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DATE: 23 June 2014

CARE SERVICES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Meeting to be held on Thursday 26 June 2014

Please see the attached report marked "to follow" on the agenda.

**8c CARE SERVICES PORTFOLIO BUDGET MONITORING 2014/15
(Pages 3 - 16)**

*Copies of the documents referred to above can be obtained from
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Report No.
CS14046

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: CARE SERVICES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Date: 26th June 2014

Decision Type: Urgent Non-Urgent Executive Non-Executive Key Non-Key

Title: BUDGET MONITORING 2014/15

Contact Officer: David Bradshaw, Head of Education, Care & Health Services Finance
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Chief Officer: Terry Parkin, Executive Director of Education, Care & Health Services

Ward: (All Wards);

1. Reason for report

- 1.1 This report provides the budget monitoring position for 2014/15 based on activity up to the end of May 2014.

2. **RECOMMENDATION(S)**

2.1 **The Care Services PDS committee are invited to:**

- (i) **Note that the latest projected overspend of £2,791,000 is forecast on the controllable budget, based on information as at May 2014;**
- (ii) **Note the full year effect for 2015/16 of £3,457,000 as set out in section 4;**
- (iii) **Note the carry forward release requests as detailed in section 6;**
- (iv) **Note the comments of the Executive Director in section 9 of this report; and,**
- (v) **Refer the report to the Portfolio Holder for approval.**

- 2.2 **The Portfolio Holder is asked to agree to the release of the carry forward amounts held in contingency referred to in section 6.**

Corporate Policy

1. Policy Status: Not Applicable
 2. BBB Priority: Children and Young People
-

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Care Services Portfolio
 4. Total current budget for this head: £117.670m
 5. Source of funding: Care Services Approved Budget
-

Staff

1. Number of staff (current and additional): 876 Full time equivalent
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement
 2. Call-in: Applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2014/15 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 The 2014/15 projected outturn for the Care Services Portfolio is detailed in Appendix 1a, broken down over each division within the service. Appendix 1b gives explanatory notes on the movements in each service.

Housing

- 3.2 Pressures in Temporary Accommodation (TA) (Bed and Breakfast) in 2013/14 are forecast to be £765k overspent. However there is funding available in the central contingency (to a maximum of £1.2m) and it is assumed that this will be drawn down to reduce the overspend to a net zero. Numbers are continuing to rise with an average of 15 per month expected during the financial year. Officers are currently modelling different scenarios to quantify the effect of possible initiatives to limit the growth.

Adult Social Care and Commissioning – Care related costs

- 3.3 The placement budgets are projected to overspend in 2014/15 by £2,440k and £2,509k in a full year. The policy has been to keep people out of residential and into extra care housing or at home, as far as is professionally safe, as it is the frequently more cost effective and provides a better outcome for many service users (e.g. independence).
- 3.4 The overspend is, in the main, due to costs of year end placements following through into 2014/15 (£489k) and the capping of social care costs totalling £1.450k that has not yet been delivered.

Children's Social Care

- 3.5 Due to year end placements in 2013/14 for Children's Services means that pressures of £234k has followed through into 2014/15. Likewise, although a sum of £260k was approved as growth for people with No Recourse to Public Funds (NRPF), in 2014/15 costs in this area are continuing to increase resulting in a projected overspend of £155k. The full year effect of both is £455k.

4. FULL YEAR EFFECT GOING INTO 2015/16

- 4.1 The full year effect for 2015/16 is currently £3,457k, although £435k of this is likely to be able to be drawn down from the central contingency to alleviate Housing Pressures. The detail is included in paragraph 3 above and remains unfunded and will need to be addressed by the department.

5. EARLY WARNINGS

Deprivation of Liberty Safeguards (DOLS)

- 5.1 The recent Supreme Court judgement relating to Deprivation of Liberty Safeguards in March 2014 has meant that there is a potential pressure from increased volumes of assessments, legal fees and training. Applications for assessments have increased drastically. In the last financial year the Council carried out 15 assessment requests. From April to June this year there have been 138 requests for assessment.
- 5.2 Further work is being carried out to assess the impact and we are awaiting further directions from government. Early indications suggest that the issue could cost the Council between £500k and £2m.

