

# **ADULTS HEALTH & WELLBEING**



**COMMITTED GROWTH  
BUDGET 2010/11- 2012/13**

Item Ref. No:  
**GRO/AHWB/02**

<b>TITLE OF ITEM:</b>	Learning Disabilities Commissioning			
<b>DIRECTORATE:</b>	Adults Health & Wellbeing			
<b>SERVICE AREA:</b>	Learning Disabilities Commissioning	<b>LEAD OFFICER:</b>	Cheryl Spencer	
<b>FINANCIAL INFORMATION:</b>				
	<b>Current Budget</b>	<b>Bid (Base is 2009/10 budget)</b>		
	<b>2009/10 £000</b>	<b>2010/2011 £000</b>	<b>2011/2012 £000</b>	<b>2012/2013 £000</b>
<b>General Fund</b>	19476	524	1,070	1,816
<b>HRA</b>				
<b>Other</b>				
<b>TOTAL</b>	19476	524	1,070	1,816

**DESCRIPTION & JUSTIFICATION**

Increase in care and support costs due to underlying demographic pressures.

The majority of service users with learning disabilities are aged between 18 and 30. The average level of need of young people transferring from Children's Services has increased over the years, as more children with very complex needs survive into adulthood. In addition there is also some evidence that as people age, there is a higher incidence of dementia in people with learning disabilities than in the population as a whole, which can be expected to further intensify cost pressures.

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**1. RISKS AND IMPLICATIONS:**

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demand-led provide details of the increase in client numbers and the basis of any projections.

This growth bid results from the increased number of young people with severe learning disability and often multiple needs transferring from children's to adults' services. This is a year on year driver of inescapable growth in learning disabilities services. The number of service users supported by the Learning Disabilities Commissioning Budget increases year on year, as a result of young people who have previously been supported by children's services in education and social care moving into adulthood ('young people in transition'), and an increased life expectancy at the other end of the age range.

The methodology used to project growth requirements in 2012/13 has been used now for several years in the annual budget process and is based on the following assumptions. The impact on the budget in any given year is dependent on whether the young person continues in a full time specialist college placement until they are 19, and the full impact for any cohort in transition can be spread across three financial years. The age at which funding responsibility transfers to Adult Services varies according to the circumstances of the young person. Young people with learning disabilities may remain at school until the age of 19 ('Year 14' in educational terms). For some young people, full responsibility transfers at age 18. For others who remain at school till 19, full responsibility will not transfer until they leave school. However, some costs (e.g. for holiday time care) will fall to adult services between the 18<sup>th</sup> and 19<sup>th</sup> birthdays. Because the school term finishes in July the full year financial effect of any care plan often does not impact until the financial year **after** that in which the young person has their 19<sup>th</sup> birthday (i.e. the year in which they turn 20).

**Growth Calculation:** [ Use this box to illustrate the empirical assumptions built into this bid and how they relate to historic/ developing trends]

Until 2005/6 the numbers in transition were consistently running at 18 to 20 people a year. However, in recent years these predicted numbers increased very substantially. In 2007/08 33 young people reached the age of 18 and began the process of transferring to adult services. There were a further 42 such young people expected in 2008/09. However, the predicted numbers for subsequent years appear to be returning to the previous levels. The numbers currently identified to turn 18 in each of 2009/10, 2010/11, and 2011/12, and the projected additional costs, are shown in the table below. The projected additional costs for 2011/12 are based on the full year costs of those who will turn 18 in 2009/10, with part year full costs incurred for the first time in 2010/11; the part year full costs of those turning 18 in 2010/11 and leaving education in Summer 2011; and the first tranche of additional costs for those turning 18 in 2011/12, as follows:

Table 1: Predicted costs for 2011/12

<b>Year</b>	<b>No. reaching 18 years</b>	<b>Cost 2009/10</b>	<b>Cost 2010/11</b>	<b>Cost 2011/12</b>
2009/10	19	58	359	216
2010/11	20		150	400
2011/12	20			130
	<b>Total</b>			<b>746</b>

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It must however be noted that the figures for 2011/12 must be regarded as very provisional at this point. The young people who drive the majority of these costs are at the time of writing aged between 15 and 17 and considerable changes in both needs and numbers can take place over their remaining years in education. Not all of those predicted to transfer will incur spend from the learning disability commissioning budget for a wide range of reasons.

