

Subject:	Financial Performance Report – Month 8		
Date of Meeting:	28th January 2013		
Report of:	Director of Finance, NHS Sussex Director of Finance, BHCC		
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Wards Affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

1.1 This report sets out the financial position and forecast for the partnership budgets at the end of month 8 and contains the proposed 2013/14 budget strategies for consultation.

2. RECOMMENDATIONS:

2.1 Board members are requested to note the forecast outturns for the s75 budgets as at month 8.

2.2 To consider the budget strategies for the health and social care arrangements set out for development and agreement by Budget Council and NHS Sussex Board.

3. RELEVANT INFORMATION:

Financial Position – Month 8 – 2012/13

3.1 The table below shows the month 8 forecast outturn variance by client group:

Month 8 Forecast Outturn Variance by Client Group					
	SCT £'000	SPFT £'000	PCT £'000	BHCC £'000	Total £'000
PCT:					
Intermediate Care	224	0	0	0	224
HIV / AIDS Services	(226)	0	0	0	(226)
Integrated Equipment Store	28	0	0	0	28
Older People Mental Health	0	(441)	0	0	(441)
Working Age Mental Health	0	(36)	0	0	(36)
Substance Misuse Services	0	(24)	0	0	(24)
	26	(501)	0	0	(475)
Council:					
Learning Disabilities Services	0	0	0	(633)	(633)
Total Forecast Outturn	26	(501)	0	(633)	(1,108)

- 3.2 Services commissioned from SCT are reporting an overspend of £26k. There are significant staffing pressures against Intermediate Care services, Knoll House is now under the management of the Council. The overspend is being partially offset by savings against the HIV/AIDS budget which is a continuation of the position in 2011/12.
- 3.3 An underspend of £501k is currently being forecast in respect of services commissioned from SPFT. The budget strategy savings target of £0.326m has already been achieved. On top of this, savings of £0.202m have been achieved through robust vacancy management and tight budgetary control and a further £0.154m from the community care budget as a result of increased funding through the assessment process and robust review of all placements. There continue to be pressures against the Adult Mental Health Community Care budget from a lack of suitable accommodation, which has been highlighted as part of the budget process for 2013/14. In line with the agreed risk-share arrangements for 2012/13 any overspend or underspend will be shared 50/50 between SPFT and BHCC.
- 3.4 Learning Disabilities are showing an underspend of £0.633m due mainly to the full year effect of management decisions taken during 2011/12 and over-achievement of financial recovery plan targets for the current financial year. There are risks against delivery of budget strategy savings on Learning Disabilities Accommodation (£0.311m) as a result of the delays in implementation. Also, there has been a delay in developing proposals on day activities.

The PCT contracts with SCT and SPFT are currently forecast to breakeven. Regular discussions are being held with the Trusts during the year to ensure there are no surprises and pressures materialising are addressed.

Council Planning for 2013/14

3.5 The Council draft budget strategies for 2013/14 were presented to the Council's Policy & Resources Committee on 29 November 2012 and set out funding changes, information on specific investment in services and savings proposals. These proposals are a work in progress and are in the process of consultation. A revised set of proposals will be presented to Policy & Resources Committee on 14 February 2013 taking into consideration the feedback from further consultation and scrutiny and the most up to date financial information. The final responsibility for agreeing the council's budget for 2013/14 rests with Full Council when it meets on 28 February 2013.

3.6 Many of the proposals for 2013/14 were considered last year as part of a 2-year set of proposals. However, recent government announcements concerning funding and council tax, together with the estimated impact of Business Rate Retention, have substantially increased the budget savings requirement and therefore 2013/14 savings have had to be re-examined and augmented.

The provisional Local Government Finance Settlement for 2013/14 was announced on 19 December and the full implications cannot be determined until all details are available. The initial assessment indicates that the level of savings required across the Council will be approximately £21m in 2013/14.

3.7 The Joint Commissioning Board is asked to consider the S75 elements of the strategy for Adult Social Care and related savings proposals (Appendix 1). The strategy sets out the strategic financial context, expected changes in legislation and progress against Council priorities. The savings proposals set out to achieve better value for money and improve customer service whilst meeting the nationally driven reforms to adult social care including self directed support and personalisation of service provision and budgets. There is a commitment to maintain focus on prevention services, to look at the effectiveness of current provision and opportunities to work in partnership with NHS colleagues across the city.

