

# Adults Wellbeing and Health Overview and Scrutiny Committee

19 January 2016



## Quarter 2: Forecast of Revenue and Capital Outturn 2015/16 – Children and Adult Services

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### Report of Paul Darby, Head of Finance (Financial Services)

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#### Purpose of the Report

1. To provide the committee with details of the forecast outturn budget position for Children and Adult Services (CAS), highlighting major variances in comparison with the budget for the year, based on the position to the end of September 2015, as reported to Cabinet in November 2015. The report focuses on the Adults Wellbeing and Health services included in CAS.

#### Background

2. County Council approved the Revenue and Capital budgets for 2015/16 at its meeting on 25 February 2015. 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:
  - CAS Revenue Budget - £253.011m (original £251.450m)
  - CAS Capital Programme – £48.769m (original £45.453m)
3. The original CAS revenue budget has been revised to incorporate a number of budget adjustments as summarised in the table below:

Reason For Adjustment	£m
<b>Original Budget</b>	<b>251.450</b>
Transfers to other services (Financial Services / Assessments to Resources)	(1.459)
Energy Efficiency Reduction	(0.147)
Transfer From Contingency - Soulsbury Pay award	0.111
Transfer From Contingency - Cost Associated with Closed School Buildings	0.091
Transfer From Contingency - Reversal Of Car Mileage Deduction	0.076
Transfer to Capital (Aycliffe Secure Services)	(1.002)
Use of (+) / (contribution) to CAS reserves	0.735
Use of (+) / (contribution) to Corporate Reserves (ERVR Costs)	3.156
<b>Revised Budget</b>	<b>253.011</b>

4. The in service use of / (contribution) to CAS reserves consists of:

<b>Reserve</b>	<b>£'000</b>
Social Care Reserve	202
Cash Limit	1,908
Innovations and YEI Redundancy Reserve	(1,000)
Secure Services Capital Reserve	1,202
Tackling Troubled Families Reserve	188
Transformation Reserve	(1,596)
Accumulated fund CPD Reserve	256
Durham Learning Resources Reserve	(8)
EBP Reserve	120
Emotional Wellbeing Reserve	(20)
Mental Health Counselling Reserve	18
Movement Difficulties Service Reserve	(13)
Re-Profiling Activity Reserve	(175)
SEND reform Grant Reserve	98
Swimming Reserve	(67)
School Condition Survey Reserve	(450)
Public Health Reserves	72
<b>Total In service use by CAS</b>	<b>735</b>
External Contribution to Schools Condition Survey Reserve	(450)
<b>Net Use of Reserve</b>	<b>285</b>

5. The summary financial statements contained in this report cover the financial year 2015/16 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 CAS 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 – Updated Forecast Q2 2015/16**

6. The CAS service is now reporting a cash limit under budget of £7.181m against a revised budget of £253.011m, which represents a 2.8% under budget. This compares with a previously reported under budget position of £7.613m at quarter 1.
7. The tables below show the revised annual budget, actual expenditure to 30 September 2015 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 shows the combined position for CAS, and the second is by Head of Service.

### Subjective Analysis (Type of Expenditure)

	Revised Annual Budget £000	YTD Actual £000	Forecast Outturn £000	Cash Limit Variance QTR2 £000	MEMO – Variance at QTR1 £000
Employees	116,073	57,713	111,656	(4,416)	(3,427)
Premises	7,087	2,191	7,289	202	93
Transport	17,398	6,239	17,479	81	(442)
Supplies & Services	19,004	7,090	17,572	(1,432)	(831)
Third Party Payments	239,312	101,067	231,601	(7,711)	(6,205)
Transfer Payments	13,069	4,664	12,797	(272)	(280)
Central Support & Capital	64,289	19,881	64,986	697	629
Income	(223,221)	(126,977)	(217,550)	5,671	2,850
<b>Total</b>	<b>253,011</b>	<b>71,868</b>	<b>245,829</b>	<b>(7,181)</b>	<b>(7,613)</b>

### Analysis by Head of Service Area

	Revised Annual Budget £000	YTD Actual £000	Forecast Outturn £000	Cash Limit Variance £000	MEMO – Variance at QTR1 £000
Head of Adults	124,882	53,668	120,006	(4,876)	(4,581)
Central/Other	8,847	142	8,654	(193)	(204)
Commissioning inc Supporting People	8,981	(16,836)	7,250	(1,731)	(1,728)
Planning & Service Strategy	11,639	5,510	10,954	(685)	(491)
Central Charges (CYPS)	4,360	(1,649)	4,360	-	-
Childrens Services	53,277	21,045	53,812	535	210
Education	39,952	3,414	39,721	(231)	(819)
Public Health	1,073	6,573	1,073	-	-
<b>Total</b>	<b>253,011</b>	<b>71,867</b>	<b>245,830</b>	<b>(7,181)</b>	<b>(7,613)</b>

