

NCC Group Financial Position

1. Overall Summary

1.1 The table below reports the current pressures of £12m identified within the overall financial position forecast to 31 March 2017, which predominantly exist within People Services and are explained in later sections of this Appendix A and supported by Appendix B.

1.2 Within this month's report Directorate budgets have been restructured to reflect the Council's Next Generation structure. Within NCC Group, budgets have been realigned to the new directorates of Chief Executive Services, Place Services and People Services.

1.3 NCC Group Current Pressures

	Current Pressure £m
Position Reported at previous Cabinet (+ = overspend)	14,536
Chief Executive Services	(9,500)
Place Services	(1,000)
People Services	7,974
Position Reported This Month	12,010

Chief Executive Services

2. MTFP Budget Summary

2.1 The budget planning process for 2016-17 incorporated business plans setting out how the available resources would be used to achieve the Council's outcomes. The table below provides details of the base budget brought forward from 2015-16 and any adjustments to growth and savings to provide the allocated net budget for the Directorate for 2016-17 to 2019-20.

	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	Total
Prior Yr Base Budget b/fwd	71,759	64,899	69,842	68,952	
Inflation	2,411	2,332	2,324	2,349	9,416
Service Pressure	6,203	4,048	(658)	3,000	12,593
Total	8,614	6,380	1,666	5,349	22,009
Efficiencies	(10,470)	336	(803)	(308)	(11,245)
Income Generation	(313)	(113)	(113)	(113)	(652)
Service Transformation	(4,691)	(1,650)	(1,650)	2,600	(5,391)
Total	(15,474)	(1,427)	(2,566)	2,179	(17,288)
Approved Budget	64,899	69,842	68,952	76,480	
Capitalisation Transformation Centrally Managed	(12,000)	(9,000)	(2,000)	0	
Net Budget	52,899	60,842	66,952	76,480	

Base Budget as approved by Full Council in February 2016

**LGSS Operational budgets included within Budget Figures.*

2.2 Chief Executive Services 2016-17 Budget Summary and Pressures.
2.3 Current Financial Position

Services	Gross Annual Budget £k	Income Annual Budget £k	Net Budget £k	Current Pressure £k	Previously Reported £k	Movement £k
Chief Executive Services						
Business Intelligence and Performance, Customer Service and Communications	2,886	(132)	2,754	0	0	0
Leadership Support and Democracy	1,361	0	1,361	0	0	0
NCC Group Wide Savings	(2,050)	0	(2,050)	1,550	1,550	0
Place Commissioning	421	0	421	0	0	0
People Commissioning (Adults Strategic Commissioning)	565	0	565	0	0	0
Chief Executive Services Total	3,182	(132)	3,050	1,550	1,550	0
Corporate & Appropriations (note)	12,116	(14,015)	(1,899)	(16,509)	(7,009)	(9,500)
LGSS Managed	6,019	(253)	5,766	100	100	0
Overall Total NCC Group	21,318	(14,400)	6,918	(14,859)	(5,359)	(9,500)

Note: includes appropriation to and from Reserves for Services and School balances

2.3.1 NCC Group Services are reporting an underspend of £14.9m, with a movement of £9.5m in the current month. This provides further mitigation to offset the pressure elsewhere and is mainly due to the increased use of capital receipts for transformation alongside the identification of unapplied receipts within the balance sheet.



2.4 Movement Summary

	Current Pressure £m
Position Reported at last Cabinet (+ = overspend)	(5.359)
Mitigations	
• Flexible use of capital receipts following a review of capitalisation as part of the NCC Efficiency Plan 2016-17 to 2019-20.	(6.500)
• Balance sheet review identified £1.0m 2015-16 unapplied receipts to be utilised.	(1.000)
• Review of in year redundancy requirement resulting in the release of underspend to contribute towards the overall financial position.	(1.000)
• Release of capital grant funding identified following income review.	(1.000)
Reported position this month	(14,859)

2.5 Mitigating Actions

- 2.5.1 In the Local Government Spending Review on 17th December 2015, the Government provided Councils with the flexibility to utilise Capital Receipts for qualifying expenditure. This is to enable authorities to fund transformation and cost reduction programmes of reform from capital receipts in the years the flexibility is offered.
- 2.5.2 As part of the NCC Next Generation Council transformation programme a further £6.5m has been identified to be utilised as part of this policy and in line with the qualifying expenditure guidelines, subject to approval by Full Council on 24th November 2016.
- 2.5.3 Continued review of the corporate balance sheet has identified further mitigations that can be utilised to contribute towards the overall financial position. This income has been identified from unapplied capital grant & income funding and relates to a small number of completed schemes which have met the requirements of their grant funding and where balances remain. These balances total £1m and are now available to be released to support the revenue position. In addition to grant funding a further £1.0m of unapplied revenue receipts have been identified to be utilised towards the position.
- 2.5.4 A review of the in year redundancy requirement has resulted in the release of an underspend of £1.0m to contribute towards the position.

2.6 Future Risk Areas

- 2.6.1 Not reported at this stage



Place Services

3. MTFP Budget Summary

3.1 The budget planning process for 2016-17 incorporated business plans setting out how the available resources would be used to achieve the Council's outcomes. The table below provides details of the base budget brought forward from 2015-16 and any adjustments to growth and savings to provide the allocated net budget for the Directorate for 2016-17 to 2019-20.

