



THE LONDON BOROUGH  
www.bromley.gov.uk

BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

TELEPHONE: 020 8464 3333

CONTACT: Helen Long  
[helen.long@bromley.gov.uk](mailto:helen.long@bromley.gov.uk)

DIRECT LINE: 020 8313 4595

FAX: 020 8290 0608

DATE: 24 October 2013

## **CARE SERVICES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**

**Meeting to be held on Tuesday 29 October 2013**

**Please see the attached reports marked "to follow" on the agenda.**

- 7g CARE SERVICES PORTFOLIO BUDGET REPORT - SEPTEMBER  
(Pages 3 - 18)**
  
- 7j ADULT SOCIAL CARE - IMPACT OF THE CARE BILL AND FUTURE  
NHS FUNDING (Pages 19 - 30)**

**Copies of the documents referred to above can be obtained from  
[www.bromley.gov.uk/meetings](http://www.bromley.gov.uk/meetings)**

This page is left intentionally blank

Report No.  
CS13043

London Borough of Bromley

PART ONE - PUBLIC

---

**Decision Maker:** CARE SERVICES POLICY DEVELOPMENT AND SCRUTINY  
COMMITTEE

**Date:** 29<sup>th</sup> October 2013

**Decision Type:** Non-Urgent Executive Non-Key

**Title:** BUDGET MONITORING 2013/14

**Contact Officer:** David Bradshaw, Head of Education, Care & Health Services Finance  
Tel: 020 8313 4807 E-mail: David.Bradshaw@bromley.gov.uk

**Chief Officer:** Terry Parkin, Executive Director of Education, Care & Health Services

**Ward:** (All Wards);

---

1. Reason for report

- 1.1 This report provides the budget monitoring position for 2013/14 based on activity up to the end of September 2013.

---

2. **RECOMMENDATION(S)**

2.1 **The Care Services PDS committee are invited to:**

- (i) **Note that a projected overspend of 2,027k is forecast on the controllable budget, based on information as at September 2013 before the release of any contingencies;**
- (ii) **Note the full year effect for 2014/15 of £2.499m before the release of any contingencies;**
- (iii) **Refer the report to the Portfolio Holder for approval; and,**
- (iv) **Note the comments of the Executive Director in paragraphs 5.3 – 5.13.**

### Corporate Policy

1. Policy Status: Not Applicable
  2. BBB Priority: Children and Young People
- 

### Financial

1. Cost of proposal: Not Applicable:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: Care Services Portfolio
  4. Total current budget for this head: £121.265m
  5. Source of funding: Care Services Approved Budget
- 

### Staff

1. Number of staff (current and additional): 794.44 Full time equivalent
  2. If from existing staff resources, number of staff hours: N/A
- 

### Legal

1. Legal Requirement: Statutory Requirement
  2. Call-in: Applicable
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2013/14 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services
- 

### Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

### **3. COMMENTARY**

- 3.1 The pressures in the Portfolio are in three main areas, Adult Social Care, Operational Housing and Children's Social Care. The pressures became apparent at the end of the 2012/13 financial year but this trend has continued in 2013/14 with the budget pressures increasing.

#### **Housing**

- 3.2 Pressures in Temporary Accommodation (TA) (Bed and Breakfast) in 2013/14 are forecast to be £1,132k with a full year overspend of £1,619k. Numbers are continuing to rise with the increase at an average of 15 per month (from 6 a month in 2012/13).
- 3.3 Work is underway to look at the impact that the benefit caps and welfare reform has had on the TA budget and if any of the £1m overspend is due to these changes. A sum of £1m has been set aside in the central contingency for the impact of Welfare Reform. A report elsewhere on the agenda deals with this

#### **Adult Social Care**

- 3.4 There continues to be budget pressures on services for older people including £205k for the community equipment budget. Early indications are that the expenditure trend appears to be slowing down. Management action has been put in place and this has seen the reduction in the overspend being projected from £317k in the last monitoring. However this projection does not include any potential impact that may arise through winter pressures.
- 3.5 The placements budget for older people (residential, nursing care, domiciliary care and extra care housing) is projected to overspend in 2013/14 by 1,214k and £650k in a full year. Policy has been to keep people out of residential and into extra care housing or at home, as far as is professionally safe, as it is the frequently more cost effective and provides a better outcome for many service users (e.g. independence). Between April 2012 and April 2013 residential and nursing placements fell from 630 to 560 placements. Numbers then increased in May to around 580, although it might have been expected that the trend should have decreased as Extra Care Housing came on stream. This has resulted in a pressure of £474k in this area.
- 3.6 The overspend is also due to invest to save initiatives not being delivered. £250k was removed from the budget to reflect actions to be taken, but not all of this has been realised

#### **Children's Social Care**

- 3.7 Children's placements including children with disabilities, are still projecting an overspend of £196k. This includes the estimated costs of the effects of the recent Tower Hamlets judgement relating to the payment of allowances to kinship carers of £190k. Bromley have to pay family related carers at the same rate as unrelated carers. However the full year effect of this area has decreased this cycle from £593k to £493k.
- 3.8 No recourse to public funds has shown an increase from £188k to £261k and still remains a risk area.
- 3.9 Youth on remand, due to changes in legislation, is an issue and a pressure. The LASPO Act of 2012 has meant that Local Authorities are now responsible for the expenditure for children on remand. The previous arrangements were that the Youth Justice Board picked up the vast majority of the costs. Bromley's grant allocation for 2013/14 for the new arrangements is £74k, with current projections of additional expenditure arising from this being estimated at £521k. However this pressure was foreseen and £500k has been kept in the central contingency for this purpose. If this were agreed to be drawn down the overspend and full year effect would reduce by £500k

## **Learning Disabilities**

- 3.10 At the time of preparing the 2013/14 budget broad assumptions were made about potential growth in services users with learning disabilities. A sum of £903k was included in the final 2013/14 budget. Since then there have been alternative funding opportunities such as the campus re-provision programme (which is now completed) which has identified that this is no longer required. A sum of £480k underspend is predicted this year predominantly through attrition of campus LD service users.

## **Extra Care Housing/Reablement**

- 3.11 There is a projected overspend arising mainly from the delay in the achievement in 2013/14 of the budgeted savings from outsourcing reablement (£250k) and market testing extra care housing services (£100k). This is unlikely to be resolved in the short to medium term and becomes a full year cost pressure of £350k in 2014/15 which the department will need to find savings for.

## **Public Health**

- 3.12 Public Health budgets are showing a potential underspend of £776k this monitoring cycle. At present this would be managed at year end and carried forward into the following financial year. However there is potential to badge this current underspend against legitimate existing activities which would reduce the in year position and have a full year effect into the following year of reducing the budget burden on existing resources. This is being explored and will be reported back in the next monitoring report.
- 3.13 The current overspend position stands at £2,027k overspent (£2,499k full year effect). However there is a total of £1.5m held in contingencies (described above). If these were agreed to be released then these figures would reduce to an overspend of £527k (£999k full year effect).

## **4. POLICY IMPLICATIONS**

- 4.1 The Resources Portfolio Plan includes the aim of effective monitoring and control of expenditure within budget and includes the target that each service department will spend within its own budget.
- 4.2 Bromley's Best Value Performance Plan "Making a Difference" refers to the Council's intention to remain amongst the lowest Council Tax levels in outer London and the importance of greater focus on priorities.
- 4.3 The four year financial forecast report highlights the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised in 2013/14 to minimise the risk of compounding financial pressures in future years.
- 4.4 Chief Officers and Departmental Heads of Finance are continuing to place emphasis on the need for strict compliance with the Council's budgetary control and monitoring arrangements.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 A detailed breakdown of the projected outturn by service area is shown in appendix 1(a) with explanatory notes in appendix 1(b). Appendix 1 (c) shows the latest full year effects. Appendix 2 gives the analysis of the latest approved budget. Other financial implications are contained in the body of this report and Appendix 1b provides more detailed notes on the major services.

