



CABINET MEETING

Date of Meeting	Tuesday 13 October 2015
Report Subject	Revenue Budget Monitoring 2015/16 (Month 4)
Portfolio Holder	Leader of the Council and Cabinet Member for Finance
Report Author	Corporate Finance Manager
Type of Report	Operational

EXECUTIVE SUMMARY

This regular monthly report provides the latest revenue budget monitoring position for 2015/16 for the Council Fund and Housing Revenue Account. The position is based on actual income and expenditure as at Month 4, and projects forward to year-end.

The projected year end position, as estimated at Month 4 is as follows:

Council Fund

- Net in year expenditure forecast to be £0.425m higher than budget
- Projected contingency reserve balance at 31 March 2016 of £4.111m

Housing Revenue Account (HRA)

- Net in year expenditure forecast to be £0.002m higher than budget
- Projected closing balance as at 31 March 2016 of £1.235m

RECOMMENDATIONS

1	Note the overall report and the projected Council Fund contingency sum as at 31 st March 2016.
2	Note the projected final level of balances on the Housing Revenue

Account.

REPORT DETAILS

1.00	EXPLAINING THE REVENUE BUDGET MONITORING POSITION FOR MONTH 4 - 2015/16																																																																											
1.01	<p><u>Council Fund Latest In Year Forecast</u></p> <p>The table below shows the projected position by portfolio.</p> <table border="1"> <thead> <tr> <th>TOTAL EXPENDITURE AND INCOME</th> <th>Original Budget</th> <th>Revised Budget</th> <th>Projected Outturn</th> <th>In-Year Over/ (Under) spend</th> </tr> <tr> <td></td> <th>£m</th> <th>£m</th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Social Services</td> <td>59.696</td> <td>59.669</td> <td>59.596</td> <td>(0.073)</td> </tr> <tr> <td>Community & Enterprise</td> <td>12.598</td> <td>12.706</td> <td>12.524</td> <td>(0.182)</td> </tr> <tr> <td>Streetscene & Transportation</td> <td>27.782</td> <td>27.770</td> <td>28.664</td> <td>0.894</td> </tr> <tr> <td>Planning & Environment</td> <td>4.887</td> <td>5.332</td> <td>5.499</td> <td>0.167</td> </tr> <tr> <td>Education & Youth</td> <td>13.760</td> <td>13.573</td> <td>13.575</td> <td>0.002</td> </tr> <tr> <td>Schools</td> <td>82.670</td> <td>83.169</td> <td>83.169</td> <td>0.000</td> </tr> <tr> <td>People & Resources</td> <td>4.595</td> <td>4.644</td> <td>4.679</td> <td>0.035</td> </tr> <tr> <td>Governance</td> <td>8.689</td> <td>8.728</td> <td>8.866</td> <td>0.138</td> </tr> <tr> <td>Organisational Change</td> <td>9.569</td> <td>9.635</td> <td>9.525</td> <td>(0.110)</td> </tr> <tr> <td>Chief Executive</td> <td>3.296</td> <td>3.195</td> <td>3.062</td> <td>(0.133)</td> </tr> <tr> <td>Central & Corporate Finance</td> <td>23.915</td> <td>23.036</td> <td>22.723</td> <td>(0.313)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>251.457</td> <td>251.457</td> <td>251.882</td> <td>0.425</td> </tr> </tbody> </table>	TOTAL EXPENDITURE AND INCOME	Original Budget	Revised Budget	Projected Outturn	In-Year Over/ (Under) spend		£m	£m	£m	£m	Social Services	59.696	59.669	59.596	(0.073)	Community & Enterprise	12.598	12.706	12.524	(0.182)	Streetscene & Transportation	27.782	27.770	28.664	0.894	Planning & Environment	4.887	5.332	5.499	0.167	Education & Youth	13.760	13.573	13.575	0.002	Schools	82.670	83.169	83.169	0.000	People & Resources	4.595	4.644	4.679	0.035	Governance	8.689	8.728	8.866	0.138	Organisational Change	9.569	9.635	9.525	(0.110)	Chief Executive	3.296	3.195	3.062	(0.133)	Central & Corporate Finance	23.915	23.036	22.723	(0.313)						Total	251.457	251.457	251.882	0.425
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1.02	The reasons for the projected variances occurring to date are summarised within appendix 2 with movements between periods summarised in appendix 1.																																																																											
1.03	<p>Significant budget movements between original and revised budget</p> <p>Changes in the revised budget are due in the main to the transfer of budget from Social Services to Central and Corporate as a result of the one off efficiency reported in Month 3 in relation to the Independent Living Fund (ILF).</p>																																																																											
1.04	<p>Social Services</p> <p>The overall underspend within Social Services has reduced from a projected £0.573m at Month 3 to £0.073m. This in part is due to the transfer of</p>																																																																											

	£0.300m to Central and Corporate in relation to (ILF) as referenced above in para 1.03. A number of further changes mainly within Adult Services are as a result of additional care packages. Full details of movements are explained in Appendix1.
1.05	Streetscene and Transportation There is a significant overall projected overspend within the service of £0.894m due in part to the delay in the implementation of a number of efficiencies as reported to the Programme Board. In addition fluctuations in recycle sales due to a volatile market has led to an increased pressure on income projections which have resulted in a shortfall of £0.236m.
1.06	Following a request for further information a report on the overall position in relation to the service will be presented to Corporate Resources Overview and Scrutiny Committee on 8 th October.
	Programme of Efficiencies
1.07	The 2015/16 budget contains £12.874m of specific efficiencies which are being tracked through the relevant programme board.
1.08	Appendix 3 provides detail on the latest position where there is a variation to the level of efficiency achievable compared to the budget.
1.09	This shows that it is currently projected that £10.878m (84%) will be achieved resulting in a net underachievement of £1.996m. The position will continue to be monitored and reported throughout the monthly monitoring process.
	Inflation
1.10	Included within the 2015/16 budget are provisions for pay (£1.304m), targeted price inflation (£0.421m), non-standard inflation (£0.102m) and income (£0.254m).
1.11	For 2015/16 the amounts for non-standard inflation (NSI) include an allocation for food (£0.064m) and an allocation for Non Domestic Rates (£0.038m).
1.12	There is also an amount of £0.240m remaining from 2014/15 which is currently also being held centrally. Areas subject to NSI increases will be monitored throughout the year and allocations made to portfolio areas only where a critical funding need is evidenced.
	Reserves and Balances
	Unearmarked Reserves
1.13	The 2014/15 outturn reported to Cabinet on 14 th July 2015 showed

