

JOINT COMMISSIONING BOARD

Agenda Item 42

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

Subject: S75 Partnership Budget Strategies 2009/10
Date of Meeting: 23 February 2009
Report of: Director of Finance, Brighton and Hove PCT
Director of Finance & Resources, Brighton & Hove City Council
Contact Officer: Name: Anne Silley Tel: 01273 295065
Jonathan Reid 01273 545314
E-mail: Anne.Silley@brighton-hove.gov.uk
Jonathan.Reid@bhcpct.nhs.uk
Wards Affected: All

FOR GENERAL RELEASE

1 SUMMARY AND POLICY CONTEXT:

- 1.1 The purpose of this report is to update the Joint Commissioning Board with respect to the proposed financial strategies for the health and social care elements of the S75 Partnerships in advance of the budget debate at Full Council on 26th February 2009. This includes information about uplifts, identified budget pressures and efficiency savings to be met during 2009/10.
- 1.2 The paper outlines the council's Adult Social Care & Housing budget strategy and provides a more detail break down of the budget to support the Learning Disability Commissioning Strategy previously discussed at Joint Commissioning Board. The paper also provides details of the NHS Brighton and Hove budget strategy.

2 RECOMMENDATIONS

- 2.1 To note the Adult Social Care & Housing directorate's budget strategy as set out in Appendix 1.
- 2.2 To recommend the budget strategies for the health and social care elements of the Section 75 arrangements as set out in Appendix 2 for agreement by Full Council and the NHS Brighton and Hove Board.
- 2.3 To note the detailed information provided to support the Learning Disabilities Commissioning Strategy set out in Appendix 3.

3 RELEVANT BACKGROUND INFORMATION:

Brighton and Hove City Council

- 3.1 The council's Cabinet agreed the Authority's Corporate Plan and Medium Term Financial Strategy in June 2008. The Medium Term Financial Strategy sets out the Council Tax Strategy and financial planning principles within the National context. The Medium Term financial forecasts express commissioning intentions as percentage changes to service budgets providing cash limited funding allocations within which each service is expected to manage. These cash limits include demographic changes and take into account service and partners' priorities together with efficiency savings targets.
- 3.2 The 2009/10 cash limits agreed for Adult Social Care & Housing directorate and S75 arrangements provided a 0.5% increase over the previous years' budget. Learning disabilities is allocated a higher cash limit of 4% above the previous year's budget in the light of the higher growth, new transition cases and demand pressures on the budget. The cash limits are also set on the basis of estimated 2.3% pay inflation (awards) for 2009/10. Cash limits for 2010/11 and 2011/12 will be recommended within an updated Medium Term Financial Strategy based on updated assumptions for Council Tax increases, inflation rates, expected pay inflation and demographic changes.
- 3.3 Financial pressures experienced in the current financial year include:
- The full year effect of the growth in number of Physical Disability service users experienced in 2007/08.
 - The full year effect of the increase in Adult Mental Health service users together with higher unit costs.
 - Pressures on the Acute Trust to reduce length of stay together with the effect of bed-closures on the Community Care budget.
 - High cost placements – ensuring that all potential income streams are identified and that placements are funded by the appropriate statutory agency.
 - Challenging efficiency savings targets particularly on homecare.
 - Challenging financial Recovery Plans to achieve budget and 3% efficiency savings.
 - In house services are facing staffing pressures and income shortfalls.
 - Increased demand for equipment delivered through the Integrated Community Equipment Store.
- 3.4 Social care budget pressures expected for 2009/10 and efficiency and other savings proposals to meet the agreed cash limits are set out in the Appendices attached – Adult Social Care & Housing within Appendix 1, S75 Learning Disabilities and S75 Partnership Services in Appendix 2. The budget approach adopted is set out within the Appendices and focuses on achieving priorities through delivery of commissioning strategies and ensuring Value for Money. Principally, this means continuing to implement the Personalisation Programme and focusing on enablement and self directed support.

- 3.5 The 2009/10 budget proposals set out Value for Money considerations and summarise proposals for each service which include:
- Implementation of Value for Money recommendations including the personalisation Programme and set directed support strategy.
 - Assessment focus on re-ablement and self directed support and reviewing care packages to ensure they meet a persons needs in the cost effective ways.
 - Continued implementation of Financial Recovery Plans.
 - Increased efficiency through combining managerial roles and other best practise initiative.