	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	Total
Prior Yr Base Budget b/fwd	77,772	88,311	84,485	83,076	
Inflation	2,115	1,689	1,740	1,917	7,461
Service Pressure	12,604	(422)	794	806	13,782
Total	14,719	1,267	2,534	2,723	21,243
Efficiencies	(1363)	(1,500)	0	0	(2,863)
Income Generation	(173)	(143)	(143)	(143)	(602)
Service Transformation	(1,315)	(2,450)	(3,800)	(11,800)	(19,365)
Service Cuts	(1,329)	(1,000)	0	0	(2,329)
Total	(4,180)	(5,093)	(3,943)	(11,943)	(25,159)
Approved Budget	88,311	84,485	83,076	73,856	

Base Budget as approved by Full Council in February 2016



3.2 **Place Services 2016-17 Budget Summary and Pressures.**

3.3 **Current Financial Position**

Services	Gross Annual Budget £k	Income Annual Budget £k	Net Budget £k	Current Pressure £k	Previously Reported £k	Movement £k
Community Safety and Prevention	22,567	(888)	21,679	0	48	(48)
Environment, Planning and Transport	56,002	(8,878)	47,124	(1,000)	(48)	(952)
Assets and Capital Management	52,360	(31,945)	20,415	0	0	0
Grand Total	130,929	(41,711)	89,218	(1,000)	0	(1,000)

3.3.1 The implementation of the new Place Directorate is still underway and progress remains steady. Budgets have been aligned to the new functions and the newly inherited resources are now being monitored with a view to ensure the targeted efficiency savings in year are achieved. There is a reasonable degree of confidence that the recently inherited budget pressures from Property Asset Management will be fully mitigated. All aspects of the new services will be reviewed and improvements made as appropriate.

3.4 **Movement Summary**

	Current Pressure £m
Position Reported at last Cabinet (+ = overspend)	(0.000)
Mitigations	
<ul style="list-style-type: none"> Additional in year efficiency savings within Waste Management in order to offset further reported pressures across the Council. 	(1.000)
Reported position this month	(1.000)

3.5 **Mitigating Actions Planned**

3.5.1 While the £0.5m Waste saving is being met by one-off income in 2016-17, the full base budget saving will be achieved in 2017-18 through the implementation of the new proposed green waste contract.



People Services

Services	Gross Annual Budget £k	Income Annual Budget £k	Net Budget £k	Current Pressure £k	Previously Reported £k	Movement £k
Adults Services	204,253	(59,304)	144,949	14,872	10,404	4,468
Children's Services	148,082	(24,689)	123,393	14,509	9,003	5,506
Wellbeing and Prevention Services	60,999	(53,362)	7,637	(1,512)	488	(2,000)
Total People Services	413,334	(137,355)	275,979	27,869	19,895	7,974

Adults Services

4. MTFP Budget Summary

- 4.1 The budget planning process for 2016-17 incorporated business plans setting out how the available resources would be used to achieve the Council's outcomes. The table below provides details of the base budget brought forward from 2015-16 and any adjustments to growth and savings to provide the allocated net budget for the Directorate for 2016-17 to 2019-20.

	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	Total
Prior Yr Base Budget b/fwd	136,000	144,599	139,233	141,935	
Inflation	4,645	4,409	4,844	4,819	18,717
Service Pressure	27,837	3,825	4,723	4,360	40,744
Total	32,482	8,234	9,567	9,179	59,461
Efficiencies	(12,277)	(3,698)	(2,245)	(2,187)	(20,407)
Income Generation	(2,366)	(2,776)	(1,688)	(1,503)	(8,333)
Service Transformation	(8,340)	(7,126)	(2,932)	(1,201)	(19,599)
Service Cuts	(900)	0	0	0	(900)
Total	(23,883)	(13,600)	(6,865)	(4,891)	(49,239)
Approved Base Budget	144,599	139,233	141,935	146,223	

Base Budget as approved by Full Council in February 2016



4.2 **Adults Services 2016-17 Budget Summary and Pressures.**

4.3 **Current Financial Position**

Services	Gross Annual Budget £k	Income Annual Budget £k	Net Budget £k	Current Pressure £k	Previously Reported £k	Movement £k
Quality and Contracts	38,780	(7,582)	31,198	6,867	5,767	1,100
Health Partnerships and Strategy	25,493	(20,410)	5,082	6,662	10,429	(3,767)
Adults and Transitions	139,858	(31,312)	108,546	1,343	(5,792)	7,135
Care and Support Bill Team	122	0	122	0	0	0
Grand Total	204,253	(59,304)	144,949	14,872	10,404	4,468

4.3.1 In order to create consistency between the Service improvement initiatives and savings plans the service will now track all plans under four key themes in the current year (which will continue into 2017-18) as follows:

- Eligibility & prevention – covering demand reduction and care package and eligibility reviews.
- Purchasing and placements – work on reducing provider’s costs and renegotiating contracts.
- Staffing and structures – reviews of staffing levels through a zero based budgeting exercise in preparation for the Next Generation Model.
- Financial controls, debt and income – including health income and wider management and control of expenditure.