8. The table below provides a brief commentary of the forecast cash limit variances against the revised budget, analysed by Head of Service for those areas which relate to the Adult's area of the service, which is of specific interest to the Adults Wellbeing and Health Overview and Scrutiny Committee. 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
<b>Head of Adults</b>		
Ops Manager LD /MH / Substance Misuse	£109k under budget on employees through effective vacancy management £251k under budget on transport, mainly in respect of day care. £87k net under budget on care provision. £49k over budget in respect of premises/transport/supplies and services	(398)
Safeguarding Adults and Pract.Dev.	£153k under budget on employee costs due to vacant posts. £52k projected over budget on supplies and services, mainly in respect of professional fees linked to Deprivation of Liberty cases. £5k net over budget on transport/other costs.	(96)
Ops Manager OP/PDSI Services	£549k under budget due mainly to early achievement of employee-related MTFP savings. £1,966k net under budget on direct care-related activity. £377k under budget in respect of premises/transport/supplies and services/other costs.	(2,892)
Ops Manager Provider Services	£1,211k under budget on employees in respect of early achievement of future MTFP savings. £267k under budget on supplies and services in respect of early achievement of future MTFP savings. £12k net under budget on premises/transport/other costs.	(1,490)
		<b>(4,876)</b>
<b>Central/Other</b>		
Central/Other	£111k under budget on employee-related costs in respect of future MTFP savings. £27k under budget on premises/transport/other costs. £55k additional income mainly in respect of salary recharges.	(193)
		<b>(193)</b>
<b>Commissioning</b>		
Commissioning Management / Other	Under budget mainly in respect of future MTFP savings, particularly agency and contracted services budgets held.	(1,731)
		<b>(1,731)</b>
<b>Planning &amp; Service Strategy</b>		
Performance & Information Mgmt	£62k under budget on employees re future MTFP savings. £32k under budget on supplies and services budgets re future MTFP savings. £9k under achievement of income	(85)
Policy Planning & Partnerships	£94k under budget on employees re future MTFP savings. £19k under budget on transport/supplies and services/other budgets. £37k under achievement of income.	(76)

Service Area	Description	Cash limit Variance £000
Service Quality & Development	Future MTFP savings linked in the main to employees (£112k) and supplies and services (£227k). £67k under budget on other areas.	(406)
Service Support	£43k under budget on employees re future MTFP savings. £74k under budget on transport/supplies and services/other budgets.	(117)
		<b>(684)</b>
<b>Public Health</b>		
Cancer Awareness/ Physical Activity Adults /GRT	The variance relates to a non-recurrent planned investment in commissioned activity mainly relating to cancer awareness together with pharmacy advice (which includes Healthy Living Pharmacy pilot).	101
Capacity Building/Health Trainers	Primarily related non recurrent activity connected with Patient transportation to GP and hospital appointments and the extension of health trainers for mental health.	185
Health Checks/Smoking Cessation	Forecast activity within the smoking cessation services is forecast to generate expenditure (£442k) less the £2.6m budget available. This is partially offset by non-achievement of budgeted income £158k related to the Diabetes prevention programme and increased equipment costs £36k.	(248)
Oral Health and Services to Children	The variance relates to the proposed reduction in contract value of 0-5 services part year effect.	(250)
Public Health Specialist Training Prog (HENE)	Activity forecast in line with budget	-
Public Health Team	The expected 6.2% reduction in Public Health Grant of £3.142m is included in the variance. Commissioning decisions related to a (£2.6m) budget are being held in abeyance pending final notification of the value of the reduction in the Public Health Grant. Employee's costs are projected to spend (£229k) less than the current budget due to vacancies and a further (£69k) income is forecast from other local authorities connected to secondment arrangements. Supplies and services are forecast to spend (£51k) less than current budget.	(179)
Sex Health/Alc/Subs Misuse/ Domestic Violence/ Mental Health	One-off non budgeted decommissioning costs related to redundant Drug and Alcohol Treatment centres £124k combined with £126k investment in a domestic abuse pilot contribute to the forecasted overspend. Payments for fees associated with contraceptive devices are also projecting to be over budget by £140k.	391
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9. In summary, the service is on track to maintain spending within its cash limit. The outturn position incorporates the MTFP savings built into the 2015/16 budgets, which for CAS in total amount to £8.590m.

### Capital Programme

10. The CAS capital programme has been revised earlier in the year to take into account budget reprofiled from 2014/15 following the final accounts for that year. This increased the 2015/16 original budget.

11. Further reports to MOWG in May, July and October have detailed further revisions to the CAS capital programme, adjusting the base for grant additions/ reductions, budget transfers and budget reprofiling into later years. The revised capital budget currently totals **£48.769m**.
12. Summary financial performance to the end of September is shown below.

<b>CAS</b>	<b>Original Annual (MAY MOWG) Budget 2015/16 £000</b>	<b>Revised Annual Budget 2015/16 £000</b>	<b>Actual Spend 30/09/15 £000</b>	<b>Remaining Budget £000</b>
Adult Care	841	60	-	60
Childrens Care	-	58	5	53
Early Intervention and Involvement	-	-	2	(2)
Early Years	-	408	(7)	415
Free School Meals Support	53	333	171	162
Secure Services	-	1,002	417	585
Planning & Service Strategy	105	132	94	38
Public Health	2,160	236	36	200
School Devolved Capital	1,424	4,574	1,576	2,998
School Related	22,762	24,642	10,521	14,121
SCP - LEP	18,108	17,324	9,022	8,302
<b>Total</b>	<b>45,453</b>	<b>48,769</b>	<b>21,837</b>	<b>26,932</b>

**Recommendations:**

13. It is recommended that Adults Wellbeing and Health Overview and Scrutiny Members note the financial forecasts included in the report, which are summarised in the Quarter 2 forecast of outturn report to Cabinet in November.

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## **Appendix 1: Implications**

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### **Finance**

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

### **Staffing**

There are no implications associated with this report. Any over or under spending against the employee budgets are disclosed within the report.

### **Risk**

The management of risk is intrinsic to good budgetary control. This report forms an important part of the governance arrangements within CAS. 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.

### **Equality and Diversity / Public Sector Equality Duty**

There are no implications associated with this report.

### **Accommodation**

There are no implications associated with this report.

### **Crime and Disorder**

There are no implications associated with this report.

### **Human Rights**

There are no implications associated with this report.

### **Consultation**

There are no implications associated with this report.

### **Procurement**

There are no implications associated with this report.

### **Disability Issues**

There are no implications associated with this report.

### **Legal Implications**

There are no implications associated with this report.