



CABINET MEETING

Date of Meeting	Tuesday 25 September 2018
Report Subject	Revenue Budget Monitoring 2018/19 (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 2018/19 for the Council Fund and Housing Revenue Account. This is the first full detailed monitoring report for the new financial year 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 unchanged.

The projected year end position, without new actions to reduce cost pressures and/or improve the financial return on efficiency planning and cost control is:

Council Fund

- An operating deficit of £0.660m (the actual net in-year expenditure forecast shows a £2.680m surplus once the positive impact of a £1.400m contribution due to the agreed change to the accounting policy for Minimum Revenue Provision (MRP) and receipt of a VAT rebate for £1.940m are included, noting that both sums are recommended for allocation to the Contingency Reserve to support the Medium Term Financial Strategy)
- A projected contingency reserve balance as at 31 March 2019 of £8.145m

Housing Revenue Account

- Net in-year revenue expenditure forecast to be £0.007m higher than budget
- A projected closing balance as at 31 March 2019 of £1.165m

RECOMMENDATIONS	
1	To note the overall report and the projected Council Fund contingency sum as at 31 st March 2019.
2	To note the projected final level of balances on the Housing Revenue Account (HRA).
3	To approve an allocation of £1.084m from the Contingency Reserve to meet the additional budget pressure in 2018/19 for the agreed pay award over and above the 1% included in the Council Fund budget for 2018/19 (paragraph 1.36).
4	To approve an allocation of £0.100m from the Contingency Reserve for the ongoing resourcing of the Victim Contact Team within Social Services (paragraph 1.39).
5	To approve a transfer to the Contingency Reserve for an amount of £1.400m recovered from the change in accounting policy for the Minimum Revenue Provision (paragraph 1.02).
6	To approve a transfer to the Contingency Reserve for an amount of £1.940m due to the amount received from the VAT rebate (paragraph 1.02).
7	To approve the earmarking of £0.296m from the Carbon Reduction Commitment budget for consideration of funding costs associated with the solar farm project agreed at Cabinet in July (paragraph 1.41).

REPORT DETAILS

1.00	EXPLAINING THE MONTH 4 POSITION
1.01	<p>Council Fund Projected Position</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"> • An operating deficit of £0.660m (the actual net in-year expenditure forecast shows a £2.680m surplus once the positive impact of a £1.400m contribution due to the agreed change to the accounting policy for Minimum Revenue Provision (MRP) and receipt of a VAT rebate for £1.940m are included, noting that both sums have been allocated out to the Contingency Reserve to support the Medium Term Financial Strategy) • A projected contingency reserve balance as at 31 March 2019 of £8.145m

