

# **BUDGET PLANNING REPORT FOR SOCIAL SERVICES, HOUSING AND PUBLIC HEALTH SERVICES 2018/19**

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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. This paper gives a strategic context in which the detailed proposals to be discussed at Policy Overview Committee meetings in January 2018 will need to be considered.

## **OPTIONS AVAILABLE TO THE COMMITTEE**

It is recommended that the Committee notes the financial context in which the 2018/19 budget setting process will take place in advance of detailed savings proposals being developed and approved at Cabinet in December 2017.

## **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 2018/19. The focus of this report is the broader financial position of the Council, alongside signposting major issues within Social Services, Housing and Public Health Services budgets. The report to be considered in January 2018 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 14 December 2017.

## **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 2017 identified the savings requirement for 2018/19 as £22.2m, with £5.0m planned drawdown from balances and £1.1m previously developed and approved savings initiatives reducing the remaining budget gap to £16.1m.
- 4 The announcement of £2.9m additional Social Care funding through the Improved Better Care Fund in March 2016 and an additional £1.6m released from the Council's Collection Fund at outturn following a review of the approach taken to

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accounting for doubtful debts further reduces the gap to be managed to approximately £11.6m.

- 5 In terms of external funding, there is expected to be limited scope for material movement as the Council will enter the third year of the Multi Year Settlement in 2018/19 under the terms of which Revenue Support Grant and baseline levels of funding from Business Rates are already determined. For locally raised income from Council Tax and Business Rates, taxbase growth projections are based upon a rounded assessment of likely growth and again are therefore expected to provide limited scope to further reduce the budget gap. Beyond 2018/19 the national political context following the EU Referendum and 2017 General Election presents considerable uncertainty, both in terms of Government policy that may impact upon local authorities and specifically the local government finance system.

### **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 retain balances of £38.7m by the end of 2016/17, although £14.5m of that is expected to be drawn down from 2017/18 to smooth the impact of Government funding reductions. As in previous years, development of savings will fall under five broad themes:

- Service Transformation - capturing the efficiencies delivered through the Council's well established Business Improvement Delivery Programme;
- Effective Procurement - driving best value from both re-letting existing contracts and reviewing models for service delivery where appropriate;
- Income Generation & Commercialisation - reviewing Fees and Charges while maintaining charges at 90% of neighbouring authorities, alongside initiatives to ensure the Council's commercial offer delivers Value for Money to the Council Taxpayer;
- Preventing Demand - initiatives such as the Supported Living Programme where investment in early intervention and other support can avoid more costly intervention at a later date;
- Zero Based Reviews - a range of projects including line-by-line reviews of 2016/17 outturn to ensure that service budgets reflect current levels of activity.

### **MTFF process update**

- 7 The timetable for the budget process has been refreshed and the first MTFF sessions with Groups took place during 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 Business Transformation Board, HIP Steering Group 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 BTB updates (March 2017 to Feb 2018)	Monthly
Zero Based Reviews & Review of 2016/17 Outturn	April - June
MTFF Scoping Sessions - BID & Procurement	June
MTFF Review (1) – 1st Challenge Sessions	July
Initial Draft MTFF Report to Leader	July
MTFF Review (2) – 2 <sup>nd</sup> 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

## Budget Planning in Social Services, Housing and Public Health Services

### Summary of Key Financial Issues

9 The following information highlights key issues for Social Services, Housing and Public Health Services identified in the 2017/18 budget setting report and subsequent monitoring activity, which will continue to be closely tracked through the 2018/19 budget setting process.

#### Adult Social Care

10 During 2016/17, the service received a large number of requests from providers for substantial fee rate increases, to reflect the increased staffing costs that they are incurring, through changes in National Insurance, Pensions and the implementation of the National and London Living Wage. The Council's 2017/18 budget includes an inflation provision of £4,903k for Residential and Homecare placements across Social Care to meet these pressures. There has been significant progress in agreeing uplifts relating to 2016/17 and a robust framework is in place to manage this process going forward.

11 The service continues to review high cost placements and identifying those clients that should be funded in whole or part by the CCG, especially where clients are likely to have Continuing Health Care needs. To date this has resulted in a number of clients being retrospectively funded by the CCG.

12 A review of the adult demographics model indicates that the number of older people requiring care is continuing to grow at a steady rate. In addition, the data indicates that the service is supporting an increasing number of older people with more complex needs. This trend is also apparent in the younger age groups where children transition into Adult Social Care.

