

JOINT COMMISSIONING BOARD

Agenda Item 13

Brighton and Hove City NHS
Teaching Primary Care Trust
Brighton & Hove City Council

Subject: Learning Disabilities Financial Recovery Plan
2008/09

Date of Meeting: 28 July 2008

Report of: Director of Adult Social Care & Housing

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Key Decision: No

Wards Affected: All

1. SUMMARY AND POLICY CONTEXT

- 1.1 The purpose of this report is to provide an update on Financial Recovery Plan progress for the Learning Disability Service 2008/9. This report is a follow-up to the report of 9 July 2007 submitted to this Board.

2. RECOMMENDATION

- 2.1 The Board is asked to note progress on the Financial Recovery Plan.

3. BACKGROUND

- 3.1 Board members will be aware that the Learning Disability Service of Brighton & Hove City Council has experienced significant demand pressures in the last several years. The service continues to experience such pressures with additional costs and budget overspends projected for the current year and in future years. The Service has responded by identifying measures in the Financial Recovery Plan (FRP) likely to reduce expenditure. This process has achieved a significant improvement in the budgetary position.

3.2 The Financial Recovery process began in October 2006, achieving savings of £186,000 for the year 2006/07.

3.3 Last year (2007/8) a saving of £1.4 million was achieved, representing a significantly improved financial performance. Overall, the service was £28,000 overspent for the financial year against a savings target of £2.2 million.

Management actions to achieve recovery included:

- **Efficiency savings** - Addressed by reducing base budget at the beginning of the year and expecting services to operate within budget
- **Income Maximisation** - Raising rents in council owned LD properties to reflect the true housing management costs of providing the service. Also claiming Independent Living Fund (ILF) as a contribution to service user care costs where eligibility criteria were met.
- **Reallocation of costs** - Continuing Care funding applications made to the PCT. Such applications reflected service user's primary health needs and/or challenging behaviour needs. This action delivered the biggest savings last year.
- **Management of Growth** - Increased scrutiny of Community Care funding applications and therefore better budget management.
- **Re-commissioning** - Moving service users placed out-of-area back into new schemes in the city.

3.4 The PCT provided additional non-recurrent funding of £0.734 million in 2007/08 to ensure that the service finished with a close to break-even position. This was primarily to cover the shortfall on the FRP for 07/08.

It should be noted that some targets on the FRP for 07/08 materialised late in the financial year (for example Continuing Care) so the Full Year Effect for 2008/09 of the shortfall is reduced from the £0.734 million to the £0.497 million.

*The figure for 2006/07 was £450k

- 3.5 Performance for 2007/08 compares favourably with previous Financial Recovery Plans, which failed to realise savings:

<u>Financial Year</u>	<u>Overspend*</u>	<u>FRP Achieved</u>
2003-2004	£1,590,577	£0
2004-2005	£1,253,765	£0
2005-2006	£165,692**	£0
2006-2007	£1,140,708	£186,400

*Overspend figures derived from TBMs

**Additional funding allocated by Health Authority for 2005-06

- 3.6 A robust management process was put in place, including fortnightly budget meetings to provide close examination of expenditure in detail. Targets were subject to constant review and/or amendment and contingency plans prepared. This ensured that individually identified savings were adequately documented, agreed with financial services and had SMART targets ascribed.
- 3.7 Savings achieved to date have been identified on the basis of their deliverability within timescales imposed. Ambitious savings targets for 2007/08 and 2008/09 have determined a concentration on savings streams most likely to yield quick results – income maximisation, growth management and reallocation of costs. These achievements do not, therefore, address the underlying cost base of the service. However, a three-year FRP will address such long-term issues and reflect the aims of the Learning Disability Commissioning Strategy.

FINANCIAL RECOVERY PLAN 2008/09

- 3.8 The Council as Lead Commissioner for Learning Disabilities has a pooled budget with Brighton & Hove City Primary Care Trust. The total gross funding available for 2008/09 is £28.8 million and any overspend against the pooled budget is the responsibility of the Council. The funding is broken down as follows: -

Partner	Total Funding 2008/09
Brighton & Hove City Council	£21.7m
South Downs Health Trust	£ 6.4m
Sussex Partnership Trust	£ 0.9m
Total All Partners	£29.0m

Council spend is apportioned as follows:

Provision	Service	Budget
		£000
Other	NHS Community Care	18,231
Own	Day Services	2,585
Own	Accommodation	3,034
Own	Other Services	-2,348
Learning Disabilities total		21,707

3.9 A figure of £2.92 million pressures has been identified for 2008/09. This figure is based upon information as at TBM10 (2007/08) and comprises:

- Budgetary pressures arising from transitions: £1,020k
- Growth estimated on previous year trends: £762k
- Shortfall from 2007/08: £497k
- Efficiency savings: £641k

These pressures have been partially offset by agreed Council funding of £1 million.

3.10 The resulting savings target of £1.9 million for 2008/09 represents a very challenging goal for the service. Continued growth demands, emerging pressures on in-house services and the underlying issue of high unit costs, all point to a very difficult year ahead. The Learning Disability budget is to an extent dependant on expenditure decisions made in the past and it is acknowledged that making significant change takes both time and determination.

