

## **Agenda Item No: 7**

Committee:	<b>Scrutiny Committee for Social Services &amp; Health</b>
Date:	<b>20 June 2002</b>
Title of Report:	<b>Scrutiny review of Budgetary Control of the Community Care Fund</b>
By:	<b>Project Board</b>
Purpose of Report:	<b>To present the final report of the project board</b>

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### **Recommendation:**

**For the committee to note the report of the Director of Social Services on Budgetary Control of the Community Care Fund and agree this accompanying report of the project board**

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### **1. Introduction and background information**

- 1.1 The Social Services & Health Scrutiny Committee established a project board in September 2001 to scrutinise the development of policy in relation to the control measures for the Community Care Fund. The project board consisted of Councillor Trevor Webb (Chair), Councillor Mary McPherson and Councillor Ann Leigh.
- 1.2. The development of new arrangements for the budgetary control of the Community Care Fund has been devised by the Director of Social Services, represented by the Assistant Director (Finance and Business Support). The scrutiny project board has been involved at all the key stages of the creation of this new policy. The board met on five occasions and each time received a report which it questioned, commented on, and engaged with Officers on the finer detail and implications of the new arrangements.
- 1.3 The most significant change brought about by the new proposed control model for the Community Care Fund is the funding of a higher number of preventative packages and a reduction in reliance on long-term residential care funding. This change of emphasis will increase the purchasing power of lower level preventative packages such as home care and day care. It will also ensure that there are adequate control procedures in place to safeguard the policy decision of investing in Older People's services.

### **2. The Findings**

- 2.1 The project board are now satisfied that it has been able to provide an effective input into the policy development process and summarises its findings as follows:

- Resources spent on residential and nursing placements are cost-effective in short-term but are inefficient in the long-term
- The Control-total process was not leading to resources being spent in the areas of priority.
- Older people's services have not had a significant proportion of the new investment available over the last three years.
- If people receive home care there is an ability to review and recycle the resource spent on them and thus help new customers.

2.2. If agreed the new arrangements will be implemented in a stepped approach with consultation. The timetable is as follows:

- 1 April 2002            Older People's Services and PDSI - Home Care
- 1 May 2002            Mental Health Services
- 1 June 2002           Learning Disabilities
- 1 Sept 2002            Devolved to Areas for Older People & PDSI Residential

Budget details and further background is supplied in the final report presented to the project scrutiny board

2.3. The attached report will go to the Cabinet on 25th June 2002 as part of the Director of Social Services Action Plan in response to the Joint Review.

### **3. Recommendation**

3.1 Members are asked to receive the report of the scrutiny committee and approve the recommendation that the Director of Social Service's report on new arrangements for budgetary control of the Community Care Fund be agreed.

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19 June 2002

## Appendix One

<b>Committee:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>25 June 2002</b>
<b>Title:</b>	<b>Budgetary Control of the Community Care Fund</b>
<b>By:</b>	<b>Director of Social Services</b>
<b>Purpose:</b>	<b>To agree new arrangements for the control of the Community Care budget to meet the policy objectives of Social Services whilst enhancing long term financial control.</b>

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### **Recommendations:**

#### **With regard to the Community Care Fund:**

**To note the implementation of a more strategically focused budgetary control model;**

**To approve the devolvement of the budgets for Older People and People with Physical Disabilities to Locality Operations Managers from 1<sup>st</sup> September 2002, subject to the successful implementation of the new strategic approach.**

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### **1. Financial Implications-Background**

- 1.1 At its meeting on 14th January 2002, the Scrutiny Board explored the presented options for managing the budgetary control of the Community Care Fund and requested further background detail and analysis.
- 1.2 From 1993/94 until 1998/99 new demand for Community Care placements was funded through specific government grant, known as Special Transitional Grant (STG). By way of illustration, the 1998/99 allocation amounted to £4m. In 1999/2000 STG was withdrawn. Further, the previous year's allocation was not consolidated into the 1999/2000 SSA, as had been customary in the past. Its withdrawal meant that the on-going expenditure commitment funded from this grant had to be met from the Authority's existing resources.
- 1.3 Against this background of limited resources, the weekly funding panels, in operation for each of the 3 geographical areas and for both Mental Health and Learning Disability services continued, albeit with reduced weekly allocations.
- 1.4 This restriction of resources coupled with high demand for services, particularly around the need to fund hospital discharges through the winter of 1999, meant that even tighter control of the budget was required. This was achieved by centralising the funding process through the adoption of a countywide panel. Although separate panel control figures were produced, it became the norm to combine the allocations and control to a total bottom line figure, with priorities being determined across client groups and care types.
- 1.5 As a result of the relatively small amount available for new packages of care (averaging £2,000 per week in 2000/01), only emergency cases could be funded. Where previously small care packages had prevented or delayed the loss of independence, funding was only available for clients with high levels of dependencies. As a result, the unit cost of care packages increased

(nursing compared with home care). Thus by delaying placement, the cost of care was ultimately higher in many instances than would otherwise be the case.

