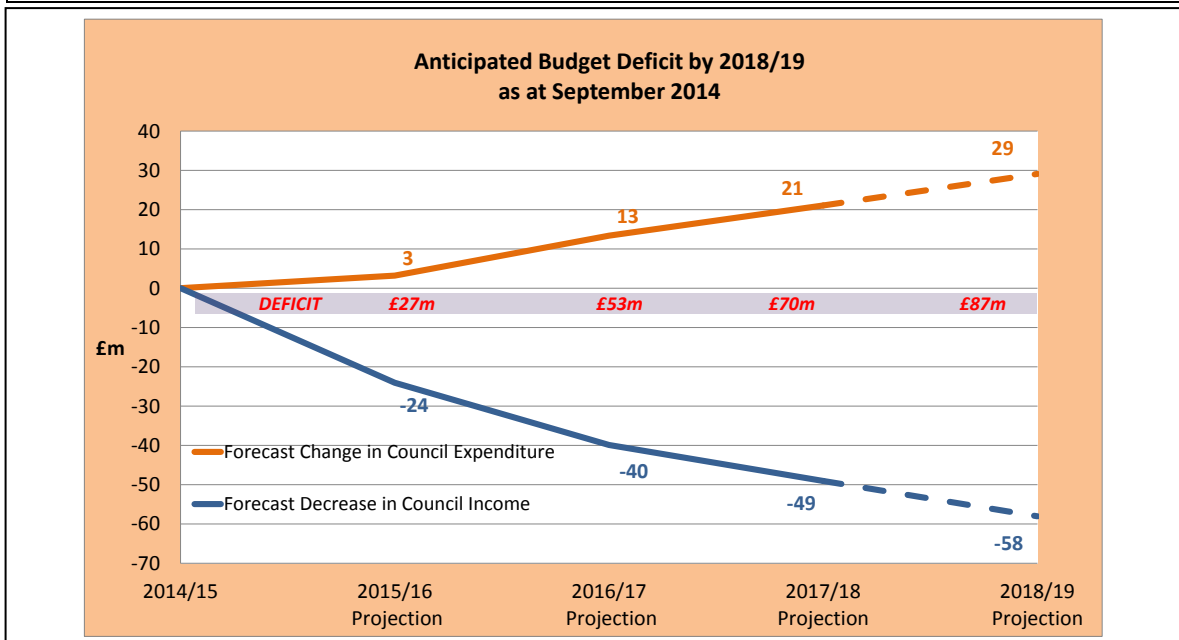


<b>LONDON BOROUGH OF CAMDEN</b>	<b>WARDS: ALL</b>
<b>REPORT TITLE:</b> Wider Economic Environment and Medium-term Financial Forecasts: Dec. 2014 (Ref: SFU/MTFF/Dec. 2014)	
<b>REPORT OF:</b> Director of Finance	
<b>FOR SUBMISSION TO:</b> Residents and Members via Camden website	<b>DATE</b> 8 <sup>th</sup> December 2014
<b>SUMMARY OF REPORT:</b>  This report provides an update on the national economic climate and goes on to highlight the forecast position for 2015/16, 2016/17 and 2017/18, as well as the forecast deficit for 2018/19.  The current levels of earmarked reserves are set out alongside future projections for their usage. Finally, there is a summary of the Council's inflationary assumptions for 2011/12 onwards.  Some of the content of this report is subject to the approval of the Camden's Financial Strategy 2015-2018 to be presented to Cabinet on the 17 <sup>th</sup> December 2014.  <b>LOCAL GOVERNMENT ACT 1972 – ACCESS TO INFORMATION:</b>  <b>Contact Officer:</b> Adam Staines Strategic Finance Unit  Telephone: 020 7974 6014 Email: <a href="mailto:adam.staines@camden.gov.uk">adam.staines@camden.gov.uk</a>	



- 1.1 The Council is heavily reliant on government grant to fund its services. Since 2011 core government grant funding has been reducing each year. The decrease in funding combined with some unavoidable cost increases due to demographic changes such as an ageing population have meant that the Council has had to save £93m over the last 4 years.
- 1.2 Government funding is expected to decrease further over the medium-term, and along with projected growth on expenditure and changes to other income sources, the Council is projecting a budget deficit (income to be lower than expenditure) of £70m by 2017/18, extending to £87m by 2018/19. The recent announcements in the 2014 Autumn Statement are likely to mean that the 2018/19 deficit projected above is the minimum the Council is likely to face, with the deficit that year likely to be £20m or higher.

