

11 February 2010

Financial Monitoring – 2009/10 Third Quarter Forecast

Ward(s) All

Portfolios: Councillor McCracken

Summary of report:

This report gives a breakdown of the Directorate's financial outturn forecast for 2009/10 including explanations of overspends and risks to the achievement of the forecast, based on the first 9 months of the financial calendar, April to December 2009.

Background papers:

Various financial working papers.

Reason for scrutiny:

To provide an update on the 2009/10 financial performance of the Directorate's Services.

Resource and legal considerations:

The budgets were set as part of the council's budget setting process in line with the medium term financial strategy.

Citizen impact:

None directly associated with this report.

Environmental impact:

None directly associated with this report.

Performance management:

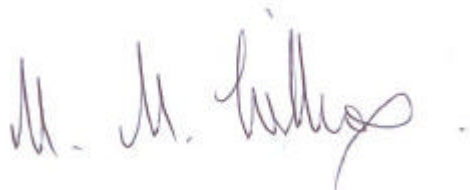
Financial performance is considered alongside service targets.

Equality Implications:

None directly associated with this report.

Consultation

Consultation has been undertaken as part of the budget monitoring process with senior managers within the services.



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1 Forecast Revenue Outturn 2009/10 – Social Care and Inclusion

1.1 A forecast net revenue overspend is predicted of £2.987m, however, following the implementation of a corrective action plan of £2.531m and further savings estimated at £0.244m due to constraints on non essential spend this is expected to be reduced to **£0.212m** (0.3% of net budget). The outturn shown is based upon actual information from the Oracle system and discussions with managers regarding year end forecast and achievement of savings. **Table 1** shows the Forecast Outturn for each service area within the directorate. **Appendix 1** provides an analysis of the reasons for the forecast material variances.

1.2 The main reasons for the overspend are:-

- Temporary delay in charging for transport (£0.388m)
- Additional staffing costs at Links to Work (£0.521m) including £0.127m redundancy costs
- Placement costs for all disability services and mental health clients (£2.100m and £0.800m respectively)

Table 1 – Projected Year-end Position for SC&I as at end of December 2009

SERVICE AREA	ANNUAL BUDGET EXPENDITURE	ANNUAL BUDGET INCOME	TOTAL ANNUAL BUDGET	ESTIMATED EXPENDITURE FOR YEAR	ESTIMATED INCOME FOR YEAR	ESTIMATED NET SPEND FOR YEAR	FINAL YEAR END OVER/(UNDER) SPEND		RAG STATUS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%	
OLDER PERSONS	48,664	-11,685	36,979	47,921	-11,609	36,312	-667	-1.80%	G
YADS	9,789	-2,640	7,149	10,614	-2,223	8,391	1,242	17.37%	R
LEARNING DISABILITIES	33,213	-19,475	13,738	34,597	-19,409	15,188	1,450	10.55%	R
MENTAL HEALTH	8,260	-1,671	6,589	9,136	-1,808	7,328	739	11.22%	R
OTHER	300	-176	124	288	-147	141	17	13.71%	A
ADULT WIDE	2,397	-1,145	1,252	2,622	-1,144	1,478	226	18.05%	R
SUPPORTING PEOPLE	7,430	-7,067	363	7,410	-7,067	343	-20	-5.51%	G
TOTAL	110,053	-43,859	66,194	112,588	-43,407	69,181	2,987		
SAVINGS ON NON ESSENTIAL SPEND							-244		
CORRECTIVE ACTION PLAN							-2,531		
POSITION POST CORRECTIVE ACTION PLAN							212		

