

Decision Maker: PORTFOLIO HOLDER FOR CARE SERVICES

Date: For Pre-Decision Scrutiny by the Care Services Policy Development and Scrutiny Committee on Tuesday 21st March 2017

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2016/17

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

Ward: Borough-wide

1. Reason for report

- 1.1 This report provides the budget monitoring position for 2016/17 based on activity up to the end of December 2016.
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2. RECOMMENDATIONS

2.1 The Care Services PDS committee is invited to:

- i) Note that the latest projected overspend of £4,657,000 is forecast on the controllable budget, based on information as at December 2016;**
- ii) Note the full year effect for 2016/17 of £4,555,000 as set out in section 4;**
- iii) Note the funding release requests as detailed in section 5 & 6 of this report;**
- iv) Note the comments of the Department in section 9 of this report; and,**
- v) Refer the report to the Portfolio Holder for Care Services for approval.**

2.2 The Portfolio Holder for Care Services is asked to:

- i) Note that the latest projected overspend of £4,657,000 is forecast on the controllable budget, based on information as at December 2016;**
- ii) Agree to the release of the Community Housing Fund referred to in section 5; and,**
- iii) Refer the funding release requests held in contingency referred to in section 6 to the Council's Executive for its approval.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
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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: £105.610m
 5. Source of funding: Care Services Approved Budget
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Staff

1. Number of staff (current and additional): 634 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 2016/17 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 2016/17 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. The current position is an overspend of £4,657k. This position assumes that further management action will be taken throughout the year to maintain the current position. If this does not take place and cannot be evidenced then the position may change.

Adult Social Care

- 3.2 Overall the position for Adult Social Care is a predicted £1,232k overspend. The main areas of overspend or underspend are:-

Assessment and Care Management - £1,178k overspent

- 3.3 Assessment and Care Management is currently estimated to overspend by £1,178k. This is in the main due to Placements/Domiciliary Care/Direct Payments for 65+ where client numbers are currently above the budgeted figure. This area has significant savings targets in 2016/17 and this figure is a proportion of this. In the last monitoring £750k had been assumed for the remainder of the year. £399k of this management action has been achieved. The latest figure assumes no further management action for the remainder of the financial year
- 3.4 Within Assessment and Care Management, Nursing/Residential/supported living/shared lives placements for 65+ are currently overspent by £133k. Client numbers are 409 which is above the budgeted number of 401.
- 3.5 Domiciliary Care and Direct Payments for the 65+ are projected to overspend by £1,159k. This area of the budget had the most savings/efficiencies attributable to it. Packages continue to be reviewed and reablement capacity is being increased to bring this overspend down where possible
- 3.6 Placements/Domiciliary Care/Direct Payments for the 18-64 age group is slightly underspent overall. However placement client numbers are slightly above the budgeted figure at 45 which is an increase of 5 since August.
- 3.7 Increased costs are being experienced due to the impact of the National Living Wage (NLW) on some of the care contracts. A net pressure of £686k is being estimated. This pressure has been acknowledged and is dealt with in more detail in paragraph six with a drawdown of funding from contingency. The overall impact will be zero if the funding is agreed. The impact of the NLW will continue in future years as the rate increases.

Direct Care - £83k underspent

- 3.8 Reablement is £125k underspent. This is due to issues recruiting to vacant posts. Although this means an underspend in reablement there is an issue that it may have an impact on the level of savings that may be achieved in domiciliary care as clients may not be reabled where necessary.
- 3.9 This is partially offset by an overspend of 42k in in house extra care. This is due to staffing overspends and reduced client contributions

Learning Disabilities - £549k overspent

- 3.10 The overspend in Learning Disabilities has reduced from £944k to £549k overspend. Progress on achieving the savings is being closely monitored and there is planned management action

for the remainder of the year. There continues to be additional cost pressures relating to transition clients, ordinary residence and increased care packages have been partly offset by overachievement of savings on the supported living contracts

Mental Health - £48k underspend

- 3.11 Savings targets in Mental Health have been achieved. There is a small underspend arising from activity levels. However there are still pressures in the system that may manifest themselves at a later date

Better Care Fund – Protection of social care - £371k underspend

- 3.12 Elements of the better care fund are allocated to the protection of social care. This funding can be used flexibly. There have been underspends in some areas of the budget that are allocated BCF funding. As a result of this, the surplus funding has been reallocated to areas within adult social care. This has resulted in a one off reduction in expenditure of £371k for the area as the grant now covers the spend..

