

Decision Maker: CARE SERVICES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Date: Tuesday 9th January 2018

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

Title: CARE SERVICES PORTFOLIO DRAFT BUDGET 2018/19

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Chief Officer: Director of Finance

Ward: Borough-wide

1. Reason for report

- 1.1 The prime purpose of this report is to consider the Portfolio Holder's Draft 2018/19 Budget which incorporates future cost pressures and initial draft budget saving options which are being reported to Executive on 10th January 2018. Members are requested to consider the initial draft budget being proposed and also identify any further action that might be taken to reduce cost pressures facing the Council over the next four years.
- 1.2 Executive are requesting that each PDS Committee consider the proposed initial draft budget savings and cost pressures for their Portfolio and the views of each PDS Committee be reported back to the next meeting of the Executive, prior to the Executive making recommendations to Council on 2018/19 Council Tax levels.
- 1.3 There are still outstanding issues and areas of uncertainty remaining. Any further updates will be included in the 2018/19 Council Tax report to the next meeting of the Executive.
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2. **RECOMMENDATIONS**

2.1 **The Care Services PDS Committee is requested to:**

- i) **Consider the update on the financial forecast for 2018/19 to 2021/22;**
- ii) **Consider the initial draft 2018/19 budget as a basis for setting the 2018/19 budget; and**
- iii) **Provide comments on the initial draft 2018/19 budget for the February meeting of the Council's Executive**

Impact on Vulnerable Adults and Children

1. Summary of Impact: Care Services Portfolio budget setting supports the provision of services to vulnerable adults and children.
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Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Excellent Council
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Financial

1. Cost of proposal: Not Applicable Further Details
 2. Ongoing costs: Recurring Cost: Impact in future years detailed in Appendix 4
 3. Budget head/performance centre: Council-wide
 4. Total current budget for this head: £77,089k Draft 2018/19 Budget
 5. Source of funding: Draft Revenue Budget for 2018/19
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Personnel

1. Number of staff (current and additional): Full details will be available with the Council's 2018/19 Financial Control Budget to be published in March 2018
 2. If from existing staff resources, number of staff hours: Not Applicable
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Legal

1. Legal Requirement: Statutory Requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Local Government Act 2000; the Local Government Act 2002 and the Accounts and Audit Regulations 2015.
 2. Call-in: Not Applicable: No Executive decision.
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Procurement

1. Summary of Procurement Implications: Not Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2018/19 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: Not Applicable

3. COMMENTARY

APPROACH TO BUDGETING, FINANCIAL CONTEXT AND ECONOMIC SITUATION WHICH CAN IMPACT ON PUBLIC FINANCES

- 3.1 Forward financial planning and financial management is a key strength at Bromley and this has been recognised previously by our external auditors. This report continues to forecast the financial prospects for the next 4 years and includes the Government's provisional core funding allocations for 2018/19 to 2019/20. At the time of writing this report, further details on various grant funding is awaited and it is important to note that some caution is required in considering any projections for 2020/21 to 2021/22 as this represents the Government's next Spending Review period.
- 3.2 A strong economy with growth increases revenues which supports the Government's ability to reduce public sector debt as the gap between finances raised and spend on public services is reduced. It is important to consider the key national issues that could impact on public finances over the next four years. The overall national debt stands at £1.8 trillion and, whilst a national budget deficit continues, will increase further to beyond £1.9 trillion. The Autumn Budget 2017 identified that public sector net borrowing is expected to be £49.9bn in 2017/18. The forecast for the last year of the current Spending Round (2019/20) is for borrowing of £34.7bn and by 2021/22 borrowing of £30.1bn. The Chancellor stated that borrowing is still forecast at over £20bn in the first year of the next Parliament. The Chancellor has previously said that he is committed to returning public finances to balance 'as soon as practicable'. Elimination of the annual national budget deficit is expected to be delayed until at least 2030 on the basis of current economic forecasts. This highlights that austerity for local government is likely to continue for some time. The Autumn Budget 2017 identifies planned Government Spend up to 2022/23. From a local government perspective, there is no significant additional funding and on that basis austerity will continue. Even with the planned Green Paper on social care which has now been delayed until Summer 2018, no additional funding was identified in the Autumn Budget 2017 for social care. Therefore, the fiscal squeeze will continue and, with ongoing protection of health, education, police and other security services, the disproportionate cuts in direct funding to local government will continue over the remainder of the four year spending review period. The impact of funding reductions translates to a reduction in the Council's Settlement Funding Assessment of 37.1% by 2019/20 compared with the England average of 22.66% and London average of 20.6% for the period 2017/18 to 2019/20.
- 3.3 Recognising there are significant funding cuts facing local government, the Government remains committed with the aims of devolution which includes transforming local government and enabling it to be more self-sufficient. The Government views the new flexibilities such as the future growth forecasts from business rates, to be fully devolved to local government by 2020 combined with scope for an increase in council tax for the adult social care precept and the ongoing ability to increase council tax as methods which can reduce the impact of grant reductions. However, it is not the full solution for local government given its costs pressures and service demands.
- 3.4 The Budget Strategy has to be set within the context of a reducing resource base, with Government funding reductions continuing beyond 2020 – the on-going need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the budget gap as the gap could increase further. The overall updated strategy has to be set in the context of the national state of public finances, with austerity continuing given the level of public sector debt, and the high expectation from Government that services should be reformed and redesigned with devolution contributing to the transformation of local government. There is also an on-going need to consider "front loading" savings to ensure

