

Public Document Pack

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To: Cllr Richard Jones (Chair)

Councillors: Bernie Attridge, Bill Crease, Alasdair Ibbotson, Gina Maddison, Allan Marshall, Vicky Perfect, Kevin Rush, Jason Shallcross, Sam Swash, Linda Thomas and Arnold Woolley

5 January 2024

Dear Sir/Madam

NOTICE OF HYBRID MEETING
CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE
THURSDAY, 11TH JANUARY, 2024 at 10.00 AM

Yours faithfully

Steven Goodrum
Democratic Services Manager

Please note: Attendance at this meeting is either in person in the Lord Barry Jones Council Chamber, Flintshire County Council, County Hall, Mold, Flintshire or on a virtual basis.

The meeting will be live streamed onto the Council's website. The live streaming will stop when any confidential items are considered. A recording of the meeting will also be available, shortly after the meeting at <https://flintshire.public-i.tv/core/portal/home>

If you have any queries regarding this, please contact a member of the Democratic Services Team on 01352 702345.

A G E N D A

1 **APOLOGIES**

Purpose: To receive any apologies.

2 **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**

Purpose: To receive any Declarations and advise Members accordingly.

3 **ACTION TRACKING** (Pages 5 - 10)

Report of Democratic Services Manager -

Purpose: To inform the Committee of progress against actions from previous meetings.

4 **FORWARD WORK PROGRAMME** (Pages 11 - 20)

Report of Democratic Services Manager -

Purpose: To consider the Forward Work Programme of the Corporate Resources Overview & Scrutiny Committee.

5 **JOINT FUNDED CARE PACKAGES - UPDATE REPORT** (Pages 21 - 24)

Report of Chief Officer (Social Services) - Deputy Leader of the Council and Cabinet Member for Social Services and Wellbeing

Purpose: To share an update on the current situation on the long term debt with the Betsi Cadwaladr University Health Board since the last report was received.

6 **MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2024/25** (Pages 25 - 40)

Report of Corporate Finance Manager, Chief Executive - Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement

Purpose: To update on the budget estimate for 2024/25 and the implications of the Welsh Local Government Provisional Settlement which was received on 20 December.

7 REVENUE BUDGET MONITORING 2023/24 (MONTH 8) (Pages 41 - 66)

Report of Corporate Finance Manager - Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement

Purpose: To provide Members with the Revenue Budget Monitoring 2023/24 (Month 8) Report and Significant Variances.

8 COUNCIL TAX REFORM - WELSH GOVERNMENT PHASE 2 CONSULTATION (Pages 67 - 80)

Report of Chief Officer (Governance) - Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement

Purpose: To provide the Committee with information and a recommended response to the Welsh Government phase 2 consultation on Council Tax Reform.

Please note that there may be a 10 minute adjournment of this meeting if it lasts longer than two hours

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CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE

Date of Meeting	Thursday, 11 January 2024
Report Subject	Action Tracking
Report Author	Democratic Services Manager
Type of Report	Operational

EXECUTIVE SUMMARY

The report shows the action points from previous meetings of the Corporate Resources Overview & Scrutiny Committee and the progress made in completing them.

Any outstanding actions will be reported back to the next monthly meeting.

RECOMMENDATIONS

1	That the committee notes the progress which has been made.
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REPORT DETAILS

1.00	EXPLAINING THE ACTION TRACKING REPORT
1.01	<p>In previous meetings, requests for information, reports or actions have been made. These have been summarised as action points.</p> <p>Following the meeting of the committee in July 2018, it was recognised that there was a need to formalise such reporting back, as 'Matters Arising' is not an item which can feature on an agenda.</p>

1.02	<p>This paper summarises those points and where appropriate provides an update on the actions resulting from them.</p> <p>The Action Tracking details are attached in appendix A.</p>
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2.00	RESOURCE IMPLICATIONS
2.01	The creation of the Action Tracking report increases workflow but should provide greater understanding and efficiency.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	In some cases, action owners have been contacted to provide an update on their actions.

4.00	RISK MANAGEMENT
4.01	Not applicable.

5.00	APPENDICES
5.01	Appendix A – CRO&SC Action Points

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Minutes of previous meetings of the committee as identified in the report.

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Steven Goodrum, Democratic Services Manager Telephone: 01352 702320 E-mail: steven.goodrum@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	None.

ACTION TRACKING FOR THE CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE

Meeting Date	Agenda item	Action Required	Action Officer(s)	Action taken	Status
12.10.2023	7. Budget 2024/25 - Stage 2	That a letter is sent on behalf of the Council to the Welsh Government, Home Office and Audit Wales to request the power of precept for the North Wales Fire & Rescue Authority in Flintshire.	Chief Executive and Chief Officer (Governance)	A letter has been issued (19 December 2023) to: <ul style="list-style-type: none"> Welsh Government. Audit Wales. The Home Office (UK Government). 	Closed since last report
	9. Cyber Resilience	That an email be sent to all Members, advising them to complete the 'Cyber Ninja' course by year-end to help reduce the risk of cyber breaches.	Democratic Services Manager	Email sent to all Members with details of the 'Cyber Ninja' course on 13 December 2023	Closed since last report
16.11.23	3. Minutes	<ul style="list-style-type: none"> <i>Minute number 34: Budget 2024/25</i> A breakdown of the £365K cost pressure on Alternative Delivery Models was requested for members of the Committee.	Corporate Finance Manager	Update circulated to members of the Committee ahead of December meeting.	Closed since last report
	7. Employment and Workforce Mid-year Update	That information on the types of roles that have resulted in increased headcount in non-schools employees and assurance that costs were being managed be provided to the committee.	Corporate Manager, People and Organisational Development.		Open

Meeting Date	Agenda item	Action Required	Action Officer(s)	Action taken	Status
	8. Revenue Budget Monitoring 2023/24 (Month 6) and Capital Programme Monitoring 2023/24 (Month 6)	Request for further information about the £0.307m overspend in the Physically Disabled and Sensory Impaired budget, the increased demand for Family Group meetings and the £0.821m variance for professional support (Children's Services) including the overspend in the Leaving Care budget.	Corporate Finance Manager	Update circulated to members of the Committee ahead of December meeting.	Closed since last report
		In relation to the overspend in Streetscene & Transportation, information was requested about the proportion of the overspend set aside for work on unadopted roads.	Corporate Finance Manager	Update circulated to members of the Committee ahead of December meeting.	Closed since last report
		Information was requested about budgeting for Council Tax exemptions given the frequency of severe weather events.	Corporate Finance Manager	Update circulated to members of the Committee ahead of December meeting.	Closed since last report
		Clarification of the 'one off windfall' NDR credit referenced in paragraph 1.07 and the revenue impact of additional Welsh Government grants	Corporate Finance Manager	Update circulated to members of the Committee ahead of December meeting.	Closed since last report

Meeting Date	Agenda item	Action Required	Action Officer(s)	Action taken	Status
		to support Inclusion and Progression services was requested.			
14.12.2023	4. Action Tracking	Clarity was sought on whether the Council continued to deliver the Help to Claim service and its funding source.	Corporate Finance Manager	Query referred to the service for a response.	Open
		Confirmation was sought that the Local Development Plan allocation being transferred back into general reserves as a saving with the additional items documented as in-year budget pressures. In addition, information was sought about how the list of specialist services previously funded by that allocation prior to 2016 had since been funded.	Corporate Finance Manager	Queries referred to the service for a response.	Open
	6. Medium Term Financial Strategy (MTFS) and Budget 2024/25	A question was asked whether the Council’s fostering fees were lower than the proposed level and the Welsh average and if so, whether this impacted on Out of County pressures.	Corporate Finance Manager	Query referred to the service for a response.	Open

Meeting Date	Agenda item	Action Required	Action Officer(s)	Action taken	Status
		A question was asked about the projected additional £0.500m investment return.	Corporate Finance Manager	Detail on base rate assumptions used in calculations would be shared with the Committee	Open
	8. Council Plan 2023-24 Mid-Year Performance Reporting	A question was asked about the benefits of outsourcing calls to the Council's customer service number.	Chief Officer (Governance)	It was agreed to liaise with the service manager to request costings of this compared with the enhanced Contact Centre service with AI technology.	Open
	9. Revenue Budget Monitoring 2023/24 (Month 7)	A question was asked about the Housing Support Grant allocation in Housing Solutions (page 205).	Corporate Finance Manager	Query referred to the service for a response.	Open



CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE

Date of Meeting	Thursday 11 th January, 2024
Report Subject	Forward Work Programme
Report Author	Democratic Services Manager
Type of Report	Operational

EXECUTIVE SUMMARY

Overview & Scrutiny presents a unique opportunity for Members to determine the Forward Work programme of the Committee of which they are Members.

By reviewing and prioritising the Forward Work Programme Members are able to ensure it is Member-led and includes the right issues.

A copy of the Forward Work Programme is attached at Appendix 1 for Members' consideration which has been updated following the last meeting.

The Committee is asked to consider, and amend where necessary, the Forward Work Programme for the Corporate Resources Overview & Scrutiny Committee.

RECOMMENDATION

1	That the Committee considers the draft Forward Work Programme and approve/amend as necessary.
2	That the Democratic Services Manager, in consultation with the Chair of the Committee be authorised to vary the Forward Work Programme between meetings, as the need arises.

REPORT DETAILS

1.00	EXPLAINING THE FORWARD WORK PROGRAMME
1.01	<p>The Forward Work Programme (FWP) is intended to set out the Committee's schedule of work for the coming months.</p> <p>It is a 'working document' that remains under constant review to ensure that the Committee is carrying out the proper level of scrutiny and is focussing on the appropriate areas in accordance with its Terms of Reference (included as Appendix 2).</p>
1.02	<p>Items feed into a Committee's Forward Work Programme from a number of sources.</p> <p>Members can suggest topics for review by Overview & Scrutiny Committees, members of the public can suggest topics, items can be referred by the Cabinet for consultation purposes, or by County Council or Chief Officers.</p> <p>Other possible items are identified from the Cabinet Work Programme and the Improvement Plan.</p>
1.03	<p>Members are encouraged to consider and propose items for inclusion on the FWP, noting the guidance at paragraph 1.06.</p> <p>The Committee's 'Terms of Reference' is included as Appendix 2 to help with this.</p>
1.04	<p>A number of 'themed' topics and reports will be placed before the committee during 2024, including:</p> <ul style="list-style-type: none">• Capital Programme and Assets 'themed' meeting.• Corporate Services 'themed' meeting.• Strategic and Partnership Working 'themed' meeting.• Community Safety Partnership Annual Report.• North Wales Economic Ambition Board.• Organisational Design & Change Programme.• Update on Corporate Joint Committees (CJCs).• Alternative Delivery Models.
1.05	<p>As well as the 'targeted' work items, there are standard, regular reports that follow a 'pattern'. These are included in Appendix 1 under 'Regular Items and will be scheduled on the FWP accordingly.</p>
1.06	<p>In identifying topics for future consideration, it is useful for a 'test of significance' to be applied. This can be achieved by asking a range of questions as follows:</p> <ol style="list-style-type: none">1. Will the review contribute to the Council's priorities and/or objectives?2. Is it an area of major change or risk?

	<p>3. Are there issues of concern in performance?</p> <p>4. Is there new Government guidance of legislation?</p> <p>5. Is it prompted by the work carried out by Regulators/Internal Audit?</p> <p>6. Is the issue of public or Member concern?</p>
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2.00	RESOURCE IMPLICATIONS
2.01	None as a result of this report.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	Not applicable.

4.00	CONSULTATIONS REQUIRED / CARRIED OUT
4.01	Publication of this report constitutes consultation.

5.00	APPENDICES
5.01	Appendix 1 – Draft Forward Work Programme Appendix 2 – CROSC ‘Terms of Reference’

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None.

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Steven Goodrum Democratic Services Manager</p> <p>Telephone: 01352 702320</p> <p>E-mail: steven.goodrum@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	Improvement Plan: the document which sets out the annual priorities of the Council. It is a requirement of the Local Government (Wales) Measure 2009 to set Improvement Objectives and publish an Improvement Plan.

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CORPORATE RESOURCES OVERVIEW & SCRUTINY FORWARD WORK PROGRAMME

Current FWP (January 2024)

Date of meeting	Subject	Purpose of Report / Presentation	Scrutiny Focus	Responsible / Contact Officer
10am – 8 th February 2024 Page 15	Joint Funded Care Packages – Update Report	To provide an update on the budget management of outstanding invoices raised by the Council for payment by BCUHB.	Performance monitoring	Chief Officer (Social Services) and Corporate Finance Manager
	MTFS & Budget Setting 24-25 (Stage 3)	To present to the Committee the final stage proposals for the 2024/25 Budget.	Consultation	Chief Executive / Corporate Finance Manager
	Revenue Budget Monitoring 2023/24 (Month 9) and Capital Programme Monitoring 2023/24 (Month 9)	To provide Members with the Revenue Budget Monitoring 2023/24 (Month 9) Report and the Capital Programme 2023/24 (Month 9) Report and Significant Variances.	Performance monitoring	Corporate Finance Manager
	Public Services Ombudsman for Wales (PSOW) Annual Letter 2021-22 and Complaints against Flintshire County Council during the first half of 2022-23.	To receive the Public Services Ombudsman for Wales Annual Letter 2022-23 and Complaints made against Flintshire County Council Services in the first half of 2023-24 (April-September 2023).	Assurance	Chief Officer (Governance)
10am – 7 th March 2024	Revenue budget monitoring 2023/24 (month 10)	To provide the latest revenue budget monitoring position for 2023/24 for the Council Fund and Housing Revenue Account.	Performance monitoring	Corporate Finance Manager

CORPORATE RESOURCES OVERVIEW & SCRUTINY FORWARD WORK PROGRAMME

Date of meeting	Subject	Purpose of Report / Presentation	Scrutiny Focus	Responsible / Contact Officer
	Social Value Update	To provide an update about the impact of 'social value.	Assurance	Chief Officer (Social Services) & Corporate Manager, Corporate Property and Assets.
	Rights Compliance Report	To provide information around monitoring performance against the requirements of the UK General Data Protection Regulation and Freedom of Information Act.	Performance monitoring	Chief Officer (Governance)
10am – 13th June 2024 Page 16	Revenue Budget Monitoring 2023/24 (Outturn) and Capital Programme Monitoring 2023/24 (Outturn)	To present the Revenue Budget Monitoring (Outturn) and Capital Programme Monitoring (Outturn) for 2023/24.	Performance monitoring	Corporate Finance Manager
	Employment and Workforce end-of-year Update	To provide strategic updates in addition to the six-monthly workforce statistics and their analysis.	Assurance	Corporate Manager, People and Organisational Development

CORPORATE RESOURCES OVERVIEW & SCRUTINY FORWARD WORK PROGRAMME

Items to be scheduled

- **Joint Procurement Service Annual Report 2022/23**
To receive a performance update report on the Joint Procurement Service with Denbighshire County Council.
- **Council Tax Collections, Discretionary (s13a) Discounts/Write Offs**
That a report is brought back to committee following a Cabinet review and the production of a comprehensive policy on s13a discretionary discounts, taking into account the comments raised and consultation with Overview & Scrutiny.
- **Delivering public services in the 21st century: Shared Services**
That officers liaise with the Chairman in order to schedule presentations on various themes at future meetings.
- **Community Asset Transfers**
To provide an update on the Community Asset Transfer (CAT) process.
- **Acquisition of land for Flintshire cemeteries**
To provide details of how Flintshire County Council provided value for money in its land acquisition for cemeteries.
- **Review of Industrial Estates**
To review the Council's business/commercial units, further to Paragraph 1.30 of agenda item 7 Capital Programme 2024/25 – 2026/27 from the County Council meeting of 6 December 2023.

