

Meeting of the Adult, Community and Housing Services Scrutiny Committee

Monday, 17th November, 2014 at 6.00pm
In Committee Room 2 at the Council House, Priory Road, Dudley

Revised Agenda

Public Session

(Meeting open to the public and press)

1. Apologies for absence.
2. To receive any declarations of interest under the Members' Code of Conduct.
3. To report the appointment of any substitute Members for this meeting of the Committee
4. To confirm and sign the minutes of the meeting on 21st October, 2014 as a correct record.
5. Public Forum
6. Medium Term Financial Strategy
7. Financial Implications of the Care Act
 - Presentation slides attached (Pages 1 – 13)
8. To consider any questions from Members to the Chair where two clear days notice has been given to the Director of Corporate Resources (Council Procedure Rule 11.8).



Director of Corporate Resources
Dated: 7th November, 2014

Distribution:

Councillors: Body, Cooper, Goddard, Hanif, James, Islam, J Martin, D Perks, K Turner, Tyler and Vickers.

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Minutes of the Adult, Community and Housing Services Scrutiny Committee

Tuesday, 21st October, 2014 at 6.00 p.m.
in Committee Room 2 at the Council House, Dudley

Present:

Councillor M Hanif (Chair)
Councillor R James (Vice Chair)
Councillors B Body, I Cooper, A Goddard, Z Islam, J Martin, D Perks, K Turner, Tyler
and D Vickers.

Officers:

M Williams (Assistant Director, Customer Services), (Lead Officer to the Committee), D
Channings (Assistant Director of Housing Services), P Griffiths (Head of Investment),
(Both Directorate of Adult, Community and Housing Services), and K Buckle
(Democratic Services Officer) (Directorate of Corporate Resources).

16. **Declaration of Interest**

Councillor R Body declared a non- pecuniary interest in Agenda Item No. 6 –
Sustainability Model to be used to assist in determining Remodelling/
Demolition Options – in particular pertaining to youth housing as he was a host for the
Black Country YMCA.

17. **Minutes**

Resolved

That the minutes of the meeting held on 15th September, 2014, be approved
as a correct record and signed.

18. **Public Forum**

There were no issues raised under this agenda item.

19. **Opening Remarks of the Chair**

The Chair referred to an Introduction Note that had been circulated to Members of the
Committee advising that notes as opposed to Minutes of the discussion would be
circulated to Members within the next two days and following this the Head of

Investment would contact Members to enquire whether they had any further suggestions and views they wished to add.

20. **Sustainability Model to be used to assist in determining Remodelling/Demolition Options.**

A report of the Director of Adult, Community and Housing Services was submitted on proposals and work undertaken to date concerning sustainability modelling of the Council's Housing Stock, intended to be used to identify and measure stock performance which could inform stock investment remodelling opportunities and considerations.

The Assistant Director of Housing Services in introducing the report advised that no decision in relation to the Council's housing stock had been taken as Members had requested that the Sustainability Model be considered in greater detail. She also stated that there was a need to evaluate the Council's housing stock during a challenging time and at a time when Members had to make difficult decisions. It was noted that the stock was aging and coupled with this, there was less demand for certain types of housing stock.

There followed a PowerPoint presentation on the Sustainability Model to be used to assist in determining Remodelling/Demolition options by the Head of Investment with Members asking questions and making suggestions throughout the presentation

The Head of Investment outlined the purpose of sustainability Modelling, advising that the term related to the concept of 'rethinking asset management', which posed questions in relation to the Council's current housing stock.

Arising from that part of the presentation relating to ensuring the Council obtained the best from their existing stock, including identifying where investment in housing stock should take place, Members made the following suggestions:-

- In relation to identifying properties or clusters of properties where with investment it may increase demand, properties to assist social services in meeting requirements and targets should be identified and the possibility of adapting smaller properties for the elderly, who currently occupied larger properties should be investigated, which may achieve greater provision of two and three bedroom properties;
- That there may be other community groups who would benefit from occupying clusters of properties, for example parents with young children as some issues were addressed more appropriately in certain environments.
- That sustainable communities were important and it was a matter of choosing optimum ways of maintaining sustainable communities;
- Housing areas should include a mixture of the Borough's population in order to create enhanced communities and areas;
- The possibility of converting low rise properties for those with health issues and the requirement to include the provision of suitable housing in the Better Care Fund.

The Head of Investment referred to unpopular properties that were hard to let and the number of no wait properties including those properties that required significant investment and the need to investigate investment strategies in order to address those issues and Members made the following suggestions:-

- In relation to hard to let properties there was a requirement to investigate different schemes including letting those properties to young people who may be willing to carry out their own repairs and the possibility of promoting hard to let properties to young people in order to encourage them onto the property ladder, as the current position in relation to loss of rent and the continued liability to pay council tax on those properties was unsustainable.
- That there was a need to investigate why some properties in certain areas were hard to let as there may be a requirement to invest in improving the appearance of those areas.
- A suggestion that should hard to let properties consist of blocks of flats that those blocks should be disposed of, with the sale proceeds being invested in current council housing stock or rebuilds;
- The possibility of the Council providing municipal mortgages to those who may wish to purchase hard to let properties;
- The possibility of introducing incentive schemes in relation to hard to let properties for example providing initial free rental weeks and/or providing assistance with obtaining furniture;
- There was a need to investigate options in relation to low level properties and maisonettes and the possibility of working with the voluntary sector and those who operated businesses in areas where there were hard to let properties in order to secure tenants for those properties;
- The possibility of letting properties to Community Centres given the funds available to them and programmes they undertake. Particular reference was made to the Centre for Equality and Diversity.
- Given that a significant proportion of hard to let properties were in high rise blocks the possibility of the remaining occupants being re-housed in order to provide a blank canvass to possible investors.

The Assistant Director of Housing Services stated that the number of no wait properties had increased due to the impact of the welfare reforms and that high rise properties were not the preferred choice of the Boroughs residents.

It was noted that following a consultation with Members it had been agreed that high rise properties should not be offered to those with young children.

The Head of Investment advised there had been open days for viewing high rise properties, which had been reasonably successful and the Assistant Director of Housing Services reported that properties to let were advertised on the Council's vans and also on public transport vehicles.

In relation to the suggestion that incentives should be available to tenants wishing to occupy hard to let properties the Assistant Director of Housing Services stated that this would be integrated but that she wished to secure sustainable tenancies and was concerned that tenants may only occupy properties whilst incentives were in place.

