

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

Date: 2nd October 2014

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

Title: **BUDGET MONITORING 2014/15**

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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 July 2014.

2. **RECOMMENDATION(S)**

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

- (i) **Note that the latest projected overspend of £2,890,000 is forecast on the controllable budget, based on information as at July 2014;**
- (ii) **Note the full year effect for 2015/16 of £4,464,000 as set out in section 4;**
- (iii) **Note the new funding and carry forward release requests as detailed in section 6 and 7 agreed by Executive on the 10th September 2014;**
- (iv) **Note the comments of the Executive Director in section 10 of this report; and,**
- (v) **Refer the report to the Portfolio Holder for approval.**

- 2.2 **The Portfolio Holder is asked to approve the latest 2014/15 budget projection for the Care Services Portfolio.**

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: £117.670m
 5. Source of funding: Care Services Approved Budget
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Staff

1. Number of staff (current and additional): 876 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 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
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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 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 £653k 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. A report requesting approval for the drawdown of £653k to be passed to the Executive is elsewhere on this agenda.

Adult Social Care and Commissioning – Care related costs

- 3.3 The placement budgets are projected to overspend in 2014/15 by £2,748k and £3,585k 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 unexpected placements made at the end of 2013/14 following through into 2014/15 of £489k and the budget savings option for capping of social care costs totalling £1,450k that has not yet been delivered. This will have to be addressed to manage the overspend as this leads to further cost pressures following into 2015/16

Children's Social Care

- 3.5 Unforeseen placements at the end of 2013/14 for Children's Services means that pressures of £327k has followed through into 2014/15. Likewise, although a sum of £260k was approved in 2013/14 as growth for people with No Recourse to Public Funds (NRPF), pressures continue to rise in this area resulting in a projected overspend of £253k. The full year effect of both for placements and NRPF will be £715k in 2015/16.

4. FULL YEAR EFFECT GOING INTO 2015/16

- 4.1 The cost pressures identified in section 3 above will impact in 2015/16 by £4,464k. Although £469k of this is likely to be able to be drawn down from the central contingency to alleviate Housing Pressures, management action will need to be taken to ensure that the remaining £3,995k does not impact of future years.
- 4.2 Given the financial position facing the council over the next four years which has been identified as a funding gap of over £60m, officers will need to ensure that budgets are managed within the overall resources available or alternative savings identified.

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. These were agreed by the Executive on the 10th September 2014.

Social Care Invest to save - £40,000

- 6.2 In June 2014 the Executive approved the drawdown of £489k to continue the invest to save projects in Adult Social Care. At the last Care PDS in June only £449k was requested to be drawn down. The remaining £40,000 is requested to be drawn down this cycle.

Public Health Transition Grant - £42,264

- 6.3 LBB was allocated funding in 2012/13 and 2013/14 (£210,000 in total) to assist with the additional costs incurred by the Council with regard to the transfer process of the Public Health function to local government. The balance of £42k is required to complete this exercise, mainly around finalising legal, commissioning and contracts issues and support joint working with the CCG.

Public Health Grant - £43,920

- 6.4 A report to Care Services PDS in October 2013 was approved which sought to maximise the effectiveness of the NHS Health Check Programme. The funding was carried forward into 2014/15 and held in contingency. The projects are now underway and therefore approval is sought from PDS to draw down the funding. The first project is to improve diabetes prevention in Bromley and the second is to perform a comprehensive evaluation of the NHS Health Checks programme.

7. NEW FUNDING

- 7.1 New government funding has been made available in 2014/15 and it is requested that this be drawn down from the central contingency and made available to the department. These were agreed by the Executive on the 10th September 2014.

Welfare Reform Grant - £66,463

- 7.2 The cumulative impact of the recent welfare reform changes are now being seen with an increasing caseload of households at risk of becoming homeless due to the caps now placed on their housing benefit eligibility resulting in a shortfall between benefit payable and rental charges. LBB has been allocated £66,463 in 2014/15 under the heading of "Additional funding to meet the costs of implementing welfare reform changes in 2014/15". It is proposed to use this sum to work intensively with those households affected by the recent changes to assist in mitigating the potential risk of homelessness. This work which is now embedded in the service seeks to work in partnership to assist households to explore a range of options to resolve the caps faced. This includes access training and employment, debt and budgeting advice, moving to more affordable accommodation and so forth. Solutions can vary depending on individual

households circumstances and as such flexibility is requested to use the sums across the range of prevention and housing options tools available with anticipated spend as per below:

DESCRIPTION	£'000
Additional administrative and support requirements	£15K
Additional debt and budgeting advice	£10K
Homeless prevention initiatives:	
<ul style="list-style-type: none"> · rental deposits & removals to cheaper accommodation · Access to training/employment · Rental top ups pending move to cheaper accommodation 	£41K

Staying Put Grant - £36,487

- 7.3 The Department of Education has recently advised LBB of a new grant for 2014-15. The Children and Families Act 2014 has introduced a new duty on local authorities to support young people to continue to live with their former foster carers. Previously this duty ended when the young person reached the age of 18, now the placement can continue up to the age of 21. LAs can spend this grant to support costs associated with maintaining a 'Staying Put' arrangement

8. POLICY IMPLICATIONS

- 8.1 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.
- 8.2 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.
- 8.3 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.
- 8.4 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.

9. FINANCIAL IMPLICATIONS

- 9.1 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.
- 9.2 Overall the current overspend position stands at £2,890k (£4,464k full year effect). The full year effect will have to be addressed in 2015/16 in due course.

10. DIRECTOR'S COMMENTS

- 10.1 The placement budget in both adult and children's services give cause for concern. Evidence shows that the numbers of adult residents being placed in residential homes is continuing its downwards trend, standing at 312 at the beginning of July, the lowest number for several years. However, clients presenting to Panel are increasingly complex and so numbers in nursing homes remains stubbornly high. Voids continue to be managed downwards in our new Extra Care Housing schemes but we continue to see significant numbers not least because of safeguarding concerns in one scheme that precluded placement. This has now been addressed. Nonetheless very considerable pressures remain on this element of our services with the complex needs of those entering ECH schemes meaning that we have to offer typically around a third more hours than the original modelling predicted. However budgets were adjusted in 2014/15 to reflect this.
- 10.2 The need for more effective demand management was put to the last PDS for Scrutiny and the business case accepted. This work will be underway by early September with a report due back to the Portfolio Holder once the savings model has been agreed with the contractor. The pressures on the commissioning budget appear to arise from the recoding of activity as required by central government. The expenditure has yet to follow the recoded budget, but the pressures are captured in this report, even though they may not yet be under the correct heading. The complexity of these issues are given in the 'Reasons for Variations' commentary elsewhere in this Report.
- 10.3 Children's social care remains under pressure from those with no recourse to public funds, a largely demand-led budget, and several high cost placements, including two secure placements made at the start of the financial year.
- 10.4 Finally, Housing has been netted-off for the purpose of this Report but Members will want to be aware that the very considerable pressures predicted for Housing in this year are being realised and still we see no slowing down of those pressures.
- 10.5 Early Warning - DoLs remain a very serious issue for the Council. One third of the way through the year we have completed three times the number of applications submitted to Court in all of last year. A best guess at this point is that our pressure here will be no more than 10 times that spent last year, less that the 'worst case prediction of £2m+ but nonetheless a considerable sum not included in our budget.

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