

London Borough of Hammersmith & Fulham

Report to: Health, Inclusion and Social Care Policy and Accountability Committee

Date: 27/01/2020

Subject: 2020/2021 Medium Term Financial Strategy (MTFS)

Report of: Cabinet Member for Health and Adult Social Care – Councillor Ben Coleman
Cabinet Member for Finance and Commercial Services – Councillor Max Schmid

Responsible Director: Strategic Director of Social Care & Public Sector Reform
Strategic Director of Finance and Governance

Summary

Cabinet will present their revenue budget and council tax proposals to Budget Council on 26 February 2020. A balanced budget will be set in accordance with the Local Government Finance Act 1992.

This report sets out the budget proposals for the services covered by this Policy and Accountability Committee (PAC). An update is also provided on any proposed changes in fees and charges.

Recommendations

1. That the PAC considers the budget proposals and makes recommendations to Cabinet as appropriate.
 2. That the PAC considers the proposed changes to fees and charges and makes recommendations as appropriate.
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Wards Affected: All

H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none">• Being ruthlessly financially efficient	We need to always confirm that spend fits our Council's priorities; challenge how much needs to be spent; and achieve results within agreed budgets. Finance is everyone's business and every penny counts.

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Background Papers Used in Preparing This Report

Not Applicable

Proposals and Detailed Analysis

The Budget Gap

- 1.1. The 2020/21 gross General Fund budget¹ is £525m of which the **net budget requirement of £154.3m** is funded from council resources (such as council tax and business rates) and general government grant.

Table 1 – 2020/21 budget requirement

Budgeted expenditure	£m
Housing benefit payments	110
Departmental budgets	415
Gross budgeted expenditure	525
Less:	
Specific government grants (including housing benefits and dedicated schools grant)	(234.5)
Fees and charges	(65)
Contributions (e.g. health, other boroughs)	(49)
Other income (e.g. investment interest, rentals)	(22.2)

¹ Figures exclude capital charges and internal service level agreements. These have a net nil impact on the budget.

and recharges)	
Budget requirement rolled forward to 2020/21	154.3

- 1.2. The budget proposals for 2020/21, and forecast to 2023/24, are summarised in Table 2. A balanced budget is proposed for 2020/21 with a contribution to reserves arising from one-off/ non-recurrent benefits, to enhance financial resilience, of £7.2m.

Table 2 - Budget Summary

	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
Base budget	154.3	154.3	154.3	154.3
Add:				
Cumulative inflation (including pay awards)	4.2	8.4	12.6	16.8
Provision for future demand & demographic pressures	0	4.0	8.0	12.0
Investment	8.3	8.3	8.3	8.3
Increase in the unallocated contingency	0.9	0.9	0.9	0.9
Savings and additional income	-12.8	-13.5	-14.2	-14.2
Adjustment for one off items	0.1	0.1	0.1	0.1
Contribution to reserves	7.2	0	0	0
Budgeted expenditure	162.2	162.5	170.0	178.2
Less:				
Government resources	(34.2)	(34.2)	(34.2)	(34.2)
Business rates	(57.2)	(57.2)	(57.2)	(57.2)
Fair funding impact (estimate)	0	4.0	8.0	12.0
Council tax	(63.8)	(64.4)	(65.0)	(65.6)
One-off use of resources	(5.3)	0	0	0
Use of developer contributions for enhanced community safety	(1.7)	(1.7)	(1.7)	(1.7)
Budgeted resources	(162.2)	(153.5)	(150.1)	(146.7)
Cumulative budget gap	0	9.0	19.9	31.5