2 Action Planning

2.1 An action plan totalling £2.531m is in place and shown in **Table 2**.

Table 2 – Current Action Plan

Service Area	Action identified	£m
DISABILITY SERVICES	Revise approval criteria and protocols' for funding panels to reduce levels of expenditure on residential care, home care and supported living for all new care packages. All care packages which are above the average costs for type of package approved (i.e. Learning Disability Supported Living package, YADS Home Care package) to be signed off by head of disability services. Employ social worker on short term contract to accelerate existing package reviews. Reviews must follow Gloucester judgement.	0.476
MENTAL HEALTH	S117 Mental Health Act / Continuing HealthCare (CHC) reassessments and joint funding with NHS Walsall. Review of likely claimant profile in relation to past charging for S117 clients has identified a reduction in the amount of provision required to be held.	0.120
OLDER PEOPLE	Funding £0.211m assistive technology from leasing and spreading cost over life of asset	0.211
OLDER PEOPLE	Use of prevention and developmental budgets within commission services	0.276
OLDER PEOPLE	Additional savings from day care rationalisation to be implemented Oct 1 2009	0.240
OLDER PEOPLE	Agreement with NHS Walsall re charging for their proportion of the administration undertaken by Walsall Council for CHC placements	0.114
OLDER PEOPLE	Housing 21 – Restraint on non-essential spend to support adult services overspend, utilisation of year 2 expected surplus that was to be “reserved” for construction costs in year 3, and reduced call on contingency costs relating to delays in programme times for new builds.	0.871
OLDER PEOPLE	Use of management and consultancy budgets, deferred expenditure of ESAP budget, and additional income from provision of beds at the Limes to NHS Walsall	0.149
ADULT WIDE	Reduced costs for implementation of Deprivation of Liberty Safeguards	0.074
TOTAL		2.531

3 Risks to the Forecast

- 3.1 Risks shown at **tables 3** and **4** below demonstrate the sensitivity of the current position and the number of variables and risks which will ultimately determine the final outturn for SCI. Red risk items shown in **Table 3** have been included in the monitoring as overspends and amber risks are those which are not included as overspends in the financial report but require close monitoring to ensure they do not worsen.
- 3.2 Amber risks total £0.567m which are being reviewed regularly to identify if these risks will materialise. If 25% of the amber risks transpired this would worsen the position by £0.141m. If 50% of the amber risks transpired this would worsen the position by £0.284m. **Table 4** shows the current amber risks being monitored by the adult services budget group.

Table 3 - Red risk items included in forecast as overspends

Description	Service Area	Risk £	Current Position
Review Continuing Health Care (CHC) eligibility for Older People with Mental Health	MH	172,979	Draft Section 117 discharge policy and review of CHC assessment criteria is currently being agreed with NHS Walsall to enable efficiencies to be achieved in future years.
Efficiencies related to supported living packages	LD	721,390	Individual negotiations with providers and possible retendering of supported living contracts are being progressed. Implementation of a revised placement panel protocol, assertive review and entitlements policy is also seeking to drive efficiencies in this area.
Efficiencies within the external market for LD residential and nursing care	LD	346,739	Retendering exercise has taken place and is currently being implemented. Efficiencies will be drawn out going forward as providers move to new banded rates.
Learning disability respite care, introduction of entitlement policy	LD	125,390	Wider Entitlement review for SC&I being completed to be reported to Cabinet in March 2010.
Savings required from retendering	YADS	28,000	Retender was scheduled for quarter 3 so impact in quarters 1 and 2 only, partly offset by assertive review programme – being offset by savings elsewhere in SC&I. Total contract saving estimated at £1.4m in full year.
Savings required from retendering	LD	15,000	
Savings required from retendering	MH	17,000	
TOTAL		1,426,498	

Table 4 – Amber risks assumed as being achievable during 2009/10

Client group	Detail	£
Disability services (YADS)	Home care review saving	187,000
Disability services (YADS)	Residential and Nursing saving	54,923
Sub Total Savings Amber		241,923
Disability services(YADS)	Sensory support home care saving	100,000
Disability services (YADS)	Independent sector residential and nursing saving	100,000
Older people	Independent sector non residential care	100,000
Older people	Income from WHG community alarms	25,000
Sub Total Overspend Amber		325,000
TOTAL AMBER RISKS		566,923

4 Capital Programme 2009/2010

- 4.1 The transfer of housing related capital schemes to regeneration has resulted in a much smaller SC&I capital programme for 2009/10. The schemes shown in **Table 5** have been agreed for 2009/10 (including slippage from 2008/09). All schemes are expected to utilise their full allocation by the year end, with the exception of Streets Corner where there is a forecast overspend of £0.068m, which will be funded from revenue, and is included in the revenue position shown above.