### **Deficit Reduction**

- 1.3 In the Chancellor's Autumn Statement on 3 December 2014 the Public Sector net borrowing (PSNB) requirement for 2014/15 was forecast to be £91.3bn. This is £6.3bn below last year but the decline is only half that forecast in the March 2014 Budget in part caused by disappointing income tax revenue receipts. The deficit represents 5% of Gross Domestic product and is half the peak it reached in 2009/10. PSNB is forecast to fall to 4% of GDP in 2015-16, the final year for which the government has set departmental spending plans; and to reach a small surplus of 0.2% of GDP in 2018/19 and 1% of GDP in 2019/20.
- 1.4 Public sector net debt is forecast to peak at 81.1% of GDP in 2015/16 before falling each year and reaching 72.8% of GDP in 2019/20.
- 1.5 The Government has in two Spending Rounds (2010 and 2013) set out plans to reduce public expenditure as part of its strategy to eliminate the deficit and eventually reduce the debt. The Government's Spending Round 2013 set out public expenditure plans (including local government expenditure) up to and including 2015/16. This followed on from and was similar to the Spending Round 2010 and entailed cuts in expenditure in certain areas including local government and increases in other areas such as Health, Schools and Overseas Aid. The illustrative 2015/16 Local Government Funding Settlement (announced in December 2013) showed Camden's Settlement Funding Assessment (SFA) as £152.008m comprising Revenue Support Grant of £68.281m and baseline funding (retained business rates) of £83.727m. This is a reduction of £27.018m (-15.1%) compared to 2014/15 and compares to an average reduction for London Boroughs of 14.4% and 13% for England as a whole. Whilst the new Spending Round that will cover the years 2016/17 onwards will be up to the next Government, the current Government has said that they expect public expenditure to continue to fall in real terms up to 2017/18 in roughly the same proportion as it fell in the period set out in the 2010 Spending Round. In the summer of 2014 London Councils forecast that if protection is again given to Health, Schools and Overseas Aid then local government expenditure SFA would be 29% lower in 2017/18 compared to 2014/15. The public expenditure figures contained in the Autumn Statement 2014 suggest, however, that with continued ring-fencing of these services, the cuts to local government funding will be steeper in 2016/17 to 2019/20 than previously forecast.

- 1.6 **Gross Domestic Product** increased by 0.7% in Q3 2014, compared to 0.9% in Q2. GDP was 3% higher in Q3 2014 compared with the same quarter a year ago. In Q3 2014 GDP was estimated to have been 3.4% higher than the pre-economic downturn peak of Q1 2008.
- 1.7 The **Retail Prices Index** annual inflation for October 2014 was 2.3% (unchanged from September). The Consumer Prices Index annual inflation for October 2014 was 1.3% (1.2% in September), this compares to the Bank of England's 2% target
- 1.8 Latest estimates for July to September 2014 show that employment numbers continued to increase and unemployment continued to fall. These changes continue the general direction of movement over the past two years. The **jobless rate** was 6%, down from 6.3% in the previous quarter.

## 2 MEDIUM TERM FINANCIAL FORECAST

- 2.1 Before the impact of the savings agreed in September and proposed in December were included, the Council was presenting a £27.249m in deficit from 2015/16, with a deficit of £69.790m by 2017/18. The new medium term financial projections for 2014-2018 are represented in Table 1 below, which assumes the proposals put forward in December are accepted and successfully implemented, and that further cuts in Government funding, in addition to those already forecast, do not emerge. The proposed savings, coupled with the savings agreed in September, have resulted in a balanced budget for 2014/15 and a balanced budget for year three of the MTFs period, with a small deficit of £2.085m in 2016/17. In 2018/19, there is a £17.491m deficit, for which work is ongoing on potential further savings as presented in the December MTFs. [Appendix A](#) of this document provides further detail around the deficit projections between 2014/15 - 2017/18.

