

Adults Wellbeing and Health Overview and Scrutiny Committee

20 March 2023



Quarter 3: Forecast of Revenue and Capital Outturn 2022/23

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 December 2022.

Executive Summary

- 2 This report provides an overview of the forecast of outturn, based on the position to 31 December 2022. It provides an analysis of the budget outturn for the services falling under the remit of the Overview and Scrutiny and complements the reports considered by Cabinet on a quarterly basis.
- 3 The forecast indicate that AHS will have a cash limit underspend of £1.608 million at the year-end against a revised revenue budget of £137.989 million, which represents a 1.17% underspend.
- 4 Based on the forecasts, the Cash Limit balance for AHS as at 31 March 2023 will be £5.839 million.
- 5 Details of the reasons for under and overspending against relevant budget heads is disclosed in the report.
- 6 The AHS capital budget for 2022/23 comprises a single scheme of £100,000. As at 31 December 2022 capital expenditure of £19,000 has been incurred.

Recommendation

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

Background

8 County Council approved the Revenue and Capital budgets for 2022/23 at its meeting on 23 February 2022. 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 - £137.989 million (original £136.741 million)
- AHS Capital Programme – £0.100 million (original £1.170 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 | 136,741 |
| Budget Transfer to CYPS – Transitions | (840) |
| Budget Transfer to REG – Centralised repairs and maintenance | (24) |
| Budget Transfer to CYPS – Transitions | (83) |
| Budget Transfer to Resources – Business Support | (97) |
| Budget Transfer from Contingencies – Pay Award 2021/22 | 517 |
| Use of (+)/contribution to Corporate Recovery Reserve (-) | 128 |
| Use of (+)/contribution to cash limit reserve (-) | 1,399 |
| Use of (+)/contribution to AHS reserves (-) | 248 |
| Revised Budget | 137,989 |

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

| Reserve | £'000 |
|----------------------------------|------------|
| Use of AHS - Social Care Reserve | 148 |
| Use of AHS – Integrated Reserve | 11 |
| Use of Public Health Reserve | 89 |
| Total | 248 |

11 The summary financial statements contained in the report cover the financial year 2022/23 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 reporting a cash limit underspend of £1.608 million against a revised budget of £137.989 million which represents a 1.17% underspend. This compares with the forecast cash limit underspend at September of £0.735 million.
- 13 The tables below show the revised annual budget, actual expenditure to 31 December 2022 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 | Items Outside Cash Limit £000 | Forecast Use of Reserve £000 | Cash Limit Variance QTR3 £000 | Memo-Forecast Position at QTR2 £000 |
|---------------------------|-------------------------------|--------------------|--------------------------|----------------------------------|---------------------------------|----------------------------------|--|
| Employees | 38,984 | 28,476 | 38,538 | (1,911) | 0 | (2,357) | (1,513) |
| Premises | 1,182 | 595 | 1,332 | (19) | 0 | 131 | 78 |
| Transport | 2,166 | 1,239 | 2,213 | 0 | 0 | 47 | (43) |
| Supplies & Services | 5,444 | 3,916 | 6,013 | 0 | 0 | 569 | 281 |
| Third Party Payments | 308,709 | 177,455 | 318,064 | 0 | 0 | 9,355 | 2,156 |
| Transfer Payments | 10,775 | 7,742 | 10,720 | 0 | 0 | (55) | (97) |
| Central Support & Capital | 31,026 | 20,947 | 39,942 | (2,358) | (5,994) | 564 | 336 |
| Income | (260,297) | (139,794) | (270,159) | 0 | 0 | (9,862) | (1,933) |
| Total | 137,989 | 100,576 | 146,663 | (4,288) | (5,994) | (1,608) | (735) |

Analysis by Head of Service Area

| | Revised Annual Budget £000 | YTD Actual £000 | Forecast Outturn £000 | Items Outside Cash Limit £000 | Forecast Use of Reserve £000 | Cash Limit Variance QTR3 £000 | Memo-Forecast Position at QTR2 £000 |
|-------------------|-------------------------------|--------------------|--------------------------|----------------------------------|---------------------------------|----------------------------------|--|
| Excluded Services | 139 | (231) | 148 | (9) | 0 | 0 | 0 |
| Central/Other | 10,924 | (48,035) | 14,169 | (2,382) | (23) | 840 | (178) |
| Commissioning | 3,014 | 10,806 | 3,584 | (97) | (577) | (104) | 8 |
| Head of Adults | 121,962 | 135,295 | 121,566 | (1,800) | (148) | (2,344) | (565) |
| Public Health | 1,950 | 2,741 | 7,196 | 0 | (5,246) | 0 | 0 |
| Total | 137,989 | 100,576 | 146,663 | (4,288) | (5,994) | (1,608) | (735) |