Budget Assumptions

- 1.3. **Government grant funding** will increase by £3.6m from 2019/20 to 2020/21 as a result of the Government's pre-election spending round in September 2019. This increase follows a decade of grant cuts with overall funding reducing by £68m from 2010/11 to 2020/21. This was a real terms funding cut of 54%.
- 1.4. However, the government have indicated they will undertake what they are terming a 'fair funding review' in 2020/21. This has the remit of reconsidering how grant is distributed between authorities. It is likely to be bad news Hammersmith and Fulham and other London authorities as it is anticipated that resources will be redistributed away from inner city areas, which have traditionally received funding to address higher levels of deprivation, to other parts of the country with lower levels of deprivation. The Council will campaign vigorously against any such distribution away from areas of higher need.
- 1.5. **The government has modelled an adult social care precept** since 2016/17. In the first years of the levy, the Council determined not to apply the levy in Hammersmith and Fulham, despite the fact the Council's funding from government was modelled on the assumption that we would. Due to the continued high levels of inflation in the social care market and the government's continued failure to propose a long-term funding solution to social care funding, the Council proposes to allow 2% of the government's adult social care levy for 2020/21. The total levy increase for Hammersmith and Fulham over the 5 years to 2020/21 will be 4% compared to the 10% increase assumed by the government. The Council is committed to using such funding to support adult social care.
- 1.6. **An increase in the Hammersmith & Fulham element of council tax** of 1.99% is modelled for 2020/21. This will generate extra income of £1.2m in 2020/21 and £4.9m over a four-year period. This will support investment in key services for residents and future financial resilience. The Hammersmith and Fulham Band D Council Tax charge is the third lowest in the country and 35% below the London average. This is significantly below the July 2019 Retail Price Index inflation used for the Council's financial planning.
- 1.7. **The business rates system**, as set out in Table 3, is changing for a fourth successive year. For 2020/21 the government have ended the pilot London Business Rates pool with the share of business rates retained by LBHF reverting to 30%.

Table 3 – Business Rates Retention Scheme

	2017/18	2018/19	2019/20	2020/21
Hammersmith & Fulham	30%	64%	48%	30%
Greater London Authority	37%	36%	27%	37%
Government	33%	0	25%	33%
Pool arrangements	None	100% pilot pool	75% pilot pool	Potential London pool
Business rates revaluation	Yes	No	No	No
H & F income (net of tariffs and adjusted on a like for like basis)				
H & F share of business rates	£59.5m	£56.5m	£57.0m	£57.2m
Pool benefit (1-year lag i.e. 2018/19 benefit recognised in 2019/20)	0	0	£4.3m (£2.3m to reserves)	£1.9m (to reserves)
Assumed in budget/contribution to reserves	£59.5m	£56.5m	£61.3m	£59.1m

- 1.8. London Local Government took forward a 100% business rates retention pilot in April 2018. This pooled business rates income across the 33 London Boroughs and GLA with all growth shared. The government reduced this to a 75% pilot in 2019/20 and have announced it will cease for 2020/21.
- 1.9. Current modelling forecasts that Hammersmith and Fulham will benefit by £1.9m from the 2019/20 pilot and this is assumed within the 2020/21 budget. As the pilot has ceased, the expected benefit is a one-off sum and therefore will be taken to reserves. The actual benefit will not be confirmed until September 2020.
- 1.10. London Local Government is developing a new pooling arrangement, without government support, for 2020/21. The financial benefit will be significantly less (as the government will take a higher proportion of the income raised and growth). No benefit is assumed from a possible new 2020/21 pool within the current budget forecast. Any benefit will be considered within the 2021/22 budget process.
- 1.11. Table 4 sets out the business rates budget for 2019/20 and 2020/21. The business rates system sets a safety net threshold which guarantees a minimum income to the Council. The 2017 business rates revaluation resulted

in a high-level of rates appeals by businesses in LBHF. This has required the Council's share of business rates income to be budgeted at the safety net threshold of £57.2m. The safety net threshold is set at 92.5% of the funding baseline (compared to 95% in the pool) resulting in a lower guaranteed income from business rates.

- 1.12. The instability in the government's approach to business rates makes medium-term financial planning difficult.