CORPORATE RESOURCES OVERVIEW & SCRUTINY FORWARD WORK PROGRAMME

Regular Items

Month	Subject	Purpose of Report / Presentation	Responsible / Contact Officer
Quarterly / Annual	Performance Reporting	To consider performance outturns for improvement targets against directorate indicators.	Chief Executive
Monthly	Revenue Budget Monitoring	To provide the latest revenue budget monitoring position for 2021/22 for the Council Fund and Housing Revenue Account.	Corporate Finance Manager
Twice-Yearly	Employment and Workforce Update	This report covers strategic updates in addition to the quarterly workforce statistics and their analysis.	Corporate Manager, People and Organisational Development
Annually	Public Services Ombudsman for Wales (PSOW) Annual Letter and Complaints against Flintshire County Council	To share the Public Services Ombudsman for Wales Annual Letter and Complaints made against Flintshire County Council Services	Chief Officer (Governance)

Corporate Resources Overview & Scrutiny Committee Terms of Reference

Main Contributors

- Leader of the Council and Cabinet Member for Education, Welsh Language, Culture and Leisure
- Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement
- Cabinet Member for Governance and Corporate Services including Health and Safety and Human Resources
- Chief Executive
- Chief Officer (Governance)
- Corporate Finance Manager

Scope

To fulfil all the functions of an Overview & Scrutiny committee, including Performance, Improvement and Policy Development as they relate to the list below.

Corporate Management and Governance

- Council strategic and improvement planning (Council Plan)
- Council performance and performance systems
- Customer Services and contact
- Finance Strategy
- Revenue and capital strategic planning Revenue and capital budget monitoring

Clwyd Pension Fund

ICT and Digital Strategies

People Strategy

- Organisational Design & Change Programme

Corporate Services

- Corporate Communications
- Financial services
- ICT Services
- Information and Business Services Procurement
- HR Business Partnering
- Occupational Health and Wellbeing Employment Services
- Legal Services
- Democratic Services
- Revenues

Strategic and Partnership Working

- Partnership and collaborative working frameworks

- Public Service Board
- Civil Contingencies
- Emergency Planning

Crime and Disorder

- Community Safety Partnership
- North Wales Fire & Rescue Authority & Service
- North Wales Police & Crime Commissioner North
- Wales Police Service
- North Wales Probation Service

Capital Programme and Assets

- Corporate Property Maintenance Service
- Property and Design Consultancy
- Valuation and Estates Service
- Community Assets
- Community Asset Transfer Programme
- NEWydd

Note. Corporate Resources Overview & Scrutiny is also the designated 'crime & disorder scrutiny' committee.



Corporate Resources Overview and Scrutiny Committee

Date of Meeting	Thursday, 11 January 2024
Report Subject	Joint Funded Care Packages – Update Report
Cabinet Member	Deputy Leader of the Council and Cabinet Member for Social Services
Report Author	Chief Officer (Social Services)
Type of Report	Operational

EXECUTIVE SUMMARY

As discussed in previous Corporate Resources Overview and Scrutiny Committees, officers within the Social Services portfolio have been working closely with the Finance and Continuing Health Care (CHC) teams in Betsi Cadwaladr University Health Board (BCUHB) to put in place a number of processes and monitoring actions to address long standing CHC invoices. As part of this work officers have also put in place processes to ensure current invoices are raised and paid in a timely manner.

RECOMMENDATIONS

1	To update Members on the continued proactive budget management of outstanding Continuing Health Care invoices raised by the Council for payment by Betsi Cadwaladr University Health Board.
2	To provide an annual update report on the management of outstanding invoices relating to Continuing Health Care invoices raised by the Council for payment by Betsi Cadwaladr University Health Board.

REPORT DETAILS

1.00	PROGRESS UPDATE											
1.01	Regular meetings continue to take place between Council officers and health board staff, in these meetings officers concentrate on filling the information gaps that have previously prevented payment and as a result reduced the numbers of outstanding invoices.											
1.02	Processes are now in place to ensure current and future invoices are raised in a timely manner and supported by appropriate information to allow for payment within invoicing terms.											
1.03	Meetings continue to be held at operational, strategic and Leader/Chief Executive level and the management of outstanding invoices is a standing item on all meeting agendas.											
1.04	Meetings to support arbitration between Council officers and health board staff continue every 2 months – 5 individuals remain under discussion, with a high level of activity continuing to resolve to these outstanding invoices.											
1.05	Debt Levels											
1.06	<table border="1"> <thead> <tr> <th>Outstanding CHC Invoices 12/10/2022</th> <th>Outstanding CHC Invoices 31/01/2023</th> <th>Outstanding CHC Invoices 27/09/2023</th> <th>Outstanding CHC Invoices 20/12/23</th> </tr> </thead> <tbody> <tr> <td>£ 1,285,005.01</td> <td>£666,102.57</td> <td>£455,850.09</td> <td>£470,206.79</td> </tr> </tbody> </table>				Outstanding CHC Invoices 12/10/2022	Outstanding CHC Invoices 31/01/2023	Outstanding CHC Invoices 27/09/2023	Outstanding CHC Invoices 20/12/23	£ 1,285,005.01	£666,102.57	£455,850.09	£470,206.79
Outstanding CHC Invoices 12/10/2022	Outstanding CHC Invoices 31/01/2023	Outstanding CHC Invoices 27/09/2023	Outstanding CHC Invoices 20/12/23									
£ 1,285,005.01	£666,102.57	£455,850.09	£470,206.79									
	<p>Of the £0.470m outstanding CHC Invoices as of 20 December £0.047m relates to unpaid short-term debt from invoices overdue between 2 and 11 days which will be paid shortly.</p> <p>Of the remaining debt, £0.163m are invoices 1 year and over, a reduction in this debt of £0.020m since the previous report.</p> <p>The remaining £0.261m relates to four individuals who continue to be discussed at arbitration. This is an improved position since the last report (October 2023) of £0.012m. Arbitration will continue until all cases are resolved.</p>											
1.07	Monthly operational meetings continue and the outcome from this work is reported to the Director of Social Services and the Senior Management Team monthly.											

2.00	RESOURCE IMPLICATIONS
2.01	As this report is the provision of financial information only.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	Debt levels are monitored monthly, and an escalation route has been established.

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	None required at this stage.

5.00	APPENDICES
5.01	None

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Jane Davies – Senior Manager Safeguarding and Commissioning Telephone: 01352 702503 E-mail: jane.m.davies@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	None

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CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Thursday 11 th January 2024
Report Subject	Medium Term Financial Strategy and Budget 2024/25
Cabinet Member	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement
Report Author	Corporate Finance Manager and Chief Executive
Type of Report	Strategic

EXECUTIVE SUMMARY

In December, Cabinet and Corporate Resources Overview and Scrutiny Committee received an update to the additional budget requirement for the 2024/25 financial year, which at that stage stood at £33.187m. The report identified potential funding solutions leaving an amount remaining at that time of £11.090m.

The purpose of this report is to provide Members with the key headlines and financial impacts of the Welsh Local Government Provisional Settlement and to update on the range of budget solutions available to the Council to set a legal and balanced budget in February.

The Cabinet Report is attached as Appendix A.

RECOMMENDATIONS

1	That the committee considers and comments on the Medium Term Financial Strategy and Budget 2024/25 report. Any specific matters will be noted and reported back to the Cabinet on 16 January.
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REPORT DETAILS

1.00	EXPLAINING THE MEDIUM TERM FINANCIAL STRATEGY AND BUDGET POSITION 2024/25
1.01	The Medium Term Financial Strategy and Budget 2024/25 report will be presented to Cabinet on Tuesday 16 th January 2024. A copy of the report is attached as Appendix A to this report.
2.00	RESOURCE IMPLICATIONS
2.01	As set out in Appendix A; Medium Term Financial Strategy and Budget 2024/25 report.
3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	As set out in Appendix A; Medium Term Financial Strategy and Budget 2024/25 report.
4.00	CONSULTATIONS REQUIRED / CARRIED OUT
4.01	As set out in Appendix A; Medium Term Financial Strategy and Budget 2024/25 report.
5.00	APPENDICES
5.01	Appendix A; Medium Term Financial Strategy and Budget 2024/25.
6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Cabinet report 18 th July 2023. Cabinet report 19 th September 2023. Scrutiny reports October 2023. Cabinet report 19 th December 2023.
7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Gary Ferguson Corporate Finance Manager Telephone: 01352 702271 E-mail: gary.ferguson@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	As set out in Appendix A.

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CABINET

Date of Meeting	Tuesday 16 th January 2024
Report Subject	Medium Term Financial Strategy and Budget 2024/25 – Welsh Local Government Provisional Settlement
Cabinet Member	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement for Finance, Inclusion, Resilient Communities including Social Value & Procurement
Report Author	Corporate Finance Manager and Chief Executive
Type of Report	Strategic

EXECUTIVE SUMMARY

In December, Cabinet and Corporate Resources Overview and Scrutiny Committee received an update to the additional budget requirement for the 2024/25 financial year, which at that stage stood at £33.187m. The report identified potential funding solutions of £22.097m leaving an amount remaining at that time of £11.090m.

The purpose of this report is to provide an update on the key headlines and financial impacts of the Welsh Local Government Provisional settlement and to update on the work being undertaken on the range of budget solutions available to the Council to set a legal and balanced budget in February.

The Welsh Local Government Provisional Settlement was announced on 20 December 2023 as planned with responses to the consultation on the settlement invited by the deadline of 2 February 2024. A summary of the key headlines are set out in the report and have the effect of increasing the 'budget gap' to £12.946m.

The Provisional Welsh Local Government Settlement for Flintshire is extremely disappointing and presents an increased challenge to an already very difficult financial position.

Detailed final budget proposals now need to be prepared for member consideration and scrutiny and specific proposals will be considered by relevant Overview and Scrutiny Committees from February.

Arrangements are also being made to provide an opportunity for members to consider the overall budget proposals in advance of the Overview and Scrutiny meetings.

RECOMMENDATIONS

1	That Cabinet notes the financial implications of the Welsh Provisional Local Government Settlement and the remaining work which needs to be completed prior to agreeing a set of recommendations for Council to set a legal and balanced budget on 20 February (which will be subject to prior consideration and comment by Overview and Scrutiny Committees).
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REPORT DETAILS

1.00	EXPLAINING THE COUNCIL FUND REVENUE BUDGET 2024/25
1.01	In July, Cabinet and Corporate Resources Overview and Scrutiny Committee were advised of an additional budget requirement for the 2024/25 financial year of £32.222m. This was revised upwards to £32.386m in September and the cost pressures and cost reductions options to date were referred to relevant Overview and Scrutiny Committees in October. Feedback from all sessions was reported back to Corporate Resources Overview and Scrutiny Committee on 16 November.
1.02	In December, Cabinet and Corporate Resources Overview and Scrutiny Committee received a further update to the additional budget requirement for the 2024/25 financial year, which at that stage stood at £33.187m. The report identified potential funding solutions of £22.097m leaving an amount remaining at that time of £11.090m.
1.03	The purpose of this report is to provide an update on the key headlines and financial impacts of the Welsh Local Government Provisional Settlement and to update on the work being undertaken on the range of budget solutions available to the Council to set a legal and balanced budget in February.

2.00	THE WELSH LOCAL GOVERNMENT PROVISIONAL SETTLEMENT
2.01	The Welsh Local Government Provisional Settlement was announced on 20 December as planned with responses to the consultation on the settlement invited by the deadline of 2 February. A summary of the key headlines is set out below.
2.02	Standard Spending Assessment (SSA) The provisional Standard Spending Assessment (SSA) for 2024/25 is £361.297m which is an increase of 3.6% (£12.497m) on the SSA for 2023/24 of £348.800m.

2.03	<p>Aggregate External Finance (AEF)</p> <p>The provisional Aggregate External Finance (AEF) for 2024/25 is £257.555m which, when compared to the adjusted 2023/24 AEF figure of £251.959m represents an <i>increase</i> of 2.2% (£5.596m) (All Wales average is an <i>increase</i> of 3.1 % with Local Authority increases ranging from 2% to 4.7%).</p> <p>The percentage increase for the Council is the third lowest in Wales.</p> <p>The provisional AEF represents a cash uplift of £5.560m (2.2%) over the 2023/24 AEF of £251.995m.</p>
2.04	<p>Transfers In/Out of the Settlement</p> <p>There are no transfers into or out of the settlement for the Council.</p>
2.05	<p>Funding Per Capita</p> <p>The Aggregate External Finance allocation provides an amount of £1,658 per capita compared to the Welsh average of £1,817 which places Flintshire 20th out of the 22 Welsh Councils (also 20th in 2023/2024)</p>
2.06	<p>Additional Funding (Floor)</p> <p>Additional funding of £1.3m is included in the settlement to ensure that no authority will receive less than a 2% increase. Two authorities have benefitted from this.</p>
2.07	<p>Specific Grants</p> <p>Some details have been included for specific grants on an all-Wales basis which are being worked through in detail.</p> <p>However, an initial review of grants at an all-Wales level indicates that there will be a reduction in the Social Care Workforce Grant of around 22% (£45m to £35m) and a reduction in the Homelessness No One Left Out Approach Grant of 33% (£15m to £10m).</p> <p>The Sustainable Waste Management Grant is still to be confirmed.</p>
2.08	<p>Non-Domestic Rates (NDR) multiplier</p> <p>The provisional settlement refers to an increase in the Non-Domestic Rates (NDR) multiplier for 2024/25.</p> <p>The NDR multiplier has remained unchanged at the same level since 2020/21, but the provisional settlement signals that it will increase in 2024/25 by 5%.</p>

	<p>It had been anticipated that the multiplier would remain frozen at the current rate as it has been in England. This change will result in an increased cost of around £0.131m for Council Buildings.</p> <p>This is in addition to the additional cost of £0.131m arising from a reduction of transitional relief for ratepayers following the UK-wide revaluation exercise, which took effect on 1 April 2023.</p> <p>A second unexpected announcement was the reduction in Retail Rate Relief from 75% to 40%. This once again is a diversion from the scheme in England where the rate is to be maintained as a 75% discount.</p>
2.09	<p>Pay Awards</p> <p>The Ministers Statement makes it clear that Local Authority budget planning must accommodate the impact of all pay settlements for Teacher and Non-Teacher pay awards. There is no additionality for the recurring impact of the increased Teacher Pay Award (Sep 2022) which had previously been stated by Welsh Government (£1.152m).</p>
2.10	<p>Teacher Pensions</p> <p>Reference is made to the increase in employer teacher pension costs from April 2024. It is confirmed that the additional cost is expected to be funded by UK Government and that assurances are being sought by Welsh Government. This is in line with our current assumptions as the additional cost is not included within the additional budget requirement calculation (refer also to para 2.19).</p>
2.11	<p>Indicative Allocations for future years</p> <p>The Settlement does not refer to any indicative allocations for future years, unlike previously, where Welsh Government set out an indicative three-year settlement which assisted local authorities in their future budget planning.</p>
	<p>IMPACT OF THE SETTLEMENT ON THE BUDGET 2024/25</p>
2.12	<p>As set out earlier in the report an additional budget requirement of £33.187m was reported in December together with potential funding solutions of £22.097m – leaving an amount remaining at that stage of £11.090m</p> <p>However, the funding solutions assumed an uplift of £7.285m from Welsh Government AEF (based on an Indicative 3.1% adjusted for known data changes at the time).</p> <p>The AEF uplift confirmed in the settlement of £5.560m is £1.725m lower which has the effect of increasing the amount remaining to £12.815m (from £11.090m) – this further increases to £12.946m when taking into account the increase in NDR multiplier (estimated at £0.131m).</p> <p>Changes to specific funding streams such as Social Care Workforce Grant and Homelessness Grants may also negatively impact on the overall position and the details of these are being worked through.</p>
	<p>ONGOING RISKS TO THE ADDITIONAL BUDGET REQUIREMENT</p>

