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**Meeting:** Social Care, Health and Housing Overview and Scrutiny Committee  
**Date:** 30 July 2012  
**Subject:** Revenue Budget Management Report for 2011/12 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 outturn for 2011/12

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**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 Social Care, Health and Housing Overview and Scrutiny Committee is asked to:-

- a. Note the General Fund outturn of £53.907m and £1.8m under spend.
- b. Note the Housing Revenue Account financial position.

**Introduction**

10. The report sets out the final outturn for 2011/12.

**General Fund Executive Summary Revenue**

11. The **General Fund** outturn for the directorate is an under spend of £1.8m or 3.2% (£0.255m under spend for December).
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.

<b>Assistant Director</b>	<b>Approved Budget</b>	<b>Actual Outturn Spend for Year</b>	<b>Full Year Variance (-under)/overspend</b>	<b>Full Year Variance after transfers to/from reserves (-under)/overspend</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Director	184	221	37	37
AD Housing (GF)	4,168	4,131	(37)	(41)
AD Adult Social Care	53,446	52,599	(847)	524
AD Commissioning	5,073	3,734	(1,339)	(1,344)
AD Business & Performance	(7,152)	(8,071)	(919)	(988)
<b>Total General Fund</b>	<b>55,719</b>	<b>52,614</b>	<b>(3,105)</b>	<b>(1,812)</b>

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

<b>Expenditure type</b>	<b>Forecast Outturn (Before use of Reserves) £000</b>
Staffing Costs	17,087
Premises and Transport	1,356
Supplies and Services	5,577
Third Party Payments	50,312
Other Payments	12,126
<b>Total Expenditure</b>	<b>86,458</b>
Income	(17,656)
Grants	(16,188)
<b>Total Income</b>	<b>(33,844)</b>
<b>Net Expenditure</b>	<b>52,614</b>

14. The **Adult Social Care** service had an over spend of £0.524m (£1.005m over spend for December). The main pressure however within this area was from Older People package costs which included an over spend of £0.363m. 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 the financial implications suggested 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, 30 have required council support during the 2011/12 in residential and nursing care at an estimated additional full year cost of £0.546m. 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 were not fully achieved good progress is being made. A positive example of this was the Reablement service which achieved reductions in care hours during 2011/12 of 3,134 which is equivalent to a saving of £0.323m. 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. The Learning Disabilities service area was within budget although package costs are under spent by of £0.478m (£0.272m projected over spend for December) this was offset by an over spend of £0.479m in cross boundary charging that was identified in 2010/11. The movement in this service area represents one of the main changes from that of the last quarter and was as a consequence of late notification of funding from health and other local authorities but also late start up of care packages.
18. The **Commissioning** service under spent by £1.344m (£0.712m for December) and relate to the further efficiencies made against the Learning Disability & Public Health Reform Grant £0.659m and mental health contracts £0.422m. Customer income over achieved by £0.915m against budget within the **Business & Performance** service area, an increase of £0.300m as forecast in quarter 3.

### **Executive Summary Housing Revenue Account**

19. The final outturn for the **Housing Revenue Account (HRA)** is a contribution to the HRA reserve of £0.161m. The original budget and December forecast was a £0.195m contribution from the reserve.
20. The variance is the result of improved rental income, reduced insurance costs, a small under spend in the Capital programme and as a consequence reduced revenue financing costs.

### **Detailed Commentaries**

#### **Director**

21. There was an over spend of £0.037m resulting from unachieved managed vacancy factor and additional administration support costs.

#### **Assistant Director – Housing (GF)**

22. Across Housing Operations, there was a positive variance of £0.037m (over spend of £0.110m in December).
  - 22.1 Within Prevention, Options, and Inclusion there was an over spend of £0.079m (£0.026m in December). This related to additional interim costs leading up to the harmonisation of the Housing Needs service.
  - 22.2 This was offset by an under spend of £0.069m in the Supporting People service, where the staffing costs were reduced due to a half year vacancy for the post of interim Housing Support Services Manager. There was also a small saving on contract costs with suppliers.
  - 22.3 At the Traveller sites, higher than anticipated rental and service charge income has resulted in an under spend of £0.034m (over spend of £0.071m in December).