The key risk which needs to be managed and monitored closely concerns unanticipated growth in service user numbers.

- 3.6 Health partners have been kept informed in the development of the social care financial strategies and the funding parameters the council is working within. Demographic information and service proposals from commissioning and other strategies have informed the pressures and risks identified within the strategies. Efficiency savings proposals have been developed with Sussex Partnership Trust and South Downs Health Trust.
- 3.7 The Joint Commissioning Board considered the Learning disability Commissioning Strategy on 8 December 2008. A more detailed financial plan for 2009/10 is set out in Appendix 3 which links to the Learning Disability Budget Strategy within Appendix 2.

NHS Brighton and Hove

- 3.8 NHS Brighton and Hove has developed a detailed medium term commissioning and financial plan – the Strategic Commissioning Plan – which sets out the key health priorities for the next five years. NHS Brighton and Hove Board members received a presentation and details of the Strategic commissioning Plan in December 2008. The Primary Care Trust is now working to develop an Annual Operating Plan for 2009/10 which translates the strategic priorities into the detailed commissioning and financial plans for the coming year.
- 3.9 The NHS has received details of the national and local uplifts for 2009/10 and for 2010/11 with some indicative information for future years. NHS Brighton and Hove has received an uplift of 10.6% over two years, slightly less than anticipated. This is offset to some degree by slight reductions in the tariff uplifts to be passed on to the providers, but this will create additional pressures in the whole system as providers are also required to deliver efficiency savings.
- 3.10 The Operating Framework also sets out some significant system reforms which will support the plans set out in the PCT Strategic Commissioning Plan. There is an increased focus on quality, and contract payments will now include a mandatory 0.5% performance-related element relating to CQIN (Care and Quality Indicators). This is a robust tool enabling commissioners to leverage significant increases in performance in targeted areas of activity. National standards contracts have been developed – which complement the work in

2008/09 to strengthen contracts undertaken by the PCT – which also support the quality improvement agenda.

- 3.11 The budgets for the health elements of the integrated budgets are negotiated between the PCT as commissioners and the provider organisations. The health uplift is expected to be 1.7% (including an inflationary uplift but adjusted for mandated efficiency savings) with an additional element of 0.5% for CQUIN. The health budgets are reported through to the NHS Brighton and Hove Board and will be confirmed to JCB early in the new financial year. Providers are required to manage the integrated budgets and do have the scope, with commissioner agreement, to vire between health and social care budgets.
- 3.12 The PCT has identified a number of key strategic priorities which are reflected in the budget strategies for 2009/10, and contract discussions with key providers are currently underway. The primary focus is on working in partnership with providers and Brighton & Hove City Council to meet the aspirations set out in the draft strategies for Older People with Mental Health and Learning Disabilities, as well as the extant Joint Strategic Needs Assessment for the key service areas. The PCT will also be developing a joint strategy in respect of Dementia Services, reflecting the new National Framework in this area.
- 3.13 The key elements of the budget strategy for the health element of the Section 75 Partnerships relate to the ongoing work around improving the robustness of contracts, strengthening value for money and improving quality through the use of the CQUIN tool. The PCT is working to develop key quality indicators for each of the relevant providers and to implement, where appropriate, the use of the new standard contracts. For mental health services, in particular, the PCT is focusing on improving the value for money delivered from the contract linked to the ongoing Activity Based Costing review. This contracting process is being led across Sussex by West Sussex Primary Care Trust, and locally by the Strategic Commissioner for Mental Health and Substance Misuse.
- 3.14 The PCT will also be investing significant new funding in the implementation of the Improving Access to Psychological Therapies programme and has set aside funding in financial plans for a number of longer-term conditions, including dementia and continuing care, which will impact on the health element of the Section 75 budgets.

4 CONSULTATION

- 4.1 A corporate budget consultation exercise has been carried out and the citizens panel were also consulted as part of the development of the council's budget proposals. NHS Brighton and Hove has consulted across a wide range of key stakeholders on the Strategic Commissioning Plan and is currently consulting on the development of the Annual Operating Plan.

