





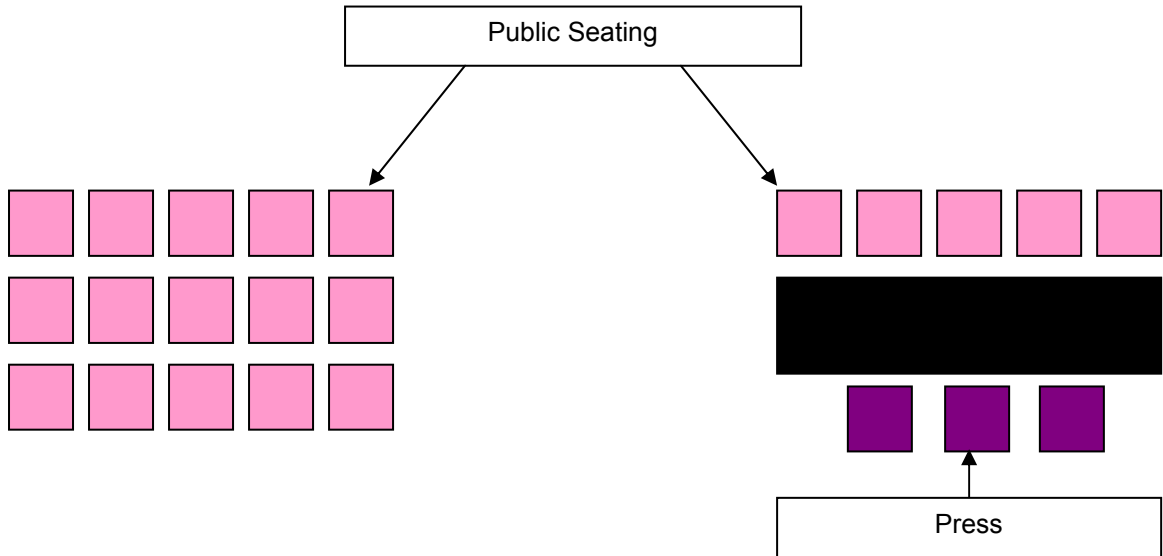
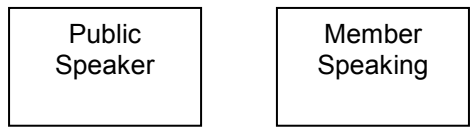
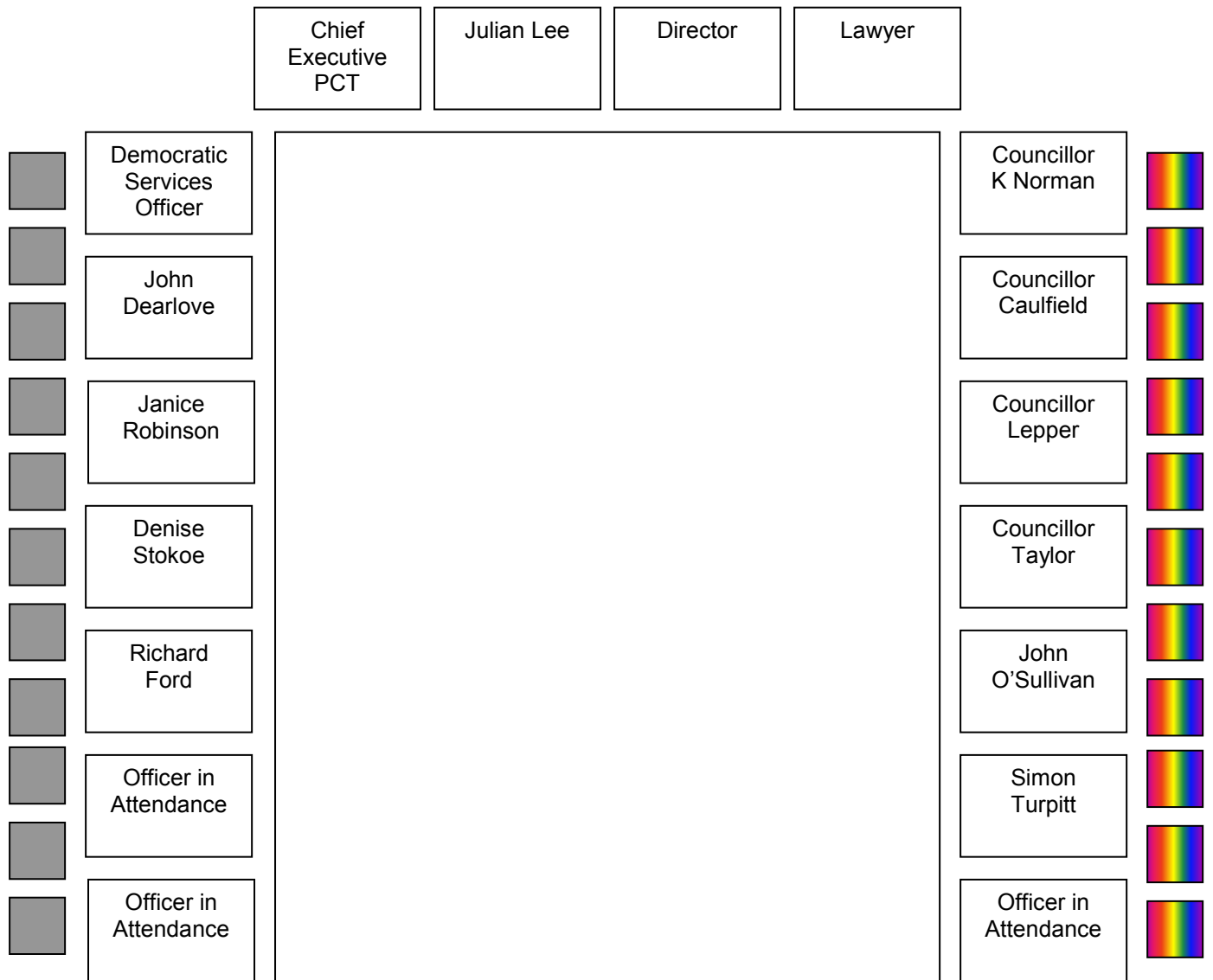
**Brighton & Hove
City Council**

