

AGENDA

Cabinet

Date: **Thursday 19 December 2013**

Time: **2.00 pm**

Place: **The Council Chamber, Brockington, 35 Hafod Road,
Hereford**

Notes: Please note the **time, date** and **venue** of the meeting.

For any further information please contact:

Governance Services

Tel: (01432) 260249

Email: councillorservices@herefordshire.gov.uk

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Agenda for the Meeting of the Cabinet

Membership

Chairman

Councillor AW Johnson

Councillor H Bramer

Councillor JW Millar

Councillor PM Morgan

Councillor GJ Powell

Councillor PD Price

AGENDA

Pages

HEREFORDSHIRE COUNCIL

Notice has been served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Item No	Title	Portfolio Responsibility	Scrutiny Committee	28 Day Notice Given
4	Adult Social Care Next Stage Integration – Commissioning of Day Opportunities	Health & Wellbeing – Councillor GJ Powell	Health and Social Care Overview and Scrutiny Committee	22/11/13
5	Changes to Herefordshire Schools and Post 16 Transport Policy	Young People and Children’s Wellbeing – Councillor JW Millar	General Overview and Scrutiny Committee	08/11/13

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

To receive any declarations of interest by Members in respect of items on the Agenda.

3. BUDGET MONITORING REPORT

To provide Cabinet with assurance on the robustness of budgetary control and monitoring across the Council, to highlight key financial risks within directorates and identify mitigation to bring the authority within its overall approved budget.

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4. ADULT SOCIAL CARE NEXT STAGE INTEGRATION - COMMISSIONING OF DAY OPPORTUNITIES

To gain agreement to the underpinning principles, the specification, process and transition plans to support the procurement and implementation plan for the day opportunities that are part of the Next Stage Integration programme.

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5. CHANGES TO HEREFORDSHIRE SCHOOLS AND POST 16 TRANSPORT POLICY

To consider changes to the Council’s home to school transport policy such that it provides the statutory minimum requirement of free transport and;

To consider changes to the Council’s school transport policy such that post 16 SEN students pay the same charge as all other students.

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HEREFORDSHIRE COUNCIL

BROCKINGTON, 35 HAFOD ROAD, HEREFORD.

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MEETING:	CABINET– Cllr Anthony Johnson
MEETING DATE:	19 DECEMBER 2013
TITLE OF REPORT:	BUDGET MONITORING REPORT – OCTOBER 2013
REPORT BY:	CHIEF OFFICER – FINANCE

1. Classification

Open

2. Key Decision

This is not a key decision

3. Wards Affected

County-wide

4. Purpose

To provide Cabinet with assurance on the robustness of budgetary control and monitoring across the Council, to highlight key financial risks within directorates and identify mitigation to bring the authority within its overall approved budget.

5. Recommendations

THAT:

- (a) Cabinet notes the projected overspend of £2.5m for 2013/14, an improvement on the September position of £0.8m, the potential impact on reserves and the 2014/15 budget; and
- (b) Cabinet supports the continuing action by Directors to identify further financial savings to mitigate the impact; and

6. Alternative Options

6.1 There are no alternative options that do not radically affect the provision of services.

7. Reasons for Recommendations

7.1 The council continues to forecast an overspend for the year, at October approximately £2.5m or 1.6% of its net budget, compared to £3.3m in September. The overall position has

Further information on the subject of this Report is available from
Peter Robinson on Tel (01432) 383319

been mitigated by additional funding from central government to support small business rate relief.

- 7.2 The key pressure continues to be Adults Wellbeing; either savings slipping or not being able to be delivered and pressures from the Department of Health.
- 7.3 The council has a limited level of general reserves; to such an extent that any overspend in year would need to be recovered in 2014/15.
- 7.4 Local authorities are not legally permitted to borrow to support revenue overspends and the low level of general reserves put this position at risk unless urgent action is taken. Additional action is therefore recommended, to bring forward additional savings proposals from across the council, to minimise the potential overspend.

8. Key Considerations

- 8.1 This report sets out the reasons for the major variances and actions taken to date. Moving forward the Council will need to radically change its approach to delivering services in order to deliver essential services within the available funding

Service	Budget Exp.	Budget (Income)	Net Budget	October Forecast Outturn	Projected (Over)/ under spend
	£'000	£'000	£'000	£'000	£'000
Adults Wellbeing	69,701	(15,414)	54,287	58,172	(3,885)
Childrens Wellbeing	43,145	(14,657)	28,488	28,308	180
Economy, Communities and Corporate	111,814	(67,452)	44,362	44,357	5
Chief Executive and Organisational Development	8,058	(707)	7,351	7,293	58
Public Health	7,896	(7,753)	143	(119)	262
Total Directorates	240,614	(105,983)	134,631	138,011	(3,380)
Treasury Management	15,239	(259)	14,980	14,920	60
Change management*	1,800		1,800	1,800	0
Government grants		(3,534)	(3,534)	(4,634)	1,100
Contingency	773		773	773	0
Other central budgets	280	(634)	(354)	(119)	(235)
Transfer to general balances	2,000		2,000	2,000	0
Total Budget	260,706	(110,410)	150,296	152,751	(2,455)

*Total budget for severance costs is £2m, with £200k within Directorate budgets

8.3 The Adults over spend of **£3.9m** comprises:

	Sept	Oct
	£m	£m
▪ Savings scheme slippage	3.2	3.2
▪ Department of Health Funding Pressures	0.5	0.5
▪ Other*	<u>(0.3)</u>	<u>0.2</u>
	3.4	3.9

* The movement relates to an increased number of client packages.

8.4 The Children’s Wellbeing position has improved by £219k since September, which is mostly attributable to reduced home to school transport costs and staffing reductions.

8.5 Included in the 2013/14 budget is a target of £300k to be achieved through procurement projects, including printing, stationery, cash collection and mail services. Whilst savings of £65k are anticipated, the remaining £235k will not be delivered and this pressure is reported within central budgets.

8.6 Further detail is included in the Directorate Control meeting reports in appendices A to E.

8.7 The council has been notified of additional one-off funding by central government to cover the cost of the extended Small Business Rate Relief scheme, which ends in March 2014. The final figure will not be confirmed until Summer 2014 when the council’s account are agreed, but is estimated to be in the region of £1.1m. This has been the first year the council has included business rate income as part of its budget, replacing government grant, therefore a prudent approach has been taken in producing previous forecasts as any re-valuations or collection default is now the council’s responsibility. However a review of Business Rate or National Non-Domestic Rates collected by the council shows that original estimates are on target allowing the business rate relief scheme grant to be shown in the forecast.

8.8 Appendix F includes the position on the capital programme for 2013/14. It shows that the projected capital out-turn is £51.2m funded from capital grants (£31.2m), borrowing (£16.7m) and capital receipts (£3.3m).

8.9 The Treasury Management position is projected to underspend by £60k in 2013/14. Appendix G includes a detailed analysis.

8.10 Estimated Reserve Level 31.3.14

Reserves	Actual Reserves 31.3.13 £m	Estimated level 31.3.14 £m
Prudential/minimum acceptable balance*	4.5	4.5
General reserves	0.1	0.1
Provision for risks around the budget	0.0	2.0
Potential overspend in 2013/14	0.0	(2.5)
Earmarked reserves	8.5	7.2
Council reserves	13.1	11.3
Schools balances – not available for council	5.5	5.3
Total reserves	18.6	16.6

* Each authority's S151 Officer must determine a minimum acceptable working balance which recognises potential unforeseen/unbudgeted financial risks e.g. flooding, natural disaster or unforeseen litigation. In Herefordshire this has been assessed and approved by the External Auditor as 3% of the net revenue budget. If used it must be replenished the following financial year.

- The reserves include an estimated £5.3m of schools balances, which are not available for general use, and £7.2m of earmarked reserves e.g. £2.6m waste disposal reserve.
- The 13/14 budget included an additional £2m to increase reserve levels, this has now been set aside for unbudgeted costs, including pending court cases. If these do not transpire this will reduce the level of overspend or be used for its original intention to top-up general fund balances
- The overall level of reserves at 31.3.13 of £18.6m is sometimes referred to. However £5.5m relates to school balances and cannot be used by the council, £4.5m is its minimum balance that it must not plan to use to balance its budget and £8.5m are earmarked against specific commitments, leaving only £0.1m available for use.

9. Community Impact

9.1 Savings measures may impact on the community but will be subject to consultation before implementation.

10. Equality and Human Rights

The recommendations do not have a direct equality implication, however, resulting actions will need to consider these.

11. Financial Implications

11.1 These are contained within the report.

12. Legal Implications

- 12.1 The Local Government Finance Act 1988 makes it a legal requirement that the council's expenditure (and proposed expenditure) in each financial year must not exceed the resources (including sums borrowed) available to the authority. If this principle is likely to be breached, the Chief Financial Officer is under a statutory duty to make a formal Report to Members.