	unearmarked reserves at 31 March 2015 (above the base level of £5.769m) of £4.746m.		
1.14	Taking into account the current overspend at Month 4 the balance on the contingency reserve at 31 st March 2016 is projected to be £4.111m.		
1.15	This now takes into account the expenditure of £0.210m approved at Month 3 for the costs of the Speed Limit Review.		
	Earmarked Reserves		
1.16	The Council has developed a reserves protocol which was considered by Audit Committee and approved by County Council on 24 th September 2015. This sets out the principles around how the council will determine, manage and review the level of its reserves and includes reference to regular reporting of the latest position to Cabinet and Corporate Resources Overview and Scrutiny Committee.		
1.17	As such, from Month 4 the revenue monitoring report will now include an additional section on earmarked reserves and will continue to be provided on a quarterly basis.		
1.18	The table below gives a summary of earmarked reserves as at 1 st April 2015 and also provides an estimate of projected balances as at the end of the financial year.		
1.19	This will continue to form part of regular monitoring discussions with Senior Managers to ensure regular review and challenge thus ensuring that any reserves that are no longer required, can be made available for other purposes, subject to the agreement of Cabinet.		
1.20	Reserve Type	Actual 31/03/2015 as per Final Accounts £	Estimated 31/03/2016 £
	Schools	3,540,315	1,153,000
	Specific Reserves:		
	Single Status/Equal Pay	12,864,332	7,337,269
	General Reserve - Review of Reserves	4,666,025	3,871,630
	General Reserve - Investment in Organisational Change	855,391	0
	Self Insurance Funds	813,486	794,486
	Benefits Equalisation Reserve	213,044	213,044
	Supporting People Reserve	1,511,083	1,511,083
	County Elections	154,310	154,310
	North East Wales Community Equipment Service	178,991	0

	Winter Maintenance	250,000	250,000
	Waste Disposal Sites	367,475	217,475
	Car Park Reserve	217,494	0
	Building Control Trading	97,697	97,697
	Planning Control Gain NEWTS	190,510	190,510
	Flintshire Enterprise Reserve	96,932	96,932
	Design Fees	120,000	120,000
	Other Specific Reserves of less than £0.025m	64,965	60,886
	Service Balances	4,047,375	1,061,355
	Total	30,249,425	17,129,677
1.21	The reserves protocol is included as appendix 6 to this report as additional information on the types of reserves.		
1.22	Housing Revenue Account On 17 February 2015 the Council approved a Housing Revenue Account (HRA) budget for 2015/16 of £30.776m.		
1.23	The budget provided for a closing balance of £1.396m which at 4.5% of total expenditure, satisfies the prudent approach of ensuring a minimum level of 3%.		
1.24	The 2014/15 Outturn Report to Cabinet on 14 th July 2015 showed a closing balance at the end of 2014/15 of £1.510m.		
1.25	The Month 4 monitoring report for the HRA is projecting in year expenditure to be £0.002m higher than budget and a projected closing balance as at 31 March 2016 of £1.235m.		

2.00	RESOURCE IMPLICATIONS
2.01	The Budget Monitoring Report reflects the planned use of the financial resources of the Council for the current financial year and details the variations occurring to date.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None Required

4.00	KEY RISKS AND MITIGATION
4.01	Recycling The recycling market (paper in particular) is going through a volatile period

	with fluctuating re-cycle sale values. This is likely to impact on 2015/16 recycling income levels for the Council. This is now reflected in the Month 4 projections but will need to be monitored throughout the year. Status: unstable/amber risk.
4.02	<p>Car Parking</p> <p>Due to car parking charges being introduced in some Flintshire towns later than anticipated during 2015/16, it is likely that there will be an increased shortfall in achieving the increased car park income targets. Therefore, work is currently ongoing to take account of the revised implementation dates and the subsequent affect this will have on revised income projections so an updated outturn position will be reflected in Month 5 monitoring.</p>
4.03	<p>Out of County Placements</p> <p>The risk is the volatility in demand and the impacts on service costs which cannot be predicted with any certainty. Therefore there is always a risk of significant variances occurring although this area will continue to be closely monitored. Status: unstable/amber risk.</p>
4.04	<p>Former Euticals Site</p> <p>Monthly costs for ongoing security and maintenance of the site are in the region of £0.030m and will accumulate throughout the financial year until site disposal. Status: unstable/amber risk.</p>

5.00	APPENDICES
5.01	<p>Council Fund – Movement in Variances from Month 3 – Appendix 1</p> <p>Council Fund – Budget Variances – Appendix 2</p> <p>Council Fund – Programme of Efficiencies – Appendix 3</p> <p>Council Fund – Movement on unearmarked reserves – Appendix 4</p> <p>Housing Revenue Account Variances – Appendix 5</p> <p>Reserves and Balances Protocol – Appendix 6</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>None required</p> <p>Contact Officer: Sara Dulson Finance Manager</p> <p>Telephone: 01352 702287</p> <p>E-mail: sara.dulson@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	Budget – A statement expressing the Council's policies and service levels in

	financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.
7.02	Council Fund – The fund to which all the Council's revenue expenditure is charged.
7.03	Financial Year – The period of twelve months commencing on 1 April.
7.04	Housing Revenue Account – The Housing Revenue Account (HRA) is a local authority account showing current income and expenditure on housing services related to its own housing stock. The account is separate from the Council Fund and trading accounts and is funded primarily from rents and government subsidy.
7.05	Projected Outturn – Projection of the expenditure to the end of the financial year, made on the basis of actual expenditure incurred to date.
7.06	Reserves – These are balances in hand that have accumulated over previous years and are held for defined (earmarked reserves) and general (general reserves) purposes. Councils are required to regularly review the level and purpose of their reserves and to take account of the advice of the Chief Finance Officer.
7.07	Revenue – A term used to describe the day-to-day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.
7.08	Underspend – When referring to expenditure the actual expenditure incurred is less than budget. Shown as a –ve. When referring to income the actual income achieved exceeds the budget. Shown as a –ve.
7.09	Variance – Difference between latest budget and actual income or expenditure. Can be to date if reflecting the current or most up to date position or projected, for example projected to the end of the month or financial year.
7.10	Virement – The transfer of budget provision from one budget head to another. Virement decisions apply to both revenue and capital expenditure heads, and between expenditure and income, and may include transfers from contingency provisions. Virements may not however be approved between capital and revenue budget heads.



