

Decision Maker: CARE SERVICES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Date: 4th March 2015

Decision Type: Non-Urgent Executive 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 January 2015 2014.

2. **RECOMMENDATION(S)**

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

- (i) **Note that the latest projected overspend of £932,000 is forecast on the controllable budget, based on information as at January 2015;**
- (ii) **Note the full year effect for 2015/16 of £2,897,000 as set out in section 4;**
- (iii) **Note the new funding release request detailed in section 5 of this report;**
- (iv) **Note the comments of the Executive Director in section 8 of this report; and,**
- (v) **Refer the report to the Portfolio Holder for approval.**

2.2 **The Portfolio Holder is asked to:**

- (i) **Note that the latest projected overspend of £932,000 is forecast on the controllable budget, based on information as at January 2015;**
- (ii) **Refer the new funding release request in section 5 to Executive for approval.**

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: £119.067m
 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.

Adult Social Care and Commissioning – Care related costs

- 3.2 The placement budgets are projected to overspend in 2014/15 by £1,330k and £2,769k 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).
- 3.3 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. There is also increased pressure on areas such as Mental Health services that has seen a rise in placements being made. This will have to be addressed to manage the overspend as this leads to further cost pressures following into 2015/16.
- 3.4 Since the last monitoring report, the overspend has been further reduced mainly due to further reductions in assumptions for future activity, clients receiving funding from health, further management action and attrition levels increasing above average in Learning Disabilities and Mental Health.
- 3.5 This has meant that the overspend has reduced from the last reported overspend of £1,759k to £1,330k. However the underlying pressure remains and this is reflected in the full year effect for 2015/16 of £2,769k.

Housing

- 3.6 There are currently no further pressures forecast in Temporary Accommodation (TA) (Bed and Breakfast) in 2014/15. Additional funding available in contingency has been drawn down which reduces the pressure to a net zero. Executive agreed on the 15th October 2014 that £653k of a possible £1.2m of contingency could be drawn down to alleviate pressures on this budget. The remaining contingency amount was agreed by Executive on the 15th October 2014 to be used for the development of Manorfields as temporary accommodation.
- 3.7 Although numbers are continuing to rise with an average of 15 per month expected during the remainder of the financial year, this is assumed within the financial projections. Officers are currently modelling different scenarios to quantify the effect of possible initiatives to limit the growth.
- 3.8 However there will need to be an additional provision for bad debts for rent arrears as this has increased substantially since the last monitoring report. An additional £225k has been set aside to offset these potential costs. This will be closely monitored for the remainder of the year as further provision may be required if the trend of bad debts continues. This is partially offset by an underspend in salary costs.

Children's Social Care

- 3.8 Care and resources is now expected to be overspent by the year end by £10k. Pressures in the Leaving Care budgets have been offset by reductions in the main placement budget. Contained within this overspend is management action that has been assumed to be delivering £200k by the year end.

3.9 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 £237k for 2014/15. The full year effect of both for placements and NRPF will be £268k 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 £2,897k. This figure does not include £77k for Housing as it 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 £2,897k does not impact of future years.

4.2 This figure has reduced from £3.022m reported in January to the PDS.

4.2 Given the financial position facing the council over the next four years which has been identified as a funding gap of over £53m, officers will need to ensure that budgets are managed within the overall resources available or alternative savings identified.

5. NEW FUNDING – HELPING PEOPLE HOME £120K

5.1 At the end of January 2015, the Department for Communities and Local Government (DCLG) announced a new grant to be spent in 2014/15 called Helping People Home. Bromley's allocation is £120,000. The grant is ring fenced and can only be used for the following purposes:-

- a) help people return to their home from hospital when it is appropriate to do so
- b) reduce the risk of avoidable admissions or readmissions into hospital from the over 65's or those in receipt of social care

5.2 The grant has to be spent by the end of the financial year, any unspent grant funding will have to be returned.

5.3 In order to access the grant regular reporting back to DCLG needs to take place on the type of interventions and the impact that they have. Officers have put plans in place in order to be able draw on this funding if agreed.

5.4 It is recommended that the Portfolio Holder refer the funding to Executive for approval so that the grant funding can be spent by the end of the financial year.

6. POLICY IMPLICATIONS

6.1 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.

6.2 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.

6.3 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.

6.4 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.

7. FINANCIAL IMPLICATIONS

- 7.1 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.
- 7.2 Overall the current overspend position stands at £932k (£2,897k full year effect). The full year effect will have to be addressed in 2015/16 in due course.

8. DIRECTOR'S COMMENTS

- 8.1 Members will know that across this year, containing costs has proved a challenge, particularly in our older people's services. We end the year some 50 placements over budget but actually with no net increase across the year in spite of the issues with our partner, King's College Hospital. These residents account for a significant proportion of the pressures moving into next year. We are content that Panel processes are now robust and we are grateful to the Members who have joined panels from time to time and helped with the improvement process.
- 8.2 In the coming year, the new front door arrangement will continue to contain and we expect divert residents early from our statutory services giving individuals more control over their lives. We continue to see outstanding work from our commissioners, continuing to secure outstanding value for money in our placements and making a significant contribution to ameliorating some of the pressures.
- 8.3 Housing continues to exert very considerable pressures on our budgets and although covered by contingencies following the very early recognition of these pressures, Members will note that we are not predicting any significant changes in pressures from those seeking temporary accommodation and so it is important that Manorfields comes on stream at the earliest opportunity to help control these pressures.
- 8.4 Children's Social Care has returned an overall balanced budget. However, we continue to see pressures from the unfunded pressures passed to local government from Whitehall including care leavers and those with no recourse to public funds. Once again, we see very good value for money in our placement costs, and, for a number of children, strong financial support from the CCG.

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