Table 5 – Capital schemes for 2009/10

Project	£	Detail
Disability reprovision programme	246,982	Day care reprovision works - Goscote and Broadway North
PARIS / ICT infrastructure	236,827	Costs are associated with Children's services and adult services
Residual works – Rushall Mews	10,274	Budget allocated from NHS Walsall
Streets corner access centre	201,568	Part funded via people first programme
Goscote essential health and safety works	65,000	Funded via corporate capital allocation
New Build Fallings Heath	84,894	Slippage from 2008/09
NHS Campus Closure	96,000	Funded via Health
Total SCI capital	941,545	

Explanation of Variances

Older People

Detail of variations	£m
<i>Over spends:</i>	
Extra Care Housing	0.289
Independent sector Home Care & Direct Payments	0.221
Independent sector Residential & Nursing Care	0.161
Estimated shortfall on transport charging	0.148
Part3/Extra Care Income shortfall	0.051
Estimated shortfall on Home Care Income	0.081
<i>Under spends:</i>	
Social Work Teams	-0.277
Commissioning	-0.261
Head Office & Management	-0.108
Home Care	-0.294
Community Meals	-0.059
Response Services	-0.176
Service Level Agreements	-0.110
NCO Service	-0.099
Property Cases income in excess of budget expected	-0.127
Grants	-0.061
Other	-0.046
Total	-0.667

YADS

Detail of variations	£m
<i>Overspends</i>	
Independent sector home care and direct payments (DP)	0.466
Independent sector residential placements	0.422
Shortfall in fairer charging income	0.092
Estimated shortfall on transport charging	0.031
Hollybank	0.087
Social Work Team	0.102
Occupational Therapy Services	0.180
<i>Under spends</i>	
Service level agreements	-0.044

Head office	-0.018
ICES pooled budget	-0.056
Sensory support	-0.020
Total	1.242

Learning Disabilities

Detail of variations	£m
Integrated Team	0.027
Independent sector home care and direct payments (DP)	0.614
Independent sector residential and nursing	1.009
Management & Admin	-0.271
Total relating to pooled budget (both partners)	1.379
NHS Walsall contribution to pooled budget overspend	-0.352
Walsall Council proportion to pooled budget overspend	1.027
Residential and Nursing	-0.098
Day Care	-0.057
Community support services	0.001
Transport inc shortfall on transport charging	0.169
Links to Work	0.507
Client Contribution	-0.099
Non pool element	0.422
Total	1.450

Mental Health

Detail of variations	£m
<i>Over spends:</i>	
Independent sector residential placements	0.489
Independent non residential placements	0.321
Area Based Grant	0.080
Mental Health	0.120
Service Level Agreements	0.022
<i>Under spends:</i>	
CHMT's	-0.263
Assertive Outreach	-0.010
Drug & Alcohol	-0.010
Other Balances	-0.010
Total	0.739

Other

Detail of variations	£m
<i>Over spends:</i>	
Substance Misuse – residential placements	0.017
Total	0.017

Adult Wide

Detail of variations	£m
<i>Under spends:</i>	
PARIS	-0.005
<i>Over spends:</i>	
Allen's Rough - Accommodation	0.014
People First Programme	0.105
Contribution to Access & Response capital project	0.068
Adult Protection - Safeguarding	0.044
Total	0.226

Supporting People

Detail of variations	£m
<i>Under spends:</i>	
Admin Grant	-0.020
Total	-0.020

The SP main grant is currently under spent by £0.717m. CLG has confirmed that any unspent balance can be carried forward, however as this is a non-ringfenced grant it may be decided that the Council has priorities elsewhere that are higher than SP for which it may choose to utilise this funding.