

PART 1 - PUBLIC

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**Decision Maker:** **Adult & Community Policy Development & Scrutiny Committee**

**Date:** **27 September 2011**

**Decision Type:** Non-Urgent Executive Key

**Title:** **BUDGET MONITORING 2011/12**

**Contact Officer:** Lesley Moore, Deputy Finance Director,  
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**Chief Officer:** Terry Rich, Director of Adult & Community Services

**Ward:** Borough Wide

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1. Reason for report

This report provides the budget monitoring position for 2011/12 based on activity up to the end June 2011.

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2. **RECOMMENDATION(S)**

2.1 Note that a projected underspend of £295,000 is forecast, based on information as at June 2011.

### Corporate Policy

1. Policy Status: Existing policy.
  2. BBB Priority: Excellent Council.
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### Financial

1. Cost of proposal: N/A
  2. Ongoing costs: Recurring cost.
  3. Budget head/performance centre: Adult and Community Services Portfolio
  4. Total current budget for this head: £101.9m
  5. Source of funding: ACS Approved Budget
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### Staff

1. Number of staff (current and additional): 712 fte's
  2. If from existing staff resources, number of staff hours:
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### Legal

1. Legal Requirement: Statutory requirement. The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Accounts and Audit Regulations 1996; the Local Government Act 2000; and the Local Government Act 2002.
  2. Call-in: Call-in is applicable
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2011/12 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services.
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments: Council wide

### **3. CHIEF OFFICER'S COMMENTS**

- 3.1 The roll out of the reablement service is beginning to show positive trends around reducing the increasing demand for domiciliary care. Residential and nursing care costs are broadly on track with plans in place to reduce spend in this area over the coming year.

Although forecasts based on the latest activity available show a full year overspend of £556k on domiciliary care for older people, it is anticipated that the budget will be brought into balance by successful management action from increasing reablement and the rigorous application of eligibility criteria.

Pressure on temporary accommodation costs continue, and options for temporary use of empty council owned properties are being explored to reduce costs going forward.

### **4. POLICY IMPLICATIONS**

- 4.1 The Resources Portfolio Plan for 2011/12 includes the aim of effective monitoring and control of expenditure within budget and includes the target that each service department will spend within its own budget.
- 4.2 Bromley's Best Value Performance Plan "Making a Difference" refers to the Council's intention to remain amongst the lowest Council Tax levels in outer London and the importance of greater focus on priorities.
- 4.3 The four year financial forecast report highlights the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised in 2011/12 to minimise the risk of compounding financial pressures in future years.
- 4.4 Chief Officers and Departmental Heads of Finance are continuing to place emphasis on the need for strict compliance with the Council's budgetary control and monitoring arrangements.

### **5. FINANCIAL IMPLICATIONS**

- 5.1 A detailed breakdown of the projected outturn by service area is shown in appendix 1 and an analysis of the latest approved budget in appendix 2.
- 5.2 Costs attributable to individual services have been classified as "controllable" and "non-controllable" in Appendix 1. Budget holders have full responsibility for those budgets classified as "controllable" as any variations relate to those factors over which the budget holder has, in general, direct control. "Non-controllable" budgets are those which are managed outside of individual budget holder's service and, as such, cannot be directly influenced by the budget holder in the shorter term. These include, for example, building maintenance costs and property rents which are managed by the Property Division but are allocated within individual departmental/portfolio budgets to reflect the full cost of the service. As such, any variations arising are shown as "non-controllable" within services but "controllable" within the Resources Portfolio.

Other examples include cross departmental recharges and capital financing costs. This approach, which is reflected in financial monitoring reports to budget holders, should ensure clearer accountability by identifying variations within the service that controls financial performance. Members should specifically refer to the "controllable" budget variations relating to portfolios in considering financial performance.

5.3 The main pressure is within the Care Services division where a net overspend of £514,000 is forecast and can be analysed as follows;

	<b>£'000</b>
Residential and Nursing Care for Older People	941
Domiciliary Care for Older People	82
Total Assessment & Care Management	<u>1,023</u>
Direct Services - Homecare & Meals Service	<u>-509</u>
<b>Total Care Services</b>	<b><u>514</u></b>

It is anticipated that the overspend on Assessment and Care Management will have a full year effect of around £556k in 2011/12, however it is anticipated that this will be offset by savings from reablement and by maintaining tight eligibility criteria.

5.4 A net underspend of £896k is forecast in the Commissioning & Partnerships division, mainly as a result of savings from procurement being greater than anticipated. The net underspend can be summarised as follows;

	<b>£'000</b>
Procurement & Contract Compliance - Contract Savings	-641
Negotiated contract uplifts lower than budgeted	-187
Commissioning & Partnerships - savings lower than anticipated	189
Mental Health Services	<u>-257</u>
<b>Projected underspend</b>	<b><u>-896</u></b>

5.5 An overspend of £60k is projected on Bed and Breakfast and temporary accommodation placements due to a significant increase in the number of households presenting with housing needs, particularly those faced with imminent homelessness. There are also fewer properties available for temporary and bed and breakfast accommodation, resulting in greater competition between London Boroughs for available units. As a result there is an increase in the use of more expensive nightly paid accommodation and it is likely that the overspend will increase substantially as placement numbers and costs are updated during the year.

5.6 A further explanation of all variations can be found in appendix 1 (b).

<b>Non-Applicable Sections:</b>	Legal, Personnel, Customer Impact
Background Documents: (Access via Contact Officer)	2011/12 Budget Monitoring files within Adult & Community Services Finance Section

