

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 17 DECEMBER 2013**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **REVENUE BUDGET MONITORING 2013/14 (MONTH 6)**

1.00 PURPOSE OF REPORT

1.01 To provide Members with the most up to date revenue budget monitoring information (Month 6) for the Council Fund and the Housing Revenue Account in 2013/14.

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2.00 EXECUTIVE SUMMARY

2.01 The projected year end position, as estimated at Month 6, is as follows:

Council Fund

- Net in year expenditure forecast to be £1.012m less than budget. (A decrease of £0.062m on the £1.074m reported at Month 5)
- Projected contingency reserve balance at 31 March 2014 of £3.653m

Housing Revenue Account (HRA)

- Net in year expenditure forecast to under spend the budget by £0.062m, (£0.014m under spend reported at Month 5)
- Projected HRA balances at 31 March 2014 of £1.495m

The detail relating to the HRA is set out in Section 7.00 of this report.

3.00 COUNCIL FUND LATEST IN YEAR FORECAST

3.01 The table below shows a projected positive variation of expenditure against budget of £1.012m

TOTAL EXPENDITURE AND INCOME	Original Budget	Revised Budget	In-Year Over / (Under) spend	
			Month 5	Month 6
	£m	£m	£m	£m
<u>DIRECTORATES (Service Groups)</u>				
Services for Adults	45.642	44.328	(0.759)	(0.630)
Services for Children	11.906	12.159	0.472	0.546
Housing Services	1.800	1.803	(0.295)	(0.293)
Development & Resources	1.688	1.656	(0.023)	(0.057)
TOTAL : COMMUNITY SERVICES	61.036	59.946	(0.605)	(0.434)
Assets and Transportation	6.015	6.088	0.002	0.003
Planning	1.708	1.717	(0.005)	(0.018)
Public Protection	3.455	3.459	(0.028)	(0.008)
Regeneration	0.715	0.704	(0.019)	0.006
Streetscene	19.320	19.210	0.343	0.336
Management, Support & Performance	1.088	1.094	(0.072)	(0.066)
TOTAL : ENVIRONMENT	32.301	32.272	0.221	0.253
Culture & Leisure	6.876	6.386	0.367	0.388
Inclusion Services	14.058	13.254	(0.027)	(0.030)
Primary School Services	43.374	43.383	(0.025)	(0.045)
Secondary School Services	36.638	37.468	0.002	0.000
Development & Resources	12.118	12.319	(0.208)	(0.216)
TOTAL : LIFELONG LEARNING	113.064	112.810	0.109	0.097
Chief Executive	2.356	2.334	(0.049)	(0.051)
Finance	14.265	14.285	(0.463)	(0.517)
HR & OD	2.427	2.464	(0.004)	(0.030)
ICT & Customer Services	4.922	5.046	(0.004)	(0.013)
Legal & Democratic Services	3.145	3.156	(0.002)	(0.035)
TOTAL : CORPORATE SERVICES	27.115	27.285	(0.522)	(0.646)
TOTAL DIRECTORATES	233.516	232.313	(0.797)	(0.730)
Central and Corporate Finance	26.236	27.439	(0.277)	(0.282)
Total	259.752	259.752	(1.074)	(1.012)

3.02 The original budget column reflects the budget approved by Council on the 1st March 2013. The revised budget column reflects in-year variations which have been approved in compliance with Financial Procedure Rules.

3.03 It can be seen from the table in 3.01 that there is an overall reduction of £0.062m in the projected positive variance as reported in Month 5. The major areas of change are in Community Services, mainly in Adults Services (£0.129m) relating to increases in care packages (offset by decreases in employee costs) and Children's Services (£0.074m) relating to additional placements Out of County, offset by changes in care packages. The movements are summarised in Appendix 1 with the detailed reasons for all variances summarised within Appendices 2 to 8.

3.04 Programme of Efficiencies

The 2013/14 budget contains £5.331m of specific efficiencies and the table below summarises the current state of these items. This analysis indicates that it is currently projected that £4.506m (84.5%) will be achieved, resulting in a net underachievement of £0.825m. This is practically at our previously agreed efficiency target level of 85% as detailed in the Improvement Plan. This is an improvement on the position reported at Month 5 (83.7%) due to efficiencies within ICT being achieved in full.

Status of Efficiency	Value of Budgeted Efficiency £m	Value of Projected Efficiency £m	(Under) Over Achievement £m
Already achieved	1.973	1.973	0.000
Expected to be achieved in full	2.237	2.237	0.000
Achievable in part	0.631	0.296	(0.335)
Not achievable	0.490	0.000	(0.490)
Total	5.331	4.506	(0.825)

3.05 Appendix 9 provides further details of the assumptions behind the efficiency projections, and where relevant the actions required to address items not currently expected to be achieved in full. It is important to note that the impact of this analysis has already been included in the overall Month 6 projected outturn position.

