

**Decision Maker:** PORTFOLIO HOLDER FOR CARE SERVICES

**Date:** For Pre-Decision Scrutiny by the Care Services Policy Development and Scrutiny Committee on Wednesday 14<sup>th</sup> March 2018

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

**Title:** BUDGET MONITORING QUARTER 3 2017/18 REPORT

**Contact Officer:** David Bradshaw, Head of Education, Care & Health Services Finance  
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**Chief Officer:** Ade Adetosoye, Deputy Chief Executive & Executive Director: ECHS

**Ward:** Borough-wide

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1. Reason for report

- 1.1 This report provides the budget monitoring position for the Care Services Portfolio for 2017/18 based on activity up to the end of December 2017.
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2. RECOMMENDATIONS

2.1 The Care Services PDS Committee is invited to:

- (i) Note that the latest projected underspend of £104,000 is forecast on the controllable budget, based on information as at December 2017;
- (ii) Note the full year effect cost pressures of £3,202,000 in 2018/19 as set out in section 4;
- (iii) Note the contingency funding release request as detailed in section 5 of this report;
- (iv) Note the comments of the Department in section 9 of this report;
- (v) Note the in year savings achieved in 2017/18 as per section 8 of this report; and,
- (vi) Refer the report to the Portfolio Holder for approval.

2.2 The Portfolio Holder for Care Services is asked to:

- (i) Note that the latest projected underspend of £104,000 is forecast on the controllable budget, based on information as at December 2017;
- (ii) Agree to the contingency funding release and refer to the Executive for their approval as set out in section 5.

### 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: £76.749m
  5. Source of funding: Care Services Approved Budget
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### Staff

1. Number of staff (current and additional): 391 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 2017/18 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: Not Applicable

### 3. COMMENTARY

- 3.1 The 2017/18 projected outturn for the Care Services Portfolio is detailed in Appendix 1a, broken down over each division within the service. Appendix 1b gives explanatory notes on the movements in each service. The current position is an underspend of £104k. This position assumes that further management action will be taken throughout the year to maintain the current position. If this does not take place and cannot be evidenced then the position may change. Some of the main variances are highlighted below.
- 3.2 Senior officers meet on a regular basis to scrutinise and challenge the expenditure position and formulate management action to address any issues.
- 3.3 There are a number of service delivery changes that are being implemented and that it is envisaged will help the monitoring position now and in the future such as IBCF, Discharge to Assess, Care Coordinators and a Direct Payment lead which are discussed in more detail in the report.

#### **Adult Social Care**

- 3.4 Overall the position for Adult Social Care is a predicted £339k overspend. The main areas of overspend or underspend are:-

#### **Assessment and Care Management - £1,134k overspent**

- 3.5 Assessment and Care Management is currently estimated to overspend by £1,134k. This is in the main due to Placements/Domiciliary Care/Direct Payments for 65+ where client numbers are currently above the budgeted figure. This area has significant savings targets in 2017/18 and this figure is a proportion of this. No further management action has been assumed to reduce this figure.
- 3.6 There has been an overall net increase in placements over the last few months with which has seen more people coming into the system than those leaving. Currently 65+ nursing and residential places are 29 above budgeted figures resulting in a £374k overspend in this area.
- 3.7 Domiciliary Care and Direct Payments for the 65+ are also projected to be overspent by £310k. This is again due to volumes and a pattern of lower than expected income levels.
- 3.8 The department has employed a Direct Payments lead in order to manage the transition from a managed service to a direct payment. The take up of direct payments in Bromley is low compared to other boroughs and it is estimated that efficiencies can be made by moving towards direct payments together with giving clients more flexibility. This resource will also lead on the development of pre-payment cards and an interactive guide for direct payments.
- 3.9 In October the Executive approved funding from the Better Care Fund (BCF) of £818k for a Discharge to Assess (D2A) model. This enables people to leave hospital without delay as soon as they are medically ready to be assessed for their long term care and support needs. Assessment takes place outside of the hospital setting in a more familiar, community based setting, with a focus on enabling people to return home wherever possible. The model aims to reduce the amount of time people remain in a hospital bed unnecessarily where levels of functioning, independence and wellbeing decline. It is hoped that the pilot will identify long term savings in domiciliary care and placements as evidence suggests that packages of ongoing care and support costs will be lower when fully implemented.

