

**SOCIAL CARE AND HEALTH
OVERVIEW AND SCRUTINY COMMITTEE**

**Agenda Item
No.**

DATE: 24 SEPTEMBER 2015

**CORPORATE FINANCIAL PERFORMANCE - REVENUE AND CAPITAL OUTTURN
2014/15 (PRE-AUDIT), AND UPDATE FOR 2015/16**

Ward(s) All

Portfolio:

Councillor Martin - Public Health and Well being

Councillor Hughes - Care and Safeguarding

Summary of report

This report summarises the pre-audit revenue and capital outturn position for the year ended 31 March 2015, subject to external audit, and an update on the financial position for 2015/16 (based on the performance for the 2 months to May 2015), for services within the remit of the Social Care and Health Overview and Scrutiny Committee.

Reason for scrutiny

To inform the committee of the pre-audit financial position for 2014/15 and provide a forecast for 2015/16.

Recommendation

1. To note that the pre-audit 2014/15 year end financial position for services under the remit of the Social Care and Health Overview and Scrutiny Committee, is a revenue over spend against budget of **£1.722m** (net of use of earmarked reserves and carry forwards), and a capital under spend of **£1.623m** (net of approved carry forwards into 2015/16).
2. To note that the forecast 2015/16 year end financial position for services under the remit of the Social Care and Health Overview and Scrutiny Committee, is a revenue over spend against budget of **£2.071m** (net of use of earmarked reserves and action plan), and a capital position of nil variance.
3. **Note actions being taken to address areas of over spend.**

Background papers

Various financial working papers

Signed:

A handwritten signature in black ink, appearing to be 'J. Martin', written over a circular stamp or seal.

Chief Finance Officer: James T Walsh
Date: August 2015



Executive Director: Simon Neilson
Date: August 2015



Executive Director: Keith Skerman
Date: August 2015

Resource and legal considerations

The council is required to set a balanced budget and requires services to operate within their approved budget allocation. Any variances are required to be managed as far as is reasonably possible. The revenue and capital financial monitoring is reported quarterly to overview and scrutiny committees along with corrective action plans when variances arise. All accounting entries are undertaken in line with the required corporate and statutory accounting guidance and standards.

Citizen impact

Resource allocation is aligned with service activity and is undertaken in accordance with the council's corporate plan priorities.

Environmental impact

Services within the remit of this overview and scrutiny committee 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 were put in place to mitigate overspends where possible, with any remaining variances against budget 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

Consultation was undertaken as part of the budget setting process and throughout the financial year on the financial position and reporting thereof.

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1 Revenue Outturn 2014/15

- 1.1 The pre-audit revenue outturn for 2014/15 for the services under the remit of the Social Care and Health Overview and Scrutiny Committee is an over spend against budget of **£1.722m** (net of the use of earmarked reserves/ carry forwards). This position is subject to external audit which will take place during July/ August. Table 1 provides a summary by service, and a full analysis of the material variances is shown in **Appendix 1**.

Table 1 – Pre-Audit Revenue Outturn 2014/15					
Service	Annual Budget £	Year End Actual £	Year End Variance £	Use of Reserves / Transfer to Reserves £	Variance Net of Reserves (Under)/ Overspend £
Management Support	1,338,090	219,294	(1,118,796)	(168,439)	(1,287,235)
Mental Health	6,266,048	6,076,211	(189,837)	0	(189,837)
Provider Services	5,984,063	6,743,353	759,290	(264,828)	494,462
Safeguarding	512,176	585,357	73,181	0	73,181
Strategic Development	4,572,681	4,697,328	124,647	(28,498)	96,149
Access, Assessment & Care					
Management	30,171,118	33,067,197	2,896,078	3,947	2,900,025
Commissioning	15,923,154	15,925,255	2,101	(366,977)	(364,876)

SOCIAL CARE & INCLUSION TOTAL	64,767,330	67,313,995	2,546,664	(824,795)	1,721,869
Public Health	141,526	(27,319)	(168,845)	168,845	0
PUBLIC HEALTH TOTAL	141,526	(27,319)	(168,845)	168,845	0
TOTAL	64,908,856	67,286,676	2,377,819	(655,950)	1,721,869
Approved carry forwards from 2014/15 to 2015/16					0
TOTAL NET OF CARRY FORWARDS					1,721,869

