

ABERDEEN CITY COUNCIL

COMMITTEE: Social Care and Wellbeing

DATE: 22 April 2010

DIRECTOR: Fred McBride and City Chamberlain

TITLE OF REPORT: 2009/10 REVENUE BUDGET MONITORING

REPORT NUMBER: SCW/10/023

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 on the forecast out-turn and the information on areas of risk and management action that is contained herein; and
 - ii) instruct that officers continue to review budget performance and report on service strategies and
 - iii) instruct officers to report, in due course, on the actual out-turn compared to budget following completion of the 2009/10 financial statements.

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 of £1.6m. 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 during the course of the year as a result of the management actions taken and current projections now indicate a potential overspend of £1.6m (1.4%). 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 11 (to end of February 2010). 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, Risks Assessment and Management Actions

- 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 £3.5m above budget. As previously reported this position reflects additional pressures on needs led services. This is a reduction of some £0.3m since the last report. This favourable movement results from the management actions previously outlined.

- 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 £2.5m above budget. This reflects the additional pressures outlined above and savings not 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** Initial projections reported to Committee in October 2009 had indicated that the Service was potentially going to overspend its budget by £7.5m (6.7%). Management action to contain the over commitment on Adults Community Care and Children's external placements as referred to above has had a positive impact but as outlined these budget pressures still remain and it was also necessary to implement additional management actions to limit expenditure in other areas to compensate. Such actions have now reduced the projected overspend to £1.6m (1.4%).

Further in-depth work has been carried out since the meeting in February to review the projections. This has highlighted a number of areas in which the projections had to be revised. Overall the projection at this time has increased by £300k. Staffing and other running costs have increased by £650k, commissioning services have reduced by £725k, and income has reduced by £375k to give this overall increase. This reflects that the management actions have had a greater impact on commissioning services, but a lesser impact on staffing and other costs than had been forecast. The income figures largely reflect reductions in internal recharges for transport, and a reduction in income from telecare grant to be credited to this financial year, the balance of which will be carried forward into next financial year.

Management will continue to seek further opportunities to achieve a balanced budget for 2009/10. There are ongoing negotiations with some service providers regarding 2009/10 funding levels and it is hoped that these will ultimately result in a reduced cost this year. Furthermore, reviews of provisions made in previous year's accounts will be conducted during the accounts closure process and it may be considered possible to reduce some of these provisions where we are satisfied that there is no continuing liability.

6.5 In overall terms, as set out in Appendix A, the position as at 28th February reflects current spend above budget of £1.5m, and a projected forecast overspend of £1.6m for the year. The overspend projection may be summarised as follows:

	<u>£000</u>
Adults community care budget (see 6.3.1 above)	3,539
Childrens external residential placements (see 6.3.2 above)	2,527
Underspends on other Commissioning services	(2,537)
Underspend on employee costs	(1,177)
Underspends on other non-employee budgets	(1,589)
Shortfall on income	<u>793</u>
	<u>1,556</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.