2.13	A number of ongoing risks have been reported previously which will potentially impact on the additional budget requirement and further detail is set out below:
2.14	<p>Funding for Pay Awards</p> <p>It is now clear that the allocation provided for 2024/25 will need to cover in full the impacts of all pay awards (Teacher and Non-Teacher).</p> <p>Predicting pay awards that are nationally agreed in the current economic climate is particularly challenging. However, as was the case this year any agreed pay award in excess of the Council's budgeted provision will result in a reduction of our limited reserves in-year and also impact on the following year with the requirement to include such increases in our budget on a recurring basis.</p> <p>The current assumed increase, for planning purposes, of 5% will be kept under review prior to final budget setting in February.</p>
2.15	<p>Homelessness</p> <p>The Council is continuing to experience high and increasing demand for temporary accommodation in order to meet its statutory obligations to accommodate families and persons that present themselves as homeless which is expected to continue.</p> <p>The latest budget monitoring position is forecasting a net overspend of £2.7m and the indication of the reduction in the Homelessness No One Left Out Approach Grant of 33% (£15m to £10m), will further impact on the pressure the Council is likely to face in 2024/25.</p> <p>The impact of this together with the increasing demand for this service are currently being assessed and this remains a significant risk which will need to be considered as part of final budget setting.</p>
2.16	<p>Out of County Placements</p> <p>The position on Out of County placements remains an ongoing risk and the projected overspend in the current financial year is now £1.526m. An amount of £0.500m is included in the current forecast which will need to continue to be kept under close review and risk assessed as part of final budget setting.</p>
2.17	<p>Social Care</p> <p>Risks remain within the service such as on-going recruitment and retention challenges, new statutory responsibilities, the impact of inflationary increases as well as match funding for projects such as the Regional Integration Fund (RIF).</p> <p>The reduction in the Social Care Workforce Grant is very concerning as it supports the delivery of front-line services and the risk remains around other grants, the detail of which is being worked through.</p>

2.18	<p>Streetscene and Transportation</p> <p>The review of the Waste Strategy remains a risk due to the potential impact on future costs of the service in relation to the ongoing risk of potential infraction fines for failing to achieve Welsh Government's statutory recycling targets in 2022-2023 (estimated to be in the region of £470k).</p> <p>The risk that the Sustainable Waste Management Grant (SWMG) may cease or reduce is still a concern. The SWMG is a revenue grant of £0.742m provided by Welsh Government to support the provision of re-use and recycling services, as well as preventing waste. The Provisional Settlement gives no indication of the level of this grant for 2024/25 with it to be confirmed at a later date by Welsh Government.</p> <p>The funding arrangements for the Bus Emergency Scheme (BES) and the Bus Transition Fund (BTF) is also still unknown beyond March 2024 so will need to be kept under close review. These have previously been funded by Welsh Government.</p>
2.19	<p>Education and Youth</p> <p>Confirmation has been received that employer teacher pension contributions will increase by 5% from April 2024. A high-level estimate is that this will lead to a pressure of £3m for schools. The provisional settlement states that this is expected to be met by UK Government and that assurances are being sought by Welsh Government</p> <p>Increases in demand and complexity for Additional Learning Needs, Specialist Provision and Education Other Than at School (EOTAS) is currently being funded by additional Welsh Government grant. There are a number of risks relating to the continuation of grant funding into 2024/25 which will need to be kept under review and this will be considered as we work through the detail of the provisional settlement.</p> <p>Further work is being undertaken on demography and the impact of any changes on revenue costs due to the school modernisation programme.</p>
	BUDGET SOLUTIONS
2.20	The options available to the Council to meet its significant additional budget requirement is summarised in the following paragraphs.
2.21	<p>Government Funding - Aggregate External Finance (AEF)</p> <p>The Provisional Settlement has advised of an additional £5.560m and this is not expected to change significantly at the Final Settlement stage.</p>
2.22	Efficiencies / Cost Reductions – Portfolios

	<p>As reported in the December report all portfolios have been revisiting their cost base with a view to achieving further budget reductions and the outcome of this work is currently being finalised and risk assessed in detail.</p> <p>Details of the potential cost reductions will be shared as soon as this work is completed and will need to be considered by the relevant scrutiny committees in early February in advance of the Cabinet and Council meetings on 20 February.</p>
2.23	<p>Council Tax</p> <p>The scale of the additional budget requirement due to increases in service demand and persistent higher inflation means that it is inevitable that a further increase will need to be considered as part of final budget setting. This is in line with the position in many councils across Wales and is reflective of fiscal analysis presented at a recent presentation to the Council by the Welsh Local Government Association.</p> <p>Each further increase of 1% in Council Tax (net of the impact on the Council Tax Reduction Scheme) would provide an additional £0.882m towards the gap.</p>
2.24	<p>Schools Budget</p> <p>The delegated schools budget has been protected in recent years.</p> <p>However, as the Council's largest budget it is inevitable that consideration will need to be given to a reduction in the 2024/25 financial year.</p> <p>School budgets benefitted from a net uplift of £5.761m in 2023/24 after taking into account increases for pay, energy, free school meals, demography, offset by a 3% reduction and agreed savings on National Insurance and Pension Contributions.</p> <p>The current additional budget requirement for 2024/25 includes total cost pressures of £9.049m for school budgets for pay awards and other identified pressures.</p> <p>Each further 1% reduction on the school's budget would equate to £1.091m off the cumulative cost pressures currently included.</p>
2.25	<p>Social Care – Commissioning Costs</p> <p>Social Care budgets have also been protected in recent years and commissioning costs increased above average across North Wales for the current financial year.</p> <p>An increase at similar levels is not sustainable due to the Council only receiving an increase of 2.2% in its annual Welsh Government settlement.</p> <p>Therefore, the Council will need to provide a much more prudent uplift in 2024/25 which will be subject to negotiation with care providers over the coming weeks.</p>

2.26	<p>Strategic Programme of Transformation</p> <p>Work has commenced on planning and delivering a strategic programme of service transformation to ensure that the Council is developing cost reductions over the next five years to protect its ongoing future financial position and ensure it is further prepared for inevitable and potentially more significant budget reductions from 2025/26 onwards.</p> <p>Due to the scale and complexity of this work, the intention is for these workstreams to provide financial support and a degree of stability from 2025/26 onwards so will not assist with the immediate budget challenge for 2024/25.</p> <p>As noted earlier the provisional settlement does not give an indicative settlement figure for 2025/26 onwards but indications from the Wales Institute of FISCAL studies are that future settlement will be less than 1% or even potentially cash flat - therefore it is important that work on this programme is identified as a high priority for the Council in 2024/25.</p>								
2.27	<p>Summary and Conclusions</p> <p>The provisional local government settlement for Flintshire is extremely disappointing and presents an increased challenge to an already very difficult financial position.</p> <p>Representations will continue to be made for a better settlement alongside all Welsh Councils through the Welsh Local Government Association (WLGA), and a formal response to the provisional settlement will be submitted in advance of the deadline by the Council.</p> <p>At this stage the amount remaining to be found to reach a legal and balanced budget has increased to around £13m with a number of risks and impacts of specific grant reductions remaining which could increase this figure still further.</p> <p>Detailed final budget proposals now need to be prepared for member consideration and scrutiny, and specific proposals will be considered by relevant Overview and Scrutiny Committees from February.</p> <p>Arrangements are also being made to provide an opportunity for members to consider the overall budget proposals in advance of the Overview and Scrutiny meetings.</p>								
2.28	<p>Budget Timeline</p> <table border="1" data-bbox="320 1776 1385 1928"> <thead> <tr> <th data-bbox="320 1776 703 1812">Date</th> <th data-bbox="710 1776 1385 1812">Event</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 1821 703 1856">1 – 9 February</td> <td data-bbox="710 1821 1385 1856">Specific Overview and Scrutiny Meetings</td> </tr> <tr> <td data-bbox="320 1865 703 1901">20 February 2024</td> <td data-bbox="710 1865 1385 1901">Cabinet and Council – Budget Setting</td> </tr> <tr> <td data-bbox="320 1910 703 1946">March 2024</td> <td data-bbox="710 1910 1385 1946">Welsh Government Final Budget/Settlement</td> </tr> </tbody> </table>	Date	Event	1 – 9 February	Specific Overview and Scrutiny Meetings	20 February 2024	Cabinet and Council – Budget Setting	March 2024	Welsh Government Final Budget/Settlement
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3.01	
3.01	<p>Revenue: the revenue implications for the 2024/25 budget are set out in the report.</p> <p>Capital: the borrowing needs for the capital programme are built into the revenue estimates for 2024/25.</p>

4.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
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4.01	Ways of Working (Sustainable Development) Principles Impact	
	Long-term	Negative – the absence of longer-term funding settlements from Welsh Government means that sustainable support for service delivery is challenging for the longer term. Sustainable funding from Welsh Government that provides additional funding for Indexation, Service demands and new legislation will provide a positive and sustainable position for the Council in the longer term.
	Prevention	As above
	Integration	Neutral Impact
	Collaboration	Services continue to explore opportunities for collaboration with other services and external partners to support positive impacts.
	Involvement	Communication with Members, residents and other stakeholders throughout the budget process.
	Well-Being Goals Impact	
	Prosperous Wales	Longer term funding settlements from Welsh Government that provide additional funding for indexation, service demands and new legislation will aid sustainability and support a strong economy that encourages business investment in the region. The opposite will be true if settlements are inadequate.
	Resilient Wales	Continuation of services to support communities and social cohesion will have a positive impact. The opposite will be true if settlements are inadequate.
	Healthier Wales	An appropriate level of funding will ensure that communities are supported and will have a positive impact. The opposite will be true if settlements are inadequate.

	More equal Wales	A positive impact with greater parity of funding from Welsh Government for all Welsh Local Authorities. The opposite will be true if settlements are inadequate.
	Cohesive Wales	Appropriate level of funding will support services working alongside partners. The opposite will be true if settlements are inadequate.
	Vibrant Wales	As Healthier and Cohesive Wales above
	Globally responsible Wales	Neutral impact.

5.00	CONSULTATIONS REQUIRED/CARRIED OUT
5.01	Chief Officer Team, the Finance Team, Cabinet Members, Group Leaders and Scrutiny Committees. Workforce conferences have been held for employees.

6.00	APPENDICES
6.01	None

7.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
7.01	Cabinet Report 18 July 2023 Cabinet Report 19 September 2023 Scrutiny Reports and Presentations October 2023 Cabinet Report 19 December 2023

8.00	CONTACT OFFICER DETAILS
8.01	Contact Officer: Gary Ferguson, Corporate Finance Manager Telephone: 01352 702271 E-mail: gary.ferguson@flintshire.gov.uk

9.00	GLOSSARY OF TERMS
9.01	Medium Term Financial Strategy (MTFS): a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period, and sets out plans for how best to deploy those resources to meet its priorities, duties and obligations.

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.

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.

Revenue Support Grant: the annual amount of money the Council receives from Welsh Government to fund what it does alongside the Council Tax and other income the Council raises locally. Councils can decide how to use this grant across services although their freedom to allocate according to local choice can be limited by guidelines set by Government.

Specific Grants: An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.

Welsh Local Government Association: the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.

Financial Year: the period of 12 months commencing on 1 April.

Local Government Funding Formula: The system through which the annual funding needs of each council is assessed at a national level and under which each council's Aggregate External Finance (AEF) is set. The revenue support grant is distributed according to that formula.

Standard Spending Assessment (SSA) - The SSA is the amount of revenue expenditure Welsh Government considers appropriate to ensure that each local authority can provide a standard level of service. The SSA takes account of factors such as population, sparsity and deprivation.

Aggregate External Finance (AEF): The support for local revenue spending from the Welsh Government and is made up of formula grant including the revenue support grant and the distributable part of non-domestic rates.

Provisional Local Government Settlement: The Provisional Settlement is the draft budget for local government published by the Welsh Government for consultation. The Final Local Government Settlement is set following the consultation.

Funding Floor: a guaranteed level of funding for councils who come under the all-Wales average change in the annual Settlement. A floor has been a feature of the Settlement for many years.

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CORPORATE RESOURCES OVERVIEW AND SCRUTINY

Date of Meeting	Thursday 11th January, 2024
Report Subject	Revenue Budget Monitoring 2023/24 Month 8
Cabinet Member	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement
Report Author	Corporate Finance Manager
Type of Report	Operational

EXECUTIVE SUMMARY

The purpose of this report is to provide Members with the Revenue Budget Monitoring 2023/24 (Month 8) Report.

RECOMMENDATIONS

1	That the committee considers and comments on the Revenue Budget Monitoring 2023/24 (Month 8) report. Any specific matters for attention will be noted and reported back to the Cabinet when it considers the report.
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REPORT DETAILS

1.00	EXPLAINING THE REVENUE BUDGET MONITORING POSITION 2023/24 (MONTH 8)
1.01	The Revenue Budget Monitoring 2023/24 (Month 8) report will be presented to Cabinet on Tuesday 16th January, 2024. A copy of the report is attached as Appendix A to this report.

2.00	RESOURCE IMPLICATIONS
2.01	As set out in Appendix A; Revenue Budget Monitoring 2023/24 (Month 8).
3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	As set out in Appendix A; Revenue Budget Monitoring 2023/24 (Month 8)
4.00	CONSULTATIONS REQUIRED / CARRIED OUT
4.01	None required.
5.00	APPENDICES
5.01	Appendix A; Revenue Budget Monitoring 2023/24 (Month 8)
6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None required.
7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Dave Ledsham, Finance Manager Telephone: 01352 704503 E-mail: dave.ledsham@flintshire.gov.uk</p>
8.00	GLOSSARY OF TERMS
8.01	<p>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.</p> <p>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.</p> <p>Capital Programme: The Council’s financial plan covering capital schemes and expenditure proposals for the current year and a number of future years. It also includes estimates of the capital resources available to finance the programme.</p>

CABINET

Date of Meeting	Tuesday 16th January, 2024
Report Subject	Revenue Budget Monitoring Report 2023/24 (Month 8)
Cabinet Member	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement
Report Author	Corporate Finance Manager
Type of Report	Operational

EXECUTIVE SUMMARY

This monthly report provides the latest detailed overview of the budget monitoring position for the 2023/24 financial year for the Council Fund and Housing Revenue Account and presents the position, based on actual income and expenditure as at Month 8.

The projected year end position is as follows:

Council Fund

- An operating deficit of £2.942m which is a favourable movement of £0.728m from the deficit figure reported at Month 7.
- A projected contingency reserve available balance as at 31 March 2024 of £4.918m. (after the actual impact of pay awards and taking account of previously approved allocations).

