



CABINET MEETING

Date of Meeting	Tuesday, 13 December 2016
Report Subject	Revenue Budget Monitoring 2016/17 (month 7)
Cabinet Member	Leader of the Council and Cabinet Member for Finance
Report Author	Corporate Finance
Type of Report	Operational

EXECUTIVE SUMMARY

This monthly report provides the latest revenue budget monitoring position for 2016/17 for both the Council Fund and Housing Revenue Account.

The report is based on actual income and expenditure as at Month 7 of the financial year. The report also projects how the budget would stand at the close of the financial year if all things remained equal.

The projected year end position, without any further action to reduce cost pressures or to identify new efficiencies would be as follows:-

Council Fund

- Net in year expenditure forecast to be £1.771m higher than budget
- Projected contingency reserve balance of £1.434m

The overall projected in year position is an additional adverse movement of £0.218m on the position reported last month.

The Council is awaiting a decision from Welsh Government for an additional in-year transport grant which would reduce the underlying forecast overspend.

Housing Revenue Account

- Net in year expenditure forecast to be £0.037m higher than budget
- Projected closing balance as at 31 March 2017 of £1.061m

RECOMMENDATIONS	
1	To note the overall report and the projected Council Fund contingency sum as at 31 st March 2017 and commission further work on options for mitigating action in the future.
2	To note the projected final level of balances on the Housing Revenue Account.

REPORT DETAILS

1.00	Explaining the Month 7 Position
1.01	<p>The underlying deficit balance is likely to be reduced with the successful negotiation of an additional Welsh Government transport grant for the liquidation of one of the Councils contracted transport operators.</p> <p>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.</p> <p>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 are awaiting a decision from Welsh Government for an additional in-year transport grant to part fund these costs. The Council expects to recover at least a proportion of the additional cost. Planning for transport routing, procurement and costs for 2017/18 onwards is ongoing.</p>

1.02	<p>Council Fund Latest in Year Forecast</p> <p>The table below shows the projected position by portfolio.</p>			
<p>TOTAL EXPENDITURE AND INCOME</p>	<p>Original Budget</p> <p>£m</p>	<p>Revised Budget</p> <p>£m</p>	<p>Projected Outturn</p> <p>£m</p>	<p>In-Year Over / (Under) spend</p> <p>£m</p>
Social Services	58.534	60.587	61.304	0.717
Community & Enterprise	12.035	12.326	11.874	(0.452)
Streetscene & Transportation	27.011	28.527	29.405	0.878
Planning & Environment	4.978	5.381	5.545	0.164
Education & Youth	11.225	11.348	11.367	0.019
Schools	86.162	87.373	87.373	0.000
People & Resources	4.319	4.646	4.654	0.008
Governance	8.159	8.183	8.237	0.054
Organisational Change 1	5.560	5.972	6.047	0.075
Organisational Change 2	2.244	2.572	2.311	(0.261)
Chief Executive	3.204	3.176	3.124	(0.052)
Central & Corporate Finance	28.552	21.894	22.513	0.619
Total	251.984	251.984	253.755	1.771
1.03	<p>The reasons for the projected variances are summarised within Appendix 2 with key significant portfolio variances explained in paragraphs 1.05 and 1.06.</p>			
1.04	<p>Significant Budget Movements between Original and Revised Budget</p> <p>A review of Corporate Administration has now been completed which agreed to transfer portfolio administration teams together into a combined service, under a single manager, that serves County Hall and Flint offices. This has resulted in a budget movement between Governance and Social Services portfolios for £0.224m in month 7.</p>			
1.05	<p>Streetscene and Transportation</p> <p>There is a significant variance within the portfolio of £0.878m which is a decrease of £0.069m from month 6. This will be reduced further with an additional Welsh Government transport grant as described in 1.01. Full details of all other variances are given in Appendix 2.</p>			

