
Meeting: Social Care Health and Housing Overview & Scrutiny Committee
Date: 28 March 2011
Subject: Budget Management Report for period ended 31st December 2010 for Social Care Health and Housing
Report of: Portfolio Holder for Social Care & Health and the Portfolio Holder for Housing
Summary: The report sets out the financial position to the end of December 2010 and the latest forecast position

Contact Officer: Nick Murley
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

RECOMMENDATION(S):

1. That the forecast outturn of £51.180m and projected £0.204m 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 December 2010 and the latest forecast position.

Executive Summary Revenue

2. The full year forecast position is £0.068m under budget (0.13%). Following planned contributions to and from reserves this forecast under spend increases to an over spend of £0.204m (0.4%) compared to the projected over spend of £0.574m at the end of quarter 2.
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 quarter 2.

Assistant Director	Variance to date	Forecast variance at year end (after use of reserves)	Management Actions	Forecast Outturn Variance
	£000	£000	£000	£000s
Director	12	19	0	19
AD Housing (HRA)	(95)	0	0	0
AD Housing (GF)	26	(80)	0	(80)
AD Adult Social Care	749	1,942	0	1,942
AD Commissioning	(1,416)	(1,329)	0	(1,329)
AD Business & Performance	(396)	(348)	0	(348)
TOTAL	(1,120)	204	0	204

5. 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.

For older people, care package expenditure is over budget by £1.647m (£1.468m for quarter 2). During the 2010/11 budget setting process it is important to note that there was no budget made available to deal with the pressure around 65+ demographics. The main cause of the pressure in residential and home care is because of the increase in volumes and the increased complexity of care required.

For people with learning disabilities, care package expenditure is over budget by £0.713m (£0.570m for quarter 2). This reflects higher than budgeted transitions costs plus costs arising from the emergency closure of an in-house respite unit and additional cross boundary charges.

Physical Disability service costs are also showing a projected increase over budget of £0.354m (£0.214m for quarter 2), the main pressure being that of residential care.

The above pressures are to some extent being off set by under spends on pay and other direct service costs. It is also important to recognise that efficiencies are being realised through the reablement service and so the effect of this pressure identified above could be far higher.

The forecast in the Business & Performance service area is reflecting the fact that more customer income is being achieved than budgeted particularly in the areas of house sales and residential care.

For Commissioning the forecast under spend reflects savings made from learning disability contracts and also the use of the Social Care Reform reserve.

The overall forecast outturn position captures the full year effect of care packages including those that will be paid for during the last quarter of the financial year for both Older People and for Transitions. This is the main cause of the difference to the year to date under spend position.

An estimation of the pressure of a national Care Provider deregistering its care homes for adults with a learning disability has now been identified in the draft budget for 2011/12 and 2012/13. The potential impact for Central Bedfordshire is that there may be up to 32 people who might require care packages to be funded. The Council is still unclear on the actual impact until a full assessment of need have been carried out on these people.

On a more positive note, nationally the government has made available an additional £70 million to Primary Care Trusts (PCT) in 2010/11 to work with Local Authorities and other partners to facilitate seamless care for patients on discharge from hospital and to prevent avoidable hospital readmissions. Central Bedfordshire is likely to receive a share of £0.238m for this purpose and plans are being formulated to utilise the additional funding.

This will involve increasing capacity in the Councils Re-ablement Service with a focus on supporting safe discharges and preventing re-admissions of those discharged, spot purchasing equipment with a assist people following their stay in hospital.

Clearly this additional funding will be of great benefit to the Council but it is difficult to know at this stage how much of this will be used in 2010/11. Further allocations will be made in 2011/12 although we are yet to fully understand what will become available from the PCT.

6. Director

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

7 Assistant Director Housing

Housing Revenue Account

The year-to-date variance has reduced from an under spend of £0.166m after quarter 2, to an under spend of £0.095m at quarter 3.

The under spend of £0.095m relates predominantly to the fact that the December invoice from Housing's primary supplier of Day to Day repairs has not been received. The invoice is likely to be in the region of £0.150m.

The year-end forecast outturn for the Housing Revenue Account has changed as a result of the review of the contribution to corporate overheads. The exercise has highlighted the need to contribute an extra £0.133m, which in the main has had the impact of the HRA drawing £0.044m from reserves rather than contributing £0.084m to reserves.

Housing General Fund

The Housing General Fund now incorporates the holding account for Supporting People funding.

The year-to-date over spend is £0.029m, which is a combination of under spends within Housing Needs, Travellers Sites, and an over spend within Supporting People.

