

Meeting: Social Care, Health and Housing Overview and Scrutiny Committee
Date: 16 December 2013
Subject: General Fund Revenue Budget Management Report for 2013/14 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 at the end of Quarter Two 2013/14

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.

Public Health:

7. Not applicable.

Community Safety:

8. Not applicable.

Sustainability:

9. Not applicable.

Procurement:

10. Not applicable.

RECOMMENDATION: The Committee is asked to note the General Fund outturn variance of £0.433m, an over spend of 0.7%.

Introduction

11. The report sets out the position at the end of Quarter Two of 2013/14.

General Fund Executive Summary Revenue

12. The **General Fund** outturn for the directorate is a projected over spend of £0.433m or 0.7%.

13. 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	Forecast Outturn Spend for Year before transfers to/from reserves	Full Year Variance (-under)/overspend	Full Year Variance after transfers to/from reserves (-under)/overspend
	£000	£000	£000	£000
Director	190	220	30	30
Housing Standards, Advice & Assistance	1,516	1,450	(66)	(66)
AD Adult Social Care	58,590	59,990	1,400	846
AD Commissioning	13,264	13,289	26	(114)
AD Resources	(7,665)	(7,460)	205	(263)
Total General Fund	65,895	67,489	1,595	433

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

Expenditure type	Forecast Outturn (Before use of Reserves) £000
Staffing Costs	17,824
Premises and Transport	900
Supplies and Services	5,174
Third Party Payments	60,054
Other Payments	7,260
Total Expenditure	91,212
Income	(14,458)
Grants	(9,265)
Total Income	(23,723)
Net Expenditure	67,489

15. **Housing Standards, Advice and Assistance** is under spent by £0.083m year-to-date with a full year forecast under spend of £0.066m. Savings are mainly due to staff vacancies within the Prevention, Options and Inclusion service. At this early stage the Local Welfare provision budget is under spent, with lower than anticipated demand for this service, however it is anticipated that expenditure might increase as the year progresses.

16. The **Adult Social Care** service is over spent by £0.846m or 1% of the budget (£0.3m over spend for Quarter One). The key reasons for this are an over spend is in older people's care packages of £1.5m due to efficiency shortfalls, a projected over spend of £0.307m in under 65 mental health packages due to volume increases which are offset by projected under spends of £0.564m on Reablement, £0.168m on in-house learning disability services and £0.330m on under 65 physical disability packages. The Quarter Two spend extrapolated indicates a full year forecast outturn after reserves of £64.4m - £1.9m lower than the current forecast. This difference is accounted for by the following items:
- NHS grants not yet committed
 - New under 65 mental health placements starting from Qtr 3 – additional spend £0.170m
 - Reablement – increased spend on pay in quarter 3 and 4 £0.100m
 - Recruitment to first half year vacancies in Commissioning £0.100m
 - Rest of year additional spend on training £0.110m
 - Rest of year additional spend on Campus Closure revenue £0.085m
 - Recruitment to first half year vacancies in Learning Disability and Mental Health management £0.130m
17. **Older People** care package costs are over spent by £1.54m which is equivalent to 6% of the budget allocation of £26.5m. Within this, there are over spends in Residential and Home Care partially offset by under spends in Respite care and Direct Payments. The 2013/14 efficiency targets for older people and physical disabilities stands at £3.3m and includes reducing the number of admissions to residential care, using reablement and reviewing to ensure the 'right sizing' of care packages and increased funding from health. This is against a background of increasing demography, people living longer with more complex needs and with increasing numbers of self funders requiring the Council's support.
18. Residential placement activity is much higher than for the equivalent period last year with an additional net 44 placements (8% increase) since 1 April 2013. Customer choice is having an adverse impact on the use of block contract beds. Rates of attrition are also lower than for the equivalent period.
19. For **Learning Disabilities**, the service area is over spending by £0.243m on care packages after use of a reserve to offset Ordinary Residence pressures. The over spend includes a significant underachievement of other local authority income of £0.388m. Efficiencies are broadly on target.
20. Within the **Older People** client service group, the impact of former self funders continues to be tracked. In the first two quarters of 2013/14 14 service users in this category have required council support at an estimated full year cost of £0.173m. If the trend continues, the net cost for 2013/14 will be £0.239m. The customer numbers are slightly less than the equivalent for 2012/13 but, given the current financial climate, this trend is unlikely to diminish and will continue to put pressure on the Council's budget. Work is also underway to try and estimate the likely financial implications to the Council of the changes to the funding of Adult Social Care following the recommendations contained in the Care Bill.