Recently we have carried out a due diligence exercise to compare the actual numbers and costs of those young people who had transferred to adult services during one year 2008/09. In summary the exercise identified that the actual gross expenditure in 2008/09 was at least 20% higher than the committed growth received in the budget. The exercise has highlighted a number of improvements that will be made to the process for use in future years. However due to the extremely successful negotiations with the PCT on continuing health care funding we have contained this additional spend within budget. Furthermore we have now assumed that future inescapable growth bids will be offset by £200K of PCT funding income each year and reduced the bids accordingly.

The annual review process that takes place between Children's and Adults' services during May to October is used to generate the data. The identification of the future number of potential adult service users is based on a view of the needs of the year 9 children (age 13-14). Between ages 15-16 a more detailed assessment is undertaken which indicates which services might be needed and then some estimated costs are apportioned.

Whilst further work to refine the accuracy of projections continues the current methodology has been used to estimate gross costs for 2012/13:

Table 2

<b>Year</b>	<b>No. reaching 18 years</b>	<b>Cost 2010/11</b>	<b>Cost 2011/12</b>	<b>Cost 2012/13</b>
2010/11	20	150	400	513
2011/12	20		130	357
2012/13	12			70
	<b>Total</b>			<b>940</b>

The committed growth bid for 2012/13 is reduced by £200K from this figure to account for PCT continuing care income.

**2 | VALUE FOR MONEY/EFFICIENCY**

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements

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As noted in previous years, rising costs in this area reflect a national and ongoing trend, and much of the available data is summarised in a report commissioned by the Association of Directors of Adult Social Services in October 2005. Local authority spending on learning disability services rose by 96% between 1995/6 and 2003/4. In the same period, NHS spending fell. 'Between 2001 and 2021, on a conservative estimate, there will be a 36% increase in the numbers of adults with learning disabilities aged over 60 in England. There will be an 11% increase in the total number of adults with learning disabilities'. The number of people with learning disabilities using Social Services increased nationally between 2001 and 2004 by 15%, and the numbers in residential and nursing care rose by 35% between 1997 and 2004.

On the most recent comparative data available (2006/7 – Audit Commission Value for Money Profile) Tower Hamlets is the second highest spender in London per head of the population on services for people with learning disabilities, due to the high levels of need being met. However, the unit costs of care provided are extremely competitive. Tower Hamlets has the 28<sup>th</sup> highest unit cost out of 33 boroughs in London for residential care placements for learning disabilities - £931 a week against a London average of £1133 a week. The cost of intensive social care for all adult user groups in Tower Hamlets is within the top band of performance as defined by the Commission for Social Care Inspection. According to the most recent published CSCI data, unit costs for intensive social care for adults in 2006/7 were £583 a week against a London average of £634, and the lowest in Inner London. Compared to other London authorities, we are a low user of institutional care. We are the 16<sup>th</sup> highest user of institutional care in this field per head of the population, but the 8<sup>th</sup> highest in terms of numbers receiving home care.

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Item Ref. No:  
**GRO/AHWB/01**

