

**Decision Maker:** CARE SERVICES POLICY DEVELOPMENT AND SCRUTINY  
COMMITTEE

**Date:** 11<sup>th</sup> March 2014

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

**Title:** BUDGET MONITORING 2013/14

**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);

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1. Reason for report

- 1.1 This report provides the budget monitoring position for 2013/14 based on activity up to the end of January 2014.

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2. RECOMMENDATION(S)

2.1 The Care Services PDS committee are invited to:

- (i) Note that the latest projected underspend of £36k is forecast on the controllable budget, based on information as at January 2014;
- (ii) Note the full year effect for 2014/15 of £1.757m in paragraph 3.13 which has increased from the £1,306k previously reported;
- (iii) Refer the report to the Portfolio Holder for approval; and,
- (iv) Note the comments of the Executive Director in paragraph 6.

### Corporate Policy

1. Policy Status: Not Applicable
  2. BBB Priority: Children and Young People
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### 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: £122.117m
  5. Source of funding: Care Services Approved Budget
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### Staff

1. Number of staff (current and additional): 794.44 Full time equivalent
  2. If from existing staff resources, number of staff hours: N/A
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### Legal

1. Legal Requirement: Statutory Requirement
  2. Call-in: Applicable
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2013/14 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
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### Ward Councillor Views

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

### **3. COMMENTARY**

- 3.1 The pressures in the Portfolio are in three main areas, Adult Social Care, Operational Housing and Children's Social Care. The pressures became apparent at the end of the 2012/13 financial year but this trend has continued in 2013/14 with the budget pressures increasing. Although this has been offset by savings in other areas, the full year effect pressures continue to rise. The full year effect stands at £1,757k an increase of £451k from the previous monitoring. This is in the main due to increases in Assessment and Care Management.

#### **Housing**

- 3.2 Pressures in Temporary Accommodation (TA) (Bed and Breakfast) in 2013/14 are forecast to be £190k with a full year overspend of £690k. Numbers are continuing to rise with the increase at an average of 15 per month (from 6 a month in 2012/13).
- 3.3 Executive agreed the draw down from central contingency of £1m which has reduced the overspend and is included in the budget monitoring.

#### **Adult Social Care**

- 3.4 The community equipment is now predicted to be on budget. Management action has been put in place and this has seen the reduction in the overspend projected. Expenditure appears to be continuing to slow down and there has been an additional Health contribution of £200k. However this projection does not include any potential impact that may arise through winter pressures.
- 3.5 The placements budget for older people (residential, nursing care, domiciliary care and extra care housing) is projected to overspend in 2013/14 by £1,410k and £1,108k in a full year. 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). Between April 2012 and April 2013 residential and nursing placements fell from 630 to 560 placements. Numbers then increased in May to around 580, although it might have been expected that the trend should have decreased as Extra Care Housing came on stream.
- 3.6 The overspend is also due to invest to save initiatives not being delivered. A sum of £250k was removed from the 2013/14 budget to reflect actions to be taken, but not all of this has been realised

#### **Children's Social Care**

- 3.7 Children's placements including children with disabilities, is projected to be in a small underspend position of £49k, generally due to delays in additional placements occurring. This also includes the estimated costs of the effects of the recent Tower Hamlets judgement relating to the payment of allowances to kinship carers of £190k. Bromley have to pay family related carers at the same rate as unrelated carers. However the full year effect of this area has increased slightly from £255k to £282k this cycle.
- 3.8 No recourse to public funds has shown a decrease from £447k to £381k but still remains a risk area. The full year effect of this pressure is £465k which will need to be addressed in 2014/15.
- 3.9 Executive agreed to release from central contingency £500k for Youth on Remand, which was a pressure due to changes in legislation. The LASPO Act of 2012 has meant that Local Authorities are now responsible for the expenditure for children on remand. The previous arrangements were such that the Youth Justice Board picked up the vast majority of the costs.

Bromley's grant allocation for 2013/14 for the new arrangements is £74k. £500k was released from the contingency to cover the additional costs. Current projections of expenditure arising from this area offset this grant and contingency allocation and are therefore cost neutral. Should expenditure be less than at the year-end then the surplus contingency will be returned. This will have no effect on the monitoring position.

