

Adults Wellbeing and Health Overview and Scrutiny Committee

8 April 2016



Quarter 3: Forecast of Revenue and Capital Outturn 2015/16 – Children and Adults Services

Report of Paul Darby, Head of Financial & HR Services

Purpose of the Report

1. To provide the committee with details of the updated 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 December 2015, as reported to Cabinet in March 2016.

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 - £251.770 million (*original £251.450 million*)
 - CAS Capital Programme – £40.682 million (*original £45.453 million*)
3. The original CAS revenue budget has been revised to incorporate a number of budget adjustments actioned in year, as summarised in the table below:

Reason For Adjustment	£m
Original Budget	251.450
Transfers to other services (Financial Services / Assessments to Resources)	(1.456)
Energy Efficiency Reduction	(0.147)
Transfer From Contingency - Soulsbury Pay award	0.157
Transfer From Contingency - Cost Associated with Closed School Buildings	0.138
Transfer From Contingency - Reversal Of Car Mileage Deduction	0.076
Transfer to Capital (Aycliffe Secure Services/ DACT Estate)	(0.668)
Use of (+) / (contribution) to CAS earmarked reserves	(0.994)
Use of (+) / (contribution) to Corporate Earmarked Reserves (ERVR Costs)	3.214
Revised Budget	251.770

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

Reserve	£'000
Social Care Reserve	916
Cash Limit	(1,970)
Innovations and YEI Redundancy Reserve	1,000
Secure Services Capital Reserve	(868)
Tackling Troubled Families Reserve	(188)
Transformation Reserve	1,265
Accumulated fund CPD Reserve	(134)
Durham Learning Resources Reserve	8
EBP Reserve	(81)
Emotional Wellbeing Reserve	33
Mental Health Counselling Reserve	(7)
Movement Difficulties Service Reserve	13
Re-Profiling Activity Reserve	175
SEND reform Grant Reserve	(15)
School Condition Survey Reserve	450
Swimming Reserve	67
Public Health Reserves	330
Total In service use by CAS	994

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 as at 31 December 2015;
 - The variance between the annual budget and the forecast outturn, based on projections as at 31 December 2015;
 - 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 Q3 2015/16

6. The updated forecast at quarter 2 shows that the CAS service is projecting a cash limit underspend of £10.364 million in year against a revised budget of £251.770 million, which represents a 4.0% underspend. This compares with a previously reported forecast underspend position of £7.181 million at quarter 2.
7. The tables below show the revised annual budget, actual expenditure to 31 December 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 £'000	MEMO – Cash Limit Variance at QTR2 £000
Employees	116,577	83,473	111,479	(5,098)	(4,416)
Premises	7,146	3,110	6,927	(219)	202
Transport	17,399	11,804	17,958	559	81
Supplies & Services	18,950	12,227	17,218	(1,732)	(1,432)
Third Party Payments	238,806	165,501	228,805	(10,001)	(7,711)
Transfer Payments	13,069	8,720	13,227	158	(272)
Central Support & Capital	63,235	21,021	65,495	2,260	697
Income	(223,412)	(176,403)	(219,703)	3,709	5,671
Total	251,770	129,453	241,406	(10,364)	(7,181)

Analysis by Head of Service Area

	Revised Annual Budget £'000	YTD Actual £'000	Forecast Outturn £'000	Cash Limit Variance £'000	MEMO – Cash Limit Variance at QTR2 £000
Head of Adults	124,839	90,512	118,815	(6,024)	(4,876)
Central/Other	8,935	321	8,677	(258)	(193)
Commissioning inc Supporting People	7,858	(6,206)	3,854	(4,004)	(1,731)
Planning & Service Strategy	11,624	8,117	10,718	(906)	(685)
Central Charges (CYPS)	4,269	(820)	4,269	-	-
Childrens Services	53,767	35,297	54,637	870	535
Education	39,807	10,982	39,765	(42)	(231)
Public Health	671	(8,750)	671	-	-
Total	251,770	129,453	241,406	(10,364)	(7,181)