1.02	It is recommended that the £1.400m contribution recovered from the change in the accounting policy for MRP, and the VAT rebate of £1.940m, are transferred from the Council Fund to the Contingency Reserve to support the Medium Term Financial Strategy.																																																																
1.03	<p>Projected Position by Portfolio</p> <p>The table below shows the projected position by portfolio:</p> <table border="1" data-bbox="323 465 1334 1435"> <thead> <tr> <th data-bbox="323 465 770 656">TOTAL EXPENDITURE AND INCOME</th> <th data-bbox="774 465 965 656">Revised Budget</th> <th data-bbox="968 465 1160 656">Projected Outturn</th> <th data-bbox="1163 465 1334 656">In-Year Over / (Under) spend</th> </tr> <tr> <td></td> <th data-bbox="774 618 965 656">£m</th> <th data-bbox="968 618 1160 656">£m</th> <th data-bbox="1163 618 1334 656">£m</th> </tr> </thead> <tbody> <tr> <td data-bbox="323 660 770 712">Social Services</td> <td data-bbox="774 660 965 712">64.725</td> <td data-bbox="968 660 1160 712">64.506</td> <td data-bbox="1163 660 1334 712">(0.219)</td> </tr> <tr> <td data-bbox="323 716 770 768">Out of County note 1</td> <td data-bbox="774 716 965 768">7.274</td> <td data-bbox="968 716 1160 768">8.851</td> <td data-bbox="1163 716 1334 768">1.577</td> </tr> <tr> <td data-bbox="323 772 770 824">Education & Youth</td> <td data-bbox="774 772 965 824">7.908</td> <td data-bbox="968 772 1160 824">7.849</td> <td data-bbox="1163 772 1334 824">(0.059)</td> </tr> <tr> <td data-bbox="323 828 770 880">Schools</td> <td data-bbox="774 828 965 880">89.806</td> <td data-bbox="968 828 1160 880">89.806</td> <td data-bbox="1163 828 1334 880">0.000</td> </tr> <tr> <td data-bbox="323 884 770 936">Streetscene & Transportation</td> <td data-bbox="774 884 965 936">29.851</td> <td data-bbox="968 884 1160 936">30.742</td> <td data-bbox="1163 884 1334 936">0.891</td> </tr> <tr> <td data-bbox="323 940 770 992">Planning & Environment</td> <td data-bbox="774 940 965 992">5.620</td> <td data-bbox="968 940 1160 992">5.627</td> <td data-bbox="1163 940 1334 992">0.006</td> </tr> <tr> <td data-bbox="323 996 770 1048">People & Resources</td> <td data-bbox="774 996 965 1048">4.473</td> <td data-bbox="968 996 1160 1048">4.474</td> <td data-bbox="1163 996 1334 1048">0.001</td> </tr> <tr> <td data-bbox="323 1052 770 1104">Governance</td> <td data-bbox="774 1052 965 1104">8.158</td> <td data-bbox="968 1052 1160 1104">8.021</td> <td data-bbox="1163 1052 1334 1104">(0.136)</td> </tr> <tr> <td data-bbox="323 1108 770 1160">Strategic Programmes</td> <td data-bbox="774 1108 965 1160">5.164</td> <td data-bbox="968 1108 1160 1160">5.164</td> <td data-bbox="1163 1108 1334 1160">0.000</td> </tr> <tr> <td data-bbox="323 1164 770 1216">Housing & Assets</td> <td data-bbox="774 1164 965 1216">13.213</td> <td data-bbox="968 1164 1160 1216">13.223</td> <td data-bbox="1163 1164 1334 1216">0.010</td> </tr> <tr> <td data-bbox="323 1220 770 1272">Chief Executive</td> <td data-bbox="774 1220 965 1272">2.961</td> <td data-bbox="968 1220 1160 1272">2.695</td> <td data-bbox="1163 1220 1334 1272">(0.266)</td> </tr> <tr> <td data-bbox="323 1276 770 1328">Central & Corporate Finance</td> <td data-bbox="774 1276 965 1328">25.175</td> <td data-bbox="968 1276 1160 1328">20.691</td> <td data-bbox="1163 1276 1334 1328">(4.484)</td> </tr> <tr> <td data-bbox="323 1332 770 1384"></td> <td data-bbox="774 1332 965 1384"></td> <td data-bbox="968 1332 1160 1384"></td> <td data-bbox="1163 1332 1334 1384"></td> </tr> <tr> <td data-bbox="323 1388 770 1435">Total</td> <td data-bbox="774 1388 965 1435">264.328</td> <td data-bbox="968 1388 1160 1435">261.649</td> <td data-bbox="1163 1388 1334 1435">(2.680)</td> </tr> </tbody> </table> <p data-bbox="323 1473 1393 1659">Note 1: For 2018/19 the projection for Out of County Placements are shown as a separate line in the above table to give greater clarity on the overall position for this area of expenditure which has previously been reported within both the Social Care and Education & Youth portfolios.</p>	TOTAL EXPENDITURE AND INCOME	Revised Budget	Projected Outturn	In-Year Over / (Under) spend		£m	£m	£m	Social Services	64.725	64.506	(0.219)	Out of County note 1	7.274	8.851	1.577	Education & Youth	7.908	7.849	(0.059)	Schools	89.806	89.806	0.000	Streetscene & Transportation	29.851	30.742	0.891	Planning & Environment	5.620	5.627	0.006	People & Resources	4.473	4.474	0.001	Governance	8.158	8.021	(0.136)	Strategic Programmes	5.164	5.164	0.000	Housing & Assets	13.213	13.223	0.010	Chief Executive	2.961	2.695	(0.266)	Central & Corporate Finance	25.175	20.691	(4.484)					Total	264.328	261.649	(2.680)
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1.04	The reasons for the projected variances are summarised within Appendix 1 with the more significant portfolio variances explained in paragraphs 1.05 to 1.25 below. As has been the practice in recent years where a variance has been due to a conscious change to policy or practice, the resulting cost pressure is managed corporately where the respective portfolio is not able to meet any shortfall without impacting on service duties, standards, and performance.																																																																
1.05	<p>Social Services</p> <p><u>Children's Services - Family Placement; £0.221m overspend</u></p>																																																																

	<p>There is a projected overspend of £0.221m within this service due to the current demands on the service from additional fostering placements which in some cases wherever practical are a more cost effective and appropriate solution than an out of county placement. The main pressure areas are payments to foster carers and agencies, special guardianship payments, and Christmas supplements.</p>
1.06	<p><u>Children's Services - Professional Support; £0.197m overspend</u></p> <p>There is a projected overspend of £0.197m within this service. Most of this relates to an under provision of budget for the ongoing need to support child protection issues via the Victim Contact team and a request to fund £0.100m from the contingency reserve is included in this report.</p>
1.07	<p><u>Older People Localities - £0.131m underspend</u></p> <p>Underspends due to lower than anticipated underspends on domiciliary care provision and a number of short term vacancies within the service however these are partially offset by a projected overspend in Residential and Nursing Care due to an increased number of placements following the increase of the capital limit to £40k.</p>
1.08	<p><u>Older People Resources & Regulated Services - £0.141m underspend</u></p> <p>The projected underspend reflects demand influences within externally provided supported living services.</p>
1.09	<p><u>Older People - Provider Services (Contribution to North East Wales Community Equipment Store (NEWCES)); £0.142m underspend</u></p> <p>There is a projected in year underspend of £0.142m following renegotiation with our NEWCES partners. This recurring saving has been earmarked for use as part of the funding strategy for the Council's new extra care facilities, however due to the expected delay in the opening of the new Llys Raddington, Flint extra care facility until September 2018, the planned budget virement to establish the required full year budget for the new facility need not take place until 2019/20.</p>
1.10	<p><u>Older People - Provider Services - Resources & Regulated Services; £0.142m underspend</u></p> <p>There is a projected in year underspend of £0.142m due to the expected delay in opening of the new Llys Raddington, Flint extra care facility which is not now expected to be open until September 2018.</p>
1.11	<p><u>Mental Health Services - Residential Placements; £0.290m overspend</u></p> <p>There is an ongoing pressure due to the numbers of long term residential placements despite the maximisation of opportunities to secure joint funding opportunities from BCUHB. This area will be kept under review as part of the ongoing review of the 2019/20 Medium Term Financial Strategy (MTFS).</p>