<b>TITLE OF ITEM:</b>	Demographic growth pressures – older people with dementia			
<b>DIRECTORATE:</b>	Adults Health and Wellbeing			
<b>SERVICE AREA:</b>	Older People's Commissioning	<b>LEAD OFFICER:</b>	Barbara Disney	
<b>FINANCIAL INFORMATION:</b>				
	<b>Current Budget</b>	<b>Bid (Base is 2009/10 budget)</b>		
	<b>2009/10 £000</b>	<b>2010/2011 £000</b>	<b>2011/2012 £000</b>	<b>2012/2013 £000</b>
<b>General Fund</b>	21,085		2,145	2,860
<b>HRA</b>				
<b>Other</b>				
<b>TOTAL</b>	21,085		2,145	2,860
<b>DESCRIPTION &amp; JUSTIFICATION</b>				
<p>As our population ages, the number of people with dementia will climb rapidly. Two thirds of all people with dementia are aged 80 and over (68%) and one sixth (17%) are aged 90 or over.</p> <p>Research and data provided through the Alzheimer's Society's report <i>Dementia UK</i>, on the prevalence and economic cost of dementia in the UK produced by King's College London and the London School of Economics, estimates that one person in every 88 (1.1%) of the entire UK population now has dementia. This is likely to be a slight underestimate as it may not include people with learning disabilities or people with dementia in NHS continuing care facilities. 32.5% of people aged over 95 will have late onset dementia.</p> <p>These figures are forecast to increase by 38% over the next 15 years and 154% over the next 45 years. Nationally, 62% of people with dementia live in care homes and it is estimated that 36.5% of people with late onset dementia live in some form of institutional setting.</p> <p>Based on Office for National Statistics (ONS) data, the Projecting Older People Population Information system (POPPI) identifies that there are currently 16,200 people aged over 65 in a total population of 219,800, in Tower Hamlets (7.37% of the total population). A slight decrease in the over 65 population is anticipated for 2009-10 and 2010-11 with the older population increasing again from 2011 onwards. However, the numbers of people over 85 in Tower Hamlets will continue to rise steadily throughout this period i.e. the population group most at risk of dementia. In 2010, it is anticipated that in Tower Hamlets there will be 1,900 people over 85, increasing to 2,100 in 2015 and 2,200 by 2020.</p>				
<p><b>Growth Calculation:</b> [ Use this box to illustrate the empirical assumptions built into this bid and how they relate to historic/ developing trends]</p> <p>These are set out in the following section</p>				

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**1. RISKS AND IMPLICATIONS:**

**Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demanded provide details of the increase in client numbers and the basis of any projections.**

As a consequence of the population changes described above we are already experiencing a significant experience in placement rates for EMI (elderly mentally infirm) residential and nursing home care in 2008/09. In the first four months of 2008/09 the number of placements in residential or nursing home care of older people doubled compared to the same period a year before. This increase has overwhelmingly been linked with an increase in the number of placements of older people with dementia. A rigorous management action plan was implemented in 2008/09 and has been successful in reducing the level of placements. Officers believe that factors that led to the increase included pressures elsewhere in the health and social care system, including pressure on beds and waiting times at BLT, which may have precipitated a number of people into institutional care without full consideration of the alternatives. All proposed placements in institutional care are now being very rigorously scrutinised, and if necessary referred back for fuller assessment if the need for placement is not fully supported by the information presented. This means that we are achieving what has been recognised as the goal of best practice for many years now – that except in the most exceptional of circumstances, nobody should be placed direct into long term institutional care from an acute hospital bed. People should not be expected to make a decision that is likely to determine where they spend the rest of their lives in the middle of an acute hospital episode, and without the opportunity to fully explore whether, with support, they are able to maintain their independence in the community.

Therefore we are confident that the total increase of 25 placements (1 in residential care and 24 in nursing home placements) over 2008/09 represents the underlying and inescapable increase in need. Without the management actions taken the increase in placements was projected to be an additional 55 placements per year.

Using an average cost of £28,600 per placement this still represents an additional cost of £715,000 a year, year on year.

At the end of the first quarter in 2008/09, the older people's commissioning budget was projected to overspend by £480k. The actions outlined above meant that the overspend at the year end was £142K. This overspend was contained within the overall commissioning budget for 2008/9 as a consequence of our success in negotiating NHS Continuing Care agreements with the PCT, which have resulted in significant transfers of recurring costs to the PCT and which are at the moment projected to deliver underspends in the learning disabilities and mental health budgets to balance the overspend in older people's services. A further factor was efficiencies achieved through greater use of block contracts.

It would not however be prudent to assume that further growth in expenditure in 2009/10 and beyond can be balanced in the same way. For 2009/10 and 2010/11, there are currently unallocated non-recurring funds available as a result of the one off payments negotiated with the PCT at the end of 2007/8, totalling £1.33m. These funds can be utilised to support the bulk of the additional cost of care for people with dementia in 2009/10 and 2010/11.

