

REVENUE BUDGET 2007/08

Report By: Interim Finance Manager Adult & Community Services

Wards Affected

County-wide

Purpose

1. To provide an update on the projected outturn as of the end of Period 11 (February) for financial year 2007/08 for Adult Social Care and Strategic Housing.

Financial Implications

2. These are contained in the report.

Background

3. The Adult Social Care and Strategic Housing Scrutiny Committee receives regular Budget monitoring reports with the most recent one covering the period to October 2007. The position presented to the 10th December Committee showed a projected overspend of £4.41m on Adult Social Care, a projected overspend of £0.11m on Strategic Housing, and an under spend of £0.09m on Commissioning and Improvement.

Updated Position

4. The updated position is as follows:

	2007/8 Budget	Projected overspend October 2007	Projected Overspend February 2008
	£m	£m	£m
Adult Social Care	31.00	4.41	3.575
Comm.& Improvement	1.24	(0.09)	(0.177)
Strategic Housing	2.03	0.11	(0.001)
Total	34.27	4.43	3.397
Less needs analysis Funding for short-term packages		0.50	0.50
Projected overspend		3.93	2.897

Further information on the subject of this report is available from
Greg Evans, Interim Finance Manager Adult & Community Services on 01432 260545

Adult Social Care

5. The position to February 2008 is a significant improvement on that reported to the previous Scrutiny Committee. A detailed breakdown of the projected overspend as at February 2008 is presented at appendix I, which shows that of the £3.575m, learning disabilities contributes £2.64m, mental health £1.08m and physical and sensory disabilities £0.477m. The major budget pressures across all service groups within Adult Social Care are residential and nursing care placements and domiciliary care costs.
6. The movement in residential care placements year to date are as follows:

		April 2007	August 2007	October 2007	February 2008	Net Change Year to date
Learning Disabilities	Agency placements	18	18	17	17	-1
	Residential	74	90	93	92	+18
	Nursing	7	9	10	12	+5
Mental Health	Residential	145	160	159	150	+5
	Nursing	111	110	108	90	-21
Physical Disabilities	Residential	17	20	19	16	-1
	Nursing	10	12	11	11	+1
Older people	Residential	125	126	130	127	+2
	Nursing	119	121	122	120	+1
	Total	626	666	669	635	+9

7. The position reported to October showed a significant increase of 43 nursing and residential packages; however since then the position has stabilized in most areas with a number of reductions within Mental Health. The change in the overall position since that reported in October is a net decrease of 34 packages. This reduction is one of the contributing factors to the reduction in the forecast overspend position.
8. In addition to the reduction in residential and nursing packages there are several other factors contributing towards the reduction in the forecast outturn position for Adult Social Care. The October position did not account for grant income from preserved rights, Carers grant and LPSA2 pump priming grant which was still to be allocated out to specific service headings. A detailed review of the payments for the Shaw contract, after taking account of one-off interim arrangements, showed that the October forecast included commitments which will not now be incurred.
9. For 2007/08 £2.7 million invest to save funding was earmarked for the Directorate. Approximately £500k of this is forecast to be spent in 07-08 on new initiatives to develop new models of service delivery. The spend to date and budget provision are

held centrally and are not reflected within these figures. A further £500k has been released to fund specific short term packages, pending redesign of service provision.

10. In line with the Council's overall financial policy a centrally held contingency has been set aside for Social Care (both Adults and Children's) of £1.3 million. £650k will be allocated to adult social care to reduce the overspend position.
11. The Directorate is in discussion with the PCT about Free Nursing Care costs and this may have an impact on the final outturn position.
12. The opening of the Leadon Bank facility in Ledbury has had a broadly neutral effect on the forecast outturn, since residents are now able to access benefit payments which they could not whilst living in the old facility. The new facility is far from operating at full capacity however the financial impact of rent voids falls on the Shaw Special Purpose Vehicle Company and not the Council. The facility is currently projected to be at full capacity by September 2008, however the council has allocated additional staff resources to try and speed this up. Regular meetings with Shaw are taking place to address both the immediate issues around empty flats and the longer-term financing issues of the contract. The main additional direct cost falling on the Council is for the extra domiciliary care provision within the contract, which will result in an additional £57k for 2007-08.

Remedial Action

13. The work undertaken by the Directorate in recent months to bring expenditure back into line with the budget has begun to have a positive impact and this is reflected in the improved outturn position. The Adult Services Transformation Board is implementing an action plan intended to contain and reduce spending whilst ensuring there is a move towards a more modern style of service delivery.
14. Significant additional funding has been allocated to the Directorate within the MTFMS (Medium Term Financial Management Strategy) for 2008-09. This funding will be used alongside additional income from fairer charging, new grant funding and revised arrangements with the PCT to move towards achieving a balanced budget for 2008-09. This process is being supported by a detailed zero-based budgeting exercise for staff and contract costs, whilst new arrangements for budget clinics involving Finance staff and Budget Managers are in place, which will focus on income generation as well as controlling expenditure.
15. A review of the level of support by the PCT is underway. In particular the amount continuing care funding received. There is also a reassessment of all mental health clients, who do not contribute to their care because they fall within Section 117 provisions.
16. Supporting people funding has been agreed to provide a roving night service and to provide temporary accommodation to people in crisis. Staff are working closely to identify areas where under committed supporting people monies can be used within the terms of the grant to mitigate costs.
17. Further assistance may occur as a result of a proposal put forward to utilise an additional £500k of supporting people funding. This would assist people in transition

from residential care to self directed care options and therefore reduce financial pressure.

Commissioning & Improvement

18. The major factors in the projected under spend are delays in recruitment and the decision to carry out data cleansing in –house rather than use an external source. In addition a Department of Health grant has been secured to fund purchase of PC's, leading to a further saving.

Strategic Housing

19. The major budget pressure within Strategic Housing is the demand for temporary accommodation for homeless people. The period since October has seen some fluctuation in homelessness levels. As at February there is a forecast overspend of £101k within homelessness, however this is mitigated by savings within several other areas through a combination of one-off vacancies and grant funding. The overall forecast outturn for Strategic Housing is a break-even position; however homelessness remains a volatile and unpredictable area.
20. In 2008-09 there will be a significant reduction in the grant funding that has supported the budget position in Strategic Housing in recent years. Any further one-off savings through vacancies are unlikely. A recovery plan to minimize the level of spending on temporary accommodation and goodwill payments is being developed in order to deliver a balanced budget for 2008-09.

RECOMMENDATION

THAT the Committee notes and comments on the projected outturn for financial year 2007/08 for Adult Social Care and Strategic Housing.

BACKGROUND PAPERS

- Appendix I attached