5 FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 As set out in the report.

Finance Officer Consulted: Anne Silley/Jonathan Reid Date: 09/02/09

Legal Implications:

- 5.2 The report sets out how the council and its health partners propose to ensure that both the health and social care budgets, in terms of the S75 elements, are managed in accordance with Value for Money principles and the aim to continually improve the quality and efficiency of relevant services.
- 5.3 In particular, while managing budget pressures, there remains a focus on such priorities as enablement and self-directed support and better procurement of supported housing options.
- 5.4 The proposals must take into account the risks identified in the body of the report in terms of future pressures and ensure that there remains the capacity to meet the statutory needs of service users, which will also need to be considered when managing staff vacancies.
- 5.5 There are likely to be implications in terms of employment legislation, given the potential for staff changes, if only in terms of a possible need to amend existing job descriptions and ensure proper procedures for redeployment are followed.

Lawyer Consulted: Hilary Priestley

Date: 12/2/09

Equalities Implications:

- 5.6 Significant service changes emanating from commissioning strategies, the Personalisation Programme and efficiency and other savings will have Equality Impact Assessments where appropriate to ensure that relevant stakeholders, community groups and service users are consulted and that equalities issues are properly identified.

Sustainability Implications:

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

Crime & Disorder Implications:

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

Risk and Opportunity Management Implications:

- 5.9 The council's revenue budget and Medium Term Financial Strategy contain risk provisions to accommodate emergency spending, even out cash flow movements and/or meet exceptional items. There is also contingency provision to mitigate against energy price rises or the impact of current economic conditions.

Corporate / Citywide Implications:

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

ADULT SOCIAL CARE & HOUSING 2009/10 BUDGET PROPOSALS

General approach to the budget proposals taken within the Directorate:

The directorate provides vital services to support some of the most vulnerable people in the city. The services provided are; Adult Social Care (Older People & Physical Disabilities, Management & Support and Service Strategy); Housing (Housing Strategy & Development, Homelessness & Housing Needs, Private Sector Housing, Housing Support Service, Supporting People and Learning Disabilities).

The directorate's objectives support the council's corporate plan and directorate development plan by:

- Providing homes to meet the needs of the City
- Improving housing quality in the City to ensure all have access to Decent Homes
- Delivering high quality, personalised services
- Delivering Value for Money
- Working in partnership
- Reducing inequality
- Delivering excellent customer services
- Developing our workforce

The directorate's approach to the budget proposals are based upon:

- Understanding and costing the delivery of our statutory obligations.
- Working in partnership to improve efficiency and value for money across the health economy while ensuring 'front line' services are delivered effectively.
- Implementation of the personalisation programme and learning from value for money reviews undertaken across the directorate and identified best practice.

Financial and Service Pressures

The main financial pressures on the directorate's service in 2009/10 include:

- Existing demand pressures from service users with physical disabilities and expected growth in 2009/10 of £156,000.
- The impact on provider fees from the implementation of the Working Time Directive and Fairer Contracting of £100,000.
- Increased energy costs of £120,000.
- An effective reduction in the Preserved Rights Grant of £173,000 and the impact on services from no inflationary increase on the Supporting People Grant (£80,000).
- Funding public health, addressing historic deficits, and other inflationary pressures £465,000.

- Significant unexpected in-year pressures in 2008-09 which the financial recovery plan is addressing leaving an expected shortfall of £340,000.

These pressures require the directorate to find over £2.2 million of savings (or 5.4% of its budget) to meet a cash limit in 2009-10 based on a 0.5% uplift on the base budget.

Value for Money and Proposals for Main Service Areas

Performance and cost is regularly benchmarked against other authorities and the budget proposals focus on plans to achieve good performance and deliver reduced unit costs. Residential costs are higher than average compared to similar authorities. However, the council has made a decision to contract with providers based more on quality than price through Fairer Contracting which is reflected in the unit costs.

The focus for future efficiencies is on the implementation of the value for money programme, building on the reviews undertaken in 2008/09, and the further developments of the personalisation programme across the directorate's services in order to improve outcomes for service users and encourage self directed support. A further area of focus is on making the best use of accommodation available across the city to support families, vulnerable people and Adult Social Care service users.