5.2 Overall the Care Services Portfolio is projected to overspend by £2,027k. The main budget variations are shown in the table below: along with the impact these variations will have in 2014/15:-

**Breakdown of pressures in 2013/14 and the impact on 2014/15**

	2013/14 £'000	2014/15 £'000
<b>Pressures</b>		
Assessment and Care Management - increased costs for residential and domiciliary care for older people	1,214	650
Community Equipment Budget	205	0
Direct Services - extra care housing pressures offset by reduced costs of transport and staffing in reablement	44	0
Housing - Increased demand and costs for bed and breakfast	1,132	1,619
Children's social care - greater than budgeted number of placements and Leaving Care clients	121	393
Increases in No Recourse to Public Funds	261	265
Children's with disabilities - Greater placement numbers than budgeted	75	100
Youth on Remand - additional cost pressures due to changes in legislation	521	521
Commissioning - Delays in achieving budgeted savings less actions to mitigate	218	350
	<b><u>3,791</u></b>	<b><u>3,898</u></b>
<b>Savings</b>		
AIDS/HIV Service	-8	0
Learning Disability Care management lower domiciliary care and direct payments	-119	0
Day care budgets, reorganisation of budgets and reallocation of staff that were at Bassetts	-250	-300
Learning Disabilities Housing and support - vacant posts	-91	0
Strategic & Business Support - staffing savings and training savings	-171	0
Fewer learning disabilities placements - mainly cost efficient placements and the effect of attrition	-480	-459
Full year effect of client moves into more cost effective placements	-208	-133
Additional savings from supporting people in addition to savings target set for 2013/14	-200	-270
Drugs and Alcohol budgets funded through Public Health	-237	-237
	<b><u>-1,764</u></b>	<b><u>-1,399</u></b>
<b>TOTAL OVERALL PRESSURE FOR THE PORTFOLIO</b>	<b><u>2,027</u></b>	<b><u>2,499</u></b>

## DIRECTOR'S COMMENTS

- 5.3 Significant actions to contain pressures have continued in Care Services. These have included new management approaches in adult social care with a greater focus on face-to-face case reviews within individual work programmes, updated training on Care First, our client management system, and a programme of retraining on continuing health care (CHC) assessments. This latter point is particularly important as we try to build a new relationship with the Bromley Clinical Commissioning group or CCG based on developing both greater openness and trust.
- 5.4 Nowhere is the impact of these changes more apparent than in the LD teams. It is now clear that the modelling undertaken previously predicting a significant increase in pressures from LD clients, and for which a **£903k** contingency was set aside for 2013/14, looks unlikely to be realised. The programme of reviews of packages, along with more robust gatekeeping, including through our new ways of procuring placements, continue to reduce costs in this area as the predicted numbers are not appearing. It is proposed, therefore, that Members now consider the release of this sum back into the Council's central contingency.
- 5.5 However, underlying pressures have changed little since the last Report. These include placements budgets in both children and adult social care, Extra Care Housing (ECH), those with no recourse to public funds, and the very significant pressures seen in housing needs. The housing pressures were predicted but have been significantly greater than expected as we move into planning for 2014/15. Members allowed a sum (**£1m**) to be set aside in contingency to support this pressure and a paper elsewhere on the agenda explains these pressures.
- 5.6 It is clear that the financial and demographic modelling underpinning the extra care housing programme is not being reflected in the actual scheme and, consequently, is unlikely to realise the savings projected in-year. We also have not seen the significant reduction in placements into high cost nursing and residential homes that helped underpin the model, and note that there were over 50 emergency placements last year, which were not fully apparent before the setting of this year's budgets. A number of these clients (18 at the time of drafting) remain in residential placements as these have been deemed appropriate for addressing their unmet needs. It has been reported previously that we are also seeing a 25% increase in life expectancy of those entering nursing and residential placements, placing a further pressure on the local system.
- 5.7 This has been compounded by safeguarding concerns in one of the extra care schemes which meant a suspension of placements was necessary until the issues raised were addressed satisfactorily by the contractor. These issues have been addressed but at the time of writing we were holding 14 voids across the various schemes. However, Members may recall that in previous budget reports it was discussed that simply reducing void numbers does not necessarily reduce overall costs and so additional actions to reduce the highest placement costs are vital. For example, it is now clear that residential provision provides better value for money for some types of client. The model assumed all would be better off in ECH.
- 5.8 We are also now able to quantify the pressures from changes to the youth remand system in which central government has switched the costs of children on remand to local authorities. This is an additional pressure of around £500k. However, this had been predicted and that sum (**£0.5m**) is set aside as a contingency. Again, this is explored elsewhere on this agenda.
- 5.9 Robust actions as reported earlier would appear to have brought the community equipment budget under control. However, the CCG has reported to the Executive Director that it expects



significant winter pressures in this area as King's attempts to improve the bed management at the PRUH. (See below).

- 5.10 The interim reviewing officers discussed previously have now left us. As well as modelling effective review work, the sum of their savings was in the order of **£100k** (whole year) on domiciliary care, with a number of further cases (23) referred to the CCG for CHC assessments as reported previously. Their work has formed in part the basis for the revised ways of working of care managers mentioned in the opening paragraphs above.
- 5.11 We are beginning to see further significant savings within the Public Health budget, not least through the reduction of duplicated packages of intervention, such as in substance abuse. This may be able to play a significant part in offsetting the in-year budget pressures in this portfolio area.
- 5.12 Finally, I would draw Members' attention to the admission avoidance work underway in partnership with Bromley CCG. Members will be aware that King's has now taken over the PRUH and will therefore have responsibility for managing the A&E winter pressures - now referred to as urgent care pressures. Our local partnership worked hard on an urgent care bid to NHS London under very tight timescales. Regrettably, the majority of the monies made available will go to King's at the PRUH, rather than to support residents in the community, removing residents from the hospital once admitted rather than preventing their admission in the first place. These new ways of working will be supported by the CCG's **proMISE** programme, their older person's admission avoidance scheme, which now takes on a much greater importance than ever before.

King's plans include increasing significantly the placement of patients in out of hospital beds without a formal admission into the PRUH through the introduction of a Clinical Decision-making Unit or CDU. A CDU is an annex to A&E in which patients can be held, usually for up to 24 hours, while a best interest clinical decision is made. CDUs speed-up significantly the rate of patient flow through A&E departments and serve to free-up beds on the formal admission wards allowing, for example, elective surgery to continue as planned. Many of the patients on a CDU are likely to be diverted into nursing and care homes, subject to a continuing health care assessment. This means that it is likely we will see significant additional pressures the Care budget. We hold **£1.5m** in contingency budgets for winter pressures, unspent from previous years and subject to recall by the NHS if not used for the purposes intended in the section 256 agreement, in this case 'winter pressures'.

- 5.13 Members should be aware that we may well need to draw on these monies this winter and that a paper will be prepared for January PDS detailing the impacts of King's changes to their urgent care pathways and the impact that has had on the local community health sector.