1.12	<p><u>Development & Resources – Charging Policy Income; £0.108m underspend</u></p> <p>The projected underspend is due to surplus income which is mainly due to changes to disregards rules on financial assessments.</p>
1.13	<p><u>Development & Resources underspends – Business Support Service; £0.078m, Safeguarding £0.059m and Good Health £0.061m</u></p> <p>Mainly due to a number of short term vacancies and additional income from Welsh Government for Deprivation of Liberty Safeguards (DoLS).</p>
1.14	<p>Out of County Placements</p> <p>There is a projected overspend of £1.577m in Out of County placements which includes clients in both Social Services Children’s Services and Education and Youth Inclusion Services. This is based on current clients and packages and is subject to variation during the year.</p> <p>The projection includes a contingency sum of £0.150m to cover the net additional costs of further new placements, ending placements, and changes in placement costs.</p>
1.15	<p>Streetscene & Transportation</p> <p><u>Ancillary Services and Performance – £0.151m Overspend</u></p> <p>A delay in the development of the new Rockcliffe HRC site has resulted in additional running costs of £0.050m. Shortfall in Recycling income due to falling plastic recycling prices resulting from external market factors £0.185m. Additional income of £0.100m above the original projections following rollout of brown bin charges.</p>
1.16	<p><u>Highways Network - £0.350m Overspend</u></p> <p>Overspend due to additional cost of waste Leased Vehicles in their final year of contract plus an element of Vehicle insurance Costs £0.072m.</p> <p>Following increased car park charges from May 2018, together with charges in Flint being implemented for the first time, initial forecasts have indicated lower than anticipated income levels compared to original projections. In addition officers have recently been appointed to meet the demands of parking enforcement requirements across the County. These overall variances total £0.160m.</p>
1.17	<p><u>Transportation and Logistics - £0.242m Overspend</u></p> <p>There pressure is due to the additional transport costs of pupils from John Summers High School transferring to Connah’s Quay High School, Buckley Elfed and the Mold Campus. The part year pressure was met from the Education Transition budget in 2017/18.</p>
1.18	<p>Planning, Environment & Economy</p>

	<p><u>Development - £0.152m underspend</u></p> <p>This is due to higher than anticipated levels of planning fee income received in the first quarter of the year.</p>
1.19	<p>Governance</p> <p><u>Revenues - £0.238m underspend</u></p> <p>This is mostly due to the anticipated surplus on the Council Tax Collection Fund following the Single Persons Discount Review.</p>
1.20	<p>Housing & Assets</p> <p><u>Industrial Units - £0.218m overspend</u></p> <p>Overspend due to a shortfall in rental income and an increase in NNDR costs due to void units.</p>
1.21	<p>Chief Executive's/Corporate Management Costs</p> <p>The projected underspend of £0.266m is due to a number of vacancy savings on corporate management. The position is under review as part of the current work on the 2019/20 budget.</p>
1.22	<p>Central & Corporate Finance - £4.780m underspend</p> <p><u>Minimum Revenue Provision (MRP); £1.400m underspend</u></p> <p>After the 2018/19 budget was set the Council adjusted its method of calculating the MRP repayment in from a straight line method to an annuity method as detailed in the report to Council on March 1 2018. This has reduced the annual amount payable in 2018/19 by £1.400m. The recurring impact of this adjustment will be built into the budget for 2019/20.</p>
1.23	<p><u>Pension; £1.031m underspend</u></p> <p>There was a significant underspend on the pension contribution account in 2017/18 and early analysis suggests that this will also be the case in 2018/19. The main factor affecting the position is due to the financial impact of the transfer of various services being less than anticipated together with the recovery of a higher level of contribution to the deficit due to the increased pay award. The position is under review as part of the current work on the 2019/20 budget.</p>
1.24	<p><u>VAT Rebate; £1.940m underspend</u></p> <p>Flintshire County Council have successfully claimed a VAT rebate on some sporting exemptions. Historically there was doubt as to whether Local Authorities could be classified as an eligible body for the purpose of exemption from certain sporting activities. However, following a legal</p>

	<p>challenge against HMRC by another Local Authority and it was ruled that Local Authorities were eligible for this exemption. An early estimate indicates that the Council will receive £1.940m from this rebate. This funding will be on a one-off basis and its use is under review as part of the current work on the 2019/20 budget.</p>
1.25	<p><u>Auto enrolment; £0.273m underspend</u></p> <p>Budget set aside and held centrally for anticipated increase in employer's superannuation costs due to auto enrolment. To date this increase is not as high as originally anticipated. This mostly is affected by relief workers and the monthly hours they work. Potential efficiency to be assessed as part of the MTFS.</p>
1.26	<p>Tracking of In-Year Risks and Emerging Issues</p> <p>At the time of setting the Budget for 2018/19 a number of significant risks were identified and an update is provided below.</p>
1.27	<p>National Joint Council (NJC) Pay Award</p> <p>At the time of setting the 2018/19 budget, pay negotiations on NJC pay were still to be concluded. The report referred to the risk to the Council of a higher pay award than that budgeted (1%) and identified this as a potential call on the contingency reserve in 2018/19 for the amount required over and above that budgeted.</p> <p>The total funding requirement for 2018/19 pay award is £2.077m. The amount included in the 2018/19 budget is £0.936m, in addition there is a small amount of unallocated pay inflation remaining from 2017/18 of £0.057m.</p> <p>When taking these amounts off the total requirement there is a balance of £1.084m which is requested to be funded from the Contingency Reserve within paragraph 1.37.</p>
1.28	<p>Out of County Placements</p> <p>A further risk identified at the time of setting the 2018/19 budget was the rising social care costs, and the upward trend in the number of cases of Out of County placements across Wales. This was partly addressed by the inclusion of an additional £0.500m in the budget proposals for 2018/19 however the volatility in demand and the impacts on service costs cannot be predicted with any certainty. The main influence on this increase is the Social Services and Wellbeing Act which has led to a higher number of court outcomes and placements which has increased the financial pressure on this service area.</p> <p>The Month 4 report details the projected outturn as £1.577m higher than budget however as detailed above, costs can be subject to volatility and may change.</p>

