

**Adults, Wellbeing and Health
Overview and Scrutiny Committee**



20th December 2010

**Adults, Wellbeing and Health
Forecast of Outturn 2010/11 –
Quarter 2**

**Report of Graham Bainbridge. Head of Finance - Adults,
Wellbeing and Health**

Purpose of the Report

- 1 To provide the Committee with details of the Adults, Wellbeing and Health revenue and capital outturn forecast for 2010/11 based on information at the end of the second quarter of the financial year, i.e. September 2010.

Executive Summary

- 2 The 2010/11 forecast outturn for Adults, Wellbeing and Health, based on information at September 2010 projects a net spend of £191,332,000 against a net budget of £192,506,000. The projected underspend of £1,174,000 equates to a variation of 0.61% against net budget. The service has targeted a planned underspend in 2010/11 in recognition of the Medium Term Financial Plan position and to assist in the management of the significant demographic pressures facing the service over the MTFP period.
- 3 The in year reduction in 2010/11 Area Based Grant (ABG) allocations resulted in the withdrawal of the Supporting People Administration Grant of £315,000 and a reduction in Home Office Grant of £61,000. These reductions have been managed within the service through a review of contracts and close management of vacancies in relation to the Supported People Administration Grant loss and through reprioritising spend through the Safe Durham Partnership in relation to the Home Office Grant. The in year budget has been revised to reflect these changes.
- 4 It should also be noted that the service continues to manage significant demographic demands in relation to an aging population and increasing care needs in Learning Disability and Mental Health services and a restriction in Independent Living Fund (ILF) allocations.
- 5 Key variations against budget are as follows
 - Through the careful management and control of vacancies and employee budgets across the service an underspend of £1.7m is anticipated for the year at this stage. This approach has ensured that a

planned underspend for the service is achieved in 2010/11 and also creates opportunities for any restructures and service rationalisation required whilst minimising the impact of such changes on existing employees.

- As a result of a review of outstanding debt it has been possible to increase income collection targets thereby reducing the bad debt provision required.
- A provision for the loss of income has been created in recent year in relation to a legal action against the County Council. Through a successful legal defence against the case it is now possible to return the provision to the revenue account.
- Additional committed spend in relation to the Supporting People programme has been undertaken as a result of the carry forward of unspent grant from 2009/10.
- Additional initiatives and projects in relation to Social Inclusion, Preventative Technology and Libraries, Learning and Arts have been possible due to the successful sourcing of additional grants and contributions.
- Care package spend is currently projected above budget reflecting the demographic pressures identified above. Additional income received in contributions from service users partly offsets these costs.
- Ringfenced Social Care Reform Grant has been identified to be carried forwards into 2011/12 to meet delivery requirements and double-running costs associated with the full implementation of Adult Care personalisation.

Budget Revisions

- 6 A reasonable level of budget revisions will be allowed during 2010/11. During the year revisions will be made at the end of each quarter. This will assist in the interpretation of the budgetary information and management of the budget.
- 7 As detailed in the Executive Summary, budget revisions have been actioned in the Quarter 1 accounts to reflect the savings required to offset the loss of ABG in relation to Supporting People Administration and Home Office Grants. No further budget revisions are reported for the Quarter 2 accounts.

Summary Position for Adults, Wellbeing and Health

- 8 The table below summarises the budget and projected outturn position based on September 2010 information for Adults, Wellbeing and Health by subjective analysis.

Year to Date Budget	Year to Date Actual	Variance	Subjective Head	Original Budget	Projected Outturn Position	Variance
£'000	£'000	£'000		£'000	£'000	£'000
34,232	33,536	-695	Employees	69,183	67,601	-1,582
2,175	1,469	-707	Premises	5,966	6,086	120

1,613	1,554	-58	Transport	4,557	4,770	213
5,941	5,422	-520	Supplies & Services Agency & Contracted/Transfer Payments	12,224	12593	369
68,204	69,867	1663	Central & Other Costs	153,039	154,679	1,640
321	416	95		12054	11,854	-200
112,486	112,264	-222	GROSS EXPENDITURE	257,023	257,583	560
			Income			
4,246	5,065	-820	- Specific Grants	5,037	4,922	115
12,136	13,098	-962	- Other Grants & conts	16,952	17,638	-686
532	433	99	- Sales	1,066	1,052	14
16,896	15,645	1251	- Fees & charges	37,997	38,710	-713
370	603	-233	- Recharges	2,524	2,526	-2
470	1,323	-852	- Other	941	1,403	-462
34,650	36,167	-1517	Total Income	64,517	66,251	-1,734
77,836	76,097	-1,739	NET EXPENDITURE	192,506	190,332	-1,174

Explanation of Significant Variations between Original Budget and Forecast Outturn

- 9 The following section outlines the reasons for significant variances by subjective analysis area.

