

FLINTSHIRE COUNTY COUNCIL

REPORT TO: CABINET

DATE: TUESDAY, 13 MAY 2014

REPORT BY: HEAD OF FINANCE

SUBJECT: REVENUE BUDGET MONITORING 2013/14 (MONTH 11)

1.00 PURPOSE OF REPORT

1.01 To provide Members with the latest revenue budget monitoring information for 2013/14 for the Council Fund and the Housing Revenue Account, based on actual income and expenditure as at Month 11 and projected forward to year-end based on the most up to date information available.

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2.00 EXECUTIVE SUMMARY

The projected year end position, as estimated at Month 11 is as follows:

Council Fund

- Net in year expenditure forecast to be £2.215m less than budget. (An increase of £0.064m on the £2.151m reported at Month 10).
- Projected contingency reserve balance at 31 March 2014 of £4.901m.

Housing Revenue Account (HRA)

- Net in year expenditure forecast to be £0.171m less than budget (£0.089m as at Month 10).
- Projected closing balance at 31 March 2014 of £1.605m.

3.00 COUNCIL FUND LATEST IN YEAR FORECAST

3.01 The table below shows a projected positive variation of expenditure against budget of £2.215m.

TOTAL EXPENDITURE AND INCOME	Original Budget	Revised Budget	In-Year Over / (Under) spend	
			Month 10	Month 11
	£m	£m	£m	£m
<u>DIRECTORATES (Service Groups)</u>				
Services for Adults	45.642	44.242	(0.793)	(0.780)
Services for Children	11.906	12.135	0.732	0.712
Housing Services	1.800	1.728	(0.258)	(0.254)
Development & Resources	1.688	1.628	0.051	0.114
TOTAL : COMMUNITY SERVICES	61.036	59.733	(0.268)	(0.208)
Assets and Transportation	6.015	6.091	(0.180)	(0.175)
Planning	1.708	1.717	(0.045)	(0.042)
Public Protection	3.455	3.464	(0.072)	(0.073)
Regeneration	0.715	0.704	0.022	0.032
Streetscene	19.320	19.210	0.370	0.331
Management, Support & Performance	1.088	1.076	(0.023)	(0.023)
TOTAL : ENVIRONMENT	32.301	32.262	0.072	0.050
Culture & Leisure	6.876	6.468	0.364	0.314
Inclusion Services	14.058	13.292	0.016	0.027
Primary School Services	43.374	43.277	(0.190)	(0.176)
Secondary School Services	36.638	37.500	(0.014)	(0.010)
Development & Resources	12.118	12.437	(0.278)	(0.313)
TOTAL : LIFELONG LEARNING	113.064	112.974	(0.102)	(0.158)
Chief Executive	2.356	2.303	(0.087)	(0.123)
Finance	14.265	14.225	(1.082)	(1.039)
HR & OD	2.427	2.422	(0.013)	(0.022)
ICT & Customer Services	4.922	5.048	(0.020)	(0.018)
Legal & Democratic Services	3.145	3.142	(0.145)	(0.148)
TOTAL : CORPORATE SERVICES	27.115	27.140	(1.347)	(1.350)
TOTAL DIRECTORATES	233.516	232.109	(1.645)	(1.666)
Central and Corporate Finance	26.236	27.643	(0.506)	(0.549)
Total	259.752	259.752	(2.151)	(2.215)

3.02 The original budget column reflects in-year virements which have been approved in compliance with Financial Procedure Rules.

3.03 All the movements from Month 10 are summarised in Appendix 1 with the detailed reasons for all variances by Directorate summarised within Appendices 2 to 8.

Carry Forward Requests

3.04 During the period a number of areas have been identified that may require the carrying forward of funding into 2014/15. These items will be given careful consideration over the coming weeks and an update will be provided in the month 12 report with regard to those recommended for approval.

Programme of Efficiencies

3.05 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 £4.270m (80%) will be achieved resulting in a net underachievement of £1.061m.

Status of Efficiency	Value of Budgeted Efficiency £m	Value of Projected Efficiency £m	(Under) Over Achievement £m
ALREADY ACHIEVED	2.583	2.583	0.000
EXPECTED TO BE ACHIEVED IN FULL	1.392	1.392	0.000
ACHIEVABLE IN PART	0.456	0.295	(0.161)
NOT ACHIEVABLE	0.900	0.000	(0.900)
Total	5.331	4.270	(1.061)

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 month 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 required to meet the increased costs 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 now been revised and are reflected in the projections to the end of March 2014. This has reduced the anticipated expenditure in 2013/14 to £0.300m from the £0.400m previously estimated early in the financial year.
- 5.02 The Out of County Service in Lifelong Learning is demand led and is dependent on service user need; young people with a Statement of SEN are entitled to school-based education to the age of 19. Many of these have expensive placements given their severity of need. The numbers of these young people change throughout the year and any change can significantly affect projected expenditure. Similarly, expenditure for Out of County placements in Children's Services is also highly volatile. The focus of high cost placements are now a North Wales project and will continue to be reviewed.
- 5.03 Members will be aware that the Council sold its claims in LBI (formerly Landisbanki) in February 2014 and is no longer a creditor of LBI. There will be a need to complete the final impairment adjustment once CIPFA has issued the annual year end guidance on accounting for impairments in Icelandic banks; which will have a final revenue impact on the Central Loans and Investment account.

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 An amount of £0.518m has previously been set aside in relation to the Severe Weather costs of last year. The actual severe weather recovery costs of £0.473m have now been allocated to the Environment Directorate from the unearmarked reserves and replaces the previously reported estimate.
- 6.03 After 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 £4.901m

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 £0.171m and a projected closing balance at Month 11 of £1.605m, which at 5.61% of total expenditure satisfied the prudent approach of ensuring a minimum level of 3%.

Carry Forward Request:

7.04 It is requested to carry forward £0.085m to fund software costs in relation to job scheduling and PDA's (Personal Digital Assistant hand held devices) that have not materialised in 2013/14 but will be purchased in 2014/15 and £0.015m due to the maisonette decant costs not being fully spent in the year.

7.05 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 6.03).
- c) Note the projected final level of balances on the Housing Revenue Account (paragraph 7.03).
- d) Approve the carry forward request (paragraph 7.04)

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 10 - 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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