Table 4: Comparison between 2019/20 and 2020/21 business rates income

	2019/20	2020/21
	£m	£m
Business rates baseline	123.0	78.0
Tariff payable to the government	(45.0)	(16.1)
Funding baseline	78.0	61.9
Safety net threshold (included in LBHF budget)	74.1	57.2
Less Revenue Support Grant collected within business rates in 2019/20	(17.1)	0
Budgeted business rates	57.0	57.2

- 1.11 An updated forecast for business rates will be undertaken by all boroughs in January 2020. This will confirm the Hammersmith and Fulham 2020/21 estimate and provide more clarity on the potential benefits from the 2019/20 pilot pool arrangements.
- 1.12 **Developer Contributions.** Planning obligations under s.106 of the Town and Country Planning Act 1990 (as amended), known as s.106 agreements, are a mechanism which make a development proposal acceptable in planning terms, that would not otherwise be acceptable. They are focused on site specific mitigation of the impact of development. Property developments have placed increased pressure on council services in recent years.
- 1.13 Local planning authorities are required to use the funding in accordance with the terms of the individual planning obligation legal agreement. This will ensure new developments are acceptable; benefit local communities and support the provision of local infrastructure. In LBHF there are three broad categories of s.106 contributions received:
- for a specific purpose defined and described in the s.106 agreement (such as specific highway works)
 - for a general functional purpose defined and described in the s.106 agreement but with geographical constraints (such as provision of community infrastructure in the White City area)

- for a general purpose defined and described in the s.106 agreement but with no borough geographical constraints (such as economic development, education purposes, community safety initiatives etc).

- 1.15 Provided the Council respects the obligation to maintain a reasonable relationship with the developments and complies with the specific terms of each of the s.106 agreements giving rise to the funds, the Council has a degree of discretion as to how it allocates and spends some of the general purpose funds. The Council has determined that a key priority area for the investment of available s.106 funds with general purposes is the provision of enhanced community safety arrangements. The 2020/21 budget assumes that contributions of £1.7m are invested to fund enhanced arrangements in this area and this can be met from receipts currently in hand.
- 1.16 A number of s.106 agreements have been negotiated which will result in the receipt of additional funds in the future. There is a level of uncertainty around the receipt of future s.106 funds as this relies on developments commencing and achieving specified trigger points. The Council will continue to monitor the receipt of s.106 funds expected in the short and medium term, where the level of uncertainty around trigger points increases, and is developing a strategic approach for investment of future s.106 funds.
- 1.17 **Inflation.** A national pay award has yet to be agreed for 2020/21. Provision is made within the budget for an increase of up to 2% (£1.7m) and this will be held corporately until a national agreement is reached on the annual pay award. Inflation of £2.6m has also been provided, on a case by case basis, to meet contractual requirements.

INVESTMENT, SAVINGS AND RISKS

- 1.18 Investment in services and savings proposals for the services covered by this PAC are set out in Appendix 1 with budget risks set out in Appendix 2.

Investment

- 1.19 Investment in services is summarised by department in Table 5 and by category in Table 6.

Table 5: 2020/21 Investment Proposals

Department	£m
Children's Services	5.5
The Environment	0.5
Public Services Reform	0.1
Social Care	0.7
Council-wide	1.5
Total	8.3

Table 6: Categorisation of investment proposals

	£m
Increase in demand/demographic growth	6.4
Resident priority	1.9
Total	8.3

Savings

- 1.20 The Council faces a continuing financial challenge due to overall Central Government funding cuts, unfunded burdens, inflation, and demand and growth pressures. The budget gap will increase in each of the next three years if no action is taken to reduce expenditure, generate more income through commercial revenue and continue to grow the number of dwellings and businesses in the borough.
- 1.21 To proposed savings (including additional income) for 2020/21 are set out by department in Table 7.

Table 7: 2020/21 savings and additional income

Department	£m
Children's Services	(0.8)
Finance & Governance	(4.5)
The Economy Department	(0.8)
Public Services Reform	(0.3)
The Environment Department	(1.0)
Social Care	(2.5)
Council Wide	(2.9)
Savings	(12.8)

- 1.22 The saving proposals are categorised by savings area in Table 8.

