

Adult Wellbeing and Health Overview and Scrutiny Committee

14 January 2022

Quarter 2: Forecast of Revenue and Capital Outturn 2021/22



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 2021.

Executive Summary

- 2 This report provides an overview of the initial forecast of outturn, based on the position to 30 September 2021. It provides an analysis of the budget outturn for the services falling under the remit of the Overview and Scrutiny Committee and complements the reports considered by Cabinet on a quarterly basis.
- 3 The forecasts indicate that AHS will have a cash limit underspend of £2.350 million at the year-end against a revised revenue budget of £128.664 million, which represents a 1.8% underspend.
- 4 In arriving at the cash limit position, Covid-19 related expenditure of £3.026 million offset by Covid-19 related savings of £4.013 million have been excluded. Covid-19 costs are being treated corporately and offset by Government funding so far as possible.
- 5 Based on the forecasts, the Cash Limit balance for AHS as at 31 March 2022 will be £12.676 million.

- 6 Details of the reasons for under and overspending against relevant budget heads is disclosed in the report.
- 7 The AHS capital budget for 2021/22 is £1.210 million. As at 30 September 2021 there has been capital expenditure incurred of £71,000.

Recommendation

- 8 It is recommended that the Adults Wellbeing and Health Committee note the financial forecasts included in this report.

Background

9 County Council approved the Revenue and Capital budgets for 2021/22 at its meeting on 24 February 2021. 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 - £128.664 million (original £133.618 million)*
- *AHS Capital Programme – £1.210 million (original £1.210 million)*

10 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	133,618
Transfer from Contingencies – Transforming Care	371
Budget Transfer – Safeguarding Adults Board	149
Budget Transfer – Transitions	(150)
Budget Transfer – First Aid Training	(5)
Budget Transfer - CYPS	(4,500)
Budget Transfer – Partnerships to CYPS	(30)
Budget Transfer – Resources	(5)
Use of (+)/contribution to cash limit reserve (-)	(1,877)
Use of (+)/contribution to AHS reserves (-)	1,093
Revised Budget	128,664

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

Reserve	£'000
Use of AHS - Social Care Reserve	429
Use of Public Health Reserve	664
Total	1,093

12 The summary financial statements contained in the report cover the financial year 2021/22 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

- 13 The updated forecasts show that the AHS service is reporting a cash limit underspend of £2.350 million against a revised budget of £128.664 million which represents a 1.8% underspend. This compares with the forecast cash limit underspend at June of £3.886 million.
- 14 The tables below show the revised annual budget, actual expenditure to 30 September 2021 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 £000	YTD Actual £000	Forecast Outturn £000	COVID 19 Costs £000	COVID Under spends £000	Cash Limit Variance QTR2 £000	Memo-Forecast Position at QTR1 £000
Employees	38,653	18,208	37,884	(126)	0	(895)	(523)
Premises	2,111	317	2,229	0	0	118	89
Transport	2,255	517	1,499	0	680	(76)	(40)
Supplies & Services	4,944	3,284	6,114	(50)	0	1,120	822
Third Party Payments	291,945	113,930	292,987	(2,850)	0	(1,808)	(3,293)
Transfer Payments	11,278	5,169	10,350	0	0	(928)	(1,167)
Central Support & Capital	31,615	20,008	31,960	0	0	345	236
Income	(254,137)	(113,316)	(257,696)	0	3,333	(226)	(10)
Total	128,664	48,117	125,327	(3,026)	4,013	(2,350)	(3,886)

Analysis by Head of Service Area

	Revised Annual Budget £000	YTD Actual £000	Forecast Outturn £000	COVID 19 Costs £000	COVID Under spends £000	Cash Limit Variance QTR2 £000	Memo-Forecast Position at QTR1 £000
Central/Other	10,762	(30,432)	10,447	0	0	(315)	(426)
Commissioning	4,640	7,004	4,427	0	41	(172)	(168)
Head of Adults	111,304	85,875	108,469	(3,000)	3,972	(1,863)	(3,292)
Public Health	1,958	(14,330)	1,984	(26)	0	0	0
Total	128,664	48,117	125,327	(3,026)	4,013	(2,350)	(3,886)