13. Risk Management

- 13.1 Monthly budget control meetings are chaired by the Chief Officer Finance to give assurance on the robustness of budget control and monitoring, to highlight key risks and to identify any mitigation to reduce the impact of pressures on the council's overall position.

14. Consultees

- 14.1 None

15. Appendices

- 15.1 Appendix A – Month by month comparison
Appendix B – Adults Wellbeing Budget Control meeting
Appendix C – Childrens Wellbeing Budget Control meeting
Appendix D – Economies, Communities and Corporate Budget Control meeting
Appendix E – Chief Executive and Organisational Development Budget Control meeting
Appendix F – Public Health Budget Control meeting
Appendix G – Capital Monitoring
Appendix H – Treasury Management

16. Background Papers

- 16.1 None identified.

APPENDIX A

Directorate net Budget	Net Budget October £'000	October variance £'000	September variance £'000	Difference	Explanation
Adults Wellbeing	54,287	(3,885)	(3,402)	£'000 (483)	<ul style="list-style-type: none"> Increased packages for clients (£601k). Agency staff (£20k) Mitigated by: <ul style="list-style-type: none"> Capitalising community equipment £138k Total (£483k)
Childrens Wellbeing	28,488	180	(39)	219	<ul style="list-style-type: none"> Placement pressures (£104k) Agency staff (£116k) Other costs (£35k) Mitigated by: <ul style="list-style-type: none"> Hold on vacancies £250k Transport £129k Reduced court costs £20k Extra funding £75k Total £219k
Economy, Communities and Corporate	44,362	5	(80)	85	<ul style="list-style-type: none"> Planning Services staff savings £140k Increase income pressures on Parking & Bereavement Services (£55k) Total £85k
Chief Executive and Organisational Development	7,351	58	83	(25)	<ul style="list-style-type: none"> Printer costs (£25k) Total (£25k)
Public Health	143	262	262		
Total Directorates	134,631	(3,380)	(3,176)	(204)	

Movement in respect of budget changes is comprised as follows:

ADULTS WELL- BEING	
Transfer from Housing reserves	85k.
Net increase of	£85k
CHILDREN'S WELL-BEING	
Transfer from central redundancy budget	£86k
Net increase of	£86k
ECONOMY, COMMUNITIES AND CORPORATE	
Transfer from central redundancy budget	80k
Grants transferred from reserves	201k
Net increase of	£281k
CHIEF EXECUTIVE AND ORGANISATIONAL DEVELOPMENT	
Transfer of Research Team to Public health	-£138k
Net decrease of	-£138k
PUBLIC HEALTH	
Transfer of Research Team to Public health	£138k
Transfer from central redundancy budget	£13k
Net increase of	£151k
Allocation of Reserves and central redundancy budget	-£465k
TOTAL	Nil

ADULTS WELL- BEING BUDGET CONTROL MEETING UPDATE REPORT OCTOBER 2013

Purpose - To provide the Chief Finance Officer with assurance on:

- the robustness of budget control and monitoring within the Adults Well- Being Directorate
- to highlight key risks within the directorate
- to identify any mitigation which can be achieved to reduce the impact on the overall Council budget for 2013/14.

Key Messages

1. The Directorate currently reports an over spend of **£3.9m**, which is a deterioration of £0.5m from the position reported in September. The key areas of this overspend are:

Area	£m
Savings Schemes Slippage	3.2
Department of Health Funding Pressures	0.5
Other	0.2
Total	3.9

2. The key areas of the (£0.5m) forecast change included in 'other' are as follows:

Area	£'000
Increased package numbers and costs	601
Increased agency and staffing costs	20
Capitalisation of community equipment	(138)
Total	483

1. Current Status – Revenue Budget by Service

Service	Budget Expenditure	Budget (Income)	Net Budget	October Forecast Outturn	projected (over)/under spend
	£'000	£'000	£'000	£'000	£'000
Adult Operations	4,071	(516)	3,555	4,090	(535)
Mental Health	9,106	(1,932)	7,174	7,312	(138)
Learning Disabilities	17,230	(1,318)	15,912	15,751	161
Older People	19,206	(5,365)	13,841	14,881	(1,040)
Physical Disabilities	7,969	(753)	7,216	7,514	(298)
Adult Commissioning	1,017	0	1,017	1,283	(266)
Other Services	7,548	(4,660)	2,888	4,059	(1,171)
Adult Social care excluding outstanding decisions	66,147	(14,544)	51,603	54,890	(3,287)
Planned savings schemes outside directorate	(876)	0	(876)		(876)
Total for adult social care	65,271	(14,544)	50,727	54,890	(4,163)
Homelessness	2,916	(210)	2,706	2,581	125
Housing Needs and Development	280	(8)	272	268	4
Homepoint	282	(282)	0	(20)	20
Housing and independent living management	225	0	225	211	14
Healthy Housing	727	(370)	357	242	115
Housing and Independent living	4,430	(870)	3,560	3,282	278
Adults well-being Directorate	69,701	(15,414)	54,287	58,172	(3,885)

2. Budget Variances

a) Other increased pressures of £0.5m

- Client groups are expected in total to overspend by £315k (excluding the Homecare savings element). The table below illustrates.

Client Groups	Activity outturn Under/(over spend)	Homecare savings shortfall	Forecast outturn October
Older People	(759)	(281)	(1,040)
Mental health	99	(237)	(138)
Learning disabilities	466	(305)	161
Physical Disabilities	(121)	(177)	(298)
Total	(315)	(1,000)	(1,315)

- The October forecast shows a deterioration of £601k to the previously reported September position. This is due in the main to:

Pressures:

- Cost pressure due to a number of backdated nursing and residential placements within Older People of £402k. Work is currently taking place to identify why these packages were not identified and validated to be included in earlier financial forecasts. All disputed residential invoices are now accrued for in these forecasts, based on all information know at this time.
- Increase in the cost of and additional residential placements within Mental Health £77k.
- An additional 3 new adult placements within Learning Disabilities and net increase in cost of residential packages £28k.
- Increased costs for Headway Triage services and EMS contract £38k.
- Provision for disputed residential placements as follows:
Mental Health £61k
Older People £11k
Physical Disabilities £1k
Client Group unclassified £43k

Mitigating reductions as follows:

- Cost reduction due to the reduction in direct payments and personal budgets of £60k savings within Physical Disabilities category.

Appendix 1 provides further information around the numbers and cost of new packages identified during October.

b) Savings schemes £3.2m shortfall

Within the approved budget of £54m, savings of £8.3m were planned, (of which £7.1m relates to adult social care); £5.8m are on target to be delivered, however £2.3m are at risk (all within adult social care).

Further savings in the Economy Communities and Corporate Directorate of £0.9m, on top of the £0.3m already transferred will be transferred to Adults Wellbeing in 2014/15.

The Directorate continues to review where extra efficiencies can be found this year to mitigate the savings shortfall. This includes looking at reviewing high cost packages using the care funding calculator, efficient use of existing contracts and effective management of discretionary spend in operational budgets across the directorate.

c) DOH Funding Pressures £0.5m

Winter pressures funding of £250k had previously been assumed as this has happened in previous years, confirmation has now been approved nationally of a change in approach and Herefordshire health and social care is thought unlikely to receive any further funding. However Adults well –being directorate is also working with Public Health and NHS colleagues, through the urgent care board to mitigate as far as possible increased demand during the winter months. Specific funding through the NHS for social care plans have to be agreed with the Clinical Commissioning Group, due to the extreme pressure within the health and social care urgent care system, specific projects to manage winter pressures and additional pressure on acute care now require funding and creates an additional expenditure not previously worked through the base budget of £300k.

Risks

- 1) Demands are likely to exceed budget capacity during the winter months. Some provision exists within the budget due to increases discharge activity from the acute hospital, but may not be sufficient.
- 2) A risk remains around Mental health, Learning Disabilities and Physical Disabilities clients where no provision for further growth or increased costs exist.
- 3) There is a risk around new joiners to the pension scheme. Next stage Integration budgets currently assume that there will be no change to current pension contributions. This risk is estimated at £74k. It also assumes that £100k is achievable through vacancy management. This is at risk if the service requires agency cover.
- 4) The council has a responsibility to provide accommodation for anyone sleeping rough during the winter (where the temperature is 0 or below for 3 consecutive nights). This will be most likely triggered at some point during the remainder of the financial year. A contribution is made to a local charity that provide a shelter for up to 15 people during December – March but this does not accommodate all persons and therefore may put pressure on the Homelessness budgets, which have limited scope to absorb significant additional costs.

Opportunities

- 1) A further £150k Capital funding, received as a grant from the Department of Health is available to capitalise Community equipment store items purchased during the remaining periods of this financial year.
- 2) Within the Next Stage Integration project there may be opportunities to release day opportunity staff sooner than assumed on 31st March, if it is safe to do so.
- 3) By further integrating the Framework I and Agresso application, greater visibility of those packages that require attention can be identified which may result in cost reduction.
- 4) Following reviews Direct Payments cases, surplus payments are now being recovered from client accounts. These are not yet included within the forecasts.

