

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

**Agenda Item
No.**

DATE: 26 OCTOBER 2017

**CORPORATE FINANCIAL PERFORMANCE – MONTH 6 (SEPTEMBER) FINANCIAL
MONITORING POSITION FOR 2017/18**

Ward(s) All

Portfolio: Councillor D Coughlan - Social Care
Councillor Robertson - Health

Summary of report

The forecast 2017/18 year-end financial position for services under the remit of the Social Care and Health Overview and Scrutiny Committee, and based on financial performance for period 6 (April 2017 to September 2017) is a revenue over spend of **£0.176m**. This is net of the use of reserves of (£2.034m), and the transfer to reserves of £0.204m.

Without the use of reserves the over spend would be **£2.006m**. The demand management programme within the Transformation Plan is the key means to mitigate the over spend position. This is providing positive results in reducing the overall pressure, and work is ongoing to mitigate any remaining balance currently forecast.

The total capital programme for the directorate is **£2.580m** and there is an expectation that capital resources of **£2.580m** will be fully spent.

Reason for scrutiny

To inform the committee of the forecast financial position for 2017/18 for services within their remit.

Recommendation

1. To note the revenue and capital forecast for the 2017/18 year end financial position for services under the remit of the Social Care and Health Overview & Scrutiny Committee.

Background papers

Various financial working papers.



Signed:

Executive Director:

Paula Furnival

Date:

13 October 2017



Executive Director:

Simon Nielson

Date:

13 October 2017

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 Forecast Revenue Outturn 2017/18

Adult Social Care

- 1.1 The current forecast revenue over spend is **£0.809m** prior to use of reserves and any mitigating action. After the net use of reserves of (£0.633m) the remaining forecast over spend is **£0.176m**, as summarised in **Table 1** below:

| Table 1: Summary of Over spend | £m | £m |
|--|-----------|--------------|
| Forecast overspend | | 0.809 |
| Earmarked reserves (net) | (0.633) | |
| Corporate reserves (agreed by Cabinet) | 0 | |
| Action Plan | 0 | |
| Total use of reserves and actions in place | | (0.633) |
| Forecast Over spend | | 0.176 |

- 1.2 The main reasons for this forecast overspend are summarised in **Table 2** below:-

| Table 2: Main Reasons for ASC over spend | £m |
|---|--------------|
| Demand management Client placement/package costs - under spend associated with a reduction in average care package costs resulting from panel work. The forecast includes an assumed reduction towards the £1.718m improving demand management saving of £0.648m (Green Saving 79a) and £0.597m (Amber Saving 79a), with the remaining £474k as Red. If these are not achieved this will worsen the current position | (0.187) |
| Demand management Income - current year income from Walsall and non Walsall CCG has a forecast shortfall of £479k whilst there is additional income related to 2016/2017 costs of (£138k) | 0.342 |
| Demand Management Demographic income - This relates to the MTFO adjustment for additional income arising from expected demographic increases across all income charges. Of the £0.815m, £0.218m is unachievable, and work is in progress to evaluate the likelihood of this shortfall | 0.218 |
| Red savings identified as currently not being achieved (see Table 5) of which £767k relates to Demand Management | 1.778 |
| BCF Carers replacement care costs under demand management | (0.142) |
| Delay in recruitment net of increase in agency | (0.952) |
| Jointly funded posts (Saving 81) found from iBCF1, iBCF2 and IDT mainstream budget included and approved as part of Cabinet report (26 July 2017) | (0.567) |
| Release of revenue funding as Valuing Care being funded by iBCF2 | (0.017) |
| Release of revenue funding as mobile tablets in new capital bid for 18/19 | (0.033) |
| Additional net rapid response income due to changes in CCG contract arrangements | (0.039) |
| Efficiencies on service level agreements including community hub and bereavement contract | (0.156) |
| Housing 21 arising from an insurance rebate and reduced pension costs | (0.069) |
| Total | 0.176 |

