

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:** **CABINET**

**DATE:** **TUESDAY, 15 APRIL 2014**

**REPORT BY:** **HEAD OF FINANCE**

**SUBJECT:** **REVENUE BUDGET MONITORING 2013/14 (MONTH 10)**

### **1.00 PURPOSE OF REPORT**

1.01 To provide Members with the most up to date revenue budget monitoring information (Month 10) for the Council Fund and the Housing Revenue Account in 2013/14.

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### **2.00 EXECUTIVE SUMMARY**

The projected year end position, as estimated at Month 10, is as follows:

#### **Council Fund**

- Net in year expenditure forecast to be £2.151m less than budget. (An increase of £0.170m on the £1.981m reported at Month 9).
- Projected contingency reserve balance at 31 March 2014 of £4.792m

## Housing Revenue Account (HRA)

- Net in year expenditure forecast to be £0.089m less than budget (£0.155m as at Month 9).

### 3.00 COUNCIL FUND LATEST IN YEAR FORECAST

3.01 The table below shows a projected positive variation of expenditure against budget of £2.151m

TOTAL EXPENDITURE AND INCOME	Original Budget	Revised Budget	In-Year Over / (Under) spend	
			Month 9	Month 10
	£m	£m	£m	£m
<b><u>DIRECTORATES (Service Groups)</u></b>				
Services for Adults	45.642	44.242	(0.701)	(0.793)
Services for Children	11.906	12.135	0.731	0.732
Housing Services	1.800	1.728	(0.269)	(0.258)
Development & Resources	1.688	1.628	0.022	0.051
<b>TOTAL : COMMUNITY SERVICES</b>	<b>61.036</b>	<b>59.733</b>	<b>(0.217)</b>	<b>(0.268)</b>
Assets and Transportation	6.015	6.091	(0.177)	(0.180)
Planning	1.708	1.717	(0.046)	(0.045)
Public Protection	3.455	3.464	(0.048)	(0.072)
Regeneration	0.715	0.704	0.011	0.022
Streetscene	19.320	19.210	0.359	0.370
Management, Support & Performance	1.088	1.076	(0.025)	(0.023)
<b>TOTAL : ENVIRONMENT</b>	<b>32.301</b>	<b>32.262</b>	<b>0.074</b>	<b>0.072</b>
Culture & Leisure	6.876	6.468	0.417	0.364
Inclusion Services	14.058	13.292	(0.063)	0.016
Primary School Services	43.374	43.277	(0.172)	(0.190)
Secondary School Services	36.638	37.500	(0.018)	(0.014)
Development & Resources	12.118	12.437	(0.279)	(0.278)
<b>TOTAL : LIFELONG LEARNING</b>	<b>113.064</b>	<b>112.974</b>	<b>(0.115)</b>	<b>(0.102)</b>
Chief Executive	2.356	2.303	(0.068)	(0.087)
Finance	14.265	14.225	(1.102)	(1.082)
HR & OD	2.427	2.422	(0.012)	(0.013)
ICT & Customer Services	4.922	5.048	(0.023)	(0.020)
Legal & Democratic Services	3.145	3.142	(0.143)	(0.145)
<b>TOTAL : CORPORATE SERVICES</b>	<b>27.115</b>	<b>27.140</b>	<b>(1.348)</b>	<b>(1.347)</b>
<b>TOTAL DIRECTORATES</b>	<b>233.516</b>	<b>232.109</b>	<b>(1.606)</b>	<b>(1.645)</b>
Central and Corporate Finance	26.236	27.643	(0.375)	(0.506)
Total	<b>259.752</b>	<b>259.752</b>	<b>(1.981)</b>	<b>(2.151)</b>

3.02 The original budget column reflects the budget approved by Council on 1 March 2013. The revised budget column reflects in-year virements which have been approved in compliance with Financial Procedure Rules.

3.03 From the table in 3.01 it can be seen that there is an increase of £0.170m on the under spend of £1.981m reported at Month 9. The main items contributing to the £0.170m variance are the identification of efficiencies under the Corporate Administration review (£0.142m), improved trading and reduced costs in Leisure (£0.056m) offset by overall increased costs in Out of County placements of (£0.035m) made up of increased costs in Lifelong Learning of (£0.073m and reduced costs in Children's Services of (£0.038m).

3.04 All the movements from Month 9 are summarised in Appendix 1 with the detailed reasons for all variances by Directorate summarised within Appendices 2 to 8.

### 3.05 **Carry Forward Requests**

Various requests to carry forward funding into 2014/15 for specific items have been received from service areas as detailed in 3.06 – 3.11 below:

### 3.06 **Lifelong Learning - ICT in School Kitchens**

It is requested that a retrospective catering rebate of £0.017m is carried forward to 2014/15. This will enable the development of software systems and purchase of hardware within larger primary school kitchens, so that the catering service in these schools can link to the Council's servers to enable enhanced communication, improve weekly stock reporting and instigate P2P ordering on site.

### 3.07 **Corporate Services - Legal & Democratic Services**

An amount has been previously set aside in relation to improvements to Members ICT systems. Due to a delay in the rollout of this equipment, it is requested to carry forward £0.075m.

### 3.08 **Corporate Services - Chief Executive**

Due to delays in the projects, it is requested to carry forward the following amounts of £0.024m for Community Covenant Funding and £0.005m for Community Chest into 2014/15.

### 3.09 **Corporate Services - Finance**

It is requested to carry forward £0.020m to cover the cost of staff training development plans for 2014/15 which were a commitment of the Finance Review.

