

ABERDEEN CITY COUNCIL

COMMITTEE Education and Children Services Committee

DATE 02 December 2014

DIRECTOR Liz Taylor

TITLE OF REPORT 2014/15 REVENUE BUDGET MONITORING (SCWB)

REPORT NUMBER: SCW/14/030

CHECKLIST RECEIVED Yes

1. PURPOSE OF REPORT

1.1 The purpose of this report is to

- i) bring to Committee members attention the current year revenue budget performance for the services which relate to this Committee; and
- ii) advise on any areas of risk and management action.

2. RECOMMENDATION(S)

2.1 It is recommended that the Committee:

- i) Note this report on the forecast outturn on the revenue budget and the information on areas of risk and management action that is contained herein;
- ii) Instruct that officers continue to review budget performance and report on service strategies;

3. FINANCIAL IMPLICATIONS

3.1 The revised total Social Care and Wellbeing revenue budget amounts to around £123.3M net expenditure.

- 3.2 Based upon present forecasts it is anticipated that the financial performance of the Directorate will result in a budget overspend of £470K. It is anticipated that the overspend will be met from within the overall budget for the Council from forecast underspends across other services.
- 3.3 Whilst reporting a forecast overspend at this stage the Directorate's Management will continue to look for opportunities to reduce expenditure and achieve a balanced budget by year end.

4. OTHER IMPLICATIONS

- 4.1 Every organisation has to manage the risks inherent in the operation of large and complex budgets. These risks are minimised by the regular review of financial information by services and corporately by Members. This report is part of that framework and has been produced to provide an overview of the current operating position.

5. BACKGROUND/MAIN ISSUES

- 5.1 This report informs Members of the current year SC&W revenue budget performance to date, and provides a high level summary for the consideration of Members, to period 6 (to end of September 2014). It also outlines whether or not there are any cost pressures that are immediately identifiable from the expenditure incurred to date and actions being undertaken to manage these.
- 5.2 The Directorate's revenue budget report and associated notes are attached at Appendices A to F.

Financial Position

- 5.3 In overall terms, as set out in Appendix A, the position at 30th September reflects a current underspend of £260K, and a forecast overspend of £470K for the year.
- 5.3.1 The year to date position shows net expenditure to be £260K below budget. The net underspend is due to variances in the areas outlined below:
- Overspend on commissioned services £1.4M, reflecting over commitment in Children's Services £1.7M, partially offset by underspends in Adult Services £110K and others £210K.
 - Income £650K above budget (underspend). This favourable variance reflects improved income position as forecast below.
 - Underspend on other running expenses £590K, mainly reflecting the anticipated underspends set out under the forecast below.
 - Underspend on staffing costs £400K, reflecting additional vacancy savings as outlined below.

5.3.2 The forecast outturn is for an adverse variance of £470K. That represents a favourable movement of £70K for the Directorate since the report to Social Care and Wellbeing Committee in August. The significant changes in the forecast are as follows:-

- Adverse movement on other running costs £180K. This reflects increased travel costs in children's Services £70k, additional expenditure on courses £40K, additional expenditure on Older People's Change Fund £30K and wellbeing events £20K.
- Favourable movement in Children's Service's commissioning costs £170K due to reduced expenditure on Out of Authority Placements £120K and other commissioned services £50K.
- Favourable movement on Income £130K. This reflects additional grant funding for Older People's Change Fund projects £160K, self directed support grant £120K and client charges £100K, offset by correction of a duplication in Criminal Justice grant forecast £200K and reduced rent income £60K.
- Increase in Adults Services commissioning costs £50K.
- Reduced staffing costs of £210K in Children's services are matched by increases in Adults services £190K and Business Management £30K.