APPENDIX 1

Older persons				
Package Type	Number of New packages	Number of Terminated packages	Net Increased number of packages	Net Increase in cost (decrease in cost)
				£'000
Nursing	20	5	15	252
Residential	10	2	8	138
Community care	48	22	26	70
	78	29	49	460
Mental Health				
Package Type	Number of New packages	Number of Terminated packages	Net Increased number of packages	Net Increase in cost (decrease in cost)
				£'000
Nursing	7	4	3	115
Residential	4	2	2	89
Community care	2	8	(6)	(126)
Total	13	14	(1)	78
Physical Disabilities				
Package Type	Number of New packages	Number of Terminated packages	Net Increased number of packages	Net Increase in cost (decrease in cost)
				£'000
Nursing	1	3	(2)	8
Residential	2	1	1	38
Community care	5	5	0	(81)
Total	8	9	(1)	(35)
Learning Disabilities				
Package Type	Number of New packages	Number of Terminated packages	Net Increased number of packages	Net Increase in cost (decrease in cost)
				£'000
Nursing	1	1	0	4
Residential	1	3	(2)	14
Community care	13	5	8	15
Total	15	9	6	33

These figures represent the actual change in package numbers during the month of October alone and the costs reflect the amount to be incurred by these changes up to the 31st March 2014.

CHILDREN'S WELLBEING APPENDIX C
BUDGET CONTROL MEETING UPDATE REPORT
OCTOBER

MEETING DATE:

27TH NOVEMBER 2013

Purpose

To provide the Chief Officer Finance with assurance on:

- the robustness of budget control and monitoring within Children's Services,
- to highlight key risks within the directorate
- to identify any mitigation which can be achieved to reduce the impact on the overall Council budget for 2013/14.

1. Key Messages

1. The latest projected outturn is a net underspend of £180k. An improvement of £219k since the September position, which is mostly attributable to reduced cost of hold on vacancies £250k, home to school transport of £129k and the receipt of a one-off grant within Additional Needs of £75k and reduction on court costs of £20k. This has been offset by Increase in agency staff of £116k, additional placement costs of £104k and other pressures of £35k.
2. The service continues to hold vacant posts where possible.
3. Detailed work has been carried out on school transport costs and this has led to a reduction of £67k on contract costs and a £62k increase in income. Pressures remain with the social work teams leading to increased agency costs of £116k. All interims are now forecast to remain in post until the end of March. There has been some success within the latest recruitment campaign and the affect in included within the forecast.
4. Agency fostering placements have been forecast to the end of March. The teams are currently working with circa four children to look at permanency within the next few months.

1.1. Current Status – Revenue Budget by Service

Service	Annual budget			October Forecast Outturn	Oct OT Variance	Sept FC Variance	Change to forecast
	Budget Expend	Budget (Income)	Net Budget				
	£000's	£000's	£000's				
Directorate Costs	2,310	(318)	1,992	1,931	61	42	19
Directorate Costs	2,310	(318)	1,992	1,931	61	42	19
Service Management	127	0	127	145	(18)	(27)	9
Children's Safeguarding *	13,571	(283)	13,288	14,355	(1,067)	(921)	(146)
Locality Services	2,909	(395)	2,514	2,280	234	185	50
Safeguarding and Early Help	16,607	(678)	15,929	16,780	(851)	(763)	(88)
Service Management	507	0	507	451	56	17	39
Additional Needs	6,356	(4,004)	2,352	2,323	29	(39)	67
Education Improvement	1,413	(958)	455	292	163	152	11
Youth Services	563	(168)	395	310	85	90	(4)
Children's commissioning	1,811		1,811	1,770	41	39	2
Sufficiency and Capital	13,578	(8,531)	5,047	5,351	(304)	(478)	174
Education and Commissioning	24,228	(13,661)	10,567	10,497	70	(218)	288
Education Support Grant				(900)	900	900	0
Children's Wellbeing Directorate	43,145	(14,657)	28,488	28,308	180	(39)	219

The above figures do not include £100m of school budgets funded from Dedicated Schools Grant

*Education Support Grant - £1m for Safeguarding and £0.2m for Transport within Learning and Achievement.

2. Headlines by Service Area

2.1. Safeguarding and Early Help – overspend £851k

Key Points

Locality Services

1. Underspend of £233k Due to hold on vacant posts. within locality services due to new re-structure and not filling vacant posts for the remainder of the financial year.

Safeguarding

2. External placement pressure currently stands at a gross pressure of £336k, reduced to £111k after offsetting by grant funding. This is as a direct result of increased referrals and case numbers following the Ofsted inspection in September 2012.
3. There are now two ordered remand placements. The pressure is £221k reduced to £61k after offsetting grant funding.
4. Increased agency fostering placements which have all been assumed to be in place until 31st March give a pressure of £91k. Working is on-going to find permanency for these children.

5. The current agency staff forecast within looked after children and fieldwork is an overspend is £884k
6. Court costs currently predicting an, overspend of £315k, which is in part due to the requirement for specialist legal advice on two complex cases. During October there was a loss of two cases and the HoS in taking a robust approach to reduce costs where possible.
7. The current vacancy within the advanced practitioner service and delay in the newly qualified social workers starting have given a £68k underspend.

2.2. Education and Commissioning – underspend £70k

Key Points

8. School transport has pressures have been reduced to £329k after a review of the number of riders per term by contract and the impact of the number of riders paying the increased fee from September is now known. Projections are based on the riders expected during each term using previous years trends.
9. There is an, underspend within early years of £176k due to vacancies.
10. Youth Services currently shows a £84k underspend due to staff vacancies and closure of the service.
11. The one-off receipt of the non-pathfinders grant of £75k as a result of the Children and Families Bill within Additional Needs.
12. There are pressures within Complex Needs with an impact of £55k.
13. There is a remaining net underspend, within Education and Commissioning of £151k, arising from staff vacancies and contract spend. offset by shortfall in Service level Agreement income.

Budget Changes during October

Transfer from Corporate Redundancy Reserve	£86k
Net increase of	£86k

APPENDIX D

ECONOMY, COMMUNITIES AND CORPORATE MONTHLY BUDGET CONTROL REPORT

MEETING DATE:

27TH NOVEMBER 2013

Purpose

To provide the Chief Officer Finance with assurance on:

- the robustness of budget control and monitoring within the Directorate
- to highlight key risks within the directorate
- to identify any mitigation which can be achieved to reduce the impact on the overall Council budget for 2013/14.

Key Messages

- The Directorate currently reports an underspend of **£5k**, which is slightly better than the position reported in September.

1.1 Current Status – Revenue Budget

The current revenue budget position based on the results to the end of October 2013 are summarised in the table below:

Service	Budget Expend £000	Budget (Income) £000	Net Budget £000	Net Forecast Outturn £000	Projected Under / (Over) spend £000
Economic, Environment and Cultural Services	12,702	(8,719)	3,983	3,891	92
Place Based Commissioning	32,436	(4,531)	27,905	27,678	227
Law, Governance & Resilience	3,773	(890)	2,883	3,387	(504)
Chief Finance Officer & Corporate Management	51,999	(48,056)	3,943	3,696	247
Property Services	6,162	(4,525)	1,637	1,582	55
Community & Customer Services	4,469	(695)	3,774	3,922	(148)
Director & Management	273	(36)	237	201	36
Economy, Communities & Corporate	111,814	(67,452)	44,362	44,357	5

1.2 Savings Plans – Summary

The total savings plan for the Directorate is £7.6m of which £6.2m is included in the within the approved budget of £44m. This includes £1.9m vired as a result of additional saving schemes identified in May 2013 to mitigate pressure in Adults Well-being.

£Savings Schemes – RED status

The 2013/14 plan includes additional savings schemes of £1.4m which were subject to Cabinet or Cabinet Member approval. Whilst the majority of these schemes have been signed off and £400k additional savings are anticipated in 2013/14, the remaining £1m will not be achieved in 2013/14

and where relevant are now incorporated in the future savings plans.

The 2013/14 plan also includes £300k in relation to procurement savings managed within the Directorate but held centrally. Commercial Board has agreed this target to be achieved through procurement projects in 2013/14 include printing, stationery, cash collection and mail services. Whilst savings of £65k are anticipated, the remaining £235k is at risk and this pressure is reports centrally.

1.4 Headlines by Service Area

The Directorate budget has increased by £281k since last reported. This relates to £80k funding from the corporate redundancy pot and £201k transfer from reserves in relation to previous year's grants. This mainly relates to Community Transport grant. The adjustments are:

There is pressure on income budgets in relation to Parking of £148k; this reflects the impact of the closure of the Garrick House Multi Storey Car Park for refurbishment. The pressure is partly mitigated by staff savings and other discretionary spend savings.

