

JOINT COMMISSIONING BOARD

Agenda Item 28

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

Subject: *Financial Performance Report – Month 6*
Date of Meeting: 8th December 2008
Report of: *Director of Finance, Brighton and Hove PCT*
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Wards Affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report sets out the financial position of the pooled budgets at the end of Month 6, and the forecast year end outturn. It highlights emerging pressures and sets out plans to address these.

2. RECOMMENDATIONS:

- 2.1 (1) Board members are requested to note the financial position of the pooled budgets - forecast at breakeven – and the actions underway to manage the pressures within the system;
- 2.2 (2) Board members are particularly requested to note the change in the underlying position on the budgets for working age mental health services, and the implications of the agreed risk share; and
- 2.3 (3) Board members are requested to note the ongoing work to review the value for money of the Dementia at Home service.
- 2.4 (4) Board members are requested to note the progress on the substance misuse and community alcohol services tender.
- 2.5 (5) Board members are requested to note the arrangements for the transfer of PCT funds to Local Authorities in 2010/11 in respect of social care for adults with learning disabilities, and the proposed figure for transfer.

3. RELEVANT INFORMATION:

Year End Forecast 2008/2009

- 3.1 The table below sets out the budget for the financial year. As a reminder, the report now shows the 'lead commissioning' arrangements, with two 'pooled funds' held within the overall pool. This reporting format is intended to highlight lead responsibilities and to support the production of the interim and year-end financial statements including balance sheets.

Pool Contributions by Client Group:	SDH	SPT	PCT	BHCC*	Total
	£000	£000	£000	£000	£000
PCT Pool:					
HIV/AIDS Services Client Group	720	300	-	-	1,020
Intermediate Care Services Client Group	3,452	-	323	-	3,775
Older People's Mental Health Services Client Group	-	13,140	-	-	13,140
Substance Misuse Services Client Group	-	2,683	-	-	2,683
Working Age Mental Health Services Client Group	-	27,874	-	-	27,874
Integrated Equipment Store	1,322	-	-	-	1,322
	5,494	43,998	323	-	49,815
Council Pool:					
Learning Disabilities Services Client Group	6,396	-	927	21,707	29,030
Total Contributions to the Pooled Budgets	11,890	43,998	1,250	21,707	78,845

*£83,000 investment by BHCC still to be allocated.

- 3.2 The table below sets out the forecast outturn for each of service areas within the pool. As noted previously, the forecasts around the Mental Health service lines need to be interpreted with caution, given the ongoing work around the 'baseline contract' – expected to be completed in December 2008 – and the forecasts are those of the PCT, drawing on information provided by the provider bodies, rather than those of Sussex Partnership Trust. Indicative information from the baseline contract review does not suggest that the analysis of spend across service lines is materially different from the current understanding of the situation, and the discussion between Commissioners and SPT is primarily around strengthening efficiency and productivity, although the PCT is anticipating resource savings to emerge from this process for future years.

M6 Forecast Outturn Variance by Client Group:	SDH	SPT	PCT	BHCC	Total
	£000	£000	£000	£000	£000
PCT Pool:					
HIV/AIDS Services Client Group	-	-	-	-	-
Intermediate Care Services Client Group	(188)	-	-	-	188
Older People's Mental Health Services Client Group	-	341	-	-	341
Substance Misuse Services Client Group	-	120	-	-	120
Working Age Mental Health Services Client Group	-	450	-	-	450
Integrated Equipment Store	132	-	-	-	132
	(56)	911	-	-	855
Council Pool:					
Learning Disabilities Services Client Group	-	-	-	165	165
Total Pool Forecast	(56)	911	-	165	1,020
Application of Risk Share to OPMH Savings/ Recovery Plans	n/a	(300)	n/a	n/a	(300)
	56	(611)	0	(165)	(720)
Forecast Outturn at Month 6	-	-	-	-	-