The key risks associated with the Adult Social Care budget strategy to be developed jointly with health are:

- Reducing the number of people paced in long term care will require delivery of services that promote independence and customer need to be assessed consistently and managed on a case by case basis to ensure that people with a disability and/or mental health needs are not disadvantaged

- Working with the housing sector in identifying suitable accommodation alternatives in the form of Supported Living, Extra Care Housing and other available schemes
- Developing alternative day activities will link people to universal services and mainstream them. Will require focus on the most vulnerable and acceptance of community based options
- Explore future models for delivery of services that deliver statutory services in the most cost effective way, and explore models of provision for non statutory services for vulnerable people.

Equalities Impact Assessment budget screenings have been carried out against these savings covering the above risks and full Equality Impact Assessments will be completed before implementation.

3.8 Adult Social Care (including Learning Disabilities and S75) is expected to generate savings of £5.7 million in 2013/14 (with a full year effect of £6.5million). The s75 arrangements with Sussex Partnership Foundation Trust and Sussex Community Trust fall within the remit of the Head of Adults Assessment and are included with the savings for this unit of £4.6 million in 2013/14. The proposed savings within Adults Assessment that directly impact on S75 arrangements are:

- Community Care- potential to increase move on through short term interventions and better use of Telecare
- Plan to reduce the number of people placed in residential care through the use of Sheltered Accommodation/Extra Care Housing, Shared Lives and other accommodation
- Options for remodelling staffing arrangements across assessment services

Proposed savings within Assessment and Provider services against the Learning Disabilities S75 arrangements include:

- Implementation of the Learning Disabilities accommodation and support strategy

3.9 There are significant financial and service pressures across Adult Social Care which are estimated to exceed £1.0 million relating to transitions and demographic growth. Funding of £1.0million has been set aside in the budget proposals to mitigate the associated risks. The allocations to S75 are estimated at

- Learning Disabilities £0.6 million Assumes an increase of 19.30 Whole Time Equivalents (WTE) for growth in transitions - to be reviewed case-by-case.
- Mental Health £0.35 million -Increase in Long Term Conditions (dementia) based on 10 WTE and in Mental Health placements based on increase of 8 WTE

- 3.10 The Local Government Finance Settlement includes a funding transfer from the NHS to local authorities which for BHCC is £4.4 million. At this stage an assessment is being made of how much of this is new funding . A condition of the funding transfer is that the local authority agrees with its local health partners how the funding is best used within social care, and the outcomes expected from this investment.
The NHS Commissioning Board may use the funding transfer to support existing services or transformation programmes, where such services or programmes are of benefit to the wider health and care system, provide good outcomes for service users, and would be reduced due to budget pressures in local authorities without this investment.
- 3.11 In 2013/14 councils will also gain responsibility for Public Health and the government has stated that they are committed to ensuring that local authorities are adequately funded. The Department of Health has awarded a ring fenced grant for BHCC of £18.3 million for 2013/14 and £18.7 million for 2014/15 intended to cover the public health responsibilities which are transferring to the local authority. The principle of prioritising services for the young, elderly and vulnerable should make a positive contribution to public health.

CCG Planning for 2013/14 and future years

- 3.12 The NHS Commissioning Board has published it's planning framework for CCGs. The core document "Everyone Counts: Planning for Patients 2013/14" replaces the National Operating Framework of the previous year and sets a number of objectives for NHS Commissioners.
- 3.13 CCGs will receive 2.3% growth on their 2013/14 opening allocation, which is equivalent to 0.3% in real terms. 2.5% of these allocated funds are required to be held in reserve for non-recurrent use in year, 2.0% of which is intended to provide initial support to new developments, while 0.5% is a general contingency fund to mitigate any cost pressures arising during the year.
- 3.14 The 2013/14 tariff adjustment reflects the requirement for Providers to generate a 4% efficiency, this is partially offset by an allowance for cost inflation of 2.7% , giving a net tariff adjustment of -1.3%.
- 3.15 Providers will continue to receive a 2.5% payment under the Quality and Innovation Initiative (CQUIN) in recognition for the achievement of quality improvements, reflecting both national and local priorities.
- 3.16 The CCG is currently developing firm plans for 2013/14. An early review of the impact of planning assumptions on the CCG budgets suggests that the CCG has a savings target of approximately £10m. Initial summary plans are due to be submitted to NHS Area Teams in January. The budget setting process for 2013/14 starts in February 2013. Detailed budgets in respect of the PCT's

section 75 contribution will be presented to the Board as soon as the process has been completed.

4. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 4.1 The financial implications of the report are found in the text, highlighting the performance against the pooled budgets in 2012/13 and the budget strategy for 2013/14.

