

Decision Maker: **ADULT CARE AND HEALTH POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**

Date: 7th March 2019

Decision Type: Non-Urgent Executive Non-Key

Title: **BUDGET MONITORING 2018/19**

Contact Officer: James Mullender, Head of Finance, Adult Social Care, Health & Housing
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Chief Officer: Executive Director of Education, Care and Health Services

Ward: All Wards

1. Reason for report

1.1 This report provides the budget monitoring position for 2018/19 based on activity up to the end of December 2018.

2. **RECOMMENDATION(S)**

2.1 **The Adult Care and Health PDS committee are invited to:**

- (i) **Note that there is a projected underspend of £13k forecast on the controllable budget, based on information as at December 2018;**
- (ii) **Note the full year effect cost pressures of £2,064k in 2019/20 as set out in section 3.5;**
- (iii) **Note the request for funding from Central Contingency as detailed in section 3.6 of this report;**
- (iv) **Note the comments of the Department in section 6 of this report; and**
- (v) **Refer the report to the Portfolio Holder for approval.**

2.2 **The Portfolio Holder is requested to:**

- (i) **Note that there is a projected underspend of £13k forecast on the controllable budget, based on information as at December 2018;**
- (ii) **Agree to the request for funding from Central Contingency as set out in section 3.6 and refer to the Executive for approval.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: None directly arising from this report
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Corporate Policy

1. Policy Status: Existing Policy: Sound financial management
 2. BBB Priority: Health and Integration, Excellent Council
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Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: AC&H Portfolio Budgets
 4. Total current budget for this head: £69.3m
 5. Source of funding: AC&H approved budget
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Personnel

1. Number of staff (current and additional): 383 Full time equivalent
 2. If from existing staff resources, number of staff hours: Not Applicable
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Legal

1. Legal Requirement: Statutory Requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Accounts and Audit Regulations 1996; the Local Government Act 2000 and the Local Government Act 2002
 2. Call-in: Applicable
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Procurement

1. Summary of Procurement Implications: Not Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2018/19 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 2018/19 projected outturn for the Adult Care and Health 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 a projected underspend of £13k on the controllable budget. This position assumes that further management action will be taken for the remainder of 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 Adult Social Care

3.3.1 Overall the position for Adult Social Care is a projected £7k overspend. The main reasons for this are:

Assessment and Care Management - £996k overspent (net of £62k management action)

3.3.2 Assessment and Care Management is currently estimated to overspend by £996k. This is mainly due to Placements/Domiciliary Care/Direct Payments for 18-64 where client numbers are currently above the budgeted figure, and the costs of the Discharge to Assess (D2A) scheme, partly offset by underspends on Day Care.

3.3.3 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 25 above budgeted figures, however the impact of this is mainly offset by Court of Protection income, resulting in an overall £31k overspend in this area.

3.3.4 Domiciliary Care and Direct Payments for the 65+ are projected to be underspent by £72k. This relates to increased client contributions and the recovery of unused Direct payments, partially offset by savings in reablement that was planned in 2018/19 that have not been achieved.

3.3.5 In services for the 18-64 there is also pressure on placements where there is a net 8 increase across all PSR categories. The overspend stands at £325k.

3.3.6 For the 18-64's Domiciliary care and direct payments are also projected to overspend by £155k. This is due to increased demand and a payment of a backdated direct payment, however the overall overspend has reduced since the September monitoring position as a result of the recovery of unused Direct Payments.

3.3.7 The overall overspend assumes that management action of £62k takes place in the remainder of the year. This is a result of full year management action from 2017/18 that had not been achieved by year end and will need to be addressed in order to balance the budget. Management are currently looking at ways that this can be achieved, and it is assumed for budget purposes that this will be completed by the year end. If this is not successful then the overspend will rise. This has reduced since the last monitoring to reflect the remaining amount of the financial year that these savings can be realised.

3.3.8 The increase in the in year overspend has had an impact of increasing the full year effect which is detailed in section 3.5.

Learning Disabilities - £578k overspent (net of £19k management action)

- 3.3.9 The overspend in Learning Disabilities is currently projected to be £578k. 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 services. It has been assumed that £19k of management action will be found to partially offset the overspend. If this management action cannot be achieved the overspend would rise further.
- 3.3.10 There was an invest to save LD team that were looking at efficiencies and savings reviewing all packages and it is expected that the majority of the management action will come from this area. This group has ceased from the end of September 2018.
- 3.3.11 The service is also managing the transition of both Children and Adults by identifying and managing clients earlier and in turn managing their expectations.
- 3.3.12 The increase in the in year overspend has had an impact of increasing the full year effect which is detailed in section 3.5.