**COUNCIL FUND - REVENUE BUDGET 2015/16
FLINTSHIRE COUNTY COUNCIL**

**Budget Monitoring (Month 4)
Summary of Movement from Month 3**

	£m	£m
Month 3		
Portfolios	0.021	
Central and Corporate Finance	(0.233)	
Variance as per Cabinet Report		(0.212)
Month 4		
Portfolios	0.738	
Central and Corporate Finance	(0.313)	
Variance as per Directorate Returns		0.425
Change Requiring Explanation		0.637
<u>Social Services</u>		
Services For Adults		
<ul style="list-style-type: none"> • Locality Teams (Localities) - Movement due to increase of + (£0.145m) in South Localities, social workers and manager vacancies filled. Further increases in Residential care management costs + (£0.085m), reduction in free nursing income + (£0.014m), offset by increase in property income - (£0.032m) giving overall net increase of + (£0.067m) within Residential Care. Increases of Costs within South Localities and Residential Care offset by reduction of costs committed within Day Care of - (£0.043m). Other minor variances amount to a net -£0.028m. • Resources & Regulated Services (Disability Services) - Decrease of - (£0.172m) within LD supported living in-house in relation to reduction in pay projections, offset by an increase of + (£0.256m) in Independent sector domiciliary care Further movement of + (£0.300m) due to return of former Independent Living Fund budget pressure to corporate balances as per M3 recommendation.. Other minor variances amount to a net -£0.017m. • Vulnerable Adults & Disability Services (Disability Services) - Increase in transition domiciliary care package costs for School leavers of + (£0.370m) and further domiciliary care cost package increases of + (£0.040m) reflecting additional clients. • Resources & Regulated Services (Intake and Reablement) - Increase in LHB income - (£0.060m) in addition to a reduction in staffing costs due to Transport manager vacancy - (£0.044m). Other minor variances amount to a net - (£0.027m). • Hospital Social Work (Intake and Reablement) - Movement due to staff moves - Team Manager and Senior Practitioner. • First Contact (Intake and Reablement) - Movement due to movement of Senior Practitioner to other area within localities - (£0.044m) and further reductions of - (£0.040m) in committed care costs. • Forensic (Mental Health & Substance Misuse Service) - Movement due to Forensic client package moved to Residential funding. • Other minor changes of less than £0.025m for Services for Adults. 	<p>0.141</p> <p>0.367</p> <p>0.410</p> <p>(0.131)</p> <p>(0.059)</p> <p>(0.084)</p> <p>(0.068)</p> <p>0.063</p>	
Subtotal: Services for Adults		0.639
Development & Resources		
<ul style="list-style-type: none"> • Finance (Deputyship team) - Reduction in customer care income. • Other minor changes of less than £0.025m. 	<p>0.032</p> <p>0.019</p>	
Subtotal: Development & Resources		0.051
Children's Services		
<ul style="list-style-type: none"> • Professional Support - Increase in court costs within resources In addition increases in CYAST support costs. • Out of County Placements - Movement reflects current care packages for 2015/16. • Early Years - Shortfall of recovery against NOVUS ESF grant. • Other minor changes of less than £0.025m. 	<p>0.079</p> <p>(0.200)</p> <p>(0.032)</p> <p>(0.037)</p>	
Subtotal: Children's Services		(0.190)
Total: Social Services		0.500

Community & Enterprise

Customer & Housing Services	
• Minor changes of less than £0.025m.	0.011
Subtotal: Customer & Housing Services	0.011
Supporting Services	
• Minor changes of less than £0.025m.	0.015
Subtotal: Supporting Services	0.015
Regeneration	
• Minor changes of less than £0.025m.	0.010
Subtotal: Regeneration	0.010
Revenues & Benefits	
• Additional surplus on Council Tax Collection Fund.	(0.063)
• Increased underspend on Council Tax Reduction Scheme expenditure.	(0.021)
• Housing Benefit Subsidy projected shortfall against budget.	0.193
Subtotal: Revenues & Benefits	0.109
Customer Services	
• Minor changes of less than £0.025m.	(0.018)
Subtotal: Customer Services	(0.018)
Total: Community & Enterprise	0.127

Streetscene & Transportation Portfolio

Ancillary Services & Performance	
• Under achieving in the recycling market is due to a volatile period with fluctuating re-cycle sale values.	0.236
• No income due in 2015-16 for compost from DCC.	0.060
Subtotal: Ancillary Services & Performance	0.296
Highways Network	
• Speed Limit Review now approved from Contingency as per M3 recommendation.	(0.210)
Subtotal: Highways Network	(0.210)
Total: Streetscene & Transportation	0.086

Planning & Environment Portfolio

Business	
• Animal Health & DEFRA shortfall	0.026
• Other minor changes of less than £0.025m.	0.004
Subtotal: Business	0.030
Development	
• Planning Enforcement - Vacant post following Retirement, Business Case to fill post	(0.018)
• Other minor changes of less than £0.025m.	(0.002)
Subtotal: Development	(0.020)
Access	
• Countryside - Vacant Post transferred to specific Admin vacancies	0.033
• Greenfield Valley - Vacant Post transferred to specific Admin vacancies	0.039
• Other minor changes of less than £0.025m.	0.008
Subtotal: Access	0.080
Shared Service	
• Other minor changes of less than £0.025m.	(0.004)
Subtotal: Shared Service	(0.004)
Strategy	
• Other minor changes of less than £0.025m.	(0.001)
Subtotal: Strategy	(0.001)
Administration	
• Admin Vacant Posts - budget transferred from Access	(0.083)
• Other minor changes of less than £0.025m.	(0.005)
Subtotal: Administration	(0.088)
Total: Planning & Environment	(0.003)