Housing Revenue Account

- Net in-year revenue expenditure is forecast to be £0.018m higher than budget which is an adverse movement of £0.118m from the figure reported at Month 7.
- A projected closing balance as at 31 March, 2024 of £3.297m

The economic outlook remains challenging due to inflation levels remaining high.

The impacts of this, together with continued increases in service demand is becoming increasingly hard to deal with as our funding fails to keep up with the scale of these pressures.

To assist with managing these risks and mitigating the overall projected overspend, a moratorium on non-contractually committed spend has been put in place alongside a vacancy management process which continues.

At Month 8, £1.293m of deferred and/or delayed expenditure has been identified and is analysed by service within Appendix 2. The robust challenge of budget lines and commitments will continue, and further updates provided in future reports.

RECOMMENDATIONS

1	To note the report and the estimated financial impact on the 2023/24 budget.
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REPORT DETAILS

1.00	EXPLAINING THE REVENUE BUDGET MONITORING 2023/24
1.01	<p>The projected year end position is as follows:</p> <p>Council Fund</p> <ul style="list-style-type: none"> • An operating deficit of £2.942m which is a favourable movement of £0.728m from the deficit figure reported at Month 7. • A projected contingency reserve available balance as at 31 March 2024 of £4.918m (after the actual impact of pay awards and taking account of previously approved allocations). <p>Housing Revenue Account</p> <ul style="list-style-type: none"> • Net in-year revenue expenditure forecast to be £0.018m higher than budget which is an adverse movement of £0.118m from the figure reported at Month 7. • A projected closing balance as at 31 March, 2024 of £3.297m <p>To assist with managing these risks and mitigating the overall projected overspend, a moratorium on non-contractually committed spend has been put in place alongside a vacancy management process which continues.</p> <p>At Month 8, £1.293m of deferred and/or delayed expenditure have been identified and is analysed by service within Appendix 2. The robust challenge of budget lines and commitments will continue, and further updates provided in future reports.</p>
1.02	<p>Hardship Funding from Welsh Government helped secure £16m of direct financial help in 2022/23 for areas such as self-isolation payments, statutory sick pay enhancement, free school meals direct payments and winter fuel payments. However, this funding ceased on 31 March 2023.</p>

1.03 **Table 1. Projected Position by Portfolio**

The table below shows the projected position by portfolio:

Portfolio/Service Area	Approved Budget	Projected Outturn	In-Year Over / (Under) spend
	£m	£m	£m
Social Services	89.235	89.905	0.670
Out of County Placements	17.285	18.812	1.526
Education & Youth (Non-Schools)	10.289	9.923	(0.367)
Schools	114.081	114.313	0.232
Streetscene & Transportation	42.227	43.694	1.467
Planning Env & Economy	7.557	6.880	(0.678)
People & Resources	4.697	4.501	(0.195)
Governance	11.943	11.718	(0.225)
Assets	11.141	10.817	(0.324)
Housing & Communities	15.990	18.714	2.724
Chief Executive	1.672	1.667	(0.005)
Central & Corporate Finance	26.003	24.120	(1.882)
Total	352.121	355.064	2.942

The changes made to the approved budget since Month 7 relate to the disaggregation of the Pay Award budget (Non Schools) previously held Corporately now allocated proportionately to Portfolios.

1.04 The reasons for the monthly movements over £0.025m are shown in Appendix 1 and overall projected variances over £0.050m are summarised within Appendix 2 together with a summary of minor variances for each portfolio.

Significant Movements from Month 7

1.05 **Out of County £0.190m**

The adverse movement relates to:

- Children's Services £0.231m - Net impacts of new placements, changes of placements, ended placements and reduction of contingency provision.
- Education & Youth (£0.041m) - Net impacts of new placements, changes of placements and reduction of contingency provision.

1.06	<p>Education & Youth (£0.181m)</p> <p>The favourable movement relates in part to the Inclusion and Progression Service identifying further savings of (£0.110m).</p> <ul style="list-style-type: none"> • Within the Additional Learning Needs (ALN) service previously committed spend to cover the ALN Band C overspend within Primary Schools from the Local Authority Education Grant for ALN has now become available, therefore maximisation of the grant has allowed the Council to fund the Band C pressure within schools, releasing base budget as a saving (£0.055m). • Within the EAL/Traveller Service a £0.095m budget from 2022-23 was agreed to be carry forward to be used for Trauma Training. One course has been run at a reduced cost of £0.035m. The service has decided not to run any future courses, therefore leaving an underspend of the carry forward balance of (£0.060m). <p>There is a further movement is within Schools Improvement Service where further savings of (£0.034m) have been identified.</p> <p>Minor variances across the Portfolio account for the remainder (£0.037m).</p>
1.07	<p>Streetscene & Transportation (£0.130m)</p> <p>The favourable movement relates to:</p> <p>Transportation</p> <ul style="list-style-type: none"> • Vacancies and impact of moratorium on spend (£0.089m). <p>Regulatory Services</p> <ul style="list-style-type: none"> • Vacancies and impact of moratorium on spend (£0.072m). <p>Minor variances across the Portfolio account for the remainder £0.031m</p>
1.08	<p>Planning Environment & Economy (£0.154m)</p> <p>The reasons for the favourable movement are as follows:</p> <p>Staff savings from vacant posts across the Portfolio together with the maximisation of Grant Income for Countryside Projects (£0.136m).</p> <p>Minor variances across the Portfolio account for the remainder (£0.018m).</p>
1.09	<p>Governance (£0.086m)</p> <p>The favourable movement relates to the delayed / deferred expenditure across the Portfolio, savings from vacant posts, reduction in the employer contribution percentage for Superannuation pension costs within Member Services and a slight increase in projected fee income (£0.117m). This is mitigated by an adverse movement in the projected Surplus on the Council Tax Fund resulting from potential exemptions following the impact of the recent Storms £0.031m.</p>

1.10	<p>Assets (£0.115m)</p> <ul style="list-style-type: none"> Corporate Property Maintenance & Design Services (£0.098m) due to increased fee income. <p>Minor variances across the Portfolio account for the remainder (£0.017m).</p>
1.11	<p>Central & Corporate (0.239m)</p> <p>Following an update on the Central Loans & Investment Account (CLIA), with continuing increased income from investments and reduced borrowing, a further favourable movement of £0.250m is reported at Month 8.</p> <p>Minor variances account for the remainder £0.011m.</p>
1.12	<p>Cumulative minor variances across the Council of (£0.028m) account for the remainder of the total monthly movement.</p>
1.13	<p>Tracking of In-Year Risks and Emerging Issues</p> <p>Members were made aware when setting the budget that there were a number of open risks that would need to be kept under close review. An update on these is provided below.</p>
1.14	<p>Council Tax Income</p> <p>The 'in-year' collection level is 75.2% compared to 75.3% the previous year. The reduction in collections of 0.1% is mainly because the rising costs-of-living are impacting on the ability of some households to make payment of council tax on time. Other local authorities in Wales are also seeing similar, if not greater, reductions in collections.</p>
1.15	<p>Pay Award (Teacher and Non-Teacher)</p> <p><u>NJC (Green Book)</u></p> <p>The actual impact of the pay offer for 2023/24 was an additional £2.702m compared to the estimated £2.727m that was referred to previously.</p> <p><u>Teachers Pay</u></p> <p>Increases as previously outlined have been accepted by all teaching unions.</p>
1.16	<p>Pay Modelling</p> <p>No figures are currently included for any impact of the pay modelling review which is needed to try and address the difficulties currently being experienced in recruitment and retention. It is due to be completed later this year.</p>
1.17	<p>Waste Recycling Infraction Charge</p>

	<p>The Council did not meet the statutory minimum target, (64%) in 2021/22, for the percentage of municipal waste which must be recycled, prepared for re-use and composted, as specified in Section 3 of the Waste (Wales) Measure 2010. Welsh Government can therefore take steps to impose a penalty on the Council by way of an infraction fine. A potential penalty of up to £0.663m has been confirmed so presents a significant financial risk to the Council.</p> <p>Discussions took place in March,2023 between Welsh Government (WG) and the Council as to the reasons for not achieving the target. The Council has subsequently been instructed by WG to engage with the Waste and Resources Action Programme (WRAP) and Local Partnerships to review our waste strategy and develop a new action plan. Depending on the outcome of the review, the Minister will take a decision at that point whether to levy the fine.</p> <p>Unfortunately, the statutory recycling targets have not been achieved in 2022/23 too (non-verified), which means that a further infraction fine could be levied of around £0.470m should WG choose to do so, and monitoring of the authority's recycling performance for 2023/24 to date shows that the rates of recycling and residual waste tonnages are not improving, which could lead to not achieving the targets in 2023/24 also.</p>
1.18	<p>Homelessness</p> <p>There is a significant and growing demand within the Homelessness service. The Council has a statutory duty to provide suitable temporary accommodation for Homeless persons and families who meet the Welsh Government eligibility criteria which are less stringent than in England. The growth in demand commenced in the second half of 2022/23 and has accelerated markedly since the start of 2023.</p> <p>One of the more significant influences of many is the sparsity of affordable accommodation in the private rented sector which is being influenced by the cost-of-living crisis and an increase in the numbers of no-fault evictions as many private rented sector landlords are leaving the sector and seeking to sell their properties. There is also an acute shortage of suitable available accommodation within the Council's own HRA housing stock and with other Registered Social Landlords (RSL's) within the area. This is particularly the case for single persons below age 55 which make up the highest proportion of those who are currently homeless in Flintshire. The Flintshire position in terms of both demand and supply pressures is known to be consistent on both a regional and national basis within Wales.</p> <p>The Council will continue to lobby Welsh Government via the WLGA in conjunction with other Welsh LA's who are experiencing these pressures to seek additional financial support.</p> <p>WG are currently providing support via the No One Left Out grant for which the 2023/24 allocation is currently £0.382m. One favourable impact of the increase in costs and demand is the ability to recover additional Housing</p>

Benefit income over and above the amount budgeted which is currently helping to offset the projected overspend by £0.447m.

A separate report on the issues and potential mitigations around homelessness was considered by Community and Housing Overview and Scrutiny Committee in November.

1.19 Storm Babet

Storm Babet was an intense extratropical cyclone which affected many parts of the County from 19 October through to the end of 21 October 2023. This was followed rapidly by Storm Ciaran, which although saw less impact, still necessitated significant resources in response.

The storm caused severe disruption to travel with many roads closed, railways flooded, schools closed, and properties being affected by flood water. Storm Ciaran also required a priority response and caused some additional costs.

The Council has been incurring the financial impact of the emergency response, assessing damage to infrastructure and arranging the necessary remedial works to be carried out in the aftermath. This is currently estimated at £1m.

There is an Emergency Financial Assistance Fund (EFAS) that Welsh Government have in place. However, Authorities are expected to make reasonable provision in their budgets to deal with contingencies. Therefore, if an Emergency Financial Assistance Scheme is activated, the authority affected will be expected to meet all eligible expenditure up to the level of its threshold.

Thresholds are calculated at 0.2% of authority's annual budget requirement and apply to the whole financial year, not to each incident within the financial year and for Flintshire, this amounts to emergency funding being provided at 85% for costs over and above the threshold of £0.711m. WG have been notified of our intention to allocate the costs against the EFAS scheme, which will require Minister approval.

There is a Severe Weather Earmarked Reserve totalling £0.250m which can assist in funding some of these costs.

The financial impact of Storms Babet and Ciaran is estimated as follows: -

Description	Costs to date £m	Projected future costs £m	Total Costs £m
Clean Up	0.300	0.150	0.450
Priority re-instatement works		0.500	0.500
Other storm damage costs		0.050	0.050
Total Projected Costs	0.300	0.700	1.000
Severe Weather Reserve			-0.250
EFAS Funding @ 85%*			-0.246

	<table border="1"> <tr> <td>Projected net cost of storms</td> <td></td> <td></td> <td>0.504</td> </tr> </table> <p>*£1.0m less £0.711m threshold = £0.289m x 85% = £0.246m</p>	Projected net cost of storms			0.504
Projected net cost of storms			0.504		
1.20	<p>Other Tracked Risks</p> <p>In addition, there are a number of risks being tracked which may be subject to change and these are summarised below.</p>				
1.21	<p>Medium Term Financial Strategy (MTFS) Impact</p> <p>The Council received its provisional Welsh local government settlement on 20 December as planned and a separate report on this agenda provides an update on budget planning for 2024/25.</p> <p>All Portfolios consider their financial position, the risks within their service and the impacts on the Medium Term on a monthly basis as part of their Portfolio Management Team meetings.</p>				
1.22	<p>Out of County Placements</p> <p>The risks include continued high demand for placements where children and young people cannot be supported within in-house provision, and market supply limitation factors and inflationary pressures leading to higher costs. An additional amount of £1m was approved in the 2023/24 budget to reflect this.</p> <p>However, there remains a projected overspend for the current cohort of placements of circa £1.526m, although with 4 months of the year remaining this is likely to increase and a contingency of £0.200m is currently built into the outturn position for this, £0.100m for Children’s Services and £0.100m for Education placements.</p> <p>The service areas within this pooled budget will continue to do everything possible to manage these risks and additional investment has already been made to further develop in-house provision to help to mitigate against such financial pressures.</p>				
1.23	<p>Streetscene & Transportation</p> <p><u>Fleet Contract Renewal</u> The current fleet contract, which has been in operation for 7 years, was renewed for a temporary period of 6 months from October 2023. Due to the current market conditions in re-procurement of contracts of this type, the cost of the new contract is considerably more than what was previously being paid, due to being protected from inflationary increases during the previous contract life. The cost of the contract will further increase from April 2024 and provision is being made within the 2024/25 budget considerations for this.</p> <p><u>Sustainable Waste Management Grant (SWMG)</u> The Minister for Climate Change has confirmed that the SWMG grant will be retained at the same level for this financial year. However, those local authorities that are not yet meeting the statutory recycling target of 70% will</p>				

	<p>be required to use the grant to reach 70% and be required to demonstrate this. It has also been confirmed that the SWMG grant will likely become part of the Revenue Support Grant (RSG) funding from 2024/25. The current value of the grant is £0.742m per annum, but it is not yet confirmed whether the proportion that Flintshire will receive within the Welsh Local Government settlement will be similar to current levels.</p>
1.24	<p>Education & Youth (Non-Schools)</p> <p><u>Inclusion and Progression</u></p> <p>The services that the Inclusion and Progression teams provide within Education and Youth portfolio are under significant pressure.</p> <p>Prior to the pandemic the service had seen increasing numbers of children and young people presenting with an increased level of significant and complex needs, resulting in the council being dependent on non-Flintshire provision.</p> <p>Post pandemic the situation has worsened with increasing numbers of pre-school children needing support and challenging behaviour causing concern across both primary and secondary schools. In addition, there are increased rates of emotionally based school avoidance. As a result, levels of attendance have reduced, whilst all forms of exclusions have increased. All of which contributes to a requirement for more specialist and bespoke intervention.</p> <p>The service is taking steps to actively manage demand, alongside reviewing provision, and seeking to develop and enhance in house provision.</p> <p>The pressures are being experienced across Wales, at a time when schools and central services are implementing the Additional Learning Need (ALN) reforms.</p> <p>Welsh Government have made additional grants available to support schools and councils. However, there are risks over reliance on temporary grant funding and its ability to meet demand within existing budgets and available grants.</p>
1.25	<p>Harpur Trust vs Brazel Case</p> <p>The potential financial impacts are still being determined in response to the Employment Appeal Tribunal (EAT) decision in the case of Harpur Trust v Brazel. The Supreme Court upheld the EAT judgment in the Brazel case in July 2022 which impacts on the calculation of holiday pay entitlements for staff who work for part of the year (i.e., term time). An approved carry forward from 2022/23 for £0.254m will provide some funding towards these costs.</p>
1.26	<p>Achievement of Planned In-Year Efficiencies</p> <p>The 2023/24 budget contains £9.265m of specific efficiencies which are tracked and monitored throughout the year. The Council aims to achieve a 95% rate in 2023/24 as reflected in the MTFs KPI's and fully achieved all efficiencies in the previous financial year.</p>