Mental Health - £142k overspent

- 3.3.13 Projected spend on mental health placements are 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.
- 3.3.14 The increase in the in year overspend has had an impact of increasing the full year effect which is detailed in section 3.5.

Better Care Fund (BCF) – Protection of social care - £519k underspend

- 3.3.15 Elements of the BCF 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 £519k for Adult Social Care as the grant now covers the spend.

3.4 Public Health

- 3.4.1 The current variance in Public Health is a net zero. Although there is an in year underspend of £665k, mainly due to contract savings on the sexual health contract, this can fluctuate according to demand. Any underspend that does occur can be carried forward to the following financial year as per the regulations.
- 3.4.2 This area has recently seen a reduction in grant funding and has significant savings targets for 2018/19 which are being managed.

3.5 FULL YEAR EFFECT GOING INTO 2019/20

- 3.5.1 The cost pressures identified in section 3 above will impact in 2019/20 by £2,064k. This has risen by £149k since the last reported position as at September 2018. Management action will continue to need to be taken to ensure that this does not impact further on future years. Further details are contained within Appendix 1c.

3.6 AGREEMENT TO REQUEST THE RELEASE OF FUNDING HELD IN CONTINGENCY BY THE PORTFOLIO HOLDER

Adult Social Care Support Grant - Cr £744k

3.6.1 Alongside the 2018/19 Local Government Finance Settlement, the Ministry of Housing, Communities and Local Government announced the Adult Social Care Support Grant for local authorities. Bromley's allocation is £744k, which helps partly mitigate the impact of the fall out of the 2017/18 Adult Social Care Grant (£1,196k) that had already been included in the 2018/19 budget.

Winter Pressures Grant - Dr £1,190k & Cr £1,190k

3.6.2 In November 2018, the Department of Health and Social Care announced the Winter Pressures Grant to support Adult Social Care services, with Bromley allocated £1,190k for 2018/19.

3.6.3 As a result of this additional funding, the £500k of IBCF funding that was previously drawn down to offset in year costs within the service will be returned to Central Contingency and carried forward to 2019/20.

3.6.4 It is requested that the Portfolio Holder agree to the request to release the funding and refer to the Executive for approval.

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 2018/19 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 1a with explanatory notes in appendix 1b. Appendix 1c shows the latest full year effects. Appendix 1d provides an 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 current underspend position stands at £13k (£2,064k overspend full year effect). The majority of the full year effect has been included as growth in the draft 2019/20 budget, as detailed in the Draft Budget report to the Committee on 24th January 2019.

6. EXECUTIVE DIRECTOR COMMENTS

6.1 The Adult, Care and Health Services Portfolio has a projected underspend of £13k for the year. This is a demand led service that has scrutiny of spend and quality built into the process such as PRG and other case discussion forums for each service area.

- 6.2 The main areas of pressure are in Assessment and Care Management, Learning Disabilities and Mental Health, and relate to the growing number of service users supported, which is above the numbers and baseline of the budget that was agreed in this financial year. As a demand led service, we are statutorily bound to provide support and care to residents based on their assessed needs. In addition, we are providing more support to carers to ensure they adequately support their loved ones to reduce escalation to statutory care services.
- 6.3 The pressure reflects the growing number of young people with statutory statements of need who are being transferred from children's services. We are also seeing a number of providers managing challenging behaviour of older people with dementia and requesting additional staffing to care for them in a safe and humane way. These cases are automatically referred to the CCG for joint funding decisions which will continue as stated above.
- 6.4 The overspend in Assessment and Care Management also include the unrealised savings of £150k that was predicated on the transfer of re-ablement to BHC.
- 6.5 Bromley health and social care had a very busy summer with higher than ever recorded attendances at the PRUH, in turn we have seen a spike in both residential and nursing care placements (25 above budget) having to be made.
- 6.6 There remain pressures within the domiciliary care area, as we see increasing numbers of people supported to live at home compounded with an increasing reliance on assessments and care management packages to support older people to live independently. Underspends in other areas within the department and the utilization of the Better Care Fund with our health colleagues helped in mitigating these pressures overall. We are seeing high demand from very complex cases where frailty and conditions relating to disability and ageing are compounded by the need for double handed care, sometimes 1 to 1 care provision to stabilise challenging behaviour.
- 6.7 The main risks in the Adult Care and Health Portfolio are:-
- i) Impact of the national living wage across Care Services and the impact on contracts
 - ii) Increased complexity of clients coming through the system
 - iii) Increasing number of clients coming through the system

Non-Applicable Sections:	Legal, Personnel and Customer Implications
Background Documents: (Access via Contact Officer)	2018/19 Budget Monitoring files in ECHS Finance Section