A cost reduction scheme in Planning Services, identified within the Additional Savings Schemes in May 2013, means staff savings of £250k as the part year effect in 2013/14. These savings will help address the shortfall in HERS savings target and mitigate one off in year pressures. The full year saving is included in the 2014/15 savings plan.

As previously reported, legal proceedings were commenced against the Council (and other Councils) by private search companies which could result in this Council having to repay around £367k putting pressure on 2013/14 budgets. The outcome of this claim will have an impact on the way we deliver this service in the future.

There is a projected overspend for the year in relation to Legal Services. The overspend of £110k reflects the increased cost of additional in house expertise in key areas of planning, childcare and employment law and will lead to reduced outsourcing of legal work to solicitors and counsel which, in previous years, has cost the authority in excess of £800k p.a. across the organisation.

The Corporate Management budget includes a base budget of £314k for Non -Discretionary Rate Relief. Further guidance on the rates retention scheme indicates that this is not now required to be paid into the Collection Fund.

There is currently a pressure of £148k on Property budgets; this reflects the risk on the maintenance budgets. Whilst this pressure is expected to be mitigated by identification of capital expenditure and recharging staff cost to capital projects, £150k is currently being included in the outturn position as at risk.

1.5 Other Risks & Opportunities

As part of an on-going Directorate Review further savings have been identified on discretionary spend budgets however these are not yet included within the outturn due to the risk identified below.

There is a risk in relation to disputed items in the Amey contract.

Street Lighting – energy costs are expected to exceed budget by £230k for the year. Members will be aware of energy costs increases and in order to address these pressures there is a roll out of LED lighting and other energy saving strategies across the street lighting asset. These improvements are now starting to help mitigating the pressures on the street lighting energy budget. However until the project is extended across the whole of the street lighting asset, energy costs pressures are likely to remain and are estimated at £230k pressure for 2013/14. Further energy saving projects will continue as part of the Public Realm services contract. These will be

funded through interest free loans from SALIX and prudential borrowing which will be funded from the resultant energy savings.

Although current winter conditions are being managed and are in line with normal winter conditions, there is risk of the impact of prolonged or severe winter weather conditions on the Directorate budget. Through the re-alignment of budgets to manage the Balfour Beatty contract from 1st September 2013, £500k additional budget has been allocated to this budget and detailed cost control models are being updated to reflect the new contract payment mechanism.

There is also the risk of the cost of emergency repairs in response to severe weather conditions, such as flooding or harsh winter conditions. Whilst DCLG assist in the funding of these costs, through the Bellwin scheme, Herefordshire would have to fund the first £454k within current budgets.

CHIEF EXECUTIVE & ORGANISATIONAL DEVELOPMENT TEAM

MONTHLY BUDGET CONTROL REPORT

MEETING DATE:

27TH NOVEMBER 2013

Purpose

To provide the Chief Officer Finance

- the robustness of budget control and monitoring within Chief Executive and Organisational Development team
- to highlight key risks within the directorate
- to identify any mitigation which can be achieved to reduce the impact on the overall Council budget for 2013/14.

Key Messages

- The directorate currently reports an underspend of £58k, a slight reduction in the September position.

1.1 Current Status – Revenue Budget

The current revenue budget position based on the results to the end of October 2013 are summarised in the table below:

Service	Budget Expend £000	Budget (Income) £000	Net Budget £000	Net Forecast Outturn £000	Projected Under / (Over) spend £000
ICT	5,402	(495)	4,907	4,907	
Human Resources	1,437	(132)	1,305	1,305	
Communication & Web	622	(80)	542	542	
Management & Support	217		217	217	
Organisational Development Team	7,678	(707)	6,971	6,971	0
Chief Executive	380	0	380	322	58
Chief Executive & ODT	8,058	(707)	7,351	7,293	58

1.2 Savings Plans – Summary

The total savings for this area total £2.5m made up of the original savings plus additional savings recently identified, as part of the Chief Executive Review.

1.3 Savings Schemes – RED status

All savings are delivered or anticipated excluding £160k. This relates to the changes in the agreed Employment Reward Proposals from 3 days unpaid leave to 2. This is a Council wide savings target and will not be achieved.

1.4 Headlines by Service Area

1.5 Other Risks & Opportunities

The Directorate budget has reduced by £138k since last reported. This reflects the transfer of the Research team budgets to Public Health.

The reduction in underspends reflects the mitigation of in year pressures relating to central printer costs specifically relating to redundant printer costs. There is currently a procurement scheme in progress which identifies £150k reduction in annual printer contract costs which will also help mitigate this pressure in 2013/14 and will lead to budget savings in 2014/15.

Whilst a reduced service level agreement for 2013/14 has been agreed with Hoople in relation to training and is expected to deliver a one off saving of £100k, the impact of this variation is currently being assessed to evaluate any related pressures.

PUBLIC HEALTH APPENDIX F

BUDGET CONTROL MEETING UPDATE REPORT

OCTOBER

MEETING DATE:

26TH NOVEMBER 2013

Purpose

To provide the Chief Officer Finance with assurance on:

- the robustness of budget control and monitoring within Public Health
- to highlight key risks within the department
- to identify any mitigation which can be achieved to reduce the impact on the overall Council budget for 2013/14.

1. Key Messages

- 1 There is currently a contribution from the public health grant of c£165k, plus a further £90k to commercial services, which is a commitment for the next 2 years.
- 2 This contribution or collaborative funding to other areas is the only valid use of a “redirection” of the public health grant. Savings cannot be offered up to the council bottom line under the conditions of the grant, or otherwise used to offset unrelated expenditure or deficits elsewhere.
- 3 The current underspend of £262k reflects consultant and other vacancies. A consultation on a review of the establishment has been completed and the assumptions are based on all posts filled during October 2013.
- 4 There are currently financial risks and pressures that have been described previously against any underspend and these are being worked through the system to validate or eliminate them.

1.1. Current Status – Revenue Budget by Service

Service	Budget Expend	Budget (Income)	Net Budget	October Forecast Outturn	Projected (over)/ Underspend
	£000's	£000's	£000's	£000's	£000's
Public Health Grant	0	(7,753)	(7,753)	(7,753)	0
Pay Budget	1,873	0	1,873	1,689	184
Commissioning Budget	5,522	0	5,522	5,517	5
Contingency Budget	350	0	350	277	73
Public Health Grant	7,745	(7,753)	(8)	(270)	262
Research Team	151		151	151	0
Public Health LA	151	0	151	151	0
Public Health Directorate	7,896	(7,753)	143	(119)	262

KEY POINTS

- 1 Due to the current recruitment freeze and uncertain financial pressures vacant posts within the structure aren't in a recruitment process. This is a risk to the delivery of the transformational commissioning strategy that will enable collaborative use of the public health grant across council services.

- 2 These budgets are due for review on a bi-monthly basis therefore a robust review of any uncommitted expenditure will be completed in November for the next reporting cycle.
- 3 The net budget reflects the corporate savings target relating to 2 days additional leave. This does not apply to those TUPED over on NHS terms and conditions.

Risks

1. There is risk associated with financial pressures as a result of working clarifications through the health system following the implementation of the Health and Social Care Act 2012. These are being worked through to resolution. Regardless of in-year outcome there is an implication that some amount could be taken from the 2014/15 ring-fenced grant allocation as part of system corrections.
2. Current commissioned services as novated to the Council under the Health and Social Care Act are being reviewed and may require additional investment in order to meet health need.

Opportunities

1. Work to identify opportunities to align funding in the current budget against pressures is ongoing.
2. Contingency for some service pressures was built into the new council public health budget from the beginning of the year.
3. Slippage in the recruitment process as described above offer vacancy contingency for pressures but risks delivery of use of the grant for pressures.
4. The work programme for redesign of inherited contracts and programmes for 2014-2015 is essential for being able to use the grant collaboratively across council services.

Budget Changes during October

Transfer of Research Team from CE and ODT	£138k
Transfer from redundancy reserve	£13k
Net increase of	£151k

Capital Forecast

1. The capital outturn forecast for 2013/14 as at the end of October totals £51.2 million, a decrease of £2.4m from September's projected outturn, being:-
 - Slippage of forecast spend on LED street lighting spend of £1,131k into 2014/15. The business case and associated revenue savings supporting this scheme are under review, full scheme spend is expected in 2014/15.
 - Slippage of expected spend on solar panels in 2013/14 of £686k into 2014/15 as a result of suitability reviews.
 - Virement of £400k from the electronic record document management system to the corporate accommodation programme with commitments falling into 2014/15.
 - Slippage in the customer re-organisation capital cash spend in 2013/14 to 2014/15 of £200k as a result of continuing business case review work.

A summary by directorate is provided in Table A below.