1.06	<p>Social Services</p> <p>There has been an increase in the projected outturn for Out of County Placements in Children Services of £0.386m due to an increase in the number of Child and Parent placements. The main influence on this increase is the new Social Services and Wellbeing Act which has led to a higher number of court outcomes and placements which will need to be tracked and considered by the Social Services Programme Board. The financial impact of this emerging pressure will need to be considered as part of the Medium Term Financial Strategy (MTFS).</p>
1.07	<p>There has been a significant movement between the Disability Services and Resources & Regulated Services headings within Social Services. A realignment exercise has been undertaken which has resulted in costs of some care packages being moved and reported under a new service heading to reflect the movement of clients through panel and transition services.</p>
1.08	<p>Programme of Efficiencies</p> <p>The 2016/17 budget contains £11.282m of specific efficiencies which are being tracked and monitored. An amount of £0.761m was approved from the contingency reserve in the month 4 report to meet the impact of conscious decisions to change proposals for household recycling centres, community asset transfers, town centre car parking charging and workforce essential car user allowances resulting in a revised efficiency target of £10.521m.</p>
1.09	<p>Appendix 3 provides detail on the latest position where there is a variation to the level of efficiency achievable compared to the budget.</p>
1.10	<p>This shows that it is currently projected that £9.470m (90%) will be achieved resulting in a net underachievement of £1.051m. The position will continue to be monitored and reported in future monitoring reports.</p>
1.11	<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>
1.12	<p>Following the allocation to portfolios of the provisions described in paragraph 1.11 there is a remaining balance of £0.070m which is included within the overall outturn figure.</p>
1.13	<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>
1.14	<p>Un-earmarked Reserves</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.																																																																							
1.15	Taking into account the current projected overspend at Month 7 and previously agreed allocations the balance on the Contingency Reserve at 31 March 2017 is projected to be £1.434m as detailed in appendix 4.																																																																							
1.16	<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>																																																																							
1.17	The table below gives a summary of earmarked reserves as at 1 April 2016 and provides an estimate of projected balances as at the end of the current financial year.																																																																							
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1.19	<p><u>Housing Revenue Account</u></p> <p>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.</p>																																																																							

1.20	The 2016/17 budget for the HRA is £31.979m which includes a movement of £0.080m from reserves.
1.21	The Month 7 monitoring for the HRA is projecting in year expenditure to be £0.037m higher than budget and a closing balance as at 31 March 2017 of £1.061m, which at 3.3% of total expenditure satisfies the prudent approach of ensuring a minimum level of 3%.

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 seven months and the risks as known.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None required.

4.00	RISK MANAGEMENT
4.01	<p>Achievement of Planned In-Year Efficiencies</p> <p>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 current assessment of the efficiency profile for 2016/17 shows that 90% of the efficiencies would be achieved. There is an ongoing risk that the shortfall cannot be mitigated other than by 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.</p>
4.02	<p>In-Year Reductions in Government Specific Grants</p> <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 though variations should not occur at this late stage of the financial year. Risk status: unstable/green 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, if additional funding was not available to fund these increases. The Council has secured £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.</p> <p>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.</p> <p>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 not possible to estimate the full financial impact of these at this stage. The financial provision set aside may not prove to be sufficient to meet the cost liabilities of all cases when closed.</p> <p>Risk status: unstable/amber risk.</p>
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 and a budget pressure has been included from 2017/18.</p>

	Risk status: stable/amber risk.
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). The contract is due to be completed within December 2016. The monthly cost of maintaining and securing the site is £0.025m-£0.030m. 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 from the site disposal which will follow.</p> <p>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 are revealing further maintenance issues which are being addressed.</p> <p>Risk status: unstable/amber risk.</p>
4.09	<p>Procurement of Transport Services</p> <p>As explained in 1.01 above there is an in-year budget risk of an additional procurement cost of £0.440m for local transport services. Negotiations are ongoing with Welsh Government over additional grant support.</p> <p>Risk status: unstable/amber risk.</p>
4.10	<p>Minimum Revenue Provision (MRP)</p> <p>The Council is currently reviewing its policy of accounting for MRP in conjunction with its Treasury Management Advisors. This could result in a change to the amount in-year which may have a positive effect on the outturn position.</p> <p>Risk status: stable/green risk.</p>
4.11	<p>Out of County Placements</p> <p>The risk is the volatility in demand and the impacts on service costs which cannot be predicted with any certainty. There is always a risk of significant variances occurring although this area continues to be closely monitored. The main influence on this increase is the new Social Services and Wellbeing Act which has led to a higher number of court outcomes and placements has increased the financial pressure on this service area.</p> <p>Risk status: unstable/amber risk.</p>

5.00	APPENDICES
5.01	Appendix 1: Council Fund – Movement in Variances from Month 6 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	None required Contact Officer: Sara Dulson Telephone: 01352 702287 E-mail: sara.dulson@flintshire.gov.uk

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 meet its priorities, duties and obligations.
7.12	Minimum Revenue Provision (MRP): A charge made to the Council Fund to repay borrowing taken out for capital expenditure. Authorities must determine their own prudent MRP charge each year, taking into consideration statutory guidance issued by the Government.

