

## Report title: Finance Monitoring Report – August 2024

To: Adults and Health Committee

Meeting Date: 10 October 2024

From: Executive Director: Adults, Health & Commissioning  
Executive Director: Finance and Resources

Electoral division(s): All

Key decision: No

Forward Plan ref: N/A

Executive Summary: The report provides an update on the financial position of the Adults, Health and Commissioning Directorate (including Public Health) as at the end of August 2024.

Recommendations: The Adults and Health Committee is recommended to:

- a) note the Adults, Health and Commissioning Finance Monitoring Report as at the end of August 2024.
- b) endorse the use of up to £400k of Public Health reserves to support the mitigation of risks if Drug and Alcohol grants end in March 25, subject to the agreement of Strategy, Resources & Performance Committee.

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# 1. Creating a greener, fairer and more caring Cambridgeshire

- 1.1 This regular financial monitoring report provides the consolidated management accounts of the Adults, Health and Commissioning Directorate and the Public Health Directorate, enabling members to be aware of, and to scrutinise, the delivery of the business plan for 2024-25 and the corporate vision and ambitions within it.

## 2. Background

- 2.1 Finance Monitoring Reports (FMR) are produced monthly, except for April, by all services. They report on a range of financial information to enable a view of each service's financial position to be taken.
- 2.2 Budgets for services are agreed by Full Council in the business plan in February of each year and can be amended by budget virements. In particular, the FMR provides a revenue budget forecast showing the current projection of whether services will be over- or under-spent for the year against those budgets.
- 2.3 The presentation of the FMR enables Members to review and comment on the financial position of services within the committee's remit.
- 2.4 Generally, the FMR forecasts explain the overall financial position of each service and the key drivers of any budget variance, rather than explaining changes in forecast month-by-month.
- 2.5 The contents page of the FMR shows the key sections of the report. In reviewing the financial position of services, members of this committee may wish to focus on these sections:
- Section 1 – providing a summary table for services that are the responsibility of this committee and setting out the significant financial issues (replicated below).
  - Section 5 – the key activity data for Adult Services provides information about service-user numbers and unit costs, which are principal drivers of the financial position.
  - Appendices 1-3 – these set out the detailed financial position by service and provide a detailed commentary for services projecting a significant variance from budget.
  - Appendix 4 – this sets out the savings for Adults, Health and Commissioning and Public Health in the 2023/24 business plan, and savings not achieved and brought forward from previous years that are still thought to be deliverable.
  - Appendix 5 – contains information on earmarked reserves, grant income and budget virements.

### 3. Main Issues

#### 3.1 Adults, Health and Commissioning overall revenue position

3.1.1 The overall position for Adults, Health and Commissioning budgets to the end of August 2024 is a forecast underspend of £3,523k (equivalent to 1.5% of the annual budget). In addition, there is a forecast underspend for Public Health of £618k (equivalent to 1.5% of the annual budget) which is assumed to be transferred to Public Health reserves at year end.

Forecast Outturn Variance (Previous)  £000	Service Area	Gross Budget  £000	Income Budget  £000	Net Budget  £000	Actual to date  £000	Forecast Outturn Variance  £000	Forecast Outturn Variance  %
0	Executive Director	20,769	-54,503	-33,734	-18,476	4,087	-12.1%
0	Learning Disability and Prevention	155,835	-37,137	118,698	53,277	1,327	1.1%
0	Care and Assessment	146,046	-42,515	103,531	44,772	-10,911	-10.5%
0	Commissioning (incl Mental Health)	53,228	-10,706	42,522	16,887	1,974	4.6%
0	Public Health	41,695	-38,792	2,904	-6,625	-618	-1.5%
<b>0</b>	<b>Total Expenditure</b>	<b>417,574</b>	<b>-183,653</b>	<b>233,921</b>	<b>89,836</b>	<b>-4,140</b>	<b>-1.8%</b>
0	(Drawdown from) / Contribution to Public Health reserves	-2,903	0	-2,903	-652	618	-21.3%
<b>0</b>	<b>Total</b>	<b>414,671</b>	<b>-183,653</b>	<b>231,018</b>	<b>89,183</b>	<b>-3,523</b>	<b>-1.5%</b>

3.1.2 Growth in the first few months of the year for Older People services has been significantly below budget leading to a significant forecast underspend. This is a shift from the trends we had been seeing during, and in the period immediately following, the covid pandemic. A deep dive into this area is being undertaken to further understand the changes to flows of service users in recent months to inform both the in-year forecast and future demand projections.