The opening of the access point for adult social care has allowed us to provide support and assistance to a wider range of people. It is also improving value for money by making access to things like grab rails and luncheon clubs much simpler. This has and will continue to improve customer service and reduces the need for costly assessments for smaller services or equipment that make a difference to peoples' lives.

The extra care facilities at Vernon Gardens for younger disabled people will be developed during the year.

The main proposals for each service area are shown below and are expected to generate £2.202 million: -

Adult Social Care

- Implementation of the value for money recommendations and the personalisation programme, including the self directed support strategy, reducing the number of assessments that do not result in a service, and continuing initiatives in home care including the re-ablement pilot and day care (£598,000).
- Full year effect of financial recovery plans for Adult Social Care developed in 2008/09 (£220,000).
- Better procurement of supported housing options for Adult Social Care service users (£200,000).
- Use of relevant grants to support the Community Care budget. This effectively 'top slices' the grants to meet increased demands in core services (£450,000).
- Review fees and charges and contract arrangements for services provided to health and other partner organisations (£210,000).
- New value for money reviews in back office areas (£45,000).

- A focus on re-ablement and self directed support against assessed needs and reviewing all high and medium cost care packages ensuring that they meet a person's needs in the most cost effective way (£164,000).

Housing

- Improvements in housing procurement, reviewing fees and charges for licensing and enforcement, and charging partners for housing services (£315,000).

Staffing Implications for the Directorate:

The proposals include a reduction of 10 posts which are currently vacant. A further review of any temporary staffing arrangements will be undertaken regularly.

Key Risks:

The impact of the recession in general and on the delivery of new housing and achievement of affordable housing targets may increase homelessness with consequent pressures on the council's services and budgets.

A further risk is any unplanned or growth in service user numbers, in particular those with physical disabilities.

2009/10 Budget proposals summary:

Adult Social Care & Housing						
	Adjusted Base Budget 2008/09	Inflation	Service Pressures	Efficiency Savings	Other Savings	Net Change in Budget to 2009/10
Main Service Area	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	36,235	868	1,354	-1,063	-824	335
Housing Strategy	4,614	104	80	-145	-170	-131
TOTAL	40,849	972	1,434	-1,208	-994	204

S75 LEARNING DISABILITIES 2009/10 BUDGET PROPOSALS

General approach to the budget proposals taken within the Directorate

There are approximately 700 people who use a learning disability service including residential care, supported living, floating support, respite breaks, adult placements, day services and employment support. The continued use of individualised budgets and self directed support will manage growth more effectively and will be used to commission and remodel services so that they are more personalised and flexible and so achieve improved outcomes and value for money.

Financial and Service Pressures

The main financial pressures on the service in 2009/10 include:

- Anticipated growth pressures through increased demand and transitions of £1.481 million.
- Delivery of the financial recovery plan for 2008/09 with a current estimated shortfall £400,000 and managing demand.

These pressures require the service to find over £1.1 million of savings (or 5.2% of its budget) to meet its cash limited budget in 2009/10 which has been increased by 4% over 2008/09.

Value for Money and Proposals

The Learning Disability Service has delivered significant efficiencies of over £2.8m since transfer of management and lead to the authority. Significant reductions have been made in the cost of services whilst improving the quality and increasing the choice available through adopting best practice, following government proposals and implementing the value for money recommendations. This has been recognised in the recent assessments by government agencies.

The Learning Disability service has high unit costs (per head of population) compared with other unitary authorities. This is partly due to having a proportionately higher number of adults with a learning disability in the city. Significant progress has been made in developing a financial recovery plan to help manage the demand pressures on the budget for the last two financial years. Further actions are now needed and will focus on development of the 3-year financial recovery plan with strong links to the commissioning strategy.

The main proposals for the service are shown below:-

- Re-commissioning out of area placements through flexible and personalised models of support (£25,000).
- Extending individualised budgets and self directed support in particular for those coming through the transition process providing more flexible and personalised models of support (£150,000).
- Renegotiating spot and block contracts with providers (£213,000).

