

24 October 2011

QUARTER 1 FINANCIAL MONITORING POSITION FOR 2011/12

Ward(s) All

Portfolio:

Health, Social Care and Inclusion - Councillor McCracken

Summary of report

This report summarises the predicted revenue outturn position for 2011/12, based on the financial performance for quarter 1 (April 2011 to June 2011), for services within the remit of the Health Scrutiny and Performance Panel.

Recommendation

To note the 2011/12 forecast year end financial position for services under the remit of the Health Scrutiny and Performance Panel is a net revenue overspend of £1.766m for Learning Disabilities and a breakeven position for Integrated Community Equipment Stores (ICES), after the use of approved reserves, carry forwards and action planning.

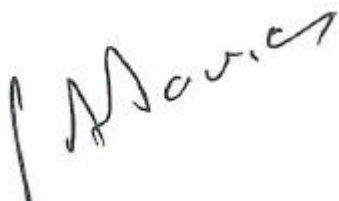
Background papers

Various financial working papers.
2010/11 Outturn report to Scrutiny Panel
2011/12 Budget Books on Council's Internet and Intranet

Reason for scrutiny

To inform the panel of the forecast financial position for 2011/12 for services within their remit.

Signed:



Executive Director: Paul Davies

Date: 17 August 2011

Resource and legal considerations

Services are required to manage their services within budget. Overspends may arise for a number of reasons, including national economic and local factors. Further detail is provided within this report. Corrective action plans are in place to mitigate any overspends within service. Any corporate overspend will require replenishment in the 2011/12 budget.

Citizen impact

The budget is aligned with service activity within service plans within the directorate. Investment has been targeted at service improvement, stability and user demand.

Environmental impact

Services within the remit of this panel have a direct influence and impact on the environment.

Performance management

Financial performance is considered alongside service targets. Managers are required to deliver their service targets within budget, wherever possible. Corrective action plans are in place to mitigate overspends within service. Variances against budget are identified in the report.

Equality Implications

Services consider equality issues in setting budgets and delivering services. Irrespective of budgetary pressures the council must fulfil equal opportunities obligations.

Consultation

Senior managers within the services have been consulted and have signed off the forecast as accurate.

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1 Forecast Revenue Outturn 2011/12 – Learning Disabilities Pooled Budget

- 1.1 The forecast revenue outturn for 2011/12 for the services under the remit of the Health Scrutiny and Performance Panel (based on the position as at the end of June 2011) is an overspend of **£1.766m** (net of the use of earmarked reserves). The outturn shown is based on actual information from the Oracle system, and discussions with managers regarding year-end forecasts and achievement of approved savings.
- 1.2 Where savings are not achieved in year a contribution would be made by Walsall PCT and Walsall Council. Based on the current projections this would result in contributions of £493k and £1.273m respectively. Members of the Directorate Management Team are working on the implementation of the action plan to offset the overspend which may involve services other than Learning Disabilities. Once this has been completed, this will be reported to the next available scrutiny panel, however, the Directorate as a whole is currently predicting an underspend (c£105k) which takes into account the predicted overspend on the pooled budget.
- 1.3 The forecast outturn only includes areas where there is a high degree of certainty about predicted under/overspends. Where a significant overspend is forecast or a new pressure identified the Disabilities Management Team, through the monthly budget meetings, identify an in year action plan to mitigate this position. This is currently being mitigated by reported underspends elsewhere within the directorate.
- 1.4 The predicted outturn includes use of reserves (where approval has been given by Cabinet for additional funds for specific services) and approved carry forwards from previous years of **£218k**.
- 1.5 **Table 1** shows the forecast outturn for each service, and **Appendix 1** provides an analysis of the reasons for material forecast variances.
- 1.6 Included within the directorate budget for 2011/12 are new savings, as approved by Council on 24 February 2011, totalling **£335k**. The full year effect of previous years' savings included in the budget is **£653k**. A full breakdown of investment and savings can be found in the 2011/12 Social Care and inclusion budget book. Where savings are not able to be achieved in full in year, directorate management teams are required to identify and manage alternative savings in liaison with the relevant portfolio holder.

Table 1 – Learning Disabilities Pooled Budget Forecast Revenue Outturn 2011/12

[illegible]

2 Forecast Revenue Outturn 2011/12 – ICES Pooled Budget

- 2.1 The forecast revenue outturn for 2011/12 for the services under the remit of the Health Scrutiny and Performance Panel (based on the position as at the end of June 2011) is a breakeven position. The outturn shown is based on actual information from the Oracle system, and discussions with managers regarding year-end forecasts and achievement of approved savings.
- 2.2 The forecast outturn only includes areas where there is a high degree of certainty about predicted under/overspends. Where a significant overspend is forecast or a new pressure identified the Disabilities Management Team, through the monthly budget meetings, identify an in year action plan to mitigate this position and ensure that the budget is balanced at the end of the year.
- 2.3 **Table 2** shows the forecast outturn for each service, and **Appendix 1** provides an analysis of the reasons for material forecast variances.

| <u>Table 2 – Forecast Year End Variance for the ICES Pooled Budget 2011/12</u> | | | | | | |
|---|--------------------------------|----------------------------------|-------------------------------|--|------------------------------------|--|
| Service Area | Annual Budget £'000 | Profiled Budget £'000 | Year To Date £'000 | Variance to date (Under)/ Overspend £'000 | Year End Forecast £'000 | Variance (Under)/ Overspend £'000 |
| Equipment | 865 | 216 | 212 | (4) | 865 | 0 |
| Non pay | 129 | 32 | 25 | (7) | 129 | 0 |
| Pay | 398 | 99 | 78 | (21) | 398 | 0 |
| Audit Fees | 4 | 1 | 1 | 0 | 4 | 0 |
| Total | 1,396 | 349 | 315 | 34 | 1,396 | 0 |

Appendix 1 – Explanation of Significant Revenue Variations

| Service | Reason / Explanation of Variance | Variance £'000 |
|--|--|-------------------|
| <u>Learning Disabilities Pooled Budget</u> | | |
| | | |
| <u>Provider</u> | | |
| Day Services | Overspend on agency costs | 108 |
| Sub-total | | 108 |
| | | |
| <u>Placements</u> | | |
| Placements | Ongoing pressure on placement budgets from previous years and cost of new placements agreed in 2011/12 | 1,589 |
| Sub-total | | 1,589 |
| | | |
| <u>Care Management</u> | | |
| Sub-total | | (3) |
| | | |
| <u>Management and Admin</u> | | |
| Sub-total | | 0 |
| | | |
| <u>Other</u> | | |
| Direct Payment Support | Increase in support has resulted in increased costs | 72 |
| Sub-total | | 72 |
| | | |
| Total Learning Disabilities Pooled Budget | | 1,766 |
| | | |
| <u>ICES</u> | | |
| Total ICES Pooled Budget | | 0 |