

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 17 JUNE 2014**

REPORT BY: **CORPORATE FINANCE MANAGER**

SUBJECT: **REVENUE BUDGET MONITORING 2013/14 (MONTH 12)**

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 12 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 12 is as follows:

Council Fund

- Net in year expenditure forecast to be £3.152m less than budget. (An increase of £0.937m on the £2.215m reported at Month 11).
- Projected contingency reserve balance at 31 March of £5.093m.

Housing Revenue Account (HRA)

- Net in year expenditure forecast to be £0.124m less than budget (£0.171m as at Month 11).
- Projected closing balance at 31 March 2014 of £1.533m

3.00 COUNCIL FUND LATEST IN YEAR FORECAST

3.01 The table below shows a projected positive variation of expenditure against budget of £3.152m.

TOTAL EXPENDITURE AND INCOME	Original Budget	Revised Budget	In-Year Over / (Under) spend	
			Month 11	Month 12
	£m	£m	£m	£m
<u>DIRECTORATES (Service Groups)</u>				
Services for Adults	45.642	44.485	(0.780)	(1.434)
Services for Children	11.906	12.144	0.712	1.150
Housing Services	1.800	1.746	(0.254)	(0.281)
Development & Resources	1.688	1.628	0.114	0.013
TOTAL : COMMUNITY SERVICES	61.036	60.003	(0.208)	(0.552)
Assets and Transportation	6.015	5.139	(0.175)	(0.143)
Planning	1.708	1.717	(0.042)	(0.039)
Public Protection	3.455	3.465	(0.073)	(0.076)
Regeneration	0.715	0.705	0.032	0.027
Streetscene	19.320	20.005	0.331	0.306
Mgt, Support & Performance	1.088	1.076	(0.023)	(0.030)
TOTAL : ENVIRONMENT	32.301	32.107	0.050	0.045
Culture & Leisure	6.876	6.363	0.314	0.279
Inclusion Services	14.058	13.331	0.027	0.080
Primary School Services	43.374	43.723	(0.176)	(0.174)
Secondary School Services	36.638	37.725	(0.010)	0.003
Development & Resources	12.118	12.310	(0.313)	(0.264)
TOTAL : LIFELONG LEARNING	113.064	113.452	(0.158)	(0.076)
Chief Executive	2.356	2.303	(0.123)	(0.135)
Finance	14.265	14.225	(1.039)	(1.259)
HR & OD	2.427	2.749	(0.022)	(0.041)
ICT & Customer Services	4.922	5.048	(0.018)	(0.115)
Legal & Democratic Services	3.145	3.142	(0.148)	(0.146)
TOTAL : CORPORATE SERVICES	27.115	27.467	(1.350)	(1.696)
TOTAL DIRECTORATES	233.516	233.029	(1.666)	(2.279)
Central and Corporate Finance	26.236	26.723	(0.549)	(0.873)
Total	259.752	259.752	(2.215)	(3.152)

- 3.02 The table in 3.01 shows an increase of £0.937m on the projected underspend of £2.215m reported at Month 11 and the main reasons for the movement are detailed below.

Community Services

Within Community Services there has been an overall increase in the underspend of £0.344m which relates to a number of factors including additional income from charging clients for care within residential services, additional income from the Health Board within Social Services for Adults and lower than anticipated care costs for transition due to the timing of clients entering the service.

Corporate Services - Finance

Finance is reflecting an overall improved position of £0.220m, the majority of which relates to the net impact of year end changes in relation to the Revenues and Benefit Service, including the level of bad debt provision, subsidy receivable and the collection fund surplus.

Central & Corporate Finance

Within Central & Corporate Finance there is a positive variance of £0.100m due an accounting adjustment as a result of the sale of the Council's claims in LBI (formerly Landisbanki), additional rental income of £0.134m for Unity House in Ewloe and additional income from investments of £0.060m. In addition to this a lower provision is required to pay debt on capital expenditure (Minimum Revenue Provision) which has resulted in an additional underspend of £0.060m.

- 3.03 The original budget column reflects in-year virements which have been approved in compliance with Financial Procedure Rules.
- 3.04 All the movements for Month 12 are summarised in Appendix 1 with the detailed reasons for all variances by Directorate summarised within Appendices 2 to 8.

Carry Forward Requests

- 3.05 As reported in the Month 11 report, a number of carry forward requests have been reviewed during the month and been identified as requiring carry forward into 2014/15. Each request is detailed in Appendix 10.

Programme of Efficiencies

- 3.06 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 projected that £4.213m (79%) will be achieved resulting in a net underachievement of £1.118m. Full details are shown in Appendix 9.

Status of Efficiency	Value of Budgeted Efficiency £m	Value of Projected Efficiency £m	(Under) Over Achievement £m
Already Achieved	3.454	3.454	0.000
Expected to be achieved in full	0.451	0.451	0.000
Achievable in part	0.516	0.308	(0.208)
Not achievable	0.910	0.000	(0.910)
Total	5.331	4.213	(1.118)

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 were included in the budget and held centrally. Allocations have been made to service areas as outlined below:

- £0.255m in respect of Energy for Street Lighting
- £0.161m in respect of Energy (electricity and gas for property)
- £0.187m in respect of Fuel
- £0.141m in respect of Food

An amount of £0.036m remains unallocated and is included in the projected underspend within Central & Corporate.

5.00 MONITORING BUDGET ASSUMPTIONS AND 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 revised and the expenditure in 2013/14 is £0.288m a reduction from the £0.300m previously reported in Month 11. The site is being managed and the specialist advisors appointed by Flintshire are preparing the tender documents for the decommissioning work and phase 1 of the work should be ready to go out to tender at the end of June.

5.02 As we are now nearing the end of the financial year there is a reduced risk of significant changes occurring, however, the final outturn will not be known until the accounts have been closed down and reported in July.

6.00 UNEARMARKED RESERVES

- 6.01 The 2012/13 final outturn reported to Cabinet on 16 July 2013 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 In accordance with International Accounting Standards (IAS 19), any known costs that are associated with termination benefits in relation to the workforce efficiencies must be accounted for in the relevant financial year. Due to the advanced stage of the Senior Management phase 1 review as at 31st March 2014 there is a need to make provision for the relevant exit costs in the 2013/14 financial year.
- 6.03 A provision has been made in the 2014/15 budget for these exit costs. However to meet the requirements of IAS 19 and to ensure that these costs are accounted for correctly they costs have initially been met from the contingency reserve in 2013/14, but will be repaid in 2014/15 from the budgeted allocation.
- 6.04 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 £5.093m.

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 £0.124m and a projected closing balance at Month 12 of £1.533m, which at 5.36% of total expenditure satisfied the prudent approach of ensuring a minimum level of 3%.
- 7.04 **Carry Forward Request**
Within the Month 11 report an amount of £0.085m was approved to be carried forward to fund software costs in relation to job scheduling and PDA's (Personal Digital Assistant hand held devices). A further review of this area in Month 12 has identified that the amount needed to be carried forward is now £0.180m (£0.070m for PDA's and £0.110m for software). It is therefore requested that the additional amount of £0.095m be approved for carry forward into 2014/15.

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

Members are recommended to:-

- a) Note the overall report.
- b) Note the projected Council Fund contingency sum as at 31st March 2014 (paragraph 6.04).
- c) Note the projected final level of balances on the Housing Revenue Account (paragraph 7.03).
- d) Approve the carry forward requests (Appendix 10) and para 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 11 - 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
Carry Forward Requests – Appendix 10

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

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