
Meeting: Social Care, Health and Housing Overview and Scrutiny Committee
Date: 12 December 2011
Subject: Revenue Budget Management Report for period ended 30 September 2011 for Social Care, Health and Housing.
Report of: Cllr Carole Hegley, Executive Member for Social Care, Health & Housing.
Summary: The report sets out the financial position for the year 2011/12

Advising Officer: Julie Ogley, Director of 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:

1. Sound financial management contributes to the delivery of the Council's value for money, enabling the Council to successfully deliver its priorities

Financial:

2. The financial implications are set out in the report

Legal:

3. Not applicable.

Risk Management:

4. Not applicable.

Staffing (including Trades Unions):

5. Not applicable.

Equalities/Human Rights:

6. Not applicable.

Community Safety:

7. Not applicable.

Sustainability:

8. Not applicable.

Procurement:

9. Not applicable.

RECOMMENDATION(S):

The Committee is asked:-

- a. That the General Fund outturn of £56.453m and £0.379m over spend is noted.
- b. That the Housing Revenue Account financial position is noted.

Introduction

10. The report sets out the financial position to the end of March 2012.

General Fund Executive Summary Revenue

11. The **General Fund** position for the directorate indicates a projected over spend of £0.379m or 0.67% (£0.096M for June).
12. The following table 'A' shows a summary position analysed by the Director and Assistant Director, with more detailed commentary in the following paragraphs. Appendix 'A' provides a more detailed analysis by Service.

Assistant Director	Approved Budget	Provisional Outturn Spend for Year	Full Year Forecast Variance (-under)/overspend	Full Year Forecast Variance after transfers to/from reserves (-under)/overspend
	£000	£000	£000	£000
Director	108	115	7	7
AD Housing (GF)	4,195	4,198	3	3
AD Adult Social Care	53,499	54,933	1,434	1,114
AD Commissioning	5,217	5,544	327	(332)
AD Business & Performance	(6,945)	(7,065)	(120)	(413)
Total General Fund	56,074	57,725	1,651	379

13. Table 'B' – Subjective Analysis for the General Fund is as follows:

Expenditure type	Forecast Outturn (Before use of Reserves) £000
Staffing Costs	17,453
Premises and Transport	732
Supplies and Services	4,568
Third Party Payments	67,126
Capital Financing	18
Total Expenditure	89,897
Income	(16,525)
Grants	(15,647)
Total Income	(32,172)
Net Expenditure	57,725

14. The **Adult Social Care** service is showing an over spend of £1.114m (£0.663M for June). The main pressure within this area is from Older People package costs which are showing an over spend of £1.128m. People are living longer and the costs of dementia are on the increase. In addition assumptions made in the budget setting process included an increase in demography of 4% but indications to date are suggesting there is already an increase in numbers of older people by 5%. This is a combination of increasing demography and self funders requiring local authority support.
15. To quantify the impact of self funders, 18 have required council support during the first two quarters of 2011/12 in residential care. Extrapolating these numbers to be 36 for a full year, this could amount to an additional £0.700m that the council would have to fund. Given the current financial climate this trend is unlikely to diminish and will continue to put pressure on the Councils budget.
16. Challenging efficiency targets were set against the Older People service area and whilst they are not being fully achieved good progress is being made. A positive example of this is the Reablement service which to date has achieved reductions in care hours during the period April to September of 1,811 which is equivalent to a full year saving of £0.340m. It is evident that whilst this activity is reducing costs to the Council it is not able to completely mitigate the costs of the above

17. It is also worth reporting that there has been a 50% increase over the last quarter in number of adult safeguarding alerts that have been made which has led to a 20% increase in those requiring investigation. This is beginning to impact on the resources within the social work teams and close monitoring is being undertaken to evaluate the impact of such increases and if they continue into the future.
18. Learning Disabilities package costs are showing an under spend of £0.303m which is partially offsetting a pressure of £0.436m in cross boundary charging that was identified in 2010/11. This is a positive position for this financial year however early indications are that the average care package cost of Transitions for next year, 2012/13, is increasing from £0.030m to £0.042m which will lead to increased pressure in the budget and Medium Term Financial Plan.
19. To offset the above the **Commissioning** service under spend of £0.332m (£0.511m for June) relates to the efficiencies made against the Learning Disability & Public Health Reform Grant and mental health contracts together with additional customer income of £0.517 within the **Business & Performance** service area.

