



# Health, Adult Social Care and Social Inclusion Policy and Accountability Committee

## Supplementary Agenda

Tuesday 20 January 2015

7.00 pm

Courtyard Room - Hammersmith Town Hall

### MEMBERSHIP

| Administration:                                                                                               | Opposition                                          | Co-optees                                                                                  |
|---------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|--------------------------------------------------------------------------------------------|
| Councillor Rory Vaughan<br>(Chair)<br>Councillor Hannah Barlow<br>Councillor Elaine Chumnerly<br>(Vice-Chair) | Councillor Andrew Brown<br>Councillor Joe Carlebach | Patrick McVeigh,<br>Action on Disability<br>Bryan Naylor, Age UK<br>Debbie Domb,<br>HAFCAC |

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Date Issued: 14 January 2015

# **Health, Adult Social Care and Social Inclusion Policy and Accountability Committee Supplementary Agenda**

20 January 2015

| <b><u>Item</u></b> |                                                                                                                                                                                                                                                                                                                                                                                     | <b><u>Pages</u></b> |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| <b>6.</b>          | <b>2015 MEDIUM TERM FINANCIAL STRATEGY</b>                                                                                                                                                                                                                                                                                                                                          | <b>1 - 31</b>       |
|                    | <p>This report sets out the budget proposals for the services covered by this Policy and Accountability Committee. An update is also provided on any changes in fees and charges.</p> <p>The report has been circulated late to enable the latest budget information, including from the provisional local government finance settlement, to be incorporated within the papers.</p> |                     |

|                                                                                                                                                                                                        |                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                       | <p align="center"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p align="center"><b>HEALTH, ADULT SOCIAL CARE AND SOCIAL INCLUSION POLICY AND ACCOUNTABILITY COMMITTEE</b></p> <p align="center"><b>20th JANUARY 2015</b></p> |
| <p><b>2015 Medium Term Financial Strategy</b></p>                                                                                                                                                      |                                                                                                                                                                                                                                        |
| <p><b>Report of the Cabinet Member for Health &amp; Adult Social Care</b></p>                                                                                                                          |                                                                                                                                                                                                                                        |
| <p><b>Report Status:</b> Open</p>                                                                                                                                                                      |                                                                                                                                                                                                                                        |
| <p><b>Classification:</b> For review and comment.</p>                                                                                                                                                  |                                                                                                                                                                                                                                        |
| <p><b>Key Decision:</b> No</p>                                                                                                                                                                         |                                                                                                                                                                                                                                        |
| <p><b>Wards Affected:</b> All</p>                                                                                                                                                                      |                                                                                                                                                                                                                                        |
| <p><b>Accountable Executive Director:</b> Liz Bruce, Tri Borough Executive Director for Adult Social Care (ASC) / Stuart Lines, Acting Tri-Borough Director for Public Health (PHS)</p>                |                                                                                                                                                                                                                                        |
| <p><b>Report Author:</b> Jane West, Executive Director of Finance and Corporate Governance / Rachel Wigley - Tri-borough Director for ASC Finance / Jon Laker – Business Partner for Public Health</p> | <p><b>Contact Details:</b><br/>           Tel: 020 8753 1900<br/>           E-mail: <a href="mailto:jane.west@lbhf.gov.uk">jane.west@lbhf.gov.uk</a></p>                                                                               |

## 1. EXECUTIVE SUMMARY

- 1.1 The Council is obliged to set a balanced budget and council tax charge in accordance with the Local Government Finance Act 1992. Cabinet will present their revenue budget and council tax proposals to Budget Council on 25 February 2015.
- 1.2 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 changes in fees and charges.

## 2. RECOMMENDATIONS

- 2.1. That the PAC considers the budget proposals and makes recommendations to Cabinet as appropriate.
- 2.2. That the PAC considers the proposals to freeze, reduce and abolish ASC fees and charges and makes recommendations as appropriate.

## 3. INTRODUCTION AND BACKGROUND

- 3.1 The context for the departmental budgets that relate to this PAC, and financial background to the MTFs, were reported to this Committee in October. An updated Medium Term Financial Strategy (MTFS) forecast<sup>1</sup> is set out in Table 1. The 2015/16 budget gap, before savings, is £23.8m, rising to £69.7m by 2018/19.

**Table 1 –Budget Gap Before Savings**

|                                  | £'m            | £'m            | £'m            | £'m            |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2015/16        | 2016/17        | 2017/18        | 2018/19        |
| <b>Base Budget</b>               | <b>181.5</b>   | <b>181.6</b>   | <b>181.6</b>   | <b>181.7</b>   |
| Add:                             |                |                |                |                |
| - New Burdens                    | 0.8            | 0.8            | 0.8            | 0.8            |
| - Inflation                      | 2.5            | 5.3            | 8.1            | 10.9           |
| - Contingency (Pay etc)          | 1.3            | 3.0            | 5.3            | 7.5            |
| - Contingency (CCTV Parking)     | 1.0            | 1.0            | 1.0            | 1.0            |
| - Current Headroom               | 1.3            | 1.2            | 2.4            | 3.6            |
| - Growth                         | 4.0            | 6.2            | 6.8            | 6.8            |
| <b>Budgeted Expenditure</b>      | <b>192.5</b>   | <b>199.1</b>   | <b>206.0</b>   | <b>212.3</b>   |
| Less:                            |                |                |                |                |
| - Government Resources           | (56.6)         | (45.9)         | (35.8)         | (26.5)         |
| - LBHF Resources                 | (112.0)        | (112.4)        | (114.2)        | (116.1)        |
| <b>Budgeted Resources</b>        | <b>(168.7)</b> | <b>(158.3)</b> | <b>(150.0)</b> | <b>(142.7)</b> |
|                                  |                |                |                |                |
| <b>Budget Gap Before Savings</b> | <b>23.8</b>    | <b>40.9</b>    | <b>56.1</b>    | <b>69.7</b>    |
|                                  |                |                |                |                |
| <b>Risks</b>                     | <b>12.6</b>    | <b>20.4</b>    | <b>21.1</b>    | <b>21.1</b>    |

- 3.2 Money received by Hammersmith and Fulham Council from central government is reducing significantly every year. From 2010/11 to 2014/15 government funding was cut by £46m. The 2015/16 funding reduction is £20.3m. Funding is forecast to reduce by a further £30.1m from 2016/17 to 2019/20. A fuller explanation of the funding forecast and spending power calculation is set out in Appendix 6.
- 3.3 Locally generated LBHF resources are council tax and the local share of business rates. Business rates are projected to increase in line with economic growth in future years. The council tax forecast assumes a 1% cut in 2015/16. The 1% cut has reduced the income forecast by £0.5m per annum. Figures for 2015/16 business rates, due to the timing of government guidance, will not be confirmed until late January. There remains a risk (a maximum of £3m) that the current budget forecast may need to be reduced.

<sup>1</sup> A 4 year forecast is provided as this is the time frame within which the government resource spending envelope was identified as part of the 2013 Autumn Statement.

3.4 Future resources are uncertain. Government funding reductions could be more or less than currently modelled. Likewise council tax and business rates income may vary. Sensitivity analysis has been undertaken to test the resource forecast against more optimistic or pessimistic assumptions. For example, should annual government funding reductions be 5% more than currently modelled (on going annual reduction of 10%), for 2016/17 to 2018/19, the budget gap would increase by £12m. Against this risk it is worth noting that the general fund reserve would stand at £20m following the draft proposals in the upcoming budget.

**4. GROWTH, SAVINGS AND RISK**

4.1 The growth and savings proposals for the services covered by this PAC are set out in Appendix 1 with budget risks set out in Appendix 2.

