

Public Document Pack

Gareth Owens LL.B Barrister/Bargyfreithiwr
Chief Officer (Governance)
Prif Swyddog (Llywodraethu)



To: Cllr David Roney (Chairman)

CS/NG

Councillors: Marion Bateman, Clive Carver,
Paul Cunningham, Peter Curtis, Ian Dunbar,
Andy Dunbobbin, Robin Guest, Ron Hampson,
Joe Johnson, Richard Jones, Tim Newhouse,
Paul Shotton, Nigel Steele-Mortimer and
Arnold Woolley

10 April 2015

Tracy Waters 01352 702331
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Dear Sir / Madam

A meeting of the **CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE** will be held in the **DELYN COMMITTEE ROOM, COUNTY HALL, MOLD CH7 6NA** on **THURSDAY, 16TH APRIL, 2015** at **10.00 AM** to consider the following items.

Yours faithfully

Democracy & Governance Manager

A G E N D A

- 1 **APOLOGIES**
- 2 **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**
- 3 **MINUTES** (Pages 3 - 8)
To confirm as a correct record the minutes of the meeting held on 12 March 2015.
- 4 **ANNUAL IMPROVEMENT REPORT AND THE CORPORATE ASSESSMENT REPORT OF THE AUDITOR GENERAL FOR WALES FOR FLINTSHIRE** (Pages 9 - 62)
Report of Chief Executive enclosed.

- 5 **REVENUE BUDGET MONITORING 2014/15 (MONTH 10)** (Pages 63 - 94)
Report of Chief Officer (People and Resources) enclosed.

- 6 **BUDGET VIREMENT PROCESS** (Pages 95 - 100)
Report of Chief Officer (People and Resources) enclosed.

- 7 **DISCRETIONARY HOUSING PAYMENT POLICY** (Pages 101 - 112)
Report of Chief Officer (Community and Enterprise) enclosed.

- 8 **HOUSING BENEFIT OVERPAYMENTS POLICY** (Pages 113 - 130)
Report of Chief Officer (Community and Enterprise) enclosed.

- 9 **FORWARD WORK PROGRAMME** (Pages 131 - 134)
Report of Member Engagement Manager enclosed.

CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE **12 MARCH 2015**

Minutes of the meeting of the Corporate Resources Overview & Scrutiny Committee of Flintshire County Council held in the Delyn Committee Room, County Hall, Mold on Thursday, 12 March 2015

PRESENT: **Councillor Peter Curtis (Vice-Chairman in the Chair for the start of the meeting)**

Councillors: Marion Bateman, Clive Carver, Paul Cunningham, Andy Dunbobbin, Ron Hampson, Joe Johnson, Tim Newhouse, David Roney and Paul Shotton

SUBSTITUTION:

Councillor: Vicky Perfect for Ian Dunbar

ALSO PRESENT:

Councillors: Bernie Attridge and Haydn Bateman attended as observers

APOLOGY:

Chief Executive

CONTRIBUTORS:

Leader of the Council & Cabinet Member for Finance, Chief Officer (Governance), Chief Officer (Organisational Change)

Finance Manager Strategy Accounting & Systems for agenda item 6 – Revenue Budget Monitoring 2014/15 (Month 9) and Finance Manager – Technical Accounting for agenda item 6 – Capital Programme 2014/15 (Month 9)

Managed Agency Contract Manager and Human Resources Manager for agenda item 7 (Workforce Information Report – Quarter 3 2014/15)

IN ATTENDANCE:

Housing and Lifelong Learning Overview & Scrutiny Facilitator and Committee Officer

77. APPOINTMENT OF CHAIR

The Vice-Chairman sought nominations from the New Independent and Liberal Democrat Groups for a Chair for the remainder of the municipal year. Councillor Paul Shotton nominated Councillor David Roney and this was duly seconded. On being put to the vote, the nomination was carried. Members congratulated Councillor Roney on his appointment as Chairman.

RESOLVED:

That Councillor David Roney be appointed Chairman for the Committee for the remainder of the municipal year.

78. DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)

No declarations of interest were made.

79. **MINUTES**

The minutes of the meetings of the Committee held on 22 January 2015, 30 January 2015 and 12 February 2015 had been circulated to Members with the agenda.

Matters Arising

Councillor Paul Shotton referred to the former Euticals site in Sandycroft and asked whether a response had been received from Welsh Government on the issue of funding. In response, the Leader of the Council explained that a letter had been sent to the Minister on costs incurred by the Council and a response was awaited.

RESOLVED:

That the minutes be approved as a correct record and signed by the Chairman.

80. **QUARTER 3 IMPROVEMENT PLAN MONITORING REPORT (CORPORATE RESOURCES)**

The Chief Officer (Governance) introduced a report for the Committee to note and consider elements of the 2014/15 Improvement Plan Monitoring report relevant to the Committee for the period October to December 2014.

He provided a detailed explanation on the following areas:-

- Welfare Reform
- Organisational Change
- Financial Strategy
- Procurement Strategy
- Asset Strategy
- Access to Council Services
- People Change & Development

The Leader of the Council thanked the Chief Officer for his presentation and apologised for the limited number of Chief Officers in attendance at this meeting; he provided assurance that this would not be replicated in the future. He explained that the Council had agreed the Improvement Priorities in June 2014 and the Wales Audit Office Corporate Assessment report, that was to be submitted to Cabinet on 17 March 2015, provided positive comments on how the priorities had been applied. He commented on the two additional Extra Care schemes proposed for Flintshire and of the commitment to the continued roll out of the Flintshire Connects service in Buckley and Mold. Risks had also been identified which included Welfare Reform and the roll out of Universal Credit to families in the Shotton Jobcentre Plus catchment area in addition to the single claimants that were involved in the pilot scheme. There was a high level of confidence that the improvement objectives would be achieved and there were no concerns about non-achievement of the priorities. It was a positive report even though more work was required.

In commenting on the roll out of Universal Credit to families in the Shotton area, Councillor Paul Shotton queried whether assurance had been sought from the Department of Work and Pensions (DWP) on the level of funding to be provided to continue the service currently provided to those individuals involved in the pilot scheme. In response the Leader confirmed that funding was currently received from DWP which had allowed one-to-one support to the small number of Universal Credit claimants involved in the pilot scheme. As the number of families that would be affected by the roll out of Universal Credit was not yet known, the funding would be monitored to ensure that an adequate level was received to continue the excellent service provided to those claimants. Councillor Shotton also raised concern at the note on the introduction of the spare room subsidy highlighted in the report.

Councillor Peter Curtis agreed with the concerns about the level of funding for the roll out of Universal Credit to families. Councillor Curtis also raised significant concern about the changes to the Blue Badge scheme, particularly about the form that applicants were required to complete and that staff, who were not medically trained, would be determining whether individuals were entitled to a Blue Badge. He welcomed the decision by Welsh Government to reconsider the guidelines that had been produced for Councils on the implementation of the scheme and highlighted concerns raised by residents. Councillor Curtis also referred to workshops for Members that had taken place on the changes to the scheme and the Chairman commented that he felt that the workshops had not been helpful and spoke of similar comments from residents on the scheme.

In response to a question from Councillor Ron Hampson, the Chief Officer (Governance) confirmed that Housing Benefit would cease to exist under Universal Credit and that claimants would receive a single benefit payment which could include an element for their housing. The Leader said that concerns had been raised about the impact of Universal Credit roll out and whether this would result in an increase in rent arrears. It was reported that there were currently 180 live Universal Credit claims and that 19 claimants had been referred to the Citizens Advice Bureau for personal budgeting support and 88 claims had been referred from Jobcentre Plus to the Council's Housing Benefit Service.

Councillor Marion Bateman concurred with the comments on the Blue Badge scheme and sought clarification on the progress of the Mold Flintshire Connects service. Councillor Bernie Attridge explained that concerns had been raised with the Minister on the provision of the Blue Badge scheme and a response was currently awaited that would be shared with Members once it had been received. On the issue of Mold Connects office, the Leader explained that a report was to be submitted to Cabinet on 17 March 2015. It was proposed that the service could be provided within the Mold Library building and that a further Connects office could be progressed in Buckley.

In response to a question from Councillor Andy Dunbobbin on the number of sanctions that had been issued to Universal Credit claimants, the Chief Officer advised that he would speak to the Revenues & Benefits Manager and would provide a response to Committee Members.

RESOLVED:

That the Committee notes the Quarter 3 Improvement Plan Monitoring Reports and will continue to highlight and monitor poor performance and feedback details of any challenge to the Policy, Performance & Partnerships Team for reporting to Cabinet where appropriate.

81. REVENUE BUDGET MONITORING 2014/15 (MONTH 9)

Revenue Budget Monitoring 2014/15 (Month 9)

The Finance Manager introduced a report to provide Members with the Revenue Budget Monitoring 2014/15 (Month 9) for the Council Fund and Housing Revenue Account (HRA) which was to be submitted to Cabinet on 17 March 2015.

For the Council Fund, the projected net in-year expenditure was forecast to be £1.978m lower than budget and was an increase of £0.964m on the underspend at Month 8. Appendix 1 detailed the reasons for the changes which included a net reduction in the projected underspend for Social Services due to additional income and additional one-off vacancy savings which had contributed to an improved position on workforce efficiencies. Section 3.06 detailed the efficiencies and it was currently projected that £7.588m of the £8.840m (86%) would be achieved. Details of the un-achieved efficiencies were reported in appendix 3.

Section 4 detailed the provisions for inflation and section 5 reported the existing risks and changes to previously reported risks. Taking into account amounts needed to be used from the unearmarked reserves and the current projected outturn at month 8, the projected balance on the contingency reserve at 31 March 2015 was £4.919m; details were summarised in appendix 4.

The HRA was projected to have an overall underspend of £0.304m and a projected balance at month 9 of £1.470m, which at 4.89% of total expenditure satisfied the prudent approach of ensuring a minimum level of 3%.

Councillor Tim Newhouse welcomed the projected underspend of £1.978m.

Capital Programme 2014/15 (Month 9)

The Finance Manager – Technical Accountancy introduced a report to provide Members with the Month 9 (end of December) capital programme information for 2014/15 which would also be submitted to Cabinet on 17 March 2015.

The table at paragraph 3.01.1 set out how the programme had changed during 2014/15 with the revised figure being £30.194m for Council Fund and £12.431m for HRA. The changes during this period were reflected in the table at paragraph 3.03.1 and full details were provided in appendix A. The capital expenditure compared to budget and a required rollover to 2015/16 of £2.225m,

were reported and details were shown in appendix B. The overall position showed a projected underspend of £0.090m.

In response to a question from Councillor Ron Hampson about the offices at Ewloe, the Chief Officer (Organisational Change) advised that Unilever's lease on the building would terminate in July 2016 and added that the building was currently empty.

Councillor Tim Newhouse referred to capital receipts that had been received by the Council following the sale of land and suggested that future Capital Programme update reports include specific information on any large receipts received by the Council.

RESOLVED:

That the report be noted.

82. WORKFORCE INFORMATION REPORT - QUARTER 3 2014/15

The Managed Agency Contract Manager introduced a report to provide Members with an update for the third quarter for 2014/15 for the following:-

- Headcount and Full Time Equivalent
- Organisational Age Profile
- Employee Turnover and Stability (including redundancies and early retirements)
- Attendance (including 100% attendance)
- Performance Appraisals and Development
- Resource Management (including recruitment and agency workers)
- Equality and Diversity

He explained that the information was being presented in a dashboard format to provide a visual presentation of the data showing the current status and historical trends of the Council's performance against key performance indicators. He provided details of the total headcount, turnover, agency spend and days lost for sickness and explained that the agency spend for 2014/15 had exceeded the target of £1.83m at the end of quarter 3. This was due to the increased need for agency workers within Streetscene and Transportation as the vacancies at operative level currently stood at 57. The days lost per full time equivalent (FTE) was 9.78 at 31 December 2014, which exceeded the target of 9.60 days, and was an increase of 1.30 on the figure at 31 December 2013.

Councillor Clive Carver queried the high numbers of employees who were shown as 'not stated' under Ethnicity and Sexual Orientation on pages 160 and 169 and asked whether a form could be issued to all employees during their appraisal to encourage them to provide the information. In response, the Managed Agency Contract Manager explained that the information was recorded by employees on the Itrent Self Service database but a large number of employees did not have access to Itrent to allow them to input the information. The Chief Officer (Governance) agreed that officers would consider ways to increase the coverage of the data and would provide details of the findings to the Committee.

In referring to the sickness figures reported of 10.34 days per FTE, Councillor Peter Curtis raised significant concern about the high target and suggested that this should be reduced to a maximum of 3 days. He felt that productivity would be affected by the high rates of sickness and could also affect service delivery. The Human Resources Manager explained that work was undertaken with services, particularly those with a high rate of sickness, on how to reduce sickness rates and she added that a number of services had levels of sickness lower than the target figure. Councillor Marion Bateman highlighted the high rate of sickness within the Streetscene directorate. She also queried why the information on the sexual orientation of employees was required and in response, the Managed Agency Contract Manager explained that the Authority was expected to provide data on ethnicity and diversity on an annual basis. He added that the information was requested when applicants completed an application form for vacancies with the Council. The Chief Officer (Governance) explained that recruitment was currently low and that a large number of staff had commenced employment with the Authority prior to information on ethnicity and diversity being requested with application forms. The Human Resources Manager explained that individuals would be encouraged to provide the data but could not be forced to do so.

Councillor Curtis welcomed the dashboard format of the report but agreed with the concerns raised about the levels of sickness in Streetscene and Social Services, particularly in relation to lifting.

RESOLVED:

That the Workforce Information report for Quarter 3 be noted.

83. FORWARD WORK PROGRAMME

The Housing and Lifelong Learning Overview & Scrutiny Facilitator introduced the report to consider the Forward Work Programme for the Committee.

She detailed the items for the forthcoming meetings and asked Members for any suggestions of items for consideration at future meetings.

RESOLVED:

That the Forward Work Programme be approved.

84. MEMBERS OF THE PRESS AND PUBLIC IN ATTENDANCE

There were no members of the public or press in attendance.

(The meeting started at 10.00 am and ended at 11.13 am)

.....
Chairman

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE**

DATE: **16 APRIL 2015**

REPORT BY: **CHIEF EXECUTIVE**

SUBJECT: **ANNUAL IMPROVEMENT REPORT AND THE CORPORATE ASSESSMENT REPORT OF THE AUDITOR GENERAL FOR WALES FOR FLINTSHIRE**

1.00 PURPOSE OF REPORT

1.01 To present the Annual Improvement Report of the Auditor General which for 2015 incorporates the first Corporate Assessment and to endorse the executive response of the Cabinet and senior officers.

2.00 BACKGROUND

2.01 The Auditor General under the Local Government (Wales) Measure 2009 (Measure) undertakes and publishes an annual improvement report for all Welsh Councils, fire and rescue services and national parks.

2.02 This is the fifth such Annual Improvement Report for Flintshire. It includes the Appointed Auditor's Annual Audit Letter as previously reported to Audit Committee in December 2014.

2.03 In 2013/14 the Wales Audit Office (WAO) began a new four year cycle of Corporate Assessments of improvement authorities in Wales. An in-depth Corporate Assessment reports on the Council's track record of performance and outcomes as well as the key arrangements necessary to underpin improvements in services and functions. Flintshire's first Corporate Assessment was conducted in late 2014 and the report on its outcomes is included in the Annual Improvement Report.

3.00 CONSIDERATIONS

3.01 The Annual Improvement Report is published by the Wales Audit Office (WAO) on behalf of the Auditor General for Wales. It brings together, with the input of other inspectorates such as Estyn and the Care and Social Services Inspectorate for Wales (CSSIW), a summary of the regulatory work of the past year. This year the outcomes of the Corporate Assessment are included in the Annual

Improvement Report.

- 3.02 The full report is attached as Appendix 1.
- 3.03 The cyclical Corporate Assessments apply to all local authorities (and other bodies identified in the Measure) on a four yearly cycle. The first phase of assessments were conducted last year; Conwy CBC was the first Council in North Wales to undertake the assessment.
- 3.04 This second phase of assessments includes the following authorities:
- Flintshire County Council;
 - Isle of Anglesey Council;
 - Merthyr Tydfil County Borough Council;
 - Monmouthshire County Council;
 - Neath Port Talbot County Borough Council;
 - City and County of Swansea.
- 3.05 The content and format of the Corporate Assessment followed a familiar pattern of inspections/audits from WAO:
- Desktop analysis
 - Fieldwork (including interviews of key Members and officers)
 - 'Outline Conclusions' (draft findings) meeting
 - Receipt of draft report for comment
 - Receipt of final report prior to publication
- 3.06 The first week of fieldwork was undertaken between 15th and 19th September; with certain follow-up later in September/October. Draft feedback was provided to officers and the Council leadership in November and a draft report received before Christmas. Discussions have been ongoing with WAO throughout the process to ensure that as much value can be gained by both organisations from the Assessment.
- 3.07 The content of the Corporate Assessment is based on:-
- Information governance
 - Governance accountability
 - Asset management
 - Performance management
 - Risk management
 - Vision and strategic direction
 - Collaboration and partnerships
 - Improvement planning
 - Efficiency
 - Procurement
 - Public performance reporting
 - HR

- Performance and outcomes

3.08 The report builds on the work of the past work of the Wales Audit Office and other regulatory bodies.

3.09 The summary of the full report is attached as Appendix 1. Overall the Auditor General has concluded that:

“The Council’s track record suggests that it is likely to respond positively to the internal and external challenges it faces and make arrangements to secure continuous improvement for 2015-16.”

The judgement reflects the conclusions of the corporate assessment, that:

“The Council has made significant progress in a number of difficult areas during the last year; although it needs to strengthen aspects of its arrangements, the Council is reasonably well placed to continue to deliver its priorities in the face of further financial challenges”

“Despite some strengths and areas of progress, aspects of the Council’s arrangements are not fully supporting decision-making and the delivery of the Council’s agreed priorities”

“The Council has taken significant strides forward in its use of resources and now needs to co-ordinate the elements more systematically in the face of future financial challenges”

“The Council made good progress against the improvement priorities we looked at but its performance against the national indicators declined slightly.”

3.10 The Auditor General has not made any statutory recommendations with which the Council must comply. Instead seven advisory proposals for improvement have been made. These are set out below:

P1 The Council should develop and implement a consistent approach to business planning that promotes the ownership by staff of key objectives and targets.

P2 The Council should improve the quality of its reports to committees and Cabinet to ensure that:

- where necessary, reports enable councillors to refer easily to relevant policies and previous decisions and discussions;
- key messages and recommendations are clear and succinct; and
- reports to scrutiny committees include recommendations or options that committees might endorse.

P3 The Council should ensure that, in implementing its revised strategies for People, ICT and Asset Management:

- their financial implications feed into the medium-term financial plan; and
- the links between the strategies are fully considered so that specialist staff are available when required.

P4 Group Leaders should strongly encourage members to take advantage of the Member Development Scheme.

P5 The Council should take the opportunity of its review of scrutiny structures to ensure that Overview and Scrutiny Committees can add real value to Council decision-making by aligning agendas more explicitly to Council priorities and risks.

P6 The Council should:

- adopt a consistent approach to managing risk, ensuring that all staff involved use a similar approach to record impact, likelihood and mitigating actions; and
- apply this approach to its future savings plans.

P7 The Council should ensure a consistent approach to workforce planning and use the results to inform future reductions in staff.

3.11 The Council, as is practice, makes a formal public response to any findings within the report. The Council's response to the Annual Improvement Report (AIR) is included at Appendix 2.

4.00 RECOMMENDATIONS

4.01 To accept the Annual Improvement Plan and endorse the response attached following consultation with the Audit Committee.

5.00 FINANCIAL IMPLICATIONS

5.01 This report refers to the financial resourcing and planning arrangements of the Council.

6.00 ANTI POVERTY IMPACT

6.01 This report comments upon how the Council has supported people impacted upon by Welfare Reform.

7.00 ENVIRONMENTAL IMPACT

7.01 There are no specific references to the environment within this report.

8.00 EQUALITIES IMPACT

8.01 This report comments upon how the Council has supported people

impacted upon by Welfare Reform.

9.00 PERSONNEL IMPLICATIONS

9.01 The People Strategy and workforce planning and arrangements are referred to in the report.

10.00 CONSULTATION REQUIRED

10.01 This report has been considered by Cabinet and the Audit Committee. The Audit Committee has endorsed the Council's action plan as a comprehensive response of assurance.

11.00 CONSULTATION UNDERTAKEN

11.01 Senior officers have had input into this report. The Annual Audit Letter was presented to the council's Audit Committee in December 2014.

12.00 APPENDICES

12.01 Appendix 1: Summary Report: WAO Annual Improvement Report incorporating the Corporate Assessment Report 2015.
Appendix 2: WAO Annual Improvement Report - Executive response

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

None

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

Incorporating the Corporate Assessment Report 2014

Flintshire County Council

Issued: March 2015

Document reference: 138A2015



This Annual Improvement Report incorporating the Corporate Assessment has been prepared on behalf of the Auditor General for Wales by Huw Lloyd Jones, Paul Goodlad, Melanie Watson, Andy Bruce, Gwilym Bury, John Roberts, Avril Watkins, Debra Allen and Emma Roberts under the direction of Jane Holownia.

**Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ**

The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office Board, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the National Assembly.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

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Summary report

- 1 Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement in delivering their services. This report sets out the findings of the work undertaken on behalf of the Auditor General by the staff of the Wales Audit Office in Flintshire County Council (the Council) and also draws on the work of the relevant Welsh inspectorates. The report summarises the assessments undertaken since the Auditor General published his last annual improvement report in June 2014 and includes the findings of the Auditor General's Corporate Assessment, undertaken in September 2014. Taking all these findings into account, the report records the Auditor General's conclusion on whether he believes that the Council will make arrangements to secure continuous improvement for 2015-16.
- 2 This conclusion should not be seen as a definitive statement of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements currently in place are reasonably sound insofar as can be ascertained from the work carried out.
- 3 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at info@wao.gov.uk or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.
- 4 The Auditor General has concluded that **the Council's track record suggests that it is likely to respond positively to the internal and significant external challenges it faces and make arrangements to secure continuous improvement for 2015-16**. This judgement reflects the conclusions of his corporate assessment, that **the Council has made significant progress in a number of difficult areas during the last year; although it needs to strengthen aspects of its arrangements, the Council is reasonably well placed to continue to deliver its priorities in the face of further financial challenges**.
- 5 The audit team found that, **despite some strengths and areas of progress, aspects of the Council's arrangements are not fully supporting decision-making and the delivery of the Council's agreed priorities**. We reached this conclusion because:
 - a the Council has established a wide-ranging set of clearly-stated priorities that have a broad base of support within the Council and among partners;
 - b the Council's corporate planning and reporting of performance have improved year-on-year but plans at service level are of inconsistent quality; and
 - c sound governance structures are mostly in place but some aspects are not working as effectively as they might.

- 6 We also found that **the Council has taken significant strides forward in its use of resources and now needs to co-ordinate the elements more systematically in the face of future financial challenges.** We found that:
- a improvements in financial planning have the potential to support the Council in maintaining its recent track record of financial savings in the face of increasing austerity, but difficult decisions lie ahead;
 - b the successful completion of the Council's Single Status agreement and Equal Pay Review has been highly demanding and other Human Resources priorities have therefore made slower progress than intended;
 - c the Council has a clear vision for its land and buildings, but the links between asset management and the planning of revenue expenditure are not explicit enough; and
 - d despite delivering significant improvements in a number of areas, the ICT function has struggled to prioritise its work in the face of increasing demand.
- 7 Finally, we found that, during 2013-14, **the Council made good progress against the improvement priorities we looked at but its performance against the national indicators declined slightly.**
- 8 We concluded that:
- a Flintshire schools continue to provide good value for money and the Council is seeking further efficiency within the education system;
 - b there has been good progress in adult social services but the performance of children's services has been less consistent in the face of increasing demand;
 - c overall performance against the national indicators declined slightly, but with some strong performance across several service areas;
 - d the Council is making good progress in implementing initiatives to help mitigate the impact of cuts to welfare benefits and to reduce fuel poverty;
 - e the Council's performance in preventing homelessness has improved but there has been little progress in the length of time people spend in temporary accommodation; and
 - f the Council continues to make progress in improving the Welsh language capability of its staff but it recognises that progress is not consistent across the whole Council.

