

OVERVIEW & SCRUTINY COMMITTEE

Monday, 18 January 2016 at 7.15 p.m., Room C1, 1st Floor, Town Hall,
Mulberry Place, 5 Clove Crescent, London, E14 2BG

SUPPLEMENTAL AGENDA

This meeting is open to the public to attend.

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the main agenda.

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Responses to Overview and Scrutiny Queries from the 2nd November 2015

Overview and Scrutiny - 2016/17 Budget

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Charging for community social care services

Executive Summary

This document sets out the reasons why we are considering whether to develop a charging policy for community based adult social care services.

The development of such a policy would establish which services to charge for that are currently provided free of charge, and the financial assessment rules to apply when assessing what to charge.

We will set out the statutory and policy context for considering charging for community based adult social care services and the likely impact of charging.

What we have found is that a new charging policy is likely to raise between £441,000 and £2.48 million per year. The amount raised will depend on the financial assessment rules adopted by the council after public consultation, and the level of income and capital of the service users being charged. When comparing with other local authorities, a cautious estimate for the income level would be £1.08 million (net).

We recommend developing a charging policy in consultation with service users and the public. This will enable us to save money now and particularly in the future - especially as the need for social care services is predicted to rise significantly. We need to simultaneously ensure that services continue to be provided and that appropriate financial support is available for those who need it.

Strategic case

This section should be completed at 'strategic' stage, but may be revised at 'outline' or 'full' stage.

Context

The combined effect of rising demand for adult social care services due to increasing population and complexity of need, and cost inflation will result in estimated budget pressures of approximately £4 million per annum over the three-year period from 2016 to 2019.

In addition, as a result of the government's austerity regime the council as a whole will have to make an estimated £63 million savings over the same period. We therefore have to consider how to make funding for adult social care sustainable in this context, and to ensure that vulnerable adults continue to receive the support they need.

The Care Act 2014 (CA14) introduced a single legal framework for the provision of adult social care support. The legislation includes provisions for service users to be charged for the care that they receive.

CA14 specifies that local authorities may charge for social care support, by their own discretion, except for reablement services for the first six weeks, and community equipment costing under £1,000.

The exception is for people with a certain level of capital (over and above £23,250). At this point councils do not have to contribute towards the cost of care, meaning that the service user must pay full cost.

CA14 statutory guidance specifies that the approach to charging for care should:

- ensure that people are not charged more than is reasonably practicable for them to pay
- be comprehensive, and reduce variation in the way people are assessed and charged
- promote wellbeing, social inclusion, and support the vision of personalisation, independence, choice and control
- support carers to look after their own health and wellbeing and to care effectively and safely
- be person-focused, reflecting the variety of care and caring journeys and the variety of options available to meet their needs
- apply the charging rules equally so those with similar needs or services are treated the same and minimise anomalies between different care settings
- encourage and enable those who wish to stay in or take up employment, education or training or plan for the future costs of meeting their needs to do so
- be sustainable for local authorities in the long-term.

CA14 specifies that we must undertake financial assessments to see whether a service user can afford to pay for services. The financial assessment must take account of both income and capital. Capital can include savings, assets such as land or property and other investments such as stocks and shares.

Local authorities have some discretion as to how to apply charging following a financial assessment, but **must** ensure that after paying charges, the service user is left with at least:

- the 'personal expenses allowance' (if living in a care home) which is set nationally and, at the time of writing, is £24.90 per week
- the 'minimum income guarantee' (if receiving services at home), which is the equivalent of the value of income support or (for those of pensionable age), the guaranteed Credit element of Pension credit, plus 25%. At the time of writing, these amounts for single people are £91.38 and £189 a week respectively. For couples, those with children, or with disabilities, these amounts are higher after additional sums known as 'premiums' are added. See Appendix 1 for more on Minimum Income Guarantees.

In addition, CA14 sets out certain types of income, which are ignored (either in part or in full) for the purposes of financial assessments. In other words, these parts of income are protected and not part of the assessment.

These include:

- disability related benefits where they are intended to pay for support which is not being provided by the council
- any earnings from employment (see Appendix 2 for the full list)
- for clients not living in a care home, housing related costs (mortgage, rent, council tax or service charges) are also ignored, as well as disability related costs.

The guidance for CA14 also sets out 'capital limits' which must be applied when carrying out financial assessments. This means that any savings, property or other assets (in other words: capital) below the limit of £14,250 are ignored. If the service user has above £23,250 in capital they must pay the full cost of their care.

Between these two limits, the service user could pay £1 per week for every £250 of capital towards their care. The guidance also sets out a list of capital which is ignored.- This includes a person's main home if care is being delivered at home. See Appendix 3 for full list.

Local authorities have some flexibility to set their own local financial assessment and charging policy, as long as they meet the minimum statutory requirements outlined above.

Charges therefore have to be based on ability to pay, and tapered based on the financial assessment. It is not possible for example to set a flat rate charge. Some examples of what could be considered over and above the statutory requirements are:

- ignoring additional income or capital in the financial assessment

- setting a maximum weekly charge
- setting a higher level of minimum income guarantee or personal expenses allowance
- setting a maximum proportion of income which will be taken in charges.

Given the financial outlook and the new legislative framework for charging, we need to consider our position going forward, ensuring that we listen to people currently using community social care services.

Current situation

We don't currently charge for the following services (although under CA14 we could):

- home care
- day care services
- employment support services
- other community based support services.

The following services are currently charged for:

- residential and nursing care
- residential respite care
- the personal care provided to tenants in extra care sheltered housing
- delivered meals (meals on wheels)
- meals and refreshments in council run day centres, for which a flat rate is charged.

Please note that Telecare services are provided outside of Care Act duties and therefore have not been considered as part of this.

Tower Hamlets is currently one of only two councils in England that doesn't charge for home care services. Hammersmith and Fulham stopped charging for home care in April 2015.

Other councils also charge for day care, although at the time of writing it is unclear how many other councils do not charge for day care and employment support services. As part of developing a charging policy for Tower Hamlets, we need to see what services other councils charge for and how their charging rules work.

As required by previous legislation, we do charge for residential and nursing care. We also charge for support provided in extra care sheltered housing on the same basis.

We set out charges for residential and nursing care based on assessment of income and capital as set out in the Care Act guidance, but with an assessment of a client's 'allowable expenses' taken into account before any charges are made.

The income assessment approach for clients in residential, nursing and extra care sheltered accommodation can be summarised as follows:

- a client with over £23,250 in capital assets is charged the full cost of care (as per statutory requirement for clients in residential care)
- for other clients, our calculation of the weekly charge is based on:

Total income, not including disregarded income

Plus

£1 for every £250 in capital assets, not including those that are disregarded, over £14,250

Minus

Disability related expenses for needs not met through the care package, as per statutory guidance

For home-based clients only: Housing related costs including rent, mortgage, service charges, insurance and Council Tax

Minus

For residential/ nursing clients: personal expenses allowance of £24.90 (as set by the Government)

For extra care clients: minimum income guarantee as set by the government- £91.38 for *single* people under 60, £189 for single people over 60.

Illustrations of how this might apply to community based clients in various circumstances are provided in Appendix 4.

In 2013-14, our income from client contributions was £2.84 million. Unsurprisingly, given the combination of deprivation and our unique policy of not charging for home care and other community based services, this was the lowest in London comparing to a London average of £430 per 10,000 population.

The next two lowest were Newham and Hackney with £250 and £290 respectively, both of whom charge for their community based services. The difference between Tower Hamlets and Newham per head of population, if converted into an actual income figure, is equivalent to £2.4 million.

From the available data, there does not appear to be a correlation between charging for social care services and the extent to which people access services.

Despite our policy not to charge for most community based services, the number of service users being supported in Tower Hamlets is only 22nd highest in London (out of 33 boroughs). Conversely, the council collecting the most income (with the exception of City of London) is Enfield, which has the sixth highest number of service users.

This chimes with the conclusion of Hammersmith and Fulham's report on abolishing charging from February 2015, which stated that when charging was previously abolished in 2006, it had no impact on demand.

Newham introduced charging for community based services in December 2011, but the available data shows no significant drop in demand corresponding with this change.

Hackney revised their charging policy to increase the proportion of service users paying from April 2012, again with no significant reduction in client numbers corresponding with this change.

Based on experiences in other boroughs, we can conclude that introducing charging – when combined with a fair charging policy plus appropriate safeguards and income maximisation support for users – would not result in fewer people coming forward who need community social care support.

Desired outcomes from the project

The project will deliver:

- a fair and transparent charging policy for adult social care services, which takes account of feedback from service users and the wider community
- resource and support for users to manage finances and maximise income.

Dependencies

The charging project will need to ensure that the interfaces are properly understood and that decisions are made with this in mind:

- Care and Health Reform Programme (Care Act and new practice framework implementation). This project is reviewing all of the adult social care processes, and any new financial assessment will need to be considered alongside this.

Options analysis

A description of the options to be considered should be set out at 'strategic' stage, although a full assessment/ recommendation is not required until 'outline' stage.

This section evaluates the options considered, and sets out the recommended way forward.

Option 1- do nothing/ do minimum

Description

This option would not change the current charging framework.

Cost/ savings analysis

Annual revenue cost of option	£ 73,054,000.00
Annual revenue cost of current situation	£ 73,054,000.00
Annual saving for this option	£ -
Implementation cost of option	
Payback period (years)	No saving

Benefits vs disadvantages

Benefits	Disadvantages
<ul style="list-style-type: none"> • Avoids any anxiety for current service users • No implementation costs • No political risk 	<ul style="list-style-type: none"> • Anomalies in current policy (for instance charging service users in sheltered accommodation for some services not charged to other users) would remain • No opportunity for contribution to the projected financial shortfall for adult social care from those that can afford it • Service could become unsustainable in light of growing demand and further spending reductions faced by the council, leading to consideration of other cuts

Option 2- Review charging policy, so that community based services are charged for

Description

This option would involve the development of a new charging policy under the powers of CA14, with a view to service users that can afford to contribute would pay a charge to their social care services.

We need to decide, in consultation with service users:

- which care services to charge for
- the financial assessment scheme to adopt (especially the thresholds and rules that would be applied, what income would be counted).

Because no financial assessment is currently carried out for the majority of community based clients, there is no accurate way of knowing how many people would be required to pay under a new charging policy, nor how much they would contribute.

Residential based service users are not a useful comparison because of the significantly different rules on how capital is included in the financial assessment, and the different level of minimum income guarantee.

However, the current cohort of extra care sheltered residents are financially assessed in line with the statutory guidance that applies to community based clients, so may provide a representative sample to estimate the effect of any new policy on this group.

At the time of writing, 136 extra care clients were assessed for financial contributions, and of those 12 pay the full cost of care and 59 pay a contribution. The total number of clients paying a charge is therefore 71, or 52% of the overall cohort.

Applying these numbers to the cohort of community based clients who do not currently pay for services, an average of 2,700 clients between March 2014 and September 2015, 1,404 would pay a charge¹ – with the amount depending on what they could afford to pay (see Appendix 4).

These numbers include all community-based clients who are receiving services not currently charged for, but not Telecare. They therefore assume that all community based services except Telecare would be charged for. The remaining half would pay no charge at all for their care, due to their low level of income and capital.

¹ A previous estimate of 500 was a crude estimate based on our residential care home based clients, and how many clients would pay based on the median contribution of those clients. Further research carried out, in particular into other similar local authorities, has demonstrated that this estimate was probably too low and therefore a different approach to estimation has now been used. However, it is not possible to estimate the impact of a charging policy with accuracy at this stage, as this depends on the charging rules adopted and people's individual incomes.

This is a similar picture to Hackney, a comparable borough in terms of demographics, inequality and high levels of poverty. The average charge paid by extra care clients is £34 a week, or £1,768 a year. Applying this to the estimated cohort would generate £2.48 million income per year.

However, a recent report by the Tower Hamlets Fairness Commission² pointed to an unusual pattern in Tower Hamlets where the median income is in line with the London average, and a relatively high proportion earn more than £85,000 per year, whilst at the same time a high proportion earn less than £15,000 a year or are on benefits. This means that it is difficult to predict with certainty what the impact of charging would be in terms of the number of people that would be affected.

It should be emphasised that these numbers are estimates based on a relatively small sample of clients. The actual number paying a charge will depend on the financial circumstances of individual clients, as well as the financial assessment methodology which is agreed, and which services it is decided to charge for.

The figures above assumes that we would charge for all community based services not currently charged for, but we may decide to exclude some of these services from charging.

If we decide to adopt financial assessment criteria which are more generous than the statutory guidance (for example ignoring more income or capital), then the number of clients paying, and the amount of income generated, will be lower.

Different policies can have a dramatic effect on the number of service users paying a charge. In Hackney, for example, a change in policy in 2012 (reducing the amount of income disregards, whilst remaining more generous than the statutory guidance) was estimated to increase the proportion of service users paying from 37% to 54%. In Hammersmith and Fulham before the abolition of home care charges, all capital was disregarded, and only 26% paid a charge.

Considering the income generated in other similar local authorities, it appears that the income estimates generated using the method outlined above are generous, perhaps because those in extra care are not representative of the entire population.

As stated above, in Hammersmith and Fulham, 26% of service users paid a charge before they abolished it in April 2015, contributing a total £441,000 of income. Hackney reviewed its charging policy in 2012, and as a result expected a total income of £1.7 million, with 54% of clients paying a charge of, on average, £36 a week.

² 'Is Tower Hamlets Rich or Poor? Part 1: Poverty, income and employment evidence pack.'

Considering the evidence set out above, it is difficult to adopt an accurate estimate of the income that would be generated by any new charging policy at this stage, until further consultation and analysis is completed.

The estimated income could range between £441,000 (Hammersmith and Fulham's figure) and £2.48 million (a figure derived by applying the characteristics of the extra care clients in Tower Hamlets).

Because of the uncertainty at this stage about the amount of income that would be generated by any new charge, a more conservative estimate of £1.2 million income, which is between the lower and higher estimates outlined above, has been adopted. This is likely to increase in future years, as the demographic profile of the borough changes.

It is expected that we'd need additional staff to financially assess users. They would also advise users and support them to maximise their incomes so people aren't disadvantaged. We expect this to cost £120,000 – leaving a net income of £1.08 million.

One off implementation costs have not yet been fully established, but it is estimated that temporary staff costing £225,000 will be required to carry out the initial income assessment and income maximisation work for all current clients over a three month period, in addition to the ongoing revenue cost of £120,000.

Reviewing the charging policy would require a further detailed consultation with service users about the services to be charged for and financial assessment methodology to be used. As noted earlier, much of this is set in statutory guidance, but there is flexibility for us to apply additional disregards to income and capital. This would mean that more income or capital could be ignored for the purpose of working out the charge, or to increase the level of minimum income guarantee. There would also be flexibility to decide not to charge for some specific services.

There is, understandably, a high level of concern about the impact any new charging policy would have on service users. Implementing a charging and financial assessment regime would, however, have the benefit of bringing an opportunity to support service users in maximising their income by ensuring that they are claiming all benefits that they are entitled to, in particular any disability benefits that would be disregarded in the income assessment.