**Growth**

4.2 Budget growth is proposed in a number of areas. The growth proposals for 2015/16 are summarised by Department in in Table 2.

**Table 2 2015/16 Growth Proposals**

|                                                                                                   | £'000s       |
|---------------------------------------------------------------------------------------------------|--------------|
| Adult Social Care                                                                                 | 599          |
| Children's Services                                                                               | 1,392        |
| Environment, Leisure and Residents Services                                                       | 671          |
| Finance & Corporate Services                                                                      | 300          |
| Housing and Regeneration Department                                                               | 130          |
| <b>Budget Growth</b>                                                                              | <b>3,092</b> |
| Transport and Technical Services Growth offset against additional savings found within department | 925          |
| <b>Total Growth</b>                                                                               | <b>4,017</b> |

4.3 Table 3 summarises why budget growth is proposed:.

**Table 3 – Reasons for 2015/16 Budget Growth**

|                                       | £'000s       |
|---------------------------------------|--------------|
| Government related                    | 900          |
| Other public bodies                   | 375          |
| Increase in demand/demographic growth | 489          |
| Council Priority                      | 511          |
| Existing Budget Pressures             | 1,742        |
| <b>Total Growth</b>                   | <b>4,017</b> |

## Savings

- 4.4 Due to the funding cuts from Central Government, and the need to meet inflation and growth pressures, the council faces a continuing financial challenge. The budget gap will increase in each of the next four years if no action is taken to reduce expenditure or generate more income.
- 4.5 In order to close the budget gap for 2015/16:
- Corporate budgets have been subject to initial review and savings of £3.3m have been identified for 2015/16.
  - Savings of £20.5m are proposed for Departments.

The 2015/16 savings proposals are summarised in Table 4.

**Table 4 – 2015/16 Savings Proposals by Department**

| <b>Department</b>                            | <b>Savings<br/>£'000s</b> |
|----------------------------------------------|---------------------------|
| Adult Social Care                            | (6,514)                   |
| Children's Services                          | (4,071)                   |
| Environment, Leisure and Residents' Services | (1,395)                   |
| Libraries and Archives                       | (162)                     |
| Finance and Corporate Services               | (2,762)                   |
| Housing and Regeneration                     | (982)                     |
| Transport and Technical Services             | (4,307)                   |
| Public Health                                | (350)                     |
| <b>Total Departmental Savings</b>            | <b>(20,543)</b>           |
| Corporate Savings                            | (3,273)                   |
| <b>Total All savings</b>                     | <b>(23,816)</b>           |

## Budget Risk

- 4.6 The Council's budget requirement for 2015/16 is in the order of £168.7m. 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 £12.6m. Those that relate to this PAC are set out in Appendix 2.

## 5 FEES AND CHARGES

- 5.1 The budget strategy assumes that there will be no real terms increases in any fees and charges, unless set by outside Statute or Regulation. In line with council policy, this is calculated using the Retail Price Index for inflation in the August of the year preceding the budget. Many fees and charges will be frozen in absolute terms, including charges for parking, school lunches and adult education. Some charges, such as Meals on Wheels, have been reduced. Other charges, most notably Home Care Charges, have been scrapped altogether.

5.2 In the area of Adult Social Care, all charges have been frozen, reduced or abolished. A listing is set out in Appendix 3 for comment by the PAC.

## 6 2015/16 COUNCIL TAX LEVELS

6.1 Cabinet propose to cut the Hammersmith and Fulham’s element of 2015/16 Council Tax by 1%. This will provide a balanced budget whilst reducing the burden on local taxpayers at a time of rising living costs.

6.2 The Mayor of London has announced his intention to set the Greater London Authority precept at £295 a year (Band D household) for 2015/16. The draft budget is currently out for consultation and is due to be presented to the London Assembly on 28 January, for final confirmation of precepts on 23 February.

6.3 The impact on the Council’s overall Council Tax is set out in Table 5.

**Table 5 – Council Tax Levels**

|                          | <b>2014/15<br/>Band D</b> | <b>2015/16<br/>Band D</b> | <b>Change From<br/>2014/15</b> |
|--------------------------|---------------------------|---------------------------|--------------------------------|
|                          | <b>£</b>                  | <b>£</b>                  | <b>£</b>                       |
| Hammersmith and Fulham   | 735.16                    | 727.81                    | (7.35)                         |
| Greater London Authority | 299.0                     | 295.0                     | (4.0)                          |
| <b>Total</b>             | <b>1,034.16</b>           | <b>1,022.81</b>           | <b>(11.35)</b>                 |

6.4 The current Band D Council Tax charge is the 3<sup>rd</sup> lowest in England<sup>2</sup>.

## 7. Comments of the Executive Director for Adult Social Care and Health on the Budget Proposals

7.1 There are major changes which will have a dramatic impact on the shape and size of the Adult Social Care budget.

7.2 The number of people using our services continues to increase, bringing pressure to our budgets;

7.3 The changes that are set out in the Care Act will bring increased costs (as our duty to assess increases) and reduced income (as the cost of care will be capped). The costs of implementing the care act has been estimated at £1.426m for 2015/16. As announced in the 2015/16 local government finance settlement, the Council will receive £839,812 grant funding for new burdens. This funding is split into £626,550 for early assessments against the cap on care costs, universal deferred payment agreements and additional funding for Care Act implementation, including carers right’s and

<sup>2</sup> Excluding the Corporation of London

£213,262 for assessing and meeting the social care and support needs of offenders residing in prisons.

- 7.4 The balance of the funding for the estimated costs of £586,000 is funded from the Better Care Fund allocation for the Care Act and we await confirmation from government about how the extra costs for future years will be resourced.
- 7.5 The 2013 Spending Round announced a fund of £3.8bn nationally to ensure closer integration of health and care services from 2015/16. This is the Better Care Fund (BCF). The development of the plan is also an opportunity for Adult Social Care and the NHS to review its thinking around the integration of operational services encompassing community nursing, therapies and care management, which were previously part of the Tri-borough programme. The BCF is not new money, but the re-utilisation of current funding streams. As announced in the 2015/16 local government finance settlement, the Council will receive £13.184m which predominately includes existing budgeted health funded commitments of £11.6m, additional investment expected as a result of implementing the community independence service of £0.87m and Care Act new burden funding . It includes the “Social Care to Benefit Health” funding which local authorities have received for the past three years and which is being used to sustain local social services.
- 7.6 The BCF Plan has signalled agreement on the direction of travel by Cabinet members and Clinical Commissioning Groups (CCG) Chairs. We are looking to fundamentally transform the quality and experience of care across health and social care over the next five years. The proposal is to create new joined up support and care within communities. The BCF document sets out investment from Health for 2015/16 for a new Community Independence Service (CIS) in order to deliver much larger savings. One year funding been agreed, however the CIS services are being modelled over the medium term with increased resource and therefore there is risk of uncertainty over future years funding.
- 7.7 We are looking to drive reductions in emergency admissions to hospital and the demand for residential and nursing home care. Appendix 5 highlights the additional investment expected a result of implementing the community independence service of £0.87m as well as savings expected as a result of the Better Care Fund of £1.6m
- 7.8 The Independent Living Fund (ILF) is a scheme financed by the government that aims at supporting disabled people with substantial high needs to live independently in the community rather than in residential care. ILF offers financial support to fund packages of care for those with severe disabilities. The ILF has been closed to new applications since 2010. Current ILF users will continue to receive ILF funding until 30 June 2015 if they are still eligible. From 1 July 2015 all social care support will be provided by Councils and ILF funding should be transferred to Councils via a grant. We await the details of the funding levels and there is a risk that funding would not match estimated costs.