4.3.2 During October reviews of all savings and plans under each of these areas have resulted in a number of changes to forecast (improvements and pressures) in order to form an agreed baseline. This baseline will be used to ensure we create better accountability and control across key savings areas.

4.3.3 As a result of this realignment, the overall position in P6 is a reported £4.5m worsening of the reported outturn of £14.9m variance to base budget. It is important that the source of this pressure and the total variance is understood as a baseline for tracking of the final months of 2016-17. The detail of the budget movement in net budget pressures is summarised in Appendix B but pressures added in P6 against the above theme include the following:

- Purchasing and placements
 - The Independent Sector Care spend- the base budget assumed that ASCS would reduce the cost of care packages from £138m last year



to £130m in 2016-17. The service has continued to review care packages against eligibility and good progress has been made but this has only served to partly mitigate the additional 2016-17 rise in demand, continuing care packages and provider costs. As a result spend has not been reduced in line with base budget assumptions leaving a total variance to base budget of £12m in packages of care.

- The September report assumed that the new Brokerage service being established to negotiate packages of care, provider costs and direct payment provider costs would mitigate £13m of risk in year despite the service needing to review the profile of in year benefits. The November report removes this assumption adding this pressure back in across care packages, but then setting a target reduction of £5m (Adults and transitions in Appendix B).
- Staffing and structures
 - The September Cabinet report included a proposed reduction of £1.5m in the START service. The impact of this on the hospitals and discharge timescales has led to a review of this decision. As a result this saving has been reduced to £400k. The service will now be reviewed as part of a wider service restructure based on a zero based budget review of demand, volumes of cases and best practice.
- Financial controls, debt and income
 - The Better Care Fund (Health Partnerships and Strategies) which is managed through Commissioning – the P5 position reported to October's Cabinet already assumed a £9m in year pressure resulting from liabilities not assumed in the base budget or income assumed but later disputed by Health. An additional £1.2m pressure has been added as a result of the full 2015-16 £3m risk share being payable in addition to the provision made.
 - BCF Debt – it should be noted that the above is in addition to the previously reported bad debt provision of [£3m] associated with previous years disputed payments and included in the overall position.

4.4 Movement Summary

- 4.4.1 A number of mitigations have been put in place to offset the above pressures which are set out below:



	Current Pressure £m
Position Reported at last Cabinet (+ = overspend)	10.404
Eligibility and Prevention	
<ul style="list-style-type: none"> Demand pressure on independent care packages up and above original budget set. This is mainly being driven by higher weekly average cost of community care packages across client groups. 	3.993
<ul style="list-style-type: none"> New recovery proposals against Independent Care Budgets have been identified that will continue to ensure eligible needs are met appropriately for all client groups. 	(4.775)
<ul style="list-style-type: none"> An Underspend identified against the prevention service contracts following service reviews. 	(0.197)
Purchasing and Placements	
<ul style="list-style-type: none"> Community Equipment – the capitalisation of Social Care equipment utilising Adult Social Care capital funding. 	(2.200)
<ul style="list-style-type: none"> Following analysis, NCC share of MH pool is forecast to underspend. 	(0.120)
<ul style="list-style-type: none"> The removal of the part year potential savings from the Brokerage and Direct Payments initiatives set out above. 	8.000
Staffing and structures	
<ul style="list-style-type: none"> Part year saving forecast for total review of all Adult Social Care staffing in line with Target Operating Model. 	(0.250)
<ul style="list-style-type: none"> A reduction of the previously forecasted saving against the START team as set out above. 	1.100
Financial Controls, Income and Debt	
<ul style="list-style-type: none"> A net reduction in pressure previously forecast following the renegotiation of the 2016-17 BCF risk share to reduce NCC's liabilities from £3.2m to £1.6m. 	(1.250)
<ul style="list-style-type: none"> Further forecast pressure against client Transport budgets following analysis of expenditure to date. 	0.302
<ul style="list-style-type: none"> Minor variances across the Directorate. 	0.065



- Reduction in forecasted impact of cases on the pending list. (0.200)