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
Head of Adults		
Ops Manager LD /MH / Substance Misuse	£190,000 under budget on employees through effective vacancy management £185,000 under budget on transport, mainly in respect of day care. £46,000 net over budget on care provision. £57,000 over budget in respect of premises/transport/supplies and services	(272)
Safeguarding Adults and Practice.Dev.	£200,000 under budget on employee costs due to vacant posts. £38,000 projected over budget on supplies and services, mainly in respect of professional fees linked to Deprivation of Liberty cases. £11,000 net under budget on transport/other costs.	(173)
Ops Manager OP/PDSI Services	£570,000 under budget due to early achievement of employee-related MTFP savings. £3,267 million net under budget on direct care-related activity. £80,000 under budget in respect of premises/transport/supplies and services/other costs.	(3,917)
Ops Manager Provider Services	£1.408 million under budget on employees in respect of early achievement of future MTFP savings. £196,000 under budget on supplies and services in respect of early achievement of future MTFP savings. £58,000 net under budget on premises/transport/other costs.	(1,662)
		(6,024)
Central/Other		
Central/Other	£151,000 under budget on employee-related costs in respect of future MTFP savings. £24,000 under budget on premises/transport/other costs. £83,000 additional income mainly in respect of salary recharges.	(258)
		(258)
Commissioning		
Commissioning Management / Other	Under budget mainly in respect of future MTFP savings, particularly agency and contracted services budgets held. A review of short term monies has added to an increased under spend during the year. £1.1 million of short term funds have been carried forward to support future preventative projects.	(4,004)
		(4,004)
Planning & Service Strategy		
Performance & Information Management	£97,000 under budget on employees re future MTFP savings. £50,000 under budget on supplies and services budgets re future MTFP savings. £7,000 under achievement of income	(140)
Policy Planning & Partnerships	£118,000 under budget on employees re future MTFP savings. £30,000 under budget on transport/supplies and services/other budgets. £46,000 under achievement of income.	(102)
Service Quality & Development	Future MTFP savings linked in the main to employees (£123,000) and supplies and services (£219,000). £134,000 under budget on other areas.	(476)
Service Support	£70,000 under budget on employees re future MTFP savings. £118,000 under budget on transport/supplies and services/other budgets.	(188)
		(906)
Public Health		
Cancer Awareness/ Physical Activity Adults /GRT	Variance relates to a non-recurrent planned investment in commissioned activity mainly relating to cancer awareness but also pharmacy advice which includes Healthy Living Pharmacy pilot.	101

Service Area	Description	Cash limit Variance £000
Capacity Building/Health Trainers	Variance is primarily related to non-recurrent activity connected with Patient transportation to GP and hospital appointments and the extension of health trainers for mental health.	173
Health Checks / Smoking Cessation	Forecasted activity within the smoking cessation services is forecast to be (£444,000) less than the £2.6 million budget. Activity on GP and community health checks is projected to be (£84,000) less than the £392,000 available. This is partially offset by non-achievement of budgeted income £158,000 related to the Diabetes prevention programme and increased equipment costs of £36,000.	(332)
Oral Health and Services to Children	Expenditure on a resilience programme for Children is forecast to be (£63,000) less than the £458,000 budget available, due to length of time taken to recruit and induct new employees to the new service. (£250,000) of the variance relates to the proposed reduction in contract value of 0-5 services part year effect.	(313)
Public Health Grant and Reserves	The variance relates to the in-year reduction in Public Health grant.	3,137
Public Health Specialist Training Prog. (HENE)	Activity forecast in line with budget	-
Public Health Team	Commissioning decisions related to a (£2.5 million) budget have been put on hold following the announcement by Central Government of the in year cut in Public Health Grant of £3.137 million. Employee's costs are projected to spend (£207,000) less than current budget due to vacancies and a further (£79,000) of surplus income is anticipated from other local authorities connected to secondment arrangements. Expenditure on Supplies, services and travel is forecast to spend (£100,000) less than current budget.	(2,888)
		-

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 £8.590 million.

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, October, November, December and January 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 **£40.682 million**.
12. Summary financial performance to the end of December is shown below.

CAS	Original Annual (MAY MOWG) Budget 2015/16 £000	Revised Annual Budget 2015/16 £000	Actual Spend 31/12/15 £000	Remaining Budget £000
Adult Care	841	60	(4)	64
Childrens Care	-	58	11	47
Early Intervention and Involvement	-	-	2	(2)
Early Years	-	408	92	316
Free School Meals Support	53	214	204	10
Secure Services	-	799	876	(77)
Planning & Service Strategy	105	132	104	28
Public Health	2,160	236	37	199
School Devolved Capital	1,424	4,532	2,259	2,273
School Related	22,762	20,943	14,376	6,567
SCP - LEP	18,108	13,300	11,243	2,057
Total	45,453	40,682	29,200	11,482

Recommendations:

13. It is recommended that Adults Wellbeing and Health Overview and Scrutiny Members note the updated financial forecasts included in the report, which are summarised in the Quarter 3 forecast of outturn report to Cabinet in March 2016.

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Appendix 1: Implications

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.