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| CABINET MEETING |
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| Date of Meeting | Tuesday 20 September 2016 |
| Report Subject | Revenue Budget Monitoring 2016/17 (Month 4) |
| Cabinet Member | Leader of the Council and Cabinet Member for Finance |
| Report Author | Corporate Finance Manager |
| Type of Report | Operational |

EXECUTIVE SUMMARY

This monthly report provides the latest revenue budget monitoring position for 2016/17 for the Council Fund and Housing Revenue Account. This is the first monitoring report and presents the position, based on actual income and expenditure, as at Month 4 of the financial year. The report projects how the budget would stand at the close of the financial year if all things remained equal.

The projected year end position, without mitigation to reduce cost pressures and improve the yield on efficiency planning, is:-

Council Fund

- Net in year expenditure forecast to be £2.081M higher than budget
- Projected contingency reserve balance of £2.107M

The underlying forecast overspend will be reduced to £1.641M with the successful negotiation of an additional Welsh Government transport grant of £0.440M. Of the remaining £1.641M, £0.861M (52%) comes from conscious decisions to change proposals for household recycling centres, community assets transfers, town centre and County Hall car parking charging, and workforce essential car use allowances. This leaves a true unpredicted working deficit of £0.780M. The recurring impacts of the forecast position for 2017/18 are explained in the report.

Housing Revenue Account

- Net in year expenditure forecast to be £0.013M lower than budget
- Projected closing balance as at 31 March 2016 of £1.111M

RECOMMENDATIONS

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| 1 | Cabinet is recommended to note the report. |
| 2 | To approve an allocation of £0.861M from the contingency reserve to meet the financial impact of the changed proposals for household recycling centres, community asset transfers, town centre and county hall car parking charging, and workforce essential car user allowances (paras 1.03 – 1.08) |

REPORT DETAILS

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| 1.00 | Explaining the Month 4 Position |
| 1.01 | <p><u>Council Fund Overall Position</u></p> <p>The projected year end position, without mitigation to reduce cost pressures and improve the yield on efficiency planning, is as follows:-</p> <ul style="list-style-type: none"> • Net in year expenditure forecast to be £2.081M higher than budget • Projected contingency reserve balance of £2.107M |
| 1.02 | <p>The underlying deficit balance will be reduced to £1.641M with the successful negotiation of an additional Welsh Government transport grant of £0.440M. The Council, along with neighbouring councils, was given notice in July that one of its contracted transport operators, GHA Coaches, was going into immediate liquidation. Urgent action was required to secure the school and public transport subsidised routes operated by GHA Coaches. The procurement of full replacement service providers is projected to incur an additional cost of £0.440M for the remainder of 2016/17. The councils affected are in negotiation with Welsh Government for an additional in-year transport grant to fund these costs and full cost recovery is expected. Decisions can then be made with Welsh Government on transport routing, procurement and costs for 2017/18 onwards. A recurring negative impact on the 2017/18 financial year can be avoided through this work.</p> |
| 1.03 | <p>Of the remaining deficit balance of £1.641M, £0.861M (52%) comes from conscious decisions to change proposals for household recycling centres, community assets transfers, town centre and County Hall car parking charging, and workforce essential car use allowances.</p> |
| 1.04 | <p>Following extensive discussion between the Cabinet and the Environment Overview and Scrutiny Committee a solution to a sustainable number of household recycling centres has been agreed. This involves withdrawing a planned efficiency target of £0.250M in the current financial year. In the</p> |

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| | longer-term this efficiency will be replaced by the reduced cost in transporting waste to landfill and incurring Landfill Tax. The withdrawn efficiency for 2016/17 will be charged to the Contingency Reserve. |
| 1.05 | The two principal Community Asset Transfers of Connah's Quay Swimming Pool (completed) and Holywell Leisure Centre (advanced) both had ambitious timescales set from the outset. Both projects required a minor extension of time (up to three months) for safe transition from Council ownership to community ownership. A £0.2M in-year reduction in the efficiency set is forecast. There will be no recurring impact as the efficiency will be achieved in full from 2017/18. |
| 1.06 | An approved delay in the introduction of car parking charges in Flint, due to the limited availability of town centre public car parking during the main phases of the Flint Regeneration Scheme, will cause a loss of £0.1M car parking income in-year. Once the Scheme is advanced and car parking provision can be returned to a state of normality the income level will be recovered and the efficiency returned. A date for local charging being introduced in Flint cannot yet be set. The withdrawal of the car parking charging proposal for workforce use of the County Hall complex will cause a further loss of £0.1M car parking income. The car parking permit administrative charge for employees of £12.00 per person, the reserved space income for a small number of dedicated users, and the income from fee paying public users will still generate a small income. The income loss from County Hall will, from 2017/18, be more than offset by the efficiencies set out in 1.07 below. |
| 1.07 | An efficiency target of £0.500M was set for a significant reduction in the costs of workforce essential car user allowances. A detailed and sensitive set of negotiations with the Trade Unions was required. The national essential car user scheme, although since withdrawn by many local authority employers, is included in the local Part 3 Agreement under Single Status. Whilst time in implementing the changes sought has been lost an amicable agreement to introduce a three part change to the total number of car allowances granted, the lump sum allowance payable, and the mileage rate for essential user travel, to be introduced in stages from 1 October, will still secure an in-year efficiency of £0.289M (shortfall of £0.211M in 2016/17). However, there will be a positive recurring impact as the full year efficiency from 2017/18 onwards will be in the region of £0.751M and will exceed target. |
| 1.08 | The Contingency Reserve is designed to act as a flexible reserve to absorb unexpected in-year cost pressures whether they occur by design or by default. The use of the Reserve is recommended for the 2016/17 financial impact as detailed in paragraphs 1.04 – 1.07 and is consistent with its purpose. |
| 1.09 | Having accounted for all of the above a true unpredicted working deficit balance of £0.780M will remain. |