	It is projected that 99% of efficiencies will be achieved in 2023/24 and further details can be seen in Appendix 3.
1.27	<p>Unearmarked Reserves</p> <p>The final level of Council Fund Contingency Reserve brought forward into 2023/24 was £9.508m as detailed in the 2022/23 outturn report (subject to Audit).</p> <p>The brought forward balance on the COVID-19 Hardship Reserve was £3.743m. Internal claims for Quarters 1 and 2 in 2023/24 totalling £0.531m for Holywell Leisure Centre, Cambrian Aquatics, Streetscene & Transportation and Free School Meals covering the Christmas holiday period have been approved so far. The current balance remains at £3.212m.</p> <p>The projected contingency reserve available as at 31 March, 2024 is £4.918m (after the actual impact of final pay awards and previously approved allocations) and is shown in Appendix 4.</p>
1.28	<p>Housing Revenue Account</p> <p>The 2022/23 Outturn Report to Cabinet on 18th July 2023 showed an un-earmarked closing balance at the end of 2022/23 of £3.786m and a closing balance of earmarked reserves of £2.690m.</p>
1.29	The 2023/24 budget for the HRA is £39.418m which includes a movement of (£0.589m) from reserves.
1.30	<p>Net in-year revenue expenditure forecast to be £0.018m higher than budget with a projected closing balance as at 31st March, 2024 of £3.179m.</p> <p>This is an adverse movement of £0.118m since Month 7.</p> <ul style="list-style-type: none"> • Repairs & Maintenance increase in Sub Contractor spend £0.250m • Adjustment to bad debt provision (£0.075m) • Reduction in equipment hire in Laundries (£0.029m) <p>Minor variances account for the remainder (£0.028m).</p>
1.31	The budget contribution towards capital expenditure (CERA) is £12.712m.

2.00	RESOURCE IMPLICATIONS
2.01	As set out within the report.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	The financial impacts as set out in the report are a combination of actual costs and losses to date and estimates of costs and losses for the future. There is the possibility that the estimates will change over time. The

	budget will be monitored closely, and mitigation actions taken wherever possible.
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4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	None specific.

5.00	APPENDICES
5.01	Appendix 1: Council Fund – Movement in Variances from Month 7 Appendix 2: Council Fund - Budget Variances Appendix 3: Council Fund – Programme of Efficiencies Appendix 4: Council Fund – Movement on Un-earmarked Reserves Appendix 5: Housing Revenue Account Variances

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Various budget records.
7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Dave Ledsham Strategic Finance Manager Telephone: 01352 704503 E-mail: dave.ledsham@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	<p>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.</p> <p>Council Fund: the fund to which all the Council's revenue expenditure is charged.</p> <p>Financial Year: the period of twelve months commencing on 1 April.</p> <p>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.</p> <p>Projected Outturn: projection of the expenditure to the end of the financial year, made on the basis of actual expenditure incurred to date.</p>

Regional Integration Fund (RIF): funding provided by Welsh Government to encourage integrated working between local authorities, health and housing.

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.

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.

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.

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 Variances

MONTH 8 - SUMMARY

Service	Movement between Periods (£m)	Narrative for Movement between Periods greater than £0.025m
Social Services		
Older People		
Localities	0.138	Residential care costs have increased by £0.084m and domiciliary care costs increased by £0.132m, both of these are demand led services, There was a decrease in staffing costs of £0.077m as vacancies are to be filled later than previously planned.
Resources & Regulated Services	-0.106	There have been positive variances for residential care £0.044m, Extra Care £0.032m, Homecare £0.022 and Day Services £0.08m. Recruitment and retention continues to be challenging and prolonged recruitment delays lead to a reduction in costs for services.
Minor Variances	-0.033	
Adults of Working Age		
Resources & Regulated Services	0.055	There has been an overall increase to care packages costs within Disability Services.
Children to Adult Transition Services	-0.034	There is a decrease to the cost of care packages for young people transferring from Children's Services to Adult Social Care. As these care packages are new, an initial estimate is required and it is not uncommon for there to be differences between the cost of care package agreed and the initial estimate.
Professional and Administrative Support	-0.031	Delays to recruitment are resulting in longer time periods where posts are vacant.
Minor Variances	-0.071	
Children's Services		
Legal & Third Party	0.055	There has been an increase in legal costs which includes one high cost case.
Professional Support	0.049	Cost increases are due to increasing demand for Direct Payments for children with disabilities £0.032m and leaving care costs (which includes asylum seeking children) and agency costs £0.056m. These increases are being partially mitigated by a net decrease to overall employee costs of £0.039m.
Minor Variances	0.007	
Safeguarding & Commissioning		
Minor Variances	-0.037	
Total Social Services	-0.009	
Out of County Placements		
Children's Services	0.231	Net impacts of new placements, changes of placements, ended placements and reduction of contingency provision
Education & Youth	-0.041	Net impacts of new placements, changes of placements and reduction of contingency provision
Total Out of County Placements	0.190	
Education & Youth		
Inclusion & Progression	-0.110	Movement of £0.110m due to further savings identified. £0.050m within the Additional Learning Needs (ALN) service, which has funds committed to cover the ALN Band C overspend within Primary Schools. Previously committed spend from the Local Authority Education Grant for ALN has now become available, therefore we can maximise the grant by using it to fund the Band C pressure within schools, releasing base budget as a saving. A further £0.060m has been identified within the EAL/Traveller service. £0.095m budget from 2022-23 was agreed to be c/f to be used for Trauma Training One course has been run at a cost of £0.035m. The service have decided not to run any future courses, therefore leaving an underspend of the carry forward balance of £0.060m.
School Improvement Systems	-0.045	Movement of £0.034m within the School Improvement Service due to further grant funding. £0.027m from the Shared Prosperity Fund Multiply project. The service Manager for ACL (Adult Community Learning) has been co-ordinating the SPF project until the project manager is appointed. Additional £0.003m funding from the Citizens Curriculum grant and £0.004m for secondment work to Estyn.
Minor Variances	-0.026	
Total Education & Youth (Non-Schools)	-0.181	
Schools	-0.000	
Streetscene & Transportation		
Highways Network	0.026	Minor movements across the service
Transportation	-0.089	Vacancies and moratorium spend reductions are contributing to the overall positive movement.
Regulatory Services	-0.072	Vacancies and moratorium spend reductions are contributing to the overall positive movement.
Minor Variances	0.005	
Total Streetscene & Transportation	-0.130	
Planning, Environment & Economy		
Development	-0.021	Staff savings from vacant posts
Access	-0.057	Maximisation of Grant income for Countryside projects
Shared Services	-0.058	Staff savings from vacant post
Minor Variances	-0.018	
Total Planning & Environment	-0.154	

Service	Movement between Periods (£m)	Narrative for Movement between Periods greater than £0.025m
People & Resources		
HR & OD	-0.017	Staff savings from vacant posts
Corporate Finance	-0.024	Staff savings from vacant posts
Total People & Resources	-0.041	
Governance		
Democratic Services	-0.020	Savings following a reduction in the employer superannuation contribution percentages for Members
Internal Audit	-0.031	Commitment for Agency cover removed in response to the moratorium, Reduction in Postage costs anticipated to March, 2024
ICT	-0.023	Staff savings from vacant posts £0.010m, delayed project following Moratorium £0.030m, minor variances across the Services.
Customer Services	-0.043	Staff savings from vacant post, Increase in projected fee income Registrars; Consultation and Engagement software deferred £0.015m
Revenues	0.031	Projected surplus on the Council Tax Collection Fund £0.150m reduced at Month 7 due to potential exemptions following the recent storms
Total Governance	-0.086	
Assets		
CPM & Design Services	-0.098	Due to increased fee income
Minor Variances	-0.017	
Total Assets	-0.115	
Housing and Community		
Housing Solutions	0.070	Net impacts of additional hotel costs and increased HSG allocation and other minor movements
Minor Variances	-0.020	
Total Housing and Community	0.050	
Chief Executive's	-0.014	
Central & Corporate Finance	-0.239	Following an update on the Central Loan & Investment Account (CLIA), with continuing increased income from investments / reduced borrowing, we can report a favourable movement of £0.250m.
Grand Total	-0.728	

Budget Monitoring Report

Service	Approved Budget (£m)	Projected Outturn (£m)	Annual Variance (£m)	Last Month Variance (£m)	In-year Moratorium (£m)	Cause of Major Variances greater than £0.050m	Action Required
Social Services							
Older People							
Localities	23.247	23.310	0.063	-0.075	-0.111	The Older People residential care budget is projecting and underspend of £0.063m, due to service demand net of client income from property recharges and expected reimbursements where we are waiting on decisions for deputyships and assets held in trust. Homecare is £0.224m overspent. Locality workforce and professional support budgets are underspent by £0.076m and day care is underspending by £0.022m.	
Minor Variances	11.633	11.549	-0.084	0.056	0.000		
Adults of Working Age					0.000		
Children to Adult Transition Services	1.001	0.799	-0.202	-0.168	0.000	This is the cost of care packages for young adults transferring from Childrens Services to Adult Social Care. Care packages are new this financial year and very often need to be estimated in the first instance, meaning costs can change throughout the year as service costs are finalised.	
Professional and Administrative Support	0.468	0.382	-0.086	-0.055	0.000	In-year vacancies are the cause of this underspend.	
Transition & Disability Services Team	0.818	0.764	-0.054	-0.034	0.000	There are vacancies within this service and recruitment is being delayed resulting in increased underspend.	
Residential Placements	2.607	2.921	0.314	0.335	0.000	This is the overall cost of care packages for people with mental ill health. This is a volatile service and additional service needs can be identified throughout the year leading to increased costs.	
Professional Support	0.859	0.801	-0.058	-0.049	-0.100	The underspend is due to in-year vacancies,	
Minor Variances	35.769	35.679	-0.090	-0.124	0.000		
Children's Services					0.000		
Family Group Meetings	0.126	0.198	0.072	0.061	-0.005	Demand for this service is resulting in increased sessional worker hours.	
Family Placement	3.175	2.953	-0.222	-0.203	0.000	The number of in-house foster carers is lower than those which we have historically had.	
Integrated Working	0.210	0.272	0.062	0.057	0.000	Pressures are due to contributions toward the Integrated Family Support Service and a shortfall in Supported People Funding	
Family Support	0.416	0.465	0.050	0.045	-0.020	Demand is high for this service which has resulted in additional sessional staff hours	
Legal & Third Party	0.262	0.597	0.336	0.280	0.000	Legal costs are overspent by £0.194m due to the number of cases going through the courts and some use of external legal professionals. Client support and Section 17 costs are overspent by £0.136m. Direct Payments are overspending by £0.006m due to demand.	
Residential Placements	1.669	1.326	-0.343	-0.348	0.000	Welsh Government grant The in-house residential care provision is in receipt of a significant Welsh Government Grant which is offsetting in-year costs	

Budget Monitoring Report

Service	Approved Budget (£m)	Projected Outturn (£m)	Annual Variance (£m)	Last Month Variance (£m)	In-year Moratorium (£m)	Cause of Major Variances greater than £0.050m	Action Required
Professional Support	6.128	7.086	0.958	0.909	0.000	To support adequate levels of child protection, the established staffing structure needs to be at a sufficient level to meet mandatory safeguarding standards. Vacancies are minimised where possible and additional temporary posts are sometimes required to be able to meet the challenges and demands of Childrens Services. Two managed agency teams are currently being contracted to support the service reserves are being used to mitigate these costs as much as possible but there is a projected overspend of £0.610m as a result, these costs may increase if a requirement to extend these contracts further. The Leaving Care budget, which supports young people who are looked after children, is overspending £0.170m due to increasing numbers of care leavers which includes unaccompanied asylum seeking children. The costs for some external service contracts are £0.084m overspent due to inflationary pressures. Cost of Direct Payments to provide support to children with disabilities is £0.105m overspent due to service demand. Smaller variance across this service are £0.011m underspent.	
Minor Variances	0.361	0.373	0.013	0.013	0.000		
Safeguarding & Commissioning					0.000		
Business Systems & Financial Assessments	0.988	1.078	0.089	0.089	-0.032	A new social services IT system is being implemented which requires additional project management and development costs.	
Charging Policy income	-3.385	-3.535	-0.150	-0.157	0.000	This is the income from service users who are charged a contribution towards the care they receive.	
Minor Variances	2.883	2.885	0.002	0.046	0.000		
Total Social Services	89.235	89.905	0.670	0.678	-0.268		
Out of County Placements							
Children's Services	12.281	13.619	1.338	1.107	0.000	The service is facing continued high demand for placements together with supply market challenges and inflationary pressures with 37 new placements made in the year to date and reduced contingency provision of £0.100m now as we approach the final quarter of the year.	
Education & Youth	5.004	5.192	0.188	0.230	0.000	The service is facing continued high demand for placements together with supply market challenges and inflationary pressures with 24 new placements made in the year to date and reduced contingency provision of £0.100m now as we approach the final quarter of the year.	
Total Out of County Placements	17.285	18.811	1.526	1.337	0.000		
Education & Youth (Non-Schools)							
Inclusion & Progression	5.569	5.428	-0.142	-0.032	-0.110	Further in year savings have been identified within the ALN service and EAL/Travellers service. Previously committed expenditure of £50k to offset Primary School ALN Band C overspend has now been funded with the Local Authority Education Grant ALN Learner Recovery funding. A further £60k has been identified within the EAL/Traveller service from the 2022-23 £95k budget carry forward balance committed for Trauma Training. One course has been run to date at a cost of £35k. The service have decided not to run anymore courses in 2023-24, therefore releasing the balance of £60k as a saving.	
Integrated Youth Provision	0.959	0.853	-0.106	-0.085	-0.030	Savings from staff vacancies	

Budget Monitoring Report

Service	Approved Budget (£m)	Projected Outturn (£m)	Annual Variance (£m)	Last Month Variance (£m)	In-year Moratorium (£m)	Cause of Major Variances greater than £0.050m	Action Required
School Improvement Systems	1.836	1.674	-0.163	-0.118	0.000	There has been a projected reduction in the Early Entitlement service, in payments to settings due to demography. Top up subsidy continuing and other Welsh Government grants, allowing core budget to be released within the Service. The School Improvement Service have reported an underspend relating to the Digital Advisor post. This role was not appointed to until September, 2023, therefore creating a saving. Other underspends relate to income from several grants around ACL to offset manager time. A further £0.034m has been identified within School Improvement from additional grants. £0.027m from the Shared Prosperity Fund Multiply project, £0.003m from the Citizens Curriculum grant and £0.004m for the secondment work to Estyn.	
Minor Variances	1.925	1.968	0.043	0.049	0.000		
Total Education & Youth (Non-Schools)	10.289	9.923	-0.367	-0.186	-0.140		
Schools	114.081	114.313	0.232	0.232	0.000	Redundancy costs £0.290m over budget after taking account of reserves carried forward, Free School Meals price increase and take up totalling £0.126m, mitigated by (£0.100m) underspend in pension added years and a number of minor variances totalling (£0.084m) but each below (£0.025m).	
Streetscene & Transportation							
Service Delivery	10.843	11.079	0.236	0.231	-0.077	Service Delivery have implemented tight controls to the allocation of PPE, materials and receptacles through the in-house stores. Changes to the security provision in the Alltami Depot, Greenfield transfer station and HRC sites have generated savings as per MTFs 2023/24, following a review of the service needs. Cleaning costs have also been reviewed and reduced. The service is subject to increasing inflationary pressures and demand for temporary repairs on the road network, largely due to a lack of funding and investment in the highway network and fluctuating costs of tar and traffic management for repairs. Any overall overspend, is partly offset by performance of the in-house construction team delivering work such as 20mph scheme rather than contracting the work externally.	
Highways Network	8.594	9.860	1.266	1.239	0.000	The renewal of the fleet contract through contract extension from October 2023 has realised an in-year overspend of £0.658m. A variance of £0.170m is attributable to cost increases for both road fuel and streetlighting energy, increased insurance premiums, and defective highway network infrastructure repairs. Additional costs of £1m are projected in relation to the clean up and reinstatement works required following Storm Babet and more recently Storm Ciaran. It is anticipated that some Emergency Financial Assistance Funding (EFAS) from WG can be claimed alongside utilisation of the Severe Weather Reserve, bringing the net cost down to a projected £0.500m.	Further increases on the Fleet Contract in 2024/25 are being considered within the MTFs.
Transportation	11.350	11.163	-0.187	-0.098	-0.169	Vacancies within Transport Strategy and moratorium on recruitment are contributing to the overall underspend.	