Housing

- 3.13 Pressures in Temporary Accommodation (TA) (Bed and Breakfast) in 2016/17 are forecast to be £276k overspent. However there is funding available in the central contingency and it is assumed that this will be drawn down to reduce the overspend to a net zero. This has reduced from £538k in the previous monitoring report.
- 3.14 Expected increases in numbers did not materialise in November and December and this has resulted in a reduction in the overspend projection. Homelessness client numbers are picking up again for the rest of the year and are expected to rise to an additional 15 to 17 per month for 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. It is hoped that the temporary accommodation initiative with Mears will help in limiting the growth in future.
- 3.15 There are other pressures emerging in Housing including £125k relating to the costs of storage of furniture of clients going into temporary accommodation and £75k relating to the high cost of utilities at one of the traveller sites. The intention is to provide individual meters on the site. A multi-agency working group chaired by the Executive Director of ECHS is looking at the future options for this. Capital funding is available for improvements at the traveller sites
- 3.16 Although there is a full year effect of this overspend, this again will be dealt with through the drawdown of contingency in due course.

Children's Social Care

- 3.17 Children's Social Care is expected to be overspent by the year end by £3,519k, a reduction of £369k over the previous monitoring. The projections in August assumed management action of £250k for the remainder of the year and this has been achieved in addition to the £369k. Officers continue to drive down the overspend and various areas are being explored including obtaining additional income from our partners. The main areas of overspend and underspend are as follows:-

Placements - £1,092k overspend

- 3.18 Placements is overspending by £1,092k, a reduction of £450k from the previously reported figure. The impact of the fostering allowance changes have taken place and this is reflected in these figures.

Leaving Care - £824k overspent

- 3.19 Leaving Care continues to rise for both the 16 to 17 age group and the 18+ with a total overspend of £824k being predicted. Costs have increased as clients are having to be placed in accommodation with higher levels of support, or in the case of the 18+ clients due to a lack of suitable accommodation and rental price.

Public Law Outline - £920k overspent

- 3.20 Although the overspend has reduced by £68k since the last report, this continues to be a major in year pressure. This is in the main due to community and residential based parenting assessments, some of which are court ordered.

Nurseries recharge to social care - £172k underspent

- 3.21 The amount recharged to social care from Education for the specialist nurseries has reduced due to the number of social care clients being placed.

Staffing - £1,174k overspent

- 3.22 Staffing overspends are apparent across the whole of childrens social care. The majority of the overspend is due to the use of locum staff where permanent recruitment has not been possible. The department in conjunction with HR have a recruitment and retention strategy in place to address this and so moving forward the impact of locum staff will be minimised

Running cost expenditure freeze - £291k underspent

- 3.23 Certain running costs budgets were frozen from November as part of an exercise to reduce the overspend. This has resulted in an underspend of £291k for the year across the division.
- 3.24 Pressures as a result of the Ofsted inspection have been acknowledged by Members Additional funding for 2016/17 of £950k for additional staffing and resources has already been approved by Members in September. An additional £141k was approved by the Executive on the 11th January 2017. The additional funding is assumed within all of the figures above.

Health Integration

- 3.25 Health integration is predicted to underspend by £122k. This is due to vacancies within the team and one off funding identified to contribute to costs.

Public Health

- 3.26 The current variance in Public Health is zero. This area has recently seen a reduction in grant funding and has significant savings targets for 2016/17 which are being managed successfully resulting in no ongoing pressures being reported. Any resulting under or overspend will be carried forward and offset against future grant allocations.
- 3.27 Due to early realisation of savings additional grant has been freed up for 2016/17 of £500k. This surplus has been utilised to support 0-5 childrens centre expenditure. Whilst this does not reduce the Care services portfolio spend it has reduced the Education Portfolio lowering the overall spend of the ECHS department.

4. FULL YEAR EFFECT GOING INTO 2017/18

- 4.1 The cost pressures identified in section 3 above will impact in 2017/18 by £4,555k. Management action will continue to need to be taken to ensure that this does not impact on future years. The Council have acknowledged the pressures in the 2017/18 and funding for full

year effect pressures has been provided of £2.1m for Children Social Care and £1.45m for Adult Social Care.

