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**Meeting:** Social Care Health and Housing Overview & Scrutiny Committee  
**Date:** 20 December 2010  
**Subject:** Budget Management Report for period ended 30 September 2010 for Social Care Health and Housing  
**Report of:** Cllr Mrs Carole Hegley Portfolio Holder Social Care and Health and Cllr Mrs Rita Drinkwater, Portfolio Holder Housing  
**Summary:** The report sets out the financial position to the end of September 2010 and the latest forecast position

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**Advising Officer:** Julie Ogley, Director Social Care Health and Housing  
**Contact Officer:** Nick Murley, Assistant Director Business & Performance  
**Public/Exempt:** N/A  
**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

**Financial:**

The financial implications are set out in the report

**Legal:**

None

**Risk Management:**

None

**Staffing (including Trades Unions):**

None

**Equalities/Human Rights:**

None

**Community Safety:**

None

**Sustainability:**

None

**RECOMMENDATIONS:**

1. that the forecast outturn of £51.541m and projected £0.574m overspend is noted.
2. that further management actions are considered to bring the projected over spend back into balance

**Introduction**

1. The report sets out the financial position to the end of September 2010 and the latest forecast position.

**Executive Summary Revenue**

2. The full year forecast position is £0.786m (1.5%) over budget. Following planned contributions to and from reserves this forecast over spend reduces to £0.574m (1.1%) over budget compared to the projected over spend of £0.840m at the end of quarter 1.
3. The following Table A shows a summary position analysed by the Director and Assistant Director, with more detailed commentary in the following paragraphs. Appendix A1 provides a more detail analysis by Service and A2 the change in forecast outturn since the last report.

4. Table A

<b>Assistant Director</b>	<b>Variance to date</b>	<b>Forecast variance at year end (after use of reserves)</b>	<b>Management Actions</b>	<b>Forecast Outturn Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000s</b>
Director	7	19	0	19
AD Housing (HRA)	(166)	0	0	0
AD Housing (GF)	(44)	(12)	0	(12)
AD Adult Social Care	387	944	0	944
AD Commissioning	125	(374)	0	(374)
AD Business & Performance	(291)	(3)	0	(3)
<b>TOTAL</b>	<b>18</b>	<b>574</b>	<b>0</b>	<b>574</b>

5.	<p>Central Bedfordshire has seen demographic increases of 2.4% for the over 65 years age group and 4.3% on the over 85 years age group over the 2009/10 financial year. People living longer can mean that they are more likely to have care and support needs some of which are complex and potentially result in higher cost care packages required to support them.</p>
	<p><b>For older people</b>, pressures on care packages are projecting to be £1.468m over budget. Nursing home care packages are projected to be under spent but both residential and domiciliary care packages are projecting large over spends. This is not surprising as there has been a net increase of 7% in the number of older people being supported through home care services in addition to a 4% increase in the average weekly care package cost. During the budget setting process for 2010/11 it was not possible to make budget available to deal with the potential pressure around the number of over 65 year olds in the community demographics.</p>
	<p><b>For adults with a learning disability</b> there are increased care costs over and above the pressure identified and added to the budget for 2010/11. The impact of an increasing number of young people moving from Children's Services to Adult Social Care and their care package costs was in excess of what was forecast as the budget was being set, plus the emergency closure of an in-house supported living and residential respite unit and the additional charges for cross-boundary services are projecting an overall £0.570m forecast pressure in this area. However the work around the Personalisation agenda is beginning to reap benefits and we are already seeing efficiencies being realised through the reablement service which is mitigating the effect of the pressures highlighted above. Further management actions are being taken to tackle the highest cost care packages and we should begin to see the effect of reducing these costs in the second half of this financial year.</p>
	<p>The main pressure in housing has come in the form of an increasing number of applications to the homelessness service. To date we have been able to manage this increase but if the economic downturn continues this may present us with future pressures that we are unable to contain.</p>
	<p>The Council has also been made aware of a national Care Provider of care homes for adults with a learning disability that is in the process of deregistering its care homes. The Ordinary Residence Rules mean that funding would shift from the current host councils who are responsible for funding care home care to the local host Council if people take up tenancy. The potential impact for Central Bedfordshire is that there may be up to 37 people who might require care packages to be funded by this Council. This is potential expenditure that has not been budgeted for and whilst it is likely that a number of adults will require support in this financial year, the full impact of the proposed service change will be felt over the next 2 to 3 years. The full year forecast position is £0.574m over budget which is an improvement on the position of £0.840m presented in quarter 1.</p>
<b>Director</b>	
6.	<p>A small overspend is forecast relating to unachieved of the managed vacancy factor and additional administration support costs.</p>