<b>Non-Applicable Sections:</b>	Legal Implications Personnel Implications Customer Implications
Background Documents: (Access via Contact Officer)	2013/14 Budget Monitoring files in ECS Finance Section

This page is left intentionally blank

2012/13 Actuals £'000	Division Service Areas	2013/14 Original Budget £'000	2013/14 Latest Approved £'000	2013/14 Projection £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
<b>EDUCATION, CARE &amp; HEALTH SERVICES DEPARTMENT</b>								
<b>Adult Social Care</b>								
36	AIDS-HIV Service	121	46	38	-8		0	0
31,979	Assessment and Care Management (exc. CE below)	28,237	28,548	29,762	1,214	1	1,211	650
	Community Equipment	768	768	973	205		625	
	Community Equipment management action			0	0		-308	
4,203	Direct Services	3,492	3,635	3,679	44	2	-11	0
2,621	Learning Disabilities Care Management	2,520	2,780	2,661	-119	3	-91	0
1,853	Learning Disabilities Day and Short Breaks Service	1,889	1,907	1,657	-250	4	-250	-300
1,184	Learning Disabilities Housing & Support	1,160	1,177	1,086	-91	5	0	0
<b>41,876</b>		<b>38,187</b>	<b>38,861</b>	<b>39,856</b>	<b>995</b>		<b>1,176</b>	<b>350</b>
<b>Operational Housing</b>								
3,773	Housing Needs	3,150	3,559	4,691	1,132	6	1,078	1,619
-1	Enabling Activities	-4	-4	-4	0		0	0
-1,815	Housing Benefits	-964	-904	-904	0		0	0
<b>1,957</b>		<b>2,182</b>	<b>2,651</b>	<b>3,783</b>	<b>1,132</b>		<b>1,078</b>	<b>1,619</b>
<b>Strategic and Business Support Services</b>								
2,077	Performance & Information	2,799	2,376	2,205	-171		-78	0
194	Quality Assurance	231	234	234	0		0	0
7	Transforming Social Care	0	0	0	0		0	0
<b>2,278</b>		<b>3,030</b>	<b>2,610</b>	<b>2,439</b>	<b>-171</b>		<b>-78</b>	<b>0</b>
<b>Children's Social Care</b>								
9,802	Care and Resources	13,962	13,996	14,117	121	7	208	393
	- Youth on remand	0	0	521	521		521	521
1,787	Safeguarding and Quality Assurance	1,353	1,369	1,369	0		0	0
5,527	Safeguarding and Care Planning	3,238	3,174	3,174	0		0	0
4,024	Referral and Assessment	3,123	3,240	3,501	261		188	265
837	Bromley Youth Support Programme	913	926	926	0	0	0	
4,209	Children's Disability Service	4,629	4,616	4,691	75	8	75	100
<b>26,186</b>		<b>27,218</b>	<b>27,321</b>	<b>28,299</b>	<b>978</b>		<b>992</b>	<b>1,279</b>
<b>Commissioning</b>								
3,819	Commissioning	3,696	3,694	3,912	218	9	245	350
14,056	Learning Disabilities	24,391	24,123	23,643	-480	10	-300	-459
4,618	Mental Health Services	4,924	4,933	4,725	-208	11	-170	-133
3,096	Supporting People	3,100	3,100	2,900	-200	12	-170	-270
163	Drugs and Alcohol	237	237	0	-237	13	-237	-237
0	PCT Funding (Social Care & Health)	0	0	0	0		0	0
<b>25,752</b>		<b>36,348</b>	<b>36,087</b>	<b>35,180</b>	<b>-907</b>		<b>-632</b>	<b>-749</b>
<b>Public Health</b>								
0	Public Health	11,000	11,000	10,224	-776		0	0
0	Public Health - Grant Income	-11,000	-11,000	-10,224	776		0	0
<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>
<b>98,049</b>	<b>TOTAL CONTROLLABLE FOR ECHS DEPARTMENT</b>	<b>106,965</b>	<b>107,530</b>	<b>109,557</b>	<b>2,027</b>		<b>2,536</b>	<b>2,499</b>
<b>ENVIRONMENTAL SERVICES DEPARTMENT</b>								
<b>Environmental Services - Housing</b>								
179	Housing Improvement	109	117	117	0		0	0
243	Housing Enforcement	254	257	257	0		0	0
<b>422</b>	<b>TOTAL CONTROLLABLE FOR ENV SERV DEPT</b>	<b>363</b>	<b>374</b>	<b>374</b>	<b>0</b>		<b>0</b>	<b>0</b>
<b>98,471</b>	<b>TOTAL CONTROLLABLE BUDGET FOR THE PORTFOLIO</b>	<b>107,328</b>	<b>107,904</b>	<b>109,931</b>	<b>2,027</b>		<b>2,536</b>	<b>2,499</b>
3,436	<b>TOTAL NON CONTROLLABLE</b>	3,597	3,597	3,607	10		10	0
9,781	<b>TOTAL EXCLUDED RECHARGES</b>	9,828	9,764	9,764	0		0	0
<b>111,688</b>	<b>CARE SERVICES PORTFOLIO TOTAL</b>	<b>120,753</b>	<b>121,265</b>	<b>123,302</b>	<b>2,037</b>		<b>2,546</b>	<b>2,499</b>
<b>MEMORANDUM ITEMS</b>								
<b>Invest to Save projects: Savings</b>								
	Dementia Investment Plan	(250)	(250)	(115)	135		135	
	PD Investment Plan	(250)	(250)	(80)	170		170	
	LD Investment Plan (re Younger Adults)	(75)	(75)	0	75		75	
	<b>Sub Total Invest to Save projects</b>	<b>(575)</b>	<b>(575)</b>	<b>(195)</b>	<b>380</b>		<b>380</b>	<b>0</b>
<b>Trading Accounts</b>								
	Trading Account - Performance & Research	0	0	(26)	(26)		0	0
	<b>Sub Total Trading Accounts</b>	<b>0</b>	<b>0</b>	<b>(26)</b>	<b>(26)</b>		<b>0</b>	<b>0</b>

**REASONS FOR VARIATIONS****1. Assessment & Care Management - Dr £1,419k**

The variation can be analysed as follows:-

	Current Variation	Last reported Variation	Change
	£'000	£'000	£'000
a) Residential/Nursing care and respite for older people	453	519	(66)
b) Extra Care Housing (ECH)	297	285	12
c) Domiciliary care & direct payments for older people	528	463	65
less management action - review of care packages	(62)	(62)	0
d) Residential and domiciliary care for people with physical disabilities	9	17	(8)
e) Community Equipment Service	205	625	(420)
less agreed management action on community equipment	0	(308)	308
f) Staffing	(11)	(11)	0
	<u>1,419</u>	<u>1,528</u>	<u>(109)</u>

An invest to save proposal was agreed at Executive on 7 September 2011 relating to dementia. Savings from this were reflected in the budgets for 2012/13 (£100k) and 2013/14 (£150k), bringing the total saving required on older peoples budgets to £250k.

- a) The number of nursing and residential placements has reduced slightly since the last reported figures in July. The projected overspend of £519k has reduced by £66k to £453k.
- b) Numbers of service users in the new ECH schemes has risen slightly since the last reported position. The projections assumed that units would be filled, so only a minor increase in the overspend is projected this period. The number of hours being delivered continues to be above the budgeted provision, and officers continue to work to ensure packages of care are provided at the appropriate level.
- c) There continues to be pressure on the community based budgets for older people, with a projected overspend of £528k reported in the current year. Savings of £1m were made in the budget for the retendering of the domiciliary care contracts and the projection takes account of this reduction. The priority is to keep older people in their own homes rather than placed in residential care, especially following discharge from hospital, and this can be seen in the reduced costs of residential and nursing placements, however this has placed pressure on the domiciliary care and direct payments budgets which are predicted to continue to overspend. Savings continue to be delivered by the reablement team, which continues to support and reable clients and avoid ongoing care costs. Officers are working to review costs in this area, with a view to reducing the overspend, with savings of £125k for this financial year already achieved.
- d) Services for clients with physical disabilities are currently projected to be overspent by £9k. Domiciliary care and direct payments have increased this period by £16k, with placements reducing by £24k (mainly due to the provision for an additional placement not yet being required). An invest to save scheme to help avoid future growth was agreed at Executive on 19 October 2011 and officers are currently implementing the initiatives agreed, with expected savings of £250k already included in the budget.
- e) The Community Equipment Service moved to a new model of working in July 2012, with the service being outsourced. Invoices received since then have indicated a fluctuating level of demand, with costs being significantly higher than the budget. The service outturned with an overspend of £358k, despite health contributing a further £300k to the service. Costs continued to be high during the current financial year and management action was implemented to try and reduce these costs. The last invoice received for September 2013 has shown a significant reduction on previous invoices and this has been factored into the projection reported. Officers continue to monitor the position closely.

