

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **CABINET**

**DATE:**               **TUESDAY, 23 APRIL 2013**

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

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

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### **2.00 EXECUTIVE SUMMARY**

2.01 Members are requested to note the projected year end position as estimated at Month 10 which is :

- Council Fund - Net underspend of £1.305m (£0.856m underspend at Month 9)
- Housing Revenue Account - Net underspend of £0.491m (£0.471m underspend at Month 9)

### 3.00 **CONSIDERATIONS**

3.01 The table below shows a projected in-year underspend of £1.305m :-

| TOTAL EXPENDITURE AND INCOME  | Original Budget | Revised Budget | In-Year Over / (Under) spend |                | Non Ring-fenced |              | Ring-fenced    |                |
|-------------------------------|-----------------|----------------|------------------------------|----------------|-----------------|--------------|----------------|----------------|
|                               |                 |                | Month 9                      | Month 10       | Month 9         | Month 10     | Month 9        | Month 10       |
|                               | £m              | £m             | £m                           | £m             | £m              | £m           | £m             | £m             |
| Directorates                  |                 |                |                              |                |                 |              |                |                |
| Community Services            | 58.437          | 58.469         | (1.382)                      | (1.813)        | (0.592)         | (0.947)      | (0.790)        | (0.866)        |
| Environment                   | 31.794          | 32.487         | (0.052)                      | (0.059)        | (0.052)         | (0.059)      | -              | -              |
| Lifelong Learning             | 109.219         | 109.935        | 0.674                        | 0.724          | 1.216           | 1.240        | (0.542)        | (0.516)        |
| Corporate Services            | 17.469          | 17.649         | 0.251                        | 0.180          | 0.251           | 0.180        | -              | -              |
| Total Directorates            | 216.919         | 218.540        | (0.509)                      | (0.968)        | 0.823           | 0.414        | (1.332)        | (1.382)        |
| Central and Corporate Finance | 25.759          | 24.138         | (0.347)                      | (0.337)        | (0.347)         | (0.337)      | -              | -              |
| <b>Total</b>                  | <b>242.678</b>  | <b>242.678</b> | <b>(0.856)</b>               | <b>(1.305)</b> | <b>0.476</b>    | <b>0.077</b> | <b>(1.332)</b> | <b>(1.382)</b> |

3.02 It is important to note that the projection above does not take into account any additional costs associated with the extreme weather conditions at the end of March, the impact of which will be reported in future monitoring reports.

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

3.04 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 9 are detailed in Appendix 1.

3.05 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**

3.06 In addition to the effects of the extreme weather at the end of March (see 3.02) 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 19<sup>th</sup> February 2013

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

ICT & Customer Services - An underspend of £0.011m in respect of the Capita One project has been identified. This is a regional project for North Wales Authorities, led by FCC for which agreed contributions have been received from our partner Authorities. We are therefore committed to delivering the specified level of service. Capacity issues have led to project delays and therefore the £0.011m balance remaining in the account will be required in 2013/14 to allow the project to continue. It is requested therefore to carry forward the sum of £0.011m to 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 being held centrally and at this stage is expected to be allocated in full.
- £0.300m in respect of Energy - most of this budget has previously been allocated to services and the remaining £0.060m is currently being reviewed and will be reported in future monitoring reports.
- £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 10<sup>th</sup> July showed unearmarked reserves at 31<sup>st</sup> 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 £0.894m.

## **6.00 HOUSING REVENUE ACCOUNT**

- 6.01 On 21<sup>st</sup> 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 10<sup>th</sup> 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 £0.491m and a projected closing balance at Month 10 of £1.346m, which at 4.9 % 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
  - b) Note the Council Fund contingency sum as at 31<sup>st</sup> March 2013 (paragraph 5.02)
  - c) Note the projected final level of balances on the Housing Revenue Account (paragraph 6.03)
  - d) Approve the request for carry forward of underspend to 2013/14 as detailed within paragraph 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 9 - 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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