

**Report to:** Executive  
**Date:** 24 September 2014  
**Report for:** Information  
**Report author:** Executive Member for Finance and the Director of Finance

**Report Title**

**2014/15 Revenue Budget Re-Alignment**

**Summary**

As a consequence of the budget pressures identified within the Period 3 monitoring report, the Executive considered a report at its last meeting setting out a range of additional in-year savings and income measures that have been introduced within CFW to contribute to reducing the budget shortfall, together with other options, to balance the 2014/15 budget.

The recommendations of the Executive will be considered by Council on 17<sup>th</sup> September 2014 and if agreed will result in a re-alignment of the CFW, Council Wide and Council's Net Revenue Budgets.

This report highlights the revisions to the budget against which the projected outturn figures will be monitored against from Period 4 onwards.

**Recommendation(s)**

**It is recommended that Executive note :**

- The revised revenue budgets for 2014/15 of £85.003m and £20.291m for CFW and Council Wide respectively;
- The revised net revenue budget for the Council for 2014/15 at £156.134m, an increase of £1.582m over the original base budget of £154.552m. The increase being financed from the use of the General Reserve.

**Contact person for access to background papers and further information:**

Dave Muggeridge, Finance Manager, Financial Accounting Extension: 4534

Background Papers: None

|   |  |
|---|--|
| Relationship to Policy Framework/Corporate Priorities | Value for Money  |
| Financial   | Revenue expenditure to be contained within available resources in 2014/15. |
| Legal Implications:                                   | None arising out of this report  |
| Equality/Diversity Implications                       | None arising out of this report  |
| Sustainability Implications                           | None arising out of this report  |
| Staffing/E-Government/Asset Management Implications   | Not applicable   |
| Risk Management Implications                          | Not applicable   |
| Health and Safety Implications                        | Not applicable   |

Director of Finance:.....ID.....

Director of Legal & Democratic Services:.....JLF.....

## 1 Background

1.1 The Period 3 Revenue Budget Monitor highlighted that the forecast service activity level of demand in adult social care was in excess of the approved budget by approximately £6.5m. Early results forecast that this figure could rise to £6.95m.

1.2 On 1<sup>st</sup> September 2014 the Executive considered a paper setting out a range of additional in-year savings and income measures that have been introduced to contribute to balancing the budget in 2014/15.

1.3 The Executive Report recommended that Council:

1. Notes the additional in-year savings within the Children, Families and Wellbeing Directorate of up to £(3.3)m,
2. Approves a reduction in the Provision for Equal Pay Claims of £(1.0)m and the use of the proceeds from the sale of the Council's interest in Urmston Town Centre of £(1.3)m, and
3. Approves the further use of up to £(1.6)m from the General Reserve in support of the 2014/15 budget.

1.4 The following table summarises the budget adjustments agreed as part of the Executive Report:

|  | <b>£000</b>          |   |
|--|----------------------|---|
| Re-alignment of CFW Adults Budget  | 6,450                | * |
| Realignment of CFW Children's Budget   | 500                  | * |
|  | <hr/> <b>6,950</b>   |   |
| <b>Financed by:</b>  |                      |   |
| Additional in-year CFW Savings Proposals   | (2,500)              |   |
| In year savings across Council Wide budgets (June 14 forecast)                       | (568)                |   |
| One off budget saving from Equal Pay Provision and proceeds from Urmston Town Centre | (2,300)              |   |
| Temporary increase in base budget met from General Reserve                           | (1,582)              |   |
|  | <hr/> <b>(6,950)</b> |   |

\* - the early monitoring results referred to in para 1.1 included some adverse budget variations relating to planned savings. It is not intended that these should be part of the temporary re-alignment. Therefore the realignment for adults will be a revised figure of £6.450m. The figure of £0.5m for Children's Services relates to the use of grants which will now be contained within the children's service.