The Head of Investment advised that the sustainability model would assist with identifying those parts of the community and the housing stock within them where consideration could be given for intervention policies to improve demand. The Head of Investment outlined that the model would not provide solutions but would identify the areas where there was a need to identify the types of action required to make council housing stock more attractive for the boroughs' residents.

The Head of Investment returned to the PowerPoint presentation advising of the need for transparency, realism and simplicity in measuring performance to ensure that the performance of housing stock could be measured effectively including capturing financial performance and demand for properties.

Indicative graphs were displayed in relation to how the cost element of sustainability modelling could inform the business case, and the Head of Investment advised that following the assessment of financial performance of properties it would reveal that a number of properties where rental income would not meet the cost of future improvements. Asset groups were referred to, which would form part of a number of sub-models or areas that could require recovery and improvement plans, together with those areas that may require further option appraisal which would investigate achieving the decent homes standard and including any need to provide further investment in order to provide sustainable communities.

The Head of Investment outlined the social responsibility of the Council to provide social housing and the need to consider demand as well as cost. Illustrative visual modelling was displayed in relation to properties that could be high demand with low maintenance costs. Properties where income would not meet investment need but demand was high and low demand properties with high investment needs.

It was noted that modelling would not identify or recommend any specific solutions but would provide a tool to identify pockets of stock where further work could be carried out to identify interventions to improve the ability to let or sustainability of the stock.

The Head of Investment referred to the progress of sustainability modelling which included support of the Housing Futures Board, the use of in house sustainability modelling software, and the formation of a Working Group of Officers.

In relation to the selection of high rise as a property archetype to pilot the model, the Head of Investment reported that high rise had been chosen as a test model due to the fact they were a recognised and transparent property archetype and that modelling that type of property would help to demonstrate over a small number of well known properties that the sustainability modelling was robust, and the data obtained and analysed was consistent with providing identifiable outcomes prior to rolling out the model across the stock.

The Head of Investment advised that Dudley Metropolitan Borough Council were more advanced in sustainability modelling than other Councils and the only benchmarking that could be more easily undertaken was in relation to registered providers/housing associations.

The methodology for measuring demand was outlined and the need to consider readily available qualitative data in order to identify areas where interventions and solutions may be required in relation to council housing stock.

The Head of Investment referred to how the cost of measuring performance of properties in the sustainability model was achieved by assessing the net present value of properties, calculated by taking into account investment need over a five year period (including planned investment, responsive repairs and servicing costs), together with rental income over the same period.

Relating to that part of the presentation regarding sustainability modelling cost Members raised concerns and made the following suggestions:-

- The need to investigate costs further and for the Council to become a commercial and economic enterprise in relation to their housing stock.
- The Council could not continue to sustain the current rental loss and the urgency of the decision whether to sell or maintain those no wait properties in particular high rise flats.

In responding to Members' questions the Head of Investment advised that he was confident in the data relating to stock evaluation, as a data survey had been carried out last year which found the data to be 90% accurate and he was confident that the data was robust for the purpose of stock.

A Member suggested that an on-site presence such as a concierge was required in high rise buildings and there was a need to consider the convergence of rent between the public and private sector housing providers in order to establish whether council properties were being let at the correct price for the current housing market. There was also a request for exit questionnaires and data from those who had vacated council properties.

The Assistant Director of Housing Services advised that rents were controlled by a formula and in Dudley Borough the possibility of a service charge in order to provide twenty four hour concierge had not been pursued. It was stated that there were exit questionnaires, however it was not always possible to obtain completed questionnaires as some tenants abandoned properties and work was being undertaken to discover the whereabouts of those who had vacated their properties.

In responding to a concern raised by a Member that there was a general conception that high rise properties were areas of trouble and anti social behaviour, the Assistant Director of Housing Services advised that high rise properties were not let to transient families.

A Member suggested that work be conducted with the Borough's three colleges to ensure that they were aware of the no wait properties available should their students require them and that in turn this may encourage students to continue to live and work in the Borough following completion of their studies.

In responding to a suggestion of a Member that a show home be created in order to encourage residents of the Borough into high rise properties, the Assistant Director of Housing Services indicated that prior to investment there was the need to ensure that there was a demand for such properties and that the introduction of a service charge to provide a concierge service may price residents out of the market so far as rents were concerned.

The Assistant Director of Housing Services referred to a project in Wolverhampton which involved the sale of high rise blocks adjacent to New Cross Hospital and the provision of a secure underground car park for those occupying the properties who were employed by the hospital and undertook to carry out enquiries in relation to whether the project proved successful, in order to explore the possibility of a similar project at Russells Hall Hospital.

In concluding the presentation the Head of Investment referred to the sustainability modelling, demand, criteria and weightings for high rise properties and displayed the high rise pilot results based upon the initial criteria, which including assessing tenancy turnover rates, the number of bids per advert per property type for the area, the percentage of voids in the block, crime statistics and the affordability of the properties based on energy ratings. He also referred to the next steps which included rolling out the project for general stock.

Members congratulated Housing Officers present and welcomed the presentation together with the work conducted to date on sustainability modelling.

The Vice-Chair referred to problematic properties advising that time was of the essence in dealing with such properties and referred to the provision of particular properties that were in demand and the requirement for further one and two bedroom properties. He urged Members to continue to advise on suggestions to improve on the current housing stock in order to provide the best housing stock for the residents of the Borough.

The Chair also encouraged Members to provide further feedback and suggestions to the Head of Investment and/or the Assistant Director of Housing Services.

In responding to a Member's question in relation to providing further incentives to potential tenants and the possibility of working with private agencies to acquire tenants, the Assistant Director of Housing Services advised that properties continued to be advertised and reported on the wish to secure tenancies from residents who wished to reside in properties and contribute to the community. She further reported that the Council were unable to discharge the under occupancy tax for those who were struggling financially and although some Authorities have reclassified their housing stock this had not increased demand and future problems with reclassification could occur as once the Authority had reclassified a property down they could not reclassify upwards in the future.

In responding to a concern in relation to the percentage of hard to let properties as compared with other Authorities the Assistant Director of Housing Services advised that Authorities across the Country were experiencing the same problems and the percentage of hard to let properties in the Dudley Borough was relatively small as compared with other authorities. She also referred to the introduction of Universal

Credit, which may result in further difficulties with tenants discharging rent payments.

The Assistant Director of Housing Services undertook to forward to Members details of hard to let properties.

A Member suggested the need to investigate further partnership working with all of the Borough's further education facilities and the possibly of partnership working with the two Birmingham universities.

The same Member referred to the fact that Russells Hall Hospital was a teaching facility and it was agreed that providing housing for those at the hospital should be pursued, together with the introduction of a policy that housing stock should be replaced following disposal of current stock.

