

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 19 MARCH 2013**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **REVENUE BUDGET MONITORING 2012/13 (MONTH 9)**

1.00 PURPOSE OF REPORT

1.01 To provide members with the most up to date revenue budget monitoring information (Month 9) 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 3.07	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 8
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 9 which is :

- Council Fund - Net underspend of £0.856m (£0.611m underspend at Month 8)
- Housing Revenue Account - Net underspend of £0.471m (£0.401m underspend at Month 8)

3.00 CONSIDERATIONS

COUNCIL FUND

3.01 The table below shows a projected in-year underspend of £0.856m :-

TOTAL EXPENDITURE AND INCOME	Original Budget	Revised Budget	In-Year Over / (Under) spend		Non Ring-fenced		Ring-fenced	
			Month 8	Month 9	Month 8	Month 9	Month 8	Month 9
	£m	£m	£m	£m	£m	£m	£m	£m
Directorates								
Community Services	58.437	58.380	(1.154)	(1.382)	(0.312)	(0.592)	(0.842)	(0.790)
Environment	31.794	32.481	(0.089)	(0.052)	(0.089)	(0.052)	-	-
Lifelong Learning	109.219	109.946	0.640	0.674	1.182	1.216	(0.542)	(0.542)
Corporate Services	17.469	17.645	0.324	0.251	0.324	0.251	-	-
Total Directorates	216.919	218.452	(0.279)	(0.509)	1.105	0.823	(1.384)	(1.332)
Central and Corporate Finance	25.759	24.226	(0.332)	(0.347)	(0.332)	(0.347)	-	-
Total	242.678	242.678	(0.611)	(0.856)	0.773	0.476	(1.384)	(1.332)

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 8 are detailed in Appendix 1.

3.04 In line with the management commitment to reduce the projected in-year overspend there has been progressive improvement in the projected outturn position since a projected overspend of £1.053m was reported to Cabinet on 18th September 2012 within the Month 3 budget monitoring report.

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, however current procurement practices and existing facilities within the county are positively influencing costs and numbers of placements respectively

- 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 & remissions - influenced by economic factors
- Ringfenced budgets
 - Out of county placements - demand led with volatility influenced by numbers and high values of individual placements, however current procurement practices and existing facilities within the county are positively influencing costs and numbers of placements respectively
- 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
 - The Welfare Reform changes have the ability to influence a number of budgets across the Council and this is being kept under review
- 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 - Provision has been made in the 2012/13 accounts for £0.770m based on an estimated level of future liability as required by the Accounts and Audit regulations, as approved by Cabinet on 19th February 2013

3.06 REQUEST FOR CARRY FORWARD - CORPORATE SERVICES

Legal & Democratic Services - An underspend of £0.010m on Members Training has been identified. It is requested to carry forward this sum to 2013/14 to contribute towards the cost of the Community Review Consultation of Electoral Boundaries.

3.07 **REQUEST FOR CARRY FORWARD - CORPORATE SERVICES**

ICT & Customer Services - An underspend of £0.016m has arisen due to a delay starting the project to implement the Egress Switch secure e-mail system. The delay is due to capacity issues within the IT team. The project is now expected to commence in 2013/14, and it is included in the Information Governance Strategy. It is requested to carry forward the £0.016m to 2013/14 to fund the implementation costs.

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 10.
- £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 10.
- £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 £0.445m.

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, 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 £0.471m and a projected closing balance at Month 9 of £1.326m, which at 4.8 % of total expenditure satisfies the prudent approach of ensuring a minimum level of 3 %.
- 6.04 The projected outturn reflects a third additional allocation of £0.250m from balances to fund additional CERA contribution towards funding of the HRA Capital Programme. Additional allocations of £0.250m were reported in the Month 4 budget monitoring report to Cabinet on 16th October 2012, and the Month 5 budget monitoring report to Cabinet on 20th November 2012, therefore a total of £0.750m has now been provided for additional CERA contribution in the year to date. 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
- b) Note the Council Fund contingency sum as at 31st March 2013 (paragraph 5.02)
- c) Note the projected final level of balances on the Housing Revenue Account (paragraph 6.03)
- d) Approve the requests for carry forward of underspends to 2013/14 as detailed within paragraphs 3.06 to 3.07

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 7 - 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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