However, by 2011/12 these non-recurring funds will be exhausted, and the additional costs of growth in placements and expenditure over the previous two years, plus continuing growth in 2011/12, will need to be met from recurring resources. This submission therefore assumes a growth requirement for 2011/12 of (£715,000\*3) £2.145m and a further £715,000 in 2012/13.

The Department of Health published the first National Dementia Strategy in February 2009. The strategy provides a clear steer that increased concentration and investment in early diagnosis and intervention could begin to reduce demand for institutional care, but with a four year lead in time. The Council, the PCT, and the East London Foundation Trust are now working closely together to develop a local strategy and implementation plan. No specific additional resources from Government or local NHS commissioning have yet been identified to support implementation. The Joint Strategic Needs Assessment refresh will include a specific piece of work on the level of need in Tower Hamlets which will inform the next PCT commissioning round.



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Extra care housing is a key alternative to institutional care and has been very successfully developed in Tower Hamlets. However, current provision is not on the whole suitable to meet the needs of people with dementia. There are, however, two new schemes in development. The Peabody scheme in Shipton St / Nags Head Estate will provide up to 19 intensively supported units specifically for people with dementia; the St Thomas' Gateway scheme will include some specialist provision for people with dementia, currently estimated at 10 units. From 2011/12 these developments will contribute to further slowing the growth in residential and nursing care admissions.

**2 | VALUE FOR MONEY/EFFICIENCY**

**Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements**

On the most recent comparative data available (2006/7 – Audit Commission Value for Money Profile) Tower Hamlets is the highest spender in London per head of the population on services for older people, due to the high levels of need being met. However, the units costs of care provided are extremely competitive. Tower Hamlets has the 26<sup>th</sup> highest unit cost out of 33 boroughs in London for residential care placements for older people - £504 a week against a London average of £554 a week. The cost of intensive social care for all adult user groups in Tower Hamlets is within the top band of performance as defined by the Commission for Social Care Inspection. According to the most recent published CSCI data, unit costs for intensive social care for adults in 2006/7 were £583 a week against a London average of £634, and the lowest in Inner London. Compared to other London authorities, we are a low user of institutional care. We are the 21<sup>st</sup> highest user of institutional care in this field per head of the population, but the highest in terms of numbers receiving home care. As a key measure of efficiency, the ratio of intensive home care provided to the total volume of all care, including institutional care, is the second highest in London.

The development of extra care housing as an alternative to institutional care, at an average annual cost of £9,676 per service user against £28,600 per institutional placement, is another efficiency driver.



**COMMUNITIES,  
LOCALITIES &  
CULTURE**



**COMMITTED GROWTH  
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**Item Ref. No:  
GRO/CLC/**

**TITLE OF ITEM:** Reinstatement of Funding ASB Service

**DIRECTORATE:** CLC

**SERVICE AREA:** Community Safety

**LEAD OFFICER:** Andy Bamber

**FINANCIAL INFORMATION:**

	Current Budget	Bid (Base is 2009/10 budget)		
	2009/10 £000	2010/2011 £000	2011/2012 £000	2012/2013 £000
<b>General Fund</b>	695	378	378	378
<b>HRA</b>	545			
<b>Other</b>				
<b>TOTAL</b>	1,240	378	378	378

**DESCRIPTION & JUSTIFICATION**

This bid seeks the reinstatement of funding for the ASB service previously provided from Housing General Fund resources.

The ASB Case Investigation team within Community Safety provides an anti social behaviour service to borough residents which includes:

- Receiving the initial report of ASB from the Customer Contact Centre, making telephone contact with the complainant to determine the priority of the ASB and hate crime cases and carry out an initial safety check.
- Investigation of those cases deemed as priority to case completion and closure.
- Providing support and advice to residents experiencing ASB and hate crime.
- Provision of monitoring information to include reports based on the governments RESPECT standards
- Preparation and delivery of civil remedies including presentation of cases at court
- Advice and support on ASB issues
- Working as a key partner to reduce the fear of crime for Tower Hamlets residents.

The service is partly funded from the HRA (£545k) via an SLA with Tower Hamlets Homes for the provision of the above service with the balance provided historically via Housing General Fund (£378k) and General Fund (£317k).

A review of Housing Budget during 2008/09 following the establishment of THH identified that in previous years charges for the ASB service had been made exclusively and incorrectly to the HRA, and that no Housing General Fund Budget provision had been made.

