

BUDGET MONITORING 2004/05 – 6 MONTHLY REPORT

Report By: Head of Business Services

Wards Affected

County-wide

Purpose

1. To note the budget monitoring position for Social Care and Strategic Housing for the first six months of the financial year 2004/05.

Financial Implications

2. As detailed within the report.

Background

3. Following the Council's Performance Management Framework, budget monitoring reports should be made at 4, 6, 8, 10 and 12 months to relevant Scrutiny Committees. This is the second budget monitoring report for the financial year 2004/05.
4. At the last meeting of this Committee on 4th October 2004, a report was presented on available Performance Assessment Framework (PAF) indicators position, additional information about current performance management issues and initiatives within the Social Care and Strategic Housing Directorate.
5. Particular attention was focused on the social care revenue budget. It was noted that the projection was an overspend of £700,000 with an underlying trend for an over-commitment of £1 million. The Committee was advised of further management action being undertaken which included a detailed examination of the budget.
6. The Committee noted the position with concern and resolved that a more detailed monitoring report by submitted to the next meeting. This report focuses on the six-monthly position.

Social Services Budget 2004/05

7. The budget for the financial year 2004/05 was set by Council on 5th March 2004. Additional resources of £1million were allocated to the Social Care programme area.

8. In summary, after allowing for inflation the total budget available for Social care (excluding central recharges) in 2004/05 is as follows:

	£000
Base budget (after inflation)	34,805
Additional resources	<u>1,000</u>
Total budget Social Care	35,805

9. The above figures include the carry forward overspend from 2003/04 of £245,000.

10. At the end of the second quarter, the projected year end position for Social Care is an overspend of £740,000. (including the carry forward overspend of £245,000) The underlying trend, if no action were taken, would be for an overcommitment of over £1million, which is neither acceptable or sustainable. This latest budget projection does not show improvement on the August position. The application of rigorous management action, based on a comprehensive risk assessment were included in this projected position. The projection also includes certain assumptions about spending plans over the last four months of the financial year, which carry a potential risk of not being achieved. The overcommitment is therefore being held but not improved.

11. The considerable pressures this financial year have emerged from rising demand and costs across both children and vulnerable adults, as follows:

- Childrens services – are experiencing higher costs and demands in residential placements. Over the past year, the number of children looked after by the authority in this type of accommodation has risen by 11. These placements can cost up to £4,500 per week per child.
- Learning Disability services (integrated with the Primary Care Trust-Council lead) – have lost Supporting People grant and have more complex user needs to meet.
- Mental Health services (integrated with the Primary Care Trust) are experiencing increased demand, particularly on the residential budgets.
- Older Peoples Services have experienced an exceptional increase in the number of people who have previously funded their own care and

are looking for assistance from the Council.. This has resulted in delays in Community Hospitals.

12. The Directorate held a budget “clinic” on 12th October 2004 to examine each service area in more detail. There was consideration of longer term financial strategies, and short term measures necessary to reduce the projected overspend in the current financial year. Every service has been given a “savings plan” to achieve by the end of the financial year. This has led to additional actions being taken, which include:
- Further analysis of those children in residential placements, with specific targets to return some to local provision.
 - Making a risk assessment of those service users in need of care and funding only those in emergency or critical need
 - Reviewing care services provided to existing service users, and making adjustments to the level of care provided wherever possible, consistent with the Council’s eligibility criteria
 - Reviewing those service users receiving transport
 - Maximising occupancy levels against block contracts
 - Reducing the choice for service users in accessing day care
 - No use of agency staff to cover absence, which has led to cancellation of day care
 - Reviewing service users potential entitlement to free nursing care (funded by health)
13. There will be a further budget clinic on 15th December where the results of those actions will be considered. Some areas are struggling to meet their savings targets, given the main costs are in independent sector placements. Further discussions are also taking place with colleagues across the Council and partner organisations about how the financial burden can be shared.

Strategic Housing Budget 2004/05

14. The 2004/05 budget for Strategic Housing is £1,260,000. In addition, an underspend of £60,000 has been carried forward from 2003/04, making the total budget £1,320,000.
15. At the last meeting, it was noted that whilst the Strategic Housing budget was projected to break-even, there was a potential risk that additional expenditure may be incurred on homelessness. Following further analysis based on the first 5 months of the financial year, we have confirmed that spending is highly likely to exceed budget provision.

16. Strategic Housing managers are currently reviewing how this impacts on the remainder of the budget, but are taking measures to ensure that the budget is managed to “break-even”, including the underspend brought forward from 2003/04.

Summary

17. The directorate’s aim to completely eradicate the “debt” brought forward on the Social Care budget has not proved possible. The current projected overspend equates to 2.1% of the Social Care budget, slightly more than the 2% limit permitted by Financial Standing Orders. However, the projection makes assumptions about the achievement of targets, which is a risk. Savings targets are being reviewed with managers on a regular basis. Any achievement of savings is at a cost to service delivery.
18. The picture being managed at present is very concerning and the challenges will remain for the remainder of this financial year and 2005/06.

RECOMMENDATION

THAT the budget monitoring report for the first 6 months of the financial year 2004/05 be noted.

BACKGROUND PAPERS

- None