Education & Youth

Minor variances of less than £0.025m	
Primary & Early Years Education	
• Primary School Services	(0.003)
Subtotal: Primary & Early Years Education	(0.003)
Inclusion Services	
• Out of County	(0.020)
Subtotal: Inclusion Services	(0.020)
Other	
• Regional Services.	0.004
• School Planning.	(0.002)
• Youth & Community Service.	(0.002)
Total minor variances of less than £0.025m	0.000
Total: Education & Youth	(0.023)

People & Resources

HR & OD		
• Minor changes of less than £0.025m.	0.002	
Subtotal: HR & OD		0.002
Corporate Finance		
• Minor changes of less than £0.025m.	(0.003)	
Subtotal: Corporate Finance		(0.003)
Total: People & Resources		(0.001)

Governance

Minor variances of less than £0.025m		
• Legal Services.	0.005	
• Democratic Services.	(0.002)	
• Internal Audit.	0.001	
• Business Support.	0.010	
Total minor variances of less than £0.025m		0.014
Total: Governance		0.014

Organisational Change

Public Libraries & Arts, Culture & Events		
• Minor changes of less than £0.025m.	0.004	
Subtotal: Public Libraries & Arts, Culture & Events		0.004
Leisure Services		
• Minor changes of less than £0.025m.	0.004	
Subtotal: Leisure Services		0.004
Valuations & Estates		
• Minor changes of less than £0.025m.	(0.008)	
Subtotal: Valuations & Estates		(0.008)
Property Design & Consultancy		
• £31K windfall income secured in Administrative buildings has been used to offset an efficiency within Property and Development	0.031	
Subtotal: Property Design & Consultancy		0.031
Facilities		
• Minor changes of less than £0.025m.	0.014	
Subtotal: Facilities		0.014
Total: Organisational Change		0.045

Chief Executive

• £0.015m additional workforce savings due to a transfer of salary costs from Council Revenue Funding to grant funding. £0.013m due to minor variances.	(0.028)	
Total: Chief Executive		(0.028)

Central & Corporate Finance

• One-off in-year efficiency of (£0.300m) in relation to the Independent Living Fund (ILF) transferred from Social Care.	(0.300)	
• £0.215m additional Euticals site running costs. Projected costs have been extended until the end of the financial year.	0.215	
• Minor changes of less than £0.025m.	0.005	
Total: Central & Corporate Finance		(0.080)

Total Changes		0.637
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MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Month 3 (£m)	Cause of Major Variance	Action Required
Social Services Locality Teams (Localities)	14.250	13.959	(0.291)	(0.432)	<p>Domiciliary Care There are some significant compensating variances in this area. The main area of pressure is Domiciliary Care, which is still being influenced by clients returning to the service following successful past rehabilitation, the changing demographic profile, increased complexity of need and increasing numbers of people with dementia. The current level of projected overspend is £0.436m which has significantly reduced from the 2014/15 outturn position of £0.837m, which has been partly influenced by the cessation of one complex package.</p> <p>Residential Care The significant projected overspend on Domiciliary care is being more than offset by a projected underspend of (£0.764m) on residential care, which includes, an underspend of (£0.253m) on payments to care home providers, an underspend of (£0.481m) due to an increase in the level of property related income, plus further increases in income above budget including (£0.030m) for free nursing.</p> <p>Professional Support A further area of significant area of underspend is the professional support within the area Localities teams. There is a total projected underspend of (£0.093m) which relates to staffing due to Social Worker vacancies.</p> <p>Other A further area of significant area of overspend is Minor Adaptations where an efficiency measure for £0.105m was approved in the budget relating to a means testing approach is now considered to be unachievable. It is intended that this pressure is addressed by way of realignment of budget from another area. Other minor variances amount to a net £0.025m within Day care services.</p>	Recommend budget realignment adjustments to use underspends elsewhere in service to address pressures.
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MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Month 3 (£m)	Cause of Major Variance	Action Required
First Contact (Intake and Reablement)	0.519	0.435	(0.084)	(0.042)	The projected under spend is due to additional income of (£0.107m) offset by other minor variances amount to net £0.023m.	Keep under review.
Hospital Social Work	0.427	0.323	(0.104)	(0.046)	Staffing savings due to vacant posts - which are intended to be used as part of budget realignment adjustments in respect of efficiency proposals which cannot be achieved.	Keep under review.
Resources & Regulated Services (Intake and Reablement)	5.931	5.812	(0.119)	0.012	Area of significant area of underspend is the Home Care within the area Resources & Regulated Services teams. There is a total projected underspend of (£0.088m) of which relates to staffing due to vacancies. Other minor variances amount to a net (£0.031m) within Day care services.	Keep under review.
Transition and Disability Services (Disability Services)	0.597	0.714	0.117	0.116	The projected overspend is mainly due to the cost of the support arrangements provided by Penderels in respect of direct payments. This accounts for £0.082m of the total projected overspend of £0.117m with other minor variances making up the remaining £0.035m.	Keep under review.