In implementing the charge, our financial assessment officers would also support service users by identifying any unclaimed benefits and providing assistance in making a claim.

At this stage, we envisage that all financial assessment officers would be trained in welfare benefits and provide this support as part of the assessment process. We commission advice and information services from a range of local third sector agencies and this expertise would be used to complement

the work of our financial assessment officers if more specialist advice is required.

This approach, coupled with the minimum income guarantees within any financial assessment, will ensure that the risk of service users falling into poverty through having to pay for their care is avoided. As stated above, even if a charging policy was set in line with the statutory minimum income guarantees, it is estimated that around half of service users would pay no charge at all, as those on the lowest incomes would be protected.

Cost/ savings analysis

Annual revenue cost of option	£ 72,424,000.00
Annual revenue cost of current situation	£ 73,504,000.00
Annual saving for this option	£ 1,080,000.00
Implementation cost of option	£ 225,000.00
Payback period (years)	0.21

Benefits vs disadvantages

Benefits	Disadvantages
<ul style="list-style-type: none"> • A clearer and more consistent charging policy • Ability to improve income maximisation for service users through the financial assessment process • Revenue generation to support social care services and make them more sustainable in the longer term • The new policy would enable us to save money now and particularly in the future as the need for social care services is predicted to rise significantly, whilst ensuring that services continue to be provided and that appropriate financial support is available for those who need it 	<ul style="list-style-type: none"> • Some service users will see a reduction in disposable income although this will be based on a financial assessment of ability to pay, with only those who can afford to contribute being charged • Political risk • Implementation and revenue costs (although these are not likely to exceed the income generated) • Uncertainty for service users and fears about the future of their care

Recommended option

It is recommended that option 2 is explored further to develop outline and full business cases. At this stage this appears to represent the best balance of benefits to disadvantages, including the possibility to contribute to the Council's Medium Term Financial Plan.

In developing these cases, full public consultation on a range of options for financial assessment will be required, and a full analysis of the impact of charging.

It is likely that further options will be identified in future business cases as more detail is developed around the possible charging policies that could be adopted.

Equalities

This section is to be completed at 'outline' stage. If the response to any one of the questions is 'yes' then a full equalities assessment must be completed and appended at 'Full' stage.

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	No	
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	Yes	Charges will be made depending on assessment of ability to pay, whilst ensuring that service users retain a minimum level of income. A full EA will need to be completed in developing the full charging policy and approach to financial assessment, including where the council would set rules around means-testing and protection of income or capital, to ensure that there is no adverse impact on people's individual financial situations or on service uptake.
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	No	
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	

Does the change affect Assets?	No	
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

Appendix 1

Minimum Income guarantees as at April 6, 2015

These weekly amounts are specified by the Government as the minimum amount of income a service user can be left with after all charges. We could increase these amounts in any local policy to protect more of people's income or capital, but cannot go below them.

- £83.65 per week in respect of each child in the household that the person is responsible for

PLUS

- *For single people:*
 - 18-25 years old: £72.40
 - 25 to pension age: £91.40
 - Pension age: £189
 - Lone parents over 18: £91.40
- *For each member of a couple:*
 - Aged 18 to pension age: £71.80
 - Pension age: £144.30

PLUS

- *For single people:*
 - Disability premium where entitled: £40.35
 - Enhanced disability premium where entitled: £19.70
- *For members of a couple:*
 - Disability premium where entitled: £28.75
 - Enhanced disability premium where entitled: £14.15

PLUS

- Carer premium where entitled: £43.25

Appendix 2

Statutory income disregards

Regulations specific that the income sources listed below **must** be ignored in the financial assessment. We **may** ignore (disregard) other sources of income as well, with exceptions listed at the end of this appendix .

- Employed and self- employed earnings
- Direct Payments
- Guaranteed Income Payments made to veterans under the Armed Forces Compensation Scheme
- The mobility component of Disability Living Allowance and Mobility Supplement
- The mobility component of Personal Independence Payments and Mobility Supplement
- Armed forces Independence Payments and Mobility Supplement
- Child Support Maintenance Payments and Child Benefit
- Child Tax Credit
- Council Tax Reduction Schemes where this involves payment to the person
- Christmas bonus
- Dependency increases paid with certain benefits
- Discretionary Trust
- Gallantry awards
- Guardian's Allowance
- Income frozen abroad
- Income in kind
- Pensioners Christmas payments
- Personal injury trust, including those administered by a Court
- Resettlement benefit
- Savings credit disregard
- Social Fund payments (including winter fuel payments)
- War widows and widowers special payments
- Any payments received as a holder of the Victoria Cross, George Cross or equivalent
- Any grants or loans paid for the purposes of education
- Payments made in relation to training for employment
- Any payment from:
 - Macfarlane Trust
 - Macfarlane (Special Payments) Trust
 - Macfarlane (Special Payment) (No 2) Trust
 - Caxton Foundation
 - The Fund (payments to non-hoemophiliacs infected with HIV)
 - Eileen Trust
 - MFET Limited
 - Independent Living Fund (2006)

- Skipton Fund
- London Bombings Relief charitable Fund
- Charitable and voluntary payments that are made regularly
- The first £10 per week of War Widows and War Widowers pension, survivors Guaranteed Income Payments from the Armed Forces Compensation Scheme, Civilian War Injury pension, War Disablement pension and payments to victims of National Socialist persecution (paid under German or Austrian law)
- Part of savings credits under certain circumstances.

Income that must be taken into account

The following income sources ***must*** be taken into account. We cannot decide to ignore them in financial assessments:

- Attendance allowance, including Constant Attendance Allowance and Exceptionally Severe Disablement Allowance
- Bereavement Allowance
- Carers Allowance
- Disability Living Allowance (Care Component)
- Employment and Support Allowance or the benefits this replaces such as Severe Disablement Allowance and Incapacity Benefit
- Income Support
- Industrial Injuries Disablement Benefit or equivalent benefits
- Jobseeker's Allowance
- Maternity Allowance
- Pension Credit
- Personal Independence Payment (Daily Living Component)
- State Pension
- Universal Credit
- Working Tax Credit.

Appendix 3

Statutory capital disregards

Regulations specify that the capital listed below **must** be ignored in the financial assessment. We **may** ignore (disregard) other capital such as savings as well.

- A person's only or main home where the person is receiving care in a setting that is not a care home, or if their stay in a care home is temporary
- A person's main or only home for 12 weeks after they move into a care home permanently
- A property occupied as their only or main home by the person's partner, or close relative
- The surrender value of any
 - Life insurance policy
 - Annuity
- Payments of training bonuses of up to £200
- Payments in kind from a charity
- Any personal possessions such as paintings or antiques, unless they were purchased with the intention of reducing capital in order to avoid care and support charges
- Any capital which is to be treated as income or student loans
- Any payment that may be derived from:
 - The Macfarlane Trust
 - The Macfarlane (Special Payments) Trust
 - The MacFarlane (Special Payment) (no2) Trust
 - The Caxton Foundation
 - The Fund (payments to non-haemophiliacs infected with HIV)
 - Eileen Trust
 - MFET Limited
 - Independent Living Fund (2006)
 - Skipton Fund
 - London Bombings Relief charitable Fund
- The value of funds held in trust or administered by a court which derive from a payment for personal injury to the person. For example, the vaccine damage and criminal injuries compensation funds
- The value of a right to receive:
 - Income under an annuity
 - Outstanding instalments under an agreement to repay a capital sum
 - Payment under a trust where the funds derive from personal injury
 - Income under a life interest or a life-rent
 - Income (including earnings) payable in a country outside the UK which cannot be transferred to the UK
 - An occupational pension

- Any rent (although the income may not be disregarded)
- Capital derived from an award of damages for personal injury which is administered by a court or which can only be disposed of by a court order or direction
- The value of a right to receive any income under an annuity purchased pursuant to any agreement or court order to make payments in consequence of personal injury and any surrender value of such an annuity
- Periodic payments in consequence of personal injury pursuant to a court order or agreement to the extent that they are not a payment of income and are treated as income (and disregarded in the calculation of income)
- Any Social Fund payment
- Refund of tax on interest on a loan which was obtained to acquire an interest in a home or repairs or improvements to the home
- Any capital resources which the person has no rights to as yet, but which will come into his possession at a later date, for example on reaching a certain age
- Payments from the Department of Work and Pensions to compensate for the loss of entitlement to Housing Benefit or Housing Benefit Supplement
- The amount of any bank charges or commission paid to convert capital from foreign currency to sterling
- Payments to jurors or witnesses for court attendance (but not compensation for loss of earnings or benefit)
- Community charge rebate/ council tax rebate
- Money deposited with a Housing Association as a condition of occupying a dwelling
- Any Child Support Maintenance Payment
- The value of any ex- gratia payments made on or after February 1, 2001 by the Secretary of State in consequence of a person's or person's spouse or civil partner's imprisonment or internment by the Japanese during the Second World War
- Any payment made by a local authority under the Adoption and Children Act 2002 (under section 2(b)(b) or 3 of this act)
- The value of any ex-gratia payments from the Skipton Fund made by the Secretary of State for Health to people infected with Hepatitis C as a result of NHS treatment with blood or blood products
- Payments made under a trust established out of funds provided by the Secretary of State for Health in respect of persons suffering from variant Creutzfeldt- Jakob disease to the victim or their partner (at the time of death of the victim)
- Any payments under Section 2,3, or 7 of the Age-Related Payments Act 2004 or Age Related Payments Regulations 2005 (SI No 1983)
- Any payments made under section 63 (6) (b) of the Health Services and Public Health Act 1968 to a person to meet childcare costs where he or she is undertaking instruction connected with the health service by virtue of arrangements made under that section

- Any payment made in accordance with regulations under Section 14F of the Children Act 1989 to a resident who is a prospective special guardian or special guardian, whether income or capital.

Appendix 4

Illustrations of application of financial assessment

These are fictional illustrations based on the application of financial assessments in line with the current statutory guidance. We may, in any charging policy, adopt a more generous treatment of income. For example, by disregarding more income sources or types of capital, or by increasing the weekly minimum income level that is protected.

Illustration 1

Hassan is single person aged 70 years old with restricted mobility. He is in receipt of home care services costing £140 per week from the Council.

He receives a state pension of £115 a week and occupational pension of £300 a week.

Hassan is also receiving Disability Living Allowance (mobility component) of £21.80 a week.

Hassan has savings of £20,000 in his bank account.

Hassan pays rent of £120 a week, and council tax of £20 a week. In addition as a result of his disability he has to pay transport costs of £50 a week in order to go shopping and attend the local lunch club.

Hassan will be asked to pay **£18.65** a week towards his care package (out of the total cost of £140 per week paid by the council).

This is calculated as follows:

Hassan's total weekly income is £436.80, but his Disability Living Allowance of £57.46 is disregarded. This leaves a total of £415 a week.

His savings are £5,750 above the lower capital limit of £14,250, so 'tariff income' of £23 is added to his weekly income (£5,750 divided by £250, or £1 for every £250 of capital).

His total income taken into account for the purposes of the financial assessment is therefore £438 a week.

His housing costs are £140 a week, and disability related costs are £50 a week. Taking this from his non-disregarded income leaves £248

The Minimum Income Guarantee that the council must protect for Hassan is £189 a week (single person of pension age) plus £40.35 a week disability premium (because he is in receipt of Disability Living Allowance). This gives a total of £229.35 a week.

Hassan's contribution is therefore £248 minus £229.35 = **£18.65 a week**.

Illustration 2

Sheila is a 30 year old single person with a learning disability, who lives alone. She lives in a flat which costs £120 in rent per week with no additional service charges. The council pays for her to attend a day centre three days a week at a cost of £150, and home care to help her with preparing meals at a cost of £60 a week.

Sheila gets Income Support of £105.35 a week (this includes disability premium), Disability Living Allowance (care component) of £21.80 a week and £120 a week Housing Benefit. She is entitled to full assistance with council tax under our council tax reduction scheme. Sheila has no savings or other capital.

Sheila will be asked to pay **nothing** towards her care package.

This is calculated as follows:

Sheila's total weekly income is £247.15. Her housing cost is £120 a week, and this is deducted from her income for the financial assessment leaving £127.15 a week. Her Disability Living Allowance (care component) is included in the calculation.

Her Minimum Income Guarantee is £131.75 a week. This consists of £91.40 for a single person over 25, and a disability premium of £40 (disability premium is payable for anyone who is in receipt of Disability Living Allowance care component).

Because Sheila's weekly income after deductions is slightly below her minimum income guarantee, she cannot be charged for her care.

Illustration 3

Elizabeth is a 40 year old married person with one child, with a physical disability. She is in receipt of home care services costing £200 a week from the council.

She works part time, earning £577 a week and gets £57.45 a week disability living allowance (mobility component). Her savings are £5,000.

Elizabeth pays £250 a week in mortgage plus council tax of £30 a week. She also has to pay for taxis to and from work as a result of her disability, costing £60 a week.

Elizabeth will be asked to pay **nothing** towards her care package.

This is calculated as follows:

Elizabeth's total weekly income is £634.45 a week, but her Disability Living Allowance and employed earnings are disregarded leaving no income that can be included in the financial assessment.

Her savings are below the lower capital limit, so no 'tariff income' is added.

Review of Day Services for Older People- Further information on use of Mayfield House and how funding for Older People's Day Services is split between in-house and commissioned services

Review of Day Services for Older People- Further information on use of Mayfield House and how funding for Older People's Day Services is split between in-house and commissioned services

Current spend on Riverside Day Centre and Mayfield House Day Centre, the in-house older people's day services, is approximately £1,095,439 annum. For our external providers, the Council spends approximately £929,069 per annum, although these figures can vary due to the spot nature of payment per month on attendance – we only pay for actual attendance.

The annual estimated value of the current arrangements is:

- St Hildas at Sonali Gardens £479,459
- St Hildas weekend service £22,859
- Peabody at Sundial Centre £298,005

Including a small number of additional day service placements that meet specific individual needs, the overall the estimated value of external day service provision is approximately £929,069 per annum.

Although not part of this review, the Council also provides a specialist Dementia service at Russia Lane. This is a building based provision service which has the capacity to support 25 people a day. This service costs £685,000 per annum (not included in the figure above).

The three third sector providers noted above are those previously under a block contract arrangement, whereby the council paid a fixed amount for the service regardless of attendance. These services are now paid under spot contractual arrangements as of the 1st April 2014, where providers received payments based on the number of older people attending the service. This means that the Council is not paying for places not taken up, thus maximising value for money. As part of the review, the daily cost of services and occupancy of the services has been considered. The table below highlights the core day services and average attendance over the financial year of 2012-13 capturing eligible service users only.