5. RELEASE OF FUNDING BY THE PORTFOLIO HOLDER

Community Housing Fund - £31,000

- 5.1 The Community Housing Fund aim is to put local groups in the driving seat and help them deliver affordable housing aimed at first-time buyers in response to the problem second homes can cause in reducing supply.
- 5.2 The funding will be targeted at the community-led housing sector and distributed to groups via councils who know the area's needs best. Allocating the funding to these housing organisations will put communities centre stage in deciding what type of housing is most needed. It will also offer an income stream to community organisations, in turn allowing them to reinvest in more housing or in other activities or services which will benefit their area.
- 5.3 The first year of funding will be used to build capacity within local groups such as improving technical skills, setting up support hubs to offer advice, business planning and providing staff to review local housing needs. Funding the following year will then be used to deliver housing on the ground for local people.

6. RELEASE OF AMOUNTS HELD IN CONTINGENCY NEEDING EXECUTIVE APPROVAL

Impact of the National Living Wage (NLW) - £686,000

- 6.1 Previous reports to the Executive in June and July 2016 detail the impact of the National Living wage on Domiciliary care/Direct Payments and Nursing Home contracts. The National Living Wage rose from £6.70 to £7.20 from the 1st April 2016 and has had a large impact on the cost of providing some social care services. The financial impact has been calculated at £686k for the 2016/17 financial year for these areas. The 2017/18 draft budget has been updated to reflect the estimated impact, including provision for further costs held in the central contingency.

Retained Welfare Fund - £100,000

- 6.2 The Welfare Fund is around the provision of move-on items: essential living items – beds/white goods for setting up a home.
- 6.3 There have been a number of reports to Members on this matter. In July 2014 the Resources Portfolio Holder approved the adoption of a 'white goods and furniture' welfare scheme from 2015/16. The scheme replaced The Bromley Welfare Fund following the Government decision to withdraw ongoing programme funding. The Bromley Welfare Fund was introduced as a result of the abolition from April 2013 of the central government administered Community Care Grants and Crisis Loans for general living expenses. Members agreed that the new scheme would be restricted both in terms of eligibility criteria and good available which have been identified as the minimum items required in order for the Council to meet its duty to provide suitable settled accommodation for homeless households.
- 6.4 The drawdown for this is to cover the goods that we have purchased through the framework contract in line with the agreed policy.

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 2016/17 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 underspend position stands at £4,657k (£4,555k overspend full year effect). The full year effect will be addressed in 2016/17 and 2017/18 in due course.

9. DEPARTMENTAL COMMENTS

- 9.1 The Care Services Portfolio is currently estimated to overspend by £4,657k in 2016/17 which is a reduction of over £1.2m. The full year effect for 2017/18 stands at of £4,555k.
- 9.2 There continues to be pressures in Adult Social Care mainly due to placements, domiciliary care and direct payments. Management action is addressing savings targets although these continue to be a challenge in some areas where demand for services is increasing.
- 9.3 Domiciliary Care Packages are continuing to be reviewed. High levels of scrutiny are in place in all cases where there is a request for an increase.
- 9.4 Additional posts are being recruited to in the Reablement Service. Once these are in place the service will have the capacity to manage around 50/55 Service Users per month which should result in some efficiencies working their way through the system.
- 9.5 In addition, we are seeing much more complexity in users' needs as they come through to us later in their journeys. We have much more work to do in reviewing high cost placements, ceiling rates and assessments whilst working to manage parental expectations within Learning Disabilities. The department will be working to look at other efficiency plans that may require policy change.
- 9.6 Commissioning activity continues to secure value for money through contract negotiations making a significant contribution to the savings targets.
- 9.7 Children's social care continues to see pressures in placements, fostering and care proceedings costs with an increase of children coming through the system although the overspend has reduced since the last report. Management actions continue to be put in place to reduce expenditure without compromising child safety.

Non-Applicable Sections:	Impact on Vulnerable Adults and Children and Legal, Personnel and Customer Implications
Background Documents: (Access via Contact Officer)	2016/17 Budget Monitoring files in ECHS Finance Section