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Month 3 (£m)	Cause of Major Variance	Action Required
Resources & Regulated Services (Disability Services)	15.796	15.989	0.193	(0.174)	This service is now reflecting the transfer of budget in relation to the Independent Living fund (ILF) to Central and Corporate as a one off efficiency. The remaining element is in relation to the additional admin. capacity needed to manage the payments to service users and for obligations to fund employer liability insurance payments for service users who employ carers.	Recommend budget realignment adjustments to use underspends elsewhere in service to address pressures.
Vulnerable Adults and Disability Service (Disability Services)	2.271	2.466	0.195	(0.215)	Reflects current care packages for 2015/16, estimated commitment with additional transition clients.	Keep under review.
Administrative Support (Disability Services)	0.304	0.421	0.117	0.117	This overspend is mainly due to pressures on employees costs, including use of agency staff.	Keep under review.
Residential and Domiciliary Service (Mental Health & Substance Misuse Service)	0.813	0.983	0.170	0.171	Increases in Residential and Domiciliary packages along side additional new package costs.	Keep under review.
Forensic Budget (Mental Health & Substance Misuse Service)	0.317	0.128	(0.189)	(0.119)	Reflects current care packages for 2015/16.	Keep under review - potential volatility due to changes in client numbers and demands at short notice from prison or courts.
Other Services for Adults variances (aggregate)	4.539	4.489	(0.050)	(0.072)	Various minor variances.	Continue to review but not expected to be recurrent.
Business Services - Charging Policy Income	(1.673)	(1.925)	(0.252)	(0.251)	Impact of an increase by Welsh Government in the level of the maximum charge cap from £55 per week to £60 per week.	Recommend budget realignment adjustments to use underspends elsewhere in service to address pressures.

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Month 3 (£m)	Cause of Major Variance	Action Required
Training	0.047	0.201	0.154	0.131	The base budget for this service has naturally reduced as a consequence of the combined impact of Single Status outcomes and EVRVR determinations. As a consequence the match funding element of the budget has fallen below the level required to meet the grant conditions for the Social Care Workforce Development Programme Grant (SCWDP). It will be necessary therefore to realign the budget from elsewhere within Social Services to top up to the level required.	Recommend budget realignment adjustments to use underspends elsewhere in service to address pressures.
Other Development & Resources variances (aggregate)	2.418	2.474	0.056	0.027	Various minor variances.	Continue to review but not expected to be recurrent.
Family Placement (Children's Services)	2.227	2.423	0.196	0.194	The £0.196m overspend is a result of an increase in the number of foster care placements within the service. Part of this is also due to the increasing number of court orders for Residence and Special Guardianship orders which invariably attract an ongoing allowance for the carers.	A review of the Family Placement Team has been undertaken the outcome of which is being considered and will inform future planning and possible efficiencies.
Professional Support	4.997	5.155	0.158	0.131	Most of this pressure relates to staffing costs, including the need for additional Social Workers in support of ongoing police investigations. Further influences include the need for additional budget allocations following Single Status appeals and maintenance.	Recommend budget realignment adjustments to use underspends elsewhere in service to address pressures
Out of County Placements	3.416	3.216	(0.200)	0.000	Reflects current care packages for 2015/16	Keep under review.
Other Services for Children variances (aggregate)	2.473	2.333	(0.140)	(0.121)	Various minor variances.	Continue to review but not expected to be recurrent.
Total Social Services	59.669	59.596	(0.073)	(0.573)		

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Month 3 (£m)	Cause of Major Variance	Action Required
Community & Enterprise Customer & Housing Services	0.777	0.721	(0.056)	(0.067)	Additional in-year efficiency identified in respect of Homeless Accommodation (£0.094m). Expenditure in respect of SHARP procurement of £0.031m. Other minor efficiencies of £0.007m.	Continue to monitor and review.
Supporting People	0.095	0.124	0.029	0.014	Telecare income lower than anticipated by £0.061m. Community Centres efficiency of (£0.049m). Other minor variances of £0.017m.	Continue to monitor and review.
Regeneration	0.469	0.529	0.060	0.050	Estimated shortfall of £0.060m in markets due to income targets increasing in line with inflation each year, where charges have not increased at the same rate.	Continue to monitor and review.
Revenues & Benefits	10.655	10.503	(0.152)	(0.261)	Anticipated surplus on the Council Tax Collection Fund currently stands at (£0.124m) higher than initially estimated. Projected underspend on the budgeted provision for the Council Tax Reduction Scheme (£0.240m). Housing Benefit Subsidy budgeted shortfall of £0.193m. Other minor variances of £0.019m.	Continue to monitor closely as these areas are highly volatile and projections are likely to change throughout the year.
Customer Services	0.710	0.647	(0.063)	(0.045)	Underspend on the Flintshire Connects service provision of (£0.048m). Other minor variances of (£0.015m).	Continue to monitor and review.
Total Community & Enterprise	12.706	12.524	(0.182)	(0.309)		

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Month 3 (£m)	Cause of Major Variance	Action Required
Streetscene & Transportation Waste Disposal & Waste Collection	6.652	7.348	0.696	0.400	<p>Reduced electricity sales from gas engines following equipment breakdown and fluctuating levels of gas extraction £0.150m.</p> <p>Further options are being considered and consultation undertaken in relation to the proposed closure of Hope recycling centre. In addition, changes to the later than expected introduction of new operating times at Connah's Quay and Flint sites will result in a total projected shortfall on the budgeted efficiency of £0.175m.</p> <p>Delayed implementation of delivery service for waste containers £0.050m and introduction of charge for second waste bin £0.025m.</p> <p>Under achieving of £0.236m in the recycling market (paper in particular) is due to a volatile period with fluctuating re-cycle sale values. No income to the value of £0.060m due in 2015-16 for compost from DCC as they are no longer using our composting facilities.</p>	<p>Potential for investment to upgrade/install new extraction wells and new management arrangement.</p> <p>Reported through Programme Board Efficiency Tracker.</p> <p>Reported through Programme Board Efficiency Tracker.</p> <p>Monitor recycling market closely throughout 2015/16. Raised as a risk at Month 3.</p>
Ancillary Services & Performance - other Variances	0.988	1.023	0.035	0.035	Minor Variances.	Reported through Programme Board Efficiency Tracker.
Transportation & Logistics - other Variances	12.813	12.838	0.025	0.025	Minor Variances.	Reported through Programme Board Efficiency Tracker.
Highways Strategy	0.904	1.054	0.150	0.360	<p>Delay in the full externalisation of grass cutting service £0.050m.</p> <p>The implementation of the reduced cleansing standards is now anticipated to be 1st January 2016 which will result in an estimated shortfall in the efficiency of £0.100m.</p>	<p>Reported through Programme Board Efficiency Tracker.</p> <p>Reported through Programme Board Efficiency Tracker.</p>
Highway Network - other Variances	6.413	6.401	(0.012)	(0.012)	Minor Variances.	Continue to review.
Total Streetscene & Transportation	27.770	28.664	0.894	0.808		