- 3.11 The broad range of activities identified for 2007/08 will continue to yield new savings in the current year. The service will also reap the full year effect savings from last year's activities. In addition, a greater emphasis has been placed this year on achieving efficiencies by way of service re-modelling and restructuring. Re-commissioning of some services will also yield savings and begin to address longer-term issues. Thus whilst attaining financial balance cannot be guaranteed at this stage of the financial year, significant progress has been made.
- 3.12 Within the current FRP, a savings figure of £1.2 million has been identified, arising milestones mapped and the process of managing delivery begun. Areas of activity likely to deliver the remaining £0.8 million have also been identified. In addition, tight control and monitoring of the approval of care packages by senior managers remains in place and is likely to yield further savings on projected growth. Income maximisation measures taken in the previous financial year may also deliver further savings with respect to benefit payments. Activity for 2008/09 will therefore include:
- Income maximisation activity
 - Efficiency savings
 - Reallocation of costs
 - Re-commissioning of services
 - Service improvement, modernisation and redesign
 - Management of growth

An analysis of the contribution of Continuing Care funding applications to the FRP 2008/09 is as follows:

Service	FRP CHC Achieved for 08/09	FRP CHC Still To Achieve
	£000	£000
NHS Community Care	9	326
Accommodation	296	69
Learning Disabilities total	305	395

As at TBM 03 projected overspend for 2008/09 stands at £286k, with £567k FRP savings still to be achieved.

- 3.13 It should be noted, however, that the Financial Recovery Plan for Learning Disabilities is subject to certain risks. The plan is dependant in part on changes to individual high cost care packages. These changes necessitate detailed consultation and preparatory work and the agreement of third parties. Similarly, proposals to cut expenditure by service redesign and re-commissioning in various areas will need determined management action in order to ensure implementation. Service management has recognised these risks and is making substantial efforts to implement necessary measures. Robust and continuing scrutiny will ensure that any emerging risks are anticipated and adequately managed. Contingency proposals are similarly subject to constant review and appraisal.
- 3.14 In the longer term, possible changes to Housing and other benefit systems may mean that measures proposed in the Financial Recovery Plan will only be available in the short-term. For the longer term it is vital that deep-seated issues such as high unit costs and service spend be met. A Project Board has therefore been set up to ensure that the Financial Recovery Plan 2008/09 forms part of a three-year strategy in which savings identified for years two and three will closely reflect Commissioning Strategy imperatives.
- 3.15 The Supporting People programme in Brighton and Hove is also subject to reductions in funding of 11.5% over the next 3 years. For Learning Disability Services this reduction will be 10.3% of the £1.6 million currently spent. Measures have been taken to mitigate the impact of these reductions through agreeing efficiency savings with providers for the next 2 years that do not impact on the Learning Disability FRP. The remaining £100k savings to be found in 2010/11 will be reflected in the new commissioning strategy

FUTURE STRATEGY

- 3.16 Cost information demonstrates that Brighton & Hove is operating at a unit cost basis significantly higher than comparators across both Accommodation and Day Care services. This indicates that there is scope for significant cost efficiencies in the way that Brighton & Hove City Council operates.
- 3.17 Growth pressures on the Learning Disabilities budget will increase for the foreseeable future. The Financial Recovery process must therefore ensure both *Value for Money* and sustainability.
- 3.18 The Financial Recovery Plan 2008/09 is the first step in a three-step strategy, aiming to achieve service stabilisation; put in place tight financial control systems and review high cost services. Years two and three will tackle infrastructure and costs – ensuring that the Commissioning Strategy is focussed on efficiency savings and *Value for Money*. Cultural changes will also be introduced shifting emphasis to Individualised Budgets and to

people doing more to help themselves rather than being dependant on the services provided. These changes will ensure that the service as a whole operates in a more cost-conscious way in the future.

CONCLUSION

- 3.19 Whilst the financial recovery process produced significant savings last year and work streams have been identified to close the deficit, there is a real risk that some of the savings will not be delivered this financial year. The work streams necessary to achieve such ambitious targets within short timescales can only be sustained in the short term. In the longer term the financial recovery process will arise out of the revised Commissioning Strategy and address the underlying issues of high unit cost.

4. CONSULTATION

- 4.1 Relevant Finance officers have been consulted in the preparation of this report.

5. FINANCIAL & OTHER IMPLICATIONS

5.1 Financial Implications:

Learning Disability Services are managed by the Council within a Section 75 Partnership Agreement with the PCT. The agreement contains a financial risk sharing provision in the event of overspending. Should there be a shortfall against the 2008/09 financial recovery plan due to underachievement of savings and/or higher than anticipated service pressures, the commissioning partners (i.e. Council and the PCT) will need to agree how to manage the overspend. In the absence of any agreement, overspends are shared in proportion to partners' contributions to the pool budget.

Finance Officer consulted: Nigel Manvell

Date: 14 July 2008

5.2 Legal Implications:

The continued implementation of the Financial Recovery Plan by the Council and its Partners aims to ensure both value for money and sustainability making best use of the financial resources in order to continue to meet our statutory obligations for the foreseeable future in the face of significant and increasing demand pressures. There must always be due regard to the provision of appropriate services to meet the proper assessed needs of individual service users. There are no other legal or human rights implications which arise from this report which is for noting only.

Farida Amin – Solicitor.

Date: 15 July 2008

5.3 Equalities Implications:

The Financial Recovery process will ensure that vulnerable adults with a learning disability continue to receive support and that this group of service users will gain access to appropriate services that can best meet their physical and social needs into the future.

5.4 Sustainability Implications:

There are no sustainability implications

5.5 Crime & Disorder Implications:

There are no implications for Crime and disorder

5.6 Risk and Opportunity Management Implications:

Risks and opportunities have been identified in the main body of the report. In particular in sections 3.13, 3.14, 3.15, 3.16 and 3.17.

5.7 Corporate / Citywide Implications:

This report is consistent with the Learning Disability Commissioning Strategy and meets the Council priority in terms of developing a healthy city that cares for vulnerable people and tackles deprivation and injustice.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

None considered

7. REASONS FOR REPORT RECOMMENDATIONS

Update report requested by JCB

SUPPORTING DOCUMENTATION

Appendices:

None

Documents in Members' Rooms

None

Background Documents

No background documents are referred to in this report