Employees – Forecast to underspend by £1,582,000

- 10 Through the careful management and control of vacancies and employee budgets a saving of £1.722m is anticipated for the year at this stage.
- 11 Additional employee spend of £0.14m in Social inclusion has been funded through additional grants and contributions.

Premises – Forecast to overspend by £120,000

- 12 Additional spend relates to accommodation cost of Joint Teams and premises spend within Residential Homes funded by contributions from partners and reserves respectively.

Transport – Forecast to overspend by £213,000

- 13 An overspend is projected due to general transport cost increases and increased service users demand.

Supplies & Services – Forecast to overspend by £369,000

- 14 Additional initiatives in Social Inclusion (£0.32m for Train to Gain and Community Safety), in Libraries, Learning And Culture (£0.17m for Arts Development and the DLI Museum) and in Commissioning (£0.21m for

Preventative technology) have been possible due to the successful sourcing of additional grants and contributions.

- 15 Close control of general supplies and service budgets has created a projected saving of £331,000 across the service.

Agency & Contracted/Transfer Payments – Forecast to overspend by £1,734,000

- 16 Additional Supporting People Programme schemes totalling £1.3m have been commissioned from funding carried forward from unspent grant in 2009/10.
- 17 Care package spend is currently projected at £0.38m above budget reflecting the demographic pressures identified earlier in the report

Central and Other Costs – Forecast to underspend by £200,000

- 18 A high level of disputed debt at 31st March 2010 has now been successfully resolved, significantly reducing the outstanding debt and leading to a reduction in the bad debt provision required for the service.

Income – Forecast overachievement of £1,734,000

- 19 Successful legal action has resulted in the return to revenue of a £500k provision. Provision had been made for a dispute in relation to a specific Adult Social Care charging policy issue. The action has now been withdrawn before progressing to court allowing the provision to be released.
- 20 Unspent Supporting People Programme grant income has been carried forward from 2009/10 and used to fund additional spend in the current year as identified above.
- 21 Additional grants and contributions have been successfully sourced in respect of Social Inclusion (£0.56m), Libraries, Learning and Culture (£0.25m) and Preventative Technology (£0.21m). Relevant spend related to this income is identified in the relevant spend categories above.
- 22 Income from service users contributions to care packages is currently projected at £0.26m above budget although contributions towards Continuing Health Care have reduced by £0.42m to reflect revised commissioning arrangement with the PCT.
- 23 Ringfenced Social Care Reform Grant of £1.1m been identified to be carried forwards into 2011/12 to meet delivery requirements and double-running costs associated with the full implementation of Adult Care personalisation.

Capital Programme

- 24 The Quarter 1 report identified that the AWH capital budget had increased to £8.972m following the carry forward of budgets from 2009/10. During the

second quarter, savings totalling £0.2m have been identified and a capital budget of £5.574m has been reprofiled into later years. This has resulted in the AWH capital budget for 2010/11 being revised to £3.018m.

Service	Revised Qtr 1 Budget	Savings identified	Reprofiling to later years	Total Revised Budget	Spend at 30 Sept 2010	Forecast outturn
	£000's	£000's	£000's	£000's	£000's	£000's
Adults, Wellbeing and Health	8,972	-200	-5,754	3,018	1,553	3,018

- 25 A review of capital schemes has resulted in a reduction in projected spend requirements in three schemes, ICT Infrastructure, Mental Health Grants and Killhope Museum/Cultural Investment, of £0.2m
- 26 Included in the slippage carried forward into 2010/11 was a capital budget of £5.85m set aside for investment in residential homes. Following the Strategic Review of Residential Homes for the Elderly, Cabinet agreed to the closure of seven Residential Homes in the current financial year. To allow further consideration of the potential options for the remaining Residential Homes through the Medium Term Financial Plan process and to reflect the lead-in time of any investment decision, £5.75m of this capital budget has been reprofiled into future years. A budget £0.1m has been retained in 2010/11 to allow essential health and safety work to be undertaken if necessary

Recommendation

- 27 Committee are asked to note and comment on the report

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Appendix 1: Implications

Finance

Financial implications are outlined throughout the report.

Staffing

None.

Equality and Diversity

None.

Crime and disorder

None.

Sustainability

None.

Human rights

None.

Localities and Rurality

None.

Young people

None.

Consultation

None.

Health

None.