### Learning Disabilities - £840k overspent (net of £107k management action)

- 3.10 The overspend in Learning Disabilities is currently predicted to be £947k. This is based on actual information received on placements, which has seen an increase over the last few months together with predictions from the service of future placements and transitions from children's social care. It has been assumed that £107k of management action will be found to partially offset the overspend. If this management action cannot be achieved the overspend would rise further. Whilst the numbers of placements has risen there has been a reduction and/or delay in the number of predicted clients coming in for the remainder of the year.
- 3.11 There is an invest to save LD team that are looking at efficiencies and savings reviewing all packages and it is expected that the majority of the management action will come from this group. Savings have been achieved of £501k in year so far with a full year effect of £836k.
- 3.12 The service is also managing the transition of both Children and Adults by identifying and managing clients earlier and in turn managing their expectations.

### Mental Health - £105k overspend (net of £23k management action)

- 3.13 Projected spend on mental health placements is continuing to overspend this reporting cycle. Some areas of the forecast such as flexible support (due to data cleansing), attrition and planned management actions have reduced the overspend, this has been more than offset by new clients and increased packages of care. There appears to be a trend towards high cost placements and longer time spent in the service. The department are investigating this with Oxleas.
- 3.14 It has been assumed that £23k of management action will be found to partially offset the overspend. If this management action cannot be achieved the overspend would rise further
- 3.15 The service has employed two care coordinators until the end of the financial year who will be looking at care packages across mental health. It is estimated that savings could be achieved in the future by obtaining health funding to offset some of the costs. The outcome of this exercise will be factored into the monitoring in due course.

### Better Care Fund – Protection of social care - £808k underspend

- 3.16 Elements of the better care fund are allocated to the protection of social care. This funding can be used flexibly. There have been underspends in some areas of the budget that are allocated BCF funding. As a result of this, the surplus funding has been reallocated to areas within adult social care. This has resulted in a one off reduction in expenditure of £808k for Adult Social Care as the grant now covers the spend.

### One off contribution from the Better Care Fund – £495k Cr

- 3.17 The Local Authority and the Bromley Clinical Commissioning Group (CCG) agreed in September 2016 (Report No. CS17033) to commission a range of primary and secondary intervention services (PSIS). The services are designed to reduce the requirement for unplanned care, prevent or delay the requirement for long term care packages and to support residents to remain as independent as possible in their communities.
- 3.18 In July 2017, these services were awarded to the Bromley Third Sector Enterprise (BTSE), with a start date of 1st October 2017. This was a slight delay from the original anticipated start date of 1st April 2017. Additional funding above and beyond the current service provision was agreed to be funded from BCF. As such this full year allocation from the BCF budget for the PSIS will not all be utilised, leaving a potential underspend of £825,500.

- 3.19 As the services have been delayed, it was recommended to the Executive that this underspend could be utilised against cost pressures that both the Local Authority and the CCG have sustained as a result of the reduced preventative services.
- 3.20 On the 13<sup>th</sup> September the Executive agreed that the Local Authority and the CCG split this underspend in accordance with the financial makeup of the PSIS services (60% Local Authority and 40% CCG). Therefore the LA element was £495k.
- 3.21 This funding is one off and helps to support the overspend position in Adult Social Care in 2017/18 only.

#### IBCF contribution for Integrated Care Networks (ICN's) - £440k Cr

- 3.22 On the 10<sup>th</sup> October the Executive agreed to draw down funding from IBCF to support the costs arising from ICN's
- 3.23 Officers were concerned that because there was no formal social care presence within the ICN, the Council was incurring additional cost pressures without being able to influence the process. The Executive recommended that the Council sign the Alliance Agreement.
- 3.24 £515k was agreed to be set aside from IBCF for 2017/18 to support this. Of this £440k will be used to offset pressures in Adult Social Care on care packages due to not being in the ICN and the remaining £75k will be used to fund some additional staffing requirements.
- 3.25 Executive agreed that this funding could be taken from IBCF for three years in total. The maximum full year effect drawdown of this funding would be £779k.