6. RELEASE OF CARRY FORWARD AMOUNTS HELD IN CONTINGENCY

- 6.1 On the 10th June the Executive agreed a series of carry forward requests of funding to be transferred into contingency for 2014/15. It was agreed that this funding could only be released with the Portfolio Holders approval.

Care Bill (£249k)

- 6.2 Funding totalling £266k was drawn down from the contingency during 2013/14 to enable detailed financial and activity modelling of the implications of the Care Bill. A report also went to Executive (CS13049) referring to the funding being spent over two financial years from December 2013 to December 2014.
- 6.3 The expenditure is required for the following:-

Purpose	2014-2015 £000
Project Manager	50
Information Systems Support Analyst	50
Development Support	50
Finance Officer	30
Senior Care Manager	50
Contingency	36
Total	266

£266k

- 6.4 Only £17k was spent in 2013/14 and it is requested that the Portfolio Holder agree to the release of the funding (£249k) to continue with the work.

Invest to save initiatives (£449k)

- 6.5 In 2011 the Executive agreed a total of £1.19m from the NHS funds for social care over a two year period (2012/13 and 2013/14). These projects related to older people with dementia, adults with physical disabilities and young people with learning disabilities. A number of these projects were delayed due to difficulties in recruiting staff and the complexities of contractual issues.
- 6.6 In a recent update of the invest to save initiatives at the Executive on the 10th June 2014, it was reported that not all of the funding was now required and so it was agreed that £352k should be returned to the contingency. A sum of £449k is still required to meet existing commitments and so a request is being made to draw this down. This is made up of follows:-

3 x Preparing for Adulthood Coordinators working with young people with learning disabilities
1x Senior Occupational Therapist
1 x Administrative Assistant for Occupational Therapy
1x Senior Practitioner – dementia
1x Senior Practitioner – physical disabilities
1 x Continuing Health Care specialist to work with the CCG to ensure the appropriate level of health funding for social care service users
1x part time Care Manager
Contract with Oxleas NHS Foundation Trust to work with care homes
Contract with Bromley Mind to work with extra care housing staff

Adoption Reform Grant (£346k)

- 6.7 In January 2013 the Government announced grant funding for local authorities to support adoption reform a sum of £548k was given to Bromley for 2013/14 to begin to implement and support these reforms. These reforms include support work to develop the increased supply of adopters with the aim of reducing the backlog of children waiting to be adopted particularly those who have traditionally waiting longer than average
- 6.8 In September 2013, Care PDS received a report and approved the drawdown of £140k, of which £62k was spent in the financial year. There remains £485k held in the carry forward contingency to continue the work.
- 6.9 Of this amount £346k is requested to be approved to be drawn down for 2014/15 made up as follows:-

Purpose	2014-2015 £000
2 x SW post to undertake connected person assessments	82
Adoption Reform Lead	62
DGM – Connected Person (new post)	48
Additional hours for current adoption staff – equivalent to one fte	39
Adoption medicals	30
Additional FGC capacity (over spend was £26k in 2013/14)	30
PT admin worker – to progress adoption/SGO/RO payments and reviews	12
Adoption project worker to continue for a further year to completely embed new assessment process	43
Total	346

- 6.10 The government recently announced a further grant allocation of £273k for the 2014/15 financial year. This will need to be reported to both PDS and Executive before the funding can be drawn down.

Tackling Troubled Families (£764k)

- 6.11 Reports to CYP PDS in March 2012, June 2012 and October 2013 described the Government programme “Tackling Troubled Families” (TTF) and how this would be implemented in Bromley.
- 6.12 The TTF programme is currently in Phase 1 and we have now entered the final year of a three year phase. Phase 2 will run from April 2015 for five years.
- 6.13 This is a payment by results initiative focusing on local authorities supporting households who:
- a. **Are involved in crime and anti-social behaviour (ASB)** - Household where a young person has a proven offence in the last 12 months and / or where one or more family member has been subject to ASB intervention in the last 12 months.
 - b. **Have children not in school, training or employment** - Household affected by truancy or exclusion from school where a young person has a history of school

exclusions, is in a pupil referral unit or has 15 % unauthorised absences in the last 3 terms.

