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## **UNAUDITED FINANCIAL OUTTURN 2015/16**

**Report by the Finance & Commercial Director**

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### **LIMITED LIABILITY PARTNERSHIP STRATEGIC GOVERNANCE GROUP**

**17 May 2016**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 To inform the Strategic Governance Group of the unaudited financial outturn for 2015/16.**
- 1.2 The final financial outturn for 2015/16, after paying the Council the agreed £480k contribution set out in the business plan, has delivered adult care services within the agreed budget for its first year of operation.
- 1.3 Details of the final outturn and variances are set out in the report.

#### **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Strategic Governance Group:-**
  - (a) Note SB Cares financial outturn position for 2015/16**
  - (b) Note that SB Cares achieved the target contribution of £480k agreed by the Council**
  - (c) Note the contribution of £480k will inform Scottish Borders Councils revenue outturn position 2015/16**

### 3 FINANCIAL OUTTURN POSITION 2015/16

3.1 In the first year of the Business Plan approved by members in October 2014 it forecast that SB Cares would generate a surplus of £480k to contribute to adult social care. After paying the Council the £480k contribution SB Cares delivered a small surplus of £2k.

3.2 A Summary of the final outturn position, after paying the Council the agreed contribution, is set out in the table below:

Summary	YTD	Forecast	Variance
Profit & Loss	Actual £000's	2015/16 £000's	2015/16 £000's
Income	17,578	17,933	(355)
Direct Cost	(17,034)	(16,906)	(128)
<b>Gross Profit</b>	<b>544</b>	<b>1,027</b>	<b>(483)</b>
Overheads	(542)	(556)	14
<b>Profit</b>	<b>2</b>	<b>471</b>	<b>(469)</b>

#### 3.3 Income

Income for the year is lower than the forecast presented at the SGG on February 2016 due to the contribution to the Council of £480k. This has been offset by income for additional orders of ability equipment and transformation funding from SBC for ongoing company set up costs.

#### 3.4 Direct Cost

Direct cost have increased during the last quarter against forecast by £128k due to additional costs from supplies and services from:

- Provision of additional equipment and maintenance to SBC which has been fully invoiced
- transport charges from SBC for our day services
- additional vehicle repair costs for aging vehicles requiring high cost repairs
- additional utilities costs due to low estimated readings midyear used to inform forecast

Improved processes have already been identified and put in place to manage the variances that have materialised at the end of the year.

#### 3.5 Overheads

Management identified further short term saving in the last quarter to support the final contribution to the Council.

## 4 IMPLICATIONS

### 4.1 Financial Recommendations

There are no costs attached to any of the recommendations contained in this report its content being specifically related to the financial outturn of SB Cares for 2015/16.

### 4.2 Risk and Mitigations

There is a risk that the final outturn will change subject to the external audit of SB Cares accounts.

The risks identified above are being managed and mitigated through:-

- (a) A review by SBC's Internal audit team to assess SB Cares' financial governance arrangements in place to perform and account for its financial activities in an honest, legal and transparent manner in accordance with best accounting practice

### 4.3 Equalities

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

### 4.4 Acting Sustainably

There are no significant effects on the economy, community or environment.

### 4.5 Carbon Management

No effect on carbon emissions are anticipated from the recommendation of this report.

### 4.6 Rural Proofing

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

## 5 CONSULTATION

- 5.1 The Management Team and SB Cares Board have been involved in and agreed the compilation of the financial outturn position set out in this report.

### Author(s)

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