

Adults Wellbeing and Health Overview and Scrutiny Committee

18 January 2019

Quarter 2: Forecast of Revenue and Capital Outturn 2018/19



Report of Corporate Directors

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Electoral division(s) affected:

Countywide

Purpose of the Report

1. To provide the Committee with details of the forecast outturn budget position for the Adult and Health Services (AHS) service grouping, highlighting major variances in comparison with the budget for the year, based on the position to the end of September 2018 as reported to Cabinet in November.

Executive Summary

2. This report provides an overview of the updated forecast of outturn, based on the position at quarter two, 2018/19. It provides an analysis of the budgets and forecast outturn for the service areas falling under the remit of this Overview and Scrutiny Committee and complements the reports considered and agreed by Cabinet on a quarterly basis.
3. The AHS service grouping is reporting a cash limit underspend of £4.356 million against a revised budget of £136.997 million, which represents a 3.4% underspend. This compares with the forecast cash limit underspend at June of £3.096 million.
4. Based on the updated forecasts, the forecast Cash Limit balance for AHS as at 31 March 2019 is £8.280 million.
5. Details of the reasons for under and overspending against relevant budget heads is disclosed in the report.
6. The revised AHS capital budget is £0.232 million with zero expenditure having been incurred against this budget to 30 September 2018.

Recommendation

7. It is recommended that the Adults Wellbeing and Health Overview and Scrutiny Members note the financial forecasts included in this report.

Background

8. County Council approved the Revenue and Capital budgets for 2018/19 at its meeting on 21 February 2018. These budgets have subsequently been revised to take account of transfers to and from reserves, grant additions/reductions, budget transfers between service groupings and budget reprofiling between years. This report covers the financial position for:
- *AHS Revenue Budget - £126.997 million (original £130.822 million)*
 - *AHS Capital Programme – £0.232 million (original £0.232 million)*
9. The original AHS revenue budget has been revised to incorporate a number of budget adjustments as summarised in the table below:

Reason For Adjustment	£'000
Original Budget	130,822
Transfer to REAL of EHCP	(4,761)
Transfer to REAL – Integrated Transport	(170)
Transfer to TAP	(1)
Use of (+)/contribution to AHS reserves (-)	(57)
Use of (+)/contribution to Corporate reserves (ERVR) (-)	1,164
Revised Budget	126,997

10. The use of / (contribution) to AHS reserves consists of:

Reserve	£'000
Use of Adults Cash Limit Reserve	37
Contribution to AWH - Social Care Reserve	(788)
Use of Public Health Reserve	694
Total	(57)

11. The summary financial statements contained in the report cover the financial year 2018/19 and show:

- The approved annual budget;

- The actual income and expenditure as recorded in the Council's financial management system;
- The variance between the annual budget and the forecast outturn;
- For the AHS revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.

Revenue Outturn

12. The updated forecasts show that the AHS service is now reporting a cash limit underspend of £4.356 million against a revised budget of £126.997 million which represents a 3.4% underspend. This compares with the forecast cash limit underspend at June of £3.096 million.
13. The tables below show the revised annual budget, actual expenditure to 30 September 2018 and the updated forecast of outturn to the year end, including the variance forecast at year end. The first table is analysed by Subjective Analysis (i.e. type of expense) and the second is by Head of Service.

Subjective Analysis (Type of Expenditure)

	Revised Annual Budget	YTD Actual	Forecast Outturn	Cash Limit Variance	Memo: QTR1 Cash Limit Variance
	£000	£000	£000	£000	£000
Employees	38,687	19,333	37,071	(1,616)	(1,502)
Premises	1,918	246	1,984	66	55
Transport	2,309	657	2,011	(298)	(286)
Supplies & Services	3,748	1,689	3,926	178	134
Third Party Payments	256,942	134,524	252,269	(4,673)	(5,033)
Transfer Payments	10,619	4,355	10,604	(15)	(154)
Central Support & Capital	28,407	21,416	29,585	1,178	2,710
Income	(215,633)	(129,438)	(214,809)	824	980
Total	126,997	52,782	122,641	(4,356)	(3,096)