- c. **Have an adult on out of work benefits** - Once the above criteria have been identified, those who are out of work and claiming benefits.
- d. **Cause high cost to the public purse** - Local discretion to add families meeting any 2 of the above criteria and where there is a cause for concern. These may include families subject to child protection plans where there is a risk a child may be accommodated, families subject to frequent police call outs, families where there are health problems such as emotional and mental health problems, drug and alcohol misuse and health problems caused by domestic abuse.

6.14 There is currently £904k in the carry forward contingency. This is made up of underspends from the TTF grant allocations from 2012/13 and 2013/14. In order to continue the work of the Tackling Troubled Families into 2014/15, funding of £764k is required for 2014/15 made up as follows:-

Expenditure	FTE	2014-2015 £000
TTF Staffing		
Co-ordinator	1	46
Family Support and Parenting Practitioners	8	338
STEP Team	4	169
Administrator	1	23
Data Analyst	1	38
Running costs including commissioning		150
Total		764

6.15 Funding for 2014/15 has been announced totalling £231k for 2014/15, the final payment in phase 1. Once this is required, the funding will need to be agreed by PDS and Executive to be drawn down and released.

Invest to save – Older Peoples Day opportunities Year 2 (£264k)

6.16 On the 6th February 2013 Executive agreed the commissioning strategy for older peoples day opportunities which included a £876k invest to save funding spread over two years, £612k in 2013/14 and £264k in 2014/15. To enable the invest to save to deliver the second tranche of the funding is necessary to support the continuation of the commissioning strategy for 2014/15.

6.17 Update reports went to this PDS committee in January 2014, and a further update is scheduled for September 2014

7. POLICY IMPLICATIONS

7.1 The Resources Portfolio Plan includes the aim of effective monitoring and control of expenditure within budget and includes the target that each service department will spend within its own budget.

7.2 Bromley's Best Value Performance Plan "Making a Difference" refers to the Council's intention to remain amongst the lowest Council Tax levels in outer London and the importance of greater focus on priorities.

- 7.3 The four year financial forecast report highlights the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised in 2014/15 to minimise the risk of compounding financial pressures in future years.
- 7.4 Chief Officers and Departmental Heads of Finance are continuing to place emphasis on the need for strict compliance with the Council's budgetary control and monitoring arrangements.

8. FINANCIAL IMPLICATIONS

- 8.1 A detailed breakdown of the projected outturn by service area is shown in appendix 1(a) with explanatory notes in appendix 1(b). Appendix 1 (c) shows the latest full year effects. Appendix 2 gives the analysis of the latest approved budget. Other financial implications are contained in the body of this report and Appendix 1b provides more detailed notes on the major services.
- 8.2 Overall the current overspend position stands at £2,791k (£3,457k full year effect). The full year effect will have to be addressed in 2015/16 in due course.

9. DIRECTOR'S COMMENTS

- 9.1 The paper details the pressures apparent in the Care budget. Members will note the very particular pressures on the adult social care budget, and actions continue to contain these costs. However, the numbers of clients in bed-based care remains around 100 over budget, exerting a considerable pressure on the system.
- 9.2 The details of contingencies for housing are detailed in paragraph 3.2 and these were identified last year. Paragraph 3.5 identifies the unfounded costs placed upon the Council by Central Government both for those with no recourse to public funds and the very considerable pressures on our placement budgets following the transfer of responsibilities from central government to the boroughs. As in previous years, senior officers are looking across their budgets for alternative savings but these are increasingly hard to find.

