

Committee:	Dated:
Community and Children's Services	12/04/2019
Subject: Budget Analysis	Public
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Summary

The 2019/20 budget position sets out a modest increase in expenditure. This reflects increased provision for inflationary costs, and a reduction in expenditure delivered by efficiency savings. The department is confident that there will be no negative impact on – or reduction in – frontline services. The report notes the potential for future budget pressures and constraints on growth of delivery.

Recommendation

Members are asked to:

- Note the report.

Main Report

Background

1. A report to January's CCS Committee on the department's 2019/20 budget set out a provisional revenue budget of £13.44 million – an increase of £99,000 on the original budget for 2018/19. Members sought clarity on whether the modest increase in annual budget would impact on levels of service delivery.

Current Position

2. The 2019/20 provisional revenue budget presented to Members includes provision for a 2 per cent inflationary increase from 2018/19. It also reflects agreed uplifts in funding to address pressures in adult social care, children's social care and homelessness.
3. In 2017/18 £232,000 was added to the department's baseline budget in response to increased numbers of unaccompanied asylum-seeking children and associated costs. In 2018/19 a further £427,00 was added to the baseline budget to tackle increasing homelessness, and £400,000 in response to increased demand for adult social care services.

4. The overall budget also reflects a 2 per cent reduction in net expenditure – identified in line with the corporate requirement for efficiency savings. The savings – totalling £214,000 – have been achieved through budget reductions assessed as low impact. This reflects: areas where predicted cost/service utilisation has been lower than expected; where recommissioning has or will yield savings through the rationalisation of contracts; or where service costs are now being met by partner organisations.
5. Identified savings are:
 - reduced storage costs for households in temporary accommodation
 - reduced cost of several early intervention contracts (City Living Wise, Care Navigator, City Carers, City Memory Group, Befriending, shopping services) through rationalising into single contract
 - transfer of cost for providing mental health support to looked-after children to the Clinical Commissioning Group
 - reduction in design fees budget for Family and Young people's Information Service and Early Years
 - reduced consultancy costs.
6. It is not anticipated that these efficiencies will impact negatively on the level or breadth of frontline service delivery. Service delivery and outcomes are closely monitored and reported to committee through service and departmental leadership teams. This process enables the identification of changes in performance or demand so that the department can respond.
7. The Council Tax precept for social care (2 per cent) will provide some additional funding in 2019/20 that will contribute to the cost of two additional social workers and an approved mental health practitioner.

Future position

8. Some departmental activities and services have been supported by the Priorities Pot funding, which cannot be guaranteed beyond existing commitments. These include the expansion of the Street Triage service (mental health crisis intervention) and the rent subsidy for the proposed City Mental Health Centre.
9. The department benefits from considerable external government funding, which it relies on for the delivery and scale of some services. This includes:
 - a. Homeless Prevention Grant – £106,000
 - b. Rough Sleepers Initiative funding – £295,000
 - c. Better Care Fund (BCF) – estimated to be £900,000
 - d. Section 256 (health funding) – £300,000
 - e. Education and Skills Funding Agency Grant – £1,108,000
 - f. Unaccompanied Asylum Seekers Grant – £222,000
10. Such funding may be affected by the government's planned Comprehensive Spending Review in the autumn of this year.

11. The government is also undertaking a 'fair funding review' that will set new baseline funding allocations for local authorities. It is anticipated that the revised funding formula will see a transfer of funding from inner-London to outer-London authorities. This change sits alongside planned changes to the Business Rate Retention Scheme which will have the effect of reducing the amount currently retained by the City Corporation.
12. Forecast budgets for the City Corporation identify financial pressures for 2020/21 which could reduce departmental budgets. The department will model the impact of any such reductions and the implications for service delivery.
13. In anticipation of such pressures, it is unlikely that the department will be able to secure in-year growth in funding to respond to new pressures or deliver new initiatives. Responding to such pressures will need to be met from within existing departmental budgets.
14. Future pressures may arise from continued growth in the City's population overall, and of the older population specifically. Population projections over the next five years predict the City's population over the age of 70 will grow at twice the rate of the population overall (just over one per cent per annum). The external environment may also lead to growing demand for services such as those responding to homelessness and the presentation of unaccompanied asylum-seeking children.

Corporate & Strategic Implications

15. The 2019/20 budget will sustain the department's delivery of corporate and local business plan objectives and current services commitments.

Conclusion

16. The department is confident that there will be no negative impact on – or reduction in – frontline services arising from the efficiency savings identified. The impact of any future reductions in budgets will be modelled and reported to Members.

Appendices

- none

Background Papers

Revenue and Capital Budgets – 2019/20, Community and Children's Service Committee (11 January 2019).

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