Finance Officer consulted: Anne Silley/Debra Crisp Date 11/01/13

4.2 Legal Implications:

There are no specific legal implications (including Human Rights Act and Equalities) which arise out of this report other than those raised in the main body of the Report in relation to the duty to the public purse in terms of the budget pressures arising in some areas of provision and the resulting impact on provision of statutory services. In addressing this impact, through the methods proposed in this report, regard must be paid to ongoing statutory Care and Health duties and individual's Rights enshrined in Human Rights and Equalities legislation.

Sandra O'Brien Senior Lawyer Date 7 January 2013

Equalities Implications:

- 4.3 Equalities Impact Assessment budget screenings have been carried out against the savings described covering the risks and full Equality Impact Assessments will be completed before implementation.

Sustainability Implications:

- 4.4 Sustainability implications are considered in developing savings options.

Crime & Disorder Implications:

- 4.5 There are no direct crime and disorder implications arising from this report.

Risk and Opportunity Management Implications:

- 4.6 There are no direct risk and opportunity management implications arising from this report. Both organisations have extensive risk management frameworks which address the risks arising from the section 75 agreement.

Public Health Implications

- 4.7 From 1 April 2013 public health functions are due to transfer to local authorities and the Department of Health has allocated a ring fenced grant to cover the new responsibilities.
There are a wide range of proposals within this budget that have potential implications for public health in its broadest sense. The principle of prioritising services for the young, elderly and vulnerable should make a positive contribution to public health.

Corporate / Citywide Implications:

- 4.8 There are no direct corporate/ citywide implications arising from this report.

5. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 5.1 The budget process allows parties to engage in the scrutiny of budget proposals and to feedback before updated proposals are presented.

6. REASONS FOR REPORT RECOMMENDATIONS

- 6.1 The Council is under a statutory duty to set its budget and council tax before March 11 each year and engages in full consultation of budget proposals.

Appendix 1

Budget Strategy for Adult Social Care

Strategic Financial Context

Adult social care continues to deliver services through personalised care and support plans, prevention and supporting carers.

There are important demographic changes in the population of Brighton & Hove which affect our spend. In summary these are:

- A reducing number of Over 65s, but an increased proportion of Over 85s with high and complex needs.
- A growing number of young adults with a complexity of need including mental health, Substance Misuse and homelessness.

Through Personalisation we are continuing to increase choice to individuals about their care and we are supporting them to live as independently as possible.

The focus on adult social care services has been on commissioning. We have re tendered homecare services and we will continue with this approach for care homes and community meals. We carefully consider the unit cost and the value for money services offer, and where these are provided in house we need to demonstrate the rationale for retaining these services, focussing on effectiveness and efficiency, and how they complement other provision in the city. This has enabled the Council to maintain eligibility criteria under Fair Access to Care at the current level-‘ substantial and critical ‘rather than to tighten this.

Through the Extra Care Steering Group, work is underway to identify suitable sites to allow choice and value for money options for providing care and support and we will continue to promote other forms of supported living including the ‘shared lives’ initiative.

The multi agency work on ‘Troubles Families’ and Adults will in the longer term see savings delivered across key partner agencies and local authorities. This work is part of the Stronger Families, Stronger Communities work described elsewhere.

We need ensure that the quality of services provided in the independent sector is maintained both through ensuring adequate funding and through tight quality control and monitoring by the council.

In the coming two years we will see proposed changes in legislation coming into force. The draft care and support bill will likely put the safeguarding of vulnerable adults into a legal framework. There are other aspects of the draft bill including well being, advice and information, support needs of broader communities and legal entitlement for carers.

Until the bill is enacted we will not know the details of the new duties and functions we will need to provide.

Tackling Inequalities

Adult Social Care services remain focused on supporting the most vulnerable people in the city, promoting independence to enable people to fulfil their potential. Working with colleagues in mental health services under formal S75 arrangements, we work and support the most complex people in the city through a range of interventions from a clinical nature through to helping people get back to work.

Low level preventative services focus on people accessing mainstream services and support around financial inclusion and isolation.

Creating a more sustainable city.

Recent commissioning, such as homecare is based on geographical data and reduce travel across the city and future developments are based on efficient and sustainable options. Developments such as Extra Care Housing will include sustainable specifications to reduce future energy costs and carbon emissions.

Engage People with live and work in the city.

Through our commissioning activity, significant contributions have been made by users of services, third sector, providers and representatives eg health watch.

The 'local account' on performance and priorities published for the first time on adult social care via the web provided some responses for future development of the local account and a wider stakeholder event is planned for early in the new year. The Local Account summarises what Adult Social Services have done in the past year, how successful they have been and what their future priorities are and is used, in part, by the Care Quality Commission to judge and rate services.