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Month 3 (£m)	Cause of Major Variance	Action Required
Planning & Environment						
Pest Control Dog Warden	0.043	0.055	0.012	0.016	Potential Shortfall in the self financing position.	Monitor level of services provided and adjust income commitment as appropriate.
Licensing	(0.008)	0.015	0.023	0.022	Potential Shortfall in the self financing position.	Monitor level of services provided and adjust income commitment as appropriate.
Community - Aggregate of other Variances	0.668	0.662	(0.006)	(0.008)	Minor Variances.	Continue to review.
Animal Health & Defra	0.126	0.159	0.033	0.000	Shortfall on Grant Income target due to partnership with Wrexham ending in late 2015.	Investigate ways to reduce Grant Income target through potential budget realignment.
Business - Aggregate of other Variances	1.440	1.440	0.000	(0.004)	No Variance.	Continue to review.
Planning Control & Enforcement	(0.133)	(0.018)	0.115	0.138	Shortfall from Planning App fees not increasing until October, 2015 with a slight improvement at Period 4.	Planning Fee Income levels will be closely monitored
Development - Aggregate of other Variances	0.133	0.127	(0.006)	(0.008)	Minor Variances.	Continue to review.
Portfolio Aggregate of other Variances	3.063	3.059	(0.004)	0.014	Minor Variances.	Continue to review.
Total Planning & Environment	5.332	5.499	0.167	0.170		

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Month 3 (£m)	Cause of Major Variance	Action Required
Education & Youth						
Primary & Early Years Education	0.869	0.878	0.009	0.012	Minor Variances.	Continue to review.
Secondary, 14-19 & Continuing Education	1.122	1.131	0.009	0.005	Minor Variances.	Continue to review.
Inclusion Services	8.667	8.637	(0.030)	(0.010)	Out of County placements are an area of risk to the authority due to the volatile nature of the service and the potential for high cost placements and unpredictability of demand	Continue to review.
Access (School Planning & Provision)	0.508	0.532	0.024	0.026	This relates to the increase in demand for Free School Meals.	Continue to review.
21st Century Schools	0.489	0.489	0.000	0.000	No Variance.	Continue to review.
Youth Services	1.492	1.488	(0.004)	(0.002)	Minor Variances.	Continue to review.
Commissioning & Performance	0.234	0.234	0.000	0.000	No Variance.	Continue to review.
School Management & Information Team	0.192	0.186	(0.006)	(0.006)	Minor Variances.	Continue to review.
Total Education & Youth	13.573	13.575	0.002	0.025		
Schools						
Primary & Early Years Education	43.680	43.680	0.000	0.000	No Variance.	Continue to review.
Secondary, 14-19 & Continuing Education	35.605	35.605	0.000	0.000	No Variance.	Continue to review.
Inclusion Services	3.882	3.882	0.000	0.000	No Variance.	Continue to review.
Archive Services	0.002	0.002	0.000	0.000	No Variance.	Continue to review.
Total Schools	83.169	83.169	0.000	0.000		

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Month 3 (£m)	Cause of Major Variance	Action Required
People & Resources						
HR&OD	2.243	2.318	0.075	0.073	A 2015/16 budget efficiency of £0.105m is being reported as not achievable. This is being partially offset by workforce underspends of (£0.030m).	The efficiencies are expected to be achieved in full next year. Workforce underspends are in-year only.
Corporate Finance	2.401	2.361	(0.040)	(0.037)	A 2015/16 budget efficiency is being reported as being partially achieved with a shortfall of £0.038m. This is being offset by temporary workforce underspends of (£0.78m).	The efficiencies are expected to be achieved in full next year. Workforce underspends are in-year only.
Total People & Resources	4.644	4.679	0.035	0.036		
Governance						
Legal Services	0.610	0.598	(0.012)	(0.018)	Minor Variances.	Underspend is not expected to be recurrent.
Democratic Services	1.911	2.019	0.108	0.110	The overspend is due a delay in achieving an efficiency of £0.110m which was agreed within the 2014/15 budget. An underspend of year (£0.002m) is due to minor variances.	The efficiency is expected to be achieved in full next year.
Internal Audit	0.425	0.422	(0.003)	(0.003)	Minor Variances.	Underspend is not expected to be recurrent.
Procurement	0.138	0.158	0.020	0.020	Minor Variances.	Overspend is not expected to be recurrent.
Business Support	0.744	0.739	(0.005)	(0.005)	Minor Variances.	Underspend is not expected to be recurrent.
Records Management	0.174	0.194	0.020	0.020	Minor Variances.	Overspend is not expected to be recurrent.
ICT	4.726	4.736	0.010	0.000	Minor Variances.	Overspend is not expected to be recurrent.
Total Governance	8.728	8.866	0.138	0.124		

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Month 3 (£m)	Cause of Major Variance	Action Required
Organisational Change						
Public Libraries & Arts, Culture & Events	1.769	1.769	0.000	(0.004)	No Variance.	Continue to review.
Museums Service	0.064	0.064	0.000	0.000	No Variance.	Continue to review.
County Archives	0.259	0.258	(0.001)	(0.001)	Minor Variances.	Continue to review.
Leisure Services	3.970	3.983	0.013	0.009	£0.070m Deeside Ice rink income pressure offset by premises & supplies cost savings of (£0.063m). Other minor variances of £0.006m.	Continue to review.
Community Assets	0.018	0.018	0.000	0.000	No Variance.	Continue to review.
Valuation & Estates	(0.807)	(0.918)	(0.111)	(0.103)	Workforce efficiencies of (£0.097m) achieved following the staff release within this Service area. Other minor variances of (£0.014m) contributing to the overall underspend.	Continue to review.
Property Design & Consultancy	2.688	2.688	0.000	(0.031)	No Variance.	Continue to review.
Engineering Services	0.000	0.000	0.000	0.000	No Variance.	Continue to review.
Facilities Services	1.674	1.663	(0.011)	(0.025)	Minor Variances.	Continue to review.
Total Organisational Change	9.635	9.525	(0.110)	(0.155)		