5.3.3 Comparing the revised budget to the updated forecast the main variances then anticipated are in the following areas:

- Overspend on commissioned services, £2.9M. A significant proportion of the Directorate's PBB savings are from within commissioned services. There remains significant pressure on those budgets, and this has also been reflected with growth provisions included in the budget to cover price and demand pressures. It is anticipated that Children's Services out of authority placements will overspend by £2.6M, partially offset by underspends on other commissioned services £240K. It is anticipated that Adults needs led budgets will be £1.7M over committed. This reflects an anticipated shortfall in savings to be achieved from LD service redesign £2M. This is partially offset by underspends on other commissioned services £1.3M. Contract payments to the LATC are expected to be £200K above budget.
- Additional income £1.4M. Grants and contributions are expected to be £770K above budget and client contributions £850K above budget, partially offset by other income £210K below budget.
- Underspend on other running costs £550K. This includes not utilising the remainder of the additional provision made to support Older People's Change Fund £180K. Children's services are expected to underspend on change fund and re-investment monies £240K, property services £80K and other supplies and services budgets £120K, these savings being partially offset by overspends on transport services £280K. Underspends

are anticipated in Adults services on telecare/responder services for the Self Directed Support project £400K as these services are expected to be provided via commissioned services budgets. This will be partially offset by overspends on transport services £210K. Throughcare and section payments are expected to underspend by £180K, and training courses £70K. Business Management budgets for property and other services are expected to underspend by £230K. Other budgets are anticipated to underspend by £40K. A saving of £500K (PBB option SCW13) is not anticipated to be achieved this year.

- Underspend on staffing costs £510K. Underspends are anticipated in Children's Services £540K and Integration & Strategic Commissioning £140K, partially offset by overspends in Adults Services £130K and Business management £40K.

6. IMPACT

- 6.1 As a recognised top priority the Council must take the necessary measures to balance its revenue budget. Therefore Committees and Directorates are required to work within a financial constraint. Every effort is being focused on delivering services more efficiently and effectively.

7. RISK MANAGEMENT

Risk Assessment and Management Action

- 7.1 Key underlying assumptions and risks concerning the forecast outturn figures are as follows:

- It is assumed that there will be a shortfall of £2.5M on PBB savings, of which £500K is recognised in the risk register. At this stage it is assumed that most of this shortfall will be met from within the Directorate's current budgets.

- Commissioned Services is a very significant element of the SC&W budget at £120.1M (75%) and also arguably the highest risk element of the budget. The needs led element of the budget can be a problem and it is in this area across both adult and children's services that major variances have occurred in previous years. There can be major fluctuations in the level of commitment from month to month due to demand pressures and data recording issues. A 1% increase in Adults care packages costs approx. £750K; whilst a 10% increase in Children's out of authority placements would cost £1.1M.
- The forecasts assume that further savings will be made due to under delivery of home care. There is a risk that under delivery varies significantly from previous pattern +/- £500K.
- The anticipated overspend includes the impact of additional costs anticipated to be paid in order to enable the continuation of a service to a group of particularly vulnerable service users with Learning Disabilities. There is a risk that further pressure may be applied on the Council to increase payments to other providers due to market conditions, though at present it is anticipated that such risks can be managed without any further increase.
- There are growing signs of increasing pressures on Social Care & Wellbeing budgets. In addition to the costs outlined above, and the over-commitments in commissioning services previously outlined and already included in the forecast, growing pressures on staffing levels within the service are being indicated. These have been considered as part of the 2015/16 budget setting process.
- In particular it needs to be recognised that there are significant overspends forecast in Children's Services, and these are currently being met from underspends in Adult Services. The pressures noted above are indicating that the Directorate's ability to be able to manage these overspends from within it's overall budgets are being eroded. This position has implications both in terms of the Integration of Health & Social Care and also for the Council's restructuring of services.
- Data recording issues continue to make it difficult to get a clear picture of actual spend on needs led services and demand fluctuations and further work is required to resolve these issues.
- Other significant risks that may lead to overspends include the further impact of additional risk register items £2M-£2.5M, impacts of welfare reform which are unknown at this stage and cannot be quantified, and if the budget pressures outlined above cannot be met from within existing budgets, up to £1.7M.
- No other significant risks that may lead to underspends have been identified at this stage.

