

DATE: 7 OCTOBER 2010

QUARTER 1 FINANCIAL MONITORING POSITION FOR 2010/11

Ward(s) All

Portfolio:

Councillor McCracken

Summary of report

This report summarises the predicted revenue and capital outturn position for 2010/11, based on the financial performance for quarter 1 (April 2010 to June 2010), for services within the remit of the Social Care & Inclusion Scrutiny and Performance Panel.

Recommendation

To note the 2010/11 forecast year end financial position for services under the remit of the Social Care & Inclusion Scrutiny and Performance Panel is a net revenue breakeven position, after the use of approved reserves, carry forwards and action planning. All capital resources are currently forecast to be utilised in full.

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:



Chief Finance Officer: James T Walsh

Executive Director: Paul A Davies

Date: 20 August 2010

Date: 23 August 2010

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 service. 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 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.

Contact Officer:

Lloyd Haynes, Finance Account Manager,
☎ 01922 652849, ✉ haynesl@walsall.gov.uk

1 Forecast Revenue Outturn 2010/11 – Social Care & Inclusion Directorate

- 1.1 The forecast revenue outturn for 2010/11 for the services under the remit of the Social Care & Inclusion Scrutiny and Performance Panel (based on the position as at the end of June 2010) is a **breakeven** position following action planning which was put in place to support the portfolio and the Council's overall financial position (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 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 any forecast overspends, and to manage additional risks as they arise.
- 1.3 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 **£564k**.
- 1.4 **Table 1** shows the forecast outturn for each service, and **Appendix 1** provides an analysis of the reasons for material forecast variances.
- 1.5 Where an expected overspend is forecast the service needs to identify an in year action plan to mitigate this position. At this point in the year the action plan for this service totals **£409k** and is summarised in **Table 1** below and detailed in **Appendix 2**. The breakeven position is predicated on the achievement of this action plan.
- 1.6 Within the services associated with the panel there are a number of risks, totalling **£350k**, which have not been included within the above forecast. At this stage of the year the risks are not certainties and as such are not included in the monitoring as overspends. If the risks become certain then alternative actions will need to be identified to offset, or they will be included in the monitoring as overspends. A summary of the risk assessment is attached as **Appendix 3**.
- 1.7 Included within the directorate budget for 2010/11 are new investments and savings, as approved by Council on 22 February 2010, totalling **£758k** and **£4.994m** respectively. The full year effect of previous years' investments and savings included in the budget are **£312k** for investments and **£1.325m** for savings. A full breakdown of investment and savings can be found in the 2010/11 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.

Table 1 – Social Care & Inclusion Forecast Revenue Outturn 2010/11

Service Area	Annual Budget £'000	Profiled Budget £'000	Year To Date £'000	Variance to date - (Under)/ Overspend £'000	Year End Forecast £'000	Year End Variance - (Under)/ Overspend £'000	Use of Reserves / Approved Carry Forward £'000	Non Essential Spend Savings £'000	Action Plan £'000	Variance Net of Reserves / Non Essential Spend and Action Plans - (Under)/ Overspend £'000
Access, Assessment & Care Management	8,438	2,109	2,168	59	8,430	(8)	(60)	(48)		(116)
Provision	10,129	2,529	2,499	(30)	9,927	(202)		(45)		(247)
Social Care Management	1,061	265	192	(73)	1,054	(7)		(30)	(111)	(148)
Safeguarding	355	89	90	1	554	199			(58)	141
Joint Commissioning	49,619	12,405	12,583	178	50,849	1,230	(504)	(116)	(240)	370
Total Social Care & Inclusion	69,602	17,397	17,532	135	70,814	1,212	(564)	(239)	(409)	0

2 Forecast Capital Outturn 2010/11 – Social Care & Inclusion Directorate

2.1 The forecast capital outturn for 2010/11 for the schemes under the remit of this panel (as at the end of June 2010) is a predicted breakeven against budget. Table 2 shows a summary per service with more detailed analysis by scheme at **Appendix 4**.

