

TRAFFORD COUNCIL

Report to: Executive / Council
Date: 1 September 2014 / 17 September 2014
Report for: Decision
Report of: Executive Member for Finance and the Director of Finance

Report Title

Children, Families and Wellbeing (CFW) Budget 2014-15

Summary

The identification early in the financial year of a likely overspend in Adult Services, should immediate action not be taken, has presented the Council with a serious challenge to achieve a balanced budget. Proposals to achieve additional in-year savings should reduce the shortfall by at least £4.8m (para 2.3 & 3.6). A number of these are one-off or short term measures to allow time to identify and deliver recurring savings during 2015/16.

After the council-wide budget underspend is taken into account (para 3.5) a shortfall of up to £1.6m will remain and the Executive proposes to utilise the General Reserve to bring the budget into balance.

Progress on the budget will be monitored and reported on in the usual way. Management will continue to identify additional cost saving measures and/or income sources to minimise the call on reserves.

The accumulated deficit on the Learning Disability pooled budget of £3m represents a potential additional call on reserves.

Recommendation(s)

The Executive is asked to recommend that Council:

1. Notes the additional in-year savings within the Children, Families & Wellbeing Directorate of up to £(3.3)m;
2. Approves the reduction in the Provision for Equal Pay Claims of £(1.0)m and the use of capital receipts of £(1.3)m from Urmston Town Centre as outlined in para 3.6 of the report;
3. Approves the further use of up to £(1.6)m from the General Reserve in support of the 2014/15 budget;

4. Approves the use of the General Reserve (if required) for the Council's contribution to the accumulated deficit on the Learning Disability Pooled Budget on condition that the General Reserve is restored to the approved minimum level for 2015/16.

Contact person for access to background papers and further information:

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Relationship to Policy Framework/Corporate Priorities	Value for Money Supporting Vulnerable People
Financial	The proposals set out in the report are to bring the 2014/15 budget into balance
Legal Implications:	None arising from this report
Equality/Diversity Implications	None arising from this report
Sustainability Implications	None arising out of this report
Staffing/E-Government/Asset Management Implications	None arising from this report
Risk Management Implications	None arising from this report
Health & Wellbeing Implications	None arising from this report
Health and Safety Implications	None arising from this report

1. Background

- 1.1 The Period 3 Revenue Budget Monitor highlighted that the forecast service activity levels of demand in adult social care was in excess of the approved budget in the region of £6.5m. The period 4 report is currently being drafted but the provisional assessment is that the figure could rise to £6.9m.
- 1.2 This situation was first highlighted in the 2013/14 Outturn Report. An investigation into how the situation arose has taken place and management actions to mitigate and rectify have been ongoing since April 2014.
- 1.3 This paper outlines a range of additional in-year savings and income measures that have been introduced within CFW to contribute to reducing the budget shortfall, and considers options to balance the 2014/15 budget.

2 Additional in-year Savings Proposals

- 2.1 The Corporate Director for Children, Families & Wellbeing has formally approved a range of measures to deliver additional in-year budget savings; this decision was published on 27 August 2014. All proposals have had detailed business cases developed, including relevant Equality Impact and Risk Assessments.
- 2.2 Detail of the individual proposals is contained in Appendix A and can be summarised thematically as:

Saving Category	(£000's)
Contract Management and Procurement	(657)
Recoupment of costs from other bodies	(150)
Reducing Discretionary Spend	(109)
Use of Grants and Additional Income	(1,759)
Vacancy & Establishment Management	(621)
Total All Proposals	(3,296)

- 2.3 The values attached to the proposals reflect a maximum potential saving. For planning purposes it would be prudent to assume that some savings may slip given that there is only a relatively short time in which to deliver such a wide range of proposals. The planning assumption is that savings will be in the range of £(2.5)m - £(3.3)m. Progress on savings will be monitored during the year as part of the budget monitoring report.
- 2.4 These savings will make an important contribution to the Council's financial position but on their own will not be sufficient to balance the current year's budget.