1.2 The budget for 2014/15 included approved savings of £7.820m. £7.209m (92%) of these savings were achieved. £611k was not delivered due to:

- Domiciliary care costs £461k as no assertive reviews taking place
- Call monitoring £150k as not implemented from 1 April

1.3 The outturn includes use of and transfer to reserves of (£0.656m) where approval was given by Cabinet for additional funds during 2014/15 or to transfer funding to future years to meet the cost for specific services. These are summarised in **Table 2** below.

Table 2 - Analysis of 2014/15 Earmarked Reserves		
Service	Amount (£)	Explanation
Use of Reserves		
SCI Commissioning	(11,798)	Funding for Welfare Rights team, carers direct payments & agency staff
SCI Management Support	(2,896)	DoH funding to be used further investment in and development of reablement services and capacity across social care, health and private sectors for quality assurance
SCI Strategic Development	(42,353)	PARIS secondment costs
SCI Provider Services	(268,613)	Telehealth equipment & stock
SCI Provider Services	(174,140)	Over 80's community alarms
SCI Management Support	(115,506)	Funding interim costs
SCI Management Support	(20,256)	14/15 pension/ redundancy costs
SCI Management Support	(29,781)	14/15 pension/ redundancy costs
SCI Commissioning	(86,566)	Contribution towards over spends as per Housing 21 affordability model
SCI Provider Services	(94,658)	2014/15 redundancy/ pension costs
Public Health	(1,286,935)	Planned additional expenditure moved to 14/15. Reserve created as part of ring fenced grant
Transfer to reserves		

SCI Access, Assessment & Care Management	3,947	13/14 pension accruals no longer required
SCI Provider Services	3,970	Shared Lives grant - new IFRS reserve
SCI Strategic Development	1,506	13/14 pension accruals no longer required
SCI Strategic Development	12,349	Falls Prevention grant - new IFRS reserve
Public Health - Salaries	325,638	Posts held vacant for savings plan - transferred to reserve as part of ring fenced grant
Public Health	1,130,142	Planned additional expenditure moved to 15/16 - transferred to reserve as part of ring fenced grant
Windfall Income	0	
Total Use of Reserves	(655,950)	

- 1.4 Carry forwards are a means of recognising sound budget management by allowing the transfer of planned revenue under spends and/ or achieved revenue savings, excluding the use of windfalls/ unplanned under spends/ savings from one year to the next. Approval for carry forward of under/ over spend rests with Cabinet, based on the advice of the CFO, taking into consideration the corporate outturn position.
- 1.5 There were no revenue carry forward requests.

2 Capital Outturn 2014/15

- 2.1 The capital outturn for 2014/15 for the schemes within the remit of the committee is an under spend against budget of **£1.623m**, of which £1.623m has been approved for carry forward into 2015/16, resulting in a nil position. **Table 3** below provides a summary by scheme.

Table 3 – Pre-Audit Capital Outturn 2014/15					
Service	Annual Budget £	Final Outturn £	Year End Variance £	Carry forward to 2015/16 £	Variance Net of c/fwds £
<u>Council Funded Schemes</u>					
SCI Preventative Adaptations	647,161	303,722	(343,439)	343,439	0
Total Council Funded	647,161	303,722	(343,439)	343,439	0
<u>Externally Funded Schemes</u>					
SCI Community Capacity Grant	1,664,997	385,100	(1,279,897)	1,279,897	0

Autism Innovation Grant	17,266	17,266	0	0	0
Total Externally Funded	1,682,263	402,366	(1,279,897)	1,279,897	
TOTAL	2,329,424	706,088	(1,623,336)	1,623,897	

3. Forecast Revenue Outturn 2015/16

3.1 The forecast revenue outturn for 2015/16 for the services under the remit of the Social Care and Health Overview and Scrutiny Committee (as at the end of May 2015) is an over spend of £2.071m net of the use of and transfer to earmarked reserves and action plan. The predicted revenue outturn shown is based on actual information from the Oracle system, and discussions with managers regarding year end forecast and achievement of approved savings.

