

Scrutiny Committee

HEALTH AND ADULT SOCIAL CARE SCRUTINY COMMITTEE

13th April 2010



Cambridgeshire
County Council

Action

56. ASSESSMENT OF LAST MEETING – 4th February 2010

The assessment of the meeting held on 4th February 2010 was confirmed as a correct record and signed by the Chairman, subject to substituting Councillor V McGuire's name for Councillor Austen's as the member declaring a personal interest by reason of working for a caring agency (minute 45), and changing the start of the second sentence of the penultimate bullet point on page 2 (minute 46) to read "The Council's risk was two thirds of the total overspend of £5m (i.e. £3.4m)" instead of "one third ... (i.e. £1.66m)".

57. DECLARATIONS OF INTEREST

Councillors Heathcock, Kenney, Read and J West declared a personal interest under paragraph 8 of the Code of Conduct as members of Cambridgeshire Older People's Enterprise (COPE).

Councillor Austen declared a personal interest by reason of supporting a person who received social care from Older People's Services. Councillor V McGuire declared a personal interest by reason of working for a caring agency.

58. MANAGEMENT OF POOLED BUDGET ARRANGEMENTS

The Chairman welcomed members and officers from NHS Cambridgeshire (the Primary Care Trust, PCT), Cambridgeshire Community Services NHS Trust (CCS) and from Cambridgeshire Care Partnership (CCP). He welcomed the Chief Executive of the PCT to his first meeting of the Committee and congratulated CCS on its new status as an NHS Trust. Members and officers present were

- Maureen Donnelly, Chair of NHS Cambridgeshire and of Cambridgeshire Care Partnership
- Peter Southwick, Non-Executive Director and Chair of Finance and Performance Sub-Committee, PCT
- Councillor Fred Yeulett, Cabinet Member for Adult Social Care, Health and Wellbeing and Vice-chair of CCP
- Matthew Winn, Chief Executive, Cambridgeshire Community Services
- Paul Zollinger-Read, Chief Executive, PCT
- John Leslie, Director of Finance and Performance, PCT
- Mandy Renton, Executive Nurse, PCT
- Rod Craig, Executive Director: Community and Adult Services
- Claire Bruin, Service Director: Adult Support Services.

Under current section 75 contract agreements between the County Council (CCC), CCS and PCT, adult social care was delivered through joint commissioning and pooled budgets. At its two previous meetings, in December

2009 and February 2010, the Committee had considered the overspend in the Older People's pooled budget for 2009-10, and how it was being dealt with. The Committee now went on to consider a report from the PCT providing an update on current joint commissioning arrangements for adults using section 75 contract agreements, particularly the predicted overspend for 2009-10 and the lack of focus on performance management.

Introducing the Committee's scrutiny of the pooled budget arrangements, the Chairman explained that members were particularly interested in

- when the PCT had first become aware that the budget was in difficulties
- what lessons could be learnt from the problems of 2009-10
- how the new section 75 agreement might be formulated
- what controls should be put in place in the light of the 2009-10 situation
- where the evidence was to assure the Committee that the same situation would not recur
- how a more robust agreement and management controls might be developed
- how the responsibilities of the Care Partnership and of the Scrutiny Committee related to one another
- how to remedy the current situation, under which officers were asked to present similar reports for scrutiny to both Partnership and Committee.

The Chair of the PCT thanked the Committee for its invitation to participate in the meeting. She said that she shared members' concern both about the overspend and about the process issues arising from the relationship between the work of the Care Partnership and that of the Committee.

In response to the question of when the PCT had first become aware of the budget difficulties, the PCT Chair said that at the CCP meeting on 30th July 2009, the Chair and members had expressed concern at the lack of both a detailed financial report on the preceding year, 2008-09, and a plan for the current year, 2009-10. As Chair of the PCT, she sat on CCP, along with PCT non-executive directors Peter Southwick and Glenn Clark. Situational briefings had continued over the summer, and the CCP of 17th September 2009 was the first formal meeting at which it had been reported that there was likely to be a significant overspend of £5m in the Older People's pooled budget. She and the Vice-chair, Councillor Yeulett, had both been concerned about the overspend, and anxious to know why it had arisen and what sort of mechanisms could be put in place to control the budget in future.

The Chair went on to say that the overspend had been frequently discussed at PCT board meetings. She and key PCT officers had met with the Leader of the County Council, the Cabinet Member for Adult Social Care, Health and Wellbeing, the Corporate Director: Finance, Property and Performance, and the Executive Director: Community and Adult Services in order to review the position; they had asked officers to develop a joint action plan to address the overspend. Progress on the action plan had continued since then, though it had proved difficult to do more than contain the overspend in the second half of the financial year.

The PCT Chair, the non-executive directors, the Leader of the Council and the Cabinet Member had started to review the governance arrangements within CCP; information on the overspend had not been coming to the Partnership, Cabinet and PCT Board. Subsequently, the PCT's Executive Nurse had been working with CCC's Executive Director: Community and Adult Services and Service Director: Adult Support Services on how to improve the working of the

Partnership. When they had examined the section 75 agreement, they had found that control mechanisms were in place, but were not being used.