Table 8: Categorisation of 2020/21 savings

	£'m
Service rationalisation/budget reduced in line with spend	(3.0)
Commercialisation/Income	(2.0)
Debt reduction and restructuring	(0.3)
Pension - triennial Valuation	(2.1)
Prevention	(1.5)
Procurement / Commissioning	(0.8)
Service reconfiguration	(0.9)
Staffing / Productivity	(2.2)
Total All Savings	(12.8)

Risk, revenue balances and earmarked reserves

- 1.23 The Council's General Fund gross budget is £525m. Within a budget of this magnitude there are inevitably areas of risk and uncertainty particularly within the current challenging financial environment. The key financial risks that face the Council have been identified and quantified. They total £18.5m. Financial risks of £24m were identified when the 2019/20 budget was set.
- 1.24 Reserves play a crucial role in good public financial management. They exist so that a council can make one off investment in service transformation for the future or to respond to one off unexpected events or emerging needs. They are the foundation for good financial management and resilience. As one-off resources they can only be spent once.
- 1.25 As part of the Audit Findings Report for the year ended 31 March 2019 the Council's external auditors (Grant Thornton) commented on the level of the Council's reserves:

'The Council's reserves level is of concern as there doesn't appear to be sufficient cushion to weather the ongoing financial challenges that the Council will face over the medium term due to reductions in central government funding and forecast pressures of the DSG funding. The Council only has finite reserves available and it is important that you continue to maintain appropriate budgetary control. It cannot be stressed enough how important it is to have a fall back position to address the challenges of the future. We have seen a number of Councils reach the financial precipice and members have a fiduciary duty to ensure the Council retains financial sustainability. We would strongly recommend that use of reserves remains limited in future years other than for specifically earmarked schemes.'

- 1.26 The Council has put in place a reserves strategy to ensure effective oversight regarding the level and use of reserves and established an action plan to maintain reserves at an appropriate level. In accordance with the action plan, the 2020/21 budget proposals include new **one-off contributions to reserves of £7.2m.**

General fund balances

- 1.27 The Council's general balance stood at £19m as at 1 April 2019 and it is currently projected that this will not reduce in the current financial year. This will leave general balances at 3.6% (equivalent to 13 days spend) of the Council's gross budget of £525m.
- 1.28 Given the on-going scale of change in local government funding, and risks facing the Council, the Strategic Director, Finance and Governance considers that general balances need to be maintained within the range of £14m to £20m. The optimal level is projected to be broadly met over the next four years and is, in the Strategic Director's, Finance and Governance, view sufficient to allow for the risks identified and to support effective medium-term financial planning.

Earmarked reserves

- 1.29 The Council holds a number of one-off earmarked reserves. The latest forecast to 2023/24 is set out in Table 9. In the Strategic Director's, Finance and Governance, view such reserves are adequate to deal with anticipated risks and liabilities.

Table 9: Reserves forecast to 2022/23

	Opening balance 2019/20	Budgeted contributions to 2023/24	Commitments to 2023/24	Total 2023/24
	£m	£m	£m	£m
Earmarked reserves	44.8	36.1	(37.4)	43.5
New contributions in the 2020/21 budget				7.2
Forecast earmarked reserves				50.7
General balances	19.0			19.0
Earmarked restricted reserves	17.5		(7.7)	9.8
Current year forecast overspend				(9.5)
Other potential uses of reserves				(28.6)
Total reserves				41.4

- 1.30 The existing commitments include the planned investment of earmarked reserves on council priorities (for example implementing the Information Technology strategy and incentive payments to landlords).
- 1.31 Net General Fund reserves of £6m are set aside for the civic campus scheme. This is based, in line with the current programme, on funding of lease costs for a 3.5 year relocation. The call on general fund reserves would increase by £5.9m if relocation was deferred to 5 years. The scheme benefits include efficiencies in delivering modern, inclusively designed and fit-for-purpose office and civic accommodation for its staff and visitors, as well as for small and start-up businesses. It also avoids the need for significant capital investment in the existing Town Hall and Town Hall Extension, which in 2017 was estimated at between £29.2m and £53.5m for both buildings, depending on the extent of refurbishment works undertaken and excluded professional fees (estimated to be at least £2m) and the cost of decanting staff to allow works to take place.
- 1.32 The other potential uses for reserves includes allowance for a future shortfall in funding for **pupils with high needs**. For Hammersmith and Fulham, there was a cumulative shortfall in the Dedicated Schools Grant (from government) provided to fund expenditure on pupils with high needs of £13.8m at the close of 2018/19. The Council is developing options for a deficit recovery plan and