**Table 1**

	2014/15 Projection £000	2015/16 Projection £000	2016/17 Projection £000	2017/18 Projection £000	2018/19 Projection £000
Council Expenditure	264,767	239,060	226,417	215,195	223,598
Council Income	(264,767)	(239,060)	(224,332)	(215,195)	(206,107)
<b>Shortfall / (Surplus)</b>	-	-	2,085	-	17,491

## 3 EARMARKED RESERVES

- 3.1 The Council currently has 25 separate earmarked reserves to support key revenue budget outcomes, the Council's service remodelling programme, on-going capital activity, to mitigate future corporate risk, and to support charitable activities. The opening 2014/15 earmarked reserves balance was £106.789m. We are currently forecasting a net movement out of earmarked reserves of £27.664m during 2014/15.

- 3.2 A summary of the impact of these movements is presented in Table 2 below. A forecast of future year balances can be found at the end of this report in [Appendix B](#).

**Table 2 – Earmarked Reserves in Year Movements 2014/15**

Earmarked Reserves	Actual Reserves 31/03/2014	Forecast Movement Out of Reserves	Forecast Movement Into Reserves	Forecast Reserves 31/03/2015	Net Movement 2014/15	Reallocation
	£000	£000	£000	£000	£000	£000
To Support Key Revenue Outcomes	34,479	(14,951)	-	19,528	(14,951)	(1,068)
To Support Council's Remodelling Programmes	22,696	(7,572)	2,191	17,315	(5,381)	(360)
On-going Capital Activity and asset Management	32,144	(18,841)	12,219	25,522	(6,622)	0
Mitigation of Future Corporate Risk	17,395	(2,715)	3,000	17,680	285	0
Charitable Activity	76	(35)	-	41	(35)	(41)
<b>Total Earmarked reserves</b>	<b>106,790</b>	<b>(44,114)</b>	<b>17,410</b>	<b>80,086</b>	<b>(26,704)</b>	<b>(1,469)</b>

Proposed Reallocations	
Tailored Transition to Support Partner Organisations (New Reserve)	1,000
Cost of Change / Workforce re-modelling reserve (within To Support Council's Remodelling Programmes)	469

- 3.3 Table 2 includes reallocations of £1.469m of reserves. The MTFS report recommends that £1m of this is allocated to a tailored transition fund to support the implementation of the changes required by the cuts in community partners and the remaining £0.469m to the Cost of Change / Workforce remodelling reserve, which will be crucial in the development and implementation of the financial strategy.

- 3.4 The Council also holds General Reserve Balances, alongside Schools Balances and the Housing Revenue Account Reserve, for which forecast in year movements are detailed in Table 3 below.

**Table 3 – Summary of General Reserves 2014/15**

General Reserves	Actual Reserves 31/03/2014	Forecast Movement Out of Reserves	Forecast Movement Into Reserves	Forecast Reserves 31/03/2015	Net Movement 2014/15
	£000	£000	£000	£000	£000
General Balances	13,624	-	-	13,624	-
Housing Revenue Account	34,915	(5,984)	-	28,931	(5,984)
Schools Balances	17,123	(1,000)	-	16,123	(1,000)
<b>Total Earmarked reserves</b>	<b>65,662</b>	<b>(6,984)</b>	<b>-</b>	<b>58,678</b>	<b>(6,984)</b>

## 4 INFLATION

- 4.1 The Online document published in July gave detail on how the Council is taking active steps to manage levels of inflation following the contraction of Council funding from 2011. The standard indices applied from 2011/12 onwards are set out in Table 4 below.