CCP members were receiving monthly reports on the Older People's budget, but the need to establish why the overspend had arisen remained. One difficulty which had been identified was that the financial systems of PCT and CCC did not communicate with each other. CCC and PCT officers had set up monthly meetings to review activity and financial performance, and were producing a joint report to CCC Cabinet and PCT board. There were to be quarterly reports to CCP, showing the activity levels as well as the financial position; there was also the question of how to deliver services where the demographics – the number of people needing care – were increasing dramatically at a time when finances were static.

The Chair further said that the PCT had asked GO-East to review the delayed transfer of care, benchmarking Cambridgeshire's performance against best practice elsewhere. The GO-East report had indicated that the model of care being delivered in the county did not reflect a modern reablement approach. However, changes were already being made to implement reablement.

The Chief Executive of the PCT said that realisation of the extent of the overspend had been slow; the necessary information had not been assembled and presented until the CCP meeting in February. The situation had been exacerbated by the PCT and CCC operating on different financial cycles. The overspend was proving difficult to rectify for various reasons, including that Cambridgeshire had probably some of the worst delays in transfer of care in England. However, the causes of the overspend were now understood, governance mechanisms were in place and the necessary information was available. All parties were working together to resolve the problems and implement the action plan.

The Cabinet Member for Adult Social Care endorsed the CCP Chair's remarks, stressing the need for regular reports to Care Partnership, Cabinet and PCT Board, for flexibility within budgets and how they were allocated, and for clear cogent monthly reporting to members of CCP.

The Committee questioned the members and officers on the report and what had been said. Members' questions included

- **Given that one of the key documents for accountability and monitoring was the section 75 agreement, who was accountable for the current agreement, and what was the monitoring process?** The PCT Chair advised that the section 75 agreement had a three-year term, finishing in 2011. It had been revised to reflect CCS's status as an NHS Trust from April 2010, and the processes already contained in the agreement to ensure monitoring and control were now being implemented
- **Where did ultimate responsibility for the working of the section 75 agreement lie?** The PCT Chair said that she had asked a similar question. CCC was responsible for the strategy and budget for Older People's care, but the budget had been transferred to the PCT, so the PCT had responsibility for that aspect. One gap being closed was to ensure that whatever annual uplift was given to private sector providers by CCC (zero for 2010-11) was linked to the budget which the PCT was given, so that the PCT's budget matched what it was being required to do

- **This was not the first time that “systems not talking to each other” had been cited as a source of difficulty. What work was being undertaken in the three organisations (CCC, CCS and PCT) to ensure that their IT systems did communicate?** The Chief Executive of CCS explained that the problem in this instance was different from that of patient data systems, which had been discussed with the Committee on previous occasions. The problem in the pooled budget context was that the allocations of money had stemmed from three organisations, but questions of access and permissions had been solved, allowing each to have access to the other’s systems. CCS was now able to obtain monthly reports from the CCC system; the CCC system was adequate for CCS’s needs, so CCS had not built its own system.

The Service Director: Adult Support Services added that staff in CCS input data into CCC’s SWIFT system, which was part of what drove activity; CCS staff could access and download information for monitoring. The CCS Chief Executive said that the NHS patient data IT system had not been integrated with the care IT system, as this was not an NHS priority. However, the PCT was undertaking work to arrive at a common care plan for CCC/CCS/PCT, and it was already the case that it was only necessary to input information once, into SWIFT, and all three organisations had access to a single assessment process

- **Why was the decision taken to report the likelihood of a significant overspend to the Care Partnership meeting in September 2009?** The PCT’s Director of Finance and Performance said that it was acknowledged that reporting to CCP had been too infrequent. The Older People’s pooled budget had not created difficulties in the past, but when he had pulled together the available information, he had identified a large mismatch and had examined the situation more closely. Extracting information from three separate systems was not the best way of monitoring so large a budget, but it had been adequate in the past. Other issues included that the demographics had perhaps not been captured correctly, and that there was a slight misalliance in the three organisations’ budget-setting processes.

Having identified that there was a problem, he had gone through the figures in detail in early summer. He had identified three possible reasons for the overspend, that the same number of people were costing more, or that more people were costing the same per head, or that more people were costing more. His conclusion was that the primary cause was that the same number of people were costing more; in addition there had been a small increase in the number of people.

