

## CABINET

<b>Date of Meeting</b>	Tuesday 19 <sup>th</sup> July 2016
<b>Report Subject</b>	Revenue Budget Monitoring 2016/17 (Month 2)
<b>Cabinet Member</b>	Leader of the Council and Cabinet Member for Finance
<b>Report Author</b>	Corporate Finance Manager
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

This report is the first and early revenue budget monitoring report of 2016/17. The report provides information on the progress of achieving planned efficiencies against the targets set.

This initial revenue monitoring update does not provide the level of detail which will follow from month 3. This report reports by exception on significant variances which may impact on the financial position in 2016/17. Full detailed budget monitoring will commence from Month 3.

### RECOMMENDATIONS

1	Cabinet is recommended to review the report
2	To agree a budget virement within Social Services to realign the budget to meet service needs (refer to paragraph 1.06)
3	To agree a contribution from the Contingency Reserve of £0.111m to meet the settlement costs from historic child abuse claims (refer to paragraph 1.20)
4	To approve a contribution from the Contingency Reserve of £0.076m to meet one off-costs for the Summer Play Schemes (refer to paragraph 1.21)

## REPORT DETAILS

1.00	<b>REVENUE BUDGET MONITORING 2016/17 (EXCEPTION REPORT)</b>														
1.01	The Council practice is for full monthly budget monitoring to begin at month 3. The professional resources of the Corporate Finance Team have to be dedicated to the closure of the accounts for the previous financial year in the April – June period. Pending the resumption of full monthly reporting an interim report is presented at the end of month 2 with reporting by exception only. For information the draft Statement of Accounts are to be presented to the Audit Committee on 13 July 2016, and the 2015/16 revenue final outturn report is included on the agenda for this Cabinet Meeting.														
1.02	Work has already been undertaken to review the progress and risks with managing the pressures and efficiencies programmes included within the 2016/17 budget approved by Council.														
1.03	The 2016/17 budget includes £11.282m of efficiencies from Portfolio Business Planning and Corporate Financing. It has been fully understood by Council that the budget for this financial year would include a higher degree of risk than in the past out of necessity.														
1.04	Budget planning, monitoring and management is tightly controlled by accountable Service Managers and Finance Managers from the outset. Cabinet members are also fully involved in their respective portfolio areas.														
1.05	This initial revenue monitoring update does not provide the level of detail which will follow from month 3. This report reports by exception on variances which may impact on the financial position in 2016/17. Full detailed budget monitoring will commence from month 3.														
1.06	<p><b><u>Proposals for budget realignment – Social Services</u></b></p> <p>As referred to in the separate 2015/16 monitoring report there is a need to realign some budget provision in order that budgeted expenditure more accurately reflects current activity. The table below summarises the recommended changes arising from these considerations and paragraphs 1.07 – 1.10 provide further detail.</p> <p>It is recommended that the following permanent budget realignment adjustments are made within the revenue budgets for the Social Services portfolio.</p> <table border="1" data-bbox="284 1848 1407 2087"> <thead> <tr> <th data-bbox="284 1848 1029 1982">Service area :</th> <th data-bbox="1029 1848 1212 1982">Increase in budget : £(m)</th> <th data-bbox="1212 1848 1407 1982">Decrease in budget : £(m)</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 1982 1029 2016">Adults Services (Locality teams) - Residential Care</td> <td data-bbox="1029 1982 1212 2016"></td> <td data-bbox="1212 1982 1407 2016">(0.600)</td> </tr> <tr> <td data-bbox="284 2016 1029 2049">Adults Services (Locality teams) - Domiciliary Care</td> <td data-bbox="1029 2016 1212 2049">0.600</td> <td data-bbox="1212 2016 1407 2049"></td> </tr> <tr> <td data-bbox="284 2049 1029 2087">Development &amp; Resources - charging policy income</td> <td data-bbox="1029 2049 1212 2087"></td> <td data-bbox="1212 2049 1407 2087">(0.198)</td> </tr> </tbody> </table>			Service area :	Increase in budget : £(m)	Decrease in budget : £(m)	Adults Services (Locality teams) - Residential Care		(0.600)	Adults Services (Locality teams) - Domiciliary Care	0.600		Development & Resources - charging policy income		(0.198)
Service area :	Increase in budget : £(m)	Decrease in budget : £(m)													
Adults Services (Locality teams) - Residential Care		(0.600)													
Adults Services (Locality teams) - Domiciliary Care	0.600														
Development & Resources - charging policy income		(0.198)													

