

Brighton and Hove City PCT

Brighton & Hove City Council

Meeting: Joint Commissioning Board
Date: 11th September 2003
Report of: The Task and Finish Group
Subject: Financial Recovery Plan 2003/4 and 2004/5
Wards Affected: All

1 Purpose of the Report

- 1.1 The purpose of this report is to present the recommendations of the Task and Finish Group and sets out the conclusions and recommendations of the group.

2 Recommendations

The Joint Commissioning Board is recommended to:-

- 2.1 Note that the Task and Finish Group have concluded that the currently available budget is insufficient to enable the delivery of the services South Downs Health (as Integrated Service Provider) are being asked to provide in 2003/04.
- 2.2 Ensure that the contributions of the commissioning partners match the emerging commissioning strategies when setting the 2004/05 budget.
- 2.3 Note the contents of the report.

3 Information / Background

- 3.1 The Task and Finish group was asked to consider actions needed to bring the Commissioning budget into balance. In doing so it reviewed the causes of the imbalance and potential short term and longer term measures to put the Section 31 partnership on a financially firmer footing.
- 3.2 Although the driver for the review was financial savings the group also kept a clear view of the developing commissioning strategies. This was apparent in discussing financial recovery options and the Task and Finish group have not recommended any service changes that do not fit within the emerging commissioning strategies.

4 Current Position

- 4.1 In comprehensively reviewing financial recovery options and the current position, the Task and Finish group concluded that the budget available was insufficient to enable the delivery of the services South Downs Health are being asked to provide.
- 4.2 Over the last few years the PCT and City Council has endeavoured to ensure that the funding made available has kept pace with the growing demands being placed on the service and 'unavoidable' cost pressures above inflation. It is notoriously difficult to forecast trends in expenditure in relation to these service areas hence they have historically overspent both in Brighton & Hove and nationally.
- 4.3 There are three service areas requiring financial recovery plans (FRPs), Working Age Mental Health, Learning Disability, and Older People Mental Health. The issues are slightly different in each case but the end result is that the partnership is facing an overspend of £2.164m unless further funds are made available this year.
- 4.4 The PCT has identified a funding source for the specific pressure within Working Age Mental Health (£600k) related to psychiatric intensive care and is not seeking repayment in 2003/04 of the Section 31 overspend the partnership in 2002/3 (£695k), which it covered.
- 4.5 The City Council and PCT have discussed how the potential residual overspend of £1.564m is to be dealt with in this financial year (see 5.2). This needs to be concluded speedily as the current situation is that the budget for the Section 31 Commissioning Agreement has not been agreed for this year.
- 4.6 The Task and Finish group proposes that in setting the budget for 2004/5 both commissioners ensure that their contributions match the emerging commissioning strategies. It has been unfortunate that better information was not available on what has turned out to be an underlying shortfall this year.

5 Financial Implications

The current financial position is set out in the table below taking into account current and proposed financial recovery savings:-

	Baseline Shortfall	In- Year Pressures	Forecast Overspend	Savings	Additional Budget	Residual Shortfall
	£'000	£'000	£'000	£'000	£'000	£'000
WAMHS	220	822	1,042	-187	-600	255
LDS	1,533	420	1,953	-864		1,089
MHSOP	458	-62	396	-176		220
Total	2,211	1,180	3,391	-1,227	-600	1,564

- 5.1 Whilst the above represents what is believed to be a realistic forecast and is based on a snapshot of current activity levels we are continuing to look at options to bring the overspend down and are hopeful that the current forecast will improve. In particular, the forecast includes estimates on the use of contingency funds of £150,000, which if not required could further reduce the overspend.
- 5.2 The partners have agreed in accordance with the terms of the partnership agreement that any outstanding overspend at the year end will be carried forward as a first call against partnership resources in subsequent years.

6 Consultation

- 6.1 This report has been contributed to by the Task and Finish group whose membership was :-

Terry Hutt (Chair of June and July meetings)

Mike Schofield (Chair of August meeting)

Anne Norman

Catherine Vaughan

Gerry Kielty

Sarah Healey

Sarah hood

Jane Ballantyne

Jean Spray

John O'Sullivan

Nigel Manvell

Naomi Cox

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<p>Financial implications See main body of report.</p>
<p>Legal implications</p> <p>(a) Savings exercises must have regard to the need for statutory duties to be fulfilled and, where a service is identified for possible re-provision, all necessary consultation procedures must be carried out before any final decision is made.</p> <p>(b) The agreement between the Health Authority and the Council provides that if there is an overspend at the end of the Financial Year, the Primary Care Trust (PCT) shall identify to the Council, through the Joint Commissioning Board, the reasons for the overspend. The partners (ie the Council and the PCT) may agree that resources in the next financial year shall be applied to meeting the overspend. If this is not agreed, the overspend is to be apportioned between the partners in a just and equitable manner, taking into account the reasons for the overspend. The Council is required to pay its contribution to the overspend to the PCT. Ultimately, if matters cannot be agreed, the Agreement could, wholly or partially, be brought to an end.</p> <p>Lawyer consulted: John Heys, 03/09/2003</p>

<p>Corporate implications</p> <p>Clearly, if savings cannot be agreed within a short time scale, the financial position of the Council and/or PCT will be put under further pressure in 2003/04 and beyond.</p>	<p>Risk assessment</p> <p>Many of the proposed savings measures require detailed consultation with service users and families. The outcome of these consultations may mean that some savings are not achieved.</p>
<p>Sustainability implications</p> <p>None.</p>	<p>Equalities implications</p> <p>There are no equalities implications arising from this report.</p>
<p>Implications for the prevention of crime and disorder</p> <p>There are no implications for the prevention of crime and disorder arising from this report.</p>	

<p>Background papers</p> <p><i>Figures and information in this report were taken from files held by the Integrated Finance Service based in Brighton General Hospital and managed by South Downs Health Trust.</i></p>

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