

3 September 2009

Financial Monitoring – 2009/10 First Quarter Forecast

Ward(s) All

Portfolios: Councillor McCracken

Summary of report:

This report gives a breakdown of the Directorate's financial outturn forecast for 2009/10 including explanations of overspends and risks to the achievement of the forecast, based on the first 3 months of the financial calendar, April to June 2009.

Background papers:

Various financial working papers.

Reason for scrutiny:

To provide an update on the 2009/10 financial performance of the Directorate's Services.

Resource and legal considerations:

The budgets were set as part of the council's budget setting process in line with the Medium Term Financial Strategy.

Citizen impact:

None directly associated with this report.

Environmental impact:

None directly associated with this report.

Performance management:

Financial performance is considered alongside service targets.

Equality Implications:

None directly associated with this report.

Consultation:

Consultation was undertaken as part of the budget setting process.

Signed:



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Date: 21 August 2009

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1 Forecast Revenue Outturn 2009/10 – Social Care and Inclusion

- 1.1 A forecast net revenue overspend is predicted of £1.630m, however, following the implementation of a corrective action plan of £1.171m this is expected to be reduced to **£0.459m** (0.724% of net budget). The outturn shown is based upon actual information from the Oracle system and discussions with managers regarding year end forecast and achievement of savings. **Table 1** shows the Forecast Outturn for each service area within the directorate. **Appendix 1** provides an analysis of the reasons for the forecast material variances.

Table 1 – Projected Year-end Position for SC&I as at end of June 2009

SERVICE AREA	ANNUAL BUDGET EXPENDITURE £'000	ANNUAL BUDGET INCOME £'000	TOTAL ANNUAL BUDGET £'000	ESTIMATED EXPENDITURE FOR YEAR £'000	ESTIMATED INCOME FOR YEAR £'000	ESTIMATED NET SPEND FOR YEAR £'000	FINAL YEAR END OVER/(UNDER) SPEND £'000 %		RAG STATUS
OLDER PERSONS	49,684	-13,301	36,383	49,127	-13,096	36,031	-352	-0.97%	G
YADS	9,812	-3,820	5,992	10,333	-3,373	6,960	968	16.15%	R
LEARNING DISABILITIES	32,748	-19,696	13,052	32,940	-19,137	13,803	751	5.75%	R
MENTAL HEALTH	8,274	-2,403	5,871	8,515	-2,360	6,155	284	4.84%	R
OTHER	305	-176	129	294	-170	124	-5	-3.88%	G
ADULT WIDE	2,888	-1,145	1,743	2,872	-1,145	1,727	-16	-0.92%	G
SUPPORTING PEOPLE	7,419	-7,213	206	7,419	-7,213	206	0	0.00%	G
TOTAL	111,130	-47,754	63,376	111,500	-46,494	65,006	1,630		
CORRECTIVE ACTION PLAN							-1171		
POSITION POST CORRECTIVE ACTION PLAN							459		

2 Action Planning

- 2.1 An action plan totalling £1.171m is in place (all classed as amber risk) and shown in **Table 2**. Out of this action plan £0.500m of the £0.750m demand related growth approved as part of the budget setting process, is being used to partially mitigate the current overspend. If client numbers grow as expected and assertive review of existing packages does not generate sufficient savings, then this may not be fully achieved.
- 2.2 There are 3 items totalling £0.361m which relate to actions which need to be undertaken to offset the shortfall in achieving part of the Learning Disability efficiencies' in relation to the assertive review project.
- 2.3 The remaining £0.310m of the action plan relates to other projects in progress relating to CHC. A detailed review is being undertaken to clarify whether certain clients have been categorised properly for s117. It is likely that the local authority will receive additional income from NHS Walsall for the costs of brokering and administering CHC home care packages on their behalf. NHS Walsall have been asked to contribute £0.114m and this is currently being negotiated.

Table 2 – Current Action Plan

Service Area	Action identified	£m
Disability Services	Update and appraise decisions made at funding panels to reduce levels of expenditure on residential care, home care and supported living for all new care packages	0.120
Disability Services	All care packages which are above the average costs for type of package approved (i.e. Learning Disability supported Living package, YADS Home care package) to be reviewed and alternatives sought	0.120
Disability Services	Employ social worker on short term contract to accelerate existing package reviews. Reviews must follow Gloucester judgement	0.121
All Adult Services	S117/ CHC reassessments, negotiations with NHS Walsall re administration functions	0.310
All Adult Services	2/3 of demographic growth approved to be held back and used to offset overall position – risk if new clients enter system, this will need to be utilised	0.500
TOTAL		1.171

3 Risks to the Forecast

- 3.1 Budget action planning meetings are taking place every two weeks between Heads of Service, the Executive Director and Finance. These are focused on managing key areas of savings and bought forward spending pressures from 2008/09 and also with managing corrective actions, process improvements, and implementation of new initiatives' to enable successful management of the budget in 2009/10. **Table 3** shows the red risk items which have been included in the monitoring as unachievable and impacting on the assessment template which is reviewed and updated at these meetings.
- 3.2 Amber risks total £1.974m which need to be reviewed regularly to identify if these risks will materialise. If 25% of the amber risks transpired this would worsen the position by £0.493m. If 50% of the amber risks transpired this would worsen the position by £0.987m. **Table 4** shows the current amber risks being monitored by the adult services budget group.