Following Member requests the Assistant Director of Housing Services undertook to forward to all Members of the Council, the report submitted to the meeting together with the PowerPoint presentation on Sustainability Modelling in order to conduct a wider consultation on Sustainability Modelling.

The Assistant Director of Housing Services also undertook to provide Members with details of the exit surveys in relation to high rise and maisonette properties.

A Member sought assurances that exit surveys be vigorously pursued in the future as the importance of capturing as much information as possible on housing stock was paramount.

Resolved

- (1) That the information contained in the report, and Appendices to the report, submitted on the Sustainability Model to be used to assist in determining Remodelling/Demolition Options, be noted.
- (2) That the Assistant Director of Housing Services pursue Members' comments and suggestions in relation to determining Remodelling/Demolition Options.
- (3) That the Assistant Director of Housing Services be requested to circulate to Members details of the areas where hard to let properties were and Exit Surveys in relation to high rise and maisonette properties.
- (4) That the Assistant Director of Housing Services be requested to circulate to all Members of the Council the report submitted to the meeting together with the PowerPoint presentation on Sustainability Modelling.

The meeting ended at 8pm

CHAIR

ACHS/20

Meeting of the Adult, Community and Housing Services Scrutiny Committee – 17th November 2014

Joint Report of the Chief Executive, Treasurer and Director of Adult, Community and Housing Services

Medium Term Financial Strategy

Purpose of Report

1. To consult the Scrutiny Committee on the Medium Term Financial Strategy (MTFS) to 2017/18, with emphasis on those proposals relating to the committee's terms of reference.
2. For this committee the relevant items are those relating to the Directorate of Adult, Community and Housing Services in paragraph 24.

Background

3. At its meeting on 29th October 2014, the Cabinet considered a preliminary Medium Term Financial Strategy to 2017/18 for further consultation, including consultation with Scrutiny Committees, in accordance with the Constitution. In framing their responses to these budget proposals, Scrutiny Committees are being asked to consider both the spending and funding implications (including the impact on Council Tax) of any observations they may wish to make.

Forecast 2014/15 Position

4. Forecast General Fund revenue spend compared with budget for each Directorate is shown in Appendix A.
5. Latest monitoring indicates favourable Treasury variances amounting to £0.5m resulting from better than expected cash flows. This is a prudent estimate and may improve by the year end.

Looked After Children

6. In July, we reported to Cabinet that a review of Looked After Children had been undertaken. That review produced a number of recommendations for increased revocations of care orders, improved prevention and diversion, better commissioning and lower cost provision of care. On the basis of that review the Directorate of Children's Services predicted that numbers of Looked After Children could be reduced by around a third by the end of 2017/18. In particular, it was predicted that large reductions could be made in the numbers of children in the highest cost categories of care (external residential care and independent foster agency placements). It was forecast that these reducing numbers would lead to cumulative savings of £7.0m from the direct costs of Looked After Children and further consequential savings in social work, transport costs, etc of £0.8m by 2017/18.

7. Monitoring in the current year shows that overall numbers of Looked After Children have not started to reduce as predicted and, within that overall number, external residential and independent foster agency placements have risen. In addition, there are overspends in the Social Work budget and in the budget for 14+ supported accommodation. The Directorate of Children's Services has identified some measures to partially offset the pressures set out above and, on this basis, the latest financial monitoring by the Directorate forecasts an overspend of £1.0m although there is a risk that this overspend will increase.
8. In view of the current position, the Directorate of Children's Services has reviewed its forecasts for numbers of Looked After Children taking into account the age profile of the children currently in care and numbers of children likely to come into care in future. This review is not complete but indications so far are that any reductions in numbers will not be at the rate predicted in July. Savings in future years that are based directly or indirectly on reducing numbers of Looked After Children have therefore been removed from the proposed MTFs set out in this report, pending further review by the Strategic Director (People Services) and the Chief Officer (Children's Services) as and when they are appointed.
9. In light of the above, Cabinet agreed that all senior managers be reminded of the need for strict budgetary control in accordance with the Financial Management Regime and care and caution in managing the budget, particularly in the context of commitments into later years and the impact that any overspending in any one year will have on the availability of resources to meet future budgetary demands.

General Fund Balances

10. The use of balances for 2014/15, as approved by Cabinet and Council in July, is set out below. Members are asked to note the risk to this position if the Directorate of Children's Services fails to control the forecast overspend set out in paragraph 7 above. In view of this risk, there is no proposal at this stage to amend the current year budget to reflect the favourable forecast Treasury variance in paragraph 5.

	Budget
	£m
Balance at 31st March 2014	25.1
Planned use 2014/15	-0.1
Forecast balance at 31st March 2015	25.0

Medium Term Financial Strategy to 2017/18

11. In updating the Council's Medium Term Financial Strategy, Members will need to consider carefully:
 - (a) the levels of Government support allocated to the Council;
 - (b) spending pressures, opportunities to free up resources (including savings), and Council Plan priorities;

- (c) the implications of spending levels in later years as part of the Council's medium term financial plan;
- (d) the views of consultees;
- (e) the external factors and risks inherent in the Strategy;
- (f) the impact on Council Tax payers.
- (g) the Government's stated intention to offer Council Tax Freeze Grant for 2015/16 (see paragraph 14 below);
- (h) the potential impacts on people with protected characteristics as defined in the Equality Act 2010. Members will need to have due regard to the public sector equality duty under the Equality Act 2010. (Further details are set out in the Equality Impact section below.)

Government Funding

12. The provisional settlement for 2014/15 included indicative figures for 2015/16. Figures for 2016/17 onwards have not been announced. Our current forecasts for 2016/17 and 2017/18 are in line with latest Treasury indications based on the 2013 Autumn Statement that for those years total Government expenditure will continue to fall in real terms at the same rate as over this Parliament. The implications of this for Local Government funding in general and Dudley's funding in particular are subject to a number of assumptions. However, if:
- expenditure on welfare is constrained such that departmental expenditure is not cut more steeply than over this Parliament;
 - elements of departmental expenditure, in particular Education, the NHS, International Development and the devolved regions, are protected in real terms;
 - Dudley's funding changes in line with overall Local Government funding,
- then RSG would reduce by around 23% (£13m) in 2016/17 compared with 2015/16 indicative figures, and a further 27% (£11m) in 2017/18 compared with 2016/17.
13. We have assumed that New Homes Bonus will continue to increase at the same underlying rate as for 2014/15 up to 2016/17 after which it will remain stable.¹
14. The Government has indicated that it will offer a grant equivalent to a 1% Council Tax increase to Councils who freeze Council Tax in 2015/16, and that this funding will be included in the "base" position for future funding reviews. No announcement has been made at this point in respect of subsequent years.
15. The Government has indicated that Education Services Grant (the grant that funds support services to schools which become the responsibility of academies after conversion) will reduce by around 20% in 2015/16, equivalent to around £1m.

