
Meeting: Social Care, Health and Housing Overview and Scrutiny Committee
Date: 12 April 2012
Subject: Revenue Budget Management Report for period ended 31st December 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 to note:-

- a. **the General Fund outturn of £56.307m and £0.255m under spend; and**
- b. **the Housing Revenue Account financial position.**

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 under spend of £0.255m or 0.46% (£0.379m over spend for September).
- 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.

Table 'A' - Summary position analysed by the Director and Assistant Director

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	105	118	13	13
AD Housing (GF)	4,168	4,168	0	(4)
AD Adult Social Care	53,534	54,672	1,138	1,005
AD Commissioning	4,875	4,547	(328)	(712)
AD Business & Performance	(6,961)	(7,198)	(237)	(557)
Total General Fund	55,721	56,307	586	(255)

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

Expenditure type	Forecast Outturn (Before use of Reserves) £000
Staffing Costs	17,236
Premises and Transport	870
Supplies and Services	5,822
Third Party Payments	66,998
Capital Financing	0
Total Expenditure	90,926
Income	(17,119)
Grants	(17,500)
Total Income	(34,619)
Net Expenditure	56,307

14. The **Adult Social Care** service is showing an over spend of £1.005m (£1.114m for September). The main pressure within this area is from Older People package costs which are showing an over spend of £0.487m. 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, 25 have required council support during the first three quarters of 2011/12 in residential care. Extrapolating these numbers to be 33 for a full year, this could amount to an additional £0.549m 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 Council's 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 has achieved reductions in care hours during the period April to December of 2,540 which is equivalent to a saving of £0.304m. 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 34% increase since March 2011 in the number of adult safeguarding investigations however the impact of these on resources within the social work teams is being contained.
18. Learning Disabilities package costs are showing an over spend of £0.272m plus an over spend of £0.436m in cross boundary charging that was identified in 2010/11. The £0.272m over spend includes new placements for which the local authority has become responsible under Ordinary Residence rules of £0.216m. These costs are being met from an earmarked reserve in the current financial year but are included as a pressure in the budget and the Medium Term Financial Plan. 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 over spends the **Commissioning** service under spend of £0.712m (£0.322m for December) relates to the efficiencies made against the Learning Disability & Public Health Reform Grant £0.580m, mental health contracts £0.425m together with the application of NHS Grant of £0.368m. In additional customer income is forecast to over achieve by £0.626m 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 December financial position indicates that a contribution from reserves of £0.195m is required (£0.295m September) which is in line with that anticipated when setting the budget.

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 £0.110m and a full year forecast indicating it will be on budget.
- 22.1 Within Prevention, Options, and Inclusion there is a year to date over spend of £0.026m (under spend of £0.115m in September). This is a result of timing differences between expenditure being incurred and receipt of Homelessness grant. The outturn is anticipated to be close to budget.
- 22.2 There is a year to date over spend of £0.071m (£0.142m in September) 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. There has also been a significant reduction in water and electricity bills for the Council. These factors should ensure that the outturn will be in line with the budget.

Assistant Director – Adult Social Care

- 23.0 The overall position is a projected over spend of £1.005m (£1.114m for September). The year-to-date position is an over spend of £0.689m. Expenditure is forecast be higher in the final quarter 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 £0.487m for Older People, £0.261m for People with Physical Disabilities and £0.272m 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 £0.538m is forecast. The number of service users has reduced by 10 since the end of March 2011. For the period April through to December, there have been 41 cases relating to a 12 week disregard period and 25 former self funders requiring local authority support. At the end of December residential placements numbers stood at 550 of which 257 were in residential block beds (93% occupancy versus 87% at the end of March 2011) and 293 in spot purchased beds (318 at the of March 2011).

23.3 Nursing care

An over spend of £0.361m is forecast; there is a corresponding increase in service user numbers of 11 placements since March 2011. For the period April through to December there have been 8 cases relating to a 12 week disregard period and 3 former self funders requiring local authority support.

23.4 Home care

An under spend on external home care packages of £0.212m is forecast; there has been an increase in home care service users of 89 since the end of March 2011. The average weekly package cost has decreased 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 December of 2,540 which is equivalent to a saving of £0.304m for the year-to-date with a full year projection of £0.328m.

23.5 **Physical Disabilities**

The overall position on care packages is a forecast over spend of £0.261m. 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 projecting an over spend of £0.172m relating to an additional 2 customers since March 2011, nursing care a projected over spend of £0.028m and Home Care a projected under spend of £0.022m against a reduction of 45 customers since March 2011. An over spend of £0.142m is forecast on direct payments although the number of service users has decreased by 15 since the end of March 2011.

