

DATE: 18 NOVEMBER 2010

QUARTER 2 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 and capital outturn position for 2010/11, based on the financial performance for quarter 2 (April 2010 to September 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 Davies

Date: 25 October 2010

Date: 26 October 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 September 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 an overspend is forecast or a new pressure identified the Social Care & Inclusion Directorate Management Team, through the fortnightly budget meetings, identify an in year action plan to mitigate this position and ensure that the budget breaks even at the end of the year. At this point in the year the action plan for this service totals **£896k** and is summarised in **Table 1** below and detailed in **Appendix 2**. The breakeven position is predicated on the achievement of this action plan.
- 1.3 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 Within the services associated with the panel there are also a number of risks, totalling **£500k**, 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. Risks are being actively managed as part of the fortnightly directorate management budget meetings, and if the risks become certain alternative actions will be identified to offset. A summary of the risk assessment is attached as **Appendix 3**.
- 1.6 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	8,743	4,372	4,394	22	8,675	(68)	(60)	(48)	0	(176)
Provision	10,214	5,122	5,179	57	9,975	(239)	(40)	(45)	0	(324)
Social Care Management	1,985	985	910	(75)	1,866	(120)	0	(30)	(111)	(261)
Safeguarding	356	178	251	73	519	163	0	0	(101)	62
Joint Commissioning	49,270	23,630	24,085	455	51,253	1,982	(484)	(116)	(684)	699
Total Social Care & Inclusion	70,568	34,287	34,819	532	72,288	1,718	(584)	(239)	(896)	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**.

Table 2 – Social Care & Inclusion Forecast Capital Outturn 2010/11				
Service Area	Annual Budget £'000	Year To Date £'000	Year End Forecast £'000	Year End Variance £'000
Mainstream				
Provision	700	0	700	0
Total Mainstream	700	0	700	0
Non Mainstream				
Provision	147	18	147	0
Access, Assessment & Care Management	576	0	576	0
Total Non Mainstream	723	18	723	0
Total Social Care & Inclusion	1,423	18	1,423	0

2.2 All capital expenditure is currently forecast to be fully utilised in year. Although spend to date is low, the main expenditure is profiled to be incurred over the second half of the financial year. Building works at Hollybank and Goscote, and the first phase of the upgrade of the PARIS IT system are on schedule to be completed by the end of March 2011.

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	(1,074)
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	731
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.	211
Other smaller variances		(44)
Sub-total		(176)
<u>Provision</u>		
Salaries	Underspend on vacant posts	(986)
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	449
Other employee costs	Redundancy costs	71
Rent & Rates	Underspend on rent following vacation of Townend House	(76)
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.	168
Other smaller variances		50
Sub-total		(324)
<u>Social Care Management</u>		
Salaries	Underspend on vacant posts	(283)
Agency Staff	Cost of agency staff to cover vacant posts. 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	167

Service	Reason / Explanation of Variance	Variance £'000
Consultancy costs	Cessation of consultancy costs as part of directorate action plan	(101)
Other smaller variances		(44)
Sub-total		(261)
<u>Safeguarding</u>		
Salaries	Overspend relating to new Adult Safeguarding Practitioner posts	26
Payment to other organisations	Additional recharge from PCT relating to increase in use of nursing services	30
Other smaller variances		6
Sub-total		62
<u>Joint Commissioning</u>		
Salaries	Underspend on vacant posts	(554)
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	125
Premises maintenance	Restraint on non-essential spend	(207)
Equipment & Materials	Costs of placements for new and existing extra care clients	153
Consultancy costs	Restraint on non-essential spend	(21)
Private contractor fees	Forecast underspend mainly relating to Housing 21 decreased charge due to new homes opening earlier than expected and lower client numbers requiring community meals.	(725)
Payment to other organisations	Forecast overspends on mental health placement costs of £943k and disability placement costs of £1.543m, representing ongoing pressure from 2009/10. These are partially offset by underspends on Older Peoples placements of £961k. Action plans within the joint commissioning service have been identified to reduce this overspend, with the remaining pressure being offset by the directorate action plan.	1,758
Fees & Charges	Shortfall in forecast income from client contributions	124
Other smaller variances		46
Sub-total		699
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	0	G
Joint Commissioning	Housing 21 construction events contingency – reduction in risks relating to remaining phase of construction	444,000	0	G
Social Care Management	Consultancy Costs ceased in part now permanent posts holders appointed	111,000	0	G
Social Care Management	Deprivation of Liberty safeguards - reduced costs	101,000	0	A
Total Social Care & Inclusion		896,000	0	

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 £
Entitlements Savings - delay in renegotiation of provider contract prices	500,000	Medium	1,000,000	Medium	500,000
Total Social Care & Inclusion	500,000		1,000,000		500,000

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	500,000	0	500,000	0
Hollybank rehabilitation centre	200,000	0	200,000	0
Total Mainstream	700,000	0	700,000	0
Non Mainstream				
SCI property	129,000	0	129,000	0
Streets corner access centre	226,003	0	226,003	0
ICT Infrastructure	349,655	0	349,655	0
Mental Health	17,923	17,896	17,923	0
Total Non Mainstream	722,581	17,896	722,581	0
Total Social Care & Inclusion	1,422,581	17,896	1,422,581	0