	Adults Services (Older People) - Supporting People	0.198	
	Total :	0.798	(0.798)
1.07	<b>Social Services</b> <u>Older People - Localities (Locality Teams) - Domiciliary</u> There remains a significant demand-led pressure for domiciliary care provision with the final outturn position for 2015/16 being an overspend of £0.559m. In 2016/17 early projections reflect a similar level of increased funding required. This reflects the increased priority for supporting as many people as possible at home.		
1.08	<u>Older People - Localities (Locality Teams) - Residential</u> As was the case in 2015/16 the significant overspend on domiciliary care is offset by a projected underspend on Residential Care of £0.750m. The underspend arises from the income received exceeding the projection, and also through more use of domiciliary care instead of residential care.		
1.09	<u>Business Units (Charging Policy Fee Income)</u> There is a projected excess of income above the level budgeted of £0.250m from charging policy fee income. Welsh Government increased the maximum charge cap to £60 per week with effect from 1st April 2015. This had a positive impact on the income recharged to service users throughout 2015/16 resulting in a final outturn excess of income above budget of £0.204m. This trend is expected to continue throughout 2016/17; early indications of income charged in the first quarter suggest further improvement on the 2015/16 position.		
1.10	<u>Adults Services (Older People) - Supporting People grant income</u> There is a permanent pressure of £0.198m within the Older People's budget for Supporting People grant subsidy. The service is no longer able to satisfy eligibility criteria to attract grant subsidy. As a consequence, it is recommended that this income target be met by way of a budget realignment from the fee income referred to in 1.10.		
1.11	<u>Children's Services (Family Placement)</u> There is currently a projected overspend of £0.250m on this service to meet service demand. There have been significant overspends on this service for each of the last five financial years. The final outturn for 2015/16 shows an overspend of £0.247m.		
1.12	<b>Education &amp; Youth</b> <u>Out of County Placements</u> The Out of County budget was overspent by £0.175m in 2015/16 and based on current forecast, it is estimated that there may be a similar level of overspend in the current year. This remains a volatile area of spend to forecast due to the high cost of individual placements and the frequent changes of packages of care to meet the complex needs of individual children. An officer task and finish group is to be re-established to review the arrangements for procuring and managing out of county placements to ensure value.		
1.13	<b>Community &amp; Enterprise</b> <u>Revenues &amp; Benefits</u>		