Non-Applicable Sections:	Legal Implications Personnel Implications Customer Implications
Background Documents: (Access via Contact Officer)	2014/15 Budget Monitoring files in ECS Finance Section

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2013/14 Actuals £'000	Division Service Areas	2014/15 Original Budget £'000	2014/15 Latest Approved £'000	2014/15 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
EDUCATION, CARE & HEALTH SERVICES DEPARTMENT								
Adult Social Care								
18	AIDS-HIV Service	0	0	0	0		0	
30,925	Assessment and Care Management	25,475	25,475	26,891	1,416	1	0	1,416
3,897	Direct Services	3,269	3,269	3,269	0		0	
2,868	Learning Disabilities Care Management	2,052	2,052	2,360	308	1	0	308
1,694	Learning Disabilities Day and Short Breaks Service	2,100	2,100	2,100	0		0	
988	Learning Disabilities Housing & Support	1,562	1,562	1,562	0		0	
40,390		34,458	34,458	36,182	1,724		0	1,724
Operational Housing								
4,571	Housing Needs	4,576	4,576	4,576	0	2	0	493
Cr 1	Enabling Activities	Cr 1	Cr 1	Cr 1	0		0	
Cr 778	Housing Benefits	Cr 1,662	Cr 1,662	Cr 1,662	0		0	
3,792		2,913	2,913	2,913	0		0	493
Strategic and Business Support Services								
1,945	Strategic & Business Support	2,198	2,198	2,198	0		0	
331	Learning & Development	394	394	394	0		0	
2,276		2,592	2,592	2,592	0		0	0
Children's Social Care								
14,413	Care and Resources	17,238	17,238	17,472	234	3	0	300
1,544	Safeguarding and Quality Assurance	1,402	1,402	1,364	Cr 38		0	0
3,373	Safeguarding and Care Planning	3,499	3,499	3,499	0		0	0
3,615	Referral and Assessment	3,413	3,413	3,568	155		0	155
765	Bromley Youth Support Programme	817	817	817	0		0	0
4,025	Children's Disability Service	2,433	2,433	2,433	0		0	0
27,735		28,802	28,802	29,153	351		0	455
Commissioning								
3,311	Commissioning	3,105	3,105	3,105	0		0	0
0	Information & Early Intervention	1,278	1,278	1,278	0		0	0
22,327	Learning Disabilities	24,311	24,311	24,742	431	1	0	500
4,776	Mental Health Services	5,644	5,644	5,929	285	1	0	285
2,843	Supporting People	2,060	2,060	2,060	0		0	0
0	NHS Support For Social Care							
10,299	- Expenditure	4,548	4,548	4,548	0		0	0
Cr 10,299	- Income	Cr 4,548	Cr 4,548	Cr 4,548	0		0	0
33,257		36,398	36,398	37,114	716		0	785
Public Health								
12,229	Public Health	12,230	12,230	12,133	Cr 97		0	0
Cr 12,601	Public Health - Grant Income	Cr 12,601	Cr 12,601	Cr 12,504	97		0	0
Cr 372		Cr 371	Cr 371	Cr 371	0		0	0
107,078	TOTAL CONTROLLABLE FOR ECHS DEPARTMENT	104,792	104,792	107,583	2,791		0	3,457
ENVIRONMENT AND COMMUNITY SERVICES DEPARTMENT								
Environmental Services - Housing								
179	Housing Improvement	148	148	148	0		0	0
179	TOTAL CONTROLLABLE FOR E & CS DEPT	148	148	148	0		0	0
107,257	TOTAL CONTROLLABLE BUDGET FOR THE PORTFOL	104,940	104,940	107,731	2,791		0	3,457
2,073	TOTAL NON CONTROLLABLE	1,483	1,483	1,502	19		0	0
9,883	TOTAL EXCLUDED RECHARGES	11,247	11,247	11,247	0		0	0
119,213	CARE SERVICES PORTFOLIO TOTAL	117,670	117,670	120,480	2,810		0	3,457