| 1.10 | <p><u>Council Fund Latest in Year Forecast</u></p> <p>The table below shows the projected position by portfolio.</p> <table border="1" data-bbox="288 365 1342 1384"> <thead> <tr> <th data-bbox="288 365 667 595">TOTAL EXPENDITURE AND INCOME</th> <th data-bbox="667 365 836 595">Original Budget</th> <th data-bbox="836 365 1005 595">Revised Budget</th> <th data-bbox="1005 365 1182 595">Projected Outturn</th> <th data-bbox="1182 365 1342 595">In-Year Over / (Under) spend</th> </tr> <tr> <td></td> <th data-bbox="667 595 836 645">£M</th> <th data-bbox="836 595 1005 645">£M</th> <th data-bbox="1005 595 1182 645">£M</th> <th data-bbox="1182 595 1342 645">£M</th> </tr> </thead> <tbody> <tr> <td data-bbox="288 595 667 645">Social Services</td> <td data-bbox="667 595 836 645">58.534</td> <td data-bbox="836 595 1005 645">60.191</td> <td data-bbox="1005 595 1182 645">60.127</td> <td data-bbox="1182 595 1342 645">(0.064)</td> </tr> <tr> <td data-bbox="288 645 667 694">Community & Enterprise</td> <td data-bbox="667 645 836 694">12.035</td> <td data-bbox="836 645 1005 694">12.336</td> <td data-bbox="1005 645 1182 694">11.985</td> <td data-bbox="1182 645 1342 694">(0.351)</td> </tr> <tr> <td data-bbox="288 694 667 779">Streetscene & Transportation</td> <td data-bbox="667 694 836 779">27.011</td> <td data-bbox="836 694 1005 779">28.458</td> <td data-bbox="1005 694 1182 779">29.798</td> <td data-bbox="1182 694 1342 779">1.340</td> </tr> <tr> <td data-bbox="288 779 667 828">Planning & Environment</td> <td data-bbox="667 779 836 828">4.978</td> <td data-bbox="836 779 1005 828">5.469</td> <td data-bbox="1005 779 1182 828">5.529</td> <td data-bbox="1182 779 1342 828">0.060</td> </tr> <tr> <td data-bbox="288 828 667 878">Education & Youth</td> <td data-bbox="667 828 836 878">11.225</td> <td data-bbox="836 828 1005 878">11.459</td> <td data-bbox="1005 828 1182 878">11.520</td> <td data-bbox="1182 828 1342 878">0.061</td> </tr> <tr> <td data-bbox="288 878 667 927">Schools</td> <td data-bbox="667 878 836 927">86.162</td> <td data-bbox="836 878 1005 927">87.372</td> <td data-bbox="1005 878 1182 927">87.372</td> <td data-bbox="1182 878 1342 927">0.000</td> </tr> <tr> <td data-bbox="288 927 667 976">People & Resources</td> <td data-bbox="667 927 836 976">4.319</td> <td data-bbox="836 927 1005 976">4.570</td> <td data-bbox="1005 927 1182 976">4.600</td> <td data-bbox="1182 927 1342 976">0.031</td> </tr> <tr> <td data-bbox="288 976 667 1025">Governance</td> <td data-bbox="667 976 836 1025">8.159</td> <td data-bbox="836 976 1005 1025">8.352</td> <td data-bbox="1005 976 1182 1025">8.409</td> <td data-bbox="1182 976 1342 1025">0.057</td> </tr> <tr> <td data-bbox="288 1025 667 1075">Organisational Change 1</td> <td data-bbox="667 1025 836 1075">5.560</td> <td data-bbox="836 1025 1005 1075">5.972</td> <td data-bbox="1005 1025 1182 1075">6.164</td> <td data-bbox="1182 1025 1342 1075">0.193</td> </tr> <tr> <td data-bbox="288 1075 667 1124">Organisational Change 2</td> <td data-bbox="667 1075 836 1124">2.244</td> <td data-bbox="836 1075 1005 1124">2.575</td> <td data-bbox="1005 1075 1182 1124">2.472</td> <td data-bbox="1182 1075 1342 1124">(0.103)</td> </tr> <tr> <td data-bbox="288 1124 667 1173">Chief Executive</td> <td data-bbox="667 1124 836 1173">3.204</td> <td data-bbox="836 1124 1005 1173">3.191</td> <td data-bbox="1005 1124 1182 1173">3.123</td> <td data-bbox="1182 1124 1342 1173">(0.068)</td> </tr> <tr> <td data-bbox="288 1173 667 1299">Central & Corporate Finance</td> <td data-bbox="667 1173 836 1299">28.552</td> <td data-bbox="836 1173 1005 1299">22.039</td> <td data-bbox="1005 1173 1182 1299">22.964</td> <td data-bbox="1182 1173 1342 1299">0.925</td> </tr> <tr> <td data-bbox="288 1299 667 1384">Total</td> <td data-bbox="667 1299 836 1384">251.984</td> <td data-bbox="836 1299 1005 1384">251.984</td> <td data-bbox="1005 1299 1182 1384">254.065</td> <td data-bbox="1182 1299 1342 1384">2.081</td> </tr> </tbody> </table> | TOTAL EXPENDITURE AND INCOME | Original Budget | Revised Budget | Projected Outturn | In-Year Over / (Under) spend | | £M | £M | £M | £M | Social Services | 58.534 | 60.191 | 60.127 | (0.064) | Community & Enterprise | 12.035 | 12.336 | 11.985 | (0.351) | Streetscene & Transportation | 27.011 | 28.458 | 29.798 | 1.340 | Planning & Environment | 4.978 | 5.469 | 5.529 | 0.060 | Education & Youth | 11.225 | 11.459 | 11.520 | 0.061 | Schools | 86.162 | 87.372 | 87.372 | 0.000 | People & Resources | 4.319 | 4.570 | 4.600 | 0.031 | Governance | 8.159 | 8.352 | 8.409 | 0.057 | Organisational Change 1 | 5.560 | 5.972 | 6.164 | 0.193 | Organisational Change 2 | 2.244 | 2.575 | 2.472 | (0.103) | Chief Executive | 3.204 | 3.191 | 3.123 | (0.068) | Central & Corporate Finance | 28.552 | 22.039 | 22.964 | 0.925 | Total | 251.984 | 251.984 | 254.065 | 2.081 |