Brighton and Hove City 
Teaching Primary Care Trust

Joint Commissioning Board

Title:	Joint Commissioning Board
Date:	28 July 2008
Time:	5.00pm
Venue	Council Chamber, Hove Town Hall
Contact:	Caroline De Marco Democratic Services Officer 01273 291063 caroline.demarco@brighton-hove.gov.uk

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JOINT COMMISSIONING BOARD

The following are requested to attend the meeting:

Brighton & Hove City NHS Teaching Primary Care Trust Representatives:

Julian Lee (Chairman), John Dearlove, Janice Robinson and Denise Stokoe

Council Representatives:

Councillor Maria Caulfield (Cabinet Member For Housing) and Councillor Ken Norman (Cabinet Member for Adult Social Care & Health)

Co-opted Members:

Councillor Jeane Lepper, Brighton & Hove City Council
Councillor Keith Taylor, Brighton & Hove City Council
Richard Ford, Sussex Partnership Trust
Simon Turpitt, South Downs Health NHS Trust
John O'Sullivan, South Downs Health NHS Trust

AGENDA

8. PROCEDURAL BUSINESS

- (a) Declarations of Interest by all Members present of any personal interests in matters on the agenda, the nature of any interest and whether the Members regard the interest as prejudicial under the terms of the Code of Conduct
- (b) Exclusion of Press and Public - To consider whether, in view of the nature of the business to be transacted, or the nature of the proceedings, the press and public should be excluded from the meeting when any of the following items are under consideration.

NOTE: Any item appearing in Part 2 of the Agenda states in its heading the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the public.

A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls.

9. MINUTES OF THE PREVIOUS MEETING

1 - 4

10. CABINET MEMBER'S COMMUNICATIONS

11. PUBLIC QUESTIONS

No public questions have been received.

12. FINANCIAL PERFORMANCE REPORT - MONTH 2

5 - 12

Report of the Director of Finance (PCT) (copy attached).

Contact Officer: Michael Schofield

Tel: 01273 545312

Ward Affected: All Wards

13. LEARNING DISABILITIES SERVICE FINANCIAL RECOVERY PLAN 2007/2008

13 - 22

Report of the Director of Adult Social Care & Housing (copy attached).

Contact Officer: Dennis Watts

Tel: 01273 293967

Ward Affected: All Wards

JOINT COMMISSIONING BOARD

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The closing date for receipt of public questions and deputations for the next meeting is 12 noon on the fifth working day before the meeting.

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Meeting papers can be provided, on request, in large print, in Braille, on audio tape or on disc, or translated into any other language as requested.

For further details and general enquiries about this meeting contact Caroline De Marco, (01273 291063, email caroline.demarco@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk

Date of Publication - Friday, 18 July 2008

BRIGHTON & HOVE CITY COUNCIL

JOINT COMMISSIONING BOARD

5.30PM 16 JUNE 2008

ROOM 1, HOVE TOWN HALL

MINUTES

Present: Brighton & Hove City Primary Care Trust representatives:
Julian Lee (Chairman), John Dearlove and Denise Stokoe;

Council representatives:

Councillor Ken Norman, Cabinet Member for Adult Social Care & Health;

Co-opted Members:

