

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 22 JANUARY 2013**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **REVENUE BUDGET MONITORING 2012/13 (MONTH 7)**

1.00 PURPOSE OF REPORT

1.01 To provide members with the most up to date revenue budget monitoring information (Month 7) for the Council Fund and the Housing Revenue Account in 2012/13.

1.02 INDEX OF CONTENTS

Section 2	Executive Summary
Paragraph 3.01	Council Fund Summary Table
Paragraph 3.05	Risks and Assumptions
Paragraphs 3.06 to 3.09	Carry Forward Requests
Section 4	Non Standard Inflation / Central Contingencies
Section 5	Unearmarked Reserves
Section 6	Housing Revenue Account
Appendix 1	Council Fund - Movement in Variances from Month 6
Appendix 2	Community Services -Variances Summary
Appendix 3	Environment -Variances Summary
Appendix 4	Lifelong Learning -Variances Summary
Appendix 5	Corporate Services -Variances Summary
Appendix 6	Central & Corporate Finance -Variances Summary
Appendix 7	Council Fund Unearmarked Reserves Summary
Appendix 8	Housing Revenue Account -Variances Summary

2.00 EXECUTIVE SUMMARY

2.01 Members are requested to note the projected year end position as estimated at Month 7 which is :

- Council Fund - Net overspend of £0.516m
- Housing Revenue Account - Net underspend of £0.401m

3.00 CONSIDERATIONS

COUNCIL FUND

3.01 The table below shows a projected in-year overspend of £0.516m :-

TOTAL EXPENDITURE AND INCOME	Original Budget	Revised Budget	In-Year Over / (Under) spend		Non Ring-fenced		Ring-fenced	
			Month 6	Month 7	Month 6	Month 7	Month 6	Month 7
	£m	£m	£m	£m	£m	£m	£m	£m
Directorates								
Community Services	58.437	58.397	(0.272)	(0.424)	(0.097)	(0.130)	(0.175)	(0.294)
Environment	31.794	32.452	(0.116)	(0.121)	(0.116)	(0.121)	-	-
Lifelong Learning	109.219	109.912	0.988	0.822	1.120	1.128	(0.132)	(0.306)
Corporate Services	17.469	17.404	0.319	0.370	0.319	0.370	-	-
Total Directorates	216.919	218.165	0.919	0.647	1.226	1.247	(0.307)	(0.600)
Central and Corporate Finance	25.759	24.513	(0.205)	(0.131)	(0.205)	(0.131)	-	-
Total	242.678	242.678	0.714	0.516	1.021	1.116	(0.307)	(0.600)

3.02 The Original Budget column reflects the budget approved by Council on the 1st March 2012. The Revised Budget column reflects in-year virements which have been approved in compliance with Financial Procedure Rules.

3.03 The significant in-year projected variances to date are detailed in Appendices 2 - 6 (Council Fund) and Appendix 8 (HRA), and in addition to giving the reasons for the variances, the actions required to address each variance is provided. The significant changes for the Council Fund from Month 6 are detailed in Appendix 1.

3.04 It is the intention of Management to contain the currently projected variation within the overall agreed Council budget for the year. As part of the ongoing work to develop the MTFP, opportunities to generate efficiencies are being explored including those that may have a positive impact on the 2012/13 projected outturn.

RISKS / ASSUMPTIONS

3.05 The in-year over / (under) spends shown in the table at paragraph 3.01 reflect the following risks and assumptions :-

1. **Community Services**

- Social Services for Adults
 - Occupational Therapy service - increased demand
- Social Services for Children
 - Out of county placements - demand led with volatility influenced by numbers and high values of individual placements
 - Family Placement - increases in foster care places / court orders for Residence and Specific Guardianship

- Housing Services
 - Homelessness - projected high demand influenced by current economic climate and recent welfare reform

2. Environment

- Planning
 - A number of planning decisions are the subject of ongoing appeals which may have the potential for costs to be awarded against the Council

3. Lifelong Learning

- Facilities
 - Catering - overspend projected but possible mitigation from project plans following APSE review
- Development & Resources
 - Free school meals and remissions - influenced by economic factors
- Ringfenced budgets
 - Out of county placements - demand led with volatility influenced by numbers and high values of individual placements
- Leisure Income
 - Income levels for the new leisure facilities are being monitored carefully on a weekly basis. Any variation, either positive or negative, could have a material effect on the projected outturn.

4. Corporate Services

- Welfare Reform
 - Welfare Reform preparation is starting to impact on the projected outturn for 2012/13 (see Appendix 5). Although a number of pressures are already included in the projections the full impacts are continuously being assessed and will be reported to Cabinet as soon as any variations are identified.
- Municipal Mutual Insurance Ltd (MMI)
 - A contingent liability was recorded in the 2011/12 Statement of Accounts which recognised a possible future requirement to provide for Flintshire County Council's share of liability relating to a scheme of arrangement set up in 1992. The MMI Board of Directors met on the 13th November 2012 and decided that there was no other alternative to insolvent liquidation than to trigger the scheme of arrangement. A financial review of the company will now take place to consider the extent to which any levy is to be imposed upon scheme creditors (including Flintshire County Council).
- Outcome Agreement Grant
 - The current projections assume that the Council will receive the full amount of Outcome Agreement Grant included within the budget for 2012/13 (£1.475m). WG assessment currently being discussed with Officers. The Minister is to be advised by civil servants that the Council has met the threshold to qualify for the grant in full.