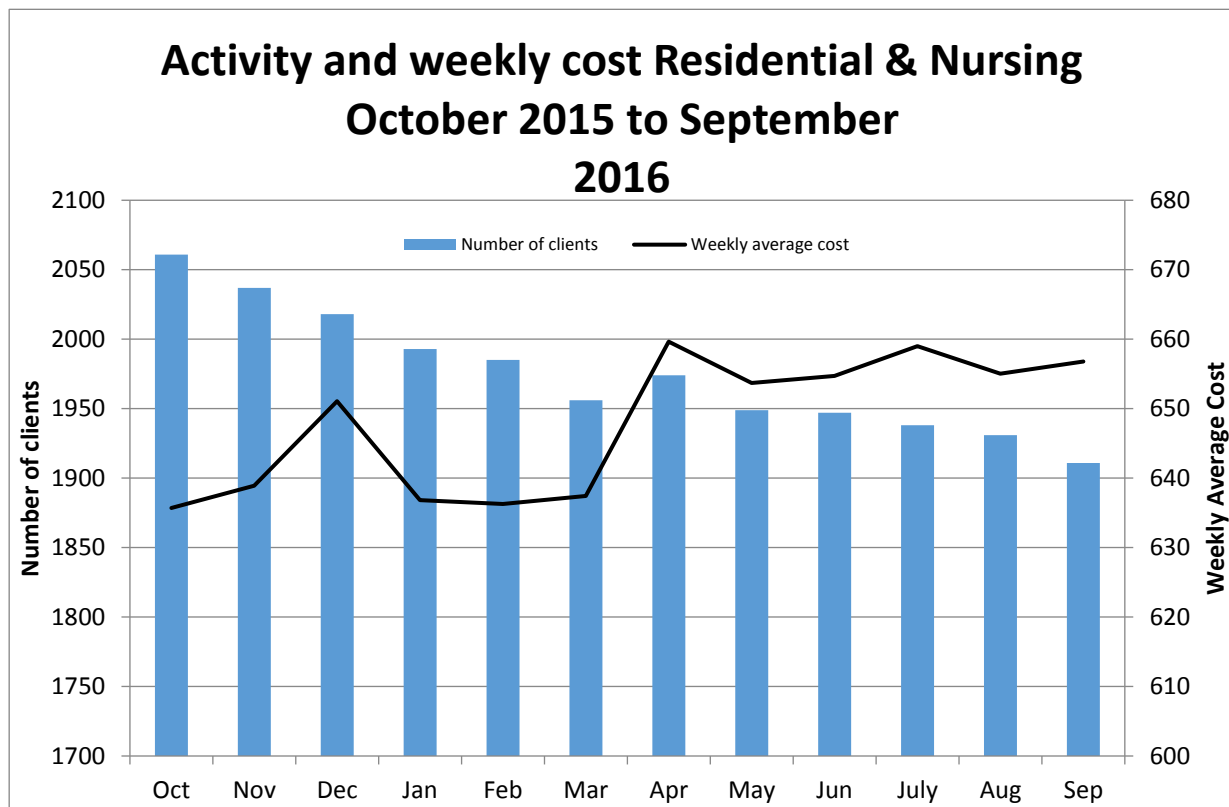
Reported position this month

14.872

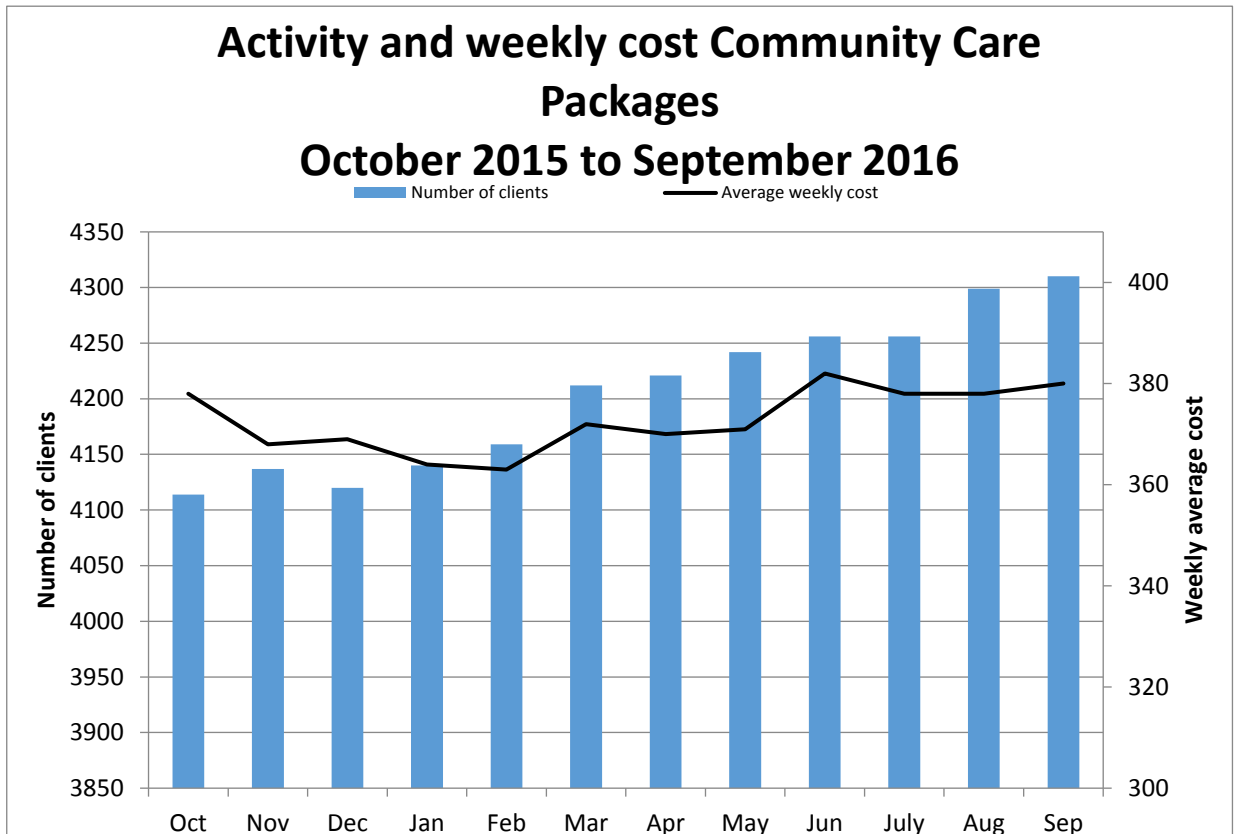
4.5 Key Activity Data – Independent Sector Care Provision

4.5.1 The charts below show the activity and average weekly costs relating to Independent Sector placements in Adult Social Care for the last 12 months.