As a consequence if replacement funding is not identified the service faces having to make reductions which will impact on the following:

- The ability to provide the full range of services offered to residents experiencing ASB and hate crime
- Increase in the perception of ASB and youth disorder being a problem for the borough
- Decrease in the amount of ASB enforcement actions taken to address ASB and hate crime.

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- Reduction in the amount of low level interventions carried out, leading to a need to a greater increase in the incidents of ASB
- Loss of confidence from residents in the Council's ability to deal with ASB.

**Growth Calculation:** [ Use this box to illustrate the empirical assumptions built into this bid and how they relate to historic/ developing trends]

Budget for team is almost exclusively related to employee costs, growth requirement equates to approximately 8 posts.

**1. RISKS AND IMPLICATIONS:**

**Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demanded provide details of the increase in client numbers and the basis of any projections.**

Failure to provide necessary funding could result in the Council being unable to meet LAA targets relating to:

- NI 21** Dealing with local concerns about ASB and crime by the Council
- NI 23** Perceptions that people in the area treat one another with respect and consideration
- NI 33** No. of arson incidents
- NI 17** Perceptions of ASB
- NI 22** Perceptions of parents taking responsibility for the behaviour of their children
- NI 24** Satisfaction with the way the police and local council dealt with ASB
- NI 25** Satisfaction of different groups with the way the police and local authority dealt with ASB
- NI 27** Understanding of local concerns about ASB and crime by the local council and police.
- NI41** Perceptions of drunk or rowdy behaviour as a problem
- CSS 001, Priority 001** The percentage of hate crime cases with identified perpetrators investigated by CSS resulting in formal action.

**2 VALUE FOR MONEY/EFFICIENCY**

**Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements**

Information from the Annual Residents Survey shows that the Council is performing above target in relation to ASB indicators. The support of the ASB team is crucial to achieving and maintaining this level of performance and is a good indicator that Value for Money is being achieved.

# **RESOURCES**





**COMMITTED GROWTH  
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Item Ref. No:  
**GRO/**

**TITLE OF ITEM:** Rent Review – Office Accommodation

**DIRECTORATE:** Corporate

**SERVICE AREA:** Facilities Management      **LEAD OFFICER:** Claire Symonds

**FINANCIAL INFORMATION:**

	Current Budget	Bid (Base is 2009/10 budget)		
	2009/10 £000	2010/2011 £000	2011/2012 £000	2012/2013 £000
General Fund		360	260	260
HRA				
Other				
<b>TOTAL</b>		360	260	260

**DESCRIPTION & JUSTIFICATION**

**Growth Calculation:** [ Use this box to illustrate the empirical assumptions built into this bid and how they relate to historic/ developing trends]

Rent reviews on Council office accommodation are programmed for 2010. Negotiations on the rent review for July 2010 will start in the Autumn and will be led by the Property Services Team in D&R. The Property Services Team estimate that based on current information this increase could be in the region of £260,000 per annum. The Property Services Team also indicate that they will require a one off payment of £100,000 in regard to fees for the negotiation. This figure is based on recent experience with the Anchorage House rent review.

**1. RISKS AND IMPLICATIONS:**

**Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demanded provide details of the increase in client numbers and the basis of any projections.**

The Head of Property Services is currently developing a comprehensive asset strategy for the Council which will include, through its development, an options appraisal for the future of the office accommodation. Given the nature of the contractual commitments we have in respect of both Mulberry Place and Anchorage House these options and proposals will be medium term in nature. As it currently stands therefore, the agreed lease requires a rent review to take place and current indications are that this will only increase the rent payable.

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<b>2</b>	<b>VALUE FOR MONEY/EFFICIENCY</b>
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Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/inspection judgements

The Property Services Team has a very clear mandate to ensure the rent negotiation achieves the very best value outcome for the Council. It is for this reason that they are indicating that they require external assistance to support the rent negotiation process.

