

ABERDEEN CITY COUNCIL

COMMITTEE: Social Care and Wellbeing

DATE: 25 February 2010

DIRECTOR: Fred McBride and City Chamberlain

TITLE OF REPORT: 2009/10 REVENUE BUDGET MONITORING

REPORT NUMBER: SCW/10/011

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to
- i) bring to Committee members notice the current year revenue budget performance to date 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 and the information on management action and risks that is contained herein; and
 - ii) instruct that officers continue to review budget performance and report on service strategies to ensure a balanced budget.

3. FINANCIAL IMPLICATIONS

- 3.1. The total Social Care and Wellbeing budget, amounts to around £112 million net expenditure.
- 3.2. Based upon present forecasts it is anticipated that the financial performance of the service will result in an adverse movement on the Council finances overall. This position will be reflected in the overall financial monitoring for the Council when it is reported to Finance and Resources Committee at the end of this Committee cycle.
- 3.3. There has been favourable movement in the overall position as a result of the management actions taken and current projections now indicate a potential overspend of 1.1%. Further details of the financial implications are set out in section 6 and the appendices attached to this report.

4. SERVICE & COMMUNITY IMPACT

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

5. OTHER IMPLICATIONS

- 5.1. 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.

6. REPORT

- 6.1 This report informs members of the current year revenue budget performance to date, for the service's budget and provides a high level summary for the consideration of Members, to period 9 (to end of December 2009). 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.

- 6.2 The service report and associated notes are attached at Appendices A to F

Financial Position and Risks Assessment

- 6.3 At this time, the following continuing areas of risk are highlighted together with management action being taken.

- 6.3.1 There continues to be significant pressures on the Adults community care budgets. Care commitments are currently £3.8m above budget. As previously reported this position reflects additional pressures on needs led services. This is a reduction of some £0.9m since the last report. This favourable movement results from a review of the cost of block funded services and the achievement of further savings in line with the 2009/10 savings action plans. It is anticipated that expenditure on care commitments will be reduced to £3.6m by the end of the year.

6.3.2 There are also significant pressures on the Children’s residential school and external fostering budgets. Previous reports have outlined significant increases in referrals to children’s services over the last 12 months, together with large increases in the number of children on the child protection register. Commitments for external residential and fostering services are currently £2.6m above budget. This reflects the additional pressures outlined above and savings not yet achieved. The review of all remaining young people who are looked after and accommodated continues to progress to seek further opportunities for returning young children to services within the City at reduced costs.

6.4 At the last meeting of the Committee a number of management actions were outlined that had been instigated in order to reduce the level of forecast overspend in this year. These measures are intended to be short term actions to enable a balanced budget and are not seen as sustainable into the next financial year, when alternative solutions will be required in order to achieve a balanced budget. Appendix G outlines the service implications of these management actions. The forecast savings from these measures have now been reflected within the latest forecast out-turn figures, as outlined in Appendix A and show that the forecast overspend reduces to £1.2m, an improvement of around £4.0m compared to the last report. The impacts of the management actions will be closely monitored over the final weeks of the financial year to ensure that the savings remain on track. The reduction in the forecast overspend may be summarised as follows:

	<u>£000</u>
Forecast Overspend as per previous report	5,169
Anticipated impact of management actions	(3,081)
Favourable variances on commissioning services	(947)
Favourable settlement on cost of shared services	(188)
Favourable movement on staff costs	(297)
Adverse movement on other non-employee budgets	115
Adverse movement on income	<u>437</u>
	<u>1,208</u>

Management will continue to seek further opportunities to reduce spending in order to achieve a balanced budget.

6.5 In overall terms at this stage, as set out in Appendix A, the position reflects current spend above budget of £1.9m, and a projected forecast overspend of £1.2m for the year, if the current trends continue to year end. The overspend projection may be summarised as follows:

	<u>£000</u>
Adults community care budget (see 6.3.1 above)	3,552
Childrens external residential placements (see 6.3.2 above)	2,601
Underspends on other Commissioning services	(1,984)
Underspend on employee costs	(1,390)
Underspends on other non-employee budgets	(2,078)
Shortfall on income	<u>507</u>
	<u>1,208</u>

7. REPORT AUTHOR DETAILS

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

8. BACKGROUND PAPERS

Financial ledger data extracted for the period;