Budget Monitoring Report
Council Fund Variances

MONTH 7 - SUMMARY

Service	Movement between Periods (£m)	Narrative for Movement between Periods greater than £0.025m
Social Services		
Older People		
Localities	0.090	Significant increase in the number of placements in Residential and Nursing care.
Resources & Regulated Services	(0.098)	Additional external grant income - residential care (£0.076m), short term vacancy savings in Home Care (£0.021m), other minor movements (£0.001m).
Disability Services		
Resources & Regulated Services	0.442	A realignment exercise has been undertaken to improve reporting to management in terms of the categorisation of care packages within reporting lines from Panel/Transition budget areas within Disability Services. This exercise is ongoing and further variances/budget realignment will be reported in the future.
Disability Services	(0.465)	A realignment exercise has been undertaken to improve reporting to management in terms of the categorisation of care packages within reporting lines to Resources & Regulated Services.
Other Minor Variances	0.015	
Mental Health Services		
Voluntary Sector Services	0.030	Budget adjustment for payments to voluntary organisations.
Community Living	(0.053)	Short term vacancy savings and other staff movements
Substance Misuse	(0.044)	Short term vacancy savings
Employment & Occupation	(0.026)	Short term vacancy savings
Other Minor Variances	(0.034)	
Children's Services		
Out of County Placements	0.386	Impact of 8 new Parent and child placements influenced by court considerations based on new requirements within the Social Services and Wellbeing Act (Wales), and other new placements including some at very high cost.

Service	Movement between Periods (£m)	Narrative for Movement between Periods greater than £0.025m
Development & Resources		
Business Systems & Financial Assessments	0.038	Additional commitments to use funding for IT hardware and software.
Finance /Deputyship	(0.025)	Budget realignment to reflect unachievable income target
Safeguarding Unit	(0.036)	Salary savings
Good Health	(0.054)	Budget adjustments - payments to voluntary organisations
Other Minor Variances	0.004	
Total Social Services	0.169	
Community & Enterprise		
Customer And Housing Services	0.003	Minor variances.
Council Fund Housing	0.002	Minor variances.
Regeneration	(0.010)	Minor variances.
Revenues & Benefits	0.009	Further underspend on the Council Tax Reduction Scheme provision (£0.004m). Additional surplus on the Council Tax Collection Fund (£0.014m). Other minor variances £0.009m.
Total Community & Enterprise	0.003	
Streetscene & Transportation		
Ancillary Services & Performance		
Other Minor Variances	0.009	
Highways Network		
Other Minor Variances	(0.003)	
Transportation & Logistics		
Logistics & Resource Services	(0.039)	Minor variances across the service area
Transportation	(0.038)	Revised costs following re-procurement for covering former GHA services
Other Minor Variances	0.002	
Total Streetscene & Transportation	(0.069)	
Planning & Environment		
Business		
Pollution Control	0.027	Costs for 2 x Environmental Health Officer posts - funding source to be confirmed
Minor Variances	(0.004)	
Community		
Minor Variances	(0.017)	
Development		
Development Management	0.106	Revised outturn on Planning Fee Income
Minor Variances	0.003	
Access		
Minor Variances	(0.007)	
Strategy		
Minor Variances	(0.002)	
Management Strategy		
Other Minor Variances	0.002	
Total Planning & Environment	0.108	