Councillor Jeane Lepper, Brighton & Hove City Council

Richard Ford, Sussex Partnership Trust

Simon Turpitt, South Downs Health NHS Trust

John O'Sullivan, South Downs Health NHS Trust

Apologies: Janice Robinson (Brighton & Hove City Teaching Primary Care Trust) and
Councillor Maria Caulfield (Cabinet Member For Housing)

PART ONE

1. PROCEDURAL BUSINESS

1a Declarations of Substitutes

1.1 There were none.

1b Declaration of Interests

1.2 There were none.

1c Exclusion of Press and Public

1.3 The Committee considered whether the press and public should be excluded from the meeting during the consideration of any items contained in the agenda, having regard to the nature of the business to be transacted and the nature of the proceedings and the likelihood as to whether, if members of the press and public were present, there would be disclosure to them of confidential or exempt information as defined in Schedule 12A, Part 5A, Section 100A(4) or 100 1 of the Local Government Act 1972 (as amended).

- 1.4 **RESOLVED** - That the press and public be not excluded from the meeting.
2. **TERMS OF REFERENCE - PURPOSE OF THE JOINT COMMISSIONING BOARD**
- 2.1 The Board considered a report of the Director of Strategy & Governance which set out the terms of reference of the Joint Commissioning Board (for copy see minute book).
- 2.2 The Director of Adult Social Care & Housing explained the changes in the governance arrangements at the City Council. There was now a Leader and Cabinet system and a new constitution.
- 2.3 Under the Cabinet system, most decisions were delegated to Cabinet Members; for example; adult social care & health matters would be referred to the Cabinet Member for Adult Social Care & Health. Two cabinet members were members of the Joint Commissioning Board. These were Councillor Ken Norman, Cabinet Member for Adult Social Care & Health, and Councillor Maria Caulfield, Cabinet Member for Housing. Councillors Norman and Caulfield would exercise the block vote for the Council on the Board. If the Cabinet members could not agree on an issue, the matter would be referred to the Leader of the Council. The Cabinet Members would then exercise their vote in accordance with the instructions of the Leader.
- 2.4 The Director explained that the Council published a Forward Plan on its website, which showed all key decisions planned over the next four months. A key decision was one which was likely to result in the local authority incurring expenditure/making savings which were above £500,000 per annum, or was significant in terms of its effect on communities living or working in an area comprising two or more wards or electoral divisions.
- 2.5 The Director explained the scrutiny functions of the council. Scrutiny Committees could now call in items on the forward plan in addition to calling in decisions made by the Cabinet Members. There was now a Health Overview & Scrutiny Committee and an Adult Social Care and Housing Overview & Scrutiny Committee.
- 2.6 The purpose of the Joint Commissioning Board remained unchanged.
- 2.7 **RESOLVED** – That the Terms of Reference and the explanation of the new cabinet system and constitution be noted.
3. **MINUTES OF THE PREVIOUS MEETING**
- 3.1 Paragraph 41.4 – The Chief Executive (South Downs Health NHS Trust) undertook to forward the month 12 report relating to the underspend on HIV/AIDS to the Democratic Services Officer for circulation to Members.
- 3.2 **RESOLVED** – That the minutes of the meeting held on 3 March 2008 be approved and signed by the Chairman.
4. **CHAIRMAN'S COMMUNICATIONS**
- 4.1 There were none.

5. PUBLIC QUESTIONS

5.1 There were none.

6. FINANCIAL PERFORMANCE REPORT - PROVISIONAL OUTTURN 2007/08

- 6.1 The Board considered a report of the Director of Finance (PCT) that presented financial position and provisional outturn for 2007/2008 of the pooled budgets managed within the Section 75 Partnership arrangements (for copy see minute book).
- 6.2 The Director of Finance (PCT) explained that a report on the 2008/2009 budget would be submitted to the next meeting of the Board. Key points to note on the current report were the ongoing problems with the Integrated Community Equipment Store. An additional contribution had been provided to the pooled budget to meet the projected overspend. Additional contributions had also been provided to the Learning Disability Service. Officers would need to ensure that this budget was not overspending in the current year. The underspend on Older People Mental health services would be carried forward to 2008/09.
- 6.3 The Chief Executive, PCT reported that there would be a separate item on the Learning Disabilities budget at the next meeting of the Board. The Chief Executive South Downs Health NHS Trust reported that the Integrated Community Equipment Store was a demand led service and this could place pressure on the budget. The budget would be closely monitored.
- 6.4 **RESOLVED** – (1) That the carry-forward of underspending on Older People Mental Health Services to support the development of a new service in 2008/09, be approved.
- (2) That the council's additional, non-recurrent contribution of £227,000 to meet net overspending on the Integrated Community Equipment Store service (£199,000) and the Learning Disability Service (£28,000) be noted.
- (3) That the additional contribution of £419,000 from Sussex Partnership Trust to meet in-year service pressures across services be noted
- (4) That the forecast break-even outturn for the pooled budgets for the 2007/08 financial year, incorporating the proposed additional contributions over and above the in-year additional contributions from the Primary Care Trust and the proposed carry-forward be noted. The final statement is subject to audit.