Recommendations and proposals for improvement

- 9 Given the wide range of services provided and the challenges facing the Council, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
 - a make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;
 - b make formal recommendations for improvement – if a formal recommendation is made the Council must prepare a response to that recommendation within 30 working days;
 - c conduct a special inspection and publish a report and make recommendations; and
 - d recommend to Ministers of the Welsh Government that they intervene in some way.
- 10 We have made no statutory recommendations during previous work this year and we make none in this report. The following proposals for improvement stem from our corporate assessment work in September 2014.

Proposals for Improvement

- P1** The Council should develop and implement a consistent approach to business planning that promotes the ownership by staff of key objectives and targets.
- P2** The Council should improve the quality of its reports to committees and Cabinet to ensure that:
- where necessary, reports enable councillors to refer easily to relevant policies and previous decisions and discussions;
 - key messages and recommendations are clear and succinct; and
 - reports to scrutiny committees include recommendations or options that committees might endorse.
- P3** The Council should ensure that, in implementing its revised strategies for People, ICT and Asset Management:
- their financial implications feed into the medium-term financial plan; and
 - the links between the strategies are fully considered so that specialist staff are available when required.
- P4** Group Leaders should strongly encourage members to take advantage of the Member Development Scheme.
- P5** The Council should take the opportunity of its review of scrutiny structures to ensure that Overview and Scrutiny Committees can add real value to Council decision-making by aligning agendas more explicitly to Council priorities and risks.
- P6** The Council should:
- adopt a consistent approach to managing risk, ensuring that all staff involved use a similar approach to record impact, likelihood and mitigating actions; and
 - apply this approach to its future savings plans.
- P7** The Council should ensure a consistent approach to workforce planning and use the results to inform future reductions in staff.

Introduction

- 11 Under the Local Government (Wales) Measure 2009 (the Measure), the Auditor General must report each year on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement in delivering their services. **Appendix 1** provides more information about the Auditor General's powers and duties under the Measure.
- 12 In 2013-14, staff of the Wales Audit Office began a four-year cycle of Corporate Assessments of improvement authorities in Wales. This means that, in addition to an annual programme of improvement studies and audits of councils' approaches to improvement planning and reporting, each Council will receive an in-depth Corporate Assessment once during a four-year period. In the intervening years, we will keep track of developments and focus further assessment work on a number of key themes, developed in discussion with each Council.
- 13 We undertook our Corporate Assessment fieldwork in Flintshire County Council (the Council) during September 2014. This annual improvement report includes the Corporate Assessment report and also summarises the regulatory reports issued to the Council since the last annual improvement report was published in June 2014. Whilst the Corporate Assessment does not aim to provide a comprehensive analysis of the performance of all of the Council's services, it reports on the Council's track record of performance and outcomes as well as the key arrangements that are necessary to underpin improvements in services and functions.
- 14 This work has been undertaken by staff of the Wales Audit Office on behalf of the Auditor General. With help from Welsh inspectorates, Estyn (for education), the Care and Social Services Inspectorate for Wales (CSSIW), and the Welsh Language Commissioner, we have brought together a picture of what the Council is trying to achieve, how it is going about it, and the progress it has made since the Auditor General published his last annual improvement report. Finally, taking all this into account, the report records the Auditor General's conclusion on whether the Council is likely to make arrangements to secure continuous improvement for 2015-16.
- 15 This conclusion should not be seen as a definitive statement of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements currently in place are reasonably sound insofar as can be ascertained from the work carried out.
- 16 Our fieldwork for the Corporate Assessment focused on the extent to which arrangements are contributing to delivering improved service performance and outcomes for citizens. The corporate assessment sought to answer the following question:
'Is the Council capable of delivering its priorities and improved outcomes for citizens?'

- 17 The Corporate Assessment covers the following:
- a **Performance and outcomes:**
'Is the Council making progress on achieving its planned improvements in performance and outcomes?'
 - b **Vision and strategic direction:**
'Does the Council's vision and strategic direction support improvement?'
 - c **Governance and accountability:**
'Do the Council's governance and accountability arrangements support robust and effective decision-making?'
 - d **Use of resources:**
'Is the Council managing its resources effectively to deliver its planned improvements in performance and outcomes?'
 - e **Collaboration and partnerships:**
'Are the Council's collaboration and partnership arrangements working effectively to deliver improved performance and outcomes?'
 - f **Managing improvement:**
'Is the Council effectively managing its improvement programme?'
- 18 The conclusions in this report are based on the work carried out and, unless stated otherwise, reflect the situation at the point in time they were concluded. However, changes in the Council's operating model – its management structure and the way in which senior managers work together – form an important context to this report.
- 19 In February 2014, the Council consulted on a significant re-shaping of its senior staffing structure with the aims of:
- a maximising the financial efficiency of the organisation and prioritising its resources; and
 - b modernising the organisation to be lean, productive, efficient, resilient and high performing.
- 20 The proposals were agreed in March 2014 and the process of recruiting a new Chief Officer Team began in May. At the time of our Corporate Assessment fieldwork in September, the final appointment to the team had just been made.
- 21 The new operating model eliminates the four Directorates within which all Council services were previously located. Instead, a single tier of nine Chief Officers reports directly to the Chief Executive. The proposal reduces the number of senior posts from 18 to 10, saving at least £0.5 million in a full financial year. The Council has described the proposals as being, 'an integral part of meeting our budget targets and a critical part of our transformation programme'.

- 22 It is too early to evaluate the overall impact of these changes, but we refer elsewhere in this report to the positive potential of this new operating model, as well as to some of the associated risks. As the new operating model settles down, the Council expects to improve and transform its services at a faster pace and strengthen its ability to respond effectively to external changes.
- 23 Since conducting our Corporate Assessment fieldwork, we have met the Chief Executive and Chief Officer Team, together with the Leader and the Deputy Leader, and have discussed our provisional findings. The Council has responded positively to those findings and is already implementing an action plan to address our proposals for improvement.

Detailed Report

The Council has made significant progress in a number of difficult areas during the last year; although it needs to strengthen aspects of its arrangements, the Council is reasonably well placed to continue to deliver its priorities in the face of further financial challenges



Despite some strengths and areas of progress, aspects of the Council's arrangements are not fully supporting decision-making and the delivery of the Council's agreed priorities

The Council has established a wide-ranging set of clearly-stated priorities that have a broad base of support within the Council and among partners

- 24 The Council benefits from a well-regarded and stable political leadership whose ambitions for the county are, for the most part, shared across all political groups. There is far less political tension than during previous administrations. The leadership has recently begun to engage more extensively than before with opposition groups in paving the way for the 2015-16 budget. Opportunities to build consensus in this way will become increasingly valuable in future as the Council faces more and more difficult decisions.
- 25 The Council's vision and strategic priorities have been developed in conjunction with, and are complementary to, those of its partners within the Local Service Board (LSB). Working with its partners, the Council has established eight standing priorities for the duration of its term of office. The priorities, which constitute the Council's Improvement Objectives, address the following themes:
- a Living Well
 - b Poverty
 - c Housing
 - d Environment
 - e Economy and Enterprise
 - f Skills and Learning
 - g Safe Communities
 - h Modern and Efficient Council
- 26 The Council sets out its vision clearly within its Improvement Plan, as required by the Local Government Measure 2009 (the Measure). For 2014-15, the Council's coherent set of eight strategic priorities is underpinned by more detailed sub-priorities, some of which are identified clearly as areas of particular focus during the year. Though wide-ranging, the Council's vision demonstrates a clear commitment to continuous improvement, reflected by targets for improving the efficiency and effectiveness of its services, particularly those associated with its in-year Improvement Objectives.
- 27 The Council has a track record of, and continued commitment to, delivering services to the public in partnership and collaboration with other councils, public sector organisations, business and voluntary sector partners. Despite the uncertainty surrounding the future configuration of local government in Wales, the Council has a clear vision of its future role in partnership and collaborative arrangements, recognising that it can no longer continue to deliver all services in the way it has in the past. The Council plays a high profile role within the LSB and partners speak highly of the willingness and commitment of the Council's senior officers and members to work collaboratively.

- 28 The Council has aligned its own Improvement Plan with the wider Flintshire Single Integrated Plan, the 'Wellbeing Plan', which is overseen by the LSB. The Council's priorities therefore represent its agreed contribution to the achievement of the broader outcomes set out within the 'Wellbeing Plan'. The priorities from the 'Wellbeing Plan' have been agreed between the Council and its partners, fairly reflecting individual partners' priorities, and so that they are consistent with the partner organisations' objectives and desired outcomes. Although the LSB and Council do not have an overall resource plan or pooled budget for the delivery of the 'Wellbeing Plan', resources are agreed on a project-by-project basis.
- 29 The Council has a framework and guidance in place to encourage a consistent approach to stakeholder engagement. The Council demonstrates an understanding of its accountability to the public through its Public Engagement and Consultation Service Framework. Guidance for staff on the purpose and importance of effective engagement, available on the Council's intranet, is clear and succinct. The guidance is supported by templates, and a range of case studies to illustrate good engagement practice with a range of audiences.
- 30 Despite its framework and guidance, the Council has not been systematic in engaging with the public about its priorities. Instead, the Council tends to rely on the democratic representative role of its councillors in gauging public opinion. Some individual services have analysed the needs of communities and of service users but the Council and its partners do not have access to any recent, comprehensive surveys or assessments of public opinion.
- 31 The Council is expanding the ways it engages with citizens in order to try and engage with different groups. The Council's budget consultation process for 2015-16 began via the internet, and social media was used to hold a Twitter debate. Council services are using feedback to improve engagement events. For example, an event for young people with disabilities was informed by feedback from previous attendees. The changes made to the event were appreciated by the young people. The Council's new housing company, North East Wales Homes and Property Management, is making extensive and effective use of social media to engage with its customers and with citizens more widely.

The Council's corporate planning and reporting of performance have improved year-on-year but plans at service level are of inconsistent quality

- 32 We have, in the past, been critical of the extent to which annual Improvement Plans have communicated the Council's priorities effectively to citizens. The Council has worked hard to improve the quality of this key plan and the Improvement Plan for 2014-15¹ is a clear and accessible document that sets out far more clearly than before what the Council plans to do and how its success might be measured and evaluated. We issued a certificate in July 2014 confirming that the Improvement Plan discharged the Council's duties under the Measure (see [Appendix 2](#)).

¹ The Council's Improvement Plan for 2014-15 is available on its website: [http://www.flintshire.gov.uk/en/PDFFiles/Policy-and-Performance/Improvement-Plan-2014-15-\(FINAL\)-English.pdf](http://www.flintshire.gov.uk/en/PDFFiles/Policy-and-Performance/Improvement-Plan-2014-15-(FINAL)-English.pdf).

- 33 Having agreed to implement its new operating model, the Council also agreed to stop producing the annual Directorate Plans that had previously set out each Directorate's contribution to achieving the Council's Improvement Objectives. The Council has acknowledged that these plans were time-consuming to produce and had limited beneficial impact. They tended to reinforce the distinctions between the Directorates and had the potential to dilute a corporate approach to the delivery of some of the Council's priorities, particularly those relating to the theme of 'Modern and Efficient Council'.
- 34 We found considerable inconsistency in the quality of business and service planning to deliver the Council's Improvement Objectives. We found it difficult to trace the 'golden thread' through from the Improvement Objectives to the level that sets out staff's role in their delivery. An Internal Audit report on risk management, issued in August 2014, identified that some services had no service plans in place during 2013-14. Among the service plans we examined, a number of different formats are being used. Although a uniform format for service planning may not be appropriate, the Council acknowledges that it needs to develop an updated corporate approach to service planning. The Council intends to work towards putting this in place for 2015-16, informing its approach by reviewing the various approaches that different services are currently adopting.
- 35 We found a mixed picture in the extent to which staff engage with and 'own' those objectives and targets that relate to the areas for which they are responsible. The Council's staff appraisal process is not applied consistently and falls short of the Council's own target for completion. However, some staff that we spoke to valued the one-to-one supervisory meetings that they were involved in. Such meetings offer regular opportunities to reflect constructively on performance and progress and to consider whether changes are necessary in order to achieve agreed goals. The implementation of a new performance appraisal process is well underway with the aim that all staff should have been appraised under the new system by mid 2015.
- 36 There are also a number of strong elements within the Council's performance management arrangements. For example, guidance on target-setting incorporates useful requirements to include longer-term aspirational targets and to highlight 'maintenance targets'. These maintenance targets operate as a valuable check to ensure that a focus on a specific area does not adversely affect the performance of other aspects of service delivery.
- 37 The Council has a clear focus on improving service performance and outcomes, demonstrated most clearly through its annual improvement planning process. The significant majority of annual targets (and many short and medium-term aspirational targets) anticipate that performance will continue to improve. However, the Council recognises that it will need to review its priorities and the scale of its ambitions, to reflect the increasingly challenging budget position, with a greater emphasis on maximising service efficiency.

- 38 The Council is robust in ensuring the quality and accuracy of its Annual Performance Reports, which are required under the Measure. The content of draft reports is challenged and amendments are made and agreed before the reports are finalised. The process does, however, involve a number of tiers and is demanding on staff resources. In recognising this, the Council is planning to explore alternative, less resource-intensive ways of carrying out this aspect of quality control.
- 39 We have, in the past, reported the complexity of aspects of the Council's Annual Performance Report, and criticised the extent to which its key messages are accessible to the public and to councillors. The Council has responded positively to past proposals for improvement and we judged that the Council's assessment of its performance in 2013-14, published in October 2014, complied with the requirements of the Measure. We issued a certificate confirming our opinion in November (see [Appendix 3](#)).
- 40 Other performance reports to committees are often still long and highly detailed. The Council has now begun to implement an 'exception reporting' format which highlights only those areas where performance is worse than anticipated or where there are significant risks to future progress. This has the potential to improve both the effectiveness and the efficiency of performance reporting.
- 41 The LSB has successfully adopted the Council's performance management framework to monitor the delivery of the Single Integrated Plan. The framework includes a timetable for mid and end-of-year partnership performance reviews and requires the LSB to publish an annual end-of-year report that summarises the impact it has achieved. The framework also includes valuable measures that demonstrate the delivery of most of the partnership outcomes. However, some performance information relates more to inputs, processes and outputs, and could be clearer in terms of benefits for the public.
- 42 The Council has a good understanding of the extent of its collaborative working and partnerships and has produced a position statement setting out its strategic partnerships and regional collaborations in 2014. The information in the statement has enabled the Council to make informed decisions about future plans and performance management regarding individual partnerships. However, the Council could do more to explain the intended impact of some partnerships and joint working arrangements, and the benefits they should deliver for the public.

Sound governance structures are mostly in place but some aspects are not working as effectively as they might

The Council has sound structures and arrangements in place to support good governance, but some of its strategies and supporting documents are out of date

- 43 A comprehensive Governance Framework is in place that identifies the strategies and planning arrangements in place to ensure the Council is well run and governed. The Framework clearly sets out committee and officer roles, responsibilities and reporting lines. It also details internal and external assurance arrangements and the four enabling corporate strategies that are seen as the pillars of the Council's governance arrangements. The Council has a comprehensive constitution which is part-way through a three-year rolling review programme to ensure it is up to date. Staff receive training on its content and the internal audit programme provides assurance of compliance with key elements such as the completion of declarations of interest by councillors.
- 44 Governance arrangements are reviewed annually by heads of service and chief officers who are held to account for governance within their service areas. Increasingly, members are also being involved in self-assessing governance arrangements. However, some of the Council's enabling strategies, such as those for HR and ICT, are out of date and are currently being reviewed. We found that the Council has lost sight of the aims of the existing strategies, focusing instead on more narrowly-focused action plans. The Council has not managed well enough the connections between its Asset Management, ICT and People Strategies and their implications for its financial planning. This indicates that the strategies have not fully supported the governance framework, as intended.
- 45 The structure and working style of the new Chief Officer Team have the potential to identify and exploit the linkage between the Council's four enabling strategies more effectively than before, helping councillors to manage competing priorities more coherently.
- 46 The constitution sets out clearly the roles and responsibilities of members and officers and the Leader is clear that ultimate accountability for achieving Council priorities lies with Cabinet members. However, this is not made explicit in committee or Cabinet reports which do not include the name of the responsible Cabinet member. Officers usually lead the presentation of papers at scrutiny committee meetings, although Cabinet members attend and provide informed and insightful input to resulting debates.
- 47 A range of different but appropriate governance arrangements underpin the regional and local collaborations in which the Council is involved. A formally-constituted Joint Committee oversees the work of the North Wales Regional Waste initiative, for example, and GwE, the regional school improvement consortium.

The Council's internal audit arrangements are robust and support the work of the Audit Committee

48 The Council's internal audit programme responds effectively to changes in risk and demand. The Council produces a three-year internal audit strategic plan which is reviewed and updated annually. It takes into account Council priorities, risks and areas for improvement. A mid-year review of planned activities was recently undertaken to reflect changes in the management structure. Meetings were held with each new chief officer and their teams to confirm that audit plans were still valid. As a result, the internal audit programme has been amended appropriately. The internal audit plan covers all portfolios and is agreed by the Audit Committee. The implementation of both external and internal audit recommendations is closely monitored. The recommendations from these reports are tracked electronically and any failure to respond is reported to the Audit Committee. In addition the internal auditor meets quarterly with departmental teams to monitor progress. The Audit Committee is generally effective; members understand their role and the committee provides a good level of challenge.

Elected members carry out their roles diligently but the impact of scrutiny is less than it might be

49 Cabinet members are generally well informed about their portfolios. They meet regularly with the relevant senior officers and the Leader and Deputy Leader have a constructive and trusting relationship with the Chief Executive and Chief Officers. Informal Cabinet meetings with the Chief Officer Team prior to each Cabinet meeting are productive in clarifying members' understanding of up-coming papers. The subsequent formal decision-making at Cabinet is therefore well-informed, and meetings are brisk and business-like, although the extent of debate in the public arena is often limited.

50 Member development programmes and training, while offered and promoted, are not well attended, and the take-up of member personal development reviews has not been a success. Appropriately, councillors may only take part in Planning or Licensing Committee meetings after undertaking specific training, and these courses are well attended. However, attendance at other training events has been poor. The Council has undertaken a review into this, and is changing the way some training is delivered. Members do not feel they have the opportunity to shape training programmes but member development is not driven at the Council.

51 Some longstanding members question the need for training. However, the various committees that we observed suggested that there remains the potential to improve member skills such as the chairing of meetings, the interpretation of council reports and the identification of strategic rather than ward-based issues for discussion.

- 52 The Council has six overview and scrutiny committees which are well resourced with dedicated officer support. The Council recognises that the balance of work between committees varies and the number of committees is comparatively high compared to the Welsh average. Overview and scrutiny structures have not been reviewed since 2010 and the Council is now planning to review structures.
- 53 Cabinet members support the scrutiny process well by attending meetings regularly. However, the impact that scrutiny is having on decision-making is often unclear. A high proportion of the work of scrutiny committees takes the form of monitoring reports on matters such as the budget or on performance against targets, although individual members also raise items and request reports on issues of interest to them. A small proportion of scrutiny agendas relate to 'pre-decision scrutiny' whereby committees consider issues before they reach Cabinet for decisions to be taken. All Scrutiny committees have forward programmes but it is not clear how these are influenced by corporate priorities, the Cabinet agenda or the corporate risk profile.
- 54 The level of challenge and quality of debate in scrutiny committee meetings varies. There are examples of scrutiny providing decisive challenge, such as when a task and finish group was established to review the Council's approach to target setting. However, reports presented to scrutiny committees are often for noting rather than requiring the agreement of recommendations to Cabinet. Discussion tends to lack focus as a result and the scrutiny function is limited in terms of its contribution to Council policy or priorities and in ensuring that decisions benefit from a wide range of political views.
- 55 The quality of papers presented to scrutiny committees and to Cabinet varies too much. Some reports are too long, too detailed or include unnecessary jargon, meaning that they can be difficult to understand for non-specialist members. For example, the ICT quarterly reports presented to Cabinet and committees include helpful performance indicators relating to customer satisfaction. However, references to progress on larger projects relating to systems are vaguer and rely on members referring to previous reports to get an understanding of how projects have moved on or how much work remains. Finance and budget-related papers are also not easy to understand. This means that the Council risks inadequate challenge on financial performance as members may not understand the issues fully.

Improvements to the previous complex risk management arrangements have not yet resulted in a robust system that is applied consistently

- 56 The Council recognises that it is on a journey in relation to developing a robust approach to the identification and management of risk. It has tried in recent years to simplify what was a complex risk management system but has not yet established arrangements that are applied consistently across the organisation.

- 57 Under the current arrangements, the Council's corporate risks are reflected only in its Annual Improvement Plan and Governance Statement. There is no effective 'live' system, therefore, for identifying and managing new risks at a corporate level. There is no robust process for identifying operational risks that are escalating, and which might be better managed as corporate risks.
- 58 Although the Council has produced extensive guidance on risk management, this is out of date in some respects. The Council expects operational risks to be managed within service plans but, as has been highlighted earlier in this report, service planning is not currently consistent with corporate guidance. The use of inconsistent and confusing terminology is also unhelpful, as is a tendency in some areas not to express risks in sufficient detail.

There are some areas of weakness in the Council's arrangements to support the safeguarding of children

- 59 Between March and May 2014, we completed a review in all councils of their arrangements to support the safeguarding of children. The work also included a review of the Council's whistleblowing arrangements. As well as interviewing key staff and councillors and reading relevant documents, we conducted an online survey for elected members, senior managers, and staff in the education and leisure services to test each council's arrangements.
- 60 We have reported the outcome of this work separately and made two proposals for improvement which we have not repeated in this report. In summary, we found that:
- a the Council has established clear governance and scrutiny arrangements for managing its children's safeguarding responsibilities but the lack of a specific local policy to underpin decision-making is a weakness;
 - b the proportion of survey respondents who were aware of who is the Council's Designated Officer for Child Protection and its lead councillor was significantly lower than our survey average;
 - c the Council reports its performance on safeguarding issues on an ad hoc rather than a regular basis;
 - d the Council has no formal process to confirm that all relevant staff have received safeguarding training, with a below average proportion of survey respondents reporting that they had received recent training;
 - e the Council has assured itself that it complies with data protection requirements; and
 - f the Council has a satisfactory whistleblowing policy which it applies appropriately.