## **Assistant Director – Adult Social Care**

23. The overall position was an over spend of £0.524m (£1.005m over spend for December). The highest risk areas within this service area are for external care packages which reported over spends of £0.363m for Older People, £0.130m for People with Physical Disabilities and an under spend of £0.478m for People with Learning Disabilities. Further details are provided below.

### **23.1 Older people**

The packages budget for older people included 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**

There was an over spend of £0.626m. The number of service users reduced by 26 since the end of March 2011. For 2011/12, there were 48 cases relating to a 12 week disregard period and 23 former self funders requiring local authority support. At the end of 2011/12 residential placements numbers stood at 534 of which 264 were in residential block beds (95% occupancy versus 87% at the end of March 2011) and 270 in spot purchased beds (318 at the end of March 2011).

### **23.3 Nursing care**

There was an over spend of £0.415m reflecting a corresponding increase in service user numbers of 11 placements since March 2011. For 2011/12 there were 11 cases relating to a 12 week disregard period and 7 former self funders requiring local authority support.

### **23.4 Home care**

There was an under spend on external home care packages of £0.429m; there has been an increase in home care service users of 165 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. The Reablement service has achieved reductions in hours for 2011/12 of 3,134 which is equivalent to a saving of £0.323m for the year.

23.5 **Physical Disabilities**

The overall position on care packages was an over spend of £0.130m. 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 included 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 were variances within this over spend as residential care was over spent by £0.229m although there was reduction in customers of 7 since March 2011, nursing care an over spend of £0.088m with an associated reduction in service users of 14 and Home Care an under spend of £0.236m against an reduction of 87 customers since March 2011. An over spend of £0.110m occurred on direct payments although the number of service users decreased by 107 since the end of March 2011.

23.7 **Learning Disability**

The outturn was on budget (£0.601m over-spend for December) however there were significant variances within this position. Care packages under spent by £0.461m and the key reasons were as a consequence of late notification of funding from health and other local authorities but also late start up of care packages. Offsetting this under spend was a £0.436m over spend in relation to an unachievable other local authority income target. There were significant variances within care package lines including an over spend of £0.248m on cross boundary placements reflecting increased bed prices advised by other local authorities and an over spend of £0.230m on direct payments reflecting an increase in client numbers since March 2011. These are offset by under spends on other care package lines totalling £0.948m

- 23.8 For Learning Disabilities direct services there is an over spend of £0.132m comprising an under spend on pay of £0.173m against an income shortfall of £0.309m.

## 23.9 **Other variances**

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

- Savings were achieved around the residential care block contract and cross boundary placements budget of £0.226m and £0.077m respectively.
- The Reablement Service under spent on pay by £0.168m due to phased recruitment to the new Support Planner/Broker teams, vacant posts and the externalisation of the Courts
- Learning Disabilities and Mental Health Management over spent by £0.171m reflecting partial non achievement of efficiency targets within the in-house domiciliary care service of £0.250m.

### **Assistant Director – Commissioning**

24. The under spend of £1.344m (£0.712m for December) within Commissioning relates primarily to the under spend on the Learning Disabilities & Health Reform Grant of £0.659m and on contracts of £1.1m (see Para 25.2).

24.1 The Campus Closure re-provision programme for people with learning disabilities was over spent by £0.143m but, as planned, an earmarked reserve was utilised to support the costs of voids, one-off entry and exit costs associated with the new schemes opening during 2011/12.

24.2 The under spend on contracts of £1.1m relates mainly to Mental Health services £0.626m of which £0.200m represents a compensatory efficiency saving. An improvement plan was agreed with a provider as a means to increase the amount of investment made to mental health services within Central Bedfordshire but was never fully utilised in the year. The application of grant funding to support the spend on community equipment and Telecare has also contributed £0.628m to the under spend position.

### **Assistant Director – Business and Performance**

25. The outturn under spend of £0.988m (£0.577m for December) predominately relates to the over achievement of customer income. Most of this, £0.934m, related to long stay residential and nursing care contributions.