¹ New Homes Bonus is received for 6 years for each new home or long term empty home brought back into occupation. As the scheme commenced in 2011/12, homes for which grant was received in that year will no longer count from 2017/18. This will continue in each subsequent year as the "oldest" year falls out of the formula. We have assumed that this fall out will be offset by more new homes at similar levels so that overall grant will not vary significantly.

Other Forecasts

16. The new Local Government pension scheme came into operation from April 2014. In order to smooth the impact of the significant increase in employers' contributions that would have otherwise occurred from 1st April 2014, both Future Service employer contributions and Past Service Deficit contributions are being stepped up over the period 2014/15 – 2016/17. The difference between stepped contributions and un-stepped contributions will then be added to the contributions certified by the Fund actuary for the period 2017/18 to 2019/20 (i.e. an additional £2.5m per annum).
17. In addition to the direct impact of changes in employer pension contributions, the current National Insurance rebate for employees and employers for "contracting" out of the Additional State Pension into the Local Government Pension Scheme will end from 1st April 2016 as part of the move to the new Single Tier State Pension from that date. Although the Government has indicated the impact of this on public sector employers will be taken into account in funding allocations, it would not be prudent to assume this means the cost will be funded.
18. The Collection Fund includes income from council tax and business rates. From 2013/14 there has been a transfer of risk from central to local government in respect of both these areas:
 - Nationally set and funded Council Tax Benefit was replaced by locally determined Council Tax Reduction schemes (see below). As part of this change the risk relating to changes in claimant numbers and value of claims is now borne by Councils.
 - 49% of business rates collected are retained by the Council, involving significant new risks resulting from any changes in rateable value as a result of new building, change of use, demolitions, or successful appeals. The latter may be backdated, sometimes as far as 2005, and give rise to substantial refunds to ratepayers.

The flip side of this risk transfer is that local authorities equally stand to gain from positive movements in either of these income streams. The impact in both areas is difficult to predict, and will continue to be monitored closely, and the position will be reviewed when reporting to Cabinet in February 2015.
19. We have assumed that the Integrated Transport Authority (ITA) Levy will reduce by 5% in 2015/16 in accordance with the ITA's own MTFs, and will be frozen in cash terms thereafter.

Council Tax Reduction Scheme

20. The Council agreed at its meeting on 2nd December 2013 that the Council Tax Reduction (CTR) scheme be amended from 1st April 2014 to be based on the eligibility and calculation rules of the current (2013/14) scheme with a 20% cut in the resulting level of the reduction; and that a transitional arrangement of an 8.5% cut in the calculated reduction apply at least up to 31st March 2015 - with full protection from any scheme changes being given to pensioners, disabled adults, disabled children, war pensioners and lone parents with a child under 5.

21. Cabinet agreed at its meeting on 29th October 2014 to recommend to Council that the transitional arrangement be terminated on 31st March 2015 and that the full 20% cut be implemented from 1st April 2015, and that full protection from any scheme changes should continue to be given to pensioners, disabled adults, disabled children, war pensioners and lone parents with a child under 5. This has been assumed in the forecasts of the Council's tax base for 2015/16 onwards along with other estimated changes as a result of increased property numbers, etc.

Base Budget Forecasts

22. The following key assumptions have been made (and are also referred to in the risk analysis in paragraph 32):
- (a) The provision for pay in 2015/16 reflects the employers' current pay proposals, covering the 2 year period up to 31st March 2016. These comprise a minimum 0.45% non-consolidated lump sum to cover the period 1st April 2014 – 31st December 2014, and a 2.2% minimum increase from 1st January 2015 – with larger increases to the lower pay grades. We are expecting pay awards for local government to continue to be settled at very low levels in the next few years, and have provided 1% each year for pay for the remainder of the MTFs.
 - (b) The provision for prices of 2% each year for the duration of the MTFs assumes that competitive contract management and tendering will continue to minimise the impact of price rises on Council budgets.
 - (c) Interest rates will continue to have a relatively low impact in the medium term.
23. Details of Base Budget Forecasts including the cost of demographic and other pressures for the next three years are set out below.

	2015/16	2016/17	2017/18
	£m	£m	£m
2014/15 Base(*)	240.0	240.0	240.0
Pay & Prices	3.1	6.4	9.9
Capital Programme and Treasury	0.2	-0.8	-1.8
Pensions and National Insurance	1.7	5.1	6.7
Other Adjustments (**)	2.5	2.9	2.9
Spending Pressures (***)	1.1	2.2	3.3
Base Budget Forecast	248.6	255.8	261.0

(*) Following amendment by Cabinet and Council in July.

(**) Mainly the costs of Single Status, and the Government's planned reduction in Education Services Grant (ESG).

(***) Reflects increased numbers of adults with learning disabilities and clients with dementia, and pressures relating to waste collection and disposal costs.

Savings

24. The following savings have been identified. Detailed proposals are set out in Appendix B.

	2015/16 £'000	2016/17 £'000	2017/18 £'000
Adult, Community and Housing	11,801	12,907	12,907
Children's Services	1,695	2,157	3,540
Urban Environment	5,338	5,598	6,107
Corporate Resources	3,613	4,067	4,167
Chief Executive's	477	561	701
Total	22,924	25,290	27,422

The savings above include a number of proposed savings at Assistant Director and Head of Service level that were developed by directorates in advance of the corporate review of senior management. In order to avoid double counting, these earlier proposals will in due course be removed from the MTFS and replaced by savings arising from the corporate review. The precise impact on the MTFS of the review will be calculated when the proposals have been finalised, and will reflect the proper accounting for the General Fund, Housing Revenue Account, Public Health budget and Dedicated Schools Grant.

Public Health

25. The provisional core allocation for Dudley in respect of Public Health grant for 2015/16 remains unchanged from the 2014/15 allocation at £18.974m. The proposed budget for consultation is shown at Appendix C.
26. The Government intends that from 1st October 2015, local authorities will take over responsibility from NHS England for commissioning public health services for children aged 0-5. The initial transfer of funding will be handled separately to the core allocations. From 2016/17 onwards, the 0-5 baseline funding will be added to existing local government public health grant allocations to form an overall public health grant allocation.
27. The General Fund savings proposals in Appendix B include proposals to support Sports Development and Park Rangers from Public Health grant on the basis of the contribution that these services make to delivery of health and wellbeing outcomes. It is proposed that this support will be funded from a combination of Public Health reserves, decommissioning and redirection of funds within the Public Health budget.