Budget Monitoring Report

Service	Approved Budget (£m)	Projected Outturn (£m)	Annual Variance (£m)	Last Month Variance (£m)	In-year Moratorium (£m)	Cause of Major Variances greater than £0.050m	Action Required
Regulatory Services	11.440	11.592	0.152	0.225	-0.072	The overspend variance is due to sustained high volumes of residual waste being collected, together with the reduction in income levels for both recyclable materials and a reducing return on electricity generation from gas and solar at the former landfill sites. Positive impacts from the moratorium on spend at Month 8.	
Other Minor Variances	-0.000	-0.000	-0.000	0.000	0.000		
Total Streetscene & Transportation	42.227	43.694	1.467	1.597	-0.318		
Planning, Environment & Economy							
Development	0.138	-0.198	-0.336	-0.314	-0.021	Receipt of a one-off high value Planning Fee (£0.300m for Northern Gateway)	
Access	1.618	1.683	0.065	0.122	-0.047	Projected cost of Ash Die Back works projected to March, 2024 mitigated by savings from vacant posts and Countryside grant maximisation	
Climate Change	0.183	0.113	-0.070	-0.062	-0.007	Staff savings from vacant posts	
Regeneration	0.813	0.704	-0.109	-0.109	-0.020	Staff savings from vacant posts, Wales Rally GB budget saving, maximisation of grant income	
Management & Strategy	1.409	1.203	-0.206	-0.203	-0.004	Staff savings from vacant posts	
Minor Variances	3.396	3.374	-0.022	0.043	-0.082		
Total Planning & Environment	7.557	6.880	-0.678	-0.524	-0.181		
People & Resources							
HR & OD	2.419	2.315	-0.104	-0.087	-0.046	Staff savings from vacant posts	
Corporate Finance	2.277	2.186	-0.092	-0.067	-0.087	Staff savings from vacant posts, revised projection for Feasibility Studies	
Total People & Resources	4.697	4.501	-0.195	-0.154	-0.133		
Governance							
Legal Services	0.992	1.197	0.205	0.206	0.000	Additional costs for locum services covering vacant posts	
Democratic Services	2.468	2.517	0.049	0.069	0.000	Backdated Superannuation costs and current level of Members Allowances	
Internal Audit	1.051	1.020	-0.031	-0.000	0.000	Reduced Postage costs projected	
ICT	5.328	5.255	-0.074	-0.051	-0.138	Estimated cost for packaged software application (Flare) lower than previously anticipated (£0.076m), delayed project savings £0.030m Moratorium, minor variances across the Service	
Customer Services	1.146	0.936	-0.210	-0.167	-0.060	Staff savings from previous vacancies, higher than previously anticipated fee income Registrars, commitment challenge across the Service contributing to the Moratorium	
Revenues	0.637	0.495	-0.142	-0.173	0.000	Projected surplus on the Council Tax Collection Fund £0.150m reduced at Month 7 due to potential exemptions following the recent storms	
Minor Variances	0.320	0.298	-0.022	-0.022	-0.005		
Total Governance	11.943	11.718	-0.225	-0.139	-0.203		
Assets							
CPM & Design Services	0.713	0.522	-0.191	-0.093	0.000	Due to increased fee income	
Minor Variances	-0.713	-0.522	0.191	0.093	-0.020		
Total Assets	11.141	10.817	-0.324	-0.210	-0.020		

Budget Monitoring Report

Service	Approved Budget (£m)	Projected Outturn (£m)	Annual Variance (£m)	Last Month Variance (£m)	In-year Moratorium (£m)	Cause of Major Variances greater than £0.050m	Action Required
Housing and Community							
Housing Solutions	2.334	5.054	2.719	2.649	0.000	The Housing Solutions service is currently reflecting a net projected overspend of £2.719m. This is mainly due to a projected overspend of £3.632m on temporary accommodation within Hotels and B and B provision, which is being offset by additional Housing Benefit income of (£0.447m). There are also other projected underspends and mitigation impacts within the wider Housing Solutions service amounting to a net figure of £0.466m, including additional internal allocation of HSG to fund salary costs, use of reserves, minor salary savings due to vacancies and use of WG grant income. The service are actively implementing a number of mitigation measures, some of which may have operational impacts on other parts of the wider Housing service, which will be incorporated within an action plan to reduce the current level of projected overspend within the Homelessness service.	
Minor Variances	13.656	13.660	0.005	0.024	-0.030		
Total Housing and Community	15.990	18.714	2.724	2.673	-0.030		
Chief Executive's	1.672	1.667	-0.005	0.009	0.000		
Central & Corporate Finance	26.003	24.120	-1.882	-1.644		The projection on the Central Loans and Investment Account (CLIA) was reported as an underspend of (£1.550m) due to the Council having not taken out any new short or long term borrowing and continues to invest a significant amount of funds. This pattern has continued from the previous financial year resulting in no short term borrowing costs being incurred and the Council generating increased income from investments, which have increased in line with bank interest rates. The favourable variance increased further following the benefit of a £0.048m NDR windfall at Month 6. The variance has improved further following a review of the CLIA forecast underspend, with an improvement of £0.100m in October. At Month 8 following an update on the CLIA forecast, with continuing increased income from investments/reduced borrowing, there has been a further favourable movement of £0.250m.	
Grand Total	352.121	355.063	2.942	3.671	-1.293		

2023/24 Efficiencies Outturn Tracker - Month 8

Efficiency Description	Accountable Officer	Efficiency Target	Projected Efficiency	(Under)/Over Achievement	Efficiency Open/Closed (O/C)	Reason for variation	Mitigating Action if Amber or Red
Portfolio		2023/24 £m	2023/24 £m	2023/24 £m			
Corporate							
Reduction In CLIA	Chris Taylor	0.364	0.364	0.000	C		
Actuarial Review	Gary Ferguson	1.874	1.874	(0.000)	C		
NI Reversal	Rachel Parry Jones	0.474	0.474	0.000	C		
Total Corporate Services		2.712	2.712	(0.000)			
Chief Executives / Assets							
Transport Savings	Neal Cockerton	0.010	0.010	0.000	C		
Vacancy Savings	Neal Cockerton	0.048	0.048	0.000	C		
3rd Sector Budget	Neal Cockerton	0.041	0.041	0.000			
Total Chief Executives		0.099	0.099	0.000			
People & Resources							
Modern Apprentices HR&OD	Sharon Carney	0.072	0.072	0.000	C		
Vacancy Savings Corporate Finance	Gary Ferguson	0.086	0.086	0.000	C		
Transport and Training Savings Corporate Finance	Gary Ferguson	0.016	0.016	0.000	C		
Total People & Resources		0.174	0.174	0.000			
Assets - ADMs							
Newydd	Rachael Corbelli	0.019	0.019	0.000	C		
Newydd NI	Rachael Corbelli	0.023	0.023	0.000	C		
Total Assets - ADMs		0.042	0.042	0.000			
Housing & Communities							
CTRS Reduction	Vicky Clark	0.147	0.147	0.000	C		
Total Housing & Communities		0.147	0.147	0.000			
Governance							
Members Support Budget	Gareth Owen	0.016	0.016	0.000	C		
Members Allowances	Gareth Owen	0.060	0.060	0.000	C		
Central Despatch	Gareth Owen	0.022	0.022	0.000	C		
Mold & Buckley Connects	Gareth Owen	0.060	0.060	0.000	C		
Total Governance		0.158	0.158	0.000			
Planning, Environment & Economy							
Vacancy Savings	Andrew Farrow	0.020	0.020	0.000	C		
Fee Income	Andrew Farrow	0.180	0.180	0.000	C		
Total Planning, Environment & Economy		0.200	0.200	0.000			
Streetscene & Transportation							
Enhanced Enforcement for Recycling	Katie Wilby	0.046	0.046	0.000	O	Side waste enforcement is already taking place with FPNs being issued, but the next steps for enforcing against those who do not habitually recycle will be to take enforcement action if residents place recyclable waste in their black bin. To introduce this will first require a period of education and engagement. Additional x3 recycling officers are currently being recruited and, once appointed, the aim is for these officers to support with door-knocking campaigns and community events in advance of introducing enhanced enforcement	Likely introduction is January 2024.
Part night Street Lighting	Katie Wilby	0.018	0.000	(0.018)	O	Difficult to implement in year due to the consultation required, and the limited opportunity following previous roll-outs. This will also require investment in the equipment to allow the switch-offs	Discussions being held with an update to come how we can achieve this saving.
Review Provision of Public Conveniences	Katie Wilby	0.012	0.000	(0.012)	O	The efficiency is largely reliant on the review of sites following the implementation of the Local Toilet Strategy and capital investment in FY 24/25-26/27.	
Extend, Repair & Reuse Initiatives	Katie Wilby	0.010	0.000	(0.010)	O	When this was put forward, we stated that the initiative would be dependent on investment funding either from WG Circular Economy grant funding or capital programme. We are still awaiting the outcome of our bid to WG, which is now unlikely given the current economic climate. Without the grant funding the initiative cannot be introduced and the efficiency will not be met.	
Waste & Recycling Round Review	Katie Wilby	0.075	0.075	0.000	C		
In House Highways Service	Katie Wilby	0.025	0.025	0.000	C		
Review of Security Arrangements Alltami Depot	Katie Wilby	0.050	0.050	0.000	C		
Apprenticeship Trainee Scheme Reduction	Katie Wilby	0.035	0.035	0.000	C		

Efficiency Description	Accountable Officer	Efficiency Target	Projected Efficiency	(Under)/Over Achievement	Efficiency Open/Closed (O/C)	Reason for variation	Mitigating Action if Amber or Red	
		2023/24 £m	2023/24 £m	2023/24 £m				
Portfolio								
Increase Car Parking Charges	Income Generation	Katie Wilby	0.187	0.187	0.000	C	Decision approved and new charges will come into effect from October 2023 (original date planned was July 2023). Additional initiatives e.g. Free after Three and extension to parking times will mean that the original efficiency will be difficult to achieve unless the utilisation levels increase beyond current levels. Delays in being implemented.	
Introduce Car Parking Charges on all Council Owned Car Parks	Income Generation	Katie Wilby	0.035	0.000	(0.035)	O		
Fleet Workshop	Income Generation	Katie Wilby	0.010	0.010	0.000	C		
Training Facility	Income Generation	Katie Wilby	0.010	0.010	0.000	C		
Funeral Services	Income Generation	Katie Wilby	0.010	0.010	0.000	C		
Total Streetscene & Transportation			0.523	0.448	(0.075)			
Social Services								
Contribution to Regional Team	Reduction in Contribution	Neil Ayling	0.050	0.050	0.000	C		
Reduced Contribution to EDT	Contract Costs Reduced	Neil Ayling	0.011	0.011	0.000	C		
Retendering of HFT	Contract Costs Reduced	Neil Ayling	0.040	0.040	0.000	C		
Total Social Services			0.101	0.101	0.000			
Education & Youth								
Central Management Budget	Vacant Post	Claire Homard	0.060	0.060	0.000	O		
ALN Advocacy	Offset costs from LAEG ALN Grant	Claire Homard	0.020	0.020	0.000	O		
ALN Legal	Offset costs from LAEG ALN Grant	Claire Homard	0.010	0.010	0.000	O		
ALN Resource Provisions	Offset costs from LAEG ALN Grant	Claire Homard	0.100	0.100	0.000	O		
Early Years Entitlement	Budget Reductions	Claire Homard	0.095	0.095	0.000	O		
Youth Club Buildings	Building Closure	Claire Homard	0.017	0.017	0.000	O		
Youth Services	Vacant Posts (1 FTE 1 PT)	Claire Homard	0.056	0.056	0.000	O		
Youth Justice	Offset costs from Grant	Claire Homard	0.016	0.016	0.000	O		
Total Education & Youth			0.374	0.374	0.000			
Schools								
3% Reduction in Delegated Funding		Claire Homard	3.103	3.103	0.000	O		
NI Reversal (Schools & Teachers)		Claire Homard	0.857	0.857	0.000	O		
Actuarial Review		Claire Homard	0.776	0.776	0.000	O		
Total Schools			4.736	4.736	0.000			
Total 2023/24 Budget Efficiencies			9.265	9.190	(0.075)			

	%	£
Total 2023/24 Budget Efficiencies	100	9.265
Total Projected 2023/24 Budget Efficiencies Underachieved	-1	(0.075)
Total Projected 2023/24 Budget Efficiencies Achieved	99	9.190
Total 2023/24 Budget Efficiencies (Less Previously agreed Decisions)	100	0.000
Total Projected 2023/24 Budget Efficiencies Underachieved	0	0.000
Total Projected 2023/24 Budget Efficiencies Achieved	0	0.000

Movements on Council Fund Unearmarked Reserves

	£m	£m
Total Reserves as at 1 April 2023	19.162	
Less - Base Level	(5.769)	
Total Reserves above base level available for delegation to Cabinet		13.393
Less - COVID-19 Hardship Funding Allocation		3.743
Less - Children's Services Legal Costs		0.142
Add - Transfer to Reserve Budget 2023/24		0.006
Less - Clwyd Theatr Cymru (Month 2)		0.100
Less - actual impact of the pay award		2.702
Add - Total Balances Released to Reserves (Month 5)		0.648
Add - Council Tax Balance Released to Reserves (Month 7)		0.500
Less - Month 8 projected outturn		2.942
Total Contingency Reserve available for use		4.918

