

To:	Meeting name: Southwark Health and Social Care Board Date: 15th July 2010
Report Title:	Finance Pooled Budget
Classification:	Open
From:	Malcolm Hines, Director of Resources Southwark PCT and Mike Watson, Interim Assistant Director of Social Care Finance

1. Recommendations

- 1.1 To note the current financial position of Health and Social Care and the three operational pooled budgets set up under s75 of the National Health Service Act 2006.

2 Purpose of report

- 2.1 This report updates the Health and Social Care Board on the overall financial position of the PCT, Southwark Adult Social Care Services and the three operational pooled budgets.

3 General Finance update – Council and Social Care budgets

3.1. Social Care Outturn 2009/10

Health and community services have a variance of £281k for 2009/10 on a gross budget of £146M.

An extensive programme of efficiency savings undertaken by management meant that the department was largely able to mitigate budget pressures.

Social Care Budgets 2011/12, 2012/13 and 2013/14

The recent Coalition Emergency Budget indicated a 25% reduction over three years from April 2011. The full Comprehensive Spending Review for 2011/14 will be published in the Autumn.

Demographic changes and increasing numbers of clients in transition from children's services mean that there will be significant additional pressures on the department's resources post April 2011 when the current contribution to the LD Pool from the PCT is received directly from Central Government.

3.2 Social Care Budget Position at Month 2 (31st May) 2010/11

The position at Month 2 is a projected overspend at year end of £2.1m on a gross budget of around £147m. The main reasons for this variance are pressures in

learning disabilities and slippage in achieving in year savings. Management action is being planned to mitigate these pressures.

3.3 PCT Budgets: Outturn 2009-10

The PCT's audited accounts show that the commissioning arm of the PCT generated a small surplus of **£216k**. This was achieved in a very challenging year.

	Budget 2009/10	Spend 2009/10	Variance
	£000	£000	£000
Commissioned Services: Acute	263,590	273,952	10,363
Commissioned Services: Client Groups	138,400	139,460	1,060
Other Earmarked Budgets	10,112	(1,160)	(11,272)
Primary Care	66,169	64,555	(1,614)
Prescribing	30,839	31,407	568
Corporate Costs	13,681	14,360	680
Grand Total All PCT	522,791	522,575	216

3.4 Update on PCT Budgets: Month 2 (2010-11)

As at month 2, PCT are forecasting to budget and reporting a Nil Variance position. However, this assumes achievement of a significant savings programme and the overall budget is under considerable pressure.

4 Pooled Budgets

4.1 Hosting Arrangements

Social Care is the lead organization for the Learning Disabilities and Integrated Community Equipment Service whilst the PCT hosts the Mental Health pooled budget. An update on the financial position of these budgets is given below:

4.2 Pooled Budgets Out -turn 2009/10

4.2.1 Learning Disabilities Pool (S.31)

Learning Disabilities Pool – 2009/10 Out-turn

The position at close was an Overspend of £1.9m for the pool (no risk share adjustments applied). This is on a budget of:

	£000
LB Southwark	23,477
Southwark PCT	<u>11,224</u>
Total	<u>34,701</u>

Learning Disabilities Pool – 2010/11 Forecast

The forecast position at month 2 is an overspend of £1.4m (no Risk Share applied). This is on a budget of:

	£000
LB Southwark	24,396
Southwark PCT	<u>11,695</u>
Total	<u>36,091</u>

Reason for Variance:

Unachievable savings mainly around the delays in de-registration of clients in the LD accommodation project because of contractual complexities and delays by CQC (Care Quality Commission) in processing applications.

4.2.2 Integrated Community Equipment Services (ICES)

ICES Pool – 2009/10 Out-turn

At close ICES was over spent by £49k on the following budget:

	£000
LB Southwark	1,214
Southwark PCT	<u>338</u>
Total	<u>1,552</u>

ICES Pool – 2010/11 Forecast

The forecast position at month 2 is a Nil variance. This is on a budget of:

	£000
LB Southwark	1,114
Southwark PCT	<u>337</u>
Total	<u>1,551</u>

Reason for Variance:

N/A.

4.2.3 Mental Health Pooled Budget

Mental Health Pool – 2009/10 Out-turn

At close the overspend was £44k (no risk share applied).

Mental Health Pool – 2010/11 Forecast

The projected overspend as at month 2 is £223k (no risk share applied)

4.3 Pooled Budgets 2010-2011

4.3.1 The current percentage contributions and risk share arrangement are;

Learning Disability	PCT 34% Council 66%
ICES	PCT 20% Council 80%
Mental Health	PCT 80% Council 20%

5 PCT Start Budgets 2010/11

The budgetary framework detailed in the PCT's Operating Plan 2010/11 is based on the key financial assumptions set out in the Operating Framework and Planning Guidance 2010/11:

- Overall average NHS inflation : 3.5% (2.5% normal inflation + 1.0% incremental cost inflation)
- Efficiency savings (3.5)%
- Tariff Uplift and non-tariff uplift 0%
- Quality & Innovation 1.5% for all commissioned services
- Pay award (as % of pay bill) 2.25%
- Prescribing uplift 8.0% - 3% efficiency i.e. 5% net
- Primary care contracts - net zero
- Central budgets - In-year risk exposure is £1.0m
- Recreate contingency 0.5%
- Full delivery of the Quality and Improvement Programme, Demand Management and CIPs

The PCT's resource limit is set by the Department of Health before the start of the financial year, and subject to movement throughout the year to reflect additional allocations/deductions and local transfers with partner PCTs. The start allocation is £536,919k is summarised below:

	2010/11 Revenue Allocation
	£000
2009/10 Initial Recurrent Baseline	492,420
2010/11 Growth at 5.1% net of 3% efficiency target	25,664
2010/11 PCT Initial Resource Baseline (IRB) plus Growth	518,084
Non Recurrent Allocations:	
Pharmacy	3,160
Dental	15,058
Ophthalmic	2,120
National Commissioning Advisory Group (NCAG)	-3,088
Clinical Excellence	3,505
High Cost Area Supplement (HCAS) Pensions	500
Pooled Treatment Budget	4,264
Free School Fruit	-258
HPV Vaccine	34
Central Budgets	281
Working for Wellness IAPT	687
Impairments	4,000
Contribution to Medium Term Financial Strategy	-7828
Planned NR Investment 2009/10	-3,600
Start Allocation 2010/11	536,919

Start budgets, by service area / Directorate are summarised below:

	Annual Budget 2010/11
	£000
Commissioned Services : Acute	275,931
Commissioned Services : Client Groups	98,844
Commissioned Services : Southwark Provider Services	37,895
Primary Care / Prescribing	100,559
Primary Care (Polysystems Outpatient Shift)	1,474
Corporate / Other Costs	14,101
Earmarked Budgets	5,449
Contingency Reserve (0.5%)	2,666
Total Start Budgets 2010/11	536,919

Recommendation

Members are requested to note this report.