Human Resource Implications

28. It was agreed by Council in July that:

- An "Expressions of Interest" process for voluntary redundancy to open from July through to early September 2014 with clear communication relating to priority given to areas of savings and that the process will be for a register to be held for future consideration including budget saving requirements and service restructures.

- That directors through HR may continue to offer the opportunity of volunteering for redundancy to any employee whose service is undergoing a restructure involving the saving of posts as it may be that some employees did not express an interest through the corporate process that might wish to consider this option if and when their service is reviewed.
- The continued delegation for approval of voluntary redundancies to the Cabinet Member for Human Resources, Legal, Property & Health and the Director of Corporate Resources, and of compulsory redundancies to the Cabinet Member for Human Resources, Legal, Property & Health and the Assistant Director for Human Resources and Organisational Development.

Redundancy costs, including those relating to pension strain, are dependent on the age and length of service of the individuals being made redundant and therefore cannot be precisely calculated at this stage. However, it is anticipated that they can be met from use of resources earmarked for committed capital expenditure (which in turn could be funded from prudential borrowing), review of earmarked reserves, and general balances. Cabinet, at its meeting on 29th October, agreed to recommend to Council that the above delegation be confirmed up to an initial maximum of £5.0m for direct redundancy costs and the capitalised cost of pension strain, in respect of redundancies required to achieve the proposed savings set out in this report.

Medium Term Financial Strategy

29. The MTFS reflecting the revised spending proposals set out above, and forecasts of likely resource availability can be summarised as follows.

	2015/16 £m	2016/17 £m	2017/18 £m
Base Budget Forecast	248.6	255.8	261.0
- see para 23			
Savings	-22.9	-25.3	-27.4
- see para 24			
Total Service Spend	225.7	230.5	233.6
Revenue Support Grant (RSG)	54.5	41.8	30.6
Retained Business Rates	48.3	50.0	51.2
Top-Up Grant	15.3	15.7	16.1
Business Rate Grant	1.4	0.8	0.8
New Homes Bonus	4.1	4.8	4.8
New Homes Bonus Adjustment Grant	0.5	0.5	0.5
Council Tax Freeze Grant	2.3	3.5	4.6
Collection Fund Deficit – Business Rates ²	-0.7	-0.7	-0.7
Council Tax	95.4	95.9	96.4
Total Resources	221.1	212.3	204.3
Deficit funded from Balances	4.6	18.2	29.3
Balances brought forward	25.0	20.4	2.2
Balances carried forward	20.4	2.2	n/a

² Forecast deficit as a result of technical accounting issues relating to back-dated appeals.

30. As demonstrated by the table above, balances are adequate to fund the deficit for 2015/16 and 2016/17, but it will be necessary to identify significant further savings to ensure that the Council can deliver a balanced budget in 2017/18 and beyond.
31. The table above assumes, as a prudent basis for forecasting, that Council Tax is frozen for 2015/16. Whilst there has been no Government announcement in respect of Council Tax Freeze Grant (CTFG) for subsequent years, a freeze for 2016/17 and 2017/18 has also been assumed as a prudent basis for forecasting. Any increase in Council tax above 1.2%³ would increase available resources.

Estimates, Assumptions & Risk Analysis

32. The proposals in this report are based on a number of estimates, assumptions and professional judgements, which are subject to continuous review. These may lead to further increases in expenditure and, therefore, the need to identify alternative funding sources, and include:
- (a) Revenue Support Grant for 2015/16 is as per the indicative figures announced with the 2014/15 settlement, and for 2016/17 and 2017/18 is in line with Government indications of ongoing national deficit reduction. It should be noted that these forecasts in particular remain highly uncertain;
 - (b) income from Business Rates (net of appeals etc.) will be in line with current forecasts;
 - (c) the cost of Council Tax Reduction awarded will not substantially exceed forecasts, and the tax base will continue to grow in line with recent years;
 - (d) New Homes Bonus funding for future years increases at the same underlying rate as for 2014/15;
 - (e) Equal Pay costs are no more than estimated;
 - (f) general levels of inflation, pay and interest rates do not vary materially from current forecasts;
 - (g) income and expenditure relating to treasury management activity, including airport dividend income, are in line with forecasts;
 - (h) the impact of schools transferring to academy status can be managed within existing Directorate budgets;
 - (i) there will be no other unplanned expenditure (including any resulting from demographic pressures) or shortfalls in income, which cannot be met from reserves;
 - (j) Council Tax will be frozen in each year and the Government will continue to offer an ongoing Council Tax Freeze Grant equivalent to a 1% increase;

³ Council Tax Freeze Grant is calculated with reference to a higher tax base than that used for Council Tax setting - to make it consistent with the calculation prior to localisation of Council Tax Benefit / Support. It is therefore worth more than 1% of actual Council Tax income.

- (k) income from the Better Care Fund will be as forecast, taking into account that a substantial element of this is contingent on achieving challenging performance targets;
- (l) there will be no overall pressure on resources resulting from implementation of the Care Act. (The Care Act received Royal Assent in May 2014 and has wide ranging implications for adult social care services some of which take effect in April 2015 and the remainder in April 2016. There are significant financial risks associated with the delivery of the Care Act and the likely costs are currently very difficult to identify with reasonable accuracy. The Government has committed to fully funding the additional costs, but we have no details of the impact on the financial settlement at this time.)
- (m) that the Directorate of Children's Services will contain spend within its current approved budget (noting that previously identified savings on Looked After Children have now been removed from the future years of the MTFs pending further review).

