

## REVENUE BUDGET MONITORING 2008/09

Report By: Management Accounting Manager

### Wards Affected

County-wide

### Purpose

To provide an update on the projected outturn to the end of January 2008-09 for Adult Social Care and Strategic Housing.

### Financial Implications

These are contained in the report.

### Background

The Adult Social Care and Strategic Housing Scrutiny Committee receive regular budget monitoring reports, the most recent covering the period to October 2008.

### Latest projected position 2008-09

	2008-09 Budget	Projected outturn January 2009 Over or (-) Under	Projected Outturn October Over or (-) Under
	£m	£m	£m
Adult Social Care	40.23	0.566	0.277
Supporting People	0.073	0.032	0.028
Strategic Housing	1.919	0.148	0.321
<b>Total</b>	<b>42.22</b>	<b>0.746</b>	<b>0.626</b>

### Adult Social Care

1. The forecast outturn position on Adult Social Care shows a deterioration on the October position of 289k, resulting in a revised forecast outturn of £566k overspent. The detailed income and expenditure variances are set out in Appendix I.
2. There have been a number of changes, both positive and negative, since the last scrutiny report. The most significant change relates to the assumption around Continuing Health care (CHC). The October position assumed that the PCT would meet costs of individuals meeting the CHC criteria amounting to some £942k. This was based on an initial review of 26 cases deemed likely to meet the criteria.

3. A number of assessments have been undertaken since then. Of these, 7 have shown clients not meeting the required criteria. There are a further 7 assessments still pending, including 3 of which relate to PCT's other than Herefordshire.
4. After taking account of those clients already assessed as meeting the CHC criteria, and those assessments pending which are still considered to have a high probability of meeting the criteria, the cost shift assumption has been reduced by £442k to £500k. This is one of the main reasons for the increase in the outturn forecast.
5. The other significant factor in the increased forecast is an increase in domiciliary care of £512k. This is partly offset by the reductions in residential care detailed below, but there is also an emerging under-utilisation in the Rose Gardens block contract. The council is contractually committed to pay for a fixed level of support, however there are currently 12 voids out of a provision of 20 high care packages. At the same time the level of spot contracts for domiciliary homecare have increased rather than reduced.
6. The other main variances in forecast outturn since the previous report are as follow:
  - a. A £108,000 reduction in older people due to an overall decrease in residential packages of 9 clients, however this includes a number of packages recently approved.
  - b. A £52,000 reduction in mental health due to an overall decrease in residential packages of 7 clients.
  - c. A change in the way client receipts are accounted for in relation to property disposals has resulted in a one-off reduction in the outturn of £270k.
  - d. Various costs totaling £90,000 previously shown within the base budget expenditure have been re-allocated against grant funding where capacity has been identified. These relate to the Management Information grant and the Learning Disability Development Fund.
  - e. There have been increases in residential care costs for learning disabilities (£17k) and physical disabilities (£7k). These are due to more complex needs of clients rather than additional packages.
  - f. Additional costs for brokerage of £30k as part of the wider move to personalisation within the modernisation programme.
  - g. The issue with the Shires contract has been resolved with the PCT and Council agreeing a 50:50 split of the debt write-off, this has resulted in an increase in the outturn of £80k.
7. Over the past year, adult social care have been working more closely with Supporting People staff to consider ways in which supporting people funding could be appropriately used to provide support for individuals which might also reduce some of the need for some social care funding. Some of this relates to funding new pilot services and some to part funding existing care packages. In October the amount of eligible funding identified was £158k. Since then further work has been undertaken which has increased this amount to £503k.
8. The Adult Social care budget continues to be reviewed to identify further areas to reduce expenditure to achieve a balanced budget. This includes using the evident trend of reducing residential placements, reviewing modernisation projects across the

whole county and slowly implementing as well as cutting back on interim and project management support. Any option is likely to have an impact on progressing the improvement agenda.

9. There are a number of potential risks that could cause the forecast position to increase further. These include outstanding invoices raised to the PCT for CHC costs from previous years of £557k, which are the subject of on-going negotiation.
10. There is currently £1.027m budget allocated to new modernisation schemes and initiatives. As schemes develop the costs and budgets will be allocated to the appropriate services. Schemes are being closely monitored to ensure timescales for implementation are met and that anticipated savings and cost mitigation are achieved.
11. An overspend of £32k is currently projected in terms of the management and administration of the Supporting People programme. This is principally due to unanticipated costs for the IT system that supports the programme.

### Strategic Housing

12. The overall forecast outturn for Strategic Housing has improved from the October report, with the overspend decreasing from £321k to £148k. This is largely due to continued reductions in the use of bed and breakfast (B&B) accommodation. A degree of caution needs to be exercised due to an emerging increase in B&B numbers for single people which could increase the final position.
13. The bed and breakfast accommodation numbers from November to January are shown below. Demand from families with children, the most expensive category, continues to be low.

Category	Jan	Dec	Nov
Families	1	3	7
Other(couples, siblings)	0	0	1
Single	11	2	8
<b>Total</b>	<b>12</b>	<b>5</b>	<b>16</b>

14. The projected cost of B&B accommodation is a prudent estimate based on current levels of occupancy projected forward using similar percentage fluctuations experienced in previous years. This produces an overspend of £240k. The B&B position is partly offset by an additional £82k of housing benefit received. Strategic Housing continues to focus activity on actions to reduce the use of B&B Accommodation.
15. The officer task and finish group jointly chaired by the Director of Regeneration and Head of Strategic Housing continues to look at new approaches to manage and reduce the homelessness position. Progress has been made in expanding the use of private rented property through the expansion of the council's private sector leasing scheme. This has helped to contain more costly B&B costs but has resulted in an increase in non B&B temporary accommodation costs.

16. Increased levels of enquiries have led to a slight increase in the length of time taken for homelessness applicants to be interviewed, from 3 days to 5 days. Decisions on eligibility are usually made within a week of the interview unless complex investigations are needed.
17. Charges are being introduced for clients in non B&B temporary accommodation where individuals are not able to claim full housing benefit. The potential to make charges for B&B accommodation and furniture storage are being considered. These measures should help to both contain demand and to increase income to offset costs.
18. There have been a number of vacancies in the homelessness team however it has been necessary to employ temporary staff to cope with the increasing demands for accommodation. This has resulted in a net overspend in staffing of £60k. This is partly offset by contributions of £40k from the Department of Communities and Local Government to cover the secondment of the Homelessness Manager.
19. The reduction in the repurchase and reinstatement grant of £38k has led to an income shortfall on the management and administration heading; this is partly offset by one-off vacancy savings. The grant drops out completely in 2009-10.

#### **Possible Measures for Further Recovery on Homelessness**

20. Action continues to ensure that all housing benefit is being claimed for those within bed and breakfast, and to ensure that all bed and breakfast clients have priority status and are actively bidding on properties. The position will continue to be closely monitored.
21. The homelessness situation presents the Council with a significant challenge and the available resources are currently not adequate to manage the scale of the problem. The economic downturn is adding to the pressures being faced within Homelessness.

### **RECOMMENDATION**

#### **THAT:**

- (a) **the forecast outturn for 2008/09 agreed with the Directors based on service and financial performance outlined in this report is noted.**

**and;**

- (b) **the continuing efforts of the Directors to ensure service targets are met within the approved budget are endorsed.**

#### **BACKGROUND PAPERS**

- Appendix I attached