There are also partnership boards and other groups for services or client group issues.

Responsible and empowering employer

Adult Social care staff are both employed in the council and mental health trust. These staff provide high level specialist input and front line care and support staff to care and deliver its key objectives for social care as well as consider how best to shape services to meet with needs of local residents in a cohesive way.

A council the city deserves

As with Children's Services, the Adult Social Care value for money programme has brought clear benefits which we have been able to extend across a wide range of services as we look to redesign the ways in which we engage with people in need. Our teams are engaging with and have embraced the Workstyles initiative in relevant locations and are developing new efficient working methods to take advantage of ICT investment, new telephony opportunities and customer access changes.

**People-Adult Social Care- Summary Budget
Savings Proposals 2013/14**

	Net Budget	Commissioning	VFM Program	Other Efficiency Gains	Fees & Charges	Investments / Service pressures	Net Change	Net Change
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
2013/14 Savings Proposals	79,857	-3,525	-1,784	-390	0	1,000	-4,699	-6
2013/14 Full year Effect		-4,275	-1,884	-390	0	1,000	-5,549	-7

2013/14 Proposals	Net Budget £'000	Commissioning £'000	VFM Program £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
Commissioner - People	1,865	-200	0	-50	0	0	-250	-13
Delivery Unit - Adults Assessment	64,661	-2,460	-1,784	-340	0	942	-3,642	-6
Delivery Unit - Adults Provider	13,331	-865	0	0	0	58	-807	-6
Total Adult Social Care	79,857	-3,525	-1,784	-390	0	1,000	-4,699	-6

**PEOPLE-ADULT SOCIAL CARE-2013/14
SAVINGS PROPOSALS**

COMMISSIONER - PEOPLE							
Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Commissioning support to Director of Adult Social Care statutory role including contracts	950	Review of support services to include commissioning, performance and development and contract management	Other Efficiency Gains	Costed options to be developed. Will reduce commissioning and contract management capability commensurate with need	Equalities issues to be addressed once plans are developed	-50	-50
Commissioned services to meet statutory obligations	590	Review of all contracts for services as part of commissioning plans and where appropriate re-specify contracts to meet changing needs. Focus on prevention/early intervention.	Commissioning	Contracts are being reviewed and discussions with providers taking place, including tapering and re-specifying contracts/contract sums.	EIA 8	-150	-150
Commissioned Community Meals service providing 85,000 meals pa	243	Review and Respecify Community Meals in the context of personalisation and the range of options that are currently available. The design process has included the Adult Social Care & Health Overview & Scrutiny Committee which held a workshop in January	Commissioning	A phased reduction of subsidy will provide time for the use of personal budgets to change and for meals to be targeted to the most vulnerable.	EIA9	-50	-50

		2012.						
							-250	-250

DELIVERY UNIT - ADULTS ASSESSMENT							
Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Meeting assessed needs through Extra Care Housing within the overall housing commissioning plans	incl below	Jointly commissioned with housing to deliver extra care capacity to meet the need identified in the city. Plan to reduce number of people placed in residential care- options to include the use of Sheltered Accommodation/ Extra Care Housing, Shared Lives and other accommodation. Proposal includes an additional £500k stretch target, which will require accelerated approach.	Commissioning	Allows vulnerable adults to live healthy independent lives and achieves individual outcomes. Achieves better Value for money through increase in prevention services and reduce overall intervention costs	EIA 10	-2,140	-2,140
The service has a duty to meet assessed needs of people with Learning Disabilities within the Fair Access to Care (FACS) criteria	incl below	Develop proposals to implement the Learning Disabilities accommodation and support strategy and consult on the options. Look to utilise the capacity in the city and operate a robust and appropriate service	Commissioning	Based on proposals agreed at Adult Care & Health Committee in September 2012. Detailed implementation plans will need to be in place based on assessed needs of	EIA 11	-150	-150

		<p>Key areas:-</p> <ul style="list-style-type: none"> - Supporting move on to greater independence by increasing low level supported living options and modernising 'shared lives'. - Remodel services to provide short term crisis support and for those with the most complex needs to reduce out of area respite and emergency placements. 		individuals.			
These services provide the statutory duty under the NHS and Community Care Act (1990) to assess needs and to provide services to meet those assessed needs.	52,601	<p>Community Care. Scope potential to increase move on by:</p> <ul style="list-style-type: none"> - further focus on reablement activities - short term interventions - prevention activities - better use of Telecare - better use of in-house residential services - improved short term services - continue to maximise sources of funding/income 	VFM Programme	- Value for Money target /Benefits Realisation Enhanced reablement and better use of assisted technology to reduce numbers into residential/ nursing homes. Dependent on reviews and provider services. Further savings to include Supported Living Strategy(under development) which will require new services to be	EIA 12 & 13	-1,784	-1,884