3.06 Initiatives commenced in the current year to reduce future expenditure levels e.g. the 'Back to Basics' programme have also been included in the overall Month 6 outturn position.

4.00 INFLATION

4.01 **Pay Inflation** of £0.734m has now been included within service budgets to reflect the national pay award agreed earlier this year.

4.02 **Non Standard price inflation** – amounts of £0.255m (energy for Street Lighting), £0.197m (energy), £0.187m (fuel) and £0.141m (food costs) were included in the budget and held centrally. The Service budgets which incur the costs affected by non standard inflation are monitored closely and funds released on a full assessment of evidenced need. In period 6, £0.141m for food costs were allocated. The current projected outturn assumes that all the amounts are required in full. The nature of the costs subject to non standard price inflation is that they are incurred primarily over the Winter months therefore it is too early to project any variations to budget at this stage.

5.00 MONITORING BUDGET ASSUMPTIONS AND NEW RISKS

5.01 Former chemical plant in Sandycroft (Euticals Ltd), along with its strategic partners the Council has intervened in relation to this site and is in discussion with the Welsh Government about solutions, roles and responsibilities. Indicative costs for six months are reflected within the current projected outturn position, but costs may increase if the current situation extends beyond six months. An update on this position is expected in early December.

5.02 The original budget for Children's Out of County Placements was set at a lower level in 2013/14 based on an anticipated lower caseload. As reported in previous monitoring reports, the position now indicates that expenditure will exceed budget. This area is under review and consideration is needed to establish the impact on the budget for future years due to the demand led nature of the Service.

5.03 As we now approach the winter months, there will be further focus on monitoring the impact of any severe weather on the Winter Maintenance reserve which will be reported in future monitoring reports.

6.00 UNEARMARKED RESERVES

6.01 The 2012/13 final outturn reported to Cabinet on 16 July showed unearmarked reserves at 31 March 2013 (above the base level of £5.564m) of £3.409m after taking into account a commitment in 2013/14 for use of £0.297 to meet one-off/time limited costs. In July, Cabinet allocated £0.250m to the Winter Maintenance reserve, bringing the level in the reserve to £3.159m.

6.02 After taking account of an allocation of £0.518m for recovery costs following the March 2013 severe weather, and bringing in the impact of the projected in year budget position the current projected level of the contingency reserve at the end of March 2014 is an amount of £3.745m.

7.00 HOUSING REVENUE ACCOUNT

7.01 On 19 February 2013, the Council approved a Housing Revenue Account (HRA) budget for 2013/14 of £28.259m. The budget provided for a closing balance of £0.903m, which at 3.2% of total expenditure satisfies the prudent approach of ensuring a minimum level of 3%.

- 7.02 The 2012/13 final outturn reported to Cabinet on 16 July 2013 showed a closing balance at the end of 2012/13 of £1.931m (subject to audit) which was £0.861m more than when the 2013/14 budget was set. This had the effect of increasing the opening balance for 2013/14 by the same amount.
- 7.03 For 2013/14 there is an overall projected under spend of £0.062m and a projected closing balance at month 6 of £1.495m, which at 5.2% of total expenditure satisfied the prudent approach of ensuring a minimum level of 3%.
- 7.04 Appendix 7 details the reasons for significant variances occurring to date and the actions planned to deal with them.

8.00 RECOMMENDATIONS

8.01 Members are recommended to:

- a) Note the overall report.
- b) Note the projected Council Fund contingency sum as at 31st March 2014 (paragraph 6.02).
- c) Note the projected final level of balances on the Housing Revenue Account (paragraph 7.03).

9.00 FINANCIAL IMPLICATIONS

9.01 The financial implications are as set out in Sections 3.00 - 7.00 of the report.

10.00 ANTI-POVERTY IMPACT

10.01 None.

11.00 ENVIRONMENTAL IMPACT

11.01 None.

12.00 EQUALITIES IMPACT

12.01 None.

13.00 PERSONNEL IMPLICATIONS

13.01 None.

14.00 CONSULTATION REQUIRED

14.01 None.

15.00 CONSULTATION UNDERTAKEN

15.01 None.

16.00 APPENDICES

Council Fund - Movement in Variances from Month 5 - Appendix 1
Council Fund Significant Variances - Appendices 2 - 6
Council Fund - Movements on unearmarked reserves - Appendix 7
Housing Revenue Account Variances - Appendix 8
Council Fund - Achievement of Efficiencies - Appendix 9

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS

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