- 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 | £757,000 under budget on employees due to staff turnover above budget. £240,000 over budget relating to transport. £1,089,000 net over budget on direct care related activity. | 572 |
| Safeguarding Adults and Practice Development | £222,000 under budget on employees due to staff turnover above budget. £15,000 under budget on transport and supplies. £69,000 over recovery of income. | (306) |
| Ops Manager OP/PDSI Services | £556,000 under budget on employees due to staff turnover above budget. £214,000 under budget on transport. £336,000 over budget on supplies and services. £1,328,000 net under budget on direct care-related activity. | (1,762) |
| Ops Manager Provider Services | £541,000 under budget on employees due to staff turnover above budget. £253,000 over recovery of income. | (794) |
| Operational Support | £46,000 under budget on employees due to staff turnover above budget. £8,000 under budget on supplies and services. | (54) |
| | | (2,344) |
| Central/Other | | |
| Central/ Other | £1,000,000 over budget on increased bad debt provision within cash limit. £160,000 under budget mainly in respect of uncommitted budgets to support future operational activity. | 840 |
| | | 840 |
| Commissioning | | |
| Commissioning | £69,000 under budget on employees due to staff turnover above budget. £35,000 under budget in respect of contracts. | (104) |
| | | (104) |

| Service Area | Description | Cash limit Variance £000 |
|--|--|--------------------------|
| Public Health | | |
| County Durham Together | New Team – full year budget provided. | (97) |
| Protecting Health | New Team – full year budget provided. | (100) |
| General Prevention Activities | Over budget to cover reserve linked to Infection Prevention Control contract extension. | 16 |
| Healthy Communities Strategy and Assurance | Covering over budget linked to Oral Health Reserve. | 27 |
| Living and Ageing Well | £40,000 over budget to cover reserve for CREES uplift offset plus general net overspend £24,000. | 64 |
| Public Health Grant and Reserves | Amount to balance the cash limit variance (+£862,000) to Grant Reduction Reserve. £945,000 DRF to fund Newton Cap suicide prevention from unallocated budget of £1,393,000. | 414 |
| Public Health Team | £240,000 over budget to cover reserve contribution to AGE UK and £20,000 reserve contribution to SWAN (Safety of Women at Night) offset by £316,000 under budget on staffing – vacant posts within the Public Health Team. Unallocated budget of £301,000. | (357) |
| Starting Well and Social Determinants | £22,000 reserve to cover increase to Children’s Wellbeing SLA and £35,000 to cover reserve linked to Domestic Abuse Counsellor. General overspend £17,000. Unallocated budget £41,000 | 33 |
| | | 0 |
| AHS Total | | (1,608) |

- 15 The service grouping is on track to maintain spending within its cash limit. The forecast outturn position incorporates the MTFP savings built into the 2022/23 budgets, which for AHS in total amounted to £157,000.
- 16 The forecast outturn position excludes £4.288 million of expenditure outside the cash limit as follows; £1.911 million in respect of the 2022/23 pay award, £2.358 million associated with a forecast increase in the Service’s bad debt provision and £19,000 of inflation on energy costs.
- 17 The cash limit reserve for Adult and Health Services is forecast to be circa £5.839 million after incorporating the 2022/23 forecast and transfers to other earmarked reserves.

Capital Programme

- 18 The AHS capital programme comprises one scheme, the upgrade of Hawthorn House respite centre in Provider Services.
- 19 Further reports will be taken to MOWG during the year where revisions to the AHS capital programme are required. The capital budget currently totals £100,000.
- 20 Summary financial performance to 31 December 2022 is shown below.

| Scheme | Actual Expenditure 31/12/2022 £000 | Current 2022-23 Budget £000 | (Under) / Over Spending £000 |
|------------------------------------|------------------------------------|-----------------------------|------------------------------|
| Provider Services – Hawthorn House | 19 | 100 | (81) |
| | 19 | 100 | (81) |

- 21 Officers continue to carefully monitor capital expenditure on a monthly basis. There has been limited 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

- 22 Cabinet Report 15 March 2023 Forecast Revenue and Capital Outturn 2022/23 – Period 31 December 2022.

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 2022 in relation to the 2022/23 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.