

ABERDEEN CITY COUNCIL

COMMITTEE Education and Children Services Committee

DATE 29 January 2015

DIRECTOR Liz Taylor and Head of Finance

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

REPORT NUMBER: ECS/SCW/002

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 £280K. 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 8 (to end of November 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 November reflects a current underspend of £50K, and a forecast overspend of £280K for the year.

5.3.1 The year to date position shows net expenditure to be £50K below budget. The net underspend is due to variances in the areas outlined below:

- Overspend on commissioned services £1.7M, reflecting over commitment in Children's Services £1.9M, and Adult Services £50K, partially offset by underspends in other services £270K.
- Income £890K above budget (underspend). This favourable variance reflects improved income position as forecast below.
- Underspend on staffing costs £520K, reflecting additional vacancy savings as outlined below.
- Underspend on other running expenses £390K, mainly reflecting the anticipated underspends set out under the forecast below.

5.3.2 The forecast outturn is for an adverse variance of £280K. That represents a favourable movement of £190K for the Directorate since the December Committee report. The significant changes in the forecast are as follows:-

- Favourable movement on Adults commissioning costs £150K, reflecting the reduced impact in the current financial year arising from the additional payments to Care UK.
- Favourable movement on staffing due to additional vacancy savings £120K, mainly in Children's services.
- Adverse movement due to reduction in forecast underspend on aids & adaptations £50K.
- Adverse movement on Children's property costs due to additional cost of rents in throughcare service £40K.
- Favourable movement on Children's services commissioning costs £30K, due to correction of forecast on Barnardos Connect service £100K and decrease in residential placements £20K, partially offset by an increase in external fostering £100K.

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, £2.8M. 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 £2.7M, partially offset by underspends on other commissioned services £160K. It is anticipated that Adults needs led budgets will be £1.6M 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 £1.6M. Grants and contributions are expected to be £980K above budget and client contributions £900K above budget, partially offset by other income £270K below budget.
- Underspend on staffing costs £590K. Underspends are anticipated in Children's Services £650K and Integration & Strategic Commissioning £90K, partially offset by overspends in Adults Services £70K and Business management £70K.

- Underspend on other running costs £290K. 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 £40K and other supplies and services budgets £120K, these savings being partially offset by overspends on transport services £270K. 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 £200K. 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 £240K. Other budgets are anticipated to overspend by £210K. A saving of £500K (PBB option SCW13) is not anticipated to be achieved this year.

5.3.4 It has now been agreed to make an additional payment of £1.5m to Bon Accord Care to cover the additional costs of the pay award for 2014/15, associated incremental movement and other allowances paid to staff as part of the commitment to maintain Aberdeen City Council terms and conditions for Bon Accord Care staff. There is also an acknowledged funding requirement for staff vacancies in homecare that has been taken into account and there are supplies and services cost pressures that are to be met by the Council. It is anticipated that these additional costs can be met from within the Council's existing budget from contingency sums and the net underspend forecast across Directorates and previously reported. There will be no overall impact on the forecast for SC&W. Budget and forecast adjustments to reflect these changes in the contractual payment will be reflected in future revenue monitoring reports.

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 £120.4M (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. These implications have been considered as part of the 2015/16 budget setting process.

- 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.

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

APPENDIX A

DIRECTORATE : SOCIAL CARE AND WELLBEING

As at end of November 2014		Year to Date			Forecast to Year End		
Accounting Period 08	Full Year Revised Budget	Revised Budget	Actual Expenditure	Variance Amount	Outturn	Variance Amount	Variance Percent
	£'000	£'000	£'000	£'000	£'000	£'000	%
Director	997	798	716	(82)	1,466	469	47.0%
Head of Adult Services	63,298	42,219	41,620	(599)	62,257	(1,041)	(1.6%)
Head of Children's Services	34,345	22,972	24,056	1,084	35,964	1,619	4.7%
Head of Integration & Strategic Commissioning	22,910	15,273	14,942	(331)	22,375	(535)	(2.3%)
Business Support Manager	1,796	1,219	1,094	(125)	1,566	(230)	(12.8%)
TOTAL	123,346	82,481	82,428	(53)	123,628	282	0.2%

