

Report of the Chief Executive and Strategic Director Corporate Services to the meeting of Executive to be held on 12th September 2017.

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Subject:

Updated 2017-18 Budget Assessment

Summary statement:

Following the 1st Quarter Financial Position update to the Executive on 11 July 2017, this report details the steps being taken to get the budget back on plan.

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Portfolio: Corporate

Overview & Scrutiny Area: Corporate

1. SUMMARY

- 1.1 The First Quarter Financial Monitor report for 2017/18 indicated a potential overspend on the Council revenue budget of £10.5m. The Executive requested an update detailing the steps taken to bring the budget back on plan.

2. BACKGROUND

- 2.1 Budget Council approved a Council budget of £375.2m in February 2017, which was underpinned by a set of specific budgeted cost reductions to be delivered by service departments. The First Quarter Financial Monitor for 2017/18 provided an early indication of the revenue and capital financial position of the Council at the 31st March 2018 and indicated a revenue budget overspend of £10.5m. The summary of the forecast overspend is replicated in tables 1a and 1b below.

Table 1a – Revenue forecast by department

	Gross expenditure			Income			Net expenditure		
	Budget £m	Forecast £m	Variance £m	Budget £m	Forecast £m	Variance £m	Budget £m	Forecast £m	Variance £m
Health and Wellbeing	215.0	223.6	8.5	-105.2	-104.0	1.2	109.8	119.6	9.7
Children's Services	483.5	489.2	5.7	-398.2	-398.9	-0.8	85.3	90.2	4.9
Department of Place	118.1	119.7	1.6	-54.4	-54.4	0.0	63.7	65.3	1.6
Corporate Services	266.9	265.8	-1.2	-223.1	-222.7	0.4	43.8	43.0	-0.8
Chief Executive	3.8	3.8	-0.0	-0.1	-0.1	0.0	3.7	3.7	-0.0
Non Service Budgets	7.2	7.2	0.0	-1.3	-1.3	0.0	5.9	5.9	0.0
Central Budgets & Net Transfers To Reserves*	89.5	79.8	-9.8	-26.6	-21.8	4.8	62.9	57.9	-5.0
Total Council Spend	1,184.1	1,189.0	4.9	-808.9	-803.3	5.6	375.2	385.7	10.5

Table 1b – Revenue forecast by Council Plan Outcomes

	Gross expenditure			Income			Net expenditure		
	Budget £m	Forecast £m	Variance £m	Budget £m	Forecast £m	Variance £m	Budget £m	Forecast £m	Variance £m
Council Plan Outcomes									
Better Health Better Lives	439.9	455.0	15.1	-270.7	-270.7	-0.0	169.2	184.3	15.1
Better Skills, More Good Jobs And A Growing Economy	95.1	95.8	0.6	-49.8	-49.4	0.4	45.3	46.4	1.1
Safe, Clean And Active Communities	61.2	61.2	-0.0	-22.9	-23.0	-0.1	38.3	38.2	-0.1
A Great Start And Good Schools For All Our Children	425.3	424.3	-1.0	-402.5	-402.1	0.4	22.8	22.2	-0.6
Decent Homes That People Can Afford To Live In	3.6	3.6	-	-0.6	-0.6	-	3.0	3.0	-
A Well Run Council	87.2	87.3	0.1	-32.2	-32.1	0.1	55.1	55.2	0.1
Non Service, Fixed and Unallocated	71.7	61.8	-9.9	-30.2	-25.4	4.8	41.5	36.4	-5.1
Total Council Spend	1,184.1	1,189.0	4.9	-808.9	-803.3	5.6	375.2	385.7	10.5

- 2.2 The estimate was based on information gathered at an early point in the financial year. It signalled that action could and should be taken before the end of the financial year to affect the ultimate outturn.
- 2.3 The report identified some cost reduction proposals at risk of not being delivered in the financial year, together with additional service pressures. The savings identified as being at risk are shown in Appendix 1.
- 2.4 The service areas with the highest levels of savings at risk were Health and Wellbeing (£16.042m) and Children's Services (£3.232m). The Leader of the Council determined that a formal group ("Star Chamber") should meet with the Strategic Directors of Health and Wellbeing and Children's Services to suggest ways in which the budget proposals could be brought back on track. The formal group would alternate between Health and Wellbeing and Children's.
- 2.5 Section 3 below outlines the action points to be taken following the initial meetings of the formal groups.
- 2.6 The financial forecast for the Council will be refreshed for Quarter 2 and a revised report will be brought back to Executive on 7th November 2017. In the meantime additional work will be undertaken to rationalise expenditure and maximise revenue streams across the Council in order balance the budget.

