

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 18 MARCH 2014**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **REVENUE BUDGET MONITORING 2013/14 (MONTH 9)**

1.00 PURPOSE OF REPORT

1.01 To provide Members with the most up to date revenue budget monitoring information (Month 9) for the Council Fund and the Housing Revenue Account in 2013/14.

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2.00 EXECUTIVE SUMMARY

The projected year end position, as estimated at Month 9, is as follows:

Council Fund

- Net in year expenditure forecast to be £1.738m less than budget. (An increase of £0.670m on the £1.068m reported at Month 8)
- Projected contingency reserve balance at 31 March 2014 of £4.379m

Housing Revenue Account (HRA)

- Net in year expenditure forecast to be £0.156m less than budget (£0.212m as at Month 8)
- Projected HRA balances at 31 March 2014 of £1.589m

3.00 COUNCIL FUND LATEST IN YEAR FORECAST

3.01 The table below shows a projected positive variation of expenditure against budget of £1.738m

TOTAL EXPENDITURE AND INCOME	Original Budget	Revised Budget	In-Year Over / (Under) spend	
			Month 8	Month 9
	£m	£m	£m	£m
<u>DIRECTORATES (Service Groups)</u>				
Services for Adults	45.642	44.302	(0.664)	(0.701)
Services for Children	11.906	12.172	0.827	0.731
Housing Services	1.800	1.835	(0.319)	(0.269)
Development & Resources	1.688	1.659	(0.018)	0.022
TOTAL : COMMUNITY SERVICES	61.036	59.968	(0.174)	(0.217)
Assets and Transportation	6.015	6.091	0.031	(0.177)
Planning	1.708	1.717	(0.068)	(0.046)
Public Protection	3.455	3.464	(0.055)	(0.048)
Regeneration	0.715	0.704	0.007	0.011
Streetscene	19.320	19.210	0.352	0.359
Management, Support & Performance	1.088	1.094	(0.009)	(0.025)
TOTAL : ENVIRONMENT	32.301	32.280	0.258	0.074
Culture & Leisure	6.876	6.378	0.409	0.418
Inclusion Services	14.058	13.245	(0.059)	(0.063)
Primary School Services	43.374	43.334	(0.037)	(0.172)
Secondary School Services	36.638	37.472	(0.016)	(0.018)
Development & Resources	12.118	12.428	(0.223)	(0.280)
TOTAL : LIFELONG LEARNING	113.064	112.857	0.074	(0.115)
Chief Executive	2.356	2.301	(0.053)	(0.068)
Finance	14.265	14.235	(1.019)	(1.102)
HR & OD	2.427	2.479	(0.013)	(0.012)
ICT & Customer Services	4.922	5.037	0.001	(0.023)
Legal & Democratic Services	3.145	3.136	(0.135)	(0.143)
TOTAL : CORPORATE SERVICES	27.115	27.188	(1.219)	(1.348)
TOTAL DIRECTORATES	233.516	232.293	(1.061)	(1.606)
Central and Corporate Finance	26.236	27.459	(0.007)	(0.132)
Total	259.752	259.752	(1.068)	(1.738)

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 £0.670m on the under spend of £1.068m reported at Month 8. The key variances to note include:

3.04 Environment – Industrial Units

The projected under spend has increased in month 9 to reflect accounting treatment of current year income from Deeside Power of £0.200m This follows consideration of a Wales Audit Office recommendation in a minor issues operational report to officers arising from the 2012/13 accounts.

3.05 Community Services – Services for Children

The overspend has reduced in Period 9 by £0.096m due to revised projections on current years expenditure for professional support due to delays in the start date for Supervised Contact Centres.

3.06 Lifelong Learning – Primary School Services

The projected under spend on Primary School Services has increased by £0.135m primarily relating to the demand for Early Entitlement services. The anticipated number of three year old children attending childcare settings is less than previously anticipated.

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

It is requested that £0.051m is carried forward to 2014/15 to provide resource to ensure the continuity of the operational response team linked to the welfare reform service.

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

3.09 **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. The analysis shows that it is currently projected that £4.060m (76%) will be achieved, resulting in a net underachievement of £1.271m. The main reason for the change is the efficiency in relation to the Supported Living Service will not now be achieved in 2013/14. However, the full efficiency of £0.350m is expected to be achieved in 2014/15 when the new structure is implemented.

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	0.281	0.210	(0.071)
NOT ACHIEVABLE	1.200	0.000	(1.200)
Total	5.331	4.060	(1.271)

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. In period 6, £0.141m for food costs were allocated. The allocation for energy costs continues to be closely monitored and at this stage it is anticipated that all of this budget will be utilised in 2013/14 and this is reflected in the projected outturn.

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). Estimated costs have been reviewed and are reflected within current projections and continue to be monitored monthly.
- 5.02 Out of County Placements – As previously reported this is a highly volatile area of expenditure. The overspend in month 9 has increased marginally by £0.010m. The focus of high cost placements are now a North Wales project and will continue to be reviewed. However, the nature of these services is such that there will always be potential for major swings 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 £4.379.

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 £0.155m and a projected closing balance at Month 9 of £1.589m, which at 5.56% of total expenditure satisfied the prudent approach of ensuring a minimum level of 3%.
- 7.04 Appendix 8 details the reasons for the 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 forward request detailed in 3.07.
 - 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 8 - 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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