Executive Summary Housing Revenue Account

20. The 2011/12 budget for the **Housing Revenue Account** (HRA) required a contribution from the HRA reserve of £0.195m. The September financial position indicates that a contribution from reserves of £0.295m is required which is £0.100m higher than anticipated when setting the budget. The forecast overspend is due to delays in outsourcing of the Console.

Detailed Commentaries

Director

21. A small overspend is projected as a result of the unachieved managed vacancy factor and additional administration support costs.

Assistant Director – Housing

- 22.0 Across Housing Operations, there is an adverse variance to date of £0.02m and a full year forecast indicating it will be on budget.
- 22.1 Within Prevention, Options, and Inclusion there is a year to date under spend of £0.115m (£0.097m in August) as a result of limited expenditure being incurred for Temporary Accommodation in the financial year so far. This under spend will be used to part fund the cost of remodelling a property in Leighton Buzzard. This property recently returned to the Council's stock, having been used as a Domestic refuge, and it is now intended for this property to provide temporary accommodation.

- 22.2 The under spend is offset by a year to date over spend of £0.142m relating to the Traveller Sites, with a predicted outturn on budget. The over spend to date is a result of building repair costs and costs associated with installing electricity and water meters at the Traveller sites, together with legal costs incurred at the Traveller sites.
- 22.3 The installation of meters, along with other works undertaken at the Traveller sites, has resulted in a reduction in staff time required. Since the start of the year there has been a reduction in Traveller Site Managers from 3 to 2, and a reduction in surveyor time required equivalent to 0.5 FTE.
- 22.4 There will also be a reduction in water and electricity bills for the Council, which will start to materialise in the second half of the year. In addition it is anticipated that rental and service charge income for the year will be greater than in the budget.

Assistant Director – Adult Social Care

- 23.0 The overall position is a projected overspend of £1.114m (£0.811m for August). The year-to-date position is an under spend of £0.595m. Expenditure tends to be higher in the latter part of the year particularly for those areas where there is a transfer of cases from Children's Services (after the summer term). The highest risk areas for external care packages are forecasting overspends of £1.128m for Older People, £0.212m for People with Physical Disabilities and an under spend of £0.308m for People with Learning Disabilities. Further details are provided below
- 23.1 **Older people**
The packages budget for older people includes demographic growth of £1.0m but also efficiencies of £1.4m relating to reductions in residential placements together with savings from the activity around reablement and personal budgets.
- 23.2 **Residential Care**
An over spend of £1.274m is forecast. The number of service users has increased by 4 since the end of March 2011. For the period April through to September, there have been 30 cases relating to a 12 week disregard period and 18 self funders requiring local authority support. At the end of September residential placements numbers stood at 564 of which 257 were in residential block beds (93% occupancy versus 87% at the end of March 2011) and 307 in spot purchased beds (318 at the of March 2011).
- 23.3 **Nursing care**
An over spend of £0.253m is forecast; there is a corresponding increase in service user numbers of 7 placements since March 2011. For the period April through to September there have been 3 cases relating to a 12 week disregard period but no self funders requiring local authority support.