difficult decisions are taken early in the budgetary cycle, to provide some investment in specific priorities, to fund transformation and to support invest to save opportunities which provide a more sustainable financial position in the longer term. Any decisions will need to consider the finalisation of the 2018/19 Budget as well as the longer time frame where it is now clear that the continuation of the period of austerity remains for local government.

- 3.5 Bromley has the second lowest settlement funding per head of population in the whole of London. Despite this, Bromley has retained the third lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). This has been achieved by having one of the lowest costs per head of population in outer London. Despite being a low cost authority, Bromley has achieved general savings of over £90m since 2011/12 but it becomes more challenging to achieve further savings with a low cost base. Further details are provided in Appendix 3.
- 3.6 One of the key issues in future year budgets will be the balance between spending, council tax levels, charges and service reductions in an organisation starting from a low spending base. It is important to recognise that a lower cost base reduces the scope to identify efficiency savings compared with a higher cost organisation.

4. CHANGES SINCE THE 2017/18 BUDGET THAT IMPACT ON THE FINANCIAL FORECAST

- 4.1 The 2017/18 Council Tax report reported to Executive in February 2017 identified a significant “budget gap” over the four year financial planning period. Some key changes are summarised below.
- 4.2 There continues to be upward pressure on inflation and the 2018/19 Draft Budget and financial forecast assumes increased costs of 3.5% per annum for 2018/19 and 2019/20 reducing to 2.7% per annum from 2020/21. The inflation mainly relates to contract price increases. The main measure used for contract price increases is RPIX which is currently 4.0%. The Autumn Budget 2017 reported that inflation (RPI) is expected to be 3.1% in 2018/19, 2.8% in 2019/20 and 2.9% in 2020/21 and 2021/22. Currently RPI and RPIX are 3.9% and 4% respectively. A separate provision has also been reflected in the Draft 2018/19 Budget to meet the future increase in costs of the National Living Wage. Action will need to be taken by Chief Officers to fund increasing costs through alternative savings in the event that inflation exceeds the budget assumptions.
- 4.3 The Chancellor’s Summer Budget 2015 introduced a new National Living Wage with significant cost implications to the Council over the next few years. As previously expected in the financial forecast, the Chancellor announced, as part of his Autumn Budget 2017, further increases in the National Living Wage from April 2018.
- 4.4 A report elsewhere on this agenda titled “Contingency Drawdown: Homelessness and Temporary Accommodation Pressures” highlights the ongoing increase of households in temporary accommodation despite the range of initiatives being taken to help reduce these pressures. Initiatives during the year include continuing acquisitions of properties for More Homes Bromley (Mears scheme) and the provision of temporary accommodation in Beckenham. The roll out of universal credit, reduction in housing benefit cap and changes to local housing allowances arising from welfare reform changes have contributed towards these increasing costs. In addition, a new Homeless Reduction Act effective from 2018 expands the duties on local authorities for homeless prevention. Potential additional costs of £1m per annum are estimated in 2018/19 with government funding of £250k being provided, resulting in net additional costs of £750k per annum. Initial release of funding is requested elsewhere on this agenda with further release of the funds remaining being reported for approval later in the new financial year. A further consequence of the roll out of Universal Credit, apart from implications on the homelessness budget, is the potential non recovery of housing benefit

overpayments due to claimant error because of the restrictions on recovery through universal credit payments with losses of £500k being provided in 2018/19 rising to £750k per annum from 2019/20.