- 21.** The **Commissioning** service is under spending by £0.114m (£0.054m in Quarter 1) after contributions from reserves. This is due to small over and under spends on contracts and one-off under spends on pay following recruitment to new structures. Of the £0.200m set aside for the residential dementia fee uplift, £0.140m is assumed to be used in the forecast.
- 22.** Customer income is over budget by £0.284m (3%) within the **Business & Performance** service area. This reflects higher levels of residential care income due to higher than budgeted placement numbers.

Detailed Commentaries

Director

- 23.0** The over spend of £0.030m is a result of unachieved managed vacancy factor and additional administration support costs.

Assistant Director – Housing Standards, Advice and Assistance (GF)

- 24.0** Across Housing Standards, Advice and Assistance there is a positive variance between expenditure and budget to date of £0.083m, and a full year forecast indicating it will be under spent by £0.066m.
- 24.1** An efficiency of £0.055m is projected to be achieved for 2013/14 at the Traveller sites. The installation of meters, along with other works undertaken at the Traveller sites in 2011/12, has resulted in a reduction in staff time. There has also been a significant reduction in water and electricity bills for the Council.
- 24.2** Within Prevention, Options and Inclusion there is a year to date positive variance of £0.054m and a full year forecast positive variance of £0.127m. This is due to staff vacancies remaining unfilled whilst the service undergoes restructuring. The savings made have been partially offset by agency staff.
- 24.3** There has been an efficiency programme relating to the Housing Needs service over the last two financial years, that has delivered savings of £0.280m. Further savings are now envisaged as a result of the merger of Prevention, Options and Inclusion with Private Sector Housing. This has created a new service to be called Housing Standards, Advice and Assistance. This is forecast to deliver further efficiency savings in the financial year 2014/15 of £0.100m.
- 24.4** Provision of “Crisis Loans” and “Community Care Grants” was devolved to local authorities from Department of Works & Pensions (DWP) from April 2013. The Council received a grant of £0.431m consisting of £0.356m programme funding and £0.075m administrative funding. The Council scheme is called “Local Welfare Provision”, with Emergency Provision replacing the former crisis loans and Grant Provision replacing Community Care Grants, the criteria being based broadly on the DWP system.

- 24.5** There have been substantial efficiency savings in the delivery of the service compared with DWP. This has contributed to the low level of expenditure, but using temporary staff during the launch period could exceed the administrative funding and would have to be topped up by the programme funding. The overall efficiencies are in line with those experienced by other local authorities in this area.
- 24.6** The Council scheme has not at this early stage experienced the volume of applications or awards, for either Grant or Emergency Provision, compared with the level of demand experienced by DWP.
- 24.7** Local Welfare Provision has made awards to September 2013 totalling £0.040m for Grant Provision and £0.014m for Emergency Provision. In addition the average award made by the Council has been significantly lower than that of DWP with Emergency Provision payouts averaging £28.51 (DWP £63.46) and Grant Provision £325 (DWP £545). Salary related costs are £0.076m up to September.

24.8

LWP Statistics to September 2013		
Emergency Provision (EP)		
	CBC	*DWP
Total applicants	782	1340
Total awards	496	1000
Award Rate	63%	75%
Average Award EP	£28.50	£62.00
Total Spend to September	£14,143.00	£31,200.00
Grant Provision (GP)		
	CBC	*DWP
Total applicants	251	520
Total awards	124	240
Award Rate	49%	46%
Average Award GP	£324.65	£546.66
Total Spend to September	£40,256	£131,200

* based on a pro rata average of DWP Statistics for 2011/12.

- 24.9** There is a year to date adverse variance at the Travellers sites of £0.026m with a forecast outturn on budget. The year to date variance is accounted for by spend on the installation of new air source heating pumps at the Chiltern View site (£0.042m).