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Item Ref. No:  
**GRO/**

<b>TITLE OF ITEM:</b>	Housing Benefit Subsidy changes for Homeless households		
<b>DIRECTORATE:</b>	Resources		
<b>SERVICE AREA:</b>	Customer Access	<b>LEAD OFFICER:</b>	Claire Symonds

**FINANCIAL INFORMATION:**

	Current Budget	Bid (Base is 2009/10 budget)		
	2009/10 £000	2010/2011 £000	2011/2012 £000	2012/2013 £000
General Fund		986	986	986
HRA				
Other				
<b>TOTAL</b>		986	986	986

**DESCRIPTION & JUSTIFICATION**

**Growth Calculation:** [ Use this box to illustrate the empirical assumptions built into this bid and how they relate to historic/ developing trends]

Assumptions used in forecasting the potential impact of the DWP's proposals to link Non HRA Benefits Subsidy to the LHA include;

We are using May 2009 LHA rates for Tower Hamlets to estimate subsidy for the whole of 2010 -11. However LHA rates change on a monthly basis and we have no way of estimating the correct rates for 2010/11.

We have used Tower Hamlets LHA rates for properties outside the Borough however the DWP have advised we may have to use LHA rates applicable to the Broad Market Rental Area in which the property is located.

We have assumed that the properties will be occupied throughout the year and that the occupants will qualify for 100% Benefit throughout the year.

The snapshot of rents used was taken on 20th May 2009. We have assumed that the number of properties and the level of rents will remain unchanged throughout 2010/11.

The applicable LHA rate is based on the correct property size for the number of occupants and not the size of the property.

The shortfall between *current* Benefit Subsidy payable and the *estimated* Benefit Subsidy payable under the new proposals is £986k.

**1. RISKS AND IMPLICATIONS:**

**Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demanded provide details of the increase in client numbers and the basis of any projections.**

The Department of Work and Pensions are currently consulting on possible changes to the way Benefit Subsidy is paid to Local Authorities in respect of Temporary Accommodation for homeless households (Non HRA Subsidy). Discussions suggest the DWP is considering implementing the change from April 2010.

Currently Non HRA subsidy is based on a cap and threshold formula. The new proposals suggest Subsidy will be room based as it is with Local Housing Allowance (LHA). The proposal is to replace 'thresholds and caps' (which currently apply to homeless customers living in Private Sector Leased (PSL), licensed and Bed

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and Breakfast accommodation) with a new funding scheme, to come into force from April 2010.

For PSL and self-contained licensed accommodation, the new formula will combine two elements (to form a single subsidy cap), as follows:

- The Local Housing Allowance (LHA) rate less 10% for the size (up to 5 bedrooms) and location of the *property* in which the household has been placed; plus either -
  - £40pw towards management costs if the placing local authority is in London; or
  - £60pw towards management costs if the placing local authority is outside of London.

For customers living in non self-contained licensed and B&B accommodation, the new subsidy cap will be the appropriate one-bedroom LHA rate.

Further details are awaited and it must be noted that the LHA does fluctuate; it changes on a monthly basis (LHA rates can go up or down), it is set on an area basis and LHA rates outside of Tower Hamlets may need to be used and in addition, the number of Homeless households are demand driven making forecasting difficult especially in the current economic climate. As a consequence, our estimate is based on a snapshot of current homeless households, current rents and current LHA rates.

## **2 | VALUE FOR MONEY/EFFICIENCY**

**Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPI's, unit costs comparisons, benchmarking exercises or audit/inspection judgements**

The proposed increase in expenditure in the Housing Benefit budget will occur if all other things stay equal – i.e. similar volumes of homeless families or individuals present themselves to the Council, and if the Homeless Service continues to have to place those families or individuals in properties that cost as they do now to rent. The hypothesis of the Government is that Local Authorities should be able to leverage the market to reduce the cost of homelessness accommodation.

The rationale for the changes has been cited as the ability of any council, as a bulk purchaser of accommodation, to demand discounts from that bulk buying activity. Officers suggest that is a flawed principle because the suppliers of accommodation source it from many individual owners. This 'atomisation' of supply would make identification of 'bulk discounts' particularly difficult.

However, a much more appropriate reason for testing the ability to achieve rents below LHA relies on the separation of duties / risks in the current arrangement between Homeless Services and the supplying Managing agents.