3.06 REQUEST FOR CARRY FORWARD - ENVIRONMENT

The WG funding arrangements for the Local Transport Services Grant (LTSG) in 2012/13 were revised after a pressure for £0.149m had already been approved for the service. As a result of these revised arrangements only £0.079m of this pressure will be utilised in 2012/13. Consequently, it is requested that the estimated balance of £0.070m on LTSG in 2012/13 be carried forward to meet further WG grant reductions on LTSG in 2013/14.

3.07 REQUEST FOR CARRY FORWARD - ENVIRONMENT

As reported in the Cabinet Report of 18th December, the specific balance of £0.186m is required to provide for the set up costs of implementing Civil Parking Enforcement (CPE) during 2013/14. This will involve significant investment in signing and lining works on both on-street and off-street parking, together with car park resurfacing and lighting works. Permission is therefore sought to carry the existing balance of £0.186m into 2013/14.

3.08 REQUEST FOR CARRY FORWARD - ENVIRONMENT

The Unitary Development Plan (UDP) was adopted in 2011/12 and subsequently printed and published in 2012/13. The review of the UDP leads to the production of a new plan, the Local Development Plan (LDP). This has required a significant amount of evidence to be gathered to support the development of the LDP hence the provision of funding for specialist advice and background studies. Unfortunately, not all of this work and studies will have been completed by financial year end, so it is anticipated that £0.060m will be required to be carried forward for completion in 2013/14. This is in addition to the £0.325m already held in balances which will also require carrying forward for future commitments on the LDP in 2013/14. Permission is therefore sought to increase the existing balance of £0.325m by £0.060m.

3.09 REQUEST FOR CARRY FORWARD – CORPORATE SERVICES

An ongoing budget investment of £0.245m was approved during the 12/13 budget process to sustainably fund the Modern Trainee Programme. Following detailed costing work and the identification of budgets held within directorates an increased number of trainees were recruited in September 2012 on a two year basis. In order to fund this cohort over the two year period it is requested that £0.170m be carried forward into 2013/14.

4.00 NON STANDARD INFLATION

4.01 Included in the budget are amounts for non-standard inflation. These budgets are being monitored closely and the current position for each element is outlined below:

- £0.078m in respect of Energy for Street Lighting - this budget is still held centrally and is expected to be allocated in full to the service budget prior to the reporting of budget monitoring for Month 8.
- £0.300m in respect of Energy - most of this budget has now been allocated to services, the remaining £0.060m is currently being reviewed and will be reported on for Month 8.

- £0.196m in respect of Fuel - it has been confirmed that the full amount will be required and the allocation of this budget is reflected in this report.
- £0.133m in respect of Food - it has been confirmed that the full amount will be required and the allocation of this budget is reflected in this report.

5.00 UNEARMARKED RESERVES

5.01 The 2011/12 final outturn reported to Cabinet on 10th July showed unearmarked reserves at 31st March 2012 (above the base level of £5.476m) of £0.992m, after taking into account commitments in 2012/13 :

- Use of £0.973m to meet one-off / time limited costs
- Ringfencing of £1.500m to support Organisational Change costs

5.02 Appendix 7 details the movements to date on unearmarked reserves and the level of contingency sum available. As a result of the movements the current projected level of the contingency reserve at the end of March 2013 is an amount of £0.115m. However, as noted in section 3.04 it is the intention of Management to contain the currently projected variation within the overall agreed Council budget for the year which will also have a further positive effect on the contingency reserve.

6.00 HOUSING REVENUE ACCOUNT

6.01 On 21st February 2012, the Council approved a Housing Revenue Account (HRA) budget for 2012/13 of £26.671m. The budget provided for a closing balance of £0.867m, which at 3.25 % of total expenditure satisfies the prudent approach of ensuring a minimum level of 3 %.

6.02 The 2011/12 final outturn reported to Cabinet on 10th July 2012 showed a closing balance at the end of 2011/12 of £1.857m (subject to audit) which was £0.753m more than when the 2012/13 budget was set. This had the effect of increasing the closing balance for 2011/12 by the same amount.

6.03 There is an overall projected underspend of £0.401m and a projected closing balance at Month 7 of £1.471m, which at 5.4 % of total expenditure satisfies the prudent approach of ensuring a minimum level of 3 %.

6.04 Appendix 8 details the reasons for significant variances occurring to date and the actions planned to deal with them.

7.00 RECOMMENDATIONS

7.01 Members are recommended to :-

- a) Note the overall report and the management actions being taken to address the projected overspend

- b) Note the Council Fund contingency sum as at 31st March 2013 (paragraph 5.02)
- c) Approve the carry forward requests included in the report (paragraphs 3.06 to 3.09)
- d) Note the projected final level of balances on the Housing Revenue Account (paragraph 6.03)

8.00 FINANCIAL IMPLICATIONS

8.01 The financial implications are as set out in Sections 3.00 - 6.00 of the report.

9.00 ANTI POVERTY IMPACT

9.01 None

10.00 ENVIRONMENTAL IMPACT

10.01 None

11.00 EQUALITIES IMPACT

11.01 None

12.00 PERSONNEL IMPLICATIONS

12.01 None

13.00 CONSULTATION REQUIRED

13.01 None

14.00 CONSULTATION UNDERTAKEN

14.01 None

15.00 APPENDICES

15.01 Council Fund - Movement in Variances from Month 6 - Appendix 1
Council Fund Variances - Appendices 2 - 6
Council Fund - Movements on unearmarked reserves - Appendix 7
Housing Revenue Account Variances - Appendix 8

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

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