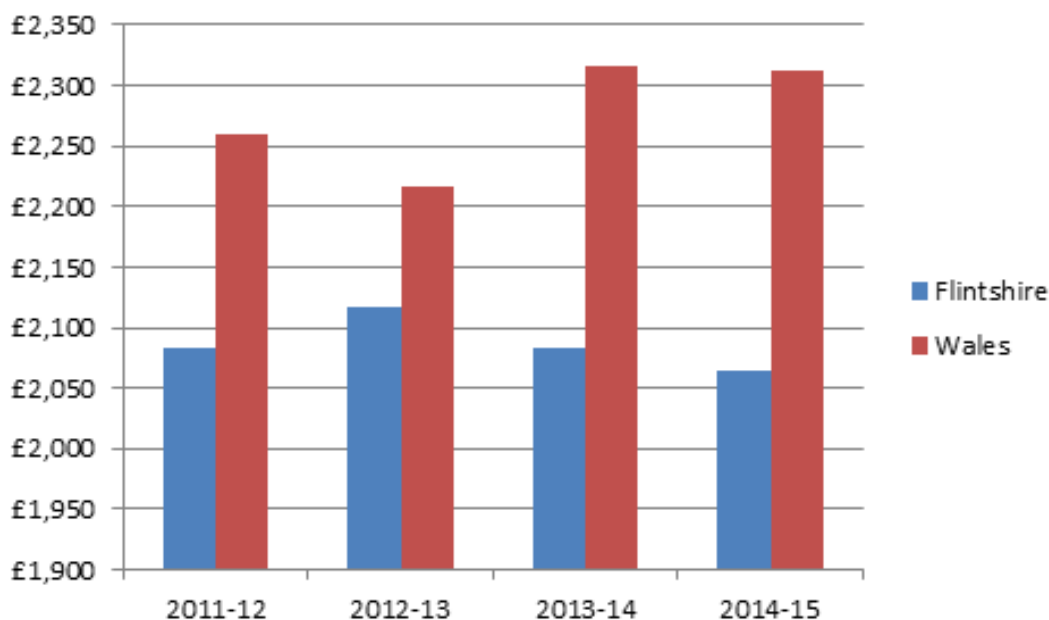
The Council has taken significant strides forward in its use of resources and now needs to co-ordinate the elements more systematically in the face of future financial challenges

Improvements in financial planning have the potential to support the Council in maintaining its recent track record of financial savings in the face of increasing austerity, but difficult decisions lie ahead

- 61 We have been critical in previous reports of the Council's medium-term financial planning. Until recently, budget planning has tended to focus only on the year ahead. The Council has therefore tended to rely on in-year projects to deliver the necessary savings, rather than embarking on longer-term work whose financial benefits may not materialise until subsequent years. This short-term approach has contributed to the rapid pace of change that has been necessary during 2014 in order to deal with the larger than expected reduction in central government funding for 2015-16, and which is likely to continue.
- 62 The Council has responded positively to the need to improve its medium-term financial planning and has now put in place a three-year plan that it will refresh annually. The new Chief Officer Team has the potential, as intended, to contribute a more corporate, wide-ranging view than before to this plan, improving the Council's capacity to manage all of its resources. The Council is aware of the risks associated with the fact that its Chief Finance Officer is not a member of the Chief Officer Team and has mitigated these risks successfully thus far.
- 63 Flintshire's demography results in the Council receiving a lower level of funding per head of population via the Welsh Government's Revenue Support Grant (RSG) than most councils in Wales. The RSG contribution, together with Flintshire's allocation of non-domestic rates, represents about 75 per cent of the Council's budget, with the remainder coming from Council Tax. Rates of Council Tax in Flintshire are slightly below the Wales average and have increased comparatively slowly in recent years.
- 64 Flintshire's gross revenue budget² for 2014-15 was £315.3 million. Mainly as a result of the comparatively low level of RSG income, gross revenue expenditure per head of population in Flintshire is well below average; Council services as a whole therefore cost less to run than in almost all other councils in Wales.
- 65 **Exhibit 1** shows that, in 2014-15, gross revenue expenditure per head of population in Flintshire was £2,064 per person, a little lower than it was in 2011-12. During the same period, average gross budget per head in Wales has increased from £2,259 per person in 2011-12 to £2,312 per person in 2014-15. In real terms, we calculate that Flintshire's budgeted gross revenue expenditure has fallen by about seven per cent since 2011-12, while the average for councils across Wales has fallen by about three per cent.

² Gross revenue budgets are reported net of income and charges, but they include specific grants distributed by the Welsh Government.

Exhibit 1 – Budgeted gross revenue expenditure per head of population



- 66 Despite its year-on-year approach to financial planning, the Council has, therefore, made significant savings and efficiencies in recent years, with no apparent adverse impact on the accessibility and quality of services. During the three years 2011-12 until 2013-14, the Council planned to deliver about £19 million in savings, and has reported that about 80 per cent of these plans achieved the desired results. The budget for 2014-15 included plans for a further £11.9 million of savings. The Council has reported to members that, in December 2014, the original plans were on track to yield about £9 million.
- 67 The budget reductions to date stem from a range of sources, including a range of service reviews and from improved procurement of goods and services. The Council acknowledges, however, that its procurement of goods and services remains an area for continued improvement.
- 68 Officers support the budget planning process well by providing detailed estimates of likely cost pressures and other changes in the year ahead. However, budgets in recent years have made little explicit reference to the Council's priorities. As further future budget reductions bite, the Council is aware of the fact that it faces difficult decisions that will need to be guided by the priorities it has set itself. New models of service planning have the potential to make a positive contribution in informing such decisions.

- 69 Planning the 2015-16 budget has proved to be particularly challenging given the late announcement of a larger-than-anticipated reduction in RSG. The Council's political leadership has, in the past, tended to unveil its budget plans at a late stage in the planning process. This year, however, the Council has begun to engage with the public about the challenges it faces, and political leaders have taken the opportunity to engage more widely than before with other political groups. Such a process has been valuable in other councils in gaining a helpful degree of consensus before major decisions are taken. At the time of our Corporate Assessment in September 2014, there was a funding gap for 2015-16 of about £16 million. At that time, there was a significant risk that the Council might not be in a position to set a balanced budget. However, the Council set a balanced budget as required on 17 February 2015. The Council is nevertheless well aware that further large reductions in its income are likely in years to come and that the decisions needed to set future budgets will become increasingly difficult.
- 70 The Council invests significant time and effort in monitoring its financial performance and in producing detailed monthly reports to members. Councillors we spoke to value these reports. However, and as is the case for some performance monitoring reports, there is scope to review these budget monitoring reports with a view to making them shorter and easier to follow.
- 71 The budget monitoring reports show that, on balance, budgetary control is sound. Total revenue expenditure has been about £3 million (or one per cent) less than the budget in each of the last three financial years. However, some demand-led budgets such as those for out-of-county placements are particularly volatile and show significant changes from one month to the next. Such variations are unhelpful in predicting end-of-year out-turn and suggest that there is a need for better forecasting and demand management at service level.
- 72 The Council's Annual Audit Letter (see [Appendix 4](#)), issued for and on behalf of the Appointed Auditor in November 2014, reports that:
- a the Council complied with its responsibilities relating to financial reporting and use of resources during 2013-14; and that
 - b the Appointed Auditor is satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

The successful completion of the Council's Single Status agreement and Equal Pay Review has been highly demanding and other Human Resources priorities have therefore made slower progress than intended

- 73 The Council has a well-established and experienced Human Resources and Organisational Development (HR & OD) team to support it in delivering its Improvement Objectives and its change agenda. A comprehensive set of core and supplementary HR policies is in place and the team has also produced a range of guidance documents and toolkits to support managers in areas such as agile working and workforce planning.
- 74 The People Strategy 2009-2012, extended until 2014, forms one of the four pillars of the Council's governance framework. The strategy sets out a clear vision that was appropriate when the strategy was first adopted. However, changes in priority and, particularly, in the financial climate since that time have resulted in the Council losing sight of the strategy as a whole and focusing instead on specific projects at the expense of others.
- 75 The considerable demands of the Single Status agreement and Equal Pay Review have, in particular, diminished the capacity available within the HR & OD team for other activity aligned to the strategy. The Council has now almost completed this complex and resource-intensive work which has been highly necessary and, after a slow start, has been well managed. However, the demands of the work led to the reprioritisation of some of the other work required to lay the foundations for future financial savings and efficiencies. This work has therefore been later in starting than would be ideal. The introduction of a new staff appraisal system, for example, was delayed and the Council has had less success in reducing sickness absence figures than it had intended. Absence rates have remained steady over the last three years at an average of 10.5 days per full-time member of staff, well above the Council's target of 9.6 days. During our Corporate Assessment, some service users also reported concerns about delays in processes such as recruitment.
- 76 The Council has a good relationship with the independent and voluntary sectors and contributes well, alongside its partners, to developing the workforce within those organisations. This has resulted in increasing numbers of independent and voluntary sector staff receiving training alongside the Council workforce on, for example, providing welfare reform guidance. The Council works closely with Coleg Cambria in a joint initiative providing advice and support to business start-ups, including help for writing business plans, market research and financial planning with support from experienced mentors.
- 77 However, we found that workforce planning, linked to talent management, is not being carried out systematically across the Council. Workforce planning tends to occur as a reaction to change rather than providing information and guidance that inform change. There is a risk, therefore, that the Council loses skills and expertise from among its staff without there being sufficient suitable replacements available.

- 78 Following the implementation of the new operating model and the appointment of the Chief Officer Team, the Council is making good progress in developing a new three-year People Strategy. In doing so, the Council has engaged well with a variety of stakeholders, including councillors. This early engagement has the potential to help elected members to take ownership of the strategy, and to keep sight of its broader aims as they monitor progress against future actions. Nevertheless, plans to improve or at least maintain services whilst achieving significant cost reductions through reducing staff numbers represent a significant challenge.
- 79 Senior staff have considered the future delivery of the HR & OD function and acknowledge that the current model needs to mature during the life of the new strategy in order to create further capacity within the HR & OD team. The future model will require service managers to be more self-sufficient than in the past in managing their staff, drawing on specialist HR support only in a consultative capacity. A well-regarded and accredited training programme for managers is already in place, established in partnership with Coleg Cambria.

The Council has a clear vision for its land and buildings, but the links between asset management and the planning of revenue expenditure are not explicit enough

- 80 The Council owns significant land and property assets with an overall value of about £1 billion, including its stock of about 7,400 council houses. The Council has a clear vision and sense of purpose for its assets, summarised as 'having the right buildings in the right places for the right uses'. However, until recently, the Council has taken an ad hoc, rather than a systematic approach to managing some of its assets, including its approach to dealing with land or buildings surplus to requirements. The Council has a clear plan for retaining or disposing of its small agricultural estate and its operational buildings. It is now reviewing the options for the remainder of its property assets, including a commercial estate with a significant backlog of repairs and maintenance and an extensive range of buildings used for community-related purposes throughout the County.
- 81 The Council's asset management plan was produced in 2010. Although due for a refresh, it remains in most respects a comprehensive and well-developed strategy. However, the principles it describes – such as transferring surplus assets to the community, via community asset transfers³ – have not always been implemented with sufficient pace. During 2013-14, the Council completed just two community asset transfers but it expects to accelerate progress during 2014-15 and beyond by simplifying and standardising the transfer process. Similarly, the Council's Agile Working project, that helps its staff to work more flexibly and makes more efficient use of floor space, has made less progress than anticipated.

³ Community Asset Transfer: the transfer of land or buildings into the ownership or management of a Voluntary/Community Sector organisation or statutory body. This allows organisations to apply for grant support which would not be available to the Council. It means that the Council is no longer responsible for the cost of managing and maintaining the asset, and the community retains use of the asset – which often increases due to greater local 'ownership'.

- 82 The Council has collaborated successfully in joint asset planning with public sector partners, though this work has focused on individual projects rather than being led by long-term, strategic joint planning. Nevertheless, recent examples of asset planning are helping the Council and its partners to meet several shared improvement objectives, by co-locating front-line services within town centres. The Connect Centre at Flint is a good example of joint asset planning involving the creation of a one-stop-shop, co-location of the local police station, redevelopment of the former police station site, relocation of back-office staff and the closure of a surplus office building. This arrangement supports the Council's efforts to regenerate the town centre, reduces the operational space occupied by the Council, provides a local base for partners such as the Department for Work and Pensions to deliver their services and local hot-desk facilities for Council staff who work within and around Flint.
- 83 In recent years, the financial challenges facing the Council have encouraged it to recognise its land and property assets as a strategic corporate resource. However, although the impact of the asset disposal programme on the Council's capital programme is generally clear, the contribution that effective asset management is expected to make to its Medium Term Financial Plan is not explicit. Similarly, although asset management-related performance compares favourably with other councils across Wales, the Council does not use performance management proactively to inform decision-making. However, the Council's capital investment projects are robustly managed both at a strategic level and for individual projects and include a clear commitment to sustainability.

Despite delivering significant improvements in a number of areas, the ICT function has struggled to prioritise its work in the face of increasing demand

- 84 As with its People Strategy, the Council's ICT Strategy represents one of the four pillars of the Council's governance framework. There are further similarities in that the ICT Strategy is now out of date and, more importantly, changes since the strategy was first adopted have resulted in the Council losing sight of the aims of the strategy as a whole, focusing instead on specific projects, performance indicators and targets.
- 85 There have, nevertheless, been significant developments in the use of technology that have contributed to improved efficiency and to a wider range of ways for customers to access Council services. The Council's website is much improved in terms of its appearance and in terms of the ease of access to services and to key documents. In addition, the Council has produced an 'app' for smartphones, further improving the availability of its services and responding to the changing needs of its customers.

- 86 The Council has also exploited technology effectively to improve access to services for those customers preferring face-to-face contact or the use of the telephone. In addition to the Council's main call centre, the Flintshire Connect centres in Holywell, Connah's Quay and Buckley provide accessible 'one stop shops' at which citizens can conduct most aspects of their business with the Council.
- 87 The ICT Strategy emphasises the role of the ICT service in relation to its internal customers within the Council. A successful rationalisation of printers across Council offices has, for example, saved paper costs, as has the introduction of i-Pads for councillors. The Council's key financial systems are generally fit for purpose. However, the service has struggled to meet the demand for change with the result that staff feel frustrated with some aspects of the service. The upgrading and modernisation of some ICT systems have taken longer than expected, for example, and staff involved in the 'agile working' pilot have found difficulties in accessing the Council's ICT systems from their homes.
- 88 The Council has acknowledged that, in the past, it has been reluctant to define the intended benefits, both financial and non-financial, from large-scale technological projects. The Council's new operating model presents a significant opportunity to improve this aspect and to manage the ICT service in a way that reflects clear corporate priorities and which links more explicitly than before to the Council's strategic plans for its staff, its land and buildings and its finances.

The Council made good progress against the improvement priorities we looked at but its performance against the national indicators declined slightly

89 This section of the report focuses on the performance of Council services and the way in which the Council manages its performance. We provide an overview of performance in 2013-14 as well as a more detailed assessment of progress against a selection of the Council's Improvement Objectives. Where possible, these evaluations draw on information that is more up to date than the 2013-14 data. We also include a summary of the Performance Evaluation Report 2013-14, produced by the Care and Social Service Inspectorate Wales (CSSIW), and the Welsh Language Commissioner's assessment of progress in Flintshire.

Flintshire schools continue to provide good value for money and the Council is seeking further efficiency within the education system

- 90 The National Survey for Wales, conducted on behalf of the Welsh Government, indicates that the public in Flintshire has more confidence in the local education service than in any other council in Wales.
- 91 Results in Flintshire primary schools in 2014 consolidated the improvements of the previous year. The proportion of seven-year olds achieving the expected standards was slightly below the Wales average while the proportion of 11 year-olds achieving the expected standards was the same as the Wales average at 84.5 per cent. In secondary schools, 84.3 per cent of 14 year-olds achieved the core subject indicator⁴, the fifth highest proportion among councils in Wales. At key stage 4, performance fell slightly compared with 2013, but the proportion of 16 year-olds who gained five or more good GCSE grades that included the important subjects of mathematics and English or Welsh (first language) remained well above average and was the third highest in Wales.
- 92 Eligibility for free school-meals – a proxy measure for levels of deprivation – is well below the national average in Flintshire. We would therefore expect school performance in Flintshire as a whole to be above national averages. Levels of attainment in primary schools are therefore a little below what might be expected. Performance in too many primary and secondary schools nevertheless compared unfavourably with that in schools elsewhere in Wales with similar levels of deprivation.
- 93 We reported last year that there had been a steady fall in the number of 16-year-old school leavers in Flintshire who are not in employment, education or training. However, in 2013 (the latest year for which data⁵ is available), the proportion increased sharply to 3.6 per cent, only marginally better than the national average. Attendance rates in secondary schools have been among the best in Wales in recent years and continue to compare favourably with the Wales average.
- 94 The Council is responsible for ensuring an adequate supply of school places in an efficient manner. By merging infant and junior schools, the Council reduced the number of primary schools it maintains from 71 to 68 during 2013. Nevertheless, the capacity of the primary and secondary school systems increased slightly. In January 2014, there were some 4,300 surplus places in Flintshire schools (15.9 per

4 Pupils achieve the core subject indicator when they attain the expected National Curriculum level for their age in mathematics, science and English or Welsh (first language).

5 *Careers Wales*, <http://www.careerswales.com/prof/server.php?show=nav.3855>

cent of the total) distributed across the 80 schools. Surplus capacity remains lower in Flintshire than the Wales average of 17 per cent, but the gap closed during 2013. Thirty per cent of Flintshire schools have significant surplus capacity as defined by the Welsh Government as compared with 24.7 per cent across Wales.

- 95 The Council continues to address the modernisation of its schools estate and recognises the potential for further efficiencies. Plans to co-locate primary and secondary schools on a single site in Holywell are innovative and likely to improve significantly the working environment for pupils and staff. Prudent concerns about the future viability of another secondary school have led to the postponement of plans to refurbish the school.
- 96 As in previous years, the cost of Flintshire's education system as a whole remains well below that in most Welsh councils. For 2014-15, the Council set an education budget (excluding specific grants) of £109.6 million, equivalent to £4,781 per pupil compared with an average across Wales of £4,939 per pupil. Although there are areas to improve, the broadly positive outcomes outlined above suggest that the schools service continues to provide good value for money.
- 97 The Council has reviewed its school funding formula and implemented the resulting changes. The Welsh Government⁶ has calculated that, in 2014-15, the Council delegated 81.3 per cent of relevant funding to its schools. This is a slightly lower rate than in other councils in North Wales. The Council has recognised the need to review the support services that it provides for schools and the way that they are funded. This review process has the potential to increase the level of delegated funding and increase schools' accountability for procuring the level of support they require.
- 98 We commented in last year's annual improvement report that the Council was spending more per pupil than any other council in Wales on placing pupils with additional learning needs in schools outside Flintshire. For 2014-15, the planned education element of expenditure on this item fell significantly to £2.5 million from almost £3.5 million in 2013-14 following changes to commissioning arrangements. Although much reduced, this budget still represents £110 per pupil when spread across all pupils in Flintshire, the second highest such planned expenditure in Wales. Furthermore, the Council reported that, by the end of the first month of the new financial year, there was already a projected overspend of £227,000 on budgets for out-of-county placements.
- 99 A paper to the Council's Audit Committee in September 2014 shows that, in 2013-14, the Council spent a total of £6.89 million on out-of-county places across both education and social services budgets, about £726,000 over budget. The paper provides assurance to committee members that the Council's procurement of places is effective. However, data within the paper about the number of placements the Council supports is difficult to interpret and does not address the issue comprehensively enough in the wider context of Flintshire's own special school provision.

6 [Statistical Bulletin 49/2014, Knowledge and Analytical Services, Welsh Government](#)

100 We acknowledge that there will inevitably be a degree of volatility in the level of spending on out-of-county placements. However, the extent of volatility from month to month undermines the Council's budgetary control. The frequent variances also suggest that more might be done to improve the accuracy with which these budgets are planned and managed.

There has been good progress in adult social services but the performance of children's services has been less consistent in the face of increasing demand

101 In October 2014, CSSIW published its Performance Evaluation Report 2013-14. The evaluation is based on:

- a information received from the Council;
- b performance data;
- c discussion at quarterly engagement meetings with senior officers;
- d inspections, reviews and site visits;
- e intelligence from complaints and concerns;
- f information from other inspectorates and regulators; and
- g inspections of regulated services commissioned by the Council.

102 The full report is available at cssiw.org.uk. We have summarised CSSIW's assessment of the Council's performance below and draw on other aspects of their evaluation elsewhere in this report.

103 More adults in Flintshire are using services that focus on prevention, rehabilitation and re-ablement, with an increase of 46 per cent during the year in the number of adults that the Council supports. The Council reports that well over half of the people using its re-ablement services achieved full independence, no longer requiring any further services.

104 Initiatives such as Well Check and Living Well support the Council's continued emphasis on promoting independence and wellbeing. Greater investment in partnership working is increasingly leading to the development of suites of services that are supporting more people in the community and fewer in residential care. The Council is effective in monitoring any shortfalls in the quality of care that it commissions and in seeking immediate corrective action.

105 People contacting the Council receive a timely response and, although there have been some delays in supporting people to leave hospital when ready to do so, performance remains better than the Wales average. Almost all service users have timely reviews of their care plans, and Flintshire's performance is the best in Wales on this indicator. Timely reviews enable the Council to respond effectively to changing requirements, improving both the quality and efficiency of the service.

- 106 The Council has acknowledged that it needs to improve its ability to identify and support those who are carers. This work continues but has yet to reach fruition. The Council has commissioned the North East Wales Carers Information Service to assist with this work.
- 107 The demand for children's services increased significantly during 2013-14 with the number of reported requests for assessment growing by over 70 per cent during the year. Repeat referrals have fallen by 13 per cent and the Council has maintained a timely response rate, making a decision within one working day on over 99 per cent of referrals.
- 108 Numbers on the child protection register also rose sharply from 58 in 2012-13 to 133 in 2013-14. This had an impact on the Council's capacity to provide the same level of support as previously and the proportion of initial child protection case conferences conducted within the required timescales fell from 97 per cent to 89 per cent.
- 109 The higher number of referrals led to an increase in the number of initial assessments undertaken and a 40 per cent increase in the number of core assessments. More children and young people than before were seen alone by social workers, providing greater opportunity for them to express their views and wishes. However, CSSIW found that some assessments were not routinely updated and that a number of associated risk assessments were incomplete.
- 110 Fewer reviews of the needs of looked-after children took place within the required timescale than in 2012-13, despite a small reduction in the number of reviews due. There was an even greater reduction in the number of reviews for children in need that were completed on time, with little more than half reaching the required standard. This was the lowest rate in Wales.
- 111 Although there was an increase in the number of looked-after children and young people during 2013-14, the proportion experiencing multiple placements fell and is now among the best in Wales. The Council undertook all the required visits to the children and young people it cares for, but the timeliness of these visits deteriorated. The proportion of looked-after children receiving health assessments remains among the lowest in Wales. The educational attainment of looked-after children aged 16 continues on an upward trend but the outcomes for young adults aged 19 who were formerly looked after is mixed.
- 112 CSSIW's inspection of the Council's Fostering Services was largely positive and found that there was effective support provided by a stable and consistent team, together with a well-organised fostering panel.

- 113 In referring to partnership and collaboration, CSSIW judged that the Council is increasingly realistic about the challenges posed by the need to deliver improving services within the context of reducing financial resources. This has accelerated the drive to greater efficiency, improving strategic partnership working, services that are more integrated and a growing commitment to regional commissioning. The Council is investing more in an early intervention approach that works in partnership with key stakeholders to improve outcomes for children, young people and families. Greater investment in partnership working is increasingly leading to the development of suites of services that are supporting more people in the community and fewer in residential care.

Overall performance against the national indicators declined slightly, but with some strong performance across several service areas

- 114 We reviewed the Council's performance for 2013-14 against the average for Wales across a basket of 44 national indicators⁷. Based on this data, there has been strong performance in several areas, but deteriorating performance in others. The Council's overall performance has declined slightly. For example:
- a one key education indicator was the best in Wales in 2013, with 62.2 per cent of pupils achieving five or more good GCSE grades that include English or Welsh first language and mathematics;
 - b only 4.3 per cent of roads in Flintshire were in a poor condition, the lowest proportion in Wales;
 - c the Council achieved top quartile performance in 13 national indicators, slightly fewer than in 2012-13;
 - d performance against 23 of the 44 indicators was equal to or above the Welsh average, a slight deterioration from 28 in 2012-13; and
 - e performance in Flintshire deteriorated compared with 2012-13 against almost half of the national indicators.
- 115 The Council's 2013-14 Improvement Plan contained eight improvement priorities and 98 secondary priorities. The Council reported good progress against just over half (56 per cent) of the secondary priorities and satisfactory progress against 42 per cent with just two per cent making less-than-satisfactory progress during 2013-14.
- 116 Each year the Welsh Government undertakes a national survey to obtain the views of the people of Wales on a range of issues including health, education and local services. In the 2013-14 survey, 61 per cent of respondents agreed that the Council provided high quality services. This was better than the Welsh average and ranked the Council seventh among the 22 unitary authorities in Wales. The same survey showed that 48 per cent of residents also think that the Council is good at letting them know how it is performing.