Consultation

- 33. Following the high profile and extensive Big Question consultations held over the previous two years a significant number of residents are now subscribed to the council's e-bulletin service. To minimise costs, last year's consultation was carried out predominantly online through the e-bulletin service, website and social media and it received a total of 2,500 responses. Over the last year, the number of people in receipt of the e-bulletin has continued to grow as the communication channel develops and there are currently more than 18,000 subscribers. The proposal for this year's consultation is to again utilise the successful online channels of the e-bulletin, internet and social media. We will also make hard copy, printed versions available in borough libraries and Dudley Council Plus through a consultation which will run through November, December and January.
- 34. Detailed consultation will also be undertaken with groups identified as being potentially affected by the specific savings proposals, with a particular emphasis on equalities issues. Further information is set out in the Equality Impact section below. Unions will be consulted in the context of the redundancy process considered in a separate report elsewhere on this agenda.
- 35. The Council is required by law to consult with representatives of Business Ratepayers before the final budget and Council Tax are agreed. A consultation meeting will be held to consider the issues set out in this report. Further detailed information (as required by law) will be distributed in February for comment before the Council Tax setting meeting.
- 36. In accordance with the Council's Constitution, Scrutiny Committees are being asked to consider the issues set out in this report and any related specific issues relevant to their Council Plan and service responsibilities. For this committee the relevant items are those relating to the Directorate of Adult, Community and Housing Services in paragraph 24. The Director of Adult, Community and Housing Services will be available at the meeting to address any queries. In framing their responses, the Scrutiny Committees are being asked to consider both the spending and funding implications (including the impact on Council Tax) of any observations they may wish to make.

Finance

37. This report is financial in nature and relevant information is contained within the body of the report.

Law

38. The Council's budget setting process is governed by the Local Government Finance Acts 1988 and 1992, and 2012 and the Local Government Act 2003.
39. The Local Government Act 2003 requires the Chief Financial Officer to report on the robustness of estimates made for the purpose of final budget calculations, and the adequacy of the proposed financial reserves and this will be included in the final budget report.
40. The Localism Act 2011 introduced a new chapter into the Local Government Finance Act 1992 making provision for council tax referendums to be held if an authority increases its council tax by an amount exceeding principles determined by the Secretary of State and agreed by the House of Commons.

Equality Impact

41. Section 149 of the Equality Act 2010 - the general public sector equality duty - requires public authorities, including the Council, to have due regard to the need to:
- eliminate discrimination, harassment and victimisation and other conduct that is prohibited by the Act;
 - advance equality of opportunity between people who share a protected characteristic and those who don't;
 - foster good relations between people who share a protected characteristic and those who don't.
42. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
 - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

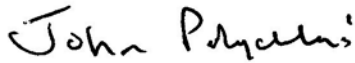
43. The legislation states that "the steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities." In practice, this means that reasonable adjustments should be made for disabled people so that they can access a service or fulfil employment duties, or perhaps a choice of an additional service for disabled people is offered as an alternative to a mainstream service.
44. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- tackle prejudice, and
 - promote understanding.
45. Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

The duty covers the protected characteristics of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

46. An initial assessment of the budget proposals has been made. Where proposals are likely to have a significant equality impact, they will undergo an equality impact assessment informed by consultation with the protected groups who may be adversely affected, during the autumn. The results of this process and any steps which emerge that might help to mitigate any potential impact of the budget proposals on the protected groups will be reported to Members so that they can pay due regard to the Public Sector Equality Duty in making decisions on the budget. In making decisions on budget proposals, Members will need to weigh the Public Sector Equality Duty against the forecast financial position, risks and uncertainties set out in this report.
47. With regard to Children and Young People, the proposed budget for the Directorate of Children's Services will be spent wholly on maintaining and improving services for children and young people. The expenditure of other Directorates' budgets will also have a significant impact on this group.

Recommendations

48. That the Committee considers the Cabinet’s proposals for the Medium Term Financial Strategy to 2017/18, taking into account the considerations set out in paragraph 36.



.....
John Polychronakis
Chief Executive

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Iain Newman
Treasurer



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Andrea Pope-Smith
Director of Adult, Community and Housing Services

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List of Background Papers

2013 Autumn Statement
Report to Cabinet 3rd July 2014
Report to Cabinet 29th October 2014

Latest Forecast 2014/15

Directorate	Revised Budget £m	Outturn £m	Variation £m	
Adult, Community and Housing	101.162	101.162		
Children's Services	68.997	69.997	+1.000	See note 1
Urban Environment	56.268	56.268		
Chief Executive's	4.206	4.206		
Corporate Resources	9.363	8.889	-0.474	See note 2
Total Service Costs	239.996	240.522	+0.526	

Note 1: Costs of Looked After Children, social work and 14+ accommodation, partially offset by one-off savings in other parts of the Children's Services budget.

Note 2: Favourable Treasury variances.

Proposed Savings

Adult, Community and Housing	2015/16	2016/17	2017/18
	£'000	£'000	£'000
Learning Disability - Assertive review of residential care and care packages for people, including Supported Housing. Leading to a re-modelling of how we deliver services to people with a Learning Disability, which will see more people supported in community based settings and through the delivery of Direct Payments	1175	1175	1175
<p>Health integration – These savings will be achieved through the transfer of monies from the Clinical Commissioning Group (CCG) via the Better Care Fund. This transfer is made up of two elements.</p> <p>The first element relates to a reduction in unplanned admissions to hospital and forms the payment by results part of the fund. The target reduction in unplanned admissions to hospital that will generate the planned transfer of resources to the Local authority is 7% in 2015/16; a further reduction in unplanned admissions of 2.4% is planned for 2016/17. In the event the performance targets are delivered in full, Dudley MBC will receive £3.75m performance related benefit.</p> <p>The second element is a transfer of resources from Dudley CCG to Dudley MBC of £3.12m. This sum supports the protection of adult social care and implementation of the Care Act.</p>	6870	6870	6870
Health integration - This option reflects the efficiencies that will be generated within DACHS as a result of the integration of services with the CCG, and the efficiencies identified following the redesign of the Adult Social Care model in respect of access to services and the customer experience.	700	1606	1606
Mental Health Services - Assertive review of residential care and care packages for people, including Supported Housing. Leading to improved value for money from existing care packages and increased use of telecare, extra care housing, and Direct Payments.	156	156	156
Reduction of management and staffing costs across adult social care	200	200	200

Adult, Community and Housing	2015/16	2016/17	2017/18
	£'000	£'000	£'000
Physical Disability - Assertive review of residential care and care packages for people, including Supported Housing. Leading to a remodelling of how we deliver services and more people supported in community based settings.	250	250	250
Older People/ Learning Disability - Review of existing shared lives service, with development of extending existing service provision to provide alternative to residential care.	250	250	250
Queens cross day centre - Remodelling of services at Queens Cross Network - remove in-house transport and replace with robust independent travel planning service and develop a traded service to include use of building by external organisations or individuals.	100	100	100
Unicorn day centre – this is a day centre for people with profound Learning Disabilities. A range of options including externalisation, community asset transfer and community fundholding are being considered. Final proposals following detailed consultation will be finalised shortly.	300	300	300
Employment Plus – this is a service that looks for employment opportunities for people with disabilities. The saving would be achieved through providing the service through a different delivery model and identifying efficiencies through the current use of resources	200	200	200
Savings arising from new running arrangements for New Bradley Hall	250	350	350
Changes to Reablement service - Following an independent review some changes in respect of the delivery of services will deliver the savings identified.	100	200	200
Extra Care Housing - The renegotiation of the contract for the running of the extra care housing provision will see current block contract being replaced with spot purchased care, which will see a reduction in the overall number of hours commissioned together with a reduction in the unit costs.	250	250	250
Introduction of tighter criteria for support to voluntary sector that is more aligned to the local authority preventative model.	300	300	300
Reduced support, and cancellation of schemes supported through Supporting People monies.	700	700	700
Total	11,801	12,907	12,907