3 Options to Balance the Council's 2014/15 Budget

- 3.1 There are effectively three options, or a combination thereof, to achieve a balanced budget:
 - a) Additional savings / income within the CFW directorate;
 - b) Additional savings / income across the rest of the Council;

c) The one off application of reserves, as required.

a) Additional savings within CFW

- 3.2 The CFW directorate, along with all other parts of the Council, need to deliver a significant level of savings in 2015/16 and beyond. These will require extensive consultation with service users and the public over a period of time. The in-year savings detailed in Appendix A can be implemented without the need to conduct further consultation. Any savings in the current year, over and above those already agreed and those indicated in Appendix 1 would very likely require public consultation. It is the view of the Executive that two rounds of consultation would be confusing to the public and service users, which, in the case of any further savings which could potentially be considered for 2014/15, raises a risk of legal challenge, which could delay implementation.
- 3.3 Therefore the view of the Executive is that no further proposals that require public consultation should be considered as part of the 2014/15 additional savings requirement.

b) Additional savings across the Council

- 3.4 The period 3 monitoring report identified that the other two directorates were showing an underspend of £(246)k in EGEI and a managed overspend in T&R of £255k (to be managed within the usual year-end carry-forward flexibility). It is considered important that these directorate budgets continue to be managed within the financial parameters agreed by the Council in February 2014. Any request for additional savings could adversely impact on the ability to deliver the savings already expected as part of the current budget and importantly could affect the planning for the 2015/16 budget options.
- 3.5 In respect of the remaining, council-wide, budgets the period 3 monitor forecast an underspend of £(568)k. In past years there have been instances of additional one-off income. It is possible this can occur in 2014/15 although at this point in time there is nothing definitive that can be relied upon. However the principle is that any underspending from council-wide budgets will be used to balance the budget in 2014/15.
- 3.6 Other short term measures have been considered and two initiatives are recommended for approval:
- reducing the Equal Pay provision, £(1.0)m, based on an updated review of the risk and value of potential future claims. If agreed, £(1.8)m will remain available to meet potential costs;
 - using proceeds of £(1.3)m, realised from the planned sale of the Council's interest in Urmston Town Centre following its redevelopment, to support the approved Capital Programme thereby releasing revenue reserves of an equivalent value.
- 3.7 Mention has been made previously about the Business Rate Retention Scheme, introduced by the Government in April 2013. The scheme is to encourage local authorities to grow the business rates in their locality by allowing a proportion of any growth to be retained; in Trafford's case 24.5% of any growth can be retained. In 2013/14 there was in fact a reduction in business rates, due primarily to the

significant number of appeals against rateable values, and the Council had to set aside £2.4m for such losses from its own resources.

- 3.8 As mentioned 2013/14 was the first year of the new scheme and therefore the first year that accounts have been drawn up for the new arrangements. In the accounts a total sum of £36.8m has been included to cover the estimated cost of settling appeals in the future. The accounts are still to be approved by the external auditor but assuming they are agreed then in future the Council need only to be concerned with the cost of any appeal for the year of account e.g. 2014/15 as the back dated element of the appeal will be covered by the £36.8m provision. Therefore it is possible that the Council will benefit from business rates growth in the current year, although at this stage a firm assessment has not been made.
- 3.9 The accounting arrangements for the Business Rate Retention Scheme are complicated and one of the consequences is that any share of increased business rates not assumed in the setting of the revenue budget is unable to be brought into that year's accounts. No assumption was made for increased business rates in setting the 2014/15 budget and therefore any share of business rates growth would be treated as income in 2015/16. This is a technicality and should the Council wish to utilise any growth in business rates immediately (assuming there is some) then there would have to be a temporary use of reserves but this would be replenished the following year as first call on the share of business rates.

c) Temporary use of reserves

- 3.10 The Council's General Reserve exists as a funding source to cover the impact of significant unforeseen events e.g. higher than forecast pay awards, interest rate movements, disaster emergencies etc. The current short term financial position within CFW can be a legitimate call on the General Reserve although, as with any reserve, it is one-off in nature and does not provide a permanent means of financing the Council's spending. The Council has continued to reduce its reliance on the application of reserves as over many years, and the Executive considers that this stance must be maintained, notwithstanding the proposed action to use reserves in the present financial year.
- 3.11 At the start of this financial year the General Reserve stood at the healthy position of £(11.0)m. After deducting planned use of £2.3m in the current year it would bring the available balance to £(8.7)m.

3.12 The potential call on the General Reserve is:

Potential Call on General Reserve	Para	£000
Budget monitoring forecast in CFW adults	1.1	6,950
Additional in-year savings	2.2 & 2.3	(2,500) – (3,296)
Council-wide budgets: current forecast	3.5	(568)
Council-wide budgets: Equal pay / Urmston Town Centre	3.6	(2,300)
Council-wide budgets: windfall income	3.5	Unknown
Business Rate Retention scheme: local share	3.7 - 3.9	Unknown
Total: Potential call on reserves		786 – 1,582

- 3.13 This would leave £(7.1)m - £(7.9)m in the General Reserve. However it should be noted that the budget for adults with a learning disability, which is a shared budget with Trafford CCG, had a cumulative deficit brought forward on 1st April 2014 of £3.0m. Discussions with the CCG about this are planned but at this stage a potential liability (one-off charge against reserves) of up to £3m should be borne in mind.
- 3.14 The Council has set a minimum level for the General Reserve at £(6.0)m. Taking into account the worst case scenario of the Learning Disability deficit then the General Reserve could fall to £(4.1)m - £(4.9)m. This is permissible, particularly in view of the potentially improving position regarding business rates. However Members need to be aware that the first action for 2015/16 will be to restore the actual level of the General Reserve to at least £(6.0)m.