estimates that it will receive extra grant of £2.9m from 2020/21 onwards. Despite this funding increase, demographic and other pressures, require that a further **£15m** be set aside regarding the shortfall for the current year and next 4 years. The Council is also discussing with auditors how this should be treated on the Council's Balance sheet following a consultation by the Education Funding and Skills Agency. Pending further clarification, the Council has prudently set aside a reserve to cover the potential deficit.

- 1.33 The Strategic Director, Finance and Governance considers that current reserves are adequate to deal with anticipated risks and liabilities. Reserves can only be spent once and the forecast to 2023/24 identifies a tightening in the Council's finances that will need careful management and review. Continued focus will be required on keeping spend within budget, avoiding the use of reserves to balance future budgets and on rebuilding reserves to support future investments and priorities.

FEES AND CHARGES

- 1.34 The budget assumes these are:

- Frozen for Adult Social Care, Children's Services and Housing.
- A standard uplift of 2.8% based on the July 2019 Retail Price Index applied for other non-Commercial and non-parking fees.
- Commercial services that are charged on a for-profit basis, will be reviewed on an ongoing basis in response to market conditions and varied up and down as appropriate, with appropriate authorisations according to the Council constitution.
- Parking charges and fines are set in line with transport policy objectives and are not considered as part of the budget process.

The list of the currently proposed exceptions to the standard increase for this Department, is set out in Appendix 4.

2020/21 COUNCIL TAX LEVELS

- 1.35 The administration proposes to increase the Hammersmith & Fulham element of council tax by 1.99% for 2020/21. The Band D charge will be £792.42. This is significantly below the July 2019 Retail Price Index inflation used for the Council's financial planning.
- 1.36 This will result in a net cash terms increase of 3.7% since 2014/15 and compares to real terms inflation² of 15% over the same period. Unlike before

² As measured by movement in the Retail Price Index

2014, no grant has been offered by government to councils who freeze or cut council tax. Instead, since 2014/15 the government, within the grant process, have assumed a Council tax increase of 12.6%. The 1.99% increase will generate extra income of £1.2m in 2020/21 and £4.9m over a four-year period. This will support investment in, and protect, key services for residents and strengthen future financial resilience.

- 1.37 As set out below, 53% of dwellings are liable for 100% council tax with exemptions/discounts for council tax support claimants, students, care leavers and single person households.

Table 9: Liability for council tax

Total dwellings in the borough	90,500
Reductions:	
Exemptions (mainly students, includes care leavers)	(4,000)
Council tax support claimants (elderly & working age on low income)	(11,400)
Single person discount (25% discount)	(27,500)
Dwellings liable for 100% of council tax	47,600 53%

- 1.37 **The government's modelled adult social care precept** levy of 2% will generate additional income of £4.9m over 4 years and £1.22m in 2020/21. This will increase the Band D Council Tax charge by £15.24 per annum (4.2p per day).
- 1.38 The overall increase in the LBHF element of the Band D charge, including the government's modelled 2% adult social care precept, is £30.40 (8.3p per day).

Table 10: LBHF Band D Council Tax Charge

2019/20 LBHF Band D charge	£762.02
Proposed H&F Element Increase of 1.99%	£15.16
Proposed Adult Social Care precept of 2%	£15.24
2020/21 Total LBHF Band D charge	£792.42

Comments of the Strategic Director of Social Care on the Budget Proposals

Budget context – Achievements, challenges and risks

Service background – Social Care

1.39 Social care funds the social care of 3,100 people. 2,600 live in the community and 500 people live in residential & nursing care. Social care has a total workforce of 280 people.