Table A – Capital Outturn Forecast & Funding Summary

Directorate	2013/14 Capital budget £'000	Capital spend to end of October £'000	Profiled original budget to end Oct £'000	Spend variance to original budget £'000	Projected outturn £'000
Adults Wellbeing	3,422	673	1,441	(768)	2,895
Childrens Wellbeing	9,508	5,307	4,146	1,161	9,586
Economy, Communities & Corporate	41,828	12,087	20,482	(8,395)	37,773
Chief Executive & Organisational Development	1,248	17	377	(360)	648
Contingency	242	110	-	110	274
Total	56,248	18,194	26,446	(8,252)	51,176
Capital Grants	30,463				31,182
Prudential Borrowing	21,905				16,662
Capital Receipts	3,819				3,271
Reserve funding	61				61
Total	56,248				51,176

2. Table B - Schemes with an outturn forecast exceeding £500k in 2013/14

Scheme	Spend to end October £'000	Profiled Budget to end Oct £'000	2013/14 Annual Forecast £'000	Comments
Adults Wellbeing				
Disabled Facilities Grants	608	559	1,119	Individual grants awarded through an application process, enabling independent living
Adult social care	3	-	636	Single capital pot grant funding for capital spend to be used on community equipment purchases
Childrens Wellbeing				
Leominster Primary School	1,175	-	3,507	Works started on site, new school to open in October 2014
Blackmarstons Special School	2,722	2,719	2,719	Refurbishment scheme complete
Condition property works	517	272	1,634	Annual programme of works at various school sites committed on a highest need first basis
Economy, Communities & Corporate				
Local Transport Plan including additional maintenance allocation	4,342	9,439	11,376	Annual programme of capital works to highways, footways and bridges. Provider change this year resulting in cash spend to date slippage
Corporate accommodation	1,179	1,366	7,690	Works started at Plough Lane, the new heritage, archive and record centre and Civic hub 2
Fastershire broadband pilot	-	1,333	4,000	Survey work underway on providing faster broadband service to rural areas, first funding claim yet to be settled
Masters House, Ledbury	442	1,038	2,076	Refurbishment works have commenced and will continue into next year
Link road	641	930	1,921	Anticipated one year construction programme expected to start in late summer of 2014
Connect 2	1,459	889	1,695	New bridge on site with continuing works leading to an opening before Christmas
Hereford Enterprise Zone	441	783	1,566	Utilities, access and public realm works underway to enable plot sales
Marches Redundant Building Grant Scheme	172	758	1,300	Grant funded grant awards following an approval process
Garrick House multi storey	1,110	1,146	1,146	Works to complete and car park to re-open before Christmas trade
Car Parking Strategy	13	583	999	Includes works underway at station approach
Unavoidable backlog maintenance including	-	350	600	Programme of essential property estate improvement works allocated on a

smallholding estate	highest need basis		
Sub Total	14,824	22,165	43,984
Schemes with a budget <£500k in 2013/14	3,370	4,281	7,192
Total	18,194	26,446	51,176

Capital Receipts Reserve

3. The opening capital receipts reserve balance totalled £2.7 million as at 1st April 2013. This has been increased by £0.4m from the sale of a smallholding and £1.0m from the auction of a portfolio of smaller investment properties held. This funding will fund 2013/14 capital spend, the majority on Hereford Enterprise Zone, which is expected to generate sales receipts in the near future.

This report ensures the council demonstrates best practice in accordance with CIPFA's recommendations in their Code of Practice for Treasury Management, by keeping members informed of treasury management activity.

1. The Economy

1.1. Recent economic events and statistics show the following:

- GDP growth in the first quarter was 0.3%, the second quarter was 0.7% and the first estimate for the third quarter showed the UK economy growing by 0.8%.
- The year-on-year Consumer Price Index (CPI) for October saw an unexpectedly big drop from 2.7% in September to 2.2%, the joint lowest since November 2009. About a quarter of the fall was down to a reduction in petrol prices.
- Publication of the Bank of England's November Inflation Report confirmed that the MPC had shifted their growth forecast up, their inflation forecast down and they expect unemployment to fall faster. However, the Governor was at pains to stress that 7% unemployment is a threshold and not a trigger – The MPC will re-assess policy at that point but it does not imply an early hike in rates.

2. The Council's Investments

2.1 At 31st October 2013 the council held the following investments:

Investment	Term	Maturity Date	Interest Rate	Amount invested	
				£m	£m
<u>Instant Access Bank Accounts:</u>					
National Westminster	N/A	N/A	0.50%	4.50	
Royal Bank of Scotland	N/A	N/A	0.70%	5.00	9.50
<u>Instant Access Money Market Funds:</u>					
Ignis	N/A	N/A	0.44%	5.00	
Prime Rate	N/A	N/A	0.43%	3.51	8.51
<u>1 Month Notice Account</u>					
Close Bros	N/A	N/A	1.00%	5.00	5.00
<u>Fixed Term Deposits:</u>					
Barclays	365 days	01/11/13	1.07%	2.00	
Wakefield Council	14 days	14/11/13	0.43%	2.19	
Gateshead Council	549 days	18/11/13	1.10%	2.00	
Lloyds	111 days	25/11/13	0.70%	3.00	
Barclays	364 days	29/11/13	1.00%	1.00	
Barclays	365 days	05/12/13	1.00%	1.00	
Bank of Scotland	86 days	20/12/13	0.70%	4.00	
Barclays	367 days	21/04/14	0.87%	1.00	
Lloyds	88 days	24/01/14	0.70%	1.50	17.69
Total			0.70%		40.70
Shaded investments represents term deposits made in October 2013.					

2.2 The council's current eligible UK counterparties, together with the maximum maturity periods (as recommended by the council's treasury advisers, Arlingclose), remain unchanged from July:

Counterparty	Maximum maturity period from:	
	01/04/13	05/07/13
Close Brothers Ltd	100 days	100 days
Santander UK	100 days	100 days
Nat West and RBS	6 mnths	Overnight
Bank of Scotland and Lloyds TSB	6 mnths	6 mnths
Nationwide	12 mnths	12 mnths
Barclays	12 mnths	12 mnths
HSBC and Standard Chartered Bank	12 mnths	12 mnths

2.3 The council has earned interest on its investments as follows:

Month	Amount invested		Average rate of interest earned		Amount of interest earned / Forecast £	Budget £	Actual Surplus / Forecast £
	Actual / Forecast £m	Budget £m	Actual / Forecast %	Budget %			
Apr-13	30.41	30	0.85%	0.70%	20,987	17,500	3,487
May-13	50.50	40	0.86%	0.70%	37,098	23,000	14,098
Jun-13	52.57	40	0.84%	0.70%	36,425	23,000	13,425
Jul-13	51.18	40	0.84%	0.70%	36,942	23,000	13,942
Aug-13	49.75	35	0.83%	0.70%	35,156	20,000	15,156
Sep-13	50.52	35	0.82%	0.70%	33,830	20,000	13,830
Oct-13	46.22	30	0.75%	0.70%	30,558	17,500	13,058
					230,996	144,000	86,996
Nov-13	42.00	25	0.65%	0.70%	22,750	14,500	8,250
Dec-13	40.00	20	0.65%	0.70%	21,650	11,500	10,150
Jan-14	35.00	20	0.60%	0.70%	17,500	11,500	6,000
Feb-14	25.00	15	0.55%	0.70%	11,450	8,820	2,630
Mar-14	20.00	15	0.50%	0.70%	8,300	8,750	(450)
Original budget and outturn					312,646	199,070	113,576
Savings already declared and budget increased					-	60,000	(60,000)
Revised budget and projected further savings					312,646	259,070	53,576

2.4 The interest received in the seven months to 31st October 2013 exceeded budget due to both the amounts invested and the average interest rates achieved being higher than the budgeted amounts.

2.5 In recent months interest rates on the council's bank accounts have fallen sharply. The projected average monthly interest rates are now anticipated to fall short of budgeted rates for the remainder of the year. However, the amounts invested are anticipated to be higher. Overall a surplus for the year of around £54,000 is forecast.

2.6 As previously reported, interest rate reductions announced so far in 2013 have been as follows:

	Rate as at 01/01/13	Date of Change	Revised Rate	Date of Change	Revised Rate
Instant access accounts:					
Bank of Scotland	0.85%			22/04/13	0.40%
Nat West Liquidity	1.10%	12/02/13	0.60%	19/08/13	0.50%
RBS Liquidity	1.10%	09/05/13	0.70%	02/12/13	0.60%
Santander	0.50%			21/10/13	0.40%
Barclays	0.65%			25/03/13	0.35%
95 day notice accounts:					
Nat West	1.20%	20/05/13	0.80%	22/10/13	0.60%
RBS	0.95%			09/01/14	0.80%
Santander	1.25%			22/10/13	0.55%

2.7 The council has given notice and withdrawn the funds in all its 95 day accounts. In the case of National Westminster Bank and Royal Bank of Scotland, the council needed to give notice at the beginning of July when Arlingclose reduced the recommended maturity limit to overnight.

