
Meeting: Social Care, Health & Housing Overview & Scrutiny Committee
Date: 1 August 2011
Subject: Budget Management Report for period ended 31st March 2011 for Social Care, Health and Housing
Report of: Executive Member for Social Care, Health and Housing
Summary: The report sets out the financial position for the year 2010/11

Contact Officer: Nick Murley
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

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: That the outturn of £50.570m and £0.406m under spend is noted.

Introduction

1. The report sets out the financial position to the end of March 2011.

Executive Summary Revenue

2. The full year outturn position for the Social Care, Health & Housing directorate is £0.406m under budget (0.79%) compared to the forecast over spend position of £0.204m (0.4%) at the end of quarter 3.
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.

Assistant Director	Approved Budget	Provision Outturn	Contributions to/from Earmarked Reserves	Forecast Outturn Variance
	£000	£000	£000	£000s
Director	187	206	0	19
AD Housing (HRA)	(84)	0	0	84
AD Housing (GF)	1,624	1,161	305	(158)
AD Adult Social Care	51,086	52,091	362	1,367
AD Commissioning	4,526	2,485	959	(1,082)
AD Business & Performance	(6,364)	(6,992)	(8)	(636)
TOTAL	50,976	48,951	1,618	(406)

5. For **older people**, care package expenditure came in over budget by £1.230m compared to the forecast position of £1.647m for quarter 3. The main cause of the pressure was in dementia residential and home care due to the increase in volumes and the increased complexity of care required. The reduction in forecast was as a result of a higher percentage of service breaks taken in care packages than anticipated earlier in the year. A business process review in this area and the enhanced use of Swift to capture the actual level of temporary breaks is part of the Recovery Plan. It is important to note that during the 2010/11 budget setting process there was no budget made available to deal with the pressure around 65+ demographics which has given rise to the reported over spend.

For **people with learning disabilities**, care package expenditure came in over budget by £0.786m (£0.713m for quarter 3). Broadly aligned to the forecast position in quarter 3, 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 package costs presented a over spend of £0.247m (£0.354m for quarter 3), the main pressure being that of residential care although the higher percentage in service breaks also accounted for the slight over forecast position in quarter 3.

The above over spends in Adult Social Care were off set by additional customer income received in the Business & Performance service area relating to care packages, savings made from learning disability contracts within Commissioning, additional income around Gypsy and Traveller sites and the close management of the homelessness budgets within the Housing General Fund services.

Further budget risk for 2011/12 will exist as a result of a national Care Provider deregistering its care homes for adults with a learning disability. Budget provision has been made for this in 2011/12 and 2012/13 but the Council is still unclear on the actual impact until a full assessment of need have been carried out on these people.

Funding allocations from the Health Service should present opportunities to increase investment around the Reablement service, discharges from hospital and to prevent avoidable hospital readmissions. The Council will sign off legal agreements with the health service identifying the areas for additional investment but resource allocation will be measured on the delivery of health related outcomes which is new territory for a local authority.

The final position for the **Housing Revenue Account** (HRA) requires a contribution from the HRA reserve of £0.482m and is a movement of £0.566m from the budget set at the start of the financial year.

The difference is as a result of increased contribution to cover the Corporate Overheads i.e. ICT, Legal, Property Services etc...of £0.132m, increased costs of day to day repairs of £0.448m and income budget not fully achieved, the main contributor of £0.070m being as a result of the refurbishment of the homeless hostel during the financial year.

The variance of £0.518m from the quarter 3 forecast position is as a result of the increased costs of day to day repairs.

6. **Director**

A small over spend occurred as a result of the unachieved managed vacancy factor and additional administration support costs.

7. **Assistant Director Housing**

Housing Revenue Account

The final position for the Housing Revenue Account (HRA) requires a contribution from the HRA reserve of £0.482m and is a movement of £0.566m from the budget set at the start of the financial year.

The difference is as a result of increased contribution to cover the Corporate Overheads i.e. ICT, Legal, Property Services etc...of £0.132m, increased costs of day to day repairs of £0.448m and income budgets not fully achieved, the main contributor of £0.070m being as a result of the refurbishment of the homeless hostel during the financial year.

The variance of £0.438m from the quarter 3 forecast position is as a result of the increased costs of day to day repairs.

Housing General Fund

The final position for the Housing General Fund delivered an under spend against budget of £0.158m.

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 outturn is £0.078m different compared to a forecast under spend of £0.080m in quarter 3. It was anticipated that there would be greater demand on the Housing Needs service during the last 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**

The final outturn position for the Adult Social Care service presented a £1.366m over spend (2.67%) against the budget of £51.087m. This was an improved position against the quarter 3 forecast over spend of £1.942m. The reduction in forecast was as a result of a higher percentage of service breaks taken in care packages than anticipated earlier in the year. A business process review in this area and the enhanced use of Swift to capture the actual level of temporary breaks is part of the Recovery Plan. It has been recognised that there was no budget provision was made for the demographic increases with the 65+ and 85+ age group which was the main contributor, £1.622m, to the service over spend.

It is also important to recognise that efficiencies were realised through the Reablement service and so the effect of this pressure could have been far higher.

In addition to increasing demography and numbers of transitions, future pressures around the de-registration of care homes and self funders returning to the local authority will need to be managed over the short term.

Older People

One of the major pressures in this service area is external care package costs for Older People, which was over budget by £1.230m (£1.647m in quarter 3).

Nursing Care

For nursing placements there is an under spend of £0.119m (£0.142m in quarter 3). Customer numbers have reduced from 151 to 149 in quarter 4 but prior year costs have reduced the expected forecast under spend indicated at quarter 3.