### **Assistant Director – Housing (HRA)**

26. The Housing Revenue Account (HRA) annual expenditure budget was £25.002m and income budget was £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 outturn is shown below:

2011/12	Budget	Outturn
	£m	£m
<b>TOTAL Income</b> (Rents & Service Charges)	<b>(24.807)</b>	<b>(25.034)</b>
Staffing Costs	3.014	3.498
Repairs and Maintenance Costs	4.697	4.285
Stock Investment Programme	4.825	4.469
Corporate / Directorate Recharges	1.272	1.319
Supplies & Contracted Services	1.300	1.409
Housing Subsidy payment	9.894	9.893
<b>TOTAL Expenditure</b>	<b>25.002</b>	<b>24.873</b>
Contribution to / (from) reserve	(0.195)	0.161
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>

- 26.1 The 2011/12 outturn for the Housing Revenue Account (HRA) enables a contribution to the HRA reserve of £0.161m. A contribution from reserves of £0.195m was anticipated in the budget and the December forecast.
- 26.2 A favourable variance of £0.093m is accounted for by reduced insurance costs, resulting from reduced premiums and the refund of part of the insurance provision. The provision related to claims prior to the creation of Central Bedfordshire Council, which have now reduced to a de minimus level.
- 26.3 In addition a further positive variance £0.090m was as a result of a minor under spend on the HRA Capital programme. As the HRA capital programme is financed predominantly by direct revenue financing, together with a small amount of capital receipts, less revenue was required to fund the programme.
- 26.4 The final part of the favourable variance (£0.174m) was accounted for by increased rental income. During 2011/12 the Council adopted a policy of re-letting new Council tenants at formula rent. Formula rent represents a level playing field for social housing tenancies so that tenants pay the same level of rent for similar properties, whether they rent from Housing Associations or the Council. During the year approximately 250 tenancies were let in this way, enhancing the Council's rent receipts.



## Revenue Virement Requests

27. There were no virements over £0.100m to report

## Achieving Efficiencies

28. A number of efficiencies were built into the 2011/12 base budget.
- 28.1 For 2011/12 the efficiencies amounted to £4.694m. Of this £4.753m was achieved.
- 28.2 Within the directorate efficiencies, there were two efficiencies that did not achieve their target. The first related 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 £0.271m. However a combination of some efficiencies achieving above target and some one off compensatory efficiencies helped the directorate achieve target.
- 28.3 Appendix B shows the Efficiency Tracker summary for the Directorate.

## Reserves position

29. Appendix C shows the full list of reserves for the directorate. The total General Fund reserves available as at April 2011 were £2.617m.
- 29.1 In respect of the Campus Closure capital project, £0.143m has been drawn down from the reserve leaving £0.601m to meet the costs of the final schemes in 2012/13 and 2013/14.
- 29.2 £0.084m was drawn down from the Social Care Reform reserve leaving £0.331m to finalise Personalisation projects and the Recovery & Improvement 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. An amount of £0.017m was used from the reserve to meet these new costs in 2011/12.
- 29.4 A new reserve has been established for £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 Further new reserves are as follows:
- £0.347m to take forward work on the Residential Futures project and smaller commissioning schemes.
  - £0.138m to deliver further improvements in mental health services
  - £0.674m to maintain funding of the Greenacres Step up Step down facility.
- 29.6 The Supporting People Reserve was not used to manage the transitional costs of renegotiating housing and care contracts in Learning Disabilities which were previously partially dependent on Supporting People income. The reserve will now be applied to enhance Supported Housing.
- 29.7 In respect of the Housing Revenue Account, the total reserves available as at April 2011 were £3.989m and the outturn indicates that a net contribution of £0.115m to the HRA reserves will occur in 2011/12. This will leave a balance of £4,104m.

## **Debt Analysis**

### 30. Housing Revenue Account

- 30.1 Total current and former tenant arrears were £0.886m at the end of the financial year (£0.905m at the end of December). Current arrears are £0.571m or 2.28% of the annual rent debit of £25.01m (£0.623m or 2.5% at the end of December). The figure of 2.28% is a 0.13% adverse variance against a target of 2.15%. Performance on Former Tenant Arrears is 1.26% against a target of 1.0%, leaving a balance of £0.315m.

There have been write offs of £0.056m.

### 30.2 General Fund

- 30.3 General Fund debt at the end of 2011/12 stood at £6.5m (£5.8m for December) of which £2.2m is house sales debt, £2.3m Health Service debt, £0.1m other Local Authorities. Of the remaining general debt of £1.9m, £0.6m (48%) is more than one year old. This includes legacy debt as well as Central Bedfordshire debt.

## **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