Service	Movement between Periods (£m)	Narrative for Movement between Periods greater than £0.025m
Education & Youth		
Other Minor Variances	0.013	
Total Education & Youth	0.013	
People & Resources		
HR & OD	(0.023)	Minor variances.
Corporate Finance	0.001	Minor variances.
Total People & Resources	(0.023)	
Governance		
Legal Services	0.001	Minor variances.
Democratic Services	0.007	Minor variances.
Internal Audit	0.000	No variance.
Procurement	0.000	No variance.
Business Support	0.000	Minor variances.
Total Governance	0.008	
Organisational Change 1		
Public Libraries & Arts, Culture & Events	0.001	Minor variances.
Museums		Minor variances.
Leisure	0.056	Implementation of the Holywell Leisure Centre Community Asset Transfer which is now expected to be between the end of December 2016 and 1st March 2017 £0.070m. Other minor variances (£0.014m).
Total Organisational Change 1	0.058	
Organisational Change 2		
Industrial Units	(0.067)	Two historical agreements have now been resolved through a Mesne profit charge resulting in the £0.067m income being reflected in the budget area.
Minor Variances	(0.006)	
Total Organisational Change 2	(0.073)	
Chief Executive	0.006	Minor variances.
Central and Corporate Finance	0.016	Minor variances.
Grand Total	0.217	

Budget Monitoring Report
Council Fund Variances

MONTH 7 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Last Month Variance (£m)	Cause of Major Variance	Action Required
Social Services						
<i>Older People</i>						
Localities	15.975	15.239	(0.736)	(0.826)	Domiciliary Care reflects a projected underspend of (£0.235m) based on existing clients. Other main influences on this projected underspend include Minor Adaptations (£0.104m) for which the local demand is currently being met by the Intermediate Care Fund. Additional one-off income has been received from Intermediate Care Fund (ICF) to contribute to provider fee increases. Other underspends are as a result of vacancy savings for 9 months from within the Single Point of Access team (£0.127m). Additional Residential Care property income of (£0.064m). Overall net minor variances of £0.019m. In addition, some budgets within external care provision still require realignment into externally provided Supported Living within Learning Disabilities which are not reflected at Month 7.	Keep under review with consideration potential realignment
Community Equipment Contribution	0.477	0.323	(0.155)	(0.155)	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 from FCC going forward.	Maintain underspend in current financial year, pending realignment from 2017/18 to meet revenue costs of Flint Extra Care Scheme.
Resources & Regulated Services	6.035	5.949	(0.086)	0.012	Short term vacancy savings within provider day care services and extra care schemes	
Minor Variances	0.677	0.628	(0.049)	(0.049)		
Disability Services						
Resources & Regulated Services	17.411	18.363	0.952	0.511	Service user demand level is in excess of current provision, at month 7 costs have been realigned within the Learning Disability budget and projections revised.	Continue to monitor and review costs - budget realignment to be completed by December.
Disability Services	2.156	2.051	(0.105)	0.359	At month 7 costs have been realigned within the Panel and Transition budget areas resulting in an overall underspend as a result of lower than expected levels of care within Panel/Vulnerable Adults.	Keep under review
Forensic budget	0.529	0.323	(0.206)	(0.185)	There is a significant underspend of (£0.206m) at month 7 revised outturn based on current projected costs and increased income from Joint funded packages.	Keep under review - potential volatile service area.
Administrative Support	(1.206)	(1.082)	0.124	0.103	Shortfall in Supporting People (SP) income following review of eligibility criteria and local distribution of grant. There is no further capacity within the SP reserve as this has already been committed in full. At period 07 the shortfall has slightly increased due to revised quarterly projections.	
Minor Variances	0.695	0.688	(0.008)	(0.023)		

**Budget Monitoring Report
Council Fund Variances**

MONTH 7 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Last Month Variance (£m)	Cause of Major Variance	Action Required
Mental Health Services						
Residential Placements	0.844	0.988	0.144	0.157	Reflects current projected placement costs.	Keep under review
Substance Misuse	0.274	0.347	0.073	0.117	Pay cost pressures in a number of areas together with a reduced income commitment for the Substance Misuse Action Fund (SMAF) grant.	Work being undertaken to review
Employment & Occupation	0.444	0.378	(0.066)	(0.040)		
Minor Variances	2.139	2.162	0.023	0.067	Short term vacancy savings on work schemes.	
Children's Services						
Family Placement	2.394	2.487	0.094	0.086	The overspend is due to foster care placement demand and also court orders for residence and special guardianship orders.	Opportunity for budget realignment to be carried out to mitigate overspend within the service.
Prevention & Support	0.196	0.146	(0.050)	(0.042)	Savings on legal fees and S17 permanency allowances	
Residential Placements	0.398	0.484	0.086	0.085	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 optimised - continued monitoring of outturn.
Professional Support	4.883	5.392	0.509	0.492	Increasing overspend in Duty and Assessment team which is due to the need to deploy staff to address key risks within this area of service. An allocation of £0.100m has been made from Contingency reserve as approved by Cabinet to help alleviate this pressure	Continue to monitor and review
Out of County Placements	3.434	3.919	0.485	0.099	There has been an unprecedented increase in the number of Child and Parent placements, being 8 placements, of which 7 have been the subject of court/legal determinations. The main influence on this is the new Social Services and Wellbeing Act which enables judges to require Local Authorities to demonstrate that the needs of parents are being met and that there is a proactive investment in removing barriers/supporting parents to be able to care for their children.	Continue to monitor and review
Minor Variances	1.191	1.124	(0.067)	(0.049)		