Brought Forward 9.508

Budget Monitoring Report
Housing Revenue Account Variances

MONTH 8 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Last Month Variance (£m)	Cause of Major Variance	Action Required
Housing Revenue Account						
Income	(38.829)	(38.688)	0.141	0.206	There is a net pressure relating to void properties of £0.251m. This relates to costs such as void rent loss, council tax charges and service charges and is net of additional income relating to new build properties and voids moving to target rent. We are anticipating a variance of approximately £0.024m on garage rents. We are forecasting a reduction in the requirement to top up the Bad Debt Provision of (£0.125m) which includes (£0.075m) at Month 8. Other minor variances of (£0.009m).	
Capital Financing - Loan Charges	7.010	7.010				
Estate Management	3.125	2.880	(0.245)	(0.260)	Projected vacancy savings of approximately (£0.304m) which is being offset by agency costs of £0.191m. Additional allocation of Housing Support Grant (£0.100m). Other minor variances of (£0.032m).	
Landlord Service Costs	1.617	1.479	(0.137)	(0.111)	Projected vacancy savings of approximately (£0.160m). We are also forecasting an increase in fleet costs of £0.033m and materials and hire of £0.045m. There is an anticipated reduction in subcontractor spend of (£0.032m). Other minor variances of (£0.023m).	
Repairs & Maintenance	12.150	12.406	0.255	0.045	Projected vacancy savings of approximately (£0.160m). Increased Fleet Contract renewal costs of £0.126m. Anticipated increase of Sub Contractor costs of £0.250m relating to voids. Other minor variances of £0.039m.	
Management & Support Services	2.678	2.683	0.005	0.019	Projected vacancy savings of approximately (£0.061m). Insurance Costs £0.034m. Support Service savings of (£0.024m). Other minor variances of £0.059m.	
Capital Expenditure From Revenue (CERA)	12.712	12.712				
HRA Projects	0.126	0.126	(0.000)	0.000		
Contribution To / (From) Reserves	(0.589)	(0.589)				
Total Housing Revenue Account	(0.000)	0.018	0.018	(0.100)		

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CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Thursday 11 th January 2024
Report Subject	Council Tax Reform – Welsh Government Phase 2 Consultation
Cabinet Member	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement
Report Author	Chief Officer (Governance)
Type of Report	Operational

EXECUTIVE SUMMARY

This report provides Scrutiny members with information on a phase 2 Welsh Government consultation seeking views on the ongoing council tax reform programme. The phase 2 proposals centre on:

- The scale and pace of potential council tax banding/revaluation reforms
- Reform of the Class F council tax exemption for properties which are unoccupied where the previous occupier has died, and no grant of probate or letters of administration have been made.
- Clarity over the appropriate terminology and criteria for the Class U council tax exemption for households where the occupier is certified as being 'severely mentally impaired'.

RECOMMENDATIONS

1	That Scrutiny consider the Welsh Government (phase 2) proposals to reform Council Tax and provide feedback in relation to the proposed Cabinet response to the consultation, as set out in appendix 1 to this report.
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REPORT DETAILS

1.00	EXPLAINING THE (PHASE 2) COUNCIL TAX REFORM PROPOSALS																																												
1.01	<p>In September 2022, Welsh Government (WG) carried out a phase 1 consultation on proposals to reform council tax. The proposals include:</p> <ul style="list-style-type: none"> • Completing a council tax revaluation • Designing a new system of tax bands and rates that is more progressive. • Improving the framework of discounts, disregarded persons, exemptions, and premiums • Improving the Council Tax Reduction scheme. 																																												
1.02	<p>WG now propose to complete a council tax revaluation of all 1.5m domestic properties in Wales to rebalance the tax system to reflect latest property values, especially since the last revaluation exercise was undertaken in 2003. WG also consider the current system needs major reform as the council tax places a higher tax burden, proportionately, on those with lower levels of wealth.</p>																																												
1.03	<p>Welsh Government intends the reforms to be revenue-neutral, not a revenue-raising exercise, but as with any revaluation exercise, not everyone would remain the same property band, and there would be households who are winners or losers, notwithstanding others could remain in the same band.</p> <p>At a local authority level, there would also be winners and losers too as any changes in the overall tax base levels would need to be reviewed through compensatory and adjusted changes in the re-distribution of Revenue Support Grant to ensure each local authority still has sufficient overall income to fund local services.</p>																																												
1.04	<p>The phase 2 consultation proposals set out three options for change, and which also set out the scale of each option, and how quickly they could be implemented. For ease of reference, the approaches are defined as ‘minimal’, ‘modest’, or ‘expanded’ versions of reform.</p>																																												
1.05	<p>As local context, to the proposed changes, the table below shows the current distribution of council tax properties in Flintshire by band.</p> <table border="1"> <thead> <tr> <th>Band</th> <th>A</th> <th>B</th> <th>C</th> <th>D</th> <th>E</th> <th>F</th> <th>G</th> <th>H</th> <th>I</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Ratio</td> <td>6/9</td> <td>7/9</td> <td>8/9</td> <td>9/9</td> <td>11/9</td> <td>13/9</td> <td>15/9</td> <td>18/9</td> <td>21/9</td> <td></td> </tr> <tr> <td>Num Props.</td> <td>4,496</td> <td>9,608</td> <td>20,891</td> <td>13,308</td> <td>11,074</td> <td>7,789</td> <td>3,220</td> <td>595</td> <td>221</td> <td>71,202</td> </tr> <tr> <td>% of Props.</td> <td>6.3</td> <td>13.5</td> <td>29.3</td> <td>18.7</td> <td>15.6</td> <td>10.9</td> <td>4.5</td> <td>0.8</td> <td>0.3</td> <td></td> </tr> </tbody> </table> <p>In summary, 49.1% of all domestic properties are currently in the lower bands (A to C), 18.7% are in the average Band D, and 32.1% are in the upper bands (E to I).</p>	Band	A	B	C	D	E	F	G	H	I	Total	Ratio	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9		Num Props.	4,496	9,608	20,891	13,308	11,074	7,789	3,220	595	221	71,202	% of Props.	6.3	13.5	29.3	18.7	15.6	10.9	4.5	0.8	0.3	
Band	A	B	C	D	E	F	G	H	I	Total																																			
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1.06

For the council tax revaluation reforms classed as ‘**minimal**’ reforms, a council tax revaluation may take place based on the retention of the current nine band property system (bands A to I) and using existing charging ratios.

This would ensure properties are revalued to reflect latest market values with revised property value thresholds applied across the existing nine bands, but with no changes to the banding charge ratios. As this approach is seen as the easiest reform to introduce, the earliest opportunity to revalue all domestic properties could be implemented from April 2025.

This option would bring property values up to date, but as with any revaluation exercise, some properties would be subject to a banding reduction, some will stay the same, and others will see a banding increases.

Undertaking a full revaluation could still be seen as progressive reform, and a step in the right direction to longer term reforms, especially as England and Scotland have not undertaken a similar exercise since the introduction of the council tax system thirty years ago.

Also, as in the previous revaluation exercise of 2005, a transitional relief scheme would be expected to be introduced to cushion the impact for those whose bills increase due to their property value moving upwards by more than one band.

The proposed changes to the banding thresholds using the existing nine tier banding system would be along the lines of:

Current

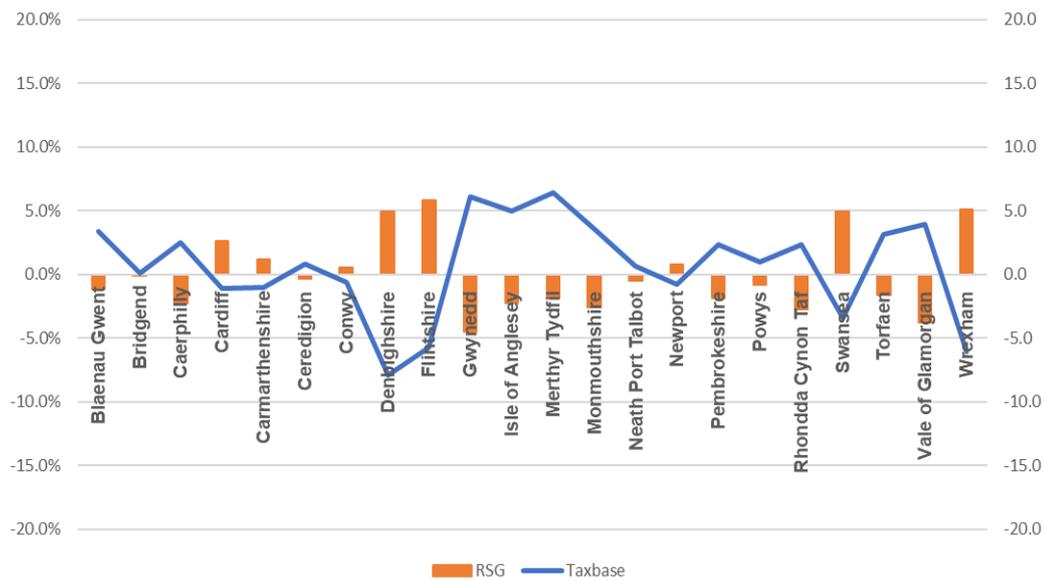
Proposed ‘minimal’ reforms

Band	Value threshold	Band	Value threshold
A	Up to £44,000	A	Up to £112,000
B	£65,000	B	£155,000
C	£91,000	C	£211,000
D	£123,000	D	£278,000
E	£162,000	E	£376,000
F	£223,000	F	£516,000
G	£324,000	G	£748,000
H	£424,000	H	£987,000
I	over £424000	I	over £987000

The Institute of Fiscal Studies have been commissioned by Welsh Government to undertake quantitative modelling of the potential impact of any revaluation. The IFS confirm the data is purely for illustrative purposes and could change prior to any implementation of any revaluation exercise, because the Valuation Office Agency is continuing to refine its estimates of April 2023 property value.

In terms of the ‘minimal’ reforms, the IFS research indicates the Council Tax Base in Flintshire would reduce and Revenue Support Grant would increase to take account of the redistribution of grant funding for areas where changes in property values since the last revaluation are comparatively lower than the average.

In other words, what we would lose in the Tax Base and with overall Council Tax income would be compensated through additional RSG.



1.07

For the ‘modest’ reforms, a council tax revaluation would continue to take place based on the retention of the nine-band property system but with changes to the banding ratios. The banding ratios for A to C bands would be lowered, Band D would stay the same, and Bands E to I would be subject to higher tax rates.

This option presents a slight move towards increased fairness in the system but would result in winners and losers as some households would pay less, some would stay the same, and some would be expected to pay more, even if households remained in the same band following revaluation.

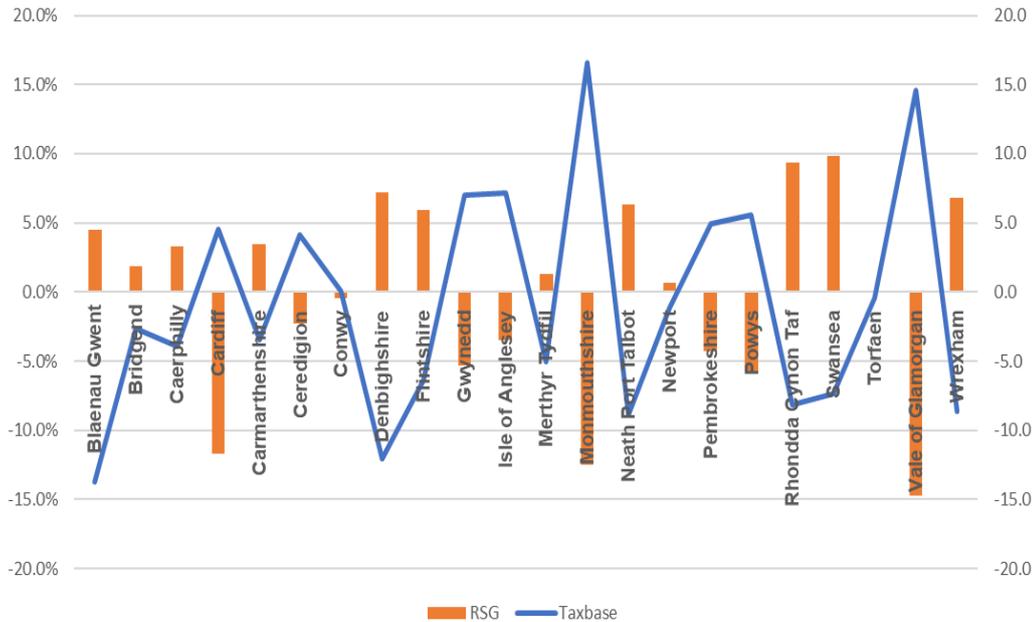
However, it is important to consider that as nearly 23,000 of domestic properties in the County are currently placed in the upper bands (E to I), the modest reforms would increase the banding ratios/tax rates for many households.

Current

Proposed ‘modest’ reforms

Band	Value threshold	Tax Rate	Band	Value threshold	Tax Rate
A	Up to £44,000	6 / 9	A	Up to £112,000	5 / 9
B	£65,000	7 / 9	B	£155,000	6 / 9
C	£91,000	8 / 9	C	£211,000	7.5 / 9
D	£123,000	9 / 9	D	£278,000	9 / 9
E	£162,000	11 / 9	E	£376,000	12 / 9
F	£223,000	13 / 9	F	£516,000	15 / 9
G	£324,000	15 / 9	G	£748,000	18 / 9
H	£424,000	18 / 9	H	£987,000	22 / 9
I	over £424,000	21 / 9	I	over £987,000	27 / 9

Modelling undertaken by the IFS, indicates the impact of the ‘modest’ reforms would continue to represent an overall reduction in the Flintshire Council Tax Base, with a higher proportion of RSG to compensate for reduced levels of Council Tax.

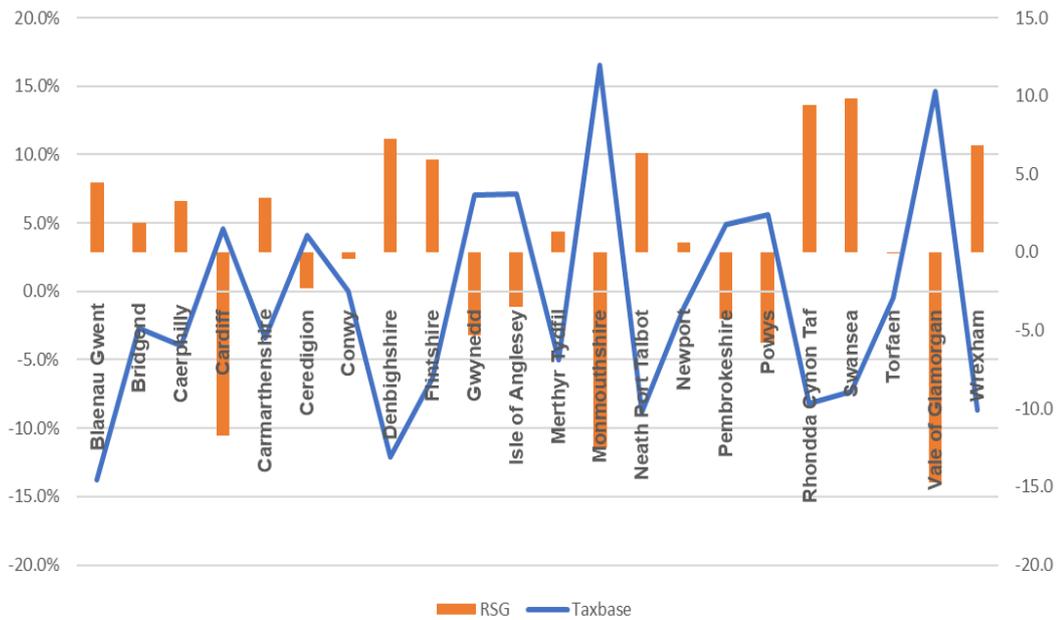


1.08 For the ‘**expanded**’ reforms, a council tax revaluation could take place based on a revised twelve-band property system. In other words, one lower band would be added below the current Band A, and two above the current highest Band I.