|-------------------------------------|--|-------------------------------------|--------------------------|-------------------------------------|--------------------------|-------------------------------------|--|-----------|-----------|-----------|-----------|-----------------|--------|--------|--------|---------|------------------------|--------|--------|--------|---------|------------------------------|--------|--------|--------|-------|------------------------|-------|-------|-------|-------|-------------------|--------|--------|--------|-------|---------|--------|--------|--------|-------|--------------------|-------|-------|-------|-------|------------|-------|-------|-------|-------|-------------------------|-------|-------|-------|-------|-------------------------|-------|-------|-------|---------|-----------------|-------|-------|-------|---------|-----------------------------|--------|--------|--------|-------|--------------|----------------|----------------|----------------|--------------|
| TOTAL EXPENDITURE AND INCOME | Original Budget | Revised Budget | Projected Outturn | In-Year Over / (Under) spend | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | £M | £M | £M | £M | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Social Services | 58.534 | 60.191 | 60.127 | (0.064) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Community & Enterprise | 12.035 | 12.336 | 11.985 | (0.351) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Streetscene & Transportation | 27.011 | 28.458 | 29.798 | 1.340 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Planning & Environment | 4.978 | 5.469 | 5.529 | 0.060 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Education & Youth | 11.225 | 11.459 | 11.520 | 0.061 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Schools | 86.162 | 87.372 | 87.372 | 0.000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| People & Resources | 4.319 | 4.570 | 4.600 | 0.031 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Governance | 8.159 | 8.352 | 8.409 | 0.057 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Organisational Change 1 | 5.560 | 5.972 | 6.164 | 0.193 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Organisational Change 2 | 2.244 | 2.575 | 2.472 | (0.103) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Chief Executive | 3.204 | 3.191 | 3.123 | (0.068) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Central & Corporate Finance | 28.552 | 22.039 | 22.964 | 0.925 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 251.984 | 251.984 | 254.065 | 2.081 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.11 | The reasons for the projected variances are summarised within Appendix 1 with key variances explained in paragraphs 1.01 to 1.07 and in the following paragraphs. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.12 | <p>Significant Budget Movements between Original and Revised Budget</p> <p>Changes from the Original Budget to the Revised Budget are mostly due to the distribution workforce increment, pay award, superannuation increases and employer national insurance increases, which were centrally held within the Central & Corporate Finance budget when the 2016/17 budget was set.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.13 | <p>Streetscene and Transportation</p> <p>There is a significant variance within the portfolio of £1.340M with the major changes explained above. Full details of all variances are given in Appendix 1.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| 1.14 | <p>Central & Corporate Finance</p> <p>There is a significant variance within the portfolio of Central and Corporate Finance of £0.925M. Full details of all variances are given in Appendix 1.</p> |
| 1.15 | <p>Programme of Efficiencies</p> <p>The 2016/17 budget contains £11.282M of specific efficiencies which are being tracked and monitored.</p> |
| 1.16 | <p>Appendix 2 provides detail on the latest position where there is a variation to the level of efficiency achievable compared to the budget.</p> |
| 1.17 | <p>This shows that it is currently projected that £9.703M (86%) will be achieved resulting in a net underachievement of £1.579M. The position will continue to be monitored and reported in future monitoring reports.</p> |
| 1.18 | <p>Inflation</p> <p>Included within the 2016/17 budget are provision for pay (£0.936M), targeted price inflation (£0.573M) and income (£0.185M).</p> |
| 1.19 | <p>No provision has been made for non-standard inflation (NSI) in 2016/17. Areas that may be subject to NSI increases will be monitored throughout the year and any emerging pressures will be considered in future reports.</p> |
| | <p>Reserves and Balances</p> |
| 1.20 | <p>Un-earmarked Reserves</p> <p>The 2015/16 outturn reported to Cabinet on 19 July 2016 showed un-earmarked reserves at 31 March 2016 (above the base level of £5.769M) of £4.375M.</p> |
| 1.21 | <p>Taking into account the current overspend at Month 4 and previously agreed allocations the balance on the contingency reserve at 31 March 2017 is projected to be £2.107M.</p> |
| 1.22 | <p>This takes into account the allocation of £0.111M and £0.076M approved at month 2 for the respective costs of historic child abuse claims and Summer Play Schemes.</p> |
| 1.23 | <p>Earmarked Reserves</p> <p>The Council adopted a reserves protocol in September 2015 which set out the principles around how the Council determines, manages and reviews its level of reserves. Within the protocol is reference to regular reporting of the latest position to Cabinet and Corporate Resources Overview and Scrutiny Committee.</p> |

