

COMMUNITY SERVICES DIRECTORATE

REVENUE BUDGET MONITORING – NOVEMBER 2006

1. FORECAST POSITION

- 1.1 The directorate, before management action, is forecasting an overspending of £2.216m against the total General Fund budget of £65.243m. Management action of £737,000 has been identified reducing the overspending down to £1.479m.
- 1.2 In respect of the Housing Revenue Account, the Directorate is forecasting an adverse variance of £465,000 when compared to the original budgeted surplus of £1.213m.

2. ADULT SOCIAL CARE (£1.320M)**2.1 Major Variations**

Despite the current level of overspending for Adult Social Care, this represents a significant achievement given that the original forecast based on May 06 was an overspending of £2.183m.

The budget for Adult Social Care is £79.003m gross and £46.873m net. Management action of £410,000 has been identified, see section 2.2 for details.

The main pressures on the budget are:

- Older People Care Management and Private and Voluntary Care Provision, £171,000.

The £171,000 overspend is as a result of an increase in expenditure. The death rate for the first nine months in 2006-07 is 162 clients compared to 206 clients for the same period in 2005-06.

As at 5th January 2007 there were 3 delayed discharges that were the Council's responsibility and 41 clients on the waiting list for consideration at panel for placements in residential or nursing home care. Neither of these has been included in the forecast for this month.

- Physical Disability £1.025m, the main components are home care £341,000; direct payments £451,000; residential care £167,000.

There was always a risk that there would be known named clients requiring a service and these continue to materialise resulting in this increased pressure. The original budget requirement for 06-07 included a provision of £767,000 for estimated future demand for residential and community care which was deleted during the budget setting process as overall resources could not accommodate this. Had this provision not been deleted the overspend would only be £258,000

- Mental Health Services £239,000

The lack of senior accountants and turnover of staff has meant that there has not been the usual close contact with the budget managers for this area. The recently appointed accountant has given close consideration to the forecasts and based on the current level of activity the above overspend has been identified. However, there has been no opportunity to discuss this with the budget managers of the Trust.

2.2 Management Action and Associated Risks (£410,000)

Older People Services £171,000

The £171,000 management action is proposed to be delivered through a review of the current expenditure and the careful management of the funding of new clients through the weekly panel meetings.

This remains a high-risk area as there will be clients not known to Adult Social Care to date who may require additional packages. There are also clients who placed themselves in residential care but whose wealth has been depleted, requiring the Council to assist in funding part or all of their placement. In addition to this the death rate has been unexpectedly low throughout the first 9 months of the financial year.

Mental Health Services £239,000

The forecast overspending on this service is expected to be managed by the Mental Health Trust (MHT). However, there is a dispute with the MHT in respect of the treatment of overspending in previous years. There is an agreement with the PCT that they will pay a proportion however the MHT have yet to agree.

2.3 Other Factors

As well as the pressures mentioned in section 2.1 above it is worth noting that services that have previously been high income generators are unable to deliver to the same extent in the current year. The main areas for adult social care are:

2.3.1 Registration – estimated reduction in income in 06/07 £11,000

Although the total number of marriages to date is identical to last year, it is the composition of the marriages that is producing a fall in income. The more expensive marriages, costing on average £180 each, have fallen from 199 in 05/06 to 163 for the current year and the less expensive marriages, £40 each, have increased from 60 in 05/06 to 90 in the current year, an estimated loss of £11,000 in the current year.

2.3.2 Bereavement Services – estimated reduction in income since 04/05 £90,000

There has been a loss of income from crematorium memorials. The expensive memorials have all been sold and there is a reduced interest in the remaining cheaper ones. The current systems do not allow us to extract a definitive figure

for this but it is estimated that there has been a reduction of approximately £90,000 over the last three years.

3 ECONOMIC DEVELOPMENT, SKILLS AND LEISURE (£942,000)

3.1 Major Variations

The budget for Economic Development, Skills and Leisure is £27.119m gross and £13.699m net. Management action of £40,000 has been identified, see section 3.2 for details.

The main pressures on these budgets are:

- Withdrawal of cultural contribution from Children Services £51,000, split as follows:
 - Leisure and Sports £20,000
 - Theatre and Arts £26,000
 - Museum Service £5,000

Work is ongoing to consult with schools to secure replacement funding or to reduce this activity and staffing to keep within budget.

- Leisure and Sports £444,000

This includes £60,000 in respect of the decision to support the Lordswood leisure centre over the period 2005/06 to 2007/08, for which no budgetary provision was made. The balance is due to unachievable income targets, mainly at the Black Lion, Splashes, Strood and Deangate golf course.

- Libraries and Information Service £64,000

This net pressure relates to the saving target of £100,000 in relation to Civic Archives. There was an expectation that this was a corporate saving, however it has since been verified that storage costs across the Council do not amount to £100,000.

- Museums and Heritage Attractions £63,000

This relates, in part, to the balance of the £100,000 saving target against the Guildhall Museum. Most of the remainder relates to the loss of income following the closure of the top of Rochester Castle and loss of income at the Guildhall Museum.

- Events and the Corn Exchange £184,000

The pressures on these areas are a combination of different amounts. £101,000 relates to overspends on various events, the costs of which escalate each year but there is no opportunity to generate income to cover them. There is a forecast overspending of £83,000 against budget for the Corn Exchange attributable, in part, to additional staffing

costs and payments to other bodies. The directorate is looking to reduce these overspendings by restricting further expenditure and seeking additional income.

3.2 Management Action and Associated Risks (£40,000)

Community Centres and Adult Education £29,000

It is anticipated that funding received from SEEDA will clear £17,000 of the pressure on the Community Centres. The £5,000 Adult Education overspend will be managed by a critical review of expenditure.

Economic Development and Tourism £11,000

The £11,000 will be managed by a critical review of expenditure on marketing.

4 SERVICE DEVELOPMENT (£47,000)

4.1 Major Variations

The budget for Service Development is £7.942m gross and £4.672m net. Management Action of £287,000 is required, see section 4.2 for details.

The main pressure on the budget relates to the savings targets of £405,000 allocated to the Directorate, namely:

- £66k - Share of unachieved saving resulting from the reorganisation of the authority.
- £150k - Leisure Portfolio shortfall
- £189k – Contribution from supplies and services for utilities shortfall

These pressures have been offset in part by:

- Homelessness £90,000. This is due to the numbers in bed and breakfast having dropped from 65 at the end of March 06 to 12 as at 29th December, a reduction of 82%.
- Change Team £76,000
- Housing £74,000
- Quality Assurance £55,000
- Public Health £37,000
- Workforce Development £24,000

4.2 Management Action and Associated Risks (£287,000)

Directorate Savings Target £267,000

Work is ongoing to try to bring this overspend under control, however as the year progresses it is proving increasingly difficult to identify schemes to bring this budget back into balance.

Homelessness £20,000

The £20,000 management action for this service is proposed to be delivered through the release of temporary staff as the activity within this area begins to slow down.

5 Housing Revenue Account (HRA)

- 5.1 The HRA is showing a projected outturn of £748,200 surplus at November 2006, which is a £464,900 adverse position when compared to the original budget. The main contributor to this position is the sheltered housing, which relates to expenditure that will be incurred on decanting tenants from the three sheltered schemes that will not be able to be refurbished in order to comply with the Decent Homes Standard by 2010.