

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 18 FEBRUARY 2014**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **REVENUE BUDGET MONITORING 2013/14 (MONTH 8)**

1.00 **PURPOSE OF REPORT**

1.01 To provide Members with the most up to date revenue budget monitoring information (Month 8) for the Council Fund and the Housing Revenue Account for 2013/14.

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2.00 **EXECUTIVE SUMMARY**

2.01 The projected year end position, as estimated at Month 8, is as follows:

Council Fund

- Net in year expenditure forecast to be £1.068m less than budget. (An increase of £0.124m on the £0.944m reported at Month 7).
- Projected contingency reserve balance at 31 March 2014 of £3.709m

Housing Revenue Account (HRA)

- Net in year expenditure forecast to be £0.212m less than budget (£0.117m as at Month 7)
- Projected HRA balances at 31 March 2014 of £1.646m

3.00 COUNCIL FUND LATEST IN YEAR FORECAST

3.01 The table below shows a projected positive variation of expenditure against budget of £1.068m

TOTAL EXPENDITURE AND INCOME	Original Budget	Revised Budget	In-Year Over / (Under) spend	
			Month 7	Month 8
	£m	£m	£m	£m
<u>DIRECTORATES (Service Groups)</u>				
Services for Adults	45.642	44.302	(0.610)	(0.664)
Services for Children	11.906	12.172	0.569	0.827
Housing Services	1.800	1.835	(0.296)	(0.319)
Development & Resources	1.688	1.659	(0.051)	(0.018)
TOTAL : COMMUNITY SERVICES	61.036	59.968	(0.388)	(0.174)
Assets and Transportation	6.015	6.091	0.065	0.031
Planning	1.708	1.717	(0.039)	(0.068)
Public Protection	3.455	3.464	(0.056)	(0.055)
Regeneration	0.715	0.704	0.011	0.007
Streetscene	19.320	19.210	0.333	0.352
Management, Support & Performance	1.088	1.094	(0.060)	(0.009)
TOTAL : ENVIRONMENT	32.301	32.280	0.254	0.258
Culture & Leisure	6.876	6.378	0.384	0.409
Inclusion Services	14.058	13.245	(0.011)	(0.059)
Primary School Services	43.374	43.334	(0.045)	(0.037)
Secondary School Services	36.638	37.472	0.002	(0.016)
Development & Resources	12.118	12.428	(0.179)	(0.223)
TOTAL : LIFELONG LEARNING	113.064	112.857	0.151	0.074
Chief Executive	2.356	2.301	(0.055)	(0.053)
Finance	14.265	14.235	(0.600)	(1.019)
HR & OD	2.427	2.479	(0.032)	(0.013)
ICT & Customer Services	4.922	5.037	0.010	0.001
Legal & Democratic Services	3.145	3.136	(0.046)	(0.135)
TOTAL : CORPORATE SERVICES	27.115	27.188	(0.723)	(1.219)
TOTAL DIRECTORATES	233.516	232.293	(0.706)	(1.061)
Central and Corporate Finance	26.236	27.459	(0.238)	(0.007)
Total	259.752	259.752	(0.944)	(1.068)

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

3.03 From the table in 3.01 it can be seen that there is an increase of £0.124m on the under spend of £0.944m reported at Month 7. The key variances to note include:

3.04 Community Services – Out of County Placements (Children’s Services)

The projected overspend for Month 8 is £0.452m, which represents an increase of £0.203m on the Month 7 amount of £0.249m. The main reasons for the movement relate to new high cost placements (£0.082m), an unexpected continuation of an existing placement (£0.082m) and required changes to an existing placement with a client being moved to a high cost secure unit placement (£0.049m)

3.05 Corporate Services – Housing Benefit Subsidy and Discretionary Housing Payments

Following a review of the Housing Benefit Subsidy profile and the level of funding required to meet Discretionary Housing Payment need, it has been identified that there will be an in year efficiency of £0.381m. The Council has been proactive in supporting eligible claimants with temporary financial assistance through discretionary housing payments. At the same time, the Council has also been very successful, through interventions by the Welfare Response Team, in assisting households to better manage the financial changes imposed upon them by welfare reforms and economic impacts. As a result of this positive action, the need for discretionary housing payments has been less than had been anticipated. This position will continue to be kept under review alongside the funding provided for this purpose by the Department of Works and Pensions.