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| 1.24 | A summary of earmarked reserves as at 1 April 2016 and an estimate of projected balances as at the end of the financial year will be included in the month 5 report. |
| 1.25 | <u>Housing Revenue Account</u> The 2015/16 Outturn Report to Cabinet on 19 July 2016 showed an un-earmarked closing balance at the end of 2015/16 of £1.178m (subject to audit). |
| 1.26 | The 2016/17 budget for the HRA is £31.979m which includes a movement of £0.080m from reserves. |
| 1.27 | The Month 4 monitoring for the HRA is projecting in year expenditure to be £0.013m lower than budget and a closing balance as at 31 March 2017 of £1.111m, which at 3.5% of total expenditure satisfies the prudent approach of ensuring a minimum level of 3%. |

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| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | The Revenue Budget Monitoring Report reflects the planned use of the financial resources of the Council for the current financial year and details the variations in the first four months and the risks as known. |

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| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 3.01 | None required. |

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| 4.00 | RISK MANAGEMENT |
| 4.01 | Achievement of Planned In-Year Efficiencies The Council sets a challenging level of specified efficiencies to be achieved in-year as part of its approach to annual budget planning. These efficiencies are generated from the three year service portfolio business plans and from corporate financial planning. In recent years the level of efficiency achievement has averaged at around 85%. The first assessment of the efficiency profile for 2016/17 shows that 86% of the efficiencies pre-set in the annual budget will be achieved. Whilst this is on average it does mean that there will be a shortfall to be met through mitigation of £1.579M. There is a risk that the shortfall cannot be mitigated other than drawing on temporary funding from the Contingency Reserve. There is a further risk that any ongoing underachievement of efficiencies will have a recurring and negative impact on the 2017/18 budget as an efficiency target deficit would in effect be carried forward. Risk status: unstable/amber risk. |
| 4.02 | In-Year Reductions in Government Specific Grants |

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| | <p>This has been a trend in recent years whereby specific grants awarded by Government, and its grant awarding bodies, can be reduced in year and with limited notice. In such cases the Council faces the difficult choice of either reducing the services which the grants fund or absorbing the grant deficit as an in-year cost pressure. Whilst grants are tracked and representations are made to Government when any risks of grant reductions become known, this remains an open risk. Risk status: unstable/amber risk.</p> |
| 4.03 | <p>Cost Pressures in Residential and Domiciliary Care</p> <p>The Council is faced with having to meet high levels of annual cost inflation for commissioned places and homecare packages in the residential and domiciliary provider markets due, in the main, to the introduction of the Living Wage and its impact on the payroll costs of providers. In setting its annual budget the Council referred to the need to set aside reserves of £0.646M to meet the additional inflationary costs for 2016/17 as a temporary funding solution only if additional funding was not available to fund these increases. The Council has been successful in securing £0.5M from the Intermediate Care Fund (ICF) to part fund these costs. This will mean that only an amount up to £0.146M will have to be found from reserves. The projected budget figures for the Social Services portfolio for 2016/17 reflect this net cost. There is no confirmation at this stage that the use of the ICF in this way will be continued for 2017/18 and the inflationary costs within the care sector will continue to increase as profiled in previous reports. Therefore there are risks of significant cumulative cost pressures in this sector. Risk status: unstable/red risk.</p> |
| 4.04 | <p>Municipal Mutual Insurance (MMI)</p> <p>MMI was the predominant insurer of public sector bodies prior to 1992 before going into liquidation. Flintshire was required to pay a levy of 15% of its share of the claims paid out previously and for any future claims. Other local authorities likewise have to make a contribution. When MMI's administrator published their 2015 accounts it showed that due to an increase in the number of claims overall there would need to be an increase in the levy to meet liabilities. A recommendation was approved in 2015/16 to meet a significant liability which reflects a 20% increase in the levy. Whilst financial provision has been set aside for the risk assessed at that time the risk of a further increase in the levy remains open as legal work on claims is protracted with uncertain outcomes. Risk status: stable/green risk.</p> |
| 4.05 | <p>Historic Child Abuse Settlements</p> <p>A number of historic child abuse cases, which predate the existence of Flintshire County Council, have been settled this financial year. There are still a number of outstanding cases to be settled and it is difficult to estimate the full financial impact of these. The financial provision set aside may not prove to be sufficient to meet the cost liabilities of all cases when closed. Risk status: unstable/amber risk.</p> |

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| 4.06 | <p>Landfill Site Energy Income</p> <p>The Council derives an income from the sale of electricity produced from gas extraction at the Standard and Brookhill landfill sites. Energy production and therefore income levels have been reducing over time. There is potential for further loss of gas engine income through diminishing levels of gas. The service is being out sourced to remove the risk longer-term. Risk status: stable/amber risk.</p> |
| 4.07 | <p>Orphaned Industrial Site at Sandycroft</p> <p>The contract for the removal of all chemical deposits, site cleansing and site close-down will come to a conclusion in the late autumn/early winter. The contract has had to be flexible to meet the unforeseen given the unique circumstances of this case (the former Euticals company). There may be an additional cost pressure as the Council is having to maintain the site for a longer period than first expected to see out the site closure programme. The monthly cost of maintaining and securing the site is £25-30,000. At the close of the programme the final cost can be determined. It might be possible to set any overspend against the reserve provision set aside for the contract (for which a partial Welsh Government grant of £0.700M was secured) and/or from any proceeds for the site disposal which will follow. Risk status: unstable/amber risk.</p> |
| 4.08 | <p>Infrastructure for improvement works at Bagillt</p> <p>The recent flooding events in the Bagillt area resulted in a number of properties being flooded. Drainage works have been carried out to improve the existing outlet from Reeces Terrace, and further investigatory works are being undertaken which could result in additional expenditure if major infrastructure improvement is required to prevent further flooding. Risk status: unstable/amber risk.</p> |

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| 5.00 | APPENDICES |
| 5.01 | <p>Appendix 1: Council Fund – Budget Variances Appendix 2: Council Fund – Programme of Efficiencies Appendix 3: Council Fund – Movement on Un-earmarked Reserves Appendix 4: Housing Revenue Account Variances</p> |