The Chair of the PCT Finance and Performance Sub-Committee added that his committee had been concerned with looking at the future rather than the past, to see what improvements might be required, if any. As a member of the Care Partnership, he had found that the quality of data had been such as to make it difficult to look back, but by looking forward, it should be possible to anticipate future developments. The difference was between an accounting system – which looked to the past – and a managerial system. The Executive Nurse said that joint strategic planning was important; the intention was to improve the rigour with which this process was conducted

- **What had the role of the non-executive directors been, when had they become aware of the problem, and what action had they taken?** The Finance Committee Chair said that he had himself first become aware at the September meeting of the Care Partnership, and indications of a problem had been given to the PCT Board at the same time. At the CCP meeting,

members had asked whether the problem was due to a poor budget, poor management, or both, or due to some other extraneous factor. The conclusion had been that the budget had not been very good, it had not been managed very well, and the question of demographics and the size of the population increase could also have played a part

- **How much more confident is it possible to be, aside from the global financial situation and the likely increase in demand for services, that similar difficulties will not arise part way through the current year?** The PCT's Director of Finance and Performance said that the budget had not been built up from a zero base, but had been examined in fine detail during construction, including consideration of growth trends and inflationary issues. NHS staff costs were set by a clear NHS protocol, and he was confident that all the known costs had been taken into account. Although less familiar with trends among the independent sector providers, he was confident that the PCT budget would be adequate. When looking ahead in a context of static finances, it would be necessary to find ways of containing demand within the available budget – this would be a problem for 2011-12.

The Executive Director: Community and Adult Services advised that the current year's budget had taken into account the best available prediction of inflation, demographics (based on the Joint Strategic Needs Assessment, JSNA) and the increase in council tax. A large unanswered question was the unknown carry-forward effect of £2m overspend in 2009-10; in the light of the knowledge that there would potentially be a £4m overspend in 2009-10, an additional £4.7m had been put into the Older People's pooled budget to relieve the pressure of the overspend and provide pump-priming for future developments. It was necessary to make savings; there was a 0% uplift to providers in 2010-11, and it was planned to implement reablement across the county during the year.

The Executive Director answered the earlier question about where ultimate responsibility for the working of the section 75 agreement lay. He said that as Director of Adult Services, he had delegated his powers to CCS through joint commissioning. However, the buck stopped with him, as the senior manager responsible. He was confident that the budget would be sufficient, but it would be necessary to meet the year's pressures with agility

- **Looking at the report, there was a discrepancy between the figures for the 2008-09 overspend – was it £2.2m (para. 2.7) or £2.6m (4.4)?** The Director of Finance and Performance confirmed that the correct figure was £2.2m; £2.6m was a typographical error
- **At what point would the 2008-09 overspend be written off?** The Executive Director said that there had been no overspend to the pooled budget in 2008-09. In 2008-09, the social care expenditure had been overspent by £2.2m, but there had been an underspend in the PCT budget at the same time, which had been used for other purposes and was no longer available; this had been the subject of scrutiny on a previous occasion
- **Was the budget for 2011-12 expected to be adequate, or were public expenditure cuts anticipated?** The Executive Director replied that no increase in funding was expected, but it was helpful that the proposal to introduce free personal care had been postponed, as there had been some doubt whether the grant to local authorities would be enough to cover their costs. It was clear that reablement had a vital part to play in delivering savings; it was expected that £1.2m would be saved in the first half year. Cambridgeshire would be working with the Care Services Delivery Programme

(a national scheme), which had shown good results from the use of non-qualified staff, supported by trained staff, going into people's homes to e.g. deliver wound care and encourage exercise

- **It was important to ensure that sound information was available as a basis for planning to meet future needs arising from a growing and ageing population.** The Chair of the PCT replied that the Joint Strategic Needs Assessment did provide a reasonably good basis for planning. However, the cost of care packages had been rising faster than expected, as more people had higher needs, so it was necessary to analyse what the need was and how it could be met. As part of her work on the JSNA, the Director of Public Health was looking at revising predictions on the rise in dementia, which would have implications for future care costs.

The Chairman thanked all participants for their frank and helpful contributions.

The Committee noted the progress that had been made

- to understand the position of the section 75 pooled budget for older people and
- to make arrangements to strengthen governance arrangements for 2010/11.

The Committee also noted that it was desirable that the Committee should see the same reports as were submitted to the Care Partnership, in order to avoid duplication of effort by reporting officers. The PCT Chair agreed to supply members with the current and the revised section 75 agreement for their information.

PCT

59. DATE OF NEXT MEETING

It was noted that the next meetings of the Committee would be held on Thursday 22nd April at 10.30am, and Wednesday 21st July at 2.30pm.

Members of the Committee in attendance: County Councillors G Heathcock (Chairman), S Austen, P Downes (substituting for Councillor C Shepherd), B Farrer, G Kenney, V McGuire, L Nethsingha, P Read (substituting for Councillor S King), K Reynolds and J West; District Councillors B Keane (Fenland), J Petts (East Cambridgeshire), L Walker (substituting for Councillor R Boyce, Cambridge City), and R West (Huntingdonshire)

Apologies: County Councillors J Dutton, S King, and C Shepherd; District Councillor R Boyce

Also present: County Councillors F Whelan and F Yeulett

Time: 2.30pm – 3.55pm

Place: Shire Hall, Cambridge

Chairman