7. PURPOSE OF THE JOINT COMMISSIONING BOARD

See Item 2, Terms of Reference – Purpose of the Joint Commissioning Board.

The meeting concluded at 5.45pm

Signed

Chair

Dated this

day of

JOINT COMMISSIONING BOARD

Agenda Item 12

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

Subject:	Financial Performance Report – Month 2		
Date of Meeting:	28 July 2008		
Report of:	Director of Finance, Brighton and Hove PCT		
Contact Officer:	Name:	Michael Schofield	Tel: 01273-545314
	E-mail:	Michael.Schofield@bhcpct.nhs.uk	
Key Decision	No		
Wards Affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report sets out the results of the year end audit of the pooled joint commissioning budgets, and matters arising. It also provides details of the budgets for 2008/2009, and developments in respect of the financial management implications for the move to Foundation Trust status of Sussex Partnership Trust, expected during 2008/2009. Foundation trusts have different management arrangements, and are more directly accountable to the local population, but Sussex Partnership Trust will still continue to deliver mental health services.

2. RECOMMENDATIONS:

- (1) Board members are requested to note the conclusion of the audit of the PCT financial statements, which includes information about the section 75 agreement, and to approve the proposal to prepare a balance sheet for 2008/2009;
- (2) Board members are requested to consider the 2008/2009 budgets, to note the ongoing review work in respect of the mental health 'baseline' and to consider the proposed risk share arrangements in respect of the provider pools – both of which arise from the move towards Foundation Status of Sussex Partnership Trust; and
- (3) Board members are requested to note the forecast break-even outturn at Month 2, including the ongoing discussions around the application of the prior year underspend.

3. RELEVANT INFORMATION:

Year End Audit 2008/2009

- 3.1 The arrangements for the section 75 pooled budget arrangement have been in place for some time, drawing on flexibilities created to allow strengthened joint working between health and local government. The PCT prepares a memorandum note to its financial statements in respect of the arrangement, as this is best practice, and this is carefully reviewed as part of the audit of the PCT financial statements. This audit is now complete, and the PCT auditors – having specifically reviewed the pooled budgets notes – have issued an unqualified audit opinion on the financial statements and the arrangements for value for money at the PCT. This gives Board members a certain level of assurance around the monitoring and reporting, although not as substance as a full audit. The final memorandum note to the financial statements is included as Appendix 1.
- 3.2 The underlying framework for audit has changed with the introduction of new International Standards for Auditing, applicable to audits of public sector bodies in the UK. As part of this audit approach, the PCT external auditors revisited the previously agreed approach to the pooled budget, and raised the issue of the preparation of a balance sheet for the pool in order to calculate an ‘imputed cash’ balance to be reversed back to the contributing bodies. The PCT officers demonstrated that the arrangements of the pool are such that any imputed cash balance would be immaterial, and the auditors accepted this view. However, the PCT considers that it would be a useful ‘best practice’ exercise to calculate a balance sheet at Month 6 and Month 12 in 2008/2009, and propose to report the results of this exercise to the Board. This is a complex technical exercise, but will assist in supporting the overall accountability for the budgets entered into the pool by both partners.

Budget Proposals 2008/2009

- 3.3 For 2008/2009, contributions to the pool reflect the improved financial outturn at the end of 2007/2008. The PCT has increased all NHS contributions by the tariff uplift funding of 2.3%, including those for South Downs Health NHS Trust which would normally attract a lower tariff. The PCT has also agreed to invest an additional £0.4m on a recurrent basis in the Integrated Community Equipment service, recognising the significant work at South Downs on service improvement. **The total additional PCT investment is £1.397m in the pooled budgets for 2008/2009.**
- 3.4 For 2008/2009, the City Council has invested £1.528m additional funds in learning disabilities, including inflation, but has mandated savings targets of £0.641m, giving rise to a net additional investment of £0.887m. A further £0.531m has been invested across the PCT-led pooled budgets, but an associated savings target of £0.466m has been set, giving a net investment of £65,000. **In total, the City Council has invested an additional £0.952m in the section 75 budgets for 2008/2009. Total investment across the pool for 2008/2009 is therefore an additional £2.3m across both entities.**

3.5 Board members may wish to note the ongoing discussions around an appropriate contracting currency for mental health services as it moves towards Foundation status. The PCT, working jointly with Sussex PCTs, has been working with SPT to develop a new form contract for mental health services, with detailed activity measures – well in advance of the national programme. As part of this process, the ‘underlying’ elements of the contract in respect of the splits of funding across service areas, including those in the pool, are being reviewed. This is because the funding streams are tied to historical blocks, rather than being linked to specific units of activity. The Board will be updated with progress.

