

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

Date: 22nd January 2014

Decision Type: Urgent Non-Urgent Executive Non-Executive Key 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 November 2013.

2. **RECOMMENDATION(S)**

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

- (i) **Note that the latest projected overspend of £969k is forecast on the controllable budget, based on information as at November 2013;**
- (ii) **It is assumed that the funding of £570k of the winter pressures expenditure is a one off and will be met by use of the winter pressure carry forward. Note that any approval of the release of the winter pressures carry forward will be subject to a report to the PDS Committee in March;**
- (iii) **Note that if this is agreed the net overspend will be £399k;**
- (iv) **Note the full year effect for 2014/15 of £1.306m before the release of any contingencies which has increased from £999k previously reported;**
- (v) **Approve the draw down from contingency of the Local Reform and Community Voices Grant of £64k for 2014/15 and forward to the Executive for their approval;**
- (vi) **Refer the report to the Portfolio Holder for approval; and,**
- (vi) **Note the comments of the Executive Director in paragraph 6.**

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: £122.117m
 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. Although there has been a slight reduction in overspend from the previous monitoring report the full year effect pressures continue to rise. This has risen by £307k from the last report to £1,306k. This is in the main due to increases in domiciliary care and no recourse to public funds

Housing

- 3.2 Pressures in Temporary Accommodation (TA) (Bed and Breakfast) in 2013/14 are forecast to be £190k with a full year overspend of £690k. Numbers are continuing to rise with the increase at an average of 15 per month (from 6 a month in 2012/13).
- 3.3 Executive agreed the draw down from central contingency of £1m which has reduced the overspend and is included in the latest budget monitoring.

Adult Social Care

- 3.4 The community equipment is now predicted to be on budget. Management action has been put in place and this has seen the reduction in the overspend projected. Expenditure appears to be continuing to slow down and there has been an additional Health contribution of £200k. 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 £1,402k and £829k 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.
- 3.6 The overspend is also due to invest to save initiatives not being delivered. A sum of £250k was removed from the 2013/14 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, continues to project 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 £493k to £255k.
- 3.8 No recourse to public funds has shown an increase from £261k to £447k and still remains a risk area. The full year effect of this pressure is £465k which the department will need to address in 2014/15.
- 3.9 Executive agreed to release from central contingency £500k for Youth on Remand, which was a pressure due to changes in legislation. The LASPO Act of 2012 has meant that Local Authorities are now responsible for the expenditure for children on remand. The previous arrangements were such 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. Current projections of

additional expenditure arising from this area are estimated at £530k. The release from central contingency of this funding removes this pressure.

Extra Care Housing/Reablement

- 3.10 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

- 3.11 Public Health budgets are showing a potential underspend of £301k 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 other qualifying expenditure 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 currently being explored.
- 3.12 Overall the current overspend position stands at £399k overspent (£1,306k full year effect). The full year effect will have to be addressed by the department in 2014/15 in due course.

Local Reform and Community Voices Grant - Drawdown of 2014/15 Independent Mental Health Advocacy funding (£64,000)

- 3.13 From 1st April 2013, local authorities became responsible under the Mental Health Act 1983 to make arrangements to enable every qualifying patient who wants one to have access to an Independent Mental Health Advocate (IMHA). Previously this statutory responsibility fell to the PCT.
- 3.14 In recognition of these additional responsibilities, additional funding was given to local authorities through the Local Reform and Community Voices Grant for 2013/14 and 2014/15.
- 3.15 The Executive, on 3rd April 2013, considered the details of these responsibilities and the recommended two year extension of the existing LBB & PCT contract with Rethink. Approval was given to drawdown £64k from the 2013/14 central contingency and permission is now sought to draw down £64k from the 2014/15 grant to cover the second year of the two year extension.
- 3.16 The Committee are asked to approve the drawdown of the expenditure and refer the request to the Executive for approval

Early Warnings - Provisions relating to previous years

When the accounts are closed each year, financial provisions are made for outstanding items based on the information available at that point in time. It is currently anticipated that the amount required relating to previous years will be lower than assumed when the 2012/13 accounts were closed. The accounts are closed each year on the basis of the best information available at that point in time and, subsequent to that, additional information has indicated that actual costs are not as high as anticipated when the accounts were closed. This relates to areas in Learning Disability, mental health and Children's social Care (Tower Hamlets ruling). Should these provisions not be required they will be released at year end as part of a prior year adjustment.

Winter Pressures

- 3.17 In the Director's comments in paragraph six, the Department has identified potential winter pressures issues totalling £1,090k which after allowing for additional contributions of health amount to £570k over the next four months. This would need to be covered off by winter pressure grant held in carry forward contingency.
- 3.18 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, which has resulted in an overspend that continues.
- 3.19 Any drawdown of winter pressure money will need to be evidenced that it is one of winter pressure related and not just ongoing increases in service pressures, otherwise this will simply temporarily suppress any overspends, which would resurface as an issue in 2014/15
- 3.20 The Department will, therefore, provide a report to the PDS Committee in March evidencing any expenditure that has taken place and request drawdown of the funds.