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

APPENDIX B

DIRECTORATE : SOCIAL CARE AND WELLBEING
HEAD OF SERVICE : DIRECTOR

As at end of November 2014		Year to Date			Forecast to Year End			CHANGE FROM LAST REPORT
Accounting Period 08	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	162	175	13	261	17	7.0%	17
ADMINISTRATION COSTS	91	61	17	(44)	22	(69)	(75.8%)	0
TRANSPORT COSTS	1	1	1	0	3	2	200.0%	0
SUPPLIES & SERVICES	(500)	(333)	4	337	6	506	(101.2%)	0
COMMISSIONING SERVICES	791	527	119	(408)	774	(17)	(2.1%)	0
CAPITAL FINANCING COSTS	400	400	400	0	400	0	0.0%	0
GROSS EXPENDITURE	1,027	818	716	(102)	1,466	439	42.7%	17
LESS: INCOME								
OTHER INCOME	(30)	(20)	0	20	0	30	(100.0%)	0
TOTAL INCOME	(30)	(20)	0	20	0	30	(100.0%)	0
NET EXPENDITURE	997	798	716	(82)	1,466	469	47.0%	17

VIREMENT PROPOSALS

None this cycle

REVENUE MONITORING VARIANCE NOTES

Staff Costs

The adverse variance reflects the lack of vacancy savings due to there being no staff turnover.

Administration Costs

The favourable variance reflects anticipated underspend on courses.

Transport Costs

Supplies and Services

The adverse variance on forecast reflects the non-achievement of PBB saving (SCW13).

Commissioning Services

The favourable variance reflects anticipated underspend on block funded services.

Capital Financing Costs

Income

PBB saving not achieved.

PROJECTED VARIANCE
£'000

CHANGE
£'000

17 17

(69) 0

2 0

506 0

(17) 0

0 0

30 0

469 17

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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 November 2014		Year to Date			Forecast to Year End			CHANGE FROM LAST REPORT
Accounting Period 08	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	9,953	9,999	46	14,996	69	0.5%	(62)
PROPERTY COSTS	653	456	397	(59)	672	19	2.9%	9
ADMINISTRATION COSTS	156	104	122	18	163	7	4.5%	0
TRANSPORT COSTS	263	175	287	112	462	199	75.7%	(7)
SUPPLIES & SERVICES	624	416	279	(137)	322	(302)	(48.4%)	56
COMMISSIONING SERVICES	79,766	53,177	53,228	51	80,002	236	0.3%	(140)
TRANSFER PAYMENTS	32	21	9	(12)	15	(17)	(53.1%)	0
GROSS EXPENDITURE	96,421	64,302	64,321	19	96,632	211	0.2%	(144)
LESS: INCOME								
GOVERNMENT GRANTS	(4,658)	(3,106)	(3,046)	60	(4,644)	14	(0.3%)	(74)
OTHER GRANTS & CONTRIBUTIONS	(17,025)	(11,350)	(11,861)	(511)	(17,783)	(758)	4.5%	39
CUSTOMER & CLIENT RECEIPTS	(10,678)	(7,119)	(7,165)	(46)	(11,176)	(498)	4.7%	0
RECHARGES TO OTHER ACCOUNTS	(656)	(437)	(519)	(82)	(648)	8	(1.2%)	5
OTHER INCOME	(106)	(71)	(110)	(39)	(124)	(18)	17.0%	24
TOTAL INCOME	(33,123)	(22,083)	(22,701)	(618)	(34,375)	(1,252)	3.8%	(6)
NET EXPENDITURE	63,298	42,219	41,620	(599)	62,257	(1,041)	(1.6%)	(150)