3.1.3 The forecast underspend against the budget for Older People services is partially offset by pressures in services for people with learning difficulties and for mental health care costs, some of which relate to Older People. Plus, some of the savings built into the Business Plan for 2024-25 need further work to deliver.

3.1.4 The key factors that will impact the forecast position as the year progresses include:

- demand is difficult to predict and can vary significantly from month to month. This can be reflected both in numbers accessing services, and higher acuity of need of those accessing services;
- the Directorate has a challenging set of savings targets to deliver against in 2024-25. Progress against these targets is reported quarterly and whilst many are on track to deliver, in other areas the work to finalise delivery plans is still underway putting at risk the chances of full delivery of savings in the current financial year;
- recruitment remains challenging and vacant posts can lead to underspends against staffing budgets;
- staffing risks are particularly pertinent for the Public Health team in the short term as the separation from Peterborough City Council takes place; and
- pressures with the provider market continue to be felt, particularly related to increasing fee rates. Inflationary negotiations are ongoing with around 73% of package uplifts agreed to date. Providers are continuing to report cost pressures related to both workforce issues and the current cost of living crisis. The impacts of inflationary pressures are seen both in the uplifts required for existing care packages, and the price at which new packages are sourced; and
- the position of the care market, particularly around specific types of provision and location, is making some placements more difficult to source, particularly at the more complex end of provision.

3.1.5 As a result of these issues, close attention will be paid to changes in demand, costs and income as the 2024-25 financial year progresses, and forecasts will be updated accordingly.

3.1.6 There is further commentary on overdue debt with Health partners in section 3.3.1 below. Adults, Health and Commissioning overdue debt (excluding debt with Health partners) stood at £22.3m at the end of August, up from £21.7m at the end of July. Although the large majority of client contributions are paid on time, the complexity of people's individual care needs and personal finances will mean that some amounts are not immediately collectable: this can include amounts secured against properties or subject to probate. . The Council has established a focused programme of work to ensure that activity to collect amounts owed as client contributions keeps pace with increased levels of billing and that levels of aged and overdue debt are decreased with improved customer experience.

3.1.7 The Council's modelling suggests that without continuing mitigating actions the level of outstanding debt would rise further to £23.9m for client contributions as a result of inflation and reductions to waiting times for financial assessment. Our target is that by March 2025 the overdue amount is £20.7m. Up to July, performance was on track to meet this target, whereas a variation has emerged in August. A key reason for the variation relates to a small number of backdated bills which can prove harder to collect as well as a reduce level of lower value debt write off/corrections which we expect to be "caught up". In its business plan the Council has planned for a £0.5m reduction in its provision for doubtful debt in this area and we remain on course for this target at this stage (in relation to client contributions). In relation to amounts owed as at April 2024 (i.e. excluded the impact of newly raised debt), this has fallen from £24.9m to £16.9m over the subsequent four months, reflecting progress being made with debt improvement workstreams.

- 3.1.8 The summary position of the debt improvement programme is as follows:
- Social Care debt increase has slowed even though revenue raised is higher than 2023/24 forecast
  - Backlog in financial assessments has been reduced and is moving towards business-as-usual levels
  - Wide ranging process improvements have been identified and implemented or in the process of being implemented, this includes our handling of estates for deceased clients and where we are providing services for people who lack capacity to make decisions about their own property and finances
  - Improved staff performance within the Council's Debt Team.
  - Digitalisation and communication channel improvements considered and several options have been identified
  - Increased resources have been funded and are either in place or currently being recruited
  - Increased training, support and guidance across Council teams with involvement in client contributions

The Audit and Accounts Committee is due to receive a fuller update on the Council's overall debt management position at its meeting on 31 October 2024.

