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**Meeting:** Social Care, Health and Housing Overview and Scrutiny Committee

**Date:** 13 September 2010

**Subject:** Budget Management Report for period ended 30 June 2010

**Report of:** Cllr. Mrs Rita Drinkwater Portfolio Holder Housing and Cllr. Mrs Carole Hegley, Portfolio Holder for Social Care and Health

**Summary:** The report proposes to set out the June 2010 budget position for the Directorate.

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Contact Officer: Julie Ogle, Director of Social Care, Health & Housing

Public/Exempt: Public

Wards Affected: All

Function of: Council

#### **CORPORATE IMPLICATIONS**

**Council Priorities:**

Sound financial management contributes to the delivery of the Council's value for money, enabling the Council to successfully deliver its priorities. In particular the Social Care, Health and Housing budget has direct impact on the stated Council priorities of Supporting and Caring for an ageing population.

**Financial:**

The financial implications are set out in the report.

**Legal:**

None

**Risk Management:**

The key risks of bringing revenue spending in line with the approved budget are the volumes generated by the demographic pressure and high cost packages together with the achievement of the efficiency targets. Work is in place to improve the financial impact of changes in activity data and the efficiencies are being closely monitored by the directorate the Efficiency Implementation Group. In respect of the Capital Programme the impact of the significant reduction in the Occupational Therapist waiting lists may generate significant pressure for the Disabled Facilities Grants. This is also being closely monitored.

**Staffing (including Trades Unions):**

Any staffing reductions as a result of compensatory efficiencies will be carried out in accordance with the Council's Managing Change Policy and in consultation with the Trades Unions.

**Equalities/Human Rights:**

Equality Impact Assessments were undertaken prior to the allocation of the 2010/11 budgets and each Directorate was advised of significant equality implications relating to their budget proposals.

**Community Safety:**

Any savings or efficiency proposals that remove or change the level of service provided may have an impact on community safety priorities and potentially result in an increase in crime, anti social behaviour, fear of crime and public confidence.

**Sustainability:**

Revenue and capital expenditure in the directorate, more specifically around the Housing functions, will influence energy use and carbon emissions.

**RECOMMENDATION(S):**

that the

- (a) **The forecast outturn of £52.0m and projected £0.840m overspend is noted.**
- (b) **That the management actions proposed at Paragraph 7 are noted.**

**Introduction**

1. This reports set out the forecast position on revenue and capital for the Directorate as the end of June 2010.

**Executive Summary Revenue**

2. The projected net revenue outturn forecast is an over spend of £840k after use of reserves. There are significant pressures on budgets, particularly 65+ demography and increases in high care costs. The forecast assumes full achievement of the 2010/11 efficiency targets and the additional savings required to offset the loss of Area Based Grant. Not all of the initial efficiencies will be achieved but compensatory efficiencies have been identified as a means to meet the target.
3. The following Table A shows a summary position analysed by Assistant Director with more detailed commentary in the following paragraphs and in the appendices.

**Table A Revenue Position Summary**

	<b>Net Budget £000s</b>	<b>Year-to-date variance £000s</b>	<b>Full Year Forecast Variance £000s</b>
Director	222	4	15
AD Housing	1,865	-107	0
AD Adult Social Care	46,123	780	1,110
AD Commissioning	1,418	-110	-195
AD Business & Performance	1,357	-118	-90
<b>TOTAL</b>	<b>50,985</b>	<b>449</b>	<b>840</b>

**Director**

A small overspend is forecast relating to unachieved of the managed vacancy factor and additional administration support costs.

**AD Housing****Housing Revenue Account**

The year end forecast is on budget. The year-to-date under spend relates to revenue expenditure on utilities which does not follow a smooth expenditure profile.

**Housing General Fund**

The year end forecast is on budget and will achieve additional income from Gypsy and Travellers' site. The year-to-date under spend is nominal and relates to expenditure yet to be incurred against the homelessness grant. Full use of the budget for pay harmonisation budget is projected.

**AD Adult Social Care**

The year-to-date position is an over spend of £780k and a projected full year overspend of £1,110k.

The following are the key reasons:

- An over spend of £500k is forecast for external home care packages for older people. Activity/demand for community based packages has increased by 4% compared to the same period in 2009/10 (819 to 853). Also, the average cost of a community based care package per week has increased from £133 to £141 - an increase of 6%. In addition, there has been a 12% increase in the number of packages costing in the range £151-£349 per week and a 12% increase in those costing more than £350 per week.
- There is a projected overspend of £240k on residential and nursing care relating to full year effect and also to changes in the demographics in Older People services. Further analysis will be undertaken to determine the cost drivers.
- There is a projected overspend of £250k on under 65 Physical Disability care packages. Further analysis will be undertaken to determine the cost drivers.

- There is a net pressure in Learning Disabilities assessment and commissioning of £500k relating mainly to the costs of Transitions. This is exceeding the additional £800k provided in the 2010/11 base budget. In addition there were one-off costs of £191k arising from the emergency closure of a direct services unit. Work is being undertaken to determine the projected overspend.

Offsetting the above, there are projected under-spends of £550k on salaries and other direct costs, additional income together with £280k on the Rapid Intervention and Intermediate Care Teams.

