

Name of Committee:	Healthy Living and Social Care Scrutiny Committee
Date of Meeting:	15/07/2019
Relevant Scrutiny Committee:	Healthy Living and Social Care
Report Title:	Closure of Accounts 2018/19
Purpose of Report:	The accounts are complete and this report is to inform Scrutiny Committee of the provisional financial position of the Council for the 2018/19 financial year.
Report Owner:	Report of the Director of Social Services
Responsible Officer:	Carys Lord, Section 151 Officer
Elected Member and Officer Consultation:	
Policy Framework:	This is a matter for Executive decision by Cabinet. Slippage has been approved via the use of Managing Director's emergency powers.
Executive Summary:	<p>The year end revenue position was a favourable variance of £62k after a net transfer to reserves of £1.292m.</p> <p>A revenue savings target of £583k was set for 2018/19 which was achieved.</p> <p>There was capital expenditure during the year of £2.426m.</p>

Recommendation

1. That Scrutiny Committee consider the report and the financial measures taken and proposed.

Reasons for Recommendations

1. To make members aware of the provisional financial position and actions that have been taken.

1. Background

- 1.1 Following the end of the financial year, Scrutiny Committees are provided with provisional outturn figures. The Statement of Accounts will be approved by Council before 15th September, which will normally follow the audit by Wales Audit Office.

2. Key Issues for Consideration

Revenue

- 2.1 Council on the 28th February 2018 (minute no.746) agreed the Council's budget requirement for 2018/19.
- 2.2 Appendix 1 amends the revised budgets to take account of the following adjustments. These adjustments have no overall effect on the net budget and are accounting adjustments largely outside the control of services.

IAS 19 Retirement Benefits -The purpose of this Standard is to ensure that the operating costs of providing retirement benefits to employees are recognised in the accounting period in which they are earned by the employees. Figures provided by the actuary differ from that estimated and the movements need to be incorporated into the accounts.

Asset Rents - This charge can vary each year due to an increase / decrease in the valuation of assets. The movements need to be incorporated into the accounts.

Leave Accrual Adjustment - An accrual is made for the cost of holiday entitlements earned by employees but not taken before year end. The movement for school staff changes between years depending on when the Easter holiday falls. It has been assumed that there is no movement between years for non-school staff.

Carbon Reduction Commitment Scheme - The scheme requires the Council to report on carbon dioxide emissions associated with the use of electricity and gas

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within its buildings. Payment is then made to the Environment Agency to cover the charge in respect of those emissions.

Recharges - These represent changes to inter-service recharges and transfers.

- 2.3** The following table compares the amended budget and the actual expenditure, including transfers to and from reserves, for this Committee. The final column shows the net transfers to reserves for this Committee which has been included within the actual expenditure figures.

Service	Original Revenue Budget	Amended Revenue Budget	Total Provisional Actual	Variance +Favourable () Adverse	Net Transfer to /(From) Reserve
Year - 2018/19	£000	£000	£000	£000	£000
Children and Young People	15,235	15,653	15,686	(33)	
Adult Services	46,644	47,022	47,022	0	
Resource Mgt & Safeguarding	201	286	286	0	
Leisure Services	1,324	1,371	1,276	+95	
Total	63,404	64,332	64,270	+62	+1,292

- 2.4** The main reasons for the variances are set out in the following paragraphs.

- 2.5** Children and Young People Services – Adverse Variance of £33k

There are adverse variances of £418k. There was an adverse variance of £221k relating to the Children's External Placements budget. This is due to the higher cost of placements for children with significant complex behaviour. The number of children remanded were higher than usual and a small number required secure accommodation. The adverse variance would have been higher however WG provided a grant of £513k during December 2018 which was allocated to this budget to help cover these cost pressures. Work continues to ensure that children are placed in the most appropriate and cost effective placements. There was also an adverse variance for legal costs of £197k due to the complex court cases that required counsel.

There have been a number of favourable variances during the year totalling £385k. £190k on staffing linked to vacancies and £68k on supplies and services. A favourable variance of £127k has been achieved by providing alternative means of service provision and accommodation required for the current cohort of children, which is as a result of ongoing work to ensure that children are placed in the most appropriate and cost effective placements.

2.6 Adult Services –Breakeven

There were favourable variances in the year totalling £1.113m. There was a favourable variance of £499k relating to community care packages. During the year, there has been service remodelling, focusing on services which deliver reablement and support people back into independence. Additional work has been carried out to mitigate increases such as schemes funded through the Intermediate Care Fund (ICF) and the year-end position was more favourable than projected. There were favourable variances of £572k on staffing, £42k on supplies and services. Where possible there was early implementation of future Reshaping Services savings. There had also been difficulty in recruiting to some posts which had been assumed would be filled in the months prior to year end.