Children's Services	2015/16 £000	2016/17 £000	2017/18 £000
Generate additional surplus traded service income.	65	109	317
Restructure the integrated youth support service.	267	397	597
Reduce the voluntary and community sector commissioning budget together with efficiencies in the Directorate's commissioning arrangements .	55	55	135
Asset Management Services will make staffing reductions.	50	50	50
Home to school and college transport budgets for pupils and students will be reduced through efficiencies and some redesign of the service provision.	210	210	210
A consultation on the future delivery of the Children's Centre service in Dudley was undertaken in 2013 resulting in a revised model of delivery for all 20 children's centres into 5 clusters together with a restructure of family support and partner contributions from the Dedicated Schools Grant.	450	450	504
Review the scope for closer integration between Children's Centres and the health visitor service focussing on improving health and wellbeing outcomes for children and families. This will involve a contribution from Public Health Grant to sustain the service in the short term pending the delivery of savings from integration.	350	350	350
Restructure within the Education Services division.	146	181	441
Options will be explored for Dudley Performing Arts (DPA) service to become 100% financially sustainable by 2016/17, through traded service income, grants, partner contributions and trust status.	-	160	160
Redesign the early help and family support service.	40	113	277
Restructure the Directorate leadership and management arrangements.	62	82	499
Total	1,695	2,157	3,540

Urban Environment	2015/16	2016/17	2017/18
	£'000	£'000	£'000
Service related savings			
Reduction in the Road reconstruction and resurfacing programme	461	461	461
Reduction in routine Street Lighting, signs and bollards maintenance	50	50	50
Reduction in Gully Drain Emptying with a greater focus on problem 'hot spots'	52	52	52
Reduction in the Grounds Maintenance of parks, open spaces, verges and other amenities including grass cutting, shrubs, hard surfaces & pitch marking and the pruning of trees	265	265	265
Office staff related savings			
Ongoing efficiencies, service transformation and corporate restructuring	3,105	3,105	3,444
Income generation			
Increase Bereavement charges	190	350	520
Other efficiency and contractual savings			
Gym equipment contract negotiated savings	40	40	40
New technology within Street Lights will reduce light pollution and save significant energy costs	205	205	205
Switch off selected Street Lighting from midnight	0	100	100
Redesign of Pest Control service	100	100	100
Review of rechargeable Green Care workloads	140	140	140
Further efficiencies including vehicle utilisation, overtime, fuel usage	200	200	200
Business efficiency and transformation	200	200	200
Sports Development and Park Rangers services to be maintained with support from the Public Health Grant on the basis of their contribution to health and wellbeing outcomes.	330	330	330
Total	5,338	5,598	6,107

Corporate Resources	2015/16	2016/17	2017/18
	£'000	£'000	£'000
ICT - service redesign, management savings, rationalisation of equipment and licenses and contract renegotiation following the consolidation of corporate and directorate ICT teams and reflecting the council's accommodation strategy and reducing workforce.	822	822	822
Accountancy - service redesign and management savings, focussing on strategic financial management and reducing non-core and transactional activity.	500	500	500
Management restructure within Internal Audit.	55	55	55
Customer Services - service redesign focussing mainly on self service / automation, reducing non-statutory activity, a payments review and management & staff savings .	589	846	846
Reduce grant to Dudley and West Midlands Zoological society.	0	0	100
Directorate management restructure. Removal of Assistant Director post.	0	100	100
Human Resources & Organisational Development - staff and management savings from system development & self service.	802	826	826
Staff and management savings from Law & Governance Division.	140	193	193
Increased Management & Valuation, conveyancing and lease income.	5	25	25
Office accommodation savings. Town Centre project - disposal of 12 sites.	200	200	200
Staff, energy and further efficiency savings within a consolidated property function. Council wide property restructure resulting in savings around £250,000. Energy Management savings expected to deliver around £250,000 savings.	500	500	500
Total	3,613	4,067	4,167

Chief Executive's	2015/16	2016/17	2017/18
	£'000	£'000	£'000
Reduction in voluntary sector grant	0	40	40
Staff savings across Policy and Customer Access to Services (CATS) teams	153	164	210
Admin support and directorate running costs savings	34	34	80
Communications and Public Affairs staff savings and additional income	96	129	177
Community Safety staff savings	169	169	169
Emergency Planning savings	25	25	25
Total	477	561	701

Proposed use of Public Health Grant 2015/16

	£'000	£'000
Substance misuse (alcohol & drugs) - adults	4,698	
Substance misuse (alcohol & drugs) - young people	487	
Substance Misuse Programme total		5,185
Sexual health services - STI testing and treatment (prescribed function)	478	
Sexual health services - contraception (prescribed function)	1,935	
Sexual health services - advice, prevention & promotion	255	
Sexual Health Services Programme total		2,668
Obesity (prevention & tiers 1 & 2 treatment) Programme		1,454
Children 5-19 - (School health & PH healthy school programmes)	1,532	
Children 5-19 - (National Child Measurement programme)	304	
Children 5-19 Programme total		1,836
Tobacco Control (prevention & treatment) Programme		1,480
Public Health Advice (core offer) (prescribed function)		1,081
Physical Activity Programme (including sports development and park rangers)		1,281
Community Health Improvement Programme		745
NHS Health Checks Programme (prescribed function)		560
Health Protection - communicable disease	262	
Health Protection - LA role (prescribed function)	263	
Health Protection Programme total		525
Mental Health Promotion Programme		485
Nutrition & Oral Health Promotion Programme		435
Long Term Conditions Self Management Programme		268

	£'000	£'000
Other PH Programmes (e.g. cancer awareness, falls prevention)		473
New Projects (parenting, diabetic eye screening, reduction in self harm)		184
Children's Centres (non-recurring use of reserves)		420
Overheads - central establishment charge	300	
Overheads - rent ,rates, service charge, cleaning	118	
Overheads - utilities, computer equipment, insurance etc	97	
Overheads total		515
Total Spend		19,595
Reserve funding		(621)
Total Public Health Grant funded		18,974
Estimated Opening Reserves 1.4.2015		1,713
Reserves use		(621)
Estimated Closing Reserves 31.3.2016		1,092

Financial implications of the care act

The story to date

Financial Context in which Care Act is being introduced

- Efficiency and other savings delivered by Adult Social Care over the past 5 years amount to £22m.
- The current savings in the medium term financial strategy amount to £12m through to 2017/18.
- The council is still required to find further savings of around £27m to balance the budget for 2017/18

Increased demand arising from implementation of the care act.