	The impact of the current pressures on Out of County Placements are being considered as part of the Councils latest forecast for 2019/20.
1.29	<p>Achievement of Planned In-Year Efficiencies</p> <p>The 2018/19 budget contains £5.511m of specific efficiencies which are tracked and monitored. In 2017/18 the level of efficiency achievement was 94% which was an improvement on the 91% achieved during the previous year. The Council aims to achieve a 95% rate in 2018/19 as reflected in the MTFS KPI's.</p> <p>The current assessment of the efficiencies to be achieved in 2018/19 shows that £5.411m or 98% of the efficiencies will be achieved. The risk remains that any ongoing under-achievement of efficiencies will have a recurring and negative impact on the 2019/20 budget. Further details on the current status on efficiencies can be seen in Appendix 2 with the overall impact in relation to any impact for 2019/20 being reviewed as part of the ongoing work on the MTFS.</p>
1.30	<p>Other Tracked Risks</p> <p>In addition, there are a number of risks being tracked that may be subject to change and these are summarised below:</p>
1.31	<p>Income</p> <p>The Council introduced its Income Strategy in late 2017. A target of £0.200m remains to be achieved from the identification of new sources of income and the review of fees and charges. The Council now has additional capacity to pursue this strategy with a number of potential opportunities will be considered as part of business planning and annual review.</p>
1.32	<p>Recycling Income</p> <p>The market rate for income received from recycling plastic, paper and card are extremely volatile and can fluctuate rapidly. Recycling income is already lower than budgeted for and there is a risk that the market rates may reduce further.</p>
1.33	<p>Schools Pressures</p> <p>There are a number of risks affecting schools in 2018/19:</p> <p>Pay – The NJC pay award has meant that schools have had a significant pressure to meet the cost of this in 2018/19 due to a high number of schools staff being on the lower grades that have received a higher percentage increase. Whilst schools did receive £1.1m in funding as part of the budget for 2018/19 the pressures in year are significantly higher.</p> <p>Teachers Pay – The recent announcement on teachers' pay will mean a significant pressure on schools from September 2018/19. The Council is in contact with Welsh Government regarding the funding of this which needs</p>

	<p>to be funded from central funding. If this is not agreed then this will place another large pressure on school budgets.</p> <p>Schools in a deficit position– Flintshire has a number of secondary schools with significant deficits - future impacts of the pay awards as detailed below will impact on this position. (Deficits as at 31/3/18 are £1.285m)</p>
1.34	<p>Other In-Year Issues</p> <p>Inflation</p> <p>Included within the 2018/19 budget are provision for pay (£0.937m), food (£0.124m), fuel (£0.069m) and Energy (£0.442m). As in previous years, these amounts are held centrally until later in the year when any pressures on these budgets emerges. At that stage, an allocation for the pressure will be allocated to the portfolio in question.</p>
1.35	<p>An allocation of £0.075m from the inflation provided for Energy has been transferred to the Street Lighting service due to an inflationary increase that has already occurred.</p>
1.36	<p>The pay award provided in the 2018/19 budget was based on 1% of the total pay budget. The actual national agreed pay award agreed was a minimum of 2% on pay, with additional increases on the lower pay scales.</p> <p>At the time of setting the 2018/19 budget this was acknowledged as an area that would need to be subject to a one off contribution from the contingency reserve and Cabinet are recommended to approve this to enable the appropriate level of funding to be transferred to Portfolios.</p> <p>The amount requested to be funded from the Contingency Reserve is £1.084m as detailed in paragraph 1.27. This recurring amount is being built into the current forecast for 2019/20.</p>
1.37	<p>Reserves and Balances</p> <p>Un-earmarked Reserves</p> <p>The 2017/18 outturn reported to Cabinet in July showed un-earmarked reserves at 31 March 2018 (above the base level of £5.769m) of £7.928m.</p> <p>As agreed in the 2018/19 budget an amount of £1.945m was approved as part of the strategy to balance the budget and in addition County Council on 1 March approved a one off amount of £0.460m for schools, on a temporary basis. The available Contingency Reserve after taking account of these contributions is therefore £5.523m.</p>
1.38	<p>Taking into account the current projected overspend at this stage, and previously agreed allocations, the balance on the Contingency Reserve at 31 March 2019 is projected to be £8.441m as detailed in appendix 3.</p>
1.39	<p>The projected overspend of £0.197m on Children’s Services professional support includes an amount of £0.104m in respect of the Victim Contact</p>

