

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY 16 OCTOBER 2012**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **REVENUE BUDGET MONITORING 2012/13**
(MONTH 4)

1.00 PURPOSE OF REPORT

1.01 To provide members with the most up to date revenue budget monitoring information (Month 4) for the Council Fund and the Housing Revenue Account in 2012/13.

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EXECUTIVE SUMMARY

2.01 Members are requested to note the projected year end position as estimated at Month 4 which is :

- Council Fund - Net overspend of £1.028m
- Housing Revenue Account - Net underspend of £0.052m

3.00 CONSIDERATIONS

COUNCIL FUND

3.01 The table below shows a projected in-year overspend of £1.028m.

TOTAL EXPENDITURE AND INCOME	Original Budget	Revised Budget	In-Year Over / (Under) spend		Non Ring-fenced		Ring-fenced	
			Month 3	Month 4	Month 3	Month 4	Month 3	Month 4
	£m	£m	£m	£m	£m	£m	£m	£m
Directorates								
Community Services	58.437	58.422	(0.221)	(0.210)	(0.138)	(0.169)	(0.083)	(0.041)
Environment	31.794	31.785	(0.123)	(0.129)	(0.123)	(0.129)	-	-
Lifelong Learning	109.219	109.213	1.303	1.318	1.324	1.299	(0.021)	0.019
Corporate Services	17.469	17.375	(0.002)	0.090	(0.002)	0.090		
Total Directorates	216.919	216.795	0.957	1.069	1.061	1.091	(0.104)	(0.022)
Central and Corporate Finance	25.759	25.883	0.096	(0.041)	0.096	(0.041)		
Total	242.678	242.678	1.053	1.028	1.157	1.050	(0.104)	(0.022)

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 3 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
- Streetscene
 - Projected outturn reflects overtime payments to operatives (pre. Part 3 agreement) plus additional vehicle costs as a result of the phased roll out of the full Saturday collection service
 - 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 12/13 (see Appendix 1 and 5 for details). The impacts are continuously being assessed and will be reported to Cabinet as soon as any further pressures are identified.
5. Housing Revenue Account
- Single Status
 - Possible impact of Single Status agreement - any impact will need to be funded within HRA as it is a ringfenced account

4.00 NON STANDARD INFLATION

4.01 Included in the budget is an amount of £0.078m in respect of Energy for Street Lighting, £0.300m in respect of Energy, £0.196m in respect of Fuel and £0.133m in respect of Food. These budgets are being monitored closely and the funds will be released when a full assessment of the need has been completed. The current projected outturn assumes that these amounts will be required in full.

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 Month 3 report contained a recommendation to approve the allocation of £0.361m from contingency as a one-off investment to support the new Leisure facilities in their first year of operation. This recommendation was approved.

5.03 Appendix 6 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 overdrawn amount of £0.397m. 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 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 £0.052m and a projected closing balance at Month 4 of £1.621m, which at 6 % of total expenditure satisfies the prudent approach of ensuring a minimum level of 3 %.

6.04 The projected outturn reflects an additional allocation of £0.250m from

balances to fund additional CERA contribution towards funding of the HRA Capital Programme. The Head of Housing has consulted on this action with the Cabinet member for Housing in accordance with the recommendation within the Month 3 Budget Monitoring report approved by Cabinet on 18th September 2012.

6.05 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 (overdrawn balance) as at 31st March 2013 (paragraph 5.03)
- c) 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 3 - 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**

Contact Officer: Steven Gadd
Telephone: (01352) 702287
Email: steven_gadd@flintshire.gov.uk