In the wider private sector, properties are let on an Assured Shorthold Tenancy. That sees the managing agent as inheriting responsibility for marketing the properties, managing the tenancy and collecting the rent. For homeless temporary accommodation, the occupying homeless family is a licence of Homeless Services. The agent therefore does not incur any marketing costs although, with the standards set for temporary accommodation, is likely to incur more in the way of repair and maintenance costs. However, the one risk of all landlords, that of rent arrears, is not borne by the managing agent but, instead, Homeless Services, the licensor/licensee relationship refers.

It is therefore considered appropriate to present the subsidy changes to the property suppliers, remind of the LHA maximums available and develop a discount arrangement based on where the risks sit in homeless accommodation over Assured Shorthold Tenancies. Such a discount though, if closely reflecting LHA – 10%, would have a significant impact on rents for 1 & 2-bedroom properties and this is important because these form the bulk of the portfolio. Threats to success will be influenced by reduced supply following buy-to-let limitations and opportunities to rent in LBTH at above LHA levels anyway. The demand associated with needing alternatives to B&B may also adversely affect negotiations. More positively though, suppliers have

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worked with the Council for many years and are doubtless keen to preserve that relationship. Appreciating that the ceiling on rents is a Government-imposed agenda may also make discussion more successful.

Officers intend to plan how and when to make overtures regarding future reductions in the level of rent capable of being paid but early scoping suggests commencing these discussion before the autumn with a period of consultation and negotiation taking approximately 3 months.



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Item Ref. No:  
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**TITLE OF ITEM:** No reduction in Office Running Costs

**DIRECTORATE:** Corporate

**SERVICE AREA:** Facilities Management

**LEAD OFFICER:** Claire Symonds

**FINANCIAL INFORMATION:**

	Current Budget	Bid (Base is 2009/10 budget)		
	2009/10 £000	2010/2011 £000	2011/2012 £000	2012/2013 £000
General Fund		1,420	1,420	1,420
HRA				
Other				
<b>TOTAL</b>		1,420	1,420	1,420

**DESCRIPTION & JUSTIFICATION**

**Growth Calculation:** [ Use this box to illustrate the empirical assumptions built into this bid and how they relate to historic/ developing trends]

The Councils Accommodation Strategy (the savings for which were re-profiled in the 2009/10 budget process commits the authority to save £800k from corporate accommodation budgets in 2009/10 and a further £600k in 2010/11.

The Council now has in place a permanent head of Property Services. The Capital and Asset Management Board is now operational and has had the opportunity to scrutinise options for the delivery savings. The Board has also helped to unblock some of the strategic and operational issues that were historically holding up decisions about particular sites. Notwithstanding the economic down turn, which is making opportunities to dispose of properties problematic, the proposals do present a way forward to deliver the savings required.

**COMMITTED GROWTH  
BUDGET 2010/11- 2012/13**

Item Ref. No:  
**GRO/**

1.	<b>RISKS AND IMPLICATIONS:</b>
<p><b>Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demanded provide details of the increase in client numbers and the basis of any projections.</b></p>	
<p>The costs relate to the unavoidable costs associated with the ownership of surplus properties whether vacant or not. The Office Accommodation Strategy (2005) presumed the disposal of a number of properties. The facilities management budget was reduced on the assumption that properties would be disposed in accordance with the strategy, which subsequently were not. The facilities management budget has also had to contain increases in expenditure associated with the EID complex that were not identified when the Accommodation Strategy was conceived. Responsibility for Facilities Management transferred to the Resource Directorate in February 2007. The Directorate undertook a root and branch review of the service and delivered £1.2 million of savings during 2008/9. However, the FM budget remained under pressure (for the reasons outlined above) and as a consequence the 2009/10 budget process re-profiled the delivery of savings. The economic down turn has required the Council to re-visit these plans, but not withstanding these external factors proposals to deliver the required savings are contained within the bundle of CMT papers.</p>	
2	<b>VALUE FOR MONEY/EFFICIENCY</b>
<p><b>Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements</b></p>	
<p>The expenditure does not represent value for money in the sense that expenditure is tied up with properties that are surplus to requirement. The proposals set out in the bundle elsewhere in the CMT report are designed to address this overspend.</p>	