⁷ Thirty National Strategic Indicators (NSIs) and 24 Public Accountability Measures (PAMs), of which 10 are classified as both NSIs and PAMs.

The Council is making good progress in implementing initiatives to help mitigate the impact of cuts to welfare benefits and to reduce fuel poverty

- 117 The Council made good progress during 2013-14 against its improvement priority to increase local efforts to protect local people from poverty. The sub-priorities underpinning this improvement priority focused on mitigating the impact of the UK Government's welfare reforms and tackling fuel poverty. The Council met or exceeded all of its 2013-14 targets associated with these sub-priorities.
- 118 The Welfare Reform Act 2012 has brought significant change to the administration and distribution of benefits and will have a major impact on many citizens. In April 2011, the UK Government embarked on a programme of reform, including the phased introduction of Universal Credit between October 2013 and 2017. The Government's plans include changes to Housing Benefit which aim to reduce annual expenditure by around £2.3 billion. These changes will mean that millions of households in Great Britain will receive less in benefits, creating hard choices for them about how they use their money and manage on a day-to-day basis.
- 119 The key changes introduced by the Welfare Reform Act 2012, in summary, are as follows:
- a the introduction of size criteria for the social rented sector, limiting Housing Benefit payments (and later the housing costs element of Universal Credit) for working-age households who under-occupy their homes;
 - b the household benefit cap, which imposes a limit to benefit claims for out-of-work, working-age households;
 - c Universal Credit, which introduces a single monthly integrated benefit for working-age households, both in and out of work, paid direct to claimants; and
 - d changes and cuts to support for Council Tax, devolving power to local authorities to design and administer this benefit.
- 120 The Council has a robust plan in place to address the impact of welfare reform and has established Flintshire Tackling Poverty Partnership to consider and respond to the issues. This forum includes an appropriately wide range of stakeholders to ensure full coverage of all issues, including organisations that are affected by welfare reform and those that can play a positive role in addressing the impact. The partnership monitors its performance and provides updates that feed into the Council's action plans.
- 121 The Council's action plans focus explicitly on mitigating the financial and operational impact of the reforms on individuals and agencies such as local housing associations. Planning is well-informed by data collected from tenants in order to understand the impact that the reforms have had and to try to mitigate their impact. In many cases, the data obtained is comprehensive and the Council has been able to use the process to help to provide more personalised advice and support such as the completion of a budgeting tool, providing advice on utility bills, and checking to ensure that all appropriate benefits are being claimed.

- 122 The Council has a comprehensive set of local indicators to measure the impact of its work and that of its partners in all areas of welfare reform. The Council and its partners are able to demonstrate that they generated additional welfare benefit and tax credit income for residents totalling £2.3 million in 2013-14, boosting household income and spending power within the local economy and positively supporting the tackling poverty agenda.
- 123 Welfare reform cuts across many different Council services and has many different impacts on a wide range of organisations and individuals. To be effective, therefore, the Council needs to ensure there is clear leadership on welfare reform with appropriate governance and accountability to support policymaking, enable effective scrutiny and hold services and the Cabinet to account. We found that officers and councillors in Flintshire are fully aware of the performance monitoring arrangements for welfare reform and they are clear about who is responsible for the various strands of activity. Regular updates to scrutiny committees provide members with the opportunity to oversee and challenge performance. The Council has also trained staff across a wide and appropriate range of services in order to increase their awareness of the key benefit changes and the wider community impact.
- 124 Despite the good progress in mitigating the effects of poverty, the Council's corporate performance measures for poverty contain little reference to the performance of the Housing Benefit and Council Tax Reduction Scheme service. This is a key service that helps over 12,000 low income households in Flintshire to pay their rent and Council Tax. An assessment of the quality of the administration of the Housing Benefit and Council Tax Reduction Scheme has the potential to further improve the Council's overall evaluation of its performance in tackling poverty among Flintshire's residents.
- 125 In 2013-14, the speed of processing Housing Benefit claims and the accuracy of assessments declined compared with the previous year. The average time taken by the Council to process new claims increased from an average of 16 days in 2012-13 to 20 days in 2013-14, even though there was no significant increase in the size of the caseload and the number of new claims has reduced as unemployment has fallen. Partly as a result of more stringent processes to identify errors, Internal Audit reports show that the accuracy in processing claims in Flintshire fell to 60 per cent.
- 126 The Council is attempting to maximise help from the UK Government for people faced with a shortfall in their Housing Benefit. Households experiencing a shortfall between benefit entitlement and rent can apply to the Council for a Discretionary Housing Payment (DHP). Flintshire Council has actively promoted DHP as an important source of funding to address the impact of the social housing size criteria. The UK Government allocates funding according to a formula. Councils that decide to top up the UK Government's allocation with their own funds receive a larger allocation the following year. Unlike most councils in the UK, the Council chose to spend more than its allocation in 2012-13, and therefore received an increase of £148,000 in its 2013-14 allocation, allowing it to help more people facing a shortfall in their rent.

- 127 The Council's second poverty sub-priority was to tackle fuel poverty. The Council has met or exceeded all of its 2013-14 service targets associated with this work, having previously developed a comprehensive set of local indicators to measure the impact of its work.
- 128 The Council helped residents in the private sector, working in partnership with neighbouring authorities (Wrexham, Denbighshire and Conwy councils) and housing associations, to launch a regional Energy Company Obligation (ECO) framework, initially focussed on social housing external wall insulation works. A total of 104 owner-occupied or private rented homes had insulation or heating works in 2013-14. In addition, the Affordable Warmth Fund was introduced through the Housing Renewal Strategy, leading to the improved insulation of 87 Council properties. In total, the Council secured over £1 million in 2013-14 in external grant funding for fuel efficiency schemes.
- 129 The Council has an ambitious programme for 2014-15 including large-scale gas infill projects in Aston and Mostyn which will help 223 Council tenant households to receive less expensive gas heating and potentially help a further 700 private sector households living in the gas catchment area.
- 130 Increasing awareness of how to avoid fuel poverty is an important strand of the Council's work to tackle fuel poverty. The Home Energy Conservation Team leads on Flintshire's Affordable Warmth Partnership, providing professional training and advice to people on good energy efficiency practice. The team advises tenants and the general public on grant availability, getting the best deal from energy suppliers, and the most effective potential improvements to properties in order to reduce fuel bills and help keep their homes warm. The Home Energy Team also designs and delivers training and education programmes to a wide variety of audiences in order to raise the profile and increase the uptake of energy efficiency measures.

The Council's performance in preventing homelessness has improved but there has been little progress in the length of time people spend in temporary accommodation

- 131 A further strand of the tackling poverty improvement priority focuses on preventing people from becoming homeless. As we reported last year in our Annual Improvement Report, councils across Wales are accepting fewer households as homeless. The situation in Flintshire continues to reflect this trend, despite an increase in the number of people seeking assistance since 2012. During 2013-14, the number of households accepted by the Council as homeless and in priority need was again one of the lowest in Wales. On average, fewer than 50 homeless households in the County were in temporary accommodation during the year.
- 132 In 2013-14, the Council's performance in taking action to prevent homelessness improved. The Council helped 85 per cent of potentially homeless households from becoming homeless during the year compared to 83 per cent in 2012-13. Council reports during 2014 indicate that performance has subsequently continued to improve.

- 133 The Council allocates homeless households to self-contained Council or private sector properties while a suitable permanent social housing property is identified and the homeless duty can be discharged. In some cases the household may be able to stay in the temporary accommodation and have it allocated permanently to reduce the upheaval of moving again.
- 134 The Council has set itself a challenging target that, by 2016, no homeless person will be in temporary accommodation for more than 12 months. However, the average time that homeless households spent in temporary accommodation in Flintshire has increased from 208 days in 2011-12 to 276 days in 2013-14. The Council attributes some of this deterioration to an increased demand for homes with fewer bedrooms from existing social housing tenants anxious to avoid rent arrears arising from cuts to their housing benefit because of the so-called 'bedroom tax'. This reduces the supply of smaller properties, which are also in demand from homeless households.
- 135 As part of its strategy to tackle homelessness the Council is taking action to ensure a sufficient supply of good quality, affordable homes. It set a target of 740 new affordable home completions between 2012 and 2017 and is on track to achieve this target following the recent completion of two extra-care housing schemes in Flint and Holywell and the reform of Housing Revenue Account Subsidy which, following its implementation in April 2015, will allow the Council to borrow funds in order to build new Council housing. In addition to its own efforts to provide affordable homes, the Council is working closely with partners to identify opportunities for increasing the future supply of affordable housing. In particular, the Council has recently established a Housing Company, North East Wales Homes, to help it meet its local housing strategy targets across a range of tenures.
- 136 The Council's housing improvement programme is on target to meet the Welsh Housing Quality Standard⁸ (WHQS) by 2020. Although only 24 Council homes (out of over 7,400 homes) in Flintshire were fully WHQS compliant by the end of 2013-14, the Council's performance against individual elements of the housing improvement programme has continued to improve. Many more homes are partially compliant because of the work already completed, allowing many tenants to benefit from homes that are more comfortable to live in and cheaper to run. For example, by the end of 2013-14, 53 per cent of kitchens, 50 per cent of bathrooms, 78 per cent of heating systems and 71 per cent of windows in the Council's housing stock met the standard.
- 137 The Council has worked well with its partners in the LSB to facilitate better sharing of information and referrals between partners and, in consequence, the better targeting of services. For example, a care and repair programme which provides services to people over the age of 60 and to adults with disabilities has increased the number of clients able to live independently. Another example includes the targeting of home fire-safety checks and the installation of smoke alarms in the homes of vulnerable people.

⁸ To meet the Welsh Housing Quality Standard, social housing must satisfy a range of criteria. For example, homes must be in a good state of repair, be safe and secure, have up-to-date kitchens and bathrooms and be adequately heated, fuel efficient and well insulated. All elements must meet the minimum acceptable standard for a house to be classified as WHQS-compliant.

The Council continues to make progress in improving the Welsh language capability of its staff but it recognises that progress is not consistent across the whole Council

- 138 The Welsh Language Commissioner has told us that there has been a small increase in the number of frontline Council staff who speak Welsh fluently. There has also been an increase in the number of staff who received Welsh language training since 2012-13, but the number remains lower than the numbers who received training in 2011-12 and 2010-11. There was a drop in the number of staff who received language awareness training. The Council had committed to ensuring that the entire workforce had completed a self-assessment of capability in Welsh by March 2014 but this has not yet been achieved.
- 139 The Council has introduced a new system in order to manage training more effectively. It has also reviewed the way in which Welsh language training is provided, in consultation with Menter Iaith Sir y Fflint. As a result, a new intensive programme will be introduced for beginners, supported by online learning and conversation practice sessions. Welsh Language Champions were appointed within the Community Services Directorate, prior to the introduction of the Council's new operating model, with the aim of identifying other champions throughout the Council and developing a Welsh Language Champions Forum during 2014-15.
- 140 The Council also plans to include Welsh language development needs within its new appraisal system. This positive feature has the potential to support the Council in meeting its Welsh Language Standards.

The Council's track record suggests that it is likely to respond positively to the internal and significant external challenges it faces and make arrangements to secure continuous improvement for 2015-16

- 141 In this final section of the report, the Auditor General gives his opinion on the likelihood that the Council will make arrangements to secure continuous improvement in the year ahead, in accordance with the requirements of the Measure.
- 142 We reached this conclusion based on the earlier findings within this report. In particular, we have reported that:
- a the Council made good progress against the improvement priorities we looked at but its performance against the national indicators declined slightly;
 - b despite some strengths and areas of progress, aspects of the Council's arrangements are not fully supporting decision-making and the delivery of the Council's agreed priorities; and
 - c the Council has taken significant strides forward in its use of resources but now needs to co-ordinate the elements more systematically in the face of future financial challenges.
- 143 In reaching our conclusion, we have also considered the Council's positive response to our early feedback on our work and the positive potential of its new operating model.
- 144 We would like to thank the Council's staff and elected members for their assistance during our Corporate Assessment.

Appendix 1 – Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake an annual improvement assessment, and to publish an annual improvement report, for each improvement Council in Wales. This requirement covers local councils, national parks, and fire and rescue authorities.

This report has been produced by staff of the Wales Audit Office on behalf of the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether, as a result of his improvement plan audit under section 17, he believes that the Council has discharged its improvement planning duties under section 15.

Improvement authorities are under a general duty to ‘make arrangements to secure continuous improvement in the exercise of [their] functions’. Improvement authorities are defined as local councils, national parks, and fire and rescue authorities.

The annual improvement assessment is the main piece of work that enables the Auditor General to fulfil his duties. The improvement assessment is a forward-looking assessment of a Council’s likelihood to comply with its duty to make arrangements to secure continuous improvement. It also includes a retrospective assessment of whether a Council has achieved its planned improvements in order to inform a view as to the Council’s track record of improvement. The Auditor General will summarise his audit and assessment work in a published *Annual Improvement Report* for each Council (under section 24).

The Auditor General may also in some circumstances carry out special inspections (under section 21), which will be reported to the Council and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement Council. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

Appendix 2 – Audit of Flintshire County Council’s 2014-15 Improvement Plan

Certificate

I certify that I have audited the 2014-15 Improvement Plan produced by Flintshire County Council (the Council) in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- a make arrangements to secure continuous improvement in the exercise of its functions;
- b make arrangements to secure achievement of its improvement objectives; and
- c make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Council to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Council is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Council has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

As the Council’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan, to certify that I have done so, and to report whether I believe that the Council has discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided a Council meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information, or whether the Improvement Plan published by the Council can be achieved. Other assessment work that I will undertake under section 18 of the Measure will examine these issues. My audit of the Council’s Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the plan complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing its plan.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

Huw Vaughan Thomas

Auditor General For Wales

CC: Lesley Griffiths, Minister for Local Government and Government Business

Huw Lloyd Jones, Manager

Paul Goodlad, Performance Audit Lead

Appendix 3 – Audit of Flintshire County Council’s assessment of 2013-14 performance

Certificate

I certify that I have audited Flintshire County Council’s (the Council) assessment of its performance in 2013-14 in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to annually publish an assessment which describes its performance:

- a in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- b in meeting the improvement objectives it has set itself;
- c by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- d in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Council to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order.

The Measure requires that the Council has regard to guidance issued by Welsh Ministers in publishing its assessment.

As the Council’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit to determine whether the Council has discharged its duty to publish an assessment of performance, to certify that I have done so, and to report whether I believe that the Council has discharged its duties in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the audit

For the purposes of my audit work I will accept that, provided a Council meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information. Other assessment work that I will undertake under section 18 of the Measure may examine these issues. My audit of the Council's assessment of performance, therefore, comprised a review of the Council's publication to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the assessment complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing it.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

Recommendations under the Local Government (Wales) Measure 2009

There are no recommendations arising from the audit of Flintshire County Council's assessment of 2013-14 performance.

Huw Vaughan Thomas
Auditor General for Wales

CC: Leighton Andrews, Minister for Public Services

Huw Lloyd Jones, Manager

Paul Goodlad, Performance Audit Lead

Appendix 4 – Annual Audit Letter – Flintshire County Council 2013-14

Councillor Aaron Shotton
Colin Everett
Flintshire County Council
County Hall
Mold
Flintshire
CH7 6NB

Dear Aaron and Colin,

Annual Audit Letter – Flintshire County Council 2013-14

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and my reporting responsibilities under the Code of Audit Practice.

The Council complied with its responsibilities relating to financial reporting and use of resources

It is the Council's responsibility to:

- a put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- b maintain proper accounting records;
- c prepare a Statement of Accounts in accordance with relevant requirements; and
- d establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- a provide an audit opinion on the accounting statements;
- b review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- c issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This code is based on International Financial Reporting Standards. On 30 September 2014, I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's and the Pension Fund's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of Flintshire County Council in my Audit of Financial Statements reports on 24 September 2014 and are summarised below:

- a Records relating to non-current assets are insufficiently detailed within the Council's asset register to allow the easy identification of individual assets across all asset categories. This has potential implications for both the accounting of assets and the existence and use of them. The Council were able to provide us with enough information to issue an unqualified opinion on the accounts, but the Council could usefully improve the quality of the asset register.
- b The Council continued to make improvements to the quality of its accounts although we identified some issues in respect of expenditure cut off (ie, accounting for transactions in the correct period) and classification of balances relating to deposits.
- c Based on legal advice available to it, the Council did not fully recognise a liability for pension contributions on its equal pay liabilities. This is contrary to legal advice received by the Appointed Auditor which suggests that pension contributions should be paid on payment to resolve equal pay claims. Given the diverging legal views and uncertainty regarding the need to recognise a provision, the Appointed Auditor concluded that he would not take any further action as part of the 2013-2014 audit of accounts.
- d Whilst we did not identify any specific issues, it is essential that the Council, in its role as the administering authority, continues to work closely with its Employer Bodies (including Flintshire, Wrexham and Denbighshire Councils as well as a number of smaller bodies) to ensure that pension fund membership records are up to date and accurately record data for active, deferred and pensioner records. This is important both for the individuals concerned and also to the Employer bodies in ensuring that they account for pension obligations correctly within their respective financial statements.

The Council is required to provide Whole of Government Accounts (WGA) under the HM Treasury's *Whole of Government Accounts (Designation of Bodies) Order*. The Council submitted its WGA return by the due date. We reviewed the return and identified no issues that we wish to draw to your attention.

It is also worth noting the Council lead on the preparation of the accounts of the North Wales Residual Waste Joint Committee and the Taith Regional Transport consortia. On 30 September I issued unqualified opinions on both sets of accounts confirming that they present a true and fair view of the respective Joint Committees' financial position and transactions. The key matters arising from the accounts audit were reported to the members of the respective Committees in my Audit of Financial Statements reports. I do not need to bring anything to your attention in this letter.

I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report. This year, the Annual Improvement Report will include the findings of the Corporate Assessment undertaken in September 2014.

Prior to 2014-15 the Council has a track record of accurately identifying and meeting its budget shortfall on an annualised basis. In establishing its 2014-15 budget the Council put in place a major structural review to yield savings from corporate and functional efficiencies as well as organisational design which focussed on both structure and workforce. The Council currently projects that a good proportion of the planned savings are likely to be achieved, but the first phase of the Voluntary Redundancy Programme did not yield the anticipated savings and a second phase is currently being worked through. There is a residual risk that, if permanent savings cannot be identified, an underlying budget shortfall will be carried through to 2015-16 onwards, adding to the pressures in future years.

The Council continues to strengthen its financial planning arrangements but at the same time faces unprecedented levels of austerity. Following details of the Welsh Local Government settlement for 2015-16, the Council now faces a budget gap of £16.4 million in 2015-16. The gap may be exacerbated by the shortfall in 2014-15, resulting in the need for a level of cuts not previously encountered.

The Council, particularly through the collective work of both Cabinet and the new Chief Officer Team, is developing detailed three year service business plans which form the basis of the proposals to deal with this significant shortfall. However, the scale of the budget gap and the uncertainties that remain mean that the Council's ability to set a balanced and achievable budget for 2015-16 remains extremely challenging, as does the outlook for future years. I have previously expressed concern over the annualised nature of the financial planning, so it is positive to note that the Council's business plans will now form the basis of planning for 2016-17 and beyond, as well as 2015-16, and that this will be considered in the context of the 2015-16 budget.

I issued a certificate confirming that the audit of the accounts has been completed on 30 September 2013. I also issued a completion certificate for the Joint Committees on the same date.

My work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2014-15 accounts or key financial systems

In September 2014, the Audit Committee considered my Certification of Grants and Returns 2012-13 report which confirmed that the Council has adequate arrangements in place for the preparation and submission of its grant claims. However, 65 per cent of claims were either amended and/or qualified and the Council needs to further strengthen its arrangements. To assist in this, and following the delivery of grants training to relevant officers, we issued Grants feedback memorandums for each claim to identify improvements in respect of individual grants.

My programme of audit work on the 2013-14 grant claims is currently underway and I will issue a more detailed report on my grant certification work in Spring 2015 once this year's programme of certification work is complete. I will be conducting follow up work to determine whether the areas of improvement identified in our 2012-13 feedback memorandums have been addressed.

The financial audit fee for 2013-14 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely

John Herniman

For and on behalf of the Appointed Auditor

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Wales Audit Office Annual Improvement Report

March 2015

Executive Response

The Wales Audit Office's Annual Improvement Report and Corporate Assessment is, overall, a fair and positive summary of the position of the Council. The report is a welcome endorsement of a full year of improved improvement reporting following the introduction of this year's Improvement Plan.

There are no new statutory recommendations. The proposals for improvement are already well advanced in our commitment and activity for response. Listed below are the seven proposals for improvement along with our response.

Proposal for Improvement (P1-7)	Response
<p>P1 The Council should develop and implement a (more) consistent approach to business planning that promotes the ownership by staff of key objectives and targets.</p>	<p>A review of strategic and operational business planning is underway. The review covers review and republication of the suite of key corporate documents – Improvement Plan, Governance Plan, Medium Term Financial Plan and a new Corporate Resourcing plan; a review of the comprehensive of the set of portfolio strategic plans which drive policy and priorities (e.g. the Housing Business Plan); a review of the format, consistency and quality of operational business plan reports. This review will have staged outcomes with the first working deadline being June for the suite of revised key corporate documents.</p>
<p>P2 The Council should improve the quality of its reports to committees and Cabinet to ensure that:</p> <ul style="list-style-type: none">• where necessary, reports enable councillors to refer easily to relevant policies and previous decisions and discussions• key messages and recommendations are clear and succinct; and• reports to scrutiny committees include recommendations or options that committees might endorse.	<p>A review of report format, style and quality of presentation is under way. A pilot of an improved format will be recommended. The improved format will include use of executive summaries and fuller exploration of risk in assessing options for decisions. Fuller use of hyperlinks will be made to avoid publishing extensive appendices where this can be avoided.</p> <p>Updated report writing guidelines are being produced. Refresher report writing training will be offered. Quality assurance systems for report approval are being improved.</p>
<p>P3 The Council should ensure that, in implementing its revised strategies for People, ICT and Asset Management:</p> <ul style="list-style-type: none">• their financial implications feed into the medium-term financial plan; and	<p>As P1 above noting:-</p> <ul style="list-style-type: none">• a single corporate resourcing plan is being developed for June as part of the suite of key corporate documents. This plan will prioritise the allocation of corporate resources for change projects• a comprehensive approach to programme

<ul style="list-style-type: none"> the links between the strategies are fully considered so that specialist staff are available when required. 	<p>management for officer portfolios where significant change needs to be led, co-ordinated and managed with a set of 8 programme management boards</p> <ul style="list-style-type: none"> a comprehensive and more usable Medium, Term Financial Plan in a new graphic format for June
<p>P4 Group Leaders should strongly encourage members to take advantage of the Member Development Scheme.</p>	<p>A review of the member development programme is underway with the aim of having a broader offer for members in partnership with the Welsh Local Government Association. Group Leaders are being requested to promote take-up of training opportunities amongst their respective groups.</p>
<p>P5 The Council should take the opportunity of its review of scrutiny structures to ensure that Overview and Scrutiny committees can add real value to Council decision-making by aligning agendas more explicitly to Council priorities and risks.</p>	<p>A Task and Finish Group has been set up by the Constitution Committee to review the number and terms of reference of Overview and Scrutiny Committees. The Group will report to the Annual General Meeting of the Council.</p> <p>Forward work programmes are to include major and higher risk annual budget proposals which require monitoring and assessment of impact, major service reviews included in the budget, and periodic review of the achievement of improvement priorities. Report formats are being reviewed as P2 above to make reports more purposeful.</p>
<p>P6 The Council should:</p> <ul style="list-style-type: none"> adopt a consistent approach to managing risk, ensuring that all staff involved use a similar approach to record impact, likelihood and mitigating actions; and apply this approach to its future savings plans 	<p>Following an earlier internal review of risk management led by Internal Audit a number of actions are in train for the organisation to be more consistent and effective in the identification and reporting of risk at strategic, operational, project and partnership levels. P1 and P3 above will contribute.</p>
<p>P7 The Council should ensure a consistent approach to workforce planning and use the results to inform future reductions in staff</p>	<p>The new appraisal model as presented to the Corporate Resources Overview and Scrutiny Committee is being implemented to support talent recognition, retention and progression. Intelligence from this renewed appraisal programme will inform the training and development programme.</p> <p>Workforce planning risks are being assessed in each Chief Officer portfolio area as part of the revised People Strategy.</p>

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE**

DATE: **THURSDAY, 16 APRIL 2015**

REPORT BY: **CHIEF OFFICER (PEOPLE AND RESOURCES)**

SUBJECT: **REVENUE BUDGET MONITORING 2014/15 (MONTH 10)**

1.00 PURPOSE OF REPORT

1.01 To provide Members with the Revenue Budget Monitoring 2014/15 (Month 10) report.

2.00 BACKGROUND

2.01 The Revenue Budget Monitoring 2014/15 (Month 10) report will be presented to Cabinet on 21 April 2015. A copy of the report is attached as Appendix A to this report.