3.6 The table below sets out the final proposed budgets by client group for the consideration of Board members.

Pool Contributions by Client Group:	SDH	SPT	PCT	BHCC*	Total
PCT Pool:	£000	£000	£000	£000	£000
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.

3.7 Board members may also wish to note that the pool has ‘in reserve’ the balance of the commissioning underspend from last year of £0.799m. Discussions between providers and commissioners are continuing in respect of the final details of the service area to which any balance of this carried forward underspend should be applied. £0.5m of this funding has been applied by the PCT to the Sussex Partnership Trust service level agreement to contribute towards the costs of the Improving Access to Psychological Therapies programme, and Commissioners are minded to apply the remainder of the funding towards the Dementia at Home service.

Risk Share Arrangements 2008/2009

3.8 Both the underspend at the end of last year, and the move of Sussex Partnership Trust towards foundation status, have focused the attention of both commissioners and providers on the issue of risk share. In addition, a new contract (which will be legally binding, but is currently in shadow form) has been signed between the PCT and Sussex Partnership Trust, and this has been carefully scrutinised by Monitor (the regulator for Foundation Trusts), who have raised questions over risk share.

3.9 Accordingly, Commissioners and providers have been discussing the possibility of a risk-share agreement which would relate initially to the community care

element of the mental health budget (i.e. the element which is spent by Sussex Partnership Trust) and would set a tolerance under which the provider accepts the risk of over or underspend, with rigorous conditions on the continuing applicability of funding to the residents of Brighton and Hove. When finalised, these proposals will be brought to the Board for consideration.

Month 2 Forecast Outturn 2008/2009

- 3.10 As at the end of Month 2, the overall forecast is for breakeven. Learning disabilities is currently forecasting an overspend of £0.114m, although a recovery plan is in place. There are forecast over and underspends in respect of mental health (the community care/ council-provided element), but these need to be considered in the context of the underspend carried forward. Officers will continue to monitor the position. The table below shows the forecast outturn at Month 2.

M2 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	-	-	-	-	-
Older People's Mental Health Services Client Group	-	(396)	-	-	-
Substance Misuse Services Client Group	-	157	-	-	-
Working Age Mental Health Services Client Group	-	470	-	-	-
Integrated Equipment Store	-	-	-	-	-
	-	-	-	-	-
Council Pool:					
Learning Disabilities Services Client Group	-	-	-	114	-
Savings/ Recovery Plans		(114)		(114)	
Forecast Outturn at Month 2	-	-	-	-	-

*Note unapplied underspend b/f in respect of mental health and substance abuse

- 3.11 One of the issues that the PCT and the City Council will be focussing on in the coming months is the financial management of continuing care and complex care packages for individuals. Despite a significant increase in the NHS budgets for continuing care, a forecast overspend is emerging in NHS budgets even at this early point in the year. However, this impacts on the main PCT budgets, rather than the section 75 budgets. Similarly, there are significant pressures on the learning disabilities expenditure areas, primarily undertaken in the City Council. Officers will be working over the coming months to secure the benefits of partnership working and to try and jointly address these pressures.

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 proposed budgets for 2008/2009.

Finance Officer Consulted: Michael Schofield/ Nigel Manville Date: 11/7/08

5.2

Legal Implications:

There are no specific legal implications which arise out of this report as it is in the main for noting purposes only.

The proposal to prepare a balance sheet for 2008/2009 offers a greater degree of accountability and scrutiny.

The proposals for 2008/2009 budgets need to ensure sufficient provision is made for the ongoing ability to meet the assessed needs of service users thereby continuing to meet statutory duties and protect human rights.

Lawyer Consulted: Farida Amin

Date: 15.07.08

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.

SUPPORTING DOCUMENTATION

Appendices:

1. Extract from PCT Financial Statements
2. Details of the elements of the Budget

Appendix 1: Extract from the PCT Audited Financial Statements 2007/2008

Note 24. Pooled Budget

The PCT has entered into a pooled budget with Brighton & Hove City Council. Under the arrangement funds are pooled under S75 of the Health Act 2006 for: Older Peoples Mental Health, Learning Disabilities, HIV/AIDS, Substance Misuse, Intermediate Care and Working Age Mental Health activities and a memorandum note to the accounts provides details of the joint income and expenditure. The pool met its budget in year.

	07/08 £000's	06/07 £000's
Gross Funding		
BHC PCT	41,704	38,404
South Downs Health NHS Trust	-	317
Brighton & Hove City Council	35,210	36,662
	76,914	75,383
Expenditure:		
Non NHS Providers	4,359	3,140
Other NHS Providers	272	2,515
South Downs Health NHS Trust	5,249	7,501
Sussex Partnership Trust	43,078	38,522
Social Care	21,986	22,521
Brighton & Hove City PCT	1,970	1,185
	76,914	75,384

The pool has two elements - an element hosted by Brighton and Hove City Council for Learning Disabilities, and an element hosted by the PCT for all other services provided. Both pooled funds form part of the overall pool, which is jointly managed through the Joint Commissioning Board, which receives regular financial reports.