	<p>team, which is continuing to support a specific investigation into child sexual exploitation (CSE). There is an expected need to continue to support a specific investigation throughout 2018/19 and also into 2019/20.</p> <p>As in previous years it is recommended that funding of £0.100m be allocated in 2018/19 from the contingency reserve in recognition of the ongoing pressures within this area of Children's Services professional support due to the investigations into CSE. It is further recommended that funding of £0.100m is earmarked from the contingency reserve for this purpose in 2019/20.</p>
1.40	<p>Earmarked Reserves</p> <p>A summary of earmarked reserves as at 1 April 2018 and an estimate of projected balances as at the end of the financial year will be included in the month 5 report.</p>
1.41	<p>Carbon Reduction Commitment</p> <p>The Carbon Reduction Commitment budget will not be spent in full in 2018/19, due to reduced allowances purchased, and the scheme is due to end in 2019.</p> <p>The underspend amount of £0.296m is recommended to be set aside to meet the costs of external/technical/planning support to develop Solar Farms, as presented in the report to Cabinet on 17 July 2018, for Crumps Yard and Flint Landfill Solar Farms.</p>
1.42	<p>Housing Revenue Account</p> <p>The 2016/17 Outturn Report to Cabinet on 17 July 2018 showed an un-earmarked closing balance at the end of 2017/18 of £1.116m and a closing balance of earmarked reserves of £0.802m.</p>
1.43	<p>The 2018/19 budget for the HRA is £34.381m which includes a movement of £0.018m from reserves.</p>
1.44	<p>The monitoring for the HRA is projecting in year expenditure to be £0.007m greater than budget and a closing un earmarked balance as at 31 March 2019 of £1.165m, which at 3.4% of total expenditure satisfies the prudent approach of ensuring a minimum level of 3%.</p>
1.45	<p>The budget contribution towards capital expenditure (CERA) is £12.170m. The £0.007m reduction in this contribution increases the level of borrowing required to fund the proposed capital programme.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>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.</p>

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None required.

4.00	RISK MANAGEMENT
4.01	There are three categories of risks covered in the main section of the report. These are in-year risks and emerging issues, achievement of planned in-year efficiencies and other tracked risks. These risks are included from paragraph 1.26 to 1.33.

5.00	APPENDICES
5.01	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

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

7.00	GLOSSARY OF TERMS
7.01	<p>Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</p> <p>Council Fund: the fund to which all the Council's revenue expenditure is charged.</p> <p>Financial Year: the period of twelve months commencing on 1 April.</p> <p>Housing Revenue Account: the Housing Revenue Account (HRA) is a local authority account showing current income and expenditure on housing services related to its own housing stock. The account is separate from the Council Fund and trading accounts and is funded primarily from rents and government subsidy.</p>

Projected Outturn: projection of the expenditure to the end of the financial year, made on the basis of actual expenditure incurred to date.

Reserves: these are balances in hand that have accumulated over previous years and are held for defined (earmarked reserves) and general (general reserves) purposes. Councils are required to regularly review the level and purpose of their reserves and to take account of the advice of the Chief Finance Officer.

Revenue: a term used to describe the day-to-day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.

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.

Variance: difference between latest budget and actual income or expenditure. Can be to date if reflecting the current or most up to date position or projected, for example projected to the end of the month or financial year.

Virement: the transfer of budget provision from one budget head to another. Virement decisions apply to both revenue and capital expenditure heads, and between expenditure and income, and may include transfers from contingency provisions. Virements may not however be approved between capital and revenue budget heads.

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.

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	17.078	16.947	-0.131	Residential and Nursing Care reflects a projected overspend of £0.358m due to increased numbers of funded placements following the increase in the capital limit to £40,000. Domiciliary Care reflects a projected underspend of £0.230m based on existing service users, however there are challenges due to capacity of external supply markets which are currently having to be met within Provider services. Other underspends include a projected underspend of £0.038m on day care due to reduced demand, £0.050m in Intake/First contact due to vacancy savings and £0.031m on Minor Adaptations. Locality Teams staffing reflects a projected underspend of £0.136m due to short term vacancy savings for a number of posts. Overall net minor variances amount to a net £0.004m underspend.	Continue to monitor and review.
Community Equipment Contribution	0.478	0.334	-0.144	Following review 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. In the longer term this saving has been earmarked for funding of some of the revenue costs for the new extra care facilities.	These savings have been earmarked for future realignment to meet some of the revenue costs funding requirement for the new Flint Extra Care facility - Llys Raddington.
Resources & Regulated Services	6.531	6.389	-0.142	The main influences on the net projected underspend of £0.142m is within extra care schemes where there is a projected underspend of £0.257m due mainly to the delay to the opening of the new Llys Raddington, Flint extra care facility. This is offset by a projected overspend of £0.094m on Home Care due to the need to cover capacity gaps in purchased Domiciliary Care. There are also other minor projected overspends amounting to £0.021m in Residential Care and Day Centres.	Continue to monitor and review.
Minor Variances	0.826	0.835	0.009		
Disability Services					
Resources & Regulated Services	23.198	23.057	-0.141	The projected underspend of £0.141m is mainly due to demand influences within externally provided Supported Living	
Administrative Support	0.182	0.133	-0.049	The projected underspend is due mainly to short term vacancy savings.	
Transition & Disability Services	0.737	0.698	-0.039	The projected underspend is due mainly to short term vacancy savings.	
Minor Variances	0.606	0.559	-0.046		
Mental Health Services					
Residential Placements	1.184	1.474	0.290	Ongoing pressure due to the numbers of long term residential placements including four new placements, despite maximisation of opportunities to secure joint funding contributions from Betsi Cadwaladr University Health Board (BCUHB)	Continue to monitor and review and consider pressure item within 2019/20 budget process
Minor Variances	2.635	2.618	-0.017		
Children's Services					
Family Placement	2.564	2.784	0.221	The projected overspend is due to the number of children in care. There has been an increase in the number of children who are subject to Foster Care/Special Guardianship/Adoption who have moved through the age barriers. Other influences include new adoption and Special Guardianship Order (SGO) payments and new Foster Carers entering the system, foster carers progressing from Level 1, 2, 3 and 4. Travel costs and Christmas and birthday allowances.	
Professional Support	4.907	5.104	0.197	The projected overspend is due mainly to ongoing service pressures particularly within Prevention and Support, and is influenced by the need to support wider regional work on child protection issues	A request is made within this budget monitoring report to Cabinet for an allocation of £0.100m of funding from the contingency reserve in recognition of the specific pressure in the Victim Contact team
Minor Variances	1.692	1.701	0.010		
Development & Resources					
Charging Policy income	-2.469	-2.577	-0.108	The projected underspend is due to surplus income which is mainly caused by changes to disregard rules on financial assessments which came into effect from August 2016	Continue to monitor and review.
Business Support Service	1.170	1.092	-0.078	The projected underspend is due to a number of short term vacancy savings	
Safeguarding Unit	0.920	0.861	-0.059	The projected underspend of £0.059m is influenced by the saving on a post which was deleted following approval of an EVR request, and some non-recurring grant income from Welsh Government in support of DoLS.	
Good Health	0.916	0.855	-0.061	The projected underspend is due to a number of short term vacancy savings	Continue to monitor and review.
Minor Variances	1.571	1.642	0.071		
Total Social Services (excl Out of County)	64.725	64.506	-0.219		
Out of County					
Children's Services	4.191	5.050	0.859	Variance due to the number of Out of County placements	Continue close monitoring arrangements
Education & Youth	3.083	3.801	0.718	Variance relates to Out of County placements. A substantial increase in the number of new educational placements for 2018/19.	Continue close monitoring arrangements.
Total Out of County	7.274	8.851	1.577		

