

**FLINTSHIRE COUNTY COUNCIL**

**REPORT TO:**           **CABINET**

**DATE:**               **TUESDAY, 18 JUNE 2013**

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

**SUBJECT:**           **REVENUE BUDGET MONITORING 2012/13 (MONTH 12)**

**1.00   PURPOSE OF REPORT**

1.01   To provide members with the most up to date revenue budget monitoring information (Month 12) 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 12 which is :

- Council Fund - Net underspend of £4.313m (£2.334m underspend at Month 11)
- Housing Revenue Account - Net underspend of £1.047m (£0.574m underspend at Month 11) :- however £0.329m of this underspend is committed for specific items in 2013/14

### 3.00 CONSIDERATIONS

3.01 The table below shows a projected in-year underspend of £4.313m :-

TOTAL EXPENDITURE AND INCOME	Original Budget	Revised Budget	In-Year Over / (Under) spend		Non Ring-fenced		Ring-fenced	
			Month 11	Month 12	Month 11	Month 12	Month 11	Month 12
	£m	£m	£m	£m	£m	£m	£m	£m
Directorates								
Community Services	58.437	58.614	(2.564)	(3.432)	(1.683)	(2.446)	(0.881)	(0.986)
Environment	31.794	31.811	(0.001)	(0.053)	(0.001)	(0.053)	-	-
Lifelong Learning	109.219	110.993	0.590	0.006	1.099	0.935	(0.509)	(0.929)
Corporate Services	17.469	18.079	(0.023)	(0.271)	(0.023)	(0.271)	-	-
Total Directorates	216.919	219.497	(1.998)	(3.750)	(0.608)	(1.835)	(1.390)	(1.915)
Central and Corporate Finance	25.759	23.181	(0.336)	(0.563)	(0.336)	(0.563)	-	-
Total	242.678	242.678	(2.334)	(4.313)	(0.944)	(2.398)	(1.390)	(1.915)

3.02 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.

3.03 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 11 are detailed in Appendix 1.

3.04 There is a total improvement of £1.979m on the projected underspend reported within the Month 11 report to Cabinet on 21<sup>st</sup> May 2013. There are four major influences on this total movement which amounts to £1.497m (75.6%) of the total increase of £1.979m, which are detailed in paragraphs 3.06 - 3.09 below.

3.05 The further improvement in the projection reflects the outcome of planned activities and positive budget management and the utilisation of external funding where possible. It does illustrate the need for more discipline and for a detailed review of the interaction between service managers and early identification and reporting of variances. To allow in-year budget review and realignment Heads of Service have been commissioned to provide fuller explanations, and an assessment of predicted budget needs in 2013/14, 2014/15 and beyond. This will be critical information for the Medium Term Financial Plan (reported earlier on this agenda) and for management of the 2013/14 budget and the level of resource required to deliver services in that year. The final outturn for 2012/13 and the first budget monitoring report for 2013/14 will be reported in July.

3.06 Lifelong Learning - Out of County placements (£0.420m)

A number of grant funded expenditure items have previously been incorrectly

coded to this area which have now been correctly reclassified as Post 16 to utilise the Post 16 grant. Procedures have been introduced to prevent any incorrect coding of invoices in future. This accounted for £0.347m of the total £0.420m improvement. The remaining £0.073m relates to additional income on a number of placements funded by Health. Costs were recorded in the 2011/12 accounts and we were not anticipating recovering the full costs.

3.07 Community Services - Locality Teams and Disability Services (£0.602m)

Within Locality Teams, expenditure on purchased residential and domiciliary care has reduced which reflects current client costs, the positive impact of Transforming Social Services for Adults (TSSA), and increased income from clients. Whilst within Disability Services, a commitment in relation to the funding of care for individuals with Health has been removed due to the delay in the resolution of the outcome in 2012/13.

3.08 Corporate Services (£0.248m)

This movement was due to a number of underspends across all Corporate Services departments including printing and postage (£0.122m), and a reduction in the previously projected overspend for ICT & Customer Services (£0.068m).

3.09 Central and Corporate Finance (£0.227m)

Most of this improvement (£0.145m) is within the Central Loans & Investment Account and is due to the impact of grant income in respect of the Local Government Borrowing Initiative (LGBI). Most of the remainder (£0.072m) is due to unallocated central budget provision for non-standard inflation.

3.10 As part of ongoing work on the Medium Term Financial Plan, work is underway to assess the potential impacts of all variances on the budget for 2013/14 and beyond.

**RISKS / ASSUMPTIONS**

3.11 The monthly budget monitoring reports submitted to Cabinet throughout the 2012/13 financial year have reflected details of risks and assumptions in respect of the projected outturn reported. As we are now nearing the end of the financial year this section has been removed due to the reduced risk of significant changes occurring. However, the final outturn will not be known until the accounts have been closed down and reported in July.

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

ICT - An underspend of £0.115m has occurred in respect of a budget provision for enterprise server projects which could not be delivered in 2012/13 due to lack of resource. The related hardware and software has been procured in 2012/13. It is requested that the sum of £0.115m be carried forward to 2013/14 to enable these projects to be delivered at the earliest opportunity.

### **3.13 REQUEST FOR CARRY FORWARD - CENTRAL & CORPORATE FINANCE**

Flintshire Futures - An allocation of £0.177m for 2012/13 capacity requirements was made from within the £1.500m sum within the contingency reserve which has been earmarked for investment in change. This was approved by Cabinet on 22<sup>nd</sup> January 2013 within a Flintshire Futures update report. A total underspend of £0.155m against this allocation is expected, the majority of which (£0.129m) relates to the Procurement workstream. There was a delay to the commencement of the e-procurement project which has now commenced in the early part of 2013/14. The capacity will still therefore be required in 2013/14. It is requested therefore that the sum of £0.155m be carried forward to 2013/14.

### **4.00 NON STANDARD INFLATION**

4.01 Included in the budget are amounts for non-standard inflation. These budgets are monitored closely and the current position for each element is outlined below:

- £0.078m in respect of Energy for Street Lighting of which £0.055m has not been allocated
- £0.300m in respect of Energy - of which £0.017m has not been allocated
- £0.196m in respect of Fuel - which has been fully allocated
- £0.133m in respect of Food - which has been fully allocated

The unallocated amounts relating to energy has resulted in an underspend of £0.072m within the Central and Corporate Finance budget.

### **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 £3.493m.

### **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 £1.047m and a projected closing balance at Month 12 of £1.902m, which at 6.9 % of total expenditure satisfies the prudent approach of ensuring a minimum level of 3 %. However, £0.329m of expenditure which had been budgeted for in 2012/13 will now take place in 2013/14, for which budget provision will now need to be made from within the higher than budgeted closing 2012/13 balance position. This expenditure is in respect of delayed employee voluntary redundancy payments (£0.150m) and an underspend of £0.049m on the Flint maisonettes due to the need to determine the level and type of security measures required, and £0.130m in respect of void works completed in 2012/13 but not charged to the accounts.
- 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 5.03)
- 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 3.12 to 3.13

## **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 11 - 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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