**Table 4 – Standard Inflation Rates 2011/12 to 2017/18**

Type	Description	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Expenditure	Employees	0.0%	0.0%	1.0%	1.0%	1.0%	2.0%	2.0%
	Premises	0.0%	0.0%	3.0%	1.0%	1.0%	1.0%	1.0%
	Supplies and Services	0.0%	0.0%	3.0%	0.0%	0.0%	1.0%	1.0%
	Transport	0.0%	0.0%	3.0%	0.0%	1.0%	1.0%	1.0%
	Contracts	3.0%	3.0%	3.0%	1.0%	1.0%	1.0%	1.5%
Income	Fees and Charges	1.3%	1.3%	3.0%	3.0%	3.0%	3.0%	3.0%
	Sales	1.3%	1.3%	3.0%	3.0%	3.0%	3.0%	3.0%
	Rents	1.3%	1.3%	2.0%	2.0%	2.0%	2.0%	2.0%

- 4.2 Since the September report, following negotiations with unions, the NJC have announced a 2.2% pay increase from January 2015. Although the Council's pay structure is independent of the NJC, the decision has been taken to apply the same increase. With a 1% set aside for 2014/15 and another 1% in 2015/16, an additional pressure of only £240k for 2015/16 is the only impact, which will be covered by the £4m allocated growth. The inflation assumptions modelled from 2016/17 onwards have been increased from 1.5% to 2%.
- 4.3 Exceptions to the standard indices listed above are summarised in Table 5 below, along with the reasons for the adjustment and the resulting additional pressure in 2015/16. These exceptions have been applied up to 2017/18 (with the exception of taxi contracts which is a one-off), but we will continue to review the provision made. Any changes will be published alongside the February Cabinet Report.

**Table 5 – Exceptions to Standard Inflation Rates Applied**

	Description	Reason	Original Category	Standard Inflation 2015/16	Revised Inflation 2015/16	Agreed Additional Inflation at Sept Cabinet £000	Revised Additional Budget Required 2015/16 £000	Variance £000
Expenditure	Grounds maintenance	Contract increase linked to March RPI	Contracts	1.00%	2.50%	13	13	0
	Veolia	Waste Contract uplift	Contracts	1.00%	2.50%	342	342	0
	Volker / Conway	Highways Contract Uplift	Contracts	1.00%	3.50%	37	37	0
	Business Rates	Expected to increase in line with RPI	Premises	1.00%	2.00%	73	68	(5)
	Arboriculture	Contract increase linked to Feb RPI	Premises	1.00%	2.50%	11	11	0

	Description	Reason	Original Category	Standard Inflation 2015/16	Revised Inflation 2015/16	Agreed Additional Inflation at Sept Cabinet £000	Revised Additional Budget Required 2015/16 £000	Variance £000
	Electricity	LASER forecast that energy costs are due to increase by 5.51% however sustainability initiatives will reduce usage	Premises	1.00%	2.50%	39	37	(2)
	Gas	Gas prices are not forecast to increase.	Premises	1.00%	0.00%	(15)	(15)	0
	Special Educational Needs Transport	Contract Increases	Transport	1.00%	11.00%	New	224	224
Income	Statutory Fees	Set by statute	Fees and Charges	3.00%	0.00%	625	625	0
	Commercial Waste	Various pressures on income collection.	Fees and Charges	3.00%	0.00%	229	229	0
	Building Control	The hourly rate is reducing, standard inflation would make income targets unachievable	Fees and Charges	3.00%	0.00%	47	47	0
	Library Income	Various pressures on income collection.	Fees and Charges	3.00%	0.00%	8	8	0
	Library Income	Various pressures on income collection.	Sales	3.00%	0.00%	2	2	0
	HASC Rent income	Increase in line with the Local Housing Allowance, affected by uncertainties about the impact of welfare reform	Rents	2.00%	1.00%	74	74	0
	Camden PCT recharges	Inflation to be in line with that applied on expenditure codes	Contributions	3.00%	1.00%	342	343	1
<b>TOTAL</b>						<b>1,827</b>	<b>2,045</b>	<b>218</b>

\*Procurement of transport is subject to annual review of pricing. The higher pricing reflects the latest round of tenders for the final year of the contract

## Appendix A - London Borough of Camden - Medium Term Financial Forecast 2014/15 to 2018/19

	2014/15 Projection £000	2015/16 Projection £000	2016/17 Projection £000	2017/18 Projection £000	2018/19 Projection £000
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### Departmental Expenditure:

To be Allocated	-	(347)	(21,863)	(43,982)	(43,982)
LEGAL SERVICES	4,811	4,197	4,284	4,371	4,458
STRATEGY & ORGANISATION DEVELOPMENT	10,314	5,182	5,227	5,406	5,585
FINANCE	58,925	43,890	44,179	44,884	45,586
CULTURE AND ENVIRONMENT	33,216	27,416	27,982	28,769	29,556
CHILDREN, SCHOOLS AND FAMILIES	70,332	62,310	62,952	63,541	64,502
HOUSING AND ADULT SOCIAL CARE	106,768	101,366	102,532	104,215	105,902
PUBLIC HEALTH	25,618	25,741	25,741	25,741	25,741
<b>DEPARTMENTAL EXPENDITURE</b>	<b>309,984</b>	<b>269,755</b>	<b>251,034</b>	<b>232,945</b>	<b>237,348</b>

### Non Departmental Expenditure:

Corporate Growth	-	165	4,165	8,165	12,165
Cross Cutting Savings Proposals	(8,812)	(4,132)	(1,936)	195	195
Revenue Contribution to Capital from Reserves	(2,906)	(4,719)	(18,115)	(13,623)	(8,083)
Transfers to Reserves	17,280	14,428	9,916	11,318	11,550
Transfers from Reserves	(37,704)	(17,290)	(4,430)	(3,492)	(1,330)
Contribution to Pensions	15,525	16,304	16,304	16,304	16,304
Interest Receivable/Payable	2,011	726	593	593	593
Minimum Revenue Provision	3,068	4,168	3,068	3,068	3,068
Levies	1,931	1,931	1,931	1,931	1,931
Net Other Items	22,296	14,265	5,508	4,570	2,408
Depreciation	(18,300)	(18,300)	(18,300)	(18,300)	(18,300)
Direct Revenue Financing	2,906	4,719	18,115	13,623	8,083
Government Grants	(42,512)	(42,960)	(41,436)	(42,102)	(42,334)
<b>NON DEPARTMENTAL EXPENDITURE</b>	<b>(45,217)</b>	<b>(30,695)</b>	<b>(24,617)</b>	<b>(17,750)</b>	<b>(13,750)</b>

<b>TOTAL EXPENDITURE</b>	<b>264,767</b>	<b>239,060</b>	<b>226,417</b>	<b>215,195</b>	<b>223,598</b>
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### Funded by:

RSG	(97,548)	(68,305)	(47,955)	(33,717)	(21,000)
Business Rates Retained	(84,900)	(85,068)	(86,770)	(88,505)	(90,275)
Garden Squares	(24)	(24)	(24)	(24)	(24)
Collection Fund (Surplus)/Deficit	148	(2,012)	-	-	-
Business Rates (Surplus)/Deficit	2,715	3,417			
Proposed Council Tax	(85,158)	(87,068)	(89,583)	(92,949)	(94,808)
<b>TOTAL FUNDING</b>	<b>(264,767)</b>	<b>(239,060)</b>	<b>(224,332)</b>	<b>(215,195)</b>	<b>(206,107)</b>

<b>Shortfall/(Surplus)</b>	<b>-</b>	<b>-</b>	<b>2,085</b>	<b>-</b>	<b>17,491</b>
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## Appendix B - London Borough of Camden – Earmarked Reserves Forecast Balances 2014/15 to 2017/18