4.5 Prior to 2017/18, Councils received housing benefit funding relating to the additional cost of supported accommodation for homeless families. The Government have removed the housing benefit funding and replaced it with a cash limited grant funding (£2,360k in 2018/19). With increasing homelessness numbers, this will reflect a new cost pressure as the grant in the future is expected to be less than the additional costs of supported accommodation as homeless numbers increase. It is important to note that the increase in homelessness is part of a London wide problem faced by London boroughs and also impacts on some other major cities in England.

4.6 Executive approved the acquisition of residential properties to provide accommodation for homeless families as well as the long term “gifting” to the pension fund of the significant assets, subject to robust legal safeguards being in place. Details were reported to the meeting on 2nd December 2015 and the savings have been reflected in the Draft 2018/19 Budget and the future years financial forecast. There were further savings arising from the provision of temporary accommodation at a site in the Borough for a two year period resulting in total savings of £788k for a two year period which includes additional income from a loan to the developer.

4.7 Improved Better Care Fund

The Autumn Statement 2016 identified future funding for the Improved Better Care Fund, utilising Section 31 grant funding which effectively results in direct funding to the Council rather than through Bromley CCG. Estimated ongoing funding of £2m is available in 2018/19 increasing to £4.6m per annum from 2019/20. In addition, in March 2017, after the Council agreed it's 2017/18 Budget, the Government agreed further non-recurring funding of £4.463m in 2018/19, £3.363m in 2019/20 and £1.677m in 2020/21. The utilisation of these monies requires the joint agreement with Bromley CCG. Proposals for funding various schemes were approved by Executive on 10th October 2017. The Draft Budget includes utilisation of part of the funding available to meet identified future years cost pressures on Adult Social Care (£1m in 2018/19 rising to £2.5m per annum by 2021/22) and a contribution towards the full year effect of the Adult Social Care spend in 2017/18 (£2m in 2018/19 reducing to a contribution of £1m per annum from 2019/20). Subject to approval of the 2018/19 Draft Budget, there remains uncommitted monies of £873k in 2018/19 and £2,387k in 2019/20.

4.8 The financial forecast includes additional full year costs for adults social care of £1,394k (from 2019/20), partly offset by savings from retendering of contracts and other efficiency savings of £394k, which are not funded from the Improved Better Care Fund.

4.9 The Government announced in-year funding reductions (2015/16) for Public Health services and the ongoing reductions have been reflected in the 2018/19 Draft Budget and financial forecast. The full details of the final grant settlement for 2018/19 relating to all the grants received by the Council are awaited. A general provision has been reflected in the Council's four year financial forecast for future loss of Government Grant of £0.5m per annum in 2018/19 rising to £1.5m per annum from 2020/21.

4.10 The Spending Review and Autumn Statement 2015 included reference to Councils being allowed to have a council tax precept of up to 2% per annum to specifically fund adult social care (a 2% increase in council tax equates to £2.7m additional income per annum). Councils were able to levy the precept on top of the existing freedom to raise council tax by up to 2% without holding a referendum. Therefore, the Council could potentially have a council tax increase of just below 4% without the need for a council tax referendum. The Government

introduced this change in recognition of the cost pressures facing social care authorities. As part of the Local Government Finance settlement the Government announced that the annual Social Care Precept of 2% can be applied at 3% in 2017/18 and 2018/19 subject to a maximum of 6% across the period 2017/18 to 2019/20. The financial forecast assumes an ongoing increase of the precept of 2% per annum. The Government recognises that the precept can also include, for example, funding the additional cost of the new Living Wage. Members will be requested to consider applying the precept as part of the 2018/19 Council Tax report to the Executive on 7th February 2018.