2013/14 Actuals £'000	Division Service Areas	2014/15 Original Budget £'000	2014/15 Latest Approved £'000	2014/15 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
MEMORANDUM ITEMS								
	Invest to Save projects: Savings							
30	Dementia Investment Plan	Cr 250	Cr 250	Cr 237	13			0
216	PD Investment Plan	Cr 250	Cr 250	Cr 66	184			0
246	Invest to Save projects	Cr 500	Cr 500	Cr 303	197		0	0
	Trading Accounts							
-33	Trading Account - Performance & Research	0	0	0	0		0	0
	Sub Total Trading Accounts	0	0	0	0		0	0

REASONS FOR VARIATIONS**1. Adult Social Care and Commissioning - Care-Related Costs - Dr £2,440k**

	£'000
<u>Adult Social Care:</u>	
Assessment & Care Management (18-65 and 65+)	1,416
Learning Disabilities Care Management (18-65 and 65+)	308
	<u>1,724</u>
<u>Commissioning:</u>	
Learning Disabilities (18-65 and 65+)	431
Mental Health (18-65 and 65+)	285
	<u>716</u>
 Total Projected Overspend	 <u><u>2,440</u></u>

A new Adult Social Care "Service Reporting Code of Practice" (SERCOP) was implemented with effect from 1st April 2014. This had significant implications for budget management and financial reporting structures. In addition, "Zero Based Review" data collection changes were effective from the same date.

The main areas of change have included re-classification of all adult social care clients according to their Primary Support Reason (PSR), including those clients over 65 who were all previously classified as "Older People" irrespective of their primary care need. Further, support now has a greater degree of classification between long term and short term support.

The new PSRs include: Physical Support; Sensory Support; Support with Memory and Cognition; Learning Disability Support; Mental Health Support. There is a further category of Social Support which includes support to Carers.

There are still some issues to be resolved in relation to the implementation of the above changes, particularly final changes to some clients' PSRs and the consequent adjustments to budgets and projections.

These changes have had a significant impact on information available to monitor the budgets. Projections have been calculated based on the distribution of clients across PSRs at a point in time. Similarly, the budgets were calculated based on the profile of clients across the new PSRs in April 2014. Both of these sets of information require further work and, as such, the above projections should be viewed only in total, with the expectation that the pattern of overspend will shift between individual budget heads in future months.

The projected overspend of £2.44m arises from the full year effect of 2013/14 activity combined with projected new activity in 2014/15 and 2014/15 budget savings, including £1.45m saving from the capping of Adult Social Care costs.

2. Operational Housing - Dr 0k

Temporary Accommodation budgets are currently forecast to overspend the latest approved budget by £765k (full year effect £1,258k). Increased client numbers (net increase of 15 per month during 2013/14, inclusive of welfare reform) and rising unit costs are evident and the projections assume the trend continues during this financial year. This increase has been noticeable across all London Boroughs and is the result of the pressures of rent and mortgage arrears coupled with a reduction in the numbers of properties available for temporary accommodation. There are high levels of competition and evidence of 'out bidding' between London boroughs to secure properties and this has contributed towards the high costs of nightly paid accommodation.

The full year effect of the projected overspend is currently anticipated to be a pressure of £1.2m in 2015/16. However, this only takes account of projected activity to the end of March 2015 and does not include any projected further growth in numbers beyond that point.

Budgets will continue to be monitored closely during the financial year. Officers are currently modelling different scenarios to quantify the effect of further possible initiatives and also the most appropriate deployment of existing initiatives to maximise the financial benefit.

There is £1.2m held in the central contingency earmarked for the impact of welfare reform which has not been drawn down. It is assumed that the overspend pressure will be drawn down at some stage and therefore the outturn is a net zero.

3. Children's Social Care - Dr £351k

The main areas of under / overspending are:

Placements - Dr £234k

The children's placement budget is currently projected to overspend by £235k, based on current numbers of children being looked after, plus an assumption for new children having to be looked after during the year.

No Recourse to Public Funds - Dr £155k

The cost to Bromley for people with no recourse to public funding significantly exceeded the budget established for these costs in 2013-14 and the trend is expected to continue during the current financial year, with a current projected overspend of £155k being reported.