### **Extra Care Housing/Reablement**

- 3.10 There is a projected overspend arising mainly from the delay in the achievement in 2013/14 of the budgeted savings from outsourcing reablement (£250k) and market testing extra care housing services (£100k). This is unlikely to be resolved in the short to medium term and becomes a full year cost pressure of £350k in 2014/15 and savings will need to be found to offset this.

### **Public Health**

- 3.11 Public Health budgets are showing a potential underspend of £578k this monitoring cycle which is an increase of £277k since the last cycle. 2013/14 is the first year of the transfer of Public Health budgets to Bromley and there has been volatility with the budgets. This is due to an amount of uncertainty as to the liabilities being transferred from Health. Some of the issues are yet to be resolved and therefore the monitoring is difficult in this area.
- 3.12 At present the underspend would be managed at year end and carried forward into the following financial year. However there is potential to badge this current underspend against other qualifying expenditure which would reduce the in year position and have a full year effect into the following year of reducing the budget burden on existing resources. This is currently being explored.

### **Full year effect going into 2014/15**

- 3.13 The full year effect for 2014/15 is currently £1,757k, an increase of £451k since the last monitoring report. Although some of this has been addressed through growth in the budget for 2014/15, a substantial amount remains unfunded and will need to be addressed by the department in 2014/15. Areas that have full year effects not dealt with by the budget process are:-

a) ASC - Assessment and Care Management – further increasing cost pressures above and beyond those predicted in budget setting (£458k).

b) CSC – Care and Resources – The department received invest to contain funding and has given a commitment to contain placements within the funding envelope (£253k)

c) CSC – Referral and Assessment – NRPf client costs have continued to increase (£200k).

Total of £911k of full year effect pressures

### **Winter Pressures**

- 3.14 Potential winter pressures were reported in the previous budget monitoring report. As reported there is potential for a drawdown of funding from the carry forward held in central contingency should costs exceed available grants, etc. After these grants have been applied and taking into account reablement and specific winter pressures the current amount that would be needed to be drawn down from the central contingency stands at £20k. This is likely to increase and will be monitored for the remainder of the year. The £20k is not assumed in the monitoring at this stage. Any draw down of funding is subject to Member approval.

## **Invest to save initiatives**

3.16 In the Portfolio there are three invest to saves currently ongoing. These are:-

Physical Disabilities – review of 50 PDSI cases to identify possible efficiencies

Dementia – identifying service users with dementia and identifying effective and efficient pathways of care

Learning Disabilities - ensuring that the current and future placements incorporate support to meet identified needs across education, health and care whilst maximising the potential for the young person to be as independent as possible.

For various reasons the start of these projects had been delayed. However work is now underway and savings are being realised. The savings will continue to be reported as part of budget monitoring.

## **Early Warnings - Provisions relating to previous years**

3.15 When the accounts are closed each year, financial provisions are made for outstanding items based on the information available at that point in time. It is currently anticipated that the amount required relating to previous years will be lower than assumed when the 2012/13 accounts were closed. The accounts are closed each year on the basis of the best information available at that point in time and, subsequent to that, additional information has indicated that actual costs are not as high as anticipated when the accounts were closed. This relates to areas in Learning Disability, mental health and Children’s social Care (Tower Hamlets ruling). Should these provisions not be required they will be released at year end as part of a prior year adjustment.

## **4. POLICY IMPLICATIONS**

4.1 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.

4.2 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.

4.3 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 2013/14 to minimise the risk of compounding financial pressures in future years.

4.4 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.

## **5. FINANCIAL IMPLICATIONS**

5.1 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.

5.2 Overall the current overspend position stands at £36k underspent (£1,757k full year effect). The full year effect will have to be addressed in 2014/15 in due course. The main budget variations are shown in the table below: along with the impact these variations will have in 2014/15:-