## **Saving Proposals**

7.9 We need to ensure we maintain control over ASC's large and complex budgets during the changes set out above, whilst also reducing our cost base to meet each Council's budget target where possible. The reduction in public sector funding has made the need to make further savings inevitable and deeper than previously experienced.

7.10 We are aiming to do this by a focus on better for less:

- i. Creating a portfolio of projects – with a focus on transforming the way service is provided through operations alignment by implementing a single operating model and organisational restructure so as to meet local service requirements (saving £0.615m); investment in preventative assistive technology with the aim of reducing costs of home care services (£0.206m);
- ii. Contract efficiencies to be achieved by renegotiation of residential and nursing placement contracts (£0.597m); reprocurring Supporting People contracts with a view to manage prices within the budget (£0.843m). This will ensure cost restraint in contracts and reduce costs where possible through a strategic and detailed approach to contract management;
- iii. Reconfiguration of services within the Learning Disabilities client group by reducing the need for expensive out of Borough supported accommodation (£0.089m), maximising in house day care provision (£0.087m) and review of residential care home facilities (£0.037m);
- iv. The department has benchmarked and reviewed a number of high unit cost services . These include review of all high cost, high needs placements for continuing health funding with a proposed saving of £0.106m.
- v. Taking a more holistic approach to the commissioning of services by working in closer partnership with health through integrated commissioning with health (£0.260m), improving outcomes and reducing dependency amongst residents through better joint services with the NHS (£0.157m) and charging Central London Community Healthcare (CLCH) for the space shared with the Learning Disabilities team (£0.100m);
- vi. Investment from health through the Better Care Fund by encouraging independence, enhancing home care services to reduce the need for hospital admissions (£2m). The BCF document sets out investment from Health for 2015/16 only and there remains significant uncertainty over future years funding;
- vii. Identification of contracts that would benefit from investment for public health for supporting people of £0.551m and third sector £0.094m;
- viii. Sharing back office functions with other London Boroughs by reviewing the senior management structure, training programme, workforce development and client affairs service (£0.464m); and

- ix. The application of technology so that we have really good advice on-line, staff can work remotely, more transactions can be performed on-line and more processes are streamlined. Allied to this, the three shared service Councils will be going live with a new Finance and Corporate Human Resources (CHR) system (Managed Services) from April 2015. We will be driving all the orders and payments through our Adult Social Care IT system (Framework i) and into the new Finance system.
- x. The scale of the savings are the largest and most complex we have undertaken to date in ASC. The scale of change cannot be under-estimated nor the work needed to track the savings whilst still improving service quality.

### **Growth**

- 7.11 The department has reviewed its demographic requirements and estimates for 2015/16 and as a result of have identified potential growth pressures within Older People, Physical and Learning Disability client groups based on full year costs for existing clients, disabled children transferring into Adults and a 1% demographic increase, the total pressure for 2015/16 is estimated at £1.565m.
- 7.12 Given the overall Council budget position, we are proposing to request growth of £0.205m and show the balance as risk and we will continue to closely monitor these budgets.
- 7.13 For Mental Health clients, Adults are projecting to manage these pressures within existing budgets.
- 7.14 As a way of partly addressing the risks, the department will consider any underspends in 2014/15 to be carried forward to mitigate these pressures.

### **Fees and Charges**

- 7.15 The council has been charging for homecare services provided to customers of the borough since 2009. The Council provides meal services to eligible customers at a subsidised rate of charge. Income from charging for homecare and meals services has made a small but significant contribution to funding adult social care services. In recent years, meals services have been amongst the most expensive in London and are charged at a significantly higher rate than the other two shared service councils.
- 7.16 In December 2014 the administration, as part of its commitment to social inclusion and in line with its election manifesto pledge, signalled its intention to abolish charges for home care and review charges for meals services.
- 7.17 A separate report is on the agenda of this meeting which considers the implication of Adults Social Care Charging policy and recommendations

to abolish charging for homecare and the customer, financial and staffing implications of the decisions.

- 7.18 A review of the arrangements will be undertaken for both the service model and charging for the delivered meals service with the recommendation to reduce the meals charge from £4.50 to £3 per meal which is a reduction of £1.50 per meal from the 1<sup>st</sup> April 2015.
- 7.19 Appendix 3 shows the fees and charges exceptions table

### **Public Health**

- 7.20 Public Health has a number of priority areas which, in addition to other work, will contribute to the council's mandatory public health duties and to its wider public health duty to improve the health of the local population. These include;
- reducing smoking rates;
  - reducing levels of obesity in adults and children;
  - improving sexual health;
  - reducing substance misuse;
  - improving preventative health care; and
  - improving mental well-being.

7.21 Public Health will continue to be funded by a ring-fenced budget; for 2015/16 this will remain the same as 2014/15 at £20.8m. Additional funds of £1.8m are expected from October 2015 to cover the cost of additional responsibilities being transferred from Public Health England for Health Visiting (0-5 programme).

7.22 In addition to the ring-fenced grant, £346k was budgeted in 2014/15 from the General Fund for Public Health. It is proposed this be removed from the Public Health budget to help the Council meet its savings target, thus the net budget for 2015/16 is nil.

### **Savings**

- 7.23 A number of savings for 2015/16 have been identified, through re-commissioning of services. These savings include:
- i. Estimated savings on Genito-urinary medicine (GUM) of £274k.
  - ii. HIV contract savings of £211k.
  - iii. Contraceptive service savings of £93k.

### **Growth**

- 7.24 A number of areas have been identified where development is needed to achieve public health outcomes. This will be achieved through a combination of re-commissioning existing services, newly commissioned services and revising budgets of mandatory functions. This includes;
- i. A recently re-tendered Health Trainers service, providing greatly increased level of activity. Additional spend will be £274k.
  - ii. A proposed increase of £217k for Community Champions is planned, this will include a new Maternity Champion service.
  - iii. A new cardiovascular risk management programme is planned with estimated costs of £200k for 2015/16.
  - iv. An estimation of the additional smoking cessation funds required, for the this mandatory service, is £23k.
  - v. Childhood obesity prevention and Healthy Family Weight Services is in the process of being re-procured and enhanced, additional costs will be £549k.
  - vi. A new Tackling Childhood Obesity programme has been established, comprising pilot schemes and programmes aimed at reducing childhood obesity, the cost for 2015/16 will be £145,000.
  - vii. In October 2015, the Health Visiting service (0-5 programme) will transfer from Public Health England to the local authorities. The estimated cost of this service for the Council is £1.8m, which is expected to be met by additional funds transferred to Public Health.

### **Public Health Investment**

7.25 In addition to the commissioned services, it has been recognised that a number of other Council departments provide services that met both desired Public Health outcomes and the conditions of the grant.

7.26 Other departments were invited to apply for funding from unallocated Public Health funds for short term projects. The expected expenditure for 2015/16 is £2.3m.

### **Reserves**

7.27 The combination of on-going services and planned investment in other departments for 2015/16 requires a draw-down of £0.8m from the Public Health reserves. Please see table 6 for effect on Public Health Reserve.