Assistant Director – Adult Social Care

- 25.0** The overall position presents an over spend of £0.846m after reserves (£0.306m at Quarter 1). The highest risk areas for external care packages are reporting an over spend of £1.54m (6%) for Older People, an under spend of £0.330m (7%) for People with Physical Disabilities and an over spend of £0.243m (2%) for People with Learning Disabilities.

25.1 Older people

The care packages budget for older people included a major share of the demographic growth of £1.750m but also efficiencies of £3.7m relating to reductions in residential placements together with savings from the activity around reablement and the “right sizing” of care packages.

25.2 Residential Care

The forecast outturn on spot contracts is an over spend of £2.2m (41% of budget). The number of service users in residential spots has increased by 47 since the end of March 2013. During the first half year there were 32 cases relating to a 12 week disregard period and 9 former self funders requiring local authority support. At the end of quarter two, overall residential placements numbers stood at 540, 44 more than as at March 2013. Of these, 255 were in residential block beds (92% occupancy versus 93% at the end of March 2013) and 285 in spot purchased beds (238 at the end of March 2013). This increase needs to be viewed in the context of c. 4% demography for this client group and of the associated efficiency to reduce residential placements by £1.2m. Further details of placement activity are set out below by source of admission and also by net turnover for the period (2012/13 figures in brackets):

Admitted from	April	May	June	Jul	Aug	Sept	Total
Hospital	5	6	7	3	4	8	33
Own Home	3	6	4	3	5	1	22
Rehabilitation	2	1	4	0	1	1	9
Respite	10	11	2	4	4	10	41
Other	1	2	2	0	0	0	5
Total	21	26	19	10	14	20	110

	April	May	June	July	Aug	Sept	Total
Net Movement	+9 (-8)	+13 (+3)	+11 (0)	+6 (+4)	+1 (+4)	+15 (+3)	+55 (+6)

Admissions to residential care are up by 26% year-on-year for the equivalent period and discharges down by 31%.

25.3 Nursing care

The forecast outturn is an under spend of £0.220m. During the first half year, there were 12 cases relating to a 12 week disregard period and 5 former self funders requiring local authority support.

25.4 Home care

The forecast outturn is an over spend of £0.238m (3% of budget). The Reablement service has achieved reductions in hours during the first half year of 1,302 hours with an associated saving of £0.206m with further projected savings for the year of £0.184m. The review of home care packages has also resulted in savings of £0.405m with projected further savings of £0.121m to the end of the financial year.

25.5 Respite Care

There is a projected underspend of £0.433m (52% of budget). Respite care in response to emergency situations/crises has diminished as a result of services put in place such as the Step-up, Step Down facility at Greenacres and the new Short Stay Medical Unit.

25.6 Physical Disabilities

An under spend of £0.328m (7% of the £4.8m budget) is forecast. The largest under spend is against residential care £0.229m but there is also a significant underspend against nursing care £0.201m.

25.7 Learning Disability

An over spend after reserves of £0.243m is forecast on external care packages. There were some significant variances within care package lines including an under spend of £0.274m on other local authority services due to a reduction in use offset by a shortfall on other local authority income of £0.388m. New transitions from Children's services since the beginning of the financial year are forecast at 34 with an associated part year cost of £0.533m with an additional full year effect of £0.185m.

25.8 A reserve of £0.433m was brought forward from 2012/13 to address the risk associated with Ordinary Residence (OR) transfers. Recent OR cases mean that £0.352m of this reserve is expected to be used in the current year with on-going funding to be picked up from the remaining reserve and from the 2014/15 base budget. A significant provider has recently signalled that they intend to deregister in October 2013 with potential part year costs of £0.042m. This is not included in the forecast currently.

25.9 Mental Health

An over spend of £0.307m is forecast. This is mainly in the areas of residential care and home care. There have been six new additional residential placements in 2013/14 with a part year impact of £0.269m (and a full year impact in 2014/15 of £0.425m). These, along with existing placements and projected further increases in 2013/14, present a full year forecast outturn of £0.648m, an over spend of £0.392m. In combination with a forecast overspend on home care of £0.185m, this pressure is partially offset by an under spend on direct payments of £0.200m. The budget for direct payments has increase significantly between years reflecting the expectation that more service users would receive cash to arrange their own support rather than using traditional services. The number of customers who started to receive direct payments in the first half year is 10 (an increase of 33%) below expectations.