3.2 **Table 4** shows the forecast outturn for each service :

Table 4 – Forecast Revenue Outturn 2015/16						
Service	Annual Budget £	Year End Actual £	Year End Variance £	Use of Reserves/ Transfer to Reserves £	Action Plan £	Variance Net of Reserves (Under)/ Overspend £
Management Support	1,088,064	981,111	(106,953)	(26,562)	(116,917)	(250,432)
Mental Health	5,424,467	5,880,049	455,582	0	0	455,582
Provider Services	3,903,234	4,336,855	433,621	0	(80,000)	353,621
Safeguarding	452,171	453,558	1,387	0	0	1,387
Strategic Development	3,443,147	3,636,937	193,790	(19,001)	0	174,789
Access, Assessment & Care Management	26,744,195	31,956,012	5,211,817	0	(3,759,556)	1,452,261
Commissioning	14,348,568	14,639,680	291,112	(407,300)	0	(116,188)
SOCIAL CARE & INCLUSION TOTAL	55,403,846	61,884,203	6,480,357	(452,863)	(3,956,473)	2,071,021
Public Health	(102,701)	2,125,156	2,227,857	(2,227,857)	0	0

PUBLIC HEALTH TOTAL	(102,701)	2,125,156	2,227,857	(2,227,857)	0	0
TOTAL	55,301,145	64,009,359	8,708,214	(2,680,720)	(3,956,473)	2,071,021
Approved carry forwards from 2014/15 to 2015/16						0
TOTAL NET OF CARRY FORWARDS						2,071,021

3.3 The predicted outturn includes use of reserves of (£2.681m) (where approval has been given by Cabinet for additional funds for specific services) and action plan items of (£3.956m).

3.4 The following provides an analysis of the reasons for the forecast material variances –

Social Care & Inclusion

Management support – reduction in project expenditure funded by one off grant.

Mental Health – Package costs in part offset by additional income.

Provider – agency costs to cover vacant posts, holidays and sickness; £100k unachieved saving (budget to be realigned)

Strategic Development – Contract and equipment costs and the under achievement of income.

Access, Assessment & Care Management – placement and package costs

Commissioning – (£100k) budget to be realigned with provider

Public Health

Nil variance

3.5 Where overspends are predicted, managers are tasked to identify remedial action that can be made within service, and to report as part of a directorate action plan, which is summarised in Table 5.

Table 5 - Action Plan			
Action Identified	In Year Actions (£m)	Finance BRAG rating	Assumptions

Complex Needs review work	(1.400)	RED	<p>There are 904 complex needs clients and it has been estimated that if 2 reviews are completed by each member of the team (20 staff) each week then it would take 23 weeks to complete (plus 13 weeks already lost) leaves 16 weeks for full saving to be made. Currently only 177 clients have been identified for the active review work.</p> <p>In order to achieve the £1.400m savings all clients would need to be reviewed with an average reduction of 17% for each client to be in place for the final 16 weeks of the financial year (forecast cost of £26.679m / 904 clients = average of £30k per client per annum / 52 weeks = £568 per week x 17% x 16wks x 904 clients = £1.4m).</p>
Older People review work	(2.220)	RED	<p>There are circa 1679 older people clients and it has been estimated that if 4 reviews are completed by each member of the team (24 staff) each week then it would take 17 weeks to complete (plus 13 weeks already lost) leaves 22 weeks for full saving to be made.</p> <p>Currently no clients have been identified for the active review work.</p> <p>In order to achieve the £2.220m savings all clients would need to be reviewed with an average reduction of 25% for each client to be in place for the final 22 weeks of the financial year (forecast cost of £21.087m / 1679 clients = average of £13k per client per annum / 52 weeks = £242 per week x 25% x 22wks x 1679 clients = £2.220m).</p>
Transport review work	(0.139)	GREEN	<p>During 2014/15 there was a pressure on the transport budget of circa £150k (net budget £67k and spend of £217k). All clients receiving support with transport have now been reviewed and only a small number of them now meet the requirements of the transport policy, with estimated costs of circa £5k per month. This would result in the needs of these individuals being met within the budget available and therefore the potential pressure being mitigated in full (assuming no further increase in client numbers in year). This will be reflected in the June monitoring to show achievement of this action item.</p>
Restructure of service managers	(0.117)	AMBER	<p>There are currently 6 service manager posts which are under consultation to be reduced to 2. One of these is a vacant post which has been included as a saving within the forecast.</p> <p>The action plan value has therefore been calculated as the remaining 5 posts with a total budget of £299k, of which one post will be vacant for 10 months with a saving of £42k and the other 2 posts are expected to be vacant for last 7 months with a saving of £75k (£42k + £75k = £117k)</p> <p>As the exact implementation date for this restructure has not been finalised, and any potential redundancy costs have not been included, the action is currently assessed by finance as being Amber.</p>