3.00 RECOMMENDATIONS

3.01 Members are asked to note the report.

4.00 FINANCIAL IMPLICATIONS

4.01 As set out in the report.

5.00 ANTI POVERTY IMPACT

5.01 None.

6.00 ENVIRONMENTAL IMPACT

6.01 None.

7.00 EQUALITIES IMPACT

7.01 None.

8.00 PERSONNEL IMPLICATIONS

8.01 None.

9.00 CONSULTATION REQUIRED

9.01 None.

10.00 CONSULTATION UNDERTAKEN

10.01 None.

11.00 APPENDICES

11.01 Appendix A – Revenue Budget Monitoring 2014/15 (Month 10) report.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

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FLINTSHIRE COUNTY COUNCIL**REPORT TO:** **CABINET****DATE:** **TUESDAY, 21 APRIL 2015****REPORT BY:** **CORPORATE FINANCE MANAGER****SUBJECT:** **REVENUE BUDGET MONITORING 2014/15 (MONTH 10)****1.00** **PURPOSE OF REPORT**

1.01 To provide Members with the latest revenue budget monitoring information for 2014/15 for the Council Fund and Housing Revenue Account based on actual income and expenditure as at month 10 and projected forward to year-end based on the most up to date information available.

INDEX OF CONTENTS

1.02	Section 2	Executive Summary
	Section 3	Council Fund Latest In Year Forecast
	Section 4	Carry Forward Requests
	Section 5	Inflation
	Section 6	Monitoring Budget Assumptions & Risks
	Section 7	Unearmarked Reserves
	Section 8	Housing Revenue Account (HRA)
	Appendix 1	Council Fund – Movement in Variances from Month 9
	Appendix 2	Council Fund Variance Summary
	Appendix 3	Efficiencies Summary
	Appendix 4	Movements on Council Fund Unearmarked Reserves
	Appendix 5	HRA Variance Summary

2.00 **EXECUTIVE SUMMARY**

2.01 The projected year end position, as estimated at Month 10 is as follows:

Council Fund

- Net in year expenditure forecast to be £1.716m lower than budget.
- Projected contingency reserve balance at 31 March 2015 of £4.657m

Housing Revenue Account (HRA)

- Net in year expenditure forecast to be £0.354m less than budget.
- Projected closing balance as at 31 March 2015 of £1.519m

3.00 COUNCIL FUND LATEST FORECAST

3.01 The table below shows the projected position by portfolio which reflects the Council's new Operating Model which came into effect on 1 June 2014.

3.02 As previously reported, following the implementation of the Single Status agreement in June 2014, extensive work has been undertaken to rebase all workforce budgets to reflect the actual new costs arising from the new pay and grading structure. This work is now complete and revised workforce budgets have now been allocated to portfolio areas to meet the costs of their workforce establishment (base pay, allowances and vacancies). The outcome of this work is now reflected in the figures below.

3.03 The table below shows projected in year expenditure to be £1.716m less than budget.

TOTAL EXPENDITURE AND INCOME	Original Budget	Revised Budget	Projected Outturn	In-Year Over/ (Under) spend	
				Month 9	Month 10
				£m	£m
Social Services	59.889	58.568	58.557	0.046	(0.011)
Community & Enterprise	14.368	13.591	12.775	(0.842)	(0.816)
Streetscene & Transportation	28.381	29.485	29.619	0.158	0.134
Planning & Environment	6.394	5.806	5.596	(0.165)	(0.210)
Education & Youth	97.167	96.539	96.811	0.046	0.272
People & Resources	5.395	4.901	4.895	(0.008)	(0.006)
Governance	8.821	8.452	8.606	0.180	0.154
Organisational Change	9.738	10.027	10.174	0.109	0.147
Chief Executive	2.160	3.253	3.157	(0.096)	(0.096)
Central & Corporate Finance	22.863	24.554	23.270	(1.406)	(1.284)
Total	255.176	255.176	253.460	(1.978)	(1.716)

3.04 The reasons for all movements from Month 9 are summarised in appendix 1 with the projected variances occurring for the year to date summarised within appendix 2.

3.05 **Significant Budget Movement Between month 9 to month 10**

Changes in revised budget from month 9 relate mainly to adjustments relating to the

single status rebasing exercise and to workforce efficiency accounting adjustments.

3.06 The movement from Month 9 is mainly due to John Summers High School no longer being progressed within the 21st Century Schools Programme as agreed at Cabinet on 17th February 2015. Costs incurred on this scheme which would have usually been classified as capital, as part of the overall delivery programme, will now have to be met from revenue with the overall position that this has resulted in a decrease in the overall revenue underspend by £0.250m in Month 10.

3.07 Programme of Efficiencies

Corporate and Functional Efficiencies

3.08 The 2014/15 budget contains £8.8m of specific efficiencies comprising Corporate Value for Money (VFM) on Procurement and Back to Basics of £1.3m and specific Functional VFM efficiencies of £7.5m.

3.09 The table below summarises the latest position for the achievement of these specific efficiency programmes which includes a projected under achievement of the VFM efficiency relating to the Review of Administrative Support.

3.10 The analysis shows that it is currently projected that £7.688m (87%) will be achieved resulting in a net underachievement of £1.152m. Details for the current year efficiencies currently projected to not be achieved in full are shown in appendix 3.

Status of Efficiency	Value of Budgeted Efficiency £m	Value of Projected Efficiency £m	(Under) Over Achievement £m
Already Achieved	1.772	1.772	0.000
Expected to be Achieved in Full	4.917	4.917	0.000
Achievable in Part	2.101	0.999	(1.102)
Not Achievable	0.050	0.000	(0.050)
Total	8.840	7.688	(1.152)

3.11 Workforce Efficiencies

The 2014/15 budget also contains £3.1m of Workforce Efficiencies. The overall net underachievement on all workforce related efficiencies (including admin support) is £0.211m after taking into account lower than anticipated exit costs. This has increased by £0.091m due to a decrease in efficiencies of £0.063m and an increase in exit costs of £0.028m.

4.00 CARRY FORWARD REQUESTS

4.01 Governance – A carry forward for £0.019m is requested for software maintenance

within ICT. The contract for Geographic Information System (GIS)/Mapping products is to be renegotiated in 2015/16. The 2014/15 costs will not be invoiced until a new contract is agreed. A number of options are being considered in April 2015 and the contract option chosen will affect the amount invoiced for 2014/15.

Previously agreed brought forward balances

- 4.02 Organisational Change – request to carry forward £0.049m in relation to online payment for school meals. In 2013/14 funding of £0.083m was agreed for this project, however due to capacity within ICT this has not yet been rolled out to all schools. A balance of £0.049m remains from the initial agreed funding.
- 4.03 People & Resources – in 2013/14 a carry forward request of £0.010m was granted for the purchase of Disclosure & Barring Service (DBS) software. The amount is no longer required for DBS software however a change of use for this amount is being requested as there is a development requirement for iTrent.
- 4.04 Governance – request to carry forward £0.046m for provision of Event and Log Management solutions. In 2013/14 funding of £0.046m was agreed for the provision of Event and Log Management solutions. Implementation has been delayed due to ICT capacity.

5.00 INFLATION

- 5.01 Included within the 2014/15 budget are provisions for pay (£1.316m), targeted price inflation (£0.590m), non-standard inflation (£0.670m) and income (£0.151m).
- 5.02 The amounts for non-standard inflation (NSI) (Fuel, Energy and Food) are held centrally and allocated out to portfolio areas only where a funding need is evidenced. Allocations of NSI have been made to departments where there has been an evidenced need, this has resulted in an underspend of £0.156m on the amount required for fuel, an underspend of £0.054m on the amount required for food, together with an underspend of £0.065m on the amount required for Non-Domestic Rates.

6.00 MONITORING BUDGET ASSUMPTIONS AND RISKS

6.01 Emerging Risks

- Recycling - The recycling market (paper in particular) is going through a volatile period with fluctuating re-cycle sale values. This is likely to impact on 2015/16 recycling income levels for the Council. There is a risk of under achieving 2015/16 income targets. Status: unstable/amber risk
- Contingency Budgets - £0.050m to £0.100m is potentially required to support two sensitive multi-agency operations in child protection and adult social care. One operation is concluding and the other is ongoing. Status: unstable/amber risk.

6.02 Existing risks

- Out of County Placements – the risk is the volatility in demand and the impacts on service costs which cannot be predicted. Service fluctuations are being accommodated within the combined budgets of the Social Services and Education Chief Officer portfolios in-year. Status: stable/amber risk
- Former Euticals Site – the risks are the significant cost options for the decommissioning, decontamination and clearance of the former chemical site in Sandycroft and the cost burden for the Council. Monthly costs for ongoing security and maintenance of the site are in the region of £0.030m and are accumulating within the financial year. Costs incurred within 2014/15 for the phase 1 decontamination of the site are estimated at £0.800m. The total projected cost for the whole operation, combining costs incurred to date, phase 1 decontamination, and phase 2 site disposal, are in the region of £1.7m. Negotiations with the Welsh Government have successfully led to the award of a significant grant to co-fund the project costs. The Council can now proceed with the two phase plan to close the risks to public health through site clearance and disposal. A full report will be made to the April meeting of Cabinet. Status: unstable/amber risk.
- Schools ICT Infrastructure – the risk is the loss of schools income from buying into the service due to a planned change to delivery of ICT in schools. The new service model is at an advanced stage of planning with the full involvement of schools and is to be adopted shortly with a good degree of confidence. Status: stable/amber risk
- Single Status – The rebasing of the workforce establishment budget is substantially complete without any adverse impact on revenue budget provision. Similarly the position of the single status reserve shows that it is sufficient to meet any outstanding liabilities. Status: stable/green risk.
- Council Tax – the risk is the volatility of the Council Tax Reduction Scheme and collection rates as it is customer demand and compliance led. A budget under-spend reported under Community Enterprise in appendix 2 and is based on current usage patterns. Status: stable/green risk

6.03 **Changes to previously reported risks (closed)**

- Workforce Efficiencies – the risk is the under achievements of workforce financial efficiency targets. As reported to Cabinet in January the exercise to review and readjust the targets, and build in the implications into the 2014/15 budget and the 2015/16 draft budget has been completed. The risk has been mitigated.
- Winter Maintenance – the risk is the additional cost of managing the highways network should we experience a severe winter. At the year end the winter can be classed as an average one which should mean that the budget provision is sufficient. The number of planned salting turnouts exceeded that required in an average year but this was cancelled out by the number of snow affected days which was lower than an average year. The ring fenced reserve will not be required and will need to be carried forward in to next

financial year. This seasonal risk has passed.

7.00 UNEARMARKED RESERVES

- 7.01 The 2013/14 final outturn reported to Cabinet on 15 July 2014 showed unearmarked reserves at 31 March 2014 (above the base level of £5.834m) of £5.328m.
- 7.02 This position reflected a contribution of £0.745m made from reserves as part of an accounting adjustment for termination benefits arising from the workforce efficiencies for the Senior Management Phase 1 programme. As budget provision was made within the 2014/15 budget for this, this has now been transferred back into reserves in the current financial year.
- 7.03 Section 6.05 of the 2014/15 budget report outlined the investment strategy required to fund one off costs and transitional funding for efficiencies that could not be found in full in 2014/15. This identified a potential £3.7m available to fund these from the contingency reserve as well as utilising the Single Status/Equal Pay Reserve.
- 7.04 Currently it is estimated that £2.5m will be required from the Contingency Reserve to fund the one off costs in 2014/15.
- 7.05 The Month 2 Monitoring report to Cabinet on 15th July also advised members of an allocation of £0.696 from the contingency reserve to fund investment costs approved under delegated powers.
- 7.06 Taking into account all of the above and the current projected outturn at month 10, the projected balance on the contingency reserve at 31 March 2015 is £4.657m. This is summarised in Appendix 4.

8.00 HOUSING REVENUE ACCOUNT

- 8.01 On 18th February 2014 the Council approved a Housing Revenue Account (HRA) budget for 2014/15 of £29.886m. The budget provided for a closing balance of £0.956m, which at 3.2% of total expenditure satisfies the prudent approach of ensuring a minimum level of 3%.
- 8.02 The 2013/14 final outturn reported to Cabinet on 15th July 2014 showed a closing balance at the end of 2013/14 of £1.662m.
- 8.03 The position at Month 10 is reporting an overall projected underspend of £0.354m and a projected closing balance at month 10 of £1.519m, which at 5.06% of total expenditure satisfies the prudent approach of ensuring a minimum level of 3%.
- 8.04 Appendix 5 details the reasons for significant variances.

9.00 RECOMENDATIONS

9.01 Members are recommended to :-

- a) Note the overall report.
- b) Note the projected Council Fund contingency sum as at 31st March 2015 (paragraph 7.06)
- c) Note the projected final level of balances on the Housing Revenue Account (paragraph 8.03)
- d) Approve the carry forward requests as stated in paragraphs 4.01-4.04

10.00 FINANCIAL IMPLICATIONS

10.01 The financial implications are set out in Sections 3.00 – 8.00 of the report.

11.00 ANTI POVERTY IMPACT

11.01 The financial implications are set out in Sections 3.00 – 8.00 of the report.

12.00 ENVIRONMENTAL IMPACT

12.01 None

13.00 EQUALITIES IMPACT

13.01 None

14.00 PERSONNEL IMPLICATIONS

14.01 None

15.00 CONSULTATION REQUIRED

15.01 None

16.00 CONSULTATION UNDERTAKEN

16.01 None

17.00 APPENDICES

- 17.01 Council Fund – Movement in Variances from Month 4 – Appendix 1
- Council Fund – Budget variances – Appendix 2
- Council Fund – Efficiencies not fully achieved – Appendix 3
- Council Fund – Movements on unearmarked reserves – Appendix 4
- Housing Revenue Account Variances – Appendix 5

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

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**COUNCIL FUND - REVENUE BUDGET 2014/15
FLINTSHIRE COUNTY COUNCIL**

**Budget Monitoring (Month 10)
Summary of Movement from Month 9**

	£m	£m
Month 9		
Portfolios	(0.572)	
Central and Corporate Finance	(1.406)	
Variance as per Cabinet Report		(1.978)
Month 10		
Portfolios	(0.432)	
Central and Corporate Finance	(1.284)	
Variance as per Directorate Returns		(1.716)
Change Requiring Explanation		<u>0.262</u>

Social Services

Services For Adults

• Localities (Locality Teams) - Projected spend on purchased Domiciliary Care reduced by £0.011m. Projected costs in residential long term care reduced by £0.009m. Additional reduction in Nursing Long term care cost projection of £0.020m. This reduction in costs is offset by increased projection of Residential short term care costs of £0.005m. Plus net impact of increases in other minor variances of £0.008m.	(0.027)	
• Mental Health (Residential and Domiciliary Care) - Movement due to reduction in Residential Long Term care projected costs of £0.029m. Plus net impact of increases in other minor variances of £0.002m.	(0.027)	
• Other minor changes of less than £0.025m for Services for Adults.	0.007	
Subtotal: Services For Adults		(0.047)

Development & Resources

• Other minor changes of less than £0.025m.	0.001	
Subtotal: Development & Resources		0.001

Services For Children

• Family Placement - Movement due to decrease in direct foster care support costs and Family placement costs.	(0.055)	
• Out of County placements - increase of £0.060m due to changes to placement costs and new placements.	0.060	
• Other minor changes of less than £0.025m.	(0.016)	
Subtotal: Services For Children		(0.011)

Total: Social Services

(0.057)

Community & Enterprise

Other minor changes of less than £0.025m.

• Customer & Housing Services	(0.002)	
• Regeneration	0.015	
• Revenues & Benefits	0.016	
• Customer Services	(0.003)	
Total minor variances of less than £0.025m		0.026

Total: Community & Enterprise

0.026

Streetscene & Transportation Portfolio**Streetscene**

• Business Strategy - Commitment for Weir Consultants Service Review.	0.020	
• Other minor changes of less than £0.025m.	0.010	
Subtotal: Streetscene		0.030

Highways Strategy & Traffic Services

• Transportation - Commitment Challenge Budget reallocated back to service.	(0.030)	
• Aggregate minor changes of less than £0.025m.	(0.016)	
Subtotal: Highways Strategy & Traffic Services		(0.046)

School Transport

• Other minor changes of less than £0.025m.	(0.008)	
Subtotal: School Transport		(0.008)

Total: Streetscene & Transportation		(0.024)
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Planning & Environment Portfolio**Other minor changes of less than £0.025m.**

• Planning	0.008	
• Public Protection	(0.017)	
• Highways Development Control	(0.021)	
• Other Services	(0.009)	
• Greenfield Valley Heritage Park	(0.006)	
Total minor variances of less than £0.025m		(0.045)

Total: Planning & Environment		(0.045)
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Education & Youth**21st Century Schools**

This cost represents charges and expenditure already incurred against the John Summers High School replacement scheme within the 21st Century School programme. Expenditure would have been classed as capital however this scheme is no longer proceeding so expenditure is reflected within revenue.

• classed as capital however this scheme is no longer proceeding so expenditure is reflected within revenue.	0.250	
Subtotal: 21st Century Schools		0.250

Minor variances of less than £0.025m)

• Secondary, 14-19 & Continuing Education	(0.012)	
• Inclusion & Behaviour Support	(0.022)	
• Out of County	0.005	
• School Planning	0.009	
• School Provision	(0.004)	
• School Management Information - Minor Variances.	0.001	
• Youth & Community Service	(0.001)	
Total minor variances of less than £0.025m		(0.024)

Total: Education & Youth		0.226
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People & Resources

HR & OD	
• Minor changes of less than £0.025m.	(0.007)
Subtotal: HR & OD	(0.007)
Corporate Finance	
• Minor changes of less than £0.025m.	0.009
Subtotal: Corporate Finance	0.009
Total: People & Resources	0.002

Governance

Minor variances of less than £0.025m	
• Legal Services.	(0.007)
• Democratic Services.	(0.023)
• Internal Audit.	(0.001)
• Support Services.	0.005
Total minor variances of less than £0.025m	(0.026)
Total: Governance	(0.026)

Organisational Change

Leisure Services.	
• Following February half term, the projected income anticipated to be received at Deeside Leisure Centre for the Ice Rink was lower than envisaged.	0.068
Subtotal: Leisure Services	0.068
Valuations & Estates	
£0.027m is due to an in house service relocated from third party accommodation to council building, this will result in an efficiency but this will not be realised this financial year. £0.034m relates to a roof renewal following storm damage in connection with one of the Council's commercial units, the resultant cost is due to the service meeting the insurance payment as this fell within the Council's excess.	0.061
Subtotal: Valuations & Estates	0.061
Property Design & Consultancy	
• Reflects additional fee income identified.	(0.037)
Subtotal: Property Design & Consultancy	(0.037)
Facilities	
• Increase in Catering income.	(0.048)
Subtotal: Facilities	(0.048)
Minor variances of less than £0.025m	
• Engineering Services.	(0.006)
Total minor variances of less than £0.025m	(0.006)
Total: Organisational Change	0.038

Chief Executive

- Minor changes of less than £0.025m.

0.000

Total: Chief Executive0.000**Central & Corporate Finance**

- Pension Fund Contributions.
- Workforce Costs.
- Workforce Efficiencies.
- One-off Efficiencies.
- Non Standard Inflation.
- Euticals - Phase 1 decontamination/Revised running costs
- Other minor variances.

0.045

0.026

0.066

0.030

(0.158)

0.111

0.002

Total: Central & Corporate Finance0.122**Total Changes**0.262

MONTH 10 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
Social Services for Adults - Locality Teams (Localities)	14.301	14.468	0.167	0.194	There is an overall improvement in this area, however, there remains a fairly stable level of overspend of £0.846m within Domiciliary Care, influenced by clients returning to the service following successful past placement, the changing demographic profile, increased complexity of need and increasing numbers of people with dementia. The significant projected overspend on domiciliary care is being offset by a projected underspend of £0.640m on residential care, which includes an underspend of £0.164m on payments to care home providers, an underspend of £0.321m due to an increase in the level of property related income and further increases in income above budget including £0.155m for free nursing. Other variances amount to a net underspend of £0.039m.	Keep under review.
Social Services for Adults - Resources & Regulated Services (Intake & Reablement)	5.737	5.527	(0.210)	(0.212)	Residential Care has a net underspend of £0.095m due to additional income of £0.219m (being increased client contributions of £0.149m and new one-off grant income of £0.070m) and a projected underspend of £0.011m on pay costs, these underspends are offset by overspends on Premises costs of £0.067m (mainly utilities costs) and Supplies & Services of £0.068m (mainly catering charges). There is an underspend of £0.061m on Extracare facilities and an underspend of £0.052m on day care. There is also an underspend of £0.002m due to minor variances.	Keep under review.
Social Services for Adults - Transition and Disability Services (Disability Services)	0.536	0.611	0.075	0.093	The projected overspend is mainly due to the cost of the support arrangements provided by Penderels in respect of direct payments. This accounts for £0.065m of the total projected overspend of £0.075m.	Keep under review.
Social Services for Adults - Disability Services (Disability Services)	1.830	2.061	0.231	0.252	The overspend is due to two new service users being charged to this service.	Keep under review.

MONTH 10 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
Social Services for Adults - Resources & Regulated Services (Disability Services)	15.664	14.948	(0.716)	(0.737)	Independent Sector Supported Living has a projected underspend of £0.640m which is mainly influenced by net additional income of £0.293m from BCUHB, in respect of previously disputed joint funded placements, and an underspend on residential placement costs of £0.296m. Other minor variances amount to a net underspend of £0.051m. The new income received from BCUHB will help to achieve the new budget efficiency from 2015/16 in this area. In-house supported living has a projected underspend of £0.131m which is mainly due to additional income from joint funded placements. Variances due minor overspends are £0.055m.	Keep under review.
Social Services for Adults - Safeguarding Co-ordinator (Localities)	0.217	0.274	0.057	0.065	The adverse variance is due to increased costs for agency staff and medical advice required for Deprivation of Liberties Safeguarding Assessments (DOLS). This reflects a part year impact of the recently approved full year pressure from 2015/16.	Keep under review.
Social Services for Adults Residential and Domiciliary Service (Mental Health & Substance Misuse Service)	0.803	0.905	0.102	0.129	Changes in Residential and Domiciliary packages along side additional new package costs totalling £0.098m. Various other minor variances amount to a net overspend of £0.004m.	Keep under review.
Social Services for Adults - Forensic Budget (Mental Health & Substance Misuse Service)	0.315	0.173	(0.142)	(0.142)	Reflects current care packages for 2014/15.	Keep under review - potential volatility due to changes in client numbers and demands at short notice from prison or courts.
Social Services for Adults - Vulnerable Adults and Disability Service (Disability Services)	1.830	2.061	0.231	0.252	Reflects costs of current projected care packages and residential care overspend of 0.404m off set by joint funded income from BCUHB of £0.143m. Various other minor variances amount to a net underspend of £0.030m.	Keep under review.

