

Report to: Cabinet

Date of Meeting: 17 July 2014

Subject: Budget Update 2014/15

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

Purpose/Summary

To inform Cabinet of:-

- i) Progress in the achievement of the approved savings for 2014/2015, (and any residual savings carried forward from 2013/2014);
- ii) Additional Government one-off financial support to local authorities relating to the Care Act 2014; and

Recommendation(s)

Cabinet is recommended to:-

- i) Note progress to date on the achievement of approved savings for 2014/2015 and residual savings carried forward from 2013/2014;
- ii) Note the potential overspend on the Specialist Transport Unit;
- iii) Note the additional resources of £0.125m to support the implementation of the Care Act within the Council, and to approve the inclusion of these monies in Sefton's Budget for 2014/2015;

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

<u>Corporate Objective</u>		Positive Impact	Neutral Impact	Negative Impact
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, and to allow the use of new resources to help implement the Care Act 2014.

What will it cost and how will it be financed?

(A) Revenue Costs

i) 2014/2015 Revenue Budget Savings

Any under-achievement of the agreed revenue budget savings for 2014/2015 (and residual savings from 2013/2014) will need to be financed from within any under-spending identified within other areas of the 2014/2015 budget, or from the Council's general balances;

ii) Care Bill 2014 Grant

The additional £0.125m Government Grant will be used to support the costs of implementing the Care Bill within the Council; and

(B) Capital Costs

Implications: None

Legal: None

Human Resources None

Equality

1.1 No Equality Implication

2.1 Equality Implications identified and mitigated

3. Equality Implication identified and risk remains

Impact on Service Delivery:

None.

What consultations have taken place on the proposals and when?

The Head of Corporate Finance & ICT (FD3030/14) and Head of Corporate Legal Services (LD2374/14) 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 the call-in period following the publication of the Cabinet Minutes

Contact Officer: Margaret Rawding

Tel: 0151 934 4082

Email: Margaret.rawding@sefton.gov.uk

Background Papers:

None

1. Introduction

- 1.1 The Council approved a two year financial plan for 2013/2014 to 2014/2015 which required a large change programme of £50.8m to be implemented over these two years. A significant proportion of the savings identified for 2013/2014 were achieved during the year. However, a number were not achieved, either in part or in full. Compensatory savings were identified elsewhere in the Council's budget, including the early implementation of savings for 2014/2015.
- 1.2 This report presents the latest position on the achievement of agreed savings for 2014/2015, plus a summary position of the 2013/2014 savings which were not achieved in-year and have been carried forward into the current financial year. In order for the Council to remain within its financial budget, it is essential that as much of these budget reductions are actually achieved during the current financial year.
- 1.3 The report also identifies the receipt of an additional revenue grant from the Government to support the implementation of the Care Bill 2014.
- 1.4. The financial plan should be monitored and managed in the context of the current three year Medium Term Financial Plan which has identified further savings requirement of £55m from 2015 to 2017.

2 Approved 2014/2015 and 2013/2014 carry-forward savings – Update

- 2.1 The table at **Annex 1** identifies the current position of the agreed savings for 2014/2015. They have been 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).

- 2.2 The position as at the end of May 2014 for the achievement of all remaining savings for 2014/2015 is that £18.497m of the required £26.511m have been delivered or are on plan, £5.896m are at some risk of not being fully achieved. This leaves a further £2.118m of savings that are unlikely to be achieved in 2014/2015 (identified as "Red").
- 2.3 The 2013/14 Revenue Outturn elsewhere on this agenda identifies the key early achievement of some budget savings. It also reminds Cabinet that the Medium Term Financial Plan identifies £55m funding gap by 2016/17.

- 2.4 A number of approved savings for 2012/2013 and 2013/2014 were not achieved during the last financial year. Whilst these were financed (in-year) from underspends elsewhere in the Council's budget, or from the early achievement of other savings in 2014/2015, they still need to be implemented during 2014/2015. The total value of these 23 items is £2.329m. During this financial year 3 schemes totalling £0.881m are on plan with the remainder, £1.448m, unlikely to be achieved in 2014/2015.
- 2.5 All agreed budget savings will be closely monitored over the remainder of the financial year, with regular reports being presented to Cabinet and Overview & Scrutiny Committee (Performance and Corporate).
- 2.6 Future reports will also include budget monitoring updates on the wider Council budget, plus the achievement of Council Tax, Council Tax Reduction Scheme and Business Rates Income.

3 Other Budget Risks

- 3.1 The saving options considered above (para 2.2 and 2.3) indicate a potential budget shortfall in the order of £3.5m for 2014/2015. However, there are a number of financial risks that the Council is currently facing in the remainder of the Authority's budget. The major area of concern is an overspend on the Specialist Transport Unit, which is estimated to be in excess of £2m based on current levels of spend and is also identified in previous 2013/14 Budget monitoring reports. A detailed exercise has analysed the individual elements of cost within the service. Further work is ongoing on the process of registration of services and the systems required to monitor demand and cost. Any changes in transport policies to reduce the cost of transport will be considered in future reports.
- 3.2. Details of other pressures, and areas of potential underspending, will be reported in more detail to the next meeting of Cabinet on 11 September 2014.

4 Care Act 2014 Implications

- 4.1 The Care Act outlines the most significant change in Adult Social Care in decades, with changes to underpinning legislation, eligibility criteria, funding, changes to the status of Adult Safeguarding and a host of other associated areas which are likely to impact across adult social care, the wider system and services and financial services.
- 4.2 New requirements, duties and responsibilities for adult social care will be implemented from April 2015, with full implementation of all the financial elements planned for April 2016.
- 4.3 A detailed project plan is currently being drawn up to begin to look at each of the strands of the Care Bill. Responsibility for leading on each area has been allocated appropriately to Heads of Service and other appropriate leads. It is envisaged that the internal departments of the Council will be working closely, as will other partners particularly the NHS and voluntary sectors. A significant amount of community consultation will be undertaken.

4.4 The Government has announced that they will contribute a one-off funding allocation, to support the implementation of the Care Bill, of £0.125m per authority. This resource needs to be included in Sefton's Budget for 2014/2015.