

FINANCE AND PERFORMANCE REPORT – MAY 2019/20

To: **Adults Committee**

Meeting Date: **4 July 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 May 2019/20 Finance and Performance report for People And Communities Services (P&C).**

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

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

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1.0 BACKGROUND

- 1.1 A Finance & Performance Report for People and Communities (P&C) is produced monthly, and the most recent is presented to committees at scheduled bi-monthly meetings.
- 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 P&C Service, and as such, not all of the budgets contained within it are the responsibility of this Committee. Appendix A states which lines are the responsibility of Adults Committee, with the financial position summarised in the table below.

Directorate	Budget 2019/20	Actual May 2019	Forecast Outturn Variance
	£000	£000	£000
Adults & Safeguarding	144,162	36,823	2,419
Adults Commissioning (including Local Assistance Scheme)	14,212	696	0
Total Expenditure	158,374	37,519	2,419
Grant Funding	-15,163	-1,545	0
Total	143,211	35,975	2,419

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 Physical Disability services where the needs of relatively static groups of 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. 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.

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

2.1 Revenue

2.1.1 At the end of May, People and Communities is forecast to overspend by £3.7m (1.4 % of budget).

2.1.2 Within that, Adults services are forecast to overspend by £2.4m (1.5%), with budgets relating to care provision forecasting a £4.9m overspend and funding of around £2.5m applied from grants to mitigate in-line with their intended purpose. The pressures forecast at this stage are predominantly in Older People's services, along with Physical Disability services to a lesser extent. The other key care budget, the Learning Disability service, is forecasting a balanced position.

2.1.3 There are two main, related causes of the projected overspend.

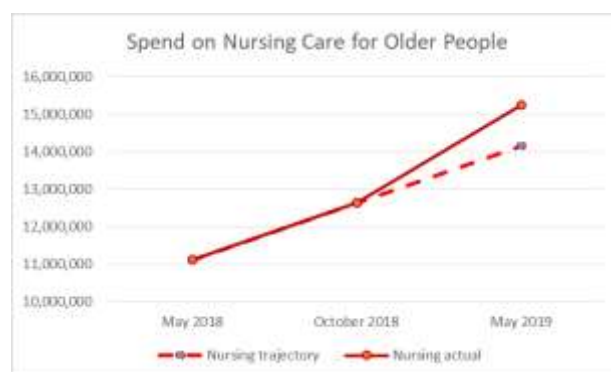
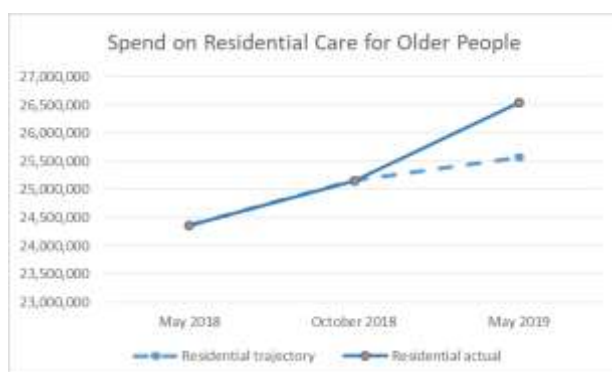
A. Pressures in the second half of 2018/19

2.1.4 In the Adults covering report for the outturn Finance and Performance Report for 2018/19, it was stated that increasing pressures in Older People's services:

"... will continue to be a risk into 2019/20... as budgets were set based on projections of costs made much earlier in the financial year as part of the business planning process. These therefore omit part of the impact of 2018/19's overspend on the new year, and did not assume ongoing monthly increases in unit costs would be so high."

2.1.5 Following a detailed review of care budgets for 2019/20 this risk has been confirmed. Budget requirements for each year are broadly based on projections of year-end expenditure made over the Autumn of the previous year as the business planning process is undertaken by committees. Within Older People's services, the unit cost of residential and nursing care, as well as the numbers of people in residential care, increased at a much greater rate in the last third of the year than expected – this had some impact on the position in 2018/19 and was reported to Committee, but the annual effect into 2019/20 is greater:

	Numbers				Unit costs				Total impact
	Projected May 2019 Numbers	Actual May 2019 Numbers	Difference	Annual impact	Projected May 2019 Unit Cost	Actual May 2019 Unit Cost	Difference	Annual impact	
Residential	852	865	13	£399,006	£577	£590	£13	£585,068	£984,074
Nursing	416	418	2	£72,883	£654	£701	£46	£1,008,634	£1,081,517
				£471,889				£1,593,702	£2,065,591



These graphs highlight the trajectory for expenditure on care homes when budget allocations for 2019/20 were being calculated in the Autumn, compared to the level of expenditure that actually resulted.

- 2.1.6 The increase in unit costs of care has had the biggest impact, particularly in nursing care, with the main causes being:
- Increased demand for care resulting from high winter pressures (recognised by the Winter Pressures Grant), improving delayed discharge performance and increasingly complex levels of need
 - Increasing competition for beds from people paying for their own care, and from the NHS who also commissioning nursing care
 - Constrained supply in the market, partly as a result of increasing numbers of people in care homes commissioned by local authorities and the NHS, as well as paying for it themselves.
- 2.1.7 The higher than expected number of people in residential care is thought to be due to:
- Successful work, such as through the Adults Positive Challenge Programme (APCP) and establishment of Adult Early Help and other services intended to support people to live independently at home and reduce the number of people deteriorating from residential into nursing care
 - An increase in referrals from acute hospitals to social care of patients with higher levels of need, complexity and multiple morbidity
- 2.1.8 The unit costs and numbers of people across most types of care are reported in the main report under the Key Activity Data section 2.5.

B. In-year projections

- 2.1.9 As a result of the increasing unit costs of care, we have revised our in-year projections of prices up, resulting in an additional pressure. These projections are for the whole year, and are based on the levels of past increases, so work to manage price increases would reduce the forecast pressure.
- 2.1.10 In addition, further cost pressures are anticipated due to:
- Higher prices experienced when block services are being recommissioned – the block contracts enabled us to maintain cheaper prices for a number of years
 - Workforce issues in care providers, particularly in terms of nurses
- 2.1.11 Projections around numbers of people in residential and nursing care have not been revised as we anticipate demand management work embodied in the APCP will keep numbers within the expected number overall.

Mitigations

- 2.1.12 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.

2.1.13 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
- 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

2.1.14 Approximately £2.5m of grant funding has been identified as a further mitigation and shown in the 'Strategic Management – Adults' line. This is mostly an allocation of the 2019/20 Social Care Support Grant earmarked for this purpose during business planning. This is shown separately to highlight the ongoing care pressures.

2.2 **Performance**

2.2.1 Key performance information is in Appendix 7 of the main report.

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 F&PR to the Committee when it meets, 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*