Other miscellaneous budgets - Cr £38k

An SLA with an external provider was not renewed in 2013-14, resulting in a continuing underspend of £38k.

EARLY WARNINGS

Deprivation of Liberty Safeguards

A recent Supreme Court judgement relating to Deprivation of Liberty Safeguards and the deprivation of liberty of individuals has potentially significant financial implications. The background was outlined in a report to the Executive on 10th June 2014. Once further details of the judgement and its consequences are available and further mapping work has been carried out, likely cost implications will become clearer and will be included in a future report.

Directors Comments

The paper details the pressures apparent in the Care budget. Members will note the very particular pressures on the adult social care budget, and actions continue to contain these costs. However, the numbers of clients in bed-based care remains around 100 over budget, exerting a considerable pressure on the system.

The details of contingencies for housing are detailed in paragraph 3.2 and these were identified last year. Paragraph 3.5 identifies the unfounded costs placed upon the Council by Central Government both for those with no recourse to public funds and the very considerable pressures on our placement budgets following the transfer of responsibilities from central government to the boroughs. As in previous years, senior officers are looking across their budgets for alternative savings but these are increasingly hard to find.

Waiver of Financial Regulations:

The Council's Contract Procedure Rules state that where the value of a contract exceeds £50k and is to be exempt from the normal requirement to obtain competitive quotations, the Chief Officer has to obtain the agreement of the Director of Resources and Finance Director and (where over £100,000) approval of the Portfolio Holder, and report use of this exemption to Audit Sub-Committee bi-annually.

Since the last report to the Executive, waivers were approved as follows:

(a) There were 5 contract waivers agreed for the continuation of a current contracts of less than £50k each and 2 contract waivers agreed for the continuation of current contracts of more than £50k each.

(b) There were 5 waivers agreed for placements over £50k in Adult Social Care.

Virements Approved to date under Director's Delegated Powers

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" are included in financial monitoring reports to the Portfolio Holder. Since the last report to the Executive, no virements have been actioned.

Description	2014/15 Latest Approved Budget £'000	Variation to 2014/15 Budget £'000	Potential Impact in 2015/16
Housing Needs - Temporary Accommodation	4,576	0	The full year effect of the projected overspend is currently anticipated to be a pressure of £493k in 2015/16. This assumes that the current in year overspend of £765k is drawn down from contingency to offset the in year pressures. However, this only takes account of projected activity to the end of March 2015, and does not include any projected further growth in numbers beyond that point. Officers are currently modelling different scenarios to quantify the effect of further possible initiatives and also the most appropriate deployment of existing initiatives to maximise the financial benefit.
Adult Care Placements	48,264	2,440	The net overspend on adult care placements is forecast to produce a full year overspend of £2,509k, based on activity to 31/3/15 only (i.e. doesn't include changes to activity levels in future years).
Children's Social Care - Placements	12,800	235	The full year effect of the current projection is calculated at a £300k overspend. Officers continue to work towards increasing the number of inhouse foster carers so that expensive external placements can be avoided.
Children's Social Care - No Recourse to Public Funds	382	155	The full year effect of clients who have no recourse to public funds and Bromley are having to pay for has been calculated at £155k based on current numbers after the increase in budget has been taken into account. The Welfare Reform changes currently being implemented may impact on this amount further. Officers will monitor the position and report any changes as part of the budget monitoring process during the year.

**LATEST APPROVED BUDGET 2014/15
Care Services Portfolio**

BUDGET VARIATIONS

	£'000
2014/15 Original Budget	117,670
Local Reform and Community Voices - IMHA (Exec 2/4/14):	
- grant related expenditure 2014/15	64
- grant related expenditure 2014/15	Cr 64
Local Reform and Community Voices - DOLS (Exec 10/6/14):	
- grant related expenditure 2014/15	24
- grant related expenditure 2014/15	Cr 24
Total Variations	0
2014/15 Latest Approved Budget	117,670