

SUBJECT:	Budget Management Report for the period as at 31st December 2009
REPORT AUTHOR:	Finance Manager on behalf of Director of Social Care, Health and Housing
PURPOSE:	To provide information on the budget position at 31st December 2009 to enable decisions to be taken on resource allocation and service delivery.
RECOMMENDATIONS:	<p>The Service Management Team/Portfolio Holder/Executive is recommended to:</p> <ul style="list-style-type: none"> a) Note the latest budget projections for the year and the associated service implications. b) Agree to any management actions proposed at paragraphs 2.1 (c) and 3.3 and determine whether any other changes to service provision need to be made in the light of these. c) Note budget virements since last report.

1.0 Introduction

- 1.1 The report sets out the financial position to 31st December 2009 and the latest forecast position at year end. Table A shows the net revenue position, Table B the forecast revenue movements since last month and Table C the capital position.

2.0 Executive Summary Revenue

- 2.1 The full year forecast position is £4.5m over budget (previous month £5.1m) with variances over £100k detailed at paragraphs 4.1 to 4.7. The projected forecast overspend relates to the Directorate's adult social care budget. Budget build unfunded posts and packages and inherited efficiency targets are estimated to account for £3.9m of the overspend with the balance relating to in-year pressures.

A nil variance is forecast in respect of expenditure against Housing budgets – for both the Housing Revenue Account (HRA - the local authority's housing stock) and the Housing General Fund (homelessness, private sector housing stock, disabled facilities grants). The minor overspend projected in housing management will be met from the HRA reserve which is otherwise needed to fund the HRA business model in future years.

Forecast changes from previous month

The change in forecast, between November and December is a reduction of £523k. The following areas are showing significant changes:

Home From Hospital – based on latest financial information from NHS Bedfordshire on the cost to Central Beds of the joint intermediate care and the rapid intervention team, there will be an underspend of £234k. This is consistent with 2008/09 outturn but further work is ongoing to establish the outcomes and VFM of these services.

Learning Disabilities Assessment and Commissioning – the forecast has reduced by £148k, the majority of which is reduction in the care package forecast as more cost effective packages have been commissioned for new users.

Commissioning – the forecast has reduced by £119k overall; there is a full year underspend of over £700k on pay due to the high level of vacancies within this service area.

Table A – Revenue Actuals to date and Forecast Year End position

The year-to-date position is an overspend of £1.6m against a full year forecast overspend of £4.5m. This is summarised below and further analysis of this is provided in Table A (2) in the Appendix. Details of the full year projected over and underspends are provided in Paragraphs 4.2 to 4.5.

Service Area	Annual Budget	Profiled Budget	Actual Spend	Year-to-date variance	Forecast Outturn Full Year	Forecast Variance Full Year
	£000s	£000s	£000s	£000s	£000s	£000s
Director	233	174	173	(1)	250	17
Housing Services HRA	0	0	470	470	0	0
Housing Services General Fund	2,043	1,532	1,386	(146)	2,043	0
Adult Social Care	36,818	27,614	29,827	2,213	41,404	4,586
Commissioning	6,341	4,756	3,933	(823)	6,059	(282)
Business and Performance	1,269	952	845	(107)	1,479	210
GRAND TOTAL	46,704	35,028	36,634	1,606	51,235	4,531

Year-to-date net expenditure

For adult social care, the year-to-date overspend is £2.2m which produces a pro-rata full year overspend of £3m. There are three areas where the year-to-date spend indicates a significantly lower forecast outturn – Learning Disabilities Assessment and Commissioning, Learning Disabilities Direct Services and Commissioning. These will be subject to further scrutiny during January. For Business and Performance, the year-to-date underspend of £107k relates primarily to the departmental training budget where training is scheduled towards the end of the financial year and where there is uncertainty about the amount of budget for adult social care training. For the HRA, the year-to-date overspend of £470k reflects the miscoding of capital expenditure and a payment in advance of negative housing subsidy. For Housing Management (GF) the year-to-date underspend is £146k, which is predominantly the result of delays in receiving invoices for repairs at Travellers' Sites.