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
Education & Youth					
Integrated Youth Provision	1.361	1.355	-0.006	Variance relates to minor variances from across service area.	
School Improvement Systems	1.797	1.745	-0.052	Variance largely relates to a reduction in maintained and non-maintained setting payments as a result of demography and a reduction of the number of settings requiring funding. Includes hourly reductions in established staff.	
Minor Variances	4.749	4.748	-0.001		
Total Education & Youth (excl Out of County)	7.908	7.849	-0.059		
Schools	89.806	89.806	0.000		
Streetscene & Transportation					
Ancillary Services & Performance	9.193	9.344	0.151	Delay in the development of the new Rockcliffe HRC site resulting in additional running costs of two existing sites continuing to operate until October totalling £0.050m. Shortfall in Recycling income due to falling plastic, card and paper recycling prices resulting from external market factors £0.185m. Additional income of £0.100m above the original projections following rollout of brown bin charges. Minor variances £0.016m	Keep under review
Highways Network	10.869	11.218	0.350	Additional cost of Vehicle insurance Premiums totalling £0.072m. Following increased car park charges from May 2018, together with charges in Flint being implemented for the first time, initial forecasts have indicated lower than anticipated income levels compared to original projections. In addition, officers have recently been appointed to meet the necessary demands of parking enforcement requirements across the County. The overall variance totals £0.260m. Minor variances £0.018m	Keep under review
Transportation & Logistics	9.150	9.392	0.242	Additional pressure as a result of the provision of additional transport for pupils from the former John Summers High School to Connahs Quay, Buckley and Mold campuses, £0.242m.	Keep under review
Workforce	0.410	0.535	0.125	Increased Agency and Overtime costs as a consequence of current sickness levels (9%) of the workforce operatives.	
Other Minor Variances	0.229	0.252	0.023		
Total Streetscene & Transportation	29.851	30.742	0.891		
Planning, Environment & Economy					
Business	1.528	1.527	-0.001	Minor Variances	Continue to Monitor and Review
Community	0.921	0.982	0.061	Full cost recovery income targets have not been achieved in recent years and are unlikely to be achieved again in 2018/19. The Pest Control Service is customer demand led with competition from external commercial organisations	Monitor Pest Control Fee Income Levels, Service to be reviewed during the second half of the financial year.
Development	0.040	-0.112	-0.152	Higher than expected levels of Planning Fee Income received in the first quarter of the financial year. An award of Legal Fees from a Planning Appeal in FCCs favour.	Continue to monitor Planning Fee Income levels and adjust projection accordingly.
Access	1.322	1.336	0.014	Minor Variances	Continue to Monitor and Review
Regeneration	2.626	2.128	-0.498	Minor Variances.	Monitor and Review.
Management & Strategy	8.676	7.495	-1.181	Minor Variances	Continue to Monitor and Review
Minor Variances	-9.493	-7.730	1.763		
Total Planning & Environment	5.620	5.627	0.006		
People & Resources					
HR & OD	2.386	2.339	-0.047	Minor variances	Continue to monitor & review
Corporate Finance	2.087	2.135	0.048	Minor variances	Continue to monitor & review
Total People & Resources	4.473	4.474	0.001		
Governance					
Legal Services	0.698	0.724	0.026	Minor variances	Continue to monitor & review
Democratic Services	2.016	2.026	0.011	Minor variances	Continue to monitor & review
Internal Audit	0.449	0.427	-0.022	Minor variances	Continue to monitor & review
Procurement	0.320	0.323	0.002	Minor variances	Continue to monitor & review
ICT	4.522	4.550	0.028	Minor variances	Continue to monitor & review
Customer Services	0.380	0.437	0.057	Vacancy savings in respect of Flintshire Connects (£0.011m). Additional registration services income estimated to be in the region of (£0.024m). Prior year efficiency in respect of Contact Centres unlikely to be achieved in 201/19 £0.100m. Other minor variances (£0.008m).	Monitor and Review.
Revenues	-0.228	-0.466	-0.238	Anticipated surplus on the Council Tax Collection Fund following the conclusion of the Single Persons Discount Review (£0.204m). Vacancy savings of (£0.030m). Other minor variances (£0.004m).	Continue to review on a monthly basis and report on any significant variances or movements.
Total Governance	8.158	8.021	-0.136		
Strategic Programmes					
Public Libraries & Arts, Culture & Events	1.598	1.598	0.000	No major variances.	
Museums	0.068	0.068	0.000	No major variances.	
County Archives	0.290	0.290	0.000	No major variances.	
Leisure	3.209	3.209	0.000	No major variances.	
Community Assets	0.000	0.000	0.000	No major variances.	
Total Strategic Programmes	5.164	5.164	0.000		