	<p>Council Tax Reduction Scheme; an initial review of demand levels in the early part of the year lead to a projected underspend on the budgeted provision for the Council Tax Reduction Scheme of £0.150m.</p> <p>Council Tax Collection Fund; early projections on this account show an anticipated surplus on the Council Tax Collection Fund of £0.074m.</p>
1.14	<p><b>Streetscene &amp; Transportation</b></p> <p>This portfolio has an adverse variance of £0.730m due to certain Business Planning Efficiencies not being achievable in 2016-17. This is principally from a further review of Household Recycling Centre's (HRC's) (£0.250m), delays in implementing car park charges in Flint due to town centre regeneration and lower than anticipated levels in some other car parks (£0.135m). Various individual variances of £0.050m and under make up the remaining £0.345m shortfall across the portfolio.</p>
1.15	<p><b>Organisational Change</b></p> <p><u>Leisure and Libraries</u></p> <p>Community Asset Transfers; Connah's Quay Swimming Pool and Holywell Leisure Centre are estimated to be achieved within the time periods set for transfer. As both are likely to be finalised towards the end of the estimated time period it is likely that this will result in a shortfall of the in-year planned efficiency. The original estimated efficiency was £544k. It is now estimated that £344k will be achieved in this financial year.</p>
1.16	<p><b>Central &amp; Corporate Finance</b></p> <p>The 2016/17 budget includes an efficiency for three proposals for Workforce, Essential Car User (ECU) Allowance and Income.</p> <p>The efficiency of £0.500m for the ECU scheme is not anticipated to be achieved in full, although a partial in-year efficiency will be made once negotiations with Trade Unions are completed. Further information will be provided in the full Month 3 report.</p> <p>A further efficiency of £0.500m for a reduction in workforce costs is currently projected to achieve £0.283m with further work underway to meet the remaining £0.222m within the current financial year.</p> <p>The efficiency for additional income generating activities is currently anticipated to achieve £0.200m within this current financial year. An independent review of fees and charges income generating options is due to begin over the summer which will continue to explore additional income maximisation opportunities.</p>
1.17	<p>The emerging risks and issues identified in 1.06 – 1.16 are the significant items that have been raised at this early stage in the year. A full detailed budget monitoring position will be reported for the first quarter of the year to Cabinet in September.</p>
1.18	<p><b>Housing Revenue Account</b></p> <p>There are no significant variations identified at this stage within the Housing Revenue Account.</p>

1.19	<p><b><u>UNEARMARKED RESERVES</u></b></p> <p>The final level of Council Fund Contingency Reserve brought forward into 2016/17 was £4.375m as detailed in the 2015/16 outturn report elsewhere on this agenda (subject to Audit).</p>
1.20	<p><b>Governance</b></p> <p><u>Legal Services</u></p> <p>A number of payments for the settlement of historic child abuse cases which pre-date Flintshire, have been paid in 2016/17. To date a total of £0.111m has been paid out. There is currently no funding available for these costs. Therefore it is recommended that these costs, along with any future costs, are met from the Contingency Reserve.</p>
1.21	<p><u>Leisure</u></p> <p>Summer Play Schemes; withdrawal of the Welsh Government Families First grant contribution towards Summer Play Schemes has resulted in a funding shortfall of £0.076m. The proposal is to provide one off support to communities for 2016/17 only. It is recommended that this is funded from the Contingency Reserve.</p>

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

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	None Required.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	As identified within Section 1 of the report.

<b>5.00</b>	<b>APPENDICES</b>
5.01	None.

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

7.00	GLOSSARY OF TERMS
7.01	<b>Budget:</b> a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.
7.02	<b>Council Fund:</b> the fund to which all the Council's revenue expenditure is charged.
7.03	<b>Financial Year:</b> the period of twelve months commencing on 1 April.
7.04	<b>Housing Revenue Account:</b> the Housing Revenue Account (HRA) is a local authority account showing current income and expenditure on housing services related to its own housing stock. The account is separate from the Council Fund and trading accounts and is funded primarily from rents and government subsidy.
7.05	<b>Projected Outturn:</b> projection of the expenditure to the end of the financial year, made on the basis of actual expenditure incurred to date.
7.06	<b>Reserves:</b> these are balances in hand that have accumulated over previous years and are held for defined (earmarked reserves) and general (general reserves) purposes. Councils are required to regularly review the level and purpose of their reserves and to take account of the advice of the Chief Finance Officer.
7.07	<b>Revenue:</b> a term used to describe the day-to-day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.
7.08	<b>Underspend:</b> when referring to expenditure the actual expenditure incurred is less than budget. Shown as a –ve. When referring to income the actual income achieved exceeds the budget. Shown as a –ve.
7.09	<b>Variance:</b> difference between latest budget and actual income or expenditure. Can be to date if reflecting the current or most up to date position or projected, for example projected to the end of the month or financial year.
7.10	<b>Virement:</b> 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.