3.06 Flintshire Futures – Customer Programme

It is now projected that £0.286m of the efficiencies included in the budget in relation to the Flintshire Futures Customer Programme will not now be realised in 2013/14 although it is anticipated that they will be achievable in subsequent years when the project has advanced and the wider network of Flintshire Connects sites are in place.

3.07 All of the movements from Month 7 are summarised in Appendix 1 with the detailed reasons for all variances by Directorate summarised within Appendices 2 to 8.

3.08 **Programme of Efficiencies**

The 2013/14 budget contains £5.331m of specific efficiencies and the table below summarises the current position in relation to the achievement of these items. This analysis shows that it is currently projected that £4.146m

(78%) will be achieved, resulting in a net underachievement of £1.185m. This is lower than the agreed efficiency target of 85% as detailed in the Improvement Plan. The main reason for the underachievement reported in this period relates to delays in the Flintshire Futures Programme as detailed in 3.06 above.

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	1.877	1.877	0.000
ACHIEVABLE IN PART	0.631	0.296	(0.335)
NOT ACHIEVABLE	0.850	0.000	(0.850)
Total	5.331	4.146	(1.185)

3.09 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 8 projected outturn position.

3.10 **Request for Carry Forward – Community Services**

Welfare Reform – in 2012/13 an amount of £80k was carried forward to 2013/14 for two additional posts in the Response Team. Due to delays in recruiting to these posts it is requested that £0.029m is carried forward for the continuation of two fixed term posts in the Welfare Response Team.

3.11 **Request for Carry Forward – Corporate Services (Finance)**

Internal Audit – due to a delay in the procurement of software it is requested that £0.030m be carried forward into 2014/15 to fund audit management software upgrade costs. This software is needed to replace the current provision following the ending of the contract with RSM Tenon.

3.12 **Request for Carry Forward – Corporate Services (ICT and Customer Services)**

ICT and Customer Services – It is requested to carry forward £0.046m into 2014/15 in respect of Event and Log Management due to project delays which mean the system cannot be implemented until 2014/15.

3.13 **Impacts for the 2014/15 Budget**

Any projections relating to in year budget pressures or efficiencies which have an actual or potential ongoing impact have been taken into account in considering the budget proposals for 2014/15 which is also reported on this agenda.

4.00 INFLATION

4.01 **Pay inflation** of £0.734m is included within service budgets to reflect the national pay award agreed earlier in the year.

4.02 **Non Standard price inflation** – amounts for energy, fuel and food costs are included in the budget and held centrally. The Service budgets which incur these costs are monitored closely and funds released on a full assessment of evidenced need. To date only the food cost allocation of £0.141m has been allocated (month 6) although the report currently assumes that all of the non standard allocation will be required by the end of March.

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. Estimated costs have been reviewed and are reflected within current projections and continue to be monitored monthly.

5.02 Out of County Placements – This area of Children's Services is known to be a highly volatile area of expenditure with potential for significant changes month on month. This is a challenging area of service to monitor accurately and efforts are continuing to improve the timeliness and flow of information to enable the most accurate position to be projected at any given point in time. However, the very nature of the service is such that there will always be a potential for major swings in the projection between specific reporting periods.

6.00 UNEARMARKED RESERVES

6.01 The 2012/13 final outturn reported to Cabinet on 16 July showed unearmarked reserves at 31 July 2013 (above the base level of £5.564m) of £3.409m after taking into account a commitment in 2013/14 for use of £0.297m 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 into account an allocation of £0.518m for recovery costs following the severe weather in March 2013, 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 £3.709.

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 £0.212 and a projected closing balance at month 8 of £1.646, which at 5.76% 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) Approve the carry forwards detailed in 3.10 – 3.12
 - d) 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 7 - 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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