Earmarked Reserves	ACTUAL Reserves 31/03/2014	Forecast Reserves 31/03/2015	Forecast Reserves 31/03/2016	Forecast Reserves 31/03/2017	Forecast Reserves 31/03/2018
<b>Reserves to support key revenue budget outcomes</b>					
Mental Health Aftercare Reserve	-	-	-	-	-
Dedicated Schools Grant	11,178	8,282	6,032	2,532	-
Support for Schools in Difficulty	442	442	392	292	192
Parking Reserve	-	-	-	-	-
Homes for Older People	6,308	2,681	-	-	-
The Camden People's Fund	-	-	-	-	-
Multi Year Budget Reserve	8,939	4,162	2,089	1,454	1,411
Education Commission	1,336	886	486	-	-
HASC Specific Grants	6,276	4,976	3,976	2,726	1,476
<b>Sub Total</b>	<b>34,479</b>	<b>21,429</b>	<b>12,975</b>	<b>7,004</b>	<b>3,079</b>
<b>Reserves to support the councils service remodelling programme</b>					
Corporate Initiatives	-	-	-	-	-
Pay Modernisation	360	-	-	-	-
Workforce Remodelling/Cost of Change	15,524	14,684	10,184	6,684	3,184
Camden Plan	3,146	2,183	-	-	-
Recovery Fund	109	-	-	-	-
Invest To Save Reserve	3,557	1,686	886	-	-
<b>Sub Total</b>	<b>22,696</b>	<b>18,553</b>	<b>11,070</b>	<b>6,684</b>	<b>3,184</b>
<b>Reserves to support on-going capital activity and asset management</b>					
Future Capital Schemes	23,246	19,547	24,560	15,122	10,865
Commercial and other property	776	776	776	776	776
Haverstock PFI Funding Reserve - amortise initial payment to Kajima	2,149	2,019	1,889	1,759	1,629
Schools PFI Equalisation Reserve	334	601	701	801	968
Building Schools for the Future	488	188	-	-	-
Accommodation Strategy	5,151	2,391	830	-	-
<b>Sub Total</b>	<b>32,144</b>	<b>25,522</b>	<b>28,756</b>	<b>18,458</b>	<b>14,238</b>
<b>Reserves to mitigate future corporate risk</b>					
Self-Insurance Reserve	7,600	7,600	7,600	7,600	7,600
Contingency Reserve	1,512	1,512	1,512	1,512	1,512
Business Rates Safety Net	8,283	8,568	5,151	5,151	5,151
<b>Sub Total</b>	<b>17,395</b>	<b>17,680</b>	<b>14,263</b>	<b>14,263</b>	<b>14,263</b>
<b>Reserves to support the Mayors charity</b>					
Mayor's Charity Reserve	76	41	41	41	41
<b>New Proposed Reserves</b>					
Tailored Transition to Support Partner Organisations	-	1,000	500	250	-
<b>Total Earmarked Reserves</b>	<b>106,790</b>	<b>84,225</b>	<b>67,605</b>	<b>46,700</b>	<b>34,805</b>
General Balances	13,624	13,624	13,624	13,624	13,624
Housing Revenue Account	34,915	28,931	21,931	21,931	21,931
Schools Balances	17,123	16,123	15,123	14,123	13,123
<b>Total Reserves</b>	<b>172,452</b>	<b>142,903</b>	<b>118,283</b>	<b>96,378</b>	<b>83,483</b>

\*note: Future Capital Scheme funds from 2016/17 onwards are being generated to fund new capital expenditure which is yet to be approved and included in the Capital programme. This expenditure comprises principally the annual allocations for Backlog Planned Maintenance of our operational buildings, roads and parks and open spaces and ICT



