

## BUDGET MONITORING REPORT 2006/07

Report By: Head of Financial Services

### Wards Affected

County-wide

### Purpose

1. To report on the revenue budget's financial position for Adult Social Care and Strategic Housing as at the end of July 2006 and to provide projections to the end of the financial year.

### 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 last one covering the first three months of the final year. The position presented to the 26th July 2006 Committee showed a projected overspend of £3.4m on Adult and Social Care and a projected overspend of £83k on Strategic Housing.
4. The report of 26th July indicated that the major budget pressure within Adult Social Care was residential and nursing care placements. This was a consistent pressure across all service user groups.
5. In addition Cabinet received a report on the 29th June outlining the potential budget position for 2006/07. The recommendations in this report were agreed as follows:
  - Cabinet welcomes the reassurances of the internal audit of budget management and control and recognises the need to maintain close monitoring of the 2006/07 Budget.
  - It is recognised there is a need to work with other local authorities to monitor and lobby for future funding of Social Care (Adults); and
  - Progress be given to the identified options to modernise services as outlined and in the emerging scrutiny review.

### Adult Social Care

6. The projected outturn as at the end of July for Adult Social Care is an overspend of £3.3m against a budget of £30.45m. The position is slightly lower than that reported to the previous Committee. Details of the service area overspends are as follows:

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Further information on the subject of this report is available from  
David Powell, Head of Financial Services on 01432 383173

|                       | £         |
|-----------------------|-----------|
| Learning Disabilities | 1,288,493 |
| Older People          | 680,617   |
| Physical Disability   | 559,020   |
| Mental Health         | 643,117   |
| Service Strategy      | 100,493   |

It should be noted that the £3.3m projected is before any use is made of the Social Care contingency.

Appendix 1 summaries the position.

### **Learning Disabilities**

7. The Learning Disabilities Service area is covered by a Section 31 agreement using freedoms and flexibilities available in the 1999 Health Act. The arrangement in Herefordshire sees the Primary Care Trust (PCT) and Council pool resources in this service area with lead management responsibilities held by the Council.
8. The projected outturn for this service area is a £1.29m overspend. During 2006/07 the Council increased the budget over and above inflation by £758k and the risk sharing agreement sees the Council as lead organisation carrying full risk of overspends in its funded areas.
9. Analysis of projected overspends sees the majority covered by Community Care Residential, Nursing Care and Agency Placements. Overall the projected overspend has increased between months 3 and 4 due to the learning disabilities modernisation agenda.
10. The Council is in discussion with the PCT about the impact arising from central government funding variations for Health Services. At the time of writing the report, the position had not been clarified. However, this does present some further risk to the budget position.

### **Older People**

11. The projected overspend of £681k in the Older People service area is the result of residential and non-residential care packages. As of July the total number of people in residential places was 303 with a £361k overspend in this area.
12. The projected overspend on non-residential care packages has also increased with £233k variation from the previous report to Scrutiny. There is clear evidence of increasing demand for services with an additional 9 places being funded since April 2006.
13. Currently there is a review of commitments to ensure the Access and Systems Capacity grant is maximized. If this can be fully used there may be scope to reduce the overspend in the Older People and other service user groups.

### **Physical Disabilities**

14. Similar pressures affect the Physical Disabilities service user group where a £559k overspend is projected. This is caused by residential and homecare packages.

15. The number of residential packages as at end of July is 30 compared with 12 funded in 2005/06.

#### **Mental Health**

16. As with Learning Disabilities a Section 31 agreement is in place between the Council and the PCT. The key difference for this service group is that the lead partner is the PCT not the Council.
17. Overall the pooled fund had a £1.26m projected overspend with the Council's element being £643k. The operation of the agreement was amended by the Partnership Board on 13th March 2006 so that financial risk would be accepted by each partner only for the areas where they have expenditure. It is for this reason the overall Adults Services position includes £643k.
18. Compared to the position in June the Council's areas of responsibility has improved by £170k with reductions in Community Care residential placements evident. The overspend is largely the result of an additional 19 residential packages above the base budget requirement in 2005/06.

#### **Strategic Housing**

19. The projected overspend for Strategic Housing is £31k against a £2.01m budget.
20. Since the last report a £52k reduction in the projected overspend has occurred. This is the result of a decrease in the demand for temporary accommodation because of the increasing use of the prevention fund. This area can be difficult to project with accuracy but the assessment of demand for the remainder of the year incorporates an allowance for seasonal trends. Historically at this point of the calendar year demand is low but an allowance has been incorporated for increases in later months.
21. As of July 18 families and 8 single people were in temporary accommodation. This compares with an average of 405 families and 32 single people in 2005/06.

#### **Conclusion**

22. As of the end of July the projected Adults Social Care overspend is £3.3m and the Strategic Housing projected overspend is £31k.
23. The Adults Services position sees projected overspends across all service user groups with residential and nursing care packages accounting for £2.36m of the total. Significant pressure on homecare budgets is also evident.
24. There is a commitment to maximise available grants which may help reduce projections. If the non-recurring Social Care contingency of £1.3m is applied this will reduce the projected overspend but the position around PCT funding for Learning Disabilities is an area of visit that will be monitored closely.

#### **RECOMMENDATION**

**THAT the Committee notes and comments on the projected 2006/07 financial outturn for Adults Social Care and Strategic Housing.**

#### **BACKGROUND PAPERS**

None

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