

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **EXECUTIVE**

DATE: **27 MARCH 2012**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **REVENUE BUDGET MONITORING 2011/12**
(MONTH 9)

1.00 PURPOSE OF REPORT

1.01 To provide members with the revenue budget monitoring information at Month 9 for the Council Fund and the Housing Revenue Account in 2011/12.

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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 £0.921m
- Housing Revenue Account – Net underspend of £0.390m

3.00 CONSIDERATIONS

COUNCIL FUND

3.01 The table below shows a projected in-year underspend of £0.921m.

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	57.374	57.117	(0.960)	(0.978)	(0.341)	(0.447)	(0.619)	(0.531)
Environment	32.262	32.620	(0.144)	(0.117)	(0.144)	(0.117)	-	-
Lifelong Learning	109.110	109.455	0.908	0.909	1.331	1.448	(0.423)	(0.539)
Corporate Services	16.436	17.693	0.171	0.188	0.171	0.188		
Total Directorates	215.182	216.885	(0.025)	0.002	1.017	1.072	(1.042)	(1.070)
Central and Corporate Finance	26.190	24.487	(0.876)	(0.923)	(0.876)	(0.923)		
Total	241.372	241.372	(0.901)	(0.921)	0.141	0.149	(1.042)	(1.070)

- 3.02 The Original Budget column reflects the budget approved by Council on the 1st March 2011. The Revised Budget column reflects in-year virements which have been approved in compliance with Financial Procedure Rules, and includes a number of technical adjustments such as the allocations from central contingencies, non-standard inflation and the contributions to the Cost of Employment efficiency.
- 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 The underspend of £0.921m is made up of a £0.002m overspend on services offset by a contribution of £0.923m from Central and Corporate Finance.
- 3.05 The Out of County Placement budget (ring-fenced) is currently projected to underspend by £0.903m (by £0.364m and £0.539m within Community Services and Lifelong Learning respectively). This projection is based on existing placements up until March 2012 and also reflects some reductions in payments to providers following renegotiation of contracts. The projected outturn also reflects the approval of a £1.255m budget pressure during the 2011/12 budget process. The task and finish group are continuing their work with regard to improving processes, benchmarking and the North Wales project focusing on high cost placements. This budget will continue to be monitored very closely due to the volatility of the risks and assumptions (see 3.08).

PROGRAMME OF EFFICIENCIES

- 3.06 The 2011/12 budget contains £8.920m of specific efficiencies and the table below summarises the current status of these items. This analysis indicates that it is currently projected that £7.699m (86 %) will be achieved, resulting in a net under-achievement of £1.221m.

Status of Efficiency	Value of Budgeted Efficiency £m	Valued of Projected Efficiency £m	(Under) Over Achievement £m
ALREADY ACHIEVED	3.262	3.262	0.000
EXPECTED TO BE ACHIEVED IN FULL	2.455	2.888	0.433
ACHIEVABLE IN PART	2.790	1.549	(1.241)
NOT ACHIEVABLE	0.413	0.000	(0.413)
Total	8.920	7.699	(1.221)

3.07 Appendix 9 provides further details of the assumptions behind the 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 9 projection.

RISK / ASSUMPTIONS

3.08 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

- Projections based on current client numbers/care packages
- Local Health Board income cannot be guaranteed at the levels assumed

Development & Resources

- Domiciliary and Property client income is dependent on individual client circumstances

Social Services for Children – Out of County Placements

- High cost of any new placements can have an adverse impact on outturn
- Uncertainty of income level from Local Health Board

Social Services for Children – Family Placement

- Service dependent on sufficient numbers of carers being attracted and retained

2. Lifelong Learning

Out of County Placements

- High cost of any new placements can have an adverse impact on outturn
- Varying income levels from Local Health Board

Primary and Secondary Non-Delegated budgets

- Negotiations with Primary Schools are continuing regarding maternity payments. The outcome of these discussions will be report in future monitoring reports

- 3.09 At this point in the financial year it is usual to consider requests for carry forward of resources for items that cannot be completed within the current financial year. The requests identified at this stage are detailed in sections 3.10 to 3.15 below.
- 3.10 **REQUEST FOR CARRY FORWARD - COMMUNITY SERVICES**
Permission is sought to carry forward an amount of £0.051m within the budget for Management & Support (Development and Resources) - relating to the Transforming Social Services for Adults (TSSA) project. This is to fund the continuing work of the project manager in 2012/13.
- 3.11 **REQUEST FOR CARRY FORWARD - COMMUNITY SERVICES**
Permission is sought to carry forward an amount of £0.005m within the budget for Professional Support (Services for Older People). A time limited one-off element of the First Steps Improvement Grant (Infrastructure element) which was received in 2011/12, provided funding for a temporary post for a fixed period. However, there was a delay in recruiting to the position and some of this time limited element of the grant has been used to fund other expenditure which would previously have been funded from the base budget. This has resulted in a small saving in the base budget, which it is proposed to be used to fund 3 months of this temporary post in 2012/13, being the remainder of the fixed period.
- 3.12 **REQUEST FOR CARRY FORWARD - CORPORATE SERVICES**
An amount of £0.070m was provided for in the 2011/12 base budget for ICT & Customer Services to fund Flintshire Futures Channel Shift - a North Wales collaborative project which is now unlikely to commence before April 2012. As this is a collaborative project it hasn't been possible to meet the original intended timescale for implementation. Permission is sought to carry forward the sum of £0.070m into 2012/13 when the costs of delivering this project will need to be funded.
- 3.13 **REQUEST FOR CARRY FORWARD - CORPORATE SERVICES**
A one-off amount of £0.100m was approved in the 2010/11 budget for ICT & Customer Services for the Electronic Document and Records Management System (EDRMS) Project. This funding was carried forward as an underspend to 2011/12, in addition to a further £0.176m which was allocated from the ICT & Customer Services budget to fund the project in 2010/11, which was also carried forward to 2011/12. Payments are only made when each milestone on the contract has been implemented and significant progress has been made to date. It is requested to carry forward the sum of £0.091m to 2012/13 to fund the remaining milestone payments as per the contract.
- 3.14 **REQUEST FOR CARRY FORWARD - CORPORATE SERVICES**
An amount of £0.121m is included within the 2011/12 budget for the E-procurement P2P project. The project is continuing into 2012/13 and it is requested to carry forward this sum into 2012/13 in order to ensure continuity of funding for the project.