**Budget Monitoring Report
Council Fund Variances**

MONTH 7 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Last Month Variance (£m)	Cause of Major Variance	Action Required
Development & Resources						
Business Systems & Financial Assessments	0.905	0.868	(0.037)	(0.074)	Minor variance.	Continue to monitor and review
Charging Policy Income	(1.899)	(2.052)	(0.153)	(0.161)	The increase in income is due to recent changes in the treatment of certain disregards within service user financial assessments.	Continue to monitor and review
Safeguarding Unit	0.792	0.897	0.105	0.141	The projected overspend is a combination of additional legal and medical costs associated with the Deprivation of Liberty Safeguards (DOLS) assessments and a shortfall of budget income from Supporting People Grant, and a contribution to the North Wales Safeguarding Board	Continue to monitor and review
Good Health	0.846	0.726	(0.120)	(0.066)	The underspend is mainly due to short term vacancy savings and reductions in payments to voluntary organisations.	Continue to monitor and review
Minor Variances	0.998	0.958	(0.040)	(0.010)		
Total Social Services	60.587	61.304	0.717	0.548		
Community & Enterprise						
Customer And Housing Services	1.183	1.163	(0.020)	(0.023)	Minor variances.	Continue to monitor and review.
Council Fund Housing	(0.277)	(0.254)	0.023	0.021	Minor variances.	Continue to monitor and review.
Regeneration	0.416	0.483	0.067	0.078	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. Other minor variances £0.011m.	Continue to monitor and review.
Revenues & Benefits	10.905	10.380	(0.525)	(0.534)	Projected underspend on the budgeted provision for the Council Tax Reduction Scheme of (£0.262m). Projections indicate an anticipated surplus on the Council Tax Collection Fund of (£0.305m). Other minor variances £0.042m.	Continue to monitor closely as these areas are highly volatile and projections are likely to change.
Housing Programmes	0.100	0.102	0.003	0.003	Minor variances.	Continue to monitor and review.
Total Community & Enterprise	12.326	11.874	(0.452)	(0.456)		