This approach would be seen as the most progressive, but with it, the biggest impact on households subject to council tax. It would add additional bands to the current structure (from 9 to 12) and redraw the band widths. The changes in tax rates would result in those in the lowest bands paying much less, and those in the upper bands paying more – and in some cases, considerably more. This option is perceived to make a significant step towards fairness within the tax system.

Band	Value Thresholds
A1	up to £80,000
A2	£80k - £110k
B	£110k - £150k
C	£150k - £200k
D	£200k - £270k
E	£270k - £360k
F	£360k - £480k
G	£480k - £650k
H	£650k - £880k
I	£880k - £1.2m
J	£1.2m - £1.6m
K	over £1.6m

Whilst this approach is seen as the most progressive, the IFS predict more regional variations in terms of the likely changes to the tax base and RSG.



1.09 WG is also seeking views on three options for the pace of reform.

Option 1 – April 2025

This is the fastest pace of change. This is the original date the Valuation Office Agency has been working towards as part of the national revaluation of domestic properties.

All those households who would benefit from any reform would see it reflected in revised council tax bills from this date, although as in the previous revaluation exercise, a transitional relief scheme would cushion the impact on those whose property moves upwards by more than one band.

It is predicted on a national scale the impacts could be anything from 320,000 properties under minimal reforms to 700,000 under the expanded reforms.

Option 2 – Defer until 2028

This option suggests the deferral of any changes to the system until the next Senedd term, with 2028 being the earliest implementation date. This option means that no changes will take place to bands or bills, for a period of at least 4 years.

Option 3 – incremental approach

This option would allow any decided approach (minimal or modest) to be implemented from April 2025 and larger scale reform, such as the expanded approach could take place later, sometime in the next Senedd term.

This option allows for change to be managed over a longer period and for the effects of change, to be effectively managed and measured.

<p>1.10</p>	<p>In other reforms outlined in the phase 2 consultation paper, Class F exemptions apply to unoccupied properties where probate or letters of administration have not yet been granted.</p> <p>Behind each case, there is usually a bereaved family trying to organise the affairs of a family member who has died. The exemption applies for up to 6 months after probate is granted, but prior to this, there is no time limit on the period in which the exemption can be applied. This can result in some properties remaining exempt from council tax for very lengthy periods, or for an indefinite period.</p> <p>The number of Class F exemptions will vary from time to time, but there are currently a total of 360 domestic properties in the County that have been unoccupied since the former resident's death, where the only person liable for council tax would be the deceased's personal representative, and where probate or letters of administration have not yet been granted.</p> <p>In most cases, probate or letters of administration are granted quickly and the average timeline, across England and Wales, from submission to grant is 14 weeks.</p> <p>After probate has been awarded, the beneficiaries of the estate, or other family members, usually re-occupy the property or take steps to dispose of the property before it is re-occupied by the new owners.</p> <p>However, in a small number of cases, the Class F council tax exemption can last for extended periods. For example, there are currently 17 properties that have been exempt for periods more than 3 years, and in 3 cases, council tax exemptions have been in place for periods more than 10 years.</p> <p>Welsh Government are now looking to reform the Class F exemption by introducing a time-limit for this exemption. It is proposed that once a maximum time-period is exceeded, the property would become liable for council tax and the tax to be paid would be applied to the deceased's estate by the executor for the property.</p> <p>The aim of imposing a time limit is seen to act as an incentive for probate to be applied and executed within a reasonable timescale to stop properties being left empty and unoccupied for very lengthy periods. This change could be effective from 1 April 2026.</p>
<p>1.11</p>	<p>In other proposed changes, the Class U exemption applies to anyone who is certified as being 'severely mentally impaired' within the meaning of the legislation.</p> <p>Welsh Government consider the terminology used to describe the exemption is outdated, and the term is now inappropriate. There are no proposals to remove the exemption or to make it a time limited exemption, but reform proposals consider the benefits of changing the title of the exemption to "significant brain impairment" or 'significant brain condition' as it would better align with the social model of disability.</p> <p>Currently a person must be entitled to a qualifying benefit and provide medical certification to receive the exemption. The consultation proposes</p>

	removing the qualifying benefit requirement condition. This change could be effective from 1 April 2026.
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2.00	RESOURCE IMPLICATIONS
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2.01	Local authorities in Wales would see changes in their local tax-bases and changes in revenue in each area if Welsh Government undertake the national revaluation as set out in any of the three proposals. In other words, the 'minimal', 'modest' and 'expanded' reforms would each have a redistributive impact on the Revenue Support Grant (RSG) which is allocated to each local authority using the complex funding formula.
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2.02	<p>Following a national revaluation, if a local authority tax-base decreases it would receive proportionately more in RSG to compensate for lower council tax revenue. On the other hand, if the tax base increased it would result in less RSG.</p> <p>The possible approaches presented would all change the amount of revenue which can be raised in each council area, and this would have a redistributed effect on the RSG allocations.</p>
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2.03	The RSG is allocated using a detailed formula which takes account of local ability to raise financial resources, so that grant funding is fair across Wales.
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2.04	While there would inevitably be wide ranging effects on the tax-bases across Wales because of any revaluation, WG also advise there should be no significant overall changes in funding for council services.
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2.05	The national revaluation of council tax bandings would be an extensive exercise and resourced through the Valuation Office Agency, though the effects of the revaluation would result in additional workloads within the Revenues, particularly to administer any transitional rate relief scheme, deal with increased levels of customer enquiries, and provide advice and support to residents, particularly those who may struggle to pay increased levels of council tax in cases where properties are re-banded upwards.
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2.06	Proposed changes to Class F and Class U exemptions would result in minimal additional workloads. The time limitations for Class F would inevitably result in the collection of increased council tax levels for the small number of cases where probate is not awarded within the agreed time periods. The Class F proposals would also prevent some properties from being left empty for long periods and encourage executors/next-of-kin not to delay applying for probate or letters of administration.
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3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
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3.01	WG is considering embarking on a national revaluation exercise with all three options to address the perceived unfairness in the current system and to bring property bands up-to-date and to ensure households are paying council tax at the correct rate, proportionate to their property values.
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3.02	As with any revaluation, including the last exercise in 2005 (using property data from 2003), there will be a significant number of winners and losers. Those who are expected to pay more, and who move up by more than one property band would be expected to be eligible for transitional rate relief to cushion the financial impact over a longer period.
3.03	At a national level, the purpose of a national revaluation is not to raise additional income overall from council tax, but to redistribute the overall tax-take more fairly and evenly, considering any changes in the tax-bases for each local authority.
3.04	Based on latest research and modelling work commissioned by WG, irrespective of whether the 'minimal', 'modest', or 'expanded' versions of revaluation reform are used, the Institute for Fiscal Studies (IFS) is predicting the tax base in Flintshire for a 2023 revaluation could result in a drop in the overall tax base due to some regions across Wales seeing bigger increases in property values than other parts of Wales, particularly North East Wales, where there has been much slower growth.

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	The phase 2 WG consultation follows on from a previous consultation in September 2022 and builds on the commitment of Welsh Government to create what they believe to be a fairer and more progressive council tax system.
4.02	The phase 2 consultation is open until 6 February and the purpose of this report is to provide cabinet with the opportunity to comment on the consultation proposals and to endorse the responses as prepared by the senior officer in the Revenues service.
4.03	The implementation date for any changes, including the national revaluation of domestic properties subject to council tax, could take effect from April 2025. Other changes relating to the reform of Class F and Class U exemptions would be effective from April 2026.

5.00	APPENDICES
5.01	Appendix 1 to this report sets out the recommended responses to the key questions within the consultation paper.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Welsh Government Phase 2 Consultation on a Fairer Council Tax: https://www.gov.wales/consultation-fairer-council-tax-phase-2-html

	<p>Institute for Fiscal Studies – Assessing the Welsh Government’s consultation on reforms to council tax:</p> <p>https://ifs.org.uk/publications/assessing-welsh-governments-consultation-reforms-council-tax</p>
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7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: David Barnes, Revenues & Procurement Manager Telephone: 01352 703652 E-mail: david.barnes@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<p>Council Tax Bands are set by the government’s independent Valuation Office Agency, not by the Council. The bands are currently based on what a domestic property might have been sold for in April 2003, not on today’s prices. The VOA takes account of the size, age, character and locality of property using sales data around the valuation date to arrive at the correct valuation band for each property.</p> <p>Council Tax Base: is a measure of the Councils ‘taxable capacity’ considering the number of domestic properties subject to council tax (in the relevant property bands and ratios and then re-calculated at equivalent band D’s). The Council Tax Base also considers the number of properties subject to council tax after factoring in statutory discounts, discounts, and exemptions.</p> <p>Progressive - A progressive tax is a tax rate that increases as taxable income increases. It imposes a lower tax rate on low-income earners and a higher tax rate on those with a higher income.</p> <p>Revenue Support Grant: is paid to each Council to cover the cost of providing standard services less the council tax income at the standard level. RSG also considers the level of the Council Tax Base. The Revenue Support Grant is allocated to each local authority using a detailed and complex formula which takes account of local ability to raise financial resources.</p>

Appendix 1 – Responses to the Welsh Government (Phase 2) Consultation on Council Tax Reforms

The Welsh Government has shown 3 possible approaches for how to design a fairer Council Tax system. We want to ask you about your appetite for reform. Do you think WG should aim for:

- approach 1: minimal reform
- approach 2: modest reform
- approach 3: expanded reforms
- or do you have other views or ideas about the approach WG should take to the scale of reform

We fully support the proposition of a national revaluation and believe council tax reforms should be implemented in phases, adopting a steady approach, and working towards a more progressive tax system.

For this reason, we believe approach 1 (minimal reform) should be implemented without delay from April 2025 and then implementation of approach 3 (expanded reforms) during the next Senedd term.

The property market has changed so much since 2003 and it is difficult for residents to align their property band based on a system of valuation thresholds that are not a reflection of modern-day house prices.

A timely revaluation exercise will help to address the regional disparities in house prices and reflect council tax banding that take account of slower levels of growth in property values in Flintshire compared to the national average.

The Council recognises the fragile position of local government finance across Wales and minimal reform implementation in 2025 should have smaller impacts across income distribution overall, both for individual households and the overall finances of each local authority finances.

Although a stepped approach to council tax revaluation reform is sensible by starting with approach 1 in 2025, we believe the system needs to be more progressive by subsequent implementation of approach 3 (the expanded reforms) at the earliest opportunity in the next Senedd term.

The Welsh Government has described when the changes could be made to the Council Tax bands and tax-rates. Do you think WG should make changes according to the:

- fastest timetable: minimal, modest or expanded reform by 1 April 2025
- slower reform: minimal modest or expanded reform starting in 2028
- staged reform: minimal or modest reform in 2025, moving to expanded reform in the next Senedd term
- or do you have other views or ideas about the approach WG should take to the pace of reform

We believe a steady and measured approach towards a more progressive council tax system is prudent, as it will provide an opportunity to review the impact of the phased reforms.

The reforms should commence from April 2025 starting with a national revaluation of domestic properties - by using the existing nine band council tax system (and retention of the existing band ratios).

Thereafter, we consider further reforms should be made in the next Senedd term to implement a more radical and progressive tax system by moving to the expanded reforms as set out in the consultation document.

Do you agree there should be an overall time-limit on Exemption F to discourage properties being left empty and exempt from Council Tax for an indefinite period?

- Yes
- No

Yes, we fully support the proposed changes to time-limit the Class F exemption, especially as in some cases, the period of exemption can last several years, and the current arrangements of awarding an unlimited council tax exemption does not provide an incentive to bring the properties back into full use.

What do you consider is a reasonable period for obtaining probate or letters of administration?

- Two Years
- Three years
- Four years
- Other (please specify)

No two cases are ever the same and the time it takes to obtain probate will differ from one estate to the next. In most cases, probate or letters of administration are granted quickly and the average timeline, across England and Wales, from submission to grant is currently 14 weeks.

We therefore believe that a one-year time-limit should be implemented which will still provide adequate safeguard for complex cases. A one-year limit to apply for probate or letters of administration will act as an incentive for the personal representatives to apply for probate and not to delay matters.

The time-limit will also ensure properties are re-occupied as soon as possible, either by family members or beneficiaries of the estate, or through an eventual sale of the property.

In reaching this conclusion, we also consider that once probate has been awarded, a further six months statutory exemption will continue to apply for the beneficiaries/new owners before council tax payments are due. We therefore believe the measures are proportionate and reasonable.

Which title do you think should replace the term 'severely mentally impaired'?

- Option A: significant brain impairment
- Option B: significant brain condition

We do not support the proposed changes as the language used in the Local Government Finance Act 1992 to describe someone as 'severely mentally impaired' continues to be aligned to the Mental Health Act 1983.

The 'severe mental impairment' term is widely recognised and well established.

Do you agree with the proposed definition to describe a person with a significant brain impairment or condition? The definition is: "Significant (and permanent) mental condition or change that impacts on the brain's ability to function."

- Yes
- No

No – see above.

Do you have any views on the qualifying criteria for a person with a significant brain impairment or condition to be entitled to an exemption or disregard? The current qualifying criteria are for a person to be entitled to a qualifying benefit and to have medical certification from a registered practitioner.

- Option A: remove the requirement for a person to be entitled to a qualifying benefit in order to qualify for the exemption or disregard but retain the need for a medical certification.
- Option B: where a person can provide proof of clinical diagnosis, the requirement for a person to be in receipt of a qualifying benefit could be removed at the discretion of the Council.
- Other (please specify)

There are 865 households in Flintshire that qualify under this scheme, of which 358 are fully exempt from council tax. The other 507 households may get a 25% reduction, a 50% reduction on the odd occasion or no discount at all e.g. there are 3 adults and only 1 disregard.

The current system works well. There is a simple application process to ensure residents can submit supporting statements from a medical practitioner and confirm details of their supporting benefit/s.

To be eligible for a council tax reduction, we firmly believe there is a continued need to retain the qualifying criteria for a person to be entitled to a qualifying DWP benefit and to also have a medical certification from a registered general practitioner or specialist consultant.

Retaining the need for residents to be in receipt of qualifying benefits helps to validate and fast-track council tax exemption applications.

Crucially, we often receive applications from residents with severe mental impairments who are completely unaware of the range of benefits that are available to them, such as Universal credit (including an element for limited capability for work), attendance allowance, Disability Living Allowance etc.

In several cases, it is only at the point of the council tax exemption application that residents are made aware of, and signposted to, the additional supporting DWP benefits.

There is a vital correlation between the two schemes and any break between the two would result in silo working arrangements and reduce the awareness of benefits that are available to residents. More importantly, removal of the qualifying benefits link would result in unintended consequences as residents are likely to miss out on access to the additional DWP benefits.