

SOCIAL SERVICES AND STRATEGIC HOUSING BUDGET MONITORING 2004/05 – 10 MONTHLY REPORT

Report By: Finance Manager

Wards Affected

County-wide

Purpose

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

Financial Implications

As detailed within the report.

Background

2. 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 third budget monitoring report for the financial year 2004/05.
3. At the last meeting of this Committee on 13th December 2004, a report was presented on the budget position at the six months stage. Pressures were identified from rising demand and costs across all user groups and the action that was being taken to reduce the risks. At that stage the projected year end position for Social Care was an overspend of £740,000 with a warning that the underlying trend was an overcommitment of £1million. However, the projection made a number of assumptions which had the potential risk of not being achieved. It was acknowledged that the position was both concerning and challenging.
4. It was also noted that there were risks within the Strategic Housing budget on homelessness.
5. This report discusses the results of the investment in Older People's Services, the continuing pressure on other services, and the exceptional circumstances that have arisen in the year and the resultant projected overspend.

Social Services Budget 2004/05

6. 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 against the Older People's Business Case.

Older Peoples Services

7. The increased investment in Older Peoples Services has yielded a number of developments, including:
- The in house home care service has been reshaped into the STARRS reablement service, with little disruption to service users;
 - Secured the Nursing Home Sector being available with the increase in fees;
 - Care packages have been reviewed, which has meant resources have focussed on those in highest need
 - Block contracts with independent home care providers have been set up, which has brought stability to the market;
 - The numbers of people assessed as needing a service for whom funding is not available has been kept to a minimum

The projections on Older Peoples Spend indicate a breakeven position

Children's Social Care

8. The budget management has secured a hold on expenditure, but given the complex needs and costs of placements, there remains a projected overcommitment of £585,000 for the year.

Learning Disabilities

9. The budget management has not had the same impact as planned in relation to holding the expenditure or taking into account key pressures. The savings plan has not been realised in full and the Continuing Care funding from the Primary Care Trust has been less than assumed. There has been a separate change report to Cabinet which identified significant service challenges. However, given the size of the problem, it has been decided to conduct an external (to the directorate) review of the financial arrangements and spending decisions, in order to have secure budget planning for 2005/06.

Exceptional Items

10. There have been exceptional items of expenditure, totalling £758,000 which relate to the risks identified. Although efforts were made to manage these items, this has not proved possible. They are as follows

- **PCT Contributions to Pooled Budgets** The ongoing negotiations with the PCT on the attributable risk have not reached total agreement. The financial risks on the pooled budgets are now projected as attributable to the partner whose service element the overspend relates to. The Mental Health overspend reported by Social Care, even though the PCT manages the service, is now included in the Social Care projections.

The projected overspend on the pooled budgets increases by £256,000 as a result. The PCT have now agreed to make a contribution of £100,000 towards the overspend on the Council's element of the Mental Health pooled budget. This methodology does not fit a Section 31 pooled budget agreement, in that there must be an agreed risk share in respect of over and underspends. There will be a more robust risk sharing and management accountability agreement for 2005/06.

Continuing Care Contributions for qualifying Learning Disability service users - current projections assume £250,000 contribution from the PCT. This is secure, although the costs attributable had been calculated at approximately £400,000. The PCT has acknowledged this and this will be budgeted for in 2005/06.

- **Statutory Obligations** The Council has needed to review its funding decisions for some individual cases as a result of legal challenge. This has created additional expenditure of £89,000.
- **Loss of Grant** The Directorate has suffered a loss of Supporting People Grant income of £175,000. It has been a challenge to manage commitments within budget.
- **Prior Year Adjustments** Invoices totalling £152,000 have been received, which relate to the 2003/04 financial year. Some of these relate to disputed invoices which ultimately fell to the responsibility of the Council to pay.
- **NHS Emergency Support** - Additional funding of £36,000, to enable discharges from community hospitals to free beds at the Acute Trust, given the pressures in November 2004 and January 2005.

Projected Year End position

11. The projected year end position for Social Care, is an overspend of £1,514,000, (4.2% of the Social Care budget) with exceptional items of £758,000. This is shown in the tables below. This latest budget projection shows deterioration on the previously reported position, despite applying harsh management action. All efforts possible are being made to sustain this position

Social Care Budget

	£000
Original Budget 2004/05	35,990
Overspend Carried Forward from 03/04	(245)
Budget 2004/05	35,745

Budget Area	Budget 2004/05	Projected Over (Under) Spend	Exceptional Items within Projection
£000	£000	£000	£000
Children's	8,789	543	48
Older People	8,237	0	36
Mental Health	3,871	284	156
Learning Disabilities	5,797	1,569	503
Other Adults	6,486	(388)	15
Business Services	1,983	(412)	0
Other Social Care	582	(82)	0
TOTAL	35,745	1,514	758

Strategic Housing Budget 2004/05

12. The Strategic Housing budget is projected to overspend by £163,000, of which £49,000 is an exceptional item relating to 2003/04 homelessness expenditure.
13. A previously identified risk was on homelessness expenditure. The budget on temporary accommodation has overspent by £310,000, but robust management action continues to be taken to manage the overspend down to projected level of £163,000 for the overall Strategic Housing budget. 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.

Summary

14. The Directorate's aim is to completely eradicate the "debt" brought forward on the Social Care budget has not proved possible despite the action that has been taken to achieve savings at the cost of service provision. The current projected overspend represents a significant deterioration in the position and equates to 4.1% of the Social Care budget, double the 2% limit permitted by Financial Standing Orders. The projection has made realistic assumptions against the savings targets previously set and other risks and is not expected to deteriorate further.
15. The picture being managed at present is very concerning and the challenges will remain for 2005/06 bearing in mind the commitments that have been entered into. Decisions will need to be taken about the level of service that can be achieved within the budget available and the pooled budgets.

RECOMMENDATION

THAT the budget monitoring report for the first 10 months of the financial year 2004/05 be noted.

BACKGROUND PAPERS

- None