Budget Monitoring Report
Council Fund Variances

MONTH 7 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Last Month Variance (£m)	Cause of Major Variance	Action Required
Streetscene & Transportation						
<i>Ancillary Services & Performance</i>						
Waste Collection	7.457	7.685	0.228	0.221	Solar Energy Production at Landfill commenced from October, resulting in an in-year shortfall of £0.065m. Adverse variance of £0.190m relating to reduced electricity sales from reducing levels of gas extraction at the Standard and Brookhill landfill sites. Final part-year reduced payment of prudential borrowing for black bins (£0.100m). Improved position from recycling income of £0.050m. Additional costs for disposal of hazardous waste from Household Recycling Centres (HRC) sites £0.043m. Additional plant hire costs across the service of £0.040m and cumulative minor variances within waste services of £0.040m	Gas engine income levels being monitored monthly and contracts being prepared for the service to be outsourced. Pressure in 2017/18 relating to the ESD grant. WG have confirmed a 6.7% reduction in the grant
Other Minor Variances	0.653	0.662	0.009	0.007		
Highways Network						
Other Minor Variances	7.461	7.616	0.155	0.158	Due to ongoing discussions on Community Asset Transfers (CAT), the maintenance liability being transferred for Cemeteries to Town/Community Councils totalling £0.050m has not yet been implemented. Probation Service Litter Collection will be implemented later than anticipated, totalling £0.050m. Consequential maintenance and repair works following the Baglitt flooding events, £0.061m.	Keep under review as part of MTFs Programme Tracker
Transportation & Logistics						
Logistics & Resource Services	4.524	4.605	0.081	0.120	No progress with Neighbouring Authorities in respect of sharing specialist plant, £0.050m. Further overspends relate to minor variances across the service area.	Keep under review as part of MTFs Programme Tracker
School Transport	4.972	5.098	0.126	0.106	Estimated additional subsidy costs following re-procurement for covering former GHA services for school transport following the company going into liquidation, £0.125m.	WG have been consulted upon with regard to funding the additional costs. Funding highly unlikely due to Statutory provision requirements. Therefore, consideration will be required in the MTFs 2017/18 taking account of full year effect.
Transportation	1.928	2.230	0.302	0.340	Estimated additional subsidy costs following re-procurement for covering former GHA services following the company going into liquidation, £0.285m. This includes the costs of former commercial services routes.	WG have been consulted upon with regard to funding the additional costs. Awaiting Minister decision on level of funding to be provided. Consideration in MTFs 2017/18 if no WG funding is forthcoming after 2016/17, taking account of full year effect
Other Minor Variances	1.531	1.508	(0.023)	(0.005)		
Total Streetscene & Transportation	28.527	29.405	0.878	0.947		

**Budget Monitoring Report
Council Fund Variances**

MONTH 7 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Last Month Variance (£m)	Cause of Major Variance	Action Required
Planning & Environment						
Business						
Minor Variances	1.632	1.664	0.031	0.008		Continue to monitor committed expenditure and reduce or remove commitments where possible
Community						
T/S Compliance & Animal Health	0.338	0.314	(0.024)	(0.024)	Substance Misuse Action Fund Co-Ordinator Post - reduced hours	
Pest Control	0.019	0.015	(0.003)	(0.004)	Potential for shortfall in the self-finance position at outturn	
T/S Investigations	0.306	0.270	(0.036)	(0.038)	Vacant Trading Standards Enforcement Officer	
Minor Variances	0.253	0.220	(0.032)	(0.013)		Continue to monitor committed expenditure and reduce or remove commitments where possible
Development						
Development Management	(0.339)	(0.162)	0.177	0.071	High Risk of possible shortfall from Planning Application Fee income. At period 07 the shortfall is estimated to be £0.100m as the economy has not continued to recover to the extent which the 3 year Business Plan forecast. This has resulted in a lesser volume of applications being submitted than previously predicted.	
Minor Variances	0.190	0.168	(0.022)	(0.026)		Continue to monitor committed expenditure and reduce or remove commitments where possible
Access						
Minor Variances	1.344	1.303	(0.042)	(0.034)		Continue to monitor committed expenditure and reduce or remove commitments where possible
Shared Services						
Minor Variances	0.165	0.165	(0.000)	0.000		Continue to monitor committed expenditure and reduce or remove commitments where possible
Strategy						
Minor Variances	0.832	0.864	0.032	0.034		Continue to monitor committed expenditure and reduce or remove commitments where possible
Management Strategy						
Minor Variances	0.641	0.725	0.084	0.081		Continue to monitor committed expenditure and reduce or remove commitments where possible
Total Planning & Environment	5.381	5.545	0.164	0.056		

