

BUDGET PLANNING REPORT FOR SOCIAL SERVICES, HOUSING AND PUBLIC HEALTH SERVICES 2016/17

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REASON FOR ITEM

This is the first opportunity for the Policy Overview Committee to discuss the current stage of development of budget planning work with regard to Social Services, Housing and Public Health Services. Within the context of the Council's overall financial position, this paper sets out the main financial issues facing the Group's services and the work being undertaken to respond to them. This paper gives a strategic context in which the detailed proposals to be discussed at Policy Overview Committee meetings in January 2016 will need to be considered.

OPTIONS AVAILABLE TO THE COMMITTEE

It is recommended that the Committee notes the development of the financial planning process undertaken to date, and comments as appropriate on the response to the issues being developed by the Group.

INFORMATION

- 1 This is the first of two opportunities within the planning cycle for the Policy Overview Committee to consider issues relating to budget planning for 2016/17. The focus of this report is the major issues that have been identified through the service and financial planning process for Social Services, Housing and Public Health Services. The report to be considered in January 2016 will set out the detailed budget proposals for the Group, those proposals having been included in the report to Cabinet on the Medium Term Financial Forecast (MTFF) on 17 December 2015.

Corporate Summary

- 2 While the focus of the discussion for the Policy Overview Committee should be the specific services within its remit, it is important that this discussion is conducted in the context of the overall corporate financial position.
- 3 The budget report to Council in February 2015 identified the savings requirement for 2016/17 as £20.3m and work is currently underway to refresh this figure. The finance settlement announced in December 2014 was only for the year 2015/16. Therefore, until the final settlement is announced towards the end of the year the final funding position will not be fully known, although an indication of the scale of funding reductions may be given in the Comprehensive Spending Round expected in autumn 2015.

- 4 In addition, there is significant other uncertainty within the budget for next year from increasing demographic pressures and from ongoing welfare reforms.
- 5 Alongside this, any other emerging pressures which arise throughout this financial year will have to be provided for in next year's budget. The budget gap will be monitored throughout the year and the budget strategy adjusted accordingly to ensure that a balanced budget for 2016/17 can be set.

Strategy to deal with the budget gap

- 6 The Council remains strongly placed to deal with the challenges ahead. We have a good track record of coming in or under budget each year and have accumulated balances of £40.4m by the end of 2014/15, although £5m of that has been committed to being drawn down during 2015/16. We have a well established HIP programme that has helped steer the Council from a position of having low balances to one of having healthy balances at the same time as dealing with significant external challenges. This has been enhanced by the development of the BID programme as the main vehicle for delivering the fundamental changes required to the Council's structure and ways of working in order to address the reductions in funding going forward.

MTFF process update

- 7 The timetable for the budget process was refreshed in February 2015 and the first MTFF sessions with Groups took place during late June and early July to review the detailed budget proposals developed by each group. Progress on the development and delivery of these proposals will be monitored monthly by CMT and the Leader of the Council throughout the remainder of the year.

Timetable for 2016/17 Budget

- 8 The broad timetable is as follows:

| Process | Timetable |
|--|--------------------|
| Monthly CMT updates (March 2015 to Feb 2016) | Monthly |
| CMT discussion on options to address 2016/17 gap | February |
| SMT Briefing on budget position | February |
| Analytical review of 2014/15 outturn | April - June |
| MTFF Review (1) – 1st Challenge Sessions | June |
| Initial Draft MTFF Report to Leader | July |
| Spending Review | Summer / August |
| MTFF Review (2) – 2 nd Challenge Sessions | Sept/Early October |
| Leader review of MTFF | November |
| Provisional Local Government Finance Settlement | December |
| Draft MTFF reported to Cabinet | December |
| POC review of draft Group Plans and budget proposals | January |
| Final Local Government Finance Settlement | January |
| Council Tax setting | February |

Social Services, Housing and Public Health Policy Overview Committee
30 July 2015

Budget Planning in Social Services, Housing and Public Health Services

Summary of Key Financial Issues

- **Adult Social care**

9 Independent Living Fund

The Independent Living Fund (ILF), which provides additional support to people with disabilities, is a service which has transferred from the DWP to the Council on 30/06/2015. The Council will take on this new burden and become responsible for 34 current ILF service users. The estimated full year cost of this support in 2015/16 by the ILF is £571k. The actual award of grant for the period July to March 2016 was announced on 1st July and is £428k. The care and support needs of users being transferred have been reviewed and updated assessments are being carried out under the Care Act. Funding for this service in 2016/17 and in future years has yet to be announced.

10 Provider Sustainability

There remains a serious risk to social care provider sustainability within the care market due to the level of capacity available to meet demand and the deteriorating financial position of a number of our care providers. One of the council's residential placements providers is currently in administration due to financial pressures. The implementation of the National Living wage announced in the recent budget will also become a significant financial pressure if the associated funding is not provided to cover the additional cost. Without some form of market realignment, this risk of failure will only increase, the result of which could leave the authority with significant budget pressures and the need to mitigate any additional costs.