#### Housing

- 3.26 Pressures in Temporary Accommodation (TA) (Bed and Breakfast) in 2017/18 are forecast to be £101k overspent. This has reduced considerably due to the recent drawdown of funds from the contingency which was agreed by the Executive in January 2018.
- 3.27 There have been increases in numbers of homelessness cases in the financial year, at the rate of around 15 to 17 per month and this is expected to be similar for the remainder of the financial year. This is assumed within the financial projections. Officers are currently modelling different scenarios to quantify the effect of possible initiatives to limit the growth. It is hoped that the temporary accommodation initiative with Mears will help in limiting the growth in future.
- 3.28 Government have recently announced the funding available for the implementation of the Homelessness Reduction Act which will commence from the 1<sup>st</sup> April 2018. Preparation is being made for this and the costs are included in the 2018/19 budget.
- 3.29 There continues to be pressures on one of the travellers' sites due to the high use of utilities. Moreover there is an additional pressure due to a loss of income concerning rent arrears of particular residents. This is being looked at by the department with the intention of resolving these issues as soon as possible.
- 3.30 Although there is a full year effect of this overspend, this again will be dealt with through the drawdown of contingency in due course.

#### Public Health

- 3.31 The current variance in Public Health is a net zero. Although there is an in year underspend of £121k, any resulting under or overspend will be carried forward and offset against future grant allocations as per the regulations.

- 3.32 This area has recently seen a reduction in grant funding and has significant savings targets for 2017/18 which are being managed successfully resulting in no ongoing pressures being reported.

### **Improved Better Care Fund**

- 3.33 In October 2017 the Executive agreed the Improved Better Care Fund Plan. The funding totals £9,224k over three financial years. The Improved Better Care Fund is a time limited grant to local authorities for spending on adult social care that was announced in the Spring Budget in March 2017 and represents an increase on the amount of additional IBCF previously announced in 2016.
- 3.34 The grant may be used only for the purposes of meeting adult social care needs, reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready and ensuring that the local social care provider market is supported.
- 3.35 The purpose of the grant is stabilise and to reduce pressures on the current health and social care market, as well as provide opportunities for 'invest to save' projects across adult social care in the short to medium term.
- 3.36 IBCF is in the early stages at present and not all the funding has been utilised. Further reports will come to PDS and Executive to formalise further expenditure requests of unallocated funding.

## **4. FULL YEAR EFFECT GOING INTO 2018/19**

- 4.1 Although the in year position has improved, this has in the main been due to one off funding streams being made available. The full year cost pressures identified amount to £3,202k, a small increase on the amount reported previously of £3,153k. Although the majority of this has been dealt with on the 2018/19 budget through growth, management action will continue to need to be taken to ensure that this does not impact on future years. Further details are contained within Appendix 1.

### **Adult Social Care**

- 4.2 As part of the 2018/19 Budget the Deputy Chief Executive will explore opportunities for delivering further efficiency savings, including commissioning opportunities as well as further management action required, the use of the Improved Better Care Fund (which requires joint agreement with our health partners) and seeking utilisation of recurring monies set aside in the Council's Central Contingency.

### **Housing**

- 4.3 The Council's financial forecast already includes provision for increased cost pressures arising from homelessness and the full year effect identified in the report has already been reflected in the Council's financial forecast, reported to Executive in January 2018 and incorporated in the 2018/19 Budget.

## **5. RELEASE OF CARRY FORWARD AMOUNTS HELD IN CONTINGENCY BY THE PORTFOLIO HOLDER**

### **Deprivation of Liberty (DOLS) - £118,000**

- 5.1 As per the reports taken to Committee, DOLS have seen large increases in the numbers of assessments having to be conducted. This is a legal requirement and has to be provided.