3. The Council's Borrowing

Short-term borrowing

- 3.1 The council is continuing its policy of utilising short-term borrowing from other local authorities to fund its capital programme and for short-term liquidity needs. These short-term interest rates are significantly below levels available from other sources.
- 3.2 Historically the council has always borrowed for longer periods at fixed interest rates. Whilst achieving stability in the amount of its interest payments, the council currently has a large cost of carry when comparing its fixed interest debt to current (variable) investment rates.
- 3.3 It is considered good practice to have an element of variable rate borrowing that removes or reduces this cost of carry and, to the extent that the level of short-term debt does not exceed the level of the council's investments, when interest rates rise increased investment income provides a hedge against increased borrowing costs.
- 3.4 The council can only borrow up to its Capital Financing Requirement, which represents the need to borrow for capital spend, and cannot borrow beyond this to finance the revenue budget.
- 3.5 At the end of October 2013 short-term borrowing from other local authorities consisted of six loans totalling £25 million. These loans were for periods ranging from 146 days to 364 days with interest rates varying from 0.36% to 0.42% (including brokers commission).

Long-term borrowing

- 3.6 No long-term loans have been taken out in the period to date.
- 3.7 The medium term trend is for PWLB rates to increase however in the short-term they are expected to be volatile and sensitive to changing economic news and market sentiment.
- 3.8 The budget includes provision to take out £17 million of longer term loans from the Public Works Loan Board. This is still a possibility although analysis suggests that PWLB rates will have to fall significantly from their current levels for any savings in future years to outweigh the associated cost of carry in the short-term.

3.9 If no new longer term loans are taken out the savings shown below will increase. At present attributable costs of £180,000 are still included in the forecast. After setting a maximum of £20,000 aside for additional short-term borrowing, if no new longer term loans are taken out the projected savings on the borrowing side will increase by at least £160,000.

3.10 The current position is summarised below.

Summary of Borrowing Budget	Revised Budget	Forecast	(Over-spend) / Savings
	£m	£m	£m
Minimum Revenue Provision	9.58	9.58	-
Interest on existing PWLB and bank loans (January 2013 position)	5.65	5.65	-
Variable rate borrowing for 2013/14 Rollover £12 million of short-term LA loans taken out for 2012/13 at an interest rate of 0.60%	0.07	-	-
Additional £17 million of short-term LA loans for 2013/14 (at an interest rate of 0.60%)	0.10	-	-
Total variable rate borrowing	0.17	0.12	0.05
Fixed rate borrowing for 2013/14 Budget: £17 million of EIP loans at 3.20% taken out mid-year	0.27	0.18	0.09
Reduction in budget contributions from service areas	(0.13)	-	(0.13)
Less capitalised interest (see note below)	(0.30)	(0.30)	-
Forecast saving compared to budget	15.24	15.23	0.01

3.11 The council is able to capitalise interest costs relating to interest paid on borrowing used to fund large capital schemes that take substantial periods of time to get to the point at which the assets may be utilised. Such interest, incurred at the construction or installation phase, may be added to the cost of the associated asset. As can be seen from the table above, capitalised interest of £300,000 has been included in the 2013/14 budget for capital financing costs. A recent review suggests that the actual amount capitalised may exceed this amount.

4. Summary of Outturn Position

4.1 The current net treasury position, compared to budget, is estimated to be a surplus of at least £60,000.

Summary of Budget underspend	£m
Investment income receivable	0.05
Interest payable on borrowing	0.01
Total savings	0.06

4.2 If all borrowing is financed by short-term loans from other local authorities, and no longer term borrowing is taken out, the surplus for the year will be at least £160,000 higher. The savings will also increase if capitalised interest exceeds £300,000.



MEETING:	CABINET
MEETING DATE:	19 December 2013
TITLE OF REPORT:	ADULT SOCIAL CARE NEXT STAGE INTEGRATION – COMMISSIONING OF DAY OPPORTUNITIES
REPORT BY:	ADULT WELLBEING DIRECTOR - HELEN COOMBES

Classification

Open

Key Decision

This is a Key Decision because it is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates.

And

This is a Key Decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the County.

NOTICE has been served in accordance with Part 3, Section 10 (General exception) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

It was impracticable for this item to be deferred due to the timeframe within which the decision needs to be made.

Wards Affected

County-wide

Purpose

To gain agreement to the underpinning principles, the specification, process and transition plans to support the procurement and implementation plan for the day opportunities that are part of the Next Stage Integration (NSI) programme.

Recommendation(s)

THAT:

- (a) The Cabinet agrees to implement the approach as set out in this paper to deliver the Day Opportunities Services currently provided by the Council within the budget for 2014/15 and;**
- (b) The Director for Adult Wellbeing be authorised to proceed to invitation to tender for Day Opportunities based on the following principles**
 - 1 Existing and potential service users will be assessed for eligible needs based on the Herefordshire Fair Access to Care policy**
 - 2 As a result of the assessed eligibility an indicative budget is identified for each service user and plans to meet their needs using this budget are put in place as set out in paragraph 9 of this report**
 - 3 Council funded day opportunities are part of meeting individuals eligible need and eligibility is the key criteria for access**
 - 4 Access to Day Opportunities services contracted by the council will be available to service users who do not meet the eligibility criteria or are having their needs met via another service, but the service user will have to pay for this service;**
- (c) Note the specification will for day opportunities will enable delivery of**
 - 1 Building/hub based activity particularly for those with complex care requirements, for whom there will need to be access to building based activities and support. The numbers of and location of these buildings will be determined after the new provider has been identified**
 - 2 Community based opportunities for people that are likely to have lower level care/support requirements. This group of people are likely, if they have eligible needs, to have some or all of their needs met in ways other than in their current Day Opportunities provision;**
- (d) Note the commitment to continue to consult with Service Users, Staff and Suppliers to ensure a good level of understanding of the reasons for the council's approach, addressing concerns where possible and to fulfil the Council's duty to undertake meaningful consultation;**
- (e) Development of a Day Opportunities implementation plan (as part of the NSI Project activities) to include**
 - 1 Effective and efficient management of the assessments of the current 255 service users**
 - 2 Development of the appropriate Social Care Practice Guidance and support to deliver this strategy**
 - 3 Maintaining assurance around safe transition and any requirement for interim approaches to manage this.**

Alternative Options

- 1 The Council continues to provide the service as it is, and run contrary to the decision made by Cabinet of July 25th 2013 that agreed to the commissioning of the Day Opportunities Service as part of the new Adult Social Care Model.
- 2 The Council extends the timetable for implementing the recommissioned Day Opportunities until after the changes to service have been implemented and the numbers needing to use the new services are known.

Reasons for Recommendations

- 3 At its meeting of July 25th 2013, Cabinet agreed to the new organisational structure, the procurement process, the development of plans to implement the new service structure and further engagement relating to the transition and commissioning tasks, via service user reference groups and supplier events, to ensure that decisions are informed by service users, carers, staff and providers. This report is the next step in that process.
- 4 The implementation plan will enable the council to produce a balanced budget for 2013, ensure that all eligible users can take their funding as a direct payment and increase the range of choice within the market as set out in the Cabinet report of 25th July 2013
- 5 Continuing with the procurement offers significant value to the credibility of the council with the supplier market, and will increase the flexibility of services to be provided for people to purchase using their own personal budgets.
- 6 This change in service provision is significant and requires a sound consultation process with service users and carers. Thus far, the consultation and engagement process has led to the development of the key service principles in the procurement specification, and the development of the approach to a membership type process for Canal Road; most significantly, the consultation process has resulted in the council resourcing an implementation process that allows service users a full assessment of their needs before any changes are implemented.
- 7 No changes will take place until the service user has had an appropriate assessment of their needs and a support plan is in place that will meet their eligible needs.

Key Considerations

8. Meeting the eligible needs of service users.
9. The council is committed to supporting people to live full and independent lives within their local communities. Where people are eligible for social care support the aim is to support them in a way that reflects their preferences and the outcomes they wish to achieve. However, this needs to be balanced against the council responsibilities to make best use of available resources. The council must ensure it focuses on providing service for its most vulnerable residents.
10. The council has developed this policy in line with national policy and relevant legal frameworks to apply to all adult social care support users including those receiving direct payments so that decision-making in individual cases is fair, equitable and

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transparent and so that resources are fairly distributed across all who are eligible for support.