3. ACTION POINTS FROM THE FORMAL GROUP

- 3.1 The Formal Group for Children's Services met on 31st July 2017, with the following actions agreed:
- Demand management: develop a more sophisticated model for predicting demand
 - Reviewing service levels: review activities required to meet statutory requirements; consider what a "basic service" would look like; compare scope and role undertaken by Bradford Children's Service to other local authorities
 - Commissioning and procurement: review currently procured services, and assess options for future cost reductions
 - Workforce remodelling: identify process efficiencies across functions; explore more mobile and flexible working; define better uses of technology; optimise use of agency staff
 - Placement strategy: understand the case for and against building a new children's home; explore shared care home facilities
 - SEND: progress the ongoing review of Travel Assistance Service; project and review Council's response to future demand, in collaboration with Adult Services
 - Working with new communities: review with Neighbourhoods Services the Council-wide approach to working with Central and East European communities and families
 - Further work to identify risk to 18/19 and beyond savings.

3.2 The Formal Group for Health and Wellbeing met on 24th August 2017, with the following actions agreed:

- Care packages: desktop review of 6500 clients in receipt of care packages, focus on those with multiple packages – four additional social workers being recruited to support this work
- Review high cost placements
- Emphasise “Home First”: using transformation funding, recruit Home First resource, aim to divert 25% of clients who would end up with care packages –to quantify impact of this action
- Case audits: Principal Social Worker to look at alternative support / creative thinking
- Internal culture change: training and development of staff, with support from HR
- Human resources: review of agency staff
- Consider advantages of shared services
- Financial consequences of demand management: more forensic analysis how actions to manage demand and case-mix affect costs and budget savings profile

4. FINANCIAL & RESOURCE APPRAISAL

- 4.1 As mentioned in paragraph 2.6 additional work will be undertaken to continue to rationalise expenditure and maximise revenue streams across the Council.
- 4.2 Further work will also be undertaken to develop proposals to address the forecast financial gap for 2018/19 and 2019/20 as outlined in the Medium Term Financial Strategy.
- 4.3 The Joint Finance and Performance Mid Year Report will provide a refreshed budget forecast to assess the impact of the measures outlined in this report and the actions being taken by all budget holders to manage the financial position of the Council.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

- 5.1 The significant risk is that the actions outlined do not bring the savings back on plan. The effect of this could be felt in 2018/19 and future years where further reductions in Council funding are forecast. Any such shortfalls would have to be dealt with in the future budget planning process.

6. LEGAL APPRAISAL

- 6.1.1 This report is submitted to the Executive in accordance with the Budget and Policy Framework Procedure rules.

7. OTHER IMPLICATIONS

There are no other specific implications.

8. NOT FOR PUBLICATION DOCUMENTS

8.1 None

9. OPTIONS

9.1 This report sets out a series of potential actions being taken to manage the budget position. No further options are proposed at this stage.