1.40 Since 2011/12 the social care net budget has decreased by £25m, which represents an overall 31% decrease in the net budget after allowing for savings delivered and growth funding. Despite these cuts, high demand and an increase of acuity of need and expectations, social care has balanced its budget and delivered £19.8m of savings over the last 5 years.

1.41 Over the same period the total number of people in care placements, home care and direct payments has increased by 295 people. This represents an overall 14% increase of people using social care.

Service background - Public Health

1.42 The Public Health service is fully funded by the Department of Health's Grant and will remain a nil cost budget to the Council. It is not guaranteed beyond 2021. For the first time since Public Health transferred into the local authority from the NHS, there will be an increase in the grant. In previous years, the funding to the Council has been reduced by £2.224m between 2015/16 and 2019/20. The Council's current base budget includes Public Health investment in Council services delivering Public Health outcomes of £6m.

1.43 Key achievements - Social Care

- We have a policy not to charge for home care and haven't charged for home care since 2015.
- We offer a meals on wheels service that costs our residents £2.00 per meal, one of the lowest in London, if not nationally.
- We offer the London Living Wage to all our contractors and their sub-contractors.
- We achieved a **Very Good** result from our ADASS Safeguarding Peer Review in June 2019 and achieved **Outstanding** for the Leadership team.
- Two services rated as **Outstanding** by CQC - Community Independence Service & Rivercourt.
- We are improving service satisfaction and one way we have measured this is evidenced by lots more recorded service compliments.
- Very good performance on reducing delayed transfers of care, H&F is now the 3rd lowest in London which significantly saves costs for the NHS.

Building excellence and compassion – our next steps

1.44 Since July 2017, the department has been working hard to build its foundations for the next phase of strategic changes. This phase looks very different to traditional social care departments elsewhere in the country as it challenges the culture and the concept that social care is care for older people and something that is done to people instead of with them.

- We are using a strength-based approach to work with our people. Simply put, our conversation focuses on ‘What are your strengths?’ rather than simply ‘What are your weaknesses?’.
- We will provide better information and advice, so people understand what choices are available to them.
- We will increase our offer of reablement, so people can regain independence and achieve things that matter to them.
- We will look for quick, practical solutions which empower both people and staff to deal with problems as they arise.

1.45 **We will continue to have another ground-breaking year of firsts.**

- ✓ Co-produced Independent Living Vision, this will be the first in the country.
- ✓ No occupational therapy waiting list, the first borough to achieve this in London, probably in the UK.
- ✓ Real time reporting of activity and costs.
- ✓ Predictive modelling of resident behaviour. For example, risk of hospital admission & dementia.
- ✓ Co-produced commissioning roles.
- ✓ New market position statement inclusive of the world of commerce, leisure & technology.
- ✓ Proactive leadership of the Disabled People’s Organisation for the direct payments service.
- ✓ Prevention strategy with resident feedback through resolution focus.
- ✓ Introduced new AI and robotics into our care offer and we have great ambition to grow and modernise the service in this area.

Care market

1.46 We have produced a market assessment analysing the social care market and advising the recommended inflation to be applied to social care contracts in 2020/21. Under the Care Act, there is an obligation for the Council to maintain and facilitate a market for social care. The key recommendations are:

- Home Care – increase of 3.60% as this equates to the average increase in the London Living Wage over the last 4 years.
- Placements – increase of 3.62% for residential beds and 3.56% for nursing beds as this is the 12-month rolling average increase covering existing and new placements.

1.47 The budget has made provision for 2.1% in home care and placements.

Social care investment

1.48 There are two proposals for investment in 2020/21. 1) Demographic Pressures and 2) Learning Disability Transitions. The growth requested represents 0.1% of the revised gross expenditure of the department and favours considerably with other departmental requests. Please refer to Appendix 1 for further detail of each growth proposal.

Investment	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)	2023/2024 (£000's)
Demographic Pressures	590	1,528	2,492	3,484
Learning Disability Transitions	177	671	735	810
Total	767	2,199	3,227	4,294

Savings strategy

- 1.49 There are savings of £2.465m in 2020-21 rising to £4.015m in 2023-24 for Social Care. In Public Health, there are savings of £0.430m in 2021/21 rising to £0.710m in 2023-24 which will be reinvested in the service.