<u>VIREMENT PROPOSALS</u>											
None this cycle											
										PROJECTED VARIANCE	CHANGE
<u>REVENUE MONITORING VARIANCE NOTES</u>										£'000	£'000
Staff Costs										69	(62)
The adverse variance reflects anticipated overspends in Learning Disability £80k, Head of Service £60k, to be met from additional external funding, and Care Management £50k, partially offset by underspend in Criminal Justice £120k. The favourable movement since P6 reflects additional staff savings in Criminal Justice £40k and Care Management £20k.											
Property Costs										19	9
The adverse variance arises from anticipated overspends on other property costs £70k and other rented property £30k, partially offset by savings from the buy out of the lease on 8 Alford Place £60k and utilities £20k.											
Administration Costs										7	0
Transport Costs										199	(7)
The adverse variance is due to anticipated overspends on hire of taxis for LD clients £200k, to be met from the commissioning costs budget, and car parking £60k, partially offset by underspends on staff travel £40k and fleet charges £20k.											
Supplies and Services										(302)	56
The favourable variance is due to anticipated underspend on telecare/responder service for the Self Directed Support (SDS) project £400k, partially offset by overspends on other expenditure £80k, of which £60k reflects the offsetting of PBB savings related to Criminal Justice, and elderly and disabled events programme £30k. The adverse movement since P6 reflects the offsetting of PBB savings related to Criminal Justice on other expenditure.											
Commissioning Services										236	(140)
The adverse variance reflects the anticipated overspend on needs led services £1.58m, partially offset by underspends on block funded services for mental health £830k, learning disabilities £320k, criminal justice £140k, older people £30k, physically disabled £10k and addictions £10k. The favourable movement since period 6 reflects agreement that the additional payment to Care UK will only take effect from 1st July £150k.											
Transfer payments										(17)	0
The favourable variance is due to anticipated underspend on section 12 payments.											
Income										(1,252)	(6)
The favourable variance reflects additional income on client contribution to spot purchased care £790k, NHS funding £500k, SDS grant £200k and contribution from other local authorities £50k, partially offset by shortfall in rent income £270k, criminal justice grant £20k.											
										(1,041)	(150)

ABERDEEN CITY COUNCIL							APPENDIX D	
REVENUE MONITORING 2014/2015								
DIRECTORATE :			SOCIAL CARE AND WELLBEING					
HEAD OF SERVICE :			HEAD OF CHILDREN'S SERVICES					
As at end of November 2014		Year to Date			Forecast to Year End			CHANGE FROM LAST REPORT
Accounting Period 08	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	10,905	10,339	(566)	15,703	(654)	(4.0%)	(116)
PROPERTY COSTS	563	451	424	(27)	520	(43)	(7.6%)	36
ADMINISTRATION COSTS	241	161	165	4	346	105	43.6%	(7)
TRANSPORT COSTS	408	272	451	179	676	268	65.7%	(9)
SUPPLIES & SERVICES	1,222	814	343	(471)	655	(567)	(46.4%)	280
COMMISSIONING SERVICES	15,534	10,356	12,320	1,964	18,091	2,557	16.5%	(308)
TRANSFER PAYMENTS	327	218	121	(97)	166	(161)	(49.2%)	0
GROSS EXPENDITURE	34,652	23,177	24,163	986	36,157	1,505	4.3%	(124)
LESS: INCOME								
OTHER GRANTS & CONTRIBUTIONS	(293)	(196)	(85)	111	(165)	128	(43.7%)	0
CUSTOMER & CLIENT RECEIPTS	(14)	(9)	(8)	1	(14)	0	0.0%	0
OTHER INCOME	0	0	(14)	(14)	(14)	(14)	0.0%	0
TOTAL INCOME	(307)	(205)	(107)	98	(193)	114	(37.1%)	0
NET EXPENDITURE	34,345	22,972	24,056	1,084	35,964	1,619	4.7%	(124)