**2. Direct Services - Dr £44k**a) Extra Care Housing - Dr £150k

There is a significant pressure on the inhouse ECH budgets, mainly due to the need to provide additional support to some service users with mental health / dementia needs. There has also been an increase in the number of flats being used as 'step down' facilities by care management, resulting in subsequent loss of income (as this is not a chargeable service).

b) Transport Service- Cr £73k

Latest monitoring of the transport budget has identified a projected underspend of £73k, £25k in relation to staffing costs and £48k for transport related costs.

c) Reablement - Cr £31k

The underspend in this service relates to staffing.

**3. Learning Disabilities Care Management - Cr £119k**

The projected underspend relates to domiciliary care and direct payment costs.

**4. Learning Disabilities Day and Short Breaks Service - Cr £250k**

The day care budgets are expected to underspend by £250k this year, after budget savings of £75k have been taken into account. This has been achieved by the reorganisation of the management of the service, relocation of PCT staff formally working at the Bassetts Centre resulting in better utilisation of those staff and ongoing vacancies in the service.

**5. Learning Disabilities Housing and Support - Cr £91k**

The underspend in the service mainly relates to vacant posts.

**6. Housing Needs - Dr £1,132k**

The first 6 months of 2013/14 have shown the number of B&B placements increasing at a significantly higher rate than in 2012/13. The net average increase in 2012/13 was 6 per month but the pattern so far in 2013/14 suggests an average monthly increase of 15; this is partly due to the impact of welfare reform. Assuming this rate of increase continues throughout the financial year a projected overspend of £1,102k is anticipated.

There is £1m in the central contingency earmarked for the impact of welfare reform that potentially could be drawn down.

The various invest to save initiatives are helping to reduce cost pressures and are factored in to the current projections. Following refurbishment, the use of Bellegrove as temporary accommodation is scheduled from November 2013. It is anticipated that this initiative will save £96k in 2013/14 and £233k in a full year. Officers are currently modelling different scenarios to quantify the effect of further possible initiatives and also the most appropriate deployment of existing initiatives to maximise the financial benefit. Savings are not being included as they are the first call on the invest to save expenditure

Increases in client numbers and rising unit costs are being experienced across all London boroughs and are the result of the pressures of rent and mortgage arrears combined with a reduction in the number of properties available for temporary accommodation and welfare reform. There are high levels of competition and there is evidence of 'out-bidding' between London boroughs to secure properties. This has contributed towards the high cost of nightly paid accommodation.

The full year effect of the projected overspend on temporary accommodation is currently anticipated to be a pressure of £1.619m in 2014/15. However, this only takes account of projected activity to the end of March 2014, net of assumptions on savings arising from approved invest to save initiatives, and it does not include any projected further growth in numbers beyond that point.

Other variations within Housing Needs include a £70k projected underspend on staffing (a result of a restructure and difficulties in recruitment) and a potential increase in bad debt provision.

**7. Children's Social Care - Dr £903k**

The main areas of projected under / overspending are:

Placements - Dr £4k

In 2012/13 the children's placement budget outturned with an overspend of £268k. The latest projection for this year is a small overspend, which includes provision of £190k for possible additional payments to kinship carers as a result of the Tower Hamlets judgement ( and Bromley having to pay family related carers at the same rate as unrelated carers) . Officers continue to work to reduce the costs of placing children and an invest to contain scheme continues, with the aim of increasing the number of inhouse foster carers so that higher cost IFA's can be avoided.

Youth on Remand - Dr £521k

The LASPO Act 2012 paved the way for the devolution of under-18 secure remand budgets to local authorities from April 2013. The Youth Justice Board will continue to commission custodial places and will decide where to place those whom the court remands securely, but will invoice the local authorities for the cost. In addition where children are remanded securely they will all become looked after. Bromley's grant allocation for 2013-14 is £74k, and an amount was also set aside in the contingency of £500k for unfunded pressures. Latest monitoring of the costs project a spend of £521k currently.

Leaving Care Clients - Dr £117k

The budget for leaving care clients accommodation costs is projected to overspend by £117k net of housing benefits. This is an increase of £78k from the last reported figure, and is a result of increase in costs for 16/17 year olds who cannot claim housing benefits and for which the council has to pay the accommodation costs for.

**No Recourse to Public Funds - Dr £261k**

The cost to Bromley for people with no recourse to public funding has increased this period, with current projected costs of £366k against a budget of £105k. This represents an increase of £73k from last month, but the budget remains volatile and the projection does not include any assumptions on future possible increase in numbers.

**8. SEN & Inclusion Children's Disability Services - Dr £75k**

	Projected Variations
	£
Short Breaks	-25,000
Children's Disability Team	100,000
Total Children's Disability Services	<b><u>75,000</u></b>

There is a projected overspend on children's disability placement of £100k, which includes an assumption for new starters.

The short breaks service is expected to underspend by £25k, mainly due to the cessation of the floating outreach service in July. It is anticipated that some of the children will instead be supported through direct payments, and has been factored into the projection for the children's disability team.

**9. Commissioning - Dr £218k**

The projected overspend arises mainly from the delay in the achievement in 2013/14 of the budgeted savings from outsourcing reablement (£250k) and market testing extra care housing services (£100k).

In addition, there is anticipated to be a £89k underspend on Commissioning Division staffing budgets due, in the main, to part-year vacancies and a projected £43k underspend on other minor Commissioning contracts and running expenses budgets.

**10. Learning Disabilities Services - Cr £480k**

A projected underspend of £480k is currently reported on budgets for learning disabilities placements (including supported living and shared lives). The savings arise mainly from commissioning cost efficient placements and attrition.

At this stage in the financial year the projected spend also includes a significant level of assumption in relation to both future volume-related changes (i.e. increased numbers of clients from: transition, carer breakdowns, increased client needs and Ordinary Residence transfers) and price. Any changes to the assumptions could result in a change to the projected position.

**11. Mental Health Services - Cr £208k**

The projected underspend arises partly from the full year effect of client moves during 2012/13 which resulted in more cost effective placements, from increased use of flexible support rather than residential placements and from containing annual contract price increases to providers. Some of the underspend relating to restricting price increases has been attributed to the 2013/14 budget saving for commissioning contract efficiencies.

**12. Supporting People - Cr £200k**

There is a projected underspend of £200k on Supporting People budgets. This is in addition to the savings required to achieve the savings targets built in to the 2013/14 budget (further £1m over and above 2012/13).

The £200k underspend relates mainly to savings arising from the full year effect of the tendering of mental health flexible support services, from limiting inflationary increases paid to providers and from re-tendering / extending contracts in 2013/14 at a reduced cost.

**13. Drugs & Alcohol - Cr £237k**

Expenditure previously charged to Drugs & Alcohol budgets will be funded from Public Health substance misuse budgets in 2013/14.

**Directors Comments**

Significant actions to contain pressures have continued in Care Services. These have included new management approaches in adult social care with a greater focus on face-to-face case reviews within individual work programmes, updated training on Care First, our client management system, and a programme of retraining on continuing health care (CHC) assessments. This latter point is particularly important as we try to build a new relationship with the Bromley Clinical Commissioning group or CCG based on developing both greater openness and trust.

Nowhere is the impact of these changes more apparent than in the LD teams. It is now clear that the modelling undertaken previously predicting a significant increase in pressures from LD clients, and for which a £903k contingency was set aside for 2013/14, looks unlikely to be realised. The programme of reviews of packages, along with more robust gatekeeping, including through our new ways of procuring placements, continue to reduce costs in this area as the predicted numbers are not appearing. It is proposed, therefore, that Members now consider the release of this sum back into the Council's central contingency.

However, underlying pressures have changed little since the last Report. These include placements budgets in both children and adult social care, Extra Care Housing (ECH), those with no recourse to public funds, and the very significant pressures seen in housing needs. The housing pressures were predicted but have been significantly greater than expected as we move into planning for 2014/15. Members allowed a sum (£1m) to be set aside in contingency to support this pressure and a paper elsewhere on the agenda explains these pressures.