### 3.10 **Environment – Public Protection**

It is requested that £0.065m is carried forward from within Public Protection to address pollution issues in 2014/15.

The projected outturn assumes that the above requests are approved.

### 3.11 Programme of Efficiencies

3.12 The 2013/14 budget contains £5.331m of specific efficiencies and the table below summarises the current position in relation to the achievement of these items. The analysis shows that it is currently projected that £4.285m (80%) will be achieved resulting in a net underachievement of £1.046m. The main reason for the increase in the change in efficiencies from the position reported at Month 9 is attributable to the implementation of the Flintshire Futures Work streams.

Status of Efficiency	Value of Budgeted Efficiency £m	Value of Projected Efficiency £m	(Under) Over Achievement £m
ALREADY ACHIEVED	2.173	2.173	0.000
EXPECTED TO BE ACHIEVED IN FULL	1.877	1.877	0.000
ACHIEVABLE IN PART	0.381	0.235	(0.146)
NOT ACHIEVABLE	0.900	0.000	(0.900)
<b>Total</b>	<b>5.331</b>	<b>4.285</b>	<b>(1.046)</b>

### 4.00 INFLATION

4.01 **Pay inflation** of £0.734m is included within service budgets to reflect the national pay award agreed earlier in the year.

4.02 **Non Standard price inflation** – amounts for energy, fuel and food costs are included in the budget and held centrally. In period 6, £0.141m for food costs were allocated. The allocation for energy costs continues to be closely monitored and at this stage it is anticipated that all of this budget will be utilised in 2013/14 and this is reflected in the projected outturn.

### 5.00 MONITORING BUDGET ASSUMPTIONS AND NEW RISKS

5.01 Along with its strategic partners, the Council has intervened in relation to the former chemical plant in Sandycroft (Euticals Ltd). Estimated costs have been reviewed and are reflected in the current projections, the costs are monitored monthly.

5.02 The Out of County Service in Lifelong Learning is demand led and is dependent on service user need; young people with a Statement of SEN are entitled to school-based education to the age of 19. Many of these have expensive placements given their severity of need. The numbers of these young people change throughout the year and any change can significantly affect projected expenditure.

Similarly, expenditure for Out of County placements in Children's Services is also highly volatile. The focus of high cost placements are now a North Wales project and will continue to be reviewed.

5.03 Members will be aware that the Council sold its claims in LBI (formerly Landisbanki) in February 2014 and is no longer a creditor of LBI. There will be a need to complete the final impairment adjustment once CIPFA has issued the annual year end guidance on accounting for impairments in Icelandic banks; which will have a final revenue impact on the Central Loans and Investment account.

## **6.00 UNEARMARKED RESERVES**

6.01 The 2012/13 final outturn reported to Cabinet on 16 July showed unearmarked reserves at 31 July 2013 (above the base level of £5.564m) of £3.409m after taking into account a commitment in 2013/14 for use of £0.297m to meet one-off time limited costs. In July, Cabinet allocated £0.250m to the Winter maintenance reserve, bringing the level in the reserve to £3.159m.

6.02 After taking into account an allocation of £0.518m for recovery costs following the severe weather in March 2013, and bringing in the impact of the projected in year budget position the current projected level of the contingency reserve at the end of March 2014 is £4.792m.

## **7.00 HOUSING REVENUE ACCOUNT**

7.01 On 19 February 2013, the Council approved a Housing Revenue Account (HRA) budget for 2013/14 of £28.259m. The budget provided for a closing balance of £0.903m, which at 3.2% of total expenditure satisfies the prudent approach of ensuring a minimum level of 3%.

7.02 The 2012/13 final outturn reported to Cabinet on 16 July 2013 showed a closing balance at the end of 2012/13 of £1.931m which was £0.861m more than when the 2013/14 budget was set. This had the effect of increasing the opening balance for 2013/14 by the same amount.

7.03 For 2013/14 there is an overall projected under spend of £0.089m and a projected closing balance at Month 10 of £1.522m, which at 5.33% of total expenditure satisfied the prudent approach of ensuring a minimum level of 3%.

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

## **8.00 RECOMMENDATIONS**

Members are recommended to:

- a) Note the overall report
- b) Note the projected Council Fund contingency sum as at 31<sup>st</sup> March 2014 (paragraph 6.02)
- c) Note the projected final level of balances on the Housing Revenue Account (paragraph 7.03)
- d) Approve the carry forward requests (paragraphs 3.05 – 3.10)

**9.00 FINANCIAL IMPLICATIONS**

9.01 The financial implications are as set out in Sections 3.00 - 7.00 of the report.

**10.00 ANTI-POVERTY IMPACT**

10.01 None.

**11.00 ENVIRONMENTAL IMPACT**

11.01 None.

**12.00 EQUALITIES IMPACT**

12.01 None.

**13.00 PERSONNEL IMPLICATIONS**

13.01 None.

**14.00 CONSULTATION REQUIRED**

14.01 None.

**15.00 CONSULTATION UNDERTAKEN**

15.01 None.

**16.00 APPENDICES**

Council Fund - Movement in Variances from Month 9 - Appendix 1  
Council Fund Significant Variances - Appendices 2 - 6  
Council Fund - Movements on unearmarked reserves - Appendix 7  
Housing Revenue Account Variances - Appendix 8  
Council Fund - Achievement of Efficiencies - Appendix 9

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985  
BACKGROUND DOCUMENTS**

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