

**Decision Maker:** PORTFOLIO HOLDER FOR ADULT CARE AND HEALTH

**Date:** For Pre-Decision Scrutiny by the Adult Care and Health Policy Development and Scrutiny Committee on Tuesday 25<sup>th</sup> June 2019

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

**Title:** BUDGET MONITORING 2018/19

**Contact Officer:** James Mullender, Head of Finance, Adults, Health & Housing  
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**Chief Officer:** Director of Adult Social Care

**Ward:** All Wards

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1. Reason for report

- 1.1 This report provides the budget monitoring position for 2019/20 for the Adult Care and Health Portfolio based on activity up to the end of May 2019.
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2. RECOMMENDATION(S)

2.1 The Adult Care and Health PDS Committee is invited to:

- i) Note the projected overspend of £666k on controllable expenditure, based on information as at May 2019;
- ii) Note the full year effect cost pressures of £2,451k in 2020/21 as set out in section 3.5;
- iii) Note the comments of the Director of Adult Social Care in section 3.9; and
- iv) Refer the report to the Portfolio Holder for approval.

2.2 The Adult Care and Health Portfolio Holder is requested to:

- i) Note the projected overspend of £666k on controllable expenditure, based on information as at May 2019; and
- ii) Agree the release of amounts carried forward from 2018/19 as set out in section 3.6.

### 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: Excellent Council Supporting Independence Healthy Bromley
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### Financial

1. Cost of proposal:
  2. Ongoing costs: Not Applicable
  3. Budget head/performance centre: AC&H Portfolio Budgets
  4. Total current budget for this head: £72.3m
  5. Source of funding: AC&H approved budget
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### Personnel

1. Number of staff (current and additional): 349 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 2019/20 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 2019/20 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 overspend of £666k on the controllable budget, and 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 £686k overspend. The main reasons for this are:

Assessment and Care Management - £590k overspend (net of £850k Better Care Fund allocation for Discharge to Assess)

**3.3.2** Assessment and Care Management is currently estimated to overspend by £590k. This is mainly due to Placements and Domiciliary Care/Direct Payments for 65+ where client numbers are currently above the budgeted figure, and budgeted savings from Reablement and the Discharge to Assess (D2A) scheme not being achieved. The overspend is partly offset by projected underspends on the costs of the D2A scheme and Day Care.

**3.3.3** As set out in the D2A report elsewhere on the agenda, it is recommended that the service be continued for a further year and funded by the Better Care Fund. The continued service will be revised based on lessons learnt from the pilot, particularly around the time taken to undertake the long term assessments.

Learning Disabilities - £460k overspend

**3.3.4** The overspend in Learning Disabilities is currently projected to be £460k. This is based on actual information received on placements, which has seen an increase over the last few months of new and increased packages of care above that assumed in the growth forecast.

Mental Health - £424k overspend

**3.3.5** Projected spend on mental health placements is an overspend of £424k, mainly as a result of new clients and increased packages of care, and less clients moving on to either a reduced package, or to independent living.

Better Care Fund (BCF) – Protection of social care - £470k underspend

**3.3.6** 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 £470k for Adult Social Care as the grant now covers the spend.

#### **3.4 Public Health**

**3.4.1** The current variation in Public Health is a net nil. There is an in year overspend of £540k, mainly due to savings not yet being identified to offset the reduction in grant for 2019/20. If this is unable to be addressed during the year, the overspend at year-end can be funded from Public Health grant underspends carried forward from previous years, which currently total £1,779k, as set out in paragraph 3.6.3.

### **3.5 FULL YEAR EFFECT GOING INTO 2020/21**

- 3.5.1 The cost pressures identified in section 3 above are projected to impact in 2020/21 by £2,451k. Further growth of £2,431k for Adult Social Care has been assumed in the financial forecast (net of mitigation, and excluding the fall-out of Improved Better Care Fund (IBCF) funding); however, given the Council's "budget gap", which is projected to increase to around £32m by 2022/23, these growth items are currently unfunded.

### **3.6 AGREEMENT TO RELEASE OF AMOUNTS CARRIED FORWARD FROM 2018/19 BY THE PORTFOLIO HOLDER**

#### Better Care Fund – Dr £58k & Cr £58k

- 3.6.1 2018/19 was the fourth full year of operation for the Better Care Fund (BCF). Some BCF allocations, including those for reablement and resilience, were not fully spent by 31<sup>st</sup> March 2019 and underspends are required to be carried forward for spending on BCF activities in 2019/20. This funding will be allocated to agreed projects together with new BCF funding for 2019/20.

#### Improved Better Care Fund (IBCF) - Dr £3,967k & Cr £3,967k

- 3.6.2 Underspends in IBCF funding totalling £3,172k were carried forward to 2018/19, partly because allocations were agreed relatively late in the financial year. In addition, £795k of the £5,376k allocation for 2018/19 was not spent, resulting in a total of £3,967k carried forward. Underspends can be carried forward to support expenditure in future years and spending commitments are in place.