The favourable variances have allowed £1.113m to be set aside in the Social Services Legislative Changes reserve. A transfer of £75k has been made into the Telecare Reserve which is an annual planned transfer in order to set funding aside for future years to replace the equipment and to cover any additional staffing costs.

2.7 Resource Management and Safeguarding – Breakeven

The majority of this budget is recharged to Children's and Adult Services.

There were adverse variances of £195k. The residential homes had an overall adverse variance of £32k due to increased costs and a significant reduction in self-funded clients in 2018/19 compared to previous years. There was an adverse variance on Deprivation of Liberty Safeguards (DOLS) of £41k. The favourable variance has meant that there has been a reduced internal recharge to Children's and Adults Services of £122k.

There is a favourable variance of £238k including £126k on staffing linked to vacancies and £83k on supplies and services. There was a favourable variance of £29k on the Delivering Transformation work undertaken jointly by Cardiff and the Vale.

This has allowed a transfer of £43k to the Social Services Legislative Changes reserve.

2.8 Leisure Services - Favourable variance of £95k

There was a £95k favourable variance on the Leisure Services mainly due to staffing vacancies pending the finalisation of the reorganisation and also from the supplies and services budget.

An underspend of £55k relating to the ringfenced maintenance budget for Leisure Centres has been transferred into the Council Building Fund.

Capital

- 2.9** Council on 28th February 2018 (minute no.745) agreed the Authority's capital budget for 2018/19.
- 2.10** Attached at Appendix 2 is a breakdown of the 2018/19 capital programme by scheme. The overall outturn for this Committee is a variance of £803k.

Reserves

- 2.11** A reserve is an appropriation from a revenue account and does not constitute a cost of service until the expenditure is eventually incurred. A reserve does not cover a present obligation or liability and is a voluntary means of setting aside monies for future requirements either capital or revenue.
- 2.12** A provision is a charge to revenue and is included as part of the cost of the relevant service at the point the provision is created. A provision covers a present obligation or liability that has occurred to a past event and is compulsory under accounting regulations.
- 2.13** Attached at Appendix 3 is a schedule showing the Committee's reserves as at 31st March 2019.
- 2.14** There have also been transfers into reserves for reimbursements from services for works where the initial cost was funded from that specific reserve e.g Energy Management Fund.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1** The Council's revenue budget and therefore its expenditure is incurred in order to achieved its corporate priorities as set out in the Corporate Plan 2016-2020 through the 4 well-being outcomes.

4. Resources and Legal Considerations

Financial

Revenue (Including Savings Targets)

- 4.1** As part of the Final Revenue Budget Proposals for 2018/19, savings targets were set for this Committee. Progress on the achievement of these savings has been monitored and reported to Committee during the year. Appendix 4 to this report confirms the final status of these savings at the end of 2018/19. All target savings were achieved in the year.

Capital

- 4.2** As a result of the capital underspend in 2018/19, an allocation of £789k has been approved via Managing Director's Emergency Powers, as slippage into 2019/20. This will fund the completion of schemes as shown in Appendix 5.

Legal (Including Equalities)

- 4.3** The provisional outturn figures for the Council have been used in the preparation of the Statements of Accounts, which under the Accounts and Audit Regulations, must be certified by the Section 151 Officer by 15th June 2019.

5. Background Papers

FINAL AMENDED BUDGET 2018/19

APPENDIX 1

	AMENDED BUDGET 2018/19	IAS 19 Retirement Benefits	Asset Rent	Leave Accrual/ Carbon Reduction/ Recharge Adjustments	FINAL AMENDED BUDGET 2018/19
	£000	£000	£000	£000	£000
Children and Young People	15,477	174	2		15,653
Adult Services	46,271	751			47,022
Resource Management & Safeguarding	277	0		9	286
Leisure Services	1,349	22			1,371
TOTAL NET BUDGET	63,374	947	2	9	64,332