- Full year effect of financial recovery plans for Learning Disability Services developed in 2008/09 and a focus on re-ablement and self directed support against assessed needs. The emphasis is on reviewing care packages to ensure that they meet a person's needs in more cost effective ways (£412,000).
- Re-commissioning in-house accommodation services to ensure they are 'fit for purpose' and provide the most appropriate accommodation for assessed needs and represent value for money (£135,000).
- Increase efficiency through combining managerial roles and other best practice initiatives (£200,000)

Staffing Implications for the Directorate:

There is likely to be an impact on accommodation and day services staff where 10.5 posts are expected to be deleted of which 2 posts are vacant; the remaining postholders will be redeployed. There will be a continued vacancy freeze on permanent appointments to minimise the risk of redundancy.

Key Risks:

- Shortage of suitable options for re-commissioning out of area placements.
- Growth may be greater than expected because of ordinary residence claims as a result of tenancies and other non registered services.
- There is also a risk of increased pressures from services being registered which is estimated to be £150,000.

2009/10 Budget proposals summary:

Section 75 : Learning Disabilities						
	Adjusted Base Budget 2008/09	Inflation	Service Pressures	Efficiency Savings	Other Savings	Net Change in Budget to 2009/10
Main Service Area	£'000	£'000	£'000	£'000	£'000	£'000
Council Lead						
Learning Disabilities	21,744	524	1,481	-800	-335	870
TOTAL	21,744	524	1,481	-800	-335	870

HEALTH LED S75 ARRANGEMENTS 2009/10 BUDGET PROPOSALS

Brighton & Hove City Council

General approach to the budget proposals:

Under S75 of the Health Act 2006, National Health Service (NHS) bodies and local authorities can form partnership arrangements for lead commissioning, integrated provision of services and pooled budgets. Brighton & Hove City Teaching Primary Care Trust (PCT) acts as lead commissioner for some adult social care services. Sussex Partnership NHS Foundation Trust is the lead provider for Adult Mental Health, Older People Mental Health and Substance Misuse Services. South Downs Health Trust is the lead provider for Intermediate Care, Integrated Community Equipment Store and AIDS/HIV services.

The uplift on the health elements of the integrated budgets is detailed below. Health partners have been advised of the budget context for the Social Care uplift offering of 0.5% cash limit and budget proposals have been discussed and agreed to support the Personalisation Programme.

Issues on Sussex Partnership Foundation Trust (SPT) Led Services:

SPT have worked with the council to identify potential savings to deliver against the cash limited budget available for social care. The proposals are subject to the current review of senior management structures across SPT and the impact of these changes on the social care element of the budget.

Whilst there are indications of increasing younger people with mental health needs this needs to be considered against the demand on Older People Mental Health Services which has reduced over the past 18 months. SPT have agreed to manage overall demand.

A financial recovery plan has been put in place in the light of the 2008/09 pressures, further detail is awaited on the expected results of this and the full year effect on 2009/10.

Savings proposals for Sussex Partnership Trust Led Services

- Reduction in use of agency staff (£40,000)
- Review of Mental Health integrated management costs for the Social Care element of the budget (£140,000)

Issues on South Downs Health Trust Led Services:

The pressures within the Integrated Community Equipment Service and evidence of increased demand may lead to a potential pressure of £130,000. However expectations of compensating reductions within Health and Social Care Services have not been quantified.

Savings proposals for South Downs Health Trust Led Services

- Intermediate Care - reduction of 2 care support worker posts and reduction in temporary staff (£41,000).
- HIV/Aids - reduction in supplies and services budget (£2,000).
- Integrated Community Equipment Service - due to the complexities of commissioning of equipment further analysis is required and options

considered to address all aspects of the ICES budget. This will be led by South Downs Health Trust and involve the PCT and City Council.