Assistant Director – Commissioning

26.0 This area is forecast to under spend by £0.114m comprising of net savings on a number of contracts. There are projected under spends on pay of £0.191m due to part year vacancy savings across various teams.

26.1 The Campus Closure re-provision programme for people with learning disabilities is forecast to spend £0.139m which will leave of closing balance of £0.282m in the earmarked reserve to finalise the last 3 remaining Central Bedfordshire schemes.

26.2 The Commissioning budget also includes £0.200m set aside to meet the potential costs arising from a revised fee policy for dementia for residential and nursing placements. The forecast assumes that £0.140m of this will be used.

Assistant Director – Resources

27.0 This area is forecast to under spend by £0.263m. The main reason for this is the additional residential placement income being achieved due to placements being higher than budgeted £0.256m. Fairer Charging income is also exceeding the target by £0.211m (9%).

Revenue Virement Requests

28.0 The original budget was £65.607m Virements totalling £0.288m have increased this to give the current budget of £65.895m as follows:

- Additional employer's superannuation contribution +£0.295m
- Centralisation of Customer First efficiency +£0.024m
- Transfer to other service directorates -£0.031m

Achieving Efficiencies

29.0 For 2013/14 the efficiencies target amounts to £4.734m. A shortfall of £0.391m is forecast.

29.1 There are three efficiencies which are significantly short of their target

- Reduction in the use of 65+ residential care £0.869m
- Review of Learning Disability care packages £0.124m
- Seek further efficiencies from mental health services £0.099m

These are partially offset by two efficiencies significantly exceeding their target

- Development of a joint approach with health £0.388m
- Renegotiate high cost Learning and Physical Disability placements £0.226m

29.2 Appendix B shows the Efficiency Tracker summary for the Directorate.

Reserves position

30.0 Appendix C shows the full list of reserves for the directorate. The total General Fund reserves available as at April 2013 were £5.069m.

30.1 In respect of the Campus Closure capital project, £0.139m is forecast to be drawn down from the reserve leaving £0.282m to meet the costs of the final 3 schemes in 2013/14.

30.2 The Social Care Reform reserve has an opening balance of £0.187m and will be used to fund future Personalisation and improvement projects.

- 30.3** The Deregistration of Care Homes Reserve is being utilised to meet the costs of new Learning Disabilities cases arising from Ordinary Residence. The opening balance of £0.433m of which £0.352m is expected to be used during 2013/14 and 2014/15 subject to the de-registration of two major providers within Central Bedfordshire.
- 30.4** The Greenacres Step-up, Step down reserve has an opening balance of balance of £0.490m which will be used to fund scheme costs during 2013/14.
- 30.5** The Winter Pressures reserve has an opening balance of £0.152m reflecting unutilised 12/13 Winter Pressures grants and baseline health funding for the newly formed Rapid Response/Falls Service. Of this £0.102m is assumed to be drawn down in the current forecast.
- 30.6** The 2012/13 grant funding for Deprivation of Liberty in hospital settings has been rolled forward as an earmarked reserve of £0.081m to offset additional costs in 2013/14 and in 2014/15.
- 30.7** The Mental Health Action Plan reserve has been set aside to fund improvements identified in an action plan agreed with the Community NHS Trust provider.
- 30.8** The Outcomes Based Commissioning reserve was created in 2012/13 to meet the costs of the residential care home transition and service modernisation programme and has an opening balance of £3.067m. A detailed financial model has been developed to capture the costs of the programme.

Debt Analysis and Prompt Performance Indicator

31.0 General Fund Debt

- 31.1** General Fund debt at the end of Quarter 2 stood at £4.7m (£4.3m end of Quarter 1) of which £2.2m was house sales debt and £0.9m Health Service debt. Of the remaining general debt of £1.6m, £1.041m (64%) is more than 60 days old. General fund debt includes legacy debt of £0.6m as well as Central Bedfordshire debt. There are 31 debtors whose outstanding balance is greater than £0.010m which are all under active management.

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