(a) Risks and Opportunities

There are a number of risks and opportunities not incorporated in the 2009/10 forecast:

Risks

- On the 1st April 2009 Councils took responsibility for the commissioning of learning disabilities services including re-provision of services from BLPT. Final agreement on the 2008/09 final position and the value of the 2009/10 funding transfer is expected very shortly.
- Funding of ex long stay patients of Fairfield and Bromham Hospitals and of continuing health care customers
- Contracts Compliance – there is a significant contractual dispute with a domiciliary provider which may require a financial settlement. This is not currently built into the forecast.
- Discussions are taking place on the Council's commitment to the pooled mental health budget for 2009/10.
- Forecasts for shared services' expenditure and income are largely forecast on budget – some final agreements were higher than the budgeted amount. A separate review of this will be prepared for the Director's management Team.
- There is currently no provision within the forecast for hospital discharge fines – no assessment of the likely financial impact has been undertaken.
- There is a continuing risk that Homelessness levels may rise, placing increased pressure on Housing (GF)

Opportunities

- The Directorate is carrying out an investigation to improve the financial assessment business process. The clearance of the current backlog and other associated business process improvements is generating additional income - £152k more than the original budget. Officers are also taking action to ensure income from all sources including other Local Authorities is accounted for within the budget.
- Discussions are taking place on the Council's commitment to the pooled mental health budget for 2009/10.

(b) Key Service Implications

Management actions to reduce the projected overspend will mean that the Directorate will:

Not be able to meet the social care needs of residents who meet assessment criteria;

Receive increases in complaints and potential legal challenge to funding decisions;

Not be able to deliver on the Personalisation agenda for social care;

Limit user choice by maximising and /or extending block contract usage;

Potentially suffer from deterioration in relationships with key partners.

(c) Key Management Actions

The following are actions and key lines of enquiry also being pursued during the next reporting period for Social Care, Health and Housing:-

- The weekly Adult Social Care panel will continue to approve care packages – Heads of Service
- A breakdown of purchasing by each team and service area is to be established so as to confirm actual commitment and spend – AD Adult Social Care and Finance
- Recruitment to posts only where service delivery and performance would be compromised. This is required in the first instance to achieve the 5% managed vacancy factor saving already incorporated in the budget, and also to meet the budget shortfall – Director's approval required
- To maintain current levels of spend and ensure that previous years' underspends on service are maintained wherever possible – Heads of Service
- To identify and quantify the impact of cross-boundary transactions with other Local Authorities especially with Learning Disability direct services clients – Heads of Service and Finance
- To maximise the use of all block and cost and volume contracted services (for residential and domiciliary care in particular for older people) and in house services (especially for adults with a learning disability) and ensure, through robust contract compliance, that the best rates are achieved and contract remedy is used where service refusal is unreasonable and results in additional costs – All Managers
- To identify any current year expenditure which will be met from earmarked reserves (listed in the Appendices – Table E) – ADs and Finance
- The Recovery Plan for adult social care includes two key finance projects: (1) establishing the 2009/10 baseline budget for adult social care and the accuracy of the current forecast – work on pay and grant income has been conclude and (2) budget manager training – training has commenced - AD Business and Performance and AD Financial Services.
- To monitor demand for temporary accommodation resulting from increased levels of Homelessness – Ad Housing
- To review forecasts for shared services expenditure and income - Finance and Budget Managers
- To identify potential undercommitment of special and specific grants which could be used to offset current year pressures – ADs and Finance

3.0 Executive Summary Capital

3.1 The revised capital expenditure budget is £14.6m; of this £13.4m is forecast to be spent in 2009/10 with the remaining £1.1m being identified as under/overspend.

3.2 Slippage over £250k

In total £1.3m has been identified as slippage, the majority of which is within Housing General Fund activities. This comprises Travellers Sites (£993k slippage) and Housing Association assistance (slippage of £291k). The programme relating to Travellers Sites is

due to go before Executive on 9th February, however it is not anticipated that any work on the sites will commence in this financial year.

Of the £825k allocated for Housing Association Assistance, £534k will become payable in this financial year, leaving £291k to be paid in 2010/11. The project in question is split into 2 sites. It is anticipated that the north site will be fully completed in March, and the south site will be completed in July. The north site contains the majority of the dwellings which will be made available to Central Bedfordshire to nominate occupants as rental tenants (22 out of 34).

3.3 Overspends/Underspends over £250k – none.

Key Service Implications - none

Key Management actions - none

4.0 Detailed Revenue Analysis by Operational Group

4.1 Detailed Commentary on Director

The year to date actual spend is a small underspend; the full year projected overspend is £17k which relates to the use of agency staff.

4.2 Detailed Commentary on Assistant Director Housing

Housing Revenue Account

There are no significant full year projected over/underspends in this area.

Head of Housing Services – Due to the reduction in rent increase that occurred as a result of the government review in March 09, Housing Subsidy payments for the year are forecast to reduce from £9.36 million to £8.70 million, meaning there will be a full year underspend of approximately (£660k). This will be offset by an adverse variance in rent income.