Residential Care

For residential placements there was an over spend of £0.809m (£0.775m in quarter 3). Customer numbers were 560 at the end of quarter 4 compared to 539 at the end of quarter 3. Prior year costs have also 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 £0.109m (£0.507m in quarter 3). This is a reflection of a reduction in customer numbers from 822 to 814 at quarter 4 but more significantly as a result of higher percentage of service breaks taken in care packages than anticipated earlier in the year. There is also a link to increases in the number of customers receiving self-directed support taken as direct payments (857 customers at the end of quarter 4 compared to 707 in quarter 3) for which an over spend of £0.202m is reported (£0.235m in quarter 3).

Additionally there are overspends for respite care £0.170m (£0.149m in quarter 3), day care £0.036m (£0.072m in quarter 3) and other customer costs £0.023m (£0.051m in quarter 3) 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 presented an increase over budget of £0.247m (£0.354m for Quarter 3). For nursing care there was an under spend of £0.063m (£0.083m in Quarter 3), Residential Care an over spend of £0.149m (£0.155m quarter 3) consistent with volumes in quarter 3.

Respite care over spent by £0.101m (£0.128m in quarter 3) reflecting the loss of ILF funding. Home care ended the year with an under spend of £0.020m also reflecting the higher percentage of service breaks taken in care packages than anticipated earlier in the year (over spend of £0.070m in quarter 3). Direct payments continued to over spend against budget £0.159m (£0.124m for quarter 3) which is consistent with increases in customer numbers.

Learning Disabilities

Externally purchased care for people with Learning Disability is also presenting a pressure of £0.786m (£0.713m in quarter 3). This 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, an under spend of £0.061m was reported at quarter 3. The year end position presented an under spend of £0.106m in line with quarter 2 projections as the responsibility for vacant property costs were clarified.

9. Assistant Director Commissioning

The full year position shows an under spend of £1.082m (£1.330m in quarter 3). After earmarking the Campus Closure grant of £0.744m and £0.215m of Social Care Reform Grant, the under spend is as a result of savings on the learning disability transfer and residential care contracts.

10. Assistant Director Business & Performance

The full year position shows an under spend of £0.636m (£0.348m in quarter 3). The main component of the under spend is in relation to an over recovery of income in respect of customer contributions of £0.614m (£0.397m in quarter 3). 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 March and **Appendix B1 and B2** provides more detailed breakdown by scheme.

12. Table B

Adult Social Care Health & Housing	Net Budget	Outturn	Variance
	£m	£m	£m
Social Care and Housing General Fund	2.562	1.842	(0.720)
Housing Revenue Account	6.174	6.171	(0.003)
Total	8.736	8.013	(0.723)

13. The year end variance of £0.720m is as a result of estimated slippage on the Timberlands project (£0.104m), Empty Homes (£0.160m) and Renewal Assistance (£0.191m) into 2011/12. Capital grants of £0.261m were not fully allocated to capital schemes and these will also need to be rolled forward into 2011/12.
14. For the Housing Revenue Account the capital programme came in on budget. Planned repairs were accelerated to ensure that the council housing retained their decency status.

Revenue Virement Requests

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

16. Key Cost Drivers

Area	Estimated Value/Impact £000s	Commentary
Demographic pressure in the 65+ age group and costs of care packages.	814 cost commitments for Domiciliary Care at March 2011 compared to 822 in December	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	606 referrals between April and March 2011, compared to 364 referrals in total for 2009/10.	An additional resource of £0.468m was approved at November 2010 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.
Customer approaches for homelessness related enquiries	Walk ins rose from 65 (July) to 190 (August), and were 206 in March.	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

17. 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 were budgeted at £2.753m. Of this £2.715m was achieved.

Appendix E shows the Efficiency Tracker Summary for the Directorate.

Reserves position

18. **Appendix D** shows the full list of proposed reserves for the directorate. The total General Fund reserves available as at April 2010 were £0.783m with proposals to be at £2.617m at the end of the financial year.
19. Four new reserves are proposed and include the revenue Campus Closure grant (£0.744m), Winter Pressures (£0.348m), Reablement (£0.222m) following the funding allocations made available from the health service and the final one for Supporting People (£0.305m) following the transfer from Bedford Borough Council.
20. In respect of the Social Care Reform Grant not all projects completed in 2010/11 and therefore a contribution of £0.215m is requested which will enable £0.415m to be carried forward to fund committed recovery and the transformation agenda projects.
21. In respect of the Housing Revenue Account, the total reserves available as at April 2010 were £4.482m and the current forecast indicates that £0.482m of the HRA reserve will be used for 2010/11.

Debt analysis

Housing Revenue Account

22. Total current and former tenant arrears were £0.782m at the end of March compared to £0.883m at the end of quarter 3. Current arrears are £0.532m or 2.28% of the annual rent debit of £23.34m (£0.626m or 2.68% at the end of quarter 3). The figure of 2.28% is a 0.28% adverse variance against a target of 2%. However, performance on Former Tenant Arrears is 1.07% against a target of 2.3%, which is exceptionally strong performance leaving a balance of £0.250m. (Quarter 3 was 1.10% with a balance of 0.257m).

Currently 57.30% of rental income is funded by Housing Benefits (57.40% at quarter 3).

General Fund

23. Total debt for the General Fund element of the directorate stands at £9.1m (£7.8m at quarter 3). House sales account for £2.2m (£1.9m at quarter 3), Health Service debt £3.7m (£2.3m at quarter 3) and Other Local Authorities £1.6m (£0.85m at quarter 3). 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.

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.