- 4.11 The additional funding for the Better Care Fund and the higher proportion of funding cuts in core grant to the Council now take into account the amount that can be raised locally through council tax and the adult social care precept. Therefore, there is an inherent assumption that local authorities will be increasing council tax and utilising the adult social care precept to mitigate against the loss of grant funding and towards meeting the cost of social care. For Bromley, this change does not take into account any need to address low funding levels for the Council raised previously with the Government. Therefore the starting point relating to funding levels remains unchanged, despite the Council's concerns. Councils can still choose locally the level of council tax increase required, subject to referendum options. In calculating the Council's spending power, the Government has assumed that social care authorities will have an average council tax increase applying both the social care precept and general council tax increases every year. For financial planning purposes, the financial forecast assumes a council tax increase of 3.99% per annum over the next four years to compensate for the higher proportion of funding reductions, to reduce the level of social care savings and provide funding to meet social care costs, demographic cost pressures and to meet the ongoing "budget gap". The Local Government Provisional Finance Settlement 2018/19 allows a potential council tax increase of a further 1% (including adult social care precept), totalling 4.99%, without the need for a referendum.
- 4.12 Details of various grant allocations for 2018/19 are still awaited at the time of writing this report.
- 4.13 Given the scale of savings identified and any inherent risks, the need for longer term financial planning, the significant changes that may follow with a new Government relating to new burdens (there were many changes introduced by the previous coalition Government that resulted in net additional costs for the Council), effect of ongoing population increases and the potential impact of other public agencies identifying savings which impact on the Council's costs, a prudent approach has been adopted in considering the Central Contingency Sum required to mitigate against these risks. If the monies are not required during the year the policy of using these resources, in general, for investment to generate income/savings and provide a more sustainable financial position should continue
- 4.14 The latest forecast indicates that despite having a balanced budget in 2018/19 there remains a significant budget gap in future years that will need to be addressed, particularly from 2020/21.

5. FINANCIAL CONTEXT

5.1 Key issues include;

5.1.1 Two of the Council's main activities which are grant funded are schools and housing benefits. Both of these areas of spend continue to be ring-fenced.

5.1.2 A high proportion of the Council's spend relates to third party payments, mainly contracts, which can limit flexibility to change spend levels as well as providing greater inflationary pressures (e.g. the impact of the National Living Wage).