Budget Monitoring Report
Council Fund Variances

MONTH 7 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Last Month Variance (£m)	Cause of Major Variance	Action Required
Education & Youth						
Inclusion & Progression	6.998	7.057	0.058	0.068	Variance largely relates to Out of County placements. A volatile service with potential for high costs and unpredictable demand. Includes other minor variances from within the service.	A Task & Finish group is operational. An 'Invest to Save' post has been identified to support a reduction in the overspend. Improved monitoring systems are being developed and implemented. Detailed review of all placements is on going.
Minor Variances	4.349	4.310	(0.040)	(0.062)		
Total Education & Youth	11.348	11.367	0.019	0.006		
Schools	87.373	87.373	(0.000)	(0.000)	School budgets are delegated and the balances are therefore carried forward at the end of the financial year.	
People & Resources						
HR & OD	2.258	2.192	(0.066)	(0.042)	The projected underspend is mostly due to current workforce vacancies.	Continue to monitor and review.
Corporate Finance	2.388	2.462	0.074	0.073	The projected overspend comprises of a shortfall in the Grant income recharge target and an in-year underachievement on the Finance Modernisation Efficiency.	Continue to explore alternative income maximisation opportunities and progress the finance modernisation project.
Total People & Resources	4.646	4.654	0.008	0.031		
Governance						
Legal Services	0.642	0.666	0.024	0.024	Minor variances.	Continue to monitor and review.
Democratic Services	1.872	1.868	(0.004)	(0.011)	Minor variances.	Continue to monitor and review.
Internal Audit	0.434	0.428	(0.006)	(0.006)	Minor variances.	Continue to monitor and review.
Procurement	0.166	0.192	0.026	0.026	Minor variances.	Continue to monitor and review.
Business Support	0.079	0.049	(0.030)	(0.030)	Minor variances.	Continue to monitor and review.
ICT	4.991	5.034	0.043	0.043	Minor variances.	Continue to monitor and review.
Total Governance	8.183	8.237	0.054	0.046		

Budget Monitoring Report
Council Fund Variances

MONTH 7 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Last Month Variance (£m)	Cause of Major Variance	Action Required
Organisational Change 1						
Public Libraries & Arts, Culture & Events	1.656	1.641	(0.015)	(0.016)	Minor variances.	Continue to monitor and review.
Museums	0.064	0.064	0.000	0.000	Minor variances.	Continue to monitor and review.
County Archives	0.281	0.279	(0.002)	(0.002)	Minor variances.	Continue to monitor and review.
Leisure	3.946	4.038	0.092	0.036	The CAT transfer at Holywell Leisure Centre is now expected to be phased between the end of December 2016 and 1st March 2017. This results in a pressure of £0.070m this year which is associated with continuing to operate the centre as a Council prior to full handover to the community to ensure continuity of operation. Other minor variances of £0.022m.	Continue to monitor and review.
Community Assets	0.024	0.024	0.000	(0.000)	Minor variances.	Continue to monitor and review.
Total Organisational Change 1	5.972	6.047	0.075	0.018		
Organisational Change 2						
Property Asset And Development	0.590	0.309	(0.281)	(0.276)	(£.260m) in year salary savings as a result of the proposed staffing restructure. (£0.021m) Other minor variances.	Monitor and Review
CPM & Design Services	0.703	0.618	(0.084)	(0.064)	(£0.084m) additional design fees secured by the team over and above the income target.	Monitor and Review
Industrial Units	(1.047)	(0.878)	0.169	0.236	£0.169m shortfall in rental income (offset by in year salary savings).	Monitor and Review
Catering	0.792	0.736	(0.056)	(0.058)	(£0.056m) additional income projected above the income target.	Monitor and Review
Minor Variances	1.533	1.526	(0.008)	(0.025)		
Total Organisational Change 2	2.572	2.311	(0.261)	(0.188)		
Chief Executive	3.176	3.124	(0.052)	(0.058)	The projected underspend is due to vacancy savings within the Corporate Communications team and underspend against some supplies and services budgets.	Continue to monitor and review.

Budget Monitoring Report
Council Fund Variances

MONTH 7 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Last Month Variance (£m)	Cause of Major Variance	Action Required
Central and Corporate Finance	21.894	22.513	0.619	0.603	An underspend of (£0.111m) within the Central Loans and Investment Account, due to reduced level of borrowing, and higher than projected income from investments, due to reserves being higher than forecast, and interest rates being lower than forecast. Additional Matrix rebate income of (£0.100m). Workforce efficiencies showing an underachievement of £0.278. Additional income generating activities, an underachievement of £0.300m, though work is continuing to identify areas of opportunity. In year pressure £0.143m due to non domestic rates liability on a commercial property. In year underspend on Audit Fees of (£0.088m). Windfall income, in year pressure £0.115m. Pension deficit recovery pressure of £0.150m, current projections suggest an under recovery of pension deficit costs due to individuals opting out. Following allocation to portfolios, there is an underspend of (£0.070m) on centrally held inflation. Minor variances £0.002m.	Keep under review. Continue to monitor and review. Continue to identify further savings. In-year pressure only. In-year pressure. Audit Fees reduced, additional identified efficiency. Keep under review. Keep under review and consider impact alongside actuarial review. Pay related inflation, keep under review in case of any emerging in year issues.
Grand Total	251.984	253.755	1.771	1.553		

