

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 10 JULY 2012**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **REVENUE BUDGET MONITORING 2012/13**

1.00 **PURPOSE OF REPORT**

1.01 To provide Members with an update on revenue budget monitoring for the Council Fund and Housing Revenue Account (HRA).

2.00 **BACKGROUND**

2.01 The HRA for 2012/13 was agreed by Council on 21st February 2012 and the Council Fund was agreed on 1st March 2012.

3.00 **CONSIDERATIONS**

3.01 As in previous years, during the early part of the financial year 2012/13, resources have been dedicated to the closure of the accounts for 2011/12 as a first priority. The draft Statement of Accounts is to be presented to the Audit Committee on 17th July and the 2011/12 revenue outturn report is included on the agenda for this meeting.

3.02 Whilst detailed budget monitoring has been deferred for final accounts work, the Corporate Finance Team continue to liaise with all directorates to ensure that any significant issues are identified at an early stage and corrective actions put in place.

3.03 The areas that have been subject to the most review are those in relation to the impacts of the economy, demographic and organisational change and a number of potential variances have been identified. However Directors are, as required by the Council's financial procedure rules, working on the basis of managing any shortfall identified within their overall cash limited budgets.

3.04 Now that the draft Statement of Accounts and final outturn for 2011/12 have been completed, full detailed monitoring is being carried out on both the Council Fund and HRA budgets.

- 3.05 At this early stage in the financial year, projecting the outturn position on a number of budgets is challenging, particularly where they are demand led. Detailed below are some of the potential risks/financial pressures that have been identified to date that may affect the financial position.
1. *Out of County Placements* – Although 2011/12 saw a reduction in the costs of this service, it still remains demand led and subject to volatility due to the numbers and high costs of individual placements.
 2. *Leisure* – There are pressures within Leisure relating to the continued new redevelopments and the delay in the implementation of the new staffing structure (which is now estimated to be implemented in November 2012).
 3. *Facilities* – The directorate is currently working to mitigate the following risks:
 - *Catering Service* – currently projected to overspend, however project plans have been developed to capture and initiate the recommendations of the APSE review. The project scope includes work on cost reduction / procurement, improved and themed menus, take-up strategies and on-line payments.
 - *Cleaning Service* – loss of income from contracts such as Mold Law courts will require restructuring of the service and budgets
 4. *Free School Meals and School Remissions* – The pressures identified during 2011/12 within these two budgets is likely to continue due to the economic climate.
 5. *Occupational Therapy Service* – Pressure identified due to increasing demand for this service. It is hoped that the implementation of new processes will reduce this pressure.
 6. *Family Placement* – Continuation of pressure as a result of an increase in the number of foster care places within the service and the increasing number of court orders for Residence and Specific Guardianship which invariably attract an ongoing allowance for the carers.
 7. *Housing Services* – Projected high demand due to the current economic climate and recent Welfare Reforms.
 8. *Streetscene* – Projected overspend due to the delay in full implementation of the 6 day working week.
- 3.06 The first priority for Service managers is to work to manage these pressures within their budgets both through positive management action to address the pressure, and the identification of further in year efficiencies to mitigate their effects, before considering any corporate support for temporary budget flexibility. In particular levels of vacancy

savings are likely to remain high due to the delay in implementation of service reviews (eg Public Protection).

- 3.07 A detailed report on the projected outturn for the Council Fund and HRA, as at the end of first quarter (Month 3 June), will be presented to Cabinet in September.

CONTINGENCY RESERVE

- 3.08 The final level of contingency reserve brought forward into 2012/13 was £0.992m as detailed in the final outturn report (also on this agenda).

- 3.09 The final outturn report notes that this figure is after taking into account the following commitments in 2012/13:
- The use of £0.973m to meet one-off / timelimited costs in 2012/13 (as agreed during the 12/13 budget process)
 - The ringfencing of £1.500m to support Organisational Change costs in 12/13 (as recommended and agreed in the Month 11 monitoring report).

4.00 RECOMMENDATIONS

- 4.01 Cabinet is recommended to note the report.

5.00 FINANCIAL IMPLICATIONS

As set out in the report

6.00 ANTI POVERTY IMPACT

None directly as a result of this report.

7.00 ENVIRONMENTAL IMPACT

None directly as a result of this report.

8.00 EQUALITIES IMPACT

None directly as a result of this report.

9.00 PERSONNEL IMPLICATIONS

None directly as a result of this report.

10.00 CONSULTATION REQUIRED

None directly as a result of this report.

11.00 CONSULTATION UNDERTAKEN

None directly as a result of this report.

12.00 APPENDICES

None.

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS

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