**Table 6 Public Health Reserve**

| <b>Public Health Reserve</b>         | <b>Total</b>  | <b>Allocated</b> | <b>General Ring Fenced Reserve</b> |
|--------------------------------------|---------------|------------------|------------------------------------|
|                                      | <b>£000's</b> | <b>£000's</b>    | <b>£000's</b>                      |
| Unspent funds in 13-14 allocated to: |               |                  |                                    |
| Health Protection Contingency        | 700           | 700              |                                    |
| PCT Legacy                           | 229           | 229              |                                    |
| General Ring-Fenced PH Reserve       | 1,607         |                  | 1,607                              |
| <b>Balance at 31 March 2014</b>      | <b>2,536</b>  | <b>929</b>       | <b>1,607</b>                       |
| Expected Surplus in 14-15            | 717           |                  | 717                                |
| Expected balance at 30 March 2015    | 3,253         | 929              | 2,324                              |
| Expected deficit in 15-16            | (800)         |                  | (800)                              |
| Expected balance at 30 March 2016    | 2,453         | 929              | 1,524                              |

## **8 Equality Implications**

- 8.1 Published with this report is a draft Equality Impact Analysis ('EIA'). The EIA assesses the impacts on equality of the main items in the budget proposals relevant to this PAC. The draft EIA is attached, in Appendix 4. A final EIA will be reported to Budget Council.

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

| <b>No.</b> | <b>Description of Background Papers</b> | <b>Name/Ext of holder of file/copy</b> | <b>Department/ Location</b> |
|------------|-----------------------------------------|----------------------------------------|-----------------------------|
| 1.         | None                                    |                                        |                             |

Appendix 1 – Savings and Growth Proposals

Appendix 2 – Risks

Appendix 3 - Fees and Charges Not Increasing at the Standard Rate

Appendix 4 – Draft Equality Impact Assessment

Appendix 5 – Better Care Fund

Appendix 6 - Spending Power Reduction

**Adult Social Care Budget Proposals**

| Service                                                 | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 2015-16 Budget Change (£,000's) | 2016-17 Budget Change Cumulative (£,000's) | 2017-18 Budget Change Cumulative (£,000's) | 2018-19 Budget Change Cumulative (£,000's) |
|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|
| Operations & Integration                                | <b>Transformation Projects</b><br>Prevention strategy with the aim to reduce costs by investing in assistive technology                                                                                                                                                                                                                                                                                                                                                                            | (206)                           | (481)                                      | (825)                                      | (825)                                      |
| Operations & Integration and Mental Health Partnerships | <b>Procurement &amp; Contract Efficiencies</b><br>Re procurement of contracts with a view to manage prices in residential & nursing placements & care at home.                                                                                                                                                                                                                                                                                                                                     | (597)                           | (1,344)                                    | (1,923)                                    | (1,923)                                    |
| Operations & Integration                                | <b>Transformation Projects</b><br><b>Customer Journey Operations Alignment</b><br>1. Operations integration (non Health) with the aim of implementation a single target operating model as well as management & team restructure, changes to systems to standardise processes<br>2 Implementation of a self assessment model.<br>3. Radical mobile working through the application of technology with a view to enhance productivity.<br>4. Review of Occupational Therapy service delivery model. | (615)                           | (1,948)                                    | (1,948)                                    | (1,948)                                    |
| Finance                                                 | <b>Public Health Investment</b><br>Identify contracts that would benefit from investment from Public Health funding / Third Sector                                                                                                                                                                                                                                                                                                                                                                 | (94)                            | (94)                                       | (94)                                       | (94)                                       |
| Finance                                                 | <b>Public Health Investment</b><br>Identify contracts that would benefit from investment from Public Health funding / supporting people                                                                                                                                                                                                                                                                                                                                                            | (551)                           | (551)                                      | (551)                                      | (551)                                      |
| Commissioning                                           | <b>Procurement &amp; Contract Efficiencies</b><br>Reprocurement of supporting people contracts and contract negotiations with a view to manage prices within budget.                                                                                                                                                                                                                                                                                                                               | (843)                           | (1,033)                                    | (1,033)                                    | (1,033)                                    |
| Finance                                                 | <b>Shared Services</b><br>Client Affairs service ( Year 2 savings)                                                                                                                                                                                                                                                                                                                                                                                                                                 | (17)                            | (17)                                       | (17)                                       | (17)                                       |
| Operations & Integration                                | <b>Investment from Health</b><br>Funding from NHS England to Improve outcomes and reduce dependency amongst residents through better joint services.                                                                                                                                                                                                                                                                                                                                               | (157)                           | (157)                                      | (157)                                      | (157)                                      |
| Operations & Integration                                | <b>Investment from Health</b><br>Parkview additional income from rents to be derived from the Central London Communities Health Care from sharing of accommodation facilities with the Learning Disabilities team                                                                                                                                                                                                                                                                                  | (100)                           | (100)                                      | (100)                                      | (100)                                      |

**Adult Social Care Budget Proposals**

| Service                           | Description                                                                                                                                                                                                                                    | 2015-16 Budget Change (£,000's) | 2016-17 Budget Change Cumulative (£,000's) | 2017-18 Budget Change Cumulative (£,000's) | 2018-19 Budget Change Cumulative (£,000's) |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|
| Provided Services & Mental Health | <b>Other Efficiencies</b><br>Joint work to be undertaken with Children's and Housing Departments on no recourse to public fund clients                                                                                                         | (100)                           | (100)                                      | (100)                                      | (100)                                      |
| Finance                           | <b>Other Efficiencies</b><br>Review of supplies and services budget                                                                                                                                                                            | (90)                            | (90)                                       | (90)                                       | (90)                                       |
| Operations & Integration          | <b>Reconfiguration of services</b><br>Reducing the need for expensive Learning Disability out of Borough supported accommodation for Learning Disability through the delivery of new and remodelled in Borough housing and support options     | (89)                            | (178)                                      | (178)                                      | (178)                                      |
| Operations & Intergration         | <b>Reconfiguration of Services</b><br>Review of high cost and high placements for continuing health funding.                                                                                                                                   | (106)                           | (106)                                      | (106)                                      | (106)                                      |
| Operations & Intergration         | <b>Investment from Health</b><br>More Investment from health through the Better Care Fund by encouraging community independence, enhancement of home care services to reduce the need to acute hospital care.                                  | (2,000)                         | 0                                          | 0                                          | 0                                          |
| Commissioning & Finance           | <b>Shared Services</b><br>Efficiencies proposed from the amalgamation of back office finance functions, review of senior management and the review of training programme                                                                       | (260)                           | (260)                                      | (260)                                      | (260)                                      |
| Training & Project Management     | <b>Shared Services</b><br>Efficiencies proposed from the amalgamation from back office functions in Workforce development, planning and business support                                                                                       | (187)                           | (187)                                      | (187)                                      | (187)                                      |
| Whole systems                     | <b>Investment from Health</b><br>More Investment from health through the Better Care Fund by encouraging community independence, enhancement of home care services to reduce the need to acute hospital care.                                  | 0                               | (200)                                      | (750)                                      | (750)                                      |
| Operations & Mental Health        | <b>Procurement &amp; Contract Efficiencies</b><br>To be achieved from the home care procurement exercise and new operating model.                                                                                                              | (118)                           | (118)                                      | (118)                                      | (118)                                      |
| Operations                        | <b>Reconfiguration of Services</b><br>Medium term project to Increase capacity in extra care and sheltered accommodation by delivery of new housing support options for people and avoiding the need for out of borough residential placements | 0                               | 0                                          | (400)                                      | (400)                                      |
| Operations                        | <b>Reconfiguration of Services</b><br>Substitution of external day care providers by maximising in-house day care provision.                                                                                                                   | (87)                            | (87)                                       | (87)                                       | (87)                                       |