## 2 Budget Re-alignment – care packages

- 2.1 The key area addressed through the re-alignment of social care budgets is the historic structural issues within care package budgets. Adult CFW supports the most vulnerable people in the borough and the budgets are demand led. Variations in the number and unit cost of care packages has therefore led to significant variations in demand levels which have not previously been fully reflected in budget.
- 2.2 2014/15 budgets have now been re-aligned based on the actual cost of all service users up to 31<sup>st</sup> August with a projection to 31<sup>st</sup> March 2015 for all “live” cases at 1<sup>st</sup> September 2014.
- 2.3 The following table sets out the number and average weekly unit cost of “live” cases and the current forecast expenditure:

| <b>Service</b>             | <b>Service Users</b> | <b>Average weekly cost</b> | <b>Gross Forecast</b> |
|----------------------------|----------------------|----------------------------|-----------------------|
|                            | <b>No.</b>           | <b>£</b>                   | <b>£000</b>           |
| <b>Older People</b>        |                      |                            |                       |
| Domiciliary Care           | 855                  | 156.33                     | 7,096                 |
| Direct Payments            | 155                  | 178.42                     | 1,669                 |
| Residential/Nursing        | 571                  | 471.06                     | 14,222                |
| <b>Physical Disability</b> |                      |                            |                       |
| Domiciliary Care           | 143                  | 178.98                     | 1,212                 |
| Direct Payments            | 189                  | 220.12                     | 2,270                 |
| Residential/Nursing        | 30                   | 656.50                     | 947                   |
| <b>Learning Disability</b> |                      |                            |                       |
| Day Care                   | 30                   | 265.06                     | 407                   |
| Domiciliary Care           | 49                   | 293.85                     | 799                   |
| Direct Payments            | 254                  | 297.47                     | 4,220                 |
| Residential/Nursing        | 74                   | 1,330.10                   | 4,166                 |
| Supported Living           | 88                   | 992.47                     | 4,287                 |
| <b>Mental Health</b>       |                      |                            |                       |
| Domiciliary Care           | 46                   | 121.01                     | 244                   |
| Direct Payments            | 30                   | 122.65                     | 209                   |
| Residential/Nursing        | 39                   | 561.39                     | 1,135                 |
| Supported Living           | 19                   | 1,298.06                   | 1,092                 |
| <b>Total</b>               |                      |                            | <b>43,975</b>         |

**Note: the gross forecast is based on the actual cost of services to date plus a forecast for the remainder of the year based on current users. It is therefore not possible to multiply across the above table as the service users and unit cost only reflect current cases.**

- 2.4 The forecast spend of nearly £44m compares to an original budget of £37m which demonstrates the need for realignment. These client numbers and unit costs will now form the baseline for future monitoring reports in 2014/15.

### 3 CFW and Council Wide Budget Re-alignment

3.1 The following table summarises the Council's revised budget position after taking account of the re-alignments and one-off saving proposals referred to in paragraph 1.4 above. A more detailed analysis of the CFW and Council-wide changes can be found at Annex 1.

| <b>Revised Budget by Directorate</b>          | <b>Original Budget (£000's)</b> | <b>In Year Virement (£000's)</b> | <b>Current Budget (£000's)</b> | <b>Realign ment (£000's)</b> | <b>Revised Budget (£000's)</b> |
|---|---------------------------------|----------------------------------|--------------------------------|------------------------------|--------------------------------|
| Children, Families & Wellbeing                | 80,895                          | (342)                            | 80,553                         | 4,450                        | 85,003                         |
| Economic Growth, Environment & Infrastructure | 32,252                          | 864                              | 33,116                         | -                            | 33,116                         |
| Transformation & Resources                    | 18,264                          | (540)                            | 17,724                         | -                            | 17,724                         |
| Council-wide budgets                          | 23,141                          | 18                               | 23,159                         | (2,868)                      | 20,291                         |
| <b>Total Net Revenue Budget 2014/15</b>       | <b>154,552</b>                  | <b>0</b>                         | <b>154,552</b>                 | <b>1,582</b>                 | <b>156,134</b>                 |

3.2 In-year virement is largely related to the movement of property related budgets within T&R and CFW to EG&I as part of the Corporate Landlord initiative.