### **AD Commissioning**

The year-to-date position is an under spend of £109k. The full year forecast is an under spend of £195k after full use of the £200k Social Care Reform reserve.

### **AD Business and Performance**

The year-to-date position is an under spend of £118k, the most significant variance being due to the profile of the workforce development Area Based Grant against expenditure likely to be incurred later in the year. The full year target forecast for this service area is an under spend of £90k.

### **Executive Summary Capital**

4. The draft capital expenditure budget for 2010/11 stands at £10.319m and is forecast on budget.

Table B below shows a summary of capital expenditure (a more detailed analysis is shown in the appendices)

**Table B**

	<b>Budget £000s</b>	<b>Variance to date £000s</b>	<b>Full Year Forecast Variance £000s</b>
Social Care and Housing General Fund	4,269	-241	0
Housing Revenue Account	6,050	-627	0
<b>Gross Expenditure</b>	<b>10,319</b>	<b>-868</b>	<b>0</b>

Capital does not typically spend to a divisible profile and the projected under spends result from the profile set. A review of the 2010/11 Capital Programme is currently underway and will be presented to the Executive in September.

Outline and detailed business cases need to be developed for the use of any accumulated capital grants brought forward from 2009/10 which will be used in 2010/11.

## 5. **Efficiencies**

For 2010/11 efficiencies are budgeted at £2,753k. Of this £2,382k is forecast to be achieved. It is proposed that the £371k shortfall will be met through the following compensatory efficiencies:

- Reduce salary costs within direct services £35k
- Scrutiny of high cost external packages £150k
- Hold vacancies £110k
- Cease the use of locums/interims £75k

Appendix E shows the Efficiency Tracker Summary for the Directorate.

## 6. **Risks**

These are:

- Not achieving the efficiencies programme, specifically:  
EA25 (Review council contribution to special grant funded activities),  
EA22 (Review Fairer Charging Policy),  
EA11 (additional client income through improved business process)
- Continuing demographic pressure in the +65 age group
- Significant reduction in the Occupational Therapist waiting lists as a result of concerted management action may generate significant capital pressure for the Disabled Facilities Grants.

## **Opportunities**

The following opportunities have been identified:

- Review of the Residential Care contracts will provide more cost effective service provision
- Service delivery options within Learning Disability contracts may lead to improved VfM

## 7. **Key Management Actions**

- To strengthen controls and improve cost and activity reporting on care packages to understand the demographic pressures - Adult Social Care, Finance and Business Support
- To review and confirm the proposed efficiencies as set out in paragraph 5 above. Director in consultation with the Portfolio Holder.
- To identify and implement proposed compensatory efficiencies for the reduction in DCLG funding of £103k – Assistant Directors and Efficiencies Implementation Group Lead.

- To maximise the use of the block domiciliary and residential care contracts – Assistant Director Adult Social Care and AD Commissioning.
- Capital Project leads to update forecasts on SAP, identify new schemes to be funded by brought forward capital grants.
- To address outstanding debts with other local authorities (see paragraph 12) – all budget managers.

## 8. Revenue Virements

None reported.

## 9. Key Cost Drivers

Area	Estimated Value/Impact £000s	Commentary
Demographic pressure in the 65+ age group and costs of care packages.	No. of domiciliary care packages 853 (819 June 2009, Average weekly cost £141 (£133 June 2009)	4% increase in community based packages with an average increase of 6% in cost. High cost packages have seen up to a 12% increase in cost.
Performance of the block contracts is forcing the council into use of spot contracts. Additionally the differential between spot rates for personal care within direct payments and personal budgets and traditional contracting are being examined.	Not available	Comparison with block and spot contract average rates payable under traditional contracting arrangements. The rates under the Personal Support/Homes Care vary and harmonisation of these rates will present both risk and opportunity which are currently being worked through.
Occupational therapy waiting lists are being worked through, resulting in an increased pressure on Disabled Facilities Grants expenditure	185 referrals since April 10, £515k best case	Demand is being monitored closely and actions will be taken to manage demand, within the scope of the legislative requirements.

## 10. Reserves Position

The position on General Fund earmarked reserves is subject to final approval of the Financial Statements and is shown at Appendix D. At the June Executive a number of smaller earmarked reserves were un-earmarked/transferred to General Reserves. Both the Social Care Reform and the Learning Disability Commissioning Transfer reserves were provisionally agreed at £200k and £583k respectively.

## 11. Workforce Data

For quarter 1, expenditure on agency and interims was just over 14% of total pay expenditure.

## 12. Debt Analysis

### HRA

Total current and former tenant arrears were £0.827m at the end of June. Current arrears are £0.542m or 2.32% of the year to date rent debit of £5.85m. The figure of 2.32% is a 0.32% adverse variance against a target of 2%.

### General Fund

Total Debt for the Directorate stands at £11m including house sales (£1.9m). NHS Service debt for the directorate stands at £4.5m. However 99% was less than 30 days old at the end of June. Other Local Authority debt at the end of June was £1.4m of which £0.3m has been paid to date.

### **Appendices:**

Appendix A(1) – Net Expenditure including reserves and provisions

Table A - Capital Budget Monitoring – detailed scheme analysis

Table B – Debts

Table C – Reserves

Table D – Efficiencies – EIG summary report

### **Background Papers:**

**Location of papers:** Priory House, Shefford