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

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| 7.00 | GLOSSARY OF TERMS |
| 7.01 | Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them. |
| 7.02 | Council Fund: the fund to which all the Council's revenue expenditure is charged. |
| 7.03 | Financial Year: the period of twelve months commencing on 1 April. |
| 7.04 | Housing Revenue Account: the Housing Revenue Account (HRA) is a local authority account showing current income and expenditure on housing services related to its own housing stock. The account is separate from the Council Fund and trading accounts and is funded primarily from rents and government subsidy. |
| 7.05 | Projected Outturn: projection of the expenditure to the end of the financial year, made on the basis of actual expenditure incurred to date. |
| 7.06 | Reserves: these are balances in hand that have accumulated over previous years and are held for defined (earmarked reserves) and general (general reserves) purposes. Councils are required to regularly review the level and purpose of their reserves and to take account of the advice of the Chief Finance Officer. |
| 7.07 | Revenue: a term used to describe the day-to-day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure. |
| 7.08 | Underspend: when referring to expenditure the actual expenditure incurred is less than budget. Shown as a –ve. When referring to income the actual income achieved exceeds the budget. Shown as a –ve. |
| 7.09 | Variance: difference between latest budget and actual income or expenditure. Can be to date if reflecting the current or most up to date position or projected, for example projected to the end of the month or financial year. |
| 7.10 | Virement: the transfer of budget provision from one budget head to another. Virement decisions apply to both revenue and capital expenditure heads, and between expenditure and income, and may include transfers from contingency provisions. Virements may not however be approved between capital and revenue budget heads. |
| 7.11 | Medium Term Financial Strategy: 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 |

| | |
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| | meet its priorities, duties and obligations. |
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Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

| Service | Revised Budget (£m) | Projected Outturn (£m) | Variance (£m) | Cause of Major Variance | Action Required |
|----------------------------------|---------------------|------------------------|---------------|--|---|
| Social Services | | | | | |
| Older People | | | | | |
| Localities | 16.047 | 15.242 | (0.805) | Domiciliary Care reflects a projected underspend of (£0.180m) based on existing clients. Other main influences on this projected underspend include Minor Adaptations (£0.108m) for which the local demand is currently being met by the Intermediate Care Fund (ICF). Additional one off income has been received from ICF to contribute to provider fee increases. Other underspends are as a result of vacancy savings for half year from within the Single Point Of Access team (£0.105m). Additional in year Continuing Health Care (CHC) income (£0.083m) and additional property income of (£0.029m). Further underspends within purchased day care of (£0.020m), early onset dementia of (£0.028m) and overall minor variances of (£0.027m). In addition, some budgets within external care provision totalling (£0.225m) still requires realignment into external provided supported living within Learning Disabilities which are not reflected at Month 4. | Keep under review. With consideration for potential realignment. |
| Reablement Services | 0.431 | 0.379 | (0.052) | The underspend is the receipt of unbudgeted one off income from the Health Board in relation to Telecare CHC income. | |
| Community Equipment Contribution | 0.477 | 0.313 | (0.165) | Following review of and implementation of an updated Section 33 Partnership agreement for the North East Wales Community Equipment Store (NEWCES) the contribution levels of partners have been updated resulting in a reduced level of contribution. | Keep under review. With consideration for potential realignment. |
| Minor Variances | 6.280 | 6.246 | (0.034) | | |
| Disability Services | | | | | |
| Resources & Regulated Services | 17.374 | 18.145 | 0.771 | Variance relates to the current level of service user demand within the externally provided Supported Living Service. | Keep under review. With consideration for potential realignment. |
| Forensic budget | 0.529 | 0.224 | (0.305) | The projected underspend is due to a significant reduction in care package costs. | Keep under review. Potential volatile service area. |
| Administrative Support | (1.206) | (1.082) | 0.124 | Shortfall in Supported People Income following review of eligibility criteria and local distribution of grant. | Keep under review. With consideration for potential realignment. |
| Minor Variances | 2.852 | 2.779 | (0.073) | | |
| Mental Health Services | | | | | |
| Substance Misuse | 0.264 | 0.365 | 0.101 | Pay cost pressures in relation to Social Worker enhancements together with a reduced income commitment for the Substance Misuse Action Fund (SMAF) Grant. | Work being undertaken to review. |
| Minor Variances | 3.365 | 3.393 | 0.028 | | |
| Children's Services | | | | | |
| Family Placement | 2.227 | 2.347 | 0.121 | The overspend is due to foster care placement demand and also court orders for Residence and Special Guardianship orders. | Keep under review. With consideration for potential realignment. |
| Residential Placements | 0.422 | 0.483 | 0.061 | The level of overspend reflects the current projected costs of residential placements. | All placements are made through a robust panel process which ensures that placements are only made when no alternative method of support can be optimise - Continued Monitoring of outturn. |
| Professional Support | 5.045 | 5.434 | 0.389 | Overspend within the Duty & Assessment team which is due to the need to deploy staff to address key risks within this area of the service. | Continue to monitor and review. |

