

20 January 2017

CAS – Quarter 2: Forecast of Revenue  
and Capital Outturn 2016/17

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Report of Paul Darby, Head of Financial & HR Services

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**Purpose of the Report**

1. To provide the Committee with details of the forecast outturn budget position for the CAS service grouping, highlighting major variances in comparison with the budget for the year, based on the position to the end of September 2016 as reported to Cabinet in November 2016.

**Background**

2. County Council approved the Revenue and Capital budgets for 2016/17 at its meeting on 24 February 2016. 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 - £252,817m(original £247,863m)
  - CAS Capital Programme – £29.406m (original £31.351m)
3. The original CAS revenue budget has been revised to incorporate a number of budget adjustments as summarised in the table below:

	£'000
Original Budget	247,863
<b>Reason For Adjustment</b>	
Transfer From Contingency - Closed School Premises Cost	189
Transfer From Contingency - Pay Award	772
Transfer From Contingency - Residential Care Fees	630
Transfer From Contingency - Auto Enrolment	121
Transfers to Other services	(45)
Transfers From Other services	15
Use of (+)/Contribution to CAS reserves (-)	2,357
Use of (+)/Contribution to Corporate reserves (ERVR) (-)	915
<b>Revised Budget</b>	<b>252,817</b>

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

<b>Reserve</b>	<b>£'000</b>
AWH- Social Care Reserve	1,644
AWH-Cash Limit	2,206
CHS-INNOVATIONS Cash Limit Support	(1,059)
CHS-NQSW Academy Reserve - 16&17 Academic year	(372)
CHS-Secure Services Capital Reserve	204
CHS-Tackling Troubled Families Reserve	(167)
CPD-Accumulated fund CPD Reserve	(70)
EDU-Durham Learning Resources Reserve	20
EDU-EBP Reserve	220
EDU-Emotional Wellbeing Reserve	(90)
EDU-Re-Profiling Activity Reserve	3
EDU-School Condition Survey	200
PHE-Grant Reduction Support Reserve	(382)
<b>Total</b>	<b>2,357</b>

5. The summary financial statements contained in the report cover the financial year 2016/17 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**

6. The CAS service is reporting a cash limit underspend of £1.781m against a revised budget of £252.817m which represents a 0.7% underspend.
7. The tables below show the revised annual budget, actual expenditure to 30 September 2016 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	Variance £000	Items Outside Cash Limit £000	Cash Limit Variance £000
Employees	114,680	54,544	111,354	(3,326)	-	(3,326)
Premises	6,955	2,160	6,846	(109)	-	(109)
Transport	17,814	6,415	17,587	(227)	-	(227)
Supplies & Services	17,913	7,446	17,893	(20)	-	(20)
Third Party Payments	238,716	107,482	241,950	3,234	-	3,234
Transfer Payments	13,698	5,195	13,019	(679)	-	(679)
Central Support & Capital	73,521	24,508	74,446	925	-	925
Income	(230,480)	(117,948)	(232,059)	(1,579)	-	(1,579)
<b>Total</b>	<b>252,817</b>	<b>89,802</b>	<b>251,036</b>	<b>(1,781)</b>	<b>-</b>	<b>(1,781)</b>

## Analysis by Head of Service Area

	Revised Annual Budget £000	YTD Actual £000	Forecast Outturn £000	Variance £000	Items Outside Cash Limit £000	Cash Limit Variance £000
Head of Adults	126,882	55,502	124,415	(2,471)	-	(2,471)
Central/Other	9,627	215	9,559	(68)	-	(68)
Commissioning inc Supporting People	5,780	(1,752)	5,027	(753)	-	(753)
Planning & Service Strategy	10,944	4,809	10,237	(707)	-	(707)
Central Charges (CYPS)	3,023	(1,280)	3,023	-	-	-
Childrens Services	50,618	17,839	53,579	2,961	-	2,961
Education	42,833	3,600	42,090	(743)	-	(743)
Public Health	3,109	10,870	3,109	-	-	-
<b>Total</b>	<b>252,817</b>	<b>89,802</b>	<b>251,036</b>	<b>(1,781)</b>	<b>-</b>	<b>(1,781)</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 Adults 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):