Service	Capacity per day	Average daily attendance	% Capacity as
Riverside	40	30.6	76.5%
Mayfield House	30	4.26	14.2%
Sonali Gardens	40	27.08	67.69%
St Hilda's Weekend	12	9.52	79.33%
Sundial	30	21	70%

Further information on day service provision for older people can be found in the recent Cabinet report at

<http://moderngov.towerhamlets.gov.uk/documents/s78717/5.8a%20Older%20persons%20day%20services%20review.pdf>

Currently, Mayfield House is funded as a Day Service, to the sum of **£268,864** to support up to 30 eligible service users per day. There are currently six service users accessing Mayfield House who have been assessed as eligible for social care services. They have been assessed to attend between one day a week and three days a week, which means that, of the 150 day spaces per week, only 12 are used – an 8% occupancy by people who have been assessed as having eligible needs.

The table below indicates the current weekly usage by those assessed as eligible for social care support (formal users).

	Monday	Tuesday	Wednesday	Thursday	Friday	Attendance per week
1.						3 days
2.						2 days
3.						2 days
4.						2 days
5.						2 days
6.						1 day
Occupancy per day	3 people	3 people	1 person	2 people	3 people	

There are a further ten people who attend the service who do **not** have identified care needs (informal users) and whose needs could be supported through a lunchclub facility.

**Improving focus on reablement
for social care users - a briefing
on the assumptions
underpinning this proposal (in
particular the invest to save
costs)**

Improving focus on reablement for social care users - a briefing on the assumptions underpinning this proposal (in particular the invest to save costs).

For the element of this proposal that relates to 'double handed' care packages, we estimate that an investment of £1,700 per service user would be needed to purchase the specialist lifting and handling equipment needed to move from care provided by two people (double handed) to one person (single handed.) Additional one- off costs of approximately £53k would also be incurred to train care staff (£3k) and to employ dedicated occupational therapy staff to review cases in order to ensure that their needs could still be met with one carer and the new equipment (£50k.)

Our assumption is that 50 high cost packages could be reduced. We have identified 265 cases where care is currently provided by more than one carer so this represents less than 20% of cases. Savings in other local areas such as Cambridgeshire, Greenwich, Havering and Somerset have varied from £690K to £270K, with Service User numbers varying from 220 to 25. We estimate therefore that for 50 service users, there will be a one off implementation cost of £138k to generate in excess of £300k annual savings. The current cost of the 265 cases where there is more than one carer is 6.3m per year.

The rest of this saving would be generated through improving our focus on reablement with other service users. A relatively cautious figure has been used. Some case studies are attached showing some examples of the type of work that is planned.

REABLEMENT SERVICE -Positive Outcomes Survey-

<p>Service User Background information (age, disability, social situation, previous support in situ)</p>	<p>Mrs X is a 92 year old woman who lives alone in a flat on third floor, all rooms on same level.</p> <p>She has a close relationship with her daughter and son who both visit regularly.</p>
<p>Reason for referral</p>	<p>Mrs X was admitted to the Royal London Hospital after a fall outdoors resulting a fractured neck of femur and total hip replacement.</p> <p>Reablement Officer support for 2 hours a day was required for personal care and 1.5 hours per week for housework and laundry.</p> <p>Reablement Goals - Increase confidence and independence washing and dressing and increase safety whilst carrying out domestic tasks</p>
<p>Assessment findings</p>	<p>Whilst Mrs X was able to independently take medication, she had difficulty washing and dressing independently and lacked confidence in preparing meals. She was anxious about completing domestic tasks, and had assistance from her daughter in doing weekly grocery shopping. Telecare was being provided for safety in case of another fall, which Mrs X was aware of how and when to use.</p>
<p>Goals: how/what we did with them to meet the goals eg... RO support, re-education, equipment etc....</p>	<p>Reablement worked with Mrs X to help her regain independence as follows:</p> <ul style="list-style-type: none"> • Medication Management: Support was provided to arrange home delivery for medication. • Personal care: Reablement Officers assisted with washing and dressing, initially completing the tasks for her. Over time, they stepped back and would prompt and encourage Mrs X to complete washing herself. A long handled sponge was ordered to enable her to reach back and lower limbs. Encouragement and training was provided to use the long handled sponge effectively. • Meal Preparation: Support was provided by Reablement Officers who, over time, withdrew from doing to encouraging, prompting and supervising. • Bathing: A referral was made to Long Term Support to complete further assessments. • Shopping: Would not be a realistic goal for Mrs X due to poor mobility need met by: Mrs X's daughter who continues to support Mrs X with completing her grocery shopping. • Domestic tasks: OT assisted Mrs X apply for and complete an Attendance Allowance application.

How long Reablement input lasted	4 weeks.
FINAL OUTCOME	Pre Reablement Cost: £7,300.28pa Post Reablement Cost: £0
Main Benefits gained by SU, carer, Social Services	<ul style="list-style-type: none"> • Mrs X is independent with washing and dressing. • Mrs X regained confidence to complete meal preparation independently. • Daughter able and happy to manage shopping weekly. Carers assessment to be completed by Access and Intervention Team to ensure appropriate support is provided. • Application for Attendance Allowance made to assist with cost of housework and self-funders information given to Mrs X and daughter. • No ongoing support from Social Care.

REABLEMENT SERVICE -Positive Outcomes Survey-

<p>Service User Background information (age, disability, social situation, previous support in situ)</p>	<p>Age: Female in 30's.</p> <p>Medical History: -Severe rheumatoid arthritis- experiences inflammation of joints, stiffness and significant fluctuating pain symptoms especially in her hands. Undergoes weekly injections for pain management. -Asthma.</p> <p>Social situation: Lives with 4 x children. SU is separated from her husband although he visits regularly to see the children.</p> <p>Previous support in situ: -45 mins daily personal care support. -15 mins daily vegetable preparation support -1 hour weekly domestic support</p>
<p>Reason for referral and</p>	<p>Service user requesting regular domestic support. The previous support plan states that she has 45 min for personal care every day, however she is not using this every day and is instead requesting that the carers use the time for domestic tasks.</p> <p>Service user requested increase in support for meal preparation. She is already allocated 15 mins per day for chopping/preparing vegetables.</p> <p>Request for day centre services.</p> <p>Request for shopping support.</p>
<p>Assessment findings</p>	<p>-The service user was not engaging with personal care or meal preparation support. -The service user had not trialled kitchen equipment in the past to assist with increasing independence with meal preparation. -Husband was completing majority of the cooking for the children.</p>
<p>Goals: how/what we did with them to meet the goals eg... RO support, re-education, equipment etc....</p>	<ol style="list-style-type: none"> 1. To be supported with showering 2 x per week to reduce the risk of breakdown in hygiene/infection. 2. To maintain independence with bath transfers and reduce risk of injury using bath board and bath step in 1 week. 3. To be independent with dressing with daily reablement officer practice in 3 weeks. 5. Kitchen assessment to be complete by occupational therapist to assess the service user's function and explore equipment options/strategies to assist with increasing independence with vegetable chopping. 6. Reablement officer support to continue to assist with domestic tasks for 1 hour 1 x per week to reduce risk of breakdown in the environment. 7. To explore options to increase social interaction.

How long Reablement input lasted	5 weeks
FINAL OUTCOME (please include pre and post Reablement POC costings and IP scores)	Pre-reablement care package: £5033.6 Post- reablement care package: £2671.5
Main Benefits gained by SU, carer, Social Services	<p>Personal care:</p> <ul style="list-style-type: none"> -An occupational therapist from the Reablement Team provided education to the service user in relation to the importance of exercise/activity in order to maintain movement in joints and that inactivity can lead to arthritis condition worsening. Provided education re: risk of breakdown in personal care/risk of infection and impact on mental health and wellbeing. -Discussed expectations re: engaging with Reablement Service and benefits to the service user. The service user subsequently consistently engaged with reablement officer input for personal care and was able to increase independence with washing. The service user agreed to long term support with showering 3 x per week to reduce risk of breakdown in personal hygiene. -The occupational therapist provided bathing equipment (replacement bath board and bath step) which assisted the service user to maintain independence with bath transfers. -The service user achieved independence with dressing upper and lower body. -The service user achieved independence with brushing her hair using a long handled comb. -The service user achieved independence with transporting a jug to the toilet using a kitchen trolley in order to complete ablution independently. <p>Meal preparation:</p> <ul style="list-style-type: none"> -Kitchen assessment completed. Service user achieved independence with chopping vegetables using equipment (kitchen workstation, reflex knife, bottle opener, kettle tipper, metal peeler). Alternative options were also discussed including pre-chopped vegetables, frozen vegetables, pre-crushed garlic and electric vegetable slicer. Husband continues to support with the majority of the cooking. <p>Community inclusion:</p> <ul style="list-style-type: none"> -Age appropriate universal options discussed with service user including social and possible volunteering opportunities. Information and advice provided. -The service user has been observed by occupational therapist and reablement officers to be independent with mobilising in the local community and accessing public transport. -Information and advice provided re: energy conservation strategies and assistance with managing pain symptoms when accessing the community (short intervals for outings rather than long intervals, spacing outings over different days of the week etc).

	<p>Domestics: Options discussed with service user re: engaging her teenage children in domestic/laundry tasks.</p> <ul style="list-style-type: none">-Laundry tasks assessed and strategies discussed regarding assisting service user to manage aspects of laundry tasks independently (carrying laundry, loading and setting machine).-Keyworker increased domestic tasks to 1.5 hours per week due to the size of the house and to allow time for assistance with hanging laundry.-Provided information on telephone shopping with local food store and service user agreed to complete telephone shopping independently.
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Review of high cost Learning Disability care packages - details of any risks of a reduced/poorer service resulting from these proposals.

Review of high cost Learning Disability care packages - details of any risks of a reduced/poorer service resulting from these proposals.

This proposal is a continuation of work that was started for 2015-16. We are reviewing high cost care packages where clients are in residential accommodation. As there is no residential accommodation for people with learning disabilities in Tower Hamlets, all of these service users are placed out of borough, away from family and friends. In residential accommodation, service users have limited control and choice over their daily lives, which can impact on self-esteem and general wellbeing. This is therefore a 'last resort' option and wherever possible, we would prefer service users to be supported in more independent accommodation with support. This could include supported housing where service users will have their own room/ flat, and can come and go as they please, but there are site based support staff if needed.

The review of high cost packages carried out this year identified a number of cases where significant savings could be realised, for example:

- A service user in residential care costing £150k a year, who could be supported in more independent living closer to family and friends for less than £50k a year.
- A service user in residential care costing £120k a year, who wished to return home to live with family (with their agreement.) The new arrangement is estimated to cost £23k a year.

Each case will be reviewed on its own merits and care provided that meets the needs of the service user. Any move from residential accommodation would only be done in agreement with the service user and they would be supported through the process.

Whilst the service being provided as a result of these changes would cost less, it would provide opportunities for service users to have a better quality of life through being able to live more independently. Because any changes will be based on the needs of the user and implemented in collaboration with them, there is no risk of poorer service resulting from this proposal.

Public health total budget and breakdown of spend

Public health total budget and breakdown of spend

The Public Health Budget for 2015-16 is as follows:

Area of spend (DCLG categories)	Budget
361 - Sexual Health - STI testing and treatment (prescribed functions)	£5,641,428.88
362 - Sexual Health - Contraception (prescribed functions)	£ 1,846,600.20
363 - Sexual health services - Promotion, prevention and advice (non-prescribed functions)	£366,816.70
365 - NHS Health Check Programme (prescribed functions)	£207,315.54
370 - Public health advice (prescribed functions)	£20,000.00
371 - Obesity - adults	£795,374.33
372 - Obesity - children	£430,683.00
373 - Physical activity – adults	£130,666.67
374 - Physical activity – children	£199,113.00
376 - Substance misuse - Drug misuse - adults	£7,000,000.00
377 - Substance misuse - Alcohol misuse - adults	£1,385,876.00
378 - Substance misuse - (drugs and alcohol) - youth services	£240,801.00
380 - Smoking and tobacco - Stop smoking services and interventions	£843,301.00
381 - Smoking and tobacco - Wider tobacco control	£263,000.00
383 - Children 5-19 PH Programmes	£4,954,943.05
385 - Miscellaneous public health services - Children's 0-5 services - Other (non-prescribed functions)	£4,935,532.00
386 - Miscellaneous public health services	£2,075,666.96
Agency	£350,000.00
Salary	£2,182,472.42
Corporate	£515,524.00
Grand Total	£34,385,114.74

Please note that 'miscellaneous public health services' includes a range of health promotion and preventative projects, including Health Trainers , early diagnosis of cancer and oral health.

The budget is funded entirely from the Public Health grant which is a ringfenced grant provided by central government. The grant can only be

spent on statutory public health services (such as sexual health and drug/alcohol services), and services that are directly linked to public health outcomes.

This year (2015-16), the Government reduced our Public Health Grant in – year to generate savings. The in-year saving required in Tower Hamlets was £ 2,239,000. This was met from a non-recurrent top slice of £235,000 to the Health Visiting/Family Nurse Partnership funding and the balance of £2,005,000 met from public health reserves (2013/14 and 2014/15). The top slice to the Health Visiting/Family Nurse Partnership budget is achievable because the service is not currently full staffed meaning that the full amount of grant transferred from Department of Health is not required in 2015/16. However, as more health visitors are recruited additional funding will be required. Public Health are currently prioritising the 16/17 budget to meet the ongoing financial pressures following the Autumn statement which announced a further 2.2% reduction in Public Health Grant for 16/17.

Information on the impact of loss of the Independent Living Fund

Information on the impact of loss of the Independent Living Fund

Following their decision to close the Independent Living Fund (ILF), the Government transferred funding for 28 recipients resident in Tower Hamlets from 1 July 2015 to the Council. The Council was asked to assess the 28 recipients to identify and meet their support needs under the Care Act. We have ringfenced the ILF money into the Adults Social Care budget and continued to honour ILF payments until service users are assessed for their support needs. We have also provided advocacy support through the process. Each service user will be assessed by adult social care and their support needs met in accordance with the national social care eligibility criteria. To date there have been no service users experiencing a reduction in their support plans as a result of this process.

**Review of Child and Adolescent
Mental Health Services (CAMHS)
- more detailed information on
these proposals, including the
risks**

CAMHS savings- briefing on progress so far

Reduction Proposal- recommendation and reason for recommendation.

We are proposing a reduction of £200k out of the £1.3m contribution that LBTH Children Social Care make towards the specialist CAMHS service that is managed by East London Foundation Trust (ELFT) as part of the wider council savings. It is a 15.4% reduction but even after this reduction our contribution to CAMHS is higher than our neighbouring boroughs.

Reduction Proposal - Background

Provision of therapeutic mental health services is an NHS responsibility. The Council has a responsibility to promote the wider emotional health and wellbeing of children, and to work in partnership to do this. One of the ways in which the Council has carried out this duty is to contribute to the specialist CAMHS service directly out of its social work budget, even though the responsibility for providing this service sits with the NHS. It has been able to do this historically but can no longer justify it given current pressures and its own need to undertake improvement work as part of Social Work Reform/Ofsted standards requirements. This money goes to pay for work that CAMHS delivers including statutory NHS work which should be funded from other funding outside the Council. The CCG contributes the majority of the cost of the specialist CAMHS service, with a contribution of £3.7m. The £200k reduction is therefore 4% of the total cost of the service.

