

## FLINTSHIRE COUNTY COUNCIL

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

**DATE:** **TUESDAY, 14 JULY 2015**

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

**SUBJECT:** **REVENUE BUDGET MONITORING 2014/15**  
**(OUTTURN)**

### **1.00 PURPOSE OF REPORT**

1.01 To provide Members with the revenue outturn budget monitoring information for 2014/15 for the Council Fund and Housing Revenue Account based on actual income and expenditure (subject to Audit).

### **1.02 INDEX OF CONTENTS**

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### **2.00 EXECUTIVE SUMMARY**

2.01 The final year end position is as follows:

#### Council Fund

- Net in year expenditure was £1.804m lower than budget.
- A contingency reserve balance at 31 March 2015 of £4.745m.

#### Housing Revenue Account (HRA)

- Net in year expenditure was £0.345m less than budget.
- A closing balance as at 31 March 2015 of £1.510m.

### 3.00 COUNCIL FUND OUTTURN

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

3.02 The table below shows in year expenditure to be £1.804m less than budget.

TOTAL EXPENDITURE AND INCOME	Original Budget	Revised Budget	Outturn	In-Year Over/ (Under) spend	
				Month 12	Outturn
				£m	£m
Social Services	59.889	58.046	58.168	0.124	0.122
Community & Enterprise	14.368	13.367	12.756	(0.613)	(0.611)
Streetscene & Transportation	28.381	29.558	29.642	0.074	0.084
Planning & Environment	6.394	5.644	5.420	(0.246)	(0.224)
Education & Youth	97.167	97.155	97.234	0.078	0.079
People & Resources	5.395	5.029	4.999	(0.029)	(0.030)
Governance	8.821	8.388	8.489	0.103	0.101
Organisational Change	9.738	8.923	8.778	(0.165)	(0.145)
Chief Executive	2.160	3.151	3.111	(0.040)	(0.040)
Central & Corporate Finance	22.863	25.915	24.775	(1.345)	(1.140)
<b>Total</b>	<b>255.176</b>	<b>255.176</b>	<b>253.372</b>	<b>(2.059)</b>	<b>(1.804)</b>

3.03 The reasons for all movements from Month 12 are summarised in appendix 1 with the overall variances summarised within appendix 2.

#### 3.04 **Significant Budget Movement Between month 12 to outturn**

Changes in revised budget from month 12 relate mainly to adjustments relating to the single status rebasing exercise, property maintenance reallocations, and workforce efficiency accounting adjustments.

#### **BRIEF OVERVIEW OF THE YEAR**

3.05 The early monitoring of the revenue budget for the Council Fund took into account the significant work that needed to be undertaken to rebase the staffing budgets following the implementation of the Single Status agreement in June 2014. As a result, the Month 3 – 6 monitoring reports focussed on non-pay areas with the assumption of no variation on pay budgets due to the fact that the relevant funding had been set aside through the single status funding strategy.

- 3.06 The early Month 3 position projected an overspend of £0.603m with a key influence being a projected overspend within Social Services due to demand on Adults domiciliary care as well as pressures within Children's services on Boarded Out and Direct Payments. Further challenges were experienced within Streetscene with a projected overspend of £0.293m due to delays in the trunk road collaboration project and a service review to be completed later than anticipated.
- 3.07 The Month 4 position reduced this early projection back into a minor underspend which was mainly due to the previously reported overspends in Social Services being offset by projected underspends in residential care, as well as a projected underspend within Community and Enterprise due to a higher level of surplus on Council tax collection and a projected underspend on the Council Tax Reduction Scheme (CTRS).
- 3.08 The 2014/15 budget included an efficiency of £3.1m to be achieved from workforce reductions and two phases of voluntary redundancy programmes were undertaken in year to maximise the contribution to this. However due to the number of workforce related efficiencies within portfolios as part of Value for Money, the recurring efficiencies to be achieved against this were not as much as anticipated. In Month 5, a cost control exercise was undertaken with all Portfolios asked to identify areas of non-essential expenditure to maximise the year end position to mitigate early concerns about the achievement of this efficiency and as a result an additional £0.630m of one off efficiencies were identified to improve the in year position.
- 3.09 As part of the completion of the rebasing of staffing budgets, an in year challenge of vacancies was undertaken across all Portfolios with budgets for vacancies that were not anticipated to be filled in year, given up on a one off basis to contribute towards the achievement of the in year workforce efficiency. As a result of that, the in year projected underspend increased in Month 9 to £1.978m.
- 3.10 Throughout 2014/15, the Council had an obligation to maintain security and the operation of the orphaned chemical site in Sandycroft which incurred running costs of £0.392m. In Month 10, the Council reported that negotiations with Welsh Government to gain a contribution towards the cost of decontamination of the site has been successful and a grant of £0.700m had been awarded. The cost of the phase 1 decontamination of the site was also included at £0.800m.
- 3.11 Between Month 10 and 12, the finalisation of the single status rebasing work and the impact of in year vacancy savings to contribute to the overall workforce efficiency had given a further positive impact on the outturn position. A further provision of £0.800m relating to phase 2 of the risk closure and site disposal of the orphaned site at Sandycroft was included due to the need to account for potential future liabilities.
- 3.12 As part of the outturn report, the Support Service recharges which are undertaken as part of the final account closure has led to an adverse variance of £0.222m which is due to the level of recharge to the Housing Revenue Account (HRA) being less than anticipated.