It is clear that the financial and demographic modelling underpinning the extra care housing programme is not being reflected in the actual scheme and, consequently, is unlikely to realise the savings projected in-year. We also have not seen the significant reduction in placements into high cost nursing and residential homes that helped underpin the model, and note that there were over 50 emergency placements last year, which were not fully apparent before the setting of this year's budgets. A number of these clients (18 at the time of drafting) remain in residential placements as these have been deemed appropriate for addressing their unmet needs. It has been reported previously that we are also seeing a 25% increase in life expectancy of those entering nursing and residential placements, placing a further pressure on the local system.

This has been compounded by safeguarding concerns in one of the extra care schemes which meant a suspension of placements was necessary until the issues raised were addressed satisfactorily by the contractor. These issues have been addressed but at the time of writing we were holding 14 voids across the various schemes. However, Members may recall that in previous budget reports it was discussed that simply reducing void numbers does not necessarily reduce overall costs and so additional actions to reduce the highest placement costs are vital. For example, it is now clear that residential provision provides better value for money for some types of client. The model assumed all would be better off in ECH.

We are also now able to quantify the pressures from changes to the youth remand system in which central government has switched the costs of children on remand to local authorities. This is an additional pressure of around £500k. However, this had been predicted and that sum (£0.5m) is set aside as a contingency. Again, this is explored elsewhere on this agenda.

Robust actions as reported earlier would appear to have brought the community equipment budget under control. However, the CCG has reported to the Executive Director that it expects significant winter pressures in this area as King's attempts to improve the bed management at the PRUH. (See below).

The interim reviewing officers discussed previously have now left us. As well as modelling effective review work, the sum of their savings was in the order of £100k (whole year) on domiciliary care, with a number of further cases (23) referred to the CCG for CHC assessments as reported previously. Their work has formed in part the basis for the revised ways of working of care managers mentioned in the opening paragraphs above.

We are beginning to see further significant savings within the Public Health budget, not least through the reduction of duplicated packages of intervention, such as in substance abuse. This may be able to play a significant part in offsetting the in-year budget pressures in this portfolio area.

Finally, I would draw Members' attention to the admission avoidance work underway in partnership with Bromley CCG. Members will be aware that King's has now taken over the PRUH and will therefore have responsibility for managing the A&E winter pressures - now referred to as urgent care pressures. Our local partnership worked hard on an urgent care bid to NHS London under very tight timescales. Regrettably, the majority of the monies made available will go to King's at the PRUH, rather than to support residents in the community, removing residents from the hospital once admitted rather than preventing their admission in the first place. These new ways of working will be supported by the CCG's proMISE programme, their older person's admission avoidance scheme, which now takes on a much greater importance than ever before.

King's plans include increasing significantly the placement of patients in out of hospital beds without a formal admission into the PRUH through the introduction of a Clinical Decision-making Unit or CDU. A CDU is an annex to A&E in which patients can be held, usually for up to 24 hours, while a best interest clinical decision is made. CDUs speed-up significantly the rate of patient flow through A&E departments and serve to free-up beds on the formal admission wards allowing, for example, elective surgery to continue as planned. Many of the patients on a CDU are likely to be diverted into nursing and care homes, subject to a continuing health care assessment. This means that it is likely we will see significant additional pressures the Care budget. We hold £1.5m in contingency budgets for winter pressures, unspent from previous years and subject to recall by the NHS if not used for the purposes intended in the section 256 agreement, in this case 'winter pressures'.

Members should be aware that we may well need to draw on these monies this winter and that a paper will be prepared for January PDS detailing the impacts of King's changes to their urgent care pathways and the impact that has had on the local community health sector.

**Waiver of Financial Regulations:**

Since the last report to the Executive, waivers were approved as follows:

**Adult Social Care**

(a) There were 10 contract waivers agreed for the extension or continuation of current contracts and 1 contract waiver agreed for a new service. The annual values of these ranged from £4k to £345k.

(b) There were 4 waivers agreed for placements over £50k.

**Children's Social Care**

(a) No waivers have been approved

**Virements Approved to date under Director's Delegated Powers**

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" are included in financial monitoring reports to the Portfolio Holder. Since the last report to the Executive, the following virements have been actioned:

	£'000
Data cleansing - from Education to Strategic Support Services	10
Transfer of BSSD to Adult Social Care	71



Description	2013/14 Latest Approved Budget £'000	Variation To 2013/14 Budget £'000	Potential Impact in 2014/15
Residential and Domiciliary care - Older People	18,706	1,278	The full year effect of the overspend currently projected is expected to be £650k. This assumes that ongoing work on reducing placement and domiciliary care costs continues and the ongoing invest to save relating to clients with dementia avoids the need for more expensive placements.
Learning Disabilities - Day Care	1,683	(250)	The day care budgets are expected to underspend by £250k this year. This has been achieved by the reorganisation of the management of the service, relocation of PCT staff formally working at the Bassetts Centre resulting in better utilisation of those staff and ongoing vacancies in the service. It is expected that this underspend continues into 2014-15, with a FYE of £300k.
Children's Social Care - Placements	9,699	525	The full year effect of the current projection is calculated at £914k overspend. £521k of this relates to the LASPO Act 2012 (Youth on Remand) which has placed an additional burden on the council, with the balance relating to placements and leaving care clients. Officers continue to work towards increasing the number of inhouse foster carers so that expensive external placements can be avoided.
Children's Social Care - No Recourse to Public Funds	100	261	The full year effect of clients who have no recourse to public funds and Bromley are having to pay for has been calculated at £266k based on current numbers. The Welfare Reform changes currently being implemented may impact on this amount further. Officers will monitor the position and report any changes as part of the budget monitoring process during the year.
Education Division - Children's Disability Placements	2,693	100	The trend continues to rise in terms of the number of placements and the costs. Officers continue to work towards limiting placements where possible, providing alternative provision and driving down the costs where necessary. Current predictions estimate a pressure of £100k in 2014/15
Extra Care Housing/Reablement	350	350	The projected overspend arises mainly from the delay in the achievement in 2013/14 of the budgeted savings from outsourcing reablement (£250k) and market testing extra care housing services (£100k). This looks likely to continue into 2014/15
Residential, Supported Living, Shared Lives - Learning Disabilities	24,123	(380)	The projected net underspend on residential, supported living and shared lives in the current year is forecast to produce a full year underspend of £459k, based on activity to 31/3/14 only (i.e. doesn't include changes to activity levels in future years).
Residential Care, Supported Living, Flexible Support, Direct Payments - Mental Health	3,064	(200)	The full year effect of the 2013/14 underspend is forecast to be Cr £133k based on planned activity in the current year.
Housing Needs - Temporary Accommodation (net of HB)	1,261	1,102	The full year effect of the projected overspend is currently anticipated to be a pressure of £1.619m in 2014/15. However, this only takes account of projected activity to the end of March 2014, net of assumptions on savings arising from approved invest to save initiatives, and it does not include any projected further growth in numbers beyond that point. Officers are currently modelling different scenarios to quantify the effect of further possible initiatives and also the most appropriate deployment of existing initiatives to maximise the financial benefit. There is £1m in the 2013/14 central contingency earmarked for the impact of welfare reform.
Supporting People - Contracts	3,100	(200)	The current year's projected underspend of £200k relates to the full year effect of savings achieved on contracts in previous years and re-tendering / extending contracts in 2013/14 at a reduced cost. The full year effect of this is estimated to be an underspend of £270k.
Drugs & Alcohol	237	(237)	It is anticipated that Drugs & Alcohol expenditure will continue to be funded from Public Health substance misuse budgets in future years, generating a full year effect saving of £237k.

