

**SOCIAL CARE AND HEALTH
OVERVIEW AND SCRUTINY PANEL**

**Agenda Item
No. 8**

DATE: 20 JULY 2017

**CORPORATE FINANCIAL PERFORMANCE – DRAFT PRE-AUDIT OUTTURN
POSITION FOR 2016/17**

Ward(s) All

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

Summary of report

The draft pre-audit outturn position for 2016/17 financial position for services under the remit of the Social Care and Health Overview and Scrutiny Committee, is a revenue under spend of (£2.409m).

Adult Social Care reported a number of demand pressures arising in 2016/17, and action was taken to seek to reduce these. However, even with these actions, the pressures were significant enough to require a review of existing budgets in year.

To acknowledge that these pressures could not be fully contained within the service, Cabinet approved the transfer of £5.981m from other services and general reserves to Adult Social Care in year to meet the net additional forecast cost pressures. This was aimed at ensuring that the year-end actual would outturn in line with the revised budget.

The service continued to take actions once the budgets had been realigned, and as at year end, this report identifies a further £2.409m of cost reductions to contribute to the council's overall position.

In summary, if Cabinet had not taken the decision to realign budgets, would have been an over spend of £3.572m (£5.981m of unbudgeted cost pressures, less the £2.409m final under spend position against the revised cash limit).

The draft capital outturn is an under spend (£1.340m), of which £0.449m has been requested to be carried forward.

Reason for scrutiny

To inform the panel of the draft outturn financial position for 2016/17 for services within their remit.

Recommendations

1. To note the draft revenue and capital outturn positions for 2016/17 as set out in the report.
2. To request that all scrutiny panels:

- a) Provide feedback to Finance on the usefulness and design of the quarterly monitoring reports that the panel receive,
- b) Provide a steer as to what type of information the panel would like to receive including the level of detail; length of the report (would a one page report giving key messages be more apt); a report to focus on areas of overspend only; a report to focus on large budget areas only,
- c) Have a view on whether there is a preference for information in a more pictorial form such as graphically, and this feedback will then inform Finance on the development of future reports to panels.


Background papers

Various financial working papers.



Signed:

Executive Director: Paula Furnival
Date: 16 June 2017



Executive Director: Simon Neilson
Date: 16 June 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 Revenue Outturn 2016/17

Adult Social Care

1.1 A robust risk assessment of the 2016/17 budget was undertaken prior to the 2016/17 budget being set in February 2016, however a series of significant and ongoing demand and cost pressures, mainly with Children's Services and Adult Social Care, arose during the financial year, which, if left unaddressed, would have depleted general reserves by year end.

1.2 Robust action has been taken by both services and on a corporately agreed basis to address these pressures, including:

- Service action plans to address overspending areas, where viable
- A corporate review of all spend and introduction of a "making every penny count" exercise to review spend against corporate plan priorities and reduce this as far as possible
- Transfer of windfall income savings to the centre.
- Additional mitigating actions (use of alternative funding sources, reserves, windfall income, etc.)

The above delivered significant reductions in spend/ increased income corporately.

1.3 After the above actions, a council wide over spend of £2.49m was still forecast. Cabinet on 8 February 2017 and subsequently Council on 23 February 2017 approved a revision to services original budgets, along with the use of £2.49m of general reserves, to create a revised budget which was in line with the expected costs arising in all services. Many of these pressures could not be managed from within existing cash limits, and as such, significant investment has been planned for and included within the 2017/18 budget.

1.4 In respect of the adult social care budget for services within the remit of this Panel, the original cash limit was £66.773m. Additional budgets were allocated of £5.981m to seek to address the pressures identified within services, leading to a revised cash limit of £72.754m. Action continued to be taken in 2016/17 to reduce costs, with the final outturn for service being £70.350m, a variance to the revised cash limit of (£2.404m).

The main reasons for this were:

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| • Release of bad debt provision | (£0.450m) |
| • Decrease in domiciliary care costs | (£0.516m) |
| • Additional public health income | (£0.040m) |
| • Actual service funded redundancies less than expected | (£0.202m) |
| • Learning Disabilities CHC income | (£1.013m) |
| • Property cases deferred income | (£0.077m) |
| • Stock adjustment | (£0.050m) |
| • Miscellaneous | (£0.056m) |

Without this action being taken, the over spend would have been £3.577m (the value of the realignments less the final under spend).

1.5 The draft outturn includes additional use of reserves, where approval has been given by Cabinet for additional funds to be utilised for specific services totalling (£0.404m), and £13k transfer to reserves.

1.6 The main areas of variance against budget are shown in **Table 1** below:-

Table 1 - Main Reasons for ASC under spend	£m
Use of corporate reserve	(5.981)
Additional package and placement costs relating to 2016/17	3.695
Action plan no longer achievable	0.091
Additional contributions towards 2016/17 package and placement costs	(1.338)
Unachieved 2016/17 savings originally targeted at reducing package/ placement costs	2.250
Placement costs incurred during 2016/17 that relate to 2015/16	1.910
Direct payment refunds	(1.016)
Ongoing 2015/16 costs not covered by 2016/17 investment	0.489
S117 review costs (net)	0.030
Learning Disabilities Pooled Budget return to CCG	0.678
Net under spend relating to rapid response costs	(0.292)
Reduction in anticipated dilapidation costs	(0.220)
Every Penny Counts – one off in year savings	(0.330)
One off savings from vacancies and running expenses	(1.562)
Decrease in bad debt provision due to a review of the provision rates used within the calculation	(0.128)
Procurement - additional support	0.065
Reduced Carers and SLA costs	(0.729)
17/18 savings brought forward	(0.231)
Reduction Learning Disability Pooled Budget income:	0.018
Housing 21 transfer to reserves	0.137
Integrated Community Equipment Store under spend	(0.078)
Safeguarding doctors assessment under spend	(0.141)
Use of judicial review provision	(0.010)
Mosaic revenue costs under spend due to contractual delays	(0.034)
Impact of custom card write offs	0.363
Public health additional income	(0.040)

