

**DATE:    5 MARCH 2012**

**QUARTER 2 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 3 (April 2011 to December 2011), for services within the remit of the Health Scrutiny and Performance Panel.

The Integrated Community Equipment Service (ICES) pooled budget is forecast to fully utilise the resources available.

The Learning Disabilities pooled budget is forecast to overspend against budget by **£3.104m**. Although the service is currently forecasting to deliver £1.620m of savings during 2011/12, ongoing pressures on placement budgets from previous years, and the cost of new placements agreed in 2011/12, have contributed to the forecast position.

The forecast overspend will be funded by partners as per their contribution to the pooled budget, with £866k (27.9%) being funded by the PCT and the remainder, £2.238m (72.1%), being funded by the council through planned underspends elsewhere within the Social Care and Inclusion directorate.

Further details are provided within the 2011/12 Quarter 3 Financial Monitoring Position statement which was reported to the Social Care and Inclusion Scrutiny and Performance Panel on 21 February 2012.

**Recommendation**

To note the 2011/12 forecast year end financial position for services under the remit of the Health Scrutiny and Performance Panel.

**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:**

A handwritten signature in dark ink, appearing to read 'P Davies', is positioned above the 'Signed:' label.

**Executive Director:** Paul Davies

**Date:** 24 January 2012

## **Resource and legal considerations**

Directorates 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 December 2011) is an overspend of **£3.104m** (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 The forecast overspend will be funded by partners as per their contribution to the pooled budget, with £866k (27.9%) being funded by the PCT and the remainder, £2.238m (72.1%), being funded by the council through planned underspends elsewhere within the Social Care and Inclusion directorate.
- 1.3 At this point in the year the action plan for Learning Disabilities pooled budget totals **£2.112m**, of which £1.458m has been delivered to date. The action plan is summarised in **Table 1** below and detailed in **Appendix 2**. The monitoring position is predicated on the achievement of this action plan.
- 1.4 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.
- 1.5 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**.
- 1.6 **Table 1** shows the forecast outturn for each service, and **Appendix 1** provides an analysis of the reasons for material forecast variances.
- 1.7 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.



## 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 December 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.

<b>Table 2 – Forecast Year End Variance for the ICES Pooled Budget 2011/12</b>						
<b>Service Area</b>	<b>Annual Budget £'000</b>	<b>Profiled Budget £'000</b>	<b>Year To Date £'000</b>	<b>Variance to date (Under)/ Overspend £'000</b>	<b>Year End Forecast £'000</b>	<b>Variance (Under)/ Overspend £'000</b>
Equipment	865	649	649	0	865	0
Non pay	129	97	97	0	129	0
Pay	398	299	299	0	398	0
Audit Fees	4	3	3	0	4	0
<b>Total</b>	<b>1,396</b>	<b>1,048</b>	<b>1,048</b>	<b>0</b>	<b>1,396</b>	<b>0</b>

### Appendix 1 – Explanation of Significant Revenue Variations

Service	Reason / Explanation of Variance	Variance £'000
<b><u>Learning Disabilities Pooled Budget</u></b>		
<b><u>Provider</u></b>		
Day Services		0
<b>Sub-total</b>		<b>0</b>
<b><u>Placements</u></b>		
Placements	Ongoing pressure on placement budgets from previous years and cost of new placements agreed in 2011/12	3,158
<b>Sub-total</b>		<b>3,158</b>
<b><u>Care Management</u></b>		
<b>Sub-total</b>		<b>9</b>
<b><u>Management and Admin</u></b>		
<b>Sub-total</b>		<b>(44)</b>
<b><u>Other</u></b>		
<b>Sub-total</b>		<b>(19)</b>
<b>Total Learning Disabilities Pooled Budget</b>		<b>3,104</b>
<b><u>ICES</u></b>		
<b>Total ICES Pooled Budget</b>		<b>0</b>

**Appendix 2 – 2011/12 Social Care & Inclusion Budget Action Plan**

<b>Service</b>	<b>Action identified</b>	<b>Action Plan to be delivered  £</b>	<b>Action Plan Delivered and Included in Outturn £</b>	<b>RAG</b>
Joint Commissioning – Learning Disabilities	Implementation of reprovision project to return of out of borough placements to less expensive placements within Walsall.	1,620,000	1,237,954	<b>A</b>
<b>Total Social Care &amp; Inclusion</b>		<b>1,620,000</b>	<b>1,237,954</b>	