11. At present, it is apparent that the council is duplicating the provision of services to meet some service users needs. For example, there are existing contracts in place for blocks of service that are under occupied. These contracts could be utilised for people who are currently using the council run Day Opportunities. There is little value in procuring a service for this group of people if the council has already made arrangements that will meet their needs and, the council would not be meeting its fiduciary duty.
12. The council has to have a clear plan on how to put into operation its policy on balancing its duties. Changes to service users' provision can only take place after an appropriate assessment of their needs. This becomes even more important as the council continues to accelerate personalisation and increase the number so people taking a personal budget as a direct payment or an Individual Service Fund as opposed to a council managed budget. Only people with a critical or substantial need under the councils, Fair Access to Care Policy will have eligible need. Personal Budgets are calculated using the Resource Allocation System (RAS) which translates the eligible needs of a service user into an indicative amount of money that the service user can deploy to meet their needs. 255 people attend the Day opportunities services for adults run by Herefordshire council. Although the assessments of need have not started, from current knowledge of these service users, they can be broken down into the following groups:
 - i. 52 service users with complex care requirements, for whom there will be a need for access to building based activities and support. The numbers of and location of these buildings will be determined after the new provider has been identified;
 - ii. 130 service users (not in residential Care) that are likely to have lower level care/support requirements. This group of people are likely to have some or all of their eligible needs met in ways other than in their current Day Opportunities provision;
 - iii. 73 service users in residential Care (this does not include people in the Shared Lives scheme) whose support needs should be fully met by their residential care package. These service users will still be able to access day opportunities if but they will not receive financial support from Herefordshire Council to do so.
13. The vision for Day Opportunities procurement is "To achieve a managed transition for existing day opportunities eligible adult social care service users onto individual budgets, retaining building based hubs for people with complex disabilities that are enablement focused". This remains the ambition of the procurement and it is entirely feasible to set out a prospectus for the procurement within the parameters identified above.

Implementation

14. To deliver this transition, it is proposed that a specific project team of social workers are set up to undertake the assessments, work with families and service users to agree support plans and for those whose needs will be met by their residential care home and therefore will not have funded day opportunities to have access to community resources. This will also ensure that the project of delivering day

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opportunities within the budget available can be delivered by March 2014. It is proposed that the key principle to be adhered to is: "The council will continue to meet people's eligible needs in the most cost effective way possible and transition service users into their new support plans safely."

15 This specifically means that:

- Community based services used by all members of the community are the first services to consider in order to meet needs but social work practitioners, service users, families and carers will need to learn how to access them through enablement. There must be a component of this in every care and support plan
- Residential care should meet all people's eligible needs through using community based resources and their own activity programmes
- If we have a way of meeting needs within an existing block contract it should be offered
- The process of identifying individual budgets for meeting eligible needs will be central to this implementation.
- No changes will take place unless the service user has had an appropriate assessment of their needs and a support plan is in place that will meet their eligible needs.

16 For people currently receiving services, any change of service, unless the service user consents, will not be implemented by the council until ratified by the director of Adult Wellbeing Services to ensure all proposed changes are lawful, safe and proportionate.

17 If individuals disagree with the proposed services they are offered, they have access to the usual complaints process of the council.

Community Impact

18 The recommendations support the corporate plan and health & wellbeing strategy.

19 The recommendations are consistent with national policy on Adult Social Care Services in that they seek to increase the choice and control of support available to people with eligible needs within the resources available to Herefordshire council. The use of the overall framework of supporting people to do things for themselves that is the essential component of a "Reablement" approach to service is seen as the most effective way for all council's to deliver Adult Social Care services.

20 From 2011/12 information from the Learning Disabilities Observatory (IHAL) Herefordshire people with a learning disability are much more likely (18%) to be attending day services than people with a learning disability in the rest of the country.

21 Population predictions for people with learning disability in Herefordshire are based on prevalence rates in a report by Eric Emerson and Chris Hatton of the Institute for Health Research, Lancaster University show a very small increase of people with some form of learning disability from 2012 to 2016 (from 2613 to 2640 total) and a

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similar small increase in people with profound or moderate levels of disability (586 to 599). There are fewer young people (18 -24) over this period. Not all young people with learning disability will be eligible for service nor will those that are eligible want to use services in Herefordshire.

- 22 The number of people aged 18-64 with a serious physical disability is expected to grow from 2774 in 2012 to 2852 in 2018. Only a very small minority of this group of people seek to have their needs met using day opportunities. If the current numbers of people attending one of the council's Day Opportunities centres as a proportion of people with a physical disability was constant over this period it would result in an increased net demand of less than one person.

Equality and Human Rights

- 23 The Equalities Impact Assessment for this stage of the procurement and implementation of the plan is at Appendix 1.
- 24 There will be a continuing process to give due consideration to the General Duties under Section 149 of the Equalities Act as there are several "protected characteristics" which may be impacted upon by this decision.
- 25 Cabinet or the Cabinet Member for Health and Well Being will receive a report in March 2014 on these impacts as the policy evolves before making a final decision on implementation of the changes to individual's services.

Financial Implications

- 26 The estimates of the financial impact of this process are:
- Transition to community services for people in residential care – £393k cost reduction.
 - Transition to alternative, cheaper Services for People eligible for these services and not in Residential Care - £450k estimated cost reduction
 - Residual cost reduction of £160k reflects cost reduction of efficiencies within the new services
- 27 It is important to note that the savings identified in paragraph 26 above are estimates and confirmation of the actual savings will only be obtained once the procurement process is complete and clients have received assessments and are in receipt of alternate lower cost services. Once implemented, these cost reductions will result in this element of spend being within the parameters of the current draft Revenue Budget for 2014/15.
- 28 When the procurement process is concluded, capital and buildings matters will be clarified and any financial impact relating to the Edgar Street grid which will affect Canal Road will need to be reassessed and any impacts as a result of provider solutions. This will require a specific solution for that service. Officers are discussing options with service users and consulting with potential providers on this.

Legal Implications

- 29 The council is under a duty to identify those needs which could be satisfied by the provision of a community care service (NHS and Community Care Act 1990).
- 30 Once identified the council is required to make a decision to decide which of a person's needs call for community care services. This service provision decision determines which community care service an individual is legally entitled to receive. It is at this point that an individual's need is reconciled with the local resources available.
- 31 The council must continue to consult on the Day Opportunities implementation plan (as part of the NSI Project activities) but at the same time must commence the procurement of alternative services.
- 32 The decision whether to enter into a contract for Day Opportunities with a new provider will be subject to a further cabinet decision in 2014.

Risk Management

- 33 Risks to Herefordshire council of agreeing to these recommendations are:
- Continuing risk of challenge by service user or carer groups to the decision of council. This is mitigated by ensuring clear and appropriate decision making with a clear and transparent consultation process to support this.
 - No supplier comes forward to supply the service. This is mitigated by continuing positive dialogues with providers and ensuring they have confidence in the determination of the council to deliver better choice and control for service users.
- 34 Risks to Herefordshire council of not agreeing the recommendations are:
- It will not deliver services within the agreed budget for Adult Well Being in 2014/15. In this event, there have to be savings made from within other essential council services to deliver a balanced budget

Consultees

- 35 Potential Service Suppliers have attended formal workshops with the Council to determine the shape of service, whether the service should be separated in geographical or service type "lots" or if a whole County approach would be more appropriate.
- 36 The feedback from these meetings was that a proposal for a single consortium approach would be favoured due to the complexity of implementation, but individual "lots" may still be of interest to suppliers as part of the Tender invitation.
- 37 There have been 25 meetings of reference groups for service users and carers since June 2013. The meetings in July and August gave opportunities for the groups to say what they wanted to see in the Specifications for services, the meetings in September were for a Question and Answer session on the process so far and into the future. The meetings in November 2013 were an opportunity to hear how the views from the groups had been included in the Specification for service as well as ask questions about how the tendering process was likely to progress.

- 38 During December 2013 prior to cabinet all affected service users, their carers, family members and staff have been invited to attend meetings, where the Cabinet Lead for Adult Well Being and the interim Director Adult Well Being presented the outline of what was to be presented to cabinet for decision
- 39 The Health and Social Care Overview and Scrutiny group has been briefed on the proposed approach by the Interim Director of Adult Well Being on the proposals to be presented to Cabinet and the communication plans and invited to make comment in advance of the decision been made.
- 40 These meetings and meetings with staff are programmed in each month until the end of March 2014.
- 41 Throughout the consultation process for all the NSI services, common themes emerged:
- Staffing levels need to be maintained. All the services were keen to point out that they can only continue with an appropriate number of fully qualified and trained staff. Staff build and maintain relationships with service users and if this familiarity and routine were to be lost or changed this could prove disruptive and unsettling for them
 - There should not be a reduction in monies available to purchase services with the introduction and move to Personal Budgets. Any reduction would mean that service users could potentially have to spend more time at home without stimulation which could lead to associated behavioural difficulties associated to this. The impact would be also felt in the family environment and this additional pressure could result in service users, parents, family or carers health potentially deteriorating leading to additional services being needed.
 - All services reported that it is the social, friendly, family aspect that they wish to retain. For many the services allow them to socialise and interact with their peers and many of the projects around the county actively promote active engagement with the wider community aiding with behavioural difficulties and social isolation
 - Whilst providing an activity for the service user it is important to note the service provision also provides valuable respite for the parents and carers
 - Grow and promote the services utilise the vacant areas/ workshops to provide more services for both those currently attending and wider community
 - Quality over cost. All services were concerned that this was merely a cost saving exercise and new providers would be scored on how much they cost over the quality of the service they would provide and worry that care would come second to profit.
 - All the working groups showed an interest in (via a representative from each of the groups) taking part in the tendering process.