Public Health

- 1.3 The forecast revenue position for 2017/18 for Public Health is on budget after net use of reserves of (£1.298m) comprising use of reserves of (£1.451m) and transfer to reserves of £0.153m. The reserves comprise public health grant carry forward from previous years. This includes spend on sexual health services, drug and alcohol prevention and rehabilitation services, health visiting, school nursing, control of infectious diseases, oral health promotion, healthy weight and smoking cessation services. The public health grant is ring fenced so any under spend will be rolled forward to next year as per the terms of the grant

General

- 1.4 **Table 3** summarises the forecast outturn for each service (see page 6).
- 1.5 Included within the approved budget for 2017/18 are **£6.230m** of approved savings relating to services within the remit of this committee. An update on the achievement of 2017/18 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. **Table 4** below, shows the current position for these savings.

| BRAG | Table 4: Achievement of approved 2017/18 savings | £m |
|-------------|---|--------------|
| | | |
| Blue | Delivered in full | 2.431 |
| Green | To be delivered by 31/3/18 | 1.166 |
| Amber | Low risk of non-delivery | 0.856 |
| Red | High risk of non-delivery | 1.778 |
| | Total approved savings for 2017/18 | 6.230 |

| Saving Ref | Table 5: Breakdown of red savings | £m |
|-------------------|--|--------------|
| 77 | Cessation of universal services | 0.203 |
| 78 | Review of respite and day services | 0.240 |
| 79a | Improving demand management for Adult Social Care | 0.474 |
| 81 | Removal of jointly funded vacant posts | 0.567 |
| 82 | Improved charging and collection arrangements for community based services | 0.293 |
| | Total | 1.778 |

- 1.6 Within the services associated with the committee there are a number of risks totalling **£3.912m** which have not been included within the above forecast. At this stage the risks are not certainties and as such are not included in the monitoring as an under or over spend. If the risks become certainties then alternative action will need to be identified or included in the position as over spends. A summary of the risk assessment is attached as Appendix 1.

Table 3 – Social Care & Health Forecast Revenue Outturn 2017/18

| Service | Annual Budget £m | Year End Forecast £m | Variance before Reserves £m | Action Plan £m | Use of Reserves £m | Transfer to Reserves £m | Variance after reserves and action plan £m |
|--------------------------------------|-----------------------------|---------------------------------|--|---------------------------|-------------------------------|------------------------------------|---|
| Demand Management Costs | 43.475 | 44.615 | 1.140 | - | - | - | 1.140 |
| Access, Assessment & Care Management | 4.468 | 4.501 | 0.033 | - | (0.027) | - | 0.006 |
| Commissioning | 9.298 | 8.951 | (0.347) | - | - | - | (0.347) |
| Management Support & Other | (1.110) | (1.092) | 0.019 | - | - | - | 0.019 |
| Every Penny Counts | 0.623 | 0.623 | - | - | - | - | - |
| Mental Health | 1.668 | 1.549 | (0.119) | - | (0.026) | - | (0.145) |
| Provider | 1.512 | 2.020 | 0.508 | - | (0.560) | - | (0.052) |
| Safeguarding | 0.530 | 0.262 | (0.268) | - | (0.028) | 0.008 | (0.288) |
| Strategic Development | 2.243 | 2.086 | (0.156) | - | - | - | (0.156) |
| Total Social Care | 62.707 | 63.516 | 0.809 | - | (0.641) | 0.008 | 0.176 |
| Public Health | 0.033 | 1.331 | 1.298 | - | (1.451) | 0.153 | - |
| Overall Scrutiny Position | 62.740 | 64.847 | 2.107 | - | (2.092) | 0.161 | 0.176 |

2 Forecast Capital Outturn 2017/18

- 2.1 The total capital programme under the remit of this committee is £2.580m, with forecasted costs of £2.580m as at the end of August 2017, as summarised in Table 6.