The Council also commissions other services that support emotional health and wellbeing, as well as ensuring that its universal services are able to provide support with a focus on preventing the development of mental health issues. As part of the CAMHS Transformation Plan (see below) we are working with the Clinical Commissioning Group (CCG) to improve this support to ensure that more children and young people are able to access appropriate support.

CAMHS Transformation Plan

The work being undertaken by the CCG to develop the borough's Child and Adolescent Mental Health Services (CAMHS) is ongoing and is driving the improvement work that will achieve the goal of an improved mental health service with greater reach. The Health and Wellbeing Board recently approved a local CAMHS Transformation plan which builds on the existing local service development work which is being undertaken in partnership with schools and third sector providers. The plan can be seen at http://moderngov.towerhamlets.gov.uk/documents/s79201/Item%206%202%20-%20Transformation%20Plan_FINAL%2009112015.pdf . The CCG has secured additional funding of £521k to support the plan's delivery, which will be used to implement the CAMHS outcomes framework and extend work with schools along with a range of other priorities. This will ensure that all those with a responsibility to support children's mental health needs work in a more integrated way to ensure that children and young people receive appropriate support across the continuum of need. National evidence suggests that 28%

of children and young people referred to CAMHS do not require a specialist intervention and early indications suggest this is also the case in Tower Hamlets which demonstrates the need for more focus in the development of targeted support, which is not delivered in the specialist service. ELFT have already developed a partnership model to maximise the use of all available resources to support children and young people. Also, there is a particular emphasis in the plan on prevention and early intervention which includes developing the wider workforce so that they can support children's emotional health and wellbeing so that problems do not escalate, which in turn should reduce the number of children and young people requiring specialist CAMHS and investment in voluntary and community sector services. ELFT have also recently been awarded pilot status to develop the THRIVE service model which is consistent with emerging developments locally.

Embedding CAMHS in Children Social Care

In addition, work is taking place to embed CAMHS practitioners within Children's Social Care (CSC) so that the most vulnerable children are identified and worked with as early as possible. To date CSC has funded a large team of CAMHS staff who have offered a disparate service to different teams within CAMHS. Since Sept 2015 we have been working with CAMHS to ensure a more dedicated and focussed team for Looked After Children and Children with Child Protection Plans from this resource. This is in line with national policy and local learning from a number of reviews and reports. CAMHS are formulating a dedicated team and we are expecting 5 fte CAMHS practitioners to be based with the Looked After Service from the end of Jan 2016. This team will be joined by a recently appointed Psychologist by March 2016 who has worked in exactly this specialist area. This is an exciting development for the partnership and will not only bring a more efficient pathway to identify children and families in needs of CAMHS support but the team will also support the networks of professionals around these children and families. Again this is in line with current knowledge of what works best with troubled children in services.

Reduction Proposal- Impact and options work within the partnership

Whilst the proposed reduction is a small reduction in the context of the CAMHS budget, the Council is aware of the possibility of adverse impact. The changes that are required to implement this budget reduction will need to be made by EFLT, who manage the service. We are therefore working closely with ELFT to ensure that their proposals mitigate any possible adverse impact of the reduction. In the context of the developments set out above, and the development of different ways to support young people in their emotional and mental health and wellbeing, we are confident that this reduction can be implemented whilst improving outcomes. We are currently working with ELFT to explore options and will have an outline business case setting out how the reductions will be implemented in time for the February Cabinet meeting.

It is because the reduction is set in the wider context of service transformation that we remain confident that even with the proposed reduction more children

will be identified for a CAMHs service earlier and will receive it more successfully.

Realignment and funding of efficiencies in early years provision - more details on this proposal are requested

Realignment and funding of efficiencies in early years provision - more details on this proposal are requested

A review is currently underway to establish in more details the options for delivering these savings. It is due to provide its initial findings before Christmas and be completed in February.

Meanwhile a high level 'strategic' business case has been completed and is attached.

Executive Summary

This strategic business case sets out a recommendation for improving our Children's Centres and Early Years Service whilst making significant savings to the council's budget.

The case sets out the strategic context for the early years services birth to five (end of Reception) overall, and the reasons why improvements and financial savings are needed. We believe that efficiencies we suggest will result in significant savings and an improvement in services.

The case recommends a review of services with a focus on better integration of the early years offer, with increased utilisation of Children's Centre buildings to deliver a wider range of services. The scope of the changes will necessitate a full restructure in accordance with the Council's change management procedures.

This option is recommended as it provides the 'best fit' option to improve services in line with the strategic case, as well as potential for significant financial savings. Note that the changes needed may extend beyond the scope of early years services as the activities of other directorates and divisions impact significantly on efficiencies in early years services.

The option will need to be further developed into outline and full business cases, in order to fully establish its deliverability. This is particularly the case where action from other parts of the Council is necessary to enable us to deliver savings in early years.

Strategic case

This section should be completed at 'strategic' stage, but may be revised at 'outline' or 'full' stage.

Context

There is strong evidence that good quality early education has a significant positive impact on life chances for children. This principle has informed recent government policy and is underpinned by a number of statutory duties for local authorities. The reason why we invest in early years in this borough is explained in the EPPSE¹ research: "...the relatively frequent occurrence of medium or high early years HLE with good pre-school experiences among the children "succeeding against the odds", underlines the significance of this combination of experiences early on in children's learning life-course."

The Childcare Act 2006 places a duty on local authorities to improve the wellbeing of young children in their area and reduce the inequalities between them. It also obliges local authorities to ensure that early childhood services are provided in an integrated manner.

There are additional statutory duties relating to standards and progress in schools, the moderation of the Early Years Foundation Stage Profile (EYFSP) and the implementation of the Statutory Framework for the Early Years Foundation Stage (EYFS).

The local authority is required by government to make the following provision for early years childcare:

- Early education places² for two, three and four year olds including
 - Eligibility;
 - Flexibility;
 - Quality (based on the Statutory Framework);
- Funding for early education places;
- Working in partnership;
- Securing sufficient childcare;
- Providing information to parents;
- Providing information to childcare providers.

The Childcare Act 2006, specifically requires the following actions:

- Section 6, which places a duty on English local authorities to secure sufficient childcare for working parents.
- Section 7 (as substituted by section 1 of the Education Act 2011, fully in force from 1 September 2013), which placed a duty on English local authorities to secure early years provision free of charge. Regulations made under section 7 set out the type and amount of free provision and

¹ *Performing against the odds: developmental trajectories of children in the EPPSE 3-16 study*, page 11

² It is important to remember that securing places requires a highly specialised skill set and wide experience of all aspects of early years. It is not an "administrative" function.

the children who benefit from the free provision. This guidance refers to 'early years provision free of charge' as 'early education'.

- Section 11, which places a duty on English local authorities to assess childcare provision. Regulations made under section 11 set out how the assessment must be prepared and published.
- Section 13, which places a duty on English local authorities to provide information, advice and training to childcare providers.

The LA's duties around inclusion are detailed in the following legislation:

- Children and Families Act 2014
- Special educational needs and disability code of practice: 0 to 25 years 2014
- Equality Act 2010

The Early Years Service's Inclusion Team, which includes Portage, is responsible for fulfilling these statutory responsibilities. Portage is not a statutory service.

Statutory guidance issued in September 2014 under the Childcare Act 2006, requires local authorities to:

- Provide early education places offering 570 hours a year over at least 38 weeks to all children aged 3 or 4;
- Provide early education places offering 570 hours a year over at least 38 weeks to 2 year olds from low income families.

The guidance forbids the use of a quality assessment by local authorities other than Ofsted inspection judgements, although it introduces a new requirement to cease funding organisations that local authorities have reason to believe are not actively promoting British values or promoting views or theories as fact which are contrary to established scientific or historical evidence.

The Childcare Bill currently going through Parliament will extend the free childcare entitlement for 3 and 4 year olds with working parents to 30 hours a week, double the current entitlement. Without decisive action on the part of the Council this government policy will have two unintended consequences:

1. Loss of EL2 places created to date;
2. Reduction in 3 year old places in this LA because the government's funding does not cover the costs of the private businesses who currently provide these places.

In relation to Children's Centres, the Childcare Act 2006 places a duty on local authorities to ensure that there are sufficient Children's Centres to meet local need. Statutory guidance defines Children's Centres as places or groups of places where early childhood services are made available and at which activities for young children are provided. The core purposes of Children's Centres are defined as improving outcomes for young children and families and reducing inequalities in relation to:

- Child development and school readiness;
- Parenting aspirations and parenting skills;

- Child and family health and life chances.

Early childhood services are defined as:

- Early education and childcare;
- Social care in relation to young children and their parents;
- Health services in relation to young children and their parents;
- Training and employment services for parents;
- Information and advice services for parents.

The duties in relation to Children's Centres apply to commissioners of health services and Jobcentre Plus as well as local authorities. This is an area where we are making significant strides after a long period of inaction. Whilst local authorities are responsible for ensuring there are sufficient Children's Centres, the other two agencies must consider which of their services should be made available through Children's Centres. Since September 2015 we have worked with Public Health on locating Health Visitors in Children's Centres (agreed from April 2016), are in the process of joining Vanguard. We are also well in advance of other LAs in terms of progress on the Integrated Review of 2 year olds with Health Visitors. Training for settings is being rolled out as we write this. Significant work remains to be done with Job Centre Plus. Children's Centres are working on this at present.

The statutory guidance on sufficiency of Children's Centres includes a requirement to consider accessibility, targeting at children and families who are at risk of poor outcomes, taking account of the views of children and families, and considering cross-borough access. We have just completed a full review of EY SEN. Locally, maintaining a high quality accessible Children's Centres and early years service is seen as a high priority. Five of the Executive Mayor's pledges relate to these services, and this is reflected in the Council's Strategic Plan.

The transfer of commissioning responsibilities for health visiting to the local authority's Public Health function has brought an opportunity to better integrate provision of this service with Children's Centres in line with the statutory guidance. The new service specification includes locating the service in Children's Centres as delivery hubs. However, reduction in Public Health budgets means that we cannot rely on this for the future. The current suspension of Children's Centre inspections had given us a time window to consider how we move forward. If we consolidate early years services in Children's Centres and use them to drive quality and progress, whilst linking with Public Health and JCP we may be able to create a viable long-term option that meets the Executive Mayor's pledges.

Current situation

Expenditure on central early years services and children's centres is high when compared to similar local authorities and outcomes from this expenditure are mixed. However, there are significant hidden subsidies to other divisions and directorates that must be reviewed as a matter of urgency.

Total expenditure on early years and Children's Centres from the General Fund is currently £13.768m. In 2014-15, the Council's budgeted central expenditure from the schools budget for children under 5 was £142 per head

of child population, compared to a London average of £85³. This difference is equivalent to approximately £5.2m. For Children's Centres, expenditure was £177 per head of child population compared to a London average of £77, a difference equivalent to £4.7m. Whilst there are demographic factors that could explain a higher spend in Tower Hamlets (young population, greater deprivation), the difference in expenditure is considerable. Boroughs with similar demographic profiles (eg Hackney, Newham, Barking and Dagenham) apparently spend less, although the national benchmarking figures which are the source of this data may not give a fully accurate picture. As part of the development of any proposals for the Early Years and Children's Centre service a more detailed value for money study will be undertaken to ensure that we fully understand the level of expenditure in Tower Hamlets compared to other councils and what is driving any difference.

Performance on meeting government targets for 2 year old places is significantly lower than our statistical neighbours when measured by a percentage: around 58% of our two years olds are not engaged with our Children's Centres, although 1,865 out of 2,300 eligible children have accessed a place over the last year. Outcomes at the end of Reception for the Early Years Foundation Stage Profile (EYFSP) for lower income families are good compared to statistical neighbours, but for other children they are disappointing when compared to the outcomes being achieved by older children in primary schools. This is because of two factors: we have an unusually high percentage of children who do not speak English in EYFS (76%) and very high numbers of children living in poverty, as compared to national figures and those of our statistical neighbours. Ofsted outcomes for schools are unusually high: one school out of 80 is in special measures for EYFS. The rest are good or better. 82% of our private and voluntary settings are good or better according to Ofsted.

The Council currently provides 12 directly managed Children's Centres, providing services out of 23 children's centre buildings and approximately 50 community venues. At present nine out of the twelve Children's Centres, all inspected over the last two years, have been judged to require improvement. This was in large part due to difficulties in accessing live birth data. Negotiations with Public Health to secure this information from local hospitals are well advanced since September 2015. We have also arranged for Health Visitors to automatically register new parents with their nearest Children's Centres. We are determined to improve our early years services, including children's centres, ensuring that they better meet local need.

The council currently organises its Children's Centres and early years work through two separate teams. The intention is to bring these two teams together to make savings in the management and administration of early years services, and at the same time, end the General Fund subsidy of £3,818k to the Dedicated Schools Grant (DSG), provided to support early years services. The scope of the changes mean that a full restructure is

³ Section 251 benchmarking tables published by DfE at <https://www.gov.uk/government/publications/local-authority-benchmarking-tables-2014-to-2015>

needed with accompanying Equality Analyses. The potential negative impact of change on residents, particularly children and families with health issues or SEN, must be scoped and risk assessed.

Many high performing boroughs have integrated 0-5 provision as part of a clear Early Help offer: we do not. As a consequence, our teams sit alongside each other but with significant duplication in 'back office' functions. As a result of this proposal, all non-children's centres and early years services will be funded from the DSG in line with its core purpose to provide childcare and education to very young children. We will use our buildings better to ensure that parents are able to easily access a full range of services with Children's Centres operating as the main delivery buildings. We will also take the opportunity of recommissioning the health visitors' contract to embed health staff in our Children's Centres giving parents a reason to visit where they can then be provided with a wide range of supportive opportunities. As we increase uptake, unit costs will be reduced. These proposals will require substantive change to posts, organisation and job descriptions. This necessitates a full restructure.

Desired outcomes from the project

The project aims to achieve:

- A better integrated early years offer, in line with statutory guidance
- Increased take up of two year old places
- Improvements in Children's Centres' OFSTED ratings
- Increase the service offer in the main children's centre buildings to meet statutory requirements and Mayoral pledges
- Reduction in costs to the General Fund of £4.368m

Dependencies

Provision of SEN support for children with severe physical disabilities.

Provision of SEN support for children with multiple disabilities.

Support for families experiencing difficulties

Support for all families (everyone needs access to a Children's Centre at some point – no-one starts off as an expert in parenting.)

Progress and attainment at 5, 11 and 16 – the best way to get A* in GCSE English and maths is to spend money effectively in early years.

Options analysis

A description of the options to be considered should be set out at 'strategic' stage, although a full assessment/ recommendation is not required until 'outline' stage.

This section evaluates the options considered, and sets out the recommended way forward.

Option 1- do nothing/ do minimum

Description

This option would keep services as they are.