## Appendix C – Purpose of Reserves

Reserve	Purpose of Reserve
<b>Mental Health Aftercare Reserve</b>	To meet the repayment of mental health aftercare charges under Section 117 of the Mental Health Act 1983.
<b>Dedicated Schools Grant</b>	To hold unspent Dedicated Schools Grant which is reserved for the schools budget and which may be carried forward over to future years.
<b>Support for Schools in Difficulty</b>	To provide funding to schools should they find themselves in financial difficulties
<b>Homes for Older People</b>	To fund preparatory work on the Homes for Older People programme
<b>The Camden People's Fund</b>	To soften the blow on Camden residents as the impact of the reductions in services and national changes to welfare start to take effect
<b>Multi Year Budget Reserve</b>	To fund allocations in future years as part of multi-year budgeting.
<b>Education Commission</b>	To provide funding to help implement proposals to guide education in the borough
<b>HASC Specific Grants</b>	Hold various unspent grant monies that do not have conditions on its use.
<b>Corporate Initiatives</b>	To provide funding for corporate initiatives.
<b>Pay Modernisation</b>	To provide funding for the ongoing pay modernisation review
<b>Workforce Remodelling/Cost of Change</b>	To fund costs that may arise from workforce remodelling and efficiency projects under the Councils Better and Cheaper agenda.
<b>Camden Plan</b>	To provide funding to implement projects that support the plan's key priorities.
<b>Recovery Fund</b>	To provide funding to enable the Council to respond to effects of the recession within the community.
<b>Invest To Save Reserve</b>	Largely to provide funding to transform customer services
<b>Future Capital Schemes</b>	To provide funding to support the Councils costs associated with various capital schemes.
<b>Commercial and other property</b>	To provide funding to meet the cost associated with dilapidations and other payments in respect of commercial and other property.
<b>Haverstock PFI Funding Reserve</b>	To hold the balance of funding in respect of the Haverstock School PFI project.
<b>Building Schools for the Future</b>	To provide funding for the preparatory work on the Building Schools for the Future Programme
<b>Accommodation Strategy</b>	To provide funding to facilitate the office accommodation strategy.
<b>Self-Insurance Reserve</b>	To provide funding to cover insurance risks, this keeps insurance costs to a minimum.
<b>Business Rates Safety Net</b>	To provide funding to cover reduction in retained business rates.
<b>Contingency Reserve</b>	Created with the unallocated contingency budget of £2.512m
<b>Mayor's Charity Reserve</b>	To hold donations from businesses to be allocated to charity.
<b>General Balances</b>	Unallocated reserves held to resource unpredictable expenditure demands.
<b>Housing Revenue Account</b>	Reserve budgets held by the Council on behalf of the HRA – can only be spent on HRA activities
<b>Schools Balances</b>	Reserve budgets held by the Council on behalf of its schools – can only be spent on Schools

## Appendix D - Independent Living Fund

This appendix contains supplementary information regarding the financial risks concerning the transfer of responsibility for the Independent Living Fund to Councils, discussed in the risks section of the December 2014 MTFS.

The Independent Living Fund (ILF) was established in 1988 and is administered by the Department for Work and Pensions. It provides discretionary cash payments directly to disabled people so that they can buy personal care, support and domestic assistance to enable them to live in their communities rather than in residential care. The national £320m fund supports some 18,000 people.

The Minister for Disabled People announced that ILF would close on 31 March 2015, and that the responsibility for funding and support would transfer to Local Authorities. The decision process was successfully challenged by six disabled people who brought a judicial review. The Court of Appeal found that Government had not given proper consideration to issues raised by the Equality Act.

The Department of Work and Pensions has now carried out a new equalities analysis and the Government has announced the closure of the fund on 30 June 2015.

The initial funding transfer will be through a Section 31 grant and will not be included in the financial settlement for 2015–16. The amount will be based on the current **net** funding after assumed customer contributions at the transfer date. The ILF has taken a crude approach to estimating customer contributions which is not compliant with the Councils' legal duties re assessing client contributions. The ILF contributions approach takes no account of affordability or outgoings. There will therefore be an immediate funding shortfall of up to £175,000 a year which represents the ILF assumed customer contribution element for the 51 people whose funds are currently expected to transfer.

The Section 31 funding is for 2015–16 only, funding amounts and mechanisms beyond March 2016 are unknown. The Camden transfer is expected to be between £700k and £900k. DCLG will be formally writing to authorities in December on the Section 31. After this data sheets giving funding details will be shared in December 2014, March 2015 and June 2015.

The Council has two options to mitigate this financial pressure:-

Firstly by applying the Council's charging policy, at best we estimate that once we have completed financial assessments in relation to the new social care packages we may be able to mitigate the overall shortfall by a maximum of £53k

Secondly by through application of the Council's needs assessment process for each ILF recipient which will establish whether:

- ILF is funding any risks and needs that will need to be met by Camden from July 2015 (and fall within the Care Act eligibility framework).
- ILF customers with eligible risks and needs are purchasing any services or activities which can't be evidenced to support adult social care outcomes and therefore won't be adult social care funded in the future.
- Any ILF funded support falls below Care Act eligibility.

It is proposed to undertake this assessment process during April – June 2014. It is possible that some customers may see a reduction of funding and in order to mitigate the risk to customers of having to make sudden changes to their support arrangements it is proposed to continue paying the ILF levels of payments for 3 months to October 2015 to enable customers to manage any changes to their support arrangements.