

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:** **CABINET**

**DATE:** **TUESDAY, 16 JUNE 2015**

**REPORT BY:** **CORPORATE FINANCE MANAGER**

**SUBJECT:** **REVENUE BUDGET MONITORING 2014/15 (MONTH 12)**

### **1.00 PURPOSE OF REPORT**

1.01 To provide Members with the latest revenue budget monitoring information for 2014/15 for the Council Fund and Housing Revenue Account based on actual income and expenditure as at month 12. The final outturn for 2014/15 will be reported to Cabinet in July.

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### **2.00 EXECUTIVE SUMMARY**

2.01 The projected year end position, as estimated at Month 12 is as follows:

#### Council Fund

- Net in year expenditure forecast to be £2.059m lower than budget.
- Projected contingency reserve balance at 31 March 2015 of £5.000m.

#### Housing Revenue Account (HRA)

- Net in year expenditure forecast to be £0.069m more than budget.
- Projected closing balance as at 31 March 2015 of £1.096m.

### **3.00 COUNCIL FUND LATEST FORECAST**

3.01 The table below shows the projected position by portfolio which reflects the Council's new Operating Model which came into effect on 1 June 2014.

3.02 As previously reported, following the implementation of the Single Status agreement in June 2014, extensive work has been undertaken to rebase all workforce budgets to reflect the actual new costs arising from the new pay and grading structure. This work is now complete and revised workforce budgets have now been allocated to portfolio areas to meet the costs of their workforce establishment (base pay, allowances and vacancies). The outcome of this work is reflected in the figures below.

3.03 The table below shows projected in year expenditure to be £2.059m less than budget.

TOTAL EXPENDITURE AND INCOME	Original Budget	Revised Budget	Projected Outturn	In-Year Over/ (Under) spend	
				Month 10	Month 12
				£m	£m
Social Services	59.889	58.046	58.170	(0.011)	0.124
Community & Enterprise	14.368	13.367	12.754	(0.816)	(0.613)
Streetscene & Transportation	28.381	29.558	29.632	0.134	0.074
Planning & Environment	6.394	5.664	5.418	(0.210)	(0.246)
Education & Youth	97.167	97.155	97.233	0.272	0.078
People & Resources	5.395	5.029	5.000	(0.006)	(0.029)
Governance	8.821	8.388	8.491	0.154	0.103
Organisational Change	9.738	8.923	8.758	0.147	(0.165)
Chief Executive	2.160	3.151	3.111	(0.096)	(0.040)
Central & Corporate Finance	22.863	25.895	24.550	(1.284)	(1.345)
<b>Total</b>	<b>255.176</b>	<b>255.176</b>	<b>253.302</b>	<b>(1.716)</b>	<b>(2.059)</b>

3.04 The reasons for all movements from Month 10 are summarised in appendix 1 with the projected variances occurring for the year to date summarised within appendix 2.

### 3.05 **Significant Budget Movement Between month 10 to month 12**

Changes in revised budget from month 10 relate mainly to adjustments relating to the single status rebasing exercise, property maintenance reallocations, and workforce efficiency accounting adjustments.

#### **Main changes within the report**

- 3.06 The overall variance between Month 10 and Month 12 is £0.343m. Within this figure there have been several major variances.
- 3.07 The first is an increase in workforce efficiencies with a positive variance of £0.546m as detailed in 3.12.
- 3.08 The second is the final estimated cost for the closure plan for the orphaned site at Sandycroft which has now been approved by Cabinet. The Council is now in a position to scope the full cost for the closure of risks 1) as a consequence of having tenders in for the removal of the remaining chemicals and 2) having the £0.700m specific grant from Welsh Government confirmed. It can now be confirmed that within the total projected cost of £1.7m the in year liability falling on the Council for closure of risk is £0.800m. This has now been included in the closing outturn position for accounting purposes.

#### **Programme of Efficiencies**

##### **Corporate and Functional Efficiencies**

- 3.09 The 2014/15 budget contains £8.8m of specific efficiencies comprising Corporate Value for Money (VFM) on Procurement and Back to Basics of £1.301m and specific Functional VFM efficiencies of £7.539m.
- 3.10 The table below summarises the latest position for the achievement of these specific efficiency programmes which includes a projected under achievement of the VFM efficiency relating to the Review of Administrative Support.
- 3.11 The analysis shows that it is currently projected that £7.682m (87%) will be achieved resulting in a net underachievement of £1.158m. Details for the current year efficiencies currently projected to not be achieved in full are shown in appendix 3.

