenland Localities
LD – Young Adults
In House Provider Services
NHS Contribution to Pooled Budget

Older People and Physical Disability Services

Physical Disabilities
OP - City & South Locality
OP - East Cambs Locality
OP - Fenland Locality
OP - Hunts Locality
Neighbourhood Cares
Discharge Planning Teams
Prevention & Early Intervention

Mental Health

Mental Health Central
Adult Mental Health Localities
Older People Mental Health

Commissioning Directorate

Strategic Management – Commissioning – *covers all of P&C*
Local Assistance Scheme

Adults Commissioning

Central Commissioning - Adults
Integrated Community Equipment Service
Mental Health Commissioning

Executive Director

Executive Director - *covers all of P&C*
Central Financing - *covers all of P&C*

Grant Funding

Non Baselined Grants - *covers all of P&C*