- 42 The specific Day Opportunities consultation meetings also raised the following:
- There are a number of specialist staff who, as part of the next stage integration project, may be lost. This shortfall could impact on the amount of care given now and the future and limit any new referrals being made to the services
 - All expressed that the day opportunities acted as a wider social circle and provided interaction and friendship for the service user. The projects provided also provide valuable life skills and confidence.
 - Reallocation of space within some centres was seen as an area for development. Activities could be provided for both those attending and the wider community from existing facilities. Some Day Opportunities are provided outside the centres and whilst in some cases buildings to provide care may not be needed all agreed there needs to be a 'Hub' to meet and act a central point for information.
 - Concern was expressed that Personal Budget allocation in the future may not be able to provide the same amount of level that service users currently receive. This could impact on their choice and control over life and add pressure to the wider caring circle.
 - All agreed that any new provider should be flexible and create services around the service user, looking at risks and how the service user can be facilitated to do activities and not limited in choice. Any new providers should also meet regularly with the representative groups to discuss projects, performance and any issues that might arise.
- 43 These issues have all been considered carefully. Where possible they have been included in the specification for service.
- 44 Staff have had a series of consultation meetings about their specific issues, largely related to redundancy and transfers to new suppliers. These have continued through September, October and November 2013 and are programmed for monthly updates.

Appendices

- Equality Impact Assessment Appendix 1

Background Papers

- None identified.

Equality Impact and Needs Assessment Form

A) General Information

Name of service, function, policy (or other) being assessed

Day opportunities

Directorate or organisation responsible (and service, if it is a policy)

Adult Well Being

Date of assessment

November 2013

Names and/or job titles of people carrying out the assessment

Peter Brennan Lead Commissioner

Accountable person

Helen Coombes

B) Describe in summary the aims, objectives and purpose of the proposal, including desired outcomes:

The Day opportunities procurement process is designed to deliver a new provider for adult day opportunities within a revenue budget that is being reduced by £900k by 2014/15. The statutory duties of the Council to meet all assessed needs eligible under their Fair Access to Care Policy has to be maintained within available resources.

C) Context - describe, in summary;

The number of people and/or providers that may be affected by the proposal.

Service Users

There are currently 255 service users attending the Day opportunities services. Of these:

- **52 Service users** with complex care requirements, for whom there will need to be access to building based activities and support . the numbers of and location of these buildings will be determined after the new provider ahs been identified.
- **130 users service users not in Residential Care** that are likely to have lower level care/support

	<p>requirements. This group of people are likely to have some or all of their eligible needs met in ways other than in their current Day Opportunities provision.</p> <ul style="list-style-type: none"> ○ 73 Service Users in Residential Care whose support needs should be fully met by the residential care service. These service users will still be able to access day opportunities if they wish to pay for this on top of the support that they are already able to access.
What are the values of the contract(s) affected by the proposal? (If appropriate).	The contracts will be worth in the order of £1m per annum. Other contracts to be mobilised will be taking up spare capacity in the contract volumes already specified, for example with Shaw HealthCare or in Residential Care contracts.
What are the geographical locations of those that might be affected by the proposal?	The services are provided county-wide.

D) Who are the main stakeholders in relation to the proposal?

<ul style="list-style-type: none"> • Current and future service users, including: <ul style="list-style-type: none"> - Service users whose services are arranged by the council - Service users who purchase services through a Direct Payment • Service user family, friends and carers • Community based Support care providers • Herefordshire Council • Social care practitioners • Elected members
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E) What are the anticipated impacts of the proposal?

<p>Positive impacts.</p> <p><u>Broader Choice and variety of provision</u></p> <p>There are examples of alternative models of service provision in this area within Herefordshire which are provided by the independent sector. Giving greater control and choice within available provision to service users. Examples include the service developed by Aspire at Tan Brook on a membership basis for service users and the many different models people with personal budgets or direct payments are establishing outside day service type facilities.</p> <p><u>Increased focus on individual outcomes for service users and development of the provider market in Herefordshire</u></p> <p>One of the corollaries of increasing the choice and control for service users is that their aspirations and outcomes can be accommodated more easily. This is the model that all</p>
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councils are adopting as social care and health service develop. Having a provider base that can respond to this is essential.

Better targeting of resources enabling financial savings for the Council,

The Council is currently meeting more than just the eligible needs of its service users. It provides about 20% more people than the average comparator council with day services, and many people are being offered several days a week of service to achieve very small numbers of outcomes from their assessed needs. By targeting the outcomes people wish to meet from their eligible needs, the Council will be able to make the savings on the Day opportunities budget it has set out for 2014/15.

Negative impacts

Whilst the project is not intended to have any negative impacts, the following potential impacts should be considered:

Potential reduction in attendance at Day opportunity centres

One of the consequences of the budget changes is that the policies of the Council to only meet eligible needs and to meet them in the most cost effective way have to be enforced. To do this some people will not be attending their traditional day service or not attending it as frequently.

Mitigation:

There is a programme to offer alternative opportunities which have no cost consequence to the council such as using existing contracted capacity in services for older people; using membership based models such as that developed by Aspire and others; offering support to learn how to access community based services at an accelerated rate.

Some service users accessing day opportunities may be benefitting from preferential process in their Residential Care

There is a view that for some people in residential care, their price for that care may be lower than if they were not receiving day opportunities. This is thought to be the case for people living in Adult Placement or Shared Lives Services and possibly in other services as well.

Mitigation

The assessment and Support planning process for each individual must identify specific ways of meeting eligible needs and ensure that the resource made available to do so is able to meet those needs.

In Adult Placement or Shared Lives services people are living as if they were part of someone's family and so should be treated accordingly.

Existing service users may be transferred to a different provider

This is likely to happen to all service users.

Mitigation:

The transition process cannot be completed until a full assessment of individual needs and an appropriate Support Plan has identified how eligible needs are to be met is in place.

F) With regard to the stakeholders identified and the diversity groups set out below;

	<i>Is there any potential for (positive or negative) differential impact?</i>	<i>Could this lead to adverse impact and if so what?</i>	<i>Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group, or for any other reason?</i>	<i>Please detail what measures or changes you will put in place to remedy any identified adverse impact.</i>
Age	Yes – there are 70 people over the age of 60 attending day opportunities at the moment. This group receive a different type of service from that offered to other people aged over 60 in the county.	It could lead to adverse consequences as they may be offered alternative services to that which they currently attend and it may not be their service of first choice even though it will meet their assessed needs in the most cost effective way.	The service offered to this group of users will be the same as that offered to other people aged over 60 in the County.	Their service will be focussed on meeting their assessed needs in the most cost effective way possible.
Disability	All people receiving the current service have some form of disability. Changes to their service may be seen as having a negative impact, but it is not differential. The opportunities offered to service users currently exceed those offered, for example, to people who are unable to find work.	The negative effects may impact on their eligible needs.	As the impact is not differential compared to the rest of the population it can be justified on this basis. However, the Council has to be prepared to make adjustments to support plans on the basis of an increase in eligible needs because of the changes it is making.	Their service must be focussed on meeting their assessed needs in the most cost effective way possible.
Race	Yes. 96% of service users are White British.	No. The composition of service users according to this equality strand is broadly reflective of local demographics in Herefordshire generally (6% of the population describe themselves as not White British)		

Gender	No. The gender split in services is very close to population norms.	N/a	N/a".	N/A
Sexual Orientation	<i>No data available to allow analysis</i>			
Religion/ Belief / Non Belief	<i>No data available to allow analysis</i>			
Pregnancy / maternity	<i>No data available to allow analysis</i>			
Marital Status	<i>No data available to allow analysis</i>			
Gender Reassignment	<i>No data available to allow analysis</i>			

G) Consultation

Please summarise the consultation(s) undertaken with staff and their trade unions (if applicable), customers and other stakeholders regarding this proposal

There has been a process of consultation that continues. It started in May 2013 specifically on the proposals for procurement with service users and their carers, and with staff the reductions in budget have resulted in the programme for Voluntary Redundancies.

The specific proposal of services being met in the most cost effective way, no changes being made to services until after a completed assessment and other process issues have been consulted on.

The changes to individual service user's time at day opportunities has not.

H) Additional information and / or research

Include here any references or other sources of data that you have used to inform this assessment.

Are there any gaps in your evidence or conclusions that make it difficult for you to quantify the potential adverse impact(s) of this proposal? If yes, please list them here

If you have identified gaps in your evidence or conclusions, how will you explore the proposal in greater depth? Or, if no further action is required, please explain why.

- The Consultation on impact of the proposals needs to continue both on a case by case basis and on an aggregated basis to ensure appropriate actions can be taken if adverse, discriminatory impacts are indicated.
- Herefordshire Facts and Figures website
- Herefordshire Council Framework Data Reports:
 - RAP
 - Herefordshire Day opportunities budget and attendance records December 2012