MONTH 10 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
Other Services for Adults variances (aggregate)	3.951	3.539	(0.412)	(0.462)	Various minor variances.	Continue to review but not expected to be recurrent.
Development & Resources - Business Services - Income	(1.573)	(1.788)	(0.215)	(0.228)	Impact of an increase by Welsh Government in the level of the maximum charge cap from £50 per week to £55 per week.	Continue to monitor and review.
Other Development & Resources variances (aggregate)	2.457	2.467	0.010	0.022	Various minor variances.	Continue to review but not expected to be recurrent.
Children's Services - Family Placement	2.227	2.432	0.205	0.260	The £0.205m overspend is a result of an increase in the number of foster care placements within the service. Part of this is also due to the increasing number of court orders for Residence and Special Guardianship orders which invariably attract an ongoing allowance for the carers.	A review of the Family Placement Team has been undertaken the outcome of which is being considered and will inform future planning and possible efficiencies.
Children's Services - Professional Support	5.225	5.383	0.158	0.149	This projected overspend is due mainly to increased direct payments of £0.102m for Children's Integrated Disability Services (CIDS). Various other minor variances amount to a net overspend of £0.056m.	Keep under review.
Children's Services - Out of County placements	3.428	3.738	0.310	0.249	The projected overspend is mainly influenced by an increased number of complex care packages.	Keep under review.
Children's Services - Prevention & Support	0.103	0.162	0.059	0.059	Projected overspend of £0.059m due to Southwark judgement related costs.	Keep under review.
Other Services for Children variances (aggregate)	1.517	1.596	0.079	0.103	Various minor variances.	Continue to review but not expected to be recurrent.
Total Social Services	58.568	58.557	(0.011)	0.046		

MONTH 10 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
Community & Enterprise						
Customer & Housing Services	1.019	0.993	(0.026)	(0.023)	An additional cost of £0.028m is projected to occur due to a lower level of support recharge to the Council Fund from the HRA. Estimated underspend of £0.121m on Homeless Accommodation including a re-evaluation of B&B accommodation projections and Homeless Prevention Fund income. Additional support to Homelessness identified of £0.025m. New expenditure in respect of SHARP procurement of £0.090m. An overspend of £0.002m due to other minor variances.	Continue to monitor and review.
Supporting People	0.423	0.507	0.084	0.083	Increased costs towards the purchase and maintenance of Carelink/Telecare equipment of £0.072m. Other minor variances identified of £0.012m.	Continue to monitor and review.
Regeneration	0.485	0.508	0.023	0.008	Estimated shortfall of £0.031m in markets due to increased waste removal costs and loss of income, exacerbated by Welsh Water works in Mold. Other minor efficiencies of £0.008m.	Continue to monitor and review.
Revenues & Benefits	10.999	10.182	(0.817)	(0.833)	Underspend due to an anticipated surplus on the Council Tax Collection Fund of £0.559m. Projected underspend of £0.254m on the budgeted provision for the Council Tax Reduction Scheme. The underspend on this area is volatile and can be subject to change later in the year. £0.004m efficiency due to minor variances.	Continue to monitor and review.
Customer Services	0.665	0.585	(0.080)	(0.077)	£0.016m pressure due to reduced Welsh Translation recharge income. Efficiency in respect of Flintshire Connects of £0.090m. Efficiency due to other minor variances of £0.006m.	Continue to monitor and review.
Total Community & Enterprise	13.591	12.775	(0.816)	(0.842)		

MONTH 10 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
Streetscene & Transportation						
Waste Disposal & Waste Collection	7.451	7.585	0.134	0.132	Additional costs of overtime and use of Agency personnel due to high number of vacancies to maintain the necessary service provision is resulting in a projected overspend of £86k. Increased cost of Food Waste disposal of £46k due to the cost per tonne increasing. Other minor variances identified of £0.002m.	Business Planning proposals 2015/16 will remove vacancies, otherwise the posts will be filled. Budget Pressure bid submitted for 2015/16 budget for full year effect.
Fleet Services	4.570	4.572	0.002	0.000	Outturn includes the allocation for Non standard inflation of £130k (total budget of £177k currently held corporately) for projected total fuel costs in 2014/15.	Overspend of £130k has been mitigated by Corporate NSI allocation.
Business & Strategy	1.868	1.919	0.051	0.031	Knight Owl Security cost of Alarm / Security provision at Altami Depot. Commitment of £20k for Weir Consultants Service Review.	Depot Budgets to be realigned in 2015/16 to mitigate ongoing cost into the future.
Transportation	1.416	1.342	(0.074)	(0.043)	Bus Subsidy payments to Bus Operators. Expenditure commitment reduced based on decreasing contract levels. At Period 10 a budget virement of £30k reversed. Other minor variances identified of £0.001m.	Part of Business Planning proposals for 2015/16.
Streetworks	0.041	0.041	0.000	0.001	Lower than anticipated levels of income for FPN's (based on improving standards of repair by utility companies) & road closures.	Use of £20k Portfolio Balance at Period 8. Income is also moving in a positive direction so variance will hopefully be fully mitigated by financial year end.
Aggregate of other Variances	14.139	14.160	0.021	0.037	Minor Variances.	Continue to review all commitments to attempt to mitigate .
Total Streetscene & Transportation	29.485	29.619	0.134	0.158		

MONTH 10 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
Planning & Environment						
Planning	1.428	1.345	(0.083)	(0.091)	Levels of Planning Fee income remain variable, with a slight reduction in fees received at Period 10.	Planning Fee Income levels will be closely monitored.
Public Protection	2.509	2.492	(0.017)	0.000	Budgets allocated following Single Status implementation	Continue to maintain commitment challenge across the service.
Management Support & Performance	0.843	0.793	(0.050)	(0.049)	Vacancy Budget allocated following Single Status implementation inclusive of staff savings to date.	Will be reviewed as part of monthly pay budget monitoring.
Energy Services (including closed Landfill Sites and Electricity Generation)	0.062	0.037	(0.025)	(0.019)	At Period 10, further commitment challenge has been successful in reducing Repairs & Maintenance and Equipment Rental costs.	Monitor Income Generation Levels for Gas Engines.
Public Rights of Way	0.380	0.374	(0.006)	(0.002)	Specific items of expenditure within PROW have been identified as Capital Works and have been transferred accordingly.	Continue to review but not expected to be recurrent.
Greenfield Valley & Heritage Park	0.289	0.269	(0.020)	(0.014)	Commitment Challenge through monitoring has resulted in a reduction in the expected outturn.	Continue to review.
Aggregate of other Variances	0.295	0.286	(0.009)	0.010	At Period 10, further commitment challenge has been successful in removing Consultancy commitments in Highways Development Control.	Continue to review but not expected to be recurrent.
Total Planning & Environment	5.806	5.596	(0.210)	(0.165)		

MONTH 10 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
Education & Youth Primary & Early Years Education	43.886	43.886	0.000	0.000	Reallocation of Foundation Phase grant to Early Entitlement to cover the 10% teacher time. Further review of the delivery mechanisms of early entitlement advisory support is ongoing.	Continue to review.
Secondary, 14 -19 & Continuing Education	36.739	36.746	0.007	0.019	Minor Variance.	Continue to review.
Inclusion Services	13.213	13.306	0.093	0.110	This is a volatile budget and one additional placement can make a significant change to projections. 2 new Out of County placements in October adversely affected this budget. 2 new placements and an emerging placement were received during November. In addition to this an increase in 1 to 1 support of 2 clients created a further cost of £38k. Staffing savings of £17k were realised during January.	Education placements may change throughout the year. Detailed monitoring will continue.
Access (School Planning & Provision)	0.716	0.722	0.006	0.001	Minor Variance.	Continue to review.
21st Century Schools	0.067	0.317	0.250	0.000	This cost represents charges and expenditure already incurred against the John Summers High School replacement scheme within the 21st Century School programme. Expenditure would have been classed as capital however this scheme is no longer proceeding so expenditure is reflected within revenue.	
Youth Services	1.421	1.418	(0.003)	(0.002)	Minor Variance.	Continue to review.
Commissioning & Performance	0.314	0.251	(0.063)	(0.063)	Reduction in external legal costs associated with school staff. Tightening of uptake of subscriptions, plus other minor variances.	Continue to review.
School Management & Information	0.183	0.165	(0.018)	(0.019)	Minor Variance.	Continue to review.
Total Education & Youth	96.539	96.811	0.272	0.046		

MONTH 10 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
People & Resources						
HR&OD	2.438	2.453	0.015	0.022	Minor Variances.	Continue to review.
Corporate Finance	2.463	2.442	(0.021)	(0.030)	Minor Variances.	Continue to review.
Total People & Resources	4.901	4.895	(0.006)	(0.008)		
Governance						
Legal Services	0.760	0.913	0.153	0.160	A pressure of £0.131m due to Litigation around local land charges. Overspend due to other minor variances of £0.002m. Agency costs of £0.020m.	Litigation around land charges is a one-off non-recurring cost for this financial year.
Democratic Services	1.979	1.924	(0.055)	(0.032)	The variance is due to an underspend of £0.017m on canvassing costs, an underspend of £0.020m on the member's training budget and over achievement of £0.008m income for the electoral register. Underspends of £0.010m are due to minor variances.	Continue to review but not expected to be recurrent.
Internal Audit	0.414	0.402	(0.012)	(0.011)	Minor Variances.	Continue to review but not expected to be recurrent.
Procurement	0.218	0.219	0.001	0.001	Minor Variances.	Continue to review but not expected to be recurrent.
Support Services	0.716	0.696	(0.020)	(0.025)	Minor Variances.	Continue to review but not expected to be recurrent.
Records Management	0.168	0.189	0.021	0.021	Minor Variances.	Continue to review but not expected to be recurrent.
ICT	4.197	4.263	0.066	0.066	Overspend is due to Oracle License review of £0.040m, a pressure on the software budget for £0.036m and the cost of Agency costs of £0.207m. These costs are being offset by vacancy savings of £0.195m and surplus income on digital print of £0.028. The balance is due to minor overspends of £0.006m.	The pressure due to the Oracle review is in-year only.
Total Governance	8.452	8.606	0.154	0.180		

MONTH 10 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
Organisational Change						
Public Libraries & Arts, Culture & Events	1.884	1.873	(0.011)	(0.011)	Minor Variance.	Continue to review.
Museums Service	0.062	0.058	(0.004)	(0.004)	Minor Variance.	Continue to review.
County Archives	0.254	0.249	(0.005)	(0.005)	Minor Variance.	Continue to review.
Leisure Services	4.102	4.203	0.101	0.033	Following February half term, the projected income anticipated to be received at Deeside Leisure Centre for the Ice Rink was lower than envisaged (£0.068m). The overspend balance of £0.033m relates to minor variances.	Investigate reasons as to shortfall on income.
Community Assets	0.060	0.060	0.000	0.000	No Variance.	
Valuation & Estates	(0.984)	(0.944)	0.040	(0.021)	An overspend of £0.027m is due to an in house service relocated from third party accommodation to council building, this will result in an efficiency but this will not be realised this financial year. An overspend of £0.034m relates to a roof renewal following storm damage in connection with one of the Council's commercial units, the resultant cost is due to the service meeting the insurance payment as this fell within the Council's excess. An underspend of £0.021m is due to minor variances.	This is not a recurring pressure.
Property Design & Consultancy	2.850	2.940	0.090	0.127	The projected overspend of £0.090m relates to anticipated loss of income linked to John Summers Secondary . Additional fee income from Corporate Property Maintenance (CPM) has been identified to offset loss of income.	Action has been taken to reduce costs in-year where possible. This is a non recurring pressure.
Engineering Services	(0.087)	(0.082)	0.005	0.011	Minor Variance.	Continue to review.
Facilities Services	1.886	1.817	(0.069)	(0.021)	Increase in Catering income contributing to the overall variance.	Org 2 online payment for school meals - Agreed funding for 13.14 of 0.083m, current balance of 0.049m requested to rollover to 15.16 to continue the rollout out to remaining schools.
Total Organisational Change	10.027	10.174	0.147	0.109		

MONTH 10 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
Chief Executives	3.253	3.157	(0.096)	(0.096)	The Policy Unit is showing an underspend of £0.055m. £0.013m of this underspend is due to a reallocation of costs which will now be grant funded, £0.042m is due to the removal of expenditure commitments. The balance of £0.041m is due to minor variances.	Continue to review.
Total Chief Executives	3.253	3.157	(0.096)			
Central & Corporate Finance						
Central & Corporate Finance	24.554	23.270	(1.284)	(1.406)	Central Loans and investment projected year end underspend of £0.457m. However, this can be affected by many factors such as uncertainties regarding HRA subsidy reform, accounting practice regarding interest apportionment, impact of future investment programme and the level of future reserves and borrowing requirements. MRP accounting policy has been reviewed in accordance with CIPFA guidance. MRP on assets funded by Prudential Borrowing is spread over the life of the asset and begins the year after the assets become operational. MRP on 21st century schools will not begin until 2017/18. One off efficiencies of £0.630m identified within portfolios as part of budget monitoring. Non standard inflation of £0.275m not required. Strike deductons of £0.150m. Corporate windfall income of £0.375m. Pension fund contributions of £0.050m. A one off rebate of £0.072m has been received in relation to historical audit fees.	Keep under Review

MONTH 10 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
Central & Corporate Finance (continued)					Workforce efficiencies achieved now reflect an overachievement of £0.057m in 14/15 together with an underachievement of £0.986m for the review of Administrative roles though future efficiencies are anticipated to be achieved through Voluntary Redundancy applications and further workforce review. The under achievement of the Administrative efficiencies is partly offset by an anticipated balance on Investment costs of £0.718m. One off / time limited, unbudgeted running costs of £0.411m and net phase 1 decontamination costs of £0.100m in relation to former Euticals Ltd - Sandycroft site. The balance is due to minor overspends of £0.003m.	Work is now in progress to run a further phase of the Voluntary Redundancy Programme. On-going monthly monitoring.
Total Central & Corporate Finance	24.554	23.270	(1.284)	(1.406)		
TOTAL	255.176	253.460	(1.716)	(1.978)		

EFFICIENCY NOT ACHIEVABLE			
Portfolio	Efficiency Description	Efficiency not achieved (£m)	Reason for efficiency not being achieved
Streetscene & Transportation	Streetscene - North Wales Trunk Road Association Financial benefit from involvement with the NE Wales Trunk Road Hub.	0.050	Ministerial announcement re: the future of the Trunk Road Management arrangements has stalled the project.
Total		0.050	
EFFICIENCY ACHIEVABLE IN PART			
Portfolio	Efficiency Description	Efficiency not achieved (£m)	Reason for efficiency not being achieved
Central & Corporate Finance	Review of all Admin roles / processes as a result of improved technology.	0.986	As part of the 2015/16 budget all unachieved workforce efficiencies have been addressed and a revised target set for Admin Review Efficiencies.
Social Services	LD - Enhanced Community Residential Services - Rightsizing 4 supported living houses.	0.023	ECRS Reviews being reviewed as part of the Rightsizing.
Streetscene & Transportation	Streetscene - Fleet Balance of efficiencies from Fleet review (2014-15).	0.030	A report on the implementation of Phase 1 and 2 of the Fleet Review was presented to Cabinet in September, together with the proposed mechanism for delivery of Phase 3 from 2015/16.
Streetscene & Transportation	Streetscene & Transportation - Highways Related Services - the ongoing diagnostic of the two service areas will make recommendations on synergies.	0.040	Savings were initially subject to completion of the Service Review by 1 January 2015. However, due to the number of leavers from the various VR phases throughout the year, these have assisted in reducing the efficiency shortfall to £0.040m. The shortfall has reduced steadily throughout the year through minor variances across the portfolio from an initial £0.140m to £0.040m at Month 10.
Organisational Change 1	Leisure - Changes to rotas and cover arrangements.	0.023	1/12th of the efficiency is unlikely to be achievable because the Service Review was not able to be implemented until July. This meant that posts could not be deleted until July. The delay due to Single Status implementation (Apr & May) has been funded from the reserve.
Total		1.102	

APPENDIX 4

Movements on Council Fund Unearmarked Reserves

	£m	£m
Total Reserves as at 1 April 2014	11.161	
Less - Base Level (inclusive of reduction of £0.065m agreed as part of the 2014/15 budget)	(5.769)	
Total Reserves above base level		5.392
Less – estimate required from the amount approved as part of Investment strategy as per budget 2014/15 report		(2.500)
Add – Contribution from investment costs for termination benefits accounted for in 2013/14		0.745
Less - Amount approved under delegated powers reported in July 2014 monitoring report		(0.696)
Amount available for delegation to Cabinet		2.941
Add projected underspend as at Month 10		1.716
Total projected Contingency Reserve as at 31st March 2015		4.657

HRA Major Variance Report - Period 10

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Variance	Action Required
Rents	(27.713)	(27.768)	(0.055)	(0.055)	Garage income is lower than anticipated due to high void rates.	Keep under review.
Subsidy	6.404	6.215	(0.189)	(0.189)	Calculation of subsidy submission identifies that the capital element is lower than reported at budget setting 12mths earlier. Therefore resulting in an reduced HRAS bill.	Keep under review.
General Income	(0.714)	(0.609)	0.105	0.105	Garden Service has been reviewed and contract amended to take in to account issues experienced by tenants, therefore resulting in a reduced income of £96k.	Keep under review.
Landlord Services	0.830	0.908	0.078	0.082	Garden service costs are expected to rise by £55k due to the service review. Repairs & Maintenance costs on general HRA buildings/lifts etc forecast at last years outturn being £38k more than budget.	Keep under review.
Vacancy Savings	0.235	0.000	(0.235)	(0.235)	Vacancy savings due to posts not yet being filled. Once posts are recruited to this budget will be used to fund the post for the remainder of the year.	Keep under review.
Other variances (aggregate)	21.455	21.397	(0.058)	(0.012)	Various minor variances.	Keep under review.
Total :	0.497	0.143	(0.354)	(0.304)		

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE**

DATE: **THURSDAY, 16 APRIL 2015**

REPORT BY: **CHIEF OFFICER (PEOPLE AND RESOURCES)**

SUBJECT: **BUDGET VIREMENT PROCESS**

1.00 PURPOSE OF REPORT

1.01 The purpose of the report is to provide an overview of the rules and procedures in place governing the virement of budgets and to provide assurance that there are adequate budget management arrangements in place.

2.00 BACKGROUND

2.01 The Chartered Institute of Public Finance Accountants (CIPFA) defines a virement as “the transfer of an underspending on one budget head to finance additional spending on another budget head, in accordance with an Authority’s Financial Regulations”.

2.02 The principles in relation to virements are set out in the Council’s Finance Procedure Rules which specify when a virement should be undertaken and the relevant limits associated with them.

3.00 CONSIDERATIONS

3.01 Virement between budgets is an integral and important feature of budgetary control for an organisation to ensure sound financial management.

3.02 In general terms there are two main types of virements:-

1. Accounting Adjustments – this is where it is necessary to transfer a budget from one place to another to account properly for the relevant expenditure or income but where the approved purpose of that expenditure/income does not change from that approved by County Council. An example of this is the allocation of energy inflation which is held centrally and allocated to portfolio areas based on evidenced need.
2. Formal Virements – this is where there is an intended action to transfer budget from one place to another that does change the purpose of the expenditure/income approved by County

Council. An example of this was the transfer of an amount of £250k from Adult's Services to Children's Services to deal with a pressure within the Children's Services area and this was approved through a formal recommendation in the month 3 2013/14 revenue monitoring report.

3.03 The vast majority of budget changes are in relation to accounting adjustments to deal with the effects of significant change e.g. treatment of efficiencies. Appendix 1 summarises all of the budget changes made in 2014/15 as reported in the budget monitoring report and can be classified in the following categories:-

- i) Treatment of Portfolio changes for new Operating Model
- ii) Treatment of Workforce efficiencies
- iii) Treatment of Admin review efficiencies
- iv) Treatment of Single Status Rebasing
- v) Treatment of Non Standard Inflation
- vi) Treatment of identification of one-off efficiencies
- vii) Treatment of centralising budget areas e.g. Fleet Management
- viii) Flintshire Connects contributions
- ix) Treatment of Back to Basic efficiencies

3.04 Financial Procedure Rules (FPR's) are currently being revised and are due to be approved by Audit Committee on 3rd June 2015 with a view to recommending to County Council. It is not envisaged that the key principles will change although the intention is to make clear the differences between a virement (changed purpose) and an accounting adjustment (same purpose).

3.05 Key Principles underpinning the control of budget virements are as follows:

- Where Budget Virements relate to a change of use or policy they should be authorised and there should be formal evidence of this.
- Virements simply to minimise variances are specifically precluded.
- Where an approved budget is a lump sum provision or contingency intended for allocation during the year, its allocation will not be treated as a virement provided the amount is used in accordance with the purposes for which it was originally intended, or if Cabinet has approved the basis on which it will be allocated.
- Budget Virements in excess of £75,000 are submitted to Cabinet for Approval.
- Where there are policy implications for the Council which require a budget virement, Cabinet approval must be obtained.

- 3.06 An internal Audit report on Financial Management and Budgetary control in April 2014 gave substantial assurance that controls were in place, though recommended that a documented process was put in place for undertaking virements. In addition to this, the Council's external auditors also undertake adequate testing on all areas of financial management and no issues have been previously identified as part of the audit of the annual accounts in relation to the treatment of virements.
- 3.07 A procedure to ensure the consistent application of the rules applying to budget virements was introduced in July 2014 which specifies the details required to be completed as part of the virement and the approval required to be obtained prior to the completion of the transaction within the Financial System.
- 3.08 Overall control of budget virements is undertaken within the Strategy, Accounting and Systems team which tracks the movements as part of the budget monitoring process and also ensures that any virements that change the purpose of the funding are subject to the relevant approval.
- 3.09 The Corporate Finance Manager as Section 151 officer for the Council has a legal responsibility to ensure the proper management of the Council's financial affairs and is content that the rules and procedures in place governing the virement of budget are adequate.

4.00 RECOMMENDATIONS

- 4.01 That Corporate Resource Overview and Scrutiny Committee are assured that there are adequate procedures in place governing the virement of budgets.

5.00 FINANCIAL IMPLICATIONS

- 5.01 None as a direct result of this report.