- From 1st April 2015
 - Assessment of carers needs
 - Support to carers
 - Information and advice
 - Deferred payment applications
- From 1st April 2016
 - Care assessments to identify eligible needs for care cap for all clients including current self funders.
 - Financial assessments and recording of cost of care against care cap for all people with eligible needs including self funders.

Financial and activity modelling of new workload arising from the Care Act

- National tools produced to support consistent reporting of activity and costs
 - Surrey Model
 - Lincolnshire model
 - Birmingham model
- All models are subjective and give a range of different outcomes. Nationally priority is being given to further develop Surrey model for use across the country.

Complexity of identifying impact of Care Act - Carers Assessments

- 37,937 No. of carers in borough
- 9,462 No. of carers providing 50 hrs + unpaid care per week
- 3,200 No. of carers currently supported by Adult Social care.

- A 2000 Increase in no. of carers requiring support as a result of the care act changes could cost the authority £1.4m based on Lincolnshire model

What Is changing ? Funding Cap

- Capped Lifetime Care Costs - £72,000 – currently no limit for people with assets
- Lower cap to be set for people with care needs before old age
- No costs for people with on-going care needs from childhood

What is changing? Extended Means Test

- More people to receive state-funded support with changes to the means test
- Capital limit increased from £23,250 to £118,000 (for care homes)
- Capital limit increased from £23,250 to £27,000 for non-residential care
- Assets below £14,250 are not included in the means test - this will rise to £17,000

What is changing? Care Homes

- Deferred Payments from 2015
 - no one will have to sell their home in their lifetime
 - Councils will be able to charge interest during the period of the agreement – currently no interest applies during stay in care care home.
- Care Homes from 2016
 - Contribution to Daily Living Costs (around £12,000 pa) separate from care costs
 - Daily living costs not subject to the cap
- Direct Payments for Residential Care from 2016
 - Extension of existing system that is available for care at home

CASE STUDY Mr A

Mr A, aged 70, develops dementia and moves into a care home.

His assets are over £118,000, so he does not qualify for local authority support.

In addition to his pension, he receives attendance allowance (AA)* at the higher rate of around £90 per week.

The local authority calculates his needs can be met in a local care home which costs £650 per week. However he chooses to pay an additional £150 per week to move into a different care home of his choice.

He reaches the cap after 3 years and 4 months, after which:

The local authority pays £420 per week to meet his needs. He remains responsible for his daily living costs and his £150 top up.

Mr A remains in the care home for one more year, after which his remaining assets are around £210,000.

*Attendance Allowance (AA) is a non means tested benefit for severely disabled people aged 65 or over who need help with personal care

He has

Assets £300,000	Income £390pw (from his pension and AA)
---------------------------	--

He contributes

Care Costs (which count towards the cap) £420 per week	Daily Livings Costs £230	Top Up £150
--	------------------------------------	-----------------------

Local Authority contributes

Care Costs (which count towards the cap) £420 per week	Daily Livings Costs £230	Top Up £150
--	------------------------------------	-----------------------

He contributes

Mrs B, age 80, develops arthritis and needs care and support in her own home.

The value of her assets *excluding* her home is £20,000. Her home is worth £200,000 but this is not considered within the calculation of her assets because she is receiving care in her own home. Her income is £260 per week, including lower rate attendance allowance (AA)* worth around £60 per week.

<i>She has</i>	
Assets	Income
£20,000 (excluding her home)	£260pw (from her pension and AA)

The local authority calculates her needs can be met at a cost of £100 per week.

She has a financial assessment to determine how much she can afford to pay. As a result, she contributes £62 a week.

<i>Local Authority contributes</i>	<i>She contributes</i>
	Care Costs £100 per week

After 3 years her care needs increase and she moves into a care home. At this point her progress towards the cap is £16,000. This is the total amount paid by Mrs B and the local authority by that point.

Her assets (not including her home) have reduced to £18,500.

As Mrs B is now receiving residential care so her home is now considered as part of her assets – her total assets are now considered to be £218,500.

As Mrs B has assets over £118,000 she does not qualify for financial support.

<i>She has</i>	
Assets	Income
£218,500	£290pw (from her pension and AA)

She receives higher rate attendance allowance* of £90 per week.

Risks / Implications

- What costs will the state be responsible for
 - Reasonable care costs once the care cap has been reached
 - Financial help for people with both their care and or general living costs if they have less than £17k in assets, and if they do not have enough income to cover their care costs.
- Managing the Market place
 - The council will be expected to ensure that there are a range of providers.
 - The implications of the care act could see changes in the numbers of publicly funded and self funded people which could distort the market place.

Summary

The care act will lead to a number of specific pressures on the Local Authority these include :-													
Key													
Readiness							Impact						
Red - no data available							Red - high cost pressure						
Amber - modelling underway							Amber - Medium cost pressure						
Green -modelling complete							Green - No financial impact						
												Readiness	Impact
–Increased numbers of assessments including carers assessments												Yellow	Red
–Increased costs of services for carers following assessment of needs													Red
–Increased workload and costs arising from Deferred payments.													Yellow
–Reduced client contributions arising from changes to threshold													Red
–Cost of implementing and monitoring cost of care against the care cap													Yellow
–Reduction in number of people contributing towards the cost of their care													Yellow
–Cost of meeting the additional expectations on information and advise.													Yellow
–Cost of ensuring IT systems are compliant with the act.													Yellow

Care Act Costs

Care act potential costs 2015/16- 2016/17								
						£,000	Confidence	
Increased No. of assessments						655	Low	
Increased cost of services to carers						1091	Low	
Increased cost of deferred paymernts						N/A	Low	
Reduced client contributions following threshold changes						1170	Medium	
Reduction in client contributions care cap						N/A	Low	
Increased costs of information and advise						N/A	Low	
Cost of IT systems						N/A	Low	
Total						2916		