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Month 3 (£m)	Cause of Major Variance	Action Required
Chief Executives						
Chief Executives	3.195	3.062	(0.133)	(0.105)	The underspend is due to workforce savings of (£0.075m) and also a reduction in Core Funding Agreements of (£0.028m). The balance of (£0.030m) is due to minor variances.	The employee savings of (£0.56m) are expected to be in-year only.
Total Chief Executives	3.195	3.062	(0.133)	(0.105)		
Central & Corporate Finance						
Central & Corporate Finance	23.036	22.723	(0.313)	(0.233)	HRA Financing - The settlement amount changed after the budget was set. Based on all original assumptions this equates to a reduction in efficiencies of approximately £0.600m. Balance of unused Non Standard Inflation from previous year (£0.240m). Pension Actuarial Review (£0.912m) due to lower than anticipated costs of additional contributions. Estimated Workforce Efficiency, £0.150m considered unachievable in year. One-off in-year efficiency of (£0.300m) in relation to the Independent Living Fund (ILF). One off / time limited, Unbudgeted costs of £0.400m in relation to former Euticals Ltd - Sandycroft site. Minor Variances of (£0.011m).	Review of CLIA will identify overall position for possible mitigation. Review as part of Medium Term Finance Strategy, Corporate Financing Options. Consider realignment options. Currently looking at other options. Continue to review. Keep under review. Keep under review.
Total Central & Corporate Finance	23.036	22.723	(0.313)	(0.233)		
TOTAL	251.457	251.882	0.425	(0.212)		

2015/16 Efficiencies Month 4 - Under or Over Achieved

Portfolio	Original Efficiency	Revised Efficiency	(Under)/Over Achievement
	2015/16 £(m)	2015/16 £(m)	2015/16 £(m)
People & Resources			
Review of specialist finance functions to identify efficiencies in process	0.170	0.166	(0.004)
Ensure continuation of grant maximisation opportunities identified in 2014/15	0.100	0.066	(0.034)
Review of specialist human resources functions to identify efficiencies in process	0.105	0.000	(0.105)
Total People & Resources	0.375	0.232	(0.143)
Central and Corporate Finance			
Workforce efficiency proposal	0.300	0.150	(0.150)
Central Loans and Investment Review	1.830	1.230	(0.600)
Total Central & Corporate Finance	2.130	1.380	(0.750)
Social Services			
Rationalise the number of sites where In-House day care is provided	0.130	0.095	(0.035)
Develop means testing approach for minor adaptations	0.100	0.000	(0.100)
Review model/costs contracts for catering	0.050	0.000	(0.050)
Rationalise the number of sites where In-House short term care is provided	0.075	0.110	0.035
Review commissioning with Action for Children	0.075	0.015	(0.060)
Regional approach to advocacy	0.053	0.005	(0.048)
Review and realign funding to voluntary sector	0.203	0.070	(0.133)
Total Social Services	0.686	0.295	(0.391)
Community & Enterprise			
Welfare Rights Team Review	0.020	0.035	0.015
Community Centres	0.048	0.096	0.048
Community Based Accommodation Support Service	0.030	0.060	0.030
Telecare Charging	0.200	0.139	(0.061)
Total Community & Enterprise	0.298	0.330	0.032
Streetscene & Transportation			
Introduce non-generic Streetscene roles (3 year plan)	0.080	0.115	0.035
Develop Energy Production at Landfill	0.050	0.000	(0.050)
Rationalise HRC Sites	0.400	0.225	(0.175)
Removing the Waste Containers delivery service	0.150	0.100	(0.050)
Introduce Charge for 2nd Garden Waste Bin	0.050	0.025	(0.025)
Car Parking Charges	0.400	0.380	(0.020)
Cancel Real Time Info System	0.020	0.025	0.005
Charge Maintenance of Bus Shelters	0.005	0.000	(0.005)
Review subsidised bus routes	0.075	0.050	(0.025)
Externalise grass cutting service	0.075	0.025	(0.050)
Reduced Street Lighting resource	0.050	0.038	(0.013)
Remove second grass cut for highway verges	0.030	0.025	(0.005)
Reduce Cleansing standards zero tolerance litter	0.150	0.050	(0.100)
Part night street lighting in residential areas	0.020	0.030	0.010
Winter Maintenance (Car Parks and standard)	0.150	0.170	0.020
Total Streetscene & Transportation	1.705	1.258	(0.448)
Planning & Environment			
Staffing & Management Restructure (incl. all vacancies)	0.295	0.178	(0.117)
Staffing & Collaboration	0.024	0.036	0.012
Animal & Pest Control	0.030	0.005	(0.025)
Increased Planning Fees (15% WG increase)	0.135	0.050	(0.085)
Increase in number of Planning Applications	0.060	0.030	(0.030)
Additional elements of charging (discharge of conditions)	0.050	0.025	(0.025)
Pre-Planning Advice PDM111952P	0.020	(0.006)	(0.026)
Total Planning & Environment	0.614	0.318	(0.296)
Total 2015/16 Budget Efficiencies		100	12.874
Total Projected 2015/16 Budget Efficiencies Underachieved		16	1.996
Total Projected 2015/16 Budget Efficiencies Achieved		84	10.878

APPENDIX 4

Movements on Council Fund Unearmarked Reserves

	£m	£m
Total Reserves as at 1 April 2015	10.515	
Less - Base Level	(5.769)	
Total Reserves above base level available for delegation to Cabinet		4.746
Less - Allocation from the Contingency Reserve for the costs of the speed limit review		(0.210)
Less projected overspend as at Month 4		(0.425)
Total projected Contingency Reserve as at 31st March 2016		4.111

