

Adult Wellbeing and Health Overview and Scrutiny Committee

1 April 2019



Adult & Health Services – Quarter 3: Forecast of Revenue and Capital Outturn 2018/19

**Report of Corporate Directors
John Hewitt, Corporate Director of Resources**

Jane Robinson, Corporate Director Adult and Health Services

Electoral division(s) affected:
Countywide

Purpose of the Report

1. To provide the Committee with details of the updated forecast outturn budget position for the Adult and Health Services (AHS) service grouping, highlighting any major variances in comparison with the budget, based on the position to the end of quarter 3 (31 December 2018).

Executive Summary

2. This report provides an overview of the updated forecast of outturn, based on the position to 31 December 2018. 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 £4.316 million at the year-end against a revised budget of £120.622 million, which represents a 3.6% underspend. This compares with the previously forecast cash limit underspend, based on the position in September 2018, of a £4.356 million cash limit underspend.
4. Based on the updated forecasts, the forecast Cash Limit balance for AHS as at 31 March 2019 is £8.240 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 in 2018/19 is £0.032 million. There has been no capital expenditure incurred against this budget to 31 December 2018.

Recommendation

7. It is recommended that the Adults Wellbeing and Health Committee 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 - £120.622 million (original £130.822 million)
- AHS Capital Programme – £0.032 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)
Transfer from Contingencies – Transforming Care	459
Transfer from Contingencies – HPO Review	13
Use of (+)/contribution to AHS reserves (-)	(7,602)
Use of (+)/contribution to Corporate reserves (ERVR) (-)	1,862
Revised Budget	120,622

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

Reserve	£'000
Contribution to AHS - Cash Limit Reserve	(644)
Contribution to AHS - Social Care Reserve	(7,652)
Use of Public Health Reserve	694
Total	(7,602)

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 £4.316 million against a revised budget of £120.622 million which represents a 3.6% underspend. This compares with the forecast cash limit underspend at September of £4.356 million.
13. The tables below show the revised annual budget, actual expenditure to 31 December 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: QTR2 Cash Limit Variance
	£000	£000	£000	£000	£000
Employees	39,126	28,225	37,871	(1,255)	(1,616)
Premises	1,918	444	1,970	52	66
Transport	2,309	1,121	2,072	(237)	(298)
Supplies & Services	3,748	2,534	4,018	270	178
Third Party Payments	260,350	194,939	256,119	(4,231)	(4,673)
Transfer Payments	10,619	7,517	10,246	(373)	(15)
Central Support & Capital	28,407	21,526	29,646	1,239	1,178
Income	(225,855)	(168,982)	(225,636)	219	824
Total	120,622	87,324	116,306	(4,316)	(4,356)

Analysis by Head of Service Area

	Revised Annual Budget	YTD Actual	Forecast Outturn	Cash Limit Variance	Memo: QTR2 Cash Limit Variance
	£000	£000	£000	£000	£000
Central/Other	8,038	10,676	8,785	747	59
Commissioning	5,569	753	5,201	(368)	(312)
Head of Adults	105,071	69,849	100,376	(4,695)	(4,103)
Public Health	1,944	6,046	1,944	0	0
Total	120,622	87,324	116,306	(4,316)	(4,356)

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. central admin recharges and capital charges):

Service Area	Description	Cash limit Variance £000
Head of Adults		
Ops Manager LD /MH / Substance Misuse	£168,000 under budget on employees due to effective vacancy management. £115,000 over budget in respect of premises/transport/supplies and services. £1,212,000 net under budget on care provision.	(1,265)
Safeguarding Adults and Pract.Dev.	£120,000 under budget mainly across staffing, and supplies and services.	(120)
Ops Manager OP/PDSI Services	£374,000 under budget due to effective management of vacancies. £176,000 under budget in respect of premises/transport/supplies and services. £1.926 million net under budget on direct care-related activity.	(2,476)
Ops Manager Provider Services	£834,000 under budget due to early achievement of MTFP savings.	(834)
	Forecast Over / (Under) Budget 2018/19	(4,695)
Central/Other		
Central/ Other	Net position mainly due to a revenue contribution of £0.681 million to the SSID replacement capital project.	747
	Forecast Over / (Under) Budget 2018/19	747
Commissioning		
Commissioning	£368,000 under budget mainly in respect of employees and third party payments	(368)
	Forecast Over / (Under) Budget 2018/19	(368)
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 (+£978,000) made up principally of the uncommitted budgets in CVP Services and the Public Health team together with savings from vacant posts. These	978

Service Area	Description	Cash limit Variance £000
	uncommitted budgets are under review as part of the Public Health prioritisation exercise.	
Public Health Team	Vacant posts in the new structure partially offset by spend on professional fees (-265,000). Savings on the Regional Maternity survey (-£7,000) and Uncommitted budget (-£488,000).	(760)
Social Determinants/Well being and Adult Mental Health	No material variance.	0
	Forecast Over / (Under) Budget 2018/19	-
AHS Total	Forecast Over / (Under) Budget 2018/19	(4,316)

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 EHCP and which has subsequently transferred to Regeneration and Local Services (REAL).
16. Based on updated forecasts, the forecast Cash Limit balance for AHS at 31 March 2019 is £8.240 million.

Capital Programme

17. The AHS capital programme 2018/19 comprised one scheme which was in Public Health, the Drug and Alcohol Premises Upgrade. However, this scheme has now been withdrawn.
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 £32,000 and summary financial performance to the end of December is shown below:

AHS	Actual Expenditure 31/12/2018 £000	Current 2018-19 Budget £000	(Under) / Over Spending £000
Public Health – Drug & Alcohol Premises	-	32	(32)
	-	32	(32)

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

20. Cabinet Report 13 March 2019 – Forecast of Revenue and Capital Outturn Period 31 December 2018.

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Appendix 1: Implications

Legal Implications

The consideration of regular budgetary control reports is a key component of the Council's Corporate and Financial Governance arrangements. This report shows the forecast spend against budgets agreed by the Council in February 2018 in relation to the 2018/19 financial year.

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital outturn position alongside details of balance sheet items such as earmarked reserves held by the service grouping to support its priorities.

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 its cash limit.

Procurement

The outcome of procurement activity is factored into the financial projections included in the report.