5.1.3 As reported in previous years, the majority of the Council's spend relates to just a few service areas.

6. LATEST FINANCIAL FORECAST

6.1 A summary of the latest budget projections is shown in **Appendices 5 and 6** and are summarised in the table below:

| | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|--|-------------|--------------|--------------|--------------|
| | £m | £m | £m | £m |
| Variations Compared with 2017/18 Budget | | | | |
| Grant Loss | 8.5 | 14.0 | 18.4 | 22.2 |
| Cost Pressures | | | | |
| Inflation (including impact of National Living Wage) | 9.1 | 19.1 | 27.5 | 34.4 |
| Welfare Reforms and Impact on Homelessness | 2.0 | 4.3 | 5.8 | 7.8 |
| Homelessness Reduction Act | 0.7 | 0.7 | 0.7 | 0.7 |
| Environmental Services contract & other key contracts | 0.0 | 2.0 | 4.0 | 4.0 |
| Full year effect of adult social care spend not funded by IBCF | 0.0 | 1.0 | 1.0 | 1.0 |
| Children's Social Care | 1.1 | 1.1 | 1.1 | 1.1 |
| Real Changes (see Appendix 6) | 2.0 | 1.6 | 2.0 | 2.5 |
| Total Additional Costs | 14.9 | 29.8 | 42.1 | 51.5 |
| Income / Savings | | | | |
| Savings from Office Accommodation Review | 0.0 | -0.6 | -0.6 | -0.6 |
| Acquisition of Residential Properties to Accommodate Homeless (Mears) | -1.0 | -1.9 | -1.9 | -1.9 |
| Additional Income Opportunity (Amey) | -0.5 | -0.7 | -0.9 | -0.9 |
| Additional Income from Business Rate Share | 0.0 | -0.6 | -0.9 | -0.9 |
| Impact of London Pilots of Business Rates | -2.9 | 0.0 | 0.0 | 0.0 |
| Interest on balances - additional income | -0.6 | -0.2 | -0.1 | 0.0 |
| Release general provision in contingency for significant uncertainty/variables | -2.0 | -2.0 | -2.0 | -2.0 |
| Savings from recommissioning/retendering of various contracts | -1.1 | -1.1 | -1.2 | -1.2 |
| Fall out of Commissioning Programme funding | -0.5 | -0.5 | -0.5 | -0.5 |
| Savings from Childrens Social Care linked to Invest to Save funding | 0.0 | -0.3 | -0.8 | -1.0 |
| Total Income / Savings | -8.6 | -7.9 | -8.9 | -9.0 |
| Other Changes (includes use of non-recurring funds) | | | | |
| New Homes Bonus - Support for Revenue Budget | -1.9 | 0.8 | 2.8 | 3.8 |
| Collection Fund Surplus 2014/15 (set aside to meet funding shortfall in 2018/19) | -4.9 | 0.0 | 0.0 | 0.0 |
| Collection Fund surplus 2015/16 (£6401k carry forward to 2018/19 and 2019/20) | -0.7 | -5.7 | 0.0 | 0.0 |
| Collection Fund surplus 2016/17 | -7.9 | | | |
| Collection Fund surplus 2016/17 set aside to support the 2019/20 Budget | 7.9 | -7.9 | 0.0 | 0.0 |
| Projection of future year collection fund surplus | 0.0 | -4.0 | -3.0 | -2.0 |
| Total Other Changes | -7.5 | -16.8 | -0.2 | 1.8 |
| Council Tax | | | | |
| Increase in Council Tax Base to reflect additional properties and increased collection rates | -1.6 | -2.3 | -2.9 | -3.6 |
| Impact of 3.99% Increase in Council Tax (including Adult Social Care Precept) | -5.7 | -11.6 | -17.8 | -24.2 |
| Total Council Tax | -7.3 | -13.9 | -20.7 | -27.8 |
| Remaining "Budget Gap" | 0.0 | 5.2 | 30.7 | 38.7 |

The above table shows, for illustrative purposes the impact of a council tax increase of 3.99% in 2018/19 (including adult social care precept). Each 1% council tax increase generates on-going annual income of £1.4m. The financial forecast assumes an ongoing increase in the Adult Social Care precept beyond 2019/20. It should be noted that the current legislation only provided powers for this precept until the end of 2019/20.

7. DETAILED DRAFT 2018/19 BUDGET

7.1 Detailed draft 2018/19 Budgets are attached in Appendix 1 and 2 and will form the basis for the overall final Portfolio/Departmental budgets after any further adjustments to deal with service pressures and any other additional spending. Under the budget process previously agreed, these initial detailed budgets are forwarded to PDS committees for scrutiny and comment prior to the next Executive meeting in February.

7.2 Appendix 1 sets out the growth and savings attributable to the Care Services Portfolio

7.3 Appendix 2 sets out:-

- A summary of the Draft 2018/19 Revenue Budget for the Portfolio showing actual 2016/17 expenditure, 2017/18 budget, 2018/19 budget and overall variations in planned spending between 2017/18 and 2018/19
- A high level subjective summary for the Portfolio showing expenditure on employees, premises etc.
- A summary of the main reasons for variations per Portfolio in planned spending between 2017/18 and 2018/19 together with supporting notes.

7.4 Health and Social Care

The Spending Review and Autumn Statement 2015 referred to “the Government will integrate health and social care across the country by 2020 and requires every part of the country to have a plan in place by 2017 for full implementation by 2020”. This was a significant step combined with wider integration proposals with health and social care evolving in different parts of the country. One example of integration includes the work undertaken in Manchester which seeks to ensure integration maintains the local democratic accountability at its core.

7.5 Bromley CCG is co-terminus with the Council’s boundaries which makes any pooling of resources for a shared locality more straightforward. The Council is working with Bromley CCG to explore opportunities for the delivery of local integration of health and social care. Integration will help protect social care and provide more effective services to people in the community. There are close interdependencies between health and social care which was recognised by the Government in the creation of the Better Care Fund. Opportunities will be explored including the pooling of resources across the locality if it enables better opportunities for value for money, economies of scale, reduce duplication and streamline processes. The state of finances within the NHS, particularly amongst health providers, does create an inherent risk and therefore any integration arrangement must fully consider the implications, including the level of financial risk.