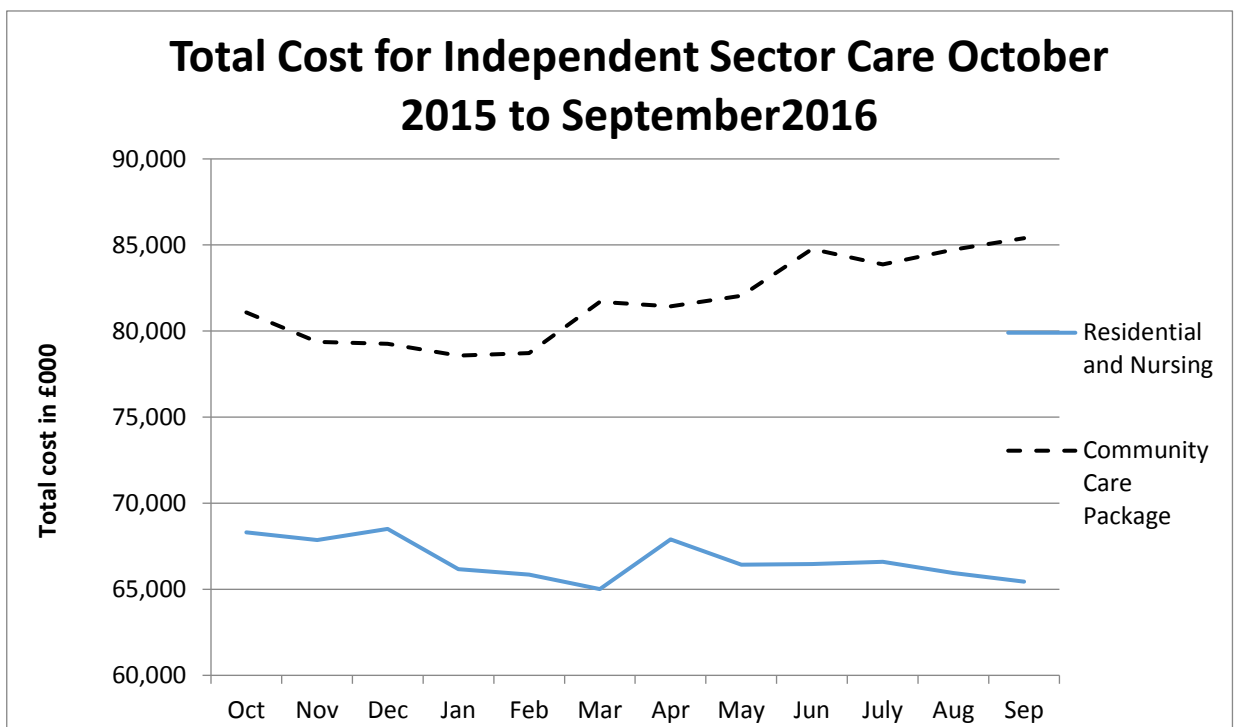
4.5.2 The notable price increase from March to April reflects the budgeted increases in the expected to pay rates across Residential and Nursing for 2016-17. The service continue to see a reduction in the numbers of clients placed in residential and nursing homes, whilst at the same time an increase in those clients receiving care services in their own homes. This is shown by the increased activity on the Community Care packages chart.



4.5.3 The chart below shows the total annual cost of Community Care packages increasing at the same time as residential packages decreasing over the last 12 months. This is a result of customers remaining in their own home for longer before entering into residential or nursing homes. This is where the cost pressure is coming from, where clients are often those with the most complex needs hence the reflection in price.



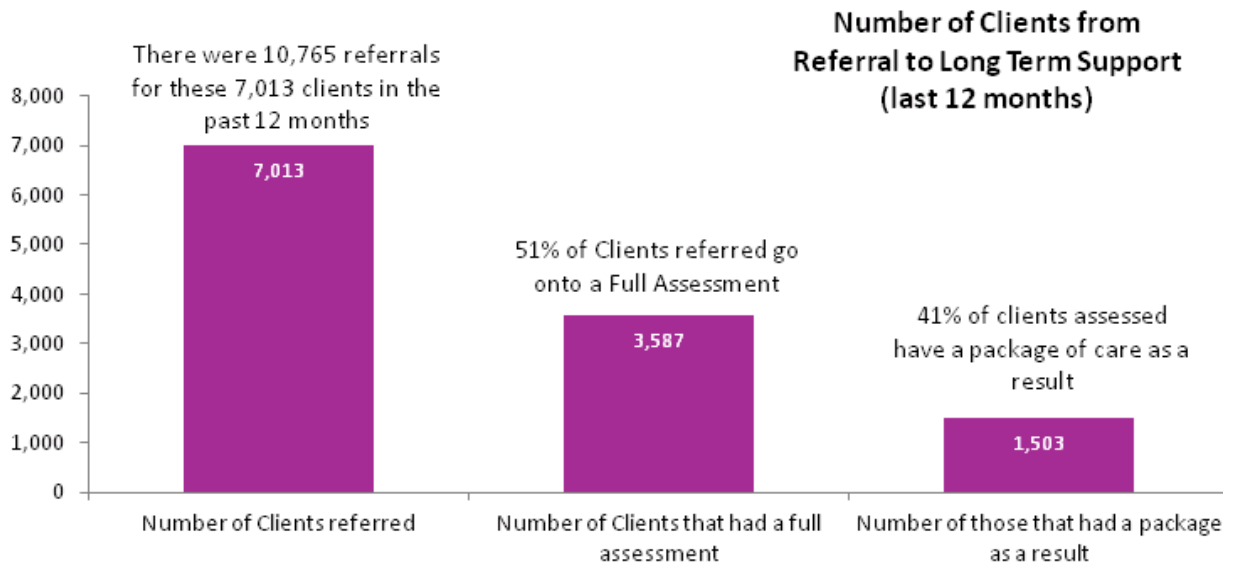
4.5.4 To date of the increased activity in Community Care, £1.9m of the pressures has come from hospital discharges, and we have yet to see the impact of winter pressures.