10. RECOMMENDATIONS

10.1 That the Executive note the contents of this report and the actions taken to manage the forecast overspend.

11. APPENDICES

11.1 Appendix 1 – Planned savings that are at risk of not being delivered in full

12. BACKGROUND DOCUMENTS

12.1 Council - Budget Report 23rd February 2017 Document W

12.2 Executive - First Quarter Financial Position Statement for 2017/18 Document H

12.3 Executive - Medium Term Financial Strategy 2018/19 to 2020/21 and beyond Document I

Appendix 1 – Table of Planned Savings that are at risk of not being delivered in full

Ref	Saving Narrative	Budgeted Saving £000s	Forecast Saving £000s	Variance
Health & Wellbeing				
3A1	Changes to the Contributions Policy	611	0	611
3A2	Changes to Older People and PD Home Care Service	1,500	0	1,500
3A3	Changes to Supported Living for Learning Disabilities	500	138	362
3A6	Changes LD Day Care and Procurement	1,000	0	1,000
3A10	Changes to Contracts for LD Residential and Nursing	1,000	0	1,000
3A11	Reduce the number of long term placements in the independent sector by utilising in-house beds	200	0	200
3A12	Review Charging Arrangements for People with MH	250	0	250
3A13	Reduce long term placements of Older People into Nursing and Residential Care	1,000	600	400
4A1	Adults - Overall Demand Management Strategy - moving from a dependency model to one that promotes independence and resilience (e.g. reducing numbers coming in to care, care system culture change, speeding up integration, redesign enablement, reviewing financial needs, continued personalisation).	8,000	0	8,000
4A2	Demand management – further reductions in high cost packages, further reductions in Supported Living contracts/packages, various reductions in travel and fees. (Also see proposal 4A1 in Appendix E for more detail on the proposed actions in 2017/18).	2,000	1,200	800
Total 2017/18 new budget savings				14,123
A10	Older People – Reduction in Residential Placements	1,193	493	700
A10	Older People - Closure of Home B	360	100	260
3A1	Changes to the Contributions Policy	466	0	466
3A10	Changes to Contracts for LD Residential and Nursing	278	0	278
3A12	Review Charging Arrangements for People with MH	215	0	215
Unachieved savings from prior years				1,919
Health and Wellbeing Total				16,042
Children's Services				
3C6	Reviewing Work with Young People Who are Not in Employment Education or Training – Connexions	132	102	30
3C7	Looked After Children - bring children cared for outside of Bradford back into the District.	500	85	415
4C4	Child Protection management restructure - reduction in teams by four to ten with potential reduction in team managers plus review other overall budgets	240	0	240
4C5	Children's Social Care management restructure - review of management structure leading to proposed reduction of two service manager posts and one team manager	85	0	85
4C9	Disabled Children Team - to build on review already underway with CAMHS, review overall staffing and no staffing budget	250	155	95
4C3	Children's Services - staffing, restructure, reduction in the Connexions contract with longer term service brought back in to Council, investigate regional data centre, cessation of Employment Opportunities Fund (EOF).	150	0	150
4C14	Reducing agency spend in Children's Social Care Services	1,025	312	713
4C16	Administrative Support restructure – rationalisation of the supervision and management structure	100	35	65
Total 2017/18 new budget savings				1,793
3C7	Looked After Children - bring children cared for outside of Bradford back into the District.	624	0	624

3C8	Looked After Children - Reduce the Numbers of Looked After Children by 75 Over 2 Years.	815	0	815
	Unachieved savings from prior years			1,439
	Children's Services Total			3,232
Department of Place				
3E4	Alternative Week Waste Collection	1,000	775	225
	Total 2017/18 new budget savings			225
3R18	Re-Structure Planning Transport & Highways and Transfer Some Functions to the West Yorkshire Combined Authority	125	0	125
R19	Reform services following on from highways delivery review. Reduce lighting costs and energy consumption through reduced and/or varied street lighting levels across the district's modern lighting stock. Securing a reduced highways insurance premium due to application of new legislation. Reduce the operational budgets for Urban Traffic Control, Street lighting and Highway Maintenance which represent a 10% reduction in operational budgets with a resultant pressure on maintaining assets across those areas. This would adversely affect: the efficiency of first time permanent repair of potholes; overall network condition; potential increase in insurance claims; risk of traffic disruption due to signal failure; increase in repair times for street lighting	170	0	170
3R18	Re-Structure Planning Transport & Highways and Transfer Some Functions to the West Yorkshire Combined Authority	190	0	190
	Unachieved savings from prior years			485
	Department of Place Total			710
	Travel Assistance	4,774	0	4,774
	Total Forecast underachievement			24,858