There is no separate accounting entity for the pool, and the PCT and the City Council make contributions at the same time as the pool pays over payments to external parties (i.e. the contribution to the pool and the payment by the pool are one and the same transaction). This means that, at the year end, the only elements of the 'pool balance sheet' will be equal and opposite debtor and creditor balances between the PCT/City Council and the pool, and between the pool and external parties. There is no imputed cash element. The PCT does not consider these matching debtor and creditor balances to be significant and, accordingly, has not included a balance sheet in this disclosure note.

Appendix 2: Contributions to the 2008/2009 Budget by Brighton and Hove City PCT and Brighton and Hove City Council

The table shows the contributions made by the two entities to the pool, with an analysis across the service groups and the 'vehicles' for provision. The providers have separate provider pools, but the JCB governance arrangements are focused on the commissioning arrangements.

PCT Contributions to the Pool 2008/2009					
	SDH	SPT	PCT	BHCC	Total
	£000	£000	£000	£000	£000
HIV/AIDS Services Client Group	579	300	-	-	879
Intermediate Care Services Client Group	2,122	-	323	-	2,445
Learning Disability Services Client Group	6,396	-	927	-	7,323
Older People's Mental Health Services Client Group	-	6,912	-	-	6,912
Substance Misuse Services Client Group	-	2,471	-	-	2,471
Working Age Mental Health Services Client Group	-	24,021	-	-	24,021
Integrated Equipment Store	682	-	-	-	682
	9,779	33,705	1,250	-	44,734
BHCC Contributions to the Pool 2008/2009					
	SDH	SPT	PCT	BHCC*	Total
	£000	£000	£000	£000	£000
HIV/AIDS Services Client Group	141	-	-	-	141
Intermediate Care Services Client Group	1,330	-	-	-	1,330
Learning Disability Services Client Group	-	-	-	21,707	21,707
Older People's Mental Health Services Client Group	-	6,228	-	-	6,228
Substance Misuse Services Client Group	-	212	-	-	212
Working Age Mental Health Services Client Group	-	3,853	-	-	3,853
Integrated Equipment Store	640	-	-	-	640
	2,111	10,293	-	21,707	34,111
*£83,000 still to be allocated					

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
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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.					

The two 'pools' form part of one larger 'pool' – which is managed under the overarching pooled budget arrangement. Technically, the Board of each lead commissioner manages the pool within the overall fund, and the JCB co-opts all members into one combined board at the start of each meeting. Note, the breakdown and components of the SPT element continue to be reviewed against the outcomes of the activity-based costing review, which is still under discussion.

JOINT COMMISSIONING BOARD

Agenda Item 13

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

Subject: Learning Disabilities Financial Recovery Plan
2008/09

Date of Meeting: 28 July 2008

Report of: Director of Adult Social Care & Housing

Contact Officer: Name: **Dennis Watts** Tel: **29-3167**
E-mail: dennis.watts@brighton-hove.gov.uk

Key Decision: No

Wards Affected: All

1. SUMMARY AND POLICY CONTEXT

- 1.1 The purpose of this report is to provide an update on Financial Recovery Plan progress for the Learning Disability Service 2008/9. This report is a follow-up to the report of 9 July 2007 submitted to this Board.

2. RECOMMENDATION

- 2.1 The Board is asked to note progress on the Financial Recovery Plan.

3. BACKGROUND

- 3.1 Board members will be aware that the Learning Disability Service of Brighton & Hove City Council has experienced significant demand pressures in the last several years. The service continues to experience such pressures with additional costs and budget overspends projected for the current year and in future years. The Service has responded by identifying measures in the Financial Recovery Plan (FRP) likely to reduce expenditure. This process has achieved a significant improvement in the budgetary position.

3.2 The Financial Recovery process began in October 2006, achieving savings of £186,000 for the year 2006/07.

3.3 Last year (2007/8) a saving of £1.4 million was achieved, representing a significantly improved financial performance. Overall, the service was £28,000 overspent for the financial year against a savings target of £2.2 million.

Management actions to achieve recovery included:

- **Efficiency savings** - Addressed by reducing base budget at the beginning of the year and expecting services to operate within budget
- **Income Maximisation** - Raising rents in council owned LD properties to reflect the true housing management costs of providing the service. Also claiming Independent Living Fund (ILF) as a contribution to service user care costs where eligibility criteria were met.
- **Reallocation of costs** - Continuing Care funding applications made to the PCT. Such applications reflected service user's primary health needs and/or challenging behaviour needs. This action delivered the biggest savings last year.
- **Management of Growth** - Increased scrutiny of Community Care funding applications and therefore better budget management.
- **Re-commissioning** - Moving service users placed out-of-area back into new schemes in the city.