<b>Service Area</b>	<b>Description</b>	<b>Cash limit Variance £000</b>
<b>Head of Adults</b>		
Ops Manager LD /MH / Substance Misuse	£220,000 under budget on employees, due to careful vacancy management. £1.133 million net over budget on care provision, in part due to the Transforming Care agenda. £34,000 over budget in respect of premises/transport/supplies and services.	947
Safeguarding Adults and Pract.Dev.	£7,000 over budget on employee costs. £23,000 projected under budget on non-staff costs. £53,000 additional income, mainly to support SPA activity.	(69)
Ops Manager OP/PDSI Services	£304,000 under budget on employees due mainly to effective management of vacancies. £1.873 million net under budget on direct care-related activity. £209,000 under budget in respect of premises/transport/supplies and services/other costs.	(2,386)
Ops Manager Provider Services	£1.045m million under budget on employees in respect of early achievement of future MTFP savings. £82,000 over budget on non-staff costs, mainly in respect of one-off costs.	(963)
		(2,471)
<b>Central/Other</b>		
Central/ Other	£42,000 over budget on employee-related costs, partly offset by additional income. £26,000 under budget on premises/transport/other costs. £85,000 additional income mainly in respect of salary recharges.	(69)
		(69)
<b>Commissioning</b>		
Commissioning	£404,000 under budget on employees in respect of early achievement of future MTFP savings. £349,000 under budget on non-staff costs in respect of early achievement of future MTFP savings.	(753)
		(753)

Service Area	Description	Cash limit Variance £000
<b>Planning &amp; Service Strategy</b>		
Performance & Information Mgmt	£62,000 under budget on employees re effective vacancy management/early achievement of future savings.	(62)
Policy Planning & Partnerships	£45,000 under budget on employees, mainly re future MTFP savings. £9,000 under budget on transport/supplies and services/other budgets. £6,000 under achievement of income.	(60)
Service Quality & Development	Future MTFP savings linked in the main to employees.	(267)
Service Support	£148,000 under budget on employees, mainly re future MTFP savings. £170,000 under budget on transport/supplies and services/other budgets towards future MTFP savings.	(318)
		(707)
<b>Public Health</b>		
Cancer Awareness/ Vulnerable Groups/Sexual Health/Domestic Violence	Activity in relation to sexual health services is forecast to be over budget by £114,000 against the £4.5 million available due to increased activity related to fees and drugs costs associated with contraceptive implants.	114
Health Checks/Smoking Cessation/Drugs and Alcohol	Activity in relation to NRT is forecast to be £127k lower than the £573k budget available.  Health checks are forecast to be over budget by £21k against a budget of £1.02m due to greater than anticipated activity.	(106)
Public Health CYP Services/Oral Health /Obesity and Physical Activity	Additional premises income (£47K) is being received from 0-19 provider for use of DCC premises-	(47)
Public Health Team And grant Reserve	Employee related expenditure is forecast to be £461k lower than the core team salary budget of £2m due to proactive management of vacancies. Net unbudgeted income from secondment arrangements is forecast to achieve £37k. The in-year underspend has been earmarked to fund the increased activity in commissioned services else with in Public Health.	(498)
Social Determinants/Adult Wellbeing/ Mental Health	The variance of £537k against a current budget of £7m relates primarily to the extension of a number of commissioned services, including £11k for suicide prevention, Workplace Health £93k, Targeted Wellbeing £81k, Adult Wellbeing variation to contract £130k, Patient Transport £152k, Waddington Street Health Trainer £32k, Warm and Healthy Homes £25k.	537
		-
<b>CAS Total</b>		<b>(1,781)</b>

9. In summary, the CAS service is on track to maintain spending within its cash limit overall. The outturn position incorporates the MTFP savings built into the 2016/17 budgets, which for CAS in total amount to £17.326m.

## Capital Programme

10. The CAS capital programme has been revised earlier in the year to take into account budget re-profiled from 2015/16 following the final accounts for that year. This increased the 2016/17 original budget.
11. Further reports to the Member Officer Working Group (MOWG) in May, July, September and October included revisions to the CAS capital programme. The revised capital budget currently totals £29.406m.
12. Summary financial performance to the end of September is shown below.

<b>CAS</b>	<b>Actual Expenditure 30/09/2016 £000</b>	<b>Current 2016-17 Budget £000</b>	<b>Remaining 2016-17 Budget £000</b>
LD Provider Services	51	62	11
Support For Childs Homes	-	43	43
Increased Provision for Two Year Olds	(28)	129	157
Free School Meals Support	1	75	74
Secure Services	71	210	139
Planning & Service Strategy	26	159	133
Drug & Alcohol Premises Upgrade	184	383	199
Drugs Commissioning DACT	9	72	63
Public Health	-	431	431
School Devolved Capital	1,141	4,419	3,278
DFE School Capital Inc Basic Need	12,294	20,949	8,655
DSG Structural Maintenance	-	2	2
PSBP - Additional Works Not Covered by EFA	27	182	155
School Modernisation	41	106	65
BSF	849	2,146	1,297
PFI	38	38	-
<b>TOTAL</b>	<b>14,704</b>	<b>29,406</b>	<b>14,702</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 2016.

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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.