**Adult Social Care Budget Proposals**

| Service                           | Description                                                                                              | 2015-16 Budget Change (£,000's) | 2016-17 Budget Change Cumulative (£,000's) | 2017-18 Budget Change Cumulative (£,000's) | 2018-19 Budget Change Cumulative (£,000's) |
|-----------------------------------|----------------------------------------------------------------------------------------------------------|---------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|
| Provided Services & Mental Health | <b>Reconfiguration of Services</b><br>Review of Learning Disability care home                            | (37)                            | (37)                                       | (37)                                       | (37)                                       |
| Commissioning                     | <b>Investment From Health</b><br>Integrated Commissioning between Health and Adult Social Care           | (260)                           | (260)                                      | (260)                                      | (260)                                      |
|                                   | <b>Total Efficiencies</b>                                                                                | (6,514)                         | (7,348)                                    | (9,221)                                    | (9,221)                                    |
| Growth                            | <b>Demand Pressures</b><br>Increase in demand for learning disabled people placements and care packages. | 205                             | 205                                        | 205                                        | 205                                        |
| Growth                            | <b>Manifesto</b><br>Meals on Wheels Review Fees                                                          | 70                              | 70                                         | 70                                         | 70                                         |
| Growth                            | <b>Manifesto</b><br>Home Care Fees                                                                       | 324                             | 324                                        | 324                                        | 324                                        |
| Growth                            | <b>Legislation</b><br>Funding of care and support (Care Act)                                             | 0                               | 450                                        | 450                                        | 450                                        |
|                                   | <b>Growth totalled</b>                                                                                   | 599                             | 1049                                       | 1049                                       | 1049                                       |

Departmental Risk/Challenges

| Division                                    | Short Description of Risk | Risk                   | Risk                   | Risk                   | Comment |
|---------------------------------------------|---------------------------|------------------------|------------------------|------------------------|---------|
|                                             |                           | 2015/16<br>Value £000k | 2016/17<br>Value £000k | 2017/18<br>Value £000k |         |
| Environment, Leisure and Residents Services |                           |                        |                        |                        |         |

**Departmental Risk/Challenges**

| Division                       | Short Description of Risk                                                                                                                                                                     | Risk                   | Risk                   | Risk                   | Comment |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|------------------------|---------|
|                                |                                                                                                                                                                                               | 2015/16<br>Value £000k | 2016/17<br>Value £000k | 2017/18<br>Value £000k |         |
| <b>Adult Social Care</b>       |                                                                                                                                                                                               |                        |                        |                        |         |
| Operations                     | There is an aging population, in London Borough of Hammersmith & Fulham growth is expected to be 1% per annum. We are currently experiencing increases in numbers during this financial year. | 450                    | 900                    | 900                    |         |
| Operations                     | Increase in demand for Older People, Physical Disabilities & Learning disabled people placements and care packages.                                                                           | 620                    | 620                    | 620                    |         |
| Operations                     | Increase in demand Learning disabled transitions placements and care packages.                                                                                                                | 700                    | 700                    | 700                    |         |
| Operations                     | The Care at Home new outcome based Service is out to tender and an estimated price has been modelled.                                                                                         | 1,610                  | 1,610                  | 1,610                  |         |
| Independent Living Fund        | Changes to the Independent Living Fund (ILF) with potential shortfall in funding not passported to ASC                                                                                        | 697                    | 929                    | 929                    |         |
| Operations                     | Investment from health through the Better Care Fund has been agreed for 2015/16 only. There is uncertainty over future years funding.                                                         | -                      | 2,000                  | 2,000                  |         |
| <b>Adult Social Care Total</b> |                                                                                                                                                                                               | <b>4,077</b>           | <b>6,759</b>           | <b>6,759</b>           |         |

## Adult Social Care Fees and Charges - Exceptions to the 2.4% Increase

| Fee Description                                                                                 | 2014/15 Charge (£) | 2015/16 Charge (£) | Proposed Variation (%) | Total Estimated Income Stream for 2015/16 | Reason for uplift/Comments                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------|--------------------|--------------------|------------------------|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Meals service charges                                                                           | 4.5                | 3                  | -34%                   | 70,000                                    | A reduction of £1.50 has been proposed based on the average meals charge across London Boroughs.                                                                                                                                                                                                                                                                            |
| Home Care Charges                                                                               | 12                 | 0                  | -100%                  | 0                                         | In December 2014 the administration, as part of its commitment for social inclusion and improving adult social care and in line with its election manifesto pledge, signalled its intention to abolish charges for home care. A separate report is on the agenda of this meeting which considers the implication of Adults Social Care Charging policy and recommendations. |
| <b>1. Careline Alarm Gold Service (Pendant) - Emergency Response &amp; Monitoring Service</b>   |                    |                    |                        |                                           |                                                                                                                                                                                                                                                                                                                                                                             |
| Provided to Private Homeowners and Private tenants                                              | 22.89              | 22.89              | 0.00%                  | 45,900                                    |                                                                                                                                                                                                                                                                                                                                                                             |
| Provided to Housing Association (RSL) tenants                                                   | 17.02              | 17.02              | 0.00%                  | 17,100                                    |                                                                                                                                                                                                                                                                                                                                                                             |
| Provided to Council Tenants (Non Sheltered)                                                     | 3.94               | 3.94               | 0.00%                  | 11,100                                    |                                                                                                                                                                                                                                                                                                                                                                             |
| Provided to Council Tenants (Sheltered)                                                         | 2.19               | 2.19               | 0.00%                  | 4,100                                     |                                                                                                                                                                                                                                                                                                                                                                             |
| Provided to SSD Referred Clients (Paid by SSD)                                                  | 1.55               | 1.55               | 0.00%                  | 2,000                                     |                                                                                                                                                                                                                                                                                                                                                                             |
| <b>2. Careline Alarm Silver Service (Pendant) - Monitoring Service only</b>                     |                    |                    |                        |                                           |                                                                                                                                                                                                                                                                                                                                                                             |
| Provided to Private Homeowners and Private tenants                                              | 15.94              | 15.94              | 0.00%                  | 15,600                                    |                                                                                                                                                                                                                                                                                                                                                                             |
| Provided to Housing Association (RSL) tenants                                                   | 10.19              | 10.19              | 0.00%                  | 3,000                                     |                                                                                                                                                                                                                                                                                                                                                                             |
| Provided to Council Tenants (Non Sheltered)                                                     | 2.35               | 2.35               | 0.00%                  | 2,700                                     |                                                                                                                                                                                                                                                                                                                                                                             |
| <b>3. Careline Alarm Gold Service (Pull cord) - Emergency Response &amp; Monitoring Service</b> |                    |                    |                        |                                           |                                                                                                                                                                                                                                                                                                                                                                             |
| (A) Provided to Registered Social Landlord Sheltered Accommodations (RSL Financed)              | 1.56               | 1.56               | 0.00%                  | 22,900                                    |                                                                                                                                                                                                                                                                                                                                                                             |

## Equality Impact Assessment (EIA)

### Adult Social Care (ASC)

#### Hammersmith & Fulham Budget proposals for 2015/16

#### EXISTING EFFICIENCIES, NEW EFFICIENCY SAVINGS, GROWTH FEES AND CHARGES

The 2015/16 efficiencies have been grouped under headings relating to back office savings measures which affects staff and in such cases equalities impacts are considered as part of staffing establishment reorganisations. Other items are to do with more efficient ways of delivering services to the customers and carers and those are detailed below.

All Departmental savings proposals are detailed in this report. They mainly relate to transformation agenda, investment from Health, Public Health and some staffing reorganisations.

Detailed EIA's will be carried out at the time the proposals are in development when the impact can be fully assessed.

#### 1. Transformation Projects:

The strategic plan for Adult Social Care over the coming years is to improve frontline services and deliver on major service transformation programs. This will be done through:

|                                                                                       | H&F 2015/16 Savings |
|---------------------------------------------------------------------------------------|---------------------|
| Customer Journey Operations Alignment                                                 | £615k               |
| Prevention Strategy with the aim to reduce costs by investing in assistive technology | £206k               |

**Customer Journey Operations Alignment £615k:** The aim of the measure is to design and implement a single ASC operating model and organisation structure which will include a core service offer to meet local service requirements.