Cost/ savings analysis

Annual revenue cost of current situation	£ 13,678,000.00
Annual saving for this option	£ -
Implementation cost of option	£ -
Payback period (years)	No saving

Benefits vs disadvantages

Benefits	Disadvantages
<ul style="list-style-type: none"> • No disruption to existing service provision • No requirement to consult • No implementation costs • No staff redundancies • Less anxiety for current service users and staff • The Council will be seen as maintaining funding to early years services in line with Mayoral pledges • Low/ no political risk 	<ul style="list-style-type: none"> • No improvement performance in key measures • Unable to meet mayoral pledges around improvement of services eg more services being delivered from Children's Centres • No opportunity to integrate services in line with the statutory guidance • Children's centres will not be able to expand the services they provide • Childrens centres will be unable to improve their reach to targeted groups • Children's centres will bring down the overall LA OFSTED rating • No opportunity to reduce costs

Option 2- Integration and full restructure of early years and children's centres services, realignment of funding and efficiency improvement

Description

This option would aim to:

- Integrate the management of early years and Children's Centre services
- Increase services from other agencies delivered through Children's Centres
- Consolidate services where appropriate into the 12 'core' Children's Centres buildings and cease delivery from community buildings
- Review the early years and children's centres estate to ensure that all buildings in use meet a high standard of quality and suitability for provision

At the current time this option is not fully developed. The cost/ savings analysis below is based on estimates and may change as work continues to fully develop this option. Implementation costs are not currently known.

Cost/ savings analysis

Annual revenue cost of option	£ 9,400.00
Annual revenue cost of current situation	£ 13,768.00
Annual saving for this option	£ 4,368.00
Implementation cost of option	
Payback period (years)	0.00

Benefits vs disadvantages

Benefits	Disadvantages
<ul style="list-style-type: none"> • Full and effective integration of services in line with statutory guidance and providing a beacon of excellence for other LAs • Increased range of services in core children's centre buildings, meeting all mayoral EY pledges • Open a new Tower Hamlets designated Children's Centre • Expand two of the 12 existing Children's Centres • Significantly improved capacity to target a greater range of services to disadvantaged families in line with statutory guidance 	<ul style="list-style-type: none"> • Short term disruption of services • Risk that the Council is perceived to be making cuts to early years and children's centre services • Some families may have to travel further (although this will be mitigated by the greater range of services on offer, reducing the need for families to travel between venues for different services) • Requirement to consult with service users and staff • Implementation costs likely to be incurred (as yet unquantified)

<ul style="list-style-type: none"> • Significantly improved capacity to support children with SEN through Early help in line with statutory guidance • Improved capacity to increase take up of 2 year old places • Reduction in building maintenance costs for unsuitable buildings. Removal of unsuitable buildings from EY property portfolio • Removal of venue hire costs • Reduction in staff costs through voluntary redundancy and early retirement • Increased revenue from central government for take up of 2 year old places • Total saving to the Council's general fund budget of £4.368m 	
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Recommended option

It is recommended that option 2 is taken forward for development of an outline/ full business case. The option provides the best fit to the strategic case as well as delivering significant financial savings.

The outline/ full business case will need to set out in further detail how the objectives will be met, the implementation cost and potential financial savings.

Equalities

This section is to be completed at 'outline' stage. If the response to any one of the questions is 'yes' then a full equalities assessment must be completed and appended at 'Full' stage.

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	The intention is to review services so that a better service can be provided with less resource. This will be kept under review as proposals progress.
Does the change reduce resources available to support vulnerable residents?	No	As above
Does the change involve direct Impact on front line services?	Yes	There will be changes to front line services, although these will be to improve the service through better joining up Children's Centres and other early years services, and improving our offer in children's centres.
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	Click here to enter text.
Does the change alter access to the service?	No	Click here to enter text.
Does the change involve revenue raising?	Yes	Revenue will potentially be raised from external service providers using children's centre venues. There will be no impact on users of the service.
Does the change involve a reduction or removal of income transfers to service users?	No	Click here to enter text.
Does the change affect who provides the service, i.e. outside organisations?	Yes	More outside organisations will be encouraged to provide services from Children's Centres. The impact is likely to be positive.
Does the change involve local suppliers being affected?	Yes	As above
Does the change affect the Third Sector?	Yes	As above

Does the change affect Assets?	Yes	Children's Centre buildings will be used differently and there may be a reduction in use of externally hired venues.
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	Yes	The proposed changes may reduce the number of staff required. With a full restructure this can be achieved through VR/ER.
Does the change involve a redesign of the roles of staff?	Yes	As above

Renegotiation of Current Leisure Services Contract

Executive Summary

The proposal is to negotiate the cessation of the £2.09m management fee paid to GLL under the provisions of the current contract.

Strategic case

Context/current situation

GLL are paid a Management Fee of £2.09m from the Council in return for managing the Council's Leisure Services contract until 2019. The surplus that is generated by GLL from managing the contract is shared between LBTH (25%), GLL (25%) with the remaining 50% reserved for capital development and special initiatives such as leisure facilities upgrades to council infrastructure, healthy living initiatives and needs based targeted exercise promotion.

LBTH have an existing MTFP efficiency income target of £1.05m which is paid for by the surplus share arrangement including a share of the development pot to facilitate the arrangements as outlined above as approved.

Desired outcomes from the project

The proposal sets out that the management fee of £2.09M paid to GLL and the income received from GLL will both cease for the remainder of the contract period subject to negotiated cap on excess profits. This would achieve a net saving of £1,240,000 to the Council in 2016/17..

Dependencies

GLL have indicated that a prerequisite for entering in to negotiations on the above would be the setting aside of a capital sum and a review of fees and charges benchmarked against other London Boroughs. The Executive has made it clear that the impact of any proposed changes to fees and charges linked to agreement on this proposal must be brought back to the Executive before any final agreement is reached.

Options analysis

This section evaluates the options considered, and sets out the recommended way forward.

Option 1- do nothing/ do minimum

Description

The *Do Nothing* option is progressed, GLL will continue to receive a management fee and LBTH will receive a share of the surplus.

Cost/ savings analysis

Annual revenue cost of option	
Annual revenue cost of current situation	£ 1,040,000.00
Annual saving for this option	£ -
Implementation cost of option	
Payback period (years)	No Savings

Benefits vs disadvantages

Benefits	Disadvantages
<ul style="list-style-type: none"> There are no particular benefits accruing to the Council from the payment of a management fee to the contractor. It is arguable that the contractor may feel more secure with the fee in place as the council effectively underwrites the risk in respect of income performance to the value of the fee. This may have supported negotiations for up front capital investment by the contractor at the time that contract negotiations were originally held. 	<ul style="list-style-type: none"> The council will not realise its saving from this proposal, and there is a risk it may not achieve its overall spending targets as a result. The council retains the same level of risk rather than transferring more to the contractor.

Option 2- Renegotiation of Current Leisure Services Contract

Description

The proposal sets out that the management fee of £2.09M paid to GLL and the income received from GLL will both cease for the remainder of the contract period. This achieves a net saving of £1,240,000 to the Council. GLL would receive just over 1m less under this arrangement at current levels of turnover.

Cost/ savings analysis

Annual revenue cost of option	
Annual revenue cost of current situation	£ 1,040,000.00
Annual saving for this option	£ 1,240,000.00
Implementation cost of option	
Payback period (years)	Immediate

Benefits vs disadvantages

Benefits	Disadvantages
<ul style="list-style-type: none"> Financial Savings of 	<ul style="list-style-type: none"> Some disadvantages such as

<p>£1,249,000</p> <ul style="list-style-type: none"> • More risk is transferred from the Council to the Contractor • The council benefits from greater financial certainty and stability 	<p>the need to increase fees and charges may result from a negotiated agreement. However this is not known at this stage and no commitment would be made without further review of such measures by the Mayor and Cabinet.</p>
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Recommended option

It is recommended that the Council adopts option 2. This commits the Council to a negotiation process the result of which would be the subject of further review by the Mayor and cabinet should it impact on fees and charges. There is no certainty that agreement can be reached but the potential saving to the Council is significant enough to warrant an attempt to secure that agreement. Potentially savings of £1,240,000 will be realised from renegotiating the contract. Cabinet have noted the risk associated with taking forward a proposal of this scope and furthermore the risk of undertaking third party negotiations.

Equalities

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	Click here to enter text.
Does the change reduce resources available to support vulnerable residents?	No	Click here to enter text.
Does the change involve direct Impact on front line services?	No	Click here to enter text.
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	Click here to enter text.
Does the change alter access to the service?	No	Click here to enter text.
Does the change involve revenue raising?	No	Click here to enter text.

Does the change involve a reduction or removal of income transfers to service users?	No	Click here to enter text.
Does the change affect who provides the service, i.e. outside organisations?	No	Click here to enter text.
Does the change involve local suppliers being affected?	No	Click here to enter text.
Does the change affect the Third Sector?	No	Click here to enter text.
Does the change affect Assets?	No	Click here to enter text.
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	Click here to enter text.
Does the change involve a redesign of the roles of staff?	No	Click here to enter text.

Discontinue the Incontinence Laundry Service - more detailed information on these proposals, including the risks.

Executive Summary

The proposal is to close the Incontinence Laundry Service which provides a free-of-charge service to up to 20 Tower Hamlets residents who are eligible for the service on health grounds. In addition, a commercial service is provided to a number of organisations: the London Boroughs of Camden (21 clients) and Hackney (4 clients), Nappy Ever After (a business located in Camden) and Spa London Slipper Baths at York Hall. It is a non-statutory function with alternative private sector providers available which are used by many other local authorities. £61,000 could be saved by ceasing this function.

There are two members of staff permanently based in the laundry service, with a vehicle and driver shared with Pest Control. The service is located in a basement area beneath York Hall.

Strategic case

Context/Current situation

Ongoing cuts to local government funding mean that the council is forecast to make £63million savings to its budget over the next three years. To balance the budget for next year (16/17), the council has therefore developed a set of savings options including this proposal for discontinuing the incontinence laundry service.

As this is a health function and not a statutory requirement of the Council and alternative NHS support arrangements are in place (see below), discontinuing the laundry service could be adequately managed as part of the NHS client needs assessment process.

The proposal will save £41,000 per year in operating costs, plus approx. £20,000pa in unbudgeted costs. It would also avoid a further £38,000 of capital investment required to replace existing machinery that is reaching the end of its useful operational life.

Desired outcomes from the project

The cessation of the service to secure the proposed saving whilst also ensuring that the needs of the existing client base of dependent individuals are adequately met.

Laundry services are provided free-of-charge for eligible Tower Hamlets residents. Although the service currently has 35 clients on its books, 15 of those cases are being reviewed as it is thought there may no longer be an incontinence issue present. Officers in Adult Social Care are working with those 15 cases with a view to assisting them in finding some other ways to address their needs. A breakdown by age is shown in table 1 below:

Ages of service users	... where incontinence is an issue	... where incontinence may no longer be an issue	Total	%
25-34	1	0	1	3%
35-44	1	1	2	6%
45-54	2	2	4	11%
55-64	3	5	8	23%
65+	11	4	15	43%
unknown	2	3	5	14%
Total	20	15	35	100%

Table 1 – breakdown by age of clients in Tower Hamlets

The incontinence laundry service normally receives referrals directly from Adult Social Care on the Continence Team at the Mile End NHS Hospital. However, the last referral was made some 2 – 2½ years ago. Instead, the majority of incontinence is dealt with through the NHS by offering clients in home based support (e.g. washing machines / home helps etc).

The Service has not been financially viable for a number of years, with a continuing overspend. To reduce this overspend, the service has entered into several private contracts for washing items at the laundry but has not been successful in finding further demand. The current commercial clients are:

- Camden Social Services, where a service is provided to 21 clients in Camden which is charged £26.37 + VAT per person per week, with a further private client from Camden who previously received the service through Camden's social services prior to them ending her funded provision. This client is also charged at £26.37 + VAT per bag.
- The London Borough of Hackney, although following a social services review, only 4 clients remain on this agreement.
- Nappy Ever After, based in Camden, charged at £20 + VAT per bag of 250 nappies.

Spa London Slippers, based at York Hall, which is charged £3+VAT per load, with an average of 5 loads per week.

Impact and mitigation

The NHS provides free support to residents based on need. Residents who currently receive the service within the borough now also have direct control of their Personal Independence Payments (if eligible), which enables them to determine the nature of their care support for themselves.

If clients are not able to cope with an in house solution and still require an external laundry service they will need to purchase one privately using their Personal Independence Payments or private income.

Adult Social Care has committed to finding alternative suppliers, sourcing washing machines and providing assistance with accessing NHS support where eligible to the 20 clients who use the service due to incontinence.

The commercial clients will be managed via the contractual process. Those clients located in Camden have access to an alternative supplier and we understand that Camden are already moving to switch to this supplier.

Dependencies

None

Options analysis

This section evaluates the options considered, and sets out the recommended way forward.

Option 1- do nothing/ do minimum

Description

The Service Continues..

Cost/ savings analysis

Annual revenue cost of option	
Annual revenue cost of current situation	£ 61,000.00
Annual saving for this option	
Implementation cost of option	
Payback period (years)	

Benefits vs disadvantages

Benefits	Disadvantages
<ul style="list-style-type: none"> • Tower Hamlets residents will continue to receive the service • Other organisations (private companies and two London Boroughs) will continue to be able to purchase the service, contributing its fixed costs 	<ul style="list-style-type: none"> • The council will not realise its saving from this service, and there is a risk it may not achieve its overall spending targets as a result. Further immediate capital investment would be required if the service is not to run the risk of failing. The current business model competes with the private sector and is currently unsustainable.

Option 2- Discontinue Incontinence Laundry Service

Description

Discontinue the Incontinence Laundry Service which currently provides:

- A free-of-charge weekly laundry services to a number of Tower Hamlets residents who are eligible for the service on health grounds, and
- A commercial service to a number of other organisations.

Cost/ savings analysis

Annual revenue cost of option	
Annual revenue cost of current situation	
Annual saving for this option	£ 41,000.00
Implementation cost of option	
Payback period (years)	Immediate

Benefits vs disadvantages

Benefits	Disadvantages
<ul style="list-style-type: none"> Financial savings of £41,000 + £20,000 of unbudgeted costs Removal of a capital pressure of circa £38,000 in capital costs for replacing machinery. 	<p>The recipients of the service will have to make alternative provision. Some may choose to apply some of their personal independence payments to alternative provision if they do not want or cannot deal with an in home supported solution following engagement with NHS and Social Care agencies.</p>

Recommended option

In view of the scale of savings that the Council is required to make by Government and given that alternative support is available and alternative suppliers exist in the market place it is recommended that the Council adopts option 2.

Equalities

This section is to be completed at 'outline' stage. If the response to any one of the questions is 'yes' then a full equalities assessment must be completed and appended at 'Full' stage.

