

**Report to:** Cabinet

**Date of Meeting:** 14 February 2013

**Subject:** Transformation - 2012/13 Budget update

**Report of:** Head of Corporate Finance & ICT

**Wards Affected:** All

**Is this a Key Decision?** No

**Is it included in the Forward Plan?** Yes

**Exempt/Confidential** No

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### **Purpose/Summary**

To inform Cabinet Members of the progress in achieving of the approved savings for 2012/2013.

### **Recommendation(s)**

Cabinet is recommended to: -

- i) Note the progress to date on the achievement of approved savings for 2012/2013; and
- ii) Confirm the inclusion of the additional monies received from the Department of Health (paragraph 2.8) into the Adult Social Care budget for 2012/13.

### **How does the decision contribute to the Council's Corporate Objectives?**

	<b><u>Corporate Objective</u></b>	<b><u>Positive Impact</u></b>	<b><u>Neutral Impact</u></b>	<b><u>Negative Impact</u></b>
1	Creating a Learning Community		√	
2	Jobs and Prosperity		√	
3	Environmental Sustainability		√	
4	Health and Well-Being		√	
5	Children and Young People		√	
6	Creating Safe Communities		√	
7	Creating Inclusive Communities		√	
8	Improving the Quality of Council Services and Strengthening Local Democracy		√	

### **Reasons for the Recommendation:**

To ensure Cabinet are informed of the latest position on the achievement of savings for the current financial year and to facilitate the achievement of the savings targets for 2012/2013.

## What will it cost and how will it be financed?

### (A) Revenue Costs

Any under-achievement of the agreed savings will need to be financed from within any underspending identified within other areas of the 2012/2013 budget, or from the Council's earmarked reserves.

Cabinet agreed in October 2012 that specific areas of non-achieved savings, (totalling £3.169m), could be financed from earmarked reserves at the year-end. However, should other savings be identified within departmental budgets, then this would be the first call on meeting this amount. The December report to Cabinet identified underspending in other areas, which enabled the forecast use of earmarked reserves to reduce to £1.669m.

Any usage of reserves will reduce the amount available to support the phased introduction of savings in future years, unless they can be replenished from revenue savings achieved in the current financial year.

This report also identifies an increase in the value of savings falling into the "Red" category (significant risk of non-achievement) from £0.055m to £0.150m.

Additional grant has been received from the Department of Health (£0.557m) relating to the additional winter cost pressures for the elderly and for the transitional costs relating to the transfer of Public Health to the Council.

### (B) Capital Costs

None.

### Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

<b>Legal</b>	Statutory Duty
<b>Human Resources</b>	None
<b>Equality</b>	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

### Impact on Service Delivery:

None.

### What consultations have taken place on the proposals and when?

The Head of Corporate Finance & ICT (FD2098/13) and Head of Corporate Legal Services (LD1414/13) have been consulted and any comments have been incorporated into the report.

### Are there any other options available for consideration?

None.

### Implementation Date for the Decision

Immediately following call-in.

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## Background Papers:

None

### 1. Introduction

- 1.1 Cabinet were presented with a report on 13 December, which provided an update on the achievement of the approved budget savings for 2012/13 (as at the end of October). A number savings were identified as being at significant risk of not being achieved; these totalled some £1.724m. It was agreed that earmarked reserves (to the value of £1.669m could be utilised to finance the non-achievement of these approved savings, unless other departmental budget savings could be identified to reduce the forecast overspend.
- 1.2 This report presents an update (as at the end of January 2013) of the achievement of the 2012/2013 financial year approved savings.

### 2 Approved savings for 2012/13 – Current position

- 2.1 The net saving requirement for 2012/13, agreed by Cabinet on 1 March 2012, was in excess of £20m (with an agreed utilisation of Council reserves totalling £2.5m, to help phase in some of the saving items). The savings agreed included a large number of savings, across a wide range of services. In order for the Council to remain within its financial budget for the year, it is crucial that as much of the identified saving areas are actually achieved during the year. Consequently, regular updates to Members are important.
- 2.2 The table at Annex 1 identifies the current position of the agreed savings for 2012/2013. They are analysed into four categories: -
  - Savings achieved to date (Blue);
  - Progress is satisfactory (Green);
  - Outcome is unknown and is at risk of not being fully achieved (Amber); and
  - Known shortfalls, or significant risk of not being achieved (Red).

This approach is designed to ensure complete transparency, effective risk management and improved consultation and engagement.

It should be noted that individual savings may be categorised into more than one area; for example, part of the work to achieve a required saving may be on track (and a value can be shown in Green), whilst another element is potentially at risk (and therefore shown as Amber).

- 2.3 A summary of the current position (as at the end of December 2012) of the achievement of savings is shown below. The variance since the December report is also identified: -

	<b>Total £m</b>	<b>Variance £m</b>
Achieved (Blue)	9.965	+0.130
Progress is satisfactory (Green)	7.809	+0.070
Review scheduled/risk of saving not being fully achieved (Amber)	1.180	-0.295

Known shortfalls/significant risk of saving not being fully achieved (Red)	0.150	+0.095
Known shortfalls/significant risk of saving not being fully achieved, <u>with Earmarked Reserve cover</u> (Red)	1.669	0.000
<b>Total Approved Savings</b>	<b>20.773</b>	

2.4 The “Blue” (Achieved) category has seen an increase of £130,000. Two items have moved from “Green” (Satisfactory); these relate to: -

C4.1	Vehicle Maintenance – Stores & Parts	+£ 30,000
E6.6	Public Conveniences – revised operational arrangements	+£100,000

2.5 One item has moved from “Amber” (Review scheduled) to Green (Satisfactory)

C8.3	Housing Benefit	+£200,000
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2.6 One item has moved from “Amber” (Review scheduled) to “Red” (Significant Risk). This relates to the Vehicle Maintenance Operation (part of the saving has been achieved - see above); however, £95,000 has been identified as unachievable.

2.7 Cabinet agreed in October that earmarked reserves could be used to support the non-achievement of specific approved savings totalling some £3.169m. This was with the proviso that if savings could be achieved within the departmental budget, then the reserves would not be required. The Cabinet report on 13 December identified alternative savings which reduced the need to utilise reserves to £1.669m. This position remains unchanged in the latest projection.

2.8 With regard to the wider budgetary position, the Authority is facing additional cost pressures on care services for the elderly. The Department of Health (DoH) recently made available additional resources to Strategic Health Authorities (SHA) to support local resilience during this winter and to ensure access to both elective and non-elective care is maintained throughout 2012/13. Each SHA Cluster was instructed to transfer some of this funding directly to local authorities. This funding must be used to invest in additional social care services to support local resilience during this winter and the continued improvement in the number of delayed transfers of care attributable to social care. The funding made available to Sefton in 2012/13 to support additional social care pressures, (including additional placement commitments and the commissioning of additional hospital beds in local hospitals) is £468,000. This funding is ring-fenced and therefore should be added to the Adult Social Care Budget to meet the additional commitments during the winter months.

The Council has also received a further £89,000 from the DoH, to support transitional arrangements in relation to the transfer of Public Health functions back into the local authority. This funding should be allocated to the Adult Social Care Budget but will be recharged out to appropriate departments in support of additional costs incurred during the transfer of Public Health functions back to Sefton Council.