| Table 6 – Adult Social Care Forecast Capital Outturn 2017/18 | | | | | |
|---|-----------------------------|-----------------------------------|------------------------|---------------------------------|--|
| Service | Annual Budget £m | Actual Year to Date £m | Forecast £m | Year End Variance £m | Requested carry fwd to 2018/19 £m |
| Mainstream Funded | | | | | |
| Mosaic Implementation (Phase 3) | 0.747 | 0.370 | 0.747 | 0 | 0 |
| Mosaic Mobile Working | 0.634 | 0.310 | 0.634 | 0 | 0 |
| Sub-Total | 1.381 | 0.680 | 1.381 | 0 | 0 |
| Non Mainstream Funded | | | | | |
| ICES (BCF) | 0.750 | 0.344 | 0.750 | 0 | 0 |
| Mosaic Development | 0.449 | 0.237 | 0.449 | 0 | 0 |
| Sub-Total | 1.199 | 0.581 | 1.199 | 0 | 0 |
| OVERALL | 2.580 | 1.261 | 2.580 | 0 | 0 |

Appendix 1 – Risks associated with 2017/18 position at September 2017

| Table 5 | | | |
|---|---|----------------|-------------------|
| Service | Reason/ Explanation of Risk | Risk £m | RAG status |
| Amber Savings | | | |
| Strategic Development | Removal of vacant posts and restructure of staffing (Saving 159) - Martin Thom No other posts have been identified for 17/18 Plans to fund this in 18/19 by removal of drugs & alcohol post (MH) | 0.047 | Saving |
| Mental Health | Response & Short Stay Support for MH at Broadway North (Saving 77) - Ian Staples Consultation period to end August with the intention that staff will leave by end December - a detailed plan for staff leaving is required | 0.052 | Saving |
| Provider | Review of respite and day services (Saving 78) - Ian Staples Delay in whole process and planned delivery of saving - a detailed plan for staff leaving is required | 0.160 | Saving |
| AACM | Non delivery of demand management saving - Kerrie Allward/ Martin Thom To be updated when initial forecasts for 2017/18 are completed and the impact of panel outcomes are validated | 0.597 | Saving |
| | Amber Saving Subtotal | 0.856 | |
| Other Risks | | | |
| Provider - Tunstall equipment & maintenance | This was a prepayment for ongoing maintenance (5 years) the prepayment expired at 31 March 2016 and additional costs will be incurred, with no funding identified to continue the maintenance – Tracy Simcox A paper is planned for Cabinet to consider the options for the whole service of Community Alarms, responders and equipment Investment has been included in the MTFO plan | 0.280 | Medium |
| AACM | Increases in client costs due to demographic growth in placement and package costs above that modelled in MTFO - Kerrie Allward/ Martin Thom The average monthly increase in active clients between April and September is 26. At a current average package cost of £23k further increases in active clients of 26 per month between now and the end on the year would result in just under £1m of additional cost. | 1.000 | High |
| ASC | Bad debt provision - Paula Furnival Level of debt at September 2017 was £6.107m with £4.885m being over 30 days old (September bad debt provision is £1.331m) of which £1.418m is over 1 year old A new charging policy was implemented in May and it is anticipated that this will improve the recovery and therefore reduce the risk going forward | 1.418 | Medium |
| Provider | CIC additional use of external providers if new intermediate care model is not fully embedded in early months of implementation - | 0.100 | Medium |

| | | | |
|----------------------------|---|----------------------|--------|
| | Kerrie Allward Estimated implementation date is January 2017 | | |
| AACM - DTOC | Notifications of intent to charge for delayed patient discharge - Paula Furnival | 0.120 | Medium |
| AACM | The government has now made a decision in relation to the National Minimum Wage and Sleep ins, acknowledging that the guidance, regulations and case law were unclear. The government announced that HMRC penalties will be waived for employers that underpaid their workers prior to the 24th July 2017 and further enforcement activity by HMRC has been suspended until the 2nd October 2017. This has been extended for a further month - Kerrie Allward/ Martin Thom | Unknown at this time | High |
| ASC | Learning Disabilities 2016/17 Q4 CHC queries with CCG - Ian Staples A meeting has been arranged with CCG to discuss this on 18th October | 0.138 | Low |
| | Other Risks Subtotal | 3.056 | |
| Total ASC Risks | | 3.912 | |
| | | | |
| Public Health Risks | | 0.000 | |
| | | | |
| Total Risks | | 3.912 | |