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

| Service | Revised Budget (£m) | Projected Outturn (£m) | Variance (£m) | Cause of Major Variance | Action Required |
|---|---------------------|------------------------|----------------|---|---|
| Minor Variances | 4.683 | 4.605 | (0.077) | A number of minor variances to be reviewed as part of a budget realignment across the service. | |
| Development & Resources | | | | | |
| Business Systems & Financial Assessments | 0.968 | 0.815 | (0.153) | The projected underspend is mainly due to staff vacancy savings within the Financial Assessments, General Office and Business Systems teams and also some savings against IT software and hardware purchasing. | Continue to monitor and review. |
| Charging Policy Income | (1.899) | (2.075) | (0.176) | The increase in income is due to recent changes in the treatment of certain disregards within service. | Continue to monitor and review. |
| Safeguarding Unit | 0.792 | 0.876 | 0.084 | The projected overspend is a combination of additional legal and medical costs associated with the Deprivation Of Liberty Safeguards (DOLS) assessments. | |
| Good Health | 0.813 | 0.920 | 0.106 | The projected overspend is due to a reduction in the budget for payments to Voluntary Organisations following a previous business planning efficiency. | |
| Minor Variances | 0.725 | 0.718 | (0.007) | | |
| Total Social Services | 60.191 | 60.128 | (0.064) | | |
| Community & Enterprise | | | | | |
| Customer And Housing Services | 1.193 | 1.186 | (0.007) | Minor variances. | Continue to monitor and review. |
| Council Fund Housing | (0.277) | (0.266) | 0.011 | Minor variances. | Continue to monitor and review. |
| Regeneration | 0.416 | 0.472 | 0.056 | Estimated shortfall of £0.056m in markets due to income targets increasing in line with inflation each year, where charges have not increased at the same rate. | Continue to monitor and review. |
| Revenues & Benefits | 10.905 | 10.493 | (0.412) | Projected underspend on the budgeted provision for the Council Tax Reduction Scheme of £0.224m. Early projections indicate an anticipated surplus on the Council Tax Collection Fund of £0.188m. | Continue to monitor closely as these areas are highly volatile and projections are likely to change. |
| Housing Programmes | 0.100 | 0.100 | 0.000 | No variance. | |
| Total Community & Enterprise | 12.336 | 11.985 | (0.351) | | |
| Streetscene & Transportation | | | | | |
| Ancillary Services & Performance | | | | | |
| Waste Collection | 7.457 | 7.927 | 0.470 | Variances relating to underachieved business planning efficiencies. Introduction of non generic role, £0.015m. Develop Energy Production at Landfill, £0.065m. Rationalise HRC Sites, £0.250m. Remove the existing policy of returning for missed waste bin collections, £0.040m. Adverse variance of £0.100m relating to reduced electricity sales from reducing levels of gas extraction between April and July at the Standard and Brookhill landfill sites. | Continual review to assess any recurrent impact for consideration in Medium Term Financial Strategy (MTFS) 2017/18 for HRC site rationalisation following change of approach and gas engine reducing income levels. |
| Parking & Enforcement | (0.115) | 0.022 | 0.136 | Shortfall from Business Planning proposals following delays in the implementation of car parking charges at Flint and lower than anticipated income from Connah's Quay, Shotton and Queensferry. | Keep under review as part of MTFS. The regeneration of Flint Town Centre is likely to mean that income will also be affected in 2017/18. |
| Other Minor Variances | 0.700 | 0.697 | (0.003) | | |
| Highways Network | | | | | |

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

| Service | Revised Budget (£m) | Projected Outturn (£m) | Variance (£m) | Cause of Major Variance | Action Required |
|---|---------------------|------------------------|---------------|---|---|
| Highways Network | 7.461 | 7.627 | 0.166 | Variances relating to underachieved business planning efficiencies. Pass maintenance liability for Cemeteries to Town/Community Councils, £0.050m is part of ongoing discussions on all Community Asset Transfers, Probation Service Litter Collection, £0.050m. delay in introduction of non generic role, £0.015m. Costs for the area teams due to Bagillt flooding event, £0.050m for emergency call outs and consequential maintenance and repairs. | Keep under review as part of MTFS. |
| Transportation & Logistics | | | | | |
| Logistics & Resource Services | 4.524 | 4.636 | 0.112 | Variances relating to underachieved business planning efficiencies. Shared specialist plant with neighbouring authority, £0.050m. Delays in externalising the stores managed service, £0.030m, and anticipated fuel saving from construction of waste handling facility, £0.020m. | Keep under review as part of MTFS. |
| School Transport | 4.972 | 5.092 | 0.120 | Estimated additional subsidy costs following re-procurement for covering former GHA services for school transport following the company going into liquidation, £0.125m. | This is still an indicative figure based on previous contract prices and will be monitored monthly. Welsh Government (WG) have been consulted upon with regard to funding the additional costs. Consideration in MTFS 2017/18 if no WG funding is forthcoming |
| Transportation | 1.928 | 2.269 | 0.341 | Estimated additional subsidy costs following re-procurement for covering former GHA services following the company going into liquidation, £0.315m. This includes the costs of former commercial services routes. | This is still an indicative figure based on previous contract prices and will be monitored monthly. WG have been consulted upon with regard to funding the additional costs. Consideration in MTFS 2017/18 if no WG funding is forthcoming |
| Other Minor Variances | 1.531 | 1.530 | (0.002) | | |
| Total Streetscene & Transportation | 28.458 | 29.798 | 1.340 | | |
| Planning & Environment | | | | | |
| Business | | | | | |
| Minor Variances | 1.621 | 1.637 | 0.016 | | Continue to monitor committed expenditure and reduce/remove commitments where possible |
| Community | | | | | |
| Pest Control | 0.019 | 0.031 | 0.012 | Potential Shortfall in the Self financing position | Monitor and adjust income projections as appropriate |
| Minor Variances | 0.906 | 0.881 | (0.024) | | Continue to monitor committed expenditure and reduce/remove commitments where possible |
| Development | | | | | |
| Development Management | (0.335) | (0.251) | 0.053 | High Risk of possible shortfall from Planning Application fees increase reflected in Business Planning efficiencies. | Monitor and adjust income projections as appropriate |
| Minor Variances | 0.192 | 0.165 | (0.027) | | Continue to monitor committed expenditure and reduce/remove commitments where possible |
| Access | | | | | |
| Minor Variances | 1.349 | 1.328 | (0.021) | | Continue to monitor committed expenditure and reduce/remove commitments where possible |
| Shared Services | | | | | |
| Minor Variances | 0.167 | 0.167 | (0.000) | | Continue to monitor committed expenditure and reduce/remove commitments where possible |
| Strategy | | | | | |