1.7 The bad debt provision has changed due to a review of the provision rates used within the calculation. Based on judgement and past trends it was determined that the old method was being over prudent as it was adding back write offs that had occurred in previous years. The removal of this element is the only change in year. The result is significant for ASC as there is a significant amount of debt over 1 year old and it is these rates which have had the largest reduction in percentage. However the level of provision provided is still deemed to be sufficient for the following year based upon write-offs in previous years.

Public Health

- 1.8 The draft revenue position for 2016/17 for Public Health is (£0.005m) under spend after net use of reserves of (£0.161m) comprising use of reserves of (£1.195m) and transfer to reserves of £1.035m. 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

- 1.9 **Table 2** shows the draft outturn for each service, and Appendix 1 provides an analysis of the reasons for material draft outturn variances.
- 1.10 Of the £6.559m savings, £3.730m have been delivered in full with the remaining £2.829m being unachieved.

Table 2 – Social Care & Health Forecast Revenue Outturn 2016/17

Service	Annual Budget £m	Year End Forecast £m	Variance before Reserves £m	Use of Reserves £m	Transfer to Reserves £m	Variance after reserves and action plan £m
Access, Assessment & Care Management	36.550	42.489	5.938	(0.065)	-	5.873
Commissioning	14.802	13.051	(1.751)	(0.091)	-	(1.842)
Management Support & Other	1.505	0.981	(0.524)	-	-	(0.524)
Every Penny Counts	5.981	-	(5.981)	-	-	(5.981)
Mental Health	6.951	7.306	0.355	-	-	0.355
Provider	3.334	3.298	(0.036)	(0.181)	-	(0.218)
Safeguarding	0.606	0.508	(0.098)	(0.063)	0.013	(0.148)
Strategic Development	3.025	3.107	0.082	(0.003)	-	0.079
Total Social Care	72.754	70.740	(2.014)	(0.404)	0.013	(2.404)
Public Health	0.249	0.405	0.156	(1.196)	1.035	(0.005)
Overall Scrutiny Position	73.003	71.145	(1.858)	(1.600)	1.048	(2.409)

2 Draft Capital Outturn 2016/17

- 2.1 The draft capital outturn for 2016/17 for the schemes under the remit of this panel is an under spend on (£1.340m) against the budget of £2.828m shown in **Table 3**. A carry forward request of £0.449m has been requested.

Table 3 – Adult Social Care Draft Capital Outturn 2016/17				
Service	Annual Budget	Year End Outturn	Year End Variance	Requested Carry Forward to 2017/18
	£m	£m	£m	£m
<u>Council Funded</u>				
Preventative Adaptations	1.050	0.160	(0.890)	0.000
Fallings Heath Car Parking	0.003	0.003	0.000	0.000
Goscote Car Parking	0.003	0.003	0.000	0.000
Total Council Funded	1.056	0.166	(0.890)	0.000
<u>Externally Funded</u>				
Integrated Community Equipment Store (Better Care Fund)	0.750	0.750	0.000	0.000
Autism Innovation Grant	0.001	0.001	0.000	0.000
Community Capacity Grant	1.021	0.572	(0.449)	0.449
Total Externally Funded	1.772	1.323	(0.450)	0.449
Total Capital	2.828	1.489	(1.340)	0.449

Appendix 1 – Explanation of Significant Revenue Variations after action plan and use of reserves

Service	Variance £m	Main Reason/ Explanation of Variance
Adult Social Care		
Access, Assessment & Care Management	5.873	Placement and package costs in part offset by additional income and the impact of holding vacant posts (see additional information provided in table 1).
Commissioning	(1.842)	Efficiencies in SLA contracts and use of Housing and Care 21 investment
Management Support	(0.524)	Reduction in staffing costs and action plan of holding vacant posts offset by an increase in bad debt provision
ASC revised budgets	(5.981)	Centrally allocated reserves
Mental Health	0.355	Placement and package costs in part offset by additional income, vacant posts and action plan to review management contribution
Provider	(0.218)	Staffing costs due to delays in service reprovision and release of provision for dilapidations
Safeguarding	(0.148)	Reduction in numbers of doctors assessments requested
Strategic Development	0.079	Increase in direct payment fees and personal assistant auto enrolment costs
Subtotal Adult Social Care	(2.404)	
Public Health		
Public Health - expenditure	0.136	Expenditure on public health projects and activity
Public Health - income	0.020	Grant income, recharges and savings
Net Use of Reserves	(0.161)	Use of ring fenced grant held to cover risk associated with Department of Health grant cuts
Subtotal Public Health	(0.005)	
Overall Scrutiny Position	(2.409)	