3.4 The PCT provided additional non-recurrent funding of £0.734 million in 2007/08 to ensure that the service finished with a close to break-even position. This was primarily to cover the shortfall on the FRP for 07/08.

It should be noted that some targets on the FRP for 07/08 materialised late in the financial year (for example Continuing Care) so the Full Year Effect for 2008/09 of the shortfall is reduced from the £0.734 million to the £0.497 million.

*The figure for 2006/07 was £450k

- 3.5 Performance for 2007/08 compares favourably with previous Financial Recovery Plans, which failed to realise savings:

<u>Financial Year</u>	<u>Overspend*</u>	<u>FRP Achieved</u>
2003-2004	£1,590,577	£0
2004-2005	£1,253,765	£0
2005-2006	£165,692**	£0
2006-2007	£1,140,708	£186,400

*Overspend figures derived from TBMs

**Additional funding allocated by Health Authority for 2005-06

- 3.6 A robust management process was put in place, including fortnightly budget meetings to provide close examination of expenditure in detail. Targets were subject to constant review and/or amendment and contingency plans prepared. This ensured that individually identified savings were adequately documented, agreed with financial services and had SMART targets ascribed.
- 3.7 Savings achieved to date have been identified on the basis of their deliverability within timescales imposed. Ambitious savings targets for 2007/08 and 2008/09 have determined a concentration on savings streams most likely to yield quick results – income maximisation, growth management and reallocation of costs. These achievements do not, therefore, address the underlying cost base of the service. However, a three-year FRP will address such long-term issues and reflect the aims of the Learning Disability Commissioning Strategy.

FINANCIAL RECOVERY PLAN 2008/09

- 3.8 The Council as Lead Commissioner for Learning Disabilities has a pooled budget with Brighton & Hove City Primary Care Trust. The total gross funding available for 2008/09 is £28.8 million and any overspend against the pooled budget is the responsibility of the Council. The funding is broken down as follows: -

Partner	Total Funding 2008/09
Brighton & Hove City Council	£21.7m
South Downs Health Trust	£ 6.4m
Sussex Partnership Trust	£ 0.9m
Total All Partners	£29.0m

Council spend is apportioned as follows:

Provision	Service	Budget
		£000
Other	NHS Community Care	18,231
Own	Day Services	2,585
Own	Accommodation	3,034
Own	Other Services	-2,348
Learning Disabilities total		21,707

3.9 A figure of £2.92 million pressures has been identified for 2008/09. This figure is based upon information as at TBM10 (2007/08) and comprises:

- Budgetary pressures arising from transitions: £1,020k
- Growth estimated on previous year trends: £762k
- Shortfall from 2007/08: £497k
- Efficiency savings: £641k

These pressures have been partially offset by agreed Council funding of £1 million.

3.10 The resulting savings target of £1.9 million for 2008/09 represents a very challenging goal for the service. Continued growth demands, emerging pressures on in-house services and the underlying issue of high unit costs, all point to a very difficult year ahead. The Learning Disability budget is to an extent dependant on expenditure decisions made in the past and it is acknowledged that making significant change takes both time and determination.

- 3.11 The broad range of activities identified for 2007/08 will continue to yield new savings in the current year. The service will also reap the full year effect savings from last year's activities. In addition, a greater emphasis has been placed this year on achieving efficiencies by way of service re-modelling and restructuring. Re-commissioning of some services will also yield savings and begin to address longer-term issues. Thus whilst attaining financial balance cannot be guaranteed at this stage of the financial year, significant progress has been made.
- 3.12 Within the current FRP, a savings figure of £1.2 million has been identified, arising milestones mapped and the process of managing delivery begun. Areas of activity likely to deliver the remaining £0.8 million have also been identified. In addition, tight control and monitoring of the approval of care packages by senior managers remains in place and is likely to yield further savings on projected growth. Income maximisation measures taken in the previous financial year may also deliver further savings with respect to benefit payments. Activity for 2008/09 will therefore include:
- Income maximisation activity
 - Efficiency savings
 - Reallocation of costs
 - Re-commissioning of services
 - Service improvement, modernisation and redesign
 - Management of growth

An analysis of the contribution of Continuing Care funding applications to the FRP 2008/09 is as follows:

Service	FRP CHC Achieved for 08/09	FRP CHC Still To Achieve
	£000	£000
NHS Community Care	9	326
Accommodation	296	69
Learning Disabilities total	305	395

As at TBM 03 projected overspend for 2008/09 stands at £286k, with £567k FRP savings still to be achieved.