Roll forward of 2016/17 in-house provision savings	(0.080)	AMBER	<p>This is a combination of managing the over spend brought forward from 2014/15 within bed and non bed based reablement, and bringing forward the 2016/17 savings option for employment support and day opportunities.</p> <p>As at the end of May 2015, following a further review of this work and the Cabinet approval required (report due to go to Cabinet 24 July), leading to delays in implementation, this would mean that only £0.080m is expected to be achievable this year.</p> <p>Finance have provided support to costing the options included within the restructure and in a full year (subject to agreement from Cabinet for the changes) this would deliver the savings included in the budget for 2016/17 of £517k for Day Services and £300k for Links to Work.</p> <p>The action plan item for 2015/16 assumes that only 1/10th of the annual full year effect saving will be delivered during 2015/16.</p>
TOTAL	(3.956)		

3.6 **Appendix 2** details the risks associated with this forecast and the total financial exposure to risk has been calculated as £1.650m. Risks are items that are uncertain at present and therefore not included in the overall forecast. If circumstances change and any of these risks become a certainty, it will then form part of the overall forecast, and actions will need to be identified and implemented to offset any resulting pressure.

3.7 Included within the approved budget for 2015/16 are £5.473m of approved savings relating to services within the remit of this committee (details are available in the corporate budget book). An update on the achievement of 2015/16 approved savings is reported monthly to CMT as part of the corporate performance report. Any savings that are not forecast to be achieved in year are required to have alternative savings identified and are managed closely through the relevant service management teams and in liaison with the relevant portfolio holder.

3.8 Of the £5.473m savings, £2.825m have been delivered in full (RAG blue) with £0.239k expected to be delivered by 31 March 2016 (RAG Green), £0.125m not expected to be delivered with low risk (RAG amber), and a further £2.284m which now form part of the in year action plan and are currently shown as high risk (RAG red).

4 Capital Outturn 2015/16

4.1 The forecast capital outturn for 2015/16 for the schemes under the remit of this panel (as at the end of May 2015) is a nil position, as shown in **Table 6** below.

Table 6 : Forecast Capital Outturn 2015/16					
Service	Annual Budget	Actual to Date	Year End Forecast	Variance before carry forward	Carry Forward to 2016/17
	£	£	£	£	£

Mainstream					
Preventative Adaptations	593,439	20,496	593,439	0	0
Non Mainstream					
Community Capacity Grant (Better Care Fund)	2,076,897	0	2,076,897	0	0
Total Capital	2,670,336	20,496	2,670,336	0	0