This is likely to have a positive impact for the customer as it would

- improve the customer and carer experience, streamline processes and make the best use of the operations staff.
- It would also enable the Council deliver a better quality of service to customers and carers by reducing bureaucracy.
- It would also put the users and carers in charge of their information that goes through the system and improve integration with social care workers when the information required is always readily available.

**Prevention strategy with the aim to reduce costs by investing in assistive technology £206k:** This would have positive impact for users as it requires investment in assistive technology to prevent the cost of home care

services. This proposal is based on increasing the number of people using telecare thereby enabling them to stay at home for longer.

## 2. Procurement and Contract Efficiencies:

|                                                                                                                                      | H&F 2015/16 Savings |
|--------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Reprocurement of contracts with a view to manage prices in residential and nursing placement and care at home                        | £597k               |
| Home Care procurement exercise and new operating model                                                                               | £118k.              |
| Supporting People- reprocurement of supporting people contracts and contract negotiations with a view to manage prices within budget | £843k               |

### **Reprocurement of contracts with a view to manage prices in residential and nursing placement and care at home £597k**

The aim of the contract efficiency savings is to reduce the cost of the Adult Social Care services currently commissioned through external providers

This would have a positive impact for the Council and ultimately benefit the service users as the Council would:

- Benchmark against the market to ensure contracts represent the best value for money and are competitively priced.
- Renegotiate contract terms and reprocure services where necessary to secure the best value and minimise concentration of risk
- Reduce the number of contracts to ensure these can be effectively managed within available contract management resources.
- Harmonise contract management processes and systems.

### **Home Care procurement exercise and new operating model £118k**

One of the key priorities of the Department is enable more people stay independent for longer by providing Home care services through a new operating model. The Home care service contract is currently out to tender with the new model of service focusing on improving customer outcomes.

The service user would benefit from this positively as the new proposals will include regular reviews to ensure that older and disabled customers and their carers are getting the right service.

**Supporting People- reprocurement of supporting people contracts and contract negotiations with a view to manage prices within budget £843k.**

This proposal is centered around the reprocurement of supporting people contracts which is likely to have a positive impact on customers as aspects of this measure will involve reprocuring to ensure that a more efficient service is being provided.

Such decisions are subject to the usual decision making process which may include carrying out an Equality Impact Analysis at which stage the impact can be fully assessed.

### 3. Reconfiguration of Services.

|                                                                                                  | <b>H&amp;F 2015/16 Savings</b> |
|--------------------------------------------------------------------------------------------------|--------------------------------|
| Reducing the need for expensive out of Borough supported accommodation for Learning Disabilities | £89k                           |
| Substitution of external day care providers by maximizing in house day care provision            | £87k                           |
| Review of Learning Disability residential care income                                            | £37k                           |
| Review of all high cost and high needs placements for continuing Health funding:                 | £106k                          |
| Identify contracts that would benefit from investment from Public Health Supporting People:      | £551k                          |
| Identify contracts that would benefit from investment from Public Health/Third Sectors:          | £94k                           |

There are a number of savings proposals which would impact the Learning Disabilities (LD) services. These include:

**Learning Disability Supported Accommodation & Day Care services £89k & £87k**

This will have a positive impact for Adult Social Care customers as this aims to meet the increase in demand and numbers of people with Learning Disabilities in the borough through new housing developments and a programme of remodelling existing accommodation services & Day Care services over the longer-term. There is a shortage of supply of high quality specialist housing provision in the borough to meet current and future complex health, social care and physical needs.

Through the delivery of new and re-modelled in-borough housing and support options for people, the Council's aims to provide access to a range of quality local housing provision avoiding the need for out of borough expensive residential care provision.

**Review of Learning Disability Care Home £37k**

This is part of the LD Strategy for accommodation and support and this is likely to have an adverse impact on a small number of customers and their carers. The savings proposed is year 2 of the review and to date external and individual service users meetings have taken place to discuss and arrange the service provision for the users. The equalities issues e have been fully considered and steps such as an independent facilitator has been employed to consider and mitigate any negative impact this may have on service provision.

**Review of all high cost and high needs placements for continuing Health funding £106k**

This refers to a combination of where residents get services from, more regular reviews of packages and benchmarking cost against partners' services most appropriate and the best value for money.

This would have a positive impact as there would be more timely and appropriate interventions in an integrated care co-ordinated approach which would provide appropriate levels of care.

**Identify contracts that would benefit from investment from Public Health Supporting People: £551k**

This proposal is for funding from public health for LBHF Housing support services. The Department would work with Public Health to review the housing support contracts and identify how the service specifications and contracts can be strengthened to include clear and measurable public health activity and this may have a positive impact on service users.

**Identify contracts that would benefit from investment from Public Health/Third Sectors £94k**

This would impact users of this service positively as this proposal is seeking funding from Public Health to improve the pathway to employment for people with Learning Disabilities.

**4. Investment from Health.**

|                                                                                                                         | <b>H&amp;F 2015/16 Savings</b> |
|-------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| Investment from Health through the Better Care Fund                                                                     | £2m                            |
| Integrated Commissioning with Health                                                                                    | £260k                          |
| Improve Outcomes and reduce dependency amongst residents through better joint services with NHS                         | £157k                          |
| Additional income to be derived from collection of rental income from Central London Communities Health Care colleagues | £100k.                         |

**Investment from Health through the Better Care Fund: £2m.** This represents the net benefit share that H&F will receive from Health for the savings that will be achieved in the local health system by reducing urgent



care bed usage and reducing demand for hospital. This will be achieved by supporting existing integrated services by extending and increasing capacity in adult social care crisis response, community independence and home care services.

We are looking to fundamentally transform the quality and experience of care across health and social care over the next five years. The proposal is to create new joined up support and care within communities which would aid integration of operational services encompassing community nursing, therapies and care management and have a positive impact for service users in health and social care.

#### **Integrated Commissioning with Health: £260k**

The savings arise from a review of Joint Commissioning between Health and Adult Social Care staffing arrangements . As this is a back officer review, it does not have a direct impact on service users and in such cases an equalities impact would be considered as part of staffing reorganisation.

#### **Improve Outcomes and reduce dependency amongst residents through better joint services with NHS: £157k**

This item relates to money being received by the Council from the NHS. There are no anticipated equality issues.

#### **Additional income to be derived from collection of rental income from Central London Communities Health Care colleagues £100k.**

This measure is proposing to charge Central London Community Healthcare (CLCH) service charges for the space shared with the Learning Disabilities team.

The Joint Learning Disabilities team is based at Parkview and the Council is in discussions with CLCH regarding a contribution to the service charges. There are no anticipated equality issues.

### **5. Shared Services:**

|                                                                      | <b>H&amp;F 2015/16 Savings</b> |
|----------------------------------------------------------------------|--------------------------------|
| Efficiencies proposed from the amalgamation of back office functions | £464k                          |

#### **Efficiencies proposed from the amalgamation of back office functions**

**This measure includes a review of senior management posts and the review of training programme £260k.**

**Review of the workforce development, planning and business support teams: £187k and shared services client affairs team £17k:** As this is a back officer review, it does not have a direct impact on service users and in such cases an equalities impact would be considered as part of staffing reorganisation .