Firm Change and Savings Proposals	2020-21 Budget Change Cumulative (£000's)	2021-22 Budget Change Cumulative (£000's)	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)
Social Care	2,465	3,915	4,015	4,015
Public Health	430	710	710	710

- 1.51 The RAG ratings for the savings business cases have been reviewed to reflect the potential impact on residents. Of these savings, 80% represent a medium delivery risk for Social care. So far, Social care has identified £4.0m medium-term savings which represents 7.3% of the net budget.

Social care

- 1.52 Our future savings plan aims to deliver change at a time of increasing demand, uncertainty and risk. Many of the proposed savings require partnership working with local people, their families and friends, Health, housing and other community stakeholders.

- 1.53 Delivery will be supported by various programmes of work that focus on the following:

- Prevention – savings of £1.5m
- Procurement/ Commissioning – savings of £0.25m
- Service reconfiguration – savings of £0.715m

Total savings of £2.465m

Public Health

- 1.54 The impact of 2020-21 efficiencies proposals is detailed in this report. All expenditure and savings will be contained within the ring-fenced Public Health grant budget and earmarked reserves.

- Procurement/ Commissioning – savings of £0.370m
- Staffing/ Productivity - £0.060m

Total savings of £0.430m

1.55 Please refer to Appendix 1 for further detail of each savings proposal.

Risks

1.56 Social care have identified two main and interrelated risks for financial management.

1.57 Firstly, increasing demand for statutory services and market price that we must provide that is over and above what we have catered for. There is an inherent level of risk around the modelling that we undertake and continuing risk to further reductions in market supply and increases in workforce costs with Brexit. We are managing this risk through continued close tracking and market management and have requested additional funding as detailed in Sections 1.40 & 1.41 above.

1.58 Secondly, identifying and delivering all opportunities to better manage demand particularly through the joint work with NHS partners, other council departments particularly housing, the third sector and other providers. We have a good track record of delivering efficiency savings and tactically managing resources to achieve a balanced budget. However, there are a range of more complex opportunities that have risks and dependencies to manage and have a longer lead in time.

1.59 These include work to refocus our mental health services on recovery in the community, reducing use of placements for people with learning disabilities particularly young people and establishing a fully joined up system for managing older people with the highest risk of losing independent living capacity. We are managing these risks through the development of a local programme of transformation work in partnership and led by our commitment to coproduction.

1.60 In Public Health the following risks are identified on the delivery of the proposed savings. The allocated GUM activity budget may not be sufficient to deal with the demand on services. This is due to unexpected increase in screening costs associated with the Department of Health release of new places for the Prep pilot. Also, whilst channel shift to online testing is successful, clinic slots are being backfilled as sexually transmitted infections (STIs) are increasing. We are managing this risk through close local monitoring of the budget and monitoring of demand with London commissioners.

1.61 Appendix 2 provides further details and mitigating actions.

Fees and Charges

- 1.62 Despite central government funding cuts, the administration proposes to continue its commitment to making life more affordable for Older and Disabled residents by providing home care free of charge, low cost meals on wheels and not increasing Careline charges.
- 1.63 The cost of meals on wheels to residents is currently only £2, reduced from £4.50 in 2014/15. This would maintain the £2 charge for a fifth consecutive year and freezing Careline charges for a fourth consecutive year.
- 1.64 See Appendix 4 for further details.

Equality Implications

- 1.65 A draft Equality Impact Analysis (EIA), which assesses the impacts on equality of the main items in the budget proposals relevant to this PAC, is attached as Appendix 3. A final EIA will be reported to Budget Council.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext. of holder of file/copy	Department/ Location
1.	None		

List of Appendices:

Appendix 1 – Savings and investment proposals

Appendix 2 – Risks

Appendix 3 – Draft Equality Impact Assessment

Appendix 4 – Fees & Charges not Increasing at the Standard Rate