7.6 The impact of the Sustainability and Transformation Plans led by the health services and the continuation of the Better Care Fund and Improved Better Care Fund will be monitored closely to identify the risks/opportunities that may arise to meet the Building a Better Bromley priorities.

8. IDENTIFYING FURTHER SAVINGS

8.1 There were 1,335 statutory duties as at June 2011, as identified by the National Audit Office. There has been no overall reduction in statutory duties to date despite significant funding reductions.

8.2 Chief Officers previously undertook “Baseline Reviews” which identified the full cost of

services and their resultant statutory and non-statutory functions with scope for achieving savings as well as action to mitigate any negative service impact.

- 8.3 The scale of savings required in future years cannot be met by efficiency alone – there will be a need for a reduction in the scope and level of services. The council will need to continue to review its core priorities and how it works with partners and key stakeholders and the overall provision of services.
- 8.4 A significant challenge is to consider discretionary services which, if reduced, could result in higher cost statutory obligations. Therefore, it is important to consider the risk of ‘unintended consequence’ of reducing discretionary services adversely impacting on the cost of statutory services.
- 8.5 Chief Officers will explore the opportunities for further savings, as well as income opportunities, to address the medium term budget gap.
- 8.6 The Council will need to seek primarily to balance its revenue budget over the financial forecast period and it remains essential to contain Council spending within original budget estimates to mitigate against further cost pressures. However the Council could consider utilising balances, where necessary, to smooth the impact of the savings requirement throughout the period.

9. POSITION BY DEPARTMENT – KEY ISSUES/RISKS

- 9.1 Budgets within Care Services are closely linked and so many risks are held in common. Evidence shows that clients presenting to adult social care are increasingly complex, requiring more sophisticated packages of care, including Deprivation of Liberty orders (DoLs). At the same time, we see demographic pressures pushing the average age of our population upwards. However, many residents are living longer, healthier lives which is to be celebrated, as is the wider council policy to help maintain residents in their own homes for as long as possible.
- 9.2 We know that our partners who provide clients with care whether in residential homes or domestic, are also under very significant pressures. Containing our supplier costs will remain challenging in the coming year, and it is the case that we are very dependent on our commissioning team to manage pressures in a number of areas. These seem particularly acute in the complexities of children transitioning from children’s to adults’ services. A general reduction in targeted provision means we will also be ending funding to many single interest groups where individual needs will need to be picked-up through our generic programmes.
- 9.3 Costs can be best contained by improving the early advice help and guidance we give residents when they contact us, and we will bring an increasing focus to our first point of contact. This will allow us to reduce staffing in a range of back office functions but also to focus on ensuring clients are given appropriate access to universal credit and other benefits. Ever closer links with health will also improve the efficiency of the spend of the public purse, but we are very dependent on health partners delivering on their responsibilities, for us to deliver ours.
- 9.4 The National Living Wage continues to have a significant impact on the care sector where traditionally care workers are remunerated at the lower end of average income levels. In Bromley around 95% of adult social care front line service delivery and spend is in the independent sector. The Council’s social care contracts require providers to pay at least the National Minimum Wage, currently £7.50 per hour, rising to £7.83 from the 1st April 2018.

- 9.5 The Council will consider the contractual position with providers and would expect them to be able to demonstrate the specific impact of the NLW on their costs.
- 9.6 Nationally the care worker sector is experiencing recruitment problems partly as a result of pay levels but also caused by the sector's poor reputation and perceived lack of opportunity for employees. Recruitment issues for the sector locally have meant that domiciliary care providers in particular are not always able to respond in a timely way to requests for support for people living in the community which can have an impact on ensuring timely hospital discharges and avoiding unnecessary hospital admissions.
- 9.7 The Council is working closely with the NHS to further integration of health and social care. One of the priorities for the NHS is to deliver 7 day working across the health sector in hospitals and the community. This means that the Council will also have to consider how to respond to pressure for social care services to be accessible 7 days a week both in terms of its own workforce and contracts with external providers. This priority is reflected in the outcomes for the Better Care Fund in order to ensure that the resulting cost pressures in social care are recognised and supported within the health and social care economy.
- 9.8 Housing costs continue to escalate for those qualifying for temporary accommodation and we will observe this carefully, monitoring the control mechanisms we have put in place, However, this area has provided very significant pressures in the preceding years and Members will need to be aware of the particular risks here which may be further exacerbated as the live roll out of universal credit commences in Bromley during summer 2018 and in light of the increased duties imposed by the Homelessness reduction Act 2017 when it comes into force in April 2018.
- 9.9 Whilst the Department will endeavour to meet its budgetary commitments there is a risk that increasing demands and pressures on budgets, particularly in Adults and Children's Social Care. This will mean that additional in year pressures may occur leading to overspends in those areas. The Department will try to mitigate these as far as possible.