**Budget Monitoring Report
Council Fund Variances**

MONTH 4 - SUMMARY

| Service | Revised Budget (£m) | Projected Outturn (£m) | Variance (£m) | Cause of Major Variance | Action Required |
|---|---------------------|------------------------|---------------|---|--|
| Minor Variances | 0.837 | 0.837 | (0.001) | | Continue to monitor committed expenditure and reduce/remove commitments where possible |
| Management Strategy | | | | | |
| Minor Variances | 0.714 | 0.764 | 0.050 | | |
| Total Planning & Environment | 5.469 | 5.529 | 0.060 | | |
| Education & Youth | | | | | |
| Inclusion & Progression | 7.062 | 7.217 | 0.155 | Volatile service with potential for high costs and unpredictable demand. Includes other minor variances from within the service. | Service Managers have agreed to set up a Task and Finish Group to review Processes and Placements. |
| Business Change & Support | 0.610 | 0.548 | (0.061) | Variance relates to a current secondment in advance of a regional collaboration service from April 2017, funded by GWE. Includes other minor variances. | |
| Minor Variances | 3.788 | 3.755 | (0.033) | | |
| Total Education & Youth | 11.459 | 11.520 | 0.061 | | |
| Schools | 87.372 | 87.372 | 0.000 | School budgets are delegated and the balances are therefore carried forward at the end of the financial year. | |
| People & Resources | | | | | |
| HR & OD | 2.245 | 2.253 | 0.008 | Minor variances. | Continue to monitor and review. |
| Corporate Finance | 2.325 | 2.348 | 0.023 | Minor variances. | Continue to monitor and review. |
| Total People & Resources | 4.570 | 4.600 | 0.031 | | |
| Governance | | | | | |
| Legal Services | 0.642 | 0.678 | 0.036 | Minor variances. | Continue to monitor and review. |
| Democratic Services | 1.879 | 1.860 | (0.019) | Minor variances. | Continue to monitor and review. |
| Internal Audit | 0.434 | 0.428 | (0.006) | Minor variances. | Continue to monitor and review. |
| Procurement | 0.166 | 0.202 | 0.036 | Minor variances. | Continue to monitor and review. |
| Business Support | 0.327 | 0.295 | (0.032) | Minor variances. | Continue to monitor and review. |
| ICT | 4.903 | 4.946 | 0.043 | Minor variances. | Continue to monitor and review. |
| Total Governance | 8.352 | 8.409 | 0.057 | | |
| Organisational Change 1 | | | | | |
| Public Libraries & Arts, Culture & Events | 1.656 | 1.679 | 0.023 | The Libraries Community Asset Transfers are estimated to be achieved within the time periods set for transfer but as they are expected to happen towards the end of the estimated time period, it is likely that this will result in a shortfall on the planned efficiency. This shortfall is estimated to be approximately £0.030m. Other minor variances of £0.007m. | Continue to monitor and review. |
| Museums | 0.064 | 0.064 | 0.000 | | Continue to monitor and review. |
| County Archives | 0.281 | 0.281 | | | Continue to monitor and review. |
| Leisure | 3.946 | 4.116 | 0.170 | Connah's Quay Swimming Pool and Holywell Leisure Centre Community Asset Transfers are estimated to be achieved within the time periods set for transfer but as both are happening towards the end of the estimated time period, and they are relatively large efficiencies, it is likely that this will result in a shortfall on the planned efficiency. This shortfall is estimated to be approximately £0.170m. | Continue to monitor and review. |

**Budget Monitoring Report
Council Fund Variances**

MONTH 4 - SUMMARY

| Service | Revised Budget (£m) | Projected Outturn (£m) | Variance (£m) | Cause of Major Variance | Action Required |
|--------------------------------------|---------------------|------------------------|----------------|--|---|
| Community Assets | 0.024 | 0.024 | 0.000 | | |
| Total Organisational Change 1 | 5.972 | 6.164 | 0.193 | | Continue to monitor and review. |
| Organisational Change 2 | | | | | |
| Property Asset And Development | 0.591 | 0.326 | (0.265) | In Year Salary Savings of £0.260m awaiting as a result of the imminent service re-structure | Continued Monitoring & Review |
| Industrial Units | (1.284) | (1.076) | 0.208 | The overspend is due to an estimated shortfall in rental income from industrial units as a result of voids and reduced income from Deeside Power Station. | Continued Monitoring & Review |
| Minor Variances | 3.269 | 3.223 | (0.046) | | |
| Total Organisational Change 2 | 2.575 | 2.472 | (0.103) | | |
| Chief Executive | 3.191 | 3.123 | (0.068) | The projected underspend is mainly due to vacancy savings within the Management & Admin Team and the Corporate Communications Team. There are also minor underspends against some supplies and services budgets. | The projected underspend is expected to be in year only. |
| Central and Corporate Finance | 22.039 | 22.964 | 0.925 | The overspend is due to:- Essential Car User efficiency underachievement of £0.211m in year due to delayed implementation. Workforce efficiencies currently showing an underachievement of £0.278m. Additional Income Generating Activities is projecting an underachievement of £0.300m, though work is continuing to identify other areas of opportunity. Car Park income, the £0.100m efficiency from 2015/16 will now not be realised. Additional in year pressure £0.111m, due to Non Domestic Rates liability on commercial property. In year projected underspend on Audit Fees of (£0.088m) due to reduced rate. Other minor variances £0.013m. | Essential Car User - In year impact only. Workforce Efficiencies - Continue to identify further savings. Additional Income Generating Activities - Consultant appointed to work on Fees and Charges policy. Car Parking - Considered as part of review of MTFs. Non Domestic Rates liability - In year pressure only. Audit Fees reduced - Additional identified efficiency. |
| Grand Total | 251.984 | 254.065 | 2.081 | | |