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
Housing & Assets					
Property Asset And Development	0.435	0.370	-0.065	Underspend resulting from salary savings	
Caretaking & Security	0.274	0.217	-0.057	Underspend resulting from salary savings	
CPM & Design Services	0.588	0.490	-0.098	Additional income over budget target	
Industrial Units	-1.134	-0.916	0.218	Shortfall in rental income and added NNDR costs incurred due to void units	
Benefits	10.653	10.625	-0.028	Projected underspend on the Council Tax Reduction Scheme (CTRS) (£0.053m). Additional cost of IT related expenditure such as software and external printing £0.059m. Other savings from across the service (£0.022m).	Continue to review and report on significant variances on a monthly basis.
Housing Solutions	1.084	1.078	-0.006	Minor variances.	Continue to review and repost on significant variances on a monthly basis.
Housing Programmes	0.113	0.115	0.003	Minor variances.	Continue to review and repost on significant variances on a monthly basis.
Disabled Facilities Grant	-0.029	0.012	0.041	Unachieved framework income for Energy Efficiency projects within 2017/18 £0.050m	Continue to review and repost on significant variances on a monthly basis.
Minor Variances	0.605	0.609	0.004		
Total Housing & Assets	13.213	13.223	0.010		
Chief Executive's	2.961	2.695	-0.266	Variance is due to a number of vacancies due to a number of staff changes within the year.	Keep under review and consider as part of 19-20 budget
Central and Corporate Finance	25.175	20.691	-4.484	£1.400m underspend due to a change in the Minimum Revenue Provision policy. Increased Coroners costs £0.040m. Windfall income an overachievement of £1.975m, £1.940m is due to a VAT rebate and £0.027m due to NDR revaluations. Pension deficit recovery, an underspend of £1.031m, this is due to an increase in contributions, while the repayment figure has remained static. Apprentice Tax Levy, underspend of £0.065m. Auto Enrolment, numbers are less than estimated which gives a favourable variance of £0.273m. An underachievement on the income target of £0.200m. Minor variances £0.020m.	Continue to review all variances alongside the continuing work on the MTFS
Grand Total	264.328	261.649	-2.680		

2018/19 Efficiencies Outturn - Under or Over Achieved

Portfolio	Original Efficiency	Revised Efficiency	(Under)/Over
	2018/19 £(m)	2018/19 £(m)	Achievement 2018/19 £(m)
Central & Corporate Finance			
Theatre C/wyd tax relief	0.075	0.075	0.000
County Hall (NDR Element)	0.060	0.060	0.000
Audit fee reduction	0.127	0.127	0.000
Total Central & Corporate Finance	0.262	0.262	0.000
Governance			
Records management; Reduce records in storage.	0.010	0.010	0.000
ICT - Digital Print	0.048	0.048	0.000
Customer Services; New customer service models	0.050	0.050	0.000
Flintshire Connects; More flexible service in conjunction with potential income	0.056	0.056	0.000
Registration; Chargeable declaration of births	0.012	0.012	0.000
Total Governance	0.176	0.176	0.000
Social Services			
Disability Service; Review current contract with external agency to deliver	0.030	0.030	0.000
Disability Service; Reduction of posts.	0.110	0.110	0.000
Workforce Development; Additional Income from QCF assessors through	0.030	0.030	0.000
Business Support and Management; Rationalisation of rented	0.015	0.015	0.000
Increase in domiciliary care charging.	0.220	0.220	0.000
Integrated Care Fund	0.500	0.500	0.000
Care Fees	0.514	0.514	0.000
Merger of Out of Hours Service	0.020	0.020	0.000
Total Social Services	1.484	1.484	0.000
Education & Youth			
Early Entitlement; Reduce sustainability grant payments and remodel	0.020	0.020	0.000
Business Support; Staff reduction	0.010	0.010	0.000
Nursery Education; Staff reductions	0.040	0.040	0.000
Total Education & Youth	0.070	0.070	0.000
Schools			
Schools Demography	0.288	0.288	0.000
Total Schools	0.288	0.288	0.000
Strategic Programmes			
Leisure, Libraries and Heritage; Continuation of previous years' business plan	0.416	0.416	0.000
Revenues; Increase in collection rates enables adjustment to bad debt provision (one off).	0.094	0.094	0.000
Revenues; Second year windfall for single person discount review (one	0.140	0.140	0.000
Single Person Discount additional efficiency	0.160	0.160	0.000
Total Strategic Programmes	0.810	0.810	0.000
Housing & Assets			
Valuation Service; Property rationalisation through closure and amalgamation of services into other more efficient assets.	0.050	0.050	0.000
Valuation Service; Increase farm income through renewal of grazing licences.	0.021	0.021	0.000
Valuation Service; Community Asset Transfer process, efficiencies through reduced costs.	0.010	0.010	0.000
Valuation Service; Restructure of service as part of move to a commissioning client.	0.020	0.020	0.000
Valuation Service; Remove caretaking/security services at County Offices, Flint.	0.015	0.015	0.000
Corporate Property Maintenance; Restructure of service as part of move to a commissioning client.	0.080	0.080	0.000
Design and Project Management Services; Restructure of service as part of move to a commissioning client.	0.040	0.040	0.000
NEWydd Catering and Cleaning Services; Continuation of previous Business and Marketing plans.	0.050	0.050	0.000
County Hall	0.240	0.240	0.000
New Homes; Return anticipated trading surplus to the Council.	0.030	0.030	0.000
Regional Training courses delivered by GT officer	0.003	0.003	0.000
Welfare Rights; Some activity to be absorbed into single financial assessment team.	0.032	0.032	0.000
Benefits; Adjustment to bad debt provision (one off).	0.050	0.050	0.000
Benefits; Council Tax Reduction Scheme.	0.250	0.250	0.000
Benefits; Remove duplication and provide a single financial assessment service.	0.050	0.050	0.000
Reduction of senior management team	0.050	0.050	0.000
Total Housing & Assets	0.991	0.991	0.000
Streetscene & Transportation			
Waste Strategy; Charges for garden waste	0.800	0.900	0.100
Car Park Charges	0.450	0.250	(0.200)
Total Streetscene & Transportation	1.250	1.150	(0.100)
Planning, Environment & Economy			
Development management; Production of planning statements and to undertake private appeals	0.015	0.015	0.000
Highways Development Control; Introduce further charges. Review current charges. Retain supervisory function of highway works in the Building Control; Review charges. Introduce charges. Increase partnership working. Increase authorised commencements inspections.	0.015	0.015	0.000
Built Environment; Charing for preapplication advice	0.030	0.030	0.000
Flooding and Drainage; Fees for capital project work.	0.010	0.010	0.000
Energy; Fees for energy efficiency assessment.	0.010	0.010	0.000
Minerals and Waste; Maximise regulatory compliance income. Review day rate charging.	0.050	0.050	0.000
Rights of Way; Increase charging and reduce expenditure.	0.020	0.020	0.000
Economic Development; Workforce efficiency if regional service developed.	0.020	0.020	0.000
Total Planning, Environment & Economy	0.180	0.180	0.000
		%	£
Total 2017/18 Budget Efficiencies		100	5.511
Total Projected 2017/18 Budget Efficiencies Underachieved		2	0.100
Total Projected 2017/18 Budget Efficiencies Achieved		98	5.411