<b>Status of Efficiency</b>	<b>Value of Budgeted Efficiency</b>	<b>Value of Projected Efficiency</b>	<b>(Under) Over Achievement £m</b>
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	£m	£m	
Already Achieved	2.854	2.854	0.000
Expected to be Achieved in Full	3.866	3.866	0.000
Achievable in Part	1.070	0.977	(0.093)
Not Achievable	1.050	(0.015)	(1.065)
<b>Total</b>	<b>8.840</b>	<b>7.682</b>	<b>(1.158)</b>

### 3.12 **Workforce Efficiencies**

The 2014/15 budget also contains £3.1m of Workforce Efficiencies. The latest position is a net over achievement on all workforce related efficiencies (including admin support) is £0.335m. This is a positive movement of £0.546m over month 10 due to an increase in overall workforce efficiencies of £0.785m, offset by an increase in investment costs of £0.239m.

### 4.00 **CARRY FORWARD REQUESTS**

4.01 Various requests to carry forward funding into 2015/16 have been identified. Details of all carry forward requests are shown in appendix 6 and are recommended for approval.

### 5.00 **INFLATION**

Included within the 2014/15 budget are provisions for pay (£1.316m), targeted price inflation (£0.590m), non-standard inflation (£0.670m) and income (£0.151m).

The amounts for non-standard inflation (NSI) (Fuel, Energy and Food) are held centrally and allocated out to portfolio areas only where a funding need is evidenced. Allocations of NSI have been made to departments where there has been an evidenced need, this has resulted in an underspend of £0.144m on the amount required for fuel, an underspend of £0.054m on the amount required for food, together with an underspend of £0.042m on the amount required for Non-Domestic Rates.

### 6.00 **MONITORING BUDGET ASSUMPTIONS AND RISKS**

6.01 As we are nearing the end of the financial year there is a reduced risk of significant changes occurring so previously reported risks have now been removed. However, the final outturn will not be confirmed until the accounts have been finalised and submitted for audit.

### 7.00 **UNEARMARKED RESERVES**

7.01 The 2013/14 final outturn reported to Cabinet on 15 July 2014 showed

unearmarked reserves at 31 March 2014 (above the base level of £5.834m) of £5.328m.

- 7.02 This position reflected a contribution of £0.745m made from reserves as part of an accounting adjustment for termination benefits arising from the workforce efficiencies for the Senior Management Phase 1 programme. As budget provision was made within the 2014/15 budget for this, this has now been transferred back into reserves in the current financial year.
- 7.03 Section 6.05 of the 2014/15 budget report outlined the investment strategy required to fund one off costs and transitional funding for efficiencies that could not be found in full in 2014/15. This identified a potential £3.7m available to fund these from the contingency reserve as well as utilising the Single Status/Equal Pay Reserve.
- 7.04 Currently it is estimated that £2.5m will be required from the Contingency Reserve to fund the one off costs in 2014/15.
- 7.05 The Month 2 Monitoring report to Cabinet on 15<sup>th</sup> July also advised members of an allocation of £0.696 from the contingency reserve to fund investment costs approved under delegated powers.
- 7.06 Taking into account all of the above and the current projected outturn at month 12, the projected balance on the contingency reserve at 31 March 2015 is £5.000m. This is summarised in Appendix 4.

## **8.00 HOUSING REVENUE ACCOUNT**

- 8.01 On 18<sup>th</sup> February 2014 the Council approved a Housing Revenue Account (HRA) budget for 2014/15 of £29.886m. The budget provided for a closing balance of £0.956m, which at 3.2% of total expenditure satisfies the prudent approach of ensuring a minimum level of 3%.
- 8.02 The 2013/14 final outturn reported to Cabinet on 15<sup>th</sup> July 2014 showed a closing balance at the end of 2013/14 of £1.662m.
- 8.03 The position at Month 12 is reporting an overall projected overspend of £0.069m and a projected closing balance at month 12 of £1.096m, which at 3.65% of total expenditure satisfies the prudent approach of ensuring a minimum level of 3%.
- 8.04 Appendix 5 details the reasons for significant variances.

## **9.00 RECOMENDATIONS**

Members are recommended to :-

- a) Note the overall report.
- b) Note the projected Council Fund contingency sum as at 31<sup>st</sup> March 2015 (paragraph 7.06)
- c) Note the projected final level of balances on the Housing Revenue Account

(paragraph 8.03)

d) Approve the carry forward requests as stated in Appendix 6

**10.00 FINANCIAL IMPLICATIONS**

The financial implications are set out in Sections 3.00 – 8.00 of the report.

**11.00 ANTI POVERTY IMPACT**

None

**12.00 ENVIRONMENTAL IMPACT**

None

**13.00 EQUALITIES IMPACT**

None

**14.00 PERSONNEL IMPLICATIONS**

None

**15.00 CONSULTATION REQUIRED**

None

**16.00 CONSULTATION UNDERTAKEN**

None

**17.00 APPENDICES**

Council Fund – Movement in Variances from Month 4 – Appendix 1

Council Fund – Budget variances – Appendix 2

Council Fund – Efficiencies not fully achieved – Appendix 3

Council Fund – Movements on unearmarked reserves – Appendix 4

Housing Revenue Account Variances – Appendix 5

Carry Forward Requests – Appendix 6

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

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