10. IMPACT ON VULNERABLE ADULTS WITH CHILDREN

- 10.1 The draft 2018/19 Budget reflects the Council's key priorities which includes, for example, supporting vulnerable adults with children and being ambitious for all our children and young people.

11. POLICY IMPLICATIONS

- 11.1 The Council launched the updated "Building a Better Bromley 2016-2018" and the budget proposals reflect the Council's priorities. "Building a Better Bromley 2016-2018" identifies key priorities as follows

- Ensure financial independence and sustainability;
- Invest in our business and our people
- Ambitious for all our children and young people
- Enhance our clean and green Borough.

- 11.2 Ensure financial independence and sustainability priorities include:

- Strict management of our budgets to ensure we live within our means
- Working to achieve the benefits of the integration of health and social care

- Early intervention for our vulnerable residents

12. PERSONNEL IMPLICATIONS

12.1 Staff, departmental and trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the Draft 2018/19 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

13. LEGAL IMPLICATIONS

13.1 The adoption of the budget and the setting of the council tax are matters reserved for the Council upon recommendation from the Executive. The Local Government Finance Act 1992 (as amended) requires the Council to set an amount of Council tax for each financial year and provides that it must be set before 11th March in the financial year preceding that for which it is set. Sections 73-79 of the Localism Act 2011 amended the calculations, billing and precepting authorities need to make in determining the basic amount of Council tax. The changes included new sections 31 A and 31 B to the Local Government Finance Act 1992 which has modified the way in which a billing authority calculates its budget requirement and basic amount of Council Tax.

13.2 Schedule 5 to the Localism Act 2011 inserted a new section 52ZB in the 1992 Act which sets out the duty on billing authorities, and precepting authorities to each determine whether their relevant basic amount of council tax for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive, the provisions in relation to the duty to hold a referendum will apply.

13.3 The Education Act 2005 introduced the concept of a funding period, which allows for the introduction of multiple year budgets rather than the setting of financial year budgets.

13.4 Executive is being requested to delegate the setting of the schools budget funded through the Dedicated Schools Grant to the Education, Children and Families Portfolio Holder.

13.5 The making of these budget decisions at full Council is a statutory responsibility for all Members. Members should also have regard to the changes from the Localism Act relating to council tax increases and the recent introduction of the Adult Social Care precept. The Council has a number of statutory duties which it must fulfill by law – although there can be an element of discretion on level of service provision. The Council also discharges a range of discretionary services. The Council is not bound to carry out such activities in the same way as it is for statutory duties – although it may be bound contractually to do so. A decision to cease or reduce provision of a discretionary service must be taken in accordance with sound public /administrative law decision making principles. The Council must also comply with the Public Sector Equality Duties in section 149 of the Equality Act 2010. In doing so, the council must have due regard to elimination of discrimination, harassment and victimization, advance equality of opportunity and foster good relations with persons who share a protected characteristic.

13.6 The Local Government Act 2003 included new requirements to be followed by local authorities, which includes the CIPFA Prudential Code. This includes obligations, which includes ensuring adequacy of future years reserves in making budget decisions and section 25 of that act requires the Director of Finance to report on the robustness of the estimates made for the purposes of calculating the Council Tax and the adequacy of the

reserves. Further details to support these obligations will be reflected in the 2018/19 Council Tax report to be reported to the February meeting of the Executive.

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|---|---|
| Non-Applicable Sections: | Finance monitoring, Estimate Documents, etc all held in Finance Section |
| Background Documents: (Access via Contact Officer) | Covered within overall report |