

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 15 JULY 2014**

REPORT BY: **CORPORATE FINANCE MANAGER**

SUBJECT: **REVENUE BUDGET MONITORING 2014/15**

1.00 **PURPOSE OF REPORT**

1.01 To provide Members with the first available revenue budget monitoring information for the Council Fund and Housing Revenue Account (HRA) for 2014/15.

2.00 **BACKGROUND**

2.01 The Council Fund budget and the HRA budget for 2014/15 were agreed by Council on 18 February 2014.

3.00 **CONSIDERATIONS**

3.01 As in previous years, during the early part of the 2014/15 financial year Corporate Finance resources have been dedicated to the closure of the accounts for 2013/14 to ensure that the statutory deadline for completion of the draft statement of accounts by the end of June is achieved. The draft Statement of Accounts is to be presented to the Audit Committee on 16 July and the 2013/14 revenue final outturn report is included on the agenda for this meeting.

3.02 Early reporting of the progress of the annual budget and a forecast for the remainder of the year is given a secondary priority until this key task is completed, although Service Managers and Corporate Finance continue to liaise with regard to any early changes in demand, particularly in known volatile service areas. In addition, in the first couple of months of a new financial year it is more difficult to rely on trends around service demand for forecasting purposes.

3.03 Due to the above, this first budget monitoring report of the year does not provide the level of detail which follows from month three onwards but does highlight any significant budget risks at this very early stage of the year.

2014/15 Emerging Issues and Risks

- 3.04 The following areas have been identified as potential areas of risk at this early point in the year.

Out of County Placements

- 3.05 Combined Out of County costs in Social Care and Health and Education and Youth are currently projected to show a negative variance against budget in the region of £0.227m. Out of County Placements are in their nature volatile areas to manage. They are demand led and costs are dependent on service user need, many of these placements are expensive given the severity of need. The numbers of these young people change throughout the year and any change can significantly affect projected expenditure.
- 3.06 Issues affecting the ability to obtain recoupment and grant income to offset costs for both Out of County and Inclusion services have reduced the pressure on this service in 2013/14, however we are not guaranteed the same level of income in 2014/15. Therefore this remains a risk.

Deprivation of Liberty Assessments (DoLS)

- 3.07 In Social Care and Health there is potential financial pressure in relation to the Deprivation of Liberty Assessments (DoLS) (£0.270m) as a result of a recent Supreme Court judgment where we are required to carry out DoLS assessments for a significant number of our current clients and new clients.

Professional Support (Leaving Care)

- 3.08 Also in Social Care and Health there is an existing pressure within Professional Support relating to Leaving Care (CYAST) mainly as a result of ongoing impacts of the Southwark case. The latest estimate of the level of overspend is £0.120m.

Single Status

- 3.09 As reported in the February report the 2014/15 budget assumed an implementation date of 1st April 2014 for Single Status. The actual implementation date of 1st June will result in some efficiencies not being able to be achieved for the first two months of the year. The shortfall will be met from the Single Status/Equal Pay reserve which is consistent with the treatment in previous years.

Former Euticals Site

- 3.10 In 2013, the Council intervened, along with its strategic partners in relation to the former chemical plant in Sandycroft (Euticals Ltd). Expenditure in 2013/14 was £0.288m. No government financial assistance was made available to the Council, therefore it was agreed with Crown Estates to transfer the abandoned site to the Council at a nominal value so that the council could take either responsibility to complete the clearance of the site and recoup most, or all of the costs

from its eventual sale. Tenders are shortly to be invited for the full decommissioning, decontamination and clearance of the site (several functions have already been decommissioned in partnership with Natural Resources Wales) and the position will be reported upon in future monitoring reports. This is a highly specialised industry with few available qualified contractors. Once the full cost of site decommissioning is known through the receipt of tenders then the full cost of managing through to close this public health risk project will be known. Depending on the final cost the Council may need to re-approach Welsh Government for assistance.

Monitoring of Efficiencies

3.11 Corporate and Functional Efficiencies

The 2014/15 budgets include £8.8m of efficiencies relating to Corporate Value for Money (VFM) on Procurement and Back to Basics (£1.3m) and specific Functional VFM efficiencies (£7.5m). These are being monitored closely on a risk based approach and current information indicates that there is one area flagged as red at this stage of the year which has a value of £0.070m (delegation of teaching assistant support to schools) which is due to delays in reaching an agreement with schools. Implementation is now likely to take place in April 2015.

3.12 Workforce Efficiencies

Workforce Efficiencies of £3.1m are included within the 2014/15 budget. A Voluntary Redundancy Programme commenced early in the year which invited invitations for employees to apply. As a result of this, efficiencies totalling approximately 40% of the target have been identified to date in the first phase. Further work is now underway to consider and action the release of a number of deferred VR applications from the earlier programme, to develop proposals for the next phase of the Management Review and to run a further phase of the Voluntary Redundancy Programme.

3.13 The Month 3 report will include a detailed appendix on all efficiencies which will provide information on specific areas in relation to their full or partial achievement.

Housing Revenue Account

3.14 There are no significant variations identified at this stage within the Housing Revenue Account.

4.00 UNEARMARKED RESERVES

4.01 The final level of Council Fund Contingency Reserve brought forward into 2014/15 was £5.328m as detailed in the 2013/14 outturn report elsewhere on this agenda (subject to Audit).

- 4.02 As referred to in 5.02 of the outturn report, a provision for termination benefits relating to phase 1 of the Senior Management Review had to be made in 2013/14 in order to comply with IAS 19. As a budget provision has been made in 2014/15 for this, it will be repaid to the contingency reserve thus increasing it to £6.073m (subject to final figures being agreed). However, this will be offset by projected costs associated with the Organisational Change and Redesign Programme totalling £0.696m which will be incurred in 2014/15 and have been approved via delegated powers. They include essential expenditure in relation to the continuation of various Programme costs and also include costs associated with office relocation.
- 4.03 When the 2014/15 budget was set it was estimated that an amount of £3.7m would be available as a contribution to the Investment Strategy.
- 4.04 As detailed in the Final Outturn report it is recommended that the use of the additional Contingency Reserve of £1.677m is held and considered for any additional in-year and future investment in change in the context of the MTFP.

5.00 RECOMMENDATIONS

- 5.01 Cabinet is recommended to note the report.

6.00 FINANCIAL IMPLICATIONS

- 6.01 As set out in the report.

7.00 ANTI POVERTY IMPACT

- 7.01 None directly as a result of this report.

8.00 ENVIRONMENTAL IMPACT

- 8.01 None directly as a result of this report.

9.00 EQUALITIES IMPACT

- 9.01 None directly as a result of this report.

10.00 PERSONNEL IMPLICATIONS

- 10.01 None directly as a result of this report.

11.00 CONSULTATION REQUIRED

- 11.01 None directly as a result of this report.

12.00 CONSULTATION UNDERTAKEN

12.01 None directly as a result of this report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS

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