

Decision Maker: CARE SERVICES POLICY DEVELOPMENT AND SCRUTINY
COMMITTEE

Date: 29th October 2013

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2013/14

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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
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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
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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
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Legal

1. Legal Requirement: Statutory Requirement
 2. Call-in: Applicable
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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
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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
Pressures		
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
	<u>3,791</u>	<u>3,898</u>
Savings		
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
	<u>-1,764</u>	<u>-1,399</u>
TOTAL OVERALL PRESSURE FOR THE PORTFOLIO	<u>2,027</u>	<u>2,499</u>

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.

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