6.00 ANTI POVERTY IMPACT

- 6.01 None

7.00 ENVIRONMENTAL IMPACT

- 7.01 None

8.00 EQUALITIES IMPACT

- 8.01 None

9.00 PERSONNEL IMPLICATIONS

9.01 None

10.00 CONSULTATION REQUIRED

10.01 None

11.00 CONSULTATION UNDERTAKEN

11.01 None

12.00 APPENDICES

12.01 Appendix 1 – Summary of virements 2014/15

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

Contact Officer: Sara Dulson
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Summary of Budget Virements 2014/15
(as at Month 10)

	Chief Executive £m	Governance £m	People & Resources £m	Central & Corporate £m	Organisational Change 1 £m	Organisational Change 2 £m	Education & Youth £m	Social Services £m	Community & Enterprise £m	Planning & Environment £m	Streetscene & Transportation £m	TOTAL £m
Original Budget (FS1)	2,160	8,821	5,395	22,863	5,955	3,783	97,167	59,889	14,368	6,394	28,381	255,176
Portfolio Re-alignment	1,003	0,057	-0,249	1,022	-0,139	-0,346	-0,315	-0,344	-0,291	-0,187	-0,211	0,000
Workforce Review Efficiency	-0,132	-0,276	-0,219	2,303	0,208	-0,222	-0,258	-0,797	-0,300	-0,258	-0,050	0,000
Admit Review Efficiency	0,134	-0,013	-0,022	0,449	0,000	0,000	-0,041	-0,246	-0,055	-0,207	0,000	0,000
Single Status Pay Adjustment	-0,068	-0,027	-0,111	-1,389	0,335	0,255	0,271	0,081	-0,139	0,245	0,547	0,000
Non Standard Inflation	0,013	0,038	0,040	-1,233	0,060	0,193	0,048	0,216	0,048	0,054	0,522	0,000
Centralisation of budgets e.g. Fleet, Modern Trainees	0,143	-0,082	0,066	-0,006	-0,038	-0,028	-0,044	-0,183	-0,011	-0,133	0,315	0,000
Flintshire Connects Contribution	0,000	-0,001	0,000	0,000	-0,018	0,050	0,000	-0,050	0,131	-0,104	-0,008	0,000
In-Year One-Off Efficiency Savings	0,000	-0,065	0,000	0,544	0,000	-0,017	-0,290	0,000	-0,157	-0,015	0,000	0,000
Back to Basics Efficiencies	0,000	0,000	0,000	0,000	0,000	-0,004	0,000	0,000	-0,002	0,017	-0,010	0,000
Revised Budget (FS2)	3,253	8,452	4,902	24,555	6,364	3,664	96,539	58,568	13,591	5,806	29,485	255,176

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE**

DATE: **THURSDAY, 16 APRIL 2015**

REPORT BY: **CHIEF OFFICER (COMMUNITY AND ENTERPRISE)**

SUBJECT: **DISCRETIONARY HOUSING PAYMENT POLICY**

1.00 PURPOSE OF REPORT

1.01 To seek input from the Corporate Resources Overview and Scrutiny Committee on the Draft Discretionary Housing Payments Policy 2015 prior to its consideration by Cabinet on 21st April 2015

2.00 BACKGROUND

2.01 The Department for Work and Pensions (DWP) provides extra funding to Local Authorities (LA) to provide claimants in receipt of Housing Benefit (HB) or Universal Credit (UC) further financial assistance with their housing costs in cases where there is a shortfall between the HB entitlement and the rent payable.

2.02 There is provision within the regulations whereby the funding for DHP can be “topped up” by the LA by 2.5 times the DWP funding.

2.03 Central Government’s Welfare Reform programme, designed to make transition from Benefits into work easier, in some cases had a negative financial impact on households and individuals, and the Government has identified DHP as temporary support to enable claimants during transition.

2.04 The administration and payment of DHP is at the discretion of each LA, and therefore there can be wide variances in qualification for DHP between LA’s. The current DHP policy in Flintshire was approved by Cabinet in April 2013

2.05 Due to the high profile that DHP has received and criticism from Welsh Government regarding a perceived inconsistency in the awards process, a collaborative approach to produce a framework was commenced with the appointment of the Welfare Reform Club to produce an all Wales DHP policy framework in conjunction with colleagues from 20 Authorities in Wales who joined the project. The completed framework is unique to Wales and as such the Welfare Reform Club have copyrighted the framework which cannot be

reproduced without their consent

- 2.06 The developed framework is consistent with many elements of the Flintshire policy that was approved in 2013, but has provided a more detailed structure for deciding who should be awarded a DHP, to achieve fairness and consistency within the Council and also across the 20 Local Authorities in Wales who formed part of the project group.

3.00 CONSIDERATIONS

- 3.01 DHPs are available to assist with meeting housing costs across all tenure types, i.e. Social Housing and Private Rented Sector

- 3.02 Where it is needed this funding is designed to help in the short term. It is subject to cash limited funding and each application for DHP is assessed on financial need and personal circumstances with each decision being made on a case by case basis.

- 3.03 Examples of where a DHP may help:

- Where a restriction in rent has been applied
- Where a spare room restriction has been applied
- Where there is a deduction from benefit based on a non-dependant in the household
- Where benefit does not meet the rent payable due to the level of a person's income
- Assistance with removal costs

- 3.04 DHPs cannot be used for:

- Ineligible service charges
- Increases in rent due to outstanding rent arrears
- Certain sanctions and reductions in benefits including recovering ongoing housing benefit overpayments
- Council Tax

- 3.05 In addition to contributing to the Wales framework, the Council has undertaken detailed analysis of the DHP caseload in order to identify the need for future budget commitments more easily and also to work proactively with customers to identify issues and problems. By providing advice and support, the aim is to ultimately remove the reliance on DHP payment by assisting people to become more able to manage their own affairs more effectively in the longer term.

- 3.06 The new policy enables us to apply a level of “conditionality” to the DHP awards. This means that a DHP is awarded and will continue for the agreed period if the customer demonstrates that they are committed to working together with the Council and to helping

themselves.

- 3.07 This may involve a range of support options including:
- Working with a debt advisor
 - Actively seeking ways to move to more affordable accommodation
 - Reviewing utility costs to identify better value options
 - Reducing or eliminating non-essential expenditure, i.e. mobile phone contracts; satellite TV etc.
 - Increasing contribution from other household members
 - Claiming other benefits they may be entitled to, i.e. free school meals

3.08 The type of support or advice will depend on the specific needs of the customer and will be tailored to meet that need. It will be the customer's responsibility to demonstrate that they are making every effort to make changes or access/accept support or advice; in order to become more financially stable for the future

4.00 RECOMMENDATIONS

4.01 That Corporate Resources Overview and Scrutiny considers the Discretionary Housing Payments policy the Appendix and provides any input and comment to Cabinet on 21st April 2015

5.00 FINANCIAL IMPLICATIONS

5.01 The DWP funding for DHPs in Flintshire has been increasing over the last three years, however, for 2015/2016 this funding has now reduced. The Council has also been providing a budgeted "top up".

Financial Year	DHP Government Contribution	Flintshire "Top Up"	Total Spend
2012/2013*	£114,426	£0	£109,071
2013/2014	£242,119	£30,776	£272,895
2014/2015	£276,166	£36,834	£313,000
2015/2016	£208,883	£0	£208,883

*Pre Welfare Reform

6.00 ANTI POVERTY IMPACT

6.01 There is a need for proactive work and support due to the impacts of Welfare Reform on residents in order to mitigate them particularly for

vulnerable people.

6.02 Whilst the effects of Welfare Reform have impacted a significant number of people and increased the need for DHP, it is important to note that DHP is also payable to people who require further financial assistance that have not been impacted by these changes.

6.03 The reduction in DHP funding from DWP in 2015/2016 will inevitably have an impact on the level and duration of DHP awards, however, it is intended that by working with customers in line with the new Policy these impacts can be managed and mitigated with longer term sustainable solutions.

7.00 ENVIRONMENTAL IMPACT

None

8.00 EQUALITIES IMPACT

None

9.00 PERSONNEL IMPLICATIONS

9.01 The increase in the administration of DHP payments due to welfare reform has increased demands on the Benefits department which to date have been absorbed within the current structure.

9.02 The support of customers for benefits / budgetary advice has been provided by the Welfare Reform Response Team, which is now an integral part of the Benefits Department. The availability of funding for this team is currently under review.

10.00 CONSULTATION REQUIRED

None

11.00 CONSULTATION UNDERTAKEN

None

12.00 APPENDICES

12.01 Appendix 1 – Draft Discretionary Housing Payment Policy 2015

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS

Discretionary Financial Assistance Regulations (2001)

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FLINTSHIRE COUNTY COUNCIL

Discretionary Housing Payment Policy

2015



1. Purpose of the Policy

1.1 The purpose of this policy is to set out Flintshire County Council's (FCC) approach to dealing with claims for Discretionary Housing Payment (DHP) with effect from April 2015

1.2 In operating this policy we will have regard to the Discretionary Financial Assistance Regulations (2001) (SI 2001/1167) and the guidance issued by the Department for Work and Pensions (DWP) in its Discretionary Housing Payments Guidance Manual (Guidance Manual). FCC have engaged with 19 other Local Authorities in Wales to develop a Policy Framework.

1.3 The Policy covers decisions within the gift of the council and so provides a platform for the exercise of discretion. In creating the DHP policy we have taken into account the key objectives and overall strategy of the DHP policy framework.

1.5 It is not possible (and not the intention) to make an award in every case where there is such a shortfall. So the policy framework is a way of helping to decide priorities for payment when demand exceeds supply (as will usually be the case).

1.6 The Policy Framework has been created to make most effective use of the DHP allocation, by making decisions that are designed to improve outcomes for people rather than simply to park a problem.

2. Introduction

2.1 Discretionary Housing Payments (DHPs) are discretionary sums payable by the Council to a person in receipt of Housing Benefit (HB) or Universal Credit (UC), DHPs are paid from a fixed budget and are intended to help people meet housing costs, usually where there is a shortfall between their Housing Benefit (or housing element of Universal Credit) and their rent.

2.2 DHPs are regulated by the Discretionary Financial Assistance Regulations 2001(SI 2001 No 1167) within the regulations a Council is allowed much discretion. FCC will administer the scheme with reference and regard to the contents of this policy.

3. Statement of key objectives

3.1 Our objectives include:

1. To encourage and help keep people in employment;
2. To prevent homelessness and aid people to retain sustainable tenancies;
3. To help people who are trying to help themselves;
4. To help keep families together;
5. To support vulnerable people in the community;
6. To help people through times in which they are stressed and vulnerable;
7. To help to alleviate poverty;
8. To assist people that are particularly disadvantaged by Welfare Reforms;
9. To give all applicants as fair and consistent a decision as possible;

10. Supporting domestic violence victims who are trying to move to a place of safety;
11. Supporting the vulnerable or the elderly in the local community;
12. Helping customers through personal and difficult events ;
13. Supporting young people in the transition to adult life;
14. To give greater priority to those who are making efforts to help themselves;
15. To prevent outcomes such as homelessness which are likely to involve further hardship for the household as well as additional and avoidable costs for the council.

3.2 In the pursuit of these objectives FCC undertakes to consider each case on its individual merits and to act fairly, reasonably and consistently.

3.3 In order to achieve these objectives FCC will have to apply some priorities in this process, these are:

- The financial circumstances of the household
- The extent to which members of the household are able, and willing, to manage the situation they are in
- The wider financial consequences of not making an award

4. How to apply for a DHP

4.1 Claims can be made in writing on the official claim form or in another format if it contains suitable information on which a decision can be reached. Claims for DHP can be submitted on line at our website <http://www.flintshire.gov.uk/> or requested by email to benefits@flintshire.gov.uk, by telephone (01352) 704848, or Connects Offices based within the County.

5. Awarding a DHP

5.1 The award of a DHP may be for any duration and will usually be paid from the Monday following the day the application form is received by the authority.

5.2 FCC has the discretion to backdate any claim for DHP; taking into account the customer's circumstances at that time and the funds available. The claimant has to be in receipt of Housing Benefit or Universal Credit during the period covered by the whole backdate request period.

5.3 For all applications, a financial assessment will be made, comparing income with expenditure. No source of income is disregarded and all expenditure is taken into consideration. If there are non-dependants in the household they may be expected to contribute more. The principle is that help should go to those who have no other means of meeting the need.

5.4 An assessment will then take place to establish if the household's total outgoings are equal to or exceed their income. If there is income available, or could be made available, sufficient to meet the shortfall in rent, or other housing need, a DHP application will not succeed, unless or until circumstances change.

5.5 If there is some income available, but this is not sufficient to meet the shortfall in rent, if the application for DHP is successful, this amount will be deducted from the award.

5.6 DHPs can often be most effectively used as a temporary measure whilst a household seeks a more long-term solution to the situation they are in. Where this is possible, higher priority will be given to those who are taking steps themselves, i.e. those with a spare room who are taking steps to move to smaller accommodation.

5.7 There are some households who are not currently helping themselves and FCC will be working to assist those who are willing to start doing so. In these cases, the DHP may be conditional on certain action being taken, i.e. accepting a referral and working with a debt advisor

5.8 There are, however, situations where DHP may be needed for a longer period, ones who cannot realistically alleviate the situation they are in by taking action themselves, these households will also be given high priority

6. Payment and Notification

6.1 FCC will pay a DHP by BACS in the same way that Housing Benefit is paid. Notification of successful and unsuccessful awards will be accompanied by a statement explaining the reason for the decision. The letter will include details of the value of any award, how long the award will be for and to whom the DHP will be paid to.

6.2 The letter will ensure that successful customers know when to report relevant changes, for unsuccessful applications, it will also provide an explanation of the reasons the claim has been unsuccessful so that the claimant may request a review of this decision if they wish to do so.

7. Review of Decisions

7.1 DHPs are not payments of Housing Benefit and are therefore not subject to the statutory appeals procedure, however, FCC does have a review process. FCC will consider requests to review a decision for the following reasons:

- a decision not to award a DHP,
- a decision to award a reduced or lesser amount of DHP,
- a decision not to backdate a DHP or
- a decision that there has been an overpayment of a DHP.

This review will be dealt with by a senior officer to the original decision maker. In the event of an affected person still being dissatisfied, the Benefits Manager will make a final decision

7.2 A claimant (or their appointee or agent) should request a review, in writing, within one calendar month of the written DHP decision.

8. When a DHP can not be paid

8.1 DHP is not available for the following purposes:

1. To help with Council Tax costs;
2. To cover any shortfall in Housing Benefit that occurs due to the recovery of an overpayment;
3. To cover any ineligible service charges such as meals, fuel charges, personal care etc.

9. Other forms of assistance with Housing Costs

9.1 If a Council Tax payer cannot meet their council tax liability, then FCC may consider writing off their debt in accordance with the Corporate Debt Policy.

9.2 If a customer requires assistance with Rent Deposits or Rent in advance then this is available from other FCC departments.

10. Overpayments

10.1 If a DHP is found to have been overpaid, we will consider whether it is appropriate to recover it. If we decide to recover any overpayment this may be in full or in part.

10.2 If the overpayment occurred because of our mistake we would not normally seek repayment, unless the customer contributed in some way to that mistake or knowingly allowed a DHP to continue to be paid in error.

10.3 We will not recovery any DHP overpayment from a person's on-going benefits. A separate arrangement will be negotiated.

11. Conclusion

11.1 This policy is not intended to be completely rigid and should not be interpreted as such. In a discretionary scheme, there will always be some cases with special or unusual circumstances where a decision-maker will consider a DHP award justified. The advantage of a discretionary scheme is that, whatever framework is used, such awards can, and should be made.

11.2 However, this policy does provide a structure for deciding who should be awarded a DHP. It is designed to achieve a reasonable amount of fairness and consistency in decision making.

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE**

DATE: **THURSDAY, 16 APRIL 2015**

REPORT BY: **CHIEF OFFICER (COMMUNITY AND ENTERPRISE)**

SUBJECT: **HOUSING BENEFIT OVERPAYMENTS POLICY**

1.00 PURPOSE OF REPORT

To seek input from Corporate Resources Overview and Scrutiny Committee on the draft Housing Benefit Overpayment Policy 2015 prior to its consideration by Cabinet on 21st April 2015

2.00 BACKGROUND

2.01 An overpayment of housing benefit occurs when a payment of benefit is made when there is no entitlement to this payment.

2.01 They can occur for many different reasons including:

- Failure or delay in reporting changes in circumstances
- Official error on the part of the authority or agency of the Department for Work and Pensions (DWP), either through mistakes or delays in processing
- Detection of fraudulent claims and payment irregularities
- Delayed receipt of income, such as an award of a state benefit including initial lump payment of arrears

2.03 The Council must seek to maximise recovery of overpaid Housing Benefit in accordance with the Authority's legal responsibility and its duty to protect public funds in accordance with the Housing Benefit Regulations 2006 and the Housing Benefit (State Pension Credit) Regulations 2006.

2.04 Although the recovery of Housing Benefit Overpayments is included in the Council's Fair Debt policy, due to the specific nature of the debts and the guidance from DWP around recovery options, it is important that these are detailed in a separate policy.

3.00 CONSIDERATIONS

3.01 It is a DWP requirement that Flintshire County Council demonstrates that it carries out administration and recovery of Housing Benefit overpayments efficiently and effectively.

- 3.02 By doing this, the Authority:
- Reduces the loss to public funds
 - Provides revenue for the Authority
 - Helps reduce subsidy loss from overpayments
 - Deters fraud and error
 - Demonstrates the Authority's commitment to accuracy and provision of a quality service to its customers.

3.03 The Benefits Service is committed to reducing the levels of overpayments by ensuring the accuracy of decisions and the timeliness of actioning changes in circumstances, whilst also promoting the requirement for customers to promptly advise the Department of changes in their circumstances.

3.04 Although all efforts are made to minimise overpayment it is inevitable that overpayments will occur. The Authority takes its role in protecting the public purse very seriously and the overpayment recovery process makes a significant contribution to this.

3.05 In developing this Policy, consideration has been given to the merits of specific cases and the need to exercise discretion in a fair and reasonable manner. The policy, or any aspect of the policy, should not be viewed as a statement of intent in respect of all cases.

- 3.06 The aim of the policy is:
- To improve debt recovery and prevent debt from occurring
 - To collect all recoverable overpayments where possible and appropriate
 - To set out a clear debt recovery strategy

3.07 To act as a guide to the Council's administration of Housing Benefit overpayment recovery and to set a framework within which recovery decisions can be made

4.00 RECOMMENDATIONS

4.01 That Corporate Resources Overview and Scrutiny considers the Housing Benefit Overpayment Policy as set out in the Appendix and provides any input and comment to Cabinet on 21st April 2015.

5.00 FINANCIAL IMPLICATIONS

5.01 Taking a structured and pro-active approach to recovery of Housing Benefit Overpayments will ensure that income is maximised and bad debt is minimised.

5.02 Although the write-off provision is already covered by Financial Procedure Rules, in the interests of transparency, protocols to support

the write-off of bad debts is also included in the Policy. This will ensure that when it is deemed that a debt should not be recovered, those debts are written off promptly so that resources are concentrated where they can be most productive

6.00 ANTI POVERTY IMPACT

6.01 The policy will ensure that recovery action will be taken against deliberate non-payers or those who delay making payment without genuine reason, while also working to identify and assist those who genuinely can't pay.

6.02 The recovery of Housing Benefit Overpayment is also covered in the Authority's Fair Debt Policy so the principles for providing a commitment to work with people (and their representatives) who have fallen or are likely to fall into arrears in order to set reasonable and realistic payment levels that they can maintain, ensuring that payment arrangements reflect their ability to pay as well as the level of debt owed.

7.00 ENVIRONMENTAL IMPACT

None

8.00 EQUALITIES IMPACT

8.01 The Policy is supported by guiding principles to ensure that in the wider public interest recovery action is proportionate, consistent and transparent.

9.00 PERSONNEL IMPLICATIONS

None

10.00 CONSULTATION REQUIRED

None

11.00 CONSULTATION UNDERTAKEN

None

12.00 APPENDICES

12.01 Draft Housing Benefit Overpayment Policy 2015.

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985

BACKGROUND DOCUMENTS

Housing Benefit Regulations 2006
Housing Benefit (State Pension Credit) Regulation 2006
Flintshire County Council – Fair Debt Policy
Flintshire County Council – Financial Procedure Rules

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FLINTSHIRE COUNTY COUNCIL

Housing Benefit Overpayments Policy

2015



FLINTSHIRE COUNTY COUNCIL

HOUSING BENEFIT OVERPAYMENTS POLICY AND STRATEGY 2015

1. Introduction

- 1.1 This document, in conjunction with Flintshire County Council's Strategic Policies sets out the Council's commitment to ensure that every effort is made to recover Housing Benefit Overpayments in accordance with the Housing Benefit Regulations 2006.
- 1.2 An overpayment is an amount of benefit that has been paid to, or in respect of, a claimant to which he/she was not entitled and relates to Housing Benefit.

2. Overpayments Policy

- 2.1 The Council will seek to maximise recovery of overpaid Housing Benefit in accordance with the authority's legal responsibilities with respect to the decision-making process and its duty to protect public funds. At the same time, account will also be taken of the authority's fair debt policy and anti-poverty strategy.
- 2.2 Consideration must always be given to the merits of specific cases and the need to exercise discretion in a fair and reasonable manner. The policy, or any individual aspect of the policy, should not be viewed as a statement of intent in respect to all cases.
- 2.3 The authority takes its role in protecting the public purse very seriously and the overpayment recovery process makes a significant contribution to this. This commitment will be reflected in the firm recovery of any fraudulent overpayments as identified by the Department for Work and Pensions.

3. Why do we need a Policy?

- 3.1 It is essential for Flintshire County Council to demonstrate that it carries out administration and recovery of Housing Benefit overpayments efficiently and effectively.
- 3.2 By doing so the Council:
 - a) Reduces losses to public funds.
 - b) Provides revenue for the Council.
 - c) Helps reduce subsidy loss from overpayments.
 - d) Deters fraud and error.
 - e) Demonstrates the Council's commitment to accuracy and provision of a quality service to its customers.

4 **Aim of the Policy**

4.1 The aims of this policy are:

- a) To improve debt recovery and help prevent debt occurring.
- b) To collect recoverable overpayments where possible and appropriate.
- c) To set out a clear debt recovery strategy.
- d) To act as a guide to the Council's administration of Housing Benefit overpayment recovery and to set a framework within which recovery decisions can be made.

4.2 The policy will be reviewed annually.

5. **Overpayments Strategy**

5.1 An overpayment is defined by Housing Benefits legislation as being any payment by way of benefit to which there was no entitlement.

5.2 Overpayments are caused by a number of factors, including:

- a) Failure to report or delay in reporting a reportable change of circumstances, whether accidental or fraudulent in nature.
- b) Payment of benefit in advance.
- c) Official error on the part of the authority or an agency of the Department for Work and Pensions (DWP), either through mistakes or delays in processing.
- d) Detection of fraudulent claims and payment irregularities.
- e) Delayed receipt of income, such as an award of a state benefit including an initial lump-sum payment of arrears.

6. **Strategies for Preventing or Minimising Overpayments**

6.1 Flintshire County Council recognises that its actions can influence the level of overpayments, but accepts that some overpayments will inevitably occur. The authority is committed to seeking ways to prevent overpayments and to keep overpaid amounts to a minimum wherever possible. Current strategies include:

- a) Providing claimants and landlords with clear information regarding their duty to report changes of circumstances as quickly as possible, and the types of changes that must be reported.
- b) Seeking to action all notified changes of circumstances within 14 days of notification.

- c) Seeking to prevent fraud and error entering the benefits scheme at the point of initial application, by utilising the Risk Based Verification software process.
- d) Providing staff with regular training and updates on legislative changes and work procedures, with the aim of increasing skill and knowledge levels and thus reducing local authority official error overpayments.
- e) Undertaking a claim-checking routine to ensure that a selection of claims/assessments processed are analysed for error. The results of this checking will assist in informing the programme of staff training and contribute to continuous improvements.
- f) Using the authority's powers of suspension and termination in cases where doubt exists as to the claimant's benefit entitlement.
- g) Referring suspicions of Fraud to the Department for Work and Pensions.
- h) Promptly identifying all recoverable overpayments.
- i) Using all permitted methods of recovery.
- j) Making payments of Housing Benefit in arrears to enable changes to be actioned before the next payment is sent.

7. Identifying Overpayments

Accurate and prompt identification of overpayments is important to ensure that the incorrect payment of benefit is discontinued, to maximise the chances of successfully recovering the overpayment and reducing the number of complaints and appeals.