### **6. Other Efficiencies.**

|                                                                                  | <b>H&amp;F 2015/16 Savings</b> |
|----------------------------------------------------------------------------------|--------------------------------|
| Joint work to be undertaken with Children's and Housing on No Recourse to Public | £100k                          |

|                                         |       |
|-----------------------------------------|-------|
| Fund clients                            |       |
| Review of supplies and services budget: | £90k. |

**Joint work to be undertaken with Children's and Housing on No Recourse to Public Fund clients: £100K.**

This proposal is for joint asylum service between Adult Social Care, Children's Services and Housing with the aim reducing budget pressures in this areas across the three departments. The Adults No Recourse to Public Funds budget is projecting an underspend in 2014/15. There are no anticipated equality issues.

**Review of supplies and services budget: £90k.**

Budget analysis to ascertain which budgets classed within supplies and services are projecting a range of small underspends and reduce the budgets accordingly to meet efficiency targets. There are no anticipated equality issues.

**7. Growth.**

**Increase in demand for Learning disabled customers placements and care packages: £205k.**

This is a positive impact as there will be additional funding to meet the increase in the demand for placements for people with needs arising from Learning Disabilities. These will all be of high relevance to disabled people and will support the participation of disabled people in public life and help to advance equality of opportunity between disabled and non-disabled people. These items will have a neutral service impact as the increase in budgets will meet the needs of these customers and carer and there will be no change to the service or to the eligibility for the service as a result.

**8. Fees & Charges**

**Abolition of charging for Home Care Services.**

The Council has a discretionary power to charge for social care services provided to residents who live in the community. The power to do so is contained in Section 17 Health and Social Services and Social Security Adjustments Act 1983 ("HASSASSAA 83").

Hammersmith & Fulham Council provides a range of domiciliary services (home care, day care and transport services) to its customers who qualify for the service. The Council has been charging a contribution towards the cost of providing home care services only based on its Charging Scheme since January 2009.

Charges for home care services have been a flat rate of £12.00 per hour since April 2012. The minimum charge unit is 15 minutes or £3.00 per quarter of an hour. Charges for home care services are based on actual hours of services provided.

In December 2014 the administration, as part of its commitment to social inclusion and in line with its election manifesto pledge, signalled its intention to abolish charges for home care.

Abolishing home care charges is expected to have a positive impact on current and future home care users as it improves their financial position and wellbeing for the 1266 current customers receiving homecare services in Hammersmith & Fulham of which 313 were contributing towards the cost of care.

Following the decision a small number of home care users who refused the services due to charging are anticipated to return back for assessment of services, which is expected to improve the independence and wellbeing of those affected.

#### **Meals on Wheels: Reduction of charge to £3 per meal.**

Hammersmith & Fulham provides a meal services for customers of the borough who meet the Council's Fair Access to Care Services (FACS) and charges customers a flat rate contribution towards the service.

Meals services are provided to customers by the contractor Sodexo Ltd. There is a part of a contract framework agreement with Sodexo Ltd and Hammersmith and Fulham Council is the lead authority. The contract commenced on 8th April 2013 and covers a five year period.

In December 2014 the administration, as part of its commitment to social inclusion and in line with its election manifesto pledge, decided to review customer charges for meals services and proposed to reduce the charge from £4.50 to £3 per meal.

A reduction in the meals charges is expected to have a positive impact on 127 current and future customers as it improves their financial position and wellbeing.

## BETTER CARE FUND

- 1.1 The Better Care Fund (BCF) is defined as a single pooled budget for health and Social Services to work more closely together, based on a plan agreed between the NHS and local authorities.
- 1.2 The BCF comes into full effect in 2015/16, although work has already started in 2014/15 as Clinical Commissioning Groups and local authorities start to transform the system.
- 1.3 The BCF supports the aim of providing people with the right care, in the right place, at the right time, including expansion of care in community settings.
- 1.4 A Better Care Fund Plan has to be submitted by the NHS and local authorities. Funding allocations to the local authority and to the NHS are dependent on agreement between the parties on the BCF Plan.
- 1.5 The Plan was submitted to Central Government in September 2014.

### Community Independence Service

- 1.6 Additional costs are expected to arise on local authority budgets as set out in Table 1 below:

**Table 1: Additional Costs to Local Authority Budgets**

| Type of Spend                                                                                                        | £'000       |
|----------------------------------------------------------------------------------------------------------------------|-------------|
| The Re-ablement Service – this is mainly staff. A 10% efficiency saving from creating a joint team has been assumed. | £483        |
| Home Care – arising from delaying entry into or reducing stays within residential care                               | £358        |
| Equipment – additional costs to enable customers to remain at home                                                   | £29         |
| <b>TOTAL</b>                                                                                                         | <b>£870</b> |

1.7 The Health Service has agreed to fund these additional costs in 2015/16.

**Table 2: Local Authority Savings Anticipated from BCF**

| <b>Savings Anticipated</b>                                | <b>£'000</b> |
|-----------------------------------------------------------|--------------|
| Avoidance of care in residential/nursing home             | 384          |
| Reduction in home care hours following re-ablement        | 431          |
| S75 Savings                                               | 568          |
| Residential and Nursing Placements – securing lower costs | 247          |
| <b>TOTAL</b>                                              | <b>1,630</b> |

## Spending Power Reduction

### The Provisional 2015/16 Local Government Finance Settlement

1. The Provisional Local Government Finance Settlement was released on 18<sup>th</sup> December. The key Hammersmith and Fulham figures are summarised in Table 1 and Table 2.

**Table 1 – Unringfenced Government Funding**

|                                    | 2014/15       | 2015/16       |
|------------------------------------|---------------|---------------|
| <b>Confirmed Allocations</b>       | £'000s        | £'000s        |
| Revenue Support Grant              | 66,647        | 47,429        |
| New Homes Bonus Grant <sup>1</sup> | 4,638         | 4,105         |
| Other Unringfenced Grants          | 4,866         | 4,275         |
| <b>Total Confirmed</b>             |               |               |
|                                    |               |               |
| <b>Total All</b>                   | <b>76,151</b> | <b>55,809</b> |
| Grant fall - cash                  |               | -20,342       |
| Grant fall – cash terms %          |               | -27%          |
|                                    |               |               |
| <b>Grants for New Burdens</b>      |               |               |
| Adult Social Care – Care Act 2014  |               | 840           |

- 2 The settlement includes funding of £0.840m for new burdens (such as prison social care and the early assessment of the cap on care costs) associated with the Care Act 2014. It is assumed that this funding will be required to meet new expenditure commitments.

**Table 2 - Ringfenced Funding Allocations**

|                                                       | 2014/15     | 2015/16     |
|-------------------------------------------------------|-------------|-------------|
|                                                       | £'m         | £'m         |
| Public Health Grant                                   | 20.9        | 20.9        |
| NHS Funding to support social care and benefit health | 6.3         | 0           |
| Pooled NHS and LA Better Care Fund                    |             | 13.1        |
|                                                       | <b>27.2</b> | <b>34.0</b> |

- 3 The main change is the significant increase in NHS funding made available in 2015/16. This is part of a national pot of £3.8bn. This funding is a pooled budget intended to improve the integration of health and care services. The NHS and local authorities must agree locally through Health and Wellbeing Boards how it is spent. For now it is not assumed that any of this funding will be available to

<sup>1</sup> The 2015/16 allocation is estimated. The figure quoted by the government excludes a deduction required to fund the London Enterprise Partnership. This figure is not yet confirmed.

support the MTFS – it will replace existing health funding or be a new burden. This assumption will continue to be reviewed.

### 2015/16 Spending Power

- 4 As part of the settlement announcement the government state their view of the cut in local authority spending power. As well as government funding this includes their assumption on what local authorities will collect through council tax and business rates. The figures are set out in Table 2. The Hammersmith and Fulham cut is more than twice the national average. In part this is because a low proportion of Hammersmith and Fulham funding comes from council tax.

