

Adult Wellbeing and Health Overview and Scrutiny Committee

19 January 2018

Quarter 2: Forecast of Revenue and Capital Outturn 2017/18



Report of Paul Darby, Head of Finance and Transactional Services

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 2017 as reported to Cabinet in November 2017.

Background

2. County Council approved the Revenue and Capital budgets for 2017/18 at its meeting on 22 February 2017. 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 - £132.347 million (original £151.581 million)*
 - *AHS Capital Programme – £0.320 million (original £0.318 million)*
3. 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	151,581
Transfer From Contingency - Additional Inflation	313
Transfer To Contingency - Winterbourne	(272)
Transfers to other services	(7,620)
Use of (+)/contribution to AHS reserves (-)	(11,937)
Use of (+)/contribution to Corporate reserves (ERVR) (-)	282
Revised Budget	132,347

4. The use of / contribution to AHS reserves consists of:

Reserve	£'000
AWH - Social Care Reserve	(12,930)
Public Health Reserve	932
EHCP - Tobacco Control Reserve	61
Total	(11,937)

5. The summary financial statements contained in the report cover the financial year 2017/18 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

6. The AHS service is reporting a cash limit underspend of £2.634 million against a revised budget of *£132.347 million* which represents a 2.0% underspend. This compares with the forecast cash limit underspend at June of £2.599 million.
7. The tables below show the revised annual budget, actual expenditure to 30 September 2017 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	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
	£000	£000	£000	£000	£000	£000
Employees	47,403	22,054	44,983	(2,420)	0	(2,420)
Premises	2,267	266	2,526	259	0	259
Transport	3,004	948	2,732	(272)	0	(272)
Supplies & Services	4,677	1,590	4,291	(386)	0	(386)
Third Party Payments	225,826	97,568	228,373	2,547	0	2,547
Transfer Payments	11,380	4,413	11,014	(366)	0	(366)
Central Support & Capital	28,283	19,979	28,639	356	0	356
Income	(190,493)	(87,957)	(192,845)	(2,352)	0	(2,352)
Total	132,347	58,861	129,713	(2,634)	0	(2,634)

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
Central/Other	7,498	(746)	7,311	(187)	0	(187)
Commissioning	(5,671)	(5,060)	(6,031)	(360)	0	(360)
Environment, Health & Consumer Protection	4,941	1,928	4,666	(275)	0	(275)
Head of Adults	123,161	53,650	121,349	(1,812)	0	(1,812)
Public Health	2,418	9,089	2,418	0	0	0
Total	132,347	58,861	129,713	(2,634)	0	(2,634)

8. 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. capital charges):

Service Area	Description	Cash limit Variance £000
Head of Adults		
Ops Manager LD /MH / Substance Misuse	£405,000 under budget on employees, mainly due to effective vacancy management. £1.152 million net over budget on care provision £201,000 over budget in respect of premises/transport/supplies and services.	948
Safeguarding Adults and Pract.Dev.	£45,000 under budget due to effective management of vacancies.	(45)
Ops Manager OP/PDSI Services	£158,000 under budget due to effective management of vacancies. £0.933 million net under budget on direct care-related activity. £0.514 million under budget in respect of premises/transport/supplies and services/other costs.	(1,605)
Ops Manager Provider Services	£1.081 million under budget on employees in respect of early achievement of future MTFP savings. £29,000 under budget on non-staff costs in respect of early achievement of future MTFP savings.	(1,110)
		(1,812)
Central/Other		
Central/ Other	£145,000 under budget on employee-related costs, mainly due to effective vacancy management. £42,000 additional income mainly in respect of salary recharges.	(187)
		(187)

