
Meeting: Social Care, Health & Housing Overview & Scrutiny Committee
Date: 20 December 2010
Subject: Base Budget Build and Savings Proposals
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 outcome of the work to review Central Bedfordshire's Base Budget, an outline of the Directorate's activities and savings proposals for 2011/12

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 and enables the Council to successfully deliver priorities.

Financial:

The financial implications are set out in the report.

Legal:

None

Risk Management:

The report highlights the budget pressure for next year and will need to be addressed to prevent the council from over spending in 2011/12.

Staffing (including Trades Unions):

None

Equalities/Human Rights:

None

Community Safety:

None

Sustainability:

None

RECOMMENDATION: that the Social Care, Health & Housing Overview & Scrutiny Committee considers the report and provides feedback to the Executive.**INTRODUCTION**

1. The Budget Process agreed by the Executive in August identified two areas of work which it wished to put forward to the Council's Overview & Scrutiny Committees for comment. These were the Base Budget Build and the Savings Proposals which were being developed in response to the policy agenda of the Coalition Government. Further, the 2010/11 Budget Process had focussed on pressures and efficiencies and there is a requirement in 2011/12 to consider these issues in the context of the full spending plans of each of the directorates.
2. The report deals with each of the issues in turn:
 - Base Budget Build;
 - Service description and subjective analysis of spend; and
 - Savings proposals.
3. The initial Corporate Budget Strategy was based on headline figures in the Emergency Budget in June which indicated a 25% reduction in Government spending over the medium term. The most up to date information from the Spending Review in October has indicated a 'front loading' of the reduction and the Strategy assumptions have been revised as a consequence. Therefore, this report presents the supplementary savings proposals put forward in the update report to the December Executive. The initial savings proposals were considered by Overview and Scrutiny Committees in November.

BASE BUDGET BUILD

4. A major piece of work has been undertaken as part of the budget process to provide additional assurance on the 2011/12 budget.
5. The 2010/11 budget process was very much 'top down' with a focus on pressures and efficiencies at the margins rather than a focus on ensuring that the Council's budget matched its cost base.
6. For 2011/12 work on the base budget has run in parallel with the work on identifying savings to address the medium term funding gap driven primarily through reductions in Government spending as the Country's budget deficit is addressed.

Approach

7. The starting position for the build has been the forecast outturn position as a 30 September 2010. The key tasks have been to assess whether existing pressures will persist into 2011/12 and whether actions such as holding vacancies and non discretionary spend can continue longer term. Where such reductions are possible these will be brought forward as savings reductions.
8. Additionally, there has been a review of the budgets down to 'general ledger' code detail to ensure that budgets are accurately held in individual cost centres. This gives additional assurance that the overall cost base and budget match and will make monitoring more straightforward for the remainder of this financial year as well as for 2011/12 and beyond.

Council Wide Position

9. Whilst the forecast pressures of £3.25M as at 30 September are significantly reduced compared to the position at 30 June, this is not sustainable in the longer term and additions of £6.35M are required to the Base Budget.
10. There has been challenge on the numbers throughout but the overall figure is greater than had been expected. Nevertheless, it is important that these are built into the base to give greater confidence in delivering the budget in 2011/12.

	Base Budget Build	Already reflected in Strategy	Total
	£M	£M	£M
Social Care Health & Housing	2.222	0	2.222
Children's Services	3.395	1.000	2.395
Sustainable Communities	1.355	0.250	1.105
Customer & Shared Services	1.133	0	1.133
Office of the Chief Executive	0.074	0	0.074
Corporate Costs	-0.577	0	-0.577
Total General Fund	7.602	1.250	6.352
HRA	-0.308	0	-0.308
Total	7.294	1.250	6.044

11. The detail position for the Social Care, Health & Housing Directorate is set out in Appendix A and a brief summary of the key issues is set out below.

Directorate Summary

Social Care, Health & Housing

12. Central Bedfordshire has seen significant demographic increases 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.
13. For older people, the full year effect of the 2010/11 pressure on care packages is projecting to be £2.077M over budget for 2011/12. This is not surprising as there has been a net increase of 7% in the number of older people being supported in 2010/11 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.
14. For adults with a learning disability, the full year effect of the pressure on care costs are projected to be £1.018m over and above the pressure identified and added to the budget for 2010/11. This is the impact of an increasing number of young people moving from Children's Services to Adult Social Care.
15. Contracts savings around Learning Disabilities, previously provided by the Health Service, together with reductions on direct service expenditure budgets are mitigating this cost pressure to some extent.
16. The total base budget pressure for 2011/12 is £2.222m.

Housing Revenue Account

17. The Housing Revenue Account (HRA) is showing a total saving of £0.308M moving into 2011/12. This is as a result of reducing the amount of capitalised salaries, revenue contributions to finance the capital programme and expenditure on void repairs.
18. The result will allow a greater contribution to the HRA reserves at the end of 2011/12 which in turn will facilitate greater revenue contributions to the capital programme in later years as capital resources are exhausted.

Service Description and Subjective Spend Analysis.

19. In 2010/11 Overview & Scrutiny Committees were only presented with the pressures and efficiency proposals. For 2011/12 it has been agreed that more information on spend and activity of the key services in each directorate was required to give context to the proposals being considered.
20. Appendix B provides a description of the activities undertaken in the directorate and also analyses the base budget spend by subjective heading, i.e. employees, premises, supplies & services etc.

Savings Proposals

21. Two reports have been presented to the Executive on the Corporate Budget Strategy for 2010/11. The initial report to Executive on 2 November was based on the anticipated reductions in government funding announced in the Coalition Emergency Budget in June. The Strategy considered these alongside a potential freeze in Council Tax and known medium terms pressures being experienced in Central Bedfordshire including increased safeguarding referrals, demographic growth in the older population and higher costs of waste disposal.
22. The second report to Executive on 7 December was in response to the further detail contained in the Spending Review announcement on 20 October. There has been a 'front loading' of the Government spending reductions which place greater pressure on Central Bedfordshire's resources in 2011/12 and 2012/13. The outcome of the Base Budget Build exercise has also been factored into the update. There is more detail becoming available on almost a daily basis and a more definitive picture expected when the Local Government Finance Settlement is announced in early/mid December. Consequently, there will be a need for a continuous reappraisal of the financial position.
23. Overview and Scrutiny Committees had the opportunity to consider the initial and supplementary savings proposals at their November meetings.
24. Appendices C set out the supplementary savings proposals put forward in November and the supplementary ones put forward in the December update report.

Appendices:

Appendix A – Budget build by Directorate at Head of Service level.

Appendix B(i) – Service spend by subjective heading

Appendix B(ii) – Service narratives

Appendix C – Supplementary savings proposals

Background Papers: (open to public inspection)

Corporate Budget Strategy – Executive, 2 November 2010

Corporate Budget Strategy Update – Executive, 7 December 2010