

DATE: 7 MARCH 2011

**LEARNING DISABILITIES AND INTEGRATED COMMUNITY EQUIPMENT STORE (ICES) POOLED BUDGETS QUARTER 3 FINANCIAL MONITORING POSITION FOR 2010/11**

Ward(s) All

**Portfolio:**

Health, Social Care and Inclusion - Councillor McCracken

**Summary of report**

This report summarises the predicted revenue outturn position for 2010/11, based on the financial performance for quarter 3 (April 2010 to December 2010), for services within the remit of the Health Scrutiny and Performance Panel.

The ICES pooled budget is forecast to underspend by **£65k**, after the use of approved reserves, carry forwards and action planning.

The Learning Disabilities pooled budget is a forecast to overspend against budget by **£1.488m**. Although the service has been successful in delivering £3.059m of savings, ongoing pressures on placement budgets from previous years, and the cost of new placements agreed in 2010/11, have contributed to the forecast position.

The forecast overspend will be funded by partners as per their contribution to the pooled budget, with £446k (30%) being funded by the PCT and the remainder, £1.042m (70%), being funded by the council through forecast underspends elsewhere within the Social Care and Inclusion directorate.

Further details are provided within the 2010/11 Quarter 3 Financial Monitoring Position statement which was reported to the Social Care and Inclusion Scrutiny and Performance Panel on 15 February 2011.

**Recommendation**

To note the 2010/11 forecast year end financial position for services under the remit of the Health Scrutiny and Performance Panel.

**Background papers**

Various financial working papers.


2009/10 Outturn report to Scrutiny Panel

2010/11 Budget Books on Council's Internet and Intranet

**Reason for scrutiny**

To inform the panel of the forecast financial position for 2010/11 for services within their remit.

**Signed:**

A handwritten signature in black ink, appearing to be 'J Walsh', with a large, circular scribble over the middle part of the signature.A handwritten signature in black ink, appearing to be 'P Davies', written in a cursive style.

**Chief Finance Officer:** James T Walsh  
**Date:** 11 February 2011

**Executive Director:** Paul Davies  
**Date:** 11 February 2011

## **Resource and legal considerations**

Services 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 the directorate as a whole. Any corporate overspend will require replenishment in the 2010/11 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 the directorate as a whole. 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.

## **Contact Officer:**

Lloyd Haynes,  
Finance Account Manager,  
☎ 01922 652849,  
✉ [haynesl@walsall.gov.uk](mailto:haynesl@walsall.gov.uk)

## 1 Forecast Revenue Outturn 2010/11 – Learning Disabilities Pooled Budget

- 1.1 The forecast revenue outturn for 2010/11 for the Learning Disabilities Pooled Budget (based on the position as at the end of December 2010) is an overspend against budget of **£1.488m**. 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 **Table 1** shows a breakdown of the forecast outturn for the Learning Disabilities pooled budget, and **Appendix 1** provides an analysis of the reasons for material forecast variances.
- 1.3 Included within the Learning Disabilities pooled budget for 2010/11 are new investments and savings, as approved by Council on 22 February 2010, totalling **£45k** and **£1.353m** respectively. The full year effect of previous years' investments and savings included in the budget are **£240k** for investments and **£857k** for savings. A full breakdown of investment and savings can be found in the 2010/11 Social Care and inclusion budget book. In addition PCT savings of **£876k** were approved by Vulnerable Adults Executive Board on 28 May 2010, and savings relating to the emergency budget of **£200k** were approved by Cabinet on 16 July 2010. 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.
- 1.4 The forecast outturn only includes areas where there is a high degree of certainty about predicted under/overspends. Where overspends or underachievement of savings are predicted, managers are tasked to identify remedial action that can be made within the service, and to report as part of a directorate action plan. All options will continue to be explored throughout the financial year so as to minimise change in the forecast position, and to manage additional risks as they arise.
- 1.5 At present, a number of actions are taking place within the Social Care directorate to offset the pressure highlighted above. Following these actions the forecast for the overall directorate is a breakeven position. Further details are provided within the 2010/11 Quarter 3 Financial Monitoring Position statement which was reported to the Social Care and Inclusion Scrutiny and Performance Panel on 15 February 2011.