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- 13 The delivery of the supported living programme is moving into the next phase, with Grassy Meadow and Parkview due to come on stream in 2018. The service has recently awarded a contract to Carewatch for the delivery of care at these premises and is now working through how best to promote and market these new facilities.
- 14 The number of children with a Statement of Special Educational Need (SEN) or Education, Health and Care Plan (EHCP) has grown faster than the general school-age population. This is expected to continue, with a forecast 5% per annum growth rate. There is also evidence that the post 19 population with an EHCP will grow at an exponential rate, and both of these factors are likely to have an impact on SEN Transport requirements.
- 15 The Supreme Court decision on the Cheshire West case ruling from March 2014 continues to drive an increase in the number of Deprivation of Liberty assessments. There has been no indication of any sustained funding from Central Government which leaves this as a pressure to be managed locally. The Council now has a contract in place to ensure efficacious delivery of Best Interest Assessments and Section 12 Medical Assessments.
- 16 There is a risk that dowry funding associated with some of the clients covered by the Winterbourne View transfer agreement may come under pressure as recent discussions at the Transforming Care Partnership (TCP) meetings are indicating that there may not be sufficient funding to cover this from NHS England. The Winterbourne contingency for 2017/18 assumes receipt of this funding in the applicable cases.
- 17 There is a risk of increasing pressure on adult social care to support reducing A&E pressures and to make more expedient discharges of patients, who, as a consequence of earlier discharge will require more intensive support at home - the cost of which will fall on to council budgets.

#### Housing General Fund

- 18 As in previous years, a contingency has been set aside in 2017/18 to resource the need for Temporary Accommodation in the borough. The overall level of demand for housing advice remains high; as do the numbers of households accommodated in high cost B&B. There continues to be significant challenges in procuring affordable private rental sector accommodation, and in dealing with ongoing legislative change.
- 19 In response to these risks and challenges, a range of initiatives, including the new placement policy enabling out of borough placements where appropriate, refocusing of the Council's Homelessness & Lettings service following a BID review and closer working with Social Care and Fraud.
- 20 Given the continuing high levels of households in high cost B&B, and challenges in procuring affordable private rental sector accommodation, this risk will be closely monitored throughout the year. The current numbers and forecasting are indicating

that in addition to the full release of the contingency (budgeted at £1.736m), a drawdown from earmarked reserves will be required to manage the position.

### Housing (Housing Revenue Account - HRA)

- 21 As at 31<sup>st</sup> March 2017 the HRA General Balance was £45,826k and the Major Repairs Reserve (MRR) was £23,149k. The sum in general balances is well above the minimum requirement of £12,000k (representing approximately 20% of rental and other income).
- 22 The HRA rental income projections reflect the reduction in social housing rents by 1% per annum over the 4 year period 2016/17-2019/20. There is some scope for volatility in rental income over the MTF period as there continues to be a loss through the Right-to-buy sales which is offset by additions through new investment included in the HRA Capital Programme. The Council's 1:1 replacement agreement with the DCLG continues to support acquisitions, allowing the Right-to-Buy sale proceeds to be retained as long as units are replaced within three years and with 70% match funding.
- 23 There remains uncertainty around the implementation of the High Value Voids Levy, which relates to the funding of Housing Associations Right to Buy scheme from a levy on Councils HRA. There has been no guidance issued to inform the extent of the levy and any associated guidelines and processes. It has been confirmed that it will not be collected in 2017/18, with the HRA budget currently assuming it will be implemented from 2018/19. In view of the lack of information this remains a risk that will continue to be closely monitored.
- 24 The financial standing of the HRA over the medium term is expected to remain sound given current assumptions and forecasts, with further resilience reflected in the sums held on general balances and the Major Repairs Reserve. There is capacity to facilitate new investment in combination with the 1:1 replacement agreement, alongside the financing of the ongoing works to stocks programme.
- 25 Similarly the current HRA capital and works to stock programmes have capacity for rephasing or reprofiling in order to accommodate any additional requirements in the aftermath of the incident at Grenfell Tower.

### Public Health

- 26 Public health is expected to achieve the efficiency savings of £455k in 2017/18 in order to match the reduction in central government (Department of Health) grant funding. These savings are expected to be achieved from a combination of budget realignment and procurement activity across a range of service areas.
- 27 In addition to cuts to funding for core Local Government responsibilities, the current indications from the Department of Health are that the Public Health grant will be cut by a similar amount in each of the next two financial years - 2018/19 and 2019/20.

- 28 Public Health reserves of £2.611m are available to smooth the impact of these reductions if necessary, or to support invest-to-save or transformation expenditure to manage Public Health within this declining resource envelope.

### **Next Steps**

- 29 The Medium Term Financial Forecast setting out the draft revenue budget and capital programme will be considered by Cabinet on 14 December 2017 and issued for consultation during the remainder of December 2017 and January 2018. This will include detailed consideration by each of the Policy Overview Committees of the proposals relating to their respective services.

### **SUGGESTED COMMITTEE ACTIVITY**

**To note the report.**

### **BACKGROUND PAPERS**

The Council's Budget: General Fund Revenue Budget and Capital Programme 2017/18 – reports to Cabinet 16 February 2017 and Council 23 February 2017.