

Well-being Partnership Board – 15 February 2007 Joint report on financial planning for 2007/08

1. Background

1.1. Haringey TPCT

- 1.1.1. The TPCT is midway through its financial planning process for next year.
- 1.1.2. At the end of October it published draft Commissioning Intentions setting out priority areas for investment, disinvestment and service change.
- 1.1.3. On January 15th 2007 the TPCT submitted its first draft “Operating Plan” to the London Strategic Health Authority. This paper summarises key achievements and outstanding risks relating to 2006/2007 although the major focus is on planning for 2007/2008 – strategic priorities, financial plans, performance improvement, governance and risk. The paper is available on the TPCT’s website www.haringey.nhs.uk
- 1.1.4. The TPCT are due to submit a second draft of the Operating Plan on the 16th February, with a final iteration and submission, including a final 2007/2008 budget to be submitted by mid March. A number of factors will influence the final budget submission – with one key area being the sign off of service level agreements with all main hospital providers by the end of February 2007 (i.e. the current plan includes an estimate of the level the TPCT expect to set contracts at but this may substantially change through the negotiation process).
- 1.1.5. The position set out within this paper is therefore subject to potentially reasonably significant change over the next two months, although it should give a good indication of the TPCT’s proposed approach and strategic investment and disinvestment priorities.
- 1.1.6. The TPCT has a clear duty to manage its financial resources effectively and to achieve financial balance. Investment in strategic priorities will only be possible if the savings proposals set out are achieved – the TPCT will be seeking to balance the two aspects of the plan and will keep this under continual review through 2007/2008 to ensure it meets its financial duties, whilst progressing strategic priorities.

1.2. Haringey Council adult social care

- 1.2.1. The Executive on 4 July 2006 considered a comprehensive report on financial strategy for the period 2007/08 to 2010/11 and agreed a business planning and budget-setting process. At that time the Social Services budget showed a significant gap for the years 2007/08 and 2010/11, with an overall gap of £13.6m over the full four-year planning period. This assumes the achievement of pre-agreed savings proposals of £8.2m. The assumed Council Tax in the projection is an increase of

2.5% in each of the four years and a known grant settlement figure of 2.7% in 2007/08. A further report was considered by the Executive on 31 October 2006 to release the pre-business plan reviews for scrutiny and a number of national and local updates were considered.

- 1.2.2. As part of the pre-business planning review process, targets were set for individual business units to identify potential savings opportunities. The targets took account of the level of savings already identified in current financial plans and previous years. These savings targets were aligned to the government's Gershon efficiency targets of 2.5% per annum.

2. Financial positions

2.1. Haringey TPCT

- 2.1.1. The table above summarises net changes in the TPCT's resource allocation for next year.

Available resources (2007/2008 vs 2006/2007)	£m
Growth at 8.5%	28.9
Required efficiency savings (all NHS providers – national requirement)	2.9
Sub total	31.8
Non discretionary calls against available resources	
London top slice at 3.6%	-12.5
Inflation and generic cost pressures	-10.9
Reserves / contingency at 1.5%	-5.5
Sub total	28.9
Difference = growth available for (discretionary) investment	2.9

- 2.1.2. The table shows that the TPCT's overall 'new' resource for 2007/2008 totals £31.8m. Set against this are £28.9m of mandatory investment requirements including the anticipated further London top slice (increased from c. £9.5m in 2006/2007 to £12.5m in 2007/2008) which will support the overall London Health economy to achieve financial balance, inflation and generic cost pressures (for example the cost of new NICE guidance on high cost drugs) and a required contingency / reserve of 1.5% of the TPCT's total budget (to enable the TPCT to manage unexpected increases in costs / demand over the year).
- 2.1.3. After all the above is taken in to account the TPCT has £2.9m available to invest in service development against the priorities outlined below. It is clear that the total cost of proposed investment significantly exceeds the £2.9m figure available – the TPCT is therefore seeking to identify areas for cost improvement and savings to be made out of existing spend to support investment in the strategic priorities identified. New investment will only be achievable to the extent that off setting savings from existing areas of spend are identified.

2.1.4. The TPCT expects to go into 2007/2008 with a relatively modest list of confirmed new investments but will have a rolling programme of investment with part year effect as savings from other areas are achieved / as the budget position allows.

2.2. Haringey Council adult social care

2.2.1. The strategic objective of Social Services is to enable adults and older people living and working in Haringey to maintain a good quality of life. By working in partnership with service users, carers, Health and the private and voluntary sectors, Social Services aims to ensure that its services maximise independence, provide real choices and are appropriate to the needs of the local population. The overall strategic objective informs the Directorate's preventative approach reflecting the proposed outcomes of "Our Health, Our Care, Our Say," Sure Start in Later Life, and the Choosing Health" agenda.