Service Area	Description	Cash limit Variance £000
Commissioning		
Commissioning	£302,000 under budget on employees in respect of early achievement of future MTFP savings. £58,000 under budget on non-staff costs/income.	(360)
		(360)
Environmental, Health & Consumer Protection		
Head of Env Health and Consumer Protection	£78,000 over budget on employee budgets, mainly as a result of non-achievement of turnover efficiency targets. £8,000 over budget on non-staff costs. £11,000 over achievement of income.	75
Environment Protection/Other	£70,000 over budget on employee budgets mainly as a result of non-achievement of turnover efficiency targets. £6,000 over budget on non-staff costs. £55,000 over achievement of income.	21
Consumer Protection	£197,000 under budget on employees in respect of future MTFP savings. £4,000 under budget on premises costs. £19,000 under budget on other non-staff costs. £7,000 additional income received.	(227)
Health Protection	£89,000 under budget on employee budgets, mainly due to effective vacancy management. £39,000 under budget on non-staff costs, partly to achieve future MTFP savings. £16,000 over achievement of income.	(144)
		(275)
Public Health		
Cancer Vulnerable Groups and Sexual Health and Domestic Violence	Sexual Health budget extended until December. New contract to start January Government grant offer for Violence Against Women & Girls of £300,000K over 3 years £70K in 17/18.	0
Drugs and Alcohol Health Checks and Smoking Cessation	Forecast overspend in supervised consumption.	48
Public Health CVP Services Oral Health Obesity and Physical Activity	£15,000 reserves used for PHD student. Youth Offending Service (YOS) nurse to be funded from YOS and teenage pregnancy budget (12,000 advance funding from AHS).	(12)
Public Health Grant and Reserves	A number of contract extensions reliant on further reserve funding – Drugs & Alcohol contract further £137,000. Wellbeing and associated contracts £244,000. Sexual Health £12,000, Volunteer drivers £25,000. £180,000 reserves used to settle disputed invoices with County Durham & Darlington Foundation Trust. Offset by contribution from underspend in other areas mainly in Public Health team staff costs.	339
Public Team	Current forecast underspend primarily related to income from secondments and vacancies in the team - there may be potential backfill requirements.	(340)
Social Detriments/wellbeing and Adult Mental Health	Contracts extended for Wellbeing and Community Health Trainers until March 2018 £244,000 and the Patient Transport schemes until June 2017 (£25,000) - all funded from reserves. The suicide prevention - Crees grant is expected to overspend by £45,000 but this will be offset by the end of the Living Mindfully contract (£79,000).	(35)
		-
AHS Total		(2,634)

9. A new Improved Better Care Fund Reserve (iBCF) has been created this quarter. This reflects the £13 million of iBCF funding which was received after the budget was set for 2017/18. On 18 October 2017 Cabinet considered a report setting out plans for utilising this funding. The creation of this reserve will ensure that the funding received is earmarked for the purposes outlined in the grant conditions and in accordance with the spending plans agreed by Cabinet.
10. In summary, the service grouping is on track to maintain spending within its cash limit. It should also be noted that the forecast outturn position incorporates the MTFP savings built into the 2017/18 budgets, which for AHS in total initially amounted to £6.353 million.

Capital Programme

11. The AHS capital programme comprises four schemes, LD Provider Services, Drugs Commissioning, Drug and Alcohol Premises Upgrade and Public Health, and the capital budget currently totals £320,000.
12. Summary financial performance to the end of September is shown below.

AHS	Actual Expenditure 30/09/2017 £000	Current 2017-18 Budget £000	(Under) / Over Spending £000
LD Provider Services	17	17	0
Public Health – Drugs Commissioning DACT	-	32	(32)
Public Health – Drug & Alcohol Premises	-	200	(200)
Public Health -	77	71	6
	94	320	(226)

13. Officers continue to carefully monitor capital expenditure on a monthly basis. £94,000 has been incurred to date. This is 29% of the total estimated spend in the year. 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.

Recommendations:

14. It is recommended that Adults Wellbeing and Health Overview and Scrutiny Members note the financial forecasts included in this report, which are summarised in the Quarter2 forecast of outturn report to Cabinet in November 2017.

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 AHS. 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.