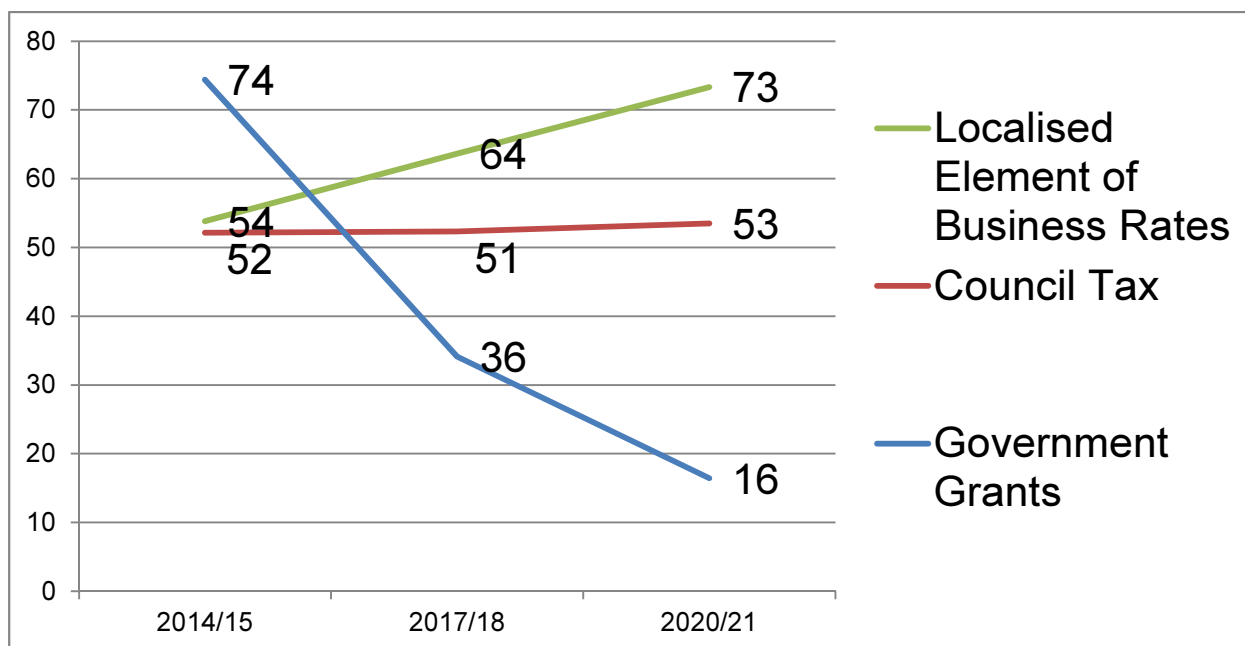
**Table 2 – Government Spending Power Calculation.**

|                | 2014/15 | 2015/16 |
|----------------|---------|---------|
| LBHF           | -4.8%   | -4.7%   |
| London Average | -3.9%   | -3.4%   |
| National       | -2.9%   | -1.8%   |

5. The Government spending power calculation is questionable. It takes no account of inflation or demographic pressures. In addition:
  - In London it takes no account of the top-slice of £1.6m, from new homes bonus grant, made to fund the London Local Enterprise Partnership.
  - It muddles together ringfenced grants (such as the £20.9m for Public Health) and unringfenced grants. This masks the true cut in funding for core local authority services.
  - The comparison of better care funding between 2014/15 and 2015/16 is not on a like for like basis. Hammersmith and Fulham is not £6.8m better-off when the burdens associated with this funding are allowed for.
  - Government assumptions on business rates income take no account of the impact of business rates appeals. These have meant that what many authorities can collect, including a £2m to £3m shortfall for Hammersmith and Fulham, is less than assumed in the calculation.
- 6 The spending power calculation issued by the government suggests a 4.7% reduction for Hammersmith and Fulham. Initial review by this authority suggests the real reduction is more than 10%.
7. In terms of budget requirement, the actual reduction for Hammersmith and Fulham, assuming a council tax freeze, is from £180m in 2014/15 to £160m in 2015/16. This is a cut of 11%. The reduction is close to 14% if inflation and demographic pressures are allowed for.

### Funding Beyond 2016/17.

8. Government funding beyond 2015/16 is not yet confirmed. The current forecast is set out out in the graph below (all figures in £'millions):



9. The general government grant receivable by Hammersmith and Fulham will reduce significantly by 2020/21. The latest forecast is set out below:

**Table 1 – Grant Forecast for Hammersmith and Fulham**

|                                   | 2014/15     | 2017/18     | 2020/21     |
|-----------------------------------|-------------|-------------|-------------|
| Revenue Support Grant             | £66m        | £26m        | £10m        |
| Other General Grants <sup>2</sup> | £8m         | £10m        | £6m         |
|                                   | <b>£74m</b> | <b>£36m</b> | <b>£16m</b> |

10. The main grant is revenue support grant. This is determined by the government based on their view of what funding an authority should receive, the (Settlement Funding Assessment (SFA)). This also takes account of the expected contribution from the local share (30%) of business rates. The figures for 2014/15 and 2015/16 are shown in Table 2.

**Table 2 - Hammersmith and Fulham – Key data from the 2014/15 and Provisional 2015/16 Local Government Finance Settlements.**

|                               | 2014/15 | Provisional 2015/16 | Cash (Reduction) / increase | % (Reduction) / Increase |
|-------------------------------|---------|---------------------|-----------------------------|--------------------------|
| Settlement Funding Assessment | £121.2m | £103.6m             | (£17.6m)                    | (14.6%)                  |

<sup>2</sup> The main other general grants are for the new homes bonus, council tax freeze, housing benefits administration and education support grant.



|                                                    |        |        |          |         |
|----------------------------------------------------|--------|--------|----------|---------|
| Of which:                                          |        |        |          |         |
| Revenue Support Grant                              | £66.1m | £47.4m | (£18.7m) | (28.2%) |
| Baseline Business Rates Funding level <sup>3</sup> | £55.1m | £56.2m | £1.1m    | 2%      |
|                                                    |        |        |          |         |

11. In modelling future funding reductions the SFA is the relevant figure. So for 2015/16 the overall reduction in the SFA is 14.6%. As business rates are expected to increase in line with forecast inflation (2.3%) then the reduction in revenue support grant is much greater (28.2%).
12. The Medium Term Financial Strategy currently includes the provisional grant figures for 2015/16. A 10% reduction in the SFA is then modelled to 2018/19 and 5% per annum to 2020/21. The figures are shown Table 3. Because the business rates baseline figure does not reduce then all the 10% reduction in the SFA falls on Revenue Support Grant (ie a 10% cut on government funding translates to a much greater % cut in RSG).

**Table 3 – Reduction in RSG to 2017/18**

|                                            | 2016/17       | 2017/18       | 2020/21       |
|--------------------------------------------|---------------|---------------|---------------|
| Prior Year SFA                             | £103.6m       | £93.3m        | £74.9m        |
| Less 10% Reduction to 2018/19 and 5% after | (£10.4m)      | (£9.3m)       | (£3.7m)       |
| <b>Updated SFA</b>                         | <b>£93.2m</b> | <b>£83.6m</b> | <b>£71.2m</b> |
| Of which:                                  |               |               |               |
| Revenue Support Grant                      | £36.4m        | £26.4m        | £9.6m         |
| Business rates funding baseline            | £56.8m        | £57.2m        | £61.6m        |

<sup>3</sup> This is the amount of the settlement funding assessment that the government assume is collected through business rates.