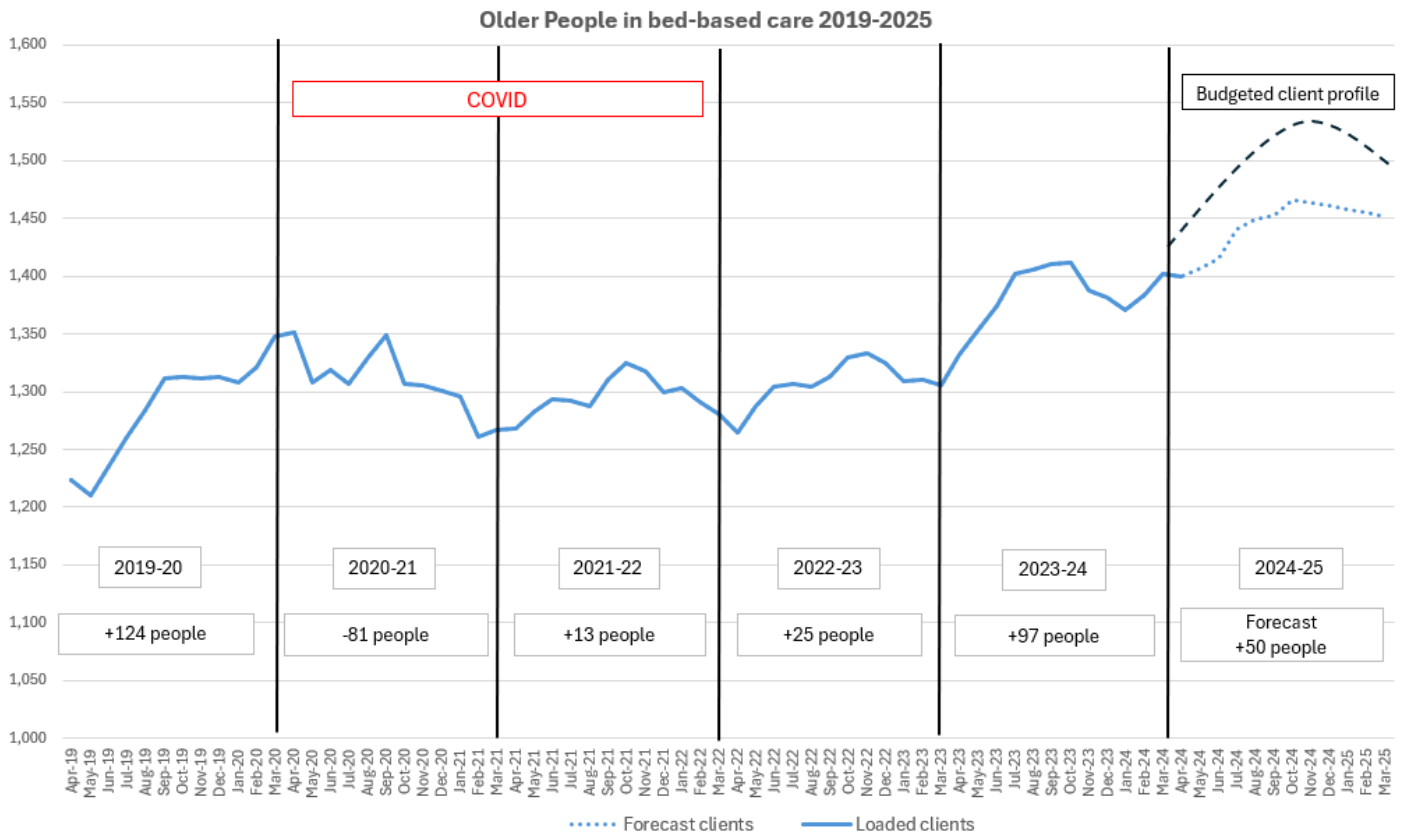
### 3.2 Deep dive into Older People services position

3.2.1 Older People's and Physical Disabilities services are forecasting a £10.97m underspend. Demand increased significantly during 2023-24, and this was reflected in the budget set for 2024-25. However, activity levels are significantly lower than expected for the year to date, especially for care homes and domiciliary care. This is the main component of the reported underspend position.

3.2.2 As a result of these significant shifts we have been seeing in the early months of 2024/25, further work has been done to understand the trends behind the numbers.