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 £399k. 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	1,402	829
Community Equipment Budget	0	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	193	690
Children's social care - greater than budgeted number of placements and Leaving Care clients	52	226
Increases in No Recourse to Public Funds	447	465
Youth on Remand - additional cost pressures due to changes in legislation	30	30
Commissioning - Delays in achieving budgeted savings less actions to mitigate	223	350
	<u>2,391</u>	<u>2,590</u>
Savings		
AIDS/HIV Service	-8	0
Learning Disability Care management lower domiciliary care and direct payments	-95	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	-200	0
Fewer learning disabilities placements - mainly cost efficient placements and the effect of attrition	-550	-373
Full year effect of client moves into more cost effective placements	-207	-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
Review of SLA within Childrens social care	-38	0
Staff vacancies within the Youth Offending Team	-106	0
Children's with disabilities - Greater placement numbers than budgeted offset by reductions in the short breaks budget	-10	29
	<u>-1,992</u>	<u>-1,284</u>
TOTAL OVERALL PRESSURE FOR THE PORTFOLIO	<u><u>399</u></u>	<u><u>1,306</u></u>

6. DIRECTOR'S COMMENTS

- 6.1 In each of the last three years we have received significant sums from the NHS for winter pressures, not all of which was spent in any one year. This sits in a contingency and is available only to support winter pressures. It is likely this will need to be drawn-on this year as the health sector is predicting the worst year for winter pressures for some time. Locally, this is exacerbated by the continuing disappointing performance of the Princess Royal University Hospital (PRUH), itself made more challenging by the very high numbers presenting at A&E.
- 6.2 In September 2013, local authorities were invited to bid for 'urgent care monies', in effect, the former winter pressure pot. Although bids for several million pounds were received on behalf of the local health economy, LBB received only £285k with around 20x that amount provided to the PRUH. Our grant is to be offset against community equipment (£200k) and emergency placements (£85k).
- 6.3 The money held across ASC budgets last year, and the significant underspends in a number of areas, gave considerable flexibility for virement which will not be possible this year and it is likely we will have to draw substantially on the winter pressures fund.
- 6.4 A significant change in the urgent care arrangements is planned for late January, as is the implementation of the new intermediate care arrangements, both of which should reduce the demands on the PRUH. However, pressures are already particularly high on our hospital team, but whose performance across the year has been exemplary. Data returns to the NHS show only two delayed transfers of care in the year to date, both linked to difficulties with getting families to agree a discharge package. This is an exceptional performance and one which has been acknowledged regionally by NHS Directors. However there remains an issue with out of borough patients which occasionally leads to discharges being less smooth than they might be: although not our responsibility, the impact is to block beds for our residents. We have offered some small capacity to support the discharge of out of borough patients. I would propose therefore to allocate two locums to the hospital team for a period of four months to ensure we maintain our high rate of discharge. This amounts to around £40k, depending on the seniority of the staff identified.
- 6.5 Further, we are already coming under pressure to divert A&E attenders, for example, to emergency placements. I would propose therefore to allocate a further £60k based on projections from the manager on site for emergency placements from the PRUH in addition to the £85k shown above but only to be drawn upon after the urgent care money has been used.
- 6.6 The model underpinning the extra care housing (ECH) scheme was predicated on individuals moving from home into ECH, or, indeed, in some cases, from more expensive provision into ECH, when appropriate. Only if very specialised nursing support was necessary would we consider a nursing home placement. This policy implies moving residents from one type of provision to another depending on their level of need. We have a number of clients in our in-house provision that are very high need and should be moved-on. To do so, would take-up nursing home beds, but would save the LA money due to the complex needs of this group. However, to do so would also serve to reduce nursing home capacity at a time when it is most needed and representations have been made to the Director that it may be appropriate to keep these older and very vulnerable residents in their existing provision. This requires additional care staff to be on duty 24 hours a day but would allow residents near to end of life to remain in what they would consider to be their homes, and would allow some small additional capacity to be available for the spot purchase of nursing home beds both to the LA but also the health sector more widely, increasing the net number of beds available locally. This is estimated at a cost of around £100k.

- 6.7 To limit further any escalation of clients requiring admission, we should also increase the resource to the domiciliary budget to ensure that where small additional packages of care could help avoid admission, they are available. This might require a further £150k.
- 6.8 Finally, last year 52 emergency placements were reported. We are confident that we have very robust mechanisms in place and in spite of the increased pressures we would aim not to exceed that number. This is an estimated cost of £220k, some of which might be recoverable following robust continuing health care assessments.

Summary of Potential Additional Spends

Purpose	Amount	Outcome
Community equipment	£185k	Residents maintained in their own homes for longer reducing pressures on hospital and other community beds (Urgent care grant 13/14)
	£250k	Further allocation from winter pressures monies
Support hospital discharge	£40k	Staff can support discharge processes from out of borough as necessary as well as providing additional capacity for local patients. Rapid discharge of patients.
Emergency placements – hospital budget	£145k	Admissions avoidance (£85 k from Urgent care grant 13/14 plus winter pressures monies)
Direct care – domiciliary support	£100k	Support for pressures in ECH
	£150k	Maintaining residents in their own homes for longer.
Emergency placements – community budgets	£220k	Admissions avoidance
Totals	£1,090k	NB £840k allocated from previous years' winter pressure underspends, remainder from 13/14 Urgent care bid.

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