## Programme of Efficiencies

### Corporate and Functional Efficiencies

- 3.13 The 2014/15 budget contained £8.840m 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.
- 3.14 The table below summarises the final position in relation to these and the analysis shows that £7.675m (87%) was achieved which resulted in a net underachievement of £1.165m. Details of the efficiencies not achieved in full are shown in appendix 3.

Status of Efficiency	Value of Budgeted Efficiency £m	Value of Actual Efficiency £m	(Under) Over Achievement £m
Fully Achieved	7.033	7.033	0.000
Achieved in Part	0.720	0.657	(0.063)
Not Achieved	1.087	(0.015)	(1.102)
<b>Total</b>	<b>8.840</b>	<b>7.675</b>	<b>(1.165)</b>

### Workforce Efficiencies

- 3.15 The 2014/15 budget also contained £3.1m of Workforce Efficiencies. The final position is a net over achievement on all workforce related efficiencies (including admin support) of £0.354m. This is a positive movement of £0.019m over month 12 due to an increase in overall workforce efficiencies of £0.019m.

## 4.00 CARRY FORWARD REQUESTS

- 4.01 Various requests to carry forward funding into 2015/16 were identified in the month 12 report. The carry forward requests were all approved. There are two additional carry forward requests being made in this report which are shown below.
- 4.02 Community & Enterprise – A carry forward for £0.031m is requested for the continuation of the Welfare Rights Programme.
- 4.03 Community & Enterprise – A carry forward for £0.011m is requested for the DWP Fraud and Error Reduction Incentive Scheme which is continuing into 2015/16.

## 5.00 INFLATION

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

5.02 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 UNEARMARKED RESERVES**

6.01 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.

6.02 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.

6.03 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.

6.04 An amount of £2.5m was required from the Contingency Reserve to fund the one off costs in 2014/15.

6.05 The Month 2 Monitoring report to Cabinet on 15<sup>th</sup> July also advised members of an allocation of £0.696m from the contingency reserve to fund investment costs approved under delegated powers.

6.06 Taking into account all of the above and the final outturn, the balance on the contingency reserve at 31 March 2015 is £4.745m. This is summarised in Appendix 4.

## **7.00 HOUSING REVENUE ACCOUNT**

7.01 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%.

7.02 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.

7.03 The outturn position reporting an overall underspend of £0.345m and a closing balance of £1.510m, which at 5% of total expenditure satisfies the prudent approach of ensuring a minimum level of 3%.

7.04 Appendix 5 details the reasons for significant variances.

## **8.00 RECOMENDATIONS**

Members are recommended to :-

- a) Note the overall report.
- b) Note the Council Fund contingency sum as at 31<sup>st</sup> March 2015, subject to audit (paragraph 6.06)
- c) Note the final level of balances on the Housing Revenue Account, subject to audit (paragraph 7.03)
- d) Approve the carry forward requests as stated in Section 4

## **9.00 FINANCIAL IMPLICATIONS**

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

## **10.00 ANTI POVERTY IMPACT**

None

## **11.00 ENVIRONMENTAL IMPACT**

None

## **12.00 EQUALITIES IMPACT**

None

## **13.00 PERSONNEL IMPLICATIONS**

None

## **14.00 CONSULTATION REQUIRED**

None

## **15.00 CONSULTATION UNDERTAKEN**

None

## **16.00 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

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

## **BACKGROUND DOCUMENTS**

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