Table 3 - Red risk items included in forecast as overspends

DESCRIPTION	SERVICE AREA	RISK (£)	CURRENT POSITION
Efficiencies related to supported living packages.	LD	360,695	Being offset by savings elsewhere in department and the assertive review programme and entitlement review will offset some or part of this risk
Savings required from retendering	YADS	28,000	Retender scheduled for quarter 3 so impact in quarters 1 and 2 only, partly offset by assertive review programme – being offset by savings elsewhere in SC&I. Total contract saving estimated at £1.4m in full year
Savings required from retendering	LD	15,000	
Savings required from retendering	MH	17,000	
Links to work	LD	425,000	In process of revising LTW structures whilst maintaining base operation - finance and operational staff working to split out 3 units – economic downturn affecting income generation re this project. Moving away from being a day centre into being a commercial enterprise. Development Officer in place to bring in external funding
Transport Charging	AW	389,000	Charge potential suspended until Jan 2010 and £13K a month income will only be achievable from Jan 2010 onwards
Home care tender	OP	152,000	Having to pay suspended agencies for block data i.e. paid for placements when there have been no service users getting a service – in liaison with legal and procurement regarding reclaiming money back from provider – classed as red risk until legal advice received
TOTAL		1,386,695	

Table 4 – Amber risks assumed as being achievable during 2009/10

Client group	Detail	£
Disability services (YADS)	Home care review saving	187,000
Disability services (YADS)	Residential and Nursing saving	54,923
Consultation, carers, direct payments (YADS)	Service reconfiguration saving	123,420
Mental Health	CHC / S117 project saving	172,979
Disability services (LD)	LD Efficiencies related to supported living packages.	360,695
Sub Total Savings Amber		899,017
Holly bank	Bought forward overspend	97,000
Mental Health	>65 dementia placement management	155,000
Older people	Independent residential and nursing care	110,000
Older people	Implementation charging policy Extra care	173,000
Disability services (YADS)	ICES	60,000
Disability services(YADS)	Sensory support HC saving	100,000
Disability services (YADS)	Independent sector res and nursing saving	186,000
Older people	Income from WHG community alarms	194,000
Sub Total Overspend Amber		1,075,000
TOTAL AMBER RISKS		1,974,017

4 Capital Programme 2009/2010

- 4.1 The transfer of housing related capital schemes to regeneration has resulted in a much smaller SC&I capital programme for 2009/10. The following schemes shown in **Table 5** have been agreed for 2009/10 (including slippage from 2008/09) and are all expected to be fully spent by the year end.

Table 5 – Capital schemes for 2009/10

Project	£	Detail
Disability reprovision programme	246,982	Essential day care reprovision works at Goscote day centre and refurbishments at Broadway North
PARIS / ICT infrastructure	236,827	Split between CYP & SCI
Residual works – Rushall Mews	10,274	Funded via Health
Streets corner access centre	201,568	Part people first programme
Goscote essential health and safety works	65,000	Funded via corporate capital allocation
New Build Fallings Heath	84,894	Slippage from 2008/09
Total SCI capital	845,545	

Explanation of Variances

Older People

Detail of variations	£m
<i>Over spends:</i>	
Extra Care Housing	0.100
Independent sector home care and direct payments	0.069
Independent sector Residential & Nursing Care	0.412
Estimated shortfall on transport charging	0.261
<i>Under spends:</i>	
Commissioning	-0.278
Head Office & Management	-0.181
Home Care	-0.284
Social Work Teams	-0.064
Community Meals	-0.053
Response Services	-0.104
Other Balances	-0.069
Service Level Agreements	-0.022
NCO'S vacant posts	-0.139
Total	-0.352

YADS

Detail of variations	£m
<i>Overspends</i>	
Independent sector home care and direct payments (DP)	0.293
Independent sector residential placements	0.212
Shortfall in fairer charging income	0.092
Service agreements voluntary bodies	0.010
Hollybank	0.098
Social Work Team	0.070
Occupational Therapy Services	0.146
Sensory support	0.016
YADS head office	0.031
Total	0.968

Learning Disabilities

Detail of variations	£m
Integrated Team	0.025
Independent sector home care and direct payments (DP)	-0.358
Independent sector residential and nursing	0.591
Management & Admin	-0.087
Non achievement of supported living savings	0.360
Total relating to pooled budget	0.531
Residential and Nursing	-0.057
Day Care	-0.078
Community support services	0.011
Links to Work	0.425
Total relating to provider	0.301
Client Contribution (Not in Pool)	-0.082
Total	0.751

Mental Health

Detail of variations	£m
<i>Over spends:</i>	
Independent sector residential placements	0.182
Independent non residential placements	0.135
Area Based Grant	0.080
Mental Health	0.106
Broadway North residential home	0.033
Service Level Agreements	0.030
<i>Under spends:</i>	
CHMT's	-0.167
Assertive Outreach	-0.041
Home Treatment Services	-0.051
Other Balances	-0.023
Total	0.284

Other

Detail of variations	£m
<i>Under spends:</i>	
Substance Misuse - placements	-0.006
Total	-0.006

Adult Wide

Detail of variations	£m
<i>Under spends:</i>	
Various supplies and services, reduction in Tameway Tower costs, Salary savings.	-0.039
<i>Over spends:</i>	
Consultant costs	0.023
Total	-0.016

Supporting People

Although SP is technically underspending by c£400K at present, it is expected that if this cannot be carried forward for utilisation in 2010/11 then it will need to be handed back as it is grant funded. Detailed work in this area is being undertaken by the Supporting People Commissioning Body and a more updated picture should be available for the second quarter monitoring position