3.3 The resulting increase in the net revenue budget of £1.582m will be met by a contribution from General Reserve.

## BUDGET BOOK FORMAT – REALIGNED BUDGET

|  | (1)<br>Original<br>Budget | (2)<br>Virement<br>to date | (3)<br>In year<br>Savings | (4)<br>Budget<br>Rebase | (5)<br>Revised<br>Budget |
|--|---------------------------|----------------------------|---------------------------|-------------------------|--------------------------|
|  | £000                      | £000                       | £000                      | £000                    | £000                     |
| <b>Children's Services</b>                 |                           |                            |                           |                         |                          |
| Early Years' Service                       | 6,694                     | (150)                      | (226)                     | 500                     | 6,818                    |
| Children's Social Services                 | 15,297                    | 136                        | (619)                     | -                       | 14,814                   |
| Children with complex and additional needs | 1,936                     | 7                          | -                         | -                       | 1,943                    |
| Commissioning                              | 1,687                     | 91                         | (4)                       | -                       | 1,774                    |
| MARAS                                      | 1,483                     | 37                         | (250)                     | -                       | 1,270                    |
| Youth Offending Service                    | 356                       | 7                          | -                         | -                       | 363                      |
| Children's Centres                         | 2,154                     | (70)                       | -                         | -                       | 2,084                    |
| Youth Service                              | 1,394                     | (5)                        | 1                         | -                       | 1,390                    |
|  | <b>31,001</b>             | <b>53</b>                  | <b>(1,098)</b>            | <b>500</b>              | <b>30,456</b>            |
| <b>Adult Services</b>                      |                           |                            |                           |                         |                          |
| Older People                               | 19,156                    | (102)                      | (854)                     | 2,239                   | 20,439                   |
| Physical Disabilities                      | 4,174                     | 58                         | (9)                       | 740                     | 4,963                    |
| Equipment & Adaptations                    | 801                       | -                          | -                         | 203                     | 1,004                    |
| Mental Health                              | 3,018                     | (70)                       | (21)                      | 665                     | 3,592                    |
| Other Adult Services                       | 631                       | (2)                        | (5)                       | 179                     | 803                      |
| Strategic & Support Services               | 889                       | -                          | (8)                       | 86                      | 967                      |
| Adaptations                                | (55)                      | -                          | (1)                       | (8)                     | (64)                     |
| Housing Services                           | 848                       | (228)                      | -                         | 10                      | 630                      |
| Community Services                         | 247                       | (25)                       | -                         | 8                       | 230                      |
| Equality & Diversity                       | 184                       | -                          | (1)                       | (39)                    | 144                      |
| Public Health                              | (829)                     | (39)                       | -                         | -                       | (868)                    |
| LD Pooled Fund                             | 20,830                    | 13                         | (503)                     | 2,367                   | 22,707                   |
|  | <b>49,894</b>             | <b>(395)</b>               | <b>(1,402)</b>            | <b>6,450</b>            | <b>54,547</b>            |
|  |                           |                            |                           |                         |                          |
| <b>Total CFW</b>                           | <b>80,895</b>             | <b>(342)</b>               | <b>(2,500)</b>            | <b>6,950</b>            | <b>85,003</b>            |

## ANNEX 1 (cont.)

|                                   | Original Budget | Virement to date | In year Savings | Budget Rebase | Revised Budget |
|-----------------------------------|-----------------|------------------|-----------------|---------------|----------------|
|                                   | £000            | £000             | £000            | £000          | £000           |
| <b>Council Wide</b>               |                 |                  |                 |               |                |
| Precepts, Levies & Subscriptions  | 17,866          | -                | (11)            | -             | 17,855         |
| Provisions (bad debts & pensions) | 1,765           | -                | (2,300)         | -             | (535)          |
| Treasury Management               | 8,386           | -                | (405)           | -             | 7,981          |
| Insurance                         | 775             | -                | -               | -             | 775            |
| Members Expenses                  | 926             | -                | -               | -             | 926            |
| Grants                            | (6,804)         | -                | -               | -             | (6,804)        |
| Other Centrally held budgets      | 227             | 18               | (152)           | -             | 93             |
| <b>Total Council Wide</b>         | <b>23,141</b>   | <b>18</b>        | <b>(2,868)</b>  | <b>-</b>      | <b>20,291</b>  |
| <b>Total EGEI</b>                 | <b>32,252</b>   | <b>864</b>       | <b>-</b>        | <b>-</b>      | <b>33,116</b>  |
| <b>Total T&amp;R</b>              | <b>18,264</b>   | <b>(540)</b>     | <b>-</b>        | <b>-</b>      | <b>17,724</b>  |
| <b>Grand Total</b>                | <b>154,552</b>  | <b>0</b>         | <b>(5,368)</b>  | <b>6,950</b>  | <b>156,134</b> |

## Notes

- (1) Budget as approved in February 2014
- (2) Budget Transfers to date : mainly relates to transfer of running costs of buildings to EGEI as part of the Corporate Landlord initiative
- (3) Savings as set out in Executive report 1<sup>st</sup> September 2014
- (4) Additional budget required as set out in Executive report 1<sup>st</sup> September 2014
- (5) Revised Budget to be used for budget monitoring