15 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	£256,000 under budget on employees due to effective management of vacancies. £65,000 under budget in respect of supplies and services. £40,000 over budget relating to premises. £1.103 million net under budget on direct care related activity.	(1,384)
Safeguarding Adults and Practice Development	£27,000 over budget on employees. £65,000 under budget on professional fees. £14,000 under recovery of income.	(24)
Ops Manager OP/PDSI Services	£95,000 under budget on employees due to effective management of vacancies. £84,000 under budget linked to supplies and services. £0.272 million net under budget on direct care-related activity.	(451)
Ops Manager Provider Services	£55,000 net under budget across a range of headings including employees and transport.	(55)
Operational Support	£29,000 under budget on employees due to effective management of vacancies. £80,000 over budget on, Affinity System, Care Tech Enabled and extension of SOCITM.	51
		(1,863)
Central/Other		
Central/ Other	£0.315 million under budget mainly in respect of uncommitted budgets to support future operational activity.	(315)
		(315)
Commissioning		
Commissioning	£57,000 under budget on employees due to effective management of staff vacancies. £115,000 under budget in respect of effective contract management.	(172)
		(172)
Public Health		
General Prevention Activities	No material variances.	0
Healthy Communities Strategy and	Under budget on employees due to vacant Mental Health at work practitioner post (-£25,000).	(25)

Service Area	Description	Cash limit Variance £000
Assurance		
Living and Ageing Well	Fresh and Balance contract CDDFT over budget (+£26,000), historic inflationary Agenda for Change invoice (+£11,000). Smoke free manager post corrected income from Regional LA7 (-£53,000). Uncommitted base budgets relating to the Drug & Alcohol Recovery Service Ridgemount House, tenancy ended Mar 21 Temple Cross W-RAD (-£107,000) Dilapidation costs at Ridgemount House (+£4,000) Saddler house electricity costs (+£14,000) Tahmes House rates costs (+£12,000)	(93)
Public Health Grant and Reserves	Amount to balance the cash limit variance (+£307,000) made up principally of savings from vacant posts and contracts in each service area as described.	307
Public Health Team	Under budget on staffing – vacant posts within the Public Health Team and staff travel and supplies and services.	(158)
Starting Well and Social Determinants	Former Enuresis contract saving (-£40,000). Durham University evaluation project contract (+£9,000).	(31)
		-
AHS Total		(2,350)

- 16 The service grouping is on track to maintain spending within its cash limit. The forecast outturn position incorporates the MTFP savings built into the 2021/22 budgets, which for AHS in total amounted to £0.974 million.
- 17 The council continues to face significant additional costs in relation to the Covid-19 outbreak and significant loss of income. All additional costs and loss of income, net of Covid-19 related underspending, is being treated corporately and is therefore excluded from the cash limit.
- 18 The major area of additional cost in respect of AHS is £3.026 million for the additional financial support paid to providers. This support includes a temporary 2% uplift in specified fees to 30 September 2021, and targeted support being given to residential care homes where occupancy levels have dropped significantly (in excess of 10%).
- 19 The major areas of forecast Covid-19 related savings in respect of AHS are as follows (£4.013 million):
- (a) £0.680 million in respect of short-term spot hire of vehicles and car allowances etc;
 - (b) A CDCCG contribution towards additional COVID-related arrangements is £3.333 million.

- 20 The cash limit reserve for Adult and Health Services is forecast to be circa £12.676 million after incorporating the 2021/22 forecast and transfers to other earmarked reserves.

Capital Programme

- 21 The AHS capital programme comprises two schemes, the Public Health drug and alcohol recover services premises upgrade and the upgrade of Hawthorn House respite centre in Provider Services.
- 22 Further reports will be taken to MOWG during the year where revisions to the AHS capital programme are required. The capital budget currently totals £1.210 million.
- 23 Summary financial performance to 30 September 2021 is shown below.

AHS	Actual Expenditure 30/09/2021 £000	Current 2021-22 Budget £000	(Under) / Over Spending £000
Provider Services – Hawthorn House	42	336	(294)
Public Health – Drug and Alcohol Premises Upgrade	29	874	(845)
	71	1,210	(1,139)

- 24 Officers continue to carefully monitor capital expenditure on a monthly basis. There has been £71,000 of 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

- 25 Cabinet Report 17 November 2021 – Forecast of Revenue and Capital Outturn 2021/22 – Period 31 September 2021.

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 2021 in relation to the 2021/22 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 consideration of regular budgetary control reports is a key component of the Councils Corporate and Financial Governance arrangements.

Procurement

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