

COUNCIL – 4 NOVEMBER 2014

REQUESTS FOR VIREMENTS AND THE USE OF RESERVES

Report by the Chief Finance Officer

Introduction

1. Under the Council's Financial Regulations, Council approval is required for temporary virements of £0.500m or more and where they represent a change in policy. The one-off transfer of funds of £0.500m or more between revenue and capital budgets also requires Council approval.
2. The Financial Monitoring & Business Strategy Delivery Report to Cabinet on 21 October 2014 set out the following requests which require approval in accordance with the Financial Regulations and the Virement Rules for 2014/15.

Requests for Virements

Contingency

3. The Chief Finance Officer's Report on the 2014/15 budget to Council in February 2014 referred to 'some budgets where client numbers for statutory services are notoriously difficult to control and where a degree of judgement has to be applied to estimate the level of risk to the budget'. The report also noted that there was a significant increase in demand in both Children's and Adults' Social Care in 2013/14. The financial plans assumed this peak in demand would tail off but noted that there was a risk it would not. To mitigate these risks, a contingency budget of £3.476m for 2014/15 was built into the Medium Term Financial Plan.
4. Since demand for children's social care remains high Council is requested to approve that £2.751m of that contingency budget should be released to Children's Social Care (CEF2-3) on a one – off basis.

Revenue Contribution to Capital: Dedicated Schools Grant

5. To increase capacity for two year olds, a further contribution to capital of £0.850m of the Early Years Sufficiency and Access Dedicated Schools Grant funding is required. This will increase the capital programme for the provision of two year old places to £2.422m. Council is asked to agree this additional contribution which will be placed in the Capital Reserve to be spent in the next two years.

Use of Reserves

Pooled Budget Reserves

6. Based on the position to the end of August 2014, Adult Social Care is forecast to overspend by +£5.141m. The largest element of this is a forecast overspend of +£4.661m on the Learning Disabilities Pooled budget. There are also overspends of +£0.792m on the Older People and Equipment Pooled Budget and +£0.797m on the Physical Disabilities Pooled budget. Council is asked to agree that £1.000m from the Older People's Pooled Budget Reserve and £0.500m from the Physical Disabilities Pooled Budget Reserve should be used to meet in year pressures across the pools, including the Learning Disabilities Pool.

Efficiency Reserve

7. Council is recommended to approve the release of £0.500m from the Efficiency Reserve to fund the Adult Social Care Improvement Programme within Social & Community Services (SCS1-4). This was originally requested as a carry forward at the end of 2012/13 when it was agreed that £0.500m from underspends in Adult Social Care and Joint Commissioning would be earmarked in a corporate reserve to be drawn down when required to provide funding for the Futures Programme.

Carry Forward Reserve

8. As set out in the Provisional Outturn Report to Cabinet on 17 June 2014, underspends held in the carry forward reserve at the end of 2013/14 totalled £1.791m. Council is asked to agree that £1.193m is transferred to the Budget Reserve to support the Medium Term Financial Plan. The remaining £0.598m will be held in the reserve and will be released later in the year if required, or considered as part of the Service & Resource Planning process.

RECOMMENDATIONS

9. Council is recommended to:
- (a) approve the release of £2.751m contingency to Children's Social Care (CEF2-3) within CE&F on a one – off basis;
 - (b) agree that that £1.500m one – off funding from the Older People and Physical Disability Pooled Budget reserves will be used to offset part of the in – year pressure across the pools (SCS1) including the Learning Disabilities Pool;
 - (c) approve the request to release £0.500m one – off funding from the Efficiency Reserve to SCS1-4 for the Adult Social Care Improvement Programme;
 - (d) approve the transfer of £1.193m from the Carry Forward reserve to the Budget Reserve; and

- (e) **approve a £0.850m contribution to capital from the Early Years Dedicated Schools Grant funding to increase capacity for two year olds.**

LORNA BAXTER

Chief Finance Officer

Background papers: 2014/15 Financial Monitoring & Business Strategy
Delivery Report to Cabinet on 21 October 2014

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