8. BACKGROUND PAPERS

Financial ledger data extracted for the period.

9. REPORT AUTHOR DETAILS

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Additional contributions to analysis of risks and management action by
Director & Heads of Service – Social Care & Wellbeing.

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**ABERDEEN CITY COUNCIL
REVENUE MONITORING 2014/2015**

APPENDIX A

DIRECTORATE : SOCIAL CARE AND WELLBEING

As at end of September 2014		Year to Date			Forecast to Year End		
Accounting Period 06	Full Year Revised Budget	Revised Budget	Actual Expenditure	Variance Amount	Outturn	Variance Amount	Variance Percent
	£'000	£'000	£'000	£'000	£'000	£'000	%
Director	997	698	634	(64)	1,449	452	45.3%
Head of Adult Services	63,298	31,680	30,904	(776)	62,407	(891)	(1.4%)
Head of Children's Services	34,345	17,286	18,215	929	36,088	1,743	5.1%
Head of Integration & Strategic Commissioning	22,910	11,455	11,222	(233)	22,320	(590)	(2.6%)
Business Support Manager	1,796	932	816	(116)	1,552	(244)	(13.6%)
TOTAL	123,346	62,051	61,791	(260)	123,816	470	0.4%

**ABERDEEN CITY COUNCIL
REVENUE MONITORING 2014/2015**

APPENDIX B

DIRECTORATE : SOCIAL CARE AND WELLBEING
HEAD OF SERVICE : DIRECTOR

As at end of September 2014	Year to Date				Forecast to Year End			CHANGE FROM LAST REPORT
Accounting Period 06	Full Year Revised Budget	Revised Budget	Actual Expenditure	Variance Amount	Outturn	Variance Amount	Variance Percent	
	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
STAFF COSTS	244	122	130	8	244	0	0.0%	0
ADMINISTRATION COSTS	91	45	16	(29)	22	(69)	(75.8%)	7
TRANSPORT COSTS	1	1	1	0	3	2	200.0%	0
SUPPLIES & SERVICES	(500)	(250)	3	253	6	506	(101.2%)	0
COMMISSIONING SERVICES	791	395	84	(311)	774	(17)	(2.1%)	0
CAPITAL FINANCING COSTS	400	400	400	0	400	0	0.0%	0
GROSS EXPENDITURE	1,027	713	634	(79)	1,449	422	41.1%	7
LESS: INCOME								
OTHER INCOME	(30)	(15)	0	15	0	30	(100.0%)	0
TOTAL INCOME	(30)	(15)	0	15	0	30	(100.0%)	0
NET EXPENDITURE	997	698	634	(64)	1,449	452	45.3%	7

VIREMENT PROPOSALS

None this cycle

REVENUE MONITORING VARIANCE NOTES	PROJECTED VARIANCE £'000	CHANGE £'000
Staff Costs	0	0
Administration Costs The favourable variance reflects anticipated underspend on courses.	(69)	7
Transport Costs	2	0
Supplies and Services The adverse variance on forecast reflects the non-achievement of PBB saving (SCW13).	506	0
Commissioning Services The favourable variance reflects anticipated underspend on block funded services.	(17)	0
Capital Financing Costs	0	0
Income PBB saving not achieved.	30	0
	452	7