2.2.2. The national context for Social Services is a trend of growth in both the demand and complexity of services. In recent years, Haringey has experienced demand pressures across all client groups. In Older People's Services there has been an increase in the numbers of clients with dementia. In Adults Services there has been a 14% increase in the numbers of clients supported over the last 5 years. In addition, there have been increasing pressures from Health around reducing waiting lists. These pressures have been escalating in recent years.

2.2.3. While Social Services has been successful in managing these pressures and has largely managed to balance its budget in recent years, the current financial position for 2006/07 is a projected overspend, excluding expenditure on asylum seekers, of £2.4m. However the Council has decided to make a virement from Corporate Resources to negate this overspend, on the understanding that it was due to unavoidable growth in the need for services.

2.2.4. Older People's Services continues to experience pressures in commissioning, particularly around hospital discharges. The demand for dementia and nursing care beds is also increasing.

2.2.5. The main element of the overspend is in the Adults commissioning budget and is comprised:

- Mental Health - £0.7m
- Physical Disabilities - £0.5m
- Learning Disabilities - £0.4m

2.2.6. In Mental Health, the overspend is largely in residential placements where there are some 31 clients being supported in excess of the budget. Main reasons for the pressures being experienced include:

- There is projected growth in both client numbers and levels of need and the NHS has re-designated Haringey as a higher need area for Mental Health. There will be more pressure in the system to provide more community care services.

- The remodelling of Supporting People provision following contract review is taking place later than anticipated
- 2.2.7. With respect to Physical Disabilities, the extent of the growth in demand in terms of both client numbers and levels of need were not appreciated or funded in the budget setting process.
- 2.2.8. Learning Disabilities is at the end of a three year commissioning strategy which included the refurbishment of both of its residential homes and plans for a named number of clients. This has now been implemented, although there was some slippage in the reopening of Whitehall Street, from May to August 06. The overspend reported in Learning Disabilities is £0.4m which is partly due to this slippage and partly due to some unanticipated growth in service. The pressure is in domiciliary care where there are 38 clients supported in excess of the budget. This too is in keeping with the national trend. Haringey is actually experiencing less growth than other London Boroughs, which is due in part to strong demand management.
- 2.2.9. Social Services has put into place a number of actions to mitigate against any further growth in expenditure. These include:
- Maintenance of the freeze put in place in December 05 on anything other than essential expenditure
 - There have been VFM reviews carried out on the Adaptations Service and in Home Care that has improved the cost of the services provided.
 - There has been a reduction in the use of agency staff.
 - The Directorate is also considering how to reduce management costs in its reshaping of services.

3. Investment proposals

3.1. Haringey TPCT

- 3.1.1. The TPCT's strategic priorities going into 2007/2008 are as follows:
- Tackling health inequalities.
 - Delivering clinically effective, patient focused care closer to home ("Right person, Right time, Right place").
 - Transforming primary care.
 - Improving the mental health and well being of the Haringey population.
 - Performance – ensuring the TPCT meets all core performance targets as required by the Department of Health and assessed by the Healthcare Commission.
 - Strengthening commissioning and maintaining financial stability.
- 3.1.2. In terms of health inequalities the TPCT has identified the following areas as local priorities for investment:
- CHD and Stroke including primary and secondary prevention
 - Cancer including prevention and early identification
 - Mental health e.g. prevention versus investment in forensics

- Diabetes including primary and secondary prevention
- Renal Disease prevention including management of diabetes and hypertension
- HIV
- Sickle cell

3.1.3. These sit alongside the National 'top' priorities set out by the DH, as follows:

- Delivering the 18 week wait (referral to treatment) milestones
- Reducing rates of healthcare associated infections (i.e. LDP targets for MRSA and new local targets for C. diff.)
- Reducing health inequalities and promoting health
- Achieve financial health - achieve a surplus by 2007/08
- Existing targets must be sustained, such as maintaining the 98% A&E 4 hour maximum wait and maintaining the cancer wait targets.

3.1.4. On this basis the TPCT is seeking to invest additional resources in the following areas:

- Acute hospital capacity to ensure that the 18 week referral to treatment pathway milestones for 2007/2008 are met and that new treatments (where clinical effectiveness is proven) and growth areas are adequately resourced.
- 'Core' Primary Care services – including for example additional capacity, improving access, primary care mental health services.
- Investment in new and enhanced community and primary care services that are targeted at reducing reliance on acute hospital care – for example full roll out of the new primary care based anti-coagulant monitoring service, investment in clinical support to nursing and residential homes to reduce admission rates to hospital from these settings. (See below re. 'demand management' savings).
- Screening and public health priorities – including bowel cancer screening, retinal screening, Chlamydia screening, Hepatitis B service improvements, HIV rapid access tests, obesity strategy priorities.
- Child and Adolescent Mental Health Services – preventative and early intervention services.