- 1.6 Approving to a “bottom line” does not allow funding to be targeted to achieve a desired balance of care type. Given that the weekly allocation is now averaging £4,000, the opportunity has been taken to utilise the control process in a more targeted way.

## 2. Constructing a new budgetary control model.

- 2.1 With the exception of the Learning Disabilities budget ( where there is limited client turnover), the key to modelling resource availability over a period of time is to estimate the rate of attrition and resultant releasing of resources. Attached as **Appendix A** is a summary of resources released through attrition and the percentage of total commitment that this relates to. For elderly people, the figures can be summarised as follows:

Older People 3 year average	Residential	Day	Home
	£	£	£
Commitment	46,055,973	856,930	11,643,846
Death/Discharge	9,628,597	89,970	2,542,840
% of commitment	20.91%	10.50%	21.84%

- 2.2 Home care provides the highest turnover rates. By earmarking funds within the control process for care type (e.g. home care) it is possible to maximise the recycling of resources.

- 2.3 The centralised model makes no allowance for this control of resources, with the result that a high percentage of the freed up home care resources have been reallocated to residential based care and thus are tied up for a longer period. A comparison of this approach with the targeted approach to home care is shown at **Appendix B** and **C**.

- 2.4 By modelling the trend in attrition rates and using standard unit cost of care packages it can be seen that 525 more clients can be accommodated by earmarking resources for small preventative packages of care, as follows:

<b>Three year projection-recycling of resources</b>				
	<b>Nursing</b>	<b>Residential</b>	<b>Home</b>	<b>Total</b>
<b>Total no of placements funded over period</b>	No.	No.	No.	No.
Allocation of funding based on commitment (Previous approach)	647	1,311	1,077	3,035
Targeted approach to Home care: £1,000 per week	532	1,078	1,950	3,560
Variation	-115	-233	+873	+525
<b>Change in commitment</b>	£000	£000	£000	£000
Allocation of funding based on commitment (Previous approach)	46	201	-247	0
Targeted approach to Home care: £1,000 per week	-652	-608	1,260	0
Variation	-698	-809	1,507	0

### 3 New control model

3.1 The strategic targeting of resources has commenced with the earmarking, from 1<sup>st</sup> April this year, of £1,000 per week (from the available £4,000) for the purchase for home care packages. Priorities are determined by the Head of Commissioning with the purchasing function being centralised under the Contracts and Purchasing Unit. The benefits of this approach are:

- Funding a higher number of preventative packages, thereby delaying loss of independence;
- Helping to meet Performance Indicator targets set around the Government's requirements to reduce reliance on residential care;
- Maximise the ability to recycle resources within the Community Care budget
- Maintaining a level of centralised control on a much pressured budget.

3.2 The available resources have been allocated, as follows:

<b>Client Group</b>	<b>Weekly control £</b>
Elderly and Physically Disabled- Eastbourne	500
Elderly and Physically Disabled- Hastings	953
Elderly and Physically Disabled- Lewes and Wealden	822
Elderly and Physically Disabled-Home Care	1,000
Learning Disabilities- County Wide	335
Mental Health- County Wide	315
Substance Misuse- County Wide	119
<b>TOTAL</b>	<b>4,044</b>

3.3 The Head of Commissioning retains flexibility within the Older People/Physically Disabled control figures to allocate resources between nursing, residential and day care. Given the specialist nature and relatively low levels of purchase, home care remains within the control figures for Learning Disabilities and Mental Health.

### 4. The next stage

4.1 The above control figures are of sufficient size to enable consideration to be given to devolving Older People/Physically Disabled budgets to local areas. Locality Operations Managers would control this budget on a weekly basis. This approach has the advantage of ensuring that decisions regarding expenditure move closer to the front line thereby ensuring that priorities are determined locally. Moving from a centralised process increases the financial risks and if adopted will require close monitoring.

4.2 It is proposed that budgets for Older People and People with Physical Disabilities are devolved to Locality Operations Managers from 1st September 2002, subject to the successful implementation of the new strategic approach.

### 5. Conclusion

5.1 The above changes will produce a budgetary control process that will facilitate meeting the Department's objective to reduce its reliance on long-term residential care and increase the purchasing of lower level preventive packages such as home care and day care.