The Housing Needs saving is a result of lower than expected demand for Temporary Accommodation, whilst extra income has been achieved at the Gypsy and Travellers' sites due to increased pitch fees and service charges.

The year end forecast outturn is an under spend of £0.080m which compared to a forecast under spend of £0.012m in quarter 2. It was anticipated that there would be greater demand on the Housing Needs service during the third quarter of the year, due to the economic climate, but this has been effectively managed and has resulted in a more favourable financial position.

8. **Assistant Director Adult Social Care**

It is important to note that the budget, actual income to date and the forecast for the Bedfordshire Drug and Alcohol Team has been transferred to the Commissioning service area.

The year-to-date position on Adult Social Care shows an over spend of £0.749m increasing to a projected full year overspend of £1.942m (£1.172m in quarter 2).

The year-to-date position is indicating a lower forecast overspend than the forecast for is currently projected. This is due to income of £0.232m received relating to 2009/10 which was not known to be outstanding at the end of 2009/10 and the expenditure profile of Learning Disability placements which do not follow a smooth profile.

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. Of the 397 customers served during the period October, November and December 17% were returned to self care and 13% had their care reduced. Since September in excess of 900 hours of care have been saved in the period.

Older People

One of the major pressures in this service area is external care package costs for Older People, which is forecast to be over budget by £1.647m (£1.468m in quarter 2)

Nursing Care

For nursing placements there is a projected under spend of £0.142m (£0.261m in quarter 2). Client numbers have reduced from 154 to 151 in quarter 3 but prior year costs have reduced the expected fall in forecast.

Residential Care

For residential placements there is a projected overspend of £0.775m (£0.579m in quarter 2). Client numbers have stabilised although prior year costs have resulted in a higher than expected increases in the over spend.

Home Care

The Home Care package over spending has reduced although is still over budget by £0.507m (£0.700m in quarter 2). This is a reflection of a reduction in client numbers from 837 to 822 at quarter 3. This is linked to increases in the number of clients receiving self-directed support taken as direct payments for which an over spend of £0.235m is reported.

Additionally there are overspends for respite care £0.149m and day care £0.072m and other client costs £0.051m (mainly hospital discharge fines).

Physical Disability

The main cause of the over spend is increases in package costs and volumes together with loss of funding for the Independent Living Fund (ILF).

Physical Disability package costs are also showing a projected increase over budget of £0.354m (£0.214m for Quarter 2). For nursing care there is a projected under spend of £0.083m (£0.026m in Quarter 2). Client numbers have only increased by 1 but a very expensive package ceased resulting in a substantial saving. For residential care there is a projected overspend of £0.155m (£0.105m quarter 2) consistent with increases in volumes since quarter 2.

Respite care is showing a projected overspend of £0.128m (£0.064m in quarter 2) reflecting the inclusion of a complex case involving applications for Continuing Health Care and ILF funding. Home care and direct payments are both showing overspends of £0.070m and £0.124m (£0.014m and £0.099m for quarter 2) consistent with increases in client numbers.

Learning Disabilities

Externally purchased care for people with Learning Disability is also presenting a pressure of £0.713m (£0.570m in quarter 2). There has been mitigated by a non-recurring saving 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, over forecasting of income, additional charges for cross-boundary services and the additional costs of transitions over and above the budget growth allocated for 2010/11.

For Learning Disabilities Direct Services, a significant under spend of £0.228m was reported at quarter 2. This has now reduced to an under spend of £0.061m due to the withdrawal of Supporting People income as a result of scheme changes and additional costs associated with the closure of establishments.

9. Assistant Director Commissioning

Supporting People has been transferred to Housing Management service area and the Bedfordshire Drug and Alcohol team has been moved from Adult Social Care into this service area. Both have had the effect of changing the budget and actual expenditure since the quarter 2 report.

The year to date position shows an under spend of £1.416m compared to the quarter 2 under spend of £0.374m. This has changed because it has been recognised that not all of the Campus Closure revenue grant will be used in 2010/11. It will need to be earmarked for future liabilities as the capital programme slips into 2011/12 and 2012/13. In addition further income mainly from the health service has been received to date without associated expenditure commitments.

The full year forecast position shows an under spend of £1.330m. After earmarking the Campus Closure grant of £0.764m, the continued under spend is as a result of declaring further learning disability transfer and residential contract savings in addition to the transfer of the quarter 2 reported position of the over spend on Supporting People.

10. Assistant Director Business & Performance

The year-to-date position is an under spend of £0.396m and a year end forecast under spend of £0.348m. Included with the year-to-date position is the Area Based Grant for training which is currently showing a year-to-date surplus of £0.126m which will reduce to £0.083m by the end of the financial year.