4.5.5 The number of referrals received into Adult Social Care through the Customer Service Centre, Locality and Hospital teams over the past 12 months is showing an increasing trend. However, the impact on the budget position comes from the number of clients who go onto receive a package of care from the Council. Recent trends suggest this is resulting in more complex packages of care, often requiring more than one carer and several daily visits.

4.5.6 The chart below shows the conversion rate of those referrals received, how many of those referrals go onto have a full assessment undertaken and also how many of those go onto receive some form of care from the Council.



4.6 Mitigating Actions Planned

4.6.1 The weekly tracking of the financial benefits is part of the Service’s robust controls. The weekly delivery board meetings include the Adult Social Care portfolio holder, as well as the Director of Finance who are involved in the challenge process. The impact of this group has seen to date £13m savings already achieved and validated, and a further £6m of costs avoided.

4.6.2 The October reviews focused on all savings initiatives on a “stop, start and continue” basis so that the service can concentrate on larger initiatives that will deliver greater value (while ensuring the right outcomes) and move away from high volume lower value initiatives that are not progressing. This way capacity can be better used for greater effect. As a result the following mitigation activities are planned. The following summarises the initiatives now being progressed under each theme:

Eligibility & prevention

- A targeted intervention by a group of dedicated Care Management staff to ensure that all complex Care Packages not reviewed under existing initiatives and all due to be reviewed as part of the annual reviews programme are reviewed using a simple assessment during the next 4 weeks.



- An increase in the number of completed complex or high need reviews by the external expert advisors currently deployed in the service.
- The service is regularly reviewing all cases on the pending list to ensure needs identified during the assessment are still relevant.
- The service is reviewing packages to ensure that they are still relevant and care needs are being met in the most effective way.
- The service is reviewing community packages where the level of need has risen to a level where the service user's eligibility may now be better met through residential care provision. This may also reduce hospital admissions.

Purchasing and placements

- The new brokerage team is now in place with combined MAP, ASC, external and Health skills. Its work will start with the negotiation of all placements for LD packages of care and complex cases that have undergone review. Their caseload will steadily increase and further staff will be added until all negotiations, placements and sourcing for existing and new cases is handled by the team leaving care management to focus on assessments and review.
- The brokerage analysis has identified a number of opportunities to make savings which are being qualified for in year benefits and ongoing savings. Estimates of the full year effect pending qualification range from £4m to £13m. We have included in the MFR a potential ½ year effect but there is a risk to this as we continue to validate. We will also look at a greater use of First for Wellbeing community provision as an alternative to independent sector review.
- The commissioning team is continuing to review how better value and utilisation can be driven out of the Shaw PFI contract and reduce spend in alternative provision. A variation to the contract will also be put in place in 2017-18.
- The Commissioning team is reviewing a number of contracts that may no longer be adding value in terms of outcomes and value for money which may result in variations or terminations.

Staffing and structures

- A bottom up review of all ASC staffing and structures is being undertaken as part of the zero based budgeting approach to shape the new Adults entity in the Next Generation Model. This will look at reducing spans of control, reorganising staff around the new operating model and preparing for the implementation of the Sustainable Transformation Plan with health.



Financial controls, debt and income

- A review of all budget holders has been taken to reduce the number of approvers and ensure greater oversight by ADs of all spend.
- Further controls have been put in place on GPC cards and ability to raise invoices outside the CareFirst system to reduce off contract spend and ensure senior approvals are only given for emergency cases.
- A detailed review of all health Debt is being undertaken and the two Finance Directors for the CCG and NCC will then meet to agree positions on all debt and finalise the financial impacts and associated bad debt provision.
- The service will add an additional resource into the LGSS Finance team that manage client contribution debt to challenge which debts can be safely and reasonably pursued following recent success.

4.6.3 The service is also undertaking an audit of all suppliers payments and contracted spend to ensure that only those suppliers with valid contracts are being paid following the introduction of automated payments at the start of 2016-17.