Movements on Council Fund Unearmarked Reserves

	£m	£m
Total Reserves as at 1 April 2018	13.697	
Less - Base Level	(5.769)	
Total Reserves above base level available for delegation to Cabinet		7.928
Less – amount committed as part of balancing 2018/19 budget		(1.945)
Less – One off contribution to Schools agreed at Council on 1 March 2018		(0.460)
Less – Contribution to fund shortfall in MEAG funding (M2)		(0.058)
Add – projected outturn underspend		2.680
Total Contingency Reserve as at 31st March 2019		8.145

Budget Monitoring Report
Housing Revenue Account Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Last Month Variance (£m)	Cause of Major Variance	Action Required
Housing Revenue Account						
Income	(34.381)	(34.255)	0.126	0.218	A pressure of £0.126m is anticipated on income. £0.062 of this pressure related to loss of rental income on void properties. This is due to delays on handover of new properties and more properties being void for longer than anticipated. £0.023m of the pressure relates to loss of income on garages which are not tenanted. £0.036m of the pressure relates to removal of the early payment discount on the Welsh Water contract. The remaining £0.005m relates to minor pressures.	£0.036m will be built into the HRA Business Plan for future years to address the Welsh Water pressure.
Capital Financing - Loan Charges	8.694	8.548	(0.146)		The projected underspend of £0.146m relates to expected borrowing costs for SHARP. £0.051m of the underspend relates to the Minimum Revenue Payment (loan repayment) which is lower than budgeted because borrowing levels weren't as high on the 31st March as expected. The remaining £0.095m relates to interest charges. Batch 3 schemes will now start on site from November and this means expenditure will be spread across financial years. In-year interest charges will therefore be lower than originally anticipated.	
Estate Management	1.617	1.608	(0.010)	(0.032)	Minor Variance	
Landlord Service Costs	1.415	1.426	0.011	0.001	Minor Variance	
Repairs & Maintenance	8.159	8.193	0.034	0.051	A pressure of £0.034m is expected on Repairs and Maintenance. A £0.032m pressure relates to the pay award. The remaining £0.002m relates to minor pressures.	The additional 1% pay award will be built into the HRA Business Plan for future years to address the pressure.
Management & Support Services	2.297	2.219	(0.077)	(0.093)	A saving of £0.077m is anticipated on Management and Support costs. £0.002m relates to vacancy savings. The remaining £0.015m relates to minor pressures elsewhere.	
Capital Expenditure From Revenue (CERA)	12.170	12.163	(0.007)		Minor Variance	
HRA Projects	0.047	0.049	0.002	0.002	Minor Variance	
Contribution To / (From) Reserves	(0.018)	0.049	0.067	(0.147)	The HRA Business Plan anticipated a contribution from reserves of £0.018m when it was approved in February, however, to bring reserve levels in line with the budgeted closing balance for 2018/19, a contribution to reserves of £0.049m is required. This contribution will be funded by underspends elsewhere in the HRA.	
Total Housing Revenue Account	0.000	(0.000)	(0.000)	0.000		