3.1.5. The TPCT is developing additional plans for investment in areas not listed above in line with the strategic and health improvement priorities outlined.

3.1.6. Investment in any of the above will only be achieved to the extent that savings and efficiencies are delivered as set out below.

3.1.7. The TPCT estimates that investment of approximately £10m per annum is required to meet the priorities set out above. It is therefore targeting cost efficiencies and savings of c. £7m to enable this strategic investment to be undertaken.

3.2. Haringey Council adult social care

- 3.2.1. The significant capital investment bid is in respect of Adaptations. There was a change in the housing subsidy regime last year that reduced the funding to the council for adaptations. The bid included is in respect of the annual requirement to maintain the current level of programme.
- 3.2.2. The e-Care Phase 2 project was agreed last year.

4. Savings Proposals

4.1. Haringey TPCT

- 4.1.1. The TPCT is looking for 'savings' in two key areas, reflective of its main areas of spend.

Acute hospital services

- 4.1.2. The NHS financial regime requires PCTs, as commissioners of health services, to pay acute hospitals on a cost per case basis for all use of hospital services. These services are generally accessed in either an emergency (for example via A&E services) or following a GP or consultant to consultant referral for assessment and treatment.
- 4.1.3. In Haringey use of emergency hospital and inpatient services is generally in line / below national averages utilisation (i.e. the TPCT uses relatively low levels of hospital resource in these areas.) However in relation to outpatient care the TPCT is well above national average utilisation (i.e. relatively high levels of hospital resources are used in these areas). This is particularly the case for West Haringey.
- 4.1.4. The TPCT, in common with most other PCTs across the country, has put in place a 'demand management' programme that is designed to ensure that people are only referred to hospital for specialist care where their clinical condition requires it. In many cases where patients are currently referred to hospital the care required should be able to be provided within existing community and primary care services, recognising that in some areas there may be a need for additional training and development to support this. In some cases additional 'enhanced' services in primary care are required – including clinicians with a special interest or extended skill – to enable this to happen.
- 4.1.5. NHS efficiency benchmarks indicate that if the TPCT were to achieve 'best practice' in this area savings could be expected of approximately £4m per annum. The TPCT has set a target of £3m savings for 2007/2008 against hospital care, primarily focused on outpatient care and will be tracking this carefully through the year.
- 4.1.6. As highlighted above the TPCT are targeting additional investment in a number of areas to help us to achieve this. (This investment is sometimes referred to as "demand management pump priming").
- 4.1.7. Additionally the TPCT will be seeking to put in place much clearer criteria to restrict access to clinical interventions where the evidence of clinical effectiveness is poor, and particularly where there is positive evidence that interventions are clinically ineffective in most circumstances (e.g. grommets, tonsillectomies).

Primary care services

- 4.1.8. The TPCT budget for primary care is approximately £80m per annum, of which £30m per annum is spent on prescribing costs and the remaining costs represent payments to independent contractors (GPs, pharmacists, dentists and optometrists) for the services they provide.
- 4.1.9. The TPCT will be publishing a 'Primary Care Strategy' for consultation in early April which will set out a radical blueprint as to how it intends to transform primary care services in Haringey over the next 5 – 10 years. What is clear is that currently there is a great deal of variability in service provision – with some excellent services providing accessible, high quality primary care services as well as some much weaker areas of service provision. There are substantial variations in levels of funding between practices and there is no apparent correlation between resource allocation and quality of service provided.
- 4.1.10. On this basis the TPCT is looking to target areas of inefficiency through a series of contractual and technical areas – e.g. making sure that GP lists are 'clean' and through robust and transparent performance review and payment processes.
- 4.1.11. The TPCT is achieving well on prescribing efficiency (and expects to be the highest performing PCT in London in 2006/2007 against key prescribing performance indicators). The TPCT will continue to focus on prescribing costs in 2007/2008 to minimise inflationary pressures in this area and release resources for investment in strategic priorities as above.
- 4.1.12. The extent to which the TPCT is successful in delivering efficiency savings in these two key areas will determine the extent to which it is able to invest in the strategic priorities set out above.

4.2. Haringey Council adult social care

Older People's Services efficiency proposals

- 4.2.1. The implementation of the Community Care Strategy has realised a significant shift over the last two years in reducing the number of people placed in care homes. It is anticipated that this overall reduction in placements will continue, though the trend is clearly towards a higher level of need for placements for people with complex needs, specifically dementia. The service anticipates a reduction in the number of residential placements over the next four years.
- 4.2.2. It is anticipated that there will be growth in community based services in that time period and provisions have been assumed within the proposal for residential care to fund this growth. In addition, it is planned to improve efficiency within the home care service through implementing the recommendations of the VFM review.
- 4.2.3. The service plans to implement a new telephone monitoring system for home care. The benefits of the system are that it will verify the level of service given and ensure the accuracy of the charges made by external

providers. This will give increased efficiency in the processes for invoice payment.