There is also a significant under spend projected in relation to Customer Contributions of £0.397m (£0.044m in quarter 2) reflecting the fact that more customer income is being achieved than budgeted. Further work to calculate the forecast has been undertaken. Some of the increase is from customer contributions from house sales and towards residential care which is to some extent contributing towards the over spend on care packages within the Adult Social Care service area. The remainder is as a result of the Fairer Charging review, removing the backlog on assessments as well as ensuring we are charging all groups who should pay for the services they receive.

Executive Summary Capital Position

11. The following Table B shows a summary of capital position as at December and Appendix B1 and B2 provides more detailed breakdown by scheme.

12. Table B

Adult Social Care Health & Housing	Net Budget to date	Net Expenditure to Date	Variance to date	Forecast Outturn variance
	£000	£000	£000	£000
Social Care and Housing General Fund	596	(726)	(1,322)	(423)
Housing Revenue Account	4,107	3,760	(347)	(200)
Total	5,136	3,034	(2,102)	(257)

13. The year to date variance on the General Fund programme is predominately due to delays in payment of schemes under the Campus Closure. It is now recognised that this programme will slip into 2011/12 and 2012/13.

14. The year end forecast position of £0.423m is as a result of estimated slippage on the Timberlands project (£0.103m), Empty Homes (£0.0160m) and Renewal Assistance (£0.160m) into 2011/12. This has been captured as part of the Capital Programme budget for 2011/12.

15. For the Housing Revenue Account, there has been some delay in payments for capital works which explains the year to date under spend.

16. In respect of the year end forecast under spend, there is recognition that future capital resources will not be available from the Right to Buy receipts. Therefore reducing the expenditure programme on an annual basis will help with the future capital programme strategy. The £0.200m set out above is an early step towards protecting the future programme.

Revenue Virement Requests

17. There are currently no proposed virements over £0.100m to report.

18. **Key Cost Drivers**

Area	Estimated Value/Impact £000s	Commentary
Demographic pressure in the 65+ age group and costs of care packages.	822 cost commitments for Domiciliary Care at December 2010 compared to 814 in September	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	459 referrals between April and December 2010, compared to 367 referrals in total for 2009/10.	An additional resource of £0.468m was approved at November's Executive. Demand is being monitored closely and actions will be taken to manage demand, within the scope of the legislative requirements. This should reduce and possibly remove altogether the need to spend above the current approved budget.
Client approaches for homelessness related enquiries	Walk ins rose from 65 (July) to 190 (August), and were 123 in December.	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.

Achieving Efficiencies

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 £2.699m is forecast to be achieved.

Appendix E shows the Efficiency Tracker Summary for the Directorate.

Reserves position

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. Two new reserves are proposed, one for the revenue Campus Closure grant of £0.744m, the other for the Supporting People of £0.216m following the transfer from Bedford Borough.
21. It is currently planned to use £0.200m from the Social Care Reform Grant reserve and £0.125m from the Supporting People Grant reserve.
22. In respect of the Housing Revenue Account, the total reserves available as at April 2010 were £4.482m and the current forecast indicates that £0.044m of these will be used during 2010/11.

Debt analysis

Housing Revenue Account

23. Total current and former tenant arrears were £0.883m at the end of December compared to £0.858m at the end of quarter 2. Current arrears are £0.626m or 2.68% of the extrapolated annual rent debit of £23.38m (0.579m or 2.47% at the end of quarter 2). The figure of 2.68% is a 0.68% adverse variance against a target of 2%. However, performance on Former Tenant Arrears is 1.10% against a target of 2.3%, which is exceptionally strong performance leaving a balance of £0.257m. (Quarter 2 was 1.19% with a balance of 0.279m)

Currently 57.40% of rental income is funded by Housing Benefits.

General Fund

24. Total debt for the General Fund element of the directorate stands at £7.8m (£5.5m at quarter 2). House sales account for £1.9m (similar level of £1.9m at quarter 2), Health Service debt £2.3m (£0.5m at quarter 2) and Other Local Authorities £0.85m (£0.65m at quarter 2). Of the total debt, 32% is more than one year old and is predominantly house sales debt where it can take a significant amount of time to realise the cash from the house sale. The Health Service debt relates to the reclaim of free nursing care contributions and Campus Closure capital grants which will be paid once funds are transferred from central government.

Appendices:

Appendix A1 – Net Revenue Position Full Analysis

Appendix A2 – Movement between latest expected forecast and Quarter 2 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.