ABERDEEN CITY COUNCIL REVENUE MONITORING 2014/2015						APPENDIX C		
DIRECTORATE :		SOCIAL CARE AND WELLBEING						
HEAD OF SERVICE :		HEAD OF ADULT SERVICES						
As at end of September 2014		Year to Date			Forecast to Year End			CHANGE FROM LAST REPORT
Accounting Period 06	Full Year Revised Budget	Revised Budget	Actual Expenditure	Variance Amount	Outturn	Variance Amount	Variance Percent	
	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
STAFF COSTS	14,927	7,464	7,490	26	15,058	131	0.9%	191
PROPERTY COSTS	653	358	314	(44)	663	10	1.5%	28
ADMINISTRATION COSTS	156	78	63	(15)	163	7	4.5%	(8)
TRANSPORT COSTS	263	132	223	91	469	206	78.3%	0
SUPPLIES & SERVICES	624	312	166	(146)	266	(358)	(57.4%)	8
COMMISSIONING SERVICES	79,766	39,882	39,770	(112)	80,142	376	0.5%	51
TRANSFER PAYMENTS	32	16	6	(10)	15	(17)	(53.1%)	0
GROSS EXPENDITURE	96,421	48,242	48,032	(210)	96,776	355	0.4%	270
LESS: INCOME								
GOVERNMENT GRANTS	(4,658)	(2,329)	(2,233)	96	(4,570)	88	(1.9%)	194
OTHER GRANTS & CONTRIBUTIONS	(17,025)	(8,513)	(8,882)	(369)	(17,822)	(797)	4.7%	(207)
CUSTOMER & CLIENT RECEIPTS	(10,678)	(5,339)	(5,586)	(247)	(11,176)	(498)	4.7%	52
RECHARGES TO OTHER ACCOUNTS	(656)	(328)	(343)	(15)	(653)	3	(0.5%)	0
OTHER INCOME	(106)	(53)	(84)	(31)	(148)	(42)	39.6%	(33)
TOTAL INCOME	(33,123)	(16,562)	(17,128)	(566)	(34,369)	(1,246)	3.8%	6
NET EXPENDITURE	63,298	31,680	30,904	(776)	62,407	(891)	(1.4%)	276

ABERDEEN CITY COUNCIL REVENUE MONITORING 2014/2015							APPENDIX D	
DIRECTORATE :		SOCIAL CARE AND WELLBEING						
HEAD OF SERVICE :		HEAD OF CHILDREN'S SERVICES						
As at end of September 2014		Year to Date			Forecast to Year End			CHANGE FROM LAST REPORT
Accounting Period 06	Full Year Revised Budget	Revised Budget	Actual Expenditure	Variance Amount	Outturn	Variance Amount	Variance Percent	
	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
STAFF COSTS	16,357	8,179	7,769	(410)	15,819	(538)	(3.3%)	(209)
PROPERTY COSTS	563	395	379	(16)	484	(79)	(14.0%)	0
ADMINISTRATION COSTS	241	120	129	9	353	112	46.5%	53
TRANSPORT COSTS	408	204	339	135	685	277	67.9%	73
SUPPLIES & SERVICES	1,502	751	266	(485)	655	(847)	(56.4%)	5
COMMISSIONING SERVICES	15,254	7,627	9,326	1,699	18,119	2,865	18.8%	(173)
TRANSFER PAYMENTS	327	163	88	(75)	166	(161)	(49.2%)	(32)
GROSS EXPENDITURE	34,652	17,439	18,296	857	36,281	1,629	4.7%	(283)
LESS: INCOME								
OTHER GRANTS & CONTRIBUTIONS	(293)	(146)	(61)	85	(165)	128	(43.7%)	8
CUSTOMER & CLIENT RECEIPTS	(14)	(7)	(6)	1	(14)	0	0.0%	0
OTHER INCOME	0	0	(14)	(14)	(14)	(14)	0.0%	(14)
TOTAL INCOME	(307)	(153)	(81)	72	(193)	114	(37.1%)	(6)
NET EXPENDITURE	34,345	17,286	18,215	929	36,088	1,743	5.1%	(289)