#### Bed Based care

3.2.3 Pre covid we were seeing increases in bed based growing faster than rates of increase in the older people population. The pandemic changed these trends and we saw little growth in bed based numbers across 2020-21 through to 2022-23. However, in 2023-24 we started to see net growth at levels similar to those seen before the pandemic as shown in the table below:



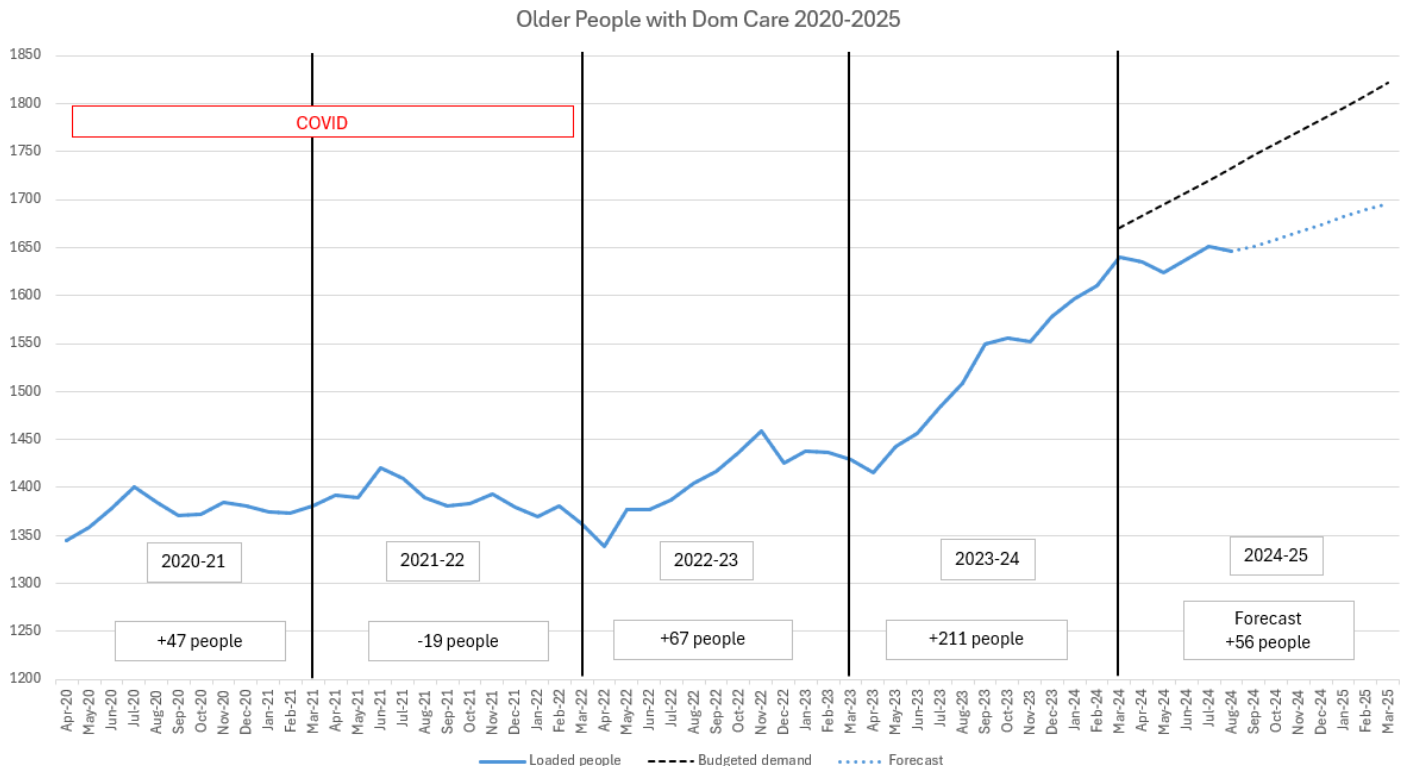
3.2.4 There are a number of factors playing in to the underspend position now being forecast for 2024-25 for bed based care:

- i) there have been a lower number of started packages in 2024-25 - to August 2024 there have been 15 fewer starts compared to the same point last year;
- ii) concurrently, we have seen an increase in the number of ended packages. To August 2024 there have been 24 more ended packages than at the same point last year.
- iii) Forecasts are based on packages loaded onto the finance system plus expectations of loaded packages to come which will be backdated. These packages increase the forecast from what is loaded on the system. The number of backdated packages has been less than forecast which means we started the year with a lower number of service users than forecast.