Analysis by Head of Service Area

	Revised Annual Budget	YTD Actual	Forecast Outturn	Cash Limit Variance	Memo: QTR1 Cash Limit Variance
	£000	£000	£000	£000	£000
Central/Other	8,714	22,525	8,773	59	(149)
Commissioning	6,616	(977)	6,304	(312)	(178)
Head of Adults	110,060	20,845	105,957	(4,103)	(2,769)
Public Health	1,607	10,389	1,607	0	0
Total	126,997	57,782	122,641	(4,356)	(3,096)

14. The table below provides a brief commentary of the forecast cash limit variances against the revised budget, analysed by Head of Service. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. central repairs and maintenance) and technical accounting adjustments (e.g. capital charges):

Service Area	Description	Cash limit Variance £000
Head of Adults		
Ops Manager LD /MH / Substance Misuse	£68,000 under budget on employees due to effective vacancy management. £4,000 under budget in respect of premises/transport/supplies and services. £858,000 net under budget on care provision.	(930)
Safeguarding Adults and Practice Development.	£60,000 under budget mainly in respect of staffing and transport costs.	(60)
Ops Manager OP/PDSI Services	£171,000 under budget due to effective management of vacancies. £231,000 under budget in respect of premises/transport/supplies and services. £1.942 million net under budget on direct care-related activity.	(2,344)
Ops Manager Provider Services	£769,000 under budget due to early achievement of MTFP savings.	(769)
		(4,103)
Central/Other		
Central/ Other	Net position mainly in respect of employee-related costs.	59
		59

Service Area	Description	Cash limit Variance £000
Commissioning		
Commissioning	£312,000 under budget mainly in respect of employees and third party payments	(312)
		(312)
Public Health		
Cancer Vulnerable Groups and Sexual Health and Domestic Violence	Residual payments relating to various sexual health contracts which have now been brought together under a single contract for 2018/19 (+£25,000).	25
Drugs and Alcohol Health Checks and Smoking Cessation	No material variance.	0
Public Health CVP Services Oral Health Obesity and Physical Activity	Uncommitted budget (-£245,000) and a small over budget on the Early Years Researcher (+£2,000)	(243)
Public Health Grant and Reserves	Amount to balance the cash limit variance (+£895,000) made up principally of the uncommitted budgets in CVP Services and the Public Health team together with savings from vacant posts. These uncommitted budgets are under review as part of the Public Health prioritisation exercise.	895
Public Health Team	Vacant posts in the new structure partially offset by spend on professional fees (-£182,000). Savings on the Regional Maternity survey (-£7,000) and Uncommitted budget (-£488,000).	(677)
Social Determinants/Wellbeing and Adult Mental Health	No material variance.	0
		-
AHS Total		(4,356)

15. In summary, the service grouping is on track to maintain spending within its cash limit. It should also be noted that the forecast outturn position incorporates the MTFP savings built into the 2018/19 budgets, which for AHS in total initially amounted to £5.644 million of which £209,000 related to savings in Environment, Health and Consumer Protection, which has transferred to Regeneration and Local Services.

16. Based on the updated forecasts, the forecast Cash Limit balance for AHS as at 31 March 2019 is £8.280 million.

Capital Programme

17. The AHS capital programme comprises one scheme which is in Public Health, the Drug and Alcohol Premises Upgrade.
18. Further reports will be taken to MOWG during the year where revisions to the AHS capital programme are required. The capital budget currently totals £232,000 and summary financial performance to the end of September is shown below:

AHS	Actual Expenditure 30/09/2018 £000	Current 2018-19 Budget £000	(Under) / Over Spending £000
Public Health – Drug & Alcohol Premises	-	232	(232)
	-	232	(232)

19. Officers continue to carefully monitor capital expenditure on a monthly basis. There has been no expenditure incurred to date. At year end the actual outturn performance will be compared against the revised budgets and service and project managers will need to account for any budget variance.

Background papers

- Cabinet Report 14 November 2018 – Forecast of Revenue and Capital Outturn Period to 30 September 2018.

Appendix 1: Implications

Legal Implications

Not applicable.

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital projected outturn position.

Consultation

Not applicable.

Equality and Diversity / Public Sector Equality Duty

Not applicable.

Human Rights

Not applicable.

Crime and Disorder

Not applicable.

Staffing

Not applicable.

Accommodation

Not applicable.

Risk

The management of risk is intrinsic to good budgetary control. This report forms an important part of the governance arrangements within AHS. Through routine / regular monitoring of budgets and continual re-forecasting to year end the service grouping can ensure that it manages its finances within the cash envelope allocated to it.

Procurement

Not applicable.