**Breakdown of pressures in 2013/14 and the impact on 2014/15**

	2013/14 £'000	2014/15 £'000
<b>Pressures</b>		
Assessment and Care Management - increased costs for residential and domiciliary care for older people	1,410	1,108
Direct Services - extra care housing pressures offset by reduced costs of transport and staffing in reablement	19	0
Housing - Increased demand and costs for bed and breakfast	193	690
Children's social care - greater than budgeted number of placements and Leaving Care clients	217	253
Increases in No Recourse to Public Funds	381	465
Commissioning - Delays in achieving budgeted savings less actions to mitigate	160	350
Housing Improvement - Shortfall in fee income	30	0
	<u>2,410</u>	<u>2,866</u>
<b>Savings</b>		
AIDS/HIV Service	-28	0
Learning Disability Care management lower domiciliary care and direct payments	-60	0
Day care budgets, reorganisation of budgets and reallocation of staff that were at Bassetts	-212	-300
Learning Disabilities Housing and support - vacant posts	-91	0
Strategic & Business Support - staffing savings and training savings	-223	0
Fewer learning disabilities placements - mainly cost efficient placements and the effect of attrition	-700	-201
Full year effect of client moves into more cost effective placements	-259	-120
Additional savings from supporting people in addition to savings target set for 2013/14	-210	-280
Drugs and Alcohol budgets funded through Public Health	-237	-237
Review of SLA within Childrens social care	-38	0
Staff vacancies within the Youth Offending Team	-122	0
Children's with disabilities - Greater placement numbers than budgeted offset by reductions in the short breaks budget	-266	29
	<u>-2,446</u>	<u>-1,109</u>
<b>TOTAL OVERALL PRESSURE FOR THE PORTFOLIO</b>	<u><u>-36</u></u>	<u><u>1,757</u></u>

## 6. DIRECTOR'S COMMENTS

- 6.1 This has been a very challenging year for budgets across the Council, but with particular pressures seen on both housing and social care. The first monitoring report of 2013/14 suggested in-year pressures on the Portfolio budget of £2.5m. The present projection is to return a small surplus. This will have been supported by around £1.5m of planned contingencies and £1m of additional in-year savings from across the portfolio which excludes returning unused a £900k contingency sum for Learning Disabilities.
- 6.2 The demands on our statutory housing budget have continued to grow as is reflected in the whole year effect of what we see in the outturn. A number of innovations and interventions have helped to reduce the pressures, but we approach the year end with significant numbers in temporary accommodation. However, the pressures were predicted and have been well managed where possible, for example, the innovative work at Bellegrave, but with the contingency identified at the start of the year nonetheless proving necessary to drawdown. The projected outturn makes it clear that significant pressures continue into next year. It was recognised this year that the ability of housing to manage these wider social pressures, and to make the concomitant savings from its budget, is limited and that a whole council approach was found.
- 6.3 Revised approaches to the brokerage of placements in both children and adults' services, a better shared understanding of continuing health care assessments across our health partners and a greater robustness in care planning, reviewing and in assessing those qualifying for Ordinary Residence led to significant in-year savings but also changes to ways of working that will drive down costs in the future. In a year which has seen a number of providers of services to adults fail, members of the PDS will particularly want to be aware of the efforts of staff across the Council at such times to ensure that the services received by our qualifying residents, continued often with no discernable break as we moved by necessity from one provider to another.
- 6.4 We also saw continuing significant transfers of responsibilities from central government to ourselves often without any significant matching of funds. This saw pressures from those with no recourse to public funds, including asylum seekers, and for children on remand. However, the very good performance of our team working with our most troubled families saw considerable success in achieving the drawdown targets for the funding, preventing further pressures on the children's social care budgets.
- 6.5 As we plan for next year, we see continuing pressures in children's from those with no recourse to public funds, but also higher numbers in our various adults housing schemes than we would wish. The former were managed effectively in-year by children's social care. A major programme of redesigning services to adults is underway which will facilitate new ways of working in year and looking at different approaches to delivering services to our most vulnerable adults. However, it remains the case that the model around the extra care housing schemes has not been achievable in practice. Better integration with our health partners will continue across the coming year. This will help reduce pressures on the acute hospital services whilst also ensuring more residents remain in their homes for longer reducing the need for placements out of the home. This will include the work on the proMISE programme.
- 6.6 Pressure continues at the Princess Royal University Hospital site, and the PDS is taking a report from the management of King's.

<b>Non-Applicable Sections:</b>	Legal Implications Personnel Implications Customer Implications
Background Documents: (Access via Contact Officer)	2013/14 Budget Monitoring files in ECS Finance Section