				developed. May require further spend to save funding to develop Telecare solutions.			
Joint commissioning provider arrangements	3,738	Look at options for re-modelling staffing arrangements in Assessment Services	Other Efficiency Gains	Efficiency review of integrated staffing and management arrangements	Equalities issues to be addressed once plans are developed	-340	-340
Meeting assessed needs through Home Care	Incl within Community care	Home Care recommissioned to a new specification and contract let from 1 June 2012. Ongoing impact following introduction of the Electronic Care Monitoring System.	Commissioning	New contract gives the opportunity to revise rates structure and ensure the correct incentives .	EIA 14	-170	-170
						-4,584	-4,684

DELIVERY UNIT - ADULTS PROVIDER							
Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Small registered residential homes and supported living, includes Respite Services and Shared Lives scheme	4,509	<p>Develop proposals for the in house service to implement the Learning Disabilities accommodation and support strategy and consult on the options. In house service to refocus on short term crisis intervention and those with the most complex needs. Potential capital receipts for the Council when properties become vacant which may need to be reinvested in alternative service provision.</p> <p>-reduce unit costs</p> <p>- In-house service to focus on those with the most complex needs</p>	Commissioning	Delivers improved vfm. Tackling inequality by providing more homes and enhanced independence for people with learning disabilities who have highest level of needs. Focuses the accommodation service on a smaller number of houses to improve sustainability. Detailed implementation plans will need to be in place.	EIA 11	-465	-465

<p>Services provided during the day for older people and older people with mental health needs to enable them to continue living independently and to provide carer relief</p>	<p>2,305</p>	<p>Day Activities. Option appraisal in development with focus on in-house building based day activities and contract for services provided in the independent sector. Proposal to be developed for consultation</p>	<p>Commissioning</p>	<p>Commissioning plan being developed. Tiering activity, providing building based services for people with highly complex needs and carer support and a 'hub and spoke' model for other people assessed as needing support. The Embrace model to provide universal support to communities. (NB Excludes mental health services which are subject to a separate joint commissioning plan with the NHS)</p>	<p>EIA 15</p>	<p>-150</p>	<p>-150</p>
<p>All current in house provider services including residential accommodation, community based services and day provision</p>	<p>Explore future models for delivery of services that deliver statutory services in the most cost effective way, and explore models of provision for non statutory services for vulnerable people. The savings associated with this could be across both the provider and assessment service.</p>	<p>Commissioning</p>	<p>Improves vfm by exploring different ways in which statutory services could be delivered.</p>	<p>EIA 16</p>	<p>-250</p>	<p>-1,000</p>	
						<p>-865</p>	<p>-1,615</p>
<p>TOTAL SAVINGS - ADULT SOCIAL CARE</p>						<p>-5,699</p>	<p>-6,549</p>

Delivery Unit - Adults Provider

Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Small registered residential homes and supported living, includes Respite Services and Shared Lives scheme	4,509	Develop proposals for the in house service to implement the Learning Disabilities accommodation and support strategy and consult on the options. In house service to refocus on short term crisis intervention and those with the most complex needs. Potential capital receipts when properties become vacant which may need to be reinvested in alternative service provision. - In-house service to focus on those with the most complex needs	Detailed implementation plans will need to be in place.	415	415
Services provided to vulnerable people through in house service- includes reabling homecare and day care	3,111	Identify scope/options to reduce in house unit costs .	Costed options to be developed to include reduction in use of agency and to promote flexible working of staff to support units when users are attending day activities	50	50
Services provided during the day for older people and older people with mental health needs to enable them to continue living independently and to provide carer relief	2,305	Day Activities. Option appraisal in development with focus on in -house building based day activities and contract for services provided in the independent sector. Proposal to be developed for consultation	Commissioning plan being developed. Tiering activity, providing building based services for people with highly complex needs and carer support and a 'hub and spoke' model for other people assessed as needing support. The Embrace model to provide universal support to communities. (NB Excludes mental health services which are subject to a separate joint commissioning plan with the NHS)	150	150
All current in house provider services including residential accommodation, community based services and day provision		Continue to explore future models for delivery of services. The savings associated with this could be across both the provider and assessment service	Continue to prioritise the role of in house provision to meet high level need and gaps in provision.	500	1,000
Totals				1,115	1,615

Overall Total 2013/14

5,449	6,049
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