2009/10 Budget proposals summary:

Health Led Section 75 arrangements						
	Adjusted Base Budget 2008/09	Inflation	Service Pressures	Efficiency Savings	Other Savings	Net Change in Budget to 2009/10
Main Service Area	£'000	£'000	£'000	£'000	£'000	£'000
SPT						
Mental Health and Substance Misuse	10,380	253	0	0	-180	73
SDHT						
Intermediate Care, ICES and HIV/AIDS	2,125	51	130	-63	-128	-10
TOTAL	12,505	304	130	-63	-308	63

NHS Brighton and Hove

General Approach to the Budget Proposals

Services are commissioned across two main providers – South Downs Health NHS Trust and Sussex Partnership NHS Foundation Trust. For both organisations, the Primary Care Trust has indicated that a tariff uplift will be applicable. For Sussex Partnership Trust, the tariff uplift will be 1.7%, with an additional CQUIN element of 0.5%. For South Downs Health, the tariff uplift will be 0.5%, with an additional CQUIN element of 0.5%. The differences in the tariffs are primarily around the costs of drugs and similar services (“tariff growth areas”).

For South Downs Health, the commissioning focus has been on delivering improvements in the quality and efficiency of services in Intermediate Care and the Integrated Equipment Store. Commissioners have been working closely with South Downs staff on the equipment store and have jointly agreed a number of elements in a plan to continue the improved performance over the last year. This includes a review of inventory and assets, which may have financial implications and may require additional investment.

For Sussex Partnership Trust, the PCT is investing considerable additional resources in the Improving Access to Psychological Therapies programme. The Strategic Commissioning Plan and the draft Annual Operating Plan identify some potential additional investments in long-term conditions relevant to the pooled budget and these are being processed through the prioritisation and business case development process.

The PCT has now completed the retendering exercise for Substance Misuse and Community Alcohol Services, and anticipates announcing the results shortly. The PCT plans do not include proposals for a relevant tendering exercise in the near

future. The PCT budget plans do, however, have two key elements to strengthen value for money. First, the PCT is making continued joint working on the Activity Based Costing project (which will drive more robust costed activity plans) a key condition of the contract. Second, the PCT is proposing a review of elements of the baseline contract, to be agreed with the provider, to deliver increased resources for reinvestment.

3 Year Commissioning Plan for Learning Disabilities

General approach

Over the next 3 years, there will be a continued expansion of individualised budgets, an increased focus on prevention, improved planning and commissioning that will reduce unit cost and deliver increased diversity of local services to reduce those placed out of area.

The key strategic actions to be implemented over the next 3 years stem from the broad objectives in the commissioning strategy:

- Personalisation
- Reducing numbers in residential care
- Reduce the number of people placed out of area
- Improving value for money

Putting People's Needs at the Centre of Commissioning - 'Personalisation'

Through the remodelling of an existing floating support service we will provide services earlier to prevent people getting into a crisis and support people to maintain their independence for as long as possible.

We will also give people the opportunity to have their own individualised budget to organise their own support or to purchase flexible packages of care, including options regarding what people do during the day.

In this way we will manage increased demand for services which will achieve £150,000 savings from the money set aside for growth during 2009/10 of £1,481,000.

2009/10 New prevention service for 5 people funded through Supporting People efficiencies due to commence May 2009;
Remodel existing floating support service – September 2009;
Increase of 25 Individual budgets/Direct Payments (from 91 to 116).

Reduce Numbers in Residential Care and Increase Numbers Helped to Live at Home or in Supported Living Options

We will commission new supported living options and help those who are ready to move on to greater independence. We will also review all cases in residential care to identify those who could move to supported living. In this way we will save £135,000 from the existing spend on residential care.

2009/10 Commission supported living scheme – 10 units by Nov 2009
Commission supported living/extra care – 12 units March 2010

Reduce Number of People Placed Out of Area

We will re-commission personalised services for people who are currently placed out of area who wish to move back and whose needs can be better met locally. This will both improve services and value for money by reducing unit costs.

We will also commission services for young people through transitions with complex needs to avoid them being placed out of area.

In this way we will reduce the unit cost of the 5 people placed out of area by an average of £20,000 p.a. (£25,000 part year effect).

2009/10 New service commissioned for 5 people – December 2009
Expand range of local transitions services – October 2009

Improve Value for Money by Maximising Income and Reducing Unit Costs

We will ensure that packages of care are appropriately funded and provide value for money through increased efficiencies. In particular;

2009/10 Renegotiate spot and block contracts to save £213,000;
Achieve £200,000 efficiencies in council in-house services;
Full year effect of reviewing care packages in 2008/09 will save £412,000.