- 3.3 The position on the South Downs Health-led services has improved, with a move to a net underspend of £56,000. In particular, the pressures around the Integrated Equipment Store – discussed at the last Commissioning Board - have significantly improved and are anticipated to be offset by a forecast underspend on intermediate care services. HIV is reporting breakeven, reflecting agreement reached between the PCT and the service on the additional costs of contraception reported in the last paper.
- 3.4 The position on Learning Disabilities has remained consistent with the Month 4 forecast, with a forecast overspend of £165,000. However, the City Council remains confident of delivery of the year end position of break-even and is actively exploring options to reinforce delivery of the financial recovery plan for the service. Neither the City Council nor the PCT are anticipating the contribution of additional funds to this service.
- 3.5 The position on mental health and substance misuse services is complex, and has not improved since the last forecast, although arrangements for the operation of the risk share arrangement are now clearer.
- 3.6 In its role as Lead Commissioner for this pool, the PCT has agreed that the underspend in 2007/2008 can be returned to Sussex Partnership Trust, enabling investment across a range of services, in exchange for a risk share agreement and a focus by SPT on maintaining the overall financial position for 2008/2009. This means that the overall overspend has technically increased by £499,000 – as the forecast assumes that SPT will receive this funding. However, SPT has already committed to meeting a £300,000 forecast overspend in Older Peoples Mental Health and to ensuring that service pressures are constrained.
- 3.7 This leaves, however, the remaining key risk area for the Partnership Trust in respect of Adult Mental Health Services, which is anticipated at Month 6 to overspend by £450,000 by the year end and on Substance Misuse, which is anticipated to overspend by £120,000. The key driver for this overspend is in respect of spot purchase costs for clients placed in a specific nursing home – the initial plan anticipated that these costs would not be incurred.
- 3.8 This does place a remaining pressure of £611,000 with the provider. Putting in place and implementing a financial recovery plan for these two service lines is a key priority for the provider trust, working closely with the PCT and the City Council, and the Trust have recognised the need to act on this issue. The Directors of Finance of the Trust, the PCT and the City Council have agreed to meet to review this position again at Month 9 and the need for any revisit to the risk share agreement to ensure that the pooled budget breaks even as planned at the year end. At Month 6, both the PCT and SPT are anticipating break-even on these budgets, and the PCT is not anticipating contributing additional funds directly to this budget. Draft Month 7 financial information suggests that this pressure has already reduced by £330,000 leaving a net risk with the provider of around £281,000.

Dementia Care at Home

- 3.9 Commissioners have been reviewing the Dementia Care at Home service, which was envisaged as a pilot. A separate report is anticipated for the JCB. It is clear, however, that the Dementia Care at Home service is not operating with the level of activity anticipated, which significantly increases the unit costs. This raises significant issues around value for money – and commissioners are working with the provider to review options for strengthening the value for money of the service, and ensuring that appropriate lessons are learned from the pilot.

Procurement of Substance Misuse Service

- 3.10 The PCT is continuing to procure the Substance Misuse Service as discussed at the last Committee. The market response to the initial stage of the procurement was healthy, and the PCT issued an Invitation to Tender to accepted bidders in the w/c 17th November. The Service Specifications have been developed after detailed consultations with key partners, who will be invited to join the evaluation stage of the procurement.

Valuing People Now: Changes in Commissioning Responsibility

- 3.11 The Department of Health has informed the PCT that responsibility for commissioning social care services for adults with learning disabilities will be passed to the City Council (a process repeated across the country) from 1 April 2009. The funding will be passed from the PCT to the City Council in 2009, and 2010, and it is anticipated that the baseline funding will then transfer directly to the City Council from the Department in 2011.
- 3.12 This is a relatively uncontentious development, given the operation of the current section 75 pooled budget arrangements. The large majority of the funding from the PCT is passed (via South Downs Health) to the City Council within the current section 75 arrangements. In future years, this will pass directly from the PCT to the City Council until the Department for Health arranges a permanent transfer.
- 3.13 PCTs and Councils are obliged to agree on a figure for transfer by 1 December 2008, based on 2007/2008 outturn, and to notify the Department of Health. The PCT and the Council have been working closely on this calculation, and the anticipated transfer of funding is £6.1m. This includes funding already within the section 75 arrangements, as well as some funding for support of premises held by South Downs Health and used for these services. This transfer of funding and responsibility will not significantly impact on the current arrangements, as the City Council is currently the Lead Commissioner for the Learning Disabilities pooled budget. The transfer will, however, have the merit of simplifying the funding streams.

4. CONSULTATION

- 4.1 In determining levels of planned expenditure across the client group areas, both the PCT and the City Council have completed extensive consultation exercises. The PCT has prepared an Annual Operating Plan, which highlights the processes for prioritising investment across the range of healthcare, and sets out how new monies will be spent. The City Council engages in an extensive public consultation process in the run up to the budget-setting process.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The financial implications of the report are found in the text, highlighting the performance against the pooled budgets for 2008/2009.

Finance Officer Consulted: Michael Schofield/ Nigel Manville Date: 25/11/08

Legal Implications:

- 5.2 There are no specific legal implications which arise out of this report as it is for noting purposes only and there is nothing in the projected financial position which suggests that the Council and its partners will not continue to be able to meet their statutory duties to service users.

Lawyer Consulted: Hilary Priestley

Date: 25/11/08

Equalities Implications:

- 5.3 There are no direct equalities implications arising from this report.

Sustainability Implications:

- 5.4 There are no direct sustainability implications arising from this report.

Crime & Disorder Implications:

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

Risk and Opportunity Management Implications:

- 5.6 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.

Corporate / Citywide Implications:

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