- 23.4 **Home care**
An under spend on external home care packages of £0.128m is forecast; there has been an increase in home care service users of 29 since the end of March 2011. The average weekly package cost has decreased by £27/21% since 1 April 2011 reflecting a reduction in average weekly support hours and a very small reduction in the average hourly price. This includes service users receiving a home care service contracted on their behalf as part of a personal budget. The Reablement service has achieved reductions in hours for April to September of 1,811 which is equivalent to a saving of £0.251m with a full year projection of £0.340m.
- 23.5 **Physical Disabilities**
The overall position on care packages is a forecast over spend of £0.212m. The budget in this area has increased by £0.473m between years to reflect the potential loss of Independent Living Fund (ILF) funding and the full year effect of 2010/11 care packages. It also includes funded pressures of £0.075m for Transitions and an efficiency of £0.100m in relation to the renegotiation of high cost packages.
- 23.6
There are variances within this over spend as residential care is a projecting an over spend of £0.185m relating to an additional 5 customers since March 2011, nursing care a projected under spend of £0.014m with an associated reduction of 3 customers since March 2011 and Home Care a projected under spend of £0.017m with an associated reduction of 15 customers since March 2011. An over spend of £0.146m is forecast on direct payments with an increase in service users of 13 since the end of March 2011.
- 23.7 **Learning Disability**
An over spend of £0.158m is forecast reflecting an unachievable income target of £0.436m in relation to cross boundary charges to other authorities identified in 2010/11. This is mitigated by a projected under spend on packages of £0.308m. This budget area contains the risk of Ordinary Residence transfers, of which £0.575m is covered by reserve, and also the risk of higher than anticipated transitions from Children's service and carer breakdown. New Year transitions growth of £0.315m is included in this budget and also efficiencies of £0.400m from the renegotiation of high cost packages. There are significant variances within care package lines including a projected over spend of £0.181m on cross boundary placements reflecting increased bed prices advised by other local authorities and a projected over spend of £0.184m on direct payments reflecting an increase in client numbers of 37 since March 2011.
- 23.8
For Learning Disabilities direct services there is a projected over spend of £0.153m before the use of the Supporting People reserve. An under spend on pay of £0.205m is forecast.

23.9 **Other variances**

There are a number of other variances that are explained below:

- There are savings around our residential care contract and cross boundary placements budget which is forecast to under spend by £0.341m. In addition there is an under spend where the council pays for other local authority residential care beds and the service area is also projecting higher than budgeted income from other local authorities and self-funders of £0.190m.
- 23.10
- The Reablement Service forecast is an under spend on pay of £0.241m as a result of holding vacancies in line with the directorate efficiency proposals and due to phased recruitment to the new Support Planner/Broker teams
- 23.11
- Learning Disabilities and Mental Health Management is forecasting an over spend of £0.305m reflecting non achievement of efficiency targets within the in-house domiciliary care service.

Assistant Director – Commissioning

- 24.0 The forecast under spend of £0.332m (£0.376m for August) within Commissioning relates primarily to the projected under spend on the Learning Disabilities transfer of £0.446m and on contracts of £0.293m (see Para 24.3).
- 24.1 These under spends are offset by a significant over spend projected in relation to carers' direct payments of £0.276m.
- 24.2 The Campus Closure re-provision programme for people with learning disabilities is showing a forecast over spend of £0.659m but an earmarked reserve exists to support the costs of voids, one-off entry and exit costs associated with the new schemes opening during 2011/12. Further work is underway to model the financial impact of these schemes.
- 24.3 The forecast under spend on contracts of £0.293m relates mainly to Mental Health services. Work is on going to draw up an improvement plan with the provider as a means to increase the amount of investment made to mental health services within Central Bedfordshire. £0.200m of the under spend represents a compensatory efficiency saving.

Assistant Director – Business and Performance

25. The forecast under spend of £0.413m (£0.384m for August) predominately relates to the over-achievement of customer income of £0.517m. Two areas of customer income are forecasting an under achievement. These are Fairer Charging £0.086m and House Sales £0.051m.

Assistant Director – Housing (HRA)

- 26.0 The Housing Revenue Account (HRA) annual expenditure budget is £25.002m and income budget is £24.807m with a contribution of £0.195m from HRA reserves to present a net budget of zero. A subjective breakdown of this budget and forecast outturn is shown below:

2011/12	Budget	Annual Forecast
	£m	£m
TOTAL Income (Rents & Service Charges)	(24.807)	(24.780)
Staffing Costs	3.014	3.314
Repairs and Maintenance Costs	4.697	4.665
Stock Investment Programme	4.825	4.620
Corporate / Directorate Recharges	1.272	1.272
Supplies & Contracted Services	1.300	1.313
Housing Subsidy payment	9.894	9.891
TOTAL Expenditure	25.002	25.075
Contribution to / (from) reserve	(0.195)	(0.295)
Net Expenditure	0	0