**LATEST APPROVED BUDGET 2013/14**  
**Care Services Portfolio**

**BUDGET VARIATIONS**

	£'000
<b>2013/14 Original Budget</b>	<b>120,753</b>
Localisation of pay and conditions	365
Local Reform and Community Voices (Exec 3/4/13):	
- grant related expenditure 2013/14	64
- grant related income 2013/14	Cr 64
NHS Social Care Funds - Gateway Review business case (Exec 24/7/13):	
- expenditure	50
- income	Cr 50
Adoption Reform - Exec 12/06/13	
- expenditure	150
- income	Cr 150
Step up to Social Work (cohort 2 2012/13) - Exec 12/06/13	
- expenditure	105
- income	Cr 105
Step up to Social Work (cohort 3 2013/14) - Exec 12/06/13	
- expenditure	264
- income	Cr 264
Step up to Social Work (cohort 3 2014/15) - Exec 12/06/13	
- expenditure	881
- income	Cr 881
New Adult Social Care Data Collection Funding (Exec 11/9/13):	
- expenditure	59
- income	Cr 59
<i>Carry Forwards (Care Services PDS 3/9/13):</i>	
NHS Social Care Funding (s256 Agreements)	
- expenditure	1,055
- income	Cr 1,055
Healthwatch	
- expenditure	15
- income	Cr 15
Homelessness Grant	
- expenditure	35
- income	Cr 35
Preventing Repossessions Fund	
- expenditure	75
- income	Cr 75
Step Up to Social Work	
- expenditure	171
- income	Cr 171
Troubled Families	
- expenditure	258
- income	Cr 258
Public Health Winter Health Grant	
- expenditure	12
- income	Cr 12
Public Health Transition Fund	
- expenditure	6
- income	Cr 6
Homelessness former grant	85
<b>2013/14 Budget Adjustments</b>	
Short breaks post transfer	Cr 21
Training Savings	Cr 3
Education Access post transfer to Commissioning	44
Transfer of IT post to Resources	Cr 36
Minor works transferred from Carelink to Liberata	Cr 3
Data cleansing	10
BSSD transfer	71
<b>Total Variations</b>	<b>512</b>
<b>2013/14 Latest Approved Budget</b>	<b>121,265</b>

Report No.  
CS13049

London Borough of Bromley

## PART ONE - PUBLIC

---

**Decision Maker:** EXECUTIVE  
FOR PRE DECISION SCRUTINY BY CARE SERVICES PDS COMMITTEE

**Date:** 29<sup>th</sup> October 2013

**Decision Type:** Non-Urgent Executive Key

**Title:** ADULT SOCIAL CARE – IMPACT OF THE CARE BILL AND FUTURE NHS FUNDING

**Contact Officer:** Terry Parkin, Executive Director, Education Care and Health  
Tel: 0208 313 4060 E-mail: terry.parkin@bromley.gov.uk

**Chief Officer:** Executive Director, Education Care and Health

**Ward:**

---

1. Reason for report

This is the second in a series of reports on the future of Adult Social Care, the first of which was considered by the Executive in July (Report CS 13017 Adult Social Care – Gateway review), and the work on the market testing of our Direct care services is now underway. As promised in the July report, this report provides further information on the potential impact of the changes to adult social care proposed in the Care Bill which was published in May 2013 but also considers the changes now made necessary by the Government's proposals to integrate further health and adult social care. It sets out proposals for a programme of detailed modeling of the impact on adult social care in order to be able to address the challenges arising from the Care Bill. It also considers the proposals from the Department of Health relating to the Integrated Transition Fund and offers a way forward to allow the London Borough of Bromley to be best placed to exploit the opportunities presented by further integration with the NHS in the coming years.

---

2. **RECOMMENDATION(S)**

2.1 **Care Services PDS Committee is asked to consider and comment on the contents of this report and refer the report to the Executive for approval.**

2.2 **Executive is asked to:**

- a) **Note the proposals for the future of adult social care services contained in the Care Bill and the proposals for the Integrated Transition Fund (ITF) and the potential implications for services and budgets from 2014;**
- b) **Agree the allocation of £276k from the NHS social care funds in the central contingency to enable detailed financial and activity modelling of the implications of the Care Bill, the ITF and the Independent Living Fund to be carried out;**

- c) Require a further Report to be brought to Executive in the early summer of 2014 to allow options for the future delivery of adult social care to be considered; and,**
- d) Support the proposal that the Health and Wellbeing Board should be able to authorise the s256 agreement for 2013/14 at its meeting of 30<sup>th</sup> January 2014, and provide governance on behalf of the Council for all future work on integration between the health and social care sector.**

## Corporate Policy

1. Policy Status: Existing Policy:
  2. BBB Priority: Excellent Council Supporting Independence
- 

## Financial

1. Cost of proposal: £276k investment in 2013/14
  2. Ongoing costs: Non-recurring
  3. Budget head/performance centre: Report covers functions funded by adult social care budget
  4. Total current budget for this head: £38m
  5. Source of funding: Revenue budget – adult social care; investment proposal from NHS social care funding held in contingency
- 

## Staff

1. Number of staff (current and additional): There are currently 149.78 FTEs in Care Services Assessment and Care Management teams whose activity would be impacted by the proposals in the Care Bill
  2. If from existing staff resources, number of staff hours:
- 

## Legal

1. Legal Requirement: Statutory Requirement :
  2. Call-in: Applicable:
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Currently there are approximately 9800 people in receipt of social care services
- 

## Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

### 3. COMMENTARY

#### 3.1 Care Bill 2013

In May 2013 the government published the Care Bill which represents the most significant changes to adult social care in recent times. The Bill proposes fundamental reforms to how the law on adult social care will work, prioritising wellbeing, highlighting the importance of prevention and postponement of the need for care and support, and putting people in control of their care and support. The Bill is based on the principles of:

- People's well-being at the heart of every decision
- Carers rights on the same footing as the people they care for
- Freedom and flexibility to encourage innovation and integration
- Preventing and delaying needs for care and support
- Personal budgets giving people greater control over their care
- Information and advice about the care and support system
- Promoting the diversity and quality of the local care market, shaping care and support around what people want
- New guarantees to ensure continuity of care
- Equity of funding

3.1.1 The publication of the Bill was followed by the publication of a discussion document, *Draft national eligibility criteria for adult care and support*, in June, and a consultation document, *Caring for our future – implementing funding reform*, in July which set out in more detail the proposals regarding eligibility criteria and care costs. The consultation on funding reform is open until 25<sup>th</sup> October.

3.1.2 If the Bill is passed in its current form, there will be significant implications for local authorities. From April 2015 there would be:

- New duties on prevention and wellbeing
- New duties on the provision of information & advice (including advice on paying for care)
- New duty on market shaping
- National minimum threshold for eligibility (proposed to be set at substantial & critical need)
- New duties regarding assessments for carers and self funders
- Statutory requirements in respect of personal budgets and support plans
- Statutory requirement to offer deferred payment agreements

3.1.3 From April 2016 the funding reforms would be introduced:

An extended means test      A capped charging system      Introduction of care accounts

3.1.4 From an initial analysis, the changes which would have the most significant impact on costs and activity for Bromley are summarised below:

**Cap on care costs:** A cap of £72,000 will be set on the costs that people of state pension age will have to pay to meet their eligible needs. The cap will be lower for working age adults and for people who turn 18 with eligible needs, their care will be free. This would significantly reduce the income which the Council receives from client contributions.

**More people eligible for financial support:** Financial support will be provided to more people. For people in residential care for example, the threshold at which the local authority will begin financial support changes from £23,250 to £118,000. This means people entering a care home with assets less than this value will not have to pay the full cost of their care as they do at present. Lower thresholds and thresholds for other services will also change. London Councils have estimated that the cap on care costs and changes to thresholds for financial support would result in 37% more people receiving funding support.

In both the above cases, clients will be expected to contribute up to £12,000 p.a. towards board and lodgings (hotel costs) which will also be means tested. This will therefore reduce the impact of the cap.

**Increased numbers of social care assessments:** Although anyone can request a social care assessment at present, there will be an additional incentive for people to request an assessment as this will, if they have eligible needs, trigger the start of the recording of their “care account” – i.e. their contribution towards the cap on care costs. Even if people are fully funding their own care up to the point when they reach the cap, they can also request that the Council arranges their care on their behalf (although the Council would be able to charge for this service and recover the full cost of the services provided). The Council would have to monitor the care account and would have a responsibility to review the service user if their needs changed. For those whose needs are deemed to be below the eligibility criteria, the Council will have a new duty to provide advice and information on how to reduce, delay or prevent the need for care and support.