4 Summary

- 4.1 The identification of a budget shortfall in Adult Services early in the financial year has presented the Council with a serious challenge to achieve a balanced budget. Proposals to achieve additional in-year savings should reduce the shortfall by at least £(4.8)m (para 2.3 & 3.6). A number of these are one-off or short term measures to allow time to identify and deliver recurring savings during 2015/16.
- 4.2 After council-wide budget underspendings are taken into account (para 3.5) a shortfall of up to £1.6m will remain and the Executive proposes to utilise the General Reserve to bring the budget into balance.
- 4.3 Progress on the budget will be monitored and reported on in the usual way. Management will continue to identify additional cost saving measures and/or income sources to minimise the call on reserves.
- 4.4 The accumulated deficit on the Learning Disability pooled budget of £3m (para 3.13) represents a potential additional call on reserves.

Other Options

As set out in the report (section 3)

Consultation

The additional savings measures outlined in this report are not the subject of any statutory consultation process.

Reasons for Recommendation

There is a need to establish the means of balancing the 2014/15 revenue budget.

Key Decision No

If Key Decision, has 28-day notice been given?

Finance Officer Clearance (type in initials).....ID.....

Legal Officer Clearance (type in initials).....JL.....

[CORPORATE] DIRECTOR'S SIGNATURE

(electronic).....

Children, Families and Wellbeing – Schedule of Savings (Contract Management and Procurement)

Service area	Saving proposal	Type	2014/15 (£000's)	Description of saving
Learning Disability Measures	Void management	E	(17)	Focussed management action to reduce current spend on voids, this will consist of increasing referrals to the void or, where voids are not fit for purpose, negotiation with Housing Associations to restructure rents.
Learning Disability Measures	Acceleration of tenders	E	(490)	This is part of an existing on-going review of procurement arrangements whereby long-term “spot purchasing” arrangements for support services for adults with Learning Disabilities have been reviewed and replaced by a tender exercise for the same services to ensure we are delivering best value. The phase was due to be implemented from April 2015 but will now be accelerated to begin from January 2015 thus ensuring the cost efficiencies are secured more quickly.
Learning Disability Measures	Contract negotiations	E	(150)	Negotiations will take place with all existing providers, including supported living, residential, domiciliary care, day care, direct payments, commissioned and personal budget, to endeavour to secure a reduction in the cost of current contracts.
Contract Management and Procurement sub-total			(657)	

Children, Families and Wellbeing – Schedule of Savings (Recoupment)

Service area	Saving proposal	Type	2014/15 (£000's)	Description of saving
Learning Disability Measures	Ordinary residence reallocating funding authority	E	(150)	Where possible, individuals living out of area will be deemed to be ordinarily resident in that area, reallocating funding responsibilities to the Authority where they are residing
Recoupment sub-total			(150)	

Children, Families and Wellbeing – Schedule of Savings (Discretionary Spend)

Service area	Saving proposal	Type	2014/15 (£000's)	Description of saving
Learning Disability Measures	Cease use of learning & disability development fund	E	(13)	Ceasing spend from the Learning Disability Development Fund. This fund has been used to generate new approaches to service delivery by pump priming organisations to develop or to support the development of new approaches to service delivery. There have been four decisions to cease funding to the Housing Broker, Learning Disability Internship (for which alternative Health funding has been secured), National Autistic Society Subscription and North West Training and Development Team Subscription.
Learning Disability Measures	Care packages reassessment	E	(9)	Reassessment of individual care packages, using the “Just Enough Support” approach and assessment for Telecare to ensure we continue to meet all assessed needs whilst also delivering best value for money for the council and maximising independence for individual service users. There are approximately 500 adults aged under 65 who could be reassessed. Currently individuals receive a statutory annual review; the proposed approach will ensure that reviews are focussed on the “Just Enough Support” principles, reablement and the use of Telecare. This focus may lead to a reassessment of need and the implementation of a new care plan. One to one hours individuals currently receive for social inclusion activities will be reviewed to explore the option of more cost effective delivery, for example via a personal budget employing a PA, or using natural support like community and voluntary groups. This approach will be carried out under the Mental Capacity Act and Best Interest.
Learning Disability Measures	Ordinary residence brokering supported living	E	(8)	We will undertake a review of all high cost care packages in place for individuals living outside of Trafford but eligible for funding from Trafford to identify if this continues to be the most appropriate package of care within available resources. If a supported living model is the assessed need for individuals living out of area and the individual wants to stay in that area (under MCA/BI) the Operational Team will locate accommodation and will then develop an Ordinary Residence case.
Voluntary and Community Sector	Cease funding to develop time banking	E	(4)	To cease funding to develop time banking as part of the Wellbeing Hub development (£3,975 part year effect)
Voluntary and Community Sector	Decommission time banking	E	(2)	To decommission time banking by Manchester Jewish Federation (£2,208 part year effect)