<b>Assistant Director Housing</b>	
7.	<u>Housing Revenue Account</u>
	The year-to-date under spend of £0.166m relates predominantly to the fact that the September invoice from Housing's primary supplier of Day to Day repairs was not posted until October. The value of this invoice was £0.100m.
	The year end forecast outturn is an under spend of £0.060m different to the quarter 1 projection. It is due to the additional capitalisation of salaries within Housing Management, which in turn is a result of the increased HRA Capital programme for 2010/11.
7.1.	<u>Housing General Fund</u>
	The year-to-date under spend is £0.044m, which reflects the fact that in the year to date it has not been necessary to seek temporary and B&B accommodation for homeless people. During the second quarter there was a significant increase in the number of approaches from clients with homelessness related enquiries which is not surprising given the current economic climate. This level of approaches is likely to continue and so the full year forecast has remained on budget to allow for the possibility that this cost will spike in the second half of the year.
	The year end forecast outturn is an under spend of £0.012m. This under spend is a result of increased income from Gypsy and Travellers' sites, due to increased pitch fees and service charges in 2010-11 not reported in quarter 1.
<b>Assistant Director Adult Social Care</b>	
8.	It is important to note that the budget, actual income to date and the forecast from Customer contributions has been moved to the Business and Performance service area reflecting where the income collection is managed. This has the effect of grossing up the budget for Adult Social care from £46.1m in quarter 1 to £51.3m in quarter 2. The year-to-date position shows an over spend of £0.387m increasing to a projected full year overspend of £0.944m. This compares to a projected year end position over spend of £1.110m in quarter 1.
	One of the major pressures in this service area is the care package costs of for Older People, which is forecast to be over budget by £1.468m. It is important to recognise that efficiencies are already being realised through the reablement service and so the effect of this pressure could be far higher. Nursing Care package costs are projected to be under spent by £0.261m which compared to £0.197m in quarter 1. The numbers of clients have reduced by a net 9 cases since the start of the financial year even though the average cost has increased by 2%.

	<p>In Residential Care, the package costs are projected to over spend the budget by £0.579m compared to a projection of £0.453m in quarter one. Client numbers have increased by a net 11 cases since the start of the financial year although the average weekly cost has remained static over the same period. To alleviate this pressure further discussions are in progress with providers to reconfigure services in line with demand. Domiciliary care has seen a large increase since quarter 1, with projections now estimating to be over budget by £0.700m (£0.500m in quarter 1). Since the beginning of the financial year there has been a net increase of 54 (7%) home care clients/cost commitments and the average weekly cost has also gone up by 4%. Direct Payments for Older people is also projected to be over budget by £0.200m (£0.007m in quarter 1), which is reflective of the increased numbers of clients receiving direct payments. 36 new direct payments have been agreed between quarter 1 and quarter 2 out of the total of 93 since the 1 April 2010.</p>
	<p>Further analysis into these increases has highlighted the complexity and number of changes made to care packages which makes the forecasting of the expenditure even the more difficult to predict. It is imperative that our systems provide us with the business intelligence to capture and profile the current and future costs of care provision. We also need to be able to measure the effect that the Personalisation agenda is having on the financial position of the council.</p>
	<p>More generally demographic data available has projected that the population for the 65+ age group has increased by 2.4% over 2009/10 and the 85+ age group by 4.3%. During the budget setting process it is important to note that there was no budget made available to deal with the pressure around 65+ demographics. It is critical that we continue to monitor the trends around the Older People costs as the demographics for the 65+ and 85+ age groups are due to increase further into 2011/12 by 2.8% and 6.1% respectively.</p>
	<p>Physical Disability package costs are also showing a projected increase over budget of £0.214m which has also been consistent with the picture presented in quarter 1 of £0.250m. The main pressure areas being that of Residential Care and Direct Payments. Externally purchased care for people with Learning Disability is also presenting a pressure of £0.570m. This is relatively consistent with the level projected in quarter 1 which was £0.500m. There was a non-recurring saving offsetting this of £0.274m in relation to a health funded case. The major in-year pressures have been as a result of the emergency closure of an in-house respite unit, additional charges for cross-boundary services and the additional costs of transitions over and above the budget growth allocated for 2010/11.</p>
	<p>In addition and offsetting the above there are significant projected under spends across direct services in the Adult Social Care team. Further opportunities are being identified within the directorate to reduce the over spend in the Adult Social Care forecast position.</p>
<p><b>Assistant Director Commissioning</b></p>	

9.	The year to date position shows an under spend of £0.374m compared to the Q1 under spend of £0.195m. This has changed because savings from residential and learning disability contracts have now been declared (£0.600m) although non achievement of the efficiencies around Supporting People (£0.325m) and Specific grants (£0.130m) have also been reflected in the forecast. The current year to date position shows an over spend of £0.125m but does not include the saving adjustments mentioned above or the transfer of £0.200m from the Social Care Reform earmarked reserve. Further opportunities are being identified within this service area to contribute to the overall over spend within the directorate.
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**Assistant Director Business & Performance**

10.	It is important to note that the budget, actual income to date and the forecast from Customer contributions has been moved from the Adult Social Care service area reflecting where the income collection is managed. This effect of showing gross income in the budget for Business & Performance means it moves from a position of £1.4m in quarter 1 to (£6.67)m in quarter 2. The year-to-date position is an under spend of £0.291m however the year end forecast position is £0.003m under spend. The year to date position is affected by the profile of the workforce development Area Based Grant against expenditure likely to be incurred later in the year.
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**Executive Summary Capital Position**