ABERDEEN CITY COUNCIL REVENUE MONITORING 2014/2015						APPENDIX E		
DIRECTORATE :		SOCIAL CARE AND WELLBEING						
HEAD OF SERVICE :		HEAD OF INTEGRATION & STRATEGIC COMMISSIONING						
As at end of November 2014		Year to Date			Forecast to Year End			CHANGE FROM LAST REPORT
Accounting Period 08	Full Year Revised Budget	Revised Budget	Actual Expenditure	Variance Amount	Outturn	Variance Amount	Variance Percent	
	£'000	£'000	£'000	£'000	£'000	£'000	%	
STAFF COSTS	742	495	419	(76)	649	(93)	(12.5%)	51
PROPERTY COSTS	4	2	1	(1)	2	(2)	(50.0%)	1
ADMINISTRATION COSTS	36	24	11	(13)	14	(22)	(61.1%)	4
TRANSPORT COSTS	14	9	9	0	12	(2)	(14.3%)	5
SUPPLIES & SERVICES	512	342	290	(52)	338	(174)	(34.0%)	197
COMMISSIONING SERVICES	24,318	16,212	16,346	134	24,519	201	0.8%	(1)
GROSS EXPENDITURE	25,626	17,084	17,076	(8)	25,534	(92)	(0.4%)	257
LESS: INCOME								
OTHER GRANTS & CONTRIBUTIONS	(532)	(355)	(579)	(224)	(830)	(298)	56.0%	(168)
CUSTOMER & CLIENT RECEIPTS	(1,170)	(780)	(857)	(77)	(1,259)	(89)	7.6%	(4)
RECHARGES TO OTHER ACCOUNTS	0	0	(10)	(10)	(28)	(28)	0.0%	(28)
OTHER INCOME	(1,014)	(676)	(688)	(12)	(1,042)	(28)	2.8%	(2)
TOTAL INCOME	(2,716)	(1,811)	(2,134)	(323)	(3,159)	(443)	16.3%	(202)
NET EXPENDITURE	22,910	15,273	14,942	(331)	22,375	(535)	(2.3%)	55

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

APPENDIX F

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

As at end of November 2014		Year to Date			Forecast to Year End			CHANGE FROM LAST REPORT
Accounting Period 08	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	618	680	62	998	71	7.7%	28
PROPERTY COSTS	417	301	220	(81)	273	(144)	(34.5%)	(9)
ADMINISTRATION COSTS	135	89	48	(41)	72	(63)	(46.7%)	(5)
TRANSPORT COSTS	11	7	3	(4)	4	(7)	(63.6%)	0
SUPPLIES & SERVICES	284	189	188	(1)	254	(30)	(10.6%)	0
COMMISSIONING SERVICES	22	15	18	3	28	6	27.3%	0
GROSS EXPENDITURE	1,796	1,219	1,157	(62)	1,629	(167)	(9.3%)	14
LESS: INCOME								
OTHER GRANTS & CONTRIBUTIONS	0	0	(62)	(62)	(62)	(62)	0.0%	1
CUSTOMER & CLIENT RECEIPTS	0	0	(1)	(1)	(1)	(1)	0.0%	(1)
TOTAL INCOME	0	0	(63)	(63)	(63)	(63)	0.0%	0
NET EXPENDITURE	1,796	1,219	1,094	(125)	1,566	(230)	(12.8%)	14

VIREMENT PROPOSALS

None this cycle

REVENUE MONITORING VARIANCE NOTES	PROJECTED VARIANCE £'000	CHANGE £'000
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Staff Costs
The adverse variance anticipates overspends on agency staffing of £60k, of which £30k relates to the backdated pay award 2013-14. The adverse movement since P6 reflects reduced vacancy savings £30k.

71 28

Property Costs
The favourable variance is due to anticipated underspends on energy costs £80k, other property costs £30k, property repairs £20k and rent and rates £10k.

(144) (9)

Administration Costs
The favourable variance is due to anticipated underspends on telephones £30k, postages £10k, advertising £10k and courses £10k.

(63) (5)

Transport Costs

(7) 0

Supplies and Services
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 and software licences £10K.

(30) 0

Commissioning Services

6 0

Income
The favourable variance is due to SDS grant income not included in budget.

(63) 0

(230) 14