The year-to-date overspend of £470k relates primarily to Housing Subsidy payments in advance of £450k and incorrectly posted capital expenditure of £230k offset by underspends in housing management and Prevention, Options and Inclusion of £127k. The latter relates to the cost of Home Connections and other support costs where further work is required to gauge the likely outturn.

Management Actions

There are no management actions. Finance action is, however, required to ensure that rents are fully reconciled between the rent system (Simdell) and SAP and that expenditure is appropriately recoded as capital.

Housing General Fund

There are no significant full year projected over/underspends in this area.

On Travellers' Sites, there is a year to date underspend of £146k. This is due to a delay in contractors' invoices for repairs and utilities to Travellers Sites. The full year forecast is on budget.

There remains a risk of increased Homelessness demand as unemployment rises, although so far this has yet to materialise.

Management Actions

Finance action is required to ensure utility bills are coded to the appropriate Travellers Sites' Profit Centres.

The position on homelessness should be closely monitored – use of the hostel, temporary accommodation, bed and breakfast and HRA stock – to quantify the impact in the current and future years.

4.3 Detailed Commentary on Assistant Director Adult Social Care

There full year forecast overspend is £4.6m. Significant over and underspends are detailed below:

Underspends

Emergency Duty Team - £111k forecast underspend - this is a shared service across Bedford Borough and Luton and further work is required to understand how much of this underspend can be apportioned to Central Bedfordshire. This will be reviewed by the AD for Social Care.

Home from Hospital – £253k forecast underspend – this is based on the latest financial information from NHS Bedfordshire on the cost of the joint intermediate care and rapid intervention teams. This is consistent with the 2008/09 outturn but further work is ongoing to establish the outcomes and VFM of these services.

Overspends

There are a number of overspends within parts of the budget due to how the budget was initially established but also a number of legacy overspends which continue to affect the 2009/10 forecast.

AD Adult Social Care - £817K overspend. This relates to an unachievable income target of £557k introduced to balance the 2009/10 budget. The remaining £260k primarily relates to the payroll budget which is inadequate to cover staffing and interim costs.

Older People and Physical Disability Management - £201k overspend— non-achievement of legacy efficiency targets of £317k re day care savings and expected increases in successful applications for continuing health care funding.

Older People Assessment and Care Management – £2.0m overspend – the major areas of overspend within this are direct payments £804k, residential and nursing placements £1.0m, respite care £401k. These overspends partly reflect budgets which did not

recognise the full year effect of 2008/09 commitments, and also a growth in volumes since April 2009 i.e. direct payments/self directed support is showing a net increase in client numbers of 72 .

Occupational Therapy - £159k overspend– the forecast overspend relates to use of agency staff. There is also a legacy income budget of £87k relating to health funding for OTs which was discontinued during 2008/09.

Physical and Sensory Impairment – £289k overspend the forecast overspend is due to expected overspends on care packages – the most significant area being direct payments £460k which reflects a net increase on client numbers of 38 since April 2009.

LD and MH Management - £180k overspend. This area includes, in addition to the Service Manager's budget, the budget for external packages for mental health clients. An overspend of £353k is forecast – the forecast is consistent with last year's expenditure on Central Beds clients.

Learning Disabilities Direct Services – £932k overspend - the establishment costing for this area omitted significant numbers of posts/allowances.

Service Implications

See Executive summary Para 2.1c

Management Actions

See Executive summary Para 2.1d

4.4 Detailed Commentary on Assistant Director Commissioning

The full year forecast underspend is £282k with significant over and underspends as detailed below:

Contracts - £200k overspend - the Equipment pooled budget £150k. The meals contract includes a pressure of £50k which is linked to an increase in volumes.

Supporting People - £159k underspend. Grant allocations are higher budgeted.

Personalisation - £69k overspend after the proposed use of the Social Care Grant Reform reserve of £92k; also an overspend of £120k on carers.

Commissioning staffing - £376k underspend – due to the high level of vacancies.

Service Implications - none

Management Actions

To ensure that all funding agreements with health re shared posts are identified and finalised so that income forecasts can be updated.

To ensure that pooled budget and shared contract agreements are finalised and appropriate mechanisms for invoicing are put in place.

To follow up with Finance on the recommendations of the report on the Learning Disabilities health transfer to ensure that there is a robust framework for reporting on scheme, provider and client costs, activity and income.

4.5 Detailed Commentary on Assistant Director Business and Performance

The full year forecast overspend is £210k with significant over and underspends as detailed below:

(a) Variances

Business Systems - £74k overspend due to an unachievable inherited efficiency saving, £81k overspend on Shared Service Agreement due to inadequate budget

AD Business & Performance - £41k overspend on pay due to use of interims/agency

(b) Service Implications - none

(c) Management Actions

To reach agreement with Children’s Services on an appropriate contribution to their training budget for 2009/10 only.