11.	The following Table B shows a summary of capital position as at September and Appendix B1 and B2 provides more detailed breakdown by scheme.
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12.	Table B
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<b>Adult Social Care Health &amp; Housing</b>	<b>Net Budget to date</b>	<b>Net Expenditure to Date</b>	<b>Variance to date</b>	<b>Forecast Outturn variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Social Care and Housing General Fund	1,797	134	(1,663)	89
Housing Revenue Account	2,355	2,176	(179)	(200)
<b>Total</b>	<b>4,152</b>	<b>2,310</b>	<b>(1,842)</b>	<b>(111)</b>

13.	The year to date variance on the General Fund programme is due to delays in payment of schemes under the Campus Closure provision although this is still due to be spent by the year end.
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14.	The forecast outturn position is projecting an under spend of £0.089m as a result of slippage on the Timberlands project into 2011/12.
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15.	There has been some delay in payments for capital works which explains the year to date under spend on the Housing Revenue Account Capital Programme.
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16.	The budget for 2010/11 was increased compared to previous years, to ensure sufficient resources are available should an unforeseen problem have arisen, in meeting the Decent Homes Standard by December 2010. This has been a long term objective and, as expected, the target will be achieved, without the need to draw on the additional budget provision. The forecast year end under spend of £0.200m reflects this position and will be returned to the HRA Reserve.		
<b>Revenue Virement Requests</b>			
17.	There are currently no proposed virements over £0.100m to report.		
<b>Key Cost Drivers</b>			
18.	<b>Area</b>	<b>Estimated Value/Impact £000s</b>	<b>Commentary</b>
	Demographic pressure in the 65+ age group and costs of care packages.	814 cost commitments for Domiciliary Care at September 2010 compared to 760 March 2010.	7% increase in community based packages with an average increase of 4% in cost. High cost packages have seen up to a 12% increase in cost.
	Performance of the block contracts is requiring the council to use spot contracts. Additionally the differential between spot rates for personal care within direct payments and personal budgets and traditional contracting are being examined.	Various	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	331 referrals since April 10, (367 in total for 2009/10).	Demand is being monitored closely and actions will be taken to manage demand, within the scope of the legislative requirements.
	Client approaches for homelessness related enquiries	Walk ins rose from 65 (July) to 190 (August), and were 163 in September. However this has not yet resulted in increased use of temporary accommodation.	Currently demand has been met by use of the recently refurbished Homeless Hostel (Bedford Court). Although this has not been an issue to date, demand could spiral rapidly if conditions in the general economy worsen.

<b>Achieving Efficiencies</b>	
19.	A number of efficiency savings are built into the 2010/11 base budget. A full analysis of efficiencies is provided at Appendix E. For 2010/11 efficiencies are budgeted at £2.753m. Of this £2.339m is forecast to be achieved. Proposals to meet the £0.414m shortfall are in progress. Detailed progress reports are now being developed for all of the efficiencies which will help with the financial tracking. This model will also be used for future efficiency programmes. Appendix E shows the Efficiency Tracker Summary for the Directorate.
<b>Reserves position</b>	
20.	Appendix D shows the full list of reserves for the directorate. The total General Fund reserves available as at April 2010 were £0.783m. £0.200m from the Social Care Reform Grant is currently planned to be used leaving a balance of £0.583m.
21.	In respect of the Housing Revenue Account, the total reserves available as at April 2010 were £4.482m and there are plans to increase these further by £0.144m by the end of the financial year.
<b>Debt analysis</b>	
<u>Housing Revenue Account</u>	
22.	Total current and former tenant arrears were £0.858m at the end of September compared to £0.827m at the end of quarter 1. Current arrears are £0.579m or 2.47% of the extrapolated annual rent debit of £23.38m (0.542m or 2.32% at the end of quarter 1). The figure of 2.47% is a 0.47% adverse variance against a target of 2%. However, performance on Former Tenant Arrears is 1.19% against a target of 2.3%, which is exceptionally strong performance leaving a balance of £0.279m. (Quarter 1 was 1.22% with a balance of 0.285m)
<u>General Fund</u>	
23.	Total debt for the General Fund element of the directorate stands at £5.5m (£11m at quarter 1). House sales account for £1.91m (£1.9m at quarter 1), Health Service debt £0.51m (£4.5m at quarter 1) and Other Local Authorities £0.65m (£1.4m at quarter 1).

**Appendices:**

Appendix A1 – Net Revenue Position Full Analysis

Appendix A2 – Movement between latest expected forecast and July forecast

Appendix B1 & B2 – Capital Monitoring

Appendix C – Debt Analysis

Appendix D – Earmarked Reserves

Appendix E – Efficiencies

**Background Papers:** None

**Location of papers:** Technology House, Bedford.