- 26.1 There is a year to date adverse variance of £0.362m (£0.311m August). This variance is predominantly the result of payments totalling £0.274m made for the Stock Condition Survey. Whilst the budget exists for this expenditure, these costs have all occurred in the first 5 months and therefore appear as a variance against the profiled budget.
- 26.2 There is a further variance to profiled budget of £0.052m for Housing Systems. This relates to implementation of the new Housing ICT System, which is almost complete. These costs were front loaded in the year and the variance is dropping away and the outturn for this area should be close to the full year budget.
- 26.3 The 2011/12 budget for the Housing Revenue Account (HRA) requires a contribution from the HRA reserve of £0.195m. The forecast outturn for the year is an increase of £0.100m (£0.100m in August) from the budget. The forecast overspend is the result of costs relating to the Console due to the delay in outsourcing and unbudgeted salary costs for relief operators (£0.099m). The impact of this will mean that the HRA will draw down £0.295m from reserves.

Revenue Virement Requests

- 27.0 There are currently no proposed virements over £0.100m to report

Achieving Efficiencies

- 28.0 A number of efficiencies are built into the 2011/12 base budget.
- 28.1 For 2011/12 the efficiencies amount to £4.694m. Of this £4.511m is forecast to be achieved. Compensatory proposals to meet the £0.183m shortfall are in progress.
- 28.2 Within cross-cutting efficiencies, additional income from the Revenue Income Optimisation project is only forecast to achieve £0.048m of the £0.192m target. Compensatory savings are being sought to close this gap.
- 28.3 Within departmental efficiencies, there are two efficiencies that are showing significant shortfalls. The first relates to services in Learning Disabilities of £0.226m and the second around the reduction in demand for residential care due to reablement and efficiencies following the introduction of personal budgets of £0.262m.
- 28.4 Appendix B shows the Efficiency Tracker summary for the Directorate.

Reserves position

- 29.0 Appendix C shows the full list of reserves for the directorate. The total General Fund reserves available as at April 2011 are £2.617m.
- 29.1 The Campus Closure reserve will be called upon to fund transitional costs relating to the capital project and as such £0.659m has been included to fund some of this activity. Further work is underway to confirm the impact of these transitional costs across the whole programme.
- 29.2 The Social Care Reform reserve is being utilised to fund activity around the personalisation agenda and the recovery programme
- 29.3 The Supporting People Reserve will offset the loss of Supporting People income within Learning Disabilities Direct Services.
- 29.4 In respect of the Housing Revenue Account, the total reserves available as at April 2011 were £3.989m and the current forecast indicates that £0.341m of the HRA reserves will be used for 2011/12.

Debt Analysis

- 30.0 Housing Revenue Account
- 30.1 Total current and former tenant arrears were £0.981m at the end of September compared to £0.782m at the end of the last financial year. Current arrears are £0.661m or 2.65% of the annual rent debit of £24.94m (£0.532m or 2.28% at the end of the last financial year). The figure of 2.65% is a 0.50% adverse variance against a target of 2.15%. Performance on Former Tenant Arrears is 1.28% against a target of 1.0%, leaving a balance of £0.320m. (Last year was 1.07% with a balance of £0.250m).

30.2 General Fund

30.3 General Fund debt at the end of September 2011 stands at £5.4m (£4.6m for August) of which £1.9m is house sales debt, £1.5m Health Service debt and less than £0.2m of other Local Authorities. Of the remaining general debt of £1.8m, £0.7m (38%) is more than one year old. This includes legacy debt as well as Central Bedfordshire debt. Further analysis is being undertaken to establish the likelihood of payment.

Appendices:

Appendix A - Net Revenue Position Full Analysis

Appendix B - Efficiencies

Appendix C - Reserves

Appendix D - Debt Analysis

Background papers: None

Location of papers: Technology House