Appendix 1 – Explanation of 2014/15 Revenue Variations by Service

Service	Reason / explanation for variance	Variance £
Management Support	(£250k) under spend on prudential borrowing budget (£585k) under spend due to the release of custom card bad debt provision (£525k) under spend on contractual inflation budgets offset by overspends in commissioning budgets above - realignment of budgets to be undertaken in 2015/16 £100k over spend due to unachieved 2014/15 action plan (£73k) under spend due to bad debt adjustment £44k over spend due to transfer of section 75 budgets	(1,287,235)
Mental Health	(£72k) under spend against client care costs (£132k) additional income from client contributions (£193k) under spend on staffing due to vacant posts £207k shortfall on section 75 income from CCG	(189,837)
Provider Services	£518k over spend on staffing costs to cover vacant posts and additional demand offset by (£300k) winter pressure funding £397k over spend on external provider for additional demand £41k over spend on CM2000 and other software contracts £100k over spend due to unachieved 2014/15 saving (£297k) additional income from community alarms fitting £35k over spend on staffing and supplies and services	494,462
Safeguarding	£114k over spend on doctors assessment, professional fees and court costs due to the Cheshire West ruling (£41k) under spend on staffing costs due to vacant posts	73,181
Strategic Development	(£146k) under spend on salaries due to revised leaving dates of apprentices £85k over spend on legal costs £41k over spend DPSO fees £82k over spend on supplies & services primarily BT contract £89k £78k shortfall in section 75 CHC admin income (£43k) under spend on staffing due to vacant posts	96,149
Access, Assessment & Care Management	£983k over spend against Older People client care costs (£619k) additional income from Older People client contributions £519k shortfall in section 75 CHC/ FNC income for Older People £551k income shortfall in property cases £1.222m over spend against Learning Disability client care costs £675k over spend on in-patient beds for Learning Disability clients (£394k) additional income from Learning Disability client contributions	2,900,025

	<p>(£298k) additional CCG contribution towards the pooled budget over spend</p> <p>£332k over spend against Physical Disability client care costs</p> <p>(£57k) additional income from Physical Disability client contributions</p> <p>£222k shortfall in section 75 CHC/ FNC income for Physical Disability</p> <p>£51k over spend on external provider costs for rapid discharge/ home from hospital/ FEP sitting service</p> <p>£57k shortfall in section 75 stroke income</p> <p>£35k income shortfall from public health following funding transfer from CCG</p> <p>£142k over spend on transport income due to implementation of new charging policy</p> <p>(£200k) winter pressures funding</p> <p>(£325k) DOH money for reducing delayed transfer of care (DTC)</p>	
Commissioning	<p>£234k over spend on external provider costs for rapid discharge/ home from hospital/ FEP sitting service</p> <p>(£200k) under spend as memory clinic funding not required</p> <p>(£60k) under spend due to efficiencies on carers projects</p> <p>(£103k) under spend on complex needs SLAs due to in-year efficiencies and prior year accruals</p> <p>(£194k) under spend on Winterbourne programme due to delays in implementation</p> <p>(£15k) under spend on Older People SLAs due to in-year efficiencies</p> <p>(£30k) under spend on staffing due to vacant posts</p>	(364,876)
Public Health	Planned additional expenditure moved to 15/16 offset by use of reserve	0
TOTAL VARIANCE		1,721,869

Appendix 2 – Risks associated with 2015/16 month 2 position

Service	Reason / explanation of risk	Risk £
SCI Access, Assessment & Care Management	Costs for new packages of care in 2015/16 not offset in full by deaths and reduction in care needs (outside of reprovision)	167,000
SCI Access, Assessment & Care Management	Increase in costs of packages in 2015/16 due to change in need (domiciliary care, residential or nursing)	167,000
SCI Access, Assessment & Care Management	Impact of new tender for domiciliary care (in addition to the minimum of £12 per hour which there is already funding for)	250,000
SCI Access, Assessment & Care Management	Impact of new tender for residential/ nursing tender (in addition to the contractual increase required on the current contract of 2.25% for which there is already funding)	250,000
SCI Access, Assessment & Care Management	Impact of uplifts for direct payment rates	250,000
SCI Commissioning	Ensure no additional care packages in Housing 21 properties, respite costs are fully recovered and no void charges	17,000
SCI Access, Assessment & Care Management	Impact of new charging policy - reduction in charges to clients receiving a package of care in the community	200,000
SCI Provider Services	Impact of new charging policy - review of community alarms charging options	150,000
SCI Provider Services	Impact of additional agency or external provider costs to cover non bed based reablement team for sickness, leave or increased demand	100,000
SCI Provider Services	Impact of additional agency or external provider costs to cover bed based reablement team for sickness, leave or increased demand	100,000
SOCIAL CARE & INCLUSION TOTAL		1,650,000
Public Health		0
PUBLIC HEALTH TOTAL		0
TOTAL RISK		1,650,000