11 Demand Management

In order to mitigate the growing increases in demand for social care by our residents, it is vitally important that we continue to identify opportunities to manage this demand. Key to this will be to develop the wider use of preventative services such as telecare to keep residents in their own homes, helping residents to commission their own care through the greater use of Connect to Support Hillingdon and increasing the ability of clients to make decisions on choice of care available through increasing the number of clients using prepaid cards as direct payments to purchase their care.

12 Demographic Growth for Adults and Children transitioning into Adult Social care

The financial modelling of demographic demand for adult social care will be carried out during the summer period to provide a more accurate forecast in October for the financial year 2016/17.

13 Winterbourne Review

There are 9 clients remaining who have been identified as Winterbourne View placements that will transfer to the responsibility of the Council on discharge and in many cases with financial support from the HCCG /Department of Health through joint funding. It is estimated that the maximum full year gross cost of £1,262k p.a.

There have been considerable delays in the timetable for completion of transfers which is expected to continue into 2016/17. Of the 4 clients who have transferred to date only one has been partly joint funded by the CCG. Of the remaining 9 cases it is likely that some clients will require Secure Unit support and will remain the responsibility of NHS England beyond 2015/16.

Subsequently in March 2015 the Public Accounts Committee reviewed the progress on the implementation of the Winterbourne View report and recommended that the Department of Health should identify how funding can follow the patient to meet the costs of new community services to keep people out of hospital. It should also set out the arrangements for its proposed 'dowry-type' payments to local commissioners from NHS England to meet the costs of supporting people discharged from hospital..

14 Implementing the Care Act

The responsibilities set out in the 2015 Care Act regulations have been implemented and are operational. It has been announced that the implementation of the Care Act phase 2 from April 2016 has now been delayed until April 2020 to provide the opportunity to understand the financial impact of the costs of the implementation of cap on Care costs of £72k in more detail.

15 Better Care Fund

The BCF fund comprising £17,991k of pooled monies has been in operation since April 2015. Regular financial and monitoring reports have been developed to report the current financial position and performance levels to the Chair and members of HWBB. The BCF was originally set up for 2015/16 only and decisions are awaited from the DOH on whether this approach will continue into 2016/17 and what ongoing funding levels will be provided.

16 Supported Living

The delivery of the supported living programme over the next few years' remains high risk in terms of both delivering the planned units to timescale and the associated savings in this and future years. Current forecasts show slippage in the completion of projects in 2015/16 which impacts upon the level of savings being delivered in this year.

- **Housing General Fund**

17 The 2015/16 budget includes a contingency sum of £1,836k to resource the anticipated pressures on Temporary Accommodation in the borough. The overall numbers in temporary accommodation including high cost bed & breakfast units remain at the levels seen in 2014/15. The Housing Needs service is still experiencing a high level of demand in terms of homelessness presentations and advice. There are significant pressures on supply reflecting the wider pressures in the Housing market, both on a local and national front, and which continues to impact adversely on the availability and cost of private sector rented accommodation.

- **Housing HRA**

18 The HRA has a savings target of £2.448m in 2015/16. These are on target to be achieved through measures that will be concentrated on improving the efficiency of reactive and planned maintenance.

19 The most significant pressure on the HRA continues to be the high volume of RTB sales, with a continuing increase in the number of applications from tenants.

20 The government announced in the July 2015 budget a number of initiatives which will impact on the HRA including:

- Reducing rents in real terms by 1% for four years from 2016/17
- A proposal to sell off high value properties as they become void with any receipts returned to the Treasury in order to finance the extension of RTB to Housing Associations.
- Reduction in the benefit cap coupled with universal credit, which may impact on rent collection rates
- Changes in tenancies, including increased rents for higher earners, with the additional revenue returned to the Treasury.

- **Public Health**

21 Public health is on target to achieve the efficiency savings of £430k in 2015/16. These savings are being achieved from a combination of budget realignment and procurement activity across a range of service areas.

22 In June 2015 the government announced an overall reduction in Public Health funding of £200 million from the national budget of approximately £2.7 billion. The detail of how this reduction is to be applied to individual local authorities is not yet available.

Next Steps

- 23 The Medium Term Financial Forecast setting out the draft revenue budget and capital programme will be considered by Cabinet on 17 December 2015 and issued for consultation during the remainder of December 2015 and January 2016. This will include detailed consideration by each of the Policy Overview Committees of the proposals relating to their respective services.

SUGGESTED COMMITTEE ACTIVITY

To consider whether there are suggestions or comments the Committee wish to make.

BACKGROUND PAPERS

The Council's Budget: General Fund Revenue Budget and Capital Programme 2015/16 – reports to Cabinet 12 February 2015 and Council 26 February 2015.