VIREMENT PROPOSALS											
None this cycle											
										PROJECTED	
										VARIANCE	
										CHANGE	
REVENUE MONITORING VARIANCE NOTES										£'000	
										£'000	
Staff Costs											
The favourable variance reflects anticipated underspends in Young Peoples Care & Accomodation £220k, Family & Community Support £220k, NESPCPC £120k, Planning & Development £100k, Children in Need North £100k and Alternative Family Care £40k, partially offset by overspends in Reception & Protection £130k, Head of Service £70k and Children in Need South £50k. The favourable movement since P3 reflects additional vacancy savings anticipated.										(538)	(209)
Property Costs											
The favourable variance reflects anticipated underspend in "other property" costs £60k and rent payments for throughcare clients £40k, partially offset by anticipated overspend on repairs and maintenance £10k and energy costs £10k.										(79)	0
Administration Costs											
The adverse variance is due to anticipated overspends on legal expenses £50k, telephones £30k, printing & stationery £10k and courses £10k. The adverse movement since P3 reflects additional expenditure on courses.										112	53
Transport Costs											
The adverse variance is due to anticipated overspend on staff travel £180k, childrens transport £60k and parking permits £40k. The adverse movement since P3 reflects additional staff travel costs.										277	73
Supplies and Services											
The favourable variance is due to anticipated underspends on change fund and re-investment monies £730k, equipment, furniture & materials £70k, childrens expenses £30k, catering £20k and others £20k, partially offset by overspends on Computer and IT equipment £20k.										(847)	5
Commissioning Services											
The adverse variance is due to anticipated overspends on out of authority placements £2.61m, change fund projects met from supplies & services budgets £280k, youth justice £180k and children with disabilities £150k, partially offset by anticipated underspends on adoption and fostering £170k, kinship care £120k and other commissioned services £70k. The favourable movement since P3 reflects reduction in out of authority placements £120k and other commissioning costs £50k.										2,865	(173)
Transfer Payments											
The favourable variance is due to anticipated underspend in section 22 payments £80k, throughcare payments £50k and section 17 payments £30k. These are partially offset by overspends in commissioned services. The favourable movement since P3 reflects the forecast underspend on section 17 payments.										(161)	(32)
Income											
The adverse variance is due to anticipated underspend on NESPCPC budgets, and therefore offset in figures above, £130k, partially offset by additional inter-adoption fee £10k.										114	(6)
										1,743	(289)

ABERDEEN CITY COUNCIL							APPENDIX E	
REVENUE MONITORING 2014/2015								
DIRECTORATE :		SOCIAL CARE AND WELLBEING						
HEAD OF SERVICE :		HEAD OF INTEGRATION & STRATEGIC COMMISSIONING						
As at end of September 2014		Year to Date			Forecast to Year End			CHANGE FROM LAST REPORT
Accounting Period 06	Full Year Revised Budget	Revised Budget	Actual Expenditure	Variance Amount	Outturn	Variance Amount	Variance Percent	
	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
STAFF COSTS	742	371	305	(66)	598	(144)	(19.4%)	(6)
PROPERTY COSTS	4	2	2	0	1	(3)	(75.0%)	0
ADMINISTRATION COSTS	36	18	8	(10)	10	(26)	(72.2%)	(9)
TRANSPORT COSTS	14	7	6	(1)	7	(7)	(50.0%)	0
SUPPLIES & SERVICES	562	281	137	(144)	191	(371)	(66.0%)	51
COMMISSIONING SERVICES	24,268	12,134	12,235	101	24,470	202	0.8%	0
GROSS EXPENDITURE	25,626	12,813	12,693	(120)	25,277	(349)	(1.4%)	36
LESS: INCOME								
OTHER GRANTS & CONTRIBUTIONS	(532)	(266)	(362)	(96)	(662)	(130)	24.4%	(66)
CUSTOMER & CLIENT RECEIPTS	(1,170)	(585)	(636)	(51)	(1,255)	(85)	7.3%	(60)
OTHER INCOME	(1,014)	(507)	(473)	34	(1,040)	(26)	2.6%	0
TOTAL INCOME	(2,716)	(1,358)	(1,471)	(113)	(2,957)	(241)	8.9%	(126)
NET EXPENDITURE	22,910	11,455	11,222	(233)	22,320	(590)	(2.6%)	(90)