#### Public Health Grant - Dr £1,779k & Cr £1,779k

- 3.6.3 Public Health Grant underspent by £141k in 2014/15, £152k in 2015/16, £330k in 2016/17, and £395k in 2017/18. This total balance of £1,018k was carried forward to 2018/19 to fund public health initiatives in accordance with the terms of the grant. However it was not required in 2018/19 as there was a further underspend of £761k. This cumulative balance was carried forward to fund public health initiatives that may be required in 2019/20.

- 3.6.4 It is requested that the Portfolio Holder agree to release the three items of funding above.

### **3.7 SUMMARY OF CARE PACKAGES**

- 3.7.1 As requested at the last meeting of the Adult Care & Health PDS Committee, a summary of the projections for care packages in Adult Social Care is provided in Appendix 3.

### **3.8 MODELLING OF FUTURE ADULT SOCIAL CARE COSTS**

- 3.8.1 At its meeting on 21<sup>st</sup> November 2018, in considering the budget monitoring report, the Adult Care & Health PDS Committee requested that work be undertaken to identify whether a more effective modelling tool was available to project the future costs relating to the provision of adult social care.

- 3.8.2 In terms of budget monitoring projections, in particular relating to the transition of child to adult social care, it is believed that projections based on detailed information on individual clients is the most effective way of projecting costs over the short to medium term. There is a degree of uncertainty around certain aspects of the information from children's services, such as start dates e.g. if a new placement needs to be found once they have left school/college, or the exact level of support that will be continue to be provided, so the budget monitoring projections include a "probability factor", which is based on experience in recent years between the

projections for new starts and actual care packages agreed. For less volatile budgets such as older person's domiciliary care, projections are made at a client level, but new starts are assumed at average levels of support, hourly rate, client contributions etc.

- 3.8.3 For longer term projections i.e. for the four year financial forecast, it may be more appropriate to use more general modelling techniques to estimate future growth in demand/changes in net costs and the impact of other trends. The Association of Directors of Adult Social Services (ADASS) are currently completing work on a model of care costs, and although elements are due to be rolled out later this year, it won't be fully live until next financial year. There doesn't appear to be any other specific tools for modelling future adult social care costs at present.
- 3.8.4 Until the ADASS model is available, where relevant, long-term projections will reflect local demographic projections from the Joint Strategic Needs Assessment, as well as wider projections/trend analysis/research e.g. from the Office of National Statistics, Chartered Institute of Public Finance and Accountancy, ADASS, and the Personal Social Services Research Unit at the London School of Economics. Where available and relevant, this will be combined with detailed client level information to produce growth estimates for future years.

### **3.9 COMMENTS FROM THE DIRECTOR OF ADULT SOCIAL CARE**

- 3.9.1 As has been highlighted, the budget for Adult Social Care is currently projected to overspend, in large part due to savings identified not being currently delivered. Robust monitoring of all spend is in place and I am developing, with the senior team, a series of deliverable management actions for this financial year. Action has already been put in place to reduce the ongoing pressure coming from the Discharge to Assess service, which is a major pressure point for the service.
- 3.9.2 Work has begun to reduce reliance on short term and agency staff to enable the service to improve delivery and provide consistent and good practice with an established staff group. This will be backed by regular financial and performance scrutiny where managers will be held to account on a monthly basis.

## **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 2019/20 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 2 shows the latest full year effects. Appendix 3 provides a summary of Adult Social Care care packages. 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 overspend position stands at £666k (£2,451k overspend full year effect). The majority of the full year effect has been included as growth in the financial forecast; however due to the Council’s “budget-gap”, this is currently unfunded.
- 5.3 Costs attributable to individual services have been classified as “controllable” and “non-controllable” in Appendix 1. Budget holders have full responsibility for those budgets classified as “controllable” as any variations relate to those factors over which the budget holder has, in general, direct control. “Non-controllable” budgets are those which are managed outside of individual budget holder’s service and, as such, cannot be directly influenced by the budget holder in the shorter term. These include, for example, building maintenance costs and property rents which are managed by the Property Division but are allocated within individual departmental/portfolio budgets to reflect the full cost of the service. As such, any variations arising are shown as “non-controllable” within services but “controllable” within the Resources Portfolio. Other examples include cross departmental recharges and capital financing costs. This approach, which is reflected in financial monitoring reports to budget holders, should ensure clearer accountability by identifying variations within the service that controls financial performance. Members should specifically refer to the “controllable” budget variations relating to portfolios in considering financial performance.

<b>Non-Applicable Sections:</b>	Legal, Personnel and Procurement Implications
Background Documents: (Access via Contact Officer)	2019/20 Budget Monitoring files in ECHS Finance Section