23.7 **Learning Disability**

An over spend of £0.271m 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 also an over spend on packages of £0.272m of which £0.215m is funded by an earmarked reserve. This reserve totalling £0.583m was earmarked in 2010/11 to address the risk associated with Ordinary Residence transfers. There is 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 £0.239m on cross boundary placements reflecting increased bed prices advised by other local authorities and a projected over spend of £0.213m on direct payments reflecting an increase in client numbers of 52 since March 2011.

23.8 For Learning Disabilities direct services there is a projected over spend of £0.257m before the use of the Supporting People reserve. An under spend on pay of £0.192m is forecast.

23.9 **Other variances**

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

- There are savings around the residential care block contract and cross boundary placements budget which are forecast to under spend by £0.150m and £0.166m respectively.
- 23.10
- The Reablement Service forecast is an under spend on pay of £0.168m 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 £0.185m reflecting partial non achievement of efficiency targets within the in-house domiciliary care service of £0.250m.

Assistant Director – Commissioning

- 24.0 The forecast under spend of £0.712m (£0.332m for September) within Commissioning relates primarily to the projected under spend on the Learning Disabilities transfer of £0.580m and on contracts of £0.420m (see Para 24.2). This is offset by a projected under achievement of income of £0.168m from new Telecare charges.
- 24.1 The Campus Closure re-provision programme for people with learning disabilities is showing a forecast over spend of £0.384m 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.
- 24.2 The forecast under spend on contracts of £0.854m relates mainly to Mental Health services £0.420m of which £0.200m represents a compensatory efficiency saving. An improvement plan has been agreed with a provider as a means to increase the amount of investment made to mental health services within Central Bedfordshire.

Assistant Director – Business and Performance

- 25.0 The forecast under spend of £0.557m (£0.413m for September) predominately relates to the over-achievement of customer income of £0.626m of which £0.613m relates to long stay residential and nursing care contributions.

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	3.396
Repairs and Maintenance Costs	4.697	4.453
Stock Investment Programme	4.825	4.656
Corporate / Directorate Recharges	1.272	1.272
Supplies & Contracted Services	1.300	1.305
Housing Subsidy payment	9.894	9.893
TOTAL Expenditure	25.002	24.975
Contribution to / (from) reserve	(0.195)	(0.195)
Net Expenditure	0	0

- 26.1 There is a year to date adverse variance of £0.110m (adverse variance of £0.362m September). This has occurred due to a lag in repairs and maintenance invoices whilst the replacement contractor has taken over the Day to Day maintenance contract.
- 26.2 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 on budget (increase of £0.100m in September). An over spend resulting from outsourcing the Console (£0.099m) has been offset by savings from the changes to Terms and Conditions (£0.025m) and reduced contractor costs following the change of supplier (£0.074m).
- 26.3 The overall impact of this will mean that the HRA will draw down £0.195m from reserves, as anticipated in the original budget.

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 £4.746m is forecast to be achieved

- 28.2 Within cross-cutting efficiencies, additional income from the Revenue Income Optimisation project is only forecast to achieve £0.024m of the £0.192m target. Compensatory savings have been found 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 £0.179m and the second around the reduction in demand for residential care due to reablement and efficiencies following the introduction of personal budgets of £0.251m.
- 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 £0.384m 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 Deregistration of Care Homes Reserve is being utilised to meet the costs of new Learning Disabilities cases arising from Ordinary Residence – £0.215m is currently being met from this reserve.
- 29.4 A new reserve has been included in the Quarter 3 monitoring of £0.475m. The purpose of the reserve is to ensure that service users requiring major adaptations to remain in their own homes can do so including those who have been discharged from hospital or would otherwise be at risk of hospital admission.
- 29.5 The Supporting People Reserve will offset the loss of Supporting People income within Learning Disabilities Direct Services.
- 29.6 In respect of the Housing Revenue Account, the total reserves available as at April 2011 were £3.989m and the current forecast indicates that £0.241m 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 £0.905m at the end of September compared to £0.981m at the end of December. Current arrears are £0.623m or 2.50% of the annual rent debit of £24.97m (£0.661m or 2.65% at the end of September). The figure of 2.50% is a 0.35% adverse variance against a target of 2.15%. Performance on Former Tenant Arrears is 1.13% against a target of 1.0%, leaving a balance of £0.282m. (September was 1.28% with a balance of £0.320m).

In the year to date there have been write offs of £0.045m.

30.2 General Fund

30.3 General Fund debt at the end of December 2011 stands at £5.8m (£5.4m for September) of which £1.8m is house sales debt, £2.1m Health Service debt, £0.2m other Local Authorities. Of the remaining general debt of £1.7m, £0.7m (40%) 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