Service area	Saving proposal	Type	2014/15 (£000's)	Description of saving
Voluntary and Community Sector	Independent options: Review respite packages	E	(50)	Independent options- review respite packages to reduce allocation and transfer to personal budget model, review provision (£50,000)
Voluntary and Community Sector	LD activities	E	(3)	LD activities- work with supported living providers to transfer the service to a personal budget funded model (£2,910 per annum)
Voluntary and Community Sector	UR funding	E	(1)	Cease funding UR to distribute carers newsletter via employing people with learning disabilities through a social enterprise and pass responsibility back to carers centre (£1,250 part year effect)
Voluntary and Community Sector	Community voices funding	E	(10)	Remove £10,000 community voices funding from Trafford Mental Health Advocacy Service
Voluntary and Community Sector	Budget reduction: Independent Health Complaints Advocacy Service	E	(5)	Partial budget reduction to Independent Health Complaints Advocacy Service (£5,445)
Voluntary and Community Sector	Trafford Carers Centre budget	E	(2)	Partial reduction in budget for Trafford Carers Centre by £4,872 per annum (part year effect £2,030)
Voluntary and Community Sector	Budget reduction: Trafford Centre for independent living	E	(2)	Partial reduction in budget for Trafford Centre for Independent Living by £4,872 per annum (part year effect £2,030)
Discretionary Spend sub-total			(109)	

Children, Families and Wellbeing – Schedule of Savings (Income)

Service area	Saving proposal	Type	2014/15 (£000's)	Description of saving
Children in Care Personal Needs	CIC needs	I	(100)	A new government grant in this area has resulted in an opportunity to remove duplicate funding streams whilst retaining the current level of provision for young people resulting in an in-year saving of £100k.
Education Psychology	Additional income generation	I	(50)	Additional income generation of £50k achieved to offset costs of team infrastructure.
Early Help Framework	Monies from decommissioned services	I	(66)	A commissioning exercise was undertaken to revise the previous framework in line with the priorities set out in the Children's Early Help Strategy. A range of community and voluntary providers are on the framework to delivery early help activity across Trafford. The new framework was established from April 2014 and some slippage in implementation and clawback of monies from decommissioned services has generated a one off saving in the 2014-15 financial year of £66k.
Use of non-ring-fenced grants	Use of non-ring-fenced grants	I	(500)	A range of one off savings are being achieved by mainstreaming activity to release un-ringfenced grant funding on a one off basis for this financial year. This will contribute £500k on a one off, non recurrent basis
NHS Funds for Social Care	NHS transfer of funds	E	(788)	The additional £788k funding received via the NHS Transfer of funds to the LA for Social Care will be managed to offset the impact of growth in demand for Adult Social Care. Use of these funds is subject to the approval of the HWBB on 15/9/14. In addition, we are engaged in on-going dialogue with Trafford CCG regarding the Learning Disability Pooled Budget and relative contributions to that.
Stronger Families	Trafford Stronger Families payments	I	(250)	The Trafford Stronger Families post has to date generated payment by results income of £250k – this will be utilised to offset the in-year budget pressure within CFW on a non-recurrent basis.
Music Service	Claremont Centre music service	I	(5)	Our revised delivery model based on move to the Claremont Centre from September 2014 has increased income generation options above the initial Target by £5k.
Income sub-total			(1,759)	

Children, Families and Wellbeing – Schedule of Savings (Vacancy Management)

Service area	Saving proposal	Type	2014/15 (£000's)	Description of saving
Area Family Support Team management post	Do not appoint to Team Leader role	E	(36)	The removal of a vacant Team Leader post within the AFST structure will deliver a recurring in year saving of £36k.
Complaints and Governance	Change in staffing structure	E	(5)	A small change in staffing structure resulting in a part year saving of £5189
Vacancy freeze	Staffing	E	(580)	A freeze on recruitment to all non-critical front line posts throughout the Directorate with a potential in year non-recurrent saving of £580k.
Vacancy Management sub-total			(621)	

Key:

Type E: Efficiency

I: Income