4.7 Future Risk Areas

4.7.1 The area of savings targeted around the Brokerage and direct payment is high risk as the team has only just been formed. Plans are underway to deliver as much as possible, we will review this on a weekly basis but we may need to alter the assumed savings in the coming MFR reports, which could impact on the overall Adults Social Care forecast pressure.

4.7.2 Agreement has been reached to keep Health colleagues fully informed as proposals begin to be implemented.

4.7.3 There is a concern that the Sustainable Transformation Plan will not be deliverable and could lead to reputational risk for all partners and a funding shortfall if sustainability funding is not released due to the system performance.

4.7.4 The service has experienced provider/market failure, this is contributing to the care cost increase.

4.7.5 Merging of two organisations, OCS and Adults Social Care, which will impact on resources and the delivery of service.

4.7.6 There is a risk the forecasted pressure from continuing care packages results in short term decisions to make cuts when the final outturn is not as adverse.

4.7.7 Introduction of DTOC (Delayed Transfer of Care) charges create a further pressure on the service due to inability to match demand and supply.

4.7.8 Outstanding Health debt negotiations result in further write-offs leading to further in year pressure.



Children's Services

5. MTFP Budget Summary

5.1 The budget planning process for 2016-17 incorporated business plans setting out how the available resources would be used to achieve the Council's outcomes. The table below provides details of the base budget brought forward from 2015-16 and any adjustments to growth and savings to provide the allocated net budget for the Directorate for 2016-17 to 2019-20.

	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	Total
Prior Yr Base Budget b/fwd	118,414	122,925	116,507	118,162	
Inflation	1,931	1,360	1,429	1,516	6,236
Service Pressure	22,824	746	2,500	2,500	28,570
Total	24,755	2,106	3,929	4,016	34,806
Efficiencies	(10,170)	(4,000)	0	0	(14,170)
Income Generation Service	(24)	(24)	(24)	(24)	(96)
Transformation	(9,250)	(2,000)	0	0	(11,250)
Service Cuts	(800)	(2,500)	(2,250)	(2,000)	(7,550)
Total	(20,244)	(8,524)	(2,274)	(2,024)	(33,066)
Approved Base Budget	122,925	116,507	118,162	120,154	

Base Budget as approved by Full Council in February 2016

5.2 Children's Services 2016-17 Budget Summary and Pressures.

5.3 Current Financial Position

Services	Gross Annual Budget £k	Income Annual Budget £k	Net Budget £k	Current Pressure £k	Previously Reported £k	Movement £k
Children, Families and Education	40	0	40	135	150	(15)
Quality & Performance	50,093	(1,896)	48,197	4,990	2,626	2,364
Early Help & Prevention	9,243	(3,596)	5,647	(1,466)	(1,466)	0
Learning, Skills & Education	36,293	(13,392)	22,901	(2,905)	(2,912)	7
Safeguarding & Children's Services	52,413	(5,805)	46,608	13,755	10,605	3,150
Grand Total	148,082	(24,689)	123,393	14,509	9,003	5,506



- 5.3.1 Children’s Services are reporting an over spend of £14.5m, an increased overspend of £5.5m from what was reported to Cabinet in October as outlined under section 5.4.
- 5.3.2 The mitigations previously reported to Cabinet in August and September have been reviewed by the Children’s Services Management Team and whilst review work is ongoing and will continue to enable cost reduction in future years, full benefits will not be achieved this financial year. The impact of this review reduces the previously reported mitigations totalling £15.05m by £6.3m.
- 5.3.3 Following a review of commissioned contracts to enable cost reductions through ceasing a range of less effective contractual arrangements, a total benefit of £0.4m is expected in this financial year, with further savings proposed for next financial year.
- 5.3.4 Managers are currently reviewing establishments and use of agency workers to implement a plan to mitigate the increased in year pressures on Social Care staffing of up to £2.7m as a result of increases in demand for looked after children, and the difficulty in recruiting and retaining permanent workers and having to rely on expensive agency workers instead. Although there is a plan to reduce staffing costs, this will be a significant challenge and will therefore be monitored closely throughout the year.
- 5.3.5 The total anticipated mitigations now stand at £12m.
- 5.3.6 To summarise, the total anticipated pressure for undeliverable 2016-17 Budget Proposals and in year demand led pressures is £26.5m this month which will be reduced by £12m as a result of management mitigations that have been implemented, bringing the overall Children’s Service anticipated overspend to £14.5m.

5.4 **Movement Summary**

	Current Pressure £m
Position Reported at last Cabinet (+ = overspend)	9.003

Revision to Mitigating Actions

- The Safeguarding mitigations around reviewing discretionary expenditure previously reported to Cabinet in August and September have been reviewed by Children Services Management Team and whilst review work is ongoing and will continue to enable cost reduction in future years, full benefits will not be achieved this financial year. 3.626
- Revision to the potential benefit related to reductions in demand pressures in high cost placements for 18+ year olds. Whilst the review work is ongoing and will continue to enable cost reduction in future 1.514



years, the budget mitigation previously reported to Cabinet in September will not be realised in full.

- The proposed redevelopment of Children’s Mental Health Support Services, Public Health income and Children’s Centres budget mitigation will not be achievable due to the inability to reduce contracted Council contributions in this financial year. Furthermore a Public Health income target is now forecast as unachievable. 1.250
- Revision to mitigations reported to Cabinet in October with further benefit identified through the removal of posts in Learning, Skills and Education. (0.070)
- Compensating financial interventions remain in place to mitigate the risks highlighted below.