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	Click here to enter text.
Does the change reduce resources available to support vulnerable residents?	Yes	However NHS direct provision and personal care budgets mitigate against this change

Does the change involve direct Impact on front line services?	Yes	Need will be met in a different way
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	Click here to enter text.
Does the change alter access to the service?	Yes	The NHS will provide direct support that may be supplemented by personal care budgets at the client's discretion.
Does the change involve revenue raising?	No	Click here to enter text.
Does the change involve a reduction or removal of income transfers to service users?	No	Click here to enter text.
Does the change affect who provides the service, i.e. outside organisations?	Yes	The Council will no longer be providing this service
Does the change involve local suppliers being affected?	No	Click here to enter text.
Does the change affect the Third Sector?	No	Click here to enter text.
Does the change affect Assets?	Yes	The space currently used for this service would be vacated.
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	Yes	A full staffing review will be necessary, which will be undertaken in accordance with the Handling Organisational Change policy and will include a full impact assessment to ensure that equalities groups are not disproportionately affected.
Does the change involve a redesign of the roles of staff?	No	Click here to enter text.

Alternative Funding Arrangements for Toilets

Executive Summary

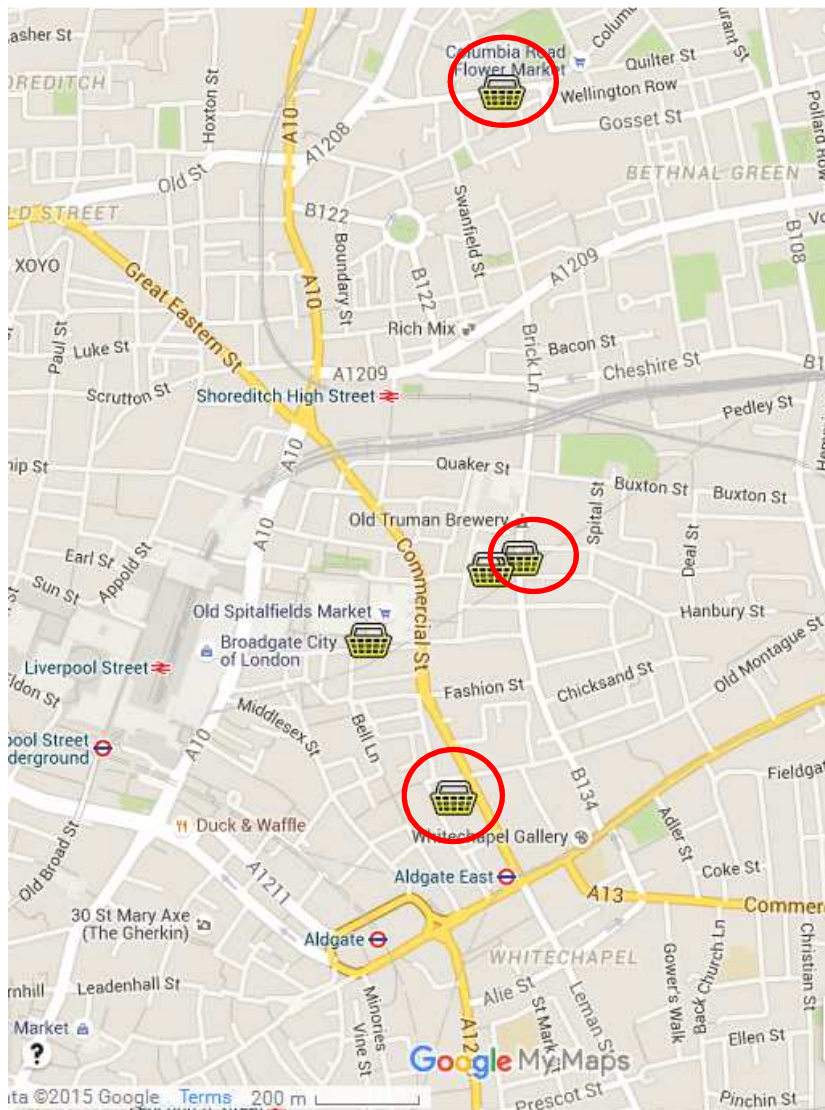
Temporary mobile toilets are provided in Brick Lane, Goulston Street, Columbia Flower Market, and funded from the Clean & green General Fund.

This proposal intends to transfer funding of these temporary mobile toilets from the General Fund to the Street Trading Account, as the markets are the primary reason these toilets are required in these locations.

Strategic case

Context/current situation

Temporary mobile toilets are provided in Brick Lane, Goulston Street, and Columbia Flower Market, and funded from the General Fund vote to the Clean, Green, and Highways Service. See locations on map below:



Desired outcomes from the project

This proposal intends to transfer funding of these temporary mobile toilets from the General Fund to the Street Trading Account as the markets are the primary reason these toilets are required in these locations.

Under Section 32 of the London Local Authorities Act 2007, the council can include in street trading licence fees “such reasonable administrative or other costs” which are incurred in connection with this service. These temporary mobile toilets are one such cost.

The Street Trading account has returned a surplus over the past 3 years and would be able to fund this cost for the toilet provision.

In addition, section 106 money has been allocated to building a new public toilet facility in Brick Lane.

Dependencies

Should this proposal require an increase in street trading licence fees, then under the London Local Authorities Act 2007, the council must notify traders and/or their representative bodies of the proposed increase, giving details of how the charges are calculated, and must consider any representations received on the matter.

Options analysis

This section evaluates the options considered, and sets out the recommended way forward.

Option 1- do nothing/ do minimum

This option will not change the current financing arrangements for the temporary mobile toilets.

Cost/ savings analysis

Annual revenue cost of option	
Annual revenue cost of current situation	£ 100,000.00
Annual saving for this option	
Implementation cost of option	
Payback period (years)	No savings

Benefits vs. disadvantages

Benefits	Disadvantages
<ul style="list-style-type: none">Street trading account surplus is not required to fund the toilets and therefore can be reinvested in some other way to develop further the Markets.	<ul style="list-style-type: none">Continued burden on the General Fund account. The General Fund effectively continues to subsidise Market Traders by paying for provision which is prompted principally by the Markets.

Option 2- Alternative Funding Arrangements for Toilets

Description

Transfer the funding of the temporary mobile toilets in Brick Lane, Goulston Street, Columbia Flower Market from the General Fund to the Street Trading Account.

Cost/ savings analysis

Annual revenue cost of option	
Annual revenue cost of current situation	
Annual saving for this option	£ 100,000.00
Implementation cost of option	
Payback period (years)	£ -

Benefits vs disadvantages

Benefits	Disadvantages
<ul style="list-style-type: none"> • There would be a saving of £100,000 to the general fund • The cost of the temporary mobile toilets would be met by the markets which are the main reason they are required. • The proposal transfers the cost of toilet provision to the Market Trading function which generates the need for it. This is a fairer and more accountable way of managing the cost, providing a more transparent way of accounting for the total cost of the Markets Service, in accordance with Best Value Accounting principles 	<ul style="list-style-type: none"> • There is an additional call on the Street trading account reducing opportunities for reinvestment into the Street Markets. • A trading account provides less certainty as it fluctuates from year to year.

Recommended option

Within the context of the exercise to identify potential workable savings and efficiencies to support the Councils attempts to manage austerity cuts option 2 is recommended.- The cost of the temporary mobile toilets would be met by the markets trading account which are the main reason they are required. This will save £100k of general fund contribution.

Equalities

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	Click here to enter text.
Does the change reduce resources available to support vulnerable residents?	No	Click here to enter text.
Does the change involve direct Impact on front line services?	No	Click here to enter text.
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	Click here to enter text.
Does the change alter access to the service?	No	Click here to enter text.
Does the change involve revenue raising?	No	Click here to enter text.
Does the change involve a reduction or removal of income transfers to service users?	No	Click here to enter text.
Does the change affect who provides the service, i.e. outside organisations?	No	Click here to enter text.
Does the change involve local suppliers being affected?	No	Click here to enter text.
Does the change affect the Third Sector?	No	Click here to enter text.
Does the change affect Assets?	No	Click here to enter text.
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	Click here to enter text.
Does the change involve a redesign of the roles of staff?	No	Click here to enter text.

Commercial case

The Street Trading account has returned a surplus over the past 3 years and would be able to fund this cost for the toilet provision.

Resourcing

Resources required for implementation

No resources are required for implementing this proposal other than officer time.

Funding source

Not applicable

Delivery

Project approach

Not applicable. Funding will be transferred over to the street trading account following Cabinet approval.

Benefits realisation

This subsection sets out the benefits expected from the project, and how these will be measured.

Benefit	Measure	Data source
Transfer funding of temporary mobile toilets from the General Fund to the Street Trading Account	Budget adjustment by 31 ST March 2016	Agresso

Alternative Waste Disposal Model

Executive Summary

The proposal is to save £150k from waste disposal by exploiting short- to medium-term differences in waste treatment costs. This will be achieved by diverting 49,400 tonnes of the council's waste away from Mechanical Biological Treatment (MBT) to Energy from Waste, until 2017.

Strategic case

Context

Ongoing cuts to local government funding mean that the council is forecast to make £63million savings to its budget over the next three years. To balance the budget for next year (2016/17), the council has developed a set of savings options including this proposal for an alternative approach to waste disposal.

The council has a statutory duty under the Environmental Protection Act 1990 to provide a service to households to collect their refuse and recycle it, as far as possible in accordance with the "waste hierarchy":

- prevention
- reuse
- recycling
- recovery
- disposal

The waste hierarchy itself is not inflexible, and where a clearly better environmental outcome can be shown, it is possible to depart from it.

Significant improvements have been made to incineration technology reducing any impact on air quality and increasing energy efficiency but there is a risk that a very limited increase in air pollution will result from this decision. Should Cabinet decide to proceed with this option, this will be subject to modelling to determine the full extent of any increase in air pollution. However, the view of Public Health England (previously known as the Health Protection Agency) is that any health impacts from particulates are likely to be undetectable with modern well-managed incinerators¹. Whilst the incinerator is not in the Borough this is still a consideration in making this decision.

Current situation

Waste is currently handled through several treatment processes and outlets. Veolia have recently negotiated an improved price per tonne on the behalf of LBTH at the Northumberland Wharf facility run by Cory.

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/284612/pb14130-energy-waste-201402.pdf

The Council has an agreement with Veolia until 2017 at which time it is anticipated that the new disposal contract will be let. At that time, new contract sums and prices may supersede the arrangements for this saving.

For 2014/5, the council's recycling rate was 28% placing it in the top three inner London Boroughs for dry recycling. However, there has been a recent increase in the contamination rate due to a tightening of regulations by the government and a change in acceptance criteria of the Materials Recycling Facility (MRF) which could adversely affect the rate going forwards.

Desired outcomes from the project

The proposal is to generate savings of £150,000 per year by manipulating waste disposal channels to exploit differences in waste processing costs, until a new disposal contract is let. This will be achieved through diverting approximately 49,400 tonnes of waste from a Mechanical Biological Treatment (MBT) facility to Energy from Waste by using Veolia's influence within the waste industry to maximise our waste disposal outlets.

The saving will contribute to the council's Medium Term Financial Plan and budget setting process for 2016/7 for the term of the current contract subject to the maintenance of prevailing market conditions.

Dependencies

This proposal is dependent on:

- Cory continuing to take the waste
- Market conditions for waste transfer and reprocessing remaining stable
- The term of the current contract. The saving cannot be sustained beyond this.

Options analysis

This section evaluates the options considered, and sets out the recommended way forward.

Option 1- do nothing/ do minimum

Description

If the *Do Nothing* option is progressed, the council will continue with its current arrangements for disposing of waste, including recycling, and no savings will be made.

Cost/ savings analysis

Annual revenue cost of option	
Annual revenue cost of current situation	£ 150,000.00
Annual saving for this option	
Implementation cost of option	
Payback period (years)	No saving

Benefits vs disadvantages

Benefits	Disadvantages
<ul style="list-style-type: none">• The minimal risk to air quality will not be incurred.• The risk to recycling rates will not be incurred.	<ul style="list-style-type: none">• The council will not realise its saving from this service, and there is a risk it may not achieve its overall spending targets as a result. .

Option 2- Alternative Waste Disposal Treatment Model

Description

The proposal is opportunistic in nature and intends to save £150k from waste disposal by manipulating waste disposal channels to exploit differences in waste processing costs, until a new disposal contract is let.

This will be achieved through diverting a total of approximately 49,400 tonnes of waste from a Mechanical Biological Treatment (MBT) facility to Energy from Waste by using Veolia's influence within the waste industry to maximise our waste disposal outlets. However, there is a risk that the council's recycling rate could reduce by up to 1% as the waste would go to incineration, but it would avoid landfill.

Cost/ savings analysis

Annual revenue cost of option	
Annual revenue cost of current situation	
Annual saving for this option	£ 150,000.00
Implementation cost of option	
Payback period (years)	Immediate

Benefits vs disadvantages

Benefits	Disadvantages
<ul style="list-style-type: none">• Financial savings of approx. £150,000 per year for the remaining term of the contract	<ul style="list-style-type: none">• There is a risk that this proposal could result in a decrease of up to 1% in recycling rates
<ul style="list-style-type: none">• Some energy will be produced from waste that would otherwise have been disposed of via Mechanical Biological Treatment	<ul style="list-style-type: none">• There will be some additional emissions of CO₂ and particulates, although the latter are subject to strict limits under

<p>or gone to landfill. This has several benefits including:</p> <ul style="list-style-type: none"> » providing a valuable domestic energy source » contributing to energy security » as a partially renewable energy source it can also contribute to renewable energy targets aimed at decarbonising energy generation » it is a non-intermittent energy supply so can complement intermittent renewable sources such as wind or solar power 	<p>EU legislation.</p> <ul style="list-style-type: none"> » After offsetting against other forms of energy production, the CO₂ released will have less impact than the methane (a more damaging greenhouse gas) that would have been generated and released if the waste had gone to landfill. Energy from Waste therefore has a lower greenhouse gas impact than landfill » The view of Public Health England (previously known as the Health Protection Agency) is that any health impacts from particulates are likely to be undetectable with modern well-managed incinerator. <p>The Saving can only be sustained for the period of the current contract and assuming that market conditions remain stable during that time.</p>
--	--

Recommended option

It is recommended that the Council agrees to option 2 as savings of £150,000 can be achieved towards the MTFP. Benefits of option 2 are listed above.

Equalities

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	Click here to enter text.
Does the change reduce resources available to support vulnerable residents?	No	Click here to enter text.
Does the change involve direct Impact on front line services?	No	Click here to enter text.
CHANGES TO A SERVICE		

Does the change alter who is eligible for the service?	No	Click here to enter text.
Does the change alter access to the service?	No	Click here to enter text.
Does the change involve revenue raising?	No	Click here to enter text.
Does the change involve a reduction or removal of income transfers to service users?	No	Click here to enter text.
Does the change affect who provides the service, i.e. outside organisations?	No	Click here to enter text.
Does the change involve local suppliers being affected?	No	Click here to enter text.
Does the change affect the Third Sector?	No	Click here to enter text.
Does the change affect Assets?	No	Click here to enter text.
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	Click here to enter text.
Does the change involve a redesign of the roles of staff?	No	Click here to enter text.