- 3.13 It should be noted, however, that the Financial Recovery Plan for Learning Disabilities is subject to certain risks. The plan is dependant in part on changes to individual high cost care packages. These changes necessitate detailed consultation and preparatory work and the agreement of third parties. Similarly, proposals to cut expenditure by service redesign and re-commissioning in various areas will need determined management action in order to ensure implementation. Service management has recognised these risks and is making substantial efforts to implement necessary measures. Robust and continuing scrutiny will ensure that any emerging risks are anticipated and adequately managed. Contingency proposals are similarly subject to constant review and appraisal.
- 3.14 In the longer term, possible changes to Housing and other benefit systems may mean that measures proposed in the Financial Recovery Plan will only be available in the short-term. For the longer term it is vital that deep-seated issues such as high unit costs and service spend be met. A Project Board has therefore been set up to ensure that the Financial Recovery Plan 2008/09 forms part of a three-year strategy in which savings identified for years two and three will closely reflect Commissioning Strategy imperatives.
- 3.15 The Supporting People programme in Brighton and Hove is also subject to reductions in funding of 11.5% over the next 3 years. For Learning Disability Services this reduction will be 10.3% of the £1.6 million currently spent. Measures have been taken to mitigate the impact of these reductions through agreeing efficiency savings with providers for the next 2 years that do not impact on the Learning Disability FRP. The remaining £100k savings to be found in 2010/11 will be reflected in the new commissioning strategy

FUTURE STRATEGY

- 3.16 Cost information demonstrates that Brighton & Hove is operating at a unit cost basis significantly higher than comparators across both Accommodation and Day Care services. This indicates that there is scope for significant cost efficiencies in the way that Brighton & Hove City Council operates.
- 3.17 Growth pressures on the Learning Disabilities budget will increase for the foreseeable future. The Financial Recovery process must therefore ensure both *Value for Money* and sustainability.
- 3.18 The Financial Recovery Plan 2008/09 is the first step in a three-step strategy, aiming to achieve service stabilisation; put in place tight financial control systems and review high cost services. Years two and three will tackle infrastructure and costs – ensuring that the Commissioning Strategy is focussed on efficiency savings and *Value for Money*. Cultural changes will also be introduced shifting emphasis to Individualised Budgets and to

people doing more to help themselves rather than being dependant on the services provided. These changes will ensure that the service as a whole operates in a more cost-conscious way in the future.

CONCLUSION

- 3.19 Whilst the financial recovery process produced significant savings last year and work streams have been identified to close the deficit, there is a real risk that some of the savings will not be delivered this financial year. The work streams necessary to achieve such ambitious targets within short timescales can only be sustained in the short term. In the longer term the financial recovery process will arise out of the revised Commissioning Strategy and address the underlying issues of high unit cost.

4. CONSULTATION

- 4.1 Relevant Finance officers have been consulted in the preparation of this report.

5. FINANCIAL & OTHER IMPLICATIONS

5.1 Financial Implications:

Learning Disability Services are managed by the Council within a Section 75 Partnership Agreement with the PCT. The agreement contains a financial risk sharing provision in the event of overspending. Should there be a shortfall against the 2008/09 financial recovery plan due to underachievement of savings and/or higher than anticipated service pressures, the commissioning partners (i.e. Council and the PCT) will need to agree how to manage the overspend. In the absence of any agreement, overspends are shared in proportion to partners' contributions to the pool budget.

Finance Officer consulted: Nigel Manvell

Date: 14 July 2008

5.2 Legal Implications:

The continued implementation of the Financial Recovery Plan by the Council and its Partners aims to ensure both value for money and sustainability making best use of the financial resources in order to continue to meet our statutory obligations for the foreseeable future in the face of significant and increasing demand pressures. There must always be due regard to the provision of appropriate services to meet the proper assessed needs of individual service users. There are no other legal or human rights implications which arise from this report which is for noting only.

Farida Amin – Solicitor.

Date: 15 July 2008

5.3 Equalities Implications:

The Financial Recovery process will ensure that vulnerable adults with a learning disability continue to receive support and that this group of service users will gain access to appropriate services that can best meet their physical and social needs into the future.

5.4 Sustainability Implications:

There are no sustainability implications

5.5 Crime & Disorder Implications:

There are no implications for Crime and disorder

5.6 Risk and Opportunity Management Implications:

Risks and opportunities have been identified in the main body of the report. In particular in sections 3.13, 3.14, 3.15, 3.16 and 3.17.

5.7 Corporate / Citywide Implications:

This report is consistent with the Learning Disability Commissioning Strategy and meets the Council priority in terms of developing a healthy city that cares for vulnerable people and tackles deprivation and injustice.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

None considered

7. REASONS FOR REPORT RECOMMENDATIONS

Update report requested by JCB

SUPPORTING DOCUMENTATION

Appendices:

None

Documents in Members' Rooms

None

Background Documents

No background documents are referred to in this report