**Carers:** Although carers currently have a right to an assessment of their needs, separately from the service user, the Council does not currently have a statutory duty to meet those needs. Under the Care Bill, for the first time carers will have a legal right to receive support if they meet the eligibility criteria. This will put additional pressure on budgets, although local authorities would have the power to charge under a means tested regime for any support provided directly to the carer.

**National eligibility criteria:** Within the discussion document, it is proposed that the national eligibility criteria would be set at substantial and critical in respect of the Fair Access to Care Services (FACS) regime. Although this is the Council’s current eligibility threshold, a national requirement would limit the Council’s discretion in future to consider addressing budgetary pressures through raising the eligibility threshold.

**Ability to consider other forms of delivery for assessment services:** Under current legislation (National Health Service and Community Care Act 1990 Section 47) the statutory assessment function can only be carried out by a local authority or by an NHS organisation on behalf of the local authority through an agreement under Section 75 of the National Health Service Act 2006. The Care Bill introduces the power for local authorities to delegate these and other functions to bodies other than an NHS organisation. In effect this allows local authorities the freedom to market test, and outsource if appropriate, most adult social care functions with the exception of safeguarding, integration with health, and charging for services.

- 3.2 Based on figures quoted in the government's impact assessment, the potential additional cost from the changes is estimated at £5.0m in 2016/17 per local authority with social care responsibilities, rising to £11.7m in 2019/20.
- 3.3 All of the proposals in the Bill will require significant changes to the way in which the adult social care assessment and planning functions are delivered. There will be considerably increased numbers of people, both potential service users as well as carers, who will need to be assessed and reviewed. There will be additional requirements for the Council to set up and monitor care accounts with consequential changes to the financial assessment process. The proposed changes are numerous and complex and officers will need to carry out a detailed analysis of the potential impact for Bromley.
- 3.4 The government has indicated that it will make £285m available to local authorities in 2015/16 to support local authorities to prepare for the introduction of the funding reforms in April 2016. This is a one-off sum, equating to approximately £1m for Bromley. The funding is made up of £110m to cover the costs of the introduction of statutory universal deferred payments and £175m to cover the capacity building and early assessments required for transition to the capped cost model.
- 3.5 The Spending Round settlement funds are said to have taken account of the costs of other reforms set out in the Care Bill including new duties for the assessment and support of carers, better provision of information and advice, and a national minimum eligibility threshold. How this will impact on the Council is yet to be worked through as no detail has as yet been made available.

### **3.6 Department of Health Integrated Transition fund**

- 3.6.1 In 2013, the Department of Health (DoH) announced changes to the way in which health funds for social care will be managed. For 2013/14, the annual DoH Social Care Grant allocation continued (£4.26m for Bromley) although proposals for use of the funds now have to be agreed by NHS England, rather than by the local Clinical Commissioning Group (CCG) and are much more demanding in terms of accountabilities. Proposals have to be jointly endorsed by the local authority and the local CCG via the Health and Wellbeing Board.
- 3.6.2 In 2014/15 the annual DoH grant will be increased by £200m to £1.1bn specifically to help local authorities prepare for the implementation of an "Integrated Transition Fund" in 2016 and make early progress on priorities. It should also be noted that the present proposals include linking around a quarter of the fund to payment by results, although the mechanism and the targeted outcomes have yet to be decided by the DoH. In a letter received at the Council on 17<sup>th</sup> October 2013, the Chief Executive of the NHS, Sir David Nicholson, made the expectations placed on local areas wishing to access these monies clear.

**1. Improving outcomes** - commissioners need to place improving outcomes for patients at the heart of their work. For that reason, commissioners should prioritise an approach to planning which combines transparency with detailed patient and public participation. We need to construct, from the bottom up, quantifiable ambitions for each domain of the NHS Outcomes Framework. We will, therefore, be asking CCGs and NHS England Area Teams to work together to determine local levels of ambition, based on evidence of local patient and public benefit, against a common set of indicators that place our duty to tackle health inequalities front and centre stage. This will ensure that we can clearly articulate the improvements we are aiming to deliver for



patients across seven key areas:

- Reducing the number of years of life lost by the people of England from treatable conditions (e.g. including cancer, stroke, heart disease, respiratory disease, liver disease);
- Improving the health related quality of life of the 15 million+ people with one or more long-term conditions;
- Reducing the amount of time people spend avoidably in hospital through better and more integrated care in the community, outside of hospital;
- Increasing the proportion of older people living independently at home following discharge from hospital;
- Reducing the proportion of people reporting a very poor experience of inpatient care;
- Reducing the proportion of people reporting a very poor experience of primary care;
- Making significant progress towards eliminating avoidable deaths in our hospitals.

**2. Strategic and operational plans** – given the scale of the challenges we are facing, we are asking commissioners (CCGs and NHS England commissioners) to develop ambitious plans that look forward to the next five years, with the first two years mapped out in the form of detailed operating plans. Taking a five year perspective is crucial, as commissioners need to develop bold and ambitious plans rather than edging forward on an incremental basis one year at a time. It will be essential for commissioners to work closely with providers and social care partners as they develop these plans, and we are in dialogue with the relevant national bodies to define fully aligned planning processes to facilitate this.

**3. Allocations for CCGs**– we want to provide certainty to commissioners. To this end, we intend to notify CCGs of their financial allocations for both 14/15 and 15/16 to help them plan more effectively. We are currently working with a subgroup of the Commissioning Assembly to finalise proposals for future allocation formulae for CCGs and direct commissioning, but stability is a key consideration and the pace of change is likely to be slow, given that we are operating with very limited financial growth overall.

**4. The tariff** – we recognise the importance of stability of tariff as well as its accuracy and responsiveness to the needs of patients. Together with Monitor, we intend to minimise changes to the structure of the tariff for 14/15. By December we plan to jointly publish our priorities for tariff in 15/16, giving commissioners and providers the maximum amount of time to assess any impact on the financial position of their services and respond systematically to tariff signals.

**5. The integration transformation fund** – the financial settlement for 15/16 includes the creation of an integration transformation fund (ITF). This will see the establishment of a pooled budget of £3.8bn, which will be committed at local level with the agreement of Health & Wellbeing Boards. (Locally, CCGs can decide to place additional resources into the ITF if they wish). The ITF is a ‘game changer’: it creates a substantial ring-fenced budget for investment in out-of-hospital care. However, it will also require us to make savings of over £2bn in existing spending on acute care. This implies an extra productivity

gain of 2-3% across the NHS as a whole in 15/16. We will work with Monitor to determine how this is reflected in the expectations placed on commissioners (in the form of QIPP savings from demand management, pathway change, etc) and providers (in the form of the efficiency deflator incorporated in tariff). We are currently exploring the feasibility of bringing forward an element of the 15/16 saving requirement into 14/15 to avoid a financial 'cliff edge' in 15/16.

**6. Developing integration plans** – the NHS will only be sustainable in 15/16 if we put the ITF to the best possible use and reduce significantly the demand for hospital services. It is my view that investment should be targeted at a range of initiatives to develop out of hospital care, including early intervention, admission avoidance and early hospital discharge - taking advantage, for example, of new collaborative technologies to give patients more control of their care and transform the cost effectiveness of local services. This will require investment in social care and other Local Authority services, primary care services and community health services. We are currently exploring how an accountable clinician can be identified to coordinate the out-of-hospital care of vulnerable older people and the ITF might be used to accelerate this initiative. We will write to you over the next few days (jointly with the Local Government Association) with more details on the process for developing integration plans.

**7. Working together** – a critical ingredient of success for the transformation fund will be the quality of partnership working at local level. Health & Wellbeing Boards will need to have strong governance arrangements for making transparent and evidence-based decisions about the use of the ITF. The Chief Executive of NHS England will remain the accounting officer for the ITF, accountable to parliament for its use, and in that context I am asking NHS England Area Directors to take a close interest in the effectiveness of local arrangements for governance and implementation.