Review of Streetworks & Streetcare Team

Executive Summary

The Streetworks and Streetcare teams provide an inspection and enforcement function within the Clean, Green & Highways service portfolio there is an opportunity to achieve efficiencies by amalgamating the two teams and adopting a more generic working model.

Strategic case

Context

The Streetworks Team is made up of 11 Officers (1 manager and 10 officers) and is responsible for co-ordinating and monitoring street work activities and policies, to regulate the activities of public utility companies operating on the public highway so as to fulfil the requirements of the New Roads and Street Works Act and Traffic Management Act. This includes supporting proactive and reactive inspection and enforcement of their activities.

The Streetcare Team is made up of 10 Officers (1 manager and 9 officers) and provides management of street related services, including monitoring the refuse collection, street cleansing, recycling, parks and open spaces. The team also works closely with the Refuse and Recycling Service to develop, implement and maintain effective contract monitoring procedures, provide visual inspections of the public highway and arranging for remedial works to provide a safe highway for public use. Enforcement activity is also undertaken by this team, to ensure that all public realm problems, including fly posting, littering, graffiti, and highway obstruction are dealt with in a manner that reduces the long term financial impact on the Council and its partners.

Current situation

Table below summaries the current role and responsibilities of the Streetwork and Streetcare team.

Streetworks Team	Streetcare Team
Co-ordinating and monitoring street work activities	Monitoring the refuse collection, street cleansing, recycling, parks and open spaces.
regulate the activities of public utility companies operating on the public highway	develop, implement and maintain effective contract monitoring procedures
supporting proactive and reactive inspection and enforcement of their activities	provide visual inspections of the public highway and arranging for remedial works to provide a safe highway for public use
	Enforcement activity is also undertaken by this team, to ensure that all public realm problems,

	including fly posting, littering, graffiti, and highway obstruction, are dealt with
--	---

Desired outcomes from the project

Greater efficiency by amalgamating the Streetworks and Streetcare teams and adopting a more generic working model which secures savings of £90k from a reduction in two vacant posts.

Dependencies

This proposal is dependent on:

- A full service review will need to be undertaken to determine how the future consolidated service will function.

Options analysis

This section evaluates the options considered, and sets out the recommended way forward.

Option 1- do nothing/ do minimum

Description

The *Do Nothing* option is progressed, Public Realm will continue to provide the Streetworks and Streetcare functions as two separate teams.

Cost/ savings analysis

Annual revenue cost of option	
Annual revenue cost of current situation	£ 90,000.00
Annual saving for this option	
Implementation cost of option	
Payback period (years)	No savings

Benefits vs disadvantages

Benefits	Disadvantages
<ul style="list-style-type: none"> • Two distinctive teams responsible for the Street works and Street care function • No disruption to services resulting from restructure • Two vacant posts retained 	<ul style="list-style-type: none"> • Opportunity lost to become more efficient by amalgamating the two teams and adopting a more generic working model • Arguably failing to achieve best value.

Option 2- Amalgamating Streetcare and Streetworks Teams

Description

Amalgamating the Streetcare and Streetworks teams and adopting a more generic working model saving £90k from a deletion of two vacant posts.

Cost/ savings analysis

Annual revenue cost of option	
Annual revenue cost of current situation	
Annual saving for this option	£ 90,000.00
Implementation cost of option	
Payback period (years)	Immediate

Benefits vs disadvantages

Benefits	Disadvantages
<ul style="list-style-type: none">• Financial savings of £90,000• Improved efficiency• Service resilience improved by wider adoption of generic working• Achieving best value moving towards optimum operating model for the service• Proposed saving focuses on vacant posts rather than redundancies.	<ul style="list-style-type: none">• Some limited service disruption during implementation of the restructure.

Recommended option

Within the context of the exercise to identify potential opportunities for efficiencies and savings as part of the Councils response to Central Government Austerity cuts to the public sector it is recommended that the Council adopts option 2. Savings of £90k can be achieved from deleting two vacant posts, without any material adverse impact to service performance.

Equalities

This section is to be completed at 'outline' stage. If the response to any one of the questions is 'yes' then a full equalities assessment must be completed and appended at 'Full' stage.

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	Click here to enter text.
Does the change reduce resources available to support vulnerable residents?	No	Click here to enter text.
Does the change involve direct Impact on front line services?	Yes	More generic working
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	Click here to enter text.
Does the change alter access to the service?	No	Click here to enter text.
Does the change involve revenue raising?	No	Click here to enter text.
Does the change involve a reduction or removal of income transfers to service users?	No	Click here to enter text.
Does the change affect who provides the service, i.e. outside organisations?	No	Click here to enter text.
Does the change involve local suppliers being affected?	No	Click here to enter text.
Does the change affect the Third Sector?	No	Click here to enter text.
Does the change affect Assets?	No	Click here to enter text.
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	Click here to enter text.

Does the change involve a redesign of the roles of staff?	Yes	Greater levels of generic working. Possible leaner management model.
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Reduction in Blackwall Tunnel Approach Cleansing

Executive Summary

This proposal sets out the savings of £75k removed from the Street Cleansing budget from streamlining the number of cleaning cycles on the Blackwall tunnel approach.

The Blackwall tunnel approach is a Transport for London (TfL) managed road. However, cleansing of the approach is the Councils responsibility. The Council currently pays Veolia to cleanse the Blackwall Tunnel Northern Approach (BTNA) A12 and the slip roads on a four week cycle. The proposal is to reduce the frequency of the cleaning from a four week cycle to a five week cycle.

In addition, it is proposed that the frequency of the litter pick activity on all landscaped areas of the A12 at Blackwall Tunnel/St Leonards Road/Brunswick Road, A13 Junction is also reduced from a four week cycle to a five week cycle.

Strategic case

Context/current situation

9 members of staff are currently employed by Veolia to undertake the cleansing of the area around the Blackwall Tunnel. This takes place for three evenings a week every four weeks.

Procedure

2 x HGV mechanical sweeping teams, 1 x 7.5 tonne cage team and 1 x manager (to supervise the actual sweeping and bulk clearance) are present throughout the cleaning operation. Cleansing includes; digging out detritus, sweeping and removing bulk items from the central reservation, slip ways, carriageway east and carriageway west from Blackwall tunnel to the Hackney Boundary.

Desired outcomes from the project

The proposal is to reduce the frequency of the cleaning from the current four week cycle to a five week cycle for the Blackwall Tunnel Northern approach. It is also proposed that the frequency of the litter pick activity on all landscaped areas of the A12 at Blackwall Tunnel/St Leonards Road/Brunswick Road, A13 Junction is also reduced from a four week cycle to a five week cycle.

Dependencies

This proposal is dependent on:

- A full implementation plan undertaken with Veolia to determine how the future service will function following Cabinet approval to proceed.

Options analysis

This section evaluates the options considered, and sets out the recommended way forward.

Option 1- do nothing/ do minimum

Description

The *Do Nothing* option is progressed, Veolia will continue to deliver the cleansing and litter pick activity around the Blackwall Tunnel approach area on a four week cycle.

Cost/ savings analysis

Annual revenue cost of option	
Annual revenue cost of current situation	£ 75,000.00
Annual saving for this option	
Implementation cost of option	
Payback period (years)	No savings

Benefits vs disadvantages

Benefits	Disadvantages
<ul style="list-style-type: none"> No risk to cleansing standards 	<ul style="list-style-type: none"> The council will not realise its saving from this service, and there is a risk it may not achieve its overall spending targets as a result.

Option 2- Five week cycle street cleansing

Description

Veolia to deliver the cleansing and litter picking of Blackwall Tunnel approach area from a four week cycle to a five week cycle.

Cost/ savings analysis

Annual revenue cost of current situation	
Annual saving for this option	£ 75,000.00
Implementation cost of option	
Payback period (years)	Immediate

Benefits vs disadvantages

Benefits	Disadvantages
<ul style="list-style-type: none"> Savings of £75k Improved efficiency and better financial management of the waste contract 	<ul style="list-style-type: none"> The public perception driving through Tower Hamlets on these major roads could be impacted if there is a noticeable increase in detritus and litter.

	<ul style="list-style-type: none"> • Performance against Key Performance indicators may be adversely affected.
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Recommended option

Option two is recommended. It is not envisaged that the reduction in cleansing cycles from 4 weeks to 5 weeks would result in a significant deterioration in cleanliness but would achieve savings of £75k.

Equalities

This section is to be completed at ‘outline’ stage. If the response to any one of the questions is ‘yes’ then a full equalities assessment must be completed and appended at ‘Full’ stage.

TRIGGER QUESTIONS	YES/NO	IF YES - please provide brief summary of how this impacts on each equalities group. This will need to be expanded in a full equalities assessment at Full Business Case stage
Does the change reduce resources available to address inequality?	No	Click here to enter text.
Does the change reduce resources available to support vulnerable residents?	No	Click here to enter text.
Does the change involve direct Impact on front line services?	Yes	Reduced cleansing of a section of public highway
CHANGES TO A SERVICE		
Does the change alter who is eligible for the service?	No	Click here to enter text.
Does the change alter access to the service?	No	Click here to enter text.
Does the change involve revenue raising?	No	Click here to enter text.
Does the change involve a reduction or removal of income transfers to service users?	No	Click here to enter text.

Does the change affect who provides the service, i.e. outside organisations?	No	Click here to enter text.
Does the change involve local suppliers being affected?	No	Click here to enter text.
Does the change affect the Third Sector?	No	Click here to enter text.
Does the change affect Assets?	No	Click here to enter text.
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	No	Click here to enter text.
Does the change involve a redesign of the roles of staff?	No	Click here to enter text.

OPP TITLE:		Review of Enforcement Function- More Generic Working						
DIR:	CLC					REF: CLC007/16-17		
SERVICE:	Public Realm					LEAD OFFICER: Simon Baxter		
TEAM:	Clean, Green & Highways					THEMES:	Lean: Service Re-Design and Consolidation	
SAVINGS OPPORTUNITY	BASE BUDGET £000	Net Savings 16/17 £000	Net Savings 17/18 £000	Net Savings 18/19 £000	Total Saving	Invest to Save 16/17	Start before June 2015	Is an EA Req?
FTE Reductions	£ 729	£ 451			£ 451	N/A	No	Yes
	17	10			10			
DETAILS OF SAVINGS OPPORTUNITY								
<p>CLC currently has two teams of THEO's, with 58 staff in total, that are managed in two separate divisions within CLC. One set are managed and tasked by Safer Communities and the second team are managed by Public Realm. This proposal will save £451k by deleting 10 Commercial Waste Tower Hamlets Enforcement Officers (THEO's) who currently support and enhance the Commercial Waste portfolio in Public Realm and focus on the following:</p> <ul style="list-style-type: none"> • Commercial waste over production • Non-compliance of environmental protection act • Issuing statutory notices • Fly tipping • Littering <p>The 41 THEO's within Safer Communities are comprised of 26 accredited THEO's and 14 non-accredited who operate primarily in the Markets and deal with;</p> <ul style="list-style-type: none"> • Noise nuisance calls • Anti-social behaviour • Street drinking • Joint police tasking & patrols • Patrols on Estates (funded for through an SLA with Tower Hamlets Homes and other RSL's) • Dog fouling • Market regulation • Illegal street trading • Footway licensing enforcement • Busking and begging <p>The current inflexible arrangements limit the amount of officers engaged in, or available to engage in environmental enforcement, monitoring and management to 17. The proposal will effectively extend environmental enforcement from a limited group of 17 enforcement officers engaged primarily on commercial waste issues to all 48 THEO's that will remain under the new working arrangements. There will be a net positive impact on environmental enforcement resource across the Council of 31 enforcement officers via the introduction of generic working. Having such a significant increase in operational capacity to spot environmental problems and target removal will increase the efficiency of reactive work whilst increasing the resource available to engage with investigation and follow up work. This will help to further improve the cleanliness of the streets and reducing fear of crime whilst increasing the chances of identifying perpetrators of environmental crime. It also builds in resilience to this function by increasing the number of officers available to engage in environmental enforcement.</p>								
IMPLICATIONS TO CONSIDER								
<p>including Risks, Audit, Financial, Communications, Legal, HR, Strategy, Procurement, ICT</p> <p>A learning review will need to be undertaken based on impact monitoring to ensure that the changes operate as efficiently as envisaged. Trade Union implications of redundancies and generic working. Concerns that this might lead to less efficient commercial waste enforcement and increase fly tipping leading to a negative impact on perception. A review will need to be undertaken to the impact this proposal has in these areas. The terms and conditions of the current accreditation of the THEO's may need to be revised.</p>								
EQUALITIES SCREENING								
TRIGGER QUESTIONS	YES/NO	IF YES - please provide further details on how this impacts on each equalities groups						
Does the change reduce resources available to address inequality?	No							
Does the change reduce resources available to support vulnerable residents?	No							
Does the change involve direct Impact on front line services?	Yes	More generic working						
CHANGES TO A SERVICE								
Does the change alter who is eligible for the service?	No							
Does the change alter access to the service?	No							
Does the change involve revenue raising?	No							
Does the change involve a reduction or removal of income transfers to service users?	No							
Does the change affect who provides the service, i.e. outside organisations?	No							
Does the Change involve Local Suppliers being affected ?	No							

Does the change affect the Third Sector?	No	
Does the change affect Assets?	No	
CHANGES TO STAFFING		
Does the change involve a reduction in staff?	Yes	Staffing reorganisation will be undertaken in accordance with the Handling Organisational Change policy and will include a full impact assessment to ensure that equalities groups are not disproportionately affected
Does the change involve a redesign of the roles of staff?	Yes	More generic working within the THEO function

Increased productivity and commercialisation of planning and building control services - information on the limits of what could be funded from potential increased income generated by these proposals

Further Information re Savings Proposal D&R003/16-17

Reason for report

At the Overview & Scrutiny Committee (OSC) meeting on 2nd November 2015 on OSC Members considered the Strategic Resources and Planning 2016-17 to 2018-19 Report (Minute Item 7.3). In respect of savings proposals for 2016-17 submitted by Development & Renewal Directorate the relevant minute was as follows:

Increased productivity and commercialisation of planning and building control services

OSC agreed: To request information on the limits of what could be funded from potential increased income generated by these proposals.

For ease the savings proposal details considered by OSC are attached as Appendix 1 of this report.

Summary of Directorate response

Function and Delivery

Development and Renewal are charged with delivering, arguably, the UK's busiest and most complex Planning & Building Control Service. Corporately, the most significant impact of the Service is that its performance has a direct impact on many of the Council's major sources of capital income including: council tax, business rates, Section 106 and Community Infrastructure Levy (CIL) and the New Homes Bonus. Without an efficient and effective service all of these sources of income would at best be substantially delayed in receipt and at worst deterred as development industry investment would in the end move elsewhere.

In addition, at a strategic level the outcomes of the Planning & Building Control process are some of the high level objectives which the Council has set itself to deliver through its strategic planning process. These include the negotiation and ultimate delivery of housing especially affordable family housing, commercial, business and retail buildings to generate employment for local residents and land and resources for new infrastructure across the borough from schools, to health centres to new open spaces.