New Mitigating Actions

- A review of commissioned contracts will enable new cost reductions through ceasing a range of less effective contractual arrangements. (0.400)

In year movements

- A further review of forecasts across the Learning Skills and Education division leading to favourable movements on schools redundancies and Key Stage 4 engagement programme general expenditure, and additional income anticipated from schools absence penalty notices. (0.273)
- Revision to forecast placements costs for Unaccompanied Asylum Seeking Children due to more efficient commissioning arrangements (0.126)
- Bad debt provision top up reduction in line with latest aged debt profile. (0.090)
- The cost of anticipated complaints compensation based on the latest information. 0.075

Social Care Staffing

- Managers are currently reviewing establishments and use of agency workers to implement a plan to mitigate the increased in year pressures on Social Care staffing of up to £2.7m as a result of increases in demand for looked after children, and the difficulty in recruiting and retaining permanent workers and having to rely on expensive agency workers instead. Although there is a plan to reduce staffing costs, this will be a significant challenge and will therefore be monitored closely throughout the year.

Reported position this month **14.509**



5.5 Mitigating Actions Planned

- 5.5.1 A comprehensive list of new budget mitigations is currently being developed which will seek to reduce the current forecast overspend. The detail of these management actions will be reported to Cabinet when they have been fully risk assessed.

5.6 Future Risk Areas

- 5.6.1 There is a risk that the number of Unaccompanied Asylum Seeking Children arriving into the UK could continue to increase as a result of socio-economic issues within a number of European countries. Some of these children could potentially be placed in Northamptonshire. National and EU legislation dictates that if this was the case, the Council would be required to support these children, which will place additional pressure on resources, as the Government funds on average 64% of the child's actual costs.
- 5.6.2 There is a risk of additional legal expenditure of up to £0.7m; as such this area is being urgently reviewed for mitigating cost reductions. Further work is being undertaken to quantify this risk in line with improvements to process, procedures and efficiency of resources.
- 5.6.3 The budget mitigations identified in previous months, in addition to the items identified this month, will continue to be tracked to ensure the timely reporting of delivery.



Wellbeing and Prevention Services

6. MTFP Budget Summary

6.1 The budget planning process for 2016-17 incorporated business plans setting out how the available resources would be used to achieve the Council's outcomes. The table below provides details of the base budget brought forward from 2015-16 and any adjustments to growth and savings to provide the allocated net budget for the Directorate for 2016-17 to 2019-20.

	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	Total
Prior Yr Base Budget b/fwd	8,826	7,734	6,050	5,043	
Inflation	272	232	323	445	1,272
Service Pressure	0	0	0	0	0
Total	272	232	323	445	1,272
Efficiencies	(971)	(1,086)	0	0	(2,057)
Income Generation	(393)	(330)	(330)	(320)	(1,373)
Service Transformation	0	(500)	(1,000)	(1,000)	(2,500)
Service Cuts	0	0	0	0	0
Total	(1,364)	(1,916)	(1,330)	(1,320)	(5,930)
Approved Base Budget	7,734	6,050	5,043	4,168	

Base Budget as approved by Full Council in February 2016



6.2 **Wellbeing and Prevention Services 2016-17 Budget Summary and Pressure.**

6.3 **Current Financial Position**

Services	Gross Annual Budget £k	Income Annual Budget £k	Net Budget £k	Current Pressure £k	Previously Reported £k	Movement £k
Public Health and Wellbeing	23,980	(36,804)	(12,824)	(2,000)	0	(2,000)
Customers, Culture & Place	8,038	(16,558)	(8,520)	488	488	0
First for Wellbeing	28,434	0	28,434	0	0	0
Integrated Wellbeing Commissioning	547	0	547	0	0	0
Grand Total	60,999	(53,362)	7,637	(1,512)	488	(2,000)

6.3.1 The decision to close Nourish service at the end of the current academic year was taken after the budget was set. This together with schools leaving the service before the summer term has led to a shortfall in the anticipated income. The closure project is closely monitoring the financial implications to minimise the risk.

6.4 **Movement Summary**

	Current Pressure £m
Position Reported at last Cabinet (+ = overspend)	0.488
<ul style="list-style-type: none"> A favourable forecast variance of £2m has been identified against the Public health contract with FfW. This is mainly resulting from lower than anticipated operating costs, including staff vacancies, during the first six months of the operation. 	(2,000)
Reported position this month	(1.512)

6.5 **Mitigating Actions Planned**

6.5.1 Nothing to report at this stage.

6.6 **Future Risk Areas**



- 6.6.1 NCC has adopted a 'Fairer Charging Policy', and the Wellbeing and Prevention Directorate has a target of £320k year on year (2016-17 to 2019-20 MTFP). There is a potential risk that this target may not be fully achieved based on the income levels to date. However due to seasonal variations it is advised that the income levels should be observed, before a final position can be estimated.
- 6.6.2 The service is continuing to track the income closely and the anticipation is that the shortfall in income will be rectified in future months. This is to be delivered through increased income, across the following services: Library Services, Northamptonshire Sport, Countryside Services, Knuston Hall and Adult Learning Services.