2016/17 Efficiencies Outturn - Under or Over Achieved

| Portfolio | Original Efficiency | Revised Efficiency | (Under)/Over Achievement |
|---|---------------------|--------------------|--------------------------|
| | 2016/17 £(m) | 2016/17 £(m) | 2016/17 £(m) |
| Central & Corporate Finance | | | |
| Additional Income Generating Activities. | 0.500 | 0.200 | (0.300) |
| Essential Car User Allowance. | 0.500 | 0.289 | (0.211) |
| Workforce Efficiency. | 0.500 | 0.222 | (0.278) |
| Total Central & Corporate Finance | 1.500 | 0.711 | (0.789) |
| Chief Executive's | | | |
| Voluntary Sector Grants review. | 0.070 | 0.090 | 0.020 |
| Total Chief Executive's | 0.070 | 0.090 | 0.020 |
| Education & Youth | | | |
| Youth Services - Youth Justice Service Staffing Reduction | 0.025 | 0.017 | (0.008) |
| Total Education & Youth | 0.025 | 0.017 | (0.008) |
| Organisational Change 1 | | | |
| Community Asset Transfers. | 0.544 | 0.344 | (0.200) |
| Total Organisational Change 1 | 0.544 | 0.344 | (0.200) |
| Organisational Change 2 | | | |
| CCTV - Staff reductions. | 0.040 | 0.020 | (0.020) |
| Other - Campus Management. | 0.030 | 0.015 | (0.015) |
| Other - Maintenance. | 0.005 | 0.015 | 0.010 |
| Total Organisational Change 2 | 0.075 | 0.050 | (0.025) |
| Community & Enterprise | | | |
| Council Tax Reduction Scheme. | 0.329 | 0.566 | 0.237 |
| Total Community & Enterprise | 0.329 | 0.566 | 0.237 |
| Streetscene & Transportation | | | |
| Shared Specialist Plant with neighbouring authority. | 0.050 | 0.000 | (0.050) |
| Introduce non-generic streetscene roles (3 year plan). | 0.115 | 0.085 | (0.030) |
| Develop energy production at landfill. | 0.100 | 0.035 | (0.065) |
| Rationalise Household Recycling Centres provision and provide the service through a performance based contract which would include bulky collections. | 0.250 | 0.000 | (0.250) |
| Remove the existing policy of returning for missed bin waste collections. | 0.075 | 0.035 | (0.040) |
| Construction of a waste handling and biomass production facility at Greenfield. | 0.100 | 0.080 | (0.020) |
| Car Parking Charges. | 0.200 | 0.065 | (0.135) |
| Charge maintenance of Bus Shelters to Community & Town Councils. | 0.020 | 0.000 | (0.020) |
| Remove the subsidy for the Community Rail Officer. | 0.010 | 0.005 | (0.005) |
| Externalise the Stores Managed Service. | 0.050 | 0.020 | (0.030) |
| Pass Maintenance Liability and Cleanliness of Cemeteries to Town & Community Councils. | 0.050 | 0.000 | (0.050) |
| Probation Service to take on Litter Collections in some areas. | 0.100 | 0.050 | (0.050) |
| Total Streetscene & Transportation | 1.120 | 0.375 | (0.745) |
| Planning & Environment | | | |
| Staffing - service review. | 0.127 | 0.088 | (0.039) |
| Self financing for Public Protection Services. | | | |
| - Animal & Pest Control. | | | |
| - Licencing Charging. | 0.050 | 0.020 | (0.030) |
| Total Planning & Environment | 0.177 | 0.108 | (0.069) |
| Total 2016/17 Budget Efficiencies | | 100 | 11.282 |
| Total Projected 2016/17 Budget Efficiencies Underachieved | | 14 | 1.579 |
| Total Projected 2016/17 Budget Efficiencies Achieved | | 86 | 9.703 |

APPENDIX 3

Movements on Council Fund Unearmarked Reserves

| | £m | £m |
|---|---------|--------------|
| Total Reserves as at 1 April 2016 | 10.144 | |
| Less - Base Level | (5.769) | |
| Total Reserves above base level available for delegation to Cabinet | | 4.375 |
| Less – allocation from contingency reserve to meet historic child claims | | (0.111) |
| Less – allocation from contingency reserve to meet costs of summer play schemes | | (0.076) |
| Less projected overspend as at Month 4 | | (2.081) |
| Total projected Contingency Reserve as at 31st March 2017 | | 2.107 |

Budget Monitoring Report
Housing Revenue Account Variances

MONTH 4 - SUMMARY

| Service | Revised Budget (£m) | Projected Outturn (£m) | Variance (£m) | Cause of Major Variance | Action Required |
|---|---------------------|------------------------|----------------|---|---------------------------------|
| Housing Revenue Account | | | | | |
| Income | (31.899) | (31.850) | 0.049 | | |
| Capital Financing - Loan Charges | 7.285 | 7.309 | 0.024 | | |
| Estate Management | 1.633 | 1.547 | (0.086) | £0.086m relates to vacancy savings arising from the Housing Management Restructure. | Continue to monitor and review. |
| Landlord Service Costs | 1.207 | 1.196 | (0.011) | | |
| Repairs & Maintenance | 9.546 | 9.509 | (0.037) | | |
| Management & Support Services | 2.232 | 2.279 | 0.048 | | |
| Capital Expenditure From Revenue (CERA) | 10.077 | 10.077 | 0.000 | | |
| Contribution To / (From) Reserves | (0.080) | (0.080) | 0.000 | | |
| Total Housing Revenue Account | | (0.013) | (0.013) | | |