Staffing

The service has already contracted by around 40% in general fund terms since 2010/11 and has been refocusing how it is funded, how it is structured and how services are delivered, this includes being on a more commercial footing. Examples include, an Infrastructure function supported by monitoring fees from CIL and s106. Without the income generated and coming through the service it would be difficult to maintain service performance.

The service in both Planning & Building Control has already developed fixed term contract posts to respond to peaks in service as application numbers and

complexity/ambition arise. As a result income already supports posts in Planning, Building Control and Administration support to enable the service to function. It is worth noting that while an increase in productivity, applications and activity can lead to increased fee income; we need that income to enable us to respond to the increased business. Hence the fixed term, income only posts.

Income

The amount of potential fee income for any one year is forecast with reference to the previous year's performance, an assessment is usually made over a previous 3 or 5 year period to give an idea of base level average fee level expectation, available market information including volume based projections/general intelligence (if we know a series of major applications in a regeneration area are due) and is kept under constant review. Income levels in both Planning and Building Control are hugely dependant on the amount and type of development taking place in the Borough. If the economy across London and the wider region falters then this will drop quickly. This approach of using income is not risk free which is why the budget is not entirely income based but includes an element of General Fund and the introduction of CIL has had a downward effect on s106 income.

Performance Measurement

The Directorate considers it best value, necessary and prudent to mitigate risk of unforeseen market fluctuations by ensuring that the General fund element of the Service's budget remains sufficient to meet statutory obligations and government performance measurements.

The Town and Country Planning (fees for applications, deemed applications, requests and site visits) (England) Regulations 2012 highlight that in Planning, any local authority not meeting government performance targets on major applications and appeals can be penalised including being subject to special measures.

The effect of this includes having to refund planning fees for non-delivery to timescale, the possibility of decision making being taken away from the local authority which is very likely to cause reputational damage at a nationally publicised level and potentially, over time, lead to investment and economic growth opportunities going to alternative boroughs.

In Building Control if applications are not determined within a set time then some can be subject to deemed consent (which would mean they go unchecked) and in others within a trading environment, poor customer service would mean we would lose business to competitors quickly and this has the potential to be very costly for the Council.

(i) Building Control (including Street Naming & Numbering)

Background and Legal Position

Statute empowers local authorities to fix their own charges based on the **full recovery** of their costs, for carrying out their main building control functions (The

Building (Local Authority Charges) Regulations 2010 (“2010 Regulations”). The DCLG Circular 01/2010 states that the use of such **income should relate to the provision of the services** and a new overriding accounting objective requires local authorities to ensure that, “taking one financial year with another”, such income equates as closely as possible to the costs incurred by the local authority in carrying out their chargeable functions in this service area, in order to breakeven and achieve full cost recovery. Local authorities are also required to set out the accounting treatment of income, costs incurred and any surplus income or deficit, in an annual financial statement to be approved by the appropriate LA officer with the necessary financial authority prior to publication.

In accounting principles a trading account allows Building Control to carry over the surplus income year on year, whereas a non-trading account would not allow you to carry over surplus without creating an earmarked reserve. This is possible but would need to be approved by Cabinet and is bound by time. A Trading Account model enables the fees for non-statutory duty business to be retained and any surplus beyond the yearly target can be retained and held over and used against future years.

Also Building Control Authorities (BCA) are subject to a duty of best value which requires them to make arrangements to secure continuous improvement in the way in which they exercise their functions, having regard to a combination of economy, efficiency and effectiveness. In this context and in some instances, BCAs may therefore take the view that there is justification in reinvesting some surplus into improving the quality/performance of the building control service, particularly if that is likely to lead ultimately to cost savings and lower charges.

The Building Control business unit operates in an increasingly competitive environment with Approved Inspectors aggressively seeking new business. Despite this an assessment shows that it is actually cheaper (and best value for the Council) to deliver both statutory and non-statutory building control functions rather than only statutory functions. For example, the BC Service with a Trading Account for non-statutory work can off-set the cost of staffing against the Trading Account. At present 60% of a member of staff including all associated costs is charged to this fee earning trading account. If we stop doing trading account work then we cease having a trading account and we would need to revert to general funding posts at 100%. While we wouldn't then need as many staff we would still need staff to carry out statutory building control work e.g. dangerous structures, enforcement. If we take the same balance, then around 40% of the staff at 100% to the general fund is a greater cost to the Council than 40% of the cost of the existing larger team.

All Building Control fees are reviewed annually; statutory fees are negotiated with potential clients (e.g. Canary Wharf, Ballymore etc.) on a job-by-job basis to remain competitive in fierce market conditions. The service is always looking to increase fee revenue while trying to retain market share that currently hovers around 55% of available business in the Borough. Anecdotally, we understand from discussions with other BC managers across London that our market share (of a larger pot) is holding

up well compared to their own market share, despite the aggressive pitches of the private sector.

Statutory Building Control Fees

The level of statutory building control fees is set by national government although there is some limited scope for negotiation and this is pursued by BC staff when negotiating on potential contracts.

Discretionary Building Control fees

The level of discretionary building control fees is set by the local authority via Cabinet approval.

Street Naming & Numbering (SN&N)

This section names and numbers streets and property in the Borough; it is an important process which acts as a gateway for core data sources throughout the council. This is a comparatively new area for fees and as yet there is little guidance on fee setting. Fees have increased steadily and are utilised to underpin the cost of the staff that deliver the service. At present around 30% of the cost of the staff is covered by fees. There is potential to increase fees further to secure more of the staffing cost. However, the service is proposed for review in the next few months and will need expansion to cope with the huge increase in development activity in the borough over the last few years and ever increasing expectations on the speed of response times. For example, developments are now completing and require addresses and street names. Properties cannot be fully occupied until they have an official address.

The Potential and Limits

(i) BC officers will continue to negotiate hard on fee levels for non-statutory competitive BC work. This will vary and operates in market conditions against an Approved Inspector regime but the objective is to secure as much business as possible. Increasing market share from 55% would mean more income overall. As it is a market position, a financial figure cannot be identified and inevitably market conditions operate (if we don't get fee level right we lose the business, too low we don't cover our costs).

(ii) BC will continue to review Discretionary fees on a yearly basis. There is always potential to increase fees as long as the increase is justified (the fee covers the cost in providing the service). A financial figure cannot be identified yet.

(iii) BC is currently funded as a service 60% from Trading Activities and 40% from General Fund (to cover statutory duties). Based on the current income projections and the last year's activity, for the first time in at least 6 years, it is proposed to increase the proportion to 70% from trading activities through a restructuring planned in 15/16. If income holds at current projections and we retain and recruit enough experienced staff to remain in business then there is the potential over time for a further review. However, it should be noted that in the current competitive market, recruiting and retaining staff is extremely difficult. At 70%, effectively, we project that

in 16/17 we are generating enough money to cover 70% of the full cost of providing a BC service. This will realise a 10% saving based on the establishment of a final restructured service. If staffing levels stay the same as they are now this would, for example, be a saving of £100,000. However, this would be considered in a restructure environment and the SN&N section needs additional staffing to deliver a service which in itself is a gateway to substantial income for this Council i.e. the quicker a property is allocated an address the sooner it is registered to pay Council Tax/Business rates. It should be noted that the Council must retain an “At National Standard” level in how it maintains its street data.

(iv) SN&N. These are non-statutory fees charged for an add-on, additional service offered by staff as opposed to charging for the actual naming and numbering which is not permitted. These “add on” fees are under yearly review and have been steadily increasing in relation to an increasing workload and function. There is potential to increase fees further and this will be reviewed subject to meeting any legal guidance around the composition of any fees in this area. At present about 30% of the cost is covered.

(v) Service Re-engineering. In effect this means that an assessment of the more administrative work undertaken by Building Control surveyors is made and that this may be able to release more of their time for technical work. These administrative tasks could then be dealt with by Application Support staff. For example, the assessment and processing of Initial Notices received from Approved Inspectors detailing work in the Borough. Overtime, this could remove the need to engage additional, expensive, surveyors to undertake BC work and free up work capacity. In review there may be further tasks which competent administrative staff can cover. A financial figure cannot be given yet but this would be considered as part of the proposed restructure.

(ii) Planning

Background and Legal position

Statute provides for the collection of planning application fees on the basis that such fee income **must not exceed the cost of performing the function** for which the fee has been paid such as handling, processing and determining planning applications (section 303(10) Town and Country Planning Act 1990 (Act), as substituted by section 199 of the Planning Act 2008), so that fees cannot be used to generate a profit. The Act contains no provisions which restrict a local planning authority with regard to the holding and expenditure of planning application fees.

The Department of Communities and Local Government (“DCLG”) Circular 04/2008 states that:

“at present Planning fee income can be spent as the local authority sees fit.”

It is clear from the Circular that the Government envisages that ‘other’ planning-related costs, for example enforcement activity or strategic planning, will for the time

being continue to be funded from local authority central budgets and that any income from increased planning fees (even when supplemented by planning-related grants from central government such as those that reward a local authority's plan-making), will not remove the need for this additional funding from a local authority's central budget.

Planning-related fees were introduced so that users of the planning system, rather than taxpayers in general, meet the costs incurred by local planning authorities in deciding planning applications. The planning application service is funded by fees from planning applications.

Ensuring that local planning authorities can recover their costs in relation to handling planning applications is central to the delivery of an effective planning system. Whilst planning application fees are a small part of the overall costs of development, they are important in meeting local authority's costs of providing an efficient local planning service. Delays in the consideration of planning applications have significant consequences for

Applicants and damage the credibility of the planning system and the local authority.

The Department of Communities and Local Government ("DCLG") Circular 04/2008, para 7.2 states:

"Effective and efficient local authority planning departments are at the cornerstone of delivering economic growth. Local planning authorities are responsible through their local plans for giving applicants greater certainty about when and where development is permitted and what types of development are allowed. This policy framework is essential to delivering an efficient and effective development management service through timely decisions on planning applications - giving applicants the confidence to submit planning applications for new development proposals and business the confidence to invest in an area. At a time when we are asking local councils and planning departments to take a lead in creating the conditions for growth, it is very important to ensure that they have the necessary resources to deliver that role."

Statutory Planning Fees

The level of statutory planning fees is set by national government. These are not negotiable unlike Building Control fees.

Discretionary Planning Fees

The Government is keen to encourage applicants to undertake as much preparation as possible on planning proposals, including discussions at an early stage with the planning authority, before a planning application is submitted. This is to reduce wasted time and resources, both on the part of the applicant and the authority, on ill-conceived projects. Local planning authorities are able to charge for such advice under section 93 of the Local Government Act 2003 which provides a general power for authorities to charge for discretionary activities.

The level of discretionary (mainly pre-application) planning fees is set by the local authority via Cabinet approval. Fees are set on the basis of cost recovery. A variety of fee products are currently offered and in some cases, on major planning proposals, Planning Performance Agreements (PPA) are made with applicants which include additional income to support staffing the Service through the work required to underpin the full technical and timely assessment, at pre-application stage, of the proposals. The resources secured come with an expectation that the service offered is timely and the resources are appropriated for the purpose intended.

The Potential and Limits

(i) Discretionary (non-statutory) Planning fees are reviewed each year but need to be set at levels which reflect cost recovery in providing the service. There could be scope to develop the portfolio of these fees and offer bespoke services for clients. This could realise additional income but as fees are set to reflect the cost of providing the service they should be used to support the Service. There may be a risk that, if not, the Service could be challenged on its fee setting methodology by developers and possibly through audit.

(ii) Service Re-engineering. It is considered possible that the Validation of planning applications can be undertaken via non-planning staff. This would be a major shift for this authority but is something that happens in other local planning authorities. It is anticipated that savings would be achieved once support staff have received appropriate training designed to enable them to undertake a validation role. This would then release capacity in more costly, professional staff to focus on determining applications. It is also possible that once a team of skilled technical support staff is created they may also be able to undertake further duties including some straightforward, simpler process applications. The saving comes as fewer professional planning staff would need to be recruited to deal with increasing workloads. This is currently actively being considered as part of service restructures.

Summary

Whilst statute does not expressly “ring fence” expenditure of the types of fee income described, it is clear that the focus of the legislative provisions described above is on “cost recovery” and not with a view to generating a surplus.

The focus of fee setting and expenditure then is cost recovery. There are however limits to our ability to achieve complete cost recovery for the whole of the Planning & Building Control Service. It is not likely because of the wide range of statutory functions that need to be offered by the Service for which fees cannot be charged such as Strategic Planning and Enforcement work. In addition, the Planning and Building Control applications services should not make a surplus and it would be open to question from applicants as to why we set fees at the level we do if the service did make an excessive surplus. Any additional funds that are generated at present are reinvested into service staffing to deal with significant volumes of work and service improvement initiatives to raise capacity and increase efficiency and effectiveness.

On a statutory application basis, fees are set nationally and offer little scope in Building Control and no scope in Planning to be negotiated or increased. However, discretionary fees can be set locally and have increased steadily over the years to ensure that the costs incurred in providing the pre-application advice or products requested can be met. We regularly review fees to ensure that costs are met. New areas of fee work have emerged over the last few years such as Street Naming and Numbering. As the demand for this service increases, it is anticipated the ability to raise fee income here will increase, especially with some much needed investment in additional and better trained staff.

The use of income from Building Control and Planning more recently has enabled the service to expand staffing numbers on a short term basis using fixed term income only contracts. This is of course only effective when experienced and skilled staff are available, which is not always the case.

Overall, Planning and Building Control are relatively constrained in how high they can increase fees and raise incomes from the development process. It should not be forgotten that they are largely a reactive service which awaits business and as such is only as successful as the economy is bright and development is in demand. If demand falls so does income and usually very quickly.

The Service’s activities generate for the council substantial income as a direct consequence of what they process and secure. i.e. from Council Tax through to new Homes Bonus. The service invests in itself when it generates income because it wants to ensure it has the capacity, skills and systems to deliver Planning & Building control objectives processing applications for more housing especially more affordable homes, jobs and training opportunities for local people and investment in

new and improved infrastructure including schools, health centres, open spaces, transport and community facilities.

Appendix 1: Further Information re savings proposal D&R16-17-03

Planning & Building Control

Increased Commercialisation and Productivity

Total Value: £100k

The service currently generates an income to cover its costs in the relevant areas from discretionary fees. This includes pre-application planning processes. Fees and income have increased steadily over the last few years and while they can only be charged to cover costs there may be scope on review to secure a further modest increase in some fees accompanied by a cost review to generate the saving identified and stay within the tight parameters. However, there is potential for service re-engineering and improving business processes (through workforce and skills improvements) to increase activities and external fee income. Additionally, Learning & Development remains a crucial strand of the development of our own Planning & Building control staff. Service has developed a smart and focus driven staff training & learning programme to further enhance business process (e.g., explore further to increase speed, quality and planning decisions) and productivity, which as result a small reduction (£20k) in the general fund budget possible without significantly impacting the staff development.