<u>VIREMENT PROPOSALS</u>									
None this cycle									
								PROJECTED	CHANGE
								VARIANCE	
								£'000	£'000
<u>REVENUE MONITORING VARIANCE NOTES</u>									
Staff Costs									
The favourable variance is due to vacant Head of Service post £130k and additional vacancies in contracts and commissioning team £70k, partially offset by expenditure on Older People Change Fund £40k and anticipated overspend on wellbeing team £10k.								(144)	(6)
Property Costs									
								(3)	0
Administration Costs									
The favourable variance is due to anticipated underspend on courses.								(26)	(9)
Transport Costs									
								(7)	0
Supplies and Services									
The favourable variance is due to anticipated underspend on budget for match funding support to Older People's Change Fund £180k, disability aids & adaptations £170k and wellbeing events £20k. The adverse movement since P3 reflects additional Older People's Change Fund spend £30k and additional spend on wellbeing events £20k.								(371)	51
Commissioning Services									
The adverse variance reflects additional contract payments to the LATC.								202	0
Income									
The favourable variance reflects additional income on NHS funding £130k, client board charges £80k and meal charges £30k. The favourable movement since P3 results from increased funding for Older Peoples Change Fund £70k, client board charges £40k and Charging Policy income £20k.								(241)	(126)
								(590)	(90)

**ABERDEEN CITY COUNCIL
REVENUE MONITORING 2014/2015**

APPENDIX F

DIRECTORATE : SOCIAL CARE AND WELLBEING
HEAD OF SERVICE : BUSINESS MANAGER

As at end of September 2014		Year to Date			Forecast to Year End			CHANGE FROM LAST REPORT
Accounting Period 06	Full Year Revised Budget	Revised Budget	Actual Expenditure	Variance Amount	Outturn	Variance Amount	Variance Percent	
	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
STAFF COSTS	927	464	511	47	970	43	4.6%	28
PROPERTY COSTS	417	243	155	(88)	282	(135)	(32.4%)	0
ADMINISTRATION COSTS	135	67	38	(29)	77	(58)	(43.0%)	0
TRANSPORT COSTS	11	5	2	(3)	4	(7)	(63.6%)	0
SUPPLIES & SERVICES	284	142	159	17	254	(30)	(10.6%)	0
COMMISSIONING SERVICES	22	11	14	3	28	6	27.3%	0
GROSS EXPENDITURE	1,796	932	879	(53)	1,615	(181)	(10.1%)	28
LESS: INCOME								
OTHER GRANTS & CONTRIBUTIONS	0	0	(63)	(63)	(63)	(63)	0.0%	0
TOTAL INCOME	0	0	(63)	(63)	(63)	(63)	0.0%	0
NET EXPENDITURE	1,796	932	816	(116)	1,552	(244)	(13.6%)	28

VIREMENT PROPOSALS

None this cycle

REVENUE MONITORING VARIANCE NOTES

	PROJECTED VARIANCE £'000	CHANGE £'000
Staff Costs	43	28
The adverse variance anticipates overspends on agency staffing of £50k, of which £30k relates to the backdated pay award 2013-14. The adverse movement since P3 reflects the backdated pay award.		
Property Costs	(135)	0
The favourable variance is due to anticipated underspends on energy costs £70k, rent and rates £20k, repairs and maintenance £20k and other property costs £30k.		
Administration Costs	(58)	0
The favourable variance is due to anticipated underspends on telephones £20k, postages £10k, printing & stationery £10k, advertising £10k and courses £10k.		
Transport Costs	(7)	0
Supplies and Services	(30)	0
The favourable variance is due to anticipated underspends on miscellaneous expenses £120k, service charges £30k and furniture purchases £10k, partially offset by purchases for SDS project £60k and anticipated overspends on hardware maintenance costs £60k.		
Commissioning Services	6	0
Income	(63)	0
The favourable variance is due to SDS grant income not included in budget.		
	(244)	28