HRA Major Variance Report - Period 4

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Variance	Action Required
Estate Management	1.634	1.700	0.066	0.055	£0.018m pressure on Rechargeable Works due to previous years invoices starting to reverse based on bad debt procedures. £0.013m pressure on salaries due to agency staff engagement. £0.024m pressure on staff mileage and mobile phone usage due to insufficient budget being allocated. £0.011m minor variances.	Keep under review.
Other variances (aggregate)	(1.400)	(1.464)	(0.064)	0.015	Various minor variances.	Keep under review.
Total :	0.234	0.236	0.002	0.070		

RESERVES AND BALANCES PROTOCOL

1.00 INTRODUCTION AND BACKGROUND

- 1.01 The purpose of this protocol is to set out how the Council will determine, manage and review the level of its Council Fund Balance and Earmarked Reserves taking into account relevant legislation and professional guidance.
- 1.02 Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed to meet estimated spending when calculating the budget requirement. Section 25 of the Local Government Act 2003 requires:-
- the Chief Finance Officer to report to members on the budget including the adequacy of reserves; and
 - Members to have regard to the Chief Finance Officer's (Section 151 Officer) report in making their decisions.
- 1.03 Revenue reserves are an integral part of ensuring sound financial management in an organisation and it is essential that they are considered as part of its medium term financial planning arrangements and its consideration of preparing the annual budget.
- 1.04 The Council's Financial Procedure Rules which were updated in July 2015 refer to the Council's arrangements in relation to the maintenance of reserves and this protocol sets out more detail as to the Council's requirements to ensure that the Council's Financial Procedure Rules are supported and adhered to.

2.00 TYPES OF RESERVES

The Council maintains the following 'usable' revenue reserves:

2.01 Council Fund Reserve

The purpose of the Council Fund Reserve is to manage the impact of any significant unforeseen events and historically the Council's policy has been to maintain a level equivalent to 2% of its annual budget.

Any resources in excess of this base level are referred to as the contingency reserve and are available for delegation to Cabinet. The Contingency Reserve is increased by way of any overall underspend at the end of the financial year (or reduced by way of an end of year overspend)

Cabinet make decisions around the use of the contingency reserve following the principle that 'one-off' reserves should be used either to fund; 'one-off and time limited' expenditure or to provide transitional

funding in relation to the part year effect of any efficiency saving that cannot be implemented in time to enable a full year efficiency saving.

The Council fund reserve, including the contingency reserve, is reviewed for adequacy annually as part of the budget setting process and is reported monthly to Cabinet and Corporate Resources Scrutiny Committee through the revenue budget monitoring cycle.

2.02 Earmarked Reserve

The purpose of earmarked reserves are to meet known or predicted future requirements and are held corporately or within individual service portfolios for specific purposes. These reserves are typically established to address temporary need and considered on a risk basis and also include funding required to be carried forward to the following financial year as approved through the monthly monitoring report by Cabinet. As with all reserves they should only be established to meet one-off and time limited expenditure.

The Council's Earmarked Reserves includes an Insurance reserve which provides for past and on-going costs of the Councils insurance arrangements. The Council self insures to some extent and as required sets money aside to meet its share of claim costs.

2.03 Schools' Reserves

School reserves are funds released under delegated budgets unspent at year end and held by the Council on schools behalf. The Governing Body of a School is tasked with ensuring their school maintains an adequate level of reserves. Guidance is issued to all schools through the Scheme for Financing Schools.

2.04 Housing Revenue Account (HRA) Reserve

The HRA reserve is ring fenced in the same way that the HRA budget is a ring fenced account and can only be used for activity in relation to the management and maintenance of housing. Historically Flintshire's policy has been to maintain the HRA reserve at a prudent level which is currently a minimum of 3% of total HRA expenditure.

The HRA reserve is reviewed for adequacy annually as part of the budget setting process and is reported monthly to Cabinet and Corporate Resources Scrutiny Committee through the revenue budget monitoring cycle.

3.00 PROTOCOL FOR EARMARKED RESERVES

- 3.01 It is the responsibility of the Chief Finance Officer (Section 151) to advise local authorities on the level of reserves held taking into account the strategic financial context that the council will be operating in over the medium term as detailed in its Medium Term Financial Strategy (MTFS).
- 3.02 For each Earmarked Reserve there needs to be a clear protocol which sets out:
- ° The purpose and amount of the Reserve
 - ° How and when the reserve will be utilised (drawn down)
 - ° The process for the reserve's management and control
 - ° A process and timescale for review.
- 3.03 The creation of a new earmarked reserve will require Cabinet approval which will be actioned through the monthly budget monitoring report at the relevant point in the financial year. Cabinet will approve the amount, the purpose and an estimated timeframe for when the reserve is expected to be drawn down.
- 3.04 The Earmarked Reserve must be used for the specific purpose approved by Cabinet. Should the Chief Officer wish to amend the purpose then further approval by Cabinet through the monthly budget monitoring report is required.
- 3.05 Once the estimated timeframe approved for the reserve has elapsed, there will be an expectation that the balance of the reserve will be transferred back to increase the level of contingency reserve available. Any subsequent request to retain the reserve would be subject to approval by Cabinet.

4.00 MONITORING AND REPORTING OF RESERVES AND BALANCES

- 4.01 In considering all reserves, the Section 151 Officer will have regard to relevant matters in respect of each reserve, and will advise the Council accordingly. The process for the determination of all reserves will be based upon the principles of transparency and effective overall financial management.
- 4.02 All earmarked reserves are recorded on a central schedule held by the Accountancy Section which lists the various reserves and the purpose for which they are held. The schedule includes the opening balances for the year, planned additions/withdrawals and the estimated closing balance.
- 4.03 Any appropriations to or from Earmarked Reserves are controlled in accordance with Finance Procedure Rules during the year. Appropriate working papers for each reserve are produced at year-

end and provided to the External Auditor to support the disclosures within the Statement of Accounts.

- 4.04 A summary of the latest position in relation to reserves will be reported quarterly to Cabinet and Corporate Resources Overview and Scrutiny Committee through the monthly monitoring report.

Reserves can only be used once and so should not normally be held to fund ongoing expenditure. This would be unsustainable at the point a reserve is fully exhausted.