Adult Services efficiency proposals

- 4.2.4. The commissioning strategy for mental health services is planned to make savings of £450k. The strategy will focus on two major pieces of service reconfiguration. These are the remodelling of existing day services provision in both the statutory and voluntary sector commissioned by health and social care and the reconfiguration of the mental health accommodation commissioned by Supporting People. These reflect the intentions of the Joint Mental Health Strategy agreed in 2005. The day services element addresses the need to modernise current provision in line with the views of service users and in accordance with government policy as described in the Mental Health and Social Exclusion report. Haringey remains a high user of residential care when compared with its audit comparator group of local authorities and it is a long stated service ambition to change this model of service use.
- 4.2.5. The proposals for mental health involve reviewing/providing support packages that are appropriate need for 90 people, combined with transfer from residential care to supported housing.
- 4.2.6. Any proposal to merge the Winkfield and the Haven day centres will require careful project planning in order to maximise the capacity at the Winkfield centre. There are currently 60 people 'on the books' at Winkfield, with an average daily attendance of 25. The equivalent figures for the Haven are 55 and 22. Any reduction in costs would be achieved through savings on staffing, transport and building costs.
- 4.2.7. Transfer of respite provision for people with Learning Disabilities at Talbot Road to Whitehall Street, allowing closure of Talbot Road. Currently 25 people regularly use Talbot Road for respite during the year and it is anticipated that this can be provided within the newly refurbished Whitehall Street facility. The savings from this proposal will be £250k.
- 4.2.8. The strategic objective for people with learning disabilities is to replace traditional, buildings-based day care with 'day opportunities' which more closely reflect people's aspirations – supporting them into employment where possible, and also supporting mainstream leisure activities. This promotes independence and choice, and contributing to people's life chances in a more appropriate way. To deliver this agenda it is proposed to close Keston Road, with re-provision of service in a range of other community-based facilities. Approximately 110 people are on Keston's books with an average daily attendance of 95. There is no plan to reduce the number of people who receive a service – it will just be provided in different and enhanced ways. The savings from this proposal will be £130k.

The Voluntary Sector Review

- 4.2.9. This is a cross-Council initiative rather than a proposal that affects just Social Services. This will require a root-and-branch review of what the Directorate is commissioning from voluntary organisations. The identified

savings are a target figure. The precise level of savings will only be verified once the review has been completed.

Administration and Support Services

- 4.2.10. The Council has implemented a number of new technology initiatives in recent years and the changes to business processes will generate efficiencies. The restructuring of Social Services, following the Council reshaping is also expected to reduce support services costs.

The Charging Policy

- 4.2.11. This proposal has already been pre-agreed by the Council to be implemented in 2008/09. It is proposed that this is brought forward one year. The specific changes to the policy would include:

- Increasing internal residential charges from £388.50 per week to £520 per week to reflect the actual costs of services provided.
- Increasing charging for domiciliary care from £10 to £12.50.
- Adjusting the fairer charging disregard from 70% to 60%.

It is not anticipated that these changes will affect many service users as analysis shows that very few are full cost-payers. These changes to charging policy would bring Haringey into line in terms of community care charging with the rest of London, as Haringey Council is currently under-charging for some services.

5. Next steps

5.1. Haringey TPCT

- Negotiation with local service providers of service level agreements for next year. Target completion date – end February 2007.
- Further work to refine investment priorities and potential areas of saving – to mid March 07 (for final financial submission) and ongoing (such that new investments will be phased to reflect success of savings initiatives).
- Stakeholder meeting – early March – for fuller discussion of proposed approach to resource management in 2007/2008 with a range of stakeholders.
- Final formal budget submission – mid March. Formal Board approval 28th March 2007.

5.2. Haringey Council adult social care

- 5.2.1. The reviews have been prepared in conjunction with Executive Members and have been released for scrutiny. They have been sent to key partner organisations, the voluntary sector and trade unions. In addition, there has been specific consultation with users and/or carers in relation to those proposals that would have the most direct impact on these groups.

6. Conclusion

- 6.1.1. Both Haringey TPCT and Haringey Council are determined to minimise the impact on residents of the challenging joint financial position in the borough. This is being done through ongoing discussion at a political and senior managerial level, by aligning resources to joint priorities and jointly seeking to make efficiency savings where they can be made.