

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 21 JANUARY 2014**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **REVENUE BUDGET MONITORING 2013/14 (MONTH 7)**

1.00 PURPOSE OF REPORT

1.01 To provide Members with the most up to date revenue budget monitoring information (Month 7) 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 7, is as follows:

Council Fund

- Net in year expenditure forecast to be £0.944m less than budget. (A decrease of £0.068m on the £1.012m reported at Month 6).
- Projected contingency reserve balance at 31 March 2014 of £3.585m.

Housing Revenue Account (HRA)

- Net in year expenditure forecast to be less than the budget by £0.117m (£0.062m reported at Month 6)
- Projected HRA balances at 31 March 2014 of £1.551m

3.00 COUNCIL FUND LATEST IN YEAR FORECAST

3.01 The table below shows a projected positive variation of expenditure against budget of £0.944m.

TOTAL EXPENDITURE AND INCOME	Original Budget	Revised Budget	In-Year Over / (Under) spend	
			Month 6	Month 7
	£m	£m	£m	£m
<u>DIRECTORATES (Service Groups)</u>				
Services for Adults	45.642	44.328	(0.630)	(0.610)
Services for Children	11.906	12.159	0.546	0.569
Housing Services	1.800	1.803	(0.293)	(0.296)
Development & Resources	1.688	1.656	(0.057)	(0.051)
TOTAL : COMMUNITY SERVICES	61.036	59.946	(0.434)	(0.388)
Assets and Transportation	6.015	6.088	0.003	0.065
Planning	1.708	1.717	(0.018)	(0.039)
Public Protection	3.455	3.459	(0.008)	(0.056)
Regeneration	0.715	0.704	0.006	0.011
Streetscene	19.320	19.210	0.336	0.333
Management, Support & Performance	1.088	1.094	(0.066)	(0.060)
TOTAL : ENVIRONMENT	32.301	32.272	0.253	0.254
Culture & Leisure	6.876	6.386	0.388	0.384
Inclusion Services	14.058	13.254	(0.030)	(0.011)
Primary School Services	43.374	43.383	(0.045)	(0.045)
Secondary School Services	36.638	37.468	0.000	0.002
Development & Resources	12.118	12.319	(0.216)	(0.179)
TOTAL : LIFELONG LEARNING	113.064	112.810	0.097	0.151
Chief Executive	2.356	2.334	(0.051)	(0.055)
Finance	14.265	14.285	(0.517)	(0.600)
HR & OD	2.427	2.464	(0.030)	(0.032)
ICT & Customer Services	4.922	5.046	(0.013)	0.010
Legal & Democratic Services	3.145	3.156	(0.035)	(0.046)
TOTAL : CORPORATE SERVICES	27.115	27.285	(0.646)	(0.723)
TOTAL DIRECTORATES	233.516	232.313	(0.730)	(0.706)
Central and Corporate Finance	26.236	27.439	(0.282)	(0.238)
Total	259.752	259.752	(1.012)	(0.944)

3.02 The original budget column reflects the budget approved by Council on the 1st March 2013. The revised budget column reflects in-year virements 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 £0.068m in the projected positive variance as reported in Month 6. The projected surplus on the Council Tax Collection Fund has increased by £0.095m over month 6, although this is offset by a reduction in the amount of windfall income anticipated to be received in the year. Within Community Services - Services for Adults, delays in recruiting to a full establishment of staff at the new Llys Jasmine extra care facility in Mold has resulted in one off savings of £0.097m over month 5 although this is offset by additional clients with long term residential packages and increased costs for long term nursing.

3.04 All of the movements from Month 6 are summarised in Appendix 1 with the detailed reasons for all variances by Directorate summarised within Appendices 2 to 8.

3.05 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 marginally lower than the agreed efficiency target of 85% as detailed in the Improvement Plan.

Status of Efficiency	Value of Budgeted Efficiency £m	Valued 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)

3.06 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 7 projected outturn position.

3.07 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 7 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 Along with its strategic partners, the Council has intervened in relation to the Former chemical plant in Sandycroft (Euticals Ltd), and continues to be in discussion with the Welsh Government about solutions, roles and responsibilities. Indicative costs for six months are reflected within the current projections and the projections will be reviewed once all outstanding information has been assessed and will be included in future reports.

5.02 Out of County Placements continues to be kept under review due to the demand led nature of the service with only minor variation from period 6 to 7.

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 £3.585m.

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 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 £0.117m and a projected closing balance at month 7 of £1.551m, which at 5.4% 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 6 - Appendix 1

Council Fund Significant Variances - Appendices 2 - 6

Council Fund - Movements on un earmarked 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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