<u>Table 2 – Social Care & Inclusion Forecast Capital Outturn 2010/11</u>				
Service Area	Annual Budget £'000	Year To Date £'000	Year End Forecast £'000	Year End Variance £'000
Mainstream				
Provision	900	0	900	0
Total Mainstream	900	0	900	0
Non Mainstream				
Provision	154	0	154	0
Access, Assessment & Care Management	568	0	568	0
Total Non Mainstream	722	0	722	0
Total Social Care & Inclusion	1,622	0	1,622	0

Appendix 1 – Explanation of Significant Revenue Variations

Service	Reason / Explanation of Variance	Variance £'000
<u>Access, Assessment & Care Management</u>		
Salaries	Underspend on vacant posts	(937)
Agency Staff	Cost of agency staff to cover vacant posts to meet statutory requirements. Use of agency staff has been reviewed and reduced where possible, and where able to do so agency staff have been moved to fixed term contracts	621
Consultants	Payments made to Health for staff, offsetting salary underspend above	112
Payment to other organisations	Delays in Health taking up work on new assessment and care management model until October 2010, social care still currently involved in all assessments resulting in additional costs to the council.	192
Fees & Charges	Payment received from Health for staff costs included in the salary costs above	(50)
Other smaller variances		(54)
Sub-total		(116)
<u>Provision</u>		
Salaries	Underspend on vacant posts	(741)
Agency Staff	Cost of agency staff to cover vacant posts to meet statutory requirements. Use of agency staff has been reviewed and reduced where possible, and where able to do so agency staff have been moved to fixed term contracts	251
Other employee costs	Redundancy costs	90
Rent & Rates	Additional rent and rates spend at Links to Work and the Centre for Independent Living	86
Equipment & Materials	Restraint on non-essential spend	(140)
Fees & Charges	Forecast underachievement of transport charges income due to delay in full implementation. Rollout to remaining day centres will be phased in over the next couple of months	157)
Other smaller variances		50
Sub-total		(247)

<u>Social Care Management</u>		
Salaries	Underspend on vacant posts	(66)
Agency Staff	Cost of agency staff to cover vacant posts	53
Consultancy costs	Cessation of consultancy costs as part of directorate action plan	(104)
Other smaller variances		(31)
Sub-total		(148)
<u>Safeguarding</u>		
Salaries	Overspend relating to 3 Adult Safeguarding Practitioner posts	104
Payment to other organisations	Additional recharge from PCT relating to increase in use of nursing services	30
Other smaller variances		7
Sub-total		141
<u>Joint Commissioning</u>		
Salaries	Underspend on vacant posts	(487)
Agency Staff	Cost of agency staff to cover vacant posts to meet statutory requirements. Use of agency staff has been reviewed and reduced where possible, and where able to do so agency staff have been moved to fixed term contracts	243
Premises maintenance	Restraint on non-essential spend	(70)
Equipment & Materials	Costs of placements for new and existing extra care clients	217
Consultancy costs	Restraint on non-essential spend	(43)
Private contractor fees	Forecast underspend mainly relating to lower client numbers for community meals	(80)
Payment to other organisations	Forecast overspends on mental health and disability placement costs, representing ongoing pressure from 2009/10. Action plans within the joint commissioning service have been identified to partially offset this overspend, with the remaining pressure being offset by the directorate action plan	496
Fees & Charges	Shortfall in forecast income from client contributions	111
Other smaller variances		(17)
Sub-total		370
Total Social Care & Inclusion		0

Appendix 2 - 2010/11 Social Care & Inclusion Budget Action Plan

Service	Action identified	Initial Action Plan £	Action Plan Delivered and Included in Outturn £	RAG
Joint Commissioning	Review of S117 provision based on reduced numbers of clients expected to be funded	70,000	0	A
Joint Commissioning	BME and Prevention projects budget – reduction in spend	170,000	170,000	A
Social Care Management	Consultancy Costs ceased in part now permanent posts holders appointed	111,000	111,000	B
Social Care Management	Deprivation of Liberty safeguards - reduced costs	58,000	0	A
Total Social Care & Inclusion		409,000	281,000	

Appendix 3 Financial Risk Assessment - Revenue Budget 2010/11

Potential Risk	Lowest Cost £	Assessment of Risk	Highest Cost £	Assessment of Risk	Total Financial Exposure to Risk £
Transport charging shortfall	100,000	Medium	300,000	Medium	300,000
Accord claim for underpayment on Extra Care Housing	25,000	Medium	50,000	Medium	50,000
Total Social Care & Inclusion	125,000		350,000		350,000

Appendix 4 - Forecast Capital Outturn 2010/11

Service Area / Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance
	£	£	£	£
Mainstream				
Disability reprovision programme	600,000	0	600,000	0
Hollybank rehabilitation centre	300,000	0	300,000	0
Total Mainstream	900,000	0	900,000	0
Non Mainstream				
SCI property	136,275	0	136,275	0
Streets corner access centre	226,003	0	226,003	0
ICT Infrastructure	342,379	0	342,379	0
Mental Health	17,923	9,738	17,923	0
Total Non Mainstream	722,581	9,738	722,581	0
Total Social Care & Inclusion	1,622,581	9,738	1,622,581	0