

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 19th November 2019

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2019/20

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

Ward: All Wards

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 September 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 £603k on controllable expenditure, based on information as at September 2019;
- ii) Note the full year effect cost pressures of £3,457k 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 £603k on controllable expenditure, based on information as at September 2019; and
- ii) Recommend that Executive approve the allocation of £700k from the Better Care Fund to offset pressures in Adult Social Care as set out in paragraph 3.3.7.

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: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: AC&H Portfolio Budgets
 4. Total current budget for this head: £72.1m
 5. Source of funding: AC&H approved budget
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Personnel

1. Number of staff (current and additional): 374 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 £603k 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 £1,529k overspend. The main reasons for this are:

Assessment and Care Management - £1,341k overspend (net of £850k Better Care Fund allocation for Discharge to Assess)

3.3.2 Assessment and Care Management is currently projected to overspend by £1,341k. This is mainly due to Placements and Domiciliary Care/Direct Payments for adults aged 65 and over, where client numbers are currently above the budgeted figure, and placements for adults aged 18-64. In addition, the budgeted savings from Reablement and the Discharge to Assess (D2A) scheme are not being achieved. The overspend is partly offset by projected underspends on the costs of the D2A scheme, Day Care, Community DoLS, Extra Care Housing and staffing costs.

3.3.3 As agreed by the Executive in July 2019, the net overspend of £850k on D2A is being 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 - £612k overspend (net of £150k management action)

3.3.4 The overspend in Learning Disabilities is currently projected to be £612k. This is based on actual information received on placements, which has seen further increases over the last few months of new and increased packages of care above that assumed in the growth forecast. This is partly offset by assumed part-year management action savings of £150k from a review of high cost placements.

Mental Health - £480k overspend

3.3.5 Projected spend on mental health placements is an overspend of £480k, 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 - £595k 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 £595k for Adult Social Care as the grant now covers the spend.

Better Care Fund (BCF) – Additional Pressures - £700k underspend

3.3.7 Subject to Executive approval, £700k of BCF underspend carried forward from previous years has been allocated to offset additional cost pressures within Adult Social Care. The use of this funding has been agreed with the CCG.

3.4 Programmes

3.4.1 An underspend of £122k is currently projected as a result of part-year vacancies within the Programmes Team.

3.5 Strategy, Performance & Engagement

3.5.1 Part-year vacancies and central running costs for the department are projected to result in a total underspend of £104k in Strategy, Performance & Engagement.

3.6 Public Health

3.6.1 The current variation in Public Health is a net nil. There is an in year overspend of £347k, 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.

3.7 FULL YEAR EFFECT GOING INTO 2020/21

3.7.1 The cost pressures identified in section 3 above are projected to impact in 2020/21 by £3,457k. 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.

3.8 THREE YEAR BUDGET MONITORING TRENDS

3.8.1 As requested at the last meeting of the Adult Care & Health PDS Committee, the table below provides a summary of the budget monitoring positions over the last three years.

	Revised budget £'000	Projected Outturn £'000	Projected Variation £'000	Variation excluding grants etc £'000	Notes
May 2016	61,186	62,793	1,607	1,607	
September 2016	58,695	60,472	1,777	1,777	
December 2016	61,803	62,814	1,011	1,011	
March 2017	61,812	62,541	729	729	
May 2017	69,434	70,424	990	990	
September 2017	69,696	69,757	61	996	£935k IBCF allocation
December 2017	71,323	71,226	-97	838	£935k IBCF allocation
March 2018	71,267	71,497	230	1,165	£935k IBCF allocation
May 2018	67,346	67,654	308	308	
September 2018	68,386	68,719	333	833	£500k IBCF allocation
December 2018	66,849	66,836	-13	1,177	£1,190k Winter Pressures allocation
March 2019	67,062	67,014	-48	1,142	£1,190k Winter Pressures allocation
May 2019	68,879	69,545	666	666	
September 2019	68,623	69,926	603	1,303	£700k BCF allocation

3.9 COMMENTS FROM THE DIRECTOR OF ADULT SOCIAL CARE

- 3.9.1 Pressure has continued to build, particularly in those services where we are jointly working with health to reduce the number of people delayed in hospital beds. The acute hospital locally has regularly been under extreme pressure requiring discharges to be actioned very quickly. Whilst the overall number of older people receiving support has not increased substantially, the complexity of need has increased, meaning that we are more regularly having to pay an increased fee for care. It should also be noted that a large percentage of this pressure relates to unachieved savings planned in the last budget setting process.
- 3.9.2 Plans are in place with health to ensure that we can respond appropriately to the increased pressure that we can expect during the winter months. Conversations are taking place with the CCG to agree the further use of the underspend in the BCF to offset these pressures, although it is acknowledged that this is on a one-off basis.
- 3.9.3 Robust plans are now in place to bring spend back under control, these are monitored on a fortnightly basis through both the Leadership Team and the Transformation Board. Senior managers are taking this issue very seriously and have developed robust plans that are shared with all managers within the system. Further actions have yet to be developed in detail to manage demand into future years.
- 3.9.4 Work has continued to reduce the reliance on agency staff with an improvement in the percentage of front line staff who are in permanent roles at the front line to 72%. Appointments have been made to the majority of Head of Service posts, with the remaining Head of Service post, for Mental Health, to be appointed to jointly with Oxleas. It is anticipated that this post will be recruited to before Christmas.

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 £603k (£3,457k overspend full year effect), subject to Executive approval of the additional £700k allocation from the Better Care Fund. 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.

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