**8. Competition** – there has been considerable discussion about the impact of competition rules on commissioners over recent months. The key requirement for commissioners is to determine how to improve services for patients including how to use integrated care, competition and choice. Commissioners should adopt transparent decision making processes which use competition as a tool for improving quality, rather than as an end in itself. NHS England and Monitor will support commissioners who adopt this approach to competition.

**9. Local innovation** – while we will set a national framework for planning we want to encourage local innovation and don't want to be overly prescriptive. Within the scope of the new tariff rules for 14/15 agreed with Monitor, we will welcome innovative local approaches that enable change to happen on the ground. For example, commissioners could add additional resources to the transformation fund or they could agree local variations to the national tariff in line with the recently published 14/15 national tariff system rules, where they can demonstrate that it is in the interests of patients to do so. Commissioners could explore new contracting models, such as giving acute providers responsibility for patients 30-100 days following discharge from hospital and introducing prime contractor arrangements for integrated care.

**10. Immediate actions** – I would encourage commissioners to focus on three

immediate tasks. First, you should progress the development of five year plans and engage local people in this work. Second, you should strengthen your local partnership arrangements so that you are well placed to make decisions about the use of the ITF. Third, you should identify the things that will make the greatest difference to patients locally and maintain a relentless focus on putting them into action at pace.

- 3.6.3 The application for the 14/15 round of funding, the amount of which will be announced in the Autumn Statement, has to be with NHS England by 14<sup>th</sup> February and so would need to go to the Health and Wellbeing Board of 30<sup>th</sup> January 2014 for approval. We also need to produce alongside our proposals a detailed and integrated clinical risk assessment for the borough, an entirely new requirement on local government. In effect, this gives only a few weeks to secure a sum we believe will be to be in excess of £4m. Executive is asked therefore to give authority to the Health and Wellbeing Board to agree the integration plan at the January meeting.
- 3.6.4 We have established a joint Board with the CCG to oversee this work at a senior level. The CCG is supported by NHS London with additional capacity to achieve these outcomes. The current proposals from the centre would see local authorities receiving additional resource in 15/16, far too late to ensure our voice is heard at all stages of the development. This is work that needs to be underway urgently.
- 3.6.5 In 2015/16 the annual DoH grant of £1.1bn is subsumed into the new Integrated Transition Fund (ITF) budget of £3.8bn.. The government is in effect requiring local authorities and CCGs to operate a pooled budget. The ITF includes funding that they previously received independently, as set out below:

<b>Previous funding streams included in ITF</b>	<b>£</b>
LAs annual DoH grant (revenue)	£1.1bn
LAs Disabilities Facilities Grant (capital)	£220m
CCGs reablement funding (revenue)	£300m
CCGs carers break funding (revenue)	£150m
DoH Community care and support grant (capital)	£134m
<u>Additional</u> allocation to pooled budget (£1bn performance related )	£1.9bn
<b>Total</b>	<b>£3.8bn</b>

- 3.6.6 For Bromley, the anticipated ITF would result in around £8.5m being identified to support these new ways of working. As the table above demonstrates, little of this is new funding, and is achieved in part by top slicing the CCG of 3% of its budget. Members will also note that it includes funding Bromley presently receives and which will, in future years, be rolled-up into this single fund. Moreover, there is as yet no clarity as to whether some of these monies will be needed to fund the Care Bill costs.
- 3.6.7 In order to be able to access the DoH funding, local authorities are required to produce two-year plans for 2014/15 and 2015/16, which must be in place by February 2014, and the CCG a draft five year plan to the same timescale.

3.6.8 Sir David Nicholson's letter referenced above gives some considerable detail as to the expectations placed on local health and adult social care systems. In summary, local plans must address how the pooled budget will be used and the ways in which the national and local targets attached to the performance-related £1 billion will be met. The plan will also set out how the £200m transfer to local authorities in 2014/15 will be used to make progress on priorities and build momentum. Although the plan is designated "local", it must address national priorities including:

- protection for social care services (not spending) used to offset the impact of the funding reductions overall
- as part of agreed local plans, 7-day working in health and social care to support patients being discharged and prevent unnecessary admissions at weekends;
- better data sharing between health and social care, based on the NHS number (it is recognised that progress on this issue will require the resolution of some Information Governance issues by the Department of Health;
- ensure a joint approach to assessments and care planning;
- ensure that, where funding is used for integrated packages of care, there will be an accountable professional;
- risk-sharing principles and contingency plans if targets are not met – including redeployment of the funding if local agreement is not reached; and
- include an assessment of the impact on acute services and agreement on the scale and nature of changes required, e.g. impact of reduced emergency activity on bed capacity.

3.6.9 The government will also make available £188m to local authorities in 15/16 through the Department for Communities and Local Government to prepare for the closure of the Independent Living Fund in April 2015. This could also have a significant impact on the Council's funding.

### **3.7 Meeting the challenge – modelling the impacts for adult social care**

3.7.1 Taken together, these changes amount to the largest single change in adult social care provision for forty years. As noted above there is a need for detailed financial and activity modelling of the implications of all of these changes, as well as assessment of the changes required to information systems, financial assessment processes and care management functions. It is proposed that this be carried out during the next six months with a further more detailed report being brought back to Executive in early summer 2014 setting out:

- Detailed analysis of projected future activity levels, including impact of demographic changes
- Financial modelling of the impact of the Care Bill
- Options for the redesign of Care Management functions to address the new requirements for assessments
- Care Management and other resources required from 2015/16; training requirements and programme

- Analysis of changes needed to information systems; Gateway Review of options for the provision of the information system
- Identification of resources required in 2014/15 to implement changes
- Timetable for implementation of changes
- Agreement of Local Plan for DoH funding with CCG (which would be the subject of a separate report for approval in February 2014).

3.7.2 It is anticipated that the Bill, which appears to have cross party support, would be enacted during 2014. Carrying out this programme of work at this stage would allow Bromley to be better prepared to implement the changes in time for 2015. In order to carry out this work there will be a requirement for the following funding:

Action	£,000
Project Manager	50
Information systems support	
Analyst	50
Development support	50
Finance officer	30
Senior Care Manager	50
Contingency @ 20%	46
<b>Total</b>	<b>276</b>

3.7.3 There is currently £3.527m held in the Council's central contingency, consisting of:

Source	£,000
Winter pressures 2011/12	734
Winter pressures 2012/13	808
NHS social care funding 2011/12 and 2013/13	1,985
<b>Total</b>	<b>3,527</b>

3.7.4 This funding was transferred to the Council through agreements between the Council and the Bromley Clinical Commissioning Group (previously Bromley Primary Care Trust) under S256 of the National Health Service Act 2006 which set out the conditions for use and which contain reporting requirements against the spend. If the conditions set out in the S256 agreements are not met, the CCG could require the funding to be repaid.

3.7.5 It is proposed that £276k (the costs set out above plus £20% contingency for potential redundancy costs etc) be allocated from these funds to invest in the programme of work required to prepare for the legislative and funding changes, and to secure the additional grants in 14/15 onwards.

#### 4. POLICY IMPLICATIONS

- 4.1 The proposals in the Care Bill are designed to prioritise wellbeing, prevention and postponement of the need for care and support, all of which are in line with the Council's Building a Better Bromley aim of supporting independence.

#### 5. FINANCIAL IMPLICATIONS

- 5.1 These are set out in the main body of the report.

#### 6. PERSONNEL IMPLICATIONS

- 6.1 The posts referred to in para 3.7.2 above would be appointed to on a time limited basis. Should there be any redundancy costs at the end of the project, these would be covered by the contingency sum.

<b>Non-Applicable Sections:</b>	Legal
Background Documents: (Access via Contact Officer)	Gateway review – adult direct care services. Report CS12060 Executive 6 February 2013  Adult social care – gateway review. Report CS13017 24 <sup>th</sup> July 2013  Care Bill May 2013  Draft national eligibility criteria for adult care and support. DH, June 2013  Caring for our future – implementing funding reform. DH, July 2013