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)
Workforce Efficiency.	0.500	0.222	(0.278)
Total Central & Corporate Finance	1.000	0.422	(0.578)
Chief Executive's			
Voluntary Sector Grants review.	0.070	0.090	0.020
Total Chief Executive's	0.070	0.090	0.020
People & Resources			
Finance Modernisation	0.135	0.093	(0.042)
Total People & Resources	0.135	0.093	(0.042)
Education & Youth			
School Modernisation.	0.187	0.123	(0.064)
Total Education & Youth	0.187	0.123	(0.064)
Organisational Change 1			
Community Asset Transfers.	0.544	0.474	(0.070)
Total Organisational Change 1	0.544	0.474	(0.070)
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			
Telephone Contact Centre savings.	0.100	0.025	(0.075)
Galw Gofal Contract Fees.	0.030	0.015	(0.015)
Council Tax Reduction Scheme.	0.329	0.591	0.262
Total Community & Enterprise	0.459	0.631	0.172
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)
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	0.165	(0.035)
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	0.870	0.475	(0.395)
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		%	£
Met from Contingency Reserve			11.282
Revised Efficiency Target		100	10.521
Total Projected 2016/17 Budget Efficiencies Underachieved		10	1.051
Total Projected 2016/17 Budget Efficiencies Achieved		90	9.470

APPENDIX 4

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		(0.133)
Less - allocation from contingency reserve to meet costs of summer play schemes		(0.076)
Less - allocation from contingency reserve to meet shortfall in the essential car user allowance efficiency		(0.211)
Less - allocation from contingency reserve to meet shortfall in the community asset transfers efficiency		(0.200)
Less - allocation from contingency reserve to meet shortfall in the rationalisation of household recycling centres efficiency		(0.250)
Less - allocation from contingency reserve to meet shortfall in the Flint car park income efficiency		(0.100)
Less - allocation from contingency reserve to meet shortfall in the County Hall car park income efficiency		(0.100)
Less - allocation from contingency reserve to meet the resource requirements for specialist social work for child protection		(0.100)
Less projected overspend as at Month 7		(1.771)
Total projected Contingency Reserve as at 31st March 2017		1.434

Budget Monitoring Report
Housing Revenue Account Variances

MONTH 7 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Last Month Variance (£m)	Cause of Major Variance	Action Required
Housing Revenue Account						
Income	(31.899)	(31.945)	(0.046)	0.020		
Capital Financing - Loan Charges	7.285	7.124	(0.161)	(0.161)	The projected underspend of £0.161m relates to a reduction in the anticipated borrowing costs apportioned to the HRA. This is due to the reduction in our total borrowing requirement and the reduction in interest rates following the BREXIT referendum	
Estate Management	1.633	1.611	(0.021)	(0.034)		
Landlord Service Costs	1.207	1.207	(0.000)	(0.005)		
Repairs & Maintenance	9.546	9.749	0.203	0.135	The reduced borrowing costs and other savings identified on rents and elsewhere in the HRA have allowed an additional £0.317m of resource to be allocated to void properties to date. This will support the significant work being undertaken in empty properties contributing to the achievement of the Welsh Housing Quality Standards. The projected revenue expenditure for fleet recharges has been reduced by £0.042m as we have identified that expenditure relating to the team working on disabled adaptations can be capitalised. £0.88m relates to savings on staff costs. The remaining £0.016m relates to minor variances.	

Budget Monitoring Report
Housing Revenue Account Variances

MONTH 7 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Last Month Variance (£m)	Cause of Major Variance	Action Required
Management & Support Services	2.232	2.294	0.062	0.082	£0.023m relates to the estimated pressure on Support Services Charges. £0.032m relates to site investigation fees relating to the SHARP project which are in addition to the original budget. If schemes are approved, these costs can be capitalised and will not impact on revenue. The remaining £0.007m relates to minor variances.	
Capital Expenditure From Revenue (CERA)	10.077	10.077	(0.000)	0.000		
Contribution To / (From) Reserves	(0.080)	(0.118)	(0.037)	(0.037)		
Total Housing Revenue Account	0.000	0.000	0.000	0.000		