5.0 Revenue Virement Requests

Whilst there have been, and will continue to be a number of budget changes termed “technical adjustments”, no virements have been actioned during April to December. In future months, any material virements between Head of Service areas will be reported should they occur.

6.0 Key Risks and Cost Drivers

The monthly Performance Board for Social Care, Health and Housing has established key risk factors to be reported on a monthly basis.

Key Risk Area	2009/10 budget £000s	2009/10 forecast £000s	Variance £000s	Commentary
Repairs and Maintenance Expenditure (HRA)	4,943	4,943	0	Further work required to establish true forecast as detailed in main report – HRA reserve to fund any overspend
Disabled Facilities Grant/Private Sector Improvements Gross Capital Expenditure	2,600	2,600	0	The was increased mid-year to reflect additional grant income. At mid November there were 400 cases awaiting assessment.

Learning Disabilities care packages expenditure	10,466	10,511	45	After inclusion of £1m for Transitions growth, this area is on budget
BUPA occupancy/cost of voids				* Not able to report as client data cleanse being undertaken
Domiciliary Blocks & Spots	7,546	7,353	(193)	Forecast position across all adult social external blocks and spots. For 65+ broadly on budget and equivalent to 2008/09 outturn but based on shift from home care to direct payments, there should be a sizeable underspend.
Physical Disabilities care packages expenditure	3,516	3,990	474	Direct payments forecast overspend = £460k – user nos + 33 on April 09
Older People care packages expenditure	16,543	19,086	2,543	£0.8.m forecast overspend on direct payments – user numbers + 72 on April 09, £0.4m on respite care, £1.3m on res and nursing.
OT Assessments	382	458	76	Forecast overspend on pay of £76k.
Health Funding	Not available – under discussion	Not available		Estimated contribution due from NHS Bedfordshire for old S 28A, pre-CHC funding – ongoing discussions as to split of LD Commissioning transfer for 2009/10

7.0 Achieving Efficiency Savings

A number of efficiency savings are built into the 2009/10 base budget and are detailed in the budget monitoring appendices. The major efficiency is a 5% managed vacancy factor which will be tracked in relation to the projected outturn on pay and agency/interims against the budget.

8.0 Reserves Position

A schedule of all reserves is attached – those which are controlled by the Directorate are highlighted in bold – an assessment of the expected use is required from each manager together with the impact, if any, on the current forecast. Expected use of the HRA and Social Care Reform Grant reserves are incorporated in the current forecast.

9.0 Carry forward Requests

There are none requested.

10.0 Debt Analysis

A detailed analysis of Social Care, Health and Housing debt is included in the appendices. The analysis of debt includes 2009/10 debt only for Central Beds as recorded on SAP as at November 2009 - plus an analysis of housing rents debt (not recorded on SAP) as at the end of December 2009. Total debt excluding housing rents at November is £878k of which 70% is less than 31 days old. Rent arrears are £291k for former tenants and £704k for current tenants.

11.0 Payments Indicator

In future reports, the time taken to pay suppliers by Assistant Director area of responsibility will be included.

RECOVERY PLAN

Details of planned action	Expected Full Yr Savings £000	Savings to date £000	Status (RAG)	Comment
Weekly social care panels to continue to approve all new/revised placements	0	0	Green	All panels operating strictly in accordance with eligibility criteria
To review care package/purchasing forecasts to ensure that all forecasts and expenditure are robust and supported by activity /trends	900	650	Green	On-going review & challenge by service and finance
To consider and approve recruitment to posts only where service delivery and performance would be otherwise compromised	150	0	Green	No post recruited to unless approved by the Director
To identify and quantify the impact of cross-boundary transactions with other local authorities	To be determined	0	Amber	Financial analysis to be completed by service & finance & agreed with other authorities
To review the implications of block contract issues and potential remedy	30	0	TBA	Maximise use of block contract volumes/prices, seek best spot prices.
Maximise use of block contracted services including in-house services	0	0	TBA	
Clear the backlog in financial assessments and improve business process	152	152	Green	Significant work has taken place to identify the backlog & suggest improvements to business process.
Identify eligible base budget expenditure to be funded from grants	100	0	Green	It is likely that some project work & associated costs would meet grant conditions
TOTAL	1,332	802		

12.0 List of Appendices

Table A (1) – Corporate Budget Monitoring

Table A (2) – Departmental Budget Monitoring

Table A (3) – Forecast Movement

Table B - Capital Budget Monitoring – detailed scheme analysis

Table C – Efficiencies

Table D – Debts

Table E - Reserves