- 7.1 In order to help identify overpayments promptly, the Council uses The DWP's Customer Information System (CIS). Details of ending entitlements and changes to DWP benefits and HMRC Tax Credits downloaded on a daily basis.
- 7.2 Incoming work items are categorised and those identified that could potentially be a change of circumstance which could lead to a reduction in benefit and a subsequent overpayment are treated as a priority.
- 7.3 The Assessment Section identifies overpayments and establishes the cause of the overpayment, whether it is recoverable and from whom it should be recovered.
- 7.4 The calculation of a recoverable overpayment is arrived at by deducting the amount of benefit that should have been paid, over the period in question, from the amount of benefit actually paid. Consideration is given to any uncashed or returned benefit payments or underpayment of benefit and customers are given the opportunity to provide evidence of any possible underlying entitlement which may be used to offset against the overpayment.

8. Decisions on Recoverability

- 8.1 The authority must make a number of decisions in the course of calculating overpayments of benefit and undertaking recovery action. In making these decisions the authority will have due regard to the circumstances of each case and will not apply “blanket” policies that may constitute fettering of its discretion. Correct decision making is essential because:
- a) There are consequences and rights for the claimants and other affected persons. The decision can affect the finances of the Authority if it is not recoverable.
 - b) Decisions made, and the reasons for them, can provide an indication of the levels of fraud and error against inefficiency.
- 8.2 In all cases where benefit is overpaid, a decision will be made as to whether the overpayment is recoverable, based on the criteria stated in the Housing Benefit Regulations 2006, 100.
- 8.3 The authority specifically undertakes to ensure that:
- a) No person is required to repay non-recoverable overpayments. A non recoverable overpayment (as defined in the Benefit regulations) is one that has been caused by official error, **and** the claimant or recipient of the benefit could not reasonably have been expected to know that an overpayment was occurring at the time that payment was made or at the time of notification.
 - b) In respect of recoverable overpayments, due consideration will be given to the question of whether or not the authority should exercise its discretion to recover the debt.
 - c) Wherever applicable, underlying entitlement to benefit during the overpayment period will be taken into account and, if the necessary information for calculation of underlying entitlement is not available, claimants will be given at least one opportunity to provide that information.
 - d) No landlord/agent will be required to repay an overpayment where the conditions of regulation 101(1) of the Housing Benefit Regulations 2006 as amended (HBGR) are satisfied.
 - e) All affected persons are sent notification of relevant decisions within 14 days of the decision being made and that these notifications comply with statutory requirements.
 - f) When making decisions on recoverability, Benefit Assessors will consider the facts, any supporting evidence and the Housing Benefit Regulations 2006.
- 8.4 In deciding whether to recover an overpayment, each case will be decided on its own individual merits. The aim of the Council is to effectively and efficiently recover any overpayment without causing unreasonable hardship to the claimant.
- 8.5 Factors that should be taken into account include:
- a) The amount of the overpayment - it may not be economical to pursue recovery of a small overpayment if the claimant has moved out of the area.

b) If the claimant is vulnerable - medical/documentary evidence may be requested before deciding not to recover.

c) Maladministration / delays in processing.

8.6 The process map can be found at Appendix 1 which shows how to decide if an overpayment is recoverable.

9. **Notification of an Overpayment**

The Housing Benefit regulations state that any person affected by a decision relating to an overpayment must be notified in writing e.g. if recovery is to be from a landlord, a notification letter must be sent to the claimant and the landlord. A person affected is someone whose rights, duties or obligations are affected by a decision.

9.1 A notification letter will be issued within 14 days of the decision and will comply fully with Schedule 9 of the Housing Benefit Regulations. The letters will include:

a) The fact that there is a recoverable overpayment.

b) The reason for the recoverable overpayment.

c) The amount of the recoverable overpayment.

d) An explanation as to how the overpayment was calculated.

e) The period of the overpayment i.e. which benefit weeks it relates to.

f) The amount of any deduction to be made from ongoing entitlement to benefit and when the deduction will be made.

g) The right to request a detailed statement.

h) The right of appeal and the time and manner in which to do so.

9.2 The notification issued to the landlord should contain all of the above. The landlord should know the reason of the overpayment and given enough information to decide whether or not they agree with the decision. Although this may mean disclosing personal information to the landlord about the claimant, this can be done in broad terms and only expanded upon if the landlord has decided to appeal.

9.3 If an overpayment notification does not comply with the above requirements, the Council will decide if the claimant or landlord has been prejudiced by such a defective notification. The Council will therefore decide if the omission within the notification has meant that the claimant or landlord does not know the level of the overpayment, how it occurred or what their appeal rights are. If this is the case then a new notification will be issued as soon as possible. If the omission is minor, any appeal can proceed.

9.4 All notification letters are checked by the Benefits Assessors to ensure that they are accurate prior to them being issued. Production of all system-generated letters creates a diary entry on the notepad confirming the letter has been created, which cannot be removed.

9.5 In the event of a request for a review or appeal, legal challenge, complaint or civil proceedings, it is possible for a copy of the original notification to be obtained from within the computer system.

10. **Principles of Overpayment Recovery**

10.1 Overpaid Housing Benefit may be recovered by several different methods.

10.2 The authority will seek to recover overpaid Housing Benefit in the most efficient and cost-effective manner, having regard to its statutory obligation to protect public funds.

10.3 The authority will have regard to the circumstances of the individual from whom recovery is sought. The person from whom recovery is sought shall have the right to request a revised repayment arrangement based on his financial circumstances.

10.4 A recoverable overpayment can be recovered from the claimant or from the person who received the payment – e.g. a landlord who has been paid in respect of a tenant. In coming to a decision as to from whom recovery will be sought, due consideration will be given to HB Regulation 101 (2)

10.5 In the case of direct payments to a landlord or third party, consideration is given to whether the payee could have reasonably known they were being overpaid at the time of the payment.

10.6 In cases where the claimant caused the overpayment as a result of a fraudulent act, recovery should usually be sought from the claimant, even in cases where the payments were made to the landlord. If the landlord/agent is directly connected to the fraud then recovery should be sought from the person to whom benefit was paid.

10.7 Where an overpayment was the result of a fraudulent act by the claimant, and the landlord reported the fraud to the Council, the overpayment should always be recovered from the claimant, even though the landlord may have received payments.

11. **Specific Methods of Recovery**

11.1 Instalment recovery / Recovery from ongoing benefit entitlement

11.1.a Instalment recovery or recovery from ongoing benefit entitlement may be used by the authority where the debtor has continuing entitlement to Housing Benefit. A portion of the weekly entitlement is withheld and offset from the outstanding debt until it has been fully recovered.

- 11.1.b The provisions of regulation 102 of the HB Regulations limit the maximum amount that may be recovered each week and the authority will not exceed these maximum amounts without express written agreement from the debtor. In any case, the authority will not reduce a person's minimum weekly payable benefit below 50 pence. Recovery at a higher rate than those prescribed in the Regulations can only be done with the debtors consent and is voluntary.
- 11.1.c At the outset of instalment recovery, the authority will decide on the level of deduction to be made on the basis of the information available. The claimant will be notified of the commencement of instalment recovery and informed of their opportunity to request a revised repayment arrangement based on their financial circumstances. The authority may request such reasonable information as is necessary to decide on an amended level of recovery.
- 11.1.d In cases where payment is being made direct to a third party, the authority will inform that third party of any change to benefit payments as a result of instalment recovery but will not divulge the reason for the reduction.
- 11.1.e In cases where recovery of the overpayment causes severe hardship, an arrangement will be made to reduce the weekly recovery rate. Risk of being made homeless, multiple debts to the Authority and health problems are examples of why a reduction in recovery may be considered. In such instances it should be made clear that this decision will be reviewed and possibly revised in the future.
- 11.2 Offset of Entitlement (netting off)
- 11.2.a The authority may offset some or all of any amount of benefit owed to the claimant to recover an overpayment in part or full (regulation 102(1) HB Regulations).
- 11.2.b When considering how much of any owed sum should be offset against overpaid benefit, the authority will take due consideration of the claimant's circumstances. Recovery by offset must not place the claimant's tenancy in jeopardy by creating or aggravating an existing situation of high rent arrears.
- 11.2.c In cases where there is an existing overpayment from an earlier period, it is possible that there may be a substantial initial payment due in respect of the start date of a new claim. In such cases, and depending on the size of the outstanding overpayment, the authority will initiate instalment recovery from ongoing entitlement and may offset an appropriate number of weekly instalments from the initial payment.
- 11.2 Recovery from "Blameless Tenants"
- 11.3.a Where an overpayment is recoverable from a third party, such as a landlord or agent, and Housing Benefit continues to be paid to that third party, the authority may recover the overpayment by deducting some or all of any due payments to the third party. Recovery may be made in this manner even if the third party is no longer receiving payment of benefit direct for the person

in respect of whom the overpayment was made, in which case recovery is said to be being made from the entitlement of the third party's "blameless tenants".

11.3.b When using this method of recovery, the authority will:

- Give consideration to the circumstances of the third party when deciding how much of any owed sum should be recovered from future payments to the third party.
- The authority will also undertake to inform the third party of their rights and responsibilities in respect to this recovery action. In particular, the authority will inform the third party of their obligation to credit the rent accounts of the blameless tenants with the full amount of benefit that would have been paid had recovery not been made.

11.4. Recovery from other Social Security Benefits

11.4.a If recovery from ongoing entitlement to Housing Benefit is not available, the authority may seek to recover overpaid benefit from another Social Security benefit (as detailed in regulation 105(1) HB Regulations) in payment to the claimant.

11.4.b The authority will seek to recover overpaid benefit in this manner in cases, which it considers suitable and will fully co-operate with the Debt Management Services of the DWP.

11.5. From a Credit on the Rent Account

11.5.a In the case of Local Authority overpayments, recovery can be made by recovering an amount from the claimant's housing rent account. Overpayments will not be recovered from a Council Tenant's rent account unless the account is in credit; the claimant was paying the correct level of rent at the time of the overpayment; the claimant requests recovery be made using this method; a payment has been made twice for the same period; or the overpayment is due to vacation of property or death of the claimant.

11.6 Recovery from Housing Benefit paid by another Authority

11.6.a This method of recovery may be appropriate where the person has left our authority area and it can be established that they are in receipt of Housing Benefit in another authority's area. The debt may then be recovered by the new authority making deductions from ongoing entitlement on behalf of our Authority.

- 11.6.b Flintshire undertakes to co-operate with all requests from other authorities to recover overpaid benefit on their behalf. Flintshire retains the right to set the level of weekly deduction that it considers appropriate in light of the person's circumstances.
- 11.6.c Flintshire will, however, seek to recover any Housing Benefit debt owed to itself before seeking to recover for another authority.

11.7 Registration of Debts at County Court

- 11.7.a Where recovery by any of the methods outlined above is unavailable or impracticable, the authority may seek to enforce recovery by registering the debt at a County Court. This has the effect of enabling the authority to use recovery methods that are otherwise unavailable without obtaining a County Court Judgment (CCJ).
- 11.7.b When seeking registration of a debt, the authority must provide the Court with a copy of the original overpayment notification letter, which for these purposes constitutes a demand for payment. The authority will ensure that all notifications that are issued are in full compliance with the statutory requirements.
- 11.7.c The authority will not seek to register a debt at County Court before the debtor has had the opportunity to dispute the overpayment decision (i.e. one month), nor will it seek registration where a request for revision or appeal is outstanding.
- 11.7.d The authority will incur costs when registering a debt and these will be added to the total debt owed. In exceptional circumstances consideration may be given to waiving any costs incurred.
- 11.7.e Wherever practicable, the authority will seek to use this method of recovery enforcement in preference to taking a County Court small claims action. This will mean that fewer people experience the negative effect that a CCJ has on their credit record.

11.8 Direct Earnings Attachment

From April 2013 the Department for Work and Pensions introduced a process whereby Local Authorities can apply a Direct Earnings Attachment as an alternative to applying the debt to the County Court.

When this option is used the authority applies to the employer to make a percentage deduction from the employees wages which is then offset against the outstanding debt.

11.9 Sundry Debts

- 11.9.a In all other cases, or where the authority considers it to be most appropriate, recovery will be sought by issuing a sundry debtor invoice. This may lead, ultimately, to County Court action and a CCJ being issued.
- 11.9.b Where a request for revision or an appeal has been received, no invoice will be issued until the dispute has been resolved.
- 11.9.c Where an invoice has already been issued and the debtor disputes the case, recovery action will be suspended until the dispute has been resolved.
- 11.9.d If the debtor fails to make payment in full or an arrangement to pay within 14 days of the invoice being issued, a reminder notice will be sent. If no payment in full or arrangement to pay is then made within a further 14 days, the debtor will be sent a final notice to inform them that full payment or an arrangement to pay must be made within a further 7 days of the date of that notice, failing which the council will commence legal action.
- 11.9.e Flintshire will not issue an invoice for less than £10.00. Where the claimant is unable to repay the debt in full, the overpayment team shall negotiate a suitable instalment arrangement.
- 11.9.f The authority will incur costs when taking County Court small claims action that will be added to the total debt owed. In exceptional circumstances consideration may be given to waiving any costs incurred.
- 11.9.g If the authority obtains a CCJ or registers the debt at County Court (ref. 15), recovery may be enforced by a number of different methods. These include:

(i) Order to obtain Information - the debtor may be required to attend Court and give evidence as to their income and expenditure, at which time an arrangement to pay may be obtained.

(ii) Court Enforcement Agent action - the authority may apply for the Court bailiff to enforce the CCJ by distraining against the goods of the debtor.

(iii) Charging order - an application to the Land Registry for registration of a charge on property or land owned by the debtor, the debt thus to be paid on sale of the property or land.

(iv) Attachment of earnings - where the debtor is known to be in work and the authority is able to obtain details of their employment, the debtor's employer may be required to make statutory deductions from their employee's pay and forward these deducted amounts to the authority.

(v) Third Party Debtor order - where the authority is able to obtain details of the debtor's bank account(s), application may be made for such an order. This will have the effect of freezing the debtor's access to his account and the redirection of funds to the authority.

Any costs incurred by the authority in pursuing any of these enforcement methods will be added to the total debt owed. In exceptional circumstances consideration may be given to waiving any costs incurred.

12. **Debt Management**

12.1 Flintshire County Council Housing Benefit Overpayment Section undertakes to:

- a) Monitor the level and age of debt regularly.
- b) Prioritise recovery of overpayments caused by fraud.
- c) Set relevant targets for the recovery and management of overpayments, working towards improvements on current performance
- d) Produce relevant, accurate performance management information
- e) Monitor and record the success of different recovery methods and review working practices regularly to ensure continued efficiency.

13. **Write Offs**

13.1 In accordance with current Financial Regulations, all debt deemed bad and irrecoverable must be reported to the Corporate Finance Manager.

13.2 Overpayments are only written off by an authorised officer in accordance with Flintshire's Corporate Debt Policy after all avenues of recovery which Flintshire considers appropriate have been considered.

13.3 If an overpayment is deemed irrecoverable it will be written off, as this is a legal requirement within the Regulation, this is not required to be authorised as above as it is not legally allowed to recover debts which are classified as irrecoverable.

13.4 Individual write off requests in excess of £5000 must be authorised by the Executive Member for Finance.

13.5 The Council recognises that with recovery of Housing Benefit overpayments it is dealing with potentially some of the most financially vulnerable members of the community and while an overpayment might be recoverable under the law, there is always the separate decision as to whether recovery should be sought. This means that some debts will have to be written off because, for example, the debtor has no means to repay; it is not in the Council's interests to request repayment; the debtor has died; become bankrupt or absconded; recovery action is not cost effective or the debt is time barred.

13.6 The decision to write off a debt as uneconomic or inappropriate to recover will not be made without full consideration of available methods of recovery.

13.7 Team Leader reviews outstanding debtor overpayments to identify and record any debts that should be considered for write off. Any debts subsequently identified will be dealt with in accordance with the Council's Corporate Debt Policy

13.8 Where an overpayment is classed as irrecoverable the claim details will be recorded to reflect this.

14. Roles and Responsibilities

14.1 All staff should be aware of the overall aim of preventing overpayments occurring, keeping overpayments to a minimum once identified and ensuring efficient and effective recovery without causing undue hardship.

14.2 Staff are trained to identify work items that may cause an overpayment and be able to prioritise this work so it can be actioned immediately.

14.3 Staff responsible for creating new claims are responsible for identifying cases where an overpayment exists on a previous claim or address and ensuring that recovery action is reinstated or transferred.

14.4 Staff responsible for creating the overpayment will decide whether or not it is recoverable and if it is they will issue the first invoice.

14.5 The Benefits Team Leader monitors and amends recovery of overpayments recovering from ongoing benefit and the assessment team amends accordingly.

14.6 The Benefits Officer will recommend whether a local authority error overpayment is recoverable. This is passed to the Benefits Team Leader to make the final decision.

15. Additional Information / Summary

15.1 The policy will be revised when there are changes to legislation and to improve its effectiveness in preventing and recovering overpaid Housing Benefit.

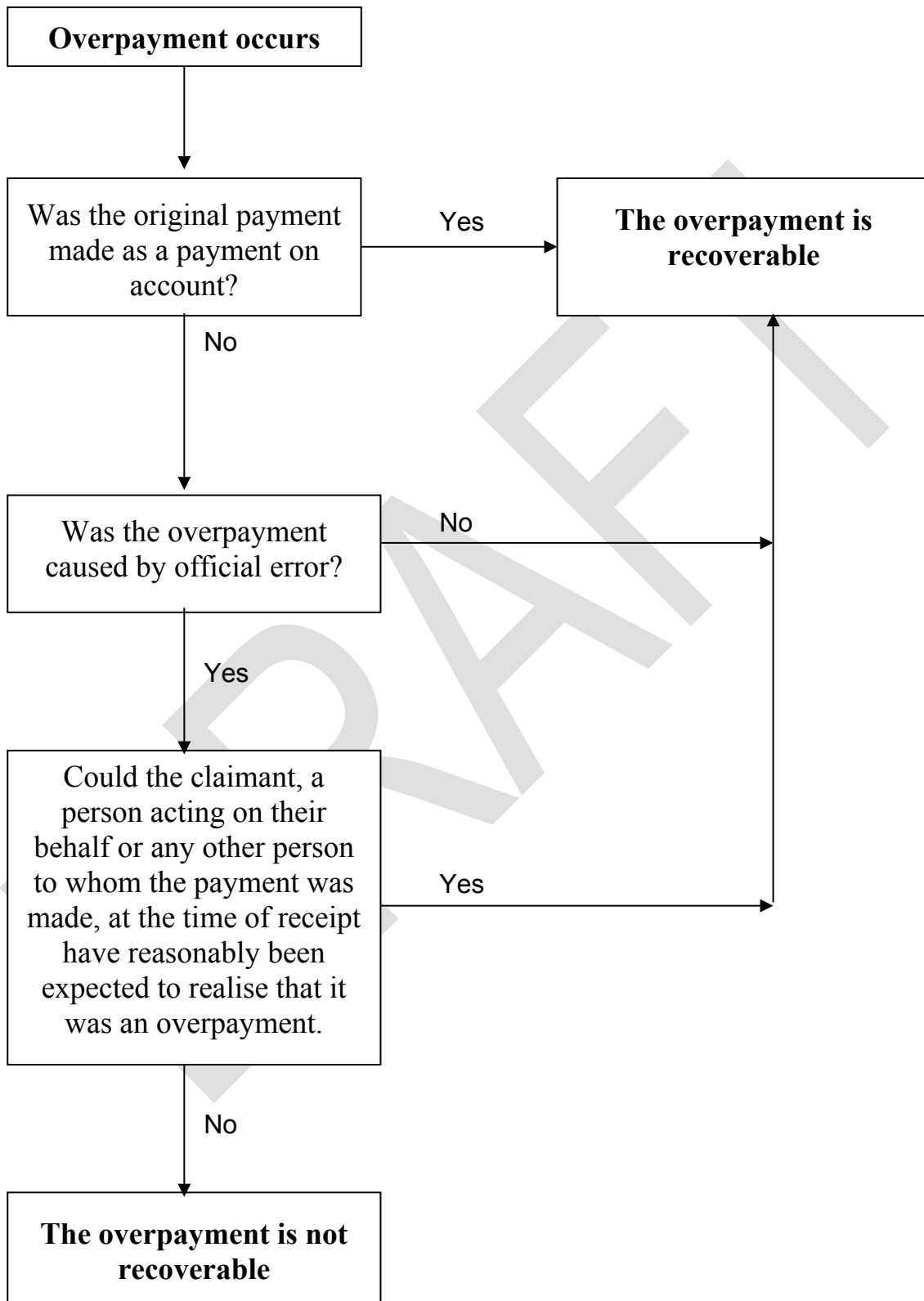
15.2 The Council will not operate blanket recovery policies, with each case being considered on its own individual merits.

15.3 All customers will be treated in a fair and equitable manner.

15.4 The Council will monitor, maintain and improve systems that seek to prevent overpayments caused by official error and minimise overpayments caused by misrepresentation or failure to report changes of circumstances. It will also monitor the success rate for recovering all overpayments.

15.5 All staff should refer to the Department for Work and Pensions Housing Benefit Overpayments Guidance Manual for greater detail in deciding discretionary issues and the correct course of action.

Overpayment Recoverability Process Map



FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE**

DATE: **THURSDAY 16TH APRIL, 2015**

REPORT BY: **MEMBER ENGAGEMENT MANAGER**

SUBJECT: **FORWARD WORK PROGRAMME**

1.00 PURPOSE OF REPORT

1.01 To consider the Forward Work Programme of the Corporate Resources Overview & Scrutiny Committee.

2.00 BACKGROUND

2.01 Items feed into a Committee's Forward Work Programme from a number of sources. Members can suggest topics for review by Overview & Scrutiny Committees, members of the public can suggest topics, items can be referred by the Cabinet for consultation purposes, or by County Council or Chief Officers. Other possible items are identified from the Cabinet Work Programme and the Strategic Assessment of Risks & Challenges.

2.02 In identifying topics for future consideration, it is useful for a 'test of significance' to be applied. This can be achieved by asking a range of questions as follows:

1. Will the review contribute to the Council's priorities and/or objectives?
2. Are there issues of weak or poor performance?
3. How, where and why were the issues identified?
4. Do local communities think the issues are important and is there any evidence of this? Is there evidence of public dissatisfaction?
5. Is there new Government guidance or legislation?
6. Have inspections been carried out?
7. Is this area already the subject of an ongoing review?

3.00 CONSIDERATIONS

3.01 Overview & Scrutiny presents a unique opportunity for Members to determine the Forward Work Programme of the Committees of which they are Members. By reviewing and prioritising the Forward Work Programme Members are able to ensure it is Member-led and includes the right issues. A copy of the Forward Work Programme is attached at Appendix 1 for Members' consideration which has been updated following the last meeting.

4.00 RECOMMENDATIONS

4.01 That the Committee considers the draft Forward Work Programme attached as Appendix 1 and approve/amend as necessary.

5.00 FINANCIAL IMPLICATIONS

5.01 None as a result of this report.

6.00 ANTI POVERTY IMPACT

6.01 None as a result of this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None as a result of this report.

8.00 EQUALITIES IMPACT

8.01 None as a result of this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None as a result of this report.

10.00 CONSULTATION REQUIRED

10.01 N/A.

11.00 CONSULTATION UNDERTAKEN

11.01 Publication of this report constitutes consultation.

12.00 APPENDICES

12.01 Appendix 1 – Forward Work Programme

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

None.

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Corporate Resources Overview & Scrutiny Committee
Indicative Forward Work Programme 2015/16

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DATE	SUBJECT	O&S Focus	REPORT FROM
Thursday 14 th May 2015 10.00	Improvement Plan Review 2015/16 Forward Work Programme		Karen Armstrong Robert Robins
Thursday 11 th June 2015 10.00	YE Performance Reporting Forward Work Programme	Monitoring Monitoring	Robert Robins Sara Dulson
Thursday 9 th July 2015 10.00	Revenue Budget Monitoring 2014/15 (Out turn) Forward Work Programme	Approval and development Monitoring	Robert Robins Sue Ridings
Items to be scheduled	Health and Well-being update Medium Term Financial Plan	Monitoring Approval and development	Robert Robins
		Information Development consultation	Helen Stappleton

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