

<b>Meeting name:</b> Southwark Health and Social Care Board	<b>Date:</b> 18th February 2010
<b>Report Title:</b>	Finance and Pooled Budgets
<b>Classification:</b>	Open
<b>From:</b>	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.
- 1.2** To agree the contributions to the pooled budgets and risk share arrangements for 2010/11, as set out in paragraph 4.3.

## **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 Budgets 2009/10, 2010/11 and 2011/12**

The Council Medium Term financial Strategy requires departments to exemplify savings equivalent to 5% of their net controllable budget each year for three years starting 2009/10.

The social care savings target for 2009/10 is £4.125m. Because of the reduction in inflation rates, the target for 2010/11 has been revised downwards to 4% or £3.450m.

The target for 2011/12 remains at 5% at the moment but is dependent on emerging pressures on public expenditure due to the economic situation.

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 in all future years, especially 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 9 (31st December) 2009/10**

The position at Month 9 is a projected overspend at year end of £571k on a gross budget of around £150m. The main reasons for this variance are:

- A delay in home care retendering and its anticipated savings

- Fewer people than anticipated leaving services through the eligibility process.
- More expenditure on Learning Disabilities (see section on pooled budgets)

Work is continuing to manage down the over-commitment.

### 3.3 Update on PCT Budgets: 2009-10

The PCT is reporting an overall year-to-date over spend of £4.727m as at Month 9. The PCT is forecasting a break even position by year-end

The table below shows the Year to Date position (to Month 9):

3. OVERALL PCT SUMMARY	Budget to Month 9	Spend to Month 9	Var'ce to Month 9	Annual Budget	Likely F/cast Year End Spend	Likely F/cast Year End Var'ce	Best Case F/cast Year End Var'ce	Worst Case F/cast Year End Var'ce
	£000	£000	£000	£000	£000	£000	£000	£000
	Commissioned Services: Acute	197,519	206,897	9,378	263,180	275,684	12,504	11,138
Commissioned Services: Client Groups	103,712	104,760	1,048	138,135	139,532	1,397	1,082	1,960
Other Earmarked Budgets	4,677	467	(4,211)	5,875	(6,547)	(12,422)	(10,984)	(6,640)
Primary Care	47,581	45,637	(1,945)	65,767	64,077	(1,690)	(1,690)	(700)
Prescribing	23,129	22,972	(157)	30,839	30,654	(185)	(185)	(60)
Corporate Costs	10,118	10,732	614	13,675	14,070	396	396	989
<b>Grand Total All PCT</b>	<b>386,737</b>	<b>391,464</b>	<b>4,727</b>	<b>517,472</b>	<b>517,471</b>	<b>0</b>	<b>(243)</b>	<b>9,419</b>

FORECAST POSITION AT MONTH 9

4,727

0

(243)

9,419

This forecast is considered very high risk and the PCT Board has been asked to note the following:

- that the forecast outturn assumes full delivery of the systems wide sustainability initiative with local Foundation Trusts (particularly Kings) and other mitigating actions totaling £5.2m;
- ongoing discussions with Southwark Provider Services to develop schemes to deliver the balance of their savings targets currently estimated at £0.2m;
- that all flexibilities have now been committed and that any further deterioration in financial performance will result in the PCT overspending.
- ongoing discussions on year end arrangements with local Foundation Trusts and the Lambeth, Southwark and Lewisham LSL Alliance.

The key reason for the variance in the over-performance of acute trusts.

3.4 2010/11 is the final year of the comprehensive spending review, allocating PCTs some 5% + growth each year. The scenario for 2011/12 and beyond is as yet unknown, and carries substantial financial risk. This was the subject of the presentation to the H&SC Board at its last meeting.

## 4 Pooled Budgets

### 4.1 Hosting Arrangements

Social Care is the lead organisation 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 Update 2009/10

#### 4.2.1 Learning Disabilities Pool

The position at Month 9 is a projected Overspend of £1.6m 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>

#### Reason for Variance:

More clients requiring funding than was projected by the Community Team and a small number of clients with very expensive community and residential care plans which have had a significant effect.

#### 4.2.2 Integrated Community Equipment Services (ICES)

At Month 9 ICES is projected to under spend by £58k on the following budget:

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

#### Reason for Variance:

Savings in equipment purchase and staffing.

#### 4.2.3 Mental Health Pooled Budget

The projected year end over performance is £261K. This is largely due to unforeseen expenditure which is not recurrent.

### 4.3 Pooled Budgets 2010/11

#### 4.3.1 The current percentage contributions and risk share arrangements are:-

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

It is recommended that these arrangements continue for 2010/11. The ICES arrangements may require consideration mid-year, when any effects of the new service model may have become apparent.

Background Papers	Held At	Contact
None		

#### APPENDICES

No.	Title
None	

#### AUDIT TRAIL

<b>Lead Officer</b>	Malcolm Hines	
<b>Report Author</b>	Malcolm Hines & Mike Watson	
<b>Version</b>	Final	
<b>Dated</b>	11 <sup>th</sup> February 2010	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	No	No
Finance Director	Yes	Yes
List other officers here		
<b>Executive Member</b>	No	No
<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>	11 <sup>th</sup> February 2010	