- 5.2 The Law Commission reported to Parliament gave a number of options as to how the work can be carried forward and absorbed by LA's which is hoped will reduce the need for specific BIA assessment. The decision is likely to be made some time in 2020.
- 5.3 In the meantime Bromley is training social workers to become BIA assessors and this should be completed by 2019.
- 5.4 Therefore the £118k is requested to cover these existing costs
- 5.5 It is requested that the Portfolio Holder agree to the contingency funding release and refer to the Executive for their approval.

## 6. POLICY IMPLICATIONS

- 6.1 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.
- 6.2 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.
- 6.3 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 2017/18 to minimise the risk of compounding financial pressures in future years.
- 6.4 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.

## 7. FINANCIAL IMPLICATIONS

- 7.1 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.
- 7.2 Overall the current underspend position stands at £104k (£3,202k overspend full year effect). The full year effect will be addressed in 2017/18 and 2018/19 in due course.

## 8. IN YEAR SAVINGS

- 8.1 As part of the budget process three main areas of savings were agreed by Members in the Care Services Portfolio. These were:-

	<b>£'000</b>
Efficiency target which was a full year effect savings from 2016/17 in 2017/18	500
Full year efficiency target in Learning Disability from 2016/17 in 2017/18	510
New efficiency target in 2017/18 (as part of an overall £1m target across ECHS)	500
	<b>1,510</b>

- 8.2 This was split £775k attributable to LD and 735k to Assessment and Care Management. The savings form part of the overall financial position and are included in the projections.
- 8.3 It can be seen from the report that the in year position has, in the main, been delivered in year as the underspend position stands at £104k underspent.

- 8.4 However as described in paragraph 4 this is due to one off funding streams being made available. The ongoing position has been addressed by growth in 2018/19.
- 8.5 It should be noted that that as part of the budget process £1,450k was agreed by Members to be added to the Adult Social Care Budget as full year effect of 2016/17 expenditure in the 2017/18 budget as growth.

## 9. EXECUTIVE DIRECTOR COMMENTS

- 9.1 There continues to be pressures in Adult Social Care mainly due to placements, domiciliary care and direct payments. Management action is addressing savings targets although these are a challenge in most areas where demand for services is increasing. We continue to scrutinise and review all applications for care and support, and have plans in place to review all care packages to ensure our vulnerable residents are appropriately cared for with the best use of resources.
- 9.2 We continue to see much more complexity in users' needs as they come through to us later in their journeys. We have much more work to do in reviewing high cost placements, ceiling rates and assessments whilst working to manage parental expectations within Learning Disabilities. The department will be working to look at other efficiency plans that may require policy change, and have in place member agreement to use the IBCF to develop workforce and provider market initiatives for us to better understand the needs of our population and the impact on care and support.
- 9.3 Housing continues to experience acute pressures in relation to homelessness and temporary accommodation provision. Close monitoring continues in relation to the range of schemes in place designed to slow down the rate of temporary accommodation placements. This includes the Mears property purchase schemes, early intervention team and recent approval to progress with a modular home site (subject to successful planning permission). This has successfully slowed the increase in placements during the current financial year. Additional pressures are anticipated as the new duties arising from the homelessness Reduction Act come into force in April. The impact will continue to be monitored closely
- 9.4 On one of the travellers sites a full options appraisal is currently underway to consider how the site can be improved to reduce ongoing annual maintenance costs and move to individualised billing for pitch. The report is expected by April. Once received, the recommendations will be reported to Members for consideration and approval.

### Analysis of Risks

- 9.5 The risks in the Care Portfolio are:-

- 1) Impact of the national living wage across Care Services and the impact on contracts
- 2) Increased complexity of client coming through the system
- 3) Increasing number of clients coming through the system
- 4) Increased homelessness and the costs associated with that
- 5) Introduction of the Homeless Reduction Act
- 6) Increased rent arrears arising from roll out of Universal Credit in 2018/19

<b>Non-Applicable Sections:</b>	Legal, Personnel and Customer Implications
Background Documents: (Access via Contact Officer)	2017/18 Budget Monitoring files in ECHS Finance Section