3.2.5 For bed based care ended packages, the cumulative number of people leaving the service in 2024/25 is higher than in previous years.

## Home care

3.2.6 As with bed-based care, trend data for domiciliary care shows little net growth across the pandemic years. However, there was significant growth in domiciliary care in 2023/24 which continued to grow through the winter months when we would usually see a reduction in numbers. Again we have seen little net growth in 2024-25 to date.



3.2.7 As a result of the growth we were seeing in 2023-24, demand values for 2024-25 were increased. There are a number of factors playing in to the underspend position now being forecast for 2024-25 for home care:

- i) we are seeing a broadly similar level of new packages being started compared to previous years;
- i) we have seen an increase in the number of ended packages. To August 2024 there have been 62 more ended packages than at the same point last year. The number of ended packages has consistently exceeded the number of new starts in homecare in 2024/25.
- ii) Forecasts are based on packages loaded onto the finance system plus expectations of loaded packages to change which will be backdated. For homecare we see more ended packages backdated than starting packages because we hold open homecare packages when a person goes into hospital for longer. The number of backdated reduced packages has been significantly more than forecast which means we started the year with a lower number of service users than expected.

3.2.8 The cumulative number of people leaving the service, in 2024/25 is higher than in previous years.

3.2.9 In addition to changes in numbers of care packages, there remains uncertainty regarding income from clients contributing to the cost of their care, which increased considerably over 2023-24. This appears to be continuing in the current year and is contributing £2.9m to the forecast underspend. Increases in the level of client contributions are driven by the rise in pension levels as well as by increases in the costs of care, there have been no changes to the charging policy.

### 3.3 Overdue debt with Health Partners

3.3.1 As stated in 3.1.6 above overdue debt with Health partners stood at £27.6m at the end of August. The Council has received confirmation that circa £17m of this relating to the Learning Disability Partnership will be paid in October 2024, this is a helpful development which focuses and narrows the areas of funding dispute. The committee is aware that the pooled budget arrangements for the learning disability partnership are due to end from April 2025. The dispute primarily relates to where funding responsibilities sit in the period up to March 2025.

### 3.4 Use of Public Health reserves

3.4.1 The position on Public Health reserves is set out in Appendix 5, section 5.3.2 of the Finance Monitoring Report.

3.4.2 For 2025/26 there is a very real risk in relation to grant monies received for Drug and Alcohol treatment services as the grant funding is due to end in March 2025. This is the subject of a separate paper on the agenda to this committee. £400k is requested from Public Health reserves to reduce the risks associated with the abrupt end of this funding and a deterioration in outcomes by using reserve funding in areas where the negative impact will be most acute. If further grant funding is announced in the coming budget then this reserve funding may not be needed.

3.4.3 Committee is asked to endorse the use of up to £400k of Public Health reserves to support the risks around Drug and Alcohol treatment funding for recommendation to Strategy, Resources & Performance Committee for approval. This will be funded from the contingency, from unallocated Public Health reserves and with some anticipation of the transfer of the in-year underspend to reserves at year end as spend will not be needed until 2025/26.

## 4. Significant Implications

### 4.1 Finance Implications

This report provides the latest financial information for the Adults, Health and Commissioning and Public Health Directorates and so has a direct impact on scrutiny and on wider decision making.

### 4.2 Legal Implications

There are no significant implications within this category.



### 4.3 Risk Implications

There are no significant implications within this category.

### 4.4 Equality and Diversity Implications

There are no significant implications within this category.

## 5. Source Documents

5.1 Finance Monitoring Reports are produced monthly, except for April, for all of the Council's services. Quarterly reports are uploaded regularly to the website below.

5.2 [Finance and performance reports - Cambridgeshire County Council](#)

## 6. Accessibility

6.1 The information contained in this report and appendix is available in an accessible format on request from the report author.