

Finance and Resources Committee

2.00pm, Wednesday, 13 May 2015

Health and Social Care revenue budget – further progress update

Item number	7.1
Report number	
Executive/routine	
Wards	

Executive summary

At its meeting on 3 February, the Finance and Resources Committee approved a Capital Coalition motion instructing the Chief Executive to take forward as a matter of urgency a number of specific actions geared towards securing the medium and longer-term sustainability of the Health and Social Care revenue budget.

An initial update was considered by the Committee on 19 March and this report sets out the extent of further progress.

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	n/a

Health and Social Care revenue budget – further progress update

Recommendations

- 1.1 It is recommended that members of the Finance and Resources Committee note the contents of the report and that a further update, including the initial results of the external review, will be considered by the Committee on 4 June.

Background

- 2.1 Members will be aware of a series of reports considered by the Committee over recent months highlighting acute demand-led budget pressures affecting the Health and Social Care service.
- 2.2 Given both the underlying nature and magnitude of these pressures, in considering an update report at the meeting of 3 February, members of the Finance and Resources Committee approved a Capital Coalition motion instructing the Chief Executive to take forward a number of specific actions.
- 2.3 Initial progress against these actions was reported to the Committee's meeting of 19 March. The following sections set out additional steps undertaken since that time.

Main report

Review of the overall Health and Social Care budget

- 3.1 The report to the Committee's previous meeting indicated that a timetable for monthly budget and challenge meetings had been established. Two Health and Social Care-focused meetings have now been held and these have served as a useful forum to explore in greater detail some of the underlying demographic drivers of increased demand and how the resulting cost pressures have been, or might be, addressed. A further meeting is planned in late May.

2014/15 outturn

- 3.2 Work to finalise the service outturn is on-going and a verbal update will be provided at the meeting. Council has previously approved the use of up to £4.75m from the Council Priorities Fund to address the service overspend in 2014/15.

2015/16 budget – savings assurance review and management of pressures

- 3.3 The approved Health and Social Care service budget for 2015/16 is underpinned by the delivery of some £7.5m of savings. In common with all other service areas, a further savings assurance exercise was undertaken in late March and a number of specific proposals were prioritised for the finalisation of associated delivery plans or, in a small number of cases, development of alternative proposals. Progress in delivering these savings will be monitored closely during the year and any significant issues around implementation emerging reported to the Finance and Resources and Health, Social Care and Housing Committee as appropriate.
- 3.4 The Director of Health and Social Care has identified net unmitigated pressures of £6m in 2015/16, although significant risks also exist around some of these associated mitigating measures. The Director will report separately to the Committee's next meeting on options to bring expenditure back within approved levels. As with the delivery of approved savings, the position will continue to be reviewed on an at-least monthly basis and progress reported to the Senior Management Team and Committee.

Financial planning and external service review

- 3.5 The Director continues to convene regular financial planning sessions with the Senior Management Team and individual "star chamber" meetings with service managers, reinforcing his overriding responsibility to maintain expenditure within approved levels. As noted in the previous report, an external review has also been commissioned, examining the background to the service's current financial difficulties, providing independent assurance around the robustness of implementation plans for approved savings and examining potential options to re-establish financial stability going forward.
- 3.6 Following a workshop in mid-April to discuss and validate findings with the service, the report's contents are currently being finalised and will therefore be included in the further service update to be considered by the Committee on 4 June.

Consideration of cash-limiting approach

- 3.7 The progress update of 19 March also pointed to consideration of a potential "cash-limiting" approach for the service from 2016/17, similar to arrangements for the former Police and Fire and Rescue Joint Boards where the authorities concerned requisitioned sums from constituent authorities. The implications of adopting such an approach need to be considered alongside on-going moves towards establishing an integration joint board and, as noted in the revenue budget update report elsewhere on today's agenda, a specific recommendation in this area will therefore be made as part of Committee's consideration of the Council's wider financial strategy on 4 June.

Measures of success

- 4.1 The primary priority is to re-establish the sustainability of the Health and Social Care budget prior to the transition to integrated arrangements with NHS Lothian effective from April 2016.
- 4.2 The improvements to the budget setting and budget monitoring processes are geared towards contributing to the following wider objectives:
- savings are delivered in accordance with the approved budget, particularly where these are linked to additional service investment;
 - where changes to approved savings require to be made, these are reported to elected members through the monitoring process; and
 - reduced dependency on one-off solutions to budget pressures through budget realignment.

Financial impact

- 5.1 The programme of actions set out in this report will contribute positively towards closer reporting and scrutiny of financial performance and enhance the robustness of savings proposals developed going forward.
- 5.2 The cost of the external service review has been limited to £39,000 and will be met from within the approved overall allocation from the Council Priorities Fund.

Risk, policy, compliance and governance impact

- 6.1 As noted above, the actions set out in the report will strengthen financial management and scrutiny at both the proposal development and subsequent tracking stage.

Equalities impact

- 7.1 The approved proposals for 2015/16 have, where appropriate, been the subject of equalities and rights impact assessments. Any alternative measures employed in maintaining expenditure within budgeted levels will be the subject of similar consideration.

Sustainability impact

- 8.1 There is no direct sustainability impact arising from the report's contents.

Consultation and engagement

- 9.1 The report sets out a framework through which to re-establish the stability of the Health and Social Care budget. Where this process results in recommendations affecting particular client groups, full consultation with elected members, service users and advocacy groups will be undertaken.
- 9.2 As was the case in 2015/16, it is anticipated that budget proposals developed for 2016/17 will be the subject of a three-month period of public engagement.

Background reading/external references

[Adult Social Care Budget Pressures, 2014/15: Update](#), Finance and Resources Committee, 15 January 2015

[Health and Social Care revenue budget – progress update](#), Finance and Resources Committee, 19 March 2015.

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Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO25 – The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	n/a
Appendices	None