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

Funding of £0.187m was approved in the 2011/12 budget for (within the Lifelong Learning IT budget) to contribute towards the development of broadband. The budget was subsequently transferred to the IT & Customer Services budget within Corporate Services. There has been a delay to the implementation which is now expected to take place during 2012/13. It is therefore requested to carry forward this underspend of £0.187m into 2012/13.

4.00 **NON STANDARD INFLATION/CENTRAL CONTINGENCIES**

NON STANDARD INFLATION

4.01 Included in the budget are the following amounts relating to non standard inflation:

- £0.060m for fuel costs - this is confirmed to be required in full and will now be released
- £0.037m for energy for street lighting - this is now not projected to be required and is recorded as an underspend within Central and Corporate
- £0.450m for other energy costs - this is currently projected to be required in full and the majority of this amount has already been released (£0.083m remains to be allocated)

These budgets continue to be monitored closely and the funds will be released when a full assessment of the need has been completed.

CENTRAL CONTINGENCIES

4.02 The budget for 2011/12 included base budget provision of £0.337m in respect of increased employers pension contribution and £0.150m relating to the review of relief staff. A full assessment has now been completed and it has been determined that these amounts are no longer required and are now reported as underspends (see Appendix 6). A further one-off contingency of £2.159m is also included in the 2011/12 budget relating to one-off exit costs associated with service modernisation. Although work regarding this is still ongoing it is now projected to be required in full either in 2011/12 or 2012/13 depending on the timing of service reviews. The amount required in 2012/13 will be requested to be carried forward in future monitoring reports once the exact figure is known.

5.00 **UNEARMARKED RESERVES**

5.01 The 2010/11 final outturn reported to Executive on 19th July showed unearmarked reserves at 31st March 2011 (above the base level of £5.476m) of £2.099m.

5.02 Appendix 7 details the movements to date on unearmarked reserves and the level of contingency sum available. As a result of these movements, the estimated amount currently projected in the Contingency Reserve is £0.434m.

5.03 The estimated amount available of £0.434m in the contingency reserve is £0.020m more than the £0.414m estimated when the 2012/13 Council Fund revenue budget was approved by County Council at the meeting on 1st March 2012.

6.00 HOUSING REVENUE ACCOUNT

6.01 On 15th February 2011, the Council approved a Housing Revenue Account (HRA) budget for 2011/12 of £25.262m. The budget provides for a closing balance of £0.885m, which at 3.5 % of total expenditure satisfies the prudent approach of ensuring a minimum level of 3 %.

6.02 The 2010/11 final outturn reported to Executive on 19th July 2011 showed a closing balance at the end of 2010/11 of £1.487m which was £0.236m higher than when the 2011/12 budget was set. This had the effect of increasing the opening balance for 2011/12 by the same amount.

6.03 The overall projected underspend of £0.390m represents an increase of £0.260m on the projected underspend position reported at Month 8. The HRA shows a projected closing balance at Month 9 of £1.510m which at 6 % of total expenditure satisfies the prudent approach of ensuring a minimum level of 3 %.

6.04 As the projected closing balance is considerably higher than the recommended 3 % minimum level it is intended to spend a further £0.200m on repairs in the Repair and Maintenance account. This will be funded from balances over and above the projected closing balance for 2011/12 reflected in the HRA 2012/13 budget report as approved by Council on 21st February 2012.

6.05 The increased underspend reflects less expenditure on call outs and emergency repairs due to the mild winter, and an increased number of capital repairs which had the effect of increasing the projected capital spend and reducing the projected revenue spend.

6.06 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) Approve the carry forward requests included in the report (paragraphs 3.10 to 3.15).
- c) Note the Council Fund Contingency Sum available as at 31st March 2012. (Section 5).

- d) Approve the additional allocation of £0.200m to the Repair and Maintenance account within the HRA account (para 6.04).
- e) Note the projected final level of balances on the Housing Revenue Account. (para 6.03)

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/ENVIRONMENTAL IMPACT

9.01 None.

10.00 PERSONNEL IMPLICATIONS

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

12.01 Council Fund – Movement in Variances from Month 7 – Appendix 1
Council Fund Variances – Appendices 2 – 6
Council Fund – Movement on unearmarked reserves – Appendix 7
Housing Revenue Account Variances – Appendix 8
Council Fund – Achievements of Efficiencies – Appendix 9

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

Month 9 Monitoring Papers

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