**Table 1 – Learning Disabilities Pooled Budget Forecast Revenue Outturn 2010/11**

<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>Year End Variance (Under)/ Overspend £'000</b>	<b>Use of Reserves / Approved Carry Forward £'000</b>	<b>Non Essential Spend Savings £'000</b>	<b>Action Plan £'000</b>	<b>Variance Net of Reserves / Non Essential Spend and Action Plans (Under)/ Overspend £'000</b>
Provider Services	10,077	7,495	7,647	152	10,077	0	0	0	0	0
Placements	17,999	13,500	14,838	1,338	19,791	1,792	0	0	0	1,792
Care Management	1,040	780	830	50	1,083	43	0	0	0	43
Management and Admin	507	380	313	(67)	388	(119)	0	0	0	(119)
Other	1,798	1,348	1,188	(160)	1,570	(228)	0	0	0	(228)
<b>Total</b>	<b>31,421</b>	<b>23,503</b>	<b>24,816</b>	<b>1,313</b>	<b>32,909</b>	<b>1,488</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,488</b>

## 2 Forecast Revenue Outturn 2010/11 – ICES Pooled Budget

- 2.1 The forecast revenue outturn for 2010/11 for the ICES Pooled Budget (based on the position as at the end of December 2010) is an underspend against budget of **£65k**. 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 overspends are predicted, managers are tasked to identify remedial action that can be made within the service, and to report as part of a directorate action plan. All options will continue to be explored throughout the financial year so as to minimise change in the forecast position, and to manage additional risks as they arise.
- 2.3 **Table 2** shows the forecast outturn for ICES pooled budget, and **Appendix 1** provides an analysis of the reasons for material forecast variances.
- 2.4 The forecast underspend within the ICES pooled budget contributes toward the wider directorate action plan, which brings the forecast for the overall directorate to a breakeven position.

**Table 2 – ICES Pooled Budget Forecast Revenue Outturn 2010/11**

<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>Year End Variance - (Under)/ Overspend £'000</b>	<b>Use of Reserves / Approved Carry Forward £'000</b>	<b>Non Essential Spend Savings £'000</b>	<b>Action Plan £'000</b>	<b>Variance Net of Reserves / Non Essential Spend and Action Plans - (Under)/Overspend £'000</b>
Equipment	865	649	639	(10)	855	(10)	0	0	0	(10)
Non Pay	129	97	102	5	131	2	0	0	0	2
Pay	398	298	250	(48)	341	(57)	0	0	0	(57)
Audit Fees	4	3	0	(3)	4	0	0	0	0	0
<b>Total</b>	<b>1,396</b>	<b>1,047</b>	<b>991</b>	<b>(56)</b>	<b>1,331</b>	<b>(65)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(65)</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>Placements</u></b>		
Placements	Ongoing pressure on placement budgets from previous years and cost of new placements agreed in 2010/11	1,792
<b>Sub-total</b>		<b>1,792</b>
<b><u>Care Management</u></b>		
Employee costs	Reduction in grant funding and full year effect of posts	83
Service Level Agreements	Renegotiation of service level agreements to provide in year savings	(40)
<b>Sub-total</b>		<b>43</b>
<b><u>Management and Admin</u></b>		
Employee costs	Underspend due to vacant posts	(132)
Other smaller variances		13
<b>Sub-total</b>		<b>(119)</b>
<b><u>Other</u></b>		
Placements	Reduction in expected costs relating to relocation of clients formerly placed at LD campuses.	(219)
Other smaller variances		(9)
<b>Sub-total</b>		<b>(228)</b>
<b>Total Learning Disabilities Pool Budget</b>		<b>1,488</b>
<b><u>ICES</u></b>		
<b>Total ICES Pool Budget</b>	Equipment costs lower than anticipated	<b>(65)</b>