**CAPITAL MONITORING
FOR THE PERIOD ENDED 31st MARCH 2019**

	APPROVED PROGRAMME 2018/19	ACTUAL SPEND 2018/19	VARIANCE AT OUTTURN 2018/19	PROJECT SPONSOR	COMMENTS
	£000	£000	£000		
Adult Services					
Hen Goleg Day Centre Fire Alarm	38	26	12	A Phillips	Requested slippage of £12k into 2019/20 for continuation of works
Hen Goleg Day Centre Lighting Upgrade	26	24	2	A Phillips	Requested slippage of £2k into 2019/20 for continuation of works
Rhose Road Fire Doors	0	11	(11)	A Phillips	Expenditure classed as capital therefore transferred from revenue and funded by a revenue contribution
ICF Ty Dewi Sant-Dementia Friendly	227	208	19	A Phillips	Requested slippage of £19k into 2019/20 for finalisation of account
ICF Southway -Dementia Friendly Environment	200	159	41	A Phillips	Requested slippage of £41k into 2019/20 for finalisation of account
ICF- Ty Dyfan	28	14	14	A Phillips	Requested slippage of £14k into 2019/20 for finalisation of account
ICF- Transition Smart House	30	8	22	A Phillips	Requested slippage of £22k into 2019/20 for continuation of works
ICF- Social Enterprise Pilot	16	16	0	A Phillips	Scheme complete
ICF- Trysor O Le	12	12	0	A Phillips	Scheme complete
ICF- Carers Hub Support	50	50	0	A Phillips	Scheme complete
Slippage					
Fire Precaution Works	1	2	(1)	A Phillips	Scheme complete.
ICT Infrastructure	87	1	86	A Phillips	Requested slippage of £86k into 2019/20 for equipment and IT relate projects
Residential Home Refurbishment	13	13	0	A Phillips	Scheme complete
Hen Goleg Works	17	2	15	A Phillips	Requested slippage of £15k into 2019/20 for continuation of works
Total Adult Services	745	546	199		
Children's Services					
Flying Start - Family Centre	4	4	0	R Evans	Scheme complete.
Flying Start - Update and Upgrade ICT equipment	7	7	0	R Evans	Scheme complete.
Flying Start - Outdoor Play Area and canopy	16	16	0	R Evans	Scheme complete.
Flying Start -Ladybirds	91	89	2	R Evans	Scheme complete.
Total Children Services	118	116	2		

**CAPITAL MONITORING
FOR THE PERIOD ENDED 31st MARCH 2019**

	APPROVED PROGRAMME 2018/19	ACTUAL SPEND 2018/19	VARIANCE AT OUTTURN 2018/19	PROJECT SPONSOR	COMMENTS
	£000	£000	£000		
Leisure					
Capital Bid - Electrical Rewire Barry & Penarth Leisure Centres	307	171	136	D Knevet	Requested slippage of £136k into 2019/20 for continuation of works
Leisure Centre Improvement	901	808	93	D Knevet	Requested slippage of £93k into 2019/20 for continuation of works
Leisure Capital Bids	194	135	59	D Knevet	Requested slippage of £59k into 2019/20 for continuation of works
Improvement Works at Heol Lliadiard Community Hall	15	16	(1)	D Knevet	Scheme complete
Glyndwr Hall	45	45	0	D Knevet	Scheme complete
Leisure Centre Refurbishment	89	43	46	D Knevet	Requested slippage of £46k into 2019/20 for continuation of works
Romilly Mess Room	6	6	0	E Reed	Scheme complete
Colcot Pitches	18	5	13	D Knevet	Scheme complete
Asset Renewal	159	152	7	D Knevet	Requested slippage of £7k into 2019/20 for the installation of drinks fountains and further toilet works
Lougher Place Play Area	169	158	11	D Knevet	Scheme complete
Cemetery Approach	190	7	183	J Dent	Requested slippage of £183k into 2019/20. Contractor due on site June 2019
Replacement Jenner Park Stadium Roof	2	0	2	D Knevet	Requested slippage of £2k into 2019/20 to add to the scheme which will be undertaken in 2019/20
Green Flag Parks	78	65	13	D Knevet	Requested slippage of £13k into 2019/20 for the installation of drinks fountains
Batts Field Play Area	55	54	1	M Goldsworthy	Scheme complete
Colwinston Play Area	48	7	41	M Goldsworthy	Requested slippage of £41k into 2019/20. Contractor on site beginning of June 19
Upgrade existing play area at Ceri Road Rhoose	67	67	0	M Goldsworthy	Scheme complete
Ystradowen Community Sports Association	16	16	0	M Goldsworthy	Scheme complete
The Grange Play Area	4	4	0	M Goldsworthy	Technical salaries only in 2018/19, work to be carried out in 2019/20
Murch Play Area	3	3	0	M Goldsworthy	Technical salaries only in 2018/19, work to be carried out in 2019/20
Twyn yr Odyn Play Area	0	2	(2)	M Goldsworthy	Bring forward £2k from 2019/20 into 2018/19 to cover technical salaries
Total Leisure Services	2,366	1,764	602		
COMMITTEE TOTAL	3,229	2,426	803		

ANALYSIS OF RESERVES

Name	Bal 31/03/18 £000	In £000	Out £000	Est Bal 31/03/19 £000	Comments
<u>Specific Reserves</u>					
Social Services					
Legislative Changes	4,831	1,278	0	6,109	To cover additional burdens on the authority due to changes in legislation eg Social Services and Well-being (Wales) Act 2014 , Deprivation of Liberties Standards.
Social Services Plan	980	0	0	980	To support the approved Social Services Budget Reduction Programme.
Social Services Pressures	1,913	0	0	1,913	To cover short term childrens placements which have a high cost e.g. remand, that cannot be accommodated within the current operational budget.
Social Services Development	350	0	0	350	To cover costs of implementing service development and contingency for premises maintenance
Grant Exit Strategy	630	0	0	630	To pay potential redundancy costs if Welsh Government grants were discontinued.
Capital					
Social Services Buildings	500	0	0	500	To fund the update of Social Services premises to meet the future demands of the service.
ICF Capital	0	330	0	330	To fund future projects in partnership with Health.
Telecare	565	75	0	640	Replacement fund for Telecare equipment and other service costs.
COMMITTEE TOTAL	9,769	1,683	0	11,452	

Title of Saving	Description of Saving	Target Saving £000	Actual Saving	RAG Status	Update Comments, Issues & Actions	Relevant Scrutiny Committee	Project Manager
SOCIAL SERVICES							
<u>Childrens Services</u>							
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	41	41	Green	Savings allocated and will be achieved in-year	Health Living & Social Care	Rachel Evans
Reshaping Tranche 3 - Establishment Review	Review of various payments to staff and efficient utilisation of staff	61	61	Green	Savings allocated and will be achieved in-year	Health Living & Social Care	Rachel Evans
Total Childrens Services		102	102	Green	100%		
<u>Adult Services</u>							
Reshaping Services	Review of management of adult care packages and day services to be realised through a variety of delivery options	320	320	Green	Various initiative being undertaken	Health Living & Social Care	Suzanne Clifton
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	22	22	Green	Savings allocated and will be achieved in-year	Health Living & Social Care	Suzanne Clifton
Reshaping Tranche 3 - Establishment Review	Review of various payments to staff and efficient utilisation of staff	75	75	Green	Savings allocated and will be achieved in-year	Health Living & Social Care	Suzanne Clifton
Total Adult Services		417	417	Green	100%		
<u>Resource Management & Safeguarding</u>							
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	35	35	Green	Savings allocated and will be achieved in-year	Health Living & Social Care	Amanda Phillips
Reshaping Tranche 3 - Establishment Review	Review of various payments to staff and efficient utilisation of staff	29	29	Green	Savings allocated and will be achieved in-year	Health Living & Social Care	Amanda Phillips
Total Resource Management & Safeguarding		64	64	Green	100%		
COMMITTEE TOTAL		583	583	Green	100%		

Green = on target to achieve in full

Amber = forecast within 20% of target

Red = forecast less than 80% of target

0	SHORTFALL
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	ALLOCATION - 2019/20		
	2019/20 Final Capital Budget £	Change of Budget £	2019/20 Revised Budget £
Hen Goleg Day Centre Fire Alarm		12,000	12,000
Hen Goleg Day Centre Lighting Upgrade		2,000	2,000
ICT Infrastructure	300,000	86,000	386,000
Hen Goleg Works		15,000	15,000
ICF- Ty Dewi Sant	227,000	19,000	246,000
ICF- Southway Dementia Friendly Environment		41,000	41,000
ICF- Ty Dyfan - roof ,promenade tiles and door		14,000	14,000
ICF -Transition Smart House (6A Castle Ave)		22,000	22,000
Capital Bid - Electrical Renewal Barry & Penarth Leisure Ce	1,187,000	136,000	1,323,000
Barry and Penarth LC Upgrade Changing Rooms	865,000	93,000	958,000
Cowbridge Leisure Centre Roofing	372,000	59,000	431,000
Leisure Centre Refurbishment		46,000	46,000
Replacement of Jenner Park Roof	48,000	2,000	50,000
Green Flag Parks and Parks		13,000	13,000
Neighbourhood Services Asset Renewal including toilets, signage and benches		7,000	7,000
Cemetery Approach		183,000	183,000
Colwinston Play Area		41,000	41,000
Twyn Yr Odyn Play Area	20,000	-2,000	18,000
COMMITTEE TOTAL	3,019,000	789,000	3,808,000