

**HEALTH & SOCIAL CARE
SCRUTINY AND PERFORMANCE PANEL**

**Agenda Item
No.6**

DATE: 16 SEPTEMBER 2014

QUARTER 1 FINANCIAL MONITORING POSITION FOR 2014/15

Ward(s) All

Portfolio: Councillor Diane Coughlan – Social Care
Councillor Ian Robertson – Public Health

Summary of report

This report summarises the predicted revenue and capital outturn position for 2014/15, based on the financial performance for quarter 1 (April 2014 to June 2014), for services within the remit of the Health & Social Care Scrutiny and Performance Panel.

To note the 2014/15 forecast year-end financial position for services under the remit of the Health & Social Care Scrutiny and Performance Panel is an over spend of **£1.709m**, after the transfer of windfall income and the implementation of the action plan (£2.125m), but before the use of approved reserves. After the use of reserves (£1.416m), the forecasted financial position for 2014/15 is an over spend of **£0.293m**.

The Social Care Directorate is monitoring the residual overspend closely and further action will be taken to outturn on budget.

In addition, there is an expectation that all capital resources against the budget of £2.502m will be fully spent.

Recommendation

To note the forecast year-end financial position for services under the remit of the Health & Social Care Scrutiny and Performance Panel.

Background papers

Various financial working papers.
2014/15 Budget Book on Council's Internet and Intranet

Reason for scrutiny

To inform the panel of the forecast financial position for 2014/15 for services within their remit.

Signed:



Chief Financial Officer: James Walsh



Assistant Director: Peter Davis

Date: 26 August 2014

Date: 26 August 2014

A handwritten signature in black ink, appearing to read 'Jamie Morris', with a stylized, cursive script.

Executive Director: Jamie Morris

Date 26 August 2014

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. A corrective action plan has been developed to address the ongoing pressure in 2014/15.

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. A corrective action plan has been developed to mitigate overspend in 2014/. 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

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 Forecast Revenue Outturn 2014/15

- 1.1 The forecast revenue outturn for 2014/15 for the services under the remit of the Health & Social Care and Inclusion Scrutiny and Performance Panel (based on the position as at the end of June 2014) is an over spend of £0.293m (net of the use of earmarked reserves). Prior to the use of reserves the forecast outturn is an over spend of £1.709m. Prior to action plan the overspend is £3.834m. 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. The Social Care Directorate is monitoring the residual overspend closely and further action will be taken to outturn on budget.
- 1.2 The forecast outturn only includes areas where there is a high degree of certainty about predicted under/ over spends. Where a significant overspend is forecast or a new pressure identified the Directorates Management Teams, through their budget meetings, are responsible for identifying in year actions to mitigate this position and ensure, as far as is possible, that the budget is balanced at the end of the year.
- 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 £1.416m. The predicted outturn does not include any transfers relating to windfall income.
- 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 Included within the directorate budget for 2014/15 are new savings, as approved by Council on 27 February 2014, totalling £6.82m. The full year effect of previous years' savings included in the budget is £0.13m and £6.690m new year savings. The 2014/15 budget includes investment of £1.17m for inflationary pressures and £0.15m for service pressures. A full breakdown of investment and savings can be found in the 2014/15 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.
- 1.6 Within the services associated with the panel there are a number of risks totalling £4.11m which have not been included within the above forecast. At this stage the risks are not certainties and as such are not included in the monitoring as an under or over spend. If the risks become certainties then alternative action will need to be identified or included in the position as over spends. A summary of the risk assessment is attached as Appendix 2.

Table 1 – Health & Social Care Forecast Revenue Outturn 2014/15										
Service	Annual Budget £	Profiled Budget £	Actual to Date £	Variance to profiled budget £	Year End Forecast £	Year End Variance before reserves £	Action Plan £	Use of Specific Reserves £	Windfall Income £	Year End Variance after reserves £
Access, Assessment & Care Management	29,263,196	7,485,882	8,335,594	849,712	30,721,754	1,458,558	(1,481,009)	0	0	(22,451)
Commissioning	16,046,829	4,011,704	4,143,676	131,972	16,251,176	204,347	0	(493,155)	0	(288,808)
Management Support & Other	1,161,145	77,781	149,627	71,846	1,695,584	534,439	(300,000)	(126,993)	0	107,446
Mental Health	5,969,866	1,509,873	1,429,304	(80,569)	5,752,750	(217,116)	(243,665)	0	0	(460,781)
Provider	3,772,513	968,142	1,255,196	287,054	4,831,821	1,059,308	(100,000)	(10,854)	0	948,454
Safeguarding	444,126	111,033	61,282	(49,751)	544,144	100,018	0	0	0	100,018
Strategic Development	4,075,417	1,018,878	1,774,963	756,085	4,006,572	(68,845)	0	(21,666)	0	(90,511)
Total Social Care	60,733,092	15,183,293	17,149,642	1,966,349	63,803,801	3,070,709	(2,124,674)	(652,668)	0	293,367
Public Health	(44,180)	(11,048)	(221,568)	(210,520)	719,318	763,498	0	(763,498)	0	0
Overall Scrutiny Position	60,688,912	15,172,245	16,928,074	1,755,829	64,523,119	3,834,207	(2,124,674)	(1,416,166)	0	293,367

2 Forecast Capital Outturn 2014/15

- 2.1 The forecast capital outturn for 2014/15 for the schemes under the remit of this panel (as at the end of June 2014) predicts that against resources of £2.502m there is an expectation that all resources will be fully spent in year. Table 2 shows a summary.

Table 2 – Social Care & Inclusion Forecast Capital Outturn 2014/15					
Service	Annual Budget £	Actual to Date £	Year End Forecast £	Year End Variance £	Requested carry forward to 2015/16 £
Mainstream Funded					
Preventative Adaptations	840,161	28,747	840,161	0	0
Total Mainstream	840,161	28,747	840,161	0	0
Non Mainstream Funded					
Community Capacity Grant	1,661,997	0	1,661,997	0	0
Total Non Mainstream	1,661,997	0	1,661,997	0	0
Total Capital	2,502,158	28,747	2,502,158	0	0

Appendix 1 – Explanation of Significant Revenue Variations

Service	Reason/ Explanation of Variance	Variance £'000
<u>Access, Assessment & Care Management</u>		
Employees	Additional costs for assessment and appointeeship agency staff	152
Employees	Vacant posts and VRT hours	(277)
Private contractor fees	Decrease in residential/nursing costs for OP/LD and YADS clients	(1496)
Private contractor fees	Increase in domiciliary care costs for OP/LD and YADS clients (added DP)	2584
Private contractor fees	Decrease in manual payments (excluded DP)	(68)
Income	Shortfall in predicted income from CCG (CHC) and client contributions	561
Other smaller variances		2
Sub-total		1,458
<u>Commissioning</u>		
Contractor fees	Memory Clinic reduced spend £200k and lower spend on block contracts due to renegotiation £88k	(288)
Transfer Payments	Additional housing 21 costs due to additional spot hours and pension liability	241
Income	Shortfall in income from housing 21 from accommodation fees	284
Other smaller variances		(33)
Sub-total		204
<u>Management Support</u>		
Employees	Additional employee costs funded by reserve	124
Employees	Delay in achievement of employee savings funded by reserve	3
Action plan	Benefits based charging debt recovery to be replaced with action plan saving	300
Action plan	Unachieved 2013/14 action plan	100
Supplies & services	Legal fees	7

Sub-total		534
<u>Mental Health</u>		
Employees	Reduced staffing costs due to voluntary reduced hours and a vacant post	(52)
Third party payments	Reduced costs for residential and nursing placements (£249k) offset by increased costs for direct payments, supported living and home care	(132)
Income	Expected additional income from client contributions towards residential and nursing placements offset by reduced NHS contribution for CHC and FNC contributions.	(30)
Other smaller variances		(3)
Sub-total		(217)
<u>Provider</u>		
Employees	Additional staff and agency costs at Hollybank to cover sickness, leave and additional demand	110
Employees	Additional costs relating to the recruitability scheme	20
Employees	Additional staffing costs at fallings heath (£19k); shared lives (£8k); Links to work (£33k); provider management (£16k)	76
Employees	Reduced staffing costs at Goscote (£27k) and Day Opps (£55k) being used to fund additional costs above	(82)
Employees	Community Intermediate Care underspend on staffing costs due to delays in recruitment (£263k) offsetting in part additional agency costs due to vacant posts (4 full time staff) and 1,290 additional hours per week due to additional demand (£1.008m)	745
Premises	Under spend on premises costs at Goscote (£11k)	(11)
Transport	Additional costs for car allowances for community intermediate care	48

Supplies & Services	CQC assessments	8
Income	Shortfall in expected income – Over 80 alarms £11k (funded by reserve) and fallings heath £32k	43
Income	Overachievement of income at Goscote (£6k); Day Opps (8k)	(14)
	Unachieved saving relating to review of respite provision	100
Other smaller variances		16
Sub-total		1,059
<u>Safeguarding</u>		
Supplies & Services	Increased court costs after Supreme Court ruling	100
Sub-total		100
<u>Strategic Development</u>		
Employees	Revised leaving date of apprentices	(144)
Employees	Costs of Paris implementation – funded from a reserve	21
Employees	Vacant posts within response services and strategic development team	(58)
Employees	Delays in staff leaving as part of 2014/15 budget savings	8
Supplies & Services	Costs of equipment and materials (stationary; telephones and translation services)	54
Contractor fees	CCTV contract	51
Sub-total		(68)
Sub Total Social Care		3,070
<u>Public Health</u>		
Employees	Vacancies offset by agency costs	(235)
Supplies & Services	One off activities to reduce ongoing demand	998
Sub Total Public Health		763
Total Forecast Overspend prior to reserves and action		3, 834

plan		
Action Pan		(2,125)
Reserves		(1416)
Total Health & Social Care Scrutiny Panel		293

Appendix 2 - Risks associated with the forecast 2014/15

<u>Service – cash limit heading</u>	Potential Risk	Likelihood	Potential Financial Exposure £m
Assessment & Care Management	SCI - Costs for new packages of care in 2014/15 not offset in full by deaths and reduction in care needs (outside of reprovision)	Medium	0.375
Assessment & Care Management	SCI - Increase in costs of packages in 2014/15 due to change in need (domiciliary care, residential or nursing)	Medium	0.375
Assessment & Care Management	SCI – Increase in costs of domicillary care of 1% based on current levels of spend	Medium	0.106
Assessment & Care Management	SCI – Increased costs of nursing care of 1% based on current levels of spend	Medium	0.101
Assessment & Care Management	Unachieved savings from Complex Needs due to reviews, reprovision and ordinary residence	Medium	0.03
Strategic Development	SCI – Need to increase support in community alarms	Medium	0.028
General SC & I	Department of Health funding not signed off by NHS Commissioning Board	Medium	2.461
General SC & I	Winter pressures funding from CCG – action plan assumes all funding will offset current costs – risk is if the money is used to fund new pressures	Medium	0.188
General SC&I	SCI – Housing 21 properties additional costs for voids or additional care hours	Low	0.225
General SC&I	Shortfall in section 75 income	Low	0.023
Assessment & Care Management	Personal budgets and reprovision of social care clients back to Walsall	Low	0.069
Assessment & Care Management	SCI - Reduced client contributions	Low	0.075
Provider	SCI – potential costs relating to changes in essential car user allowances	Low	0.008

Provider	SCI – Hollybank – increase